

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 1st commencement date for FY15/16 "pre-applications."¹

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 1st.

Contacts

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

Michael Locascio
Director
Deloitte Tax LLP, San Francisco
mlocascio@deloitte.com
(415) 783-6041

Bruce Kessler
Senior Manager
Deloitte Tax LLP, San Francisco
brkessler@deloitte.com
(415) 783-6216

The authors of this alert would like to acknowledge the contributions of Lesley Miller to the drafting process. Lesley is a Tax Senior working in the San Francisco Multistate Tax Practice of Deloitte Tax.

This alert contains general information only and Deloitte is not, by means of this alert, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This alert is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this alert.

¹ 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.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2015 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited