



Illinois's Employer Training Investment Program

Helping a few at the expense of many

The Problem

Every day, businesses from across Illinois compete in the marketplace. They work to make their products better, their costs more competitive, and they invest in employee training to boost productivity. Some companies, however, receive help from the state to foot their training costs. How? Through the Employer Training and Investment Program (ETIP).

According to the Illinois Department of Commerce and Economic Opportunity (DCEO), which runs the ETIP, the program “supports Illinois workers’ efforts to upgrade their skills in order to remain current in new technologies and business practices, enabling companies to remain competitive, expand into new markets and introduce more efficient technologies into their operations.”¹ The ETIP grants reimburse Illinois companies for up to 50 percent of employee training costs and may be disbursed to “individual businesses, intermediary organizations operating multi-company training projects

and original equipment manufacturers sponsoring multi-company training projects for employees of their Illinois supplier companies.”²

The state spends millions of dollars on this program and other workforce development programs each year. In recent years, ETIP grants have included³:

- \$1,850,000 to the Ford Motor Company to train 2,650 employees.
- \$725,000 to the Illinois State AFL-CIO for a multi-company training project.
- \$290,192 to ThyssenKrupp Crankshaft Company, LLC to train 229 new employees and upgrade 86 employees.
- \$270,761 to Siemens Healthcare Diagnostics, Inc. to train 50 new employees and upgrade 330 employees.
- \$250,000 to Lowe’s Home Centers, Inc. to train 110 new employees and 390 upgraded employees.
- \$100,000 to General Tire, Inc to train

ETIP: Number of Workers Trained and State Funding

Fiscal Year	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Employer Training Investment Program (ETIP) State Funding	\$16,976,241	\$15,407,208	\$12,232,125	\$5,978,200	\$12,500,000*
Workers trained through the Employer Training Investment Program (ETIP)	74,070	84,837	41,447	42,006	30,000**

*Appropriated

**Estimated

Source: Illinois Budget Books and Freedom of Information Act Response from the DCEO

This is part 5 of the Illinois Policy Institute’s weekly Spotlight on Spending series, highlighting wasteful or inefficient programs and spending with the goal of bringing more responsible spending and accountable government to Illinois. For additional information on state spending, visit www.IllinoisOpenGov.org.

75 new employees and 50 upgraded employees.

- \$98,000 to Big Ten Network, LLC to train 80 new employees and 18 upgraded employees.
- \$75,000 to Kohl's Department Stores, Inc. to train 150 upgraded employees.

The Solution

Instead of picking winners and losers through special grants, the state should focus on making the entire business environment in Illinois more competitive with the rest of the country. Although the training program likely has good intentions, the state should not be handing out tax dollars to favored businesses for employee training. Instead, state government can help spur the business climate in Illinois by creating a more welcoming environment, which would entail reforming workers' compensation, the minimum wage, and eliminating or cutting back the state's long list of licensing and regulatory requirements. All of these areas create unnecessary barriers to Illinois's businesses and entrepreneurs.

Why This Works

The state's current business climate puts a damper on Illinois's economic growth. According to the 2010 ALEC-Laffer State Economic Competitiveness Index, Illinois ranks 48th for absolute domestic migration, 44th for state minimum wage, 40th for average workers' compensation costs, and 47th for economic outlook.⁴ Businesses, workers, and entrepreneurs are fleeing the state.

Decreasing the cost of doing business in Illinois will attract more companies and skilled workers to the state, and it will allow current businesses to use the money they save to invest in capital, employee training, and new workers. Rather than giving a competitive edge to a select few companies through initiatives like the Employer Training Investment Program, the state needs to improve the overall business climate for all companies to help spur economic growth.

Endnotes

1 "Employer Training Investment Program." Illinois Department of Commerce. <http://www.illinoisbiz.biz/dceo/Bureaus/Technology/Technology+Grants+Programs/20-ETIP.htm>

2 "Employer Training Investment Program." Illinois Department of Commerce. <http://www.illinoisbiz.biz/dceo/Bureaus/Technology/Technology+Grants+Programs/20-ETIP.htm>

3 "DCEO Grant Tracker." Illinois Department of Commerce and Economic Opportunity. <http://grantracker.ildceo.net/>

4 Laffer, Arthur B., Stephen Moore and Jonathan Williams. "Rich States, Poor States." *American Legislative Exchange*, 2010.

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