

## California Employment Training Panel Incentive Program Update

April 16, 2015

### Overview

The California Employment Training Panel (ETP) administers a vocational training incentive program through performance-based contracts. The goal of this program is to assist California employers' efforts to effectively train workers and maintain a skilled workforce. The program is funded by the Employment Training Tax paid by California employers, and its purpose is to spur job creation and support employers affected by out-of-state competition. Since 1982 the ETP has reimbursed employers more than \$1 billion for training more than 800,000 California workers. In this Tax Alert we summarize the ETP program, provide a brief update regarding its anticipated funding capacity and highlight the May 1<sup>st</sup> commencement date for FY15/16 "pre-applications."<sup>1</sup>

### Summary of the ETP Program

The ETP provides \$8 to \$26 (per hour/per eligible employee trainee) as reimbursement for employer training expenses. Contracts generally have a two-year time frame and allow for up to 200 hours of training per trainee. Minimum wage, retention periods and an employer contribution are required to receive ETP funds. Eligible training includes most job-related skills courses provided by an employer or outside vendor.

The following priority industries receive preferential treatment:

- Manufacturing/Food Production
- Biotech/Life Sciences
- Information Technology
- Multi-media/Entertainment
- Goods Movement and Transportation/Logistics
- Agriculture
- Allied Healthcare
- Construction/Green/Clean Technology

### Updates

The ETP anticipates a funding capacity of over \$90 million for FY15/16, and individual employers may receive grants of up to \$750,000. The ETP will begin accepting "pre-applications" for FY15/16 funding at 8:00 am on May 1<sup>st</sup>.

### Contacts

If you have questions regarding the ETP program, please contact either of the following Deloitte Tax professionals.

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<sup>1</sup> Note that a "pre-application" is a document used by the ETP to preliminarily determine potential eligibility. After it reviews a submitted pre-application, the ETP will invite the applicant, if otherwise potentially qualified, to submit a full application.

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