

WORKFORCE DEVELOPMENT DIVISION

The Employment and Training Fund Program (ETF)

Program Year 2004-2005

The ETF program serves the training needs of the 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. Training allows workers to acquire the job skills necessary to keep pace with local, national, and international competitors.

The purpose of the ETF program is to "assist employers and workers through innovative programs to include, business-specific training, and upgrade and enhance occupational skills and management skills to improve the long-term employability of Hawaii's people." There are two ways in which employers and employer groups can access ETF funds: 1) Statewide and Countywide Training Grants (macro) and 2) ETF's Employer Referral Program (micro).

The ETF awards macro (organizational/community level) grants to business associations and consortia to develop customized training projects that address industry training needs in the state. 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 cash and/or in-kind contributions to strengthen their commitment to the project. To date, approximately 18,653 individuals have been trained through the macro program.

In 1996, the department expanded the ETF program to include 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 enables employers to register their workers for existing short-term, non-credit training courses offered by ETF-approved public and private training vendors to upgrade employees' capabilities in order 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 63,871 individuals have been trained through the micro program.

Other states like Florida and California have legislatively mandated a fifty percent in-kind contribution towards training costs. To balance the responsibilities and partnership between the state and business sectors, Hawaii's legislators followed similar guidelines. The intent was to develop a collaborative approach in workforce preparation and strengthen and improve policies and programs that meet Hawaii's job market needs.

ETF monies are generated through an employer assessment collected together with unemployment insurance contributions. 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. During the 2002 Legislative Session, lawmakers made the ETF program permanent. They also lowered the assessment rate of .05 percent to .01 percent of taxable wages, while setting a nominal cost for users of the ETF Program (Act 248). Employers who access ETF funds for training are required to contribute fifty percent or more of the cost of assistance.

FISCAL YEAR (FY) 2004 – 2005 RESULTS

For FY 2004-2005, the ETF ended with net resources of \$2,148,912. This amount, less \$635,900 in grant encumbrances, resulted in a fund balance of \$1,513,012 for FY 2005-2006.

The ETF's net available funds included a carryover balance of \$1,980,542 plus \$998,836 generated in net revenues. This amount, minus \$830,466 in expenditures, left a fund balance of \$2,148,912 for FY 2005-2006.

Sixteen (16) of the ETF's authorized training vendors deliver a wide array of training opportunities through the micro program. Given the increasing importance of technology in the workplace, it is not surprising that computer-related courses are the most requested by business. For example, of the 3,279 registrations, 2,006 participants enrolled in this particular training category. This represents over 61% of all enrollments in the various training courses funded by ETF.

Other courses frequently requested by Hawaii's employers include: basic, intermediate, and advanced courses in the more popular computer applications, such as word processing, spreadsheets, database, and presentations, computer-aid design (CAD), desktop publishing, local area networking (LAN), programming, and Internet/web page design. Other popular courses requested by employers and employees were soft skills, business/managerial, food safety, health, human services, travel, and transportation/vehicle training.

Approximately 2,030 participants accessed ETF training funds. These participants registered for 3,279 classes, averaging 1.62 classes per participant. Of the 3,279 transactions, the ETF funded a total of 232 classes on Kauai; 250 on Hawaii; 335 on Maui; and 2,462 on Oahu.

The ETF served a total of 534 businesses statewide. These include 51 employers on Kauai, 64 on the Big Island, 77 on Maui, and 342 on Oahu.

Although the ETF did not generate any macro grants this past program year, the micro program has:

- Reduced staffing statewide and consolidated program operations and procedures.
- Initiated a Request for Proposals (RFP) process and conducted a review to establish nineteen (19) new contracts. This allowed vendors to continue providing training services to customers without interruption after the January 2005 expiration date of the RFP 2003-01 Supplemental Agreements.
- Conducted statewide RFP and contract orientations to assist vendors in the contract application and execution processes.
- Streamlined fiscal procedures to allow payments to be paid by credit card to vendors. This has resulted in a more expedited and efficient means to pay vendors on a timelier basis.

Fiscal Year 2004-2005, ETF Financial Status Report

The following table describes ETF funding for FY 2004-2005. ETF dollars are maintained in a special fund. Any unexpended funds at the close of each fiscal year remains in the special fund.

Fiscal Year 2004-2005		
Beginning Balance:		\$ 1,980,542
Total Revenue:	\$ 998,836	
Expenses:		
Administrative	\$ 185,199	
Grant Expenditures	\$ 645,267	
Total Expenses:	\$ 830,466	
Net Revenue:		<u>\$ 168,370</u>
Fund Balance:		<u>\$ 2,148,912</u>

Report on Non-General Fund Information 2004—2005

Department of Labor & Industrial Relations

Name of Fund: Employment and Training Fund
Legal Authority: Chapter 383-128, HRS
Fund Type (Method of Funding): Special Fund (B)
Appropriation Account No.: S-318-L

Intended Purpose: To provide grants and subsidies to public and private agencies and non-profit corporations for employment, education, and training services.

Current Program Activities: Programs to create a more diversified job base for businesses; programs where there are critical skill shortages in high growth industries; programs to retrain unemployed workers; programs for individuals who do not qualify for federal or state programs; and programs for individuals to improve career employment prospects.

Financial Data

	<u>FY 2005</u>	<u>FY 2006</u>
Beginning Cash Balance	\$ 1,980,542	2,148,912
Beginning Encumbrances		
Revenues	998,836	
Expenditures	(830,466)	
Transfers (By JV# and Date)		
Net Total Transfers	0	
Amount Derived from Bond Proceeds		
Ending Cash Balance	\$ 2,148,912	
Amount Required for Bond Covenants as of 7/01/05		
Amount held in Certificates of Deposit, Escrow Accounts, or other investments as of 7/01/05		

Date: 10/04/05
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