



Hawai'i Workforce Funders Collaborative Summary of Employer Demand and Potential Workforce Development Opportunities

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Report Prepared by Guild Consulting



Introduction

To guide the efforts of the Hawai'i Workforce Funders Collaborative (HWFC), GUILD Consulting conducted over sixty interviews with large local employers, recruiters, professional organizations, large technology firms, community organizations that work with members of underrepresented groups, and many others to assess their perceptions of current workforce needs, gaps in critical services, and outlook for the future.

Additionally, GUILD interviewed workforce collaboratives from around the nation who are members of the National Fund for Workforce Solutions (NFWS), experienced workforce system strategists, national training franchises, and analyzed Hawai'i demand data using the Emsi/Burning Glass labor market database.

The following is a summary of the findings and implications drawn from these interviews and analyses.



1. There is a scarcity of jobs that pay the living wage in Hawai'i.

Of the 755 occupations in Hawai'i, per Emsi's 2020 labor market database, only 26 occupations offer a median wage higher than the Living Wage, with at least 100 annual openings. "Living Wage" in this summary is defined as "Plus One Sustainable Wage" per Aloha United Way's 2018 ALICE report (Asset Limited, Income Constrained, Employed).

Hawai'i's unemployment rate is higher than the national average; more significantly however, Hawai'i has the second-worst Living Wage Gap (the Living Wage minus the median wage) in the United States, after California. This is a serious issue with many contributing factors, including the high concentration of low wage sectors like retail and hospitality, and the high cost of living.

Many interviewees suggested Hawai'i's ranking among the worst in the nation for the cost of doing business leads to lower business investment, and fewer Living Wage jobs.

Implication: Hawai'i State government efforts in new business incentives and economic diversification can potentially create more Living Wage jobs and retain qualified Hawai'i workers. State's Workforce Development (WFD) efforts need to focus on the relatively few Living Wage jobs in the state.

2. Hawai'i employers frequently hire non-resident workers for Living Wage Jobs.

Frequently, qualified Hawai'i workers relocate to the U.S. mainland due to Hawai'i's high cost of living and fewer job opportunities.

Although Hawai'i employers prefer to hire in-state residents for Living Wage jobs, they often hire non-resident workers due to a shortage of qualified local candidates.

Information Technology (IT) and Healthcare sectors were highlighted to have the most Living Wage jobs by the Hawai'i Chamber of Commerce IT survey and HWFC Supply-Side survey. Many of these jobs are filled with non-resident candidates with relevant skills, credentials, and work experience. However, Hawai'i employers experience higher turn-over with non-resident workers. This leads to job positions staying vacant longer, causing business disruption.

Implication: Hawai'i employers will benefit from local workforce development efforts that prepare state residents for Living Wage jobs. Such efforts can reduce the out-migration of Hawai'i residents by offering them better prospects in the state.



3. Hawai'i workforce suppliers are disconnected from employer needs.

Hawai'i WFD efforts to date have largely approached the labor market issues segmented as supply (training workers) and demand (employing workers). Instead, our interviews indicate that Hawai'i needs to view the overall system, where employer needs drive supply-side programs on an ongoing basis.

Several Hawai'i employers complained of poor access to and inflexibility in University of Hawai'i System's education and training programs.

For K-12 students, career and technical education (CTE) programs are different at each public high school, and employers cannot easily identify programs linked to their specific job needs.

Some states leverage the "Career-Connected Learning" model to guide the integration of supply- and demand-side workforce programming.

Implications: Effective Workforce Development requires collaborative leadership between employers, the education systems and training/service providers. These relationships can be brokered by intermediary organizations working at either the state or regional level.

4. Hawai'i employers evaluate job candidates in a holistic way.

Hawai'i employer interviews reveal that industry credentials and state licensing are highly valued. However, many Hawai'i employers are frustrated that Hawai'i's high school graduates often lack basic employability skills – critical thinking, analytical skills, teamwork, and English communication.

IT employers have difficulty finding qualified candidates with intermediate work experience on mainstream technologies and platforms.

Hawai'i training vendors and local recruiters lack resources to provide holistic programs that include basic skills and work experience.

Implications: Hawai'i workforce supply-side providers need support to offer training on both technical and employability skills to fulfil local employer hiring requirements.



5. Equity should be central to Hawai'i's workforce development efforts.

Several communities, such as Pacific Islanders, non-college graduates, recent immigrants, or the ALICE population, are underrepresented in Living Wage jobs.

Small business employers dominate the state economy, and many do not apply an equity lens when searching for qualified candidates for Living Wage jobs.

There are few Hawai'i WFD programs that recruit candidates specifically from underrepresented groups for job training programs.

Leaders of Hawai'i's underrepresented communities stress that they are not adequately supported through workforce development.

Often, candidates from Hawai'i's underrepresented groups are unable to 1) successfully complete a training program, 2) navigate a career pathway due to financial constraints while they are in training, 3) balance the demands of family care, or 4) find reliable transportation.

Neighbor Island and rural leaders perceive WFD policies and programs are O'ahu-centric and neglect their demographics.

Every NFWS member highlights equity as a top priority and identifies specific underrepresented population(s) they want to support.

Implication: For equitable workforce development in Hawai'i, the specific needs of the various underrepresented communities should be prioritized. There may be WFD opportunities found by aggregating small employers to participate in a larger effort together.

6. Living Wage career pathways have sector-specific nuances that require careful consideration.

Living Wage career pathways for IT and Healthcare are different in credentialing, college requirements, and pay scales in Hawai'i. This is due to the degree of regulatory policy that centralizes or decentralizes each sector. Both sectors present unique challenges for Living Wage pathway design.

Not enough longitudinal data is available to evaluate the effectiveness of current career pathways.



In healthcare, candidates in the front line, lower wage jobs leave due to higher wages in hospitality or retail, thus wasting training time and resources. Hawai'i IT trainees, once in an IT entry-level job, are more likely to remain in IT careers due to better pay.

Interviewees listed a lack of counseling for IT and healthcare job pathways, especially for underrepresented groups.

NFWS members carefully study sector needs and leverage longitudinal success data and wraparound services to design effective career pathways.

Implications: Hawai'i needs to support sector partnerships and programs with proven results to build effective career pathways to Living Wage jobs. Often, this means understanding a sector's entry-level skills and expectations, with subsequent opportunities to up-skill via learn-and-earn models, so that more residents can access Living Wage jobs within a few years of entering that sector.