Workforce Development Division

Employment and Training Fund Program (ETF)

Fiscal Year (FY) 2012

ETF’s purpose 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 Hawai‘i’s people. On one hand, federal job training programs serve only individuals who face employment barriers. ETF, however, focuses on serving the training needs of the business community for Hawai‘i’s economic growth and vitality. The program is able to provide 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 help keep Hawai‘i’s workforce competitive and employed at the cutting edge of their chosen profession and occupations.

There are three avenues for employers and/or employer groups to access ETF funds: 1) Statewide and Countywide Training Grants through ETF’s Macro Program; 2) Existing short-term, non-credit training through ETF’s Employer Referral Program also known as the Micro Program; and, 3) Participation in a workforce training site through the Volunteer Internship Program (VIP).

- 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 contribution to strengthen their commitment to the project. To date, approximately 19,117 individuals have been trained through the macro program.

- The micro program, also known as the Employer Referral Program, offers 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. 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 in order to upgrade employees’ skills and 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 (up to a $500 tuition cap) for any course taken that meets its eligibility criteria. To date, approximately 70,647 individuals have been trained through the micro program.
Developed by DLIR in January 2011, the Volunteer Internship Program (VIP) was created to stimulate job growth in Hawai‘i. Initial funding for VIP was derived through Reed Act in early 2010 in response to significant job loss at the time. VIP allows job seekers, especially those receiving unemployment insurance (UI) benefits, to volunteer at businesses to gain workforce training. During the course of the internship, claimants are exempt from their three weekly job searches and continue to receive their UI benefits. Upon successful completion of training, interns receive certification of the job skills acquired and consideration for employment. Benefits to businesses include: pre-screening of qualified individuals and limited medical coverage for injuries sustained by an intern. The opportunity to train through VIP is limited to 16-32 hours per week for 4-8 weeks.

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, Hawai‘i’s legislators followed similar guidelines which were intended to develop a collaborative approach in workforce preparation and strengthen policies and programs that meet Hawai‘i’s job market needs. 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.

In FY 10-11, due to prolonged effects of the economic recession, Hawai‘i’s unemployment compensation trust fund was depleted by a huge increase in number of persons filing for unemployment insurance benefits. It became necessary for the Department of Labor & Industrial Relations to borrow federal money in FY 11 to pay all claimants. Act 2 from the 2011 Legislative Session allowed the Director of the Department of Labor & Industrial Relations to assess an additional 0.01%, generating an additional $1,022,294, from January-December 2011 to pay the interest on the federal loan. The funds were deposited into the ETF account from which $211,151 paid the loan interest in FY 11, and the remaining $811,143 were held in reserve for future interest payments.

Due to the continued slow recovery from the Great Recession and taking into consideration overall business sentiment, during the 2012 Legislative Session, Act 6 was enacted, imposing a moratorium on collection of the ETF assessment during the current calendar year, from January 1, 2012 to December 31, 2012. The effect of this moratorium will largely be felt during FY 13 because the resumption of the 0.01% assessment in January 2013 will not be collected until April 30, 2013, making this the only quarter of FY 13 during which revenue will be collected.

**FY 2012 Results**

The ETF’s total funds available during FY 2012 consisted of a carryover balance from FY 2011 of $1,530,930 plus $1,897,393 in revenue (including revenue for UI interest), for a total of $3,428,323. Of this amount, $811,143 held in reserve for future interest payments and $905,585 in expenses (including UI interest payment) left a balance of $1,711,595 at the end of the FY 12.
**Micro Program Results**

During the course of the fiscal year, a total of nineteen (19) authorized training providers delivered a broad array of training opportunities. From July 1, 2011 to June 30, 2012, 1,152 registrations took place which served a total of 613 individuals from 231 companies statewide (See Figs. A and B).

![Fig. A: Number of ETF Participating Individuals by Island (Total: 613)](image1)

![Fig. B: Number of Participating Employers by Island (Total: 231)](image2)

In the ETF contract agreement, training providers are asked to provide courses within a list of allowable types or programs. Among the eleven types of training as well as allowable tests and certification, the top three popular types of courses include: Computer-related (32%), Business Managerial (27%), and Tourism (19%) (Fig. C).
Traditionally, businesses registering for ETF request business and computer-related types of courses for their employees. However, during CY 2011, the addition of the Native Hawaiian Hospitality Association (NaHHA) as a training provider along with the existing course offerings from local community colleges resulted in a significant increase in the number of travel industry related courses being utilized through ETF. Coupled with the surge in tourism numbers to Hawai‘i, it is hoped that the ETF training provided to local hospitality businesses will only enhance the visitor experience.

As mentioned earlier, employers sending their employees through ETF-funded training are provided 50% tuition assistance, up to $250 with a $500 tuition cap. The cost of current courses offered by ETF approved training providers vary greatly. In general, basic computer skills, customer service, basic soft skills types of training tend to be lower in cost. Courses that involve advanced computer skills, upper-level managerial leadership training, landscape technician training, and other similar courses have a higher tuition cost.

Among the four counties, courses offered in Kaua‘i County had the highest mean and median tuition cost (See Fig D.). Compared to O‘ahu, Kaua‘i County has only two ETF providers based on the island. One provider, Leadership Kaua‘i offers higher-level managerial/leadership training for participants. As a result of the intensity of the course, tuition is considerably higher. Consequentially, courses in Kaua‘i have a higher median and mean cost. Conversely, Maui’s median and median costs are considerably lower. Maui’s preponderance of resorts in the Lahaina/Wailea area has resulted in the popularity of courses offered by NaHHA which are approximately $34 per course.
In comparison to the previous fiscal year, ETF micro program has seen an overall surge in popularity. In Fiscal Year 2010, due to a lift on a moratorium on the ETF program, employers were only able to access training tuition assistance from January 15, 2011 to June 30, 2011. During that six month time frame, there were 346 ETF course registrations for 259 individuals from 102 companies. The following figure shows a comparison between FY 2011 and FY 2012. In comparison to FY 2011, there has been an overall increase in the number of courses registered as well as number of participating individuals and employers. The number of ETF course registrations increased by 66% (See Fig. E). This year-over-year increase in class enrollment may be attributed to increased affordability of available course offerings as well as more employers sharing with their colleagues about the programs benefits.

**Fig. E: Change In Usage of ETF Funds**

<table>
<thead>
<tr>
<th>Courses</th>
<th>Participants</th>
<th>Employers</th>
</tr>
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<td>1,152</td>
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ETF Macro Results

During FY 2012, the Hawai‘i Farm Bureau Federation (HFBF) completed its ETF Macro grant for “On-Farm Food Safety One-on-One Education Program for Commercial Produce Farms in Hawai‘i.” The grant’s purpose was to train fifty (50) farm operators/employers statewide to conduct on-site pre-audit coaching using the University of Hawai‘i College of Tropical Agriculture and Human Resources (UH-CTAHR) Good Agricultural Practices training program.

Due to the nature of agricultural operations and its reliance on owner-operators to manage multiple aspects of the business, HFBF and CTAHR had their own challenges in recruiting farmers to devote their precious time to participate in the pre-audit coaching. Despite these obstacles, by the program’s completion in October 2011, a total of forty-five (45, or 90% of the project’s goal), farms were recruited to participate in the food safety certification audit.

From the program, several outcomes emerged. First, those farms that participated found the coaching provided by UH-CTAHR as very informative and would have a direct positive impact on their operations. Trainers conducted one-on-one sessions with the farmers to discuss critical interventions to reduce the likelihood of a food safety incident/outbreak. Trainers addressed areas such as water quality testing, worker hygiene, field sanitation, and other aspects of food safety with the farmers. Farmers that completed the one-on-one were given a “to do” list of simple actions that could prevent food safety outbreaks or incidents. In subsequent meetings, farmers were given the necessary tools and resources to conduct training with their own employees.

As a direct positive outcome of the ETF Macro grant, HFBF and Hawai‘i Department of Agriculture (HDOA) were able to work together to secure an additional $63,450 for USDA Specialty Crop Grant to help KCC Farmer’s market vendors in achieving food safety certification. The grant itself would continue coaching from UH-CTAHR as well as cover required water testing, basic materials for the food safety certification as well as 40% of the cost to pursue food safety audit and certification.

Funding to HFBF for its food safety certification program is a clear example of how ETF macro program can help local industry groups improve their ability to provide better products and services to their customers. In its final report to WDD, HFBF noted HB667 that would have established a Food Safety and Security Program through HDOA, ultimately did not pass. However, the positive feedback from farmers and eventual buy-in from the KCC Farmers’ Market to implement food safety certification with its vendors has galvanized HFBF to bring together the necessary stakeholders together to seek out a statewide food safety security program.

VIP Results

Since the program’s inception in February 2010, a total of 660 individuals received skills assessment services. For the period of funding, from July 1, 2011 to June 30, 2012, a total of 229 individuals were provided a complete VIP skills assessment. In the assessment, potential VIP interns are given the opportunity to link their previous work experience with a future career. Of these 229 individuals that completed their VIP assessment, 114, or 49.8% were placed as VIP
trainees. A total 43 VIP assessment completers, or 37.7% reported being hired by their place of internship or elsewhere. Figure F shows the breakdown of VIP internship placements statewide. Internship opportunities for VIP participants varied greatly. From non-profits helping the environment to working on marketing for coffee farms, VIP offers a wide variety of internship opportunities for prospective VIP participants.

![Fig. F: VIP Internship Placement Statewide](chart.png)