

EMPLOYMENT TRAINING PANEL 2012-13 STRATEGIC PLAN



THE EMPLOYMENT TRAINING PANEL

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A. Vision and Mission Statements

VISION:

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

MISSION:

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

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

B. Introduction

Fulfilling Its Mission

Established in 1982, the Employment Training Panel (ETP) has proven itself for 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 funding the type of training needed by unemployed workers to re-enter the workforce. Overall, the ETP program helps to ensure that California businesses will have the skilled workers they need to remain competitive.

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 the frontline workers.

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

- *Employers make decisions about the training program.* Employers are involved in every aspect of training. Companies assess their training needs, customize curricula to address the specific needs of their businesses, and implement and administer the training plan.
- *Training investments help companies become more profitable.* 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.

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

ETP also keeps pace with statewide economic initiatives and workforce priorities such as targeting training for ex-offenders/at-risk youth, veterans, workers impacted by the downturn in the housing market, and supporting the growth in the green economy. As one means of keeping pace, ETP is partnering with the Governor's Office of Business and Economic Development (GO-Biz). GO-Biz was created by the Governor "to serve as California's single point of contact for economic development and job creation efforts. GO-Biz offers a range of services to business owners

including: attraction, retention and expansion services, site selection, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, assistance with state government, and much more.¹

ETP has historically accomplished its mission without appropriations from the State General Fund or alternative sources of funding. The core ETP program is funded by an Employment Training Tax (ETT) paid by California employers, and only employers subject to this tax directly benefit from the program. In the last few years, however, ETP has received additional funding for alternative programs aimed at training unemployed workers for jobs emerging in the recovering economy. The alternative funding is principally through distributions from California's Labor and Workforce Development Agency (LWDA) and the California Energy Commission (CEC). ETP anticipates a continuation of some additional funding in Fiscal Year (FY) 2012-13 to expand or implement alternative programs.

Overview of the Organization

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

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

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

ETP has a professional staff of 85 full-time positions, approximately one-half of which are located in Sacramento, with the remaining staff located in regional offices in San Diego, the San Francisco Bay Area, and North Hollywood. Staff administers the program statewide through outreach to industry and employers; developing, monitoring, and auditing contracts; and providing program and administrative support to the Panel. The staff is led by the Executive Director appointed by the Governor. The Executive Director has the overall authority for administering the program.

Accomplishments

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

Following is a brief summary of ETP's major accomplishments in FY 2011-12:

- **Funding Priorities and Targets:** The Panel strategically designated funding priorities in FY 2011-12 to achieve the greatest economic impact; with four categories of projects approved

¹ www.business.ca.gov

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

as primary investment categories: small business proposals, Multiple Employer Contracts (MEC), job creation proposals, and critical proposals.

ETP also continued to target projects which met the objectives of its alternatively-funded training programs including the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) through AB118, and the Healthcare Initiative. Outreach efforts included collaboration with the CEC, the California Labor Federation (Cal-Fed), the California Community Colleges Chancellor's Office (CCCCO), the CWIB and Local Workforce Investment Boards (Local Board), Economic Development Corporations, trade associations, and Chambers of Commerce.

- **Job Creation Initiative:** In FY 2011-12, ETP continued to prioritize projects which contained a strong job creation component, offering incentives for retraining newly-hired employees as part of a standard single employer contract. Training under the revised Retainee - Job Creation program may be included in a training program for incumbent workers, or stand alone. A Job Creation component may also be added to an active contract by amendment with increased funding.
- **Veterans:** On August 23, 2011, Governor Brown issued Executive Order B-9-11, which established the California Interagency Council on Veterans (CICV) "whose purpose shall be to identify and prioritize the needs of California's veterans and to coordinate the activities at all levels of government in addressing those needs."³ In accordance with Executive Order B-9-11, ETP currently serves as an active participant on the CICV, partnering with other State agencies to develop initiatives for the training and employment of veterans.

Historically, ETP has served veterans both in new-hire MEC agreements and direct training contracts with employers. In FY 2011-12, ETP implemented a more comprehensive system of data collection which includes specific detail regarding the number of veteran trainees served by ETP.

- **Healthcare – Job Creation Initiative:** In January 2012, the Panel approved a new Healthcare – Job Creation Initiative which targeted newly-hired nurses and allied health professionals employed by non-profit entities that were not normally served under ETP's core program. The initiative included ETP's job creation program and the existing healthcare initiative. A particular goal of the initiative was to provide a training incentive necessary to support the hiring of new nurse graduates. Funding for this initiative was made possible by a \$1.7 million allocation of Governor's Workforce Investment Act (WIA) Discretionary funds.
- **Apprenticeship Training Pilot:** In FY 2011-12, ETP approved an Apprenticeship Training Pilot Program to help apprenticeship programs supplement what have been steadily declining Montoya funds.⁴ The pilot was initially opened to Joint Apprenticeship Training Councils (JATC) that had submitted applications or had already contracted with ETP. In FY 2012-13, this program is open to new applications.
- **OSHA Training:** In FY 2011-12, ETP determined to fund Occupational Safety and Health Administration (OSHA) 10/30 training as a valid curriculum item and began funding it as a new component of a larger vocational training curriculum through single-employer or MECs. Workers employed in public works projects must have earned 10-hour to 30-hour

³ <http://gov.ca.gov/news.php?id=17178>

⁴ State funds dedicated to the related and supplemental classroom training and instruction portion of an apprenticeship curriculum

- **Consultant Fee Comparison:** The topic of consultant fees became a discussion point at last year's Panel meetings. To help guide applicants through the funding process, ETP prepared a Consultant Fee Comparison table which was publicly posted on ETP's website following the April Panel meeting.
- **Approved number of contracts by Contract Type:** The following table illustrates a break down of various types of contracts that the Panel has approved in FY 2011-12 using ETP core program funds as well as alternative funding sources. *Note, contracts can be in multiple contract types below, this is not a total.*

Small Business (Core Funded) <small>(100 of fewer employees only)</small>	Total Approved Contracts	Approved Amount	Approved # to Train
	117	\$4,499,764	4,111
High Unemployment Areas (HUA) (Core Funded)	Total Approved Contracts	Total Amount	Approved # to Train
	189	\$26,084,670	28,091
Nurse and Allied Healthcare Training (Core Funded)	Total Approved Contracts	Total Amount	Approved # to Train
	20	\$4,314,155	4,062
Job Creation - Healthcare (Alt Funded)	Total Approved Contracts	Total Amount	Approved # to Train
	34	\$1,699,500	1,008
Alternative and Renewable Fuel Vehicle Technology (ARFVTP) (Alt Funded)	Total Approved Contracts	Total Amount	Approved # to Train
	7	\$1,773,360	2,275
Retrainee - Job Creation Initiative (Core Funded)	Total Approved Contracts	Total Amount	Job Creation # to Train
	62	\$6,166,446	3,829
Standard Retrainees	Total Approved Contracts	Total Amount	Approved # to Train
	338	\$63,601,142	67,865

C. Economic Overview

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

Statewide

Although many economists believe that the 2008 "great recession" ended in the latter part of 2009, the EDD Labor Market Information Division (LMID) reported that after a high of 12.4 percent in 2010, California's seasonally adjusted unemployment rate remained essentially unchanged during 2010, ending the year at 12.2 percent.⁵ As the national economic recovery slowly began to take hold, so did California's recovery. All signs, however, point to a slow recovery. California's unemployment rate has continued to exceed the national rate due to higher job losses in the construction industry and declining manufacturing and government jobs. Although we are still experiencing double-digit unemployment, a year-over-year comparison shows a decline in the seasonally adjusted unemployment rate from 11.9 percent in May 2011 to 10.8 percent in May 2012.⁶

Another positive sign of recovery is that eight of California's major non-farm industry sectors have gained jobs in May, while only three have lost jobs over the last year comparison. The state saw gains in professional and business services; manufacturing, educational and health services; leisure and hospitality; information; financial activities; construction; and mining and logging. The three sectors that showed a decline in jobs for May were: government, trade; transportation and utilities; and other services.⁷

In their first quarterly report of 2012, the UCLA Anderson Forecast continued to predict a slow, steady economic recovery with a modest 1.9 percent gain in employment for California, commensurate with the nation, and 2.6 percent gain by 2014. As the economy improves in the coming years, the leading jobs and industries will be in technology; exports; health care; professional, scientific, business services; and education. The unemployment rate is heading downward toward single-digit territory by the end of 2013 and to 7.7 percent by 2014, which is a dramatic decrease compared to the high 12.4 percent rate in 2010.⁸

Regional

While the recession has been evident throughout the state, some areas continue to be particularly hard-hit with persistently high unemployment. By ETP regulation these high unemployment areas (HUA) are distinct regions that have unemployment rates which exceed the State average by at least 15 percent. These are often rural, agricultural areas in the central and northern parts of California, such as Fresno which, as of May 2012, had a rate of 14.9 percent. Imperial County, in the rural, southeastern part of the State, has the highest unemployment rate, at 26.8 percent.⁹ That said, some of the industries that are beginning to create and retain jobs during recovery (e.g., educational and health services, green energy, and transportation and warehousing) are present in the HUAs.

⁵ California Labor Market Review, <http://www.labormarketinfo.edd.ca.gov/>

⁶ California Labor Market Review <http://www.calmis.ca.gov/file/1fmonth/CaLMR.pdf>

⁷ Ibid

⁸ UCLA Anderson Forecast: "Curbed Enthusiasm" over good news in national employment data, Press Release, March 2012

⁹ California Labor Market Review <http://www.calmis.ca.gov/file/1fmonth/CaLMR.pdf>

D. ETP's Priority Industries

ETP annually identifies industries that are most vital to California's economic growth and recovery, identified as 'priority industries'. Employers in identified priority industries receive a higher fixed-fee reimbursement rate for ETP-funded training, and ETP concentrates much of its outreach effort on those industries. While ETP's priority industries remain much the same from year to year, ETP's designation of them for FY 2012-13 takes into account changes in the overall economy, as well as other factors integral to supporting job creation and California's overall economic revitalization.

Following are industries that ETP has identified as priority industries for FY 2012-13:

- **Manufacturing** – Manufacturing is one of the most basic industries in any economy. Growth in the manufacturing industry produces greater growth in industries that depend upon manufacturing for products. 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 2011.¹⁰ By April, 2012, continued strength in exports had helped California add 9,900 manufacturing jobs and reverse long-term decline.¹¹ Despite years of economic uncertainty, California continues to be one of the highest producing manufacturing states. Due to the demand for California-made goods, exports are rebounding faster than the rest of the nation.¹²

California is well positioned to be a global leader in manufacturing as it relates to high tech and the Information Technology sector. Advanced manufacturing jobs – those that require extensive use of computer, high precision, and information technologies integrated with a high performance workforce in production systems – will continue to be an integral part of our economy.

California has more high tech jobs than any other state, and a majority of California's high tech workers are employed in manufacturing or related functions.¹³ In the San Jose metropolitan area, the heart of Silicon Valley, 12.6 percent of jobs are in the computer and electronic products manufacturing industry.¹⁴ With high tech manufacturing at 15 times the national concentration, Silicon Valley remains the center of the nation's high-tech manufacturing industry.¹⁵ For years, California has been a leader of innovation and technology and continues to attract great talent for the high-skilled jobs of the 21st century.

California is leading the nation in the export of manufactured goods, and exports more high-tech goods than the rest of the U.S. combined.¹⁶ As of April 2010, manufacturing was also the industry with the highest percentage of green jobs in California.¹⁷ 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.¹⁸

¹⁰ California Governor's Office of Business and Economic Development

¹¹ Los Angeles Times, Exports help California reverse long-term manufacturing decline, April 12, 2012 Ronald D. White

¹² US Census Bureau

¹³ Public Policy Institute of California

¹⁴ Ibid

¹⁵ California Governor's Office of Business and Economic Development, Public Policy Institute of California

¹⁶ US Census Bureau, Foreign Trade Statistics, 2011, US Bureau of Labor Statistics

¹⁷ <http://www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/2010-California-Green-Innovation-Index.pdf>

¹⁸ http://www.energy.ca.gov/cleanenergyjobs/Select_Committee_on_Ca_Green_Economy_FinalReport_2010.pdf

- **Green/Clean Technology** – As California strengthens its commitment to make more efficient and sustainable use of its resources, job growth in this emerging sector is strengthening the state’s economy. Innovative public policy in support of energy independence and environmental sustainability has fostered an environment in which the development of new technologies is paramount, and as a result, California has attracted billions of dollars in clean tech venture capital investments. In fact, California attracts 60 percent of the current clean-tech venture capital in the U.S.¹⁹ Furthermore, as new markets for clean/green products and services emerge, California has experienced increased business investment and expansion, job creation, and advancement toward reaching its renewable energy goals.

While green industry focuses heavily on sustainable, clean energy generation and efficiency, the greening of the economy reaches all industry sectors and businesses throughout the state. Investment in clean energy and green technology is a central element in rebuilding our economy. A recent example of California’s shift toward a greener economy can be seen in Executive Order B-16-2012, signed by Governor Brown in March, 2012, which lays the foundation for 1.5 million zero-emission vehicles (ZEV) on California’s roadways by 2025.²⁰ In conjunction with the order, the Governor announced plans for the construction of a statewide network of charging stations for ZEVs, including at least 200 public fast-charging stations and another 10,000 plug-in units at 1,000 locations across the state.²¹

California’s investment in green technologies is fueling job creation throughout the state while producing multiple benefits, including improved air quality and reduction of greenhouse gas emissions, natural resources protection and waste reduction, increased energy independence and diversity, and the support of low-carbon alternative fuels. “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 downturn.”²² By continuing to invest in and prepare workers for careers in clean/green technology, California is building the businesses of the 21st century and leading a national transformation to a greener economy. EDD estimates more than 500,000 Californians are currently working in the green economy, and that number is projected to grow to 1.2 million by 2020.

Some key green businesses ETP has identified by North American Industry Classification codes (NAICs) include:

- Facilities that convert solar, wind, and tidal power into electrical energy;
- Companies engaged in the wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials;
- Environmental consultants that advise organizations on environmental issues such as the control of environmental contamination, toxic substances, and hazardous materials;
- Remediation and clean up services that address contaminated buildings, mine sites, soil, or ground water;
- Facilities that sort recyclable materials from nonhazardous waste or facilities where commingled recyclable materials are sorted into distinct categories; and
- Organizations primarily engaged in promoting the preservation and protection of the environment and wildlife.

¹⁹ http://www.jerrybrown.org/Clean_Energy

²⁰ <http://gov.ca.gov/news.php?id=17472>

²¹ <http://gov.ca.gov/news.php?id=17463>

²² http://www.jerrybrown.org/Clean_Energy

- Allied Healthcare** – Healthcare is one of the State’s highest growth industries. The healthcare industry must meet the demands of a growing and aging population. Allied healthcare occupations are generally those that support doctors and nurses. Among them are home health aides, medical assistants, nursing aides, orderlies and attendants, dental assistants, and pharmacy, radiology, and medical technicians. These occupations are all experiencing shortages and are expected to have the largest growth in the healthcare industry.²³ It is estimated that an additional 200,000 healthcare professionals will need educational training by 2014 to address this shortage.²⁴ In California, employment in healthcare overall is expected to increase by 2.4 percent annually from 2008 through 2018 which equates to 24 percent growth during this 10-year period with over 400,000 jobs projected.²⁵ The passage of healthcare reform at the federal level has offered expanded opportunities for California to carry out activities that will lead to coherent and comprehensive health and workforce development strategies. One example is the CWIB’s Health Workforce Development Council (HWDC), established in August 2010, which is tasked broadly with expanding California’s health workforce over the next 10 years under federal healthcare reform to provide access to quality healthcare for all Californians.²⁶
- Construction** – Labor needs for highway and transportation infrastructure improvements, nonresidential and public works construction, and other public works projects are expected to increase. In recent years federal stimulus funds, along with voter passage of billions of dollars in bonds, have led the way to new transportation infrastructure investment and are currently fueling projects including high-priority transportation corridor improvements, trade infrastructure and port security projects, transit and passenger rail improvements, state-local partnership transportation projects, and local street and road improvements.²⁷ Additional opportunities for job growth in construction have included the renovation of schools and other public buildings.

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.²⁸ Green construction occupations include Photovoltaic Solar Installer and Utility Scale Wind Technician, among many others. 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 market for workers in green building trades will expand.

- Goods Movement and Transportation Logistics** – Home to 11 ports, 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. From marine ports and airports, cargo is loaded onto trucks and trains, and shipped to communities throughout California and beyond.²⁹ California’s roadways carry more commercial vehicle truck traffic than any other state.³⁰ The movement of goods is a vital component of California’s economy, as well as the rest of the nation, and it is dependent on a complex manufacturing supply chain and an infrastructure that can support it.

²³ <http://gov38.ca.gov/press-release/11998/>

²⁴ Ibid

²⁵ <http://www.calmis.ca.gov/file/indproj/calSindnarr.pdf>

²⁶ www.cwib.ca.gov

²⁷ California Department of Transportation/Strategic Growth Plan/Bond Accountability <http://www.bondaccountability.ca.gov/>

²⁸ <http://www.calmis.ca.gov/file/occmisc/constructioncareers.pdf>

²⁹ Ibid

³⁰ Transportation Sustainability Research Center, University of California, Berkeley <http://tsrc.berkeley.edu/projectarea/goodsmovement>

During the next 20 years, California's population will continue to increase as millions of new residents are added each decade. In all areas of infrastructure, including transportation, population growth will lead to new demands.³¹ The amount of goods transported through California is projected to nearly quadruple, from 11 million container units in 2000, to 42 million in 2020.³² Product consumption and production will continue to increase as population grows, and improving transportation and the movement of goods in California will remain one of the state's highest priorities.

Smart growth is essential. Collectively, state highways and local streets and roads support nearly 20 percent more traffic today than just 12 years ago.³³ Measures to improve the essential infrastructure needed to move goods from California's ports throughout California and to the rest of the country is crucial. Furthermore, infrastructure improvements are pivotal to relieving congestion on freeways and increasing mobility for everyone in California. With transportation projects continuously underway, California's goods movement and transportation logistics industry is expanding and becoming an increasingly important sector of high-wage jobs. Investment in all aspects of this industry is resulting in increased mobility and traffic congestion relief for the state's growing population, while measures addressing the serious environmental and community concerns associated with goods movement and transportation are creating more sustainable development to improve air quality, protect public health, and improve the quality of life for all Californians.

- **Information Technology Services** – All industries are undergoing an increased need to utilize information technology to ensure competitiveness in the new world economy. The McKinsey Global Institute found that there is a relationship between IT and productivity.³⁴ For example, the agricultural industry is becoming “high tech” as it turns to sophisticated tools to assist in growing crops and tending livestock.

Information Technology Services is a fast growing sector in the national economy, as well. Employment in computer systems design and related services will grow by 45 percent by 2018 and add nearly one-fourth of all new jobs in professional, scientific, and technical services, according to the U.S. Bureau of Labor Statistics (BLS).³⁵ The BLS also 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.

Automating or digitizing medical records is one of the federal government's goals. In February 2010, the State devoted nearly \$70 million in federal stimulus funding to expand health information technology in California. "A robust system to exchange health information will improve patient care in several areas including more informed decisions by making certain patient medical history is available to the point of diagnosis and care; enabling early diagnosis with the potential to improve outcomes and reduce costs; and, increasing efficiencies related to administrative tasks."³⁶

- **Biotechnology and Life Sciences** – California remains a global leader in biotechnology and medical technology. According to a national bioscience study released by Battelle

³¹ Public Policy Institute of California, <http://www.ppic.org/main/publication.asp?i=895>

³² Pacific Institute http://www.pacinst.org/topics/community_strategies/goods_movement/index.html

³³ California's Strategic Growth Plan, January 2008 <http://2008-09.archives.ebudget.ca.gov/BudgetSummary/SUM/1249561.html>

³⁴ http://www.mckinsey.com/insights/mgi/research/productivity_competitiveness_and_growth/us_productivity_growth_1995-2000

³⁵ U.S. Department of Labor, Bureau of Labor Statistics, Occupational Outlook Handbook, 2010-11 Edition, Overview of the 2008-2018 Projections

³⁶ <http://www.recovery.gov/Pages/default.aspx>

Technology Partnership Practice in 2010, California saw more bioscience research and development, initiated more clinical trials, and awarded more bioscience postsecondary degrees than any other state.”³⁷ As a result, continued high job growth is projected in biotechnology and life sciences.

California’s total job growth during 2004-2009 increased only three percent, while the biotech job sectors experienced nearly nine percent job growth, from 163,359 in 2004, to 177,708 in 2009. This increase resulted in 14,350 additional biotech jobs throughout California. During this five-year period, pronounced biotech job growth occurred in the following regions: San Diego and Imperial, Orange, Los Angeles, and Inland Empire.³⁸ Although California is still recovering from the economic recession, it is projected that by 2015, the industry will employ up to 250,000 workers. Further, the “job multiplier” for biotechnology is about 1.9, which means that almost two additional jobs are created elsewhere in the economy for every job created in biotech.³⁹

Biotechnology is also an example of an industry that is converging with green technology for a more sustainable future. In 2007, the University of California at Berkeley, in partnership with the University of Illinois Urbana-Champaign, the Lawrence Berkeley National Laboratory, and the international energy company BP, which also funds the \$500 million research, commenced hosting the Energy Biosciences Institute (EBI) dedicated to developing biofuel technologies. The EBI will conduct biological research, during a 10-year term, relevant to renewable energy sources including the development of sustainable, plant-based fuels for transportation.⁴⁰

- **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. According to the California Legislative Analyst Office, a study done by the Los Angeles Economic Development Corporation indicates that 39 percent of U.S. employment in multimedia and entertainment is in California and that as much as 60 percent of the U.S. labor income in the industry is earned here. There are an estimated 159,000 motion picture and video industry jobs in California, and the estimated industry output in 2009 was \$48.5 billion. Labor income in the industry in California was estimated at \$15.5 billion, with the average annual pay in the industry higher than that in the rest of the state’s economy.⁴¹
- **Agriculture** – California is the largest agricultural producing state in the nation and the world’s fifth largest supplier of food and agricultural commodities.⁴² California is an agricultural powerhouse, producing nearly half of the nation’s food supply. California has continued to remain the No. 1 state for farm receipts which, in 2010, brought in \$37.5 billion with 81,700 farms and ranches operating in California producing over 400 crops.⁴³ The agriculture industry also generates at least \$100 billion in related economic activity.⁴⁴

The state accounted for 16 percent of national receipts for crops, and 7 percent of the U.S. revenue for livestock and livestock products.⁴⁵ Agriculture production is a base industry in

³⁷ Battelle/BIO, “State Bioscience Initiatives 2010”

³⁸ Biotechnology, Medical Devices, & Pharmaceutical Manufacturing in California,” 2010, [http://www.coeccc.net/documents/biotech_custom_ca_10.pdf#search="medical devices"](http://www.coeccc.net/documents/biotech_custom_ca_10.pdf#search=)

³⁹ “Under the Microscope, Biotechnology Jobs in California”, EDD, LMID (June 2004, with December 2007 update).

⁴⁰ Energy Biosciences Institute, http://www.energybiosciencesinstitute.org/index.php?option=com_content&task=view&id=51&Itemid=90

⁴¹ LAO evaluations and letter to the Senate Governance and Finance Committee, June 123, 2012

<http://www.lao.ca.gov/reports/2012/stadm/letters/evaluate-film-tax-credit-061312.pdf>

⁴² <http://www.cdfa.ca.gov/Statistics/>

⁴³ Ibid

⁴⁴ http://www.cdfa.ca.gov/Statistics/PDFs/ResourceDirectory_2011-2012.pdf

⁴⁵ Ibid

the Food Value Chain which includes processing, distribution, and support.⁴⁶ The Food Value Chain has a broader economic impact than agricultural production alone. Despite its critical importance to the State's economy, however, agricultural employment is relatively low (excluding food processing, only 2.5 percent of the employed workforce, or 390,900 workers in 2008), and much of that employment is seasonal.

Now more than ever, with an ever growing population expected to double by 2040, it is crucial to protect and strengthen California's agricultural economy which is vital to the nation and the world.⁴⁷ As a result, the federal 2012 Farm Bill seeks to expand upon programs for job training, green jobs creation, and seeks to build resources in rural communities to improve their local economies in California.⁴⁸

E. Workforce Trends

In 2009, the U.S. Department of Labor increased its efforts to encourage the state workforce and One-Stop systems to expend more funding on incumbent worker and On-The-Job training (OJT). California was granted a federal waiver that allows Local Boards to spend their local formula funds on incumbent worker training programs whereas they were previously prohibited from using their formula funding for that purpose. California has a federal waiver, as well, that allows Local Boards to more easily fund OJT programs with employers, in addition to which DOL has granted substantial federal stimulus funding for state and Local Board OJT projects. As a result, many states have developed and implemented targeted OJT initiatives and incumbent worker initiatives.

Among those workers desiring re-employment or job retention and for whom up-skill or re-skill training may be required, are retirees or those eligible to retire. Many in the "baby boomer" generation are choosing to remain working or 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 and/or have multiple barriers to employment. Employment and training services to veterans has become a particularly important focus in the last few years.

A 2008, 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, 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. ETP will continue to reach out to this population. For example, ETP is participating on the Governor's CICV, seeking ways to increase emphasis on serving veterans and members of our National Guard.

While the trend of serving special populations with public workforce funding continues, it is not inconsistent with the trend toward the re-employment of skilled workers and up-skill or re-skill training for incumbent workers. In fact, the investment of state and federal funds in workforce

⁴⁶ <http://www.coecon.com/Reports/ARCHIVES/ECONOMY/FoodChainReport.pdf>

⁴⁷ http://www.cdfa.ca.gov/farm_bill/

⁴⁸ Ibid

training continue, by necessity, to become more limited and strategic – targeting priority industries, occupations, and populations.

There is also a trend towards growth in jobs that require more than a high school, but less than a college education. These jobs, referred to as “middle-skill,” represent some 47 percent of the jobs in California,⁴⁹ while only some 38 percent 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.

Finally, sector strategies have continued as a workforce training trend. CWIB is pursuing sector strategies at the State level through special committees and workgroups, such as the Green Collar Jobs Council, which is developing sector strategies relating to green technology, and of which ETP is a member, and also through DOL grant opportunities. CWIB granted \$3 million in WIA and CEC funding to 10 regional sector collaboratives for the development of green sector initiatives, and also successfully applied for a \$6 million State energy Sector Partnership grant from DOL that funded six regional sector teams serving as many as 1,200 individuals. Also, LWDS, CWIB, and the Office of Statewide Health Planning and Development (OSHPD) are leading the State’s health workforce strategies under federal healthcare reform, and sector strategies will be employed in planning and carrying out those activities through the HWDC.

Recent legislation has strengthened CWIB’s mandate on aligning workforce resources to support regional sector strategies. In 2011, a series of state laws were enacted putting additional requirements on the CWIB and the public workforce system. SB 734 (Statutes of 2011, Chapter 498) requires the Local Boards to spend at least 25 percent of their adult and dislocated worker funds on training. SB 698 (Statutes of 2011, Chapter 497) requires the CWIB to establish Local Board evaluation criteria to biennially certify “high-performing” Local Boards and to set aside a portion of any available discretionary funds for high-performing Local Boards. In the 2012 legislative session, State Senator and CWIB member Ted Lieu (D-Torrance) has introduced SB 1401. This bill is expected to become law and will add additional responsibility to the CWIB by requiring it to assist the Governor in the alignment of workforce sector resources, including ETP funding.

ETP is required per UI Code 10204 to coordinate its program with Local Boards, the CWIB and other partners in WIA to achieve an effective and coordinated approach to the delivery of the state’s workforce resources. ETP has entered into an agreement with CWIB to promote our role in the workforce system and to assist marketing and outreach for the ETP program, as well as to support CWIB’s development and implementation of California’s Strategic Workforce Investment Plan during the FY 2012-13.

ETP partners with LWDA, GO-Biz, CWIB, 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 flagging economy by 1) seeking out new partners with whom to collaborate, such as CEC and Local Boards, and 2) leveraging new resources such as WIA Discretionary or State, AB118 funding.

⁴⁹ “Can California Compete?” by America’s Edge, June 2012. <http://cdn.americasedge.org/clips/CAAESkillsReport-5.pdf>

F. 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 gainful, career-oriented employment. As a strong partner in California's efforts to strategically target priority industries and focus on emerging workforce trends, ETP is continuing to expand and enhance its historical training role, by coordinating the effective investment of alternative funding sources in order to revitalize the economy.

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. Through these sources, ETP has developed significant partnerships with the CEC while strengthening partnerships with the LWDA and other labor and workforce organizations. Since FY 2009-10, for instance, ETP's partnerships with the LWDA and the EDD have provided WIA Governor's Discretionary and American Recovery and Reinvestment Act (ARRA) funds. As ETP's role in the state's workforce system evolves, it continues its historical program, partnership, and administrative strategies while responding to changing economic and workforce needs by the addition of new initiatives and pilots geared toward job creation, workforce training, and overall economic recovery and revitalization. Following are current and proposed ETP strategies.

- **Healthcare**

The Employment Training Panel's commitment to train professionals in the healthcare field remains strong and is evident in the Panel's Healthcare Initiative and more recently through its Healthcare - Job Creation Initiative. Both programs are WIA funded and support the healthcare industry by targeting training funds for career advancement and job security for workers in the healthcare sector, including nurses, caregivers, and allied healthcare occupations.

While ETP's Healthcare Initiative provides training for incumbent nurses and other allied medical professionals, the Healthcare – Job Creation Initiative, which was approved in January, targets newly-hired nurses and allied health professionals employed by non-profit entities. Funding for the new Healthcare - Job Creation Initiative was made possible by a \$1.7 million allocation of WIA Discretionary funds from the LWDA.

The Healthcare-Job Creation Initiative is a blend of ETP's job creation program and its existing healthcare initiative. It expanded on, and ran parallel to ETP's Retrainee-Job Creation Initiative established in FY 2010-11, and the intent is to reach the non-profit segment of the healthcare industry, which cannot be funded out of ETP's core program.

WIA funded training for the Healthcare Initiative will end in September 2012, and Healthcare - Job Creation will close in September 2013. ETP does not anticipate receiving any WIA funds to support the continuation of Healthcare – Job Creation Initiative projects in FY 2012-13, although the Panel will continue to identify and pursue partnership opportunities in this effort.

ETP furthers its commitment to healthcare through its participation in the 2009 Allied Health Initiative, led by the LWDA in partnership with ETP, CWIB, the CCCCCO, and the California Hospital Association. Regional industry and education leaders are working together to

develop allied health partnerships that educate and train health professionals (licensed individuals such as pharmacists, lab technicians, and imaging specialists) that comprise over 60 percent of the health occupations in California.⁵⁰

After the enactment of the federal Patient Protection and Affordable Care Act, Title V, in early 2010, the LWDA, CWIB, and California's OSHPD became lead partners implementing the workforce development aspects of healthcare reform. Operating under the CWIB's HWDC, the partners are completing comprehensive planning and engaging in activities that will result in comprehensive health and workforce development strategies at the State and local levels.

- **The ARFVTP**

Created under AB 118, provides workforce training in new transportation technologies to help address the workforce needs of companies engaged in the development and/or deployment of alternative fuels and vehicle technologies.

The ARFVTP is administered by CEC. ETP began partnering with the CEC, Fuels and Transportation Division in FY 2009-10 to implement a training program with the objectives of creating and saving jobs, and employing, re-employing, and retaining California workers in green/clean jobs funded by ARRA and in alternative fuels and clean 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. The transition from California's complex petroleum-based transportation market, to one based on a diversity of low-carbon alternative and renewable fuels and clean vehicle technologies, represents an opportunity for creating new industries and green jobs. The evolution to a low-carbon transportation economy requires a well-trained workforce to produce and distribute new alternative fuels and design, construct, install, operate, service, and maintain new fueling infrastructure and vehicles.

In FY 2009-10, an Interagency Agreement (IA) with the CEC was approved which provided \$6 million in funding (\$5.4 million for training contracts and \$600,000 for administrative costs) to ETP to implement this program. In FY 2011-12, the CEC amended the IA to provide ETP with an additional \$4.3 million and extended the term through 2016 bringing the total IA funding to \$10.3 million.

ETP anticipates receiving an additional \$2 million in ARFVTP funds in FY 2012-13. The additional funding would bring the total funds available within the IA to \$12.3 million. As of June 2012, there are now a total of 15 active ARFVTP contracts totaling \$5,253,080 to train 5,825 workers.

- **Green Technology**

The Administration and the Legislature continue to pursue efforts to expand the economy and protect the environment through support for the development of green technologies, energy efficiency, including renewable energy generation and distribution, and greenhouse gas emissions reductions. As a result, California remains at the forefront of innovative public policy that serves to protect natural resources while also stimulating new markets.

Numerous initiatives have continued to shape California's leadership role in the development of green technologies, such as: 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 High-Speed Rail initiative; and the Green

⁵⁰ <http://gov38.ca.gov/press-release/11998/>

Building Initiative (through Executive Order S-20-04) that calls for public buildings to be 20 percent more energy efficient by 2015. Most recently, the Public Utilities Commission provided guidance to utilities to strengthen their energy efficiency programs and achieve deeper energy savings. Part of the guidance included the need to improve workforce training relating to energy efficiency.⁵¹

Through public policy initiatives, federal stimulus funds, and private investment, California has furthered its commitment to economic growth through investment in clean energy and the development of green technologies. California clean-tech companies attracted a record \$3.5 billion in venture capital investment in 2011, slightly more than the previous high of \$3.1 billion, in 2008. Out of the total clean tech venture capital investment in the United States, California received 57 percent, translating to 40 percent world wide.⁵²

Even during the height of the recession California continued to lead the nation in patenting green technologies, registering 910 clean tech patents – more than any other state. New York came second with 475.⁵³ California’s commitment to clean technology will help move our state toward increased energy independence, while stimulating job creation and protecting public health. As clean tech venture capital continues to enter California, innovation and green technology will transform our economy, infrastructure, and workforce, and green jobs will get California working again.

- **Career Technical Education (CTE)**

CTE programs are intended to prepare California workers for the 21st Century economy and maintain California’s competitive edge in the global marketplace. CTE typically prepares workers for middle-skill jobs that do not require a four-year college education, but can lead to careers in a trade or craft. Upon receiving sufficient training, which may include certification, workers in these occupations are typically hired as frontline workers responsible for the direct manufacture or delivery of goods and services.

The fastest growing fields requiring a vocational associate’s degree, or more than a high school diploma but less than a four-year degree, will require CTE training. LMID estimates that from 2008 to 2018 California will see an increase in occupations including: Computer and Mathematical Occupations (20 percent increase); Healthcare Practitioners and Technical Occupations (23 percent increase); Healthcare Support Occupations (25 percent increase); Construction and Extraction Occupations, including carpenters and installations workers (7 percent increase); and Plumbers (increase of more than 10 percent).⁵⁴ These and other trade and craft occupations, particularly many of the emerging green jobs, are also often served by registered apprenticeship programs.

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

ETP is committed to supporting the continued statewide emphasis on CTE and related programs such as pre-apprenticeships and registered apprenticeships. ETP will fund this type of training to persons that choose a technical career path and may be thwarted from

⁵¹ “CPUC GIVES GUIDANCE TO UTILITIES TO STRENGTHEN ENERGY EFFICIENCY PROGRAMS AND ACHIEVE DEEPER ENERGY SAVINGS” http://docs.cpuc.ca.gov/published/News_release/166231.htm

⁵² http://next10.org/sites/next10.huang.radicaldesigns.org/files/2012_GII%20Report_mech_final.pdf

⁵³ Ibid

⁵⁴ <http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1011>

entering or remaining in today's increasingly technological workforce absent training in job-specific skills and specialty practices.

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

- **Apprenticeship Training Pilot Program**

In March of 2012 the Panel implemented an Apprenticeship Training Pilot Program to provide funds for apprenticeship training through sponsorship programs. Under the pilot, ETP funding will allow JATCs or other program sponsors to supplement limited state Montoya Funds for the Related and Supplemental Instruction (RSI) portion of training. The program will fund up to 144 hours of RSI training for apprentices at \$13 per hour in their second year or beyond. All Division of Apprenticeship Standards (DAS)-approved JATCs are eligible.

- **Support for Veterans**

ETP will continue to enhance its funding of training to help veterans pursue high-skill, high-wage jobs in secure industries by providing incentives such as increased training reimbursement rates for contractors who prioritize training for veterans. ETP will continue to partner with other State agencies, through the 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. The CICV, which consists of a wide array of veterans' organizations and State stakeholders, including ETP, is identifying and prioritizing the needs of California's veterans and coordinating activities at all levels of government in order to meet those needs.⁵⁵

ETP will continue outreach to veterans by working with local chambers, ethnic chambers, business groups, high-tech conferences, and business community workshops. ETP also serves veterans through its core program, primarily through contracts with multiple employers. The need for employment training assistance for veterans is increasing, due to the number of active and reservist personnel who have performed military service in recent years. Some veterans have returned to the California civilian workforce and found their previous jobs gone. The unemployment rate for post-9/11 veterans remains at least a full percentage point higher than that for non-veterans.⁵⁶

In an effort to increase the number of developed projects emphasizing veteran training, and improve performance of veteran targeted projects, ETP has increased the financial incentives and relaxed the performance goals for all new projects emphasizing the training of veterans. These changes will allow ETP to increase the number of projects emphasizing the training of veterans and improve the performance of executed projects.

⁵⁵ "Employing America's Veterans: Perspectives from Business: <http://www.cnas.org/employingamericaveterans>

- **Serving Small Business**

ETP recognizes the importance of small business on the California economy. The Panel reaches employees and owners of businesses with 250 or fewer employees, with training in critical job skills. ETP has a program, called Small Business Program, where the Panel considers businesses with 100 or fewer in California, but no more than 250 worldwide.

In FY 2010-11, for all completed contracts, 75 percent of all businesses served by ETP were small businesses (this included direct contracts and businesses served under a multiple employer contract that were 250 employees or less). Under the small business program, 60 percent of all business served were small business with 100 or fewer in CA and no more than 250 worldwide.

ETP will continue to prioritize its small business outreach through its Small Business, Fast Track, and Multiple Employer Funding, providing flexible alternatives to small business and an expedited contracting process as well as a preferred reimbursement rate and flexible minimum training hours requirements. Small Business projects up to \$100,000 in training costs are given priority processing.

Small employers with fewer than 100 employees represent more than 98 percent of all businesses in the state, and employ 58 percent of all California workers.⁵⁷ ETP expects to resume coordination with the Governor's Small Business Advocate and participate on the Intergovernmental Advisory Council.

G. Strategic Alliances

- **State and Local Workforce Investment Boards**

ETP has entered into an agreement with CWIB to promote its role in the workforce system and to assist marketing and outreach for the ETP program. The agreement will also support CWIB's development and implementation of California's Strategic Workforce Investment Plan during FY 2012-13.

- **Apprenticeship Training Pilot Program**

ETP is coordinating with Cal-Fed and the State Building and Construction Trades Council in implementing the Apprenticeship Training Pilot Program. Through this partnership, the Labor Federation and the Council will assist ETP in building awareness of the program among JATCs and advise ETP on potential program refinements. Additionally, ETP is coordinating with the DAS to provide RSI and Local Educational Agency materials as well as to assist ETP with program and policy refinements.

- **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 priority, ETP supports job creation and retention in partnership with State and local economic and workforce development partners.

⁵⁷ http://www.calmis.ca.gov/file/indsize/Chart_SOB11_2.pdf

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

- **Revitalizing HUAs (including rural and agricultural areas such as the Central Valley)**

ETP will continue funding training for companies in HUAs to stimulate these local economies. Funding will focus on workers who have full-time jobs and fairly stable employment, but earn low wages and lack the essential job skills necessary to improve their employment. The Panel is also committed to fostering projects that serve hard-to-reach populations and those with multiple barriers to employment within these HUAs.

The areas of highest unemployment continue to be rural regions of the State, including the valley and mountainous regions north of Sacramento and the San Joaquin and Imperial Valleys to the south. 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 before the economic downturn of the last few years.

ETP supports economic revitalization of these HUAs, prioritizing training to foster new jobs and economic growth. ETP waives some of its regular program criteria (lowered wages, flexible retention) for businesses in HUAs (15 percent higher unemployment rate than the State average). ETP partners with the several public/private workforce groups, synchronizing efforts to bring jobs/economic diversification to these regions, and leveraging incumbent worker training to reduce turnover and improve job stability.

H. Administrative Strategies

- **Information Technology Modernization**

ETP is in the process of building a new system to better meet the needs of the agency and its customers by combining multiple functions of the current internet, intranet, and ETP's Management Information Systems. The new system, the WSN, will enable ETP to more efficiently provide its services. ETP began our first informational meeting with the vendor, Geographic Solutions, in February 2012 to implement the new system. With implementation projected for 2013, ETP has the opportunity to review and improve the program's business requirements and service model to better meet the requirements of customers and staff. ETP staff is currently engaged in this effort and working in conjunction with the Geographic Solutions development team. The new system will 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.

ETP will continue to plan and implement the modernization of the Panel's IT infrastructure in accordance with the State mandated consolidation effort (AB 2408). ETP's focus for FY2012-13 will be to complete the planned consolidation of servers. This will result in a 75 percent reduction in physical servers. Upon completion, focus will shift to a consolidation of applications. In preparation of this shift, ETP is already beginning the design phase of its next generation application platform known as California Workforce Services Network.

These efforts are underway and will allow ETP to meet the state mandated deadline for all consolidation efforts by 2013.

- **Maximizing Funds**

Based on the annual projection for revenue collections in the Employment Training Fund (ETF), indicating continued substantial reduction in revenue generated by the ETT, the Panel will establish funding priorities. These priorities include funding caps on all project types such as Single Employer Contracts, Critical Proposals, Job Creation, Small Business and MECs. ETP is continuing to offer incentives for retraining newly-hired employees as part of a standard single-employer contract. The Panel will continue to impose Substantial Contribution (SC) at the levels permitted by ETP regulations.

Revenue Projections

2011 factors supporting the funding recommendations for FY 2012-13 include:

- A continued low level in ETT collections during FY 2011-12 that is likely to continue into FY 2012-13;
- A “carry-over” in prior FY project funding liability into FY 2012-13;
- A continued 35 percent encumbrance level for standard core-program projects;
- The continued full appropriation of ETT revenue to the ETP program in the FY 2012-13 State Budget Act.

In order to maximize funding in FY 2012-13 the following funding limitations will be imposed:

➤ Caps will be applied to projects as follow:

- Single Employer - Priority Industry - \$450,000
- Single Employer - Non-Priority industry - \$350,000
- Job Creation - Retrainee - \$600,000
- Combined Single Employer & Job Creation Retrainee - \$700,000
- Critical Proposals - \$750,000 *
- Multiple Employer - \$700,000
- Small Business - \$50,000
- Fast Track - \$100,000
- Annual Employer Limit (all facilities) - \$1M
- Apprentice Training - \$300,000

* Note: The Critical Proposal cap may be increased on a case-by-case basis.

➤ Lowest priority is assigned to:

- For-Profit Training Schools - This includes schools where the cost of training is normally covered in full through student financial aid, and ETP funding typically covers only a portion of the course cost and curriculum content.
- New Hire Truck Drivers - This excludes training proposals with formal involvement of trucking company employers and/or unions.
- New Hire Security Guards
- Temporary Agency Employees (Retraining)

- Adult Entertainment Industry - This includes the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment and gambling industry.
- A moratorium is imposed on:
 - First-time training agencies - This does not include non-profit schools (e.g. Community College Districts).
- Other limitations are imposed:
 - SC Levels – SC will not default to the lowest percentage (floor). The Panel has flexibility to set levels 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
 - Support Costs - MEC support costs will not 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.
 - High Earner Reduction (HER) - Due to a continuation of historically low revenue collection in the ETF and the need to distribute ETP resources as broadly and as equitably as possible, employers earning more than \$1M over the last 5 years will have all new projects reduced by 50 percent in lieu of a facility based determination of SC. This will apply equally to both Single Employer Contracts and high-earning participating employers in MECs.
 - Employer Demand in a MEC - ETP will continue to require that MEC applicants with performance in prior agreements over the last five years at or greater than 80 percent demonstrate that at least 60 percent of requested funding is linked to firm employer demand. MEC applicants with lower previous performance or new MEC contractors will be required to demonstrate that at least 80 percent of requested funding is linked to firm employer demand. ETP staff will continue to substantiate this demand during the project development process.

I. Goals and Objectives

Six key goals, with specific objectives will be addressed in FY 2012 -13:

Goal #1 Enhance the visibility of the ETP program through partnerships

Objectives:

- 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) **Use the IA with CWIB to develop new ETP contracts and help Local Boards leverage funding.**
- c) *Partner with public and private stakeholders to increase outreach and raise awareness about the ETP program.*
- d) *Educate legislative members and staff on the availability of training funds for their constituencies.*

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

Objectives:

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

Goal #3: Continue support for small businesses.

Objectives:

- a) *Continue to target ETP resources to small businesses through comprehensive outreach activities and seek to increase the number of minority owned small businesses.*

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

Objectives:

- a) *Continue the Veterans Program.*
- b) *Continue the Ex-Offenders/At-Risk Youth Program.*
- c) *Continue targeting training projects in the Central Valley region, rural Northern California, Imperial Valley, and other HUAs.*
- d) *Support training for senior workers returning or remaining in the labor market*
- e) *Target funds, as available, for projects to effectively provide new and upgraded skills to dislocated workers seeking re-employment in public works, commercial construction, and related industries.*
- f) *Participate, with leveraged ETP funds, as appropriate, in grant proposals to the U.S. DOL for funding initiatives to support job creation and retention in California.*
- g) *Expand career opportunities for younger workers through support of pre-apprenticeship and apprenticeship programs. Continue the Apprenticeship Training Pilot Program.*

Goal # 5: Continue efforts to enhance ETP's impact on job creation and retention.

Objectives:

- a) *Pursue efforts to promote successful job creation and new hire projects.*
- b) *Evaluate potential statutory, regulatory, and policy refinements to optimize ETP's effectiveness as a job creation and retention resource.*

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

Objectives:

- a) *Continue the upgrade to ETP's new WSN to ensure comprehensive and seamless data collection and reporting, as well as other system efficiencies.*

- b) *Continue ongoing, internal evaluation and assessment of program/contracting issues.*

Program Budget

ETP is funded principally by the ETT which California companies pay to promote the development of an improved State workforce. The tax revenue is collected by the EDD Tax Collections Branch and deposited into the ETF. The Budget Act of FY 2012-13 appropriates \$45 million to ETP. The EDD Program Estimates Group, which monitors and tracks the monthly ETF revenue collection, forecasts a preliminary ETF revenue collection of \$48.1 million for FY 2012-13. Keeping in line with the forecast, ETP will base their beginning available revenue at \$48.1 million. Considering ETF expenditures for the EDD Tax Collections Branch, the State Controller (21st Century Project— Human Resources Redevelopment), ACES (Accounting & Compliance Enterprise System), and ETP's estimated \$3 million in available program funds for reinvestment in new training projects – ETP will have close to \$48.7 million available for the current fiscal year. Given ETP's prior-year obligations (\$12 million) and program administration (\$9 million), ETP will have \$26.5 million available to fund new core contracts in FY 2012-13.

FY 2012-13 Core Program Revenue & Expenditures

The following table illustrates the projected ETF and ETP revenue and expenditures for FY 2012-13.

ETF Revenue ¹	\$48,100,000
 <u>Budget Act--ETF Expenditures:</u>	
EDD Tax Collections Branch	(\$2,000,000)
State Controller	(\$275,000)
ACES	(\$76,000)
Remaining ETF Balance:	\$45,749,000
ETP Program Funds Reinvested (Estimated) ²	<u>\$3,000,000</u>
Total ETP Available Funds:	<u>\$48,749,000</u>
 <u>ETP (Planned) Program Expenditures:</u>	
Prior Year Program Fund Obligations	(\$12,000,000)
Marketing and Research	(\$200,000)
Pro Rata	(\$680,658)
California Workforce Services Network	(\$315,840)
Program Administration	(\$9,000,000)
Current Year Core Program Funds	(\$26,552,502)
Total ETP Expenditures:	<u>\$48,749,000</u>

¹ Revenue collection projection based on EDD's Program Estimates Group as of October 2012

² Program fund cash balances from closed and terminated prior year contracts which are subsequently disencumbered and reinvested for use in the current year, per Provision 1 of the State Budget Act.

Allocations by Category

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

- 1) **Program Funds:** ETP available program funds are used to off-set the costs of training and employment retention for incumbent workers and unemployed workers under two categories. Note that, as a result of ETP's incremental funding process, obligations in prior year contracts account for \$12 million of the \$48.7 million in available program funds, leaving \$26.5 million available for new training projects after all other planned expenditures are allocated. However, through the incremental funding process this will yield over \$80 million in total contract value.
 - 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 industry.
 - b) **Special Employment Training (SET)** – Up to 15 percent of ETP's annually available training funds are available under this category. The purpose of SET is to fund training projects to improve skills and employment security of frontline workers in projects that do not meet standard eligibility requirements, but are a priority for workforce training. SET projects target frontline workers (i.e., those workers directly producing goods or services) earning at least the State average wage. SET funding also allows training of frontline workers who earn less than the State average, if they are in HUAs, have multiple barriers to employment, are small business owners, or are seasonal workers.
- 2) **Marketing and Research:** \$200,000 for strategic program marketing. Marketing and outreach are 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 is partnering with the California Workforce Investment Board (CWIB) to develop and implement California's Strategic Workforce Investment Plan during FY 2012-13 and promote ETP's role in the workforce system, including the leveraging of ETP training funds by Local Workforce Investment Boards. The ETP also conducts independent research to ensure program efficiencies and effectiveness.
- 3) **Pro Rata:** \$680,658 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) **California Workforce Services Network:** \$315,840 for the design, implementation, and replacement of the existing ETP MIS system. This amount also includes ongoing maintenance costs.
- 5) **Program Administration:** \$9,000,000 for operational costs which includes personal services and benefits, operating expenses and equipment, and EDD program support.

In addition to receiving ETF core program funding, it is anticipated that ETP will receive the following funding from an alternate source in FY 2012-13:

- California Energy Commission (AB 118 funding) – ARFVTP \$2,000,000

The Strategic Plan was prepared by the Planning and Research Unit staff: Tara Armstrong, Alana Sanchez, Renee Pierce, Sandra Trujillo-Graham, John Bohart, Mario Maslac and John Saunders.

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

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

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



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