

Employment Training Panel

**STRATEGIC PLAN
2007-08**

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APPENDIX

Assessment of Progress on ETP's 2006-2007 Goals and Objectives

A. Vision and Mission Statements

VISION:

The Employment Training Panel (ETP) will support economic development 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 two decades as one of the State's key economic development programs. As the State's only employer-driven training program supporting retraining for incumbent workers, ETP differs from other workforce development organizations whose emphasis is on pre-employment training. ETP fulfills its mission by funding employer-driven training and supporting industry-specific training for incumbent workers, and the creation of high-wage, high skill jobs to ensure California businesses have the skilled workers they need to compete globally.

A skilled workforce is key to a company's ability to remain competitive. Employers must be able to effectively train workers and to maintain a skilled workforce capable of responding to changing business and industry needs. While the need for workforce training is critical, businesses generally reserve training dollars for training in highly technical and professional occupations – limiting investment in training for frontline workers who actually provide goods and deliver services. ETP helps to fill this gap - funding training that is targeted to frontline workers.

ETP funded training works because it is predicated on simple, highly effective principles:

- Employers make decisions about the training program. Employers are involved in every aspect of training. Companies assess their workforce training needs, customize curricula to address the specific needs of their business, and implement and administer the training. ETP-funded training is driven by employers.
- 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 risk and 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 training costs.
- Performance-based contracting ensures success. A business may earn ETP funds only after a trainee completes all training, and a subsequent employment retention period (normally 90 days) at a required wage, in a job using the skills learned in training. Other performance requirements specified in each training contract ensure that each stakeholder – the company, the worker, and ETP – shares responsibility for expanding the amount of high-wage, high-skill employment in California.

- ETP funding is a catalyst for future workforce training. Employers who participate in ETP-funded training and experience the benefits of training are more likely to invest in future workforce training. The ETP experience invests businesses in the concept of workforce training, providing them practical knowledge and tools to successfully implement a training plan.

ETP's role in the economy has evolved 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 since taken on an increased economic development focus in 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 is focused on its emerging economic role of supporting business attraction, retention and expansion, and job creation throughout the State.

ETP accomplishes its mission without impacting the State's General Fund. ETP's programs are funded by a special employment training tax paid by California companies to promote the development of an improved State workforce. Only those employers subject to this tax can directly benefit from ETP-funded training.

Overview of Organization

ETP is one of several Departments within the Labor and Workforce Development Agency. The Labor Agency is led by a Cabinet-level Secretary and encompasses ETP, the Department of Industrial Relations (DIR), the Employment Development Department (EDD), the Agricultural Labor Relations Board (ALRB), and the California Workforce Investment Board (CWIB). ETP retains its autonomy under this organization, and continues to independently act on proposals for funding and in setting program policy. The Labor Agency promotes opportunities to collaborate and expand workforce training, particularly in regard to economic development.

ETP is governed by a seven-member Panel.¹ They are appointed by the Governor and Legislative leaders. The purpose of the Panel is to act on funding proposals, to adopt appropriate program policies and regulations, and to make final determinations regarding appeals from decisions of 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 each month in metropolitan areas throughout the State.

¹ ETP's enabling Legislation includes an eighth Panel member – The Secretary of the Technology, Trade & Commerce Agency; however, that Agency was eliminated effective January 1, 2004, and the Panel is constituted of seven members pending amendment to the Legislation.

ETP has a professional staff of 88 full-time positions. Approximately one-half of the staff is located in Sacramento, with the remaining staff located in regional offices in San Diego, San Francisco Bay Area, and North Hollywood. ETP staff administers the program statewide by marketing the ETP program; developing, monitoring, and auditing training contracts; and, providing program and administrative support to the Panel.

The staff is led by the Executive Director who is appointed directly by the Governor. The Executive Director has the overall authority for administering the program.

Planning For The Future

In recent years, ETP has faced significant reductions in its funding. In Fiscal Year (FY) 2007-08, ETP's appropriation is almost 30 percent below ETP's historical funding level. ETP has also experienced a 27 percent reduction in staff in the past few years. Thus, ETP's biggest challenge is to determine how to best utilize its finite funds and limited staff resources to carry out its mission.

The Strategic Plan outlines ETP's strategies for accomplishing its mission in the next fiscal year based on an assessment of the state of the economy, priority industries, ETP's economic development role, employer demand for training, key workforce trends and training needs, and ETP's budget and available resources. The Plan establishes funding priorities, and corresponding goals and objectives to address ETP's challenges and opportunities.

C. Assessment of Prior Year Goals

During this past fiscal year, ETP concentrated efforts on meeting goals and objectives established in its Strategic Plan for 2006-07. ETP successfully met most program goals and objectives (see Appendix), including:

- \$15.5 million was restored to ETP's budget appropriation, bringing it closer to ETP's historic funding level.
- Priority industry training reimbursement rates were increased effective August 1, 2006.
- Priority industry proposals comprised 80 percent of the training projects approved for funding.
- Overall, \$32.6 million was approved for more than 50 economic development projects, resulting in business expansion and attraction, and the creation of thousands of new California jobs.
- \$2.9 million was approved for 26 Welfare to Work (W2W) pilot projects, targeting training and job retention for close to 650 CalWORKs recipients.
- \$20 million was approved for training in high unemployment areas (HUA).
- ETP continued to prioritize small business through both direct and multiple employer contracts.

ETP will continue to work toward unfulfilled goals and objectives from the prior year, adding new strategies as outlined in this Strategic Plan for 2007-08.

D. Snapshot of the California Economy

The State's Economy

The nation and California experienced continued economic expansion with modest inflation in 2007. The pace of growth was strong early on, and subsequently decreased due to a sharp decline in housing. The outlook for the California economy is for slower growth in 2007, followed by improved growth in 2008 and 2009.² While revenues in 2007 have significantly slowed from the past two years, the economy is expected to rebound with the stabilization of the housing market.

Some economists indicate that a new economy has emerged which is structurally different from the old one based on mass production and lowering costs for profit. The new economy is knowledge dependent, global, entrepreneurial, and innovating. While the old economy was driven by repetitive and physically demanding jobs, the new economy is driven by knowledge-based jobs. Research and development are key to fueling new economic growth.

According to the Center for Continuing Study of the California Economy (CCSCE), the State's economic base is concentrated in sectors with high growth potential, and this is where opportunities exist for job growth and prosperity in the next ten years.³ These include firms that sell to national and world markets, such as entertainment and tourism; professional business and information services; and high-tech industry production.

Issues with housing, infrastructure, education, workforce and budget remain unresolved, however. Earnings growth has fallen, in spite of high rates of productivity. CCSCE studies indicate that California will need to prepare for 3 million new jobs and 5 million additional people in 2 million households between 2005 and 2015.

Generally, the State appears in good position for economic growth. Professional, business, and information services make up the fastest-growing sectors in the nation. California has an above-average share of jobs in all major industries within this high-wage sector. California's share of venture capital funding has risen to over 45 percent of the national total. The State accounts for 17 percent of the nation's foreign trade, which should increase as Pan Asian shipping expands. (California ports handle nearly 50 percent of all national trade with China).

CCSCE projects California's economy will grow slowly in 2007, due in part to the housing market. In its review of the State's economy, following the Governor's May revise, the Legislative Analyst's Office (LAO) generally concurred with this

² Governor's Budget May Revision 2007-08.

³ "California Economic Growth - 2006 Edition", Center for Continuing Study of the California Economy, 2006.

assessment, stating “Growth will be slowest in 2007, in part due to the drag on the economy associated with the housing market’s problems, before strengthening in 2008 and beyond. The May Revision’s forecast for continued modest economic growth reflects the consensus views of most economists at this time.”⁴

This slowdown in the real estate market has had an impact on the construction industry and is causing problems for businesses that will need to recruit workers to replace those who have moved to seek jobs out-of-state. However, nonresidential and public works construction is expected to increase given that in November 2006, California voters approved more than \$40 billion in bonds to address the State’s infrastructure, including construction of new correctional facilities and schools, transportation improvements, flood control and water supply, as well as natural resource protection.

CCSCE also projects that by 2015, only the San Joaquin Valley region will significantly trail the nation’s real per capita income, although that region performed the best in income gains for California. In spite of recent declines, the San Francisco Bay Area has the highest regional per capita income in the nation.

California’s Economic Base

In its most recent overview of the State’s economy, the California Economic Strategy Panel (ESP) (a bipartisan board established in 1993 to develop an economic vision and strategy to guide public policy) identified industry sectors and clusters that comprise the State’s economic base.⁵ The ESP’s identification and analysis of the industry sectors and clusters comprising the State’s economic base are instructive in developing both statewide and regional workforce training strategies. ETP considered this research and analysis in determining priority industries for funding and targeting marketing to those sectors.

Key Economic Initiatives

Several economic initiatives are being implemented in the State to address new challenges facing California’s economy, in the areas of workforce preparation and clean technologies. Specifically:

Career Technical Education (CTE) - Since launching a CTE initiative in 2005, the Administration remains focused on CTE programs to prepare California workers for the 21st century economy and maintaining California’s competitive edge in the global marketplace. This effort has dramatically increased funding, bond financing, and public profile of CTE. The concept is to encourage people who choose not to pursue a college education to plan for careers in a trade or craft, particularly in a field with wage progression and job

⁴ “Overview of the 2007-08 May Revision”, Legislative Analyst’s Office; May 15, 2007.

⁵ “California Economic Base Report: A Statewide Overview & Regional Analyses”, Economic Strategy Panel; December 2006.

security. Upon receiving sufficient training, which may include certification, they are typically hired as “frontline workers” responsible for the direct manufacture or delivery of goods and services.

In 2004, the U.S. Department of Education projected a 30 percent employment growth in occupations requiring a vocational associate’s degree between 2004-2008. The fastest growing fields will require CTE training. The Labor and Workforce Development Agency estimates that by 2014, California will need 132,000 nurses, 73,100 carpenters, 25,100 electricians, 11,700 welders, and the State’s nanotechnology sector will need 250,000 production workers in the next 10 years.

- **Clean Technology** - The Administration is leading efforts to protect the economy and the environment through clean technology, with major focus on solar energy generation; energy distribution and conservation; clean air and water; reduction of landfills, and paper reduction. Numerous initiatives are shaping California’s leadership role in the development of clean technologies such as the Global Warming Solutions Act to cut green house emissions; the Million Solar Roofs to encourage use of solar power; and the Hydrogen Highway to create a hydrogen transportation economy. California has also formed partnerships with other states and Canada to support clean technology. Businesses are being challenged to contribute towards good environmental stewardship, building environmentally friendly technologies. In California, financial and environmental performance will work together to drive economic growth.

Priority Industries

In view of California’s economy and economic trends, research by the ESP, and new economic initiatives, ETP has identified the following industry sectors as its funding priorities for workforce training:

- **Manufacturing** - According to the ESP, the manufacturing industry is undergoing a transformation, changing from simply producing goods to an integrated design, production and logistics system. Goods must increasingly be delivered in “real time” directly to the customer, thus reducing inventory. Manufacturing has become part of a global value chain of interdependent business functions, with more design and logistics functions than ever before. To increase their productivity, manufacturers must combine logistics and management of complex supplier networks around the world. The Employment Development Department’s (EDD) Labor Market Information Division (LMID) projects the greatest growth in the industry will be in design and logistics from 2004 to 2014.

- **Nanotechnology** - Nanotechnology is transforming the way new products will be manufactured in the future. Nanotechnology is the enabling platform technology for a wide range of applications, including chemical industry, electronics, semiconductors, biotechnology, pharmaceutical, cosmetics, aerospace, automotive, homeland security, defense, textile, and consumer product industry. The National Science Foundation reports that Nanotechnology is one of the highest growth sectors in the United States, estimated to create more than 1 million jobs by the year 2015.
- **Goods Movement and Transportation Logistics** - A healthy economy in California, as well as the rest of the nation, depends on a manufacturing supply chain. The global manufacturing supply chain has evolved from a fragmented system in 1960 to an integrated system today. There is a greater need for innovation, logistics management, precision manufacturing techniques, and design services.

Research shows that transportation logistics in California has four key sub-sectors: transportation services; logistics support; warehousing and storage; and supply chain management. 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.

- **Biotechnology and Life Sciences** - California remains a global leader in biotechnology and medical technology. The state has over 5,500 biomedical companies and research institutions. High job growth is projected in biotechnology and life sciences. 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.

- **Aerospace and Defense** - Changing political and economic circumstances have reinvigorated the significance of the aerospace and defense industry. The development of products and services relating to space, defense, electronic technology, and aerospace are high in demand in commercial markets throughout the world. California is consistently at the forefront of this industry. As a rapidly evolving field, the aerospace/defense contractors face unique challenges that are time-sensitive. Coupled with significant competition in the market place, businesses in this sector have a considerable need for training.

- **Advanced Technology Information Services** - Advanced Technology Information Services is the fastest growing sector in the national economy, with a 68 percent increase in output growth rate projected between 2002 and 2012, according to the U.S. Bureau of Labor Statistics (BLS). 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.
- **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.
- **Healthcare** - Healthcare is one of the State's highest growth industries. The healthcare industry reflects the demands of a growing and aging population. The LMID projects nursing is one of the State's top ten largest growth skilled occupations. California is facing a critical shortage of nurses statewide – currently 9,000 new registered nurses are needed annually, while only about 6,000 RNs are graduating per year. Thus, the Governor's Nurse Education Initiative was created in 2005 to address this situation, providing a multi-faceted approach to expand California's educational capacity so more people can become nurses.

The occupations of home health aides, medical assistants, and registered nurses are anticipated to have shortages. The occupations of nursing aides; orderlies and attendants; home health aides; medical assistants; and dental assistants will have the largest growth in the industry. Employment in the top 20 high-growth occupations in the health care industry is expected to increase by more than 194,000 between 2004 and 2014.

- **Construction** - The LMID reports construction as one of the State's high growth industries, due in part to labor needs for highway projects and other public works. Nonresidential and public works construction is expected to increase given the recent passage of over \$40 Billion in bonds, new transportation funding, and major infrastructure investment efforts in California. Despite the current slowdown in the residential housing market, there are existing "housing starts" that need improved roads, sewer systems, supermarkets and other business outlets, all of which require a skilled workforce in the construction industry.

Since 2001, job growth has been directly related to the surge in residential building and, as a result, has been largely in construction-related sectors. In the past five years, despite recent downturns, California has added over three times the total amount of job growth, or over 273,000 jobs, in construction-related industries.⁶ Construction is expected to generate another 163,000

⁶ "Outlook For The California Economy, 2006", Center for the Continuing Study of the California Economy, December, 2005.

new jobs by 2014. Top occupations in the industry include carpenters, construction laborers, dry wall and ceiling tile installers, electricians, painters, plumbers, and first-line supervisors/managers of construction trades.

- **Agriculture** - California is the world's fifth largest agricultural economy (i.e., supplier of food and agricultural commodities). It is the nation's number one agriculture producer and exporter. California's agricultural exports surpassed \$8 billion for the first time in 2004. While the rest of the nation is the leading market for California's agricultural products, foreign markets have become more important in the last five years. California exports agricultural products to approximately 150 countries. Despite its critical importance to the State's economy, however, agricultural employment is relatively low (excluding food processing, only 2 percent of the employed workforce in 2006), and much of that employment is seasonal.

In addition, **small business** - the economic engine of the State - 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 54 percent of all California workers.⁷ Any strategies to enhance the State's economy must include small business as a priority.

⁷California Employment Development Department, Labor Market Information Division.

E. Program Budget

ETP is funded exclusively by the Employment Training Tax, which California companies pay to promote the development of an improved State workforce. That tax was established solely for the purpose of funding ETP. Historically, ETP's annual appropriation from the Employment Training Fund has been close to \$76 million. However, revenue shortfalls and annual transfers from the Fund to other programs for which these monies were not intended have drastically reduced funds available for ETP for the past several years.

Estimated total funding for the ETP program in FY 2007-08 is \$70.3 million. This consists of the Budget Act appropriation of \$56.3 million, and an estimated \$14 million in disencumbrances (unearned contract funds) available for reinvestment in new training projects.

Despite a 6 percent increase over last year's appropriation, ETP's budget is well below its historic levels. In addition, a 20 percent reduction in staff resources over the past several years challenges ETP's ability to meet the increasing needs of California employers.

Though operating on a leaner budget and with less staff resources, ETP nonetheless anticipates continued progress in meeting its mandates and priorities, maximizing its resources through strategic planning.

**FY 2007-08
Revenue & Expenditures**

The following table illustrates anticipated revenues and expenditures in FY 2007-08.

<u>Employment Training Fund (Fund)</u>	\$109,728,000
 <u>Fund Transfers to Other Programs</u>	
Department of Social Services	(\$45,000,000)
Department of Industrial Relations	(\$3,128,000)
EDD Tax Collections	(\$5,255,000)
 <u>ETP Program</u>	
Appropriation	\$56,345,000 ⁸
Funds Reinvested.....	\$14,000,000 ⁹
Total	<u>\$70,345,000</u>
 <u>Expenditures (Planned)</u>	
New Program Funds.....	\$59,984,738
Marketing and Research	\$529,000
Pro Rata – Program 50.....	\$831,262
Program Administration	<u>\$9,000,000</u>
Total	<u>\$70,345,000</u>

⁸ Funds appropriated for the operation of the ETP Program in State Budget Act.

⁹ Program funds approved in prior contracts that were unearned and subsequently disencumbered for use in FY 2007-08.

Allocations by Category

As indicated on the Fund Status table (page 13) funds are budgeted for expenditure within the following budget categories:

- 1) Program Funds: \$60 million to fund training and employment retention for incumbent workers and unemployed workers, under two categories.
 - a) Economic Development - 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 facing out-of-state competition and need to retrain their employees to improve the business’s 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) - Only ten percent of ETP’s 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 if they are in high unemployment areas, have multiple barriers to employment, are small business owners, or are seasonal workers.
- 2) Marketing and Research: \$529,000 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. ETP also conducts independent research to ensure program efficiencies and effectiveness.
- 3) Program Administration: \$9 million for operational costs which includes \$500,000 to the Employment Development Department for administrative support.

Maximizing Funds

The demand for training funds continues to exceed ETP’s budget appropriation. By May 2007, ETP exhausted all of its FY 2006-07 program funds, with a backlog of 175 applications for funding. ETP’s FY 2007-08 appropriation is close to 30 percent below its historic level of \$76 million. Further, given ETP’s incremental funding process, obligations in prior year contracts account for \$16.5 million of the \$60 million

in available program funds, leaving only \$43.5 million available for new training projects.

Thus, ETP will maximize use of and ensure optimal targeting of its limited funds in support of California's critical industries:

- ETP will continue to apply the following funding moratoriums:
 - A per-project cap on training for non-frontline workers (supervisors and managers);
 - A moratorium on the use of budget-based contracts given their substantially higher costs than the fixed fee rate;
 - A moratorium on funding training for truck drivers, given that most such training is mandated by the industry and should be the responsibility of trucking companies (this excludes cases where there is formal involvement of trucking company employers and/or their unions or joint labor management committees in an environment that limits the potential for misuse);
 - A moratorium on all training in the adult entertainment industry, including card rooms and casinos;
 - A moratorium on the funding of security guard training;
 - A moratorium on the funding of solely Welfare to Work projects;
 - A moratorium on the funding of training for employees of training agencies;
 - A moratorium on Structured On-Site Training (on-the-job training).
- ETP will continue to incrementally encumber training funds, initially encumbering 35 percent of the contract amount to cover first year costs and mitigate the second year liabilities. (Funding is disbursed over a two-year term per project.) This will enable ETP to fund about \$120 million in new contracts.
- ETP may reduce requested funding amounts per project, with a provision that additional funds may be approved later within the same two year term of funding, consistent with contract performance and ETP priorities.
- ETP has set specific priorities for the expenditure of funds as identified in this Strategic Plan.
- ETP will also seek to maximize its limited administrative funds, which are used for developing and monitoring training contracts, fiscal accounting, information technology support, marketing activities, research studies, and overall administration of the program.

F. Funding Priorities

Based on an assessment of internal and external factors affecting ETP, including available resources, funding will be prioritized in FY 2007-08, as follows:

- **Priority Industries**

ETP will emphasize support for manufacturing and other industries key to the State's economic health, as identified earlier in this Strategic Plan. Funds will be targeted to businesses in these sectors, given their importance to the State's economy and their high return on the investment of training funds.

- **Partnerships**

ETP develops projects in partnership with other governmental sources of funding. ETP works with the California Business Investment Services (CalBIS) 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 statewide economic development in partnership with State and local economic and workforce development partners.

- **Career Technical Education (CTE)**

ETP is committed to supporting the continued statewide emphasis on Career Technical Education (CTE) and related programs. The related programs include pre-apprentice and apprenticeship training, and career technical training at a community college or Regional Occupational Center.

ETP will fund this type of training at both the entry level and journey-level. This is because people who choose a technical career path, regardless of age or prior experience, may be thwarted from entering or remaining in today's increasingly technological workforce, absent training in job-specific skills and specialty practices. This funding priority will also allow ETP to focus on training proposals for women in non-traditional occupations. In FY 2007-08 ETP will concentrate on funding CTE and related programs in three priority industry sectors: manufacturing, healthcare, and construction (building trades). There is a projected shortfall of skilled workers in key occupations within each of these sectors that is not presently being addressed by ETP-funded training.

- **Clean Technology**

Interest in the clean or “energy - efficient” technology sector has been fueled by environmental concerns, consumer demands, regulatory pressures, market trends, and technological advancements. Major areas for focus include: solar energy generation; energy distribution and conservation; clean air and water; reduction of landfills and paper reduction. ETP has dispersed funds to manufacturing, food processing, and other entities that contribute towards good environmental stewardship, through increased energy efficiency, reduced production waste, and reduced greenhouse gas emissions. In FY 2007-08, ETP will prioritize clean technologies in support of State efforts for a healthy environment focused on clean energy technology.

- **Nursing Shortage**

With a shortage of nurses and a rapidly aging population, California faces a nursing crisis. ETP will continue to support the healthcare industry, by targeting training funds for the career advancement and job security of this population.

- **Welfare to Work Pilot Program**

ETP implemented a Welfare to Work (W2W) Pilot Program, in FY 2007, to fund training for current or former CalWORKS recipients. ETP will continue the Pilot Program by designating 20 percent of funding for each new-hire training project.

- **Training Ex-offenders**

On May 2, 2007, the Governor approved the Public Safety and Offender Rehabilitation Services Act, which fundamentally reforms California’s system of incarcerating and rehabilitating prisoners. As authorized by the Act, the Administration is establishing “strike teams” to overhaul programs for rehabilitation, substance abuse, education and job training. In support of these efforts to reduce recidivism through education and job training, ETP will implement a pilot program under its Special Employment Training category to help ex-offenders enter and succeed in the workforce.

- **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 critical job skills.

- **Revitalizing the Central Valley and Northern California**

Traditionally an agricultural region, the San Joaquin Valley trails the rest of the state in family income, educational achievement, health care access, employment, and job stability. Unemployment rates in the region have been persistently high for nearly three decades. The California Partnership for the San Joaquin Valley (a public-private partnership charged by the Administration with mitigating these conditions and improving the economic vitality of the region) is working with business leaders, public agencies, and educational institutions to synchronize efforts to bring more jobs and economic diversification to the region. The Partnership is working to leverage incumbent employee training to reduce turnover and improve overall job stability. ETP will support this effort by funding training projects that foster economic growth in the region.

- **High Unemployment Areas**

ETP will fund training for companies in high unemployment areas (HUA) of the State. 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.

G. Goals and Objectives

Seven key goals, with specific objectives will be addressed in FY 2007-08:

Goal #1: Restore ETP's full funding.

Objective:

Restore the full appropriation of funds to ensure that ETP is fully funded, and that the Employment Training Fund serves the purpose for which it was established.

Goal #2: Increase the pool of qualified applicants for training funds through strategic marketing.

Objectives:

- a) Enhance statewide marketing activities designed to aggressively pursue projects meeting ETP's funding priorities.*
- b) Continue to closely work with marketing partners to meet contract performance requirements for bringing in targeted clients.*
- c) Develop new marketing partnerships consistent with outreach goals.*
- d) Promote the value of workforce training to employers via the ETP Home Page, press releases, and other outreach activities.*

Goal #3: Support economic partnerships and clean technology.

Objectives:

- a) Target "critical proposals" with emphasis on the creation of new jobs in California.*
- b) Partner with other State and local economic and workforce development partners to facilitate economic development in California.*
- c) Target training projects supporting Career Technology Education to train workers in a trade or craft, often in partnership with other state sources of funding for apprenticeship programs and adult education.*
- d) Target training projects supporting clean natural resources using technology focused on clean air and energy technology.*

Goal #4: Target priority industries and small business.

Objective:

- a) Allocate at least 75 percent of available program funds to priority industries.*
- b) Target training projects that support small businesses with 100 or fewer employees, including projects that equip small business owners with the necessary tools to successfully operate their business.*
- c) Support healthcare training to address the statewide nursing shortage, through nurse upgrades and capacity building.*

Goal #5: Serve as a catalyst for employers to invest in worker training.

Objective:

Require employers to contribute towards the cost of ETP-funded training, investing in their training projects as well as the concept of workforce training.

Goal #6: Support hard-to-serve populations.

Objectives:

- a) Require that 20 percent of all trainees in projects to train unemployed workers are CalWORKS recipients.*
- b) Approve \$15 million for training in high unemployment areas.*
- c) Approve up to \$2 million for a pilot project to provide critical job skills training and jobs to ex-offenders.*
- d) Support training projects to foster new jobs and economic growth in the Central Valley region and Northern California.*

Goal #7: Increase the efficiency and effectiveness of the ETP program.

Objectives:

- a) Refine automated processes, and continue assessing data needs.*
- b) Simplify project management for the Small Business Program.*
- c) Obtain feedback from internal and external customers and improve processes.*
- d) Continue to review and refine regulations, policies, and contract requirements.*
- e) Provide training to staff in key competencies and continue to develop a succession plan for the organization.*
- f) Conduct internal evaluations of the following: 1) Welfare to Work Pilot Program; 2) Security Guard training; and, 3) the Small Business Program.*

**Assessment of Progress on ETP's
2006-2007 Goals and Objectives**

2006-07 Goals & Objectives	2006-07 Accomplishments	Status for 2007-08 Plan
<p>GOAL 1: Increase the pool of qualified applicants for training funds through strategic marketing.</p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> ➤ Implement tiered reimbursement rates to encourage proposals from priority industry groups. ➤ Develop statewide marketing activities designed to aggressively pursue projects meeting ETP's funding priorities. ➤ Utilize ETP regional office resources to strengthen local partnerships with workforce and economic development entities. ➤ Continue to closely work with marketing partners to meet contract performance requirements for bringing in targeted clients. ➤ Develop and execute new marketing contracts, based on a Request for Proposal, that include specific performance requirements to bring in targeted clients. 	<ul style="list-style-type: none"> ➤ Priority industry rates implemented August 1, 2006. ➤ Increased marketing to priority industries resulted in 80% of funding for priorities. ➤ Regional offices conferred with legislators, economic development professionals and companies. ➤ Three marketing contracts successfully implemented: <ol style="list-style-type: none"> 1) CWA completed and accomplished goals to promote ETP to Workforce Investment Board community. 2) CMTA contract successful in bringing in manufacturing proposals. Contract will be extended. 3) CLF contract recently successful in bringing forth a few projects. Contract will be extended. ➤ No new marketing contracts developed. 	<ul style="list-style-type: none"> ➤ Completed ➤ Continue ➤ Continue ➤ Continue ➤ Continue ➤ Continue ➤ Continue ➤ Look at feasibility of other marketing contracts.

**Assessment of Progress on ETP's
2006-2007 Goals and Objectives**

2006-07 Goals & Objectives	2006-07 Accomplishments	Status for 2007-08 Plan
<p>GOAL 2: Restore ETP's full funding.</p> <p><i>Objective:</i></p> <ul style="list-style-type: none"> ➤ Restore the appropriation of funds diverted to DSS, to ensure that the Employment Training Fund serves the purpose for which it was created. 	<ul style="list-style-type: none"> ➤ \$15.5 million restored to ETP, for a total of 65% of ETF funds collected appropriated for ETP purposes. 	<ul style="list-style-type: none"> ➤ Continue
<p>GOAL 3: Serve as a catalyst for employers to invest in worker training.</p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> ➤ Promote the value of workforce training. ➤ Collaborate with other workforce partners, such as California Workforce Investment Boards, to promote workforce training. 	<ul style="list-style-type: none"> ➤ Monthly press releases issued identifying ETP approved projects. ➤ ETP training funds constitute seed money, encouraging contractors to provide future training on their own. Employer contribution requirements ensure companies receiving ETP funds are vested in training. ➤ Collaborated with other partners through the CWA contract. 	<ul style="list-style-type: none"> ➤ Continue ➤ Continue ➤ Work directly with other workforce partners, i.e. community colleges.
<p>GOAL 4: Support hard-to-serve trainee populations.</p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> ➤ Allocate up to \$2 million for approximately five Welfare to Work (W2W) pilot projects. ➤ Allocate up to \$10 million for training in areas of high unemployment, with a focus on helping the working poor move to higher-wage jobs. 	<ul style="list-style-type: none"> ➤ ETP approved \$2.9 million for 5 W2W pilot projects and an additional 21 new hire projects serving W2W trainees, targeting training for more than 650 CalWORKs recipients. ➤ ETP approved \$20 million for training in high unemployment areas (HUA). 	<ul style="list-style-type: none"> ➤ Study is underway to assess impact/value of W2W pilot projects. Will complete study and set new goal/policy. ➤ Target \$15 million for training in high unemployment areas.

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2006-07 Goals & Objectives	2006-07 Accomplishments	Status for 2007-08 Plan
<p>GOAL 5: Increase the efficiency and effectiveness of the ETP program.</p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> ➤ Refine automated processes, including the online orientation and application. ➤ Continue assessing data needs. ➤ Simplify project management for the Small Business Program. ➤ Develop automated contract management systems. ➤ Obtain feedback from internal and external customers, and improve processes. ➤ Continue to review and refine regulations, policies, and contract requirements. ➤ Provide training to staff in key competencies, and develop a succession plan for the organization. 	<ul style="list-style-type: none"> ➤ On-line orientation/application process simplified. ➤ ETP website redesigned. ➤ Recommendations being developed. ➤ Contracting forms simplified. ➤ Conducted surveys of W2W contractors to evaluate program. ➤ Solicited public feedback on ETP's new website design/content, etc. ➤ Finalized 19 regulatory actions designed to move from presumptive standards to performance standards allowing ETP to exercise more discretion in reviewing the facts of a funding proposal; repealed outdated policies to reflect evolving priorities; implemented several pilot programs, including training for seasonal workers. ➤ Implemented staff reorganization to create an effective level of middle management to guide ETP operations in the future. 	<ul style="list-style-type: none"> ➤ Continue ➤ Further web redesign when ETP transitions to new State website format. ➤ Continue ➤ Continue to train and develop workable succession plan.