

# UNIVERSITY OF HAWAI‘I SYSTEM REPORT



REPORT TO THE 2010 LEGISLATURE

Report on  
The Skilled Worker and Business Development Center  
Act 34, Special Session Laws of Hawai'i 2009 (Section 2)

November 2009

Act 34 appropriated Reed Act funds to enable Hawai'i's community colleges to establish a skilled worker and business development center. The center would provide workforce training to employers and their employees to adapt to changing times and new technology.

The skilled worker and development center as provided for in Act 34 has not been initiated as funds have not been released by the Governor. Attached is a copy of the letter from Darwin L. D. Ching, Director for the Department of Labor and Industrial Relations, to Senator Jill Tokuda explaining the reasons for the Governor's actions.



**STATE OF HAWAII**  
**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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August 11, 2009

**TO:** The Honorable Jill Tokuda, Chair  
Senate Committee on Higher Education

**FROM:** Darwin L.D. Ching, Director *Darwin L.D. Ching*  
Department of Labor and Industrial Relations

**SUBJECT:** SB 1665 (Act 34)

We have tried to contact you regarding SB 1665, now Act 34, by telephone, but did not receive a response. We have been trying to reach you to inform you of the Department's position that this Act is inconsistent with federal provisions, and have recommended that the Governor withhold Reed Act distributions under the authority of Executive Memorandum 09 - 01. Further complicating the situation is that fact that our Unemployment Trust Fund balance is projected to be very close to a higher tax schedule when the balance is calculated in November of this year. Keeping Reed Act monies in the fund at this time is essential to bolstering the balance to ensure Hawaii's employers are not burdened by an even higher tax rate.

On August 6, 2009, my staff and I spoke with Mr. Pat O'Neal, Ms. Jaime Bachinsky, Mr. Steve Massey, and Mr. John McGucken of the USDOL regarding the attached letter dated July 29, 2009 from Ms. Cheryl Atkinson, USDOL Administrator of the Office of Workforce Security. In that letter, they expressed two primary concerns, the first of which is the development of a skills based center, including curriculum design, was inconsistent with federal law. The second concern was how the money was to be released to the college. One point of emphasis from the conversation was that the Hawaii State Department of Labor and Industrial Relations (DLIR), specifically the Workforce Development Division, must act as the "gatekeeper" for Reed Act funds and guard against expenditures inconsistent with federal guidelines.

The phone conversation ended with our confirmation that the DLIR would send a letter of assurance stating that Reed Act funds would not be dispersed for the purposes of Act 34. Mr. O'Neal also stated that if you have any questions, please contact him or Ms. Atkinson for further clarification.

c: Cheryl Atkinson  
Barry Fukunaga, Chief of Staff, Office of the Governor  
Linda Smith, Senior Policy Advisor, Office of the Governor