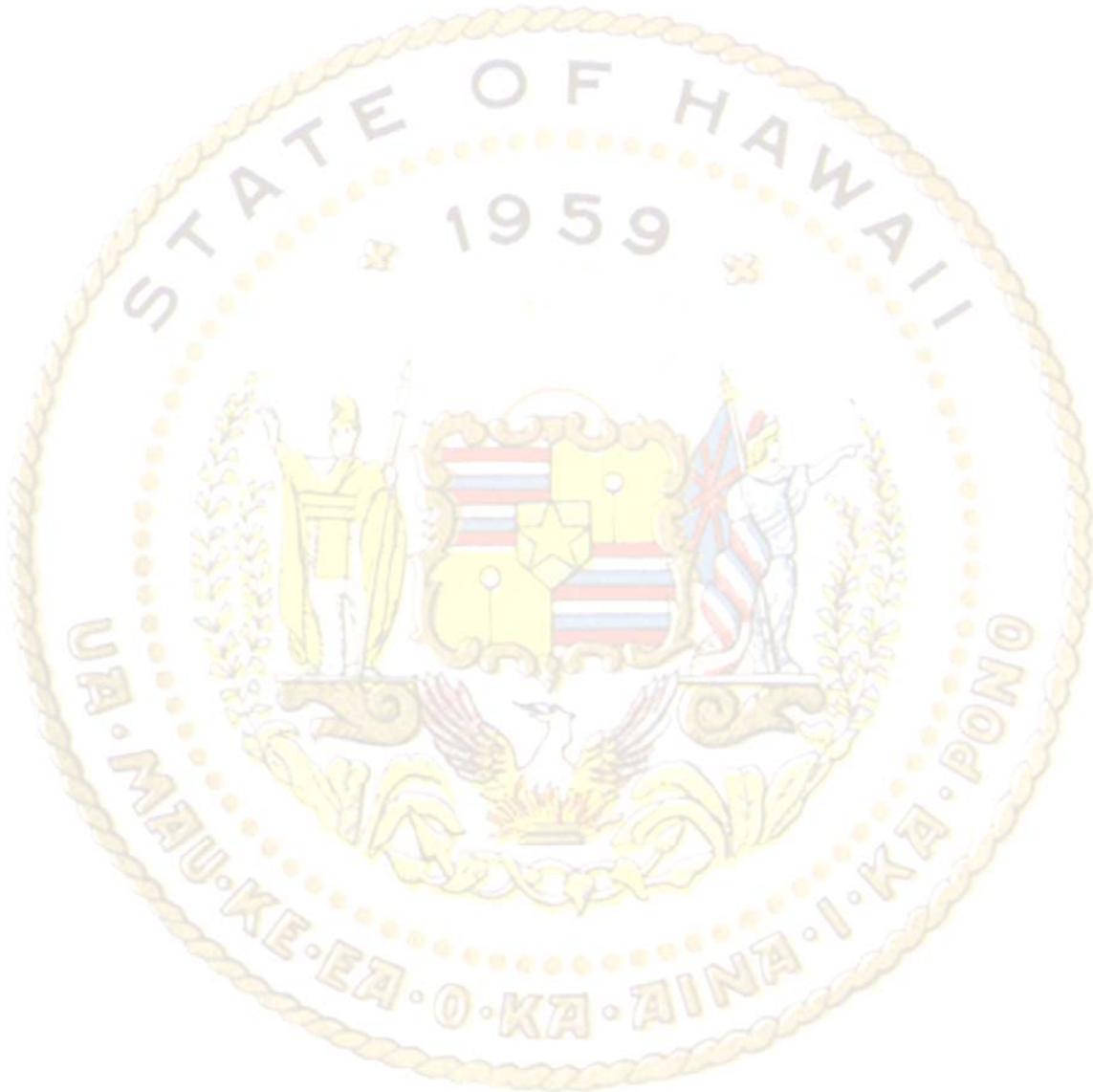


# **EMPLOYMENT AND TRAINING FUND**

## **STATUS REPORT FY 2016-17**



State of Hawai'i  
Department of Labor and Industrial Relations

December 2017

**STATE OF HAWAI‘I**  
**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
**WORKFORCE DEVELOPMENT DIVISION**

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**Employment and Training Fund Program**

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**Fiscal Year 2016-17**

The Employment and Training Fund’s (ETF) 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 ETF 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 professions and occupations.

There are three avenues for employers 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).

**ETF Macro Program**

This 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 or equivalent in-kind contribution to strengthen their commitment to the project. To date, approximately 20,488 individuals have been trained through the Macro Program.

### **ETF Micro Program**

The ETF Micro Program is also known as the Employer Referral Program, and offers training opportunities to individual businesses. Unlike the ETF 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 to upgrade employees' skills and capabilities to meet the competitive demands of the workplace.

The program is open to all within a company: business owners, managers, supervisors, and workers. The ETF Micro Program pays 50% of the cost (up to a \$400 reimbursement cap per course) for any course meeting its eligibility criteria. To date, approximately 77,868 individuals have been trained through the micro program.

### **VIP Program**

Developed January 2011, the Volunteer Internship Program (VIP) was created to stimulate job growth in Hawai'i. During the internship, claimants are exempt from their three weekly job searches and continue to receive their UI benefits. Business's benefits 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**

Act 68 (SLH, 1991) created the Employment and Training Fund for the purposes described above through a .03 percent tax on employers' taxable wages as part of the State's Unemployment Insurance program. Other states such as Florida and California have also 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 Global Financial Crisis 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 from January 1, 2012 to December 31, 2012. The effect of this moratorium was largely felt during FY 2013 because the resumption of the 0.01% assessment in January 2013 was not collected until April 30, 2013, making the last quarter of FY 2013 the only one during which revenue was collected.

During the 2013 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 2017 Results**

ETF's total funds available during FY 2017 consisted of an unobligated balance of \$1,841,262 from FY 2016 and ETF revenue and interest generated during FY 2017 of \$1,348,699. Expenditures of \$1,271,507 and outstanding contractual obligations of \$636,313 left a balance of \$1,282,141 on June 30, 2017.

### **Micro Program Results**

During the fiscal year, a total of twenty-one (21) authorized training providers delivered a broad array of training opportunities. From July 1, 2016, to June 30, 2017, 2,365 course registrations took place which served a total of 1,349 individuals from 425 companies statewide (See Figs. A and B).

- ETF training providers are required to provide courses to upgrade high demand skills. Among the fourteen types of training allowed, Figure C shows the three most popular courses were in Computer Skills (26%), Business (20%), and Health (16%).
- Largely due to targeted marketing, the top three categories of classes were very popular with employers, including small medical practices.

Fig. A: FY17 Number of ETF Participating Individuals by County (Total 1,349)

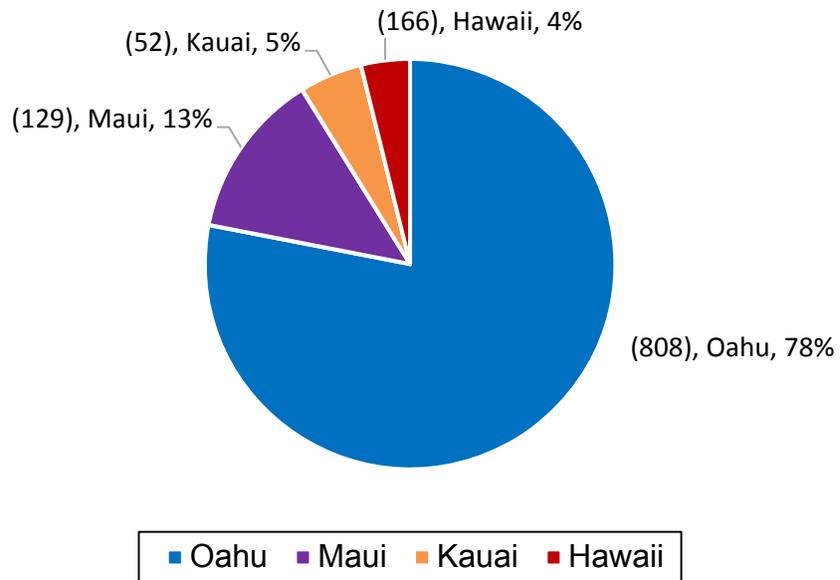
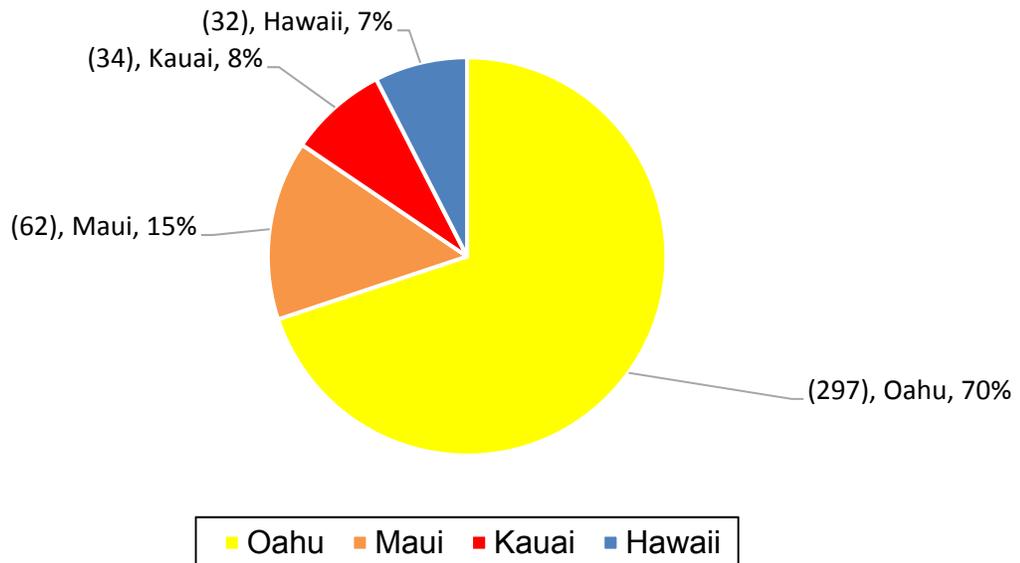
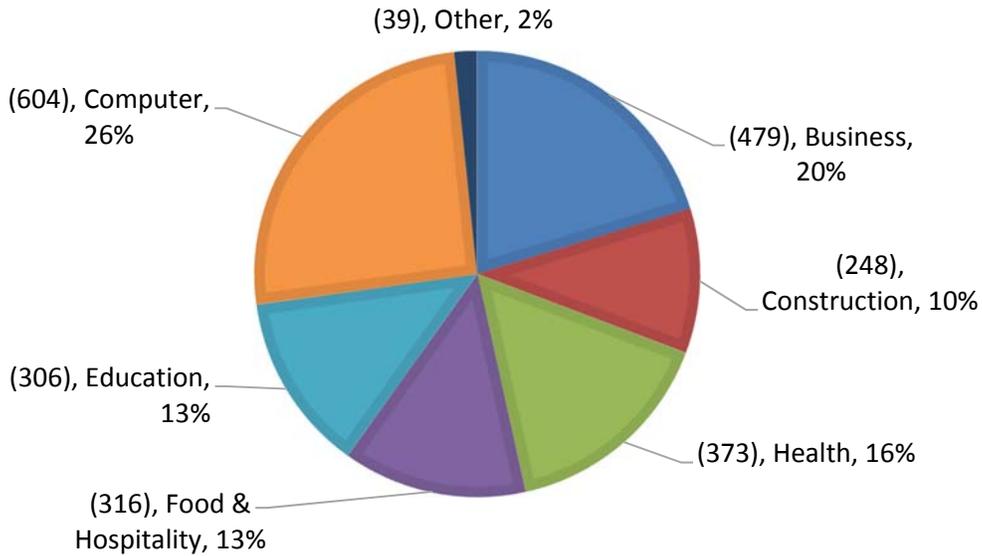


Fig. B FY17 Number of Participating Employers by Island (Total 425)



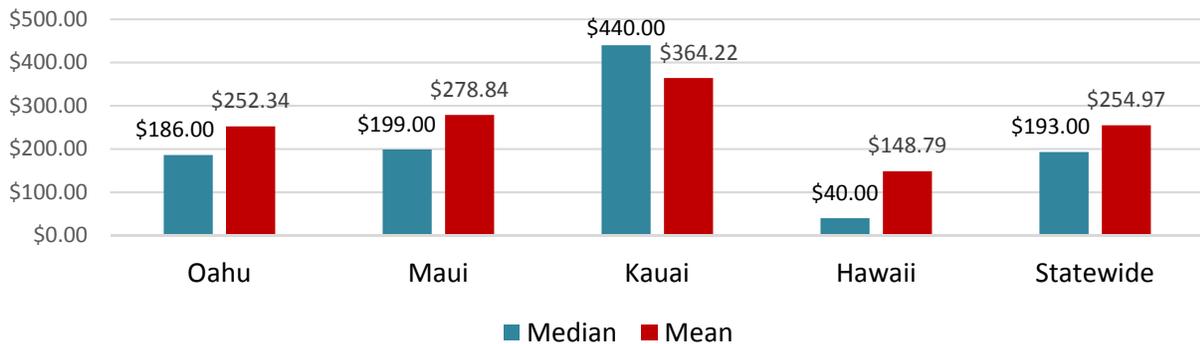
**Fig. C FY17 ETF Course Registrations By Type  
(Total 2,365)**



Employers sending their employees through ETF-funded training were provided 50% tuition assistance, up to \$400 reimbursement per course. The cost of current courses offered by ETF approved training providers varied. In general, basic computer skills, customer service, and basic soft skills training tended to be lower in cost.

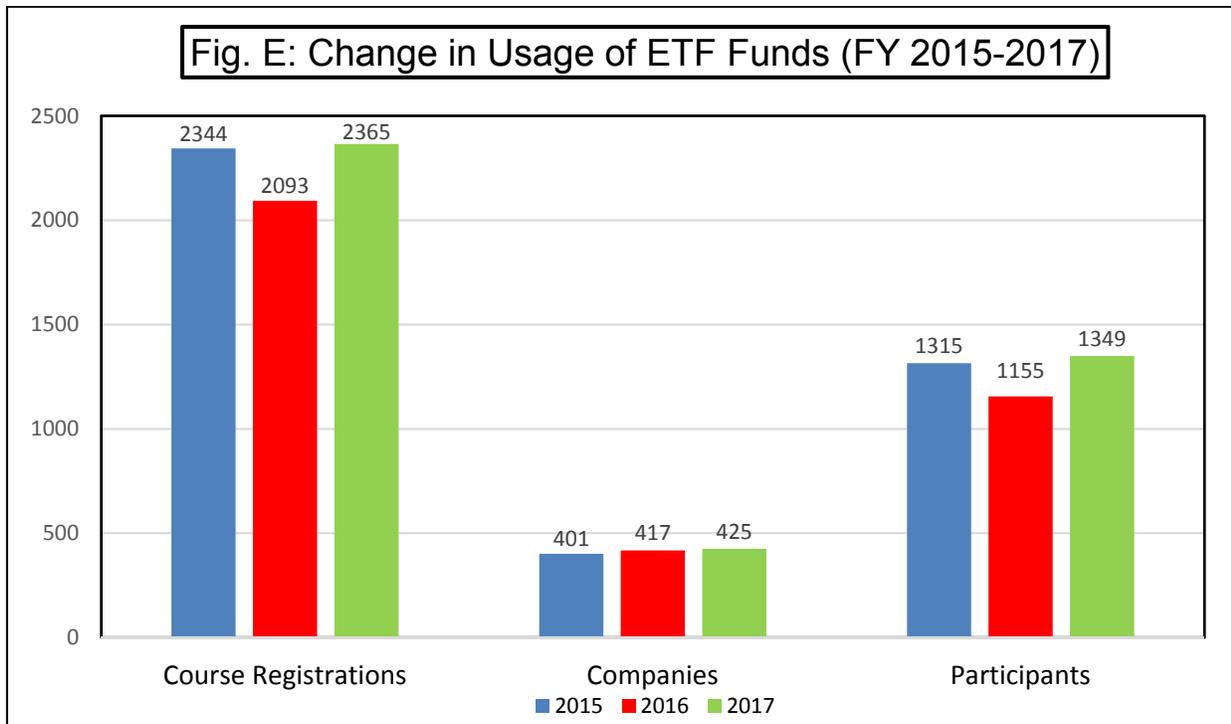
Courses that involved advanced computer skills, upper-level managerial leadership training, and advanced skill training had a higher tuition cost. When compared to statewide median and mean class costs, courses offered on Kaua‘i had the highest combined mean and median tuition cost (See Fig D.). Due to the sheer variety of options available to employers on O‘ahu, there was a wider range of class costs. In the case of Neighbor Island ETF cost, certain types of classes offered by the training providers greatly affected the overall median and mean cost.

**Fig. D FY17 Mean and Median Cost of ETF Classes By Island**



Following slight decreases from Fiscal Year 2015 to Fiscal Year 2016 (Fig. E), Fiscal Year 2017 showed a slight 2% increase in the number of participating employers, while course registrations increased 13% and persons enrolled had an increase of 17% over the prior year.

As the program enters its fifth year since the last ETF moratorium, more employers are becoming familiar with the ETF and its potential to provide training related cost savings. Also, vendors have been working with employers to better identify and meet training needs that result in a better trained workforce.



**FY 2017 Macro Projects** Two (2) organizations, Building Industry Association (BIA) Hawai‘i & Hawai‘i Tropical Fruit Growers (HTFG), were contracted beginning July 2016 to July 2017.

**Building Industry Association (BIA) – O‘ahu** (Expended \$70,753) – BIA Hawai‘i addressed issues of small businesses in the construction industry by developing and delivering training focusing on developing a business plan, growing a business, ordering materials, managing projects, evaluating clientele, and other related business courses to 52 individuals who each attended 3-5 different classes.

**Hawai‘i Tropical Fruit Growers (HTFG) - Maui** (Expended \$70,011) – HTFG developed and conducted a Master Food Preservers curriculum and training on Maui, Moloka‘i, and Lana‘i to produce value-added products of underused agricultural materials. This program taught participants to develop and safely preserve value-added products that used undersold and underutilized produce to increase capacity and

income for small agribusinesses. Forty-six (46) students, including small business owners, completed training and developed 148 products, primarily in jams and jellies, for potential sale. The success of this pilot program facilitates future establishment of a preserver program statewide.

### **VIP Volunteer Internship Program Results**

Upon successful completion of training, interns receive certification of job skills acquired and consideration for employment. From July 1, 2016 to June 30, 2017, a total of 123 individuals were placed in VIP internships. Figure F shows the breakdown of VIP internship placements statewide. From non-profits helping the environment to working in hotels and veterinarian offices, VIP offered a wide variety of internship opportunities for prospective VIP participants.

