

STATE OF CALIFORNIA



2010-2011

**STRATEGIC
PLAN**

THE EMPLOYMENT TRAINING PANEL

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A. Vision and Mission Statements

VISION:

The Employment Training Panel (ETP) will support job creation and retention in California through strategic partnerships with business, labor, and government.

MISSION:

ETP provides financial assistance to California businesses to support customized worker training to:

- *Attract and retain businesses that contribute to a healthy California economy;*
- *Provide workers with secure jobs that pay good wages and have opportunities for advancement;*
- *Assist employers to successfully compete in the global economy; and*
- *Promote the benefits and ongoing investment in employee training among employers.*

B. Introduction

Fulfilling Its Mission

Established in 1982, the Employment Training Panel (ETP) has proven itself for more than 25 years as the state's premier program supporting job creation and retention, through training. ETP is funded by a special tax on California employers and differs from other workforce development organizations whose emphasis is on pre-employment training. ETP fulfills its mission by reimbursing the cost of employer-driven training for incumbent workers and funding the type of training needed by unemployed workers to re-enter the workforce. Overall, the ETP program helps to ensure that California businesses will have the skilled workers they need to remain competitive.

Employers must be able to effectively train workers in response to changing business and industry needs. While the need for workforce training is critical, businesses generally reserve capacity building dollars for highly technical and professional occupations – limiting investment in training for frontline workers who produce goods and deliver services. ETP helps to fill this gap by funding training that is targeted to the frontline workers.

ETP funding works because it is predicated on simple and effective principles:

- *Employers make decisions about the training program.* Employers are involved in every aspect of training. Companies assess their training needs, customize curricula to address the specific needs of their businesses, and implement and administer the training plan.
- *Training investments help companies become more profitable, so companies are encouraged to share that profit with workers involved in training.* ETP contracts promote wage increases and require employers to retain trained workers for specific periods in order to earn ETP funds.
- *Employers are encouraged to assume greater responsibility for training.* ETP reimburses contractors based on flat rates. Companies must pay the difference between ETP reimbursement and their actual training costs. As training costs increase, companies pay a larger percentage of the costs.
- *Performance-based contracting helps to ensure success.* A business may earn ETP funds only after a trainee completes all training and is retained for a minimum time period (normally 90 days) at a required wage, in a job using the skills learned in training. Other performance requirements ensure that each stakeholder – the company, the worker, and ETP – shares responsibility for expanding the numbers of high-wage, high-skill jobs in California.

- *ETP funding is a catalyst for future workforce training.* Employers who participate in ETP-funded training are more likely to invest in future workforce training. The ETP experience provides them with the practical knowledge and tools to successfully implement a training plan.

ETP's role in the economy is derived from its initial mandate in 1982 of moving large numbers of unemployed workers quickly into employment and saving the jobs of workers threatened with displacement. The program has expanded that role over the years to include an increased support of retraining incumbent workers of businesses in basic industries challenged by out-of-state competition (primarily the manufacturing and high technology sectors). Today, ETP focuses on supporting job creation and business attraction, retention, and expansion, as well as the re-employment and retention of workers.

ETP also keeps pace with statewide economic initiatives and workforce priorities such as targeting training for ex-offenders/at-risk youth, veterans, workers impacted by the downturn in the housing market, and supporting the growth in the green economy. As one means of keeping pace, ETP is partnering with the Governor's Office of Economic Development (GoED) that incorporates functions of the former California Business Investment Services (CalBIS). GoED was created by Executive Order to "facilitate and stimulate economic growth through the development and implementation of strategic policies and partnerships with the private sector, community, local, and national organizations that enhance human and capital infrastructure as well as increase California's competitive advantage in the global marketplace."¹

ETP has historically accomplished its mission without appropriations from the State General Fund or alternative sources of funding. The core ETP program is funded by a special Employment Training Tax paid by California employers, and only employers subject to this tax directly benefit from the program. In the last year, however, ETP has received additional funding for alternative programs aimed at training unemployed workers for jobs emerging in the recovering economy. The additional funding is principally through American Recovery and Reinvestment Act (ARRA) distributions from California's Labor and Workforce Development Agency (LWDA) and the California Energy Commission (CEC). ETP anticipates a continuation of some additional funding in Fiscal Year (FY) 2010-11 to expand or implement alternative programs.

¹ www.business.ca.gov

Overview of the Organization

ETP is organized under the LWDA which is led by a Cabinet-level Secretary and encompasses ETP, the Department of Industrial Relations, the Employment Development Department (EDD), the Agricultural Labor Relations Board, and the California Workforce Investment Board (CWIB). ETP retains its autonomy under LWDA, acting independently to disburse funds and set program policy. The LWDA promotes opportunities to collaborate and expand workforce training.

ETP is governed by an eight-member panel, seven of whom are appointed by the Governor and Legislative leaders (one position is currently vacant). The eighth is the Secretary of Business, Transportation, and Housing (or a designee) who serves ex-officio as a voting member. The main functions of the Panel are to act on training proposals, to adopt appropriate program policies and regulations, and to make final determinations regarding appeals decisions made by the Executive Director.

The Governor appoints a Chair to lead the Panel's deliberations. All actions require a quorum of the Panel members and a majority vote of the quorum. The Panel normally meets monthly.

ETP has a professional staff of 87 full-time positions, approximately one-half of which are located in Sacramento, with the remaining staff located in regional offices in San Diego, the San Francisco Bay Area, and North Hollywood. Staff administers the program statewide by marketing the ETP program; developing, monitoring, and auditing contracts; and providing program and administrative support to the Panel. The staff is led by the Executive Director appointed by the Governor. The Executive Director has the overall authority for administering the program.

Accomplishments

ETP produces an Annual Report due November 30th that details prior year administrative improvements, legislative and regulatory actions, contract activity, and progress and accomplishments for its strategic goals. The Annual Report is available separately via ETP's website.² As many of ETP's strategies are continuous and its initiatives can extend beyond the years in which they are introduced, the Panel considers prior year progress and accomplishments in its planning for the future.

Following is a brief summary of ETP's major accomplishments from the 2009-10 Strategic Plan:

- Special legislation was enacted July 2009 as part of the Budget Act Revision (ABX4 12 [Evans]) that authorizes ETP to disburse federal training funds appropriated from the ARRA. These funds are not subject to the same performance standards as under the core program funded by the Employment Training Tax.

² www.etp.ca.gov.

- ETP strategically marketed its core program, focusing on workforce development partnerships and initiatives. As a result, ETP expended all of its regular program funds halfway through Fiscal Year (FY) 2009 -10. In addition to marketing its core program, ETP successfully targeted projects meeting the specific objectives of its alternatively-funded training programs: 1) Nonprofit Nurse Training; 2) Clean Energy Workforce Training Program; 3) Alternative and Renewable Fuel and Vehicle Technology Program (AB118); and, critical proposals with a focus on job creation. These marketing efforts included collaboration with the California Energy Commission, California Manufacturers and Technology Association, the California Labor Federation, California Workforce Association, California Community Colleges, Local Workforce Investment Boards (LWIB), Economic Development Corporations, and multiple Chambers of Commerce.
- ETP completed Phase I of its Economic Stimulus Initiative. The New Hire Training rate was increased from \$17 to \$20 an hour, the New Hire Training cost cap was changed to 260 hours per trainee, and six regulations were successfully amended, including recognizing the Panel's authority to modify post-retention wages for frontline workers in Special Employment Training (SET) projects.
- In its on-going efforts to serve small businesses, ETP approved 88 direct small business (100 or fewer employees) contracts, in the amount of \$3,733,430, to train 2,862 workers.
- ETP targeted service to high unemployment areas (HUA) of the state, approving 49 contracts in the amount of \$3,367,046 to train 3,421 workers in HUAs.
- ETP continued to prioritize training for special populations, including veterans, ex-offenders and at-risk youth, and workers with barriers to long-term employment.
- Under its core program, the Panel supported nurse and allied healthcare training, approving 21 contracts in the amount of \$2,174,401 to train 1,728 nurses and allied healthcare professionals. ETP also implemented a Non-Profit Nursing Skills Training Program using \$5.4 million in ARRA funding allocated by the LWDA from WIA 15 Percent Discretionary funds. This alternatively funded program serves non-profit employers, who are excluded under ETP's core program.
- In August of 2009, the Governor announced the nation's largest state-sponsored green jobs training strategy, the "Clean Energy Workforce Training Program" (CEWTP). As a partner in CEWTP, ETP used \$5 Million in ARRA funds through an interagency agreement with the CEC to advance workers'

job skills in energy and water efficiency, and renewable energy. Under its core program, the Panel also approved 24 contracts in the amount of \$3,727,671, to train 4,216 workers in “green” related job skills.

- During FY 2009-10, ETP also implemented a High-Wage, High-Skill Training (HWST) program with a focus on green jobs. The program is funded by \$3 million in Governor’s WIA 15% Discretionary Funds (WIA 15%), consisting of \$1.6 million in WIA Base Funds, and \$1.4 million as augmented by the American Recovery and Reinvestment Act (ARRA). In the fiscal year, the Panel approved 16 contracts in the amount of \$3 million to train 2,340 workers.

Planning For the Future

The Panel’s strategies for FY 2010 -11 are based on prior accomplishments; the state of the economy; ETP’s priority industries; employer demand for training; economic and workforce trends and training needs; and, ETP’s available funding. The Plan establishes strategic priorities and corresponding goals and objectives to address ETP’s challenges and opportunities for the fiscal year. The Plan also establishes funding limitations to maximize use of its limited funds.

Given ETP’s limited core funding for FY2010-11 (see “Program Budget”, 28), the Panel conducted a strategic planning session on October 29, 2010 to establish funding priorities and limitations for the fiscal year, including imposing project funding caps, lowest funding priorities, a moratorium on certain types of training and amendments to increase project funding amounts, and, a protocol for accepting applications for funding (see “Maximizing Funds”, pg. 24 for details). The fiscal year runs from July 1 through the following June 30.

C. Economic Overview

The fundamental goal of ETP is to support job creation and retention, through training. Strategies for achieving this goal are directly tied to the current state of the economy, California’s key industries (whether established or emerging), and workforce training trends. ETP is also continuing to take strategic steps to coordinate more effectively with both the public and private sectors in the leveraging and expenditure of federal stimulus funding which is intended broadly to create and save millions of jobs and assist states in economic recovery.

Statewide

“The nation and California entered 2009 at the peak of what would become the worst recession since the Great Depression. Monthly job losses were high and increasing, unemployment was increasing at an alarming rate, and national economic output was plummeting. Credit was scarce and few financial markets

were operating normally. Equity markets had stabilized after plunging in October 2008, but would soon slump again.”³

Although many economists believe that the recession ended in the latter part of 2009, the Employment Development Department’s (EDD) Labor Market Information Division (LMID) reported that after a record high of 12.6 percent in March 2010, California’s unemployment rate began to drop, reaching a low of 12.3 percent, but remaining unchanged, at 12.4 percent since August 2010. Although the number of unemployed Californians is up by 42,000, up .2 percent from October of last year, the number is actually down by 10,000 over the month of October in 2010. A sign of recovery, however, is that California’s nonfarm payrolls rose by 39,000 jobs in the same month.⁴ Eight of the major industry sectors gained jobs (educational and health services, manufacturing, leisure and hospitality, trade, transportation and utilities; construction; government, and professional and business services), while the other three major industry sectors, financial activities; mining and logging; and information, continued to lose jobs.⁵ The UCLA Anderson Forecast predicts California’s economic recovery will be slow and unemployment will remain above 10 percent through the end of 2011.

Regional

While the recession was evident throughout the State, some areas were particularly hard-hit. These high unemployment areas (HUAs), by ETP regulation, are distinct regions that have unemployment rates that exceed the State average by at least 25 percent. These are often rural, agricultural areas in the central and northern parts of California, such as Fresno which currently has a rate of 15.7 percent, or Colusa County with a current rate of 15.4 percent.

Some of the industries, however, that are beginning to create and save jobs during recovery (e.g., educational and health services, green energy, and transportation and warehousing) are present in HUAs.

Federal Stimulus

In an effort to stimulate the nation’s economy and to create and save millions of jobs, Congress passed a massive federal investment package, ARRA, in early 2009. California is receiving some \$85 billion in ARRA funding, much of which is being invested in the private sector in the form of tax relief and support for a variety of industries including, but not limited to non-residential construction, manufacturing, renewable energy and other green technology, and allied healthcare.⁵ According to LMID, ARRA funding will help create some 421,000 jobs (90 percent of which are expected to be private sector jobs) in California by

³ Governor’s Budget Summary 2010-11, www.dof.ca.gov.

⁴ LMID, www.labormarketinfo.edd.ca.gov.

⁵ The California Economic Recovery Portal at [http:// www.recovery.ca.gov](http://www.recovery.ca.gov).

the fourth quarter of 2010.⁶ Many of these jobs will be created in industries that ETP identifies as priority (e.g., construction, manufacturing, healthcare, and transportation). Infrastructure projects, for example, are not expected to ramp up until the second or third quarter of 2010.

While California's recession and strategies for economic recovery, including the effective investment of the ARRA funds, do not change the list of industries that are key to stabilizing and continuing to grow the economy, they have shifted, to a degree, the focus of workforce trends and training needs. In the short term, for instance, it is reasonable to expect that employers' needs for training/retraining incumbent workers in order to retain them in jobs (save jobs) will continue to increase. It is also reasonable to expect that, as new jobs emerge (create jobs) in the recovering economy, an emphasis on re-skill and up-skill training for unemployed workers who are seeking re-employment in industries vital to California's economic recovery and growth will continue.

D. ETP's Priority Industries

ETP annually identifies priority industries that are most vital to California's economic growth, and in the current climate, economic recovery. Employers in identified priority industries receive a higher reimbursement rate for ETP-funded training, and ETP concentrates much of its marketing effort on those industries. While ETP's priority industries have not changed from what they were in the previous strategic plan, ETP's designation of them for FY 2010 -11 took into account changes in the overall economy and two other factors that are integral to California's economic recovery: ARRA funding and investment, and the emphasis on green technology.

Following are the industries that ETP has identified as priority industries for FY 2010 -11:

- **Green/Clean Technology** – “California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services, while also reinvigorating slowing markets through the widening application of new technologies across the entire economy.”⁷ As such, the discussion is no longer about green technology as an industry, but rather the transformation to an economy that makes more efficient and sustainable use of resources.

⁶ LMID, www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/Jobs-Created-Stimulus.pdf.

⁷ “Clean Technology and the Green Economy: Growing Products, Services, Businesses, and Jobs in California's Value Network,” California Economic Strategy Panel, www.labor.ca.gov/panel/.

While the green industry is mostly about energy generation and efficiency, the greening of the economy reaches into all industry sectors and businesses. Substantial ARRA funding, both nationally and in California, is being invested in the green economy, whether in renewable energy or construction or recycling or any of the other industries touched directly by “green” strategies. California remains at the forefront of transforming to a green economy, and some of the crucial green businesses ETP has identified by North American Industry Classification codes include:

- Facilities that convert solar, wind, and tidal power into electrical energy;
 - Companies engaged in the merchant wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials;
 - Environmental consultants that advise organizations on environmental issues such as the control of environmental contamination, toxic substances, and hazardous materials;
 - Remediation and clean up services that address contaminated buildings, mine sites, soil, or ground water;
 - Facilities that sort recyclable materials from nonhazardous waste or facilities where commingled recyclable materials are sorted into distinct categories; and
 - Organizations primarily engaged in promoting the preservation and protection of the environment and wildlife.
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- **Manufacturing** – Manufacturing is one of the most basic industries in any economy, and growth in manufacturing produces greater growth in the other industries that all depend upon manufacturing to supply products to them. Manufacturing has the greatest multiplier effect (ability to positively impact other industries) of all industries. ARRA funding, through tax credits for small businesses and other incentives for and investments in industries such as renewable energy, are expected to create some 47,000 manufacturing jobs in California by the fourth quarter of 2010.⁸ As of April 2010, manufacturing was also the industry with the most green jobs in California.⁹

 - **Allied Healthcare** Healthcare is one of the State’s highest growth industries. The healthcare industry reflects the demands of a growing and aging population. Allied healthcare occupations are generally those that support doctors and nurses. Among them are home health aides, medical assistants, nursing aides, orderlies and attendants, dental assistants, and pharmacy, radiology, and medical technicians. These occupations are all experiencing shortages and are expected to have the largest growth in the industry.¹⁰ Employment in healthcare and social assistance overall is expected to

8 LMID, www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/Jobs-Created-Stimulus.pdf.

9 “California’s Green Economy,”

10 www.gov.ca.gov/index.php?/press-release/11998/.

increase by 23 percent, or more than 307,000 jobs by 2016.¹¹ Substantial ARRA funding is being dedicated to healthcare and health services.

For instance, the Governor recently announced some \$30 million in ARRA funding for eight organizations in California to train workers for jobs in healthcare and other related industries. The funds will help address current and forecasted workplace shortages.¹² Additionally, the recent passage of healthcare reform at the federal level has offered expanded opportunities for California to carry out activities that will lead to coherent and comprehensive health and workforce development strategies.

- **Construction** – LMID reports construction as one of the State’s high growth industries, due in part to labor needs for highway and other public works projects.¹³ Nonresidential and public works construction is expected to increase, given California’s passage of over \$40 billion in bonds leading to new transportation funding and other major infrastructure investment. These bonds will now be augmented with the investment of ARRA funds targeted at projects such as building and repairing roads and bridges and sewer systems, and building and renovating schools and other public buildings. Top occupations in the industry include carpenters, construction laborers, masons, welders, dry wall and ceiling tile installers, electricians, painters, plumbers, and first-line supervisors/managers of construction trades. Job growth in construction is expected to continue, although it is expected to shift, at least in the short term, to non-residential construction.
- **Goods Movement and Transportation Logistics** – A healthy economy in California, as well as the rest of the nation, depends on a complex manufacturing supply chain. Manufacturing has become part of a global value chain of interdependent business functions. Research shows that transportation logistics in California has four key sub-sectors: transportation services, logistics support, warehousing and storage, and supply chain management.¹⁴ Transportation services involve goods movement by truck, water, air, or railroad. Logistics support includes air traffic control, navigation services for ships, freight, and packing.

Supply chain management provides operating advice and assistance in productivity, inventory, quality, and planning. LMID projects the greatest growth in the industry cluster will be in design and logistics from 2004 to 2014. California is expected to receive more than \$4 billion in ARRA funding for transportation related projects and improvement, including transit infrastructure and the construction and repair of highways, roads, and

11 “Industry Employment Projections,” LMID, www.labormarketinfo.ca.gov.

12 www.recovery.ca.gov

13 “Construction Careers”, EDD, LMID, January 2007.

14 2005 California Regional Economies Project, ‘Logistics and Manufacturing Value Chains: Meeting The Workforce And Infrastructure Demands Of A “Real Time” Economy’, July 2005 www.labor.ca.gov/panel/pdf/logmanufvalue.pdf.

bridges.¹⁵ High-speed rail, alone, has received \$2.34 billion in ARRA funding for planning and construction.¹⁶

- **Information Technology Services** – All industries are undergoing an increased need to utilize information technology to ensure competitiveness in the new world economy. The McKinsey Global Institute found that there is a relationship between IT and productivity.¹⁷ For example, the agricultural industry is becoming high tech as it turns to sophisticated tools to assist in growing crops and tending livestock.

Information Technology Services is a fast growing sector in the national economy, as well, and substantial ARRA funding has been targeted for related initiatives such as re-building the nation's energy grid. Employment in computer systems design and related services will grow by 38.3 percent and add nearly one-fourth of all new jobs in professional, scientific, and technical services, according to the U.S. Bureau of Labor Statistics (BLS).¹⁸ The BLS also projects excellent employment opportunities in the industry as demand for computer-related occupations increases, due to rapid advances in computer technology, continuing development of new computer applications, and the growing significance of information security.

Automating or digitizing medical records is one of the federal government's goals for ARRA funding and for recently enacted federal healthcare reform. In February 2010, the Governor announced nearly \$70 million in ARRA funding to expand health information technology in California. "A robust system to exchange health information will improve patient care in several areas including more informed decisions by making certain patient medical history is available to the point of diagnosis and care; enabling early diagnosis with the potential to improve outcomes and reduce costs; and, increasing efficiencies related to administrative tasks."¹⁹

- **Biotechnology and Life Sciences** – California remains a global leader in biotechnology and medical technology. High job growth is projected in biotechnology and life sciences, in part due to an infusion of ARRA funds into science and technology. Scientific research and innovation results in critical discoveries in the State's biotech laboratories. Most California biotech jobs are located in four regions: San Diego, Los Angeles/Orange, the San Francisco Bay Area, and Sacramento/Stockton. An estimated 100,000 workers are employed by California's biotechnology firms. It is projected that by 2015, the industry will employ up to 250,000 workers. Further, the "job multiplier" for

15 www.recovery.ca.gov.

16 www.recovery.ca.gov

17 "U.S. Productivity Growth, 1995-2000", October 2001 www.mckinsey.com/mgi/publications/us/index.asp.

18 U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 2700, Occupational Outlook Handbook, 2008-09 Edition, "Tomorrow's Jobs" <http://www.bls.gov/oco/oco2003.htm>.

19 www.recovery.ca.gov

biotechnology is about 1.9, which means that almost 2 additional jobs are created elsewhere in the economy for every job created in biotech.²⁰

Biotechnology is also an example of an industry that is converging with green technology. For instance, the University of California at Berkeley, in partnership with the University of Illinois Urbana-Champaign, and Lawrence Berkeley National Laboratory is hosting a research center dedicated to developing biofuel technologies. The Energy Biosciences Institute will conduct biological research through the center relevant to energy, including the development of renewable fuels.²¹

- **Multimedia/Entertainment** – Multimedia/Entertainment, along with the motion picture industry, remains a staple of the State’s economy, providing high-wage, high-skill employment in jobs with significant multiplier effects on the economy. As a result, the State is working towards the creation of a public-private partnership to enhance education and training in the areas of digital arts, media arts, and telecommunications technology fields. The Governor’s effort will allow State government to analyze and better categorize funding that is currently in place, and provide an opportunity for the State and the digital media arts community to work with the private sector to expand their efforts in this area. The partnership will have three primary goals:
 - Build a world-class, industry-ready workforce in California;
 - Improve educational opportunities and systems for youth; and
 - Improve and enhance civic capital through robust youth engagement in their communities using digital media as the primary mode of expression.

The partnership is needed because industry workforce analyses indicate that jobs in these fields have been moving overseas to countries that have progressive policies for career development in digital media. Consequently, our domestic workforce is under-resourced and under-prepared. There is also a lack of consistency in the design and description of digital media classes at the high school and postsecondary levels and, like many other career technical education courses, the support and availability of digital arts, media arts, and communications technology courses are not keeping pace with industry and workforce needs.

- **Agriculture** – California is the largest agricultural producing state in the nation and is the world's fifth largest supplier of food and agriculture commodities.²² With 88,000 farms and ranches, California agriculture is nearly a \$36.6 billion dollar industry that generates at least \$100 billion in related economic activity.²³ California is also the nation’s leader in agricultural exports, which

20 “Under the Microscope, Biotechnology Jobs in California”, EDD, LMID (June 2004, with December 2007 update).

21 Clean Technology and the Green Economy.

22 <http://www.cdfa.ca.gov/files/pdf/card/AgResDirEntire06.pdf>.

23 <http://www.cdfa.ca.gov/CDFA-History.html>.

surpassed \$8 billion in 2004, to approximately 150 countries. Agriculture production is a base industry in the Food Value Chain which includes processing, distribution, and support.²⁴ The Food Value Chain has a broader economic impact than agricultural production alone. Despite its critical importance to the State's economy, however, agricultural employment is relatively low (excluding food processing, only 2.5 percent of the employed workforce, or 390,900 workers in 2008), and much of that employment is seasonal.

E. Workforce Trends

With unemployment at record highs in California, significant ARRA funds are being dedicated to the re-employment of those workers. Among the State trends for the re-employment of California workers is talent transfer training. As an example, thousands of construction workers have been unemployed due to the crisis in the residential housing market. New construction jobs, particularly those stimulated through ARRA funding, are more likely to be in non-residential public works (e.g., roads, bridges, school construction) than in residential construction, creating a need for up-skill or re-skill training for workers who become re-employed in these different types of construction.

Among those workers desiring re-employment or job retention (not necessarily in the construction field) and for whom up-skill or re-skill training may be required, are retirees or those eligible to retire. The Census Bureau estimated nearly 80 million Baby Boomers, or more than 10,000 per day for the next 22 years will be retiring or will have reached retirement age. Based on this situation, companies will increasingly face talent shortages. To address these shortages, many businesses are encouraging Boomers to extend their employment, offering incentives and other work options. According to the California Budget Project, many Californians in their late 50's and 60's are choosing to continue working or choosing to return to work from retirement.²⁵

Older workers who want to remain in or re-enter the workforce constitute only one among numerous special populations that represent a sizeable percentage of the current and future labor force. U.S. Department of Labor (DOL) programs, for instance, prioritize services to veterans, low income adults, needy youth, people with disabilities, authorized immigrants, and other populations that are underserved and/or have multiple barriers to employment. The State has identified additional populations for the targeting of workforce services such as ex-offenders, gang members, and foster youth.

While the trend of serving special populations with public workforce funding continues, it is not inconsistent with the trend towards the re-employment of

²⁴ "California's Food Chain at Work," www.labor.ca.gov.

²⁵ California Budget Project, "More Californians are Working Later in Life," April, 2009.

skilled workers and up-skill or re-skill training for incumbent workers. In fact, the investment of state funds in workforce training have, by necessity, become more limited and therefore more strategic - targeting priority industries, occupations, and populations.

Another trend that is emerging during California's economic recovery is the employment of workers in temporary jobs. This is seen as an indicator of recovery in that employers are beginning to hire again, but many do not have the confidence in the economy to hire into permanent positions. Many of these temporary hires are expected to be moved into permanent positions as employers' confidence in the recovery grows. As a result of this trend, temporary employment agencies are seeing an increase in the number and diversity of their placements.

Sector strategies have also continued as a workforce training trend. The California Regional Economies Project (CREP),²⁶ which is administered by the Economic Strategy Panel (ESP), developed a methodology for economic development partners (e.g., LWIBs, community colleges, school districts, organized labor, economic development entities) to identify and assist industries and businesses vital to their regional economies in meeting their workforce needs and to assist communities in preparing their underserved populations for careers. After being trained in the use of the industry "Clusters of Opportunity User's Guide," these regional workforce partnerships form mutually beneficial alliances with identified industries that create opportunities for the populations that require training or re-training and for the industries that require skilled workers. This approach to the employment, re-employment, and retention of workers in California's economic regions is generally known as a "sector strategy" and is being used, in one form or another, in all areas of the State.

CWIB adopted sector strategies, including the CREP's clusters of opportunity methodology, as the basic strategy for the State and its economic regions to use in developing workforce solutions.²⁷ CWIB is pursuing sector strategies at the State level through its special committees and workgroups, such as the Green Collar Jobs Council, which is developing sector strategies relating to green technology, and of which ETP is a member. CWIB has granted \$3 million in WIA and CEC funding to 10 regional sector collaboratives for the development of new green sector initiatives and also successfully applied for a \$6 million State energy Sector Partnership grant from DOL that will result in six regional sector teams serving as many as 1,200 individuals. Finally, LWDS, CWIB, and OSHPD are leading the Governor's health workforce strategies under federal healthcare reform, and sector strategies will be employed in planning and carrying out those activities.

26 California Regional Economies Project, www.labor.ca.gov.

27 California Workforce Investment Board, www.cwib.ca.gov.

ETP partners with LWDA, the California Regional Economies Project, GoED, CWIB, EDD, the California Community Colleges Chancellors Office (CCCCO), CEC, and others at the State and local levels in coordinating resources and services to assist industries, businesses, and citizens that will have the greatest positive impact on California's economy. ETP continues to expand and enhance its program and services in response to the flagging economy by 1) seeking out new partners with whom to collaborate, such as CEC and Local Workforce Investment Boards, and 2) leveraging or coordinating with new resources such as the ARRA funding or State, AB118 funding.

F. Initiatives and Alliances

ETP plays an important role in the larger workforce system in California by assisting businesses in providing lifelong learning opportunities to both new hires and incumbent workers. Historically funded by the employers themselves, incumbent worker training is increasingly becoming a focus for public workforce funding in the recovering economy. ETP not only targets business and industry that are vital to economic recovery and growth, but also focuses on training in HUAs and serving lower income workers, both employed and unemployed, with barriers to gainful, career-oriented employment. As a strong partner in California's efforts to strategically coordinate the effective investment of ARRA and other funding in order to revitalize the economy, ETP is continuing to expand and enhance its historical training role.

ETP is doing so by continuing the program, partnership, and administrative strategies that are already in place and adding new initiatives and pilots as both California's economic recovery and ETP's role in it evolve. ETP developed a significant new partnership in the last year with the CEC and strengthened partnerships with the LWDA and Local Workforce Investment Areas through the use of ARRA and other alternative workforce training funds. Following are both current and proposed ETP strategies.

Program Strategies

- **Alternative Funding**

The State received an investment of ARRA funds for a wide range of economic stimulus and recovery activities and programs as a result of the recession and historically high unemployment in California. Creating and saving jobs, and employing, re-employing, and retaining California workers are among the most important goals of the ARRA funding. As a long term partner supporting job creation and retention through training, ETP is coordinating with other State agencies in the design and delivery of services under the ARRA funding.

The Panel is partnering with CEC to implement a workforce training program in support of the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) that was created under AB118.

ETP is also partnering with the LWDA and EDD in the Non-Profit Nursing Skills Training Program, and a Healthcare Initiative funded by WIA 15%.

- **Economic Stimulus**

The Panel has almost completed Phase II of its Economic Stimulus Initiative. In Phase I, completed in FY 2009-10, the Panel made policy changes to encourage training for dislocated workers by increasing the New Hire training rate and revising the cap on New Hire training costs. Also in Phase I, the Panel amended the Special Employment Training (SET) regulation to allow wage modifications for workers in priority industries.

In Phase II, the Panel took further regulatory action. In summary, the Panel adopted a new regulation to establish parameters for alternative funding source projects. It also amended existing regulations to: allow “productive laboratory” training, establish parameters for electronic methods of training delivery, increase the cap on “incidental placement” of New Hire trainees, clarify that “turnover rate” may be reviewed case-by-case, and modify the calculation method for High Unemployment Areas making it easier to qualify when statewide unemployment is at or over 10%.

- **Green/Clean Technology**

The Administration and the Legislature are leading efforts to expand the economy and protect the environment through green technology including solar energy generation, energy distribution and conservation, clean air and water, zero emission standards (or carbon neutral) in production, reduction of landfills, and paper reduction. California is at the forefront of innovative public policy (including energy performance standards, consumer incentives, public procurement mandates, and investment in research and development) that serves to protect natural resources while also stimulating new markets.²⁸

Numerous initiatives are shaping California’s leadership role in the development of green technologies, such as: the Global Warming Solutions Act of 2006 to cut green house emissions; California’s Renewable Portfolio Standard, created in 2002, that establishes some of the most ambitious renewable energy standards in the nation; the California Solar Initiative – with a \$3.3 billion budget, the largest solar incentive program in the country;²⁹ and the Green Building Initiative (through the Governor’s Executive Order S-20-04) that calls for public buildings to be 20 percent more energy efficient by 2015.

28 “Clean Technology and the Green Economy,” California Economic Strategy Panel.

29 Clean Technology and the Green Economy.

In March, the Governor's Recovery Task Force announced \$110 million in ARRA awards for energy efficiency and solar projects under the State Energy Program (SEP) for Energy Efficiency Building Retrofit and Municipal Financing. This one fund is expected to generate an estimated 1,100 jobs. In total, more than \$220 million for green/clean initiatives has been committed through the SEP.³⁰

- **Alternative and Renewable Fuel and Vehicle Technology Program**

In 2007, the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) was created under AB118 with the goal of transforming California's fuel and vehicle types to meet the state's climate change policies. The transition from California's complex petroleum-based transportation market, to one based on a diversity of low-carbon alternative and renewable fuels and clean vehicle technologies, represents an opportunity for creating new industries and "green collar" jobs. The evolution to a low-carbon transportation economy requires a well-trained workforce to produce and distribute new alternative fuels and design, construct, install, operate, service, and maintain new fueling infrastructure and vehicles.

The ARFVTP is administered by the CEC. ETP is partnering with CEC, Fuels and Transportation Division to deliver a workforce training component consistent with the goals of AB118 (AB118 Program). An interagency agreement with the CEC was approved June 8, 2010, with the goal of training individuals in new transportation technologies to help attain the workforce needs of companies engaged in the development and/or deployment of alternative fuels and vehicle technologies. CEC will provide \$6 million in funding to ETP to implement this program. ETP will encumber \$5.4 million in training contracts, and the remaining \$600,000 may be used to offset administrative costs associated with the contract implementation process by ETP staff.

Although the Panel has just begun to implement the AB118 program, in FY 2009 -10, the Panel approved \$1.8 million to train 603 workers in five AB118 contracts. The balance of the \$6 million (\$4.2 million) is expected to be available in FY 2010 -11 after the funds are reauthorized through a formal budget procedure to ETP. Additional AB118 funding may become available to the Panel in the future, as consistent with CEC's Investment Plan for ARFVTP.

30 www.recovery.ca.gov

- **Nursing and Allied Healthcare**

In 2009, the Governor announced the Allied Health Initiative with \$32 million in public/private funding to add thousands of healthcare professionals over three years. Structured after the Governor's successful Nurse Education Initiative in 2005, this new initiative is led by the LWDA in partnership with the California Community Colleges, the University of California and California State University systems, and the California Hospital Association. Regional industry and education leaders will work together to develop allied health partnerships that educate and train allied health professionals – licensed individuals such as pharmacists and lab technicians that support nurses and doctors – and who comprise over 60 percent of the health occupations in California.³¹

After the enactment of the federal Patient Protection and Affordable Care Act, Title V, in early 2010, the Governor identified LWDA, CWIB, and California's Office of Statewide Health Planning and Development (OSHPD) as the lead partners in implementing his Healthcare Reform health workforce activities. These include applying for federal funding to complete comprehensive planning and to engage in activities that will result in comprehensive health and workforce development strategies at the State and local levels.

ETP will continue to identify and pursue partnership opportunities in this effort. At a minimum, in FY 2010 -11, ETP will continue to support the healthcare industry by targeting training funds for career advancement and job security for workers in this sector including nurses, caregivers, and allied healthcare occupations.

- **Non-Profit Nursing Skills Training Program**

In 2010, ETP was allocated \$5.4 million from the Labor and Workforce Development Agency (LWDA) as a result of the substantial augmentation to WIA 15% that occurred through ARRA augmentation to the state's WIA formula funding, as well as WIA Base Funds. The monies were proposed for a program to target incumbent nurse training in the non-profit healthcare sector, with an emphasis on rural hospitals in high unemployment areas of the state. (Non-profit hospitals typically do not pay the Employment Training Tax, and for that reason are precluded from participation in the ETP program.) The Panel funded medical skills training for the career advancement and job security of incumbent Registered Nurses (RNs) and Licensed Vocational Nurses (LVNs). The expenditure of ARRA funds was authorized under the state Budget Act for FY 2009 -10. A new provision in ETP's enabling law conveyed authority to disburse funds from a source other than the Employment Training Tax.

31 www.gov.ca.gov/index/php?/press-release/11998

➤ **Healthcare Initiative 2010-11**

In FY 2010 -11, ETP will obtain an allocation of \$1 million in WIA 15% funds to implement a Healthcare Initiative to extend its outreach in the healthcare industry. This allocation will fund a significant backlog of single-employer healthcare applications submitted to ETP for consideration in 2009 and on hold since ETP exhausted all of its FY 2009-10 program funds. These applications will focus on medical skills training for incumbent registered nurses and other allied medical occupations in high demand, such as physician assistants, imaging technicians, and respiratory therapists employed at private medical facilities and hospitals.

Given the demand for such training, ETP is working to obtain an additional allocation of \$9.4 million in WIA 15% funds, also in FY 2010 - 11. Of this sum, \$5 million will be dedicated to the Healthcare Initiative. Remaining WIA 15% funds will be reserved for other high-wage, high-skill industry sectors.

• **Career Technical Education (CTE)**

Career Technical Education (CTE) programs are intended to prepare California workers for the 21st Century economy and maintain California's competitive edge in the global marketplace. Increased funding, bond financing, and the public profile of CTE are encouraging people who choose not to pursue a four-year college degree path to plan for careers in a trade or craft, particularly in a field with wage progression and job security. Upon receiving sufficient training, which may include certification, such workers are typically hired as "frontline workers" responsible for the direct manufacture or delivery of goods and services.

The fastest growing fields requiring a vocational associate's degree will require CTE training. LMID estimates that by 2016 California will need 124,800 nurses, 54,100 carpenters, 24,100 electricians, 18,500 plumbers, and 11,600 welders.³² These and other trade and craft occupations, particularly many of the emerging green jobs, are also often served by registered apprenticeship programs.

Registered apprenticeship programs combine education and work experience that results in a nationally recognized portable credential and offer career pathways into specific fields. Pre-apprenticeship programs offer CTE in a form that provides trainees with the requisite skills and education for successful employment through a registered apprenticeship. The ARRA funding for workforce programs encourages the leveraging of registered

³² Occupational Projections of Employment, <http://labormarketinfo.edd.ca.gov>.

apprenticeship programs as a workforce development strategy and also invests in CTE through increases in education funding for reforms and programs such as Pell Grants and Work-Study.

ETP is committed to supporting the continued statewide emphasis on CTE and related programs such as pre-apprenticeships and registered apprenticeships. ETP will fund this type of training at both the entry level and journey-level to persons that choose a technical career path and may be thwarted from entering or remaining in today's increasingly technological workforce absent training in job-specific skills and specialty practices. ETP will also focus on training proposals for women in non-traditional occupations and will concentrate on funding CTE and related programs in three priority industry sectors: manufacturing, allied healthcare, and construction (building trades).

In support of the Governor's efforts to reduce recidivism and gang violence through CTE and job training, ETP will continue, under its Special Employment Training (SET) category, to help ex-offenders and at-risk youth (ages 18 to 23) enter and succeed in the workforce. The program priority provides critical job skills training and employment to ex-offenders and youth at risk of becoming involved in gang related activities. Projects will continue to have an emphasis on training which supports long-term job preparation and security. They make pre-apprenticeship training a priority and target occupations included under CTE (e.g., electrician, welder, certified nurse assistant, drafter, machine operator, computer operator).

- **Support for Veterans**

ETP will continue to enhance its funding of training to help veterans pursue high-skill, high-wage jobs in secure industries by providing incentives such as increased training reimbursement rates for contractors who prioritize training for veterans. ETP will continue to partner with other State agencies to develop initiatives for the training and employment of veterans and will increase marketing to veteran organizations with the intent of developing training projects that focus on meeting veterans' training needs. ETP will also continue outreach to veterans by working with local chambers, ethnic chambers, women's business groups, high-tech conferences, and business community workshops. ETP also serves veterans through its core program, primarily through contracts with MECs.

The need for employment training assistance for veterans is increasing, due to the number of active and reservist personnel who have performed military service in recent years. Some veterans have returned to the California civilian workforce and found their previous jobs are gone. A U.S. Department of Veterans Affairs study found that 18 percent of the veterans who sought jobs

within one to three years of discharge were unemployed, while one out of four who did find jobs earned less than \$21,840 a year.³³

- **Serving Small Business**

ETP will continue to prioritize funding for small business, funding training for small business owners, equipping them with the tools needed to run a business, and funding training for employees of small businesses to provide them with critical job skills. ETP has long recognized the importance of small business on the California economy, and 60 percent of employers served are small businesses with fewer than 100 employees.

The economic engine of the State, small business is essential to California's economy. Small employers with fewer than 100 employees represent more than 98 percent of all businesses in the State, and employ 58 percent of all California workers.³⁴ Any strategies to enhance the State's economy must include small business as a priority.

ETP participates weekly on the Small Business Advocate Intergovernmental Advisory Council to GoED. Thus far, this has been an informal exchange of information sharing and resource allocation. Since its creation two years ago, the Council has dramatically increased awareness of the needs of small business; the affects on small business of regulatory, financial, political and economic environments; and the impact of small business on jobs and the economy.

Partnership Strategies

- **Job Creation and Retention**

ETP develops projects in partnership with other governmental sources of funding. ETP works with GoED on "critical proposals" with an emphasis on creating new jobs in California. ETP also supplements State funding for training under an approved apprenticeship program and adult education. As part of this priority, ETP supports job creation and retention in partnership with State and local economic and workforce development partners.

For instance, ETP participates quarterly on the Economic Development Program Advisory Council of the CCCCO, along with representatives from community colleges and other state agencies that are charged with workforce and training development. ETP's participation provides an opportunity for information exchange, as well as forming alliances and partnerships for funding, training assistance and career path/workforce skill enhancement

³³ "Study: War Veterans Face Job Search Woes", February 8, 2008, <http://www.wtopnews.com/?sid=1341378&nid=116>.

³⁴"California Economic Profile: A Statewide Overview and Regional Analyses December 2007", Economic Strategy Panel.

throughout various regions in the state. Both the CCCCCO and individual community colleges have received ETP funds for various training programs.

- **Enhancing the Role of MECs**

MECs serve multiple participating employers under a single agreement. MECs can include consortia (group of employers), training agencies, educational institutions, LWIBs, and Joint Apprenticeship Training Councils. MECs are integral to the program, helping ETP reach and better serve its priority industries and populations, especially small businesses.

In preparation for this year's strategic plan, ETP asked key consultants and MECs to participate in two forums – one in southern California and one in northern California. Participants were asked to provide feedback regarding ETP's strategic initiatives; training requirements and standards for existing workers and new hire training; and workforce and training trends. They were provided with updates on the ETP budget and an overview of the state budget and process. Some of the suggestions resulted in ETP making internal process adjustments, as well as regulatory modifications.

- **Revitalizing High Unemployment Areas (including rural and agricultural areas such as the Central Valley)**

ETP will continue funding training for companies in high unemployment areas of the State to stimulate these local economies. Funding will focus on workers who have full-time jobs and fairly stable employment, but earn low wages and lack the essential job skills necessary to improve their employment. The areas of highest unemployment continue to be rural regions of the State, including the valley and mountainous regions north of Sacramento and the San Joaquin Valley to the south.

Traditionally an agricultural region, the San Joaquin Valley trails the rest of the State in family income, educational achievement, healthcare access, employment, and job stability. Unemployment rates in the region have been persistently high for nearly three decades. Adding to the economic and employment hardships in recent years have been the drought conditions which hit this region particularly hard.

ETP supports economic revitalization of the San Joaquin Valley region, prioritizing training to foster new jobs and economic growth. Since July 1, 2005, ETP approved \$62.3 million for 220 projects to train 54,000 workers. ETP waives some of its regular program criteria (lowered wages, flexible retention) for businesses in high unemployment areas (25 percent higher unemployment rate than the State average) and in its Seasonal Worker program designed to increase employment retention/productivity for workers in crop production. ETP partners with the California Partnership for the San Joaquin Valley, synchronizing efforts to bring jobs/economic diversification to the region, and

leveraging incumbent worker training to reduce turnover and improve job stability.

Additionally, much of northern California, from Colusa and Yuba counties up to the Oregon border, continues to struggle with unemployment and economic issues, especially in the rural areas which have also been hurt by the drought. ETP will refocus marketing and expand partnership development to support several more training projects from this part of California.

In January 2007, in response to the need for training workers in major seasonal industries, the Panel implemented a pilot program to fund training for workers in the agricultural crop production industry and has now integrated these pilot services into the SET program. The nature of employment in this industry relates directly to the cyclical nature of the growing season. Training is focused on increased employment retention and productivity in the Food Value Chain, including harvesting, packing, processing, and transportation. Single and multiple employer contracts may be funded, and at least 50 percent of training hours must consist of job-related vocational skills training. If applicable, the remaining hours may include literacy training.

Administrative Strategies

- **Case Management System**

ETP will continue efforts to build a new Case Management System that will meet current and future needs of staff and the public by combining multiple functions of the current internet, intranet, and Management Information System database - into a single, centralized, web-based system. The new system will enable ETP to more efficiently provide its services by allowing reliable and efficient means of data entry, better use and navigation for staff and the public, and better security of sensitive information.

With the implementation of a new database system in 2011, ETP has an opportunity to review and improve the program's business requirements and service model to better meet the requirements of customers and staff. ETP staff is currently working to document the program's contract lifecycle and determine where changes to the program can be made. Staff will also be working to improve the program's overall fiscal and accounting processes and improve how ETP collects data and stores data and runs reports.

The goal is to allow for more flexibility within the application and agreement processes to meet funding priorities and funding sources as they change; to increase customer usability of ETP's program online and in person by streamlining and automating both customer and staff involvement in the contract process; and to increase data validation and user accountability by implementing stronger business rules for data entry and the removal of manual and duplicative data entry within the new database system.

- **Information Technology Modernization Mandates**

ETP will continue its efforts to plan and implement the modernization of the Panel's IT infrastructure in accordance with the state mandated consolidation effort (AB 2408). Areas of focus will consist of the following: update of hardware and migration of ETP's network to EDD services; consolidation of servers with migration of public servers to a state ran Tier III data center; and, consolidation of IT server rooms. These efforts are the first phase in allowing ETP to meet the state mandated deadline for all consolidation efforts by the 2013 deadline.

- **Maximizing Funds**

In the past eight years, the demand for training funds has continued to exceed ETP's available resources. By November 2009, ETP exhausted all of its FY 2009-10 core program funds - with a backlog of applications for funding, totaling approximately \$29 million in contract value. Though the Budget Act for FY 2010 - 11 appropriates \$52.4 million to ETP, the Employment Development Department's October 2010 projections of the Employment Training Fund collections indicate an historical low of approximately \$42.4 million in the current Fiscal Year.

Thus, given ETP's prior-year liabilities (\$26 million) and its administration costs, only \$9 million in training funds will be available to fund the backlog of applications submitted in 2009, and new projects in FY 2010 -11. Utilizing its incremental encumbrance process, ETP will leverage \$9 million in funds to be able to fund approximately \$25 million in contract value in FY 2010 -11.

At its October 29, 2010 meeting, the Panel took action to prioritize the allocation of its limited FY 2010 -11 core program funding. The Panel found it necessary to continue or impose new funding limitations in order to distribute its limited funds most effectively. In order to address the anticipated high demand for limited funding in FY2010-11, the Panel also established a protocol for accepting applications for funding in FY 2010 -11.

➤ Caps will be applied to projects as follow:

- Critical Proposals including Job Creation - \$300,000
- Small Business - \$50,000

- Single Employer - Priority Industry - \$250,000
- Single Employer - Non-priority Industry - \$200,000

- Multiple Employer - \$400,000.

- Lowest priority is assigned to:
 - For-profit training schools (including schools where the cost of training is normally covered in full through student financial aid and ETP funding is part of a more comprehensive curriculum);
 - New-hire truck driver training (excluding training proposals with formal involvement of trucking company employers and/or unions);
 - New-hire security guard training;
 - Retraining for employees of Training Agencies; and,
 - All training in the adult entertainment industry (including the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment and gambling industry).
- A moratorium is imposed on:
 - First-time training agencies; and,
- Other limitations are imposed:
 - Repeat contractors are subject to highest level of substantial contribution (30% first time assessed, 50% second time assessed);
 - No amendments allowed to increase the approved amount of funding for existing and new contracts;
 - Multiple Employer Contractors (MECs) must justify the need for and amount of support costs; and,
 - MECs requesting funds for retraining must demonstrate firm commitment to training by participating employers equivalent to at least 80% of the requested amount of funding.
- Protocol for applying for ETP funds:
 - Small business may apply from December 1, 2010 forward;
 - Critical proposals may apply on a continual basis;
 - MECs may apply from December 1, 2010 to December 31, 2010;
 - Single employers in healthcare may apply upon announcement of program and funding availability;

- If funds are available, single employers in other priority industries may apply upon announcement of application cycle.

G. Goals and Objectives

Six key goals, with specific objectives will be addressed in FY 2010 -11:

Goal #1: Expand the scope of the ETP program through partnerships.

Objectives:

- a) *Partner with public and private, State and local economic and workforce development associations, including GoED, to identify “critical proposals” for funding with an emphasis on business attraction and the retention and creation of jobs.*
- b) *Partner with public and private, State and local economic and workforce development partners in investing federal ARRA funding and other alternative sources of funding for workforce training.*

Goal #2: Target California’s key and emerging industries.

Objectives:

- a) *Target at least 85 percent of available program funds to priority industries.*
- b) *Continue outreach to employers, training agencies, research organizations, State universities, and community colleges developing and supporting green technologies and training in allied healthcare.*

Goal #3: Continue support for small businesses.

Objectives:

- a) *Continue to target outreach to small businesses through events sponsored by State and local elected officials.*
- b) *Continue the Small Business Referral effort to direct small businesses to a MEC in their area when there is a potential match between their training needs and an existing ETP-funded program. Evaluate this effort to support ETP’s capacity to develop and administer small business projects.*

Goal #4: Support hard-to-serve populations through pilots and initiatives.

Objectives:

- a) *Continue the Veterans Program.*
- b) *Continue the Ex-Offenders/At-Risk Youth Program.*
- c) *Continue targeting training projects in the Central Valley region, rural Northern California, and HUAs.*
- d) *Target funds, as available, for projects to effectively provide new and upgraded skills to dislocated workers seeking re-employment in public works, commercial construction, and related industries.*
- e) *Participate, with leveraged ETP funds, as appropriate, in proposals to the DOL for green technology and health related initiatives.*

Goal # 5: Finalize the ETP Economic Stimulus Initiative.

Objectives:

- a) *Continue to evaluate the effectiveness of a training hour cap for New-Hire training.*
- b) *Finalize regulatory actions to broaden the Panel's discretion for New Hire training and other efforts in support of employment for dislocated workers and improve New Hire placement outcomes.*

Goal #6: Increase the efficiency and effectiveness of the ETP program.

Objectives:

- a) *Continue the upgrade to ETP's Management Information System to ensure comprehensive and seamless data input and retrieval, as well as other system efficiencies.*
- b) *Continue ongoing, internal evaluation and assessment of program/contracting issues.*

Program Budget

ETP is funded principally by the Employment Training Tax which California companies pay to promote the development of an improved State workforce. Estimated total funding for the ETP program in FY 2010 -11 is \$45.5 million. Although the Budget Act for FY 2010 -11 appropriates \$52.5 million to ETP, the Employment Development Department's October 2010 projections of the Employment Training Fund (ETF) indicate an historical low of approximately \$42.4 million in the fiscal year. Considering ETF deductions for EDD Tax Collections Branch and the State controller, and ETP's estimated \$5 million in disencumbrances (unearned contract funds) available for reinvestment in new training projects - ETP will have approximately \$45.5 million available for the fiscal year. Given ETP's prior-year liabilities (\$26 million) and program administration (\$8.7 million), ETP has \$9 million available to fund new contracts in FY 2010 -11.

FY 2010 -11 Appropriations & Expenditures

The following illustrates ETF revenues and expenditures in FY 2009-10.

<u>Employment Training Fund (Fund)</u> ³⁵	\$42,381,000
<u>Fund Expenditures For:</u>	
EDD Tax Collections Branch	(\$1,500,000)
State Controller	(\$409,000)
 <u>ETP Program</u>	
Appropriation	\$40,472,000
Funds Reinvested (Estimated)	\$5,000,000 ³⁶
 Total	<u>\$45,472,000</u>
 <u>Expenditures (Planned)</u>	
Prior Year Program Fund Obligations	(\$26,000,000)
Marketing and Research	(\$125,000)
Pro Rata – Program 50.....	(\$1,140,169)
Program Administration	(\$9,200,000)
New Program Funds.....	<u>(\$9,006,831)</u>
 Total	<u>\$45,472,000</u>

³⁵ Based on projected revenue collection as of September 2010.

³⁶ Program funds approved in prior contracts that were unearned and subsequently disencumbered for use in FY 2010 - 11, per Provision One in the State Budget Act.

In addition, it is anticipated that ETP will receive the following funding from other sources in FY 2010 -11:

California Energy Commission AB118	\$4,200,000
Governor's 15 Percent Workforce Investment Act (ARRA Funding)	\$10,400,000

Allocations by Category

As indicated on the Fund Status table on the preceding page, funds are budgeted for expenditure within the following budget categories:

- 1) Program Funds: \$42.4 million to fund training and employment retention for incumbent workers and unemployed workers under two categories. Note that, as a result of ETP's incremental funding process, obligations in prior year contracts account for \$26 million of the \$42.4 million in available program funds, leaving \$9 million available for new training projects, which through incremental funding will yield approximately \$25 million in total contract value.
 - a) Job Creation and Retention – Most projects are approved under this category, primarily to support retraining of incumbent workers. Some funds under this category are to support training for unemployed workers (i.e., “New Hires”).
 - Retraining programs train employed individuals in companies that are facing out-of-state competition and need to retrain their employees to improve the business' competitiveness.
 - New Hire training programs train unemployed individuals who are currently receiving unemployment insurance benefits or have exhausted their benefits within the last two years. Training is in job skills needed for a specific occupation or industry.
 - b) Special Employment Training (SET) – Up to 15 percent of ETP's annually available training funds are available under this category. The purpose of SET is to fund training projects to improve skills and employment security of frontline workers in projects that do not meet standard eligibility requirements, but are a priority for workforce training. SET projects target frontline workers (i.e., those workers directly producing goods or services) earning at least the State average wage. SET funding also allows training of frontline workers who earn less than the State average, if they are in high unemployment areas, have multiple barriers to employment, are small business owners, or are seasonal workers.
- 2) Marketing and Research: \$125,000 for strategic program marketing. Marketing is driven by ETP's priorities and the need to reach businesses that have the most impact on the California economy. In addition to its internal marketing efforts, ETP has enlisted partners to provide marketing outreach to target industries. The

ETP also conducts independent research to ensure program efficiencies and effectiveness.

- 3) Program Administration: \$8,700,000 for operational costs.

The Strategic Plan was prepared by the Planning and Research Unit staff: Jill McAloon, Elizabeth Slape, Tara Armstrong, Alana Sanchez, Laura Coffin, Renee Pierce, John Bohart, Nancy Reed, and John Saunders.

The Strategic Plan is available on-line at the Employment Training Panel's website.

The Employment Training Panel (ETP), a recipient of state funds, is an equal opportunity employer/program and is also subject to Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA).

Individuals with disabilities who would like to receive the information in the publication in an alternate format may contact ETP at (916) 327-5640.



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