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JADE T. BUTAY
DIRECTOR

DEPT. COMM. NO. 161
WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

December 12, 2022

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirty-Second Legislature
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Scott K. Saiki
Speaker and Members House of
Representatives
Thirty-Second Legislature
State Capitol, Rm 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Employment and Training Fund annual report as required by section 383-128(h), Hawaii Revised Statutes (HRS).

In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://labor.hawaii.gov/find-a-report/>.

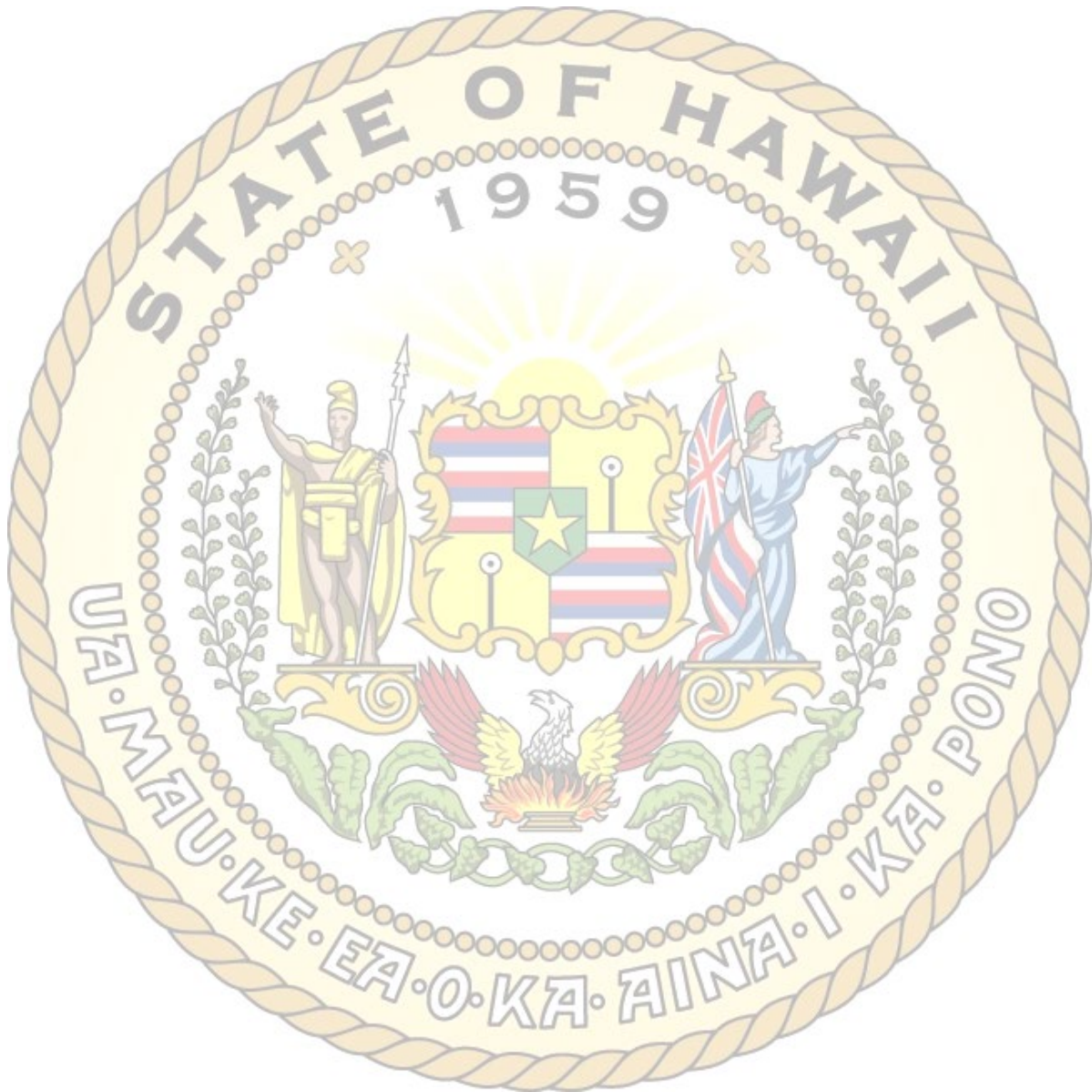
Sincerely,

Jade T. Butay
Director

Enclosure

c: Legislative Reference Bureau Library
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EMPLOYMENT AND TRAINING FUND
REPORT TO THE 2023 LEGISLATURE



Department of Labor and Industrial Relations

EMPLOYMENT AND TRAINING FUND (ETF) PROGRAM FISCAL YEAR 2022

Legislative History and Employer Contribution

Act 68 (SLH, 1991) created the Employment and Training Fund for the purposes described above 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 which 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 2022 (2021-2022)

Fiscal year 2022 saw an easing of unemployment and economic recovery for the state of Hawai'i following the challenges felt by businesses during the Covid-19 pandemic. While many Hawai'i businesses continued to face budgetary challenges

the Employment and Training Fund 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 Employment and Training Fund's (ETF) purpose is to assist employers and workers through innovative programs including, but not limited to, business-specific training, upgrade training, new occupational skills, management skills, and support services to improve the long-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.



ETF Micro Program

The ETF Micro Program is also known as the Employer Referral Program, and 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, close to 80,000 individuals have been trained through the micro program.

Within the fiscal year, the Department of Labor and Industrial Relations (DLIR) pursuant to Hawaii Administrative Rules (HAR), Chapter 3-149-301, extended the 2019 two year Micro Contract for the Employment Training Fund (ETF). The department had delayed issuing a Request for Proposal (RFP) for a new contract period due to the State of Hawaii's fiscal uncertainties and until such time that the funding for the ETF program was secure. When the tax revenues became more clearly defined, DLIR moved forward with the RFP process for the next ETF contract period and in an effort to continue to provide employment assistance to those residents who may be struggling or seeking alternate employment opportunities in Hawaii's current workforce environment extended the contracts of the existing vendors while the RFP process for the next ETF contract period was being completed. Thirteen providers were selected to provide training in the ETF program for the next two year contract period beginning February 1, 2022.

From July 1, 2021 to June 30, 2022, a combination of providers from the extended contract period and providers beginning the new contract period saw 1001 course registrations offered which served over 661 employee participants from 155 businesses statewide.