

EMPLOYMENT TRAINING PANEL

STRATEGIC PLAN

2016-2017



THE EMPLOYMENT TRAINING PANEL

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Program Budget

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/Overview/Accomplishments

Introduction: Fulfilling Its Mission

Established in 1982, the Employment Training Panel (ETP) has proven itself for over 30 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 programs whose primary emphasis is on pre-employment training. ETP fulfills its mission by reimbursing the cost of employer-driven training for incumbent workers and by funding the types 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.

Today, more than ever, employers must be able to train workers in response to an increasingly competitive business environment. The need for workforce training of frontline workers who produce goods and deliver services is critical. Many employers are limited in their capacity to allocate resources for training. ETP helps to fill this gap by funding training that is targeted to 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.* 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.
- *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.

Overview of the Organization

ETP is organized under the Labor and Workforce Development Agency (LWDA), which 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), the California Workforce Development Board (CWDB), and the Public Employment Relations Board. 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. The eighth is the Director of The Governor's Office of Business and Economic Development (GO-Biz) (or a designee) who serves ex-officio as a voting

member.¹ 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.

Accomplishments

ETP reports annually to the Legislature and Governor's Office on prior year administrative improvements, including legislative and regulatory actions, contract activity, and progress and accomplishment toward ETP's strategic goals. Due to the extended nature of many of ETP's strategies and initiatives, the Panel considers prior year progress and accomplishments in planning for the future. The annual report is available on ETP's website.²

C. Goals and Objectives

ETP's Six Key Goals in FY 2016-17:

Goal #1 Enhance the visibility of the Program

- a) *Partner with public and private, State and local economic and workforce development organizations, including GO-Biz, to identify projects that demonstrate a direct economic impact to the State.*
- b) *Partner with public and private stakeholders to increase outreach and raise awareness about the ETP program.*
- c) *Educate legislative members and staff on the availability of training funds for their constituencies.*
- d) *Continue to work with the Labor and Workforce Development Agency on labor workforce objectives in alignment with the Governor's office.*

Goal #2: Target California's key industries.

Objectives:

- a) *Target program funds to ETP priority industries.*

Goal #3: Continue support for small businesses.

Objectives:

- a) *Improve outreach to small businesses through partnerships.*
- b) *Develop new models for serving small business.*

Goal #4: Support Governor's initiatives and Hard-to-Serve populations.

Objectives:

- a) *Continue to expand the Veterans Program.*
- b) *Expand services to serving people with barriers to employment.*
- c) *Continue targeting training projects in the Central Valley region, rural California, Imperial Valley, and within High Unemployment Areas (HUA).*

¹ (http://www.etp.ca.gov/panel_members.cfm)

² http://www.etp.ca.gov/pubs_annual_reports.cfm

- d) *Expand career opportunities for workers through support of pre-apprenticeship and apprenticeship programs.*
- e) *Support workers returning to or remaining in the labor market.*
- f) *Support workers and businesses impacted by the drought*
- g) *Continue to support green technology, training and jobs.*
- h) *Promote the use of industry recognized certifications.*

Goal # 5: Enhance ETP's impact on job creation and retention.

Objectives:

- a) *Continue the Retrainee – Job Creation Pilot Program.*
- b) *Continue to work with GoBiz on critical proposal designations to increase job creation impacts.*

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

Objectives:

- a) *Deploy ETP's new data management information system to improve program efficiencies and to ensure comprehensive, seamless data collection and reporting.*
- b) *Continue ongoing, internal evaluation and assessment of program/contracting process.*
- c) *Continue to partner with the Labor and Workforce Development Agency to coordinate workforce services delivery.*
- d) *Continue to maximize funding through the use of funding priority caps and allocations.*

D. Administrative Strategies

Management Information System

ETP is in the process of purchasing and building a new system to better meet the needs of the agency and its customers, combining multiple functions of the current internet, intranet, and ETP's Management Information Systems. The new system, Employment Training Management System (ETMS), will enable ETP to more efficiently provide its services, improve ETP's overall fiscal and accounting processes, improve data collection and reporting, provide greater flexibility within the application and contracting processes, improve ETP's online processes, and automate more of the contracting process. ETMS's projected implementation date is July 2016.

Maximizing Funds

The Panel maximizes funds based on available revenue by; adjusting funding caps, establishing funding priorities, adjusting substantial contribution levels, and high earner reduction.

Specific factors supporting FY 2016-17 funding recommendations are:

- Increase in Employment Training Tax (ETT) collections during FY 2015-16 that is likely to continue into FY 2016-17;
- Increase in the amount of prior FY project funding liability carried forward to FY 2016-17;
- Full appropriation of ETT revenue to the ETP program in the FY 2016-17 State Budget Act.

Funding Caps

Caps may be adjusted during the fiscal year based on revenue projections. Caps will be applied to projects as follows:

Funding Caps

Contract Type	Project Cap
Single Employer	\$750,000
Single Employer Small Business	\$50,000
Critical Proposals	\$900,000
Multiple Employer (MEC)	\$950,000
MEC Apprentice Training: Per Sponsor ^{††}	\$450,000
^{††} Projects with multiple sponsors may not exceed the MEC cap.	
<i>*AB118: These caps will be determined on a case-by-case basis.</i>	
<i>*Drought: These caps will be determined on a case-by-case basis.</i>	
<i>*Amendments: Funding for active contracts may be increased, in conformity with these caps, on a case-by-case basis depending on performance.</i>	
<i>*All MECs: Funding is limited to one contract per fiscal year.</i>	
<i>*Adjustments: The caps may be adjusted upward on a case-by-case basis with justification. In order to more equitably distribute funds, the Panel allocated funds to different types of contracts.</i>	

Funding Allocations

In order to more equitably distribute funds, the Panel allocates funds to different types of contracts. For FY 16-17, the following allocations are established:

Funding Allocations

Project Type	Allocations
MECs	\$20,000,000
Single Employers	\$45,000,000
Small Business	\$6,000,000
Critical Proposals	\$6,900,000
Apprenticeship/non-traditional	\$12,500,000
Total	\$90,400,000

Lowest Funding Priorities:

- *Commission Sales in Retail Trade*
- *Multi-Level Marketing*
- *Retraining for employees of Training Agencies*
- *Adult Entertainment* - This includes the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment.
- *Gambling*
- *Mortgage Banking*
- *Truck driving schools*

Other limitations

- *Support Costs – Multiple Employer Contract (MEC) support costs will default to the highest percentage (8 percent of training costs for retraining and 12 percent for*

new-hire training). Applicants must justify the need for and amount of support costs, case-by-case.

- *Employer Demand in a MEC – MECS requesting funds for retraining must demonstrate firm commitment to training by Participating Employers equivalent to 60% or 80% of funding amount depending on prior performance (If prior performance is 80% or more must demonstrate 60% of funding amount. If prior performance is less than 80%, must demonstrate 80% of funding amount).*
- *Substantial Contribution Levels - SC will default to the lowest percentage (floor). The Panel has flexibility to set levels on a case-by-case basis at a higher percentage (ceiling)*
 - *Floor: 15 percent first-time SC and 30 percent subsequent SC*
 - *Ceiling: 30 percent first-time SC and 50 percent subsequent SC*
- *High Earner Reduction (HER) - The HER will be assessed in lieu of substantial contribution for single employers and participating employers in a MEC (excluding critical proposals, job creation, and alternatively funded projects) who have earned at least \$2M over the past 5 years, regardless of facility.*
 - The threshold for prior project earnings will be \$2M.
 - The level of reduction will be tiered:
 - 1st time assessed= 15%
 - 2nd time assessed= 30%
 - 3rd time assessed= 50%

E. Economic Overview

The fundamental goal of ETP is to support job creation and retention in California through workforce training. Strategies for achieving this goal are directly tied to the current state of the economy, California's key industries, and workforce training trends. ETP continues to coordinate with public and private sectors in leveraging funding to develop both the economy and workforce.

Statewide

The EDD Labor Market Information Division (LMID) reports that ten of California's major non-farm industry sectors gained jobs, while only one has lost jobs on a year-over basis ending in January 2016. The state saw gains in construction (6.5 percent); professional and business services (3.2 percent); leisure and hospitality (4.1 percent); information (4.6 percent); other services (1.4 percent); educational and health services (4.2 percent); trade, transportation and utilities (2.4 percent); financial activities (1.5 percent); government (1.6 percent); and manufacturing (0.3 percent). The only non-farm sector that showed a decline in jobs as EDD LMID reports was mining and logging (-14.5 percent).³

California's non-farm payroll jobs experienced an increase of 47,700 jobs during the month of December, 2015, making it the 54th consecutive month with job gains.⁴ California lost 1,500 non-farm jobs during the month of January, 2016, ending the non-farm payroll job increase trend. However, California gained 444,900 overall non-farm jobs for the year ending in January, 2016, continuing this five-year growth trend. California's unemployment rate fell to 5.7 percent

³ California Labor Market Review, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>

⁴ May 2014 California Employment Highlights, <http://www.calmis.ca.gov/file/1fmonth/employment-highlights.pdf>

(seasonally adjusted) in January, 2016, which is the lowest unemployment rate since September, 2007, when it was 5.6 percent.⁵

On the subject of job growth, the Anderson Forecast cites multiple data sources that indicate continued economic growth for California. These sources range over industries such as port activity (with September, 2015 being at an historically high level), international passenger arrivals at LAX and SFO reaching record numbers in the past year, a small upwards trend in sales tax revenue, growth in residential construction within the state, and gains in employment overall.⁶

Considering the above factors, the Anderson Forecast predicts total employment growth. Specifically, payrolls are forecast to grow by 2.6 percent in 2015, 2.1 percent in 2016, and 1.4 percent in 2017. The unemployment rate will continue to decrease to 4.9 percent by the end of 2017.

Regional

While most of California is experiencing strong economic recovery, some areas of the state continue to struggle with high unemployment. These are often rural, agricultural areas in the central and northern parts of California, such as Fresno County which in February 2016 reported a 10.5 percent unemployment rate (a 1.3 percent drop in the year-over rate change)⁷. In comparison, the unadjusted unemployment rate for California was 5.7 percent and 5.2 percent for the nation in the same period.⁸ Colusa County, in the rural, northern part of the State, reported the highest unemployment rate of 21.6 percent.⁹ ETP defines these high unemployment areas (HUAs) as distinct regions that have unemployment rates exceeding the State average by at least 15 percent. Still, some of the industries that are beginning to create and retain jobs during recovery (e.g., construction, educational and health services, information) are also present in the HUAs.

F. Priority Industries

ETP concentrates its outreach efforts to industries identified during the Panel's strategic planning process as most vital to California's economic growth and recovery. While ETP's priority industries typically remain unchanged from year to year, ETP's designation of priority industries takes into account changes in the economy and factors necessary in supporting job creation and economic revitalization throughout the state. Additionally, employers in these priority industries receive a higher fixed-fee reimbursement rate for ETP-funded training.

Following are industries ETP has identified as priorities for FY 2016-17:

- [Agriculture](#)
- [Allied Healthcare](#)
- [Biotechnology and Life Sciences](#)
- [Construction](#)
- [Green/Clean Technology](#)
- [Goods Movement and Transportation Logistics](#)
- [Information Technology Services](#)
- [Manufacturing](#)
- [Multimedia/Entertainment](#)
- [Technical Services](#)

⁵ Ibid

⁶ <http://www.anderson.ucla.edu/media-relations/2015/ucla-anderson-forecast-december-2015>

⁷ [http://www.calmis.ca.gov/file/1fmonth/frsn\\$pd.pdf](http://www.calmis.ca.gov/file/1fmonth/frsn$pd.pdf)

⁸ Ibid

⁹ California Labor Market Review <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>

Agriculture – California continues to lead the rest of the country as the nation’s largest agricultural producer and exporter.¹⁰ In 2014, California’s agricultural exports amounted to \$21.59 billion in value, representing a 14.3 percent increase over the previous year.¹¹ The sales value generated by California agriculture increased by 5.1 percent between the 2013 and 2014 crop years.¹² The State’s 76,400 farms and ranches received \$53.5 billion for their output, up from \$50.9 billion received in 2013. California’s increase in revenue was led by the dairy industry followed by almonds and grapes. California produces more than 400 commodities. Over a third of the country’s vegetables and two-thirds of the country’s fruits and nuts are grown in California.¹³

Allied Healthcare – Occupations in allied healthcare are generally those that support doctors and nurses. Many workers in allied healthcare work at the bedside or behind the scenes to provide laboratory, imaging, and other critical services needed to diagnose and treat patients.

Healthcare remains one of the state’s highest growth industries. By 2050, California’s population is projected to reach 50 million people.¹⁴ An aging baby boomer population, coupled with the recent passage of the Affordable Care Act (ACA), translates to more people in need of care and less people to deliver it. Combining these factors with California’s growing cultural diversity ensures increasing opportunity within allied healthcare for years to come.

In the last year, the Affordable Care Act has provided millions of Californians from all regions of the state with health coverage. This includes rural and disadvantaged communities, where access to quality healthcare services can often be limited.

Finally, more than 10.3 million Californians are foreign-born.¹⁵ With an immigrant population of more than 27 percent—a higher proportion than any other state, so it is critical to provide relevant, regional training and education that prepares healthcare workers to deliver high-quality health services to diverse populations in all areas of the state.

Biotechnology and Life Sciences – California remains a global leader in biotechnology and medical technology. It is home to multiple biomedical clusters located primarily in the San Francisco Bay Area, Los Angeles, Orange County, and San Diego areas as well as in other counties throughout the state.¹⁶ California also leads the nation with 2,324 biomedical companies which employ close to 270,000 people, and earn \$115 billion in annual revenues.¹⁷ California also has the highest concentration of world class research institutions with an impressive 11 out of the top 100 universities in the world.¹⁸ As a result of these combined factors, continued job growth is projected in biotechnology and life sciences. Additionally, the biotechnology industry is converging with green technology, for example, by conducting biological research relevant to renewable energy sources including the development of sustainable, cellulosic fuels (bio-fuels) for transportation and energy needs.

Construction – Since 2011, California’s construction industry has steadily gained jobs, and growth is projected to continue at an annual average growth rate of 3.4 percent – the fastest

¹⁰ http://www.cdfa.ca.gov/exec/public_affairs/pdf/CDFA_StrategicPlan2013-18.pdf

¹¹ <http://www.cdfa.ca.gov/Statistics/>

¹² http://www.nass.usda.gov/Statistics_by_State/California/Publications/California_Ag_Statistics/CA_Ag_Overview.pdf

¹³ <https://www.cdfa.ca.gov/Statistics/PDFs/2015Report.pdf>

¹⁴ Public Policy Institute of California, Just the Facts, California’s Population, http://www.ppic.org/main/publication_show.asp?i=259

¹⁵ Just the Facts, California’s Population, Public Policy Institute of California http://www.ppic.org/main/publication_show.asp?i=259

¹⁶ <http://www.chi.org/2015biomedreport/2015biomedreport3/>

¹⁷ <http://www.business.ca.gov/StartaBusiness/WhyCA/CaliforniaEconomybytheNumbers.aspx>

¹⁸ <http://www.chi.org/2015biomedreport/2015biomedreport3/>

growth rate among the major industry sectors¹⁹. Due to the improving housing market across the state, the construction industry is expected to gain 201,700 jobs between 2012 and 2022.”²⁰ According to the Employment Development Department’s Labor Market Division the greatest concentration of job gains within the construction sector is projected to occur in building equipment contractors, building finishing contractors, and residential building construction.²¹

In recent years, federal stimulus funds, along with voter passage of billions of dollars in bonds, have led the way to new transportation infrastructure investments, fueling high-priority transportation corridor improvements, trade infrastructure and port security projects, transit and passenger rail improvements, state and local partnership transportation projects, and improvements to streets, levees, and roads.²² Over the next ten years, labor needs for highway and transportation infrastructure improvements and nonresidential and public works projects will remain a priority and are expected to increase to support the demands of a growing population.

In 2012, voter approval of Proposition 39, the California Clean Energy Jobs Act, directed revenues for five years, beginning in 2013-14, to eligible energy projects such as energy efficiency upgrades and clean energy generation at schools.²³ As movement continues toward “greening” the construction sector of the economy, further opportunities are emerging in green construction jobs. Along with new construction projects there are many buildings being weatherized and retrofitted in order to achieve the Leadership in Energy and Environmental Design certification.²⁴ Occupations in green construction encompass all aspects of the building trades and offer opportunities for workers at various skill levels, from apprentice to journey-level. As California continues to lead the nation in the development of new technologies, renewable energy, and the sustainable design and construction of more efficient buildings, the demand for skilled workers in green building trades will continue to rise.

Green/Clean Technology – California is strongly committed to increasing energy efficiency and the sustainable use of resources, and is aggressively working towards achieving a 33% renewable resources portfolio by the year 2020. Innovative public policy addressing this commitment continues to promote the development of new green/clean technologies. Accordingly, California attracts 60% of the current clean-tech venture capital in the U.S., in industry sectors including sustainable agriculture, environmentally friendly manufacturing processes, transportation logistics, green building practices, and clean energy production. These green/clean technologies are creating new markets for products and services, are increasing business investment, expansion, and job creation, and are helping California reach our renewable resources goals. Green/clean technologies also provide the added benefits of improved air and water quality, reduced greenhouse gas emissions, healthier communities, natural resource conservation, and increased energy independence. The Employment Development Department’s (EDD) LMID estimates more than 500,000 Californians are currently working in the green economy. That number is projected to grow to 1.2 million by 2020. Clean energy jobs and businesses have grown much faster than the economy as a whole in the past fifteen years, and have continued to grow even during the economic

¹⁹ California Industry Employment Projections Between 2012-2022, September 19, 2014, [http://www.calmis.ca.gov/file/indproj/cal\\$indnarr.pdf](http://www.calmis.ca.gov/file/indproj/cal$indnarr.pdf), Figure 4. Projected Employment Percent Change by Major Industry Sectors Between 2012-2022, pg. 3

²⁰ Ibid, pg. 3

²¹ California Industry Employment Projections Between 2012-2022, September 19, 2014, [http://www.calmis.ca.gov/file/indproj/cal\\$indnarr.pdf](http://www.calmis.ca.gov/file/indproj/cal$indnarr.pdf), Figure 4. Projected Employment Percent Change by Major Industry Sectors Between 2012-2022, pg. 3

²² California Department of Transportation/Strategic Growth Plan/Bond Accountability, <http://www.bondaccountability.ca.gov/>

²³ Office of Governor Edmund G. Brown Jr., Press Release 10-27-2014, <http://gov.ca.gov/news.php?id=18764>

²⁴ Construction Careers, 2007, State of California, Employment Development Department, Labor Market Information Division, Information Services Group, Occupational Research Unit, <http://www.calmis.ca.gov/file/occmisc/constructioncareers.pdf>

downturn²⁵. As such, the green/clean industry sector has demonstrated its importance to the continued health of California's economy.

Goods Movement and Transportation Logistics – California supports one of the largest trade networks in the nation and serves as a major gateway for products entering and leaving the United States. In 2013, California exported \$168 billion in products – an increase of more than 4 percent over the amount exported in 2012.²⁶ The State's economy and quality of life depend upon the efficient, safe delivery of goods to and from our ports and borders, and with five major land ports of entry yielding over \$700 billion in economic activity, 11 seaports, and over 1,000 miles of coastline, international trade in California is an increasingly important component of the state's \$2 trillion economy.²⁷ Furthermore, California's freight transportation system directly supports a wide array of industries and commercial activities, including over 1.3 million freight-specific jobs throughout the State.²⁸

Each decade millions of new residents are added to California's population and as population growth continues to increase over the next 20 years. Increasing pressure will be added to all areas of California's existing infrastructure, including transportation and goods movement.²⁹

As California's goods movement industry continues to expand and technologies in transportation logistics advance they will remain among the state's highest priorities and remain increasingly important sources of high-wage jobs and a prosperous economy.

Information Technology Services – All industries are facing an increased need to utilize advanced information technology in order to ensure competitiveness in the world-wide economy. For example, the agricultural industry is becoming "high tech" as it turns to sophisticated tools such as Geographic Information Systems (GIS) and Global Positioning Systems (GPS) to assist in growing crops.³⁰

In 2015, California continued to rank as the nation's leading cyber-state.³¹ California ranked #1 in:

- High-tech employment - employing 1,150,000 high-tech workers, with 59,500 net jobs added from 2014 – 2015;
- Highest tech wages in the country – annual average wage of \$149,300;
- High-tech payroll of \$172 billion; and,
- High-tech establishments: 50,400.

Information Technology Services is a fast-growing sector in the national economy. Employment in computer systems design and related services will grow by 47 percent by 2020, according to the U.S. Bureau of Labor Statistics (BLS).³² The BLS projects excellent employment opportunities in the industry as demand for computer-related occupations increase due to rapid advances in computer technology, continuing development of new computer applications, and the growing significance of information security. Conversely, due to increased accessibility of

²⁵ EDD LMID, <http://www.labormarketinfo.edd.ca.gov/>

²⁶ Senate Bill 1228 Trade Corridors Improvement Fund (2013-2014) http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1228&search_keywords=

²⁷ Investing in trade corridor is critical to job growth in San Diego, In My Own Words, Senator Ben Hueso, October 31, 2014 <http://sd40.senate.ca.gov/node/850>

²⁸ California Employment Development Department, Labor Market Statistics, Retrieved 12/8/2014; <http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1014>

²⁹ Public Policy Institute of California, <http://www.ppic.org/main/publication.asp?i=895>

³⁰ <http://www.caseyresearch.com/cdd/high-tech-heads-for-the-farm>

³¹ <https://www.comptia.org/docs/default-source/advocacydocs/cyberstates/comptia-cyberstates-2016-vfinal-v2.pdf?sfvrsn=2>

³² <http://www.bls.gov/opub/btn/volume-2/careers-in-growing-field-of-information-technology-services.htm>

information via the internet, the newspaper, periodical, book and directory publishers subsector is projected to lose 3,000 jobs, lowering the expected job growth rate for this subsector.³³

Manufacturing – Manufacturing is an industrial engine that fuels job creation. Growth in the manufacturing industry has a job multiplier effect that favorably impacts other industries. In 2009, following the lowest point in the recession and after a decade of steady declines in California manufacturing jobs (which dropped nearly 33 percent between 2000 and 2010), the rate of decline began to slow. California began to experience a modest job gain due to consistently strong demand for California exports which increased by 25 percent between 2009 and 2011.³⁴ In April 2010, manufacturing was also the industry with the highest percentage of green jobs in California.³⁵ In fact, between 1995 and 2008, manufacturing in the green economy grew by 19 percent, and in 2010, nearly 21 percent of California’s green employment was in manufacturing.³⁶ According to GO-Biz, after more than ten years of consistent job losses, California posted three consecutive years of manufacturing job gains in 2011, 2012, and 2013.³⁷

Generating \$229.9 billion, California’s manufacturing sector generates more manufacturing jobs than any other state. With manufacturing accounting for 11.7 percent of the total output and employing 9 percent of the state’s workforce, California is by far the number one state for manufacturing jobs and output in the country.³⁸

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. Essentially, high-wage jobs extend beyond The motion picture industry is an essential source of economic activity, tax revenue, jobs and tourism in California. It contributes \$30 billion dollars annually to our state’s economy while supporting 174,000 well-paying entertainment industry jobs that provide health benefits. The motion picture industry is the fifth highest ranking employer in southern California.³⁹ The outlook for California’s multimedia and motion picture industry is about to get a lot more competitive and will bring more filmmakers to the State in the upcoming years. Since AB 1839 was approved by Governor Brown in September 2014, beginning July 1st of the 2015-16 FY, The California Film & TV Tax Credit Program 2.0 will triple in size over the course of two phases, (from \$100 million to \$330 million) and extending until FY 2019/20.⁴⁰

Technical Services – California, in particular the Silicon Valley, is home to many of the world’s largest high-tech companies who provide technical services to various industries. According to the Bureau of Labor Statistics (BLS), “the technical services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others”.⁴¹ Some major technical services industries include architectural services, engineering services, computer systems design, and research & development services. Architecture and engineering are driven by residential and commercial construction activity, as well as by corporate and government spending. In 2014, California reported over 322 thousand people employed in these industry sectors, the highest employment level compared to other states in the nation⁴². Civil engineering continues to demonstrate strong growth as well, with the BLS projecting civil

³³ [http://www.calmis.ca.gov/file/indproj/cal\\$indnarr.pdf](http://www.calmis.ca.gov/file/indproj/cal$indnarr.pdf)

³⁴ California Governor’s Office of Business and Economic Development

³⁵ <http://www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/2010-California-Green-Innovation-Index.pdf>

³⁶ http://www.energy.ca.gov/cleanenergyjobs/Select_Committee_on_Ca_Green_Economy_FinalReport_2010.pdf

³⁷ California Governor’s Office of Business and Economic Development, 2014;

<http://business.ca.gov/WhyCA/CaliforniaEconomybytheNumbers.aspx>

³⁸ Ibid

³⁹ http://www.film.ca.gov/res/docs/Tax-Credit-Fiscal-Year-Summary_July2012.pdf

⁴⁰ <http://www.film.ca.gov/Incentives.htm>

⁴¹ <http://www.bls.gov/iag/tgs/iag54.htm>

⁴² <http://www.bls.gov/oes/current/oes170000.htm>

engineering employment to increase nationally at a faster-than-average rate of 20 percent over the decade ending in 2022,⁴³ and the California Employment Development Department (EDD) estimating an 18.3 percent increase in civil engineering employment in California over the same time period.⁴⁴ Environmental consulting and green businesses are also blooming in California, creating jobs at a faster pace than the broader economy. According to the Environmental Defense Fund, approximately 300 businesses in over 400 locations across California are responsible for growing the state's clean transportation sector.⁴⁵

G. Workforce Trends

The Workforce Innovation and Opportunity Act (WIOA) – In 2014 Congress passed WIOA which reauthorizes and restructures the workforce system implemented by the Workforce Investment Act of 1998. The new system is intended to better align education, economic, and workforce programs and services; better support regional economic development and labor markets; train more unemployed workers for higher-wage, higher-skill job opportunities; expand registered apprenticeships; provide more robust business services including expanding On-the-Job, Incumbent Worker, and Customized Training; support sector strategy and career pathway programs; and increase and refine services to a variety of targeted populations such as Veterans and people with disabilities. As a participant in the WIOA system, ETP will support the vision and goals for WIOA established by the Governor.

Employer-based Training – Over the last several years, the U.S. Department of Labor has increased its efforts to encourage the state workforce and America's Job Centers (AJC) to expend more funding on Incumbent Worker and On-The-Job training (OJT). California was granted a federal waiver allowing Local Boards to spend their local formula funds on incumbent worker training programs (they were previously prohibited from using their formula funding for that purpose). California also has a federal waiver that allows Local Boards to more easily fund OJT programs with employers. (Those waivers will no longer be necessary under WIOA, which also adds Pay-for-Performance training as an employer-based training option.) As a result, many workforce programs have developed and implemented targeted OJT and incumbent worker initiatives.

Retirees – Retirees, along with individual's eligible for retirement, are among those workers for whom up-skill or re-skill training may be required. Many in the "baby boomer" generation are choosing to remain working rather than retiring, or are attempting to return to work due to current economic conditions. 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. DOL programs, for instance, prioritize services to low income adults, at-risk youth, people with disabilities, authorized immigrants, and other populations that are underserved or have multiple barriers to employment.

Veterans – Employment and training service to veterans has been a focus for the State and its workforce system. 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. ETP currently serves veterans in its training population, (see [Strategic Initiatives](#) section) and strongly supports training to assist veterans and members of the National Guard in entering the workforce and improving their opportunities for advancement in high-wage secure jobs.

⁴³ <http://www.bls.gov/ooh/architecture-and-engineering/civil-engineers.htm>

⁴⁴ <http://www.labormarketinfo.edd.ca.gov/OccGuides/Detail.aspx?Soccode=172051&Geography=0601000000>

⁴⁵ http://www.edf.org/sites/default/files/content/01_edf_green_roads_map_overview.pdf

Drought Victims – California’s extended drought is having an increasingly negative impact on California’s economy, particularly in economic regions where industry such as agriculture is paramount. LWDA, CWDB, ETP, EDD, and other workforce partners are responding by targeting regions, industries, and workers that are suffering due to drought-related issues.

Middle-Skill Workers – The trend of serving special populations with public workforce funding continues, as does the trend toward the re-employment of skilled workers and up-skill or re-skill training for incumbent workers. The investment of state and federal funds in workforce training continues, by necessity, to become more limited and strategic – targeting priority industries, occupations, and populations.

There is also a trend toward growth in jobs that require more than a high school, but less than a college education. These jobs, referred to as “middle-skill,” represent approximately nearly half of the jobs in California,⁴⁶ while only about one third of California’s workers have the necessary training for them. Many of the middle-skill occupations such as medical lab technician, heating and air conditioning installer, emergency medical technician, and plumber fall into the Career Technical Education (CTE) category of training and education. Many middle-skill jobs are also accessible through apprenticeship training.

Sector Strategies – Sector strategies continue as a workforce training trend. The California Regional Economies Project (CREP) developed a methodology for economic development partners to identify and assist industries and businesses vital to their regional economies in meeting workforce needs, and to assist communities in preparing underserved populations for careers. The CWDB is also pursuing sector strategies at the state level through special committees and workgroups, such as the Green Collar Jobs Council and the Advanced Manufacturing Workforce Development Council. Working closely with ETP, the CCCOC, the California Department of Education (CDE), and other agencies, the CWDB is developing programs that support sector-strategy based career pathways throughout the state. Work by the WIOA partners will accelerate in the coming months as California implements the new system. CWDB’s Slingshot initiative, for instance, was launched in 2014, aimed at accelerating income mobility through regional collaboration and resolving regional employment challenges that slow California’s economic engine. The initiative seeks to seed regional collaborative efforts by employers and industry, government, workforce and economic development agencies, and education stakeholders within regions. This is an example of a sector strategy in which ETP is a partner.

ETP is legislatively mandated to coordinate its program with local workforce investment boards, the CWDB, and other partners in the Workforce Investment Act (WIA), and going forward, WIOA, to achieve an effective and coordinated approach to the delivery of the state’s workforce resources.

ETP partners with LWDA, GO-Biz, CWDB, EDD, the 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 dynamic and fluctuating economy by 1) seeking out new partners with whom to collaborate, such as CEC, Office of the State Treasurer and local workforce investment boards, and by 2) leveraging additional resources such as WIOA Discretionary or AB 118 funding.

⁴⁶ “Can California Compete?” by America’s Edge, June 2012. <http://cdn.americasedge.org/clips/CAAESkillsReport-5.pdf>

H. Strategic Initiatives

ETP plays an important role in California's larger workforce system 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 as the economy recovers. ETP not only targets business and industry vital to economic recovery and growth, but also focuses training in HUAs and serves lower income workers and individuals with barriers to employment. As a strong partner in California's efforts to strategically target priority industries and to focus on emerging workforce trends, ETP is continuing to expand and enhance its historical training role by coordinating the investment of alternative funding for workforce training in California businesses.

As a long-term partner supporting job creation and retention through training, ETP coordinates its efforts within its core program and partners with other State agencies in the design and delivery of services via alternatively funded programs. ETP has developed key partnerships with the CEC, EDD, LWDA and other labor and workforce organizations. Since FY 2009-10, ETP's partnerships with the LWDA and the EDD have resulted in allocation of WIOA (formerly WIA) Governor's Discretionary and other funds to ETP.

ETP's role in the State's workforce system continues to evolve as the program responds to changing economic and workforce needs, creating new initiatives and pilots focused on job creation, workforce training, and overall economic recovery and revitalization.

Drought Relief

In January of 2014, Governor Brown declared a state of emergency. ETP received \$2,000,000 from the omnibus drought legislation which was appropriated from the General Fund. In May 2014, ETP's Drought Committee held a public meeting to discuss strategies on administering and using the funds and the following month implemented a new training, "Rapid Employment Strategy Pilot on Natural Disasters" (RESPOND), to guide a strategic and timely use of these funds. As of June 2015, ETP has expended all of the \$2,000,000 in General Funds.

ETP expended \$1 million for a drought program that provides training at six community colleges in the San Joaquin Valley. The program is administered by the Yosemite Community College District in Modesto with oversight by the California Community College Chancellor's office and ETP. ETP has coordinated education and outreach regarding the program with the farmworker community and developed outreach materials in English and Spanish.

ETP also expended \$1 million to support five RESPOND training programs operating in the most highly impacted counties of the state and supporting training for such occupations as: irrigation specialist, engineer, landscape architect, production worker, urban planner, environmental conservation engineer, water treatment specialist, crop specialist and farmworkers. Both private sector and public sector employers are benefiting from these RESPOND programs.

ETP continues to support drought training for private sector employers with ETP core funds (not General Fund dollars) under the RESPOND guidelines. ETP will continue to monitor and assist the college California Drought Relief Employment Training Program, which runs through June 2016, and coordinate ETP resources with partners and stakeholders. ETP is focusing marketing efforts to identify opportunities to support drought-related displaced workers, to avert layoffs by employers, and to assist employers with transitioning operations to more sustainable operations and practices. ETP is also assisting with college outreach to local service providers, including local Workforce Investment Boards and farmworker advocates.

Green Technology

California continues to lead the nation in the development and implementation of policies that promote secure, clean, affordable energy while protecting the environment, conserving natural resources, and supporting the development of green technologies. Through dedication to innovative public policy California has continued to reduce greenhouse gas emissions and remain at the forefront of innovation while stimulating new markets and creating new jobs.

As early as 1947, California began to adopt and implement innovative policies aimed at reducing pollution and protecting air quality.⁴⁷ Throughout the years, California's approach to emissions reductions has broadened significantly, permeating various sectors from transportation and electricity generation to agricultural production and residential uses. The shift toward a low carbon economy has naturally led to technological advancements and investment in transportation and renewable energy.

In recent years, numerous initiatives have continued to shape California's leadership role in the development of green technologies, including California's Renewable Portfolio Standard, created in 2002 and expanded in 2011, that establishes some of the most ambitious renewable energy standards in the nation; the California Global Warming Solutions Act of 2006 (AB32) which established greenhouse gas reduction targets to 1990 levels by 2020; the adoption of green building codes and the establishment of the Green Collar Jobs Council in 2008; Governor Brown's Clean Energy Jobs Plan in 2011; and the Governor's updated 2015 Zero Emission Vehicle Action Plan.

On April 29, 2015, Governor Brown signed Executive Order B-30-15 which establishes California's greenhouse gas reduction target at 40 percent below 1990 levels by 2030. This is the most aggressive benchmark enacted by any government in North America to reduce dangerous carbon emissions over the next decade and a half and paves the way toward reaching the state's ultimate goal of reducing emissions to 80 percent below 1990 levels by the year 2050.⁴⁸

Innovation, along with forward-looking policies, continues to drive the state's progress in developing and implementing clean technology products and services. With an economy ranked amongst the most efficient and least carbon intensive in the world, California continues to drive growth in the clean economy, generating economic benefits while protecting air quality and natural resources. Between January 2002, and January 2012, jobs in California's Core Clean Economy grew by 20 percent, much faster than the economy as a whole.⁴⁹ As California continues to transition to a low-carbon economy, the Employment Training Panel supports the evolving training needs inherent in the economy's clean technology sectors. By working together with industry and educators, the ETP will do its part to ensure the development of a highly-skilled workforce equipped to meet the needs of 21st century.

Alternative Renewable Fuel Vehicle Technology Program (ARFVTP)

Created in 2007 and administered by the California Energy Commission (CEC), the ARFVTP provides workforce training in new transportation technologies to help address the workforce needs of companies engaged in the development or deployment of alternative fuels and vehicle technologies.

The overall goal of AB 118 is to transform California's fuel and vehicle types to meet the state's climate change policies. ETP's partnership with the CEC, which began in FY 2009-10, was

⁴⁷ California Green Innovation Index, 6th Edition, 2014, Next 10, <http://www.next10.org/2014-california-green-innovation-index>

⁴⁸ Office of Governor Edmund G. Brown Jr., Press Release 4-29-2015, Governor Brown Establishes Most Ambitious Greenhouse Gas Reduction Target in North America, <http://gov.ca.gov/home.php>

⁴⁹ California Green Innovation Index, 6th Edition, 2014, Next 10, <http://www.next10.org/2014-california-green-innovation-index>

established to implement a training program via an Interagency Agreement (IA) in alignment with the overall goals and objectives of AB 118.

In FY 2015-16, the CEC approved an Interagency Agreement to provide ETP with an additional \$2 million effective beginning July 1, 2016. Due to the additional AB 118 funds, the total CEC approved IA funding amount is \$13.5 million.

In FY 2016-17, ETP will continue to receive ongoing reimbursable authority of \$3 million based on historic grant awards and expenditures. This ongoing appropriation in reimbursable authority allows ETP to allocate AB 118 funds on a timely basis each fiscal year to contracting entities.

Career Technical Education (CTE)

Career Technical Education programs are once again gaining popularity in California. Intended to prepare workers for the 21st Century economy, Career Technical Education programs are designed with jobs in mind. By successfully matching the skills of the emerging workforce with the needs of California's highest growth industries, high-quality career technical education programs provide hands-on, industry-specific training for careers in high demand.

The fastest growing fields requiring a vocational associate's degree will require CTE training. LMID estimates that from 2010 to 2020 California will see an increase in occupations, including: computer and mathematical occupations; healthcare practitioners and technical occupations; healthcare support occupations; and construction and extraction occupations, including carpenters and plumbers.⁵⁰ These and other trade and craft occupations, particularly many emerging green jobs, are also often served by registered apprenticeship programs.

High-quality, coordinated career technical education programs provide an essential link between those preparing the workforce and those employing the workforce. Career Technical Education and workforce training programs help close the skills gap, fuel a stronger economy, and maintain California's competitive edge at the forefront of the global marketplace. As California's economy continues to evolve and keep pace with economic changes throughout the nation and the world, a highly-skilled workforce will remain a fundamental factor in California's continued economic prosperity.

Apprenticeship Training Pilot Program

Initiated in 2012, ETP's Apprenticeship Training Pilot Program provides funds for apprenticeship classroom training. ETP funding allows Joint Apprentice Training Committees (JATCs) or other program sponsors to supplement limited state Montoya Funds for the Related Supplemental Instruction (RSI) portion of training. The program funds up to 200 hours of RSI training, plus 10 hours of OSHA training for apprentices in their second year and beyond. ETP continues to fund Pre-Apprenticeship and Journeyman level training

ETP participates on the LWDA Apprenticeship Task Force and is working with state partners to expand the Apprenticeship model to new, non-traditional industry sectors, such as manufacturing and healthcare. DOL is providing \$100 million nationally to fund new apprenticeship programs; the CCCCO has received \$15 million from the state General Fund for this as well. ETP will use a portion of the Apprenticeship funds specifically for new, non-traditional programs.

Support for Veterans

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. ETP funds training to help veterans pursue high-skill, high-wage jobs in secure industries. ETP provides incentives such as increased training reimbursement rates for contractors who prioritize training

⁵⁰ LMI for the State of California Occupational Projections: <http://www.calmis.ca.gov/htmlfile/county/califhtm.htm>

for veterans. ETP will continue to partner with other state agencies, through the California Interagency Council on Veterans (CICV), to develop initiatives for the training and employment of veterans and will increase outreach to veteran organizations with the intent of developing training projects that focus on meeting veterans' training needs. ETP will continue to identify and prioritize the needs of California's veterans while coordinating activities at all levels of government in order to meet those needs.

ETP will continue its veterans outreach by working directly with local chambers, business groups, and public agencies and by participating in conferences, job fairs and community workshops.

In January 2014 the CICV Employment Workgroup, of which ETP is a member, established the "Apprenticeship Sub-Workgroup," under the leadership of DAS and CalVET. ETP plays an active role on this sub-workgroup, which will help apprenticeship programs become CalVet certified, enabling them to get GI Bill benefits. ETP has helped with outreach and education to the employer and apprenticeship committees to increase use of public benefits for veterans.

Serving Small Business

Small employers with fewer than 100 employees, currently 3.4 million small businesses, represent 99 percent of all employers in the state and employ 52 percent of all California workers.⁵¹ ETP recognizes the importance of small business to the California economy. ETP prioritizes outreach and funding for small business, funding training for small business owners, equipping them with tools needed to run a business and funding training for employees of small businesses to provide them with critical job skills. ETP incentivizes training for businesses with 100 or fewer employees in California, but no more than 250 worldwide - providing an expedited contracting process, a higher training reimbursement rate, and flexible training hours. ETP will continue to explore means of streamlining the funding process for small businesses.

In recognition of the vitality of small businesses to the health of California's economy, the Panel continues to implement small business programs.

ETP participates on the Small Business Advocate Intergovernmental Advisory Council to GoBiz which joins staff and resources from various state agencies to share information and streamline policy for small business. The Council increases awareness of small business needs; of the effects of regulatory, financial, political and economic environments on small business; and of the impact of small business on jobs and the economy. ETP also has participated in a series of statewide presentations with the Governor's Small Business Advocate in coordination with the US Small Business Administration, with California Small Business Development Centers (SBDC) Legislative and Professional Development Conference for the Small Business Development Centers, and at regional Small Business Summits provided by the US Small Business Administration and the California Public Utilities Commission.

I. Strategic Alliances

Marketing

ETP will continue its two marketing contracts from FY2015-16 Fiscal Year, amending them to continue through first quarter of the 2016-17 Fiscal Year. The contract with California Manufacturing Technology Consulting, Inc. and the Corporation for Manufacturing Excellence, targets marketing efforts toward employers in ETP priority industries, primarily manufacturers. The contract with the California Labor Federation AFL-CIO Workforce and Economic Development focuses marketing efforts toward signatory employers within ETP priority industries. After these marketing contacts conclude, the Employment Training Panel will

⁵¹ <http://www.business.ca.gov/WhyCA/CaliforniaEconomybytheNumbers.aspx>

continue working closely with these organizations to strengthen and expand its marketing to priority industry employers and employers supporting traditionally underserved training populations.

ETP will also diversify its marketing efforts for priority industry employers and initiatives directly supporting workforce and economic development. These marketing efforts will increase the number of marketing partners working to target applicants for funding and bring new contracts to the Panel.

Apprenticeship Training Pilot Program

ETP is coordinating with the California Labor Federation and the State Building and Construction Trades Council, as well as other interested union and non-union partners, to continue the Apprenticeship Training Pilot Program. Through this partnership, the Labor Federation and the Council assist ETP in building awareness of the program among JATCs and advise ETP on potential program refinements. ETP continues to work closely with the Division of Apprenticeship Standards and participate in the LWDA Apprenticeship Taskforce. For more information on the pilot see [Introduction](#) and [Strategic Initiatives](#) sections

Job Creation and Retention

ETP develops projects in partnership with other governmental sources of funding. ETP works with GO-Biz 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 effort, 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 for forming alliances and partnerships for funding, training assistance, and career path/workforce skill enhancement throughout various regions in the state. The CCCCO and individual community colleges have received ETP funds for various training programs.

State and Local Workforce Development Boards

The California Workforce Development Board (CWDB) assists the Governor in setting and guiding policy in the area of workforce development.

In 2014, the CWDB approved the creation of the Workforce Innovation and Opportunity Act Implementation Work Group to oversee the implementation of the Workforce Innovation and Opportunity Act (WIOA). The WIOA, the first legislative reform of the public workforce system in fifteen years, is designed to help job seekers access employment, education, training, and support services in order to succeed in the labor market.

Consisting of an executive-level membership representing various organizations and state boards involved in workforce services, education, and training, the WIOA Implementation Work Group has been tasked with the development of WIOA performance measures and multi-agency metrics, policy, systems alignment and regional collaboration, and the determination of needed changes to governance.

The Panel participates in the WIOA Implementation Work Group. The WIOA Implementation Workgroup will ensure that California's implementation of the new law reflects state strategies and aligns resources accordingly to match employers with the skilled workers they need to compete in the global economy.

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

The areas of highest unemployment continue to be rural regions of the state, including the Central Valley, San Joaquin and Imperial Valley. These areas trail the rest of the state in family income, educational achievement, healthcare access, employment, and job stability. Unemployment rates in these regions have been persistently high, even prior to the economic down-turn of the last few years.

ETP funds training for companies in counties with HUAs to stimulate local economies. Funding focuses on workers who have full-time jobs and fairly stable employment, but who earn low wages and lack the essential job skills necessary to improve their employment. The Panel also serves populations with multiple barriers to employment within these designated HUAs.

ETP waives some of its standard program criteria (lowered wages, flexible retention) for businesses in HUAs (areas with at least fifteen percent higher unemployment rate than the state average).

Program Budget

ETP is funded principally by the Employment Training Tax (ETT) which California companies pay to promote the development of an improved workforce. The tax revenue is collected by the EDD Tax Collections Branch and deposited into the Employment Training Fund (ETF). The Budget Act of FY 2016-17 appropriates \$76.4 million to the ETF. Considering ETF expenditures for the EDD Tax Collections Branch, the Financial Information System for California (FI\$Cal) Project, and ETP's estimated \$5.4 million in available program funds for reinvestment in new training projects – ETP will have close to \$75.5 million available for the current fiscal year. Given ETP's prior-year obligations (\$27 million) and planned program expenditures (\$11 million), ETP will have \$34.3 million available to fund new core contracts in FY 2016-17.

FY 2016-17 Core Program Revenue & Expenditures

The following table illustrates the projected ETF and ETP revenue and expenditures for FY 2016-17.

ETF Budget Act Appropriation ⁵²	\$76,382,000
<u>Budget Act--ETF Expenditures:</u>	
Program 21: EDD Tax Collections Branch	(\$6,201,000)
FI\$Cal Project ⁵³	(\$97,000)
Remaining ETF Balance:	\$70,084,000
ETP Program Funds Reinvested (Estimated) ⁵⁴	\$5,440,000
Amount Available Fiscal Year 2015-16:	\$75,524,000
<u>ETP (Planned) Program Expenditures:</u>	
Program Administration	(\$11,000,000)
EDD Support	(760,270)
Marketing and Research	(\$200,000)
Pro Rata	(\$1,387,211)
Employment Training Management System	(\$828,613)
Prior Year Program Fund Obligations (Estimated)	(\$27,000,000)
Training Funds Available:	\$34,347,906
Projected Contracting Capacity	\$90,400,000

Allocations by Category

⁵² Cannot exceed Governor's Budget Act Appropriation.

⁵³ FI\$Cal Project is a business transformation project for state government in the areas of budgeting, accounting, procurement, and cash management..

⁵⁴ Program fund cash balances from closed and terminated prior year contracts are subsequently disencumbered and reinvested for use in the current year, per Provision 1 of the State Budget Act.

As indicated in the funding table on the preceding page, the ETP (Planned) Program Expenditures are budgeted within the following categories:

- 1) **Program Funds:** As a result of ETP’s incremental funding process, obligations in prior year contracts account for \$27 million of the \$75.5 million in available program funds, leaving \$34.3 million available for new training projects after all other planned expenditures are allocated. However, through the incremental funding process this will yield close to \$90.4 million in total contract value.

ETP available program funds are used to off-set the costs of training for incumbent workers and unemployed workers under two categories:

- a) **Job Creation and Job Retention** – Most projects are approved under this category, primarily to support retraining of incumbent workers. Some funds under this category are allocated in support of training for unemployed workers (i.e., “New Hires”).

Job Retention: Retraining programs train incumbent, employed individuals in companies that are facing out-of-state competition and need to retrain their employees to improve the business’ competitiveness.

Job Creation: 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

- 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 HUAs, have multiple barriers to employment, are small business owners, or are seasonal workers.

- 2) **Marketing and Research:** \$200,000 for marketing and outreach which are driven by ETP’s priorities and the need to reach businesses that have the most impact on the California economy.

- 3) **Pro Rata:** \$1,387,211 represents General Fund recoveries of statewide general administrative costs (i.e., indirect costs incurred by central service agencies) from special funds. The Pro Rata is a fair-share proration amount that fluctuates each year based on workload incurred by central service agencies.

- 4) **ETMS:** \$828,613 for the design, implementation, and replacement of the existing ETP MIS system. This amount also includes ongoing maintenance costs

- 5) **Program Administration:** \$11,760,270 for operational costs which includes personal services and benefits, operating expenses and equipment (\$10.5 million), and additional costs associated with relocating two ETP offices into state-owned buildings (\$500,000), and EDD program support (\$760,270).

In addition to receiving ETF core program funding, ETP will receive the following alternative funds:

In FY 2016-17, the Energy Commission will allocate \$2.0 million to fund AB 118 ARFVTP training contracts via an Interagency Agreement

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The Strategic Plan is available on-line at the Employment Training Panel's website:
<http://www.etp.ca.gov/>

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<http://www.etp.ca.gov>