

Honolulu, Hawaii

FEB 06 2025

RE: S.B. No. 327
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred S.B. No. 327 entitled:

"A BILL FOR AN ACT RELATING TO INTERNSHIPS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an On-the-Job Work Experience Training Program under which the Department of Labor and Industrial Relations may enter into contracts with eligible employers or registered apprenticeship program sponsors in the private sector to provide on-the-job training to eligible interns;
- (2) Require the Department of Labor and Industrial Relations to collaborate with the Department of Human Resources Development for certain portions of the On-the-Job Work Experience Training Program;
- (3) Designate the State as the responsible employer for purposes of workers' compensation coverage for students or recent graduates performing paid or unpaid work for a private or public employer as part of the On-the-Job Training Work Experience Program; and



- (4) Appropriate funds for the On-the-Job Training Work Experience Program.

Your Committee received testimony in support of this measure from the Department of Education, Department of Human Resources Development, Department of Labor and Industrial Relations, University of Hawai'i System, Chamber of Commerce Hawaii, Hawaii Food Industry Association, Hawai'i P-20 Partnerships for Education, Hawai'i Primary Care Association, Hawaiian Electric, Healthcare Association of Hawaii, Kapolei Chamber of Commerce, Maui Chamber of Commerce, and one individual.

Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism.

Your Committee finds that internships provide students and new graduates with critical exposure and training in the fields they aspire to work in, preparing them to achieve long-term success. Internships can offer training in high-demand occupations, supplementing labor shortages, fostering innovation, and fueling economic growth in the State. Your Committee recognizes that cultivating a skilled workforce is central to supporting local communities, and therefore, a shared responsibility of both public and private sectors. Your Committee further finds that funding internships in the private sector will increase access to these opportunities for students facing greater barriers to entry, thereby facilitating the training of a larger, more diverse labor pool.

Your Committee acknowledges the concerns raised in testimony regarding whether the term of the internships will be sufficient for the interns to gain relevant skills and experiences in the occupation for which they are training and the balance between the interns' work hours and courses of study. Your Committee also recognizes the concerns raised by the Department of Labor and Industrial Relations regarding the lack of clarity in the provisions that apply to placement of interns in the private sector and those applicable to the public sector. Your Committee further notes the testimony of the Department of Human Resources Development raising concerns regarding its lack of expertise and capacity to place interns in private sector positions. The Department also noted that the interns would be subject to the name-based criminal history record check process applied to other



state employees under the State's Employment Practices Law, rather than the background checks applicable to employees in specific positions, as currently proposed in this measure. Therefore, there is a need to amend this measure to address these concerns.

Accordingly, your Committee has amended this measure by:

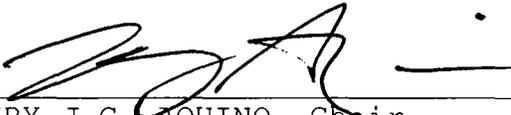
- (1) Clarifying the provisions applicable to the placement of interns in the private sector and those applicable to the placement of interns at state executive departments, agencies, and programs;
- (2) Clarifying that the term of the internships shall be sufficient to allow the participant to gain relevant skills and experiences in the occupation for which training is provided;
- (3) Prohibiting interns who are enrolled in two or more college or university courses from working under the program for more than twenty hours per week;
- (4) Limiting the Department of Labor and Industrial Relations' collaboration and information sharing with the Department of Human Resources Development to placement of interns at state executive branch departments, agencies, and programs;
- (5) Deleting language that would have required the interns to be subject to criminal history record checks applicable to employees in specific positions;
- (6) Requiring the Department of Labor and Industrial Relations' annual report to the Legislature to include the names of the private or public sector organizations at which interns are placed;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



Your Committee notes the concerns expressed by the Department of Business, Economic Development, and Tourism regarding the finite administrative capacity of the Department of Human Resources Development; the program's lack of matching contributions for the interns' wages that may lead to the misuse of the program for inexpensive labor; and the need for post-internship support and outcomes. Your Committee finds that these issues merit further consideration and respectfully requests that subsequent Committees to which this measure is referred examine them.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 327, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,


HENRY J.C. AQUINO, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:* SB327	Committee Referral: LBT, WAM	Date: 1/29/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	✓			
LEE, Chris (VC)	✓			
IHARA, Jr., Les				✓
MORIWAKI, Sharon Y.				✓
FEVELLA, Kurt	✓			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes