Employment and Training Fund Program (ETF)

Program Year 2009-2010

Department of Labor and Industrial Relations
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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.”

The 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, the 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 the ETF’s Macro Program, and 2) Existing short-term, non-credit training through the 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 18,984 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 50% 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 50% or more of the cost of assistance.

**FISCAL YEAR (FY) 2010 RESULTS**

The ETF’s net available dollars consisted of a carryover balance from FY 2009 of $1,024,065 plus $436,202 in net revenues. This amount, minus $319,231 in expenditures and $212,921 in encumbered funds, left a balance of $928,115 available for FY 2010.

In September 2008, the ETF conducted a Request for Proposals (RFP 2009-01) which resulted in the selection of nineteen (19) training providers to deliver a wide variety of training opportunities through the
Employer Referral/Micro Program. However, on July 1, 2009, a temporary moratorium was placed on the funding of all training activities under the ETF 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 collected together with unemployment insurance, this reduced incoming revenues by approximately 60%; and,

- Act 79 was signed into law on May 28, 2009 and transferred 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. This further reduced ETF revenues by an additional 18% to 20%.

Due to the termination of Act 110, funding levels are now sufficient to reinstate the Employer Referral/Micro Program in January 2011. Therefore, the ETF is currently in the process of extending RFP 2009-01 agreements for an additional year to offer services through calendar year 2011.

The following macro grants were also in operation during Fiscal Year 2010:

1. Maui Economic Opportunity, Inc., in partnership with Maui Community College (now known as University of Hawaii Maui College), Office of Continuing Education and Training’s Vital Innovative Training and Economic Development Center, and the Sustainable Living Institute of Maui was awarded $100,000 for the period of July 15, 2009 through July 14, 2010, to develop, establish, and maintain a comprehensive and self-perpetuating Energy Management Training Program (EMTP) for employers and employees of Maui County. The EMTP Project expended a total of $85,627 to establish two training programs known as the Small Business and Residential Energy Management (SBREM) Program, and, the Commercial Building Energy Management (CBEM) Program. The purpose of these comprehensive training programs is to certify current and future employees in the principles of energy management within their prospective industries, including principles of energy auditing and weatherization inspection.

    Upon completion of the grant in July 2010, a total of 51 individuals were trained through the EMTP Project: 18 individuals were trained and certified through the SBEM Program, of which, 10 obtained the Residential Energy Services Network (RESNET) certification; and, 16 individuals were trained and certified through the CBEM Program, of which, 9 obtained the Building Operator Certification (BOC) Level 1 credential issued from the Northwest Energy Efficiency Council (NEEC); and an additional 17 individuals were also trained through the train-the trainer module of the CBEM Program. Both SBREM and CBEM Programs are currently being offered and sustained by the UH Maui College (formerly known as Maui Community College).

2. The National Glass Association (NGA) was awarded $42,500 for the period of November 20, 2009 through May 14, 2010, to deliver a comprehensive industry-wide training and certification program to employers and employees of small businesses in two different sectors of the glass industry: Auto Glass Technician Institute (AGTI) Certification for auto glass installation and Glass Installer Technical Institute (GITI) Certification for flat glass installation. However, only $4,247 of the grant award was expended to register a total of 26 students for online training and certification programs. Two students completed a total of 23 courses online; however, none completed the entire program in order to qualify for the certification exam. The NGA concluded that certification training in the glass industry was ineffective due to a tough economic climate as companies indicated that they did not have time to train their employees due to down-sizing and limited staffing.

3. The Building Industry Association of Hawaii (BIA-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 from the period of November 1, 2009 through December 31,
TheUniversityofHawaiiatManoa(UH),OutreachCollege,in collaboration withtheState
DepartmentofBusiness,EconomicDevelopmentandTourism(DBEDT),theBuildingOwnerand
ManagersAssociationofHawaii(BOMAHAWAII),theHawaiiBuildingEngineersAssociation,
andtheHawaiiPublicUtilitiesCommission-fundedHawaiiEnergyProgram,hasbeenawarded
$65,631fortheperiodofJanuary1,2010throughDecember31,2010,toestablishandmaintain
aBuildingOperatorCertification(BOC)ProgramforbuildingmanagersandoperatorsofClassA
commercialproperties,hotels,hospitals,andsubcontractingorganizationsprimarilyontheisland
ofOahu.Theinitialintentionoftheprojectwastodevelopgreentrainingandcertificationprograms
forbuildingowners,propertymanagers,buildingstaff(includingoperatingengineers),
condominium/tenantassociations,andonits tenants/occupants. However,thefocushasbeen
narrowedtospecificallytargetbuildingoperatorsandengineerswhichalsoincludethehospitality
andhealthcareindustries. Thisisa group that can significantly reduce Hawaii’s carbon footprint
by adoptinginnovative energy conservation strategies for large buildings and building complexes.

Itis anticipated thata total of30-40 employees will be trained intheBOC Level I program
betweenOctober2010throughApril2011, with10-15 employees continuingontoreceiveBOC
Level II certification. Thetraining will be ongoing on Oahu and expanded to Kauai by 2012.

5. The Hawaii Farm Bureau Federation, in partnership with the University of Hawaii College of
Tropical Agriculture and Human Resources (UH-CTAHR), was awarded $100,000 for the period
ofNovember1,2009throughOctober31,2011, toestablishanOn-Farm Food Safety
Certification Training Program. The program 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 will prepare local farm operators to pass an actual audit by the Hawaii
Department of Agriculture to become Food Safety Certified. The On-Farm Food Safety
Certification of local farmers will result in an increased demand for local agricultural products since
many in Hawaii’s hospitality industry, its military, and other institutions will only purchase
agricultural products from food safety certified farms. These local purchasers have already
indicated a strong interest in increasing the proportion of their expenditures on Hawaii products
once local producers become food safety certified. The end result of this project will result in
energy conservation, pollution reduction, and greater sustainability due to Hawaii’s reduced
dependence on imported food. This will also create a boost for the local economy as dollars will
remain in the State.