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JADE T. BUTAY
DIRECTOR

DEPT. COMM. NO. 85
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 1, 2023

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, Room 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/>.

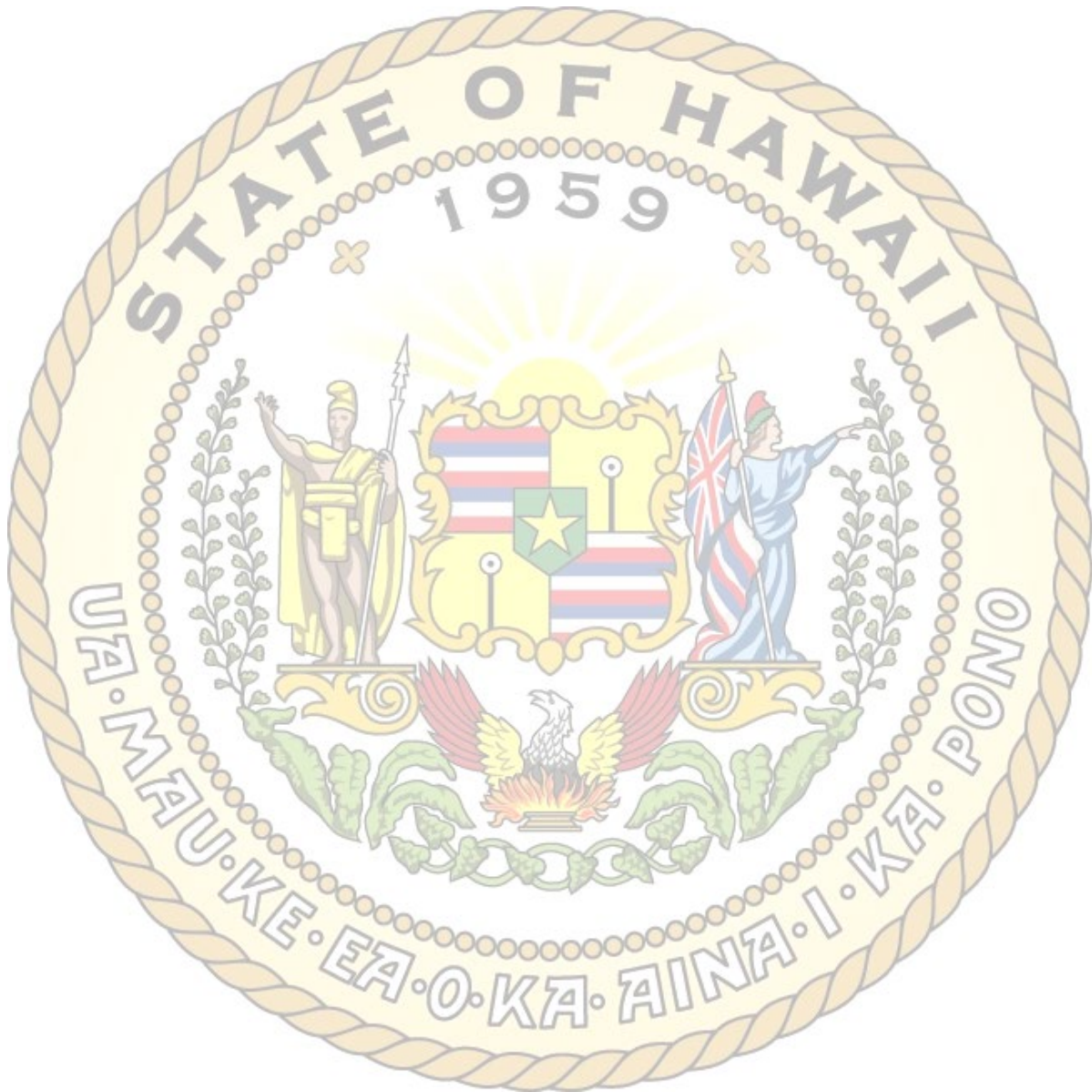
Sincerely,

JADE T. BUTAY
Director of Labor and Industrial Relations

Enclosure

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EMPLOYMENT AND TRAINING FUND
REPORT TO THE 2024 LEGISLATURE



Department of Labor and Industrial Relations

EMPLOYMENT AND TRAINING FUND (ETF) PROGRAM FISCAL YEAR 2023

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 2023 (2022-2023)

Fiscal year 2023 saw a continued easing of unemployment for the state of Hawai'i while the economy recovered and began to flourish. Despite the economic improvement, many Hawai'i businesses faced ongoing business challenges, specifically workforce shortages. The Employment and Training Fund aimed to assist with these challenges by helping improve 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, new occupational skills, management skills, and support services. 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 employees of 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, over 90,000 individuals have been trained through the micro program.

The Department of Labor and Industrial Relations (DLIR) selected thirteen organizations to provide training in the ETF program for the current two year contract period that began in February 2022. DLIR is in the process of securing providers for the next two year contract period targeted to begin in February 2024.

From July 1, 2022 to June 30, 2023, the ETF program had 644 course registrations, which served over 418 employee participants from 73 businesses statewide.