

FAQS (REVISION OF FUNDING SUPPORT UNDER SKILLS DEVELOPMENT FUND)

BACKGROUND INFORMATION

1. What are the changes involved?

With effect from 1 Apr 07, the hourly funding rates for certifiable training programmes will be revised from \$8/hr for workers aged below 40 and \$16/hr for worker aged 40 and above to \$7/hr and \$11/hr respectively. There is no change to the percentage funding of 80% and 90% for workers aged below 40 and workers aged 40 and above respectively.

The funding rates for non-certifiable programmes will be revised from the current \$2.50/hr to \$2/hr. Similarly, the funding rates for SMEs under the SME Upgrading for Performance (SUPER) scheme will be revised from \$5/hr to \$4/hr. Please see table below for a summary of changes in funding rates.

Table: SDF Funding Rates for Certifiable and Non-Certifiable Skills

Type of Training	Conducted by	Current Funding Rates		Effective from 1 April 2007	
		Non-SME	SME #	Non-SME	SME #
Non-Certifiable <i>Non-certifiable skills training is defined as training that does not lead to national/ industry-wide certification</i>	External training providers / In-house own instructors	\$2.50 per trainee-hr*	\$5 per trainee-hr*	\$2 per trainee-hr*	\$4 per trainee-hr*
Certifiable <i>Certifiable skills training is defined as training that leads to national/ industry-wide certification</i>	External training providers	80% of course fees subject to \$8 per trainee-hr OR 90% of course fees subject to \$16 per trainee-hr*		80% of course fees subject to \$7 per trainee-hr OR 90% of course fees subject to \$11 per trainee-hr*	
	In-house own instructors	\$8 per trainee-hr		\$7 per trainee-hr	

SMEs are defined as companies with at least 30% local ownership, with Fixed Asset Investment (FAI) of not more than \$15m and if in the service sector, employment size of not more than 200.

* Funding is capped at 100% of course fees.

** Higher funding is applicable to workers aged 40 years and above, and holding 'A' level qualifications and below.

2. What is the rationale for the funding revision? Does the revision mean that Government is cutting down on its commitment towards workforce training?

There is no reduction in Government's commitment and resource allocation towards workers training. All we are trying to do is prioritise resources and programmes so that more impact can be achieved from the same pool of resources. Currently, more than 80% of WDA's funds are spent on supporting pre-approved programmes under the SDF system, which is employer-based and employer-driven. Employers decide what training to enroll their workers in, and then submit their claims for funding support to WDA for reimbursement. Our funding is generously pegged at 80% capped at \$8/hr or 90% capped at \$16/hr for older workers.

In recent years, as part of Government's effort to adopt a more holistic approach towards tackling structural unemployment, WDA and its various workforce development partners such as NTUC, SNEF, Self-Help Groups (SHGs), CDCs and industry associations have implemented many programmes to help vulnerable workers find jobs and enhance their employability. They include the Public Employment Services, Advantage!, Employability Skills training, Job-Recreation Programme (JRP), and various Place and Train (PnT) programmes. As more and more programmes are being rolled out, we have an inevitable situation of competing demands for resources.

This means that WDA has to review the way it has been funding existing programmes to ensure a balanced share between promoting productivity for companies and, enhancing workers' employability and building up Singapore's CET infrastructure. The situation of WDA allocating more than 80% of its funds to support company-driven training is not sustainable; hence the need for the funding rates revision.

3. Can you clarify what is meant by employer-based, worker-based, and outcomes-based programmes?

Employer-based funding programmes are those whereby employers decide who to send for training, and for what training. Employers can then claim for reimbursement through the SDF EasyNet system, and co-pay the unsupported training fees. The design of such programmes is based on the premise that employers are best placed to decide what kind of training will benefit their organisation and raise productivity.

Worker-based programmes are those whereby workers can participate without having to always rely on employers' sponsorship. For such programmes, the individual worker can assess the training subsidy directly, and will also co-pay the cost of training. The design of such programmes is based on the premise that workers must have some control over their own employability and careers. An example is the public walk-in scheme for the Employability Skills System

which allows workers without company sponsorship to access ESS literacy and numeracy foundational training at affordable rates that have been pre-subsidised by WDA. Another example is the Place and Train programme (PnT), where workers and job seekers can decide if they would like to apply and seek job opportunities in the growing industry sectors, and be trained for the job thereafter.

Outcome-based programmes can be both employer-based as well as worker-based. They are programmes with a pre-determined set of outcome indicators agreed between WDA and its programme implementation partners in return for funding. The outcomes go beyond trainee satisfaction, passing rates or number of certifications issued, to tangible business and application outcomes such as placements of workers, productivity improvements, or better performance verified by audits. Our programme partners will be required to put in place the necessary mechanisms to track and measure the outcomes. Examples of such outcome-based programmes are the CareerLink Plus centre to help the long-term unemployed; the Advantage! Scheme to encourage companies to hire and retain older workers; and Job Re-creation Programme (JRP) to enhance the productivity and pay of low wage workers.

4. Will the funding revision affect workers' chances of accessing skills upgrading?

Although the revision in funding rates for company-driven training programmes will result in some companies having to fork out more to send their workers for training, this does not mean that workers lose out as WDA is setting up and funding more and more training institutions to offer training directly to workers. In fact, through these institutions, workers can apply directly for training without having to rely on employer sponsorship. This means they can better take charge of their own career development and skills upgrading. These will complement the existing pool of company-driven type of training. For instance, WDA has recently introduced a public walk-in scheme for ESS training to allow workers without company sponsorship to access ESS literacy and numeracy foundational training at affordable rates.

EFFECTIVE DATE

5. When will the funding revision apply?

The revised funding rates will apply to all SDF supported certifiable and non-certifiable training courses commencing from 1 Apr 07.

SPECIFIC QUESTIONS ON GRANT APPLICATIONS

Questions from Employers

6. I have already submitted an application for a course in Mar 07 and approved by WDA at the existing certifiable rate. However, due to some unforeseen circumstances, the training provider defers the course to May 07. Will the funding rates be revised?

Yes, the training grant will be recomputed based on the new funding rates if the course commencement date is on or after 1 Apr 07.

7. If my training comprises 2 components – classroom conducted by external provider in Feb 07 and OJT conducted by own instructor in Jul 07. How will the training grant be computed?

In this case, the training grant for both the classroom and OJT training will be computed based on the current funding rates, as the course commences before 1 Apr 07.

8. If I have already enrolled my staff for an EasyNet course which will commence in April 2007, can I withdraw the course and request provider to commence the training in March 2007?

WDA has no objections if the provider is able to accede to your request.

9. If I intend to submit my TCTP before 1 Apr 07 and my certifiable courses commence after Apr 07, will my TCTP be processed based on the revised funding rates?

Companies' TCTP applications will be processed based on their TCTP commencement date. If your TCTP commences on or after 1 Apr 07, the new funding rates will apply.

10. If my company's TCTP for 2007 commences on/after 1 Apr 07, can I bring forward the training period to start before 1 Apr 07 to take advantage of the existing funding rates?

Companies should not adjust their approved TCTP period to take advantage of the existing funding rates. However, if there are circumstantial reasons for the adjustment, we will process it on a case-by-case basis.

Questions from Training Providers

11. I am a training provider offering diploma courses on a modular basis. How will the training grant be computed if the first module commences before 1 Apr 07, while subsequent modules commence after 1 Apr 07? If the subsequent modules are subject to the revised funding rates, can I withdraw

and reapply on a full programme-basis so that my students can enjoy the prevailing funding rate?

Courses which are approved on a modular basis will be subject to prevailing funding rates based on the commencement of the module. In this instance, the training grant for the first module will be computed based on current rates, while the subsequent modules will be subject to the new funding support.

No, training providers will not be allowed to withdraw their modular courses and resubmit it as a full programme under SDF EasyNet. They should have considered carefully whether or not to offer a training course on a full programme basis prior to submitting it for pre-approval status under the SDF EasyNet.

12. If I have already confirmed some enrolments for May 07 courses and collected the nett fee, what must I do now?

Training providers will need to re-confirm the enrolments and collect the difference in nett fee payable because there will be a change in the training grant amount. A new letter of offer stating the revised nett fee amount will be generated by the system upon re-confirmation.

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