



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR


CHUNG I. CHANG  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

September 17, 2020

TO: The Honorable Donovan M. Dela Cruz, Chair  
Senate Special Committee on COVID-19

FROM: Chung I. Chang, Deputy Director   
Department of Business, Economic Development & Tourism

RE: Response to Act 9 Economic Recovery Programs

Thank you for this opportunity to provide additional information to my memo that was submitted to the Senate COVID-19 Committee on August 31, 2020. Information provided in this memo and attachments accompanying it represent most up-to-date information on the programs.

(1) Retraining and workforce development (Hawaii Works program)

With the understanding that the funds were appropriated to DBEDT to create new jobs and to access business and community partners working with Hawaii's businesses in industries outside of tourism, DBEDT focused on programs in paid internships, where participants would gain work-based learning experience to transition to long-term, full-time opportunities. DBEDT took a broader view of training and workforce development; while DLIR's proposals focus on training and placement, DBEDT sought training, placement, job creation, and business assistance through host companies.

DLIR's \$3.1M RUDDER targeted 50 companies whereas the Hawaii Works program, will reach almost 200 companies. As for DLIR's \$16.5M seasonal opportunity initiative, rather than placing 600 individuals and spending the funds in the state and county agencies, the funds will be used to help businesses and provide the pathway for individuals to gain experience in the private sector for careers in the non-tourism fields.

As requested, two proposals from Kupu Aina Corps and Economic Development Alliance of Hawaii are being submitted with this memo. Collectively, the two organizations are targeting approximately 200 businesses with up to 650 unemployed trained.

We have not been working with DLIR to obtain information on the currently unemployed.

(2) Creating a local supply chain of cleaning supplies and PPE

The grant review committee has been meeting weekly since September 4<sup>th</sup> and is currently scheduled to meet until November 4<sup>th</sup>. We have received total grant requests for \$3,890,419.12, of which \$1,272,821.50 have been awarded. The names and the award amounts will be published in news releases.

From the onset of the COVID-19, Hawaii experienced shortage of PPE's and with virtually no manufacturing capability locally, relied heavily on imports. The focus of awarding the grants will be to enable the local companies to have the capacity to produce PPE's, hand sanitizers, and disinfectants so that these companies can quickly pivot in times of need to scale up the production and distribution of these important necessities.

(3) Supporting Hawaii's commercial fishing

- Longline fishing grants (\$2M)
  - o Contractor: Hawaii Longline Association
  - o Contract Amount: \$2M to be distributed to registered longline fishers
  - o Deliverables: Approximately 140 registered longliners will be assisted to make up for COVID-19 related losses for approximately \$14,000 per licensed longliner over a 3-month period
  - o Timeline: October 2020 – December 2020
  
- Fishing industry marketing campaign (\$400K)
  - o Contractor: Hawaii Seafood Council
  - o Contract Amount: \$400K for marketing activities (additional information attached)
  - o Deliverables: See attached
  - o Timeline: September 2020 – December 2020
  
- Non-longline fishing (\$450K)
  - o Contractor: Pacific States Marine Fisheries Commission (government)
  - o Contract Amount: \$450K to be distributed to non-longliners (trollers, charters, bottom fishers, etc.)
  - o Deliverables: Approximately 250 non-longliners will be assisted to make up for COVID-19 related losses up to \$1,800-\$2,000 per licensed entity.
  - o Timeline: September 2020 – December 2020

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Response to Act 9 Economic Recovery Program  
September 17, 2020  
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Should you have further questions, please contact me at 586-2355 or via email at chung.i.chang@hawaii.gov.

Attachments: A – Proposals from Kupu and EDAH  
B – Commercial Fishing Marketing Campaign

c: The Honorable Jarrett Keohokalole  
The Honorable Michelle N. Kidani  
The Honorable Donna Mercado Kim  
The Honorable Sharon Y. Moriwaki  
The Honorable Kurt Fevella  
The Honorable Ronald D. Kouchi  
Mike McCartney, Director, DBEDT  
Kym Sparlin, Office of the Governor  
Clare Connors, Attorney General

## Kupu ‘Āina Corps

### He pūko‘a kani ‘āina – the coral that becomes an island<sup>1</sup>

*A Hawai‘i Job Training Program proposal from Kupu  
to the Hawaii State DBEDT Business Development and Support Division*

Through **the Kupu ‘Āina Corps** (Program) Kupu will work with a statewide network of existing natural resource and agriculture enterprises to provide temporary employment for at least 300 individuals who are unemployed due to the COVID-19 public health emergency. The Program responds to the immediate needs for economic relief caused by COVID-19, which is harming previously employed workers and recent graduates, as well as employers in the green jobs sector. The Program will build a scalable workforce to support the immediate harm that the COVID-19 pandemic is doing to the natural resource and agriculture industries, both of which are immerging and resilient non-tourism components of Hawai‘i’s economy as well as diversify Hawai‘i’s workforce.

The COVID-19 pandemic, travel quarantine mandate and subsequent collapse of Hawai‘i’s tourism industry have resulted in Hawai‘i posting one of the highest unemployment rate in the nation at 23.8%.<sup>2</sup> While Hawai‘i’s unemployment rate decreased after several weeks among the highest rate in the nation, unemployment remains well-above the national average (13.1 percent for Hawai‘i compared to 10.2 percent nationally in July), *Pacific Business News*, reporting on a national study conducted by Wallet Hub, found that Hawai‘i’s unemployment “bounce back” is one of the weakest in the entire United States – smaller than all but two other U.S. States.<sup>3</sup> Unemployment appears to be increasing again as our state’s COVID-19 cases rise as well.<sup>4</sup> Economists further predict that due to the State’s reliance on tourism, double-digit unemployment rates will likely continue throughout the rest of this year. According to UHERO, “Hawaii’s heavy reliance on tourism means that the local economy will lag behind the national pace of the recovery progress.”<sup>5</sup>

Due to the COVID-19 public health emergency, many tourism-related jobs will remain unavailable. The Program responsively supports companies and job opportunities that do not rely on tourism and that offer greater economic stability during the COVID-19 public health crisis. The Program provides displaced workers, and recent graduates who lack opportunities for career upskilling and reskilling due to COVID-19 with meaningful employment in immerging industries and provides Hawai‘i organizations in these fields with resources to support their recovery. By prioritizing emerging green collar industries, the Program offers the economy an opportunity to reduce the harms caused by the COVID-19 public health emergency, while contributing to a more resilient economy.

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<sup>1</sup> Kupu’s core values include the incorporation of Indigenous wisdom and Hawaiian culture into our strategy and professional culture. For this project we are led by the ‘Ōlelo No‘eau – *he pūko‘a kani ‘āina, the coral that becomes an island*. This wise saying has various meanings, and is a term used to describe a resilient warrior who would protect others, as a ring of land would protect an island. It also reminds us that small things can become greater, like a coral reef that grows into a self-sustaining island. Both meanings are consistent with this project’s intention to provide a safe harbor for distressed workers in a way that will provide greater economic self-sufficiency for Hawai‘i as we weather the COVID-19 public health emergency.

<sup>2</sup> “Hawaii’s unemployment rate remains high at 22.6%”, *Pacific Business News*, June 19, 2020 and “*Unemployment and Underemployment in Hawaii: A Troubling Picture*,” UHERO, July 14, 2020

<sup>3</sup> Regarding the July unemployment rates statewide and nationally, see “*Hawaii unemployment rate decreases to 13.1 percent in July*,” *Pacific Business Magazine*, August 21, 2020.

<sup>4</sup> “*As COVID-19 cases rise in Hawaii, so do the number of unemployed residents*,” KITV4 (ABC), August 27, 2020

<sup>5</sup> “*Battered by COVID-19, Hawaii Begins to Reopen*”, UHERO, May 28, 2020.

The deliverables of the Program, that contribute to the State DBEDT Business Development and Support Division (BDS) Training and Workforce Development Program objectives, include:

- Places 300 Kupu participants with partner sites
- Retain and/or hire 25 FTE staff to manage the program; creating further employment beyond the members to address the escalating unemployment rates due to COVID-19
- Place participants with potential employers through mid December 2020 and provide them with relevant exposure, training and experience to be better equipped and qualified for longer-term employment; and/or
- Up-skill and re-skill participants to prepare them for a new career/job. Following the short-term training, participants will be placed with potential employers until December 24, 2020
- Provide administrative and accounting oversight, reporting, and payroll support for the program
- Track next steps of participants after the Program

The Program will serve all eligible participants currently impacted by the COVID-19 public health emergency in the target population, including:

- Displaced workers
- Recent college graduates
- Recent high school graduates

The Kupu 'Āina Corps (see **Figure 1**) will offer participants on-the-job experience and training in the non-tourism dependent emerging industries of natural resource management and agriculture.

**Figure 1. Program Overview**

	Responsibilities	Kupu 'Āina Corps
Lead Agency	Source of funding and integration with other economic recovery initiatives	DBEDT, Business Development & Support Division
Contractor/Program Coordination	Overall program standards and quality. Monitoring outcomes -Sets standards for programming -Selects and monitors Facilitating Organizations -Recruits & consults program advisory councils	Kupu

Contractor/Program Coordination	-Recruits and selects Employing Companies -Ongoing touchpoints with Employing Companies and Participants. -Monitoring and reporting	Kupu
Professional Employer Organization (PEO)	Payroll and all HR matters	SimplicityHR by ALTRES
Employing Companies	Create valuable internship opportunities Day-to-day work supervision	Kupu and Site Partners
Participants	Classes or on-the-job training to prepare for a conservation or innovation career	Kupu 'Āina Corps Participants

### Kupu 'Āina Corps Emerging Sectors

- Natural Resource Management\*
- Agriculture\*

*\*These industries are identified by the public-private Aloha+ Challenge Initiative as contributing to global Sustainable Development Goals and have been identified by DBEDT as key emerging industries*

### Contractor (Kupu)

Kupu shall serve as Contractor to BDSB and administer the Program, establishing the overall program design, quality standards, objectives and outcomes.

Contractor will provide overall administration, quality control, oversee reporting, manage accounts payable/accounts receivable for the Project.

Contractor will subcontract SimplicityHR by ALTRES, a Professional Employer Organization (PEO), for outsourced payroll and human resource services, as the legal employer of the Participants, and as the co-employer of record.

As the program coordinator, the Contractor is responsible for developing the content, providing program oversight of Employing Companies, and ensuring a positive Participant experience. Kupu shall provide the following functions:

- Overseeing program content and calibrating overall program standards consistent with the requirements of the project
- Recruiting and approving Employing Companies

- Matching Participants to Employing Companies
- Ensuring ongoing touchpoints with Employing Companies and Participants
- Training and supervision
- Regular program accountability
- Providing program-wide mentorship to Participants
- Manage participant performance on a regular basis

Kupu is Hawai'i's largest youth-oriented conservation organization, with a network-based business model that involves matching prospective participants with host sites where they engage in meaningful green collar work while developing each participant as a whole person. The proposed Program builds on our extensive experience in this field. By performing this project through The Contractor's proven, existing organizational infrastructure rather than creating a new program for this purpose, this partnership provides tremendous efficiency, effectiveness, and capacity for quick response to the economic aspects of the COVID-19 public health emergency.

The Contractor's methods to ensure accountability and performance include:

- Statewide outreach of prospective candidates to be Kupu 'Āina participants and employing companies
- A dedicated web platform that includes basic information, FAQs, and an online application that gathers necessary data to determine potential match between candidates and host sites
- Professional staff review of applicants using standard criteria based to maximize efficiency and alignment with the program's purpose
- Staff-guided process to walk employing host sites through selection process to ensure match
- 360 degree process engaging employing companies, participants and Kupu to determine best-match trainings from University of Hawaii Community College's list of available courses (Courses will be limited to those that adds value to the participant's ability to fulfill the responsibilities of their Program assignments.)
- Numerous stages of support and evaluation for each participant, including the employing company, Program operations staff, Program management level review, and statewide Project Manager review and evaluation
- Regular reporting to DBEDT
- Use of Contractor's existing policies, practices and procedures, which have been refined over more than two decades of similar work across the state and outside of Hawai'i
- Check ins with individual participants and employing companies by Contractor's staff to assure personal touch in addition to aforementioned monitoring and evaluation
- Final reporting to include an assessment of the following impacts: (1) impact generated by participants; (2) total economic impact of the statewide project using economic multiplier; (3) number of participants hired, supporting the diversification of Hawaii's economy; (4) post-project assessments at the individual and employing company-levels by Contractor to include post-Program pathways being pursued, such as work or education
- Monthly cash-basis financial reports

**Subcontractor: SimplicityHR by ALTRES, Professional Employer Organization (PEO)**

SimplicityHR by ALTRES is one of Hawai'i's leading Professional Employer Organizations (PEO) that manages tens of thousands of employees annually throughout the state and provides comprehensive services that includes payroll services, trainings, and human resources support. A full list of services,

trainings, and support are attached. SimplicityHR by ALTRES and Kupu will be the legal employer of the Program Participants placed at Employing Companies identified by Kupu, handling all HR management. (Employing Companies shall not provide HR support.) The PEO shall be responsible for:

- Payroll processing, employer tax filing, workers' compensation insurance, health benefits, etc., as required by law
- Implementing employee timesheet and reporting logistics
- Year-end payroll related reporting requirements
- Providing human resource guidance to Kupu
- Ensuring compliance with employment laws

### **Employing Companies/Organizations** (companies where Participants will be placed)

The Employing Companies will create valuable internship opportunities consistent with the requirements of the Program. These Employing Companies will be a mix of for-profit, nonprofit, and government entities doing work in the emerging industries of natural resource management and agriculture. Employing Companies are also responsible for providing day-to-day projects, mentorship, and guidance but will not provide HR guidance nor duplicate any management roles provided by the Contractor or Altres.

In the Kupu 'Āina Corps, Employing Companies will receive, on a one-time basis, up to \$700 per Participant to cover a portion of necessary supplies, additional training not offered otherwise, and other necessary expenses incurred due to the Participant's placement with the Employing Company at the site.

### **Participant** (Displaced workers or recent graduates)

Participants will apply through an online portal powered by Salesforce. All data will be retained by Kupu for program, audit, and DBEDT purposes. Participants will be required to satisfy requirements that they have been adversely impacted by COVID-19 and will be both pre-screened and interviewed if they meet criteria. Selected participants will be placed at an Employing Company/Organization for the duration of the program.

If approved and enrolled, the Program shall pay for the tuition cost of the Certification/Training class selected. Upon successful completion of said coursework, the Participant will be placed with an Employing Company as a full- or part-time employee for the duration of the Program, which ends on 12/24/20.

### **Educational Partnerships**

A variety of training and educational partnerships will be offered to advance participants. These include but are not limited to:

- AmeriCorps: Some participants may qualify to receive AmeriCorps intern benefits that include a monetary stipend, an education award (of about \$6,000), and college credits.



- University of Hawai‘i and University of Hawai‘i Community Colleges: Certifications and trainings in non-tourism growth industries will be negotiated and offered at UH and UHCC. The selection of eligible certifications will be informed by results forthcoming in September from the Promising Credentials project, a collaboration between Hawaii P-20, Chamber of Commerce Hawai‘i, Kamehameha Schools and the Harold K.L. Castle Foundation. The goal of Promising Credentials is to identify high value certificates and credentials as determined by industry using Hawai‘i labor market data and local employer insights that will lead to occupations forecasted to be in high demand and pay a living wage. The forthcoming report will include an industry-validated list of quality non-degree credentials that Kupu will use to inform the Program as we match participants with trainings related to their temporary employment.

### Advisory Council

Kupu will engage an Advisory Council to provide guidance on programming and selection processes. The Advisory Council will not have governing authority on the project. A target of 3-5 individuals have been selected to serve in this capacity. Advisory Council members include individuals from resource conservation professional leaders, foundations, and community who will advise Kupu on program matters.

### Timeline

- September 1, 2020: Program Set up, Hire additional Staffing, recruitment
- October 1 - December 15, 2020: Programming
- December 2020 - January 2021: Final Reporting

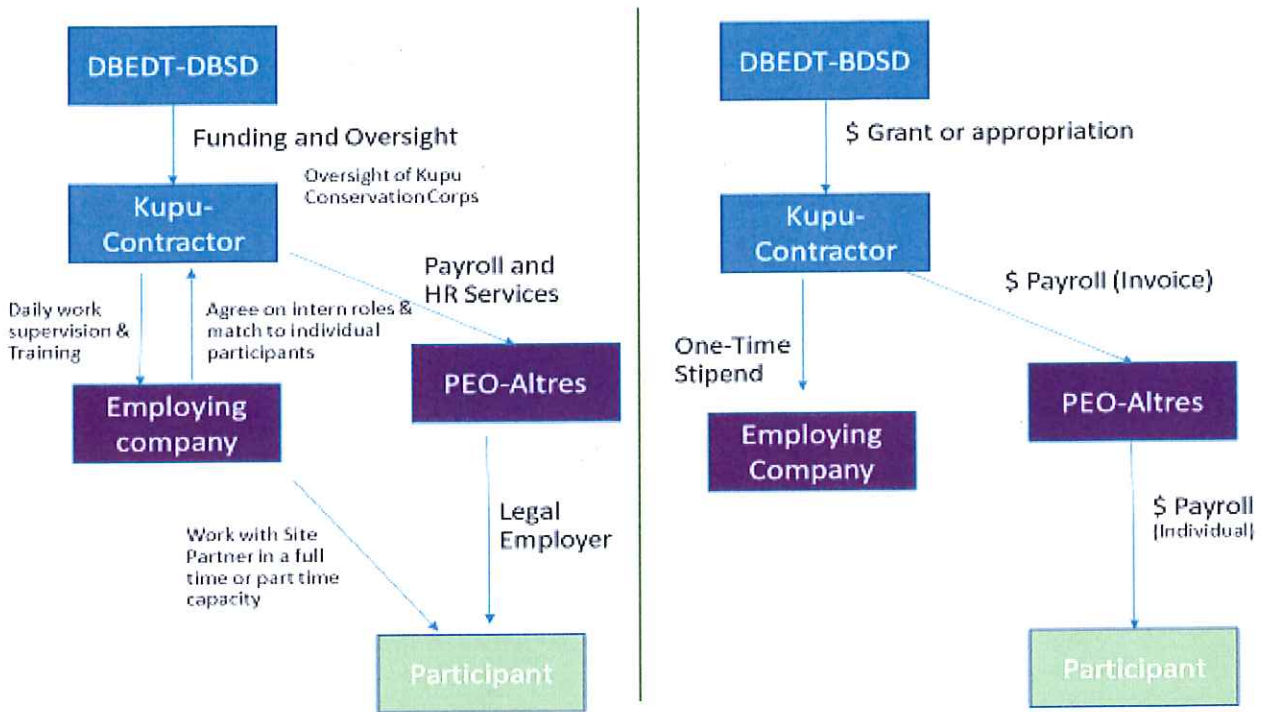
### Budget

A Program budget is attached. **Figure 3 Kupu ‘Āina Corps** illustrates the relationships, Program roles and the flow of funds between the State DBEDT BDS, Kupu, Facilitating Organizations, Employing Companies, and Participants.

Note in **Figure 3** that Contractor Kupu fulfills the roles of Lead Coordinator and Facilitating Organization for the Kupu ‘Āina Corps track and so has direct relationships with Employing Companies.

### Figure 3 Kupu ‘Āina Corps

### Kupu Conservation Corps Organizational Relationships and Funding Flow



### Staffing

An organization chart is attached and the Kupu ‘Āina Corps staffing plan is described in the Personnel section of the Application.

# Kupu 'Āina Corps

He pūko'a kani 'āina: A coral reef that becomes an island

## Budget

<b>Administrative</b>	<b>\$ 245,000</b>	<b>4.92%</b>
Administrative Fee	\$ 175,000	3.51%
Legal	\$ 25,000	0.50%
Insurance	\$ 5,000	0.10%
IT & Participant Database Management	\$ 20,000	0.40%
Audit/Accounting	\$ 20,000	0.40%
<b>Direct Program Operating Expenses</b>	<b>\$ 4,735,000</b>	<b>95.08%</b>
Participant Wages & Benefits	\$ 3,272,000	65.70%
Program Coordination & Management Staff Costs	\$ 647,000	12.99%
Travel/Participant Transportation	\$ 275,000	5.52%
Program Supplies	\$ 62,000	1.24%
Participant Training, Tuition, and Upskilling	\$ 205,000	4.12%
Partner Site Allowance	\$ 210,000	4.22%
Program Marketing/Recruitment	\$ 22,000	0.44%
Miscellaneous Program Expenses	\$ 42,000	0.84%
<b>Total Expenses</b>	<b>\$ 4,980,000</b>	<b>100.00%</b>

Full Time Equivalent Participants	300
Pay to Participant	\$13-\$18
Average Cost Per member	\$ 16,600

## BUDGET NARRATIVE for Kupu`Āina Corps

### A. Administrative Costs – Total: \$245,000.00(4.92% of contract)

1. Contract Administration Fee – \$175,000: Kupu’s responsibilities include, but are not limited to, monitoring overall outcomes, setting standards for programming, project accounting, overall project reporting (financial and operational), partnership management, project performance management, and general oversight of project
2. Legal-\$25,000: Direct legal expenses incurred on behalf of project
3. Insurance- \$5,000: Required insurance costs for project
4. IT & Participant Database Management-\$20,000: This includes database management, as requested in the Notice of Funding Opportunity, which includes tracking all applicant and participant data, including managing eligibility criteria, demographics, next steps after the program, and contact information for follow up needs. This also includes website changes and updates, and other direct program IT and database needs
5. Audit/Accounting-\$20,000: Direct 3rd party audit/accounting expenses associated with project

### B. Program Operating Costs – Total: \$4,735,000.00\* (95.08%)

1. Participant Wages & Benefits – Subtotal: \$3,272,000.00
  - a. Participants in the Kupu `Āina Corps (conservation and agriculture projects) will be placed at sites as participants or as crews starting at \$13 per hour. Crew leaders that will start at \$18 per hour. This line item includes direct wages, health care benefits, fringe benefits, PEO fees (payroll and HR guidance), and employment taxes. 300 full-time equivalent positions are anticipated between October 1 and December 15, 2020.
2. Program Coordination and Management Staff Costs – Subtotal: \$647,000.00
  - a. This line item includes salaries for staff necessary to run the Kupu `Āina Corps for the duration of the program. Approximately 25 FTE staff positions will be sustained and/or created to help manage this program. Program Managers and Coordinators will provide the statewide oversight of programs that includes but is not limited to: training, accountability, regular participant check ins, manage day-to-day participant issues that arise, recruitment/selection/and management of partner host sites, management of program educational offerings, recruitment and selection of participants, reporting and evaluation of program.

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\* Please note that some direct expenses may include a de minimus 10% IDC as allowed for with CARES funded projects per 2 CFR §200.414

3. Travel/Participant Transportation – Subtotal: \$275,000.00
  - a. Roughly 97 percent (\$275,000) of travel spending is dedicated to direct participant transportation. Due to COVID-19 restrictions, to safely move members, a higher than normal transportation budget is required. This includes mileage reimbursements (utilizing the GAP accepted \$.55 per mile) of \$41,250.00 to allow some members to travel individually to their worksites in their personal vehicles. In addition, \$225,750.00 has been allocated for ground transportation costs to provide participant crews with transportation from the centralized meeting site to the various partner service sites on each island. The proposed transportation budget has been elevated in order to comply with COVID-19 restrictions. Ample vehicle space is being provided to accommodate for current COVID-19 guidelines by the Center for Disease Control (including 6 foot spacing) and State/County restrictions on maximum number of people per enclosed space. \$8,000 has been set aside for staff travel between islands to provide oversight and accountability of this statewide program.
  
4. Program Supplies – Subtotal: \$62,000.00
  - b. Nearly 90 percent of this line item is for Kupu 'Āina Corps participant expenses, with the remainder going to Kupu 'Āina Corps staff supplies. All participants will receive a standard service kit to allow them to properly do this work. This includes Kupu shirts, personal protective equipment such as safety glasses, gloves, water bottle, and hats. Each participant will also receive a \$60 gift card to purchase other essential items needed for work such as boots, rain gear, or additional safety gear. Approximately \$9,000 is set aside for staff supplies such as computers for new coordinating staff, service gear necessary for field visits, and other project supplies.
  
5. Participant Training, Tuition and Upskilling – Subtotal: \$205,000
  - a. The program will pay the tuition or fee for certifications in a relevant industry. Certifications can be obtained through the University of Hawaii and the University of Hawaii Community Colleges College. In order to help participants become eligible for employment and to reduce economic challenges they may have faced from COVID-19, up to \$195,000 is expected to be utilized for University of Hawaii certifications.
  - b. Mandatory safety and other trainings and orientations that are required for participation in Kupu's 'Āina Corps for all participants and partner service site supervisors prior to the start of terms of service.
  
6. Partner Site Allowance – Subtotal: \$210,000.00
  - a. The conservation and agriculture partners who serve as Employing Companies will receive, on a one-time basis, up to \$700 per Participant to cover a portion of necessary supplies, additional training not otherwise available, and other necessary expenses incurred due to the Participant's placement with the Employing Company. Per CARES funds requirements, all sites will be required to produce receipts and save records of expenses for 5 years. Expenses will be for allowable uses for the host site to purchase specific safety gear and other gear, small equipment (less than \$5,000), supplies, or specified training that is necessary for the safe operations of programming at their organization.
  
7. Program Marketing and Recruitment – Subtotal: \$22,000.00

- a. This line includes all direct marketing/social media/public relations expenses to recruit and educate the public on the program. Key advertisements communicating program information will be placed on various platforms through social media, print publications, printed material, television and radio.
8. Other – Subtotal: \$42,000.00
- a. Other includes equipment for COVID-19 (such as masks), direct program rent needs (i.e. space for daily vehicle storage or operations in each county), background checks and driving abstracts for participants and crew leaders, and end of program participant/partner recognition expenses.

**TOTAL PROGRAM BUDGET: \$4,980,000.00**

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Total FTE Participants Supported: 300

Total FTE employed through project (Staff and participants): 325

Per FTE participant Average Cost: \$18,109.09

Program Operating Costs: 95.08%, Administrative Expenses: 4.92%



Economic Development Alliance of Hawaii

## EXECUTIVE SUMMARY

Aloha Connects Innovation (ACI) is a new program led by the Economic Development Alliance of Hawaii (EDAH) to nurture and grow knowledge-based work opportunities in Hawaii and fuel our emerging industries and innovation sectors. Originally envisioned by Omar Sultan of Sultan Ventures, the ACI program is designed to help convert the loss of jobs due to COVID-19 into potential new career and job opportunities for Hawaii's workforce. Catalyzing economic growth of the region is invaluable to the recovery of Hawaii's economy and a strong knowledge-based workforce skilled in emerging growth sectors is a critical part of the solution.

The sharp downturn in economic activity threatens the viability of companies in the future growth sectors important to the diversification of Hawaii's economy. The State will spend large amount of funds on safety net programs for unemployed workers. The proposed program aims to avoid a portion of those safety net needs through proactive support to companies in the future growth sectors while simultaneously providing jobs and skill-set development for the workforce for the future.

The four main goals of the ACI program:

- Provide jobs and skill development for Hawaii's displaced workforce seeking potential career changes;
- Enable small businesses and innovation-driven enterprises in future growth sectors to assist with displaced workers to reboot our economy; and
- Connect interns with businesses that seek additional support, bringing them into contact with potential future employers

Meaningful employment provided by this statewide program, that additionally aligns with existing initiatives such as the Aloha+ Challenge and the priorities outlined in the Statewide Comprehensive Economic Development Strategy (CEDS) will contribute to greater job opportunities for Hawaii's kama'aina economy to 'build back better', which is ultimately needed for the short-term survivability and the long-term prosperity of Hawaii.

EDAH will assemble a team of consultants that brings the demonstrated knowhow and proven track record to stand up, design, and execute programs at scale in a timely and effective manner in compliance with the guidelines of the funding. The team will also include seasoned accounting and legal professionals familiar with CARES Act funding guidelines and the programmatic, fiscal accountability and monitoring procedures needed to ensure compliance.

Benefits of the program are far reaching leading to faster economic recovery; a more skilled workforce with exposure to multiple emerging industries; and a more balanced and diversified local economy less reliant on tourism and strengthened to withstand the COVID19 pandemic and its lingering effects.



## STATEMENT OF NEED

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The COVID-19 pandemic, travel quarantine mandate, and subsequent collapse of Hawaii's tourism industry have resulted in Hawaii posting the second highest unemployment rate in the nation at 22.6% in July 2020. Economists further predict that due to Hawaii's significant reliance on tourism, a double-digit unemployment rate will likely continue for the foreseeable future. Additionally, according to UHERO, "Hawaii's heavy reliance on tourism means that the local economy will lag behind the national pace of the recovery progress."<sup>1</sup>

Due to the ongoing and in some cases permanent impact of the COVID-19 public health emergency, many tourism-related jobs will likely not be available through 2020 and into 2021.

While it is generally accepted that tourism will continue as a leg in the State's economic stool, discussions and strategies at the Legislature, in the Administration, and within the community at-large see the non-tourism dependent sectors as a critical component of Hawaii's recovery plans. The COVID crisis represents a multi-faceted opportunity to renew and invigorate the innovation sector through assistance to both innovation companies and to the workforce that is integral to fueling their success.

The economic roadmap is described in both the Aloha+ Challenge and the Statewide Comprehensive Economic Development Strategy (CEDS) processes. The Aloha + Challenge represents a statewide commitment to achieving Hawaii's sustainability goals, and locally driven framework to implement the United Nations Sustainable Development Goals. Hawaii's CEDS laid out economic development priorities for the future of the State. Both recognized the importance of pursuing and supporting innovation and entrepreneurship to balance state and county economies.

*Building systems and communities of practice to support entrepreneurship can help to mitigate risk and create a thriving ecosystem for innovation and local livelihoods. By supporting sustainable infrastructure, funding, and local jobs in innovation and creative careers, Hawaii can build a foundation for increased innovation...to support Hawaii's culture and economy and the growth of local jobs contributing to higher quality of life.*

COVID's significant impact on Hawaii's economy presents an opportunity to reach into the pool of displaced workers, to introduce them to non-tourism sectors, to offer them new jobs, and to provide a new perspective on a career trajectory. Concurrently, non-tourism sectors that provide displaced workers with placements gain a new pool of workers and support the transition of their careers and enable companies to assist in transforming these workers. By prioritizing emerging and innovation industries, the economy can recover faster, while becoming more resilient, should the effects of COVID-19 linger.

## STATEMENT OF WORK

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EDAH embraces this unprecedented pioneering opportunity to invigorate the innovation sectors and proposes the creation of Aloha Connects Innovation (ACI) to both address the significant need outlined above and achieve the Goals included in this proposal.

As has been EDAH's practice in undertaking projects, EDAH assembles a respected, experienced team to ensure timely development and implementation of the program while complying with the fiscal

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<sup>1</sup> "Battered by COVID-19, Hawaii Begins to Reopen", UHERO, May 28, 2020.





requirements of the funder. This approach allows EDAH to engage individuals and talents most suited to the needs and desired outcomes of the project.

**EDAH will be the contractor for** this program and serve as the interface with DBEDT for contract administration of the program. EDAH’s contract administration responsibilities are detailed in the chart below.

Given the timeline for implementing and expending the CARES funding for this program, the dire need of the targeted population of displaced workers, **speed, accountability, and the ability to achieve outcomes are paramount.**

As such, EDAH created the structure for ACI and tapped team members for

- their proven track-record to scale up statewide programs quickly and successfully;
- their robust network in the business community and community-at-large;
- their reach and understanding of the emerging and innovation sectors;
- their depth of experience in project development, implementation, and measurement; and
- their understanding of the complexity of monitoring and compliance within the context of having managed multi-million-dollar grants and contracts from state and federal funding

The need for accelerated execution is also the basis for creating the roles of the Facilitators and Host Companies. This framework allows for maximizing the most efficient use of the funding to ensure an accelerated and successful implementation and outcome to the program. Facilitators will serve as the critical **bridge** between implementing the Program and monitor aspects of the compliance of the companies that will host the Participants.

**PROGRAM STRUCTURE**

Building on the Aloha + Challenge and the CEDS, ACI will serve displaced workers through businesses in resilient, innovation-based growth sectors which include:

Clean Energy*	Technology, Cyber Security	Creative Industries	Local Foods*
Waste Reduction*	Natural Resource Management*	Healthcare	Aerospace
STEM Fields	Smart Sustainable Communities*	Aquaculture	Agriculture and Agritech

Key team members to the Aloha Connects Innovation structure form the ecosystem to provide job opportunities for displaced workers through the invaluable assistance of Host companies. They include:

ROLES	RESPONSIBLE FOR...
<b>CONTRACT ADMINISTRATION</b>	<ol style="list-style-type: none"> <li>1. Provides overall governance of the Program and outcomes. Sets overall program standards, quality, and messaging</li> <li>2. Selects and monitors outcomes of Facilitators</li> <li>3. Develops and approves agreements with Facilitators, Host Companies and other subcontractors</li> </ol>



	<ol style="list-style-type: none"> <li>4. With Project CPA and PEO procedures, internal fiscal procedures, and compliance with CARES requirements</li> <li>5. Approves funding requests for training and certification and, with Project CPA and PEO, provides final approval of timesheets</li> <li>6. Prepares reports to DBEDT on performance and deliverables</li> </ol>
<p><b>FACILITATORS</b></p>	<ol style="list-style-type: none"> <li>1. Identify, recruit, screen, and assist with contracting Host Companies (HC); ACI's goal is to find placements in Host Companies for 350 displaced workers</li> <li>2. Orient Host Companies (HCs) to the goals, processes, and requirements of the program</li> <li>3. Assist HCs with developing internship descriptions and employment requirements of the internships within their company</li> <li>4. Capture external training/certification needs for internship(s), secures funding approval from Contract Administration, assist with training arrangements with assistance from Participant Advocate</li> <li>5. In coordination with Participant Advocate, proactively assist with matching Participant applicants to HCs position</li> <li>6. Monitor HCs to ensure compliance with the terms and timing of their contracts</li> <li>7. In coordination with Participant Coordinator, monitors progress of Participant to ensure a positive experience</li> <li>8. Approve pay request for Host Companies in Facilitator's portfolio</li> <li>9. Collect required data and complete reporting requirements</li> <li>10. Participate in weekly Facilitators meetings to share progress, understand challenges, and develop solutions specific to the internship and Host Company experience</li> </ol>
<p><b>PARTICIPANT ADVOCATE</b></p>	<ol style="list-style-type: none"> <li>1. Manages Participant (displaced worker) experience in the program from point of initial contact, to application into Altres, to placement as an intern to conclusion of internship; EDAH estimates placing 350 displaced workers</li> <li>2. Tracks, fields, and responds to inquiries and applications from candidates and applicants (those who have applied but not yet been placed)</li> <li>3. Works with Facilitators and others to support placement process</li> <li>4. Manages overall program logistics to assure documentation of Participant is captured to ensure compliance with funder</li> <li>5. Manages and resolves risk mitigation related to Participant communicating with Altres and other team members as needed</li> </ol>
<p><b>PROGRAM CPA</b></p>	<ol style="list-style-type: none"> <li>1. Manages all fiscal accounting of program in compliance with and aligned with CFR internal control and subrecipient monitoring and management support guidelines</li> <li>2. Follows tiered approval for payment requests and release of funds for payroll to Altres</li> <li>3. Interacts with and responds to auditor re fiscal outcomes of the project</li> </ol>



<p><b>PROFESSIONAL EMPLOYER ORGANIZATION (PEO)</b></p>	<ol style="list-style-type: none"> <li>1. Provides platform for intersect of Host Companies with prospective Participants</li> <li>2. Issues payroll and provides all HR matters and support</li> <li>3. Ongoing HR resource for Participants and Host Companies throughout the program</li> <li>4. Responds timely reports on status of prospective and placed Participants in internships</li> </ol>
<p><b>HOST COMPANIES</b></p>	<ol style="list-style-type: none"> <li>1. Commits to bringing Participants on as interns in Host Company</li> <li>2. Meets due diligence requirements</li> <li>3. Describes external specialized training or certification needs, if any, for the placement to Facilitator</li> <li>4. Works with Facilitator to design productive internship opportunity</li> <li>5. Enters intern position on Altres; identifies, interviews and selects candidates</li> <li>6. Participates in an orientation for the Aloha Connects Innovation program and Altres HR Symphony</li> <li>7. Onboards Participants</li> <li>8. Provides ongoing supervision, mentoring, and on the job training for the Participant to ensure a positive learning experience</li> <li>9. Communicates regularly with Facilitator to review progress</li> <li>10. Maintains accurate information in HR Symphony about Participant</li> </ol>



<b>ACI ADVISORY BOARD</b>	<p>ACI will benefit greatly from the wisdom and vast experiences of a volunteer Advisory Board. They are anchored in the initial vision and legislative intent to serve displaced residents and emerging and innovation businesses throughout the State. Members of the Advisory Board are:</p> <ul style="list-style-type: none"> <li>● <b>Jane Sawyer, former SBA Director for Hawaii.</b> Brings decades of experience, understanding, and network of small business in Hawaii and the federal funding context.</li> <li>● <b>Tarik Sultan, Founding Partner, Sultan Ventures.</b> Brings ongoing working experience with entrepreneurs in emerging and innovation sectors ranging from start-ups to mature ventures; recognized by the Hawaii Venture Capital Association as Investor of the Year, and by the U.S. Small Business Administration as the State of Hawaii Small Business Advocate for Innovation.</li> <li>● <b>Allicyn Hikida Tasaka, Executive Director, Hawaii Workforce Development Council.</b> Understanding of the interface between workforce development and business development through this program, linkage to the American Job Centers for outreach to displaced workers and potential Host Companies. The link to WDC will also figure significantly as ACI explores opportunities for extending the placement of displaced workers through other sources of funding.</li> <li>● <b>Rich Wacker, President &amp; CEO, American Savings Bank.</b> Brings network and depth in the innovation space through his role as Chair of the Innovation Committee of the Hawaii Business Roundtable; co-founder of the ACI concept.</li> </ul> <p>Regular meetings with the Advisory Board will ensure timely advice to EDAH and guidance to the ACI team as the internship model unfolds for displaced workers.</p>
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## PROGRAM OVERVIEW

1. **The path to placing displaced workers begins immediately with the Notice to Proceed.** Alerting displaced workers about the opportunity to become a Participant will be conducted by organizations at all levels of the project network, including EDAH, the Facilitators, and the Host Companies. EDAH will also leverage existing public and private sector relationships and capacity—e.g., American Job Centers in each county, chambers of commerce, career centers across the University of Hawaii system, etc.—to implement a coordinated and effective campaign to reach displaced workers.

To ensure consistency and accuracy in describing ACI, EDAH will develop core messaging and program tools and templates that can be used by FOs, the Advisory Board, HCs and others interested in disseminating information about ACI. The alert and reach will direct potential applicants to a landing page managed by EDAH that provides displaced jobseekers with program details and application instructions, showcases participating FOs and HCs, and is regularly updated to reflect the latest program information.

2. **EDAH will activate a cohort of approximately ten (10) Facilitators (FOs)** drawn from non-tourism dependent emerging industries (see Table 1). EDAH determined that 10 Facilitators were needed to



achieve the target number of Host Companies and placements by ideally September 2020. To expedite this process, EDAH tapped its member network of economic development boards in each county (with nearly 200 public, private and nonprofit members collectively) as well as other trusted industry conveners as FOs.

Maui Economic Development Board	Hawai'i Alliance of Nonprofit Organizations	Hawaii Green Growth XLR8HI
Kaua'i Economic Development Board	Hawaii Leeward Planning Conference	Purple Maia
O'ahu Economic Development Board	Hawai'i Alliance for Community-Based Economic Development	
Hawai'i Island Economic Development Board		

Collectively, these Facilitators have a proven track record and existing, ready capacity to successfully recruit Host Companies (HCs) through their respective member, alumni, and industry networks. As importantly, the FOs understand how to work with the Host Companies to create a productive environment for a successful internship placement.

A Facilitator Coordinator (FC) will develop and provide an orientation for the Facilitators to provide a clear understanding of their role and responsibilities and serve as the POC with the rest of the EDAH structure.

3. On a day-to-day basis, **Host Companies will be key to the overall experience** of the displaced worker who becomes an intern. EDAH will rely upon the skill and depth of experience and knowhow of the HC, as vetted by its Facilitator, to supervise, mentor, and train the intern. HCs will be guided and assisted by their Facilitator and the Participant Advocate as they strive to deliver a rewarding outcome for the Participant—likely new to the sector—with diligence, care, efficiency, and professionalism in the spirit of what ACI hopes to achieve.
4. **Training and Certification of Participants.** The FOs will consult with the Host Companies to determine whether external training and certifications will be needed for tuition support from ACI for placement.

EDAH will be guided by, but not limited to, the knowledge of programs from the HC, the Hawaii Workforce Development Council (WDC) and the respective County Workforce Boards' Eligible Training Provider (ETP) selection criteria to arrange appropriate training or certification. To be eligible for ACI training funds the training or certification must directly relate to job requirements or career enhancement for in-demand jobs.

Requests for training assistance from Host Companies will be initially approved by the Facilitator and then ultimately by Contract Administration.

5. **Participants will enroll in Altres system.** The application will be tailored by EDAH to reflect input from FOs regarding key requirements of participating HCs. The application will be designed to collect sufficient information from displaced workers. The Participant Advocate will do an initial scan of applicants, batch them, and forward candidates to each of the FOs for further screening and



matching with their respective HCs. EDAH anticipates placing 350 displaced workers with Host Companies through the ACI program. Any applicants that are not successfully matched by an FO to an HC will be reviewed by EDAH for possible redirection to another opportunity.

Participant benefits include:

- Obtaining jobs and skill development as they are introduced to a potential career change
  - Obtain paid on-the-job training and exposure to emerging industries
  - Mentoring and hands-on experiences with industry expertise
6. **Facilitators will proactively track actions of Host Companies** in their portfolios to respond in a timely way to the pool of applicants eligible for the internship in their company. **The Participant Advocate will as aggressively track the status of the applicants** to facilitate their placement. After placement occurs, Facilitators and the Participant Advocate will regularly communicate on the status of the internships from both the Host Company and the Participant perspectives.
  7. Participants and the supporting ecosystem of Facilitators, Host Companies, Contract Administration and other members of the EDAH team will **assist with evaluating the program**. Results will inform EDAH and DBEDT about improvements and lessons learned that could improve the ACI model in future applications.

#### KEY TIMELINE BENCHMARKS

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- **September 2020**
  - Activate ACI Advisory Board
  - Develop communications and outreach strategies including messaging, tools, website, Facilitator tool kit
  - Recruit and activate Facilitators
  - Confirm contracts
  - Invite prospective Host Companies and displaced workers to submit Interest Forms
  - Activate link with Altres for Participant applicants
  - Review Participant applications
  - Review and vet Host Companies
  - Placement begins with Host Companies with the ultimate goal of placing 350 displaced workers; where required by Host Companies to accept placements, external training and certification programs begin
  - Design internal controls and fiscal monitoring procedures
- **September to December 15**
  - Internships proceed; pursuit of opportunities for continuing placement continues
- **December 1 to December 15**
  - Preparation for closure, lessons learned, final reporting

Economic Development Alliance of Hawai'i  
Aloha Connects Innovation

I. ADMINISTRATIVE FEE		EDAH	%
	EDAH Administrative Fee <sup>1</sup>	\$ 147,025	2.99%
II. PROGRAM EXPENSES			
	Displaced Participant Wages & Benefits and PEO Fees <sup>2</sup>	\$ 3,000,278	60.98%
	Innovation Sector / Program Development Facilitators <sup>3</sup>	\$ 555,000	11.28%
	Host Company Participant On-Site Training <sup>4</sup>	\$ 842,400	17.12%
	Participant Advocate <sup>6</sup>	\$ 36,180	0.74%
	Accounting, Monitoring and Compliance	\$ 80,400	1.63%
	Legal	\$ 20,942	0.43%
	Training & Certification <sup>7</sup>	\$ 156,600	3.18%
	Outreach & Communications <sup>8</sup>	\$ 48,632	0.99%
	Audit	\$ 26,043	0.53%
	Insurance <sup>9</sup>	\$ 6,500	0.13%
	<b>TOTAL</b>	<b>\$ 4,772,975</b>	<b>97.01%</b>
III. TOTAL PROGRAM COSTS			
		<b>\$ 4,920,000</b>	<b>100.00%</b>

<sup>1</sup> **EDAH Administrative Fee** The Admin fee is to compensate EDAH as the fiscal sponsor of this program. EDAH will also perform and deliver contract administration responsibilities of this Program (see chart on pages 3-4 of this Scope of Work).

<sup>2</sup> **Displaced Participant Wages & Benefits and Professional Employer Organization (PEO) Fees**

This line item is based on serving 350 displaced workers. The wages and benefits (including health coverage) of this program, while not large, provide a pathway to new jobs and careers that will make use of the creative and innovative qualities inherent in the people of Hawaii inspired by our isolation and geographic location of our islands. In addition, the fees of Altres as the employer of record for their extensive HR services in the program are included in this line item. The outsourced PEO cost which incorporates the required employer taxes, insurance, and payroll fees is 20-25% of gross payroll.

<sup>3</sup> **Innovation Sector / Program Development Facilitators**

The 10 Facilitators will each recruit about 17 Host Companies in their program portfolio and will be tasked with providing the myriad of services to Host Companies described on page 4 as the Host Companies design and prepare to accept placements.

<sup>4</sup> **Host Company Participant On-Site Training**

This line item represents \$800 of compensation for a portion of the Host Company's cost of supervising, mentoring and on-the-job training for each Participant per month. Actual estimated cost for Participant supervisor/mentor/trainer based on an average salary of \$60,000/yr or \$30/hr; \$30/hr x 10 hrs/week of supervisory, mentoring, training = \$300/week; \$300/week x 4 weeks = \$1200/mo, \$1200 x 130% (Overhead) = \$1560 actual cost.

<sup>6</sup> **Participant Advocate**

The Participant Advocate will manage Participant experience in the Program from the initial point of contact through the conclusion in the Program (see chart on page 4 of this Scope of Work).

<sup>7</sup> **Training & Certification**

EDAH will be reskilling and upskilling displaced workers based on the needs expressed by the Host Companies for the innovation positions they want to fill as part of this Program. This will cover specialized training otherwise not provided by on-the-job training. Guided by the experiences of Altres, ETF, and our project team, we estimate that about 20-30% of our participants will need training.

<sup>8</sup> **Outreach & Communications**

This line item reflects the effort needed to build awareness of ACI through consistent messaging and the tools to enable FOs and others to accurately describe ACI as they recruit target population of companies and displaced workers across the state.

<sup>9</sup> **Insurance**

This line item comprises Program insurance coverage to comply with DBEDT, Altres, and best practice requirements.

## ATTACHMENT B

### Commercial Fishing Marketing Campaign

Contractor: Hawaii Seafood Council

Contract Amount: \$400,000

Deliverables:

The overall objectives of this campaign are to increase demand for Hawaii seafood by Hawaii residents, by informing the public that there has been a resumption of fishing activities, steps have been taken to ensure safe fish handling, and that increasing the supply and demand of Hawaii seafood promotes food self-sufficiency and food security and fills the shortages of other foods due to this public health emergency. This will be achieved by:

- a. Strategically target food distributors, restaurants and retail markets to broaden distribution channels.
- b. Convince residents to buy Hawaii longline-caught seafood to increase retail sales and to fill the shortage of other foods due to the COVID-19 emergency.
- c. Highlight the importance of the fishing industry to Hawaii in terms of food self-sufficiency, food security and economic diversification. Highlight the resumption of fishing activities and steps taken to ensure safe fish handling.
- d. Build consumer awareness activities that will identify Hawaii-caught fish in retail stores.
- e. Position local fish as a healthy, sustainable source of food that is simple to prepare at home.
- f. Implement a strategic marketing and promotion campaign to help the industry adapt to the public health emergency and impacts from COVID-19.
- g. Conduct pre-and post-campaign surveys of the five largest wholesalers to ascertain the increase of retail sales of Hawaii seafood.

**Marketing:** Implement an integrated marketing communications campaign for immediate distribution designed for immediate impact to increase the demand for Hawaii seafood by Hawaii residents. The campaign shall encompass media outreach, social media, broadcast and digital advertising, website development and point of sale promotion.

**Media Outreach:** Conduct ongoing media outreach and target local print and broadcast media outlets and also include outreach to the various chambers of commerce, Hawaii Ag Foundation, Hawaii Restaurant Association and other groups to secure coverage in their member publications. Components of this media outreach shall include the following:

- a. Execute a cross-platform social media campaign strategy that includes Facebook, Instagram and TikTok.
- b. Develop social media content categories.
- c. Create editorial calendar.
- d. Execute 4-5 posts per week per channel.
- e. Create short form videos and graphics (may include home recipes and other contests).
- f. Develop influencer list and secure content creation partnerships among targeted influencers.



Timeline: September 1 – December 30, 2020

Create and distribute pre-campaign survey (September)  
Develop marketing campaign plan (September)  
Develop media plan (September)  
Establish social media platforms (September)  
Design and develop microsite (September)  
Print and distribute POS materials (September)  
Design and develop creative assets (September)  
Create video content (September-October)  
Launch microsite and optimize SEO (September-December)  
Launch social channels and increase engagement (September-December)  
Identify news hooks, draft pitches, conduct media outreach Target and pitch member  
publications/industry associations Conduct outreach to retailers and chefs (September-December)  
Secure and run paid media ads (September-December)  
Distribute post-campaign survey and measure results (December)  
Measure paid ad campaign results (December)  
Measure media coverage, social/website reach and engagement (December)