

## Employment Training Panel - Training Reimbursement Program

### Overview

The Employment Training Panel (“ETP”) is governed by an 8 member panel which is funded by a tax on employers, collected alongside the Unemployment Insurance tax of California taxpayers. The purpose of the program is to encourage job creation and provide support for employers facing out-of-state competition. This program reimburses companies for the cost of training their employees where the objective of the training is to improve the skills of employees and put the company in a better overall competitive position.

### Summary of the ETP Training Reimbursement Program

The ETP provides amounts ranging from \$8 to \$26 per hour for each eligible employee trainee as reimbursement for employer training expenses. Such reimbursements are agreed upon in a contract between the ETP and the eligible Employer providing the training. These contracts typically span a timeframe of one to two years and may reimburse the employer for a minimum of 8 hours up to a maximum of 200 hours of training per trainee. Reimbursement rates and training hour limits may vary by company size. Small businesses (<100 employees in CA) are limited to \$50,000 while large businesses (>101 employees in CA) are limited to \$750,000 of reimbursement.

ETP can fund a wide variety of training programs. Historically, the following have been the most commonly funded types of programs:

- Quality Management Principles;
- Statistical Process Control (SPC);
- Advanced Technology;
- Production Techniques;
- Computer Skills;
- Materials Resource Planning (MRP);
- Customer Service;
- Management Skills;
- Sales Techniques;
- Computer Numerical Control

Funding is not limited to these types of training. Companies can decide what type of training will be provided. Training can be provided in-house, by a training agency, or by a third party. Training providers should be California based, unless the training is so unique that a training provider cannot be found in California. In addition, training may be provided in a classroom setting, in a laboratory, or by way of electronic delivery.

The most common ETP funded trainings are for currently employed (incumbent) workers and individuals who are unemployed at the start of training.

- Retraining programs are for training incumbent workers by companies that have out-of-state competition.
- New-Hire training programs are for unemployed individuals who are receiving unemployment insurance benefits or who have exhausted their benefits within the last two years. Completion of ETP-funded training must result in full-time employment.

While there are many training types the ETP will reimburse for, there is no reimbursement for orientation, mandated training (sexual harassment, HR, legal, CPE), free vendor training, consulting services, or executive coaching.

### **Who is Eligible?**

Basically any employer who pays unemployment tax and payroll tax may be eligible. However, the ETP prioritizes key industries they deem critical to the state's economy, including:

- Manufacturing;
- Construction;
- Agriculture;
- Green Technology;
- Biotechnology and Life Sciences;
- Multimedia/Entertainment;
- Information Technology Services;
- Goods Moved and Transportation Logistics

### **Three Key Hurdles to Retraining Reimbursement**

1. Must Face Out of State Competition
  - Outside CA revenue exceeds 25%
  - 3 outside competitors competing here in CA
2. Turnover rate less than 20% or less than industry average
3. Employees must meet Minimum County Wage
  - Hourly compensation of \$15.07 to \$16.44 (wage + benefits) and full-time (35 hrs/wk)

### **How Are Reimbursements Secured?**

GALLINA's Tax Credits & Incentives ("TC&I") team can meet with you to determine the amount of reimbursement your company may be able to secure. The general process for securing the ETP funding is as follows:

- GALLINA meets with your company to gain an understanding your training goals
- Complete ETP's Online Preliminary Application & Orientation
- Meet ETP Field Analyst – Site visit
- Design the training program – Curriculum topics
- Complete ETP Application for Funding within 45 days of site visit
- Prepare management for Panel Meeting – within 2 months
- Panel Meeting – 5 to 10 minutes
- Approval

GALLINA's TC&I practice will work closely with the ETP and assist your company throughout this process, including assisting with the development of training sign-in sheets and rosters, assisting with the development of training documentation retention practices, and developing the overall training plan.

Questions can be directed to your GALLINA contact or Jesse Wutkee at (916) 724-6813, or [jwutkee@gallina.com](mailto:jwutkee@gallina.com).