

employment training panel



Strategic Plan

2009-2010

THE EMPLOYMENT TRAINING PANEL

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A. Vision and Mission Statements

VISION:

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

MISSION:

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

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

B. Introduction

Fulfilling Its Mission

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

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

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

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

ETP experience provides them with the practical knowledge and tools to successfully implement a training plan.

ETP's role in the economy is derived from its initial mandate in 1982 of moving large numbers of unemployed workers quickly into employment and saving the jobs of workers threatened with displacement. The program has expanded that role over the years to include an increased economic development focus in support of retraining incumbent workers of businesses in basic industries challenged by out-of-state competition (primarily the manufacturing and high technology sectors). Today, ETP 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, and workers impacted by the downturn in the housing market. ETP accomplishes its mission without appropriations from the State General Fund. The core ETP program is funded by a special Employment Training Tax paid by California employers to promote the development of an improved State workforce. Only employers subject to this tax can directly benefit from ETP-funded training.

Overview of the Organization

ETP is organized under the Labor and Workforce Development Agency (LWDA). The LWDA 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, particularly in regard to economic development.

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

Accomplishments

ETP produces an Annual Report each fall that details prior year administrative improvements, legislative and regulatory actions, contract activity, and progress and accomplishments for its strategic goals. The Annual Report is available separately via ETP's website.¹ As many of ETP's strategies are continuous and its initiatives can extend beyond the years in which they are introduced, the Panel considers prior year progress and accomplishments in its planning for the future.

Following is a brief summary of ETP's major accomplishments from the 2008-09 Strategic Plan:

- ETP's strategic marketing focused on supporting economic and workforce development partnerships and other statewide initiatives. These marketing efforts included collaborating with the California Manufacturers and Technology Association, the California Labor Federation, the California Workforce Association, California Community Colleges, Local Workforce Investment Boards (LWIB), Economic Development Corporations, and multiple Chambers of Commerce. Strategic marketing contributed to a 15 percent increase in the number of pre-applications for funding that ETP received during the 2008-09 fiscal year.
- ETP launched a Microenterprise Pilot Program to serve businesses with five or fewer employees. The Microenterprise Pilot was developed to allow certain small businesses/entrepreneurs ineligible under standard program guidelines to benefit from ETP-funded training.
- During the 2008-09 fiscal year, ETP awarded 190 direct contracts to small businesses for the training of 6,503 workers. Compared to the previous fiscal year, the number of small business contracts approved increased by 23 percent and the number of trainees in these contracts increased by 35 percent.
- During the past fiscal year, ETP strengthened its support for hard-to-serve populations. ETP developed a pilot program with up to \$2 million to target service to veterans. High Unemployment Areas (HUA), including the Central Valley and rural Northern California, benefited from increased marketing and outreach activities. Up to \$2 million was set aside to provide critical job skills training to ex-offenders and at-risk youth.
- To increase the efficiency and effectiveness of the ETP program, the department began designing a new database. This database will improve the reporting of training related performance statistics.

¹ www.etp.ca.gov.

- In the 2008-09 fiscal year the Panel targeted training for firms employing “green technology” methods, including environmental protection and other green business practices, processes, and products. The Panel approved funding for 88 contracts that identified activities and products to protect the environment and prevent energy waste. These projects totaled \$22.5 million for training of 21,430 workers in the fiscal year.

Planning For the Future

The Panel’s strategies for the 2009-10 fiscal year are based on prior accomplishments, the economy, ETP’s priority industries, employer demand for training, and economic and workforce trends and training needs. The fiscal year runs from July 1 through the following June 30. The Plan establishes strategic priorities and corresponding goals and objectives to address ETP’s challenges and opportunities for that year.

C. Economic Overview

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

Statewide

“Falling home prices, worsening credit availability, shrinking equity values, and growing job losses delivered a crushing blow to the national and California economies in 2008. Consumer and business spending – the core of both economies – plunged during the year.”² The general view of economists is that the nation and California have been in recession since late 2007. Beginning as a slump in the housing sector, the economic downturn became a generalized economic slump in 2008, with most industry sectors affected. The unavailability of credit in the banking sector, continuing decline in the housing and manufacturing sectors, and a sharp cutback in consumer spending have slowed the economy to its worst pace in decades.

According to EDD’s Labor Market Information Division (LMID), California’s unemployment rate surged to a historical high at 11.2 percent in March of 2009.³

² Governor’s Budget Summary 2009-10, www.dof.ca.gov.

³ LMID, www.labormarketinfo.edd.ca.gov.

Unemployment is forecast to rise to at least 11.9 percent in 2010,⁴ and may not fall below double digits until 2011. California lost 114,000 nonfarm jobs in February, 2009, and 62,100 in March. Construction lost 30,900 jobs in February, the highest loss among major industry sectors,⁵ and attributable, in large part, to the decline in the residential housing industry.

Regional

While the recession is evident throughout the State, some areas have been particularly hard-hit. These HUAs, by ETP regulation, are distinct regions that have unemployment rates that exceed the State average by at least 25 percent. These are often rural, agricultural areas in the central and northern parts of California, such as Fresno with a rate of 16.4 percent, or Colusa County with a rate of 26.6 percent.⁶ Some of the industries, however, that are expected to create and save jobs during recovery (e.g., healthcare, construction, and transportation and warehousing) are present in HUAs.

The UCLA Anderson Forecast predicts a “deeper and longer recession” than previously forecast, with the economy not really beginning to grow again until late 2010 or early 2011. According to the forecast, the “keys” to the State’s recovery are in the improvement of national consumption increasing the demand for Asian imports as well as demand from California factories, the increase in non-residential public works and multi-family residential construction, and growth in the retail sector.

Federal Stimulus

In an effort to stimulate the nation’s economy and to create and save millions of jobs, Congress passed a massive federal investment package in early 2009 called the American Recovery and Reinvestment Act (ARRA). California is expected to receive some \$85 billion in ARRA funding, much of which will be invested in the private sector in the form of tax relief and support for a variety of industries including, but not limited to non-residential construction, manufacturing, renewable energy and other green technology, and allied healthcare.⁷ According to LMID, ARRA funding will help create some 421,000 jobs (90 percent of which are expected to be private sector jobs) in California by the fourth quarter of 2010.⁸ Many of these jobs will be created in industries that ETP identifies as priority (e.g., construction, manufacturing, healthcare, and transportation).

⁴ UCLA Anderson Forecast: National Recovery Linked to Global Solutions, March, 2009.

⁵ LMID, “California Labor Market Review,” March, 2009. <http://www.labormarketinfo.edd.ca.gov>.

⁶ LMID, “California Labor Market Review,” March, 2009. <http://www.labormarketinfo.edd.ca.gov>.

⁷ The California Economic Recovery Portal at [http:// www.recovery.ca.gov](http://www.recovery.ca.gov).

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

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

D. ETP's Priority Industries

ETP annually identifies priority industries that are most vital to California's economic growth, and in the current climate, economic recovery. Employers in identified priority industries receive a higher reimbursement rate for ETP-funded training, and ETP concentrates much of its marketing effort on those industries as one of its strategies for economic development. While ETP's priority industries have not changed from what they were in the previous strategic plan, ETP's designation of them for the 2009-10 fiscal year took into account changes in the overall economy and two other factors that are integral to California's economic recovery: ARRA funding and investment, and the emphasis on green technology.

Following are the industries that ETP has identified as priority industries for the next fiscal year:

- **Manufacturing** – Manufacturing is one of the most basic industries in any economy, and growth in manufacturing produces greater growth in the other industries that all depend upon manufacturing to supply products to them. Manufacturing has the greatest multiplier effect (ability to positively impact other industries) of all industries. ARRA funding, through tax credits for small businesses and other incentives for and investments in industries such as renewable energy, are expected to create some 47,000 manufacturing jobs in California by the fourth quarter of 2010.⁹
- **Green Technology** – “California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services, while also reinvigorating slowing markets through the widening application of new technologies across

⁹ LMID, www.labormarketinfo.edd.ca.gov/contentpub/GreenDigest/Jobs-Created-Stimulus.pdf.

the entire economy.”¹⁰ As such, the discussion will no longer be about green technology as an industry, but rather the transformation to an economy that makes more efficient and sustainable use of resources.

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

- Facilities that convert solar, wind, and tidal power into electrical energy;
 - Companies engaged in the merchant wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials;
 - Environmental consultants that advise organizations on environmental issues such as the control of environmental contamination, toxic substances, and hazardous materials;
 - Remediation and clean up services that address contaminated buildings, mine sites, soil, or ground water;
 - Facilities that sort recyclable materials from nonhazardous waste or facilities where commingled recyclable materials are sorted into distinct categories; and
 - Organizations primarily engaged in promoting the preservation and protection of the environment and wildlife.
- **Nursing and Allied Healthcare** – Healthcare is one of the State’s highest growth industries. The healthcare industry reflects the demands of a growing and aging population. LMID projects nursing as one of the State’s top ten fastest growing skilled occupations. California still faces a critical shortage of nurses statewide – about 9,000 new registered nurses (RN) are needed annually, while only about 6,000 RNs were graduating per year, in 2005. Thus, the Governor’s Nurse Education Initiative was created in April 2005, providing a multi-faceted approach to expand California’s educational capacity to increase the number of nursing graduates.¹¹

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

¹⁰ “Clean Technology and the Green Economy: Growing Products, Services, Businesses, and Jobs in California’s Value Network,” California Economic Strategy Panel, www.labor.ca.gov/panel/.

¹¹ Office of the Governor, Press Release, “Governor Schwarzenegger Announces the California Nurse Education Initiative”, April 13, 2005 <http://gov.ca.gov/press-release/2046>.

and are expected to have the largest growth in the industry.¹² Employment in healthcare and social assistance overall is expected to increase by 23 percent, or more than 307,000 jobs by 2016.¹³ Substantial ARRA funding is being dedicated to healthcare and health services.

- **Construction** – LMID reports construction as one of the State’s high growth industries, due in part to labor needs for highway and other public works projects.¹⁴ Nonresidential and public works construction is expected to increase, given California’s passage of over \$40 billion in bonds leading to new transportation funding and other major infrastructure investment. These bonds will now be augmented with the investment of ARRA funds targeted at projects such as building and repairing roads and bridges and sewer systems, and building and renovating schools and other public buildings. Also, other ARRA investments are expected to turn the residential housing market from crisis to opportunity over the next few years, creating and saving substantial numbers of jobs in construction.

Top occupations in the industry include carpenters, construction laborers, masons, welders, dry wall and ceiling tile installers, electricians, painters, plumbers, and first-line supervisors/managers of construction trades. Job growth in construction is expected to continue, although it is expected to shift, at least in the short term, to non-residential construction.

- **Goods Movement and Transportation Logistics** – A healthy economy in California, as well as the rest of the nation, depends on a complex manufacturing supply chain. Manufacturing has become part of a global value chain of interdependent business functions. Research shows that transportation logistics in California has four key sub-sectors: transportation services, logistics support, warehousing and storage, and supply chain management.¹⁵ Transportation services involve goods movement by truck, water, air, or railroad. Logistics support includes air traffic control, navigation services for ships, freight, and packing.

Supply chain management provides operating advice and assistance in productivity, inventory, quality, and planning. LMID projects the greatest growth in the industry cluster will be in design and logistics from 2004 to 2014. California is expected to receive more than \$4 billion in ARRA funding for transportation related projects and improvement, including transit infrastructure and high-speed rail, and the construction and repair of highways, roads, and bridges.¹⁶

¹² www.gov.ca.gov/index.php?/press-release/11998/.

¹³ “Industry Employment Projections,” LMID, www.labormarketinfo.ca.gov.

¹⁴ “Construction Careers”, EDD, LMID, January 2007.

¹⁵ 2005 California Regional Economies Project, ‘Logistics and Manufacturing Value Chains: Meeting The Workforce And Infrastructure Demands Of A “Real Time” Economy’, July 2005 www.labor.ca.gov/panel/pdf/logmanufvalue.pdf.

¹⁶ www.recovery.ca.gov.

- **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 recently that there is a relationship between IT and productivity.¹⁷ For example, the agricultural industry is becoming high tech as it turns to sophisticated tools to assist in growing crops and tending livestock. The Modesto Bee reported that growers are seeking more efficient ways to run their operations, as water issues, rising energy costs, and global competition threaten their livelihood.¹⁸

Information Technology Services is a fast growing sector in the national economy, as well, and substantial ARRA funding has been targeted for related initiatives such as re-building the nation's energy grid and automating or digitizing medical records. Employment in computer systems design and related services will grow by 38.3 percent and add nearly one-fourth of all new jobs in professional, scientific, and technical services, according to the U.S. Bureau of Labor Statistics (BLS).¹⁹ The BLS also projects excellent employment opportunities in the industry as demand for computer-related occupations increases, due to rapid advances in computer technology, continuing development of new computer applications, and the growing significance of information security.

- **Biotechnology and Life Sciences** – California remains a global leader in biotechnology and medical technology. High job growth is projected in biotechnology and life sciences, in part due to an infusion of ARRA funds into science and technology. Scientific research and innovation results in critical discoveries in the State's biotech laboratories. Most California biotech jobs are located in four regions: San Diego, Los Angeles/Orange, the San Francisco Bay Area, and Sacramento/Stockton. An estimated 100,000 workers are employed by California's biotechnology firms. It is projected that by 2015, the industry will employ up to 250,000 workers. Further, the "job multiplier" for biotechnology is about 1.9, which means that almost 2 additional jobs are created elsewhere in the economy for every job created in biotech.²⁰

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

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

¹⁸ "Ag has growing need for high-tech tools," Modesto Bee, March 15, 2008,
www.modbee.com/ag/story/240503.html.

¹⁹ U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 2700, Occupational Outlook Handbook, 2008-09 Edition, "Tomorrow's Jobs" <http://www.bls.gov/oco/oco2003.htm>.

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

biological research through the center relevant to energy, including the development of renewable fuels.²¹

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

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

- **Agriculture** – California is the largest agricultural producing state in the nation and is the world's fifth largest supplier of food and agriculture commodities.²² With 88,000 farms and ranches, California agriculture is nearly a \$36.6 billion dollar industry that generates at least \$100 billion in related economic activity.²³ California is also the nation’s leader in agricultural exports, which surpassed \$8 billion in 2004, to approximately 150 countries. Agriculture production is a base industry in the Food Value Chain which includes processing, distribution, and support.²⁴ The Food Value Chain has a broader economic impact than agricultural production alone.

Despite its critical importance to the State’s economy, however, agricultural employment is relatively low (excluding food processing, only 2.5 percent of the employed workforce in 2008), and much of that employment is seasonal.

²¹ Clean Technology and the Green Economy.

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

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

²⁴ “California’s Food Chain at Work,” www.labor.ca.gov.

A survey released in May by the National Agricultural Statistics Service, U.S. Department of Agriculture, found that agricultural labor in California is down approximately two percent from the same time last year.²⁵ This is due to a below normal snowpack that has led to serious cutbacks in available irrigation water. Therefore, considerable acreage has been left fallow, reducing the demand for field workers.

E. Workforce Trends

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

Among those workers desiring re-employment or job retention (not necessarily in the construction field) and for whom up-skill or re-skill training may be required, are retirees or those eligible to retire. The Census Bureau estimated nearly 80 million Baby Boomers, or more than 10,000 per day for the next 22 years will be retiring or will have reached retirement age. According to Business Week, 2008 marks the year Baby Boomers were officially eligible to retire, with the first Boomers turning 62 last January.²⁶ Based on this situation, companies will increasingly face talent shortages. To address these shortages, many businesses are encouraging Boomers to extend their employment, offering incentives and other work options. According to the California Budget Project, many Californians in their late 50's and 60's are choosing to continue working or choosing to return to work from retirement.²⁷

Older workers who want to remain in or re-enter the workforce constitute only one among numerous special populations that represent a sizeable percentage of the current and future labor force. U.S. Department of Labor (DOL) programs, for instance, prioritize services to veterans, low income adults, needy youth, people with disabilities, authorized immigrants, and other populations that are underserved and/or have multiple barriers to employment. The State has identified additional populations for the targeting of workforce services such as ex-offenders, gang members, and foster youth. While the trend of serving special populations with public workforce funding continues, it is not inconsistent

²⁵ ³<http://usda.mannlib.cornell.edu/usda/current/FarmLabo/FarmLabo-05-22-2009.pdf>.

²⁶ "To Retire or Not to Retire?", Business Week January 7, 2008, www.businessweek.com/managing/content/jan2008/ca2008013_652478.htm?chan=s

²⁷ California Budget Project, "More Californians are Working Later in Life," April, 2009.

with the trend towards the re-employment of skilled workers and up-skill or re-skill training for incumbent workers.

In fact, the California Regional Economies Project (CREP),²⁸ which is administered by the Economic Strategy Panel (ESP), developed a methodology for economic development partners (e.g., LWIBs, community colleges, school districts, organized labor, economic development entities) to identify and assist industries and businesses vital to their regional economies in meeting their workforce needs and to assist communities in preparing their underserved populations for careers. After being trained in the use of the industry “Clusters of Opportunity User’s Guide,” these regional workforce partnerships form mutually beneficial alliances with identified industries that create opportunities for the populations that require training or re-training and for the industries that require skilled workers. This approach to the employment, re-employment, and retention of workers in California’s economic regions is generally known as a “sector strategy” and is being used, in one form or another, in all areas of the State.

CWIB has adopted sector strategies, including the CREP’s clusters of opportunity methodology, as the basic strategy for the State and its economic regions to use in developing workforce solutions.²⁹ CWIB is pursuing sector strategies at the State level through its special committees and workgroups, such as the newly formed Green Collar Jobs Council, which is developing sector strategies relating to green technology, and of which ETP is a member.

ETP partners with LWDA, CREP, CWIB, EDD, the Chancellor’s Office of California’s Community Colleges, 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 the California Energy Commission and LWIBs, and 2) leveraging or coordinating with new resources such as the ARRA funding.

F. Initiatives and Alliances

ETP plays an important role in the larger workforce system in California by assisting businesses in providing lifelong learning opportunities to both new hires and incumbent workers. Historically funded by the employers themselves, incumbent worker training is increasingly becoming a focus for public workforce funding in the struggling economy. ETP not only targets business and industry that are vital to economic recovery and growth, but also focuses on training in HUAs and serving lower income workers, both employed and unemployed, with barriers to gainful,

²⁸ California Regional Economies Project, www.labor.ca.gov.

²⁹ California Workforce Investment Board, www.cwib.ca.gov.

career-oriented employment. As a strong partner in California's efforts to strategically coordinate the effective investment of ARRA and other funding in order to revitalize the economy, ETP is well-positioned to expand and enhance its historical training role.

ETP will do so by continuing the program, partnership, and administrative strategies that are already in place and adding new initiatives and pilots as both California's economic recovery and ETP's role in it evolve. Following are both current and proposed ETP strategies.

Program Strategies

- **Federal Funding**

The State is receiving an investment of ARRA funds for a wide range of economic stimulus and recovery activities and programs as a result of the recession and historically high unemployment in California. Creating and saving jobs, and employing, re-employing, and retaining California workers are among the most important goals of the ARRA funding. As a long-time partner in the State's economic and workforce development efforts, ETP is coordinating with other State agencies in the design and delivery of services under the ARRA funding.

Special legislation enacted on July 28, 2009 as part of the Budget Act Revision (ABX4 12 [Evans]) authorizes ETP to disburse federal training funds appropriated from the ARRA. These funds will not be subject to the same performance standards as under the core program funded by the Employment Training Tax. It is anticipated that approximately \$5 million will be appropriated for green technology training in partnership with the California Energy Commission; and \$2.8 million, in partnership with the EDD, for nurse upgrade training in rural communities.

- **Economic Stimulus**

The Panel has proposed a new Economic Stimulus Initiative. The initiative is intended to reach unemployed workers in need of new skills to re-enter the job market, and incumbent workers in need of new skills or cross-training to maintain their jobs or prepare for layoff. This initiative would be implemented in two phases – actions that can be taken immediately, and, later, actions requiring regulatory changes.

- **Talent Transfer**

ETP collaborates with its workforce partners in providing talent transfer training as a re-employment and retention/layoff aversion strategy, particularly for groups of workers (e.g., construction workers) who have

been dislocated or are threatened with layoff during the current economic recession. The talent transfer strategy provides short-term, transitional, up-skill or re-skill training to dislocated workers seeking re-employment and to incumbent workers seeking job retention or career advancement.

- **Green Technology**

The Administration and the Legislature are leading efforts to expand the economy and protect the environment through green technology including solar energy generation, energy distribution and conservation, clean air and water, zero emission standards (or carbon neutral) in production, reduction of landfills, and paper reduction. California is at the forefront of innovative public policy (including energy performance standards, consumer incentives, public procurement mandates, and investment in research and development) that serves to protect natural resources while also stimulating new markets.³⁰

Numerous initiatives are shaping California's leadership role in the development of green technologies, such as: the Global Warming Solutions Act of 2006 to cut green house emissions; California's Renewable Portfolio Standard, created in 2002, that establishes some of the most ambitious renewable energy standards in the nation; the California Solar Initiative – with a \$3.3 billion budget, the largest solar incentive program in the country;³¹ and the Green Building Initiative (through the Governor's Executive Order S-20-04) that calls for public buildings to be 20 percent more energy efficient by 2015.

In March, 2009, the Governor announced the creation of the California Green Job Corps in order to help build a qualified workforce for the green economy. The new program, funded with \$10 million in ARRA workforce funds and \$10 million in public/private matching funds will establish and support a Green Job Corps in each of the ESP's nine economic regions. The programs will place at least 1,000 at-risk youth in green jobs over a 20-month period.³²

In its last program year, ETP successfully targeted projects with green-related industries and businesses, and participated in other green initiatives such as the Green Collar Jobs Council, which includes both public and private sector representatives. LMID is providing support to the council and has provided a wealth of information relating to the green economy (e.g., a preliminary list of "green" occupations, a working definition of green industries)³³ that assisted ETP in expanding the scope of its commitment to cover industries from energy, to manufacturing, to design, to industries adopting green business practices.

³⁰ "Clean Technology and the Green Economy," California Economic Strategy Panel.

³¹ Clean Technology and the Green Economy.

³² Press Release, www.gov.ca.gov.

³³ LMID, www.labormarketinfo.ca.gov.

ETP has dispersed funds to businesses in manufacturing, food processing, services, and other entities that contribute toward good environmental stewardship through increased energy efficiency, reduced production waste, and reduced greenhouse gas emissions. ETP will continue to prioritize green technologies and support workforce training to help California businesses comply with the California Global Warming Solutions Act to reduce greenhouse gas emissions. ETP will fund training to provide workers the job skills demanded by occupations in the green economy and will prioritize green technologies in support of State efforts for a healthy environment focused on green energy.

- **Nursing Shortage and Allied Healthcare**

In April, the Governor announced a new Allied Health initiative with \$32 million in public/private funding to add thousands of healthcare professionals over three years. Structured after the Governor's successful Nurse Education Initiative in 2005, this new initiative is led by the LWDA in partnership with the California Community Colleges, the University of California and California State University systems, and the California Hospital Association. Regional industry and education leaders will work together to develop allied health partnerships that educate and train allied health professionals – licensed individuals such as pharmacists and lab technicians that support nurses and doctors – and who comprise over 60 percent of the health occupations in California.³⁴

Additionally, the Governor's Task force for the California Nurse Education Initiative is partnering with Cedars Sinai Medical Center, the Hospital Corporation of America, the Tenet Health Foundation, Kaiser Permanente, the Robert Wood Johnson Foundation, and the Western Governors University in providing RN training via on-line instruction. The classes are for RN candidates enrolled at the Western Governors University and their clinical practice training takes place at partner hospitals. This innovative training program is the first of its kind to be accredited as a baccalaureate degree program by the Education/Licensing Committee of the Board of Registered Nurses.³⁵

In the 2009-10 fiscal year, ETP will continue to support the healthcare industry by targeting training funds for career advancement and job security for workers in this sector including nurses, caregivers, and allied healthcare occupations. ETP is currently implementing two pilot programs in the healthcare industry:

- **Nurse CNA to LVN Pilot** – In January, 2006, in order to address the State's critical shortage of nurses and to increase advancement and

³⁴ www.gov.ca.gov/index.php?/press-release/11998/.

³⁵ News Release 09-08, April 6, 2009, www.gov.ca.gov.

job security by providing training to employed Certified Nurse Assistants (CNA) and caregivers to become Licensed Vocational Nurses (LVN), the Panel implemented a pilot to fund licensed nurse training programs. At the start of ETP-funded training, trainees must be employed as nurse assistants or caregivers by for-profit hospitals. They must also be enrolled in an accredited licensed nurse training program with an eligible employer, and have completed the first 800 hours of the training program prior to participating in ETP-funded training.

- **Medical Skills Training Pilot** – Addressing the shortage of skilled nurses in California, this program will provide medical skills training to LVNs and RNs to enhance/upgrade their skills for specialty areas and specialty nursing positions. Training under this pilot is fundamentally different than training provided under the Panel's CNA to LVN Pilot, which focuses on training incumbent caregivers and CNAs to become LVNs.

- **Career Technical Education (CTE)**

Since launching a CTE initiative in 2005, the Administration remains focused on CTE programs to prepare California workers for the 21st Century economy and maintain California's competitive edge in the global marketplace.³⁶ This effort has dramatically increased funding, bond financing, and the public profile of CTE, and is intended to encourage people who choose not to pursue a four-year college degree path to plan for careers in a trade or craft, particularly in a field with wage progression and job security. Upon receiving sufficient training, which may include certification, such workers are typically hired as "frontline workers" responsible for the direct manufacture or delivery of goods and services.

The fastest growing fields requiring a vocational associate's degree will require CTE training. LMID estimates that by 2014 California will need 132,000 nurses, 73,100 carpenters, 25,100 electricians, 25,300 plumbers, and 11,700 welders, while the nanotechnology sector will need 250,000 production workers between 2004 and 2014.³⁷ These and other trade and craft occupations, particularly many of the emerging green jobs, are also often served by registered apprenticeship programs.

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

³⁶ Governor's site <http://gov/index.php?/fact-sheet/3510>.

³⁷ Governor's Career Technical Education Summit, "Projected High Demand Jobs through 2014" by California Labor & Workforce Development Agency, March 13, 2007 <http://gov.ca.gov/index.php?/press-release/5618>.

education for successful employment through a registered apprenticeship. The ARRA funding for workforce programs encourages the leveraging of registered apprenticeship programs as a workforce development strategy and also invests in CTE through increases in education funding for reforms and programs such as Pell Grants and Work-Study.

- **Ex-Offenders and At-Risk Youth Pilot** – In 2007 the Governor signed the Public Safety and Offender Rehabilitation Services Act of 2007 which fundamentally reforms California's system of incarcerating and rehabilitating prisoners. As authorized by the Act, the Administration established efforts to overhaul programs for rehabilitation, substance abuse, education, and job training. Additionally, Governor Schwarzenegger established the California Gang Reduction, Intervention and Prevention Program (CalGRIP) May 25, 2007 to target State funding toward local anti-gang efforts, including job training, education, and intervention programs.

In support of the Governor's efforts to reduce recidivism and gang violence through CTE and job training, ETP implemented a pilot program in 2007, under its Special Employment Training (SET) category, to help ex-offenders and at-risk youth (ages 18 to 23) enter and succeed in the workforce. The pilot provides critical job skills training and employment to ex-offenders and youth at risk of becoming involved in anti-social activities. Projects have an emphasis on training which supports long-term job preparation and security. They make pre-apprenticeship training a priority and target occupations included under CTE (e.g., electrician, welder, certified nurse assistant, drafter, machine operator, computer operator).

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

- **Support for Veterans**

ETP will enhance its funding of training for veterans through the continued implementation of a pilot program designed 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 partner with other State agencies to develop initiatives for the training and employment of veterans and will increase marketing to veteran organizations with the intent of developing training projects that focus on meeting veterans' training needs. ETP will also outreach to veterans by working with local chambers, ethnic chambers, women's business groups, high-tech conferences, and business community workshops.

The need for employment training assistance for veterans is increasing, due to the number of active and reservist personnel who have performed military service in recent years. Some veterans have returned to the California civilian workforce and found their previous jobs are gone. A U.S. Department of Veterans Affairs study found that 18 percent of the veterans who sought jobs within one to three years of discharge were unemployed, while one out of four who did find jobs earned less than \$21,840 a year.³⁸

- **Veterans Pilot** - Addressing the need to serve veterans, this pilot will assist unemployed veterans entering the workforce and improve their opportunities for advancement in high wage, secure jobs. The pilot will recruit and train veterans primarily through Multiple Employer Contracts (MEC).

- **Serving Small Business**

ETP will continue to prioritize funding for small business, funding training for small business owners, equipping them with the tools needed to run a business, and funding training for employees of small businesses to provide them with critical job skills. A pilot program for microenterprise business owners will assist entrepreneurs with less than five employees establish and operate businesses (see below). ARRA targets workforce funding in support of small business for services such as entrepreneurial training.

The economic engine of the State, small business is essential to California's economy. Small employers with fewer than 100 employees represent more than 98 percent of all businesses in the State, and employ 58 percent of all California workers.³⁹ Any strategies to enhance the State's economy must include small business as a priority.

- **Microenterprise Pilot** – In 2008 the Panel implemented a pilot to address the need for training the owners of "microenterprises." A microenterprise is defined as a sole proprietorship, partnership, or corporation that meets all of the following requirements: has fewer than

³⁸ "Study: War Veterans Face Job Search Woes", February 8, 2008, <http://www.wtopnews.com/?sid=1341378&nid=116>.

³⁹ "California Economic Profile: A Statewide Overview and Regional Analyses December 2007", Economic Strategy Panel.

five employees, including the owner; is part-time or full-time; and generally lacks access to conventional loans, equity, or other banking services. Entrepreneurs that do not yet have any employees or do not yet pay into the Employment Training Fund (ETF) are eligible to participate in the pilot. Trainees will receive between 8-100 hours of training in entrepreneurial skills necessary to run a business.

Partnership Strategies

- **Economic Development**

ETP develops projects in partnership with other governmental sources of funding. ETP works with the California Business Investment Services on “critical proposals” with an emphasis on creating new jobs in California. ETP also supplements State funding for training under an approved apprenticeship program and adult education. As part of this priority, ETP supports statewide economic development in partnership with State and local economic and workforce development partners.

- **Enhancing the Role of MECs**

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

To determine strategies for enhancing the role of retraining MECs in the program, ETP conducted a MEC forum in April 2008. Issues focused on streamlining the contracting process, broadening eligibility criteria, and financial incentives/flexible billing to improve business cash flow. ETP has implemented recommendations and continues to welcome and consider input from its MEC partners on an ongoing basis.

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

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

Traditionally an agricultural region, the San Joaquin Valley trails the rest of the State in family income, educational achievement, healthcare access, employment, and job stability. Unemployment rates in the region have been persistently high for nearly three decades. Adding to the economic and employment hardships in recent years have been the drought conditions which hit this region particularly hard. Estimates suggest that between 16,200 and 23,700 jobs will be lost in 2009, with an income loss of as much as \$644 million due to the impact of the drought on both the on-farm and indirect off-farm economies.⁴⁰

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

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

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

⁴⁰ "California's Drought Update," www.water.ca.gov/drought.

Administrative Strategies

- **Case Management System**

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

- **Program Evaluation**

In the 2009-10 fiscal year, the Panel will continue to emphasize research on the effectiveness of the program. Staff will conduct an internal evaluation of the impact of ETP-funded training on the earnings and job placement/security of unemployed workers.

- **Maximizing Funds**

In the past seven years, the demand for training funds has continued to exceed ETP's available resources. By April 2009, ETP exhausted all of its 2008-09 fiscal year program funds, with a backlog of 262 applications for funding, totaling approximately \$53 million in contract value. Further, given ETP's incremental funding process and the need to adjust for substantial under collections in the Employment Training Fund, obligations in prior year contracts account for \$30 million of the available program funds for 2009-10, leaving only \$15.7 million available for new training projects.

As a result, ETP will continue:

- ◆ To incrementally encumber training funds to cover first year costs and mitigate the second year liabilities. (Funding is disbursed over a two-year term per project. By leveraging \$15.7 million in total encumbrances in 2009-10, ETP will be able to fund about \$45 million in total contract value in new contracts); and
- ◆ To update and improve its internal processes (e.g., developing and monitoring training contracts, fiscal accounting, information technology support, and marketing activities) to make the best use of limited administrative funding.

ETP's core program funding has been significantly reduced for the 2009-10 fiscal year in response to the troubled economy and the State budget crisis. ETP has consequently found it necessary to continue or impose new funding

limitations in order to distribute its limited funds most effectively for economic recovery:

- ◆ Single-employer projects will be capped at \$500,000 per contract, with case-by-case exemptions for Critical Proposals only;
- ◆ Multiple-employer projects will be capped at \$750,000 per contract, with case-by-case exceptions (e.g., hard-to-serve trainee populations);
- ◆ Small business projects will continue to be capped at \$75,000;
- ◆ Welfare-to-Work training projects will not be funded; (Note: Training for CalWORKs recipients may be funded under SET.)
- ◆ Lowest priority will be assigned to:
 - New-Hire truck driver training;
 - All security guard training;
 - Retraining for employees of Training Agencies; and,
 - All training in the adult entertainment industry. This includes the design, manufacture, distribution, servicing, management or sale of products or services in the adult entertainment and gambling industry.

G. Goals and Objectives

Six key goals, with specific objectives will be addressed in the 2009-10 fiscal year:

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

Objectives:

- a) Develop guidelines and take other actions needed to implement the partnerships required under ABX4 12, a Budget bill which enables ETP to receive and expend federal ARRA funds.*
- b) Partner with public and private, State and local economic and workforce development associations to identify “critical proposals” for funding with an emphasis on the retention and creation of jobs*
- c) Partner with public and private, State and local economic and workforce development partners in investing federal ARRA funding for workforce training.*

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

Objectives:

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

Goal #3: Continue support for small businesses.

Objectives:

- a) *Continue to target outreach to small businesses through events sponsored by State and local elected officials.*
- b) *Continue to implement a Microenterprises Pilot program, targeting early-stage entrepreneurs, to help them grow their business and succeed.*
- c) *Implement a Small Business Referral Pilot program to direct small businesses to a Multiple Employer Contractor (MEC) in their area when there is a potential match between their training needs and an existing ETP-funded program.*
- d) *Evaluate the concept of a Small Business/MEC Pilot program to support ETP's capacity to develop and administer small business projects.*

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

Objectives:

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

Goal # 5: Implement an ETP Economic Stimulus Initiative.

Objectives:

- a) *Encourage training for dislocated workers by increasing the New Hire training rate and revising the cap on New Hire training costs.*
- b) *Reach dislocated workers in cooperation with employers participating in the California Training Benefits program, the Worker Adjustment and Retraining Notification system, and the Work Sharing Unemployment Insurance program.*
- c) *Initiate regulatory actions to broaden the Panel's discretion for New Hire training and other efforts in support of employment for dislocated workers.*

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

Objectives:

- a) *Initiate an upgrade to ETP's Management Information System to ensure comprehensive and seamless data input and retrieval.*
- b) *Simplify project management and monitoring for small businesses.*
- c) *Evaluate the impact of ETP-funded training on the earnings and job placement/security of unemployed workers.*

Program Budget

ETP is funded principally by the Employment Training Tax which California companies pay to promote the development of an improved State workforce. Estimated total funding for the ETP program in FY 2009-10 is \$66.1 million. This consists of the Budget Act appropriation of \$56.1 million,⁴¹ and an estimated \$10 million in disencumbrances (unearned contract funds) available for reinvestment in new training projects. ETP will seek to maximize its resources through strategic planning to continue meeting its mandates and priorities.

FY 2009-10 Appropriations & Expenditures

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

<u>Employment Training Fund (Fund)</u> ⁴²	\$84,714,000
<u>Fund Expenditures For:</u>	
Department of Social Services	(\$20,000,000)
Department of Industrial Relations	(\$3,287,000)
EDD Tax Collections Branch	(\$5,326,000)
 <u>ETP Program</u>	
Appropriation	\$56,101,000 ⁴³
Funds Reinvested (Estimated)	\$10,000,000 ⁴⁴
Total	<u>\$66,101,000</u>
 <u>Expenditures (Planned)</u>	
Prior Year Program Fund Obligations	\$30,000,000
New Program Funds.....	\$25,836,761
Marketing and Research	\$425,400
Pro Rata – Program 50.....	\$238,839
Program Administration	\$9,600,000
Total	<u>\$66,101,000</u>

⁴¹ ETP anticipates that estimated ETF revenue will be revised downward by at least \$10 million in September, 2009, when the EDD Estimates Group releases its 2009-10 estimate. ETP's total available funding, then, will likely be \$56.1 million.

⁴² Based on projected revenue collection to date. It is anticipated that this figure will be revised downward by \$10 million when the EDD releases its new estimates after 9/20/09.

⁴³ Funds appropriated for the operation of the ETP Program in State Budget Act. This figure may be revised downward by \$10 million due to the anticipated reduction in ETP revenue estimates.

⁴⁴ Program funds approved in prior contracts that were unearned and subsequently disencumbered for use in FY 2009-10, per Provision One in the State Budget Act.

In addition, it is anticipated that ETP will receive the following funding from other sources in the 2009-10 fiscal year:

California Energy Commission (ARRA Funding)	\$5,000,000
California Energy Commission AB 118	\$3,000,000
Governor's 15 Percent Workforce Investment Act (ARRA Funding)	\$2,800,000

Allocations by Category

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

- 1) Program Funds: \$55.7 million to fund training and employment retention for incumbent workers and unemployed workers, under two categories. (Note that, as a result of ETP's incremental funding process, obligations in prior year contracts account for \$30 million of the \$55.7 million in available program funds, leaving \$25.7 million available for new training projects. However, given that ETP anticipates a reduction of at least \$10 million when the revised revenue estimates are released by the EDD in September, the Panel would have an actual \$44.9 million available in program funds, leaving an estimated \$15.7 million available for new training projects, which through incremental funding will yield approximately \$45 million in total contract value.)
 - a) Economic Development – Most projects are approved under this category, primarily to support retraining of incumbent workers. Some funds under this category are to support training for unemployed workers (i.e., "New Hires").
 - Retraining programs train employed individuals in companies that are facing out-of-state competition and need to retrain their employees to improve the business' competitiveness.
 - New Hire training programs train unemployed individuals who are currently receiving unemployment insurance benefits or have exhausted their benefits within the last two years. Training is in job skills needed for a specific occupation or industry.
 - b) 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: \$425,400 for strategic program marketing. Marketing is driven by ETP's priorities and the need to reach businesses that have the most impact on the California economy. In addition to its internal marketing efforts, ETP has enlisted partners to provide marketing outreach to target industries. The ETP also conducts independent research to ensure program efficiencies and effectiveness.
- 3) Program Administration: \$9,600,000 for operational costs includes \$500,000 to the EDD for administrative support.

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The Strategic Plan was prepared by the Planning and Research Unit staff: Mike Rice, Jill McAloon, Elizabeth Slape, Tara Armstrong, Damon Nelson, Alana Sanchez, Tiffany Woodruff, and John Bohart.

Additional copies of the Strategic Plan may be obtained by contacting the Employment Training Panel at 1100 J Street, 4th Floor, Sacramento, CA 95814, (916) 327-5640.

The Employment Training Panel (ETP), as 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).

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