

1997-2000

STRATEGIC PLAN

The Employment Training Panel

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July 1, 1997

On behalf of the Employment Training Panel (ETP), we are pleased to present this Strategic Plan to the Governor and Legislature. The Plan describes the Panel's role as a statewide economic development partner collaborating with business, labor, and other public agencies in support of the California economy. It also directly links the Panel's goals and objectives for years 1997 through 2000 to anticipated revenue levels and specific performance measures.

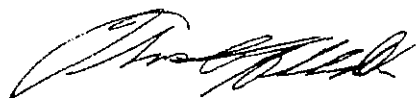
These next three years will be especially challenging as the Panel continues to support California businesses by funding training that provides them with the trained workers they need to compete in the global economy and begins its participation in the State's Welfare to Work initiative. Panel participation in welfare reform creates a unique opportunity to serve employed current and former welfare recipients by ensuring they are able to remain employed in secure, long-term jobs; and to train currently employed workers allowing them to advance in fields where new employment opportunities will be created for unemployed welfare recipients.

In its continued support to California businesses, the Panel will target industry sectors which are expected to have the most economic impact for the State, including those identified by the California Economic Strategy Panel and the Trade and Commerce Agency, and where new technologies and products call for a highly trained and technologically proficient workforce.

The Plan emphasizes the Panel's ongoing commitment to serve small businesses, including small business entrepreneurs. The Plan also introduces the Panel's Small Business Initiatives to emphasize improved service and simplified processes for direct contracts with employers having 100 or fewer workers.

Recognizing the many challenges ahead, the Panel will continue its commitment to excellent customer service, working closely with customer and stakeholder groups to achieve continuous program and process improvements. Increased emphasis will be placed on clarifying program requirements, obtaining customer feedback, and providing training for staff and ongoing technical assistance for contractors. The result of these efforts will be the simplification of the contracting process, improved customer service and an increase in the success of training projects.

The Panel looks forward to a challenging and exciting future, as we take steps, in concert with our customers and many partners, to support the State's employers and workers, with an emphasis on customer service and program excellence.



Thomas C. Ellick
Chairman



Gerald G. Geismar
Executive Director

Vision Statement

The Panel will be recognized as a national model for industry specific training which provides excellent service to California businesses.

Mission Statement

The Employment Training Panel is a significant economic development tool for business attraction and business retention. ETP will work in partnership with business, labor, and government to provide funds for training California's workforce in the skills necessary for businesses to remain viable and compete in the global economy, while providing workers with reasonable wages and secure employment.

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INTRODUCTION

STRATEGIC PLAN

A Brief History

The Employment Training Panel (ETP), established in 1982, is a statewide economic development program which supports the California economy by ensuring employers have the trained workers they need to compete in the global economy. The Panel accomplishes its mission and performs its role as a statewide economic development partner by collaborating with business, labor, and other public entities to ensure the competitiveness of the State's businesses and workers.

Recent reports issued by the California Economic Strategy Panel and the joint effort of the Center for the New West and the Center for the Continuing Study of the California Economy have identified training the existing workforce as a critical factor to "lead the State into a prosperous new century." The Panel program is specifically geared toward this objective because its primary focus is to fund the training and employment of unemployed workers for high-wage, high-skill jobs and to fund the retraining of currently employed workers of businesses challenged by out-of-state competition — a role which the Panel fulfills as California's only training program for incumbent workers.

A key feature of ETP since its inception is its 100 percent performance-based contracting re-

quirement which ensures the training is tied to a job. No funds are earned by a contractor until a trainee completes all of the training and a subsequent employment retention period of at least 90 days in a training-related job. Since the program began, the Panel has funded training for the employment and retention of over 245,000 workers for 26,000 businesses.

ETP is an employer driven program. Businesses identify their own training needs and the Panel works directly with them to meet those needs. The success of the program is indicated by a three-year longitudinal study which found that Panel-funded training has resulted in significant returns to the State economy and increased trainee earnings and job security, even three years after training. The study also found that, in terms of increased worker earnings, the Panel's unique performance-based contracting produces outcomes similar to those resulting from privately funded training. Researchers found that this level of effectiveness does not usually occur in a publicly funded training program.

The Panel itself consists of eight members: The Governor appoints three members, while the Senate President Pro Tempore and the Speaker of the Assembly each appoint two members. The Secretary of the Trade and Commerce Agency, or his or her designee, serves as an ex-officio voting member.

"The challenges and opportunities we of the Employment Training Panel face as we approach a new millennium are formidable yet potentially extremely beneficial to California's economy. From 'Welfare to Work' to high-skills upgrade training for currently employed workers, ETP stands ready, willing and more than able to fund quality training for California's workforce."

Thomas C. Ellick
ETP Chairman

Support for the California Economy

The California economy continues to improve. The State outpaced the nation in job growth from 1995 through 1996 and has recovered from the recession of the early 1990's, regaining the jobs lost between 1990 and 1994. This has been spurred by job gains in high technology, foreign trade, professional services, and entertainment and tourism — sectors expected to bring continued economic growth in the decade ahead. The outlook is for continued solid employment gains for the upcoming years, with growth above the national average. The State should continue to see growth in high-wage, high-technology industries, including motion pictures, computer systems and software, much of it driven by the emerging multimedia and Internet-support industries — all of which are centered in California.

ETP, working with its economic development partners, is strategically positioned to assist in the State's economic recovery by supporting the emerging industries and occupations of the future. The Panel targets its funds to support the State's export base, particularly manufacturing, leveraging funding from other sources and ensuring the largest economic return for the training dollars invested. The Panel is also a key player on Team California and on Red

Teams — groups formed at the behest of the Governor to attract employers to California or to help retain businesses in the State.

The Panel also anticipates a unique role in California's Welfare to Work activities. With the signing of the federal Work Opportunity Act of 1996, all partners in the State's workforce preparation system will participate in initiatives to ensure the successful transition of welfare recipients to jobs. The Panel will address some of the major barriers to successfully keeping former welfare recipients gainfully employed — providing training in skills to enable them to succeed and keep their jobs; and by creating jobs for unemployed welfare recipients.

Striving For Continuous Improvement

The Panel has accomplished much in recent years to maximize the effectiveness of the program. Last year, the Panel initiated a new application process to significantly reduce contract processing time; further refined and streamlined the agreement document; fully implemented a Contractor's Guide; improved training documentation procedures; undertook a number of small business initiatives and conducted an internal study of the Panel's service to small business.

The Panel will explore new and better ways to utilize its training funds for the most effective outcomes. Such activities include ongoing research, customer surveys, pilot projects to evaluate new processes, quality improvement teams, and continuous interaction with program stakeholders.

In striving for continuous improvement, the Panel will continue working closely with the Advisory Research Council (ARC). Established by legislation in 1996, the ARC consists of program stakeholders which advises the Panel on the program. The Panel has adopted a number of ARC recommendations for an improved contracting process, many of which were included in the Panel's Final Report on the ARC to the Legislature submitted on December 31, 1996. Having established itself as a key Panel advisory group, the ARC will continue to serve as an ongoing means for providing stakeholder input on the program.

The Panel also plans continued support to build an improved workforce preparation system in California. The Panel participates with other agencies in activities coordinated by the State Job Training Coordinating Council (SJTCC) and is represented on the Council's Performance-Based Accountability (PBA) Committee which is working to develop standardized performance measures for all workforce prepa-

ration programs in the State. The Panel is a participant in the first-year implementation of the Senate Bill (SB) 645 (Chapter 771, Statutes of 1995) "report card" system, through which performance measures for California's workforce preparation programs are being implemented.

Planning for the Future

This Strategic Plan outlines the Panel's goals and objectives over the next three fiscal years in its three budgeted areas: 1) Training Funds; 2) Marketing and Research; and 3) Program Administration. Since this document is a one-year update of the Panel's "Three-Year Strategic Plan", the revenue and expenditure estimates described in the Plan relate only to Fiscal Year (FY) 1997/98. However, the goals, objectives and performance measures identified in the Plan provide a basis for action plans which Panel staff will develop to implement the updated Plan over the next three years.

In summary, the Panel is at the forefront of California's economic development and workforce preparation efforts and has a unique role as the State's only training program for incumbent workers. This Plan outlines how the Panel will carry out this role over the next three years. The Panel looks forward to fulfilling its mission and assisting with the State's

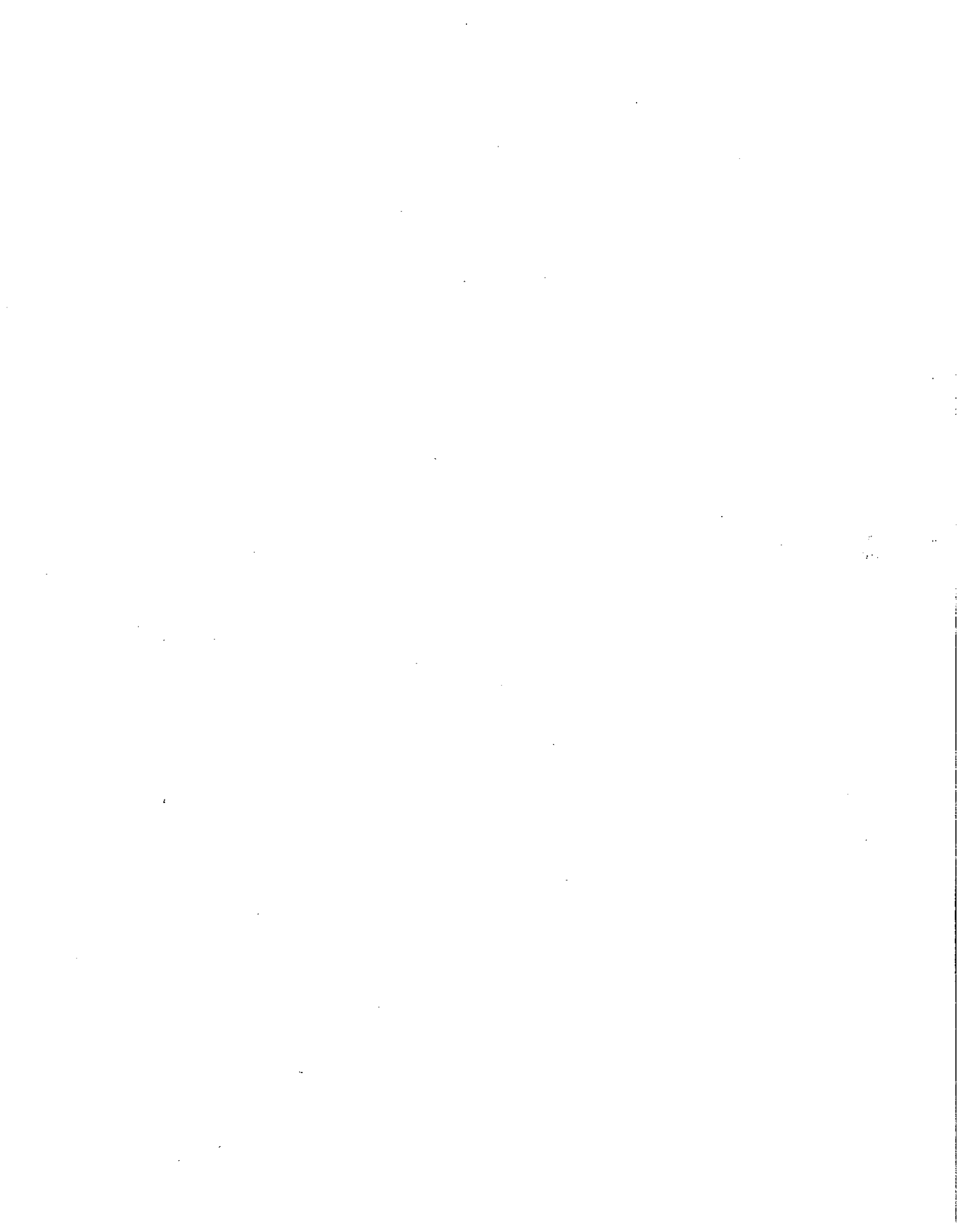
economic recovery, as it works closely with its many partners in accomplishing the objectives set forth in this Plan.

CHAPTER ONE

EXPENDITURES

AND

REVENUE



FY 1997-98

Revenue & Expenditures

Revenue (Estimated)

Appropriation	\$ 75,958,000
Funds Reinvested	35,800,000 ¹
Total	\$111,758,000

Expenditures (Planned)

Training	\$100,948,000
- <i>Economic Development</i>	70,948,000 ²
- <i>Special Employment Training</i>	10,000,000
- <i>Welfare to Work</i>	20,000,000
Marketing and Research	\$1,510,000
Program Administration	\$9,300,000
Total	\$111,758,000

¹ Prior year funds committed for training and employment retention which was not earned.

² A minimum of \$10 million is committed to training for small businesses employing 100 or fewer workers.

The Panel is supported by contributions to the Employment Training Fund (ETF). Each California employer with a positive tax rate in the Unemployment Insurance (UI) system contributes one-tenth of one percent (0.1%) of the wages subject to UI taxation to the ETF - which translates to an annual maximum of \$7 per covered employee. The chart on the left details the Panel's estimated revenue and planned expenditures for the fiscal year ending June 30, 1998. The following page contains explanations for each category in the chart.

Revenue (Estimated)

The California Legislature appropriates funding to the Panel annually in the Budget Act. This appropriation authorizes the Panel to make expenditures and to incur obligations during the fiscal year for specified purposes. The appropriation includes current year funding from the ETF, and extends the availability of prior year funds which were not earned to be reinvested in the current fiscal year.

The total estimated revenue to the Panel for FY 1997/98 is \$111,758,000. These funds are allocated into three funding categories: Training; Marketing and Research; and Program Administration, which are explained below.

Expenditures (Planned)

The following is an explanation of the three expenditure categories. The goals and objectives pertaining to these categories are provided later in this Plan.

Training

The Panel enters into contracts with California employers, groups of employers, training agencies, and/or Private Industry Councils for the purpose of funding training and employment retention for unemployed workers and incumbent workers of companies locating to or expanding opera-

tions in California, and to maintain the viability of current businesses.

In FY 1997/98, three major training fund categories will enable the Panel to address the areas with the greatest need for training: Economic Development, Special Employment Training (SET), and Welfare to Work (which will allow the Panel to serve employed former and current welfare recipients).

Within the Economic Development category, the Panel will commit a minimum of \$10 million toward training workers employed by small businesses with 100 or fewer full-time workers.

Marketing and Research

The Panel uses strategic marketing and research efforts to determine the best use of its limited funds. The Panel's marketing and research funds are prioritized for marketing, research and evaluations conducted by outside consultants under contract to the Panel. Examples of prior contracted marketing and research efforts include the funding of Trade and Commerce Agency (TCA) staff to assist in marketing the program; and California State University, Northridge, for assessing the effectiveness of the ETP Program, including its impact on trainees and the California economy.

Program Administration

The Panel administers the program on a statewide basis to

ensure it fulfills its mission in support of the California economy by emphasizing continuous improvement in processes and customer service. The program's operations costs primarily support the Panel's contracting process, which includes program marketing, contract development, contract review, monitoring and technical assistance, fiscal processes and program audits. These activities are supplemented by the Panel's Legal Office, planning and research, information technology, and administrative support.

In administering the program, the Panel employs 100 full-time staff statewide. The Panel operates four regional offices in the State (San Diego, North Hollywood, San Mateo, and Sacramento) to respond to local needs in contract development, monitoring and technical assistance. The Sacramento Development and Monitoring Offices and Central Administrative Office are housed together in one location. The costs to administer the program are reviewed annually by the Department of Finance and the Legislature and are determined through the normal budgetary process.

CHAPTER TWO

TARGETING FUNDS

The Panel will be challenged in the next few years to: target its funds to support the State's new and emerging industries and help ensure that California employers have the trained workers they will need in an increasingly global economy; support employers in the hiring and retention of welfare recipients as part of California's Welfare to Work program; and continually improve processes to better meet the needs of California's employers. The Panel funds are allocated into three categories for expenditure: Training; Marketing and Research; and Program Administration. The Panel's FY 1997/98 goals and objectives pertaining to its funding expenditures are provided below.

Training Funds

ETP targets its training funds primarily to support the State's export base, particularly manufacturing, leveraging funding from other sources, and ensuring the largest economic return for the training dollars invested. This year, the Panel is especially challenged to target its available funding toward those areas which will have the most impact on the California economy while assisting in the State's Welfare to Work initiatives.

Panel training funds benefit two types of trainees: New-Hire trainees (unemployed

workers) and Retraintees (incumbent workers). Contractor demand for funding the retraining of currently employed workers has far outweighed the demand for training and retention of unemployed workers since the inception of the program. This demand, coupled with the fact that ETP is the only source of funding for retraining in the State, explains the continuing trend toward the commitment of most Panel funds to retraining. The Panel expects to allocate approximately 90 percent of its training funds for the retraining of incumbent workers and approximately ten percent toward the training of unemployed workers.

In FY 1997/98, the Panel will target its training funds in three categories: Economic Development, Special Employment Training (SET), and Welfare to Work.

Economic Development

In FY 1997/98, the Panel will target its economic development funds to best support the overall state economy while continuing to target small employers as a funding priority.

Targeting Funds to Benefit the California Economy

The Panel will continue targeting training funds to industry sectors with the most economic impact for the State and where new technologies and products call for a highly-

trained and technologically proficient workforce. In this effort, the Panel will collaborate with its many economic development partners in the State to leverage funds and maximize the use of Panel training dollars.

Goal 1: Target training funds to businesses on the cutting edge in new and emerging industries.

Objective 1: Commit training funds to industry clusters identified by the Economic Strategy Panel.

The California Economic Strategy Panel has proposed that industry clusters provide a framework in which to work in support of the State's economy, defining industry clusters as "geographic concentrations of competing, collaborating, and otherwise related businesses that drive the economies of California's regions and therefore, the state."¹

The Panel will focus on:

- Biotech/Biomed and Telecommunications;
- Multimedia;
- Entertainment and Information Technology; and
- Wood Products and Diversified Manufacturing (food processing, medical instruments, and electronics).

1 Collaborating to Compete in the New Economy: An Economic Strategy for California, California Economic Strategy Panel, January 1996, p.2.

Objective 2: Support training for the emerging advanced transportation industry.

Building upon its funding support for Project California over the past three years, the Panel will support and participate in a training program resulting from that statewide initiative. Recently completed, Project California was a public/private collaborative effort to enable the State to compete globally in the high-technology transportation and telecommunications industries. A successor organization to Project California, the Alliance for Transportation Technology Training (CalSkills) will oversee pilot training programs, including signal systems technicians and transportation systems engineers.

Objective 3: Commit training funds toward California's multimedia/entertainment industry.

SkillsNet, an industry-led skills development initiative, partially funded by ETP to support California's multimedia/entertainment industry, is addressing education and training needs of employers in these industries. SkillsNet is expected

to implement two training consortia, one for Entertainment and Digital Arts in Southern California; the other for Multimedia in Northern California.

Goal 2: Support business retention and relocation to California.

Objective 1: Support businesses relocating to or expanding in California through participation on Team California¹ and Red Teams².

The Panel will continue its participation on Red Teams and Team California and fund related training projects as applicable. By funding such projects in the past, the Panel has assisted in keeping existing jobs in the State as well as in creating new ones. In recent years, the Panel has funded key projects for firms such as Genentech, McDonnell Douglas, Packard-Bell, and Abbott Laboratories.

Goal 3: Assist California companies in transitioning to the new global economy.

Objective 1: Help employers adjust to the many technological challenges occurring in the workplace by ensuring they have

skilled workers to compete in an increasingly international marketplace.

The Panel plans to continue its support for businesses as they retrain their workforce in order to compete in the global economy while adopting new technologies and implementing new production techniques. Emphasis will be placed on providing frontline workers³ transferrable skills necessary to work in high-performance workplaces which emphasize employee empowerment, problem solving by frontline workers, and quality improvement.

Performance Measures:

- Training funds committed toward the training needs of businesses identified as having the most significant impact on the growth of the California economy.
- Benefit to the Panel achieved through collaboration with other entities in the State's economic development and local workforce preparation programs.

Addressing the Needs of Small Business

The Panel recognizes the unique economic contribution

¹ Team California, managed by the Trade and Commerce Agency, involves a statewide network of economic development professionals, public and private-sector organizations, utilities, and other business and trade groups working together for business assistance, job creation, and the promotion of investment in California.

² Red Teams include state and local government agencies, economic development agencies, private companies, universities, regulatory boards and trade associations to develop incentives for businesses to expand and/or develop in California.

³ Frontline workers directly produce or deliver goods or services and have no more than four full and/or part-time workers reporting to him/her directly or through a subordinate.

small businesses make to the California economy. They create most of the new jobs and provide the means by which many workers enter the labor market. Panel funding provides an essential resource for many small employers who otherwise would have no means to train or retrain workers. Over the past five years, more than 85 percent of the businesses served through Panel funding have been small businesses. The transforming California economy increasingly will be based upon smaller, networked and highly-adaptive firms that can respond swiftly to sudden shifts in the marketplace.

In addition to the thousands of small businesses supported in the past, last year the Panel began funding training for small business entrepreneurs to assist individuals who have started up small businesses.

Goal 1: Facilitate service to small employers with 100 or fewer employees.

Objective 1: Ensure a minimum of \$10 million is committed toward the training of workers employed by small businesses with 100 or fewer workers.

Performance Measure:

- Training funds committed to small businesses exceed \$10 million each year.

Special Employment Training

The Special Employment Training (SET) category allows the Panel to fund training for workers who do not meet the standard eligibility criteria under the economic development category. Up to 20 percent of each year's available training funds are available for SET projects. However, based upon historical data and demand for funds in the Economic Development category, the Panel will target only \$10 million for SET funding in FY 1997/98.

SET enables the Panel to fund training in six special categories, including training for: frontline workers in high-wage jobs; workers in new and emerging industries; persons affected by defense industry cutbacks and base closures; persons in fields with a deficit of trained employees where there are career advancement opportunities; small business entrepreneurs; and individuals with barriers to full-time employment. In the next three years, the Panel will give priority to SET funding for (1) workers in new and emerging industries, (2) those affected by defense reductions, and (3) small business entrepreneurs.

Goal 1: Target training funds through SET training projects.

Objective 1: Commit training funds under the SET category to eligible employ-

ers, e.g., companies in new industries and those affected by defense downsizing and military base closures.

Objective 2: Commit training funds toward the entrepreneurial training program.

Performance Measures:

- Training funds committed toward the SET funding priority areas as described above.
- Entrepreneurial training enhanced the competitiveness of the participating businesses.

Welfare to Work

The Panel will support the State's Welfare to Work initiatives within the context of its own mission and building upon its strong partnership with business, labor and other government entities. Since the Panel has a specific niche in the California economy as a statewide partner in economic development, the Panel can also play an important role in furthering the State's efforts to implement Welfare to Work. The Panel's key statewide role in funding the retraining of incumbent workers lends itself to ensuring that current and former welfare recipients are able to remain employed in secure, long-term jobs. In addition, the Panel's experience in upgrade training and job creation support a role

in providing employed workers the opportunity to advance in fields where new employment opportunities will be created for unemployed welfare recipients.

In support of California's efforts to implement Welfare to Work, the Panel has proposed an amendment to the California Unemployment Insurance Code to allow the Panel to allocate up to 20 percent of the annually available training funds for training projects to assist individuals affected by the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Goal 1: Participate in the State's Welfare to Work initiative to support welfare reform.

Objective 1: Provide \$20 million for retraining of employed former and current welfare recipients to ensure their continued employment and future earnings.

Performance Measures:

- Guidelines to implement Welfare to Work initiatives, including pilot projects and the evaluation thereof, are developed and implemented.
- Training funds are committed toward the Welfare to Work effort.
- Training of current and former welfare recipients results in secure employment.

Marketing, Research and Program Administration

The Panel promotes, enhances and operates the program through marketing and research, as well as program administration activities. In addition to the internal marketing and research activities conducted by Panel staff, the Panel contracts with outside entities for marketing assistance and research studies. Panel staff also perform many duties in program administration. The following describes the marketing, research and program administration related activities the Panel plans to conduct over the next three fiscal years to promote and improve the program.

Collaborative Marketing

The Panel markets the program directly through its Marketing Unit, in collaboration with other entities. The Panel will focus its direct marketing efforts on new and emerging industries which are determined to have a significant impact on the State's economy.

The Panel also provides funding for marketing assistance from other entities in support of the program. By collaborating with economic development partners in this manner, the Panel is better able to market its funds in support of the State's export base and leveraging outside funding and ensuring the

largest economic return for the training dollars it invests.

Goal 1: Market the program directly through collaborative efforts with other entities in the State's economic development and workforce preparation arenas.

Objective 1: Continue the Panel's direct marketing outreach through the California Association for Local Economic Development (CALED), local economic development corporations, educational institutions, and chambers of commerce.

Objective 2: Support key collaborative efforts such as the California Council on Defense Industry Conversion and Technology Assessment, effectively investing in new technologies, and supporting defense conversion efforts.

Objective 3: Participate on Team California and Red Teams to assist in California's business attraction and retention efforts.

Objective 4: Continue the Panel's marketing outreach with the Trade and Commerce Agency and the California Federation of Labor's California Workers' Assistance Program.

Goal 2: Support economic development efforts in conjunction with other entities in the State.

Objective 1: Continue support for SkillsNet, an industry-led skills-development initiative supporting California's multimedia/entertainment industry.

Objective 2: Continue support for the California Manufacturing Technology Program, a technology transfer initiative to assist small and medium-sized manufacturers in converting from the defense industry to the commercial sector.

Performance Measures

- Program marketing met expected levels, i.e., the program was marketed to those businesses identified by the Panel as having the most significant impact on the growth of the California economy.
- Benefit to Panel achieved through expenditure of internal resources and through collaborative efforts with other entities in the State's economic development and workforce preparation programs.

Research Studies

The Panel contracts with outside entities for research to ensure it remains at the forefront of the employment training and economic development arenas and to meet legislative mandates. In addition, the Panel, through its Planning and Research Unit, conducts internal research studies to continu-

ously improve processes and procedures.

As it embarks upon its next three years, the Panel has designated its research agenda as a high priority. The Panel will continue several current research efforts and initiate a number of new studies.

Goal 1: Conduct research studies to meet legislative mandates and to identify areas for improvement of the program, policies, processes, and procedures.

Objective 1: In FY 1997/98, ascertain what role consultants and subcontractors play in training contracts, specifically their contribution to the success of contracts; and address the reasonableness of the Panel's fixed-fee reimbursement system.

Objective 2: In FY 1997/98, conduct a study to determine the impact of ETP-funded training on trainees, businesses, and the economy.

Objective 3: In FY 1998/99, conduct a study of training delivery methods.

Objective 4: Over the next three fiscal years, support and participate in the state-wide SB 645 "report card" system for workforce preparation programs.

Goal 2: Conduct internal research studies for improvement of the program.

Objective 1: In FY 1997/98, evaluate the implementation of tracking solely the trainer's time (rather than trainees' time) as well as the trainee's attainment of competencies under Structured On-Site Training (SOST).

Objective 2: In FY 1997/98, analyze the information obtained from contractor surveys and identify trends and priorities for process improvements.

Objective 3: In FY 1997/98, conduct a follow-up study to determine the major factors leading to disencumbrances in training contracts.

Objective 4: In FY 1997/98, review the new application process to determine whether it has accomplished its goal of reducing contract processing time.

In future fiscal years, this evaluation will include an assessment of the success of the new application process in improving contractor completion rates and will be evaluated from the employer and contracting community's perspective as well as from Panel staff's perspective.

Objective 5: In FY 1998/99, evaluate entrepreneurial training projects and measure their success in terms of improving the competitiveness of the participating businesses.

Objective 6: In FY 1998/99, conduct a follow-up study of contract completion rates to determine if strategies such as the identification of risk factors and increased technical assistance have helped increase contract completion rates and reduce disencumbrances.

Performance Measures

- Studies are completed timely and within budget.
- Study recommendations are adopted and implemented as appropriate.

Program Administration

The Panel will use its administrative funding to manage and execute the program and ensure excellence in program administration and customer service. Emphasis will be placed on:

- serving the needs of small business;
- ensuring process and procedure improvements;
- increasing information technology (IT) capabilities; and
- expanding staff skills and resources for excellent customer service.

Serving the Needs of Small Business

The Panel will take steps in the next three fiscal years to facilitate the direct participation of small business in the

program, especially small businesses with 100 or fewer employees.

Goal 1: Facilitate the access to training funds for small businesses.

Objective 1: In FY 1997/98, implement the Small Business Initiatives.

The Panel will implement and track the success of several Small Business Initiatives developed in FY 1996/97 to facilitate the ability of small employers with 100 or fewer employees to contract directly with the Panel. These initiatives include: the designation of an Assistant Director to oversee the implementation of the Initiatives; a small business specialist assigned to each field office to specifically work with these businesses; increased marketing to small companies; and various simplifications in contracting requirements.

Objective 2: During the next three fiscal years, continue to identify and implement process changes through which training to small business can be provided more efficiently and effectively.

Performance Measures

- Increase in the percentage and number of businesses served which employ 100 or fewer workers resulting from direct, single employer contracts.

- Reduction in processing time for small business contracts.

Continuous Improvements in Processes and Operations

The Panel is committed to continually improving service to its customers, principally employers. The Panel regularly solicits feedback from customer and stakeholder groups to improve its program and processes. During the next three fiscal years, the Panel will continue to strive to make the program more "user friendly", building on the work of the ARC and involving other user groups where possible. These efforts will be complemented by continuous internal improvements in the Panel's processes and procedures.

Goal 1: Implement improvements to the program, processes and procedures by obtaining feedback from program stakeholders.

Objective 1: In FY 1997/98, continue to work with the ARC and implement its recommendations, while providing the necessary staff support.

Objective 2: In FY 1997/98, continue efforts to implement the audit recommendations made by the Bureau of State Audits (BSA) and provide status update reports to the BSA on its progress.

The Panel expects to implement all audit recommendations which are within its statutory authority, within the next three years. In responding to the audit report, the Panel will address improvements in its strategic planning process and reducing the amount of fund disencumbrances in training contracts.

Goal 2: Increase contract completion rates.

Training funds are encumbered or obligated to individual training projects once the Panel approves them. ETP enters into agreements with the assumption that each contractor will fully perform the terms and conditions of the agreement and fully earn the obligated funds. Due to a variety of unforeseen circumstances, primarily related to the economy and the contractor's business condition, the amount actually earned by the contractor can differ from the planned amount. To assist contractors in increasing the success of training agreements, the Panel has taken action by: conducting a study to identify what causes fund disencumbrances; implementing many ARC recommendations relating to the issue; providing extensive contractor education and technical assistance throughout the term of the agreement; and limiting the number of training hours allowed for each individual trainee.

Objective 1: Reduce the rate of fund disencumbrances in training contracts.

Goal 3: Reduce contract processing time.

The Panel implemented a new application process in May 1997, designed to save time, effort and frustration on the part of Panel staff and the contracting employer community.

Objective 1: Reduce contract processing time by 20 percent over the previous fiscal year for all contracts developed in FY 1997/98.

Goal 4: Work with contractors to better educate them regarding program requirements.

The Panel will take steps to provide contractors with better up-front and ongoing knowledge of all training requirements so as to improve their training projects' chances for success. The Panel will obtain feedback from contractors regarding the information they received at orientation sessions, which the Panel now requires of all contractors.

Objective 1: Provide technical assistance through mandatory orientation sessions for contractors.

Objective 2: Evaluate the effectiveness of the orientation sessions.

Goal 5: Obtain continuous feedback from contractors who participate in training projects.

The feedback obtained from contractors regarding their participation in Panel-funded projects will assist the Panel in determining where improvements can be made to the program or processes.

Objective 1: Conduct ongoing surveys of contractors.

Panel staff will initiate contractor surveys on contract development and project implementation. The Panel will solicit suggestions on how to improve contract development and project implementation processes. Responses to these surveys will help in continuously improving the contracting process and making the program more useful and valuable to customers.

Panel staff will also continue surveying contractors who withdraw or terminate contracts during each fiscal year to determine the causes and to develop strategies for addressing such causes in the future. The Panel has conducted this survey for the past four fiscal years. The survey has provided critical feedback which has been useful in developing quality improvement teams and/or recommendations for procedural changes.

Goal 6: Institute continuous improvements in program processes and operations.

Objective 1: Continue to review processes, procedures, forms, policies and regulations to identify possible improvements.

These efforts will result from quality improvement team or workgroup efforts, or from identified staff or unit needs.

Performance Measures

- Sufficient feedback is obtained from customers/stakeholders to identify strengths and weaknesses in the program to ensure continuous improvement.
- Surveys are completed timely and include recommendations for improvements.
- Processing time continues to decrease in all phases of agreement process, from initial application through contract close-out.
- Contract completion rates improve/increase.

Increasing Information Technology Capability

The Panel's Information Technology Unit (ITU) works to ensure the Panel can meet all of its current and future data needs. ITU will continue to focus on long-range information technology planning, ensuring that staff have access to appro-

priate hardware and software, while developing and maintaining interconnectivity to other state systems and databases, as necessary.

Goal 1: Ensure long-range IT planning in support of the Panel's overall goals and objectives.

Objective 1: In FY 1997-98, work with the Department of Information Technology to implement the Panel's Information Management Strategy Plan.

Goal 2: Develop a fully automated Management Information System (MIS) that provides the Panel and its staff with timely and accurate information necessary to make better management decisions.

Objective 1: In FY 1997-98, continue a comprehensive assessment of the current MIS system and the needs of the agency for information.

Objective 2: In FY 1997-98, work to enhance MIS capabilities in the Panel's fiscal, monitoring, auditing, and amendments processes.

Goal 3: On an ongoing basis, update hardware and software for administrative offices.

Objective 1: Continue to upgrade the Panel's IT network to ensure it stays current with overall IT advances and can meet the

Panel's data processing needs.

Goal 4: Ensure the Panel has a state-of-the-art data communications system.

Objective 1: Refine and update policies and procedures for staff use of the INTERNET.

Objective 2: Update and enhance the Panel's INTERNET web site "home page" for improved customer service.

Objective 3: In FY 1997/98, begin development of automated forms, accessed through the INTERNET, to simplify contract development and documentation processes for contractors.

Performance Measures

- Agency's Information Strategy Plan is in compliance with Department of Information Technology requirements.
- MIS users are surveyed for needs assessment.
- ETP Web Site "home page" is timely, accessible and useful for customers.
- Automated forms are available for contractors' use.

Continuing a Customer-Driven Environment

The Panel itself continues to perform as a high-performance workplace, focusing on

continuous organizational improvement and increased staff productivity. The expected outcomes are better customer service and program administration. Emphasis is placed on the development of a Total Quality Management (TQM) philosophy throughout the organization, Quality Improvement Teams (QIT) and Workgroups, and the training of staff in the principles of TQM, customer service and job-specific skills.

Goal 1: Achieve continuous organizational improvement.

Objective 1: In FY 1997/98, further develop and implement a TQM philosophy throughout the organization.

To ensure staff's ability to focus on continuous improvement, TQM will be further developed and implemented during Fiscal Year 1997/98.

This will include:

- maintaining a TQM Handbook which includes a TQM Calendar and a Roster of QITs and Workgroups;
- providing TQM related news for staff, including newsletters and Staff Reference Manual Revision updates; and
- continuation of quality seminars for staff.

Objective 2: Support the efforts of QITs and Workgroups.

The Panel currently has QITs and Workgroups addressing the following areas:

- QITs: implementing a more effective and efficient agreement development process; simplifying and expediting the agreement review process; and simplifying and standardizing monitoring processes.
- Workgroups: updating and refining the Contractor's Guide; automating the progress payment process; and updating a New Employee Orientation Handbook.

In addition, an ongoing TQM Facilitators' Workgroup actively supports and assists the activities of the other QITs and Workgroups. Additional QITs and Workgroups may be established as necessary.

Goal 2: Ensure consistent application of policies and procedures by investing in staff training.

Objective 1: Provide staff training consistent with unit training plans based upon manager and staff assessments submitted annually to Assistant Directors with each manager's Performance Appraisal Agreement (PAA).

In the next three years, emphasis will be placed on training staff in the following

programmatic areas: customer service, implementing the new application process; conducting mandatory orientation sessions, implementation of welfare-to-work and small business initiatives, and new or existing computer applications. Staff will continue to receive training whenever the Panel makes major changes in procedural areas. Development and monitoring staff plan to continue their annual joint meeting to learn from each other's perspective and experience and improve internal communications.

Performance Measures

- TQM concepts and processes are understood by staff and lead to continuous process improvements.
- Training Plans are submitted timely, i.e., annually, and are consistent with the overall training goals of the agency.
- Staff receive training in the areas identified and approved by managers.

The Strategic Plan was prepared by the Planning and Research Unit staff: Ada Carrillo, Terri Caudle, John Klug, Carroll Miller, Mike Rice, Beverly Roberts, and Elizabeth Slape.

Additional copies of the Strategic Plan may be obtained through the Employment Training Panel, 1100 J Street, 4th Floor, Sacramento, CA 95814 (916) 327-5572.

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