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Annual Report to the Legislature
On
**Efforts to Increase the
Number of High-Skilled Jobs in Targeted Industry
Clusters**

Pursuant to HRS 201-16
(Act 148 SLH 2003)

May 2007

HRS 201-16 requires that “*The department of business, economic development, and tourism shall submit an annual report to the legislature on the department's efforts to increase the number of high-skilled jobs in targeted industry clusters consistent with the efforts of the workforce development council.*” The Department is pleased to submit its 2007 report under this provision.

DBEDT and Workforce Development

The department recognizes workforce development as a key factor in the State’s ability to diversity its industry base and stimulate new and high-valued industry. Therefore, DBEDT works very closely with members of the education and training community and with the Workforce Development Council (on which the Director of DBEDT is an ex-officio member) to increase the supply and skill level of the labor force. In 2006 and early 2007, DBEDT coordinated with the Workforce Development Council (WDC) on several efforts to better identify the state’s emerging workforce needs and provide for a higher skilled workforce to meet the need of emerging industries. DBEDT helped organize and participated in the first ever, WDC Workforce Development Forum in September 2006. The department continued initiatives begun in 2004 to assist knowledge-based industries in attracting skilled workers and expanding opportunities for Hawaii’s overseas Kama’aina to return. In addition, the department spearheaded development of the Governor’s Innovation Initiative, which proposed more than 20 measures to shift Hawaii’s economy from land-based economic development to development led by innovation industries.

WDC Priorities

As reported in the Department’s 2006 report on Act 148 activities, DBEDT was an integral participant in the 2004 to 2005 National Governors Association (NGA) sponsored project, “Pathways to Advancement.” That project assessed Hawaii’s workforce development challenges and identified a number of priorities to remedy problems that were identified. A presentation of that assessment and recommendations can be found at:

http://hawaii.gov/labor/wdc/pdf/Hawaii_Critical_Workforce_Issues_Jan_07.pdf. Subsequently,

DBEDT has worked with the WDC to monitor workforce conditions and establish priorities for WDC focus. As reported in its 2007 Report to the Governor, the WDC priority efforts for 2007 are:

1. Improve the delivery of timely education and training to prepare current and future workers for high skilled occupations.
2. Focus more attention on upgrading the skills of the incumbent workers.

3. Pursue efforts to expand the labor pool in the face of a long-term labor shortage as the baby boom generation retires.

2006 WDC Forum

DBEDT participated in planning for the first WDC forum, held in September of 2006. That forum developed suggestions for improvement in four areas:

1. Increasing the **Availability of Qualified Workers** in Hawaii.
2. **Meeting Employer Skill Needs** – aligning educational curriculum with the skills needed by employers.
3. **Incumbent Worker Training** – raising the skill level of employees already in the workforce.
4. **Education Pipeline** – recruitment and retention of students from preschool through secondary and post-secondary education.

The forum generated numerous suggestions for addressing these areas, which are being followed up by the WDC and member agencies including DBEDT. DBEDT is assisting the WDC in areas number one and two by expanding the Kama`aina Come Home Program.

Kama`aina Come Home

Hawaii needs to increase the number of potential workers to staff our emerging industries. Increasing the size of the labor pool (or the labor “puddle” as some have referred to it) is a high priority for DBEDT and the WDC. The Department of Labor and Industrial Relations (DLIR) estimates that over the next eight years, 24,000 positions will need to be filled annually in the state’s economy due to growth and replacement of workers leaving the workforce. Yet we have only about 12,000 to 14,000 young people entering the workforce per year. The Workforce Development Council has identified potential sources of labor including underrepresented groups, immigrants and former Kama`aina who have left Hawaii but might return for the right job. There are a number of agencies already working with underrepresented groups and we are looking at ways to influence national policy on expanding quotas on work visas for high skilled immigrants.

DBEDT has identified out-of-state Kama`aina as a major and under-tapped source of skilled labor for Hawaii’s businesses. Every year thousands of Hawaii high school graduates leave the state for post-secondary training on the mainland. There is no comprehensive accounting for how many of Hawaii-born residents leave the state, or how many return. There is also no accounting for how

many former residents are currently on the U.S. Mainland. With Hawaii businesses severely short of skilled workers in almost all categories, the pool of Kama`aina on the mainland present a valuable potential source of workers to meet the needs of Hawaii's employers.

Efforts to attract Kama`aina back home have been developed by county economic development boards and DBEDT. The Hawaii County Economic Development Board pioneered the concept in the 1990s under the name "Kama`aina Come Home" and ever since, the counties and the state have run occasional events on the mainland to attract Kama`aina back.

More recently, DBEDT has partnered with the DOE and the firm PeopleSoft to enable high school alumni groups to established websites and to undertake an electronic database of graduating seniors.

The State administration submitted legislation in early 2007 to establish a comprehensive and well-coordinated Statewide "Kama`aina Come Home" program. Despite widespread support, the legislation was unsuccessful. The effort would have included several coordinated components. First, was a stronger program between DBEDT, the county Economic Development Boards (EDBs) and major employers to develop a series of periodic events in selected mainland cities to attract, inform and recruit Kama`aina back to the state, based on actual employment opportunities. DBEDT proposed to work with the county economic development boards to schedule three to five mainland events per year, at which out-of-state Kama`aina would be contacted and invited to a program of information and recruitment for Hawaii job opportunities. Second, it is crucial to establish an ongoing database of graduating seniors enabling them to be continually informed about career opportunities in Hawaii. It is also important to begin compiling a database of Kama`aina who are already out of state, particularly those in colleges on the mainland. These databases would be voluntary on the part of the students and out-of-state residents. Finally, the proposal would have used the powerful new web site in DLIR called "HIRENET" to be a portal for out-of-state Kama`aina, giving them a place to see what jobs, internships and other benefits await them in Hawaii.

Experimental Program to Stimulate Competitive Research (EPSCoR)

DBEDT continued its partnership with the University of Hawaii (UH) in support of workforce development projects statewide in 2006. The two entities worked closely together in developing a successful proposal to the National Science Foundation to fund Hawaii's EPSCoR IMUA II program for nine million dollars over a three-year period. This proposal has enhanced DBEDT's collaborative efforts with the University toward the development of workforce development activities that seek to expand and diversify workforce development and training activities, with an emphasis on programs that stimulate interest and promote skills in STEM disciplines and increase the number of Hawaii's youth pursuing higher education degrees in STEM-related fields.

The Department also actively participated in the review of Research Enhancement Activities Program proposals from UH faculty and staff, and is currently working with the University to establish an Outreach, Education, and Human Resources Development (OEHRD) program for the State that will help strengthen Hawaii's scientifically and technologically-skilled workforce, with an emphasis on promoting:

- Cooperative research alliances between university departments/laboratories and technology-based companies in Hawaii;
- Expanded educational curricula and training programs in strategic technology sectors;
- The transfer of innovative spin-offs from basic research to the private sector for commercial product development;
- Community-based workshops introducing university researchers and business entrepreneurs to strategies and best practices for building public-private partnerships;
- Expanded student internship and certification programs in strategic technology fields;
- More effective linkages among K-12 and community college/university career pathway programs at both public and private institutions statewide;
- Development of career-pathway materials (e.g., video presentations; CD-ROM programs; websites) that enable students to identify their vocational aptitudes/interests and explore opportunities for pursuing same in both collegiate and vocational settings;
- K-12 professional workshops, bringing government, university and industry representatives to both public and private schools to discuss technology-related careers; and,

- Community outreach projects that can enhance community awareness of and interest/participation in science and technology initiatives statewide.

Innovation in Workforce Development Initiatives

DBEDT worked with the WDC, the Department of Labor and Industrial Relations (DLIR) and other partners in late 2006 to develop the Administration's legislative proposals for Innovation in Workforce Development. Those proposals included:

- A Life-Long Learning Account program to help increase the skills of our current workforce;
- Funding to develop custom training programs for key firms and industries that want to invest or increase their investment in Hawaii;
- A Program to identify, track and provide Hawaii job opportunities to out-of-state Kama`aina, in order to bring their skills and commitment back to Hawaii; and
- Improving the efficiency and effectiveness of the state's workforce development efforts by combining some workforce development programs with the state's economic development programs.

Despite overwhelming testimony in support, these proposals were unsuccessful during the 2007 legislative session.

WIRED III Grant

In early 2007, DBEDT, the WDC and the DLIR spearheaded development of the State's proposal to the U.S. Department of Labor for funding under the third phase of the grant, "Workforce Initiatives for Regional Economic Development" (WIRED-III). Under this grant, 13 regions in the country will be awarded \$5 million over the next three years to fund innovative workforce development projects in support of regional economic transformation. Hawaii's proposal focuses on defense/dual-use activity as a catalyst for regional transformation. Successful applicants will be notified by mid June 2007.

The full scope of the initiatives underway by the Workforce Development Council and its partners is detailed in the 2007 annual report of the WDC, available at;

http://hawaii.gov/labor/wdc/pdf/WDC_2007_GOV_REPORT_final_122906.pdf.