H.B. NO. 3162

A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT COUNCIL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that aligning the State's workforce development policies and programs with the State's economic development policies is one of the most important issues facing the State. However, no such alignment currently exists as current programs are fragmented and poorly coordinated due to independent bureaucracies at both the county and State levels.

Like many other states, Hawaii is taking steps to align workforce and economic development programs. The assumption is that when you combine Hawaii economic development programs with the State's workforce development programs, department of business, economic development, and tourism officials will coordinate their activities with their counterparts in workforce development in the State of Hawaii to ensure that both long-term planning and current recruitment and expansion efforts take into account the skills of Hawaii's workforce and Hawaii's workforce development systems' capacity to train additional workers.

1 Similarly, Hawaii's workforce development professionals
2 would work closely with the department of business, economic
3 development and tourism officials and employers to ensure that
4 their training and job placement efforts are designed to meet
5 the skill needs of existing and future industries, especially
6 those viewed as key to future economic growth and
7 diversification.
8 In pursuing this alignment, Hawaii is confronted with the
9 challenge of two systems that operate very differently, with
10 workforce programs historically viewed as a social service
11 targeted to individuals and funded primarily through federal
12 funds.
13 Alternatively, economic development is focused on business
14 utilizing state and federal funding. The different funding
15 streams add a level of complexity to differences among
16 governance and planning structures, performance and reporting
17 requirements, and geographic focus areas.
18 The legislature finds that the first important step to
19 resolving these issues is to structurally transfer the State's
20 workforce development council to the department of business,
21 economic development, and tourism.

If the State desires to identify and ensure coordination of workforce development programs to meet economic development needs, the workforce development council presents itself as the opportunity to create an overarching coordination structure. Hawaii's workforce education and training functions are spread across multiple state agencies, with no one agency or office overseeing all state workforce activities.

This structural and statutory change would allow for the most direct path to alignment of workforce development and economic development.

SECTION 2. Section 202-5, Hawaii Revised Statutes, is amended to read as follows:

"**§202-5 Organizational relationships.** The workforce development council is placed within the department of [~~labor and industrial relations~~] business, economic development, and tourism for administrative purposes and shall act in an advisory capacity to the governor."

SECTION 3. All officers and employees whose functions are transferred by this Act shall be transferred with their functions and shall continue to perform their regular duties upon their transfer, subject to the state personnel laws and this Act.

1 No officer or employee of the State having tenure shall
2 suffer any loss of salary, seniority, prior service credit,
3 vacation, sick leave, or other employee benefit or privilege as
4 a consequence of this Act, and such officer or employee may be
5 transferred or appointed to a civil service position without the
6 necessity of examination; provided that the officer or employee
7 possesses the minimum qualifications for the position to which
8 transferred or appointed; and provided that subsequent changes
9 in status may be made pursuant to applicable civil service and
10 compensation laws.
11 An officer or employee of the State who does not have
12 tenure and who may be transferred or appointed to a civil
13 service position as a consequence of this Act shall become a
14 civil service employee without the loss of salary, seniority,
15 prior service credit, vacation, sick leave, or other employee
16 benefits or privileges and without the necessity of examination;
17 provided that such officer or employee possesses the minimum
18 qualifications for the position to which transferred or
19 appointed.
20 If an office or position held by an officer or employee
21 having tenure is abolished, the officer or employee shall not
22 thereby be separated from public employment, but shall remain in

the employment of the State with the same pay and classification and shall be transferred to some other office or position for which the officer or employee is eligible under the personnel laws of the State as determined by the head of the department or the governor.

All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the agencies, divisions, or offices transferred or placed for administrative purposes under this Act shall be transferred with the functions to which they relate.

All rules, policies, procedures, guidelines, and other material adopted or developed by the agencies, divisions, or offices transferred or placed for administrative purposes under this Act, shall remain in full force and effect until amended or repealed by the department of business, economic development, and tourism pursuant to chapter 91, Hawaii Revised Statutes.

All deeds, leases, contracts, loans, agreements, permits, or other documents executed or entered into by or on behalf of the agencies, divisions, or offices transferred or placed for administrative purposes under this Act, shall remain in full force and effect.

H.B. NO. 3162

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2008.

INTRODUCED BY: Colin K. Ay

BY REQUEST

JAN 22 2008

H.B. NO. 3162

Report Title:
Workforce Development Council; Transfer; Economic Development

Description:
Transfer the Workforce Development Council from the Department of Labor and Industrial Relations to the Department of Business, Economic Development, and Tourism to assist in aligning Hawaii's workforce development policy with the State's economic development initiatives.

HB 3162

JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT COUNCIL.

PURPOSE: To better align workforce development policies with economic development policies of the State of Hawaii. This alignment of economic and workforce development priorities will position Hawaii to improve the skill level of Hawaii's workforce and create a larger labor pool with improved skill sets to address the state's growing labor shortage.

MEANS: Amend section 202-5, Hawaii Revised Statutes.

JUSTIFICATION: The merging and expansion of the state's current Workforce Development Council, and the inclusion of state funds currently controlled by the Department of Business, Economic Development, and Tourism would allow the State to concentrate on priorities that focus on the needs and goals of improving our State's labor pool.

The merging of state workforce development programs and economic development is strongly supported by the National Governor's Association. Currently, states such as Missouri, Kansas, Idaho, Illinois, Michigan, Minnesota, Mississippi, and Oklahoma have combined their economic development and workforce functions to address the need for a more concerted effort at business development and support.

Statewide workforce development activities should not be centered on a select population. While the need to address the needs of the hard to employ, low income and limited education population is important

HB 3162

and necessary, the success in sustaining and growing Hawaii's economy rests in providing workforce development programs to all of Hawaii's residents and developing the wealth of human capital that will propel Hawaii forward in a global economy.

As workforce development and economic development are interdependent activities, the logical choice for expanding and improving Hawaii's workforce development program lies within the Department of Business, Economic Development, and Tourism DBEDT.

Impact on the public: A better prepared workforce to meet Hawaii's economic goals.

Impact on the department and other agencies: The Department of Business, Economic Development, and Tourism will need to take on additional administrative responsibilities as the Workforce Development Council is absorbed by the department.

GENERAL FUND: None.

OTHER FUNDS: Federal.

PPBS PROGRAM DESTINATION: LBR-171.

OTHER AFFECTED AGENCIES: Department of Business, Economic Development, and Tourism.

EFFECTIVE DATE: July 1, 2008.