

**EMPLOYMENT TRAINING PANEL
2013-14
STRATEGIC PLAN**



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 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 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.

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 over the years to include increased support for retraining incumbent workers of businesses in 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 keeps pace with statewide economic initiatives and workforce priorities such as targeting training for ex-offenders/at-risk youth, veterans, and workers impacted by 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 of 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 to train unemployed workers for jobs emerging in the recovering economy. The alternative funding is provided to ETP principally through distributions from California's Labor and Workforce Development Agency (LWDA) and the California Energy Commission (CEC). ETP anticipates additional funding in Fiscal Year (FY) 2013-14 to expand or implement alternative programs.

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, 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.² 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 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. Staff is led by the Executive Director appointed by the Governor. The Executive Director has authority for administering the program.

Accomplishments

As legislatively mandated; 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 accomplishments toward ETP's strategic goals. The Report is available on ETP's website.³ 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 summary list of ETP's major accomplishments in FY 2012-13:

- **Job Creation Initiative:** ETP continued to prioritize projects which contained a strong job creation component, offering incentives for retraining newly-hired employees.
- **Veterans:** ETP continued to prioritize training projects which include veteran trainees. Historically, ETP has served veterans in its training population through the Veterans Program, which was incorporated in 2010.

¹ www.business.ca.gov

² (http://www.etp.ca.gov/panel_members.cfm)

³ http://www.etp.ca.gov/pubs_annual_reports.cfm

In 2011, the California Interagency Council on Veterans (CICV) was established to identify and prioritize the needs of California's veterans and to coordinate activities at all levels of government to best serve the veteran community. ETP serves as an active participant on the CICV, partnering with other state agencies to address training and employment needs of veterans.

- **Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP):** Beginning in FY 2009-10, under AB 118 and administered by the CEC, the ARFVTP supports the development and employment of renewable alternative fuels and clean vehicle technologies in the marketplace.

In FY 2012-13, ETP received \$3.0 million in reimbursable budget authority. By the April 2013 Panel meeting the Panel had approved all remaining training funds. Considering both closed and terminated contracts, there are now 11 active contracts with approximately \$4.9 million in ARFVTP funding to train 8,217 workers. For more background information on the ARFVTP, see ETP's website⁴ documenting FY 2009-10 through FY 2011-12.

- **Apprenticeship Training Pilot:** ETP approved the Apprenticeship Training Pilot Program in FY 2011-12 to help apprenticeship programs supplement steadily declining Montoya funds.⁵ In order to be eligible for ETP funding, apprenticeship programs must be approved by the Division of Apprenticeship Standards (DAS). The program has been very well received and demand for funding continues to be high. In FY 2012-13, the Panel approved \$8.6 million to fund contracts that included the Apprentice Training Pilot, totaling 7.4 million in just Apprentice for 3,782 workers in 25 projects. Due to the popularity of this Pilot, the Panel nearly exhausted all of its SET funding. The pilot continues in FY13-14, see [Strategic Initiatives](#) section.
- **Approved Contracts (by contract type):** The following table identifies contracts approved last year, in FY 2012-13 (using core program funds and alternative funding). *Note: contracts serving multiple priority areas are identified under each applicable priority area, and are broken out of contract totals.*

Small Business (Core Funded)	Number of Contracts	Amount	Number of Trainees
	119	\$5,338,770	4,790
High Unemployment Areas (HUA) (Core Funded)	Number of Contracts	Amount	Number of Trainees
	169	\$21,378,049	22,122
Nurse and Allied Healthcare (Core Funded)	Number of Contracts	Amount	Number of Trainees
	25	\$6,264,428	5,961
Job Creation - Healthcare (Alt Funded)	Number of Contracts	Amount	Number of Trainees
	2	\$560,000	655
Alternative and Renewable Fuel Vehicle Technology (Alt Funded)	Number of Contracts	Amount	Number of Trainees
	4	\$3,090,298	5,931
Retrainee - Job Creation Initiative (Core Funded)	Number of Contracts	Amount	Number of Trainees
	128	\$9,235,962	5,946
Apprenticeship Pilot (Core Funded)	Number of Contracts	Amount	Approved # to Train
	25	\$7,480,847	3,782
Standard Retrainees	Number of Contracts	Amount	Number of Trainees
	340	\$61,115,746	62,141

⁴ http://www.etp.ca.gov/pubs_annual_reports.cfm

⁵ State funds dedicated to the related and supplemental classroom training and instruction portion of an apprenticeship curriculum

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 continues to coordinate with both public and private sectors in leveraging alternative funding which is broadly intended to develop both the economy and workforce.

Statewide

California experienced a consecutive nine month decrease in the unemployment rate for 2012, ending the year at 9.8 percent. This is a 1.4 percent decline in the year-over-year unemployment rate of 11.2 percent.⁶ Even with this decline, California's unemployment rate continues to exceed the national rate by 2 percentage points. While California and the rest of the nation continue to gradually recover from the "great recession" of 2008, unemployment rates continue to hover above pre-recession levels. California's single digit unemployment rate of 9.8 percent for December 2012 is still 5 percentage points above the pre-recession low of 4.8 percent in November 2006.⁷

On the positive side, the EDD Labor Market Information Division (LMID) reports that seven of California's major non-farm industry sectors gained jobs, while only four have lost jobs on a year-over basis ending in December 2012. The state saw gains in leisure and hospitality, educational and health services, trade, transportation, utilities, professional and business services, construction, information, and financial activities. The four sectors that showed a decline in jobs were government, manufacturing, other services, and mining and logging.⁸

In their last quarterly report of 2012, the UCLA Anderson Forecast predicts slight employment growth, with a 1.3 percent gain in California for 2013, and 2.4 percent gain by 2014. The unemployment rate will continue to fall in 2013 averaging 9.7 percent for the year. By 2014 the rate is expected to dip to 8.4 percent, about 1 percent above the national average forecast.⁹ However, with the passing of Proposition 30, economists predict slow economic growth due to higher taxes. (Proposition 30 provides a temporary income tax increase for high earners and an increase in the state's sales tax to fund public school education.)

Regional

Although California is gradually showing signs of recovery, some areas of the state continue to be hard hit by the recession. ETP defines these high unemployment areas (HUAs) as distinct regions that have unemployment rates exceeding 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 December 2012 reported a 14.9 percent unemployment rate (1.3 percent decline in the year-over rate change)¹⁰. Imperial County, in the rural, southeastern part of the State, reported the highest unemployment rate, at 25.5 percent.¹¹ Still, 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 also present in the HUAs.

⁶ California Employment Highlights for December 2012; <http://www.calmis.ca.gov/file/1fmonth/employment-highlights.pdf>

⁷ Ibid

⁸ California Labor Market Review, <http://www.calmis.ca.gov/file/1fmonth/Calmr.pdf>

⁹ UCLA Anderson Forecast; http://www.uclaforecast.com/contents/archive/2012/media_120512_1.asp

¹⁰ <http://www.calmis.ca.gov/file/1fmonth/frsnSpds.pdf>

¹¹ California Labor Market Review <http://www.calmis.ca.gov/file/1fmonth/CaLMR.pdf>

D. Priority Industries

Through its strategic planning process, the Panel identifies industries most vital to California's economic growth and recovery; and ETP concentrates much of its outreach effort on those priority industries. While ETP's priority industries typically remain unchanged from year to year; ETP's designation of priority industries for FY 2013-14 takes into account changes in the economy and factors integral to supporting job creation and California's economic revitalization. Additionally, employers in these priority industries receive a higher fixed-fee reimbursement rate for ETP-funded training.

Following are industries that ETP has identified as priorities for FY 2013-14:

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

Manufacturing – 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 2011.¹² In April 2010, manufacturing was also the industry with the highest percentage of green jobs in California.¹³ 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.¹⁴ By April, 2012, continued strength in exports enabled California to add over 9,000 manufacturing jobs and reverse long-term decline.¹⁵

California currently boasts the highest numbers for manufacturing jobs and output in the country, with manufacturing accounting for 11.7 percent of the state's total output and employing almost 9 percent of the state's workforce.¹⁶

California is well positioned to be a global leader in advanced manufacturing with investment in the-high tech and Information Technology sectors. The Panel will continue to support investments in advanced manufacturing jobs, as they are a vital part of California's economy.

Green/Clean Technology – With a strong commitment toward energy efficiency and sustainable use of resources, California continues aggressively working toward achieving a 33 percent renewable portfolio standard by the year 2020¹⁷. Innovative public policy in support of energy independence and environmental sustainability continues to foster a business climate in which the development of new technologies is paramount. As a result, California has attracted

¹² California Governor's Office of Business and Economic Development

¹³ <http://www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/2010-California-Green-Innovation-Index.pdf>

¹⁴ http://www.energy.ca.gov/cleanenergyjobs/Select_Committee_on_Ca_Green_Economy_FinalReport_2010.pdf

¹⁵ Los Angeles Times, Exports help California reverse long-term manufacturing decline, April 12, 2012 Ronald D. White

¹⁶ California Governor's Office of Business and Economic Development, 2013;

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

¹⁷ <http://gov.ca.gov/news.php?id=16974> Legislation: SBX12 4/12/2011

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.¹⁸ 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 nearly every industry sector and business throughout the state. From sustainable agriculture, environmentally friendly manufacturing processes and smart growth to transportation logistics, green building practices and energy production, California continues to pave the way toward a cleaner, greener, more sustainable way of life in the golden state.

Investment in clean energy and green technology is fueling job creation throughout the state while producing multiple benefits, including improved air quality and reduction of greenhouse gas emissions, healthier communities, 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.”¹⁹ By continuing to invest in and prepare workers for careers in clean/green technology, California is building the businesses of the 21st century, supporting economic growth, and leading a national transformation to a greener economy. The Employment Development Department’s Labor Market Information Division 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.

Allied Healthcare – Healthcare is one of California’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 experiencing shortages and are expected to have the largest growth within the healthcare industry.²⁰ It is estimated that an additional 200,000 healthcare professionals will need educational training by 2014 to address this shortage.²¹ Employment in California’s healthcare industry is expected to increase by 2.4 percent annually from 2008 through 2018, equating to a growth of 24 percent over a 10-

¹⁸ http://www.jerrybrown.org/Clean_Energy

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

²⁰ <http://gov38.ca.gov/press-release/11998/>

²¹ Ibid

year period, with over 400,000 jobs projected.²² Furthermore, 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, under federal healthcare reform, is broadly tasked with expanding California's health workforce over the next decade in order to provide access to quality healthcare for all Californians.²³

Construction – Labor needs for highway and transportation infrastructure improvements and nonresidential and 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, 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 and roads.²⁴ 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 (LEED).²⁵ 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 market for workers in green building trades will expand.

With voter approval of Proposition 39, the California Clean Energy Jobs Act, the demand for skilled workers in green construction projects is anticipated to rise.

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. The movement of goods is vital to California's economy and the rest of the nation, and is dependent on a complex manufacturing supply chain and infrastructure to support it.

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.²⁶ The amount of goods transported through California is projected to nearly quadruple.²⁷ The production and consumption of goods will continue to increase as population grows, and improving transportation and goods movement will remain one of the state's highest priorities.

Smart growth is essential and infrastructure improvements are crucial. 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

²² [http://www.calmis.ca.gov/file/indproj/cal\\$indnarr.pdf](http://www.calmis.ca.gov/file/indproj/cal$indnarr.pdf)

²³ www.cwib.ca.gov

²⁴ California Department of Transportation/Strategic Growth Plan/Bond Accountability <http://www.bondaccountability.ca.gov/>

²⁵ <http://www.calmis.ca.gov/file/occmisc/constructioncareers.pdf>

²⁶ Public Policy Institute of California, <http://www.ppic.org/main/publication.asp?i=895>

²⁷ Pacific Institute http://www.pacinst.org/topics/community_strategies/goods_movement/index.html

and social concerns associated with goods movement and transportation are resulting in more sustainable development.

Information Technology Services – All industries are undergoing an increased need to utilize information technology to ensure competitiveness in the new world economy. For example, the agricultural industry is becoming “high tech” as it turns to sophisticated tools to assist in growing crops and tending livestock.²⁸

In 2010, California continued to rank as the nation’s leading cyber-state.²⁹ California ranked first in:

- High-tech employment - employing 931,000 high-tech workers;
- Highest tech wages in the country - average wage of over \$110,000;
- High-tech payroll of \$102.9 billion; and
- 42,000 high-tech establishments

Information Technology Services is a fast-growing sector in the national economy. 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).³⁰ 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.

Biotechnology and Life Sciences – California remains a global leader in biotechnology and medical technology. According to a national bioscience study released by Battelle 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.³¹ As a result, continued high job growth is projected in biotechnology and life sciences.

During a ten-year period from 2001-2010, biotech jobs in California grew by 13 percent. In 2010, California accounted for 228,700 (14 percent) of the nation’s 1.6 million total biotech jobs with an average annual wage of \$96,962.³² 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.³³ As a result, continued job growth is projected in biotechnology and life sciences.

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.³⁴

²⁸ http://www.mckinsey.com/insights/mgi/research/productivity_competitiveness_and_growth/us_productivity_growth_1995-2000

²⁹ <http://www.techamericafoundation.org/cyberstates2011-california-sv>

³⁰ U.S. Department of Labor, Bureau of Labor Statistics, Occupational Outlook Handbook, 2010-11 Edition, Overview of the 2008-2018 Projections

³¹ Battelle/BIO, “State Bioscience Initiatives 2010”

³² <http://www.xconomy.com/national/2012/06/19/biotech-wasnt-immune-to-job-loss-in-great-recession-bio-report-says/>

³³ “Under the Microscope, Biotechnology Jobs in California”, EDD, LMID (June 2004, with December 2007 update).

³⁴ Energy Biosciences Institute, http://www.energybiosciencesinstitute.org/index.php?option=com_content&task=view&id=51&Itemid=90

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 people directly employed and support indirect employment elsewhere in the local economy. For example, when a business purchases goods and services from local businesses, this spending supports additional indirect employment for the businesses that provided those goods and services.³⁵ According to the California Legislative Analyst Office (LAO), 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.³⁶

Agriculture – California is the largest agricultural producing state in the nation and the world’s fifth largest supplier of food and agricultural commodities.³⁷ California is an agricultural powerhouse, producing nearly half of the nation’s fruits, nuts and vegetables.³⁸ With over 80,000 farms and ranches producing more than 400 different commodities, California has continued to remain the top agricultural state for cash receipts, which in 2011, brought a record \$43.5 billion while employing approximately 800,000 people involved in farming and ranching.³⁹ The agriculture industry also generates at least \$100 billion in related economic activity.⁴⁰

The state accounted for 15 percent of national receipts for crops, and 7.4 percent of the U.S. revenue for livestock and livestock products.⁴¹ Agriculture production is a base industry in the Food Value Chain which includes processing, distribution, and support.⁴² The Food Value Chain has a broader economic impact than agricultural production alone.

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.⁴³

³⁵ <http://www.uwex.edu/ces/cced/economies/economicsnapshot/documents/04-05-09.pdf>

³⁶ 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>

³⁷ <http://www.cdfa.ca.gov/Statistics/>

³⁸ Ibid

³⁹ http://www.cdfa.ca.gov/exec/public_affairs/pdf/C DFA_StrategicPlan2013-18.pdf

⁴⁰ http://www.cdfa.ca.gov/Statistics/PDFs/ResourceDirectory_2011-2012.pdf

⁴¹ <http://www.cdfa.ca.gov/Statistics/>

⁴² <http://www.coecon.com/Reports/ARCHIVES/ECONOMY/FoodChainReport.pdf>

⁴³ http://www.cdfa.ca.gov/farm_bill/

E. Workforce Trends

On-the-Job Training – 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 (they were previously prohibited from using their formula funding for that purpose). California has a federal waiver that allows Local Boards to more easily fund OJT programs with employers, in addition to which DOL 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 or have multiple barriers to employment. Employment and training services to veterans has become a particularly important focus in the last few years.

Veterans - 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, (see [Accomplishments](#) and [Strategic Initiatives](#) sections) 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.

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 continue, 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 47 percent of the jobs in California,⁴⁴ while only about 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. 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 CWIB is also pursuing sector strategies at the state level through special committees and workgroups, such as the Green Collar Jobs Council and the new Advanced

⁴⁴ “Can California Compete?” by America’s Edge, June 2012. <http://cdn.americasedge.org/clips/CAAESkillsReport-5.pdf>

Manufacturing Workforce Development Council. Working closely with ETP, the CCCOC, the California Department of Education (CDE), and other agencies, the CWIB is developing programs that support sector-strategy based career pathways throughout the state. Finally, the 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 the CWIB's mandate on the alignment of workforce resources to support regional sector strategies. In 2011, a series of state laws were enacted that put additional requirements on the CWIB and the public workforce system. SB 734 (Statutes of 2011, Chapter 498) requires the local workforce investment 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 workforce investment boards evaluation criteria to biennially certify "high-performing" local workforce investment boards and to set aside a portion of any available discretionary funds for high-performing local workforce investment boards. The CWIB is in the process of implementing these bills and have included implementation strategies and goals in their new strategic plan.

ETP is legislatively mandated to coordinate its program with local workforce investment boards, the CWIB and other partners in Workforce Investment Act (WIA) to achieve an effective and coordinated approach to the delivery of the state's workforce resources. ETP has entered into an agreement with the CWIB to promote its role in the workforce system and to assist in marketing and outreach for the ETP program, as well as to support the CWIB's continuing development and implementation of California's Strategic Workforce Investment Plan.

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 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 2) leveraging additional resources such as WIA Discretionary or AB 118 funding.

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 has 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 focus on emerging workforce trends, ETP is continuing to expand and enhance its historical training role and coordinating the effective investment of alternative funding for workforce training of CA businesses 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. ETP has developed significant partnerships with the CEC and strengthened partnerships with the 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 WIA Governor's Discretionary and other funds to ETP.

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. ETP participates in the CWIB's Health Workforce Development Council (HWDC). The Council is tasked with understanding the current and future workforce needs of the health industry and developing a comprehensive strategy to address those needs.

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 level.

The ARFVTP

Continuing from our Accomplishments Section of this Plan, the ARFVTP, created under AB 118 and administered by CEC, 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 established to implement a training program via an Interagency Agreement (IA) in alignment with the overall goals and objectives of AB 118. The total CEC approved IA funding amount is \$10.3 million; and the term is effective through January 1, 2016.

For FY 2013-14, through an approved budget change proposal (BCP), ETP will 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.

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. 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 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.⁴⁵

Through public policy initiatives, federal stimulus funds, and private investment, California has furthered its 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.⁴⁶

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 was second with 475.⁴⁷ California's commitment to clean technology will continue to 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 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 2010 to 2020 California will see an increase in occupations, including: Computer and Mathematical Occupations (23 percent increase); Healthcare Practitioners and Technical Occupations (21 percent increase); Healthcare Support Occupations (25 percent increase); Construction and Extraction Occupations, including carpenters (17 percent increase); and

⁴⁵ "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

⁴⁶ http://next10.org/sites/next10.huang.radicaldesigns.org/files/2012_GII%20Report_mech_final.pdf

⁴⁷ Ibid

Plumbers (17 percent).⁴⁸ 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. ETP's Pre-Apprenticeship Training Programs offers CTE in a form that provides trainees with the requisite skills and education for successful employment through a registered apprenticeship. In addition, FY12-13 ETP has approved projects under its new Apprenticeship Pilot Program,⁴⁹ as adopted at the March 2012 Panel meeting.⁵⁰ This Pilot provides a means to continue developing the trade skill career paths started in pre-apprenticeship by providing training for apprentices in bona-fide programs to attain certification to practice their crafts at the Journeyman level.

In support of California's efforts to reduce recidivism and gang violence through CTE and job training, ETP will continue, under its 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 requires critical job skills training and employment to ex-offenders and youth at risk to support long-term job preparation and security.

Pre-apprenticeship training also targets occupations included under CTE (e.g., electrician, welder, certified nurse assistant, drafter, machine operator, computer operator).

Apprenticeship Training Pilot Program

This continued ETP pilot initiative, implemented in March of 2012, allowed the Apprenticeship Training Pilot Program to provide funds for apprenticeship training through sponsorship programs. Under the pilot, ETP funding allows Joint Apprentice Training Committees (JATCs) or other program sponsors to supplement limited state Montoya Funds for the Related and Supplemental Instruction (RSI) portion of training. The program will continue to fund up to 144 hours of RSI training, plus 10 hours of OSHA training for apprentices in second year and beyond. Training is reimbursed at \$13 per hour.

ETP is looking for ways to expand its ability to help fund apprenticeship training and is continually reaching out to other state agencies in order to better understand construction apprenticeships and efforts to expand apprenticeship into new sectors.

At its March 2013 meeting, the Panel revised its apprenticeship guidelines to deem employers under a JATC to meet out-of-state competition requirements, enabling them to be funded with economic development funds rather than SET funds. This change will increase SET funding available for healthcare, small business and other business that do not have out-of-state competition.

Support for Veterans

ETP will continue to enhance its funding for 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-level stakeholders, including ETP,

⁴⁸ LMI for the State of California Occupational Projections: <http://www.calmis.ca.gov/htmlfile/county/califhtm.htm>

⁴⁹ June 2012 Panel Meeting Minutes: <http://www.etp.ca.gov/docs/minutes/minutes062012.pdf>

⁵⁰ March 2012 Panel Meeting Minutes: <http://www.etp.ca.gov/docs/minutes/minutes032012.pdf>

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.⁵¹

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. ETP also serves veterans through all its programs (core and alternative-funded). 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.

In an effort to increase the number of developed projects serving veterans, and improve performance of veteran-targeted projects, ETP has increased reimbursement rates and relaxed performance goals for all new projects emphasizing the training of veterans.

Serving Small Business

Small employers with fewer than 100 employees represent more than 98 percent of all business in the state and employ 58 percent of all California workers.⁵² 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.

ETP participates on the Small Business Advocate Intergovernmental Advisory Council to GoED 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; the effects of regulatory, financial, political and economic environments on small business; and 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. ETP presented at the 2013 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.

⁵¹ "Employing America's Veterans: Perspectives from Business: <http://www.cnas.org/employingamericaveterans>

⁵² http://www.calmis.ca.gov/file/indsize/Chart_SOB11_2.pdf

G. Strategic Alliances

State and Local Workforce Investment Boards

ETP will enter into an agreement with the California Workforce Investment Board to promote its role in the workforce system, assisting in marketing and outreach. The agreement will include collaboration with the California Community College Chancellor's Office. The agreement will also support CWIB's development and implementation of California's Strategic Workforce Investment Plan during FY 2013-2014, the CCCCO, and the marketing needs of ETP.

ETP will also explore the possibility of a parallel agreement to study the effectiveness of workforce training funded by ETP.

Marketing Contracts

ETP will enter into two marketing contracts covering the 2013-2015 time periods. ETP is seeking to strengthen and expand its marketing to employers interested in contracting with ETP for the delivery of job training. Marketing partners will locate and secure appropriate target applicants for funding, including bringing new contracts to the Panel. Marketing contracts will support ETP in meeting the goals and objectives of our Strategic Plan as set forth in UI Code Section 10205 (a). Among other criteria, applicants must be able to demonstrate significant ETP experience, must be able to work state-wide, and must dedicate staff with ETP experience and skills needed to be successful.

Apprenticeship Training Pilot Program

ETP is coordinating with California Federation and the State Building and Construction Trades Council 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. 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. ETP continues to participate in the interagency working group that includes LWDA, CCCCO, DAS, CWIB, and CDE. 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 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.

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 downturn of the last few years.

ETP funds training for companies in 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 HUAs.

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

H. Administrative Strategies

- **Information Technology Modernization**

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, California Workforce Services Network (CWSN), 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. CWSN's projected implementation date is early 2014.

ETP will also continue to plan and implement the modernization of its IT infrastructure in accordance with the state mandated consolidation effort (server consolidation, internal network infrastructure refresh, application consolidation).

- **Maximizing Funds**

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

Specific factors supporting FY 2013-14 funding recommendations are:

- Increase in Employment Training Tax (ETT) collections during FY 2012-13 that is likely to continue into FY 2013-14;
- Reduction in the amount of prior FY project funding liability carried forward to FY 2013-14;
- Continued 35 percent encumbrance level for standard core-program projects; and,
- Full appropriation of ETT revenue to the ETP program in the FY 2013-14 State Budget Act.

Caps

The Panel establishes project funding caps to maximize use of available training funds. Caps may be adjusted during the fiscal year based on revenue projections. Caps will be applied to projects as follows:

Contract Type	Project Cap
Single Employer	\$850,000
Single Employer: Job Creation Only	\$700,000
Single Employer: Job Creation - Retrainee	\$1,500,000
Single Employer: Multiple Facilities	\$1,500,000
Multiple Employer	\$1,250,000
Small Business	\$50,000
Fast Track	\$100,000
Apprentice Training: Per Program Sponsor	\$450,000
Critical Proposals	\$1,500,000
<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>*Adjustments: The caps may be adjusted upward on a case-by-case basis with justification.</i>	

Funding Priorities:

- Lowest priority
 - *For-Profit Training Schools* - This includes schools where the cost of training is normally covered in full through student financial aid and ETP funding is for part of a more comprehensive curriculum.
 - *New Hire Truck Drivers* - This excludes training proposals with formal involvement of trucking company employers and/or unions.
 - *New Hire Security Guards*
 - *Adult Entertainment Industry* - This includes the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment and gambling industry.
- Moratorium:
 - First-time training agencies - This does not include non-profit schools (e.g. Community College Districts).
- 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 - 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.

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%

I. Goals and Objectives

Six key goals, with specific objectives will be addressed in FY 2013-14:

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 agreement with CWIB to develop new ETP contracts and help local boards leverage funding and explore the possibility of a parallel agreement to study the effectiveness of workforce training funded by ETP*
- 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 industries.

Objectives:

- a) *Target at least 90 percent of available program funds to ETP priority industries.*

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.*
- b) *Develop new models for serving small business.*

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) *Target funds, as available, for projects to provide new and upgraded skills to dislocated workers seeking re-employment.*
- e) *Expand career opportunities for workers through support of pre-apprenticeship and apprenticeship programs.*
- f) *Support workers returning to or remaining in the labor market.*

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

Objectives:

- a) *Continue the Retrainee – Job Creation Pilot Program*
- 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 California Workforce Services Network (CWSN) to ensure comprehensive and seamless data collection and reporting.*
- b) *Continue ongoing, internal evaluation and assessment of program/contracting issues.*
- c) *Increase availability of technology support services from EDD under the existing MOU.*
- d) *Commission a study of the effectiveness of ETP-funded training.*
- e) *Work with stakeholders to identify, develop and implement policy to simplify program requirements (i.e. LMS working group).*

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 ETF. The Budget Act of FY 2013-14 appropriates \$51.6 million to ETP. Although the EDD Program Estimates Group, which monitors and tracks the monthly ETF revenue collection, forecasts an increase in the preliminary ETF revenue collection of \$52.9 million for FY 2013-14, ETP will base their beginning available revenue at \$51.6 million in order to not exceed the Budget Act spending authority. Considering ETF expenditures for the EDD Tax Collections Branch, the Financial Information System for California (FI\$Cal Project), Accounting & Compliance Enterprise System (ACES), and ETP's estimated \$3 million in available program funds for reinvestment in new training projects – ETP will have close to \$52.3 million available for the current fiscal year. Given ETP's prior-year obligations (\$10 million) and program administration (\$10 million), ETP will have \$30.1 million available to fund new core contracts in FY 2013-14.

FY 2013-14 Core Program Revenue & Expenditures

The following table illustrates the projected ETF and ETP revenue and expenditures for FY 2013-14.

ETF Budget Act Appropriation ⁵³	\$51,589,000
 <u>Budget Act--ETF Expenditures:</u>	
Program 21: EDD Tax Collections Branch ⁵⁴	(\$2,000,000)
FI\$Cal Project ⁵⁵	(\$232,000)
ACES	(\$49,000)
Remaining ETF Balance:	\$49,308,000
ETP Program Funds Reinvested (Estimated) ⁵⁶	\$3,000,000
Total ETP Funds Available:	\$52,308,000
 <u>ETP (Planned) Program Expenditures:</u>	
Prior Year Program Fund Obligations	(\$10,000,000)
Marketing and Research	(\$1,000,000)
Pro Rata	(\$564,718)
California Workforce Services Network	(\$638,925)
Program Administration	(\$10,000,000)
Current Year Core Program Funds	(\$30,104,357)
Total ETP Expenditures:	\$52,308,000

⁵³ Cannot exceed Governor's Budget Act Appropriation.

⁵⁴ The Governor's proposed Budget for FY 2013-14 appropriates \$5.4 million to EDD's Program 21 Tax Collections and Benefits Payment Program; however, the internal reallocation of funds in Program 21 reduces ETP's charges to \$2.0 million.

⁵⁵ FI\$Cal Project is a business transformation project for state government in the areas of budgeting, accounting, procurement, and cash management..

⁵⁶ 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.

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:** As a result of ETP's incremental funding process, obligations in prior year contracts account for \$10 million of the \$52.3 million in available program funds, leaving \$30.1 million available for new training projects after all other planned expenditures are allocated. However, through the incremental funding process this will yield close to \$86.1 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 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:** \$1 million for strategic program marketing. This includes two marketing contracts, at \$150,000 each. 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 may partner with the CWIB in its effort to implement California's Strategic Workforce Investment Plan during FY 2013-14. The ETP also plans to conduct independent research to ensure program efficiencies and effectiveness.
 - 3) **Pro Rata:** \$564,718 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:** \$638,925 for the design, implementation, and replacement of the existing ETP MIS system. This amount also includes ongoing maintenance costs.
 - 5) **Program Administration:** \$10,000,000 for operational costs which includes personal services and benefits, operating expenses and equipment (9.2 million), and EDD program support (\$800,000).

In addition to receiving ETF core program funding, beginning in FY 2013-14, through an approved BCP, ETP will receive ongoing reimbursable authority of \$3.0 million in alternate AB 118 funding.

ETP anticipates receiving an additional allocation of new AB 118 funding by the CEC in FY 2013-14.

- California Energy Commission (AB 118 funding) – ARFVTP \$1,500,000

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

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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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