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December 9, 2024

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

The Honorable Nadine K. Nakamura
Speaker and Members of the
House of Representatives
Thirty-Third Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Nakamura, 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

c: Legislative Reference Bureau Library
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EMPLOYMENT AND TRAINING FUND (ETF) PROGRAM FISCAL YEAR 2024

Legislative History and Employer Contribution

Act 68 (SLH, 1991) created the Employment and Training Fund (ETF) to address worker and skill shortages resulting from significant economic, technological and demographic change through a .03 percent tax on employers' taxable wages as part of the State's Unemployment Insurance program.

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 to diversify job opportunities and to enable local residents to compete for the new skilled positions. 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 2024 (2023-2024)

Fiscal year 2024 saw continued lower levels of unemployment for the State of Hawai'i. Despite the economic stability, many Hawai'i businesses still faced ongoing business challenges, including workforce shortages. The Employment and Training Fund *has* aimed to assist with these challenges by helping improve the long-term and short-term employability of Hawai'i's people.

The ETF's purpose is to assist employers and workers through innovative programs including, but not limited to - business-specific, new occupational skills, management skills, and support services training. 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, also known as the Employer Referral Program, 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 \$1000 reimbursement cap per course) for any course meeting its eligibility criteria. To date, over 91,000 individuals have been trained through the micro program.

From July 1, 2023, to June 30, 2024, the ETF program had 547 course registrations, which served 397 employee participants from eighty-five businesses statewide.

The Department of Labor and Industrial Relations completed a Request-for-Proposal for the two-year contract period that began in February 2024 and has executed contracts with fifteen organizations to provide training through the ETF program.