

Workforce Development Division

Employment and Training Fund Program (ETF)

Fiscal Year (FY) 2013

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. The program provides 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 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 72,170 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.

Legislative History and Employer Contribution

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.

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 the last quarter of FY 13 the only one during which revenue was collected.

During the 2013 Hawaii Legislative Session, Act 25 was enacted to place greater emphasis on using ETF funds to help support local small businesses (as defined as fewer than 50 employees).

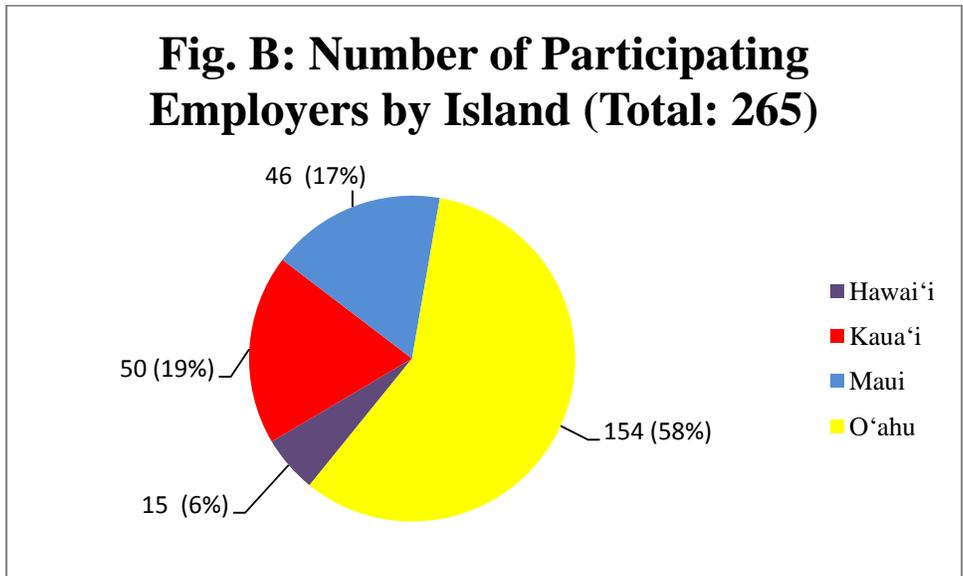
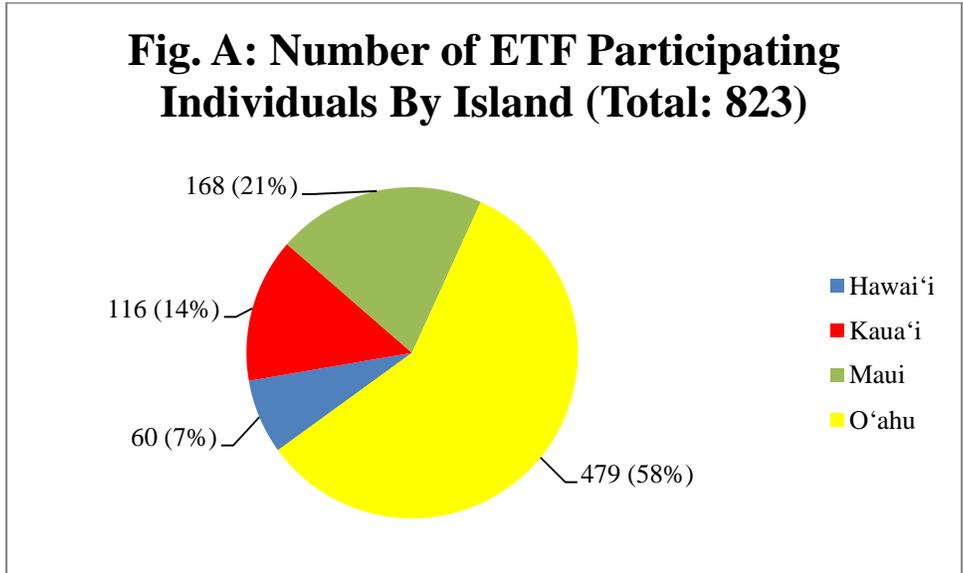
FY 2013 Results

The ETF’s total funds available during FY 2013 consisted of a carryover balance from FY 2012 of \$2,452,530 plus \$424,918 in revenue (including revenue for UI interest), for a total of \$2,877,448. Of this amount, \$811,143 held in reserve for future interest payments and \$495,596 in expenses (including UI interest payment) left a balance of \$1,570,709 at the end of FY 13.

Micro Program Results

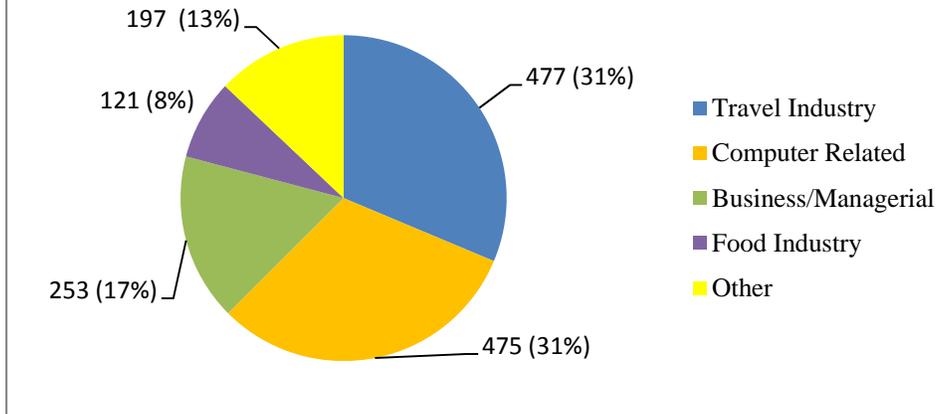
During the course of the fiscal year, a total of eighteen (18) authorized training providers delivered a broad array of training opportunities. From July 1, 2012 to June 30, 2013, 1,523

registrations took place which served a total of 823 individuals from 265 companies statewide (See Figs. A and B).



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 included: Travel Industry (31%), Computer Related (31%), Business/Managerial (17%), and Food Industry (8%) (Fig. C).

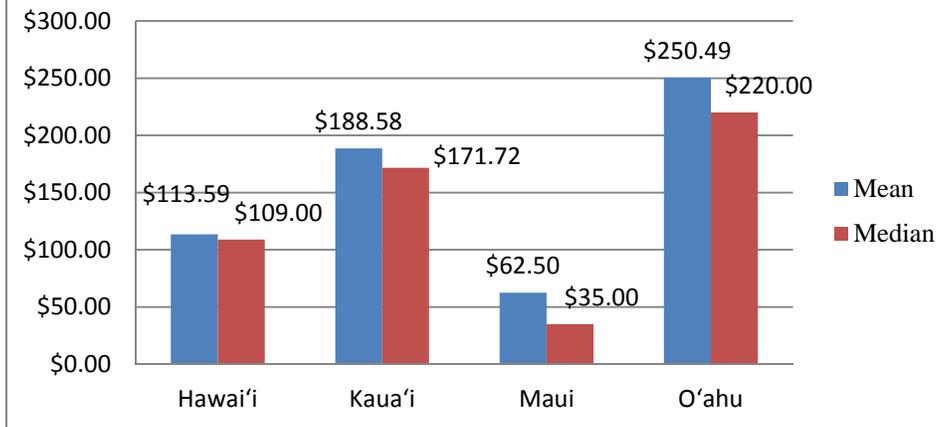
**Fig. C: ETF Course by Type
(Total: 1,523)**



Continual growth of visitor numbers to the state has resulted in steady demand for travel industry-related training. With the need to keep abreast of the latest technological trends, businesses that participated in the ETF program have also shown great interest in computer-related courses. Together, these two types of courses generated over 60% of all ETF referrals. General business/managerial-type courses generated nearly 20% of ETF referrals.

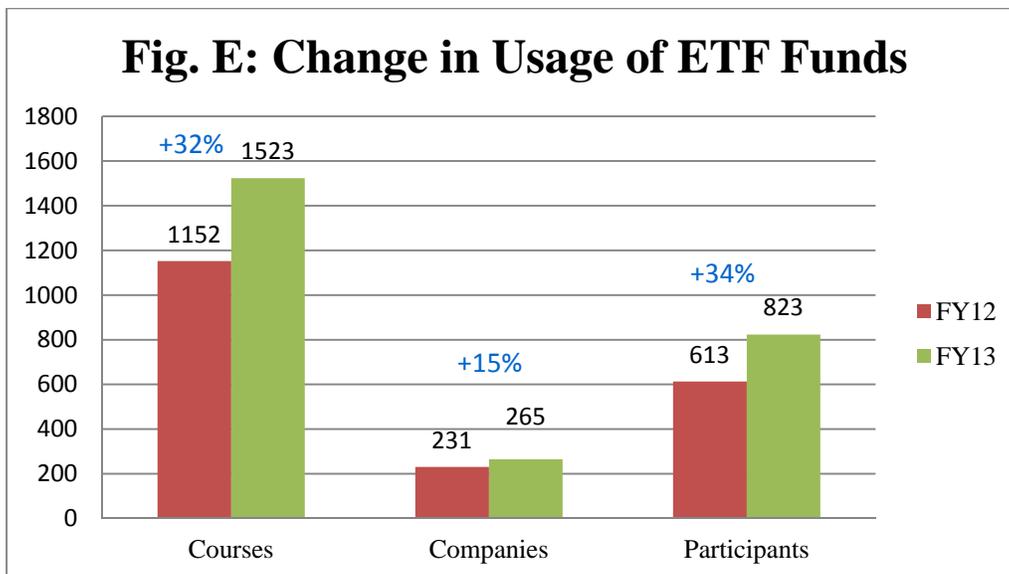
As mentioned earlier, employers sending their employees through ETF-funded training are provided 50% tuition assistance, up to \$250 with a \$500 tuition cap. The cost of current courses offered by ETF approved training providers vary greatly. In general, basic computer skills, customer service, and basic soft skills types of training tended to be lower in cost. Courses that involved advanced computer skills, upper-level managerial leadership training, landscape technician training, and more advanced skill training had a higher tuition cost. Among the four counties, courses offered in the City & County of Honolulu had the highest mean and median tuition cost (See Fig D.). Due to the sheer variety of options available to employers on O‘ahu, there was a wider range of class costs. Conversely, Maui’s median and median costs are considerably lower. Maui’s preponderance of resorts in the Lahaina/Wailea area resulted in the popularity of courses offered by the Native Hawaiian Hospitality Association (NaHHA), which were approximately \$35 per course. Employers on Lúna‘í traditionally faced great difficulty in sending employees to Maui for training due to higher travel and per diem costs. However, this fiscal year, NaHHA was successful in bringing training opportunities to Lúna‘í where a number of local employees received training that was formerly unavailable in the area.

Fig. D: FY Mean and Median Cost of ETF Classes by Island



A data comparison between FY 12 and FY 13 showed an increase in class registrations, number of participating employers, and number of employees enrolled in training. In the previous ETF Annual report, it was stated that FY 2012 had seen major increases in overall enrollment for ETF courses largely due to the fact a temporary moratorium in training enrollments was lifted in FY 11. This trend continued during FY 13. The number of courses requested in FY 13 reflected a 32% increase over FY 12. The number of employers represented in ETF course registrations increased by 15% from FY 12 to FY 13, and the number of participating employees increased by 34% over the same period. To increase employer participation in the next FY, WDD will work on promoting the program to a wider employer base, with emphasis on small businesses.

Fig. E: Change in Usage of ETF Funds



ETF Macro Results

Currently, Workforce Development Division is in the process of developing a Request for Proposals (RFP) for ETF Macro with the purpose of focusing on small businesses. Further details of this RFP and its outcomes will be explained in the next ETF Annual Report.

No macro projects were funded in FY 2013 due to the moratorium on collection of ETF revenue in calendar year 2012.

VIP Results

Since the program’s inception in February 2010, a total of 815 individuals received skills assessment services. For the period of funding, from July 1, 2012 to June 30, 2013, a total of 155 individuals were provided a complete VIP skills assessment. In the assessment, potential VIP interns were given the opportunity to link their previous work experience with a future career. Of these 155 individuals that completed their VIP assessment, 122, or 78.7% were placed as VIP trainees. A total 32 VIP assessment completers, or 26.2%, 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 offered a wide variety of internship opportunities for prospective VIP participants.

