

From Today to Tomorrow

A Talent Roadmap to Support Economic Recovery in Hawai'i

Executive Summary
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Island Reserve Commission

The crisis created by the COVID-19 pandemic and subsequent economic recession demands a response from leaders representing industry, education, training, and workforce and economic development across the state of Hawai'i. Leaders have the opportunity to invest in talent development strategies with a double benefit: spurring economic recovery and resilience and ensuring that all residents of Hawai'i have the education and skills needed to succeed in careers that offer family-sustaining wages. **This roadmap shows how state leaders can fill Hawai'i jobs with local workers, ensure employment for displaced workers, and create lasting and effective partnerships across education and industry.**

Our Challenge

In May 2020, Hawai'i faced the second-highest unemployment rate nationwide (22.6 percent, compared to 13.3 percent nationally), and the state had lost 128,200 non-farm jobs compared to one year ago.¹ In the wake of the 2008 recession, the lack of a clear talent strategy for Hawai'i led to an economy built in significant part on low-wage jobs. Between 2007 and 2018, low-wage jobs increased by 29 percent, while middle- and high-wage jobs decreased by four percent and 28 percent, respectively. Pre-COVID, 42 percent of households in the state were classified as "asset limited, income constrained, and employed" (ALICE). That number has jumped to 59 percent as a result of the pandemic-induced recession.¹

While the challenge that the state faces is significant, Hawai'i has an opportunity to build a comprehensive talent development strategy and lay the groundwork for a more equitable economy that will be less vulnerable to future downturns and shocks.

Our Opportunity

The evidence is clear: education pays—for workers and for the state's economy. Higher levels of education are tied to lower unemployment, higher wages, and stronger economic growth.¹ In 2008, state leaders set a goal that 55 percent of working-age adults would hold postsecondary degrees by 2025.

However, Hawai'i is not yet on track to achieve that goal—and the goal also falls short of the state's current talent needs. This year, 70 percent of jobs in Hawai'i are projected to require some postsecondary education. Education is an avenue to living-wage jobs that provide residents of Hawai'i with a means to support themselves and their families—thus reversing the increase in the number of households in the state classified as ALICE.

Education not only increases individuals' wages and success in the labor market, it also spurs overall economic growth. For every percentage point increase in the growth rate of the portion of a state's population with at least a bachelor's degree, the state's real gross domestic product (GDP) growth rate increases by about 0.08 percentage points. If Hawai'i had increased the growth rate at which people receive bachelor's degrees by one percentage point for the past decade, that would have translated to about a \$464 million increase in the state's real GDP.

The opportunity before state leaders is the ability to transform the lives of residents of the state who are struggling to gain a foothold in the state's economy—while also creating a climate in which the state's economy can thrive and grow. This dual transformation—for individuals and the economy—can be achieved through the development of short- and long-term education and training strategies designed to meet the state's needs.

Our Call to Action

The current crisis offers state leaders an opportunity to break away from business as usual and embrace bold new strategies and ways of working that can transform Hawai'i and the lives of its residents. We know that education is vital for a skilled workforce and productive economy: it increases earnings and employment and drives growth. Yet Hawai'i's progress toward building a workforce with valuable degrees and industry-recognized credentials is not keeping pace with the state's economic needs. Hawai'i needs new strategies to get people back to work and spur economic growth. In ten years, postsecondary attainment in the state grew by four percentage points. This roadmap calls on state leaders to more than double that growth in half the time—a 10-point gain in five years. This is the growth needed to build a strong Hawai'i economy.

As leaders in Hawai'i pivot from responding to the immediate effects of the COVID-19 crisis, they will need to create the conditions that accelerate the state's transition to renewing and rebuilding for long-term recovery—the third phase of the state's [Beyond Recovery](#) strategy—and finally into building resilience for a stronger Hawai'i in phase four of the strategy.

This roadmap lays out strategies through which cross-sector leaders in the state can seize the opportunity they now have to reorient state systems to support statewide economic growth and economic advancement for all residents of Hawai'i.

By pairing federal, state, and private resources with new learning and training models, Hawai'i can accelerate more people into jobs that are insulated from economic shocks and point the way toward recovery and resilience. We call on public officials and leaders in business and philanthropy to secure the necessary capital to invest in these strategies. And we call on education and workforce development leaders to double down on the promising practices from across the state highlighted in this road map and to pursue bold new ideas to reimagine education and workforce development systems that work for all. **These programs can no longer serve dozens or even hundreds. Now they must literally serve thousands. By working together—and measuring our progress—we can open the door to economic advancement for all of the state's residents, ensure a qualified applicant for every job opening, and build an economy that works for Hawai'i's future.**

Priority Sectors for Talent Development to Build a Resilient Economy

A sustainable and inclusive economic recovery will require efforts to build skilled talent pipelines in three key recession-resilient sectors that offer high-wage, high-growth career pathways:

- **Health care, including both clinical and community health.** The health care sector has a significant economic footprint statewide, with the total number of jobs remaining fairly steady in the midst of the pandemic. This sector is critical to addressing the current public health crisis, supporting the state's aging population, and providing jobs with career pathways and strong long-term earning potential.
- **Technology, including IT, biotechnology, and emerging clean energy occupations.** There has been significant growth in IT occupations over the last decade, with more than half experiencing growth of 10 percent or more from 2010 to 2020. Other industries that require technical knowledge, such as energy (including clean energy) and biotech have also demonstrated growth. Technology offers strong wages and valuable flexibility for workers. Because IT jobs cut across multiple sectors, workers in those jobs are well positioned to seek employment in growing industries.
- **Skilled trades, including sustainable agriculture, manufacturing, and construction.** Recent growth across several manufacturing industries and the construction sector in Hawai'i is significant. In addition, growth in industries such as aquaculture and sustainable agriculture is notable in Hawai'i.

Strategic Opportunities to Invest and Scale

The roadmap identifies three key strategic areas that promise a high level of return on investment for state leaders who prioritize them in the state's recovery strategy.

Expand Work-Based Learning

Create and scale equitable work-based learning opportunities that deliver clear benefits for both participants and employers



Short-Term Action Items

- Transition to virtual work-based learning and career exploration.
- Create paid experiences for young people that enable them to build employability skills while working for community benefit.
- Develop on-the-job training (OJT) programs aligned to priority industry sectors.



Longer-Term Action Items

- Develop and scale apprenticeships.
- Incentivize employer engagement in work-based learning while ensuring that work-based learning delivers clear benefits for employers.
- Fund and grow regional intermediary organizations.

Rapidly Reskill and Credential

Increase opportunities for workers to quickly reskill and upskill through the expansion of short-term credentialing opportunities that develop in-demand, transferable skills



Short-Term Action Items

- Identify and expand short-term credentials that develop transferable skills and lead to high-demand occupations.
- Use labor market information to identify targeted transferable skills.
- Build immediate re-connections to the labor market through "lifeboat" jobs— occupations that support individuals who are out of work so that they can earn an immediate income without additional education or licensure.



Longer-Term Action Items

- Align K-12 CTE programs to in-demand credentials and prioritized industries.
- Leverage the strengths of the University of Hawai'i system to develop clearly outlined career ladders.
- Support industry investments in tuition reimbursement, career advancement, and earn-and-learn strategies.

Grow Sector-Based Strategies

Advance industry-driven solutions to meet shared goals to bounce back from economic downturn



Short-Term Action Items

- Create targeted supports— such as funding and incentives—for small businesses, especially those in priority sectors.
- Design sector-sponsored, short-term reskilling and upskilling programs.
- Strengthen relationships across businesses and educational institutions to ensure new graduates meet industry needs and seamlessly transition into the workforce.



Longer-Term Action Items

- Develop new networks in priority sectors to determine common needs, share best practices, and develop sector-based solutions.
- Reimagine a tourism industry focused on sustainable practices grounded in Aloha 'āina and the culture of Hawai'i.

Organizing for Outcomes

Successful implementation of the strategies outlined in this roadmap will require collaboration across sectors that include industry, secondary and postsecondary education, workforce and economic development, government, and philanthropy. State leaders representing these sectors will need to work across systems and silos—and create new systems that put more of the state’s residents on paths to economic advancement and drive economic recovery.

Now is the time to drive a coordinated talent strategy by establishing a state leadership team with executive representation from industry, secondary and postsecondary education, workforce and economic development, government, and philanthropy to achieve measurable results for all residents of Hawai‘i and accelerate economic recovery. Key action steps for the leadership team include:

- Identify an intermediary organization to develop partnerships and ensure the ongoing momentum of this work.
- Develop a shared vision and action plan for implementation.
- Establish measurable goals and metrics for success that align with agreed-upon strategies and action plans.
- Plan for sustainability to ensure initiatives adapt and grow over time.
- Ensure recovery strategies meet regional needs and respect the diversity of regional contexts and economies in Hawai‘i.
- Design targeted supports for those most in need.

About the Roadmap

The Hawai‘i Executive Collaborative, Hawai‘i Community Foundation, Harold K.L. Castle Foundation and Strada Education Network have joined together to commission national expert Jobs for the Future to work alongside local partners Hawai‘i P-20 and the Chamber of Commerce Hawaii to produce a *Talent Roadmap to Support Economic Recovery in Hawai‘i*.

A multi-phase, two-month process led to the development of this roadmap. The first phase included research to identify work in progress and best practices across the state to replicate and scale. A statewide stakeholder survey, completed by 175 respondents, gathered supplemental information regarding the current challenges, impacts of the pandemic, and opportunities to leverage. Interviews with neighbor island thought leaders provided critical insights into the state’s diverse regional contexts and needs. A stakeholder advisory committee composed of community, industry, state, education, and philanthropic leaders assembled to review and revise strategies as they emerged. This iterative process was informed by analysis of the current and evolving realities of Hawai‘i’s labor market and the identification of prioritized industries.