

**EMPLOYMENT
TRAINING
PANEL**

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ANNUAL REPORT

1991-92



THE EMPLOYMENT TRAINING PANEL

Ted W. Dutton, Chairman

Elinor Glenn, Vice Chair

Stephen J. Mack, Member

James L. Quillin, Member

William R. Vera, Member

Pat Williams, Member

Gerald G. Geismar, Executive Director

Carlos L. Lopez, Assistant Director

Dolores (Lorie) Mangine, Assistant Director

Peter G. DeMauro, General Counsel

Pete Wilson, Governor

December, 1992

The Employment Training Panel has completed its ninth year of operation, and is pleased to share its 1991-92 Annual Report with you.

The continued rise in unemployment, businesses moving out-of state or closing their doors, and the fundamental restructuring of the State economy demand a more skilled workforce to improve California's business productivity, competitiveness, and viability. This Annual Report describes the Employment Training Panel's activities and accomplishments during fiscal year 1991-92, in funding training to improve California businesses productivity and competitiveness while promoting job security for workers.

ETP actions during the report period reflect an increased effort to: 1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue prioritizing contracts seeking to serve small businesses. The result of these efforts include the approval of 231 contracts for a total amount encumbered of \$82.6 million, compared to 93 contracts for \$52.3 million in fiscal year 1990-91. Forty-thousand individuals are targeted for training with these funds, 35,182 retrainees and 4,818 new hires. Funding of training for small businesses increased by 67 percent, and for job-linked literacy training by over 60 percent from the previous year.

The Report also includes the findings and recommendation from two major program evaluations. The studies found that ETP has had a significant impact on increasing the earnings and reducing unemployment for trainees. Earnings after completion of training increased by \$7,400 for new-hire trainees, and \$1600 for retrainees likely to be laid off without retraining. In addition, for every \$1 dollar invested in ETP training funds, the State receives an annual return of \$7 in additional economic activity generated by the increased earnings of Panel trainees. The Panel is pleased with the findings of the studies which validate the effectiveness of the ETP program in achieving its legislative mandate.

A high priority for the Panel is to distribute its funds in an effective and efficient manner. During 1991-92, the Panel focused on refining its funding priorities, operational procedures and internal processes. ETP will continue to improve its operations to be more responsive to the business community needs for a skilled and productive workforce.

The Panel remains committed to its effective role in sustaining and improving California's economy by working proactively with business, labor, and other government entities.



Ted W. Dutton
Chairman



Gerald G. Geismar
Executive Director

Prepared by the Planning and Research Unit Staff:

Ada Carrillo, Manager
Carroll Miller, Analyst
David Guzman, Analyst
Juvencia Romo, Analyst
Karen Tsuda, Analyst
Elizabeth Slape, Secretary

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EXECUTIVE SUMMARY

The mounting numbers of unemployed workers, and businesses moving out-of-state or closing their doors, during fiscal year 1991-92 challenged the Employment Training Panel (ETP) to increase its role in contributing to the economic health of the state by funding job skills training that provide business with the skilled workforce necessary to stay viable and competitive. ETP responded to this formidable challenge by refining its funding priorities, application process, proposal approval processes, program policies, and increasing its coordination with other state and local agencies.

The 1991-92 Annual Report describes the Employment Training Panel's training activities and program accomplishments for that fiscal year. ETP contracts approved during one fiscal year can span up to 24 months. Therefore, training contract activity for one fiscal year can only be accurately measured and represented by reporting on: (1) Panel actions during 1991-92; (2) contracts completed; and, (3) contracts still active.

In addition to the training project information, this report summarizes program revenues and expenditures, changes in policy and operations, and the findings and recommendations of two major program evaluations.

PANEL ACTIONS

Revenues & Expenditures

ETP's total revenue for fiscal year 1991-92 was \$194,408,381. This total included the annual appropriation of \$82,628,277, a carryover of \$71,329,113 and prior year dis-encumbrances of \$40,450,991.

Non-Training Expenditures

Prior to ascertaining the amount of funds available to ETP for training, a total of \$33,446,328 in revenues were transferred to the Employment Development Department (EDD) and Department of Industrial Relations (DIR) to supplement their functions or for services provided to the Panel. Expenditures for ETP administration of \$8,354,132 (approximately 9.5 percent) were well below the 15 percent allowed by statute. In addition, Panel action transferred \$20 million to EDD to assist with the economic recovery of South Central Los Angeles. Funds committed for training totaled \$82,626,006, leaving a balance of \$49,783,741 to be carried forward to fiscal year 1992-93.

Training Fund Commitments

ETP establishes allocation categories to serve as broad funding targets that focus funding on projects that are consistent with the Panel's legislatively mandated priorities. Four of the nine allocation categories, and the amount to be spent for each category, are mandated by the Legislature: Upgrade Training, Demonstration Projects, programs for Newly Legalized Individuals or Seasonal Farmworkers, and Greater Avenues to Independence (GAIN) projects. The remaining categories and the percentage of funding allocated is determined by the Panel.

The Panel attributes a significant increase in total training expenditures for fiscal year 1991-92 to having established flexible and effective allocation categories as targets for funding.

In addition to effective allocation categories, the Panel attributes the substantial increase in funds approved for training to the following program improvements:

1. The streamlining and expediting of the application for funding and proposal review process;
2. An increase in the use of the Fixed-Fee Cost Guide;
3. The implementation and refinement of the funding priorities and operational procedures required by the Legislature in 1990; and
4. Increased coordination with other agencies.

Project Commitments

ETP's actions during the fiscal year reflect an increased, program-wide effort to: (1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue to give priority to contracts seeking to serve small businesses. The results of these efforts include:

- 231 training projects approved compared to 93 approved in fiscal year 1990-91.
- \$82.6 million approved for training; \$56.3 million was approved in fiscal year 1990-91.

Legislatively Mandated Priorities

Included in the mission of the Panel to provide funds to train the labor force and strengthen the California economy, are areas specified as priorities for funding. Two priority areas mandated for Panel resources are: (1) serving small businesses; and, (2) funding job-linked literacy training.

ETP continued its excellent record of serving small businesses. The Panel defines a small business as employing 250 or fewer workers. During fiscal year 1991-92, **126** contracts were approved to serve small businesses for a **total of \$44.6 million**. This is a **67 percent** increase over last year.

There was a significant increase of projects that contained a job-linked literacy component. Funding for training in job-linked literacy skills increased from 24 contracts for \$1.4 million in 1990-91 to 44 contracts for over **\$2.1 million** in 1991-92. This increase is a result of the Panel's efforts to encourage the development of contracts containing a job-linked literacy component.

To be funded by ETP, literacy training must be tied to job-specific training, and needed to obtain or retain employment. The Panel defines literacy training to include, but not limited to, math, reading/language comprehension, writing, and Vocational English as a Second Language.

Policy Changes

During fiscal year 1991-92, significant policy changes were made in the areas of allowable training costs, new hire training incentives, retrainee enrollment, double enrollment, and structured-on-site training. The changes were based on recommendations by task forces that included representatives from the contractor community, Employment Development Department's Audit section, and the California Department of Education. The new or revised policies were instituted to better respond to the training needs of California workers and businesses.

Evaluations of the Panel

Two major studies on the effectiveness of the Employment Training Panel were conducted during the 1991-92 fiscal year. The focus of the first evaluation was to comply with the statutory requirement for an impartial, independent evaluation of the extent to which ETP and its programs had met its stated goals, and to assess the efficiency and effectiveness of the Panel's administrative and organizational process. The second study was initiated in response to a legislative directive that the Panel evaluate the effectiveness of ETP funded training in increasing employment security, increasing workers' wages, and improving the California economy.

Major findings of the studies include:

1. The Panel has implemented many of the 1990 Legislative Directives.
2. ETP has provided direct and indirect benefits to California business and workers:
Direct Benefits
 - Training was provided for over **140,000 employees and UI Recipients**.
 - Employers received the **benefits of \$305 million in training**.

Indirect Benefits

- An estimated \$485 million increase in productivity in one program year (1989-90), this equals roughly \$7.00 (seven) in **economic benefit to the State** for each \$1.00 (one) of ETP funds earned for training.
3. ETP has had a significant impact on the earnings of both new hire and retrainee completers.
 - **Annual increases in adjusted earnings** for trainees of \$7,400 (new hires) and \$1,600 (retrainees).
 4. ETP training reduced the likelihood of unemployment for both new hires and retrainee completers.
 - Panel training reduced UI payments by about \$5 million in the first year.
 5. ETP has a substantial impact on California's economy, beyond the increased earnings of participants.
 - Increased productivity as measured by changes in earning, accounts for an additional impact of over \$64 million.
 - Estimated value of savings of jobs that would have been temporarily lost due to lack of training is between \$166 million and \$248 million.

The findings and recommendations in these studies will form the basis for the development of future ETP policies, regulations, and legislation as the Panel seeks to better meet the training needs of workers and business in California.

CONTRACTS COMPLETED

During fiscal year 1991-92, **76** training contracts completed earning **\$35.1** million in training funds. A total of 16,205 persons (1,632 new hires and 14,573 retrainees) received training at an **average cost** of \$2,240 per trainee. The average hourly wage paid to new hires after training was \$8.11 and for retrainees, \$14.65. The most common types of training provided were Total Quality Management, Office Automation, Management and Customer Service.

In addition to vocational skills training, 634 trainees were trained in job-linked literacy skills: math, reading/language comprehension, writing and Vocational English as a Second Language. \$796,887 was earned for literacy training in contracts completed within fiscal year 1991-92.

The planned trainee enrollment of 5,227 new hires and 22,721 retrainees resulted in actual enrollment of 3,241 new hires and 17,722 retrainees. Of the trainees enrolled, 50% (1,632) new hires and 82% (14,573) retrainees were employed and retained in employment for at least 90 days.

Trainee demographic data indicates that Panel funded training focuses on established workers. The average ETP new hire trainee is a minority male, aged 20 - 34, with a high school education or less. The average retrainee is male, aged 25 - 44, with a high school education and some college.

According to trainee completion records, the Panel funded training for a total of 1,589 businesses. Seventy-eight (78) percent of those businesses were small or had 250 or fewer employees. Using the Small Business Administration definition for small business as having less than 500 employees, 85 percent of the total businesses served by ETP were small businesses.

ACTIVE CONTRACT SUMMARY

Forty-six contracts remained active as of July 1, 1992 for \$36 million in committed training funds. These contracts plan to provide training for 15,507 individuals, and 46% of these contracts are primarily targeting small businesses. The types of training most frequently represented in these contracts are Total Quality Management, Statistical Process Control, Office Automation, Management Skills, Customer Service, and Production Techniques.

I. OVERVIEW

The mounting numbers of unemployed workers, and businesses moving out-of-state or closing their doors during fiscal year 1991-92 challenged the Employment Training Panel (ETP) to increase its role in contributing to the economic health of the state by funding job skills training that provide business with the skilled workforce necessary to stay viable and competitive. ETP responded to this formidable challenge by refining its funding priorities, application process, proposal approval processes, and increasing its coordination with other state and local agencies.

This report describes ETP's activities and accomplishments during the 1991-92 fiscal year. To put this report into perspective, it must be noted that ETP training contracts approved during one fiscal year can span up to 24 months. Consequently, a complete picture of Panel activity for one fiscal year can only be accurately measured and represented by reporting on: (1) Panel actions during 1991-92; (2) contracts completed; and, (3) contracts still active.

PANEL ACTIONS DURING 1991-92

This section of the report summarizes the Panel's accomplishments as reflected in a review of:

- Non-training fund expenditures;
- Trends evident in the approval of training contracts;
- Compliance with legislative mandates;
- New policies instituted during the fiscal year; and,
- Results of two program evaluations.

CONTRACTS COMPLETED DURING 1991-92:

This section provides a statistical summary of the actual performance of the 76 contracts that completed during fiscal year 1991-92. Information presented in this section includes:

- The number of trainees enrolled and employed.
- Number and size of businesses served.
- Distribution of ETP funds by industry sector; and
- Demographic information on trainees.

ACTIVE CONTRACTS AS OF JULY 1, 1992:

A number of contracts approved before 1991-92 were still active, as of July 1, 1992. To complete the picture of Panel funded training, a summary of these active contracts is included.

II. PANEL ACTIONS

The Panel actions during the fiscal year reflect an increased effort to: (1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue prioritizing contracts seeking to serve small businesses. The result of these efforts include:

- **231** training projects approved compared to 93 approved in fiscal year 1990-91.
- **\$82.6** million approved for training; \$56.3 million was approved in fiscal year 1990-91.
- **\$2.1** million approved for job-linked literacy training in contrast to \$1.4 million approved during fiscal year 1990-91.
- **\$44.6** million approved in fiscal year 1991-92 to serve small businesses, compared to the \$26.7 million approved during the previous fiscal year.

The Project Commitments Summary on page 9, is a synopsis of ETP training projects funded during fiscal year 1991-92.

During this fiscal year, significant policy changes were approved in the areas of allowable training costs, new hire training incentives, retrainee enrollment, double enrollment, and structured-on-site training. These new or revised policies were instituted to better respond to the training needs of California's workers and businesses and are further described under Policy Changes on page 11.

REVENUE & EXPENDITURE REPORT
Fiscal Year 1991-92

(See the following page for additional detail on non-training expenditures.)

REVENUE

Yearly Appropriation	\$82,628,277
\$ Carried Forward (from prior years)	\$71,329,113
Prior Year Dis-encumbrances	<u>\$40,450,991</u>
Total Revenue	\$194,408,381

EXPENDITURES

Transfers:

EDD State/Local Labor Market Information	(\$3,088,664)
EDD Tax Collections Branch	(\$3,014,870)
EDD Employment Service 90% Center Program	(\$26,042,794)
Department of Industrial Relations	<u>(\$ 1,300,000)</u>
Total Transfers	(\$33,446,328)

Administrative:

(\$8,354,132)

Training Funds

Committed:

(\$82,626,006)

Allocated to Economic Recovery, South Central Los Angeles (\$20,000,000)

**Balance (Carried Forward to
Fiscal Year 1992-93)**

\$49,783,471

NON-TRAINING EXPENDITURES

The ¹Employment Training Fund (ETF) generates the monies to administer and fund employment training programs. The following is a brief description of: (1) funds transferred from ETP revenue; and, (2) ETP administrative expenditures:

TRANSFERS: Funds were transferred as provided by the Budget Act to support other agencies and their functions or for services provided to the Panel:

EDD/State/Local Labor Market Information program produces and has access to a variety of information on industrial/occupational employment data.

EDD/Tax Collections administers the collection of the ETF for the Panel.

EDD/Employment Service 90% program helps at the local level with reemployment services to the unemployed.

Department of Industrial Relations for administrative support of the Division of Apprenticeship Standards.

ADMINISTRATIVE EXPENDITURES: The Panel may use up to 15% of the ETF for administration. (Marketing and Research expenditures are not included in this limitation). Approximately 9 1/2% was spent for administration during 1991-92. These funds pay staff salaries and benefits; expenses for supplies, travel and equipment; and, miscellaneous contracted services.

Personnel Expenses: The Panel utilized a total of 101.5 Personnel Equivalents (PE's). Of those, 89.8 PE's were Panel staff and 11.8 PE's were Employment Development Department (EDD) support personnel. The Panel expended a total of \$4,971,983 in salaries and benefits.

Operating Expenses: Operating expenses totaled \$2,732,502. Included in this total are equipment, supplies, travel expenses, and contracts for miscellaneous services.

Marketing and Research Expenses: \$113,708 was spent in contracts for marketing and \$422,232 was spent for research activities.

¹Each private, for-profit California employer pays on-tenth of one percent (0.1%) of first \$7,000 of the wages of each of their employees subject to unemployment insurance taxation, which translates into an annual maximum of \$7.00 per employee.

TRAINING FUND COMMITMENTS

How a program allocates and subsequently spends its funds should mirror its commitment to the program's mission. The mission of the Panel is to enhance the employment security of California workers, help business become more productive and competitive, and strengthen the State's economy. The Panel's allocation of funds reflects a commitment to this mission.

The ETP Annual Plan submitted to the Legislature for 1991-92, establishes allocation categories setting out the planned distribution of funds for that year. The allocation categories serve as broad funding targets that focus funding on projects that are consistent with the Panel's legislatively mandated priorities. Four of the nine allocation categories, and the amount to be spent for each category, are mandated by the Legislature: Upgrade Training, Demonstration Projects, programs for Newly Legalized Individuals or Seasonal Farmworkers, and Greater Avenues to Independence (GAIN) projects. The remaining categories and the percentage of funding allocated is determined by the Panel. During fiscal year 1991-92, approximately \$152 million was available for training.

The Panel attributes a significant increase in total training expenditures for fiscal year 1991-92 to having established flexible and effective allocation categories as targets for funding. The total training funds approved increased from **\$56.3 million** in fiscal year 1990-91 to **\$82.6 million** in 1991-92, an increase of **47 percent**. In addition, the number of contracts approved in fiscal year 1991-92 also increased significantly from a low of 93 in 1990-91 to a high of 231 in 1991-92, an increase of 148 percent. See Appendix A for details on allocation categories.

These substantial increases are also attributed to:

1. The streamlining and expediting of the ETP application for funding and proposal review process;
2. An increase in the use of the Fixed-Fee Cost Guide;
3. The implementation and refinement of the funding priorities and operational procedures required by the Legislature in 1990; and
4. Increased coordination with other agencies.

STREAMLINING AND EXPEDITING THE PROCESS

Determining priorities for funding is only the first step. The funds must then be distributed in an effective and efficient manner. Efforts by the Panel and its staff to improve the process of distributing funds into the community is a high priority. Therefore, activity and accomplishments in 1991-92 were concentrated in the following areas:

Simplifying the Funding Application

The ETP funding application was re-designed during fiscal year 1991-92. The new application clarifies and limits information requested to what is necessary to determine the applicant's eligibility and to begin the training proposal development process.

Technical Assistance

ETP field office staff assist potential applicants in completing the application, and the development of a budget and subsequent proposal.

Streamlining the Proposal Review Process

During 1991-92, an extensive examination of the training proposal/agreement development and review process was conducted. Elimination of unnecessary or duplicate steps, and the streamlining of the proposal review process was initiated during this period.

Expanding the Fixed-Fee Cost Guide

The Panel continues to encourage the use of the Fixed-Fee Cost Guide to simplify and expedite the contract development process. The Cost Guide establishes a per hour rate for the Panel's most frequently approved skills training categories. Five new categories were added to the Cost Guide during the 1991-92 fiscal year (Certified Nurses' Assistant, Sales Techniques, Computer-Assisted Numerical Control, Basic Math Skills and Vocational English as a Second Language (VESL)) for a total of 14 training categories.

The Fixed-Fee Cost Guide rates were used in 72 percent of the contracts approved during fiscal year 1991-92, as compared to only 46 percent of the contracts approved in 1990-91. Proposals that do not use the Cost Guide rates require detailed itemized budgets. The rates allowed in the Cost Guide are based on historical ETP training project data. A goal is to continually review types of training and add new categories to the Guide whenever possible.

Establishing Funding Priorities and More Efficient Operating Procedures

During fiscal year 1990-91 the Panel's ability to expend a significant amount of its funds was limited by the considerable amount of staff time needed to fully operationalize the numerous legislative mandates contained in the January 1, 1990 amendments to ETP's law. With the development of program regulations, operational procedures and allocation categories, ETP was able to devote more of its time and resources during 1991-92 to the development and funding of training programs.

Increased Coordination with Other Agencies

Fiscal year 1991-92 was one of increased coordination with various other agencies to achieve ETP goals. ETP has worked actively with the Department of Commerce to leverage and maximize the funds available for economic development, to attract and retain businesses, and to promote the availability of ETP training funds throughout the state. The Panel has collaborated with the Employment Development Department's Job Training Partnership Division (JTPD) and the Department of Social Services to increase training and employment programs

for individuals that have multiple barriers to employment. The Panel is also a major contributor to the California Manufacturing Technology Center, via the Chancellor's Office of the California Community Colleges, as well as to the California Supplier Improvement Program (CalSIP) to provide training for small and medium-size aerospace manufacturing suppliers. In short, ETP has demonstrated its ability and commitment to working with other agencies toward the development of an integrated and statewide strategy for the provision of employment and training services.

Timely Response to Critical Proposals

In recognition that certain projects are, by their nature, so critical to the California economy that they must be expedited, the Panel has established a process to identify these projects for timely processing and implementation.

The Executive Director determines which applications/proposals are given immediate attention and mobilizes staff to expeditiously develop, process, and monitor these proposals.

PROJECT COMMITMENTS SUMMARY

231 contracts approved
\$82.6 million approved for training
40,000 persons targeted for training
4,818 new hire trainees
35,182 retrainees
\$2,065 average cost per trainee

CONTRACTS

126 contracts target primarily small employers (fewer than 250 employees).

98 contracts are directly with small businesses.

28 are consortia contracts. Consortia contracts are designed to serve multiple, primarily small, businesses.

Approximately **\$44.6 million** or 54 percent of the funds approved target small businesses.

TYPES OF TRAINING

Most frequent types of vocational training approved are:

1. Total Quality Management, Statistical Process Control, and Manufacturing Resource Planning
2. Management Skills
3. Office Automation
4. Auto Repair

JOB-LINKED LITERACY TRAINING

44 Contracts with Literacy Component Approved
828 New Hire Trainees
1,723 Retrainees
\$2.1 million

LEGISLATIVELY MANDATED PRIORITIES

Priorities for funding included in the mission of the Panel are to train the labor force and to strengthen the California economy. Two priority areas mandated for Panel resources are: (1) serving small businesses; and, (2) funding job-linked literacy training. Below are figures showing how these priorities were met during fiscal year 1991-92:

SERVING SMALL BUSINESS

126 contracts to serve small businesses
\$44.6 million approved for training for small businesses
67 percent increase over last year

As the data above shows, the Panel approves a substantial amount of its funds to meet the training needs of small businesses throughout California. ETP defines small businesses as businesses with 250 or fewer employees. Fiscal Year 91-92 data demonstrates a significant increase in funds approved for training to serve small businesses as compared to the previous year. It is expected that about 1,400 small businesses will be served with these funds.

TRAINING FOR JOB-LINKED LITERACY SKILLS

44 contracts had a literacy component
828 New Hire Trainees
1,723 Retraitees
\$2.1 million

Projects with a literacy component have increased significantly. Funding for training in job-linked literacy skills has increased from 24 contracts for \$1.4 million in 1990-91 to 44 contracts for over **\$2.1 million** in 1991-92. See Appendix B for list of contracts with a literacy component approved in Fiscal Year 1991-92.

This increase is a result of the Panel's efforts to encourage the development of contracts containing a job-linked literacy component. To be funded by ETP, literacy training must be tied to job-specific training, and needed to obtain or retain employment. The Panel defines literacy training to include, but not limited to, math, reading/language comprehension, writing, and Vocational English as a Second Language.

Support for literacy training is not limited to projects for those entering the labor market. Many currently employed workers lack the necessary literacy skills to advance in the job or to merely keep pace with the requirements of new technologies affecting their current job. Consequently, Panel-funded training programs have included a large number of currently employed persons (retraitees) needing job-linked literacy training.

POLICY CHANGES

During the 1991-92 fiscal year, the Panel established policy task forces to review, refine and/or develop policy recommendations in the areas of new hire training, consortia retraining, double enrollment, structured on-site training (SOST), and mandated target groups. In addition to ETP staff, the task forces included representatives from the contractor community, Employment Development Department's Audit section, and the California Department of Education.

NEW HIRE TRAINING PROGRAMS

The specific charge of the new hire task force was to identify the policy impediments to successful completion of New Hire training contracts. The group identified two significant regulatory problem areas needing revision: allowable costs and new hire training incentives.

Allowable Costs

The Panel has not been able to reimburse contractors for the true costs associated with new hire training. The costs incurred for recruitment, assessment, and placement of new hire trainees can be considerably more than for training current employees (retrainees). Using the JTPA allowable training cost definition as a model, the task force recommended allowing reimbursement of staff salaries, fringe benefits, and travel costs associated with:

- Recruitment of training participants;
- Trainee intake and assessment to determine eligibility;
- Job development; and,
- Job search assistance and placement in specific jobs.

The Panel approved policy changes to address these issues, and regulation changes to implement them have been initiated.

New Hire Training Incentives

A simplified way to reimburse contractors for the added risk involved in training new hires was approved by the Panel and is being pursued through the amendment of ETP regulations. Reimbursement will include incentive payments and inducements to contractor who create job opportunities for the unemployed.

ETP programs to train the unemployed for jobs have not been as numerous as retraining programs for the currently employed. The limited number of new hire training proposals is due, in part, to the higher risk inherent in those projects.

The amended regulation will permit a new hire contractor to recover all training costs for a trainee if a 60 percent placement and employment retention rate is achieved. The revised regulation will also allow contractors to earn additional incentive payments based on exceeding the 60 percent employment retention rate.

CONSORTIA RETRAINING

Consortia training has proven to be the most effective mechanism for small business to access ETP training funds. However, consortia contractors assume a much greater risk than do direct employer contractors since the consortia is trying to meet the needs of multiple businesses and have no real control over trainees employment retention. In addition, consortia contractors must constantly market their program to new employers.

Consortia Employer Liaison Costs

ETP initiated revision of its regulations to allow for the reimbursement of reasonable staff salaries, fringe benefits and travel costs associated with consortia-employer liaison activities. These activities may include recruitment of potential employers and assessment of employer specific job requirements.

Retrainee Enrollment

Consortia retrainee contractors assume greater risks than a single employer contractor in ensuring that a trainee completes the training. The task force found the Panel's policy of allowing retrainee consortia contractors to enroll no more than 20 percent over the planned placements too restrictive. The policy has been revised to allow retrainee contractors to enroll up to 30 percent over planned placement.

DOUBLE ENROLLMENT

To ensure the integrity and equity of its retraining programs, the Panel approved a revised policy regarding double enrollment. The new policy allows contractors to enroll trainees who completed a prior ETP training program and retention period **more than three years prior to the start date of the current training project** without requiring any notification to, or approval from ETP.

However, to enroll any trainee that has completed their training and retention period within the three years prior to the current training program, a contractor must request advance written approval from ETP. The request must include evidence that the training to be provided in the subsequent ETP training program is substantially different from the prior training. Also, contracts with double enrollments exceeding 10 percent of the total number of trainees under the agreement will only be reimbursed for 50 percent of the cost stated in the agreement for each double enrollment. Concurrent enrollments are not allowed.

STRUCTURED ON-SITE TRAINING

Structured On-Site Training (SOST) provides for the acquisition of skills on-the-job following classroom instruction. The SOST task force was initiated to clarify ETP's policy and establish the parameters for funding and monitoring SOST as a component of a training program.

The policy directive adopted requires that SOST be supervised by an individual(s) who has a demonstrated competency in the subject area and is not simultaneously enrolled in the same training group. SOST must follow a detailed plan for the delivery of job tasks and specify the minimum competencies to be gained. Generally, ETP will allow a maximum of two hours of SOST for every hour of classroom and/or laboratory instruction.

SPECIAL TRAINING PROGRAM

Greater Avenues to Independence Program

The 1991-92 Budget Act language that established the Greater Avenues to Independence (GAIN) program allocation permitted the Panel to waive the ETP trainee eligibility requirements and to fund training support services such as child care and transportation. However, GAIN training contractors were required to meet all other ETP placement and retention requirements to earn GAIN training funds.

Due to the high risk perceived by training contractors, no applications for GAIN training funds were received. New language contained in the 1992-93 Budget Act permits the Panel to waive specific statutory requirements when deemed necessary to meet the special needs of GAIN participants. The new language allows for greater flexibility in funding training projects for GAIN participants with multiple barriers to employment, such as no work history, poor basic skills, poor work habits, and/or limited proficiency in English.

EVALUATIONS OF THE PANEL

Two major studies on the effectiveness of the Employment Training Panel were conducted during the 1991-92 fiscal year. The focus of the first evaluation was to comply with the statutory requirement for an impartial, independent evaluation of the extent to which ETP and its programs had met its stated goals, and to assess the efficiency and effectiveness of its administrative and organizational process. The second study was initiated in response to a legislative directive to evaluate the effectiveness of ETP funded training in increasing employment security, increasing worker's wages, and improving the California economy.

The findings and recommendations in these studies will form the basis for the development of future policies, regulations, and legislation as the Panel seeks to better meet the training needs of workers and business in California.

PROGRAM EVALUATION

Chapter 926, Statutes of 1989, mandated that ETP contract for an impartial evaluation of the Panel and its programs. Applied Management & Planning Group (AMPG) was awarded the contract to evaluate ETP as a result of a competitive "Request For Proposal" process conducted by the Auditor General.

The following is a summary of the major findings and recommendations cited in AMPG's final report submitted to the Legislature on July 24, 1992 and entitled: **An Evaluation of the California Employment Training Panel.**

Major Findings:

1. The Panel has implemented many of 1990 Legislative Directives:
 - Annual Plans containing funding allocation objectives were prepared and submitted to the Legislature in 1990 and 1991.
 - To expedite the funding process, the Panel developed an application form and implemented an applicant tracking system to follow applicants through the process of applying for ETP funds.
 - A Fixed-Fee Cost Guide with flat per hour rates for specific types of training was adopted.
 - The Executive Director was delegated the authority to approve proposals up to \$50,000.

2. ETP has provided direct and indirect benefits to California business and workers:

Direct Benefits

- Training was provided for over 140,000 employees and UI Recipients.
- Annual increases in adjusted earnings for trainees of \$7,400 (new hires) and \$1,600 (retrainees).
- Employers received the benefits of \$305 million in training.

Indirect Benefits

- An estimated \$485 million increase in productivity in one program year (1989-90), this equals roughly \$7.00 (seven) in economic benefit to the State for each \$1.00 (one) of ETP funds earned for training.
- The majority of employers served by ETP would not have provided any training or at least not to the same extent without ETP funding.
- The Panel has been very successful in serving large numbers of small businesses through the consortium approach.

3. Legislative Directives Yet to be Fully Implemented:

- Identification of Priorities for Training Funds (i.e. specific industries, production or quality control techniques or Regions of State);

Status: ETP has contracted with various entities for research that will provide ETP with additional data to help further define priorities for funding.

- Adoption of New Hire Cost Reimbursement System;

Status: The Panel has approved a new hire reimbursement policy and the regulatory process has begun to adopt the policy as a regulation.

- Coordination with Other State Programs, in particular, with JTPD; and,

Status: With the appointment of new executive staff, ETP has been aggressively working with other state programs to leverage its funds and better coordinate the training and employment services available to California's workers and businesses.

- Funding Allocation Goals for Upgrade Training, Demonstration Projects, Newly Legalized Residents or Seasonal Farmworkers (IRCA), or Greater Avenues for Independence (GAIN).

Status: ETP is supporting research to determine existing barriers and possible incentives to encourage Upgrade Training. With the expansion of the Demonstration allocation category to include economic development, it is expected that the demand for Demonstration funds will exceed the amount allocated.

New language in the 1992-93 Budget Act allows ETP the authority to waive specific program requirements when necessary to accomplish employment training funded for GAIN recipients. The Panel will seek adoption of similar language and flexibility for IRCA programs recipients.

4. Consultants/Subcontractors are providing administrative functions for ETP Contractors because of perceived difficulty with the Panel's application process, lack of marketing, and technical assistance.
 - The funding application has been simplified. An applicant workshop is being developed to assist potential applicants in completing the form. Field office staff continue to be available to assist potential applicants.
 - ETP has created a Marketing Unit and assigned staff to develop and implement a statewide marketing and outreach effort to actively target funding priority areas. The Marketing Unit will also coordinate the Panel's effort to provide additional technical assistance.
5. Applications to ETP have not kept pace with the amount of funding available.
 - The new Marketing Unit will develop a strategy to increase both the visibility of ETP training programs and the technical assistance available to potential contractors.

Recommendations:

- ETP should be the cornerstone of a coordinated statewide program for job training and retraining in support of economic development efforts.
- If ETP is unable to commit funds for training at a level commensurate with the amount of revenue raised by the Employer Training Tax, then the tax should be reduced.
- ETP should establish a limited set of clearly defined funding priorities. Programs that do not meet the established priorities, or other eligibility criteria, should be denied.
- ETP should enhance its marketing efforts to potential users in established priority areas.
- ETP should retain the 90-day on-the-job placement requirement for both new hire and retraining programs.

- The Panel should delegate to the Executive Director authority to approve contracts up to \$500,000 and focus their efforts on priority setting, policy development, review of large program applications, and promotional activities.
- ETP should separate the standards of accountability from the performance base requirements of its training contracts.
- ETP should relax the program requirements for demonstration projects, and increase the amount of funding for demonstration projects.
- ETP should continue to streamline the application process and paperwork required of contractors in other program areas.

STUDY OF ETP TRAINEES

A June, 1992 study released by California State University, Northridge researchers entitled: **Does ETP Training Work? An Analysis of the Economic Outcomes of the California Employment Training Panel** validates the substantial impact ETP has had in raising the earnings of trained workers and in improving the California economy as follows:

- An increase in earnings of \$7,400 for new hires and \$1,600 for retrainees in the first year after completion of training.
- ETP's investment of \$65 million obtained a \$172 million to \$1.1 billion return in higher productivity, lower unemployment, and higher wages for California.
- Unemployment declined by more than 7 weeks for those completing ETP training.
- The earnings and economic impact of ETP-funded training is unmatched by any job training program in the country.

The study examined the records for a period of one year before and after training of 46,946 trainees enrolled in 187 contracts that completed between July 1, 1989 and June 30, 1990. The study used official Employment Development Department (EDD) wage and employment records.

Major Findings: (See Tables I-A and B in Appendix for detailed data)

1. ETP has had a significant impact on the earnings of both new hire and retrainee completers.
 - Adjusted for inflation, **new hire completers** earned annually over **\$10,900 more** than drop outs, and **retrainee completers** earned over **\$3,500 more** than dropouts.
 - When controlled for demographic and programmatic differences the estimated impact of training was over **\$7,700 for new hires** and **retrainees \$4,000**.

2. ETP training reduced the likelihood of unemployment for both new hires and retrainee completers.
 - Training completers experienced significantly less unemployment after training than dropouts.
 - Panel training reduced UI payments by about \$5 million in the first year.
3. ETP has a substantial impact on California's economy, beyond the increased earnings of participants.
 - Increased productivity as measured by changes in earning, accounts for an additional impact of over \$64 million.
 - Estimated value of savings of jobs that would have been temporarily lost due to lack of training is between \$166 million and \$248 million.

Recommendations:

- Maintain the stringent 90-day employment requirement for earning training funds.

Researchers attributed the significant results of training to ETP's stringent performance-based contract that allows contractors to earn payment only after each trainee completes the training and employment retention period of at least 90 days. This performance-based standard has a powerful impact on earnings and thus on the overall economy, due to its strong incentive for placement and employment retention.

- Develop policies that will augment technical assistance and incentives for increasing trainee completion rates.

Since the bulk of benefits to both the individual trainee and the economy as a whole come from completing the training program, increasing the proportion of completers will enhance the impact of the program.

- Develop targeting strategies that will lead to the greatest impact on the California economy. Priority should be given to training programs that:

- Are tightly focused, well-planned and clearly increase productivity.
- Clearly enhance the competitiveness of California businesses relative to domestic and international competitors.
- Train new hires for occupations in which the demand is growing at a relatively fast rate.
- Retrain to reduce the probability of layoff.

III. CONTRACTS COMPLETED DURING 1991-92

This section of the report details the actual results of training completed, funds earned and trainees retained in employment during fiscal year 1991-92. Of the 76 contracts that ended in 1991-92:

- 38 were approved in 1989-90
- 35 were approved in 1990-91
- 3 were approved in 1991-92

The information in this section provides an indepth analysis of ETP-funded training programs and includes a summary of completed contract data and information on the following:

- Size of Businesses Served
- Characteristics of Panel Trainees
- Types of Training Most Often Funded
- Enrolled versus Employed
- Industries Served

A list of each individual contract with contract data is in Appendix C.

COMPLETED CONTRACT SUMMARY

76 contracts completed
\$35.1 million earned
16,205 persons trained & employed
\$2,240 average cost per trainee

CONTRACTS

57 direct employer contracts

27 were small employers (fewer than 250 employees).
30 were large employers.

19 consortia contracts (served multiple employers).
An average of 80 businesses served per contract.

BUSINESSES SERVED

Total businesses served: 1,589

Total small businesses: 1,233 (78%)

Contracts serving primarily small businesses earned approximately **\$14 million (40% of total funds)**.

756 small businesses (61% of the small businesses, and 48% of all businesses) employed fewer than **50** employees.

TYPES TRAINING

The most frequent types of training funded:

1. Total Quality Management
2. Office Automation
3. Management Skills
4. Customer Service

634 trainees were trained in job-linked literacy skills in addition to vocational skills.
\$796,887 was earned for literacy training (see Appendix B-2 for a complete list of contracts)

TRAINEES

New hires employed: **1,632**
Retrainees employed: **14,573**

Small businesses employed **44%** of all new hires.

1/3 of all trainees were employed by small businesses.

The average hourly wage paid to new hires after training was **\$8.11** and for retrainees, **\$14.65**.

ENROLLED VERSUS EMPLOYED

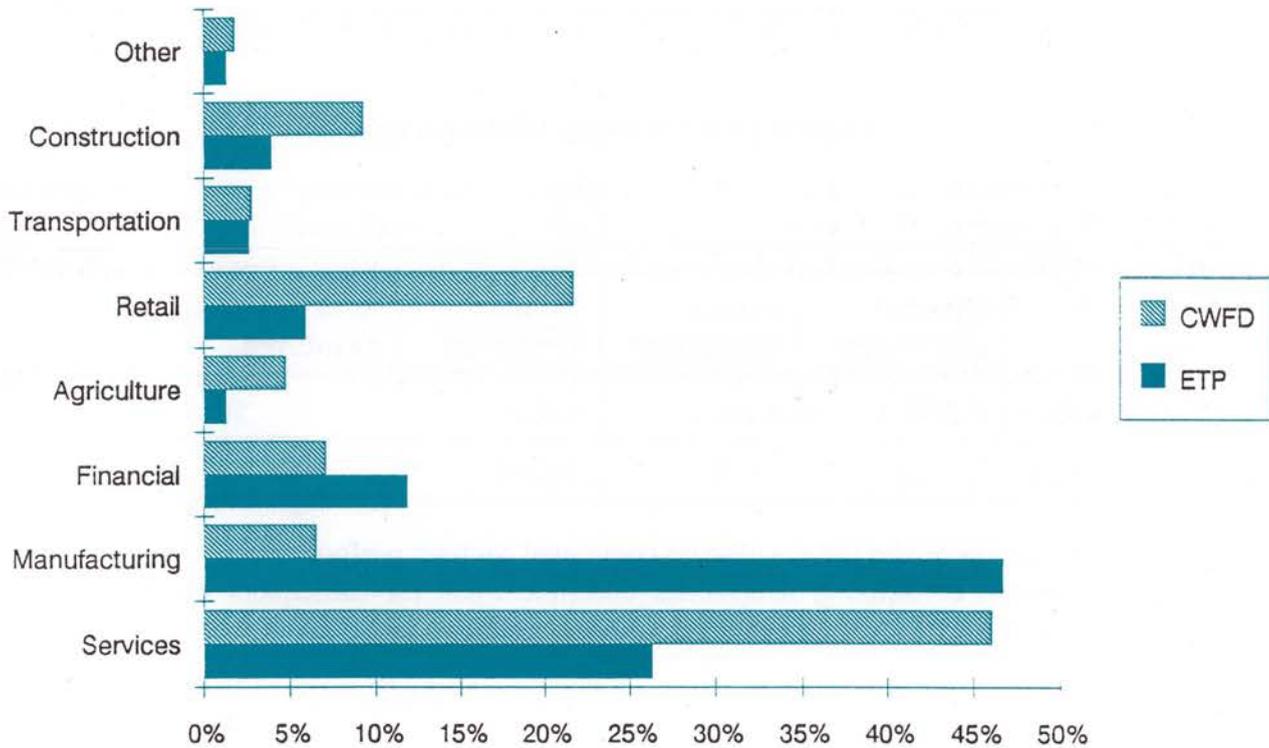
Type of Trainee	Planned Enrollment	Actual Enrollment	Number Employed	% of Enrolled Employed
NEW HIRES	5,227	3,241	1,632	50
RETRAINEES	22,721	17,722	14,573	82

The above summary provides information on completed contract performance by type of trainee. It compares planned enrollment, with actual enrollment and the subsequent employment and retention of trainees for at least ninety days.

INDUSTRY COMPARISON

The following provides a graphic representation of all contracts completed during fiscal year 1991-92 by major industry sector in California compared to the California WorkForce data. The Panel provides funding across all major industries in California, but the majority of contracts were for the manufacturing sector.

	SERVICES	MANUFACT.	FINANCIAL	AGRI.	RETAIL/ WHOLESALE	TRANSPORT.	CONSTRUCT.	OTH.
ETP	26%	48%	12%	1%	5%	3%	4%	1%
*CWF	46%	6.5%	7%	5%	21.5%	3%	9%	2%



*California Work Force (CWF) data is not included if ETP did not have projects in those industries (mining & government). 3rd quarter 1991, California Unemployment Insurance Survey Reporting Units by size, industry, and county, Labor Market Information Division (LMID), Employment Development Department.

CHARACTERISTICS OF PANEL TRAINEES

A summary of demographic data indicates that Panel funded training focuses on established workers. The average Panel new hire trainee is a minority male, aged 20 - 34, with a high school education or less. The average Panel retrainee is male, aged 25 - 44, with a high school education and some college.

The chart on the following page compares the characteristics of Panel trainees to those of the total California employed and unemployed labor force.

Employment Training Panel

**CHARACTERISTICS OF PANEL TRAINEES
COMPARED TO CALIFORNIA LABOR FORCE**

Characteristic	Employment Training Panel		California Labor Force	
	New Hire Percent	Retrainee Percent	Unemployed 1991	Employed
SEX:				
Female	33.8	40.1	40.5	43.1
Male	66.2	59.9	59.5	56.9
AGE:				
<25	17.0	7.2	31.3	15.8
25-34	36.8	37.4	29.6	29.7
35-44	27.3	29.2	20.8	26.6
45-54	13.3	17.2	11.6	16.7
55-64	5.3	8.2	5.3	8.7
65+	0.3	0.8	1.4	2.5
EDUCATION:				
Less than H.S. grad.	15.8	4.0	23.7 a/	23.7 a/
H.S. graduate	54.3	43.1	22.3	22.3
Some College	23.6	32.5	30.6	30.6
College graduate	4.7	14.8	15.3	15.3
Post Graduate	1.6	5.6	8.1	8.1
MARITAL STATUS:				
Married	45.5	59.3	39.5 b/	55.1 b/
Single	54.5	40.7	43.4	29.0
ETHNICITY:				
White	28.6	59.8	44.0	62.6
Black	11.5	5.8	8.8	5.1
Hispanic	49.9	20.5	36.9	22.8
Asian	7.4	10.7	10.3 c/	9.5 c/
Native American	0.6	0.8		
Other	2.0	2.4		
VETERAN:				
Yes	11.8	14.9	12.4 d/	12.4 d/
No	88.2	85.1	87.6	87.6

a/ Percentages are for the total population 25 years and older. Data is not separated by individual category of employed or unemployed.

b/ Figures do not total 100 percent due to the elimination of individuals who are divorced, widowed, separated, or are married but the spouse is absent.

c/ Combines the racial categories of Asian, Native American and Other.

d/ Data is not separated by individual category of employed or unemployed.

Unemployment and Civilian Labor Force data are based on the 1991 annual averages provided by the Bureau of Labor Statistics in the Current Population Survey conducted by the Bureau of the Census.

ETP SERVES SMALL BUSINESSES

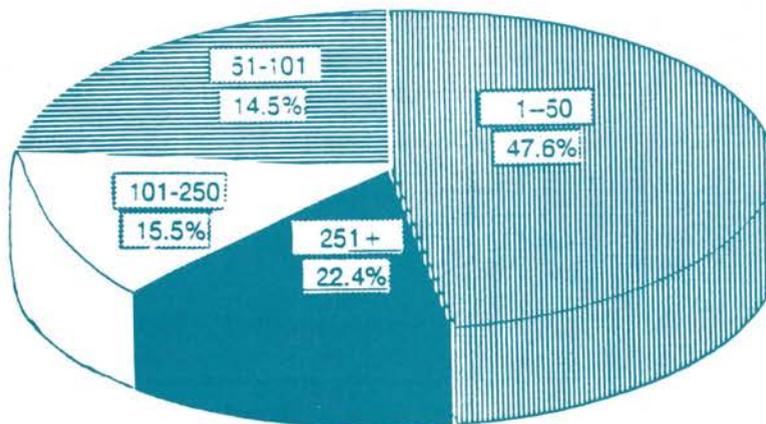
The Panel continued its excellent record of serving small businesses. As in the past, the Panel funded training that benefitted more small businesses than large businesses. The Panel defines a small business as employing 250 or fewer workers. According to trainee completion records for all contracts completing during Fiscal Year 1991-92, the Panel funded training for a total of 1,589 businesses, 78 percent of those businesses were small. Using the Small Business Administration definition for small business as having less than 500 employees, 85 percent of the total businesses served by ETP were small businesses.

A total of 16,205 persons (1,632 new hires and 14,573 retrainees) received training through Panel funding. Forty-four percent of the new hires (721) and 31 percent of the retrainees (4,550) were employed by small businesses. And, approximately \$14 million was earned by contracts serving primarily small businesses, these are contracts in which at least 75 percent of the businesses served were small.

Most of the Businesses ETP Served were Small Businesses

Total Businesses Served: 1,589
 Total small businesses: 1,233 (78%)

# of Employees (Business size)	Businesses ETP Served
1-50	756
51-100	230
101-250	247
251 -500	120
>500	236



Employment Training Panel

The Panel served small businesses in two ways:

1. By contracting directly, 27 small businesses were assisted in meeting their training needs.
2. By means of a consortia contract which is designed to serve multiple businesses and primarily small businesses: A consortia could be a group of businesses with similar training needs, a training agency, a joint apprenticeship training committee, a foundation, a union, or a regional occupational program: **1,206 small businesses** were assisted through **19** consortia contracts. In addition, over 300 large businesses also were served through these same contracts.

BUSINESS SIZE COMPARISON

In California, small businesses (less than 250 employees) comprise the majority of all businesses. The majority of the businesses served by ETP were also small. According to an independent evaluation of the Employment Training Panel program, "The Panel appears to be successful in serving large numbers of small businesses through the consortium approach. We could find no compelling reasons for the Panel to alter any of its performance or other program requirements to serve small businesses."²

<u>Business Size</u>	<u>% Businesses Served By ETP (1)</u>	<u>All Calif. Businesses(2)</u>
0 - 250	78	99.4
251 - 500	7.5	0.3
500 +	14.9	0.3

(1) Data based on placements for contracts completed during Fiscal Year 1991-92.

(2) 3rd Quarter 1991, California Unemployment Insurance Survey Reporting Units by size, industry and county, Labor Market Information Division (LMID), Employment Development Department.

² An Evaluation of the California Employment Training Panel, Applied Management and Planning Group, July 24, 1992.

IV. ACTIVE CONTRACTS

The following summary covers contracts that were approved prior to fiscal year 1991-92 and were still active as of July 1, 1992.

ACTIVE CONTRACT SUMMARY

As of July 1, 1992

46 contracts

\$36 million approved

15,507 trainees planned to train and employ

46% of contracts target training primarily to small businesses

TYPES OF TRAINING

The following are the types of training most frequently represented in these contracts:

1. Total Quality Management
2. Statistical Process Control
3. Office Automation
4. Management Skills
5. Customer Service
6. Production Techniques
7. Just-In-Time

Job-linked literacy training is included in 13 of the active projects. Training represented is reading, math, business english, and Vocational English as a Second Language (VESL).

Employment Training Panel

V. APPENDICES

This Section includes the following appendices:

- A. Allocation of Training Funds
- B-1. Job-Linked Literacy Training Approved
- B-2. Job-Linked Literacy Training Completed
- C. Contracts Completed
- D. Tables I-A & I-B

APPENDIX A

ALLOCATION OF TRAINING FUNDS, 1991-92

ALLOCATION CATEGORY	AMOUNT COMMITTED	NUMBER OF CONTRACTS
Upgrade a/	\$1,197,408	3
Demonstration a/	\$995,648	3
Newly Legalized Individuals or Seasonal Farmworkers a/	\$407,520	1
Gain a/	\$27,600	2
Economic Development/Business Expansion	\$7,745,362	12
Productivity Improvement/Workforce Retention	\$32,362,901	126
Consortia	\$27,554,347	37
Regional Economic Impact	\$9,111,699	42
Apprenticeship	\$3,223,521	5
TOTALS	\$82,626,006	231

The preceding table summarizes the Panel's actions for each established allocation category during Fiscal Year 1991-92. Below are definitions of these categories:

a/Legislatively-Mandated Allocation Categories

Upgrade: The law directs ETP to annually allocate \$2.7 million to retrain individuals in skills for which there is a demonstrable shortage. Such training must allow for career advancement; and, once the trainee moves into the new, advanced position, the vacated position must be filled by an unemployed individual.

Demonstration: The law allows ETP to use up to \$2.7 million to try various approaches designed to reach diverse and difficult to serve populations under current ETP standard eligibility criteria. Legislation has increased the allocation and expands its scope to include economic development beginning in fiscal year 1992-93.

Newly Legalized Individuals and Seasonal Farmworkers: The Budget Act of 1991-92 established a \$5 million allocation to help meet the training and employment needs of newly legalized individuals and seasonal farmworkers served under the Immigration Reform and Control Act (IRCA) of 1986.

Gain: The Budget Act of 1991-92 established an allocation category of \$2.7 million to train and employ participants in the Greater Avenues to Independence (GAIN) program or recipients of Aid to Families of Dependent Children (AFDC).

Panel Established Categories

In order to focus the funding of ETP monies beyond the specifically mandated categories and to meet other legislative intentions, the Panel established the following allocation categories:

Economic/Business Expansion: These funds were intended to be used to attract businesses to California, prevent businesses from relocating out-of-state, and stimulate the expansion of existing businesses. This category targets companies located in Enterprise Zones and Economic Incentive Areas.

Productivity Improvement/Workforce Retention: This category addressed the retraining needs of businesses to enhance the productivity of their current workers and thereby their competitiveness.

Consortia: Although any size business may participate in a consortia training project, these funds are primarily intended to meet the needs of small businesses unable to organize individual training projects. Consortium contractors may be community colleges, job apprenticeship training committee's (JATC's), employer associations, private industry councils (PIC's), or private training agencies that organize training programs for several employers with similar training needs.

Regional Economic Impact: Training funds in this allocation category focused on training in growth and emerging occupations and employment in regions of the state having high levels of unemployment.

Apprenticeship: This category was intended to supplement funding for training in specific apprenticeship skills related to new or advanced technology, methods, processes, or equipment which is not otherwise currently included in the curriculum of an apprenticeship program.

APPENDIX B-1

JOB-LINKED LITERACY TRAINING APPROVED DURING 1991-92

44 contracts had a Job-Linked Literacy component
828 new hire trainees
1,723 retrainees
\$2.1 million approved

- VESL was the most frequently funded training
- Training for production workers most often contained a Literacy component
- Basic Math skills was most frequently provided with Statistical Process Control (SPC)

A list of the 44 contracts follows.

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Alcon Surgical	Instrument Repair, Instrument Assembly (Retrainee)	15	Production Techniques	VESL	72	267	\$2316
Allied-Signal Garnett Auto	Production Specialist (Retrainee)	200	SPC	VESL	120	234	\$2253
Barry Controls	Mfg Support, Machinist, Production staff (Retrainee)	23	TQM, Office Automation	Math	20	195	\$1923
	Mfg Support, Fabrication Staff, Production Staff (Retrainee)	15	TQM, Office Automation	Math, VESL	60	235	\$2220
BNS Technical Institute, Inc.	Clerical (New Hire)	20	Office Automation	Math	15	480	\$4608
	Machinist (New Hire)	35	CNC	Math	60	600	\$4500
Business Development Labs	Production Worker, Machine Operator, Warehouse person (Retrainee)	13	TQM	VESL	40	200	\$2039
California Mfg Association	Operator, Technician, Administrative Support (Retrainee)	30	SPC	VESL	45	225	\$2174
California Medical Transcription, Inc.	Medical Transcriber (New Hire)	10	Medical Transcription	Job Specific / Basic English	266	315	\$4353
Calsonic Climate Control	Inspectors, Injection Molder, Machine Operator, Assembler, Packer (Retrainee)	39	SPC	VESL	110	130	\$1247
Comprehensive Training System	Medical Assistant (New Hire)	44	Medical Assisting	VESL	105	525	\$5500
	Medical Receptionist (New Hire)	66	Office Automation	VESL	105	525	\$5082

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Cristek Interconnects, Inc	Assembler (Retrainee)	12	SPC / JIT	VESL	70	210	\$2047
Data Tape	Production, Engineer, Supervisor, Technician (Retrainee)	275	TQM	Basic English & Math, VESL	200	339	\$2205
Deutch Metal Components (IRCA)	Inspector, Machine Operator, Material Handler (Retrainee)	80	SPC	Math, VESL	42	196	\$1678
Diatek Inc	Machine Maintenance, Assembler (Retrainee)	17	SPC	VESL	108	172	\$1654
Dynair Electronics Inc (CalSIP)	Technician, Leadperson, Assembler (Retrainee)	6	TQM, SPC, TLC	Math	70	170	\$1643
	Leadperson, Assembler (Retrainee)	4	TQM, SPC, TLC	Math & VESL	148	248	\$2389
Faber Enterprises, Inc	Material Handler (Retrainee)	50	SPC	VESL	120	186	\$1675
Hi-Shear Co	Machinist (Retrainee)	35	SPC, Production Techniques	Math	20	150	\$1435
	Material Handler, Process Operator (Retrainee)	31	Production Techniques	VESL	50	150	\$1434
	Machinist (Retrainee)	55	Production Techniques	Math & VESL	70	200	\$1914
Inter-City Services	Clerical (New Hire)	100	Office Automation	Basic English - Math	50	250	\$2400

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
INX International Ink Co	Production Personnel (Retrainee)	10	SPC, TLC	VESL	60	160	\$1561
Ivac Corporation	Production Worker, Machine Operator (Retrainee)	72	Total Quality	VESL	125	149	\$1435
Jayco Interface Technology	Assembler (Retrainee)	8	SPC, JIT, TLC	VESL	70	210	\$2057
JDK Controls	Molder, Assembler, Welder (Retrainee)	5	TQM	Math	20	180	\$2160
	Molder, Assembler, Welder (Retrainee)	18	TQM	Math, VESL	145	305	\$3660
	Molder, Assembler, Welder (Retrainee)	7	TQM, SPC	Math, VESL	145	345	\$4140
Joslyn Electronic System Corp	Assembler, Coater, Tester, Brazier (Retrainee)	64	SPC, JIT, Team Building	VESL	66	210	\$2049
Los Angeles County PIC / MAGA	Grocery Clerk (New Hire)	255	Customer Service, Office Automation, Management	VESL & Math	135	675	\$6020
	Grocery Clerk (New Hire)	45	Customer Service, Office Automation, Management	Math	20	560	\$4962

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Los Angeles County PIC / Pomona Unified School District	Clerical (New Hire)	20	Office Automation	Math	20	270	\$2589
	Auto Mechanic (New Hire)	5	Auto Repair	Math	20	442	\$3915
Los Angeles County PIC / Rio Hondo	Machinist (New Hire)	40	FADAL Vertical Machining Center	Math	25	180	\$3530
	Machinist (Retrainee)	40	FADAL Vertical Machining Center	Math	25	180	\$3530
Los Angeles Southwest College	Clerical (New Hire)	100	Office Automation	Math	40	360	\$4226
Nylon Molding Corp	Material Handler (Retrainee)	12	SPC	VESL	120	280	\$1500 (for VESL only)
Pacific Biotech, Inc.	Assembler, Material Handler, Packer (Retrainee)	29	TQM	VESL	100	124	\$957 (for VESL only)
Pacific Scientific	Production Specialist (Retrainee)	50	SPC	VESL	60	220	\$2124
Prema Engineering, Inc	Production Worker, Supervisor Support, Machinist (Retrainee)	40	SPC	Math	16	160	\$1550
Puritan Bennett Corp	Production Technician (Retrainee)	17	Total Quality	Math or VESL	100	200	\$1800
	Production Technician (Retrainee)	14	Total Quality	Math & VESL	200	300	\$2605

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Puroflow Inc	Assembler (Retrainee)	15	TQM, TLC, SPC	VESL	32	192	\$1880
Ross Stores, Inc	Technical Support (New Hire)	18	Computer Training	VESL	106	180	\$3051
	Technical Support (Retrainee)	40	Computer Training	VESL	106	180	\$1890
S and S Machine	Machine Operator (Retrainee)	22	SPC	Math	6	167	\$1618
Santa Fe Rubber Products (CalSIP)	Operator, Inspector, Buffer, Insert Preparer, Lead Person (Retrainee)	54	SPC, JIT, TLC	VESL	70	210	\$2047
Sierracin/Harrison	Machine Operator (Retrainee)	52	SPC	Math	20	187	\$1798
Sierracin/Magnedyne	Production Workers (Retrainee)	52	SPC	Math/VESL	36	186	\$1796
Spectrum Technology, Inc	Supervisor (Retrainee)	36	TQM, SPC	Math	10	262	\$1910
	Assembly Operator (Retrainee)	10	SPC, Mfg	VESL/Math	108	360	\$3960
	Assembly Operator (Retrainee)	2	SPC, Mfg	Math	48	300	\$3300
	Assembly Operator (Retrainee)	1	SPC, Mfg	Math	58	310	\$3410
	Inspector (Retrainee)	1	SPC, Mfg	Math	10	262	\$2882
	Shipping/Receiving Clerk (Retrainee)	1	SPC	Math	10	150	\$1650
	Machinist (Retrainee)	1	SPC	Math	48	188	\$2068
Sterer Engineering & Mfg Company	Production Staff (Retrainee)	16	TQM	VESL	180	182	\$1634

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Storm Products Company	Machine Operator, Electronics Assembly (Retrainee)	14	Inventory, Fab Parts ID Inspection Test, Cable Mfg	Math	32	154	\$1700
	Machine Operator, Electronics Assembly (Retrainee)	25	Inventory, Fab Parts ID Inspection Test, Cable Mfg	VESL Math	80	202	\$2200
	Electronics Assembler (Retrainee)	4	JIT, Molding, Soldering	Math	32	276	\$2900
	Electronics Assembler (Retrainee)	6	JIT, Molding, Soldering	VESL Math	80	324	\$3500
Toro Company	Assembler (New Hire)	80	SPC	VESL	60	270	\$2652
UAW-Labor Employment & Training Corp	Housekeepers (Retrainee)	20	Guest Services, Chemicals & Cleansers, Staff Relations	VESL	80	220	\$4274
Valley Todeco	Machinist, Quality Control, Sr. Draftsman, Maintenance, Material Clerk (Retrainee)	51	SPC, Cellular Mfg Technology, Fillet Roll & Stamp Grinder, Cellular Grinder & Auto Traub, Cellular Threader/Grinder	VESL	120	136 - 336	\$1958 - \$4378

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	●Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Verilink Corp	Production Worker (Retrainee)	14	Production Techniques	VESL	68	212	\$2026
Total number of Projects approved: 44		# Retrainees 1723	# New Hires 838	Total # Trainees 2561			

● Type of Training

CNC = Computer Assisted Numerical Control
 JIT = Just In Time
 Mfg = Manufacturing
 SPC = Statistical Process Control
 TLC = Teamwork, Leadership & Communication
 TQM = Total Quality Management

* Type of Literacy

VESL = Vocational English as a Second Language

APPENDIX B-2

JOB-LINKED LITERACY TRAINING COMPLETED DURING 1991-92

14 contracts had a job-linked literacy component
634 trainees were trained in job-linked literacy skills
\$796,887 was earned

A list of these contracts follows.

Literacy Training Completed in Fiscal Year 1991-92

Contractor	Occupation(s)	No. of Trainees	• Type of Training	* Type of Literacy	# of Literacy Hours	# of Total Hours	Total Cost per Trainee
Aluminum Die Casting Co.	SPC Specialist (Retrainee)	31	SPC	MATH	16	160	\$1766
Center for Employment Training	Sheetmetal Worker (New Hire)	17	Sheetmetal framing	VESL, Math	128	875	\$8530
	Mechanical Assembler (Retrainee)	68	Sheetmetal framing	Math	25	306	\$2907
Center for Employment Training	Clerical, Maintance, Food Service, Equipment Operator (New Hire)	62	Office Automation, Building Maintance, Commercial Food Service, Printing and Graphics, Welding Equipment Operation	Math Reading Writing	315	840	\$8,887
	Automotive Specialist, Child Care Provider, (New Hire)	63	Automotive Repair, Child Care, Microscopic Bonding	Math Reading Writing	245	700	\$7,406
Cerwin Vega	Engineer, Manager (Retrainee)	72	TQM, SPC	Math	16	160	\$1766
Hi-Shear Technology Corp	Supervisor, Engineer, Quality Assurance, Mfg Operator (Retrainee)	30	SPC	Math	16	160	\$1766
Impact (Demonstration Project)	Various Entry Level Positions (New Hire)	69	Entry Level Skills, Job Readiness, Pre-employment	Math Reading Writing	72	180	\$2475
Ketma Inc.	Production Staff (Retrainee)	5	TQM	VESL	50	154	\$1469

Literacy Training Completed in Fiscal Year 1991-92

Contractor	Occupation(s)	No. of Trainees	● Type of Training	* Type of Literacy	# of Literacy Hours	# of Total Hours	Total Cost per Trainee
Monogram Aerospace Fasteners	Machine Operator (Retrainee)	25	SPC	VESL	120	224	\$3030
Newport Corporation	Assembler (Retrainee)	29	Total Quality	VESL	210	354	\$3252
PCA Aerospace, Inc.	Mfg Operator, Quality Assurance (Retrainee)	15	SPC, TQM	VESL	120	280	\$3714
Schlusser Forge Co	Supervisor, Office Clerk, Quality Assurance, Operator (Retrainee)	71	SPC	Math	16	160	\$1766
CMA/Sheldahl	Operator, Technician (Retrainee)	14	SPC	VESL, Math	132	232	\$1250
Sierra Semiconductor Corp	Technician (Retrainee)	26	SPC	Math	30	174	\$1921
Stainless Steel Products	SPC Specialist (Retrainee)	87	SPC	Math	16	160	\$1766
Total Number of Projects Funded:	# Retrainees	473					
	# New Hires	211					
14	Total # Trainees	684					

● Type of Training

* Type of Literacy

SPC = Statistical Process Control
TQM = Total Quality Management

VESL - Vocational English as a Second Language

APPENDIX C
CONTRACTS COMPLETED DURING FISCAL YEAR 1991-92

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
A.P.I. Alarm Systems	Alarm Service/Installation Management Skills	Statewide		34	\$63,600	\$1808
Aerospace Rivet Manufacturers Corporation	SPC	Los Angeles		30	\$52,830	\$1761
Aluminum Die Casting Co, Inc.	SPC	Riverside		31	\$54,746	\$1766
Arrowsmith Power Systems, Inc.	SPC, TQM	Statewide		19	\$33,631	\$1767
Bay Area Council / VLSI Technology	SPC, TQC	Santa Clara		280	\$390,340	\$1402
Beta Technology, Inc.	SPC, MRP, TQM	Santa Cruz		115	\$208,600	\$1835
Brea Community Hospital	Accounting, Computer Technology	Orange		263	\$658,209	\$2495
C-Lect Machine Products, Inc.	SPC	Placer		9	\$12,177	\$1353
Cal Corn, Inc.	TQM	Orange		28	\$32,872	\$1174
California Mfg Assoc / Great Western III	Customer Service	Los Angeles		150	\$240,600	\$1604
California Mfg Assoc / Sheldahl	SPC, TQM	Orange		23	\$28,750	\$1250
California Mfg Assoc / Varian II	TQM, SPC, JIT	Santa Clara		805	\$1,250,332	\$1530
Career Planning Center, Inc.	Accounting, Lotus	Los Angeles	58		\$232,000	\$4000
Center for Employment and Training	Sheetmetal Welding, Machine Operator	Santa Clara	20	68	\$385,371	\$4938
Center for Employment and Training (IRCA)	Auto Repair, Electrical, Groundskeeping, Painter/Paper Hanger	Statewide	125		\$825,000	\$7998

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Certified Grocers of California	MRP, Office Automation, Management Skills, Customer Service	Statewide		1195	\$2,677,995	\$2241
Cerwin Vega	SPC, TQM	Ventura		72	\$127,152	\$1766
City of Sunnyvale	Clerical Skills, Manufacturing	Santa Clara	105		\$329,500	\$3191
Coast Federal Bank	Customer Service	Statewide		552	\$805,840	\$1448
Comprehensive Training Systems	Aircraft Assembly/Electrical	San Diego	145		\$602,565	\$4120
Davila International Circuits, Inc.	SPC	Santa Clara		18	\$18,810	\$1045
Dickson Testing Co. Inc.	SPC	Los Angeles		25	\$39,800	\$1592
Dootson Enterprises, Inc.	Truck Driving	Los Angeles	115		\$414,000	\$3600
East San Gabriel Valley ROP	CNA, CAD/CAM, Electronics	Los Angeles	3	79	\$156,400	\$1873
Foote Axle & Forge Company, Inc.	SPC	Los Angeles		15	\$20,295	\$1353
G & H Technology, Inc.	MRP, SPC	Los Angeles		181	\$345,625	\$1968
Gavilan College	Auto Repair	Santa Clara		32	\$60,256	\$1928
General Mobile Electronics	Customer Service	Los Angeles		36	\$38,030	\$1054
Glendale Community College	Office Automation	Los Angeles	236	1280	\$2,987,000	\$1971
Graphic Arts Institute of Northern California	Desktop Publishing, Electronic Prepress	San Francisco		24	\$34,344	\$1431
Great American Bank	Customer Service	San Diego		904	\$1,681,400	\$1768

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Hanna, Brophy, MacLean, McAleer & Jensen	Office Automation	Statewide		117	\$304,200	\$2600
Harris Farms, Inc.	Meat Processing, Sales, Delivery	San Joaquin	71	468	\$1,920,752	\$3666
Hi-Shear Technology Corporation	SPC	Los Angeles		30	\$52,980	\$1766
Hoffman Brothers' Packing Company, Inc.	Meat Processing, Delivery, Maintenance	Los Angeles	11	181	\$581,500	\$3054
Hospital and Institutional Workers, JATC	Preventive Maintenance, Computer Training	San Francisco		440	\$776,600	\$1765
ILC Corporation	JIT, TQM, SPC	Santa Clara	1	169	\$233,400	\$1387
Immigration Clinic	Software Computer Training, Accounting, Legal Training	Los Angeles		10	\$31,000	\$3269
Interstate Brands Corporation	Computer Automation	Statewide		338	\$249,106	\$737
Ketema, Inc.	SPC, TQM	San Diego		339	\$419,559	\$1,244
Kor Electronics, Inc.	CAD/CAM	Placer		6	\$9,735	\$1675
LA NTMA Training Center	CNC	Los Angeles	149	40	\$834,100	\$4472
Military Department - IMPACT (Demonstration Project)	Entry Level Skills, Pre-employment readiness	Statewide	69		\$170,775	\$2511
Millers Outpost	Management Skills, Team Concept	Statewide		313	\$156,500	500.
Monogram Aerospace	SPC	Los Angeles		154	\$238,422	\$1528
Newport Corporation	TQM, Team Concept	Orange		303	\$647,271	\$2096

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Office Club	Team Concept, Product Knowledge, Sales	Concord		191	\$315,990	\$1652
Pasadena Federal Credit Union	Management Skills	Los Angeles		16	\$16,308	\$1013
PCA Aerospace, Inc.	SPC, TQM	Los Angeles		24	\$71,604	\$2934
Petrini's Meats, Inc.	Management Skills, Customer Service, Meat/Produce Preparation and Display	San Francisco		287	\$380,583	\$970
Prescolite, Inc.	MRP, CADD	Alameda		120	\$263,271	\$2142
Ruiz Food Products, Inc.	Computer Training	Tulare		347	\$1,051,142	\$3398
San Diego Community College District Foundation	Office Automation	San Diego	59	575	\$1,188,400	\$1916
San Diego PIC/RETC	Welding, Pipefitting, Electrical	San Diego	269		\$976,400	\$3637
San Diego Regional Occupational Program	Office Automation, Machine Operations	San Diego	32		\$86,700	\$2724
Schlosser Forge Company	SPC	San Bernardino		71	\$125,386	\$1766
SER/ELA Jobs for Progress	Asbestos Removal	Contra Costa	3	34	\$88,800	\$2400
Shamrock Meats / Nippon Foods, Inc.	Meat Processing, Delivery, Sales, Maintenance	Los Angeles	20	217	\$725,000	\$3077
Sierra Semiconductor Corp.	SPC	Contra Costa		170	\$317,256	\$1876

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Sizzler Restaurants International, Inc.	Customer Service, Management Skills	Statewide	3	176	\$486,300	\$3000
Solid State Communications, Inc.	Office Automation	Los Angeles		18	\$69,080	\$3961
Stainless Steel Products, Inc.	SPC	Los Angeles		87	\$153,642	\$1766
State Department of Education	Office Automation, Machine Operation, Cable Installation, Phone Installation/Repair	Los Angeles	43		\$121,884	\$2977
Statewide Electrical JATC	Electrical	Statewide		1728	\$3,970,653	\$2533
Summit Bank	Customer Service, Office Automation	Alameda		19	\$40,673	\$2330
Sutter Health	CNA, Nurses Aide	Sacramento	9		\$10,071	\$1119
The Dexter Corporation	TQM, MRP, SPC	Los Angeles		152	\$279,400	\$1865
Tidelands Oil Production Company	Office Automation	Los Angeles		36	\$38,160	\$1060
UAW - LETC	Hospitality, Cooking, Housekeeping	San Francisco	53	143	\$634,860	\$3284
United Technologies Chemical Systems Division	CAD/CAM, MRP	Santa Clara		90	\$240,520	\$2342
USA Federal Credit Union	Customer Service, Management Skills	Los Angeles		96	\$117,829	\$1227
Weber Aircraft	Leadership	Orange		70	\$121,800	\$1740

**Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992**

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Western Federal Savings & Loan Assoc	Office Automation, Customer Service, Management Skills	Statewide		286	\$618,000	\$2131
Western Constructors Training Trust	Pipewelding	Los Angeles	26	81	\$361,784	\$3435
Western Electrical Contractors Association	Material Handler	Sacramento	7		\$8,792	\$1256
Westinghouse Electric Corp - Marine Division	SPC, MRP	Santa Clara		363	\$792,553	\$2125
TOTALS:			1,632	14,573	\$35,106,811	\$2240

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*** Type of Vocational Training**

CADD = Computer Assisted Drafting and Design

CAD/CAM = CAD and Computer Assisted Manufacturing

CNA = Certified Nursing Assistant

CNC = Computer Assisted Numerical Control

JIT = Just - In - Time

MRP = Manufacturing Resource Planning

SPC = Statistical Process Control

TQM = Total Quality Management

VAMMS = Value Added Manufacturing Management Systems

APPENDIX D
Tables I-A & I-B

TABLE I-A³

EARNINGS A YEAR BEFORE COMPARED TO A YEAR AFTER TRAINING

	Pre-Training Earnings	Post-Training Earnings	Change in Earnings	% Change
UNADJUSTED:				
Retrainees				
Completers	\$24,641	\$28,538	+\$3,897	+15.8%
Dropouts	24,263	24,623	+360	+1.5%
New Hires				
Completers	11,095	19,358	+8,263	+74.5%
Dropouts	11,483	10,218	-1,265	-11.0%
ADJUSTED:				
Retrainees				
Completers	26,706	28,321	1,615	+6.0%
Dropouts	26,369	24,223	-2,146	-8.1%
New Hires				
Completers	12,057	19,456	+7,399	+61.4%
Dropouts	12,442	10,153	-2,289	-18.4%

The gains in earnings shown under Adjusted earnings represent increases in earnings **beyond inflation**. This is particularly remarkable given that in California average wages were actually **falling during this period**. To account for the impact of inflation, the earnings for all participants were adjusted for inflation into 1990 dollars using the Consumer Price Index for California (CPI) and then recalculated for an average change in earnings.

³ Does ETP Work?, Rick Moore, Ph.D. and Daniel Blake, Ph.D., June 25, 1992.

TABLE I-B⁴

COMPARISON OF UNEMPLOYMENT PAYMENTS AND CLAIMS

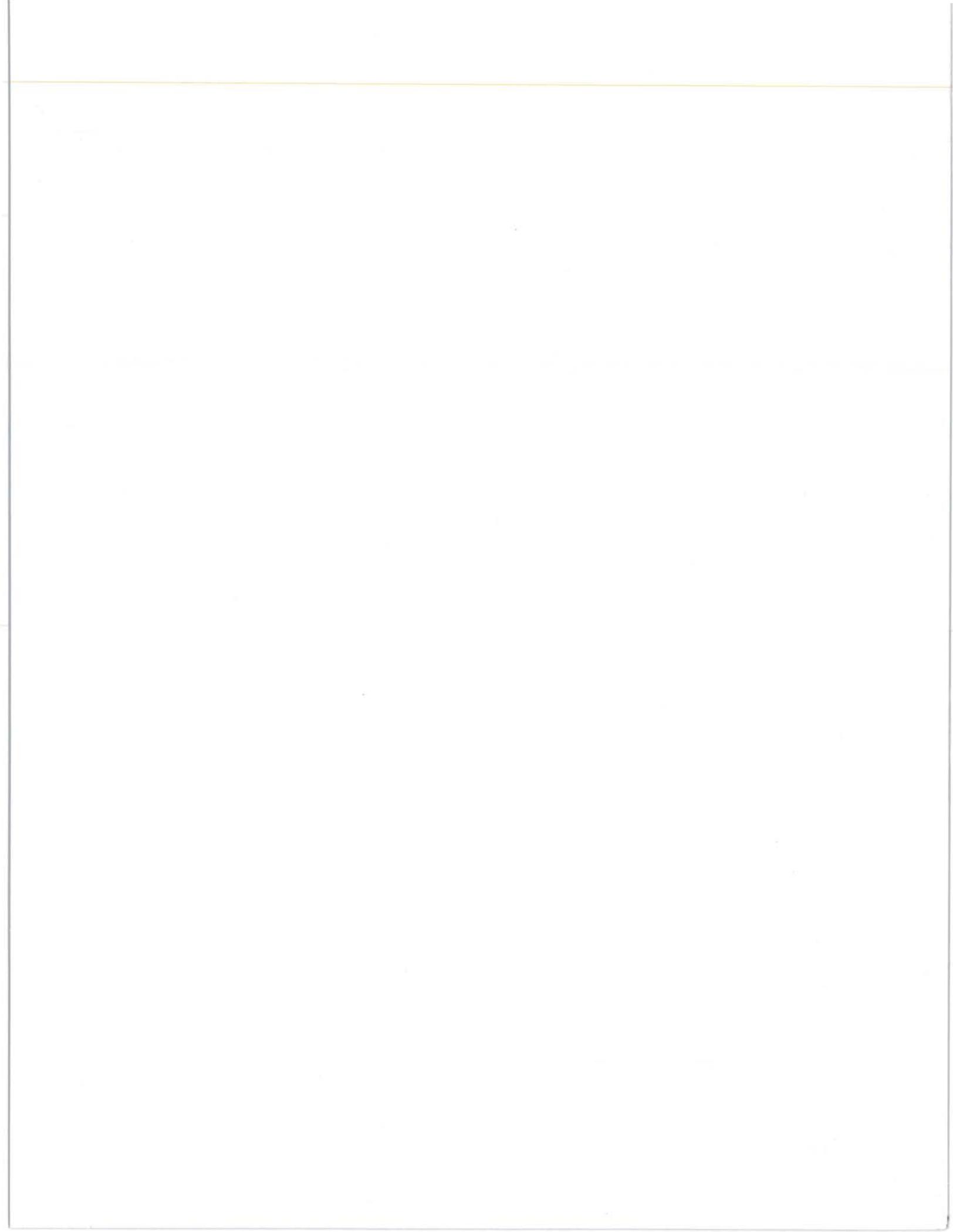
	Average UI Claims before Training	Average UI Claims after Training	Change in UI Claims
Retrainees			
Completers	.32	.77	+ .45
Dropouts	.60	1.73	+1.13
New Hires			
Completers	9.79	2.34	-7.44
Dropouts	9.28	7.65	-1.62

	Average UI Payments before Training	Average UI Payments after Training	Change in UI Payments
Retrainees			
Completers	\$40.58	\$117.86	+ 77.28
Dropouts	77.66	265.61	+187.95
New Hires			
Completers	1,236.78	310.65	-926.13
Dropouts	1,121.71	982.55	-139.16

For **new hires**, the data indicates that both dropouts and completers **received some benefit from training**. Both dropouts and completers experienced nine to ten weeks of unemployment before training. After training, unemployment declined for both groups.

For **retrainees**, both completers and dropouts experienced a slight increase in unemployment, although, as expected, the increase was almost **three times as large for dropouts**. The increase in unemployment after training is probably due to the overall increase in unemployment throughout the state and nation during the period studied.

⁴ Ibid



The Employment Training Panel
800 Capitol Mall, MIC 64
Sacramento, CA 95814
(916) 654-9072