

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
**WORKFORCE DEVELOPMENT DIVISION**  
**Employment and Training Fund Program (ETF)**  
Program Year 2008 – 2009

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The purpose of the ETF program 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 Hawaii’s people.”

ETF serves the training needs of the business community by simultaneously addressing economic and workforce development, which are critical to the continued viability and growth of the State. Unlike federal job training programs that serve only individuals who face employment barriers, ETF is able to provide businesses the opportunity to upgrade the skills of the workforce from entry-level to top management and allows workers to acquire the job skills necessary to keep pace with local, national, and international competitors. These special funds are targeted specifically to help keep Hawaii’s workforce competitive and employed at the cutting edge of their chosen profession and occupations.

There are two ways in which employers and employer groups can access ETF funds: 1) Statewide and Countywide Training Grants through ETF’s Macro Program and 2) Existing short-term, non-credit training through ETF’s Employer Referral Program also known as the Micro Program.

The Macro Program provides grants to business associations and consortia to develop customized training projects where there are critical skill shortages. These grants provide “seed money” for innovative education and training curricula and program design. Each plan must include, but is not limited to, a needs assessment, project guidelines, marketing and delivery plan, and a self-sufficiency component to ensure the continuation of training beyond the grant period. Business and industry consortia are required to provide at least 50% cash and/or in-kind contributions to strengthen their commitment to the project. To date, approximately 18,872 individuals have been trained through the macro program.

The ETF program also includes training opportunities to individual businesses. Unlike the macro program, individual employers need not submit a comprehensive plan to develop new training curricula, program design, and instruction. The micro program, also known as the *Employer Referral Program*, enables employers to register their workers for existing short-term, non-credit training courses offered by ETF-approved public and private training vendors in order to upgrade employees’ capabilities to meet the competitive demands of the workplace. The program is open to all within a company: owners, managers, supervisors, and workers. The ETF will pay 50% of the cost for any course taken that meets its eligibility criteria. To date, approximately 69,775 individuals have been trained through the micro program.

Other states such as Florida and California have legislatively mandated a fifty percent in-kind contribution towards training costs. To balance the responsibilities and partnership between state government and business sectors, Hawaii’s legislators followed similar guidelines which were intended to develop a collaborative approach in workforce preparation and strengthen policies and programs that meet Hawaii’s job market needs. In 2002, lawmakers made the ETF program permanent while lowering the assessment rate from .05 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 (FY) 2009 RESULTS**

The ETF's net available funds consisted of a carryover balance from FY 2008 of \$1,312,350 plus \$463,997 in net revenues. This amount, minus \$752,282 in expenditures, left a fund balance of \$1,024,065 for FY 2010, most of which will be obligated or spent by the end of FY 2011.

Nineteen (19) authorized ETF training providers delivered a wide variety of training opportunities through the micro program. Given the increasing importance of technology in the workplace, it is not surprising that computer-related courses were the most requested by business. For example, of 2,205 registrations, 1,085 classes were taken in this particular training category. This represented 49% of all enrollments in the various training course categories funded by ETF. Computer-related courses frequently requested by Hawaii's employers included: basic, intermediate, and advanced courses in computer applications such as word processing, spreadsheets, database, presentations, computer-aid design (CAD), desktop publishing, local area networking (LAN), programming, and Internet/web page design. Other popular courses requested by employers were soft skills training such as communication skills and customer service (25%), food service/safety (15%), business/management (6%), early childhood education (2%), and agriculture and landscaping (2%). General skills, environmental studies, and travel industry training comprised the remaining 1% of training categories.

Approximately 1,331 participants accessed ETF training funds. These participants registered for 2,205 classes, averaging 1.65 classes per participant. Of the 2,205 course enrollments funded by ETF, there were a total of 192 enrollments on Kauai; 143 on the Big Island; 159 on Maui; and 1,711 on Oahu.

The ETF served a total of 344 businesses statewide. These included 35 employers on Kauai, 37 on the Big Island, 48 on Maui, and 224 on Oahu.

Demand for training decreased by a total of 23% from FY 2008, primarily because staff reductions made it more difficult for businesses to release their employees for training, and staff training became less of a priority as profit margins dwindled. The average cost per individual also decreased 6.6% from \$188.47 in FY 2008 to \$175.92 in FY 2009.

In September 2008, the ETF conducted a Request for Proposals (RFP 2009-01) in order to continue to provide services under the Employer Referral/Micro Program from January 3, 2009 through January 2, 2010. As a result, nineteen (19) training providers were selected to provide training services under RFP 2009-01. However, effective July 1, 2009, a temporary moratorium was implemented on the funding of all training activities under ETF's *Employer Referral/Micro Program* due to a significant reduction in ETF revenues resulting from the following:

- The passage of Act 110, enacted during the 2007 Legislative session lowered the unemployment insurance taxable wage base from \$35,300 to \$13,000 from January 1, 2008 through December 31, 2010. Since ETF monies are generated through an employer assessment that is collected with unemployment insurance, incoming revenues were reduced by approximately 60%; and,
- Act 79, signed into law on May 28, 2009, transfers 5% of revenues and any interest income earned from special and revolving funds, including the ETF Program, into the general fund from July 1, 2009 through June 30, 2015 to close part of the State's budget gap. It is projected that this will further reduce ETF revenues by an additional 18% to 20%.

When sufficient funds become available in the future, training services under the ETF's *Employer Referral Program* will resume.

In November 2008, the National Glass Association (NGA) was awarded a \$42,500 grant under the ETF's macro program to administer the "NGA Project" to train and certify an estimated 150 glass industry technicians statewide. The purpose of the project is to deliver a comprehensive industry-wide training and certification program to employers and employees of small businesses in the State of Hawaii's glass industry. The program improves workers' skills and efficiency while promoting consistency in industry safety standards and reducing accidents on the job. The project consists of three phases of implementation for certifications in two sectors: Auto Glass Technician Institute (AGTI) Certification for auto glass installation and Glass Installer Technical Institute (GITI) Certification for flat glass installation. The first phase consists of a nine-month on-line training program; and a certification exam. Phase 2 incorporates supplemental classroom training which involves a combination of instructor-led, hands-on "lab" coursework to be delivered to technicians on Oahu. The final phase is a train-the-trainer program in which a highly skilled lead trainer from Hawaii will be identified, trained, and subcontracted to continue to provide instructor-led and hands-on course work to the local glass industry beyond grant funding.

In March 2009, the ETF announced its first RFP solicitation for "macro" green training projects which resulted in the July 2009 award of \$100,000 for an Energy Management Training Program (EMTP) offered by Maui Economic Opportunity, Inc. in partnership with Maui Community College, Office of Continuing Education and Training's Vital Innovative Training and Economic Development Center and the Sustainable Living Institute of Maui. The goal of the EMTP Project is to develop, establish, and maintain a comprehensive and self-perpetuating energy management training program for employers and employees on Maui County.

Businesses will become proficient in energy auditing and management and reduce operating costs as a result. To accomplish this, the project will carry out two training programs: Small Business and Residential Energy Management (SBREM), and Commercial Building Energy Management (CBEM). Each training program consists of curriculum and training manual development for three phases of implementation: (1) Classroom training of eight 11-hour training modules for each program; (2) An Applied Workplace Training Project in which participants will conduct an energy audit or energy efficiency initiative and train at least two clients or co-workers at their workplace; and (3) A Reinforcement Module during which participants will re-convene to reflect on their applied projects and develop an action plan for future training and energy efficiency initiatives they plan to undertake. The project plans to train 15 individuals through the SBREM Program and 15 individuals through the CBEM Program for a total of 30 individuals through direct participation in the EMTP project. However, these participants will each train a minimum of 2 clients and/or co-workers for a total of an additional 60 individuals projected to be trained through the Applied Workplace Training Project.

In July 2009, ETF announced a second RFP solicitation for green training projects which resulted in the September 1, 2009 award of three additional macro grants for the following green training projects:

- (1) The Building Industry Association of Hawaii Construction Training Center of the Pacific, in partnership with the Sustainable Development Training Institute, a division of O'Brien & Company, was awarded \$100,000 to develop a green building skills training program for trades involved in green residential and non-residential new construction, rehabilitation, and deconstruction projects.

This project will include an introduction to green building fundamentals to build awareness, increase commitment toward building green, and provide fundamentals of green building. It also will develop more technical training on green building strategies, including renewable energy strategies, innovative energy and water conservation strategies, and pollution reduction specific to the trades. To support cradle-to-cradle thinking and actions, the training materials will cover concepts and strategies of deconstruction, adaptive reuse, and installing for disassembly. Training curriculum materials will be developed for all

progressive construction job path levels from pre-apprenticeship through journeyworker levels.

The initial pilot project for the Green Building Skills Training Program will train approximately 35 individuals including up to four instructors. Once the pilot curriculum is tested and finalized, the project will train about 425 pre-apprenticeship trainees per year in Green Building Fundamentals, 125 trainees per year in Green Building Apprenticeship, and 150 journeyworker trainees per year (25 per topic per year). Trades to be addressed for all three levels include:

- **Envelope Trades:** Framing (including Alternative Walls), Insulation, Drywall, and Windows
- **Roofing System Trades**
- **Operating System Trades:** Mechanical, Electrical, and Plumbing
- **Finish Trades:** Flooring and Painting
- **Site Trades:** Land clearing, Excavation, and Landscaping
- **Concrete Trades:** Foundation (including Alternative Walls) and Paving

In addition, the project will provide training to general contractors who hire journey-level workers and WDD staff who directly interface with construction pre-apprenticeship prospects. Although the training will initially be implemented on Oahu, the training will be designed so that it can easily be adopted by other construction education organizations and program. The project also plans to expand its training program to additional training venues on the neighbor islands.

- (2) The Hawaii Farm Bureau Federation (HFBF), in partnership with the University of Hawaii College of Tropical Agriculture and Human Resources, was awarded \$100,000 to establish a Food Safety Certification Training Program that will train fifty (50) farm operators/employers statewide in food safety and good agricultural practices in order to become Food Safety Certified by the Hawaii Department of Agriculture.

The proposed training is the first critical phase of a process that will result in energy conservation and pollution reduction through an increase in agricultural production in Hawaii. The second phase is the actual Food Safety Certification of local farms. This will result in an increased demand for local agricultural products because Hawaii's hospitality industry, military installations, and other institutions often purchase agricultural products only from food safety certified farms. These local purchasers have clearly indicated an interest in increasing the proportion of their expenditures on Hawaii products when they are available. The project will result in greater sustainability due to Hawaii's reduced dependence on imported food and a boost for the local economy as dollars stay in Hawaii.

It is also important to note that Food Safety Certification is increasingly becoming a requirement at local and federal levels. In early-2009, the HFBF initiated a requirement for produce vendors participating in its increasingly popular Farmer's Markets to be Food Safety Certified by the end of 2009. On July 31, 2009, the U.S. Food and Drug Administration (FDA) announced that all farmers of leafy greens, melons, and tomatoes – will be required to pass an FDA audit by July 2011. In addition, it is anticipated that pending legislation by Congress mandating food safety certification will be in place within the next 1-2 years.

- (3) The University of Hawaii at Manoa, Outreach College, in partnership with the Building Owner and Managers Association Hawaii (BOMA HAWAII) was awarded \$65,631 to establish green training and certification programs for

building owners, property managers, and building staff, including building operating engineers, condominium and tenant associations, and tenants/occupants. These groups can significantly reduce Hawaii's carbon footprint by adopting energy conservation and waste reduction strategies for large buildings and building complexes.

It is anticipated that 400-500 individuals will participate in the training program from which a minimum of 30-40 will complete certification programs.

The purpose of this project is to develop training and metrics to track and improve efficiency in using energy and water and reduce waste. The results can then be applied to an awards program that will provide incentives for green facilities management in malls, high rise buildings, and commercial, residential, and mixed use properties.