

TRANSCRIPT OF GOVERNOR LINDA LINGLE'S TESTIMONY

Before the

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

Tuesday, January 30, 2007

HB1280 RELATING TO INNOVATION IN WORKFORCE DEVELOPMENT

Mr. Chairman, good morning.

Chair Sonson, Vice Chairman Nakasone, Member Takamine, Member Lee, and thanks to the audience here today for allowing me to go first this morning.

I want to keep my own testimony rather short because there are so many great people here to testify who have a lot of experience in the field of workforce development.

But I wanted to underscore the importance of this component of our innovation initiative. This is one of the four major bills that will be heard during the legislative session, and I want to thank you for scheduling it in this timely fashion.

Hawai'i's ability to support a more knowledge- and innovation-intensive economy and to raise our standard of living through a significant increase in higher-paying jobs requires an immediate and ongoing upgrade of the skill sets possessed by both our existing and our future workforce.

The rapid pace of changing technology in business and industry is requiring companies and workers to seek frequent skills upgrade training in order to remain competitive. That's why we have proposed House Bill 1280 "Innovation in Workforce Development," and ask that you pass it out today so it can move to its final committee in a timely manner.

The bill has four related components to it: lifelong learning accounts, rapid response training programs, "Kama'aina Come Home" program, and a merging of certain Department of Labor and Industrial Relations components with Department of Business, Economic Development and Tourism components. I expect that that will be the most-talked-about part of the program. Any time you make a change like this, there are people who feel that things are better left alone.

But this bill and this innovation initiative is not about turf. It's about Hawai'i's future.

A result of the merger that's being proposed will mean additional resources and better support between the state and the county efforts. And I would say that throughout the creation of this innovation package which involved so many people, turf issues were put aside and I appreciate it very much – everyone doing what was truly in the state's best interest, rather than a particular program's or a particular island's or a particular industry's interest.

Lifelong learning accounts, the first of the four components, are basically employer-matched, 401-k –type savings accounts to pay for upgrading the skills of current employees. It allows for tax credits for both employees and employers – refundable for the employee, non-refundable for the employer – but allowed to be carried forward into future years for the employer. It

encourages a partnership between the employee and the employer in order to leverage resources for training.

The rapid response training program proposal is really the development of customized training programs and would allow DBEDT to contract with existing providers. The priorities would include training for jobs that are paying more than the median wage, in new or expanding businesses, the rapid development and delivery of training when it is important to a firm's or industry's decision to invest.

Now we can see the reverse of this situation in the recent move of Hoku Scientific, one of our own local companies that has moved to Idaho. Among the other incentives they received was more than a million dollars in workforce training funds that were rapidly deployed by Idaho – and I might mention that Idaho is one of the states that has realigned its workforce development programs with its economic development programs. This is a move that the National Governors Association has studied in detail, and it has concluded there are many benefits by that sort of a realignment. In the case of Idaho, it showed it in the Hoku Scientific situation.

Another priority would be business expansions that propose to train workers unemployed or facing unemployment due to mass layoffs.

The third program, the “Kama‘aina Come Home” program is really representative of a lot of the innovation initiative that we're going to be discussing throughout the session, in that it's a program that has been done on some scale previously. Different county economic development boards have attempted to do it; DBEDT has made periodic attempts to do this. Basically, it's to attract back to Hawai'i our own kama'aina who have high-demand work skills to jobs that are created here at home.

I say it's indicative because many of the proposals you will hear about today and in the future innovation bills are ideas that have been talked about, attempted to one degree or another, but never integrated into a comprehensive package, and never done in such a collaborative fashion.

The “Kama‘aina Come Home” program will include creating a voluntary database of all high school seniors in the state and tracking them so we're able to get them back home when the jobs become available, enhancing DLIR's “HireNet” job search Website with a special focus for our kama'aina, and periodic mainland events to inform and to recruit workers back home.

And the fourth and final component of this “Innovation Workforce” bill, as I mentioned earlier will probably garner the most discussion, is a merging over the next year of the workforce development programs and economic development programs of the state. It allows for a comprehensive and a strategic approach, it has previously been proposed by the Legislature, it has been supported and recommended by our Economic Momentum Commission, and the National Governors Association cites the benefits of this kind of a merger.

Mr. Chairman, again, I know there are lots of bills that come before you. I appreciate you putting this one as a high priority, for allowing me to testify first, and unless there are major objections that someone has to it, I hope that you would pass it on today since it has a triple-referral. We

HB1280 Relating to Innovation in Workforce Development

Governor Linda Lingle's Testimony

January 30, 2007

3 of 3

have some very tight deadlines to get it moved to the next committee. So thank you very much for your consideration, to you and all your members.