



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
WORKFORCE DEVELOPMENT DIVISION
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June 1, 2009

Mr. Thomas R. Frigge
President
TOBE Co.
46-074 Puulena Street, #1113
Kaneohe, Hawaii 96744

Dear Mr. Frigge:

**SUBJECT: ETF Agreements under the Employer Referral (Micro) Program,
RFP No. DLIR/WDD 2009-01**

We regret to inform you that effective July 1, 2009 and until further notice, a temporary moratorium will be placed on the funding of all training activities under the ETF's Employer Referral Program.

The Employment and Training Fund Program is facing a budget shortfall due to a reduction in ETF revenues resulting from the following:

- The passage of Act 110 which lowered the unemployment insurance taxable wage base from \$34,000 to \$13,000 from January 1, 2008 through December 31, 2010. Since the Employment and Training Tax is collected together with unemployment insurance, this reduced incoming revenues by approximately 60%.
- Act 79, signed into law on May 28, 2009, which transfers 5% of revenues and any interest income earned from special and revolving funds, including the ETF Program, into the general fund from July 1, 2009 through June 30, 2015 to close part of the State's budget gap. It is projected that this will further reduce ETF revenues by an additional 18-20%.
- An ever-growing reduction of employers in the available pool from which unemployment insurance is collected resulting in a continual decrease in revenues as the local economy continues to retract.


We will notify you as soon as sufficient funds become available to reinstate services under ETF's Employer Referral Program.

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Should you have any questions, please call me at 586-8812, or Ms. Tricia Malloy, ETF Program Specialist, at 586-8818.

Sincerely,


ELAINE YOUNG
Administrator