

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE EUSTAQUIO  
DIRECTOR

JOANN A. VIDINHAR  
DEPUTY DIRECTOR

DEPT. COMM. NO. 01

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

December 18, 2020

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

The Honorable Scott K. Saiki, Speaker  
and Members of the House of  
Representatives  
Thirty First State 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 two (2) copies of the Department of Labor and Industrial Relations (DLIR) Employment and Training Fund Program Annual Report for the fiscal year ending June 30, 2020, 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,

Anne Eustaquio  
Director

Enclosure

# ***EMPLOYMENT AND TRAINING FUND REPORT TO THE 2021 LEGISLATURE***



State of Hawaii  
Department of Labor and Industrial Relations

December 2020

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## **EMPLOYMENT AND TRAINING FUND (ETF) PROGRAM FY2020**

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### **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). Act 248 also required employers who access ETF funds for training to contribute fifty percent or more of the cost of assistance.

### **Fiscal Year 2020 (2019-2020)**

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.



There are 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

"You don't build a business,  
you build people,  
then people build the business."

- Zig Ziglar

### **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, almost 80,000 individuals have been trained through the micro program. During the fiscal year, a total of twenty (20) authorized training providers delivered a broad array of training opportunities. For fiscal year 2020, the program served over 700 individuals from 164 businesses statewide.



## **REDUCING UNEMPLOYMENT DISRUPTION & DRIVING ECONOMIC REGENERATION (RUDDER)**

In addition to the ETF Micro Program, DLIR launched the RUDDER program as an attempt to assist with Hawaii's unemployment rise in the advent of the COVID-19 pandemic.

The RUDDER program is the DLIR's economic regeneration initiative that provides State Employment and Training Funds to immediately infuse money into the economy and serves as the foundational strategy for aligning federal workforce programs, such as Disaster Recovery grants, in a unified effort to efficiently train and transfer labor into Hawaii's businesses that can help reduce job losses and help minimize the economic slide due to COVID-19.

The primary objective of RUDDER has been to facilitate an efficient labor exchange between the sectors hardest hit by COVID-19 and employers hiring employees. For example, jobs involving cleaning, such as hotel housekeepers, could move into jobs in the healthcare with minimal training and the RUDDER program facilitates that exchange.

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 Hawaii. The RUDDER employer industries



consist of healthcare, security, landscaping, fast food restaurants, non-profit organizations, convenience stores, supermarkets, coffee farms and drug store retailers.

Through RUDDER, DLIR has assisted 43 employers – reimbursing them over half a million dollars for their new hires. Employers in the program have hired more than 1000 new hires since March 2020.



WORKFORCE