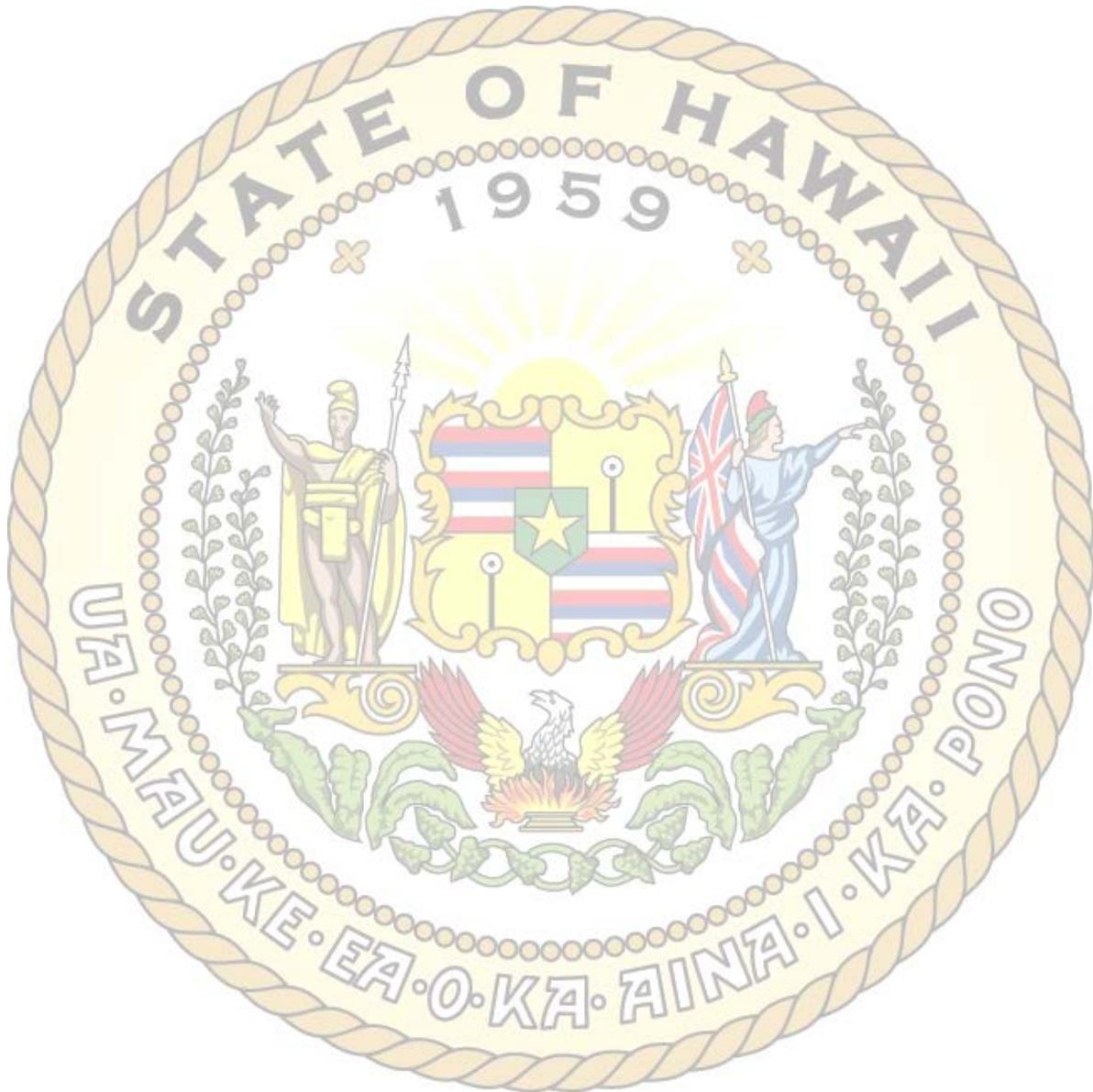


DEPT. COMM. NO. 336

EMPLOYMENT AND TRAINING FUND

REPORT TO THE 2022 LEGISLATURE



Department of Labor and Industrial Relations

EMPLOYMENT AND TRAINING FUND (ETF) PROGRAM FY 2021

Legislative History and Employer Contribution

Act 68 (SLH, 1991) created the Employment and Training Fund (ETF) through a .03 percent tax on employers' taxable wages as part of the State's Unemployment Insurance program. Other states such as Florida and California have also legislatively mandated a fifty percent in-kind contribution towards training costs.

To balance the responsibilities and partnership between state government and business sectors, Hawai'i's legislators followed similar guidelines that were intended to develop a collaborative approach in workforce preparation and to strengthen policies and programs that meet Hawai'i's job market needs. In 2002, lawmakers made the ETF program permanent while lowering the assessment rate from .03 percent to .01 percent of taxable wages (Act 248). They also required employers who access ETF funds for training to contribute fifty percent or more of the cost of assistance.

Fiscal Year 2021 (2020-2021)

Fiscal Year 2021 saw record unemployment and economic uncertainty for the state of Hawai'i due to the effects of the Covid-19 Pandemic. Amid the budgetary challenges faced by many of Hawai'i's businesses, the ETF continued to assist employers and workers through innovative programs aimed at improving the long-term and short-term employability of Hawai'i's people. The ETF program provides businesses the opportunity to upgrade the skills of the existing workforce from entry-level to top management and enables workers to attain the job skills necessary to keep pace with local, national, and international competitors. These special funds are targeted specifically to keep Hawai'i's workforce competitive and employed at the cutting edge of their chosen professions and occupations.

In FY 2021, there were two avenues for employers or employer groups to access ETF funds:

- 1) Existing short-term, non-credit training through ETF's Employer Referral Program also known as the ETF Micro Program; and,
- 2) Reducing Unemployment Disruption & Driving Economic Regeneration (RUDDER) program



ETF Micro Program

The ETF Micro Program (Employer Referral Program) offers training opportunities to individual businesses. This program enables employers to register their workers for existing short-term, non-credit training courses offered by ETF-approved public and private training providers to upgrade employees' skills and capabilities to meet the competitive demands of the workplace.

The program is open to all within a company: business owners, managers, supervisors, and workers. The ETF Micro Program pays 50% of the cost (up to a \$400 reimbursement cap per course) for any course meeting its eligibility criteria. To date, almost 80,000 individuals have been trained through the micro program. During the fiscal year, a total of twenty (20) authorized training providers often had to restructure their curriculum and delivery systems (e.g. online classes) but continued to offer a broad array of training opportunities. During FY2021 and despite the ongoing pandemic, 771 employees from 182 businesses registered for 1,680 courses.



REDUCING UNEMPLOYMENT DISRUPTION & DRIVING ECONOMIC REGENERATION (RUDDER)

In early 2020 the Department of Labor and Industrial Relations (DLIR) launched the RUDDER program to assist with the rise in Hawai'i's unemployment rate concurrently with the advent of the COVID-19 Pandemic.

RUDDER provides ETF funds to infuse money into the economy in an effort to efficiently train and transfer labor into Hawai'i's businesses that can help reduce job losses and help minimize the economic slide due to COVID-19. The program provides up to \$100,000 of relief to registered and compliant Hawai'i businesses for new employees hired after March 1, 2020. The program provides an initial \$500 payment for each new employee to offset training and associated costs. A second \$500 payment is issued for each new employee certified to have been retained by the employer after six months of continuous employment.

The participating RUDDER employers range from large corporations to small businesses throughout the State of Hawai'i. The RUDDER employer industries include healthcare, security, landscaping, fast food restaurants, non-profit organizations, convenience stores, supermarkets, coffee farms and drug store retailers.

Through RUDDER, DLIR has assisted 42 employers – reimbursing them \$1.3M for their new hires. Employers in the program have hired over 1030 new hires since March 2020.

