

# Expanding Capacity to Meet California's One Million 'Middle-Skilled' Workforce Challenge by 2025



## COMMUNITY COLLEGE ETP COLLABORATIVE

The Community College ETP Collaborative represents 28 California Community Colleges Workforce Training & Development Centers (WTDC) receiving support from Employment Training Panel to conduct employer-driven Upskill Training.

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STEWART KNOX

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# California Community College Contract Education Collaborative (CCCCEC) Strategic Plan

The Workforce Development Leaders within the California Community Colleges who dedicated their valuable time and expertise

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# Introduction

## California Community Colleges' Workforce Training & Development Centers (WTDCs)

The purpose of this report is to highlight an existing not-for-credit program within the Community Colleges, partnered with the state's Employment Training Panel, addressing California's industry challenge to meet workforce demands. The program could be scaled throughout California to meet increasing demands regionally as a workforce and economic development tool.



California is challenged in meeting the projected industry demand of **Two Million associate degreed and credentialed, new and incumbent, workers by 2025<sup>1</sup>** and **One Million middle-skilled workers.<sup>2</sup>** The California Community Colleges Workforce Training & Development Centers (WTDCs)<sup>3</sup> are leading providers of workforce training, uniquely positioned to help close this gap for California with trained and upskilled workers, resulting in an efficient, productive and competitive workforce.

WTDCs' focus on workforce, economic development and industry, gives them the ability to connect the needs of students, workers and employers, as well as align with academic units with the Community College. WTDCs directly respond to industry demands with customized "upskill" training. These customized trainings provide trainees the ability to gain skills while continuing to earn a paycheck. These trainings also create for the trainees new skill sets

1 Back to College, Part One; California Competes.

2 2019 Roadmap to Shared Prosperity, California Forward. One Million Middle-Skilled Workers is the focus of this paper.

3 California Community College Workforce Training & Development Centers (WTDC) aka Centers for Workforce and Economic Development, Corporate and/or Business Training Centers, Business-Engagement Centers, Contract Education Centers, Advanced Customized Training Centers, Apprenticeship Training and Skills Development Centers.

which increase their opportunity for higher wages. There is also a higher probability, when trainees are exposed to upskill training, for them to return to college for a degree. These upskill trainings, also called lifelong learning, contribute to the social and economic mobility for Californians from all backgrounds and help close the workforce gap.

To provide these industry-demand services, many WTDCs have Multiple Employer Contracts (MEC) with the state's Employment Training Panel (ETP)<sup>4</sup> to provide direct employer-employee services, such as consulting and "not-for-credit" upskill training leading to certificates and a rapid response to employers' specific work needs.

WTDCs with ETP-MEC contracts formed the Community College Employment Training Panel Collaborative (CCETPC) to share curriculum, instructors, resources and best practices to enhance business and employment engagement capabilities through upskill training.

Given an increasing demand for these services by employers to improve local talent pools, CCETPC created a comprehensive data tracking system to collect all data and outcomes from these direct employer-employee contracts provided by WTDCs (which are reported and referenced in this report).

The CCETPC data clearly reports the effectiveness of upskilling and not-for-credit trainings for employers and targeted populations. The data further identifies the potential of maximizing this existing mechanism to aggressively meet the skill shortages in California. This requires integration of the not-for-credit program, as part of an overall strategy consisting of credit, non-credit and not-for-credit program(s) offered through the Community Colleges that collectively address the projected gap of One Million middle-skilled workers.

## Vision & Expectation of K-12 and Community College Education

Society embraces the idea that every young adult should attend college, obtain a certificate or degree, and start work in a promising career which leads to a livable wage. The value of education is deeply rooted and woven into the fabric of our American education programs, from kindergarten through college, and remains a funding priority for policymakers, federal and state legislators, educators and business.

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<sup>4</sup> Employment Training Panel (ETP) provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying long-term jobs.

Given this vision and premise, a significant increase in legislative accountability has been placed on K-12 and community colleges to demonstrate performance outcomes, primarily through traditional academic programs. As noted below, because of global and economic circumstances, California faces a major gap in meeting the demands of industry to maintain the robust economy California enjoys. This changes the education paradigm to expand programs and funding of the WTDC nontraditional 30-year career adult. This report indicates upskilling the 20.6 million through the WTDC model is a viable, cost effective solution in addressing the One Million middle-skilled worker shortage.

## Workforce Challenge

In October 2018, California Competes prepared a report, *Back to College, Part One: California's Imperative to Re-Engage Adults*, funded by James Irvine, Bill and Melinda Gates, Lumina and College Futures foundations.<sup>5</sup>

Two key points of the report highlight the workforce challenge in California:

- 1) A looming **deficit of more than Two Million workers** with degrees or certificates by 2025 threatens California's ability to meet its economic needs. As California attempts to close this projected gap, policymakers must consider adults and existing workers to be a critical part of the solution. Four million adults between the ages of 25 and 64 in California left college without a degree, representing a key opportunity for closing the attainment gap.
- 2) A staggering 20.6 million Californians have no college degree, have a high school diploma but no college degree, or have some college credits but no degree and are not currently enrolled in school (Figure 1, next page).

Note: It is interesting to note that of the 172,115 clients the CCETPC has served in upskilling trainees for industry, 51% of them fell into the Back to School category, "4 million with degrees and some college." Further, seven percent (7%) were less than 25 years old, which the report does not track. As a result, it is unknown whether the report's 18-24 years old cohort is attending college.

One of the *California Competes, Back to College, Part Two's* policy recommendations references Employment Training Panel as a potential connecting point for upskill training that could lead to postsecondary degrees. The WTDCs have been executing this recommendation with great success.

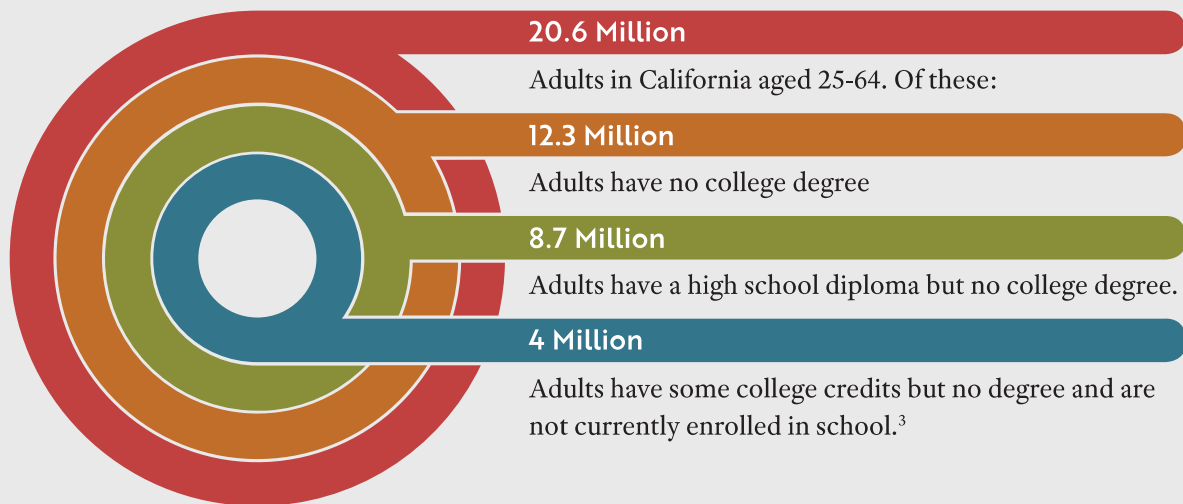
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<sup>5</sup> Back to College Part One: California's Imperative to Re-Engage Adults, funded by James Irvine, Bill & Melinda Gates, Lumina and College Futures foundations. October 2018, <http://californiacompetes.org/about/mission>

From an education standpoint, the pressure for performance outcomes historically has been on people obtaining a degree prior to entering the workforce versus achieving the same career goal by taking a non-traditional route that could involve employer-paid development (i.e., ETP-MEC). The non-traditional route resides within the shadows of the community college system (WTDCs), which offers the lesser-known options of not-for-credit, work-based and professional certifications, apprenticeship programs and certificates of training.

A total of 20.6 million adults in California aged 25-64 can or have benefited through participating in not-for-credit professional training while earning living wages. The WTDC has been the most effective in serving this population. The employees are achieving professional certifications training integrated into their work schedule. As of January 2020, this population receives training without accumulating student debt that has already exceeded 1.6 trillion dollars according to the credit reporting agency Experian.

**FIGURE 1 | CALIFORNIA'S IMPERATIVE TO RE-ENGAGE ADULTS**



Source: California Competes' calculations of American Community Survey Public Use Microdata Sample (PUMS) 2016 five-year estimate data and the National Student Clearinghouse

# Lifelong Learning Findings

**Lifelong learning** initiatives are suggested by California Forward and others, including Milken Institute’s recently released *California Future of Work*<sup>6</sup> for the Governor’s Future of Work Commission. These initiatives have robust *upskilling* components to help fill the growing demand for “middle-skilled” positions – those that require more than a high school diploma but not necessarily a degree to create career opportunities for individuals. *Upskilling* can focus on meeting a portion of the 2025 projected demand by industry.

**Lifelong Learning Definition:**<sup>7</sup> Education is no longer just a linear process with the endpoint of a single diploma, but a continuous and fluid process helping individuals adapt to changing technological, economic, and social conditions.

**Upskilling Definition:**<sup>8</sup> The process of teaching employees new skills to meet specialized skillsets with a specific focus on frontline, entry-level, and low- and middle-skilled workers, whose jobs are at risk of being disrupted, and in which skills are continuously updated during the working life to match changing skills needs.

The world of work is undergoing a massive shift.

Entire occupations and industries are expanding and contracting at an alarming pace, and the skills needed to keep up in almost any job are churning at a faster rate.

[ FORBES, 2019 ]

The following **excerpts** are from the research on why both lifelong learning and upskilling have become an imperative to addressing the skills shortages (see *Appendix D: Cited Works Bibliography*).

- “By 2022, no less than 54% of all employees will require significant re- and upskilling.” (World Economic Forum, *Future of Jobs*.)
- ...2.4 million positions will go unfilled, 2018-2028, causing a \$2.5 trillion economic loss. (Deloitte)
- Recent advances have created a plethora of new jobs and **repurposed** traditional roles to such an extent that they require a completely different mix of competencies. (Adecco)

6 Preparing California for the Future of Work Creating Equity by Addressing the Access Gap, Milken Institute, January 22, 2020

7 Future of Work, Luminary Labs, updated version used by those addressing Future of Work (the standard definition is reported in Wikipedia).

8 For purposes of this report Upskilling, a sub-term of Lifelong Learning, is used to focus discussion of skills training to address the rapid pace of artificial intelligence and automation impacting nearly all industries.



- “Fourth Industrial Revolution shifting from information age to the collaboration age.” (*Forbes*)
- **Lifelong learning** isn’t a new idea. What is different this time is the extensive nature of the skill shifts, affecting so many sectors and occupations, at a pace we have not yet seen. (*McKinsey & Company*)
- Upskilling and reskilling will be key to evolving employee competencies that **complement technological innovation**. (*2020 Talent Trends*)
- ...87% of workers believe it will be essential to get training and develop new skills throughout their work life in order to keep up with changes in the workplace. (*Pew Research*)
- In an era of increasing automation and changing business priorities, upskilling is taking on new urgency. (*RH Business*)
- If artificial intelligence (AI) and automation are the new offshoring, we need to prepare students of today for the jobs of tomorrow while also helping today’s workforce reskill and upskill to meet changing requirements. (*Sara Holubek, CEO, Luminary Labs, Future of Work*)

The performance results of WTDC-ETP MEC should be a successful model and framework in meeting California’s overall workforce challenges, lifelong learning and upskilling to increase the skilled talent pool, close the gap with adults and assist California employers to remain competitive in a global market.

*“In 2018, ETP’s four offices and 100 staff members processed a total of 450 contracts, which represents a decrease from 515 contracts in 2017. This accomplishment of efficiency was achieved, in part, through ETP’s partnerships of the CCETPC.”*

STEWART KNOX, UNDERSECRETARY,  
CALIFORNIA LABOR & WORKFORCE DEVELOPMENT AGENCY,  
FORMERLY EXECUTIVE DIRECTOR, EMPLOYMENT TRAINING PANEL

# Opportunity to Change and Increase Performance Outcomes while Creating Economic Benefit

Although the WTDCs are part of the Community College System, their direct employer-employee not-for-credit<sup>9</sup> upskilling programs are funded through external sources such as ETP-MEC contracts, Workforce Development Departments, or employer-paid contracts. The lack of system-wide funding has made it difficult to respond consistently to the needs of the regional community and industry given the fluctuation in external dollars; e.g., ETP contract limits or priorities not in alignment with a regional economy. The framework WTDCs have developed is a successful model of direct employer engagement which has resulted in thousands of employers assisted and over 45,654 trainees receiving upskill training over the past eight years.

Institutionalizing funding would ensure the existing WTDC services that are listed below could be enhanced and expanded as part of a workforce challenge solution, specifically:

- Engaging direct daily engagement with CEOs, Vice Presidents of Operations, Human Resource Executives, and Operational Supervisors.
- Providing upskilling and skills enhancement through an individual's entire 30-year career span (lifelong learning); e.g., apprenticeships, on-the-job training, professional certifications through a variety of sources, skill centers, etc.
- Providing business and industry Just-in-Time (JIT) solutions, e.g.:
  - Access to industry trends and research
  - Consulting services
  - Training analysis
  - Development of a customized training program with precise classes leading to greater operational efficiencies and productivity
  - Measuring return on investment, and more
- Connecting employers with other resources, e.g.:
  - University research applications
  - Interns, graduates, faculty, and more
  - Apprenticeship opportunities
  - Funding and participation in grant projects

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<sup>9</sup> Note: Employers also pay their employees while attending trainings.

- Working directly with underemployed, under-skilled, low-wage workers and partnering with local workforce development departments.
- Driving the needs of industry to the academic units for inclusion in credit/non-credit education.

Not-for-credit programs have proven to be relevant and preferred by the business community for three key reasons:

- 1) They are more flexible than credit programs.
- 2) The curriculum content can be customized to the individual needs of business and industry.
- 3) Adults are attracted to short-term programs that are linked to specific jobs. In most cases, the employee/student is paid their salary while attending class.

**“A pathway to a degree could give these adults a boost to their individual and familial prosperity, sustain the state’s innovation economy by meeting workforce demands, and form civically engaged, cohesive communities.”**

**BACK TO COLLEGE, PART ONE: CALIFORNIA’S IMPERATIVE TO RE-ENGAGE ADULTS**

Recognizing and seizing the opportunity to increase not-for-credit programs, particularly in the workplace, will allow the Community College system to serve the 20.6 million Californians who have no college degree by providing them with certificates and skills that promote career development with no student debt.

A successful strategy and effective solution to meeting the challenge identified in Back to College, Part One (and other reports) for creating a competitive and skilled workforce already

exists with the Community Colleges alignment of for-credit, non-credit, and not-for-credit programs. Dedicating a funding source for expanding the not-for-credit delivery is needed to provide students and not enrolled adults, with opportunities for immediate and long-range skill development.

## Return on Mission

Over time, the WTDCs have expanded their service and responsiveness consistent with the ever-changing complexity of the workforce and the needs of industry throughout the state. Recognizing that the state has multiple priority sectors, and sometimes overarching skill needs, a nimble and responsive mechanism becomes critical. This has become increasingly vital in the current age of rapid technological change where skills, knowledge and evolving competencies are essential to ensure competitiveness.

The Workforce Training & Development Centers will remain interconnected with the Community College System, and key state agencies such as the state Labor and Workforce Development Agency and Governor’s Office of Business and Economic Development (GO-Biz). The goal will be to align goals to retain and attract businesses and jobs by upskilling the state’s workforce. This will result in significant increases to California’s competitiveness through employer-driven career pathways across the state.

## Performance-Based Conclusion

The goal of this evidence-based data analysis is to demonstrate how each Community College Workforce Training & Development Center brings value in resolving California’s overall skills gaps and skills shortages through performance outcomes.

ETP MEC college data and outcomes are performance-based. Data is collected and tracked by WTDCs based on standard performance criteria for each training used in direct ETP-MEC training classes. The data is highly accurate, creditable (employer-verified) and subject to ETP audits.

This data is clear evidence that not-for-credit programs help businesses remain competitive, contribute to the state’s tax base, offer expanded employment opportunities for recent and future college graduates as well as company employees, degreed and non-degreed, through upskilling. It also demonstrates a model that could be scaled as part of the solutions to the One Million middle-skilled workers gap.

The quote on the next page from the New Jersey Workforce Development Partnership highlights how other states use not-for-credit employer-direct training as an economic development and competitiveness tool for boosting production and trade.



*“Such programs help businesses remain competitive, contribute to the state’s tax base and offer expanded employment opportunities for firm employees. As governments and private companies throughout the world search for the most effective ways to encourage economic growth, state-subsidized, firm-based training programs can form an important element of successful strategies for human and economic development.”*

CARL E. VAN HORN AND AARON R. FICHTNER,  
“AN EVALUATION OF STATE SUBSIDIZED, FIRM-BASED TRAINING –  
THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM.”  
NEW JERSEY WORKFORCE DEVELOPMENT PARTNERSHIP



# CHAPTER 1

## Background and Evolution of the Community College ETP Collaborative

Included in this chapter are:

- 1) Historical Evolution—Bibliography and Definitions
- 2) Performance and Value Proposition Reports
- 3) Current Workforce Training & Development Centers

The desired results of the CCETPC are to create a skilled workforce at the local level and within the State's key industry sectors.



The success of ETP MEC Colleges within the Community College Employment Training Panel Collaborative (CCETPC) and the focus on high-performance Workforce Training & Development Centers is critical to advancing new opportunities that use a proven model of direct business engagement and employee upskilling that achieves results for employers, employees, and California.

### 1.1 Historical Evolution

**Community College Contract Education** and the **California State Employment Training Panel (ETP)** have been serving business since their formation in the 1980s.

Over time most colleges have transitioned from being called Contract Education to Workforce Development and Workforce Training & Development Center(s) to better describe their services.

- ◎ **CONTRACT EDUCATION** is a non-funded, not-for-credit Community College program.
- ◎ Funding for contract education services is self-generated through contracts with employers, ETP and other grants.
- ◎ **ETP** is a state program funded through a special payroll tax.

Through the WTDCs, California Community Colleges have established a long and successful relationship with the California State Employment Training Panel (ETP) that includes funding for businesses to offset the cost of contract employee training (see Chapter 2: CCETPC’s Data Evidence Findings). Many have become experts at managing ETP contracts, which takes the administrative burden off employers and leverages state funding.

The Historical Path (Figure 2) chronicles the timeline and evolution of this progression and is followed by more in-depth descriptions of mission, purpose, actions and operations at each stage.

## 1.2 Bibliography, Background and Definitions

### Employment Training Panel (ETP) est. 1982-current

Employment Training Panel (ETP) is a statewide business-labor training and economic development agency that provides funding for employee upskilling through training that leads to good paying, long-term jobs. The ETP program helps to ensure that California businesses will have the skilled workers they need to remain competitive.

*“We are very experienced at securing Employment Training Panel funding on behalf of businesses and managing those contracts. We know which industries and types of training qualify for funding. Our staff is well versed in the entire ETP administrative process, including the initial application, contracts, program monitoring and reimbursement of funds. Because of those capabilities, we are able to handle for our clients the extensive administrative work that comes with ETP contracts.”*

ELDON DAVIDSON, DIRECTOR, CENTER OF CUSTOMIZED EDUCATION, EL CAMINO COLLEGE

**FIGURE 2 | HISTORICAL PATH: CONTRACT EDUCATION TO COMMUNITY COLLEGE ETP COLLABORATIVE**



## EMPLOYMENT TRAINING PANEL (CONTINUED)

- ETP's *core program funding* is primarily focused on retraining employed (incumbent) workers, targeting those threatened by out-of-state competition, and placing special emphasis on training for California small businesses; those with fewer than 100 employees. The employer determines the training courses, trainers, and types of training that best meet their needs.
- ETP programs are funded by a special **Employment Training Tax** paid by California employers, and only employers that pay this tax directly can benefit from the program.
- The funding provided by ETP is not a grant; it is a **performance-based** contract by which training funds must be earned.
- **ETP Multiple Employer Contractors (ETP-MECs)** are entities that hold multiple employer contracts with ETP.

Such entities are typically chambers of commerce, workforce development boards, professional associations (e.g. California Manufacturers Association), and educational institutions like the California Community College system.

ETP instituted MECs to create system efficiencies that reduce the overall number of individual contracts ETP processes and create higher efficiencies and economies of scale for employers. MECs help ETP streamline the contract administration process, which enables ETP to better serve businesses.



## Contract Education est. 1987

Contract Education, in accordance with California Education Code Section 78020, is defined as *those situations in which a community college district contracts with a public or private entity for the purposes of providing instruction, services, or both by the community college*. Key aspects of Contract Education are:

- Programs and services include not-for-credit, credit and noncredit
- Self-funded, listed as *a cost-recovery, non-funded Community College initiative*
- Performance-based

Several California Community Colleges entered ETP-MECs during the early establishment of ETP in 1982 (Glendale, El Camino, and Santa Rosa). During the 1990s and early 2000s additional colleges became involved (San Bernardino, Chaffey, College of the Canyons) as a way to better deliver training services to employers and leverage both the employers' and state ETP's dollar investment. Today there are 10 ETP-MEC prime contracts, and 18 subcontract colleges, 22% of the total California campuses.

Contract Education in more recent years is referred to as ***Workforce Training & Development Centers***.

## California Community College Chancellor's Office (CCCCO) Economic and Workforce Development (EWD) Program, codified 1991

The EWD program formalized earlier efforts to coordinate statewide technical training and programs for small businesses and economic development.



### **MISSION:**

**"To advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement."**



## Economic and Workforce Development (EWD), codified 1996

SB 1809, Polanco, Chapter 1057, Section 66010.4, further clarified the legislative intent of the EWD, defined regional planning, priority setting and coordination and added accountability and audit requirements, as well as made economic development and continuous workforce improvement a **primary mission of the California Community Colleges**.

## California Corporate College, 2009–2017

The California Corporate College (CA CC) was a cooperative venture of California's Community Colleges created in 2009, with a mission to provide a single point of contact for business, governmental agencies, and associations to access training and workforce development services throughout California. The high points of the California Corporate College include:

- A 2015 rapid response contract with Richard Heath & Associates, \$4,062,530, involving 35 colleges and delivering "Covered California Grantee & Assister Training."
- A 2013 multi-year, \$3 million contract with the California Department of Corrections and Rehabilitation to deliver motivational interview training to correctional counselors and other staff at facilities statewide.

## Economic and Workforce Development (EWD), codified 2012

SB 1402, Lieu, moved the EWD program to a new part of the Education Code (from Section 88500 to 88600) and extended the sunset date from January 1, 2013 to January 1, 2018. It also updated the general provisions and definitions, added new requirements, and updated the mission statement to read as follows:

- 1) *To advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement.*
- 2) *To advance California's economic and jobs recovery and sustain economic growth through labor market-aligned education workforce training services, and sector strategies focusing on continuous workforce improvement, technology deployment, and business development, to meet the needs of California's competitive and emerging industry sectors and industry clusters.*

- 3) *To use labor market information to advise the Chancellor’s Office and regional community college bodies on the workforce needs of California’s competitive and emerging industry sectors and industry clusters, in accordance with both of the following:*
  - 1) *To the extent possible, the economic and workforce development program shall work with, share information with, and consider the labor market analyses produced by the Employment Development Department’s Labor Market Information Division and the California Workforce Development Board.*
  - 2) *The economic and workforce development program may also use its own resources to bolster and refine these labor market and industry sector and industry cluster analyses to fulfill its mission.*
- 4) *To provide technical assistance and logistical, technical, and communications infrastructure support that engenders alignment between the career technical education programs of the community college system and the needs of California’s competitive and emerging industry sectors and industry clusters.*
- 5) *To collaborate and coordinate investment with other state, regional, or local agencies involved in education and workforce training in California, including, but not necessarily limited to, the California Workforce Development Board, local workforce investment boards, the Employment Training Panel, the State Department of Education, and the Employment Development Department.*
- 6) *To identify, acquire, and leverage community college and other financial and in-kind public and private resources to support economic and workforce development and the career technical education programs of the state’s community colleges.*
- 7) *To work with representatives of business, labor, and professional trade associations to explore and develop alternatives for assisting incumbent workers in the state’s competitive and emerging industry sectors. A key objective is to enable incumbent workers to become more competitive in their region’s labor market, increase competency, and identify career pathways to economic self-sufficiency, economic security, and lifelong access to good paying jobs.*

\$

#### **BUDGET ITEM**

**Prior to 2013, EWD funded two statewide positions: Contract Education Director North and South. This was the only funding provided by the CCCCCO, as Contract Education is considered an “unfunded initiative.”**

A core component of SB 1402 was the delivery of direct services to businesses, which includes performance improvement training, EWD statewide directors, north and south, and partnerships with many of the Contract Education programs around the state to coordinate business engagement.

In 2013 under the “Doing What Matters” framework, those roles were eliminated, and a Technical Assistance Provider-Statewide Contract Education position was created.

## Community College ETP Collaborative (CCETPC) formed 2014

The Community College ETP Collaborative (CCETPC) was established to enhance the statewide network, 114 community colleges, to more efficiently and responsively deliver strategic workforce development programs and employee training solutions to business and industry.

Members of the CCETPC are community colleges holding direct MEC contracts with ETP.

*“The Community College ETP Collaborative was formed to educate ETP executives, the Chancellor’s Office, and other key constituents about the value the WTDCs bring to California’s employers and to the state’s economy. Through collaboration, CCETPC can help those community colleges that do not have the resources or expertise to secure and administer ETP contracts on behalf of their business clients. In this way, we can expand the reach of the WTDCs to a much larger geographic base of employers.”*

ELDON DAVIDSON, DIRECTOR,  
CENTER OF CUSTOMIZED EDUCATION, EL CAMINO COLLEGE

In the early formation of CCETPC, the group realized that the majority of MECs were in Los Angeles County, Orange County and the Inland Empire. To increase services to businesses and industry, it was imperative that statewide collaboration expand. As the colleges began to share best practices, performance as a group increased and rapid growth followed soon after it was formed. Today, representing 22% of the Community College system, 10 MEC college contractors and 18 subcontracted colleges are serving businesses across the state.

## Economic and Workforce Development (EWD), Budget Trailer 2017

SB 85, Chapter 23, committee on Budget and Fiscal Review, a trailer bill extended the EWD program to January 1, 2023.

\$

### BUDGET ITEM

The current budget line item funding is \$23 million, which primarily funds the Statewide Sector Directors, previously known as *Sector Navigators*, and Regional Directors, formerly known as *Deputy Sector Navigators*, of the EWD programs. Contract Education/WTDCs remain unfunded.

## 1.3 Performance and Value Proposition Reports

The following studies were conducted to measure the performance and cost effectiveness of the program as a not-for-credit, unfunded initiative:

**Time Structure, Inc., 2010.** A one-time *return-on-investment* report of the CCCCCO's EWD program found that from 2002-2009, 41,000 businesses were assisted, 107,000 students and trainees, and 4,300 individuals were placed in jobs. Average cost per employee trained in a highly concentrated one-time course was \$589. Findings also noted each newly trained worker earned a higher wage, subsequently paying an additional \$450 in state/local taxes over the next three years, and the workers' higher tax payments returned almost 80% of the state's costs for the training. The return on investment – ***for every state dollar spent on business training, two dollars in state-local revenues were generated over next two years*** – more than covered program costs.

**ETP-MEC Performance Report, 2014.** The report was presented to the ETP Panel representing performance data collected from seven colleges holding multiple employer contracts (MEC): Butte College, Chaffey College, College of the Canyons, El Camino Community College District, Glendale Community College, Kern Community College District, and San Bernardino Community College District. The report effectively demonstrated to the ETP Panel:

- MEC Community Colleges consistently had the highest performance rate in delivering regional and statewide training at the lowest cost than any other ETP provider.
- The intrinsic value brought by the Community Colleges.
- Trainees are paid full wages while attending training, an estimated average of \$2.3 million per year.

The presentation of the report's findings resulted in funding increases to the MEC Community Colleges over the following four to five years. Additionally, ETP recognized the community colleges as making major contributions to the delivery of statewide workforce development programs that improved the competitiveness of businesses.

**Dunn & Bradstreet Report-Evaluating ETP Success, 2018.** An ETP sponsored Dunn & Bradstreet report conducted in 2018 showed clear evidence that the customized training programs delivered through MECs played a significant role in moving businesses considered "High Risk" to "Medium Risk" or "Low Risk" status, indicating that these organizations improved their financial stress condition.

*"ETP's long-standing partnerships with community colleges across the state are critical to reaching employers and providing quality job training."*

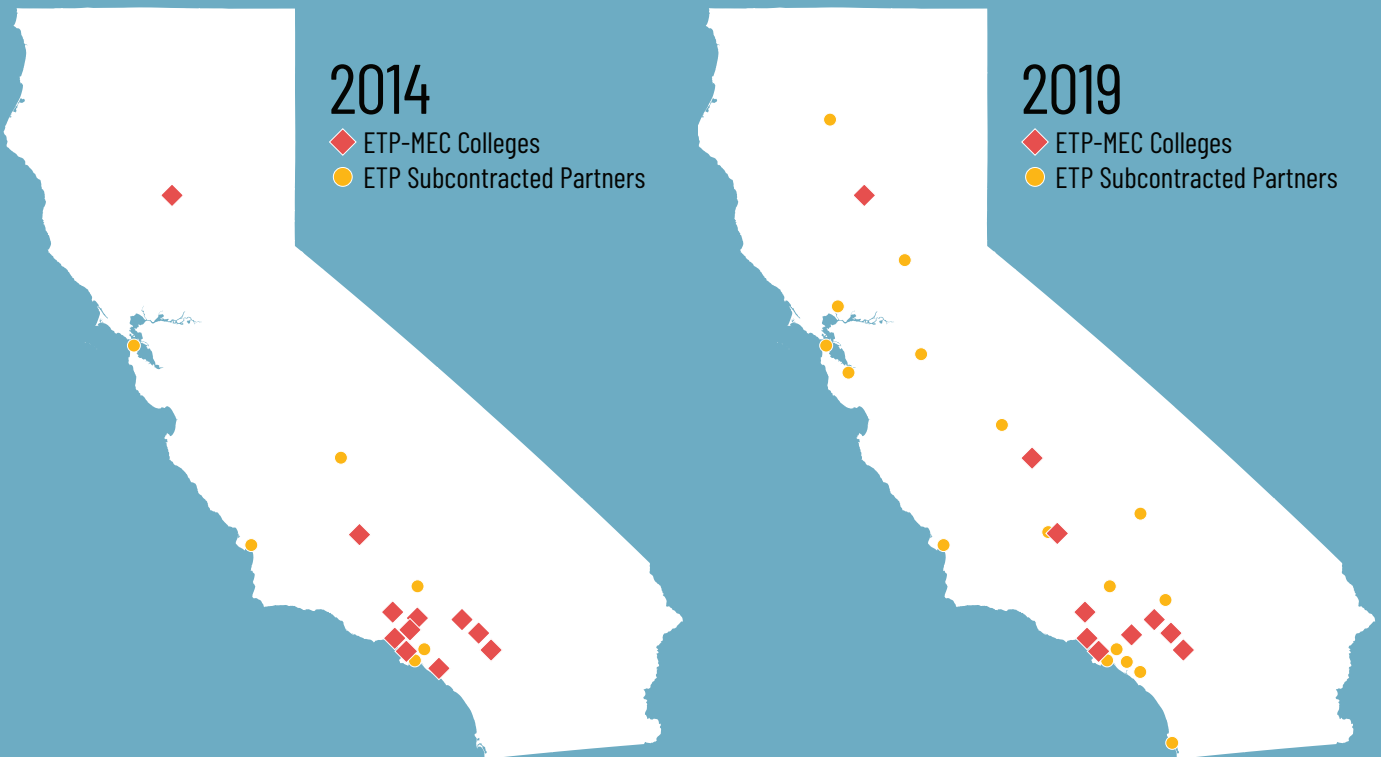
STEWART KNOX, UNDERSECRETARY,  
CALIFORNIA LABOR & WORKFORCE DEVELOPMENT AGENCY,  
FORMERLY EXECUTIVE DIRECTOR, EMPLOYMENT TRAINING PANEL

## 1.4 Expanding Statewide Coverage, 2014-2019

The maps and participant table (Figure 3 and Table 1) highlight the five-year growth and expansion of the ETP college network and training contracts.

Data collected from the ETP-MEC Colleges demonstrates the capability of the CCETPC to reach out to other colleges who do not have ETP relationships or contracts to serve their local businesses. Data also reflects the ability for moving/sharing funding and resources with other colleges around the state. A MEC college can also be a “Receiving College” for funding when they are in between contracts with ETP. Table 1 defines participating colleges either directly (10) or indirectly (18) with MEC contracts.

**FIGURE 3 | GROWTH OF CALIFORNIA’S COMMUNITY COLLEGE MEC AND PARTNERING COLLEGES**



*Participating colleges are named in Table 1 (pg. 22) and Figure 6 (pg. 41).*



**TABLE 1 | CCETPC DIRECT ETP MEC CONTRACTS AND SUBCONTRACTS**

ETP MEC COLLEGES	SUBCONTRACTED COLLEGES
<b>Butte-Glenn Community College District</b>	Napa Valley College* San Jose Evergreen College Shasta College Sierra College
<b>Chaffey College</b>	Saddleback College Victor Valley College
<b>College of the Canyons</b>	Ventura Community College District
<b>College of the Sequoias</b>	Fresno City College*
<b>El Camino Community College District</b>	Antelope Valley College Butte Glenn Community College District* Cerritos College* Chaffey College* City College of San Francisco Long Beach City College Rio Hondo Community College Riverside Community College Saddleback Community College
<b>Kern Community College District</b>	Antelope Valley College College of the Sequoias* Cuesta College
<b>Mt. San Antonio Community College</b>	
<b>Riverside Community College District</b>	Cerritos College*
<b>San Bernardino Community College District</b>	Butte-Glenn Community College District* Cerritos College* Fresno City College* Napa Valley College* Modesto Junior College Rancho Santiago Community College District Riverside Community College District* San Diego Community College District San Mateo Community College District Saddleback College Victor Valley Community College District
<b>Santa Monica College</b>	

**COLUMN 1:** ETP-MEC Colleges, Primes. **COLUMN 2:** Colleges that have Inter-MEC subcontracts with Primes.

\* Reference multiple interagency agreements to fund delivery of rapid response programs and services. Primes hold multiple agreements to fund projects between ETP contract agreements and collaborate on projects such as the Certified Nursing Assistant as reported on page 23.

## COLLABORATIVE IN ACTION

### Clean Energy / Alternative Fuel

**Challenge:** Meeting regularly with industry executives, Contract Education became aware of employee skills gaps as organizations transitioned from diesel to electric and hybrid vehicles.

**Solution:** The Advanced Transportation and Alternative Energy (ATRE) centers in four locations collaborated to deliver customized workplace training statewide. ATRE programs focused on alternative fuel and vehicle training in a variety of clean air technologies for light- and heavy-duty vehicles.

#### STATS

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Started: **2011**

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**4** Colleges

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**57** public employers, regional transits, cities, municipalities and businesses benefited

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**1,213** trained, including **890** mechanics and **323** firefighters and police officers

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Full details can be found in Appendix B.

## COLLABORATIVE IN ACTION

### Certified Nursing Assistants (CNAs)

**Challenge:** Skilled nursing facilities needed more certified nursing assistants (CNAs), starting in Spring 2018, due to a change in state-required staffing ratios.

**Solution:** Working in concert with skilled nursing facilities, Workforce Training and Development Centers determined that many facilities had training programs in place but needed help with training costs. Six participating colleges pooled their ETP funding to reimburse employers who trained new hires.

#### STATS

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Started: **2018**

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**11** Cities

---

**6** Colleges

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**238** trained (2018)

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**95%** passed training, became certified, and met 90-day retention requirement at Windsor Chico Care Center

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Full details can be found in Appendix B.

## 1.5 Current Workforce Training & Development Centers

Today all the California Community Colleges share an explicit economic and workforce development mission, which is to *impact the state's economic growth and competitiveness through industry-specific education and training that helps create a highly skilled workforce* (Section 66010.4, 1996).

The community colleges fulfill the mission by:

- 1) Graduating students with the academic education and skills that meet the workforce needs of business.

And the WTDCs fulfill the mission by:

- 2) Helping meet businesses' needs by providing not-for-credit, intensive, workforce training through **Workforce Training & Development Centers**. This training helps increase productivity and closes the skills gap within the employer's organization.

**Workforce Training & Development Centers** are self-funded, entrepreneurial units within a community college that deliver responsive, customized employee training and workplace education solutions that help organizations meet their strategic goals. Through regional and statewide collaboration among colleges, a vast network of resources and subject matter experts are leveraged to deliver employee training programs and customized training onsite at the employer's facilities, or on the college campus.

**Workforce Training & Development Centers serve** California businesses, government agencies, and not-for-profit organizations. Customized training has been delivered to employees working in nearly every major industry sector that fuels the California economy—from manufacturing and aerospace to agriculture and healthcare. Those employees benefitting from customized training include college graduates, employees with some college, and non-degreed individuals who obtained their skills and experience through alternative pathways such as apprenticeships, on-the-job training, and attainment of professional certifications.

**FIGURE 4 | WDC UPSKILLING CYCLE**



**WDC** = California Community Colleges **Workforce Training & Development Centers**

## 1.6 Community College ETP Collaborative Model

The CCETPC formed in 2014 has become a proven performance-based model for delivery of direct employer-driven training:

- Whether an employer's training needs are regional or statewide, the CCETPC makes the delivery of employee training programs to multiple locations throughout California a smooth, efficient experience. To accomplish this, the CCETPC can act as a single point of contact to coordinate and manage resources and expertise of several community colleges into a consistent, seamless solution for employers.
- Companies and agencies utilizing customized training programs to help keep employees' skills current with the latest industry, technical, and business practices is evidenced by the growth of community college engagement and increase in ETP-MEC contracts throughout the state.
- With the community colleges backbone, 114 physical campuses, a college MEC can leverage a vast and rich inventory of curriculum and network of highly competent subject matter experts to deliver training programs to businesses anywhere in the state. Community college MECs can shift resources (curriculum, subject matter experts and funding dollars) among colleges to better serve businesses.
- The track record of delivering high-quality employee training and consulting has resulted in a lower cost than other ETP training providers.
- Workers receive direct benefit from higher employment and wages generated by skills upgrading.
- Community businesses and residents benefit from the spending of additional income earned by program enrollees.
- There is also substantial evidence showing that after receiving non-credit training some employees with no college degree become motivated to enroll in college for-credit programs.

As a result of the CCETPC model, ETP has shown great interest in leveraging CCETPC's reach and access to businesses by building and strengthening capacity for training through more partner colleges.

## CHAPTER 2

# CCETPC's Data Evidence Findings

"We must ensure we educate and train workers for the jobs of the future"

"...the Commission's primary mission shall be to study, understand, analyze, and make recommendations regarding...the best way to preserve good jobs, ready the workforce for the jobs of the future through lifelong learning, and ensure shared prosperity for all."

CALIFORNIA GOVERNOR, GAVIN NEWSOM, AUGUST 30, 2019



California's challenge was highlighted in the California Competes *Back to College, Part 1* study identifying the need for Two Million degreed or certified workers by 2025.

More recently **California Forward**<sup>10</sup> and the **California Stewardship Network**, bipartisan government reform to improve economic vitality, are participating with Governor Newsom on his Regions Rising Initiative, for a shared agenda to improve regional competitiveness. Governor Newsom has been promoting a policy agenda focused on creating a **California for All** and has established a Future of Work Commission<sup>11</sup> to be guided by Secretary of Labor, Julie Su and Chief Business Advisor, Lenny Mendonca, Governor's Office of Business & Economic Development.

10 California Economic Summit 2019, <https://caeconomy.org/>

11 California Future of Work Commission and Institute for the Future, <http://www.iff.org/home/>



**California Forward**, endorsed by the governor, identified in 2018 the **One Million Skilled Workers Challenge** to help fill the growing demand for “middle-skill” positions that require more than a high school diploma but not necessarily a degree to create career opportunities for individuals. Both initiatives and plans are focused on meeting the 2025 projected demand by industry for skilled employees.

## California Forward • Priority Actions in 2019

### FORMALIZE STRATEGY IN STATE POLICY:

Work with the Governor and Legislature to formalize in state policy a plan for developing and advancing a regions-based state strategy for inclusive and sustainable growth.

This formal **state policy will be predicated on strong analytics to inform decision-making at community, regional, and state levels**—and it should encourage proactive coordination among state agencies and in partnership with regions to drive shared goals.

### PROMOTE LIFELONG LEARNING:

Amplify the need for investment in **“upskilling” infrastructure** and identify and support real solutions.

The following outlines evidence-based data on the CCETPC program and delivery outcomes as well as alignment with state policy and goals to meet “all” the workforce needs of Californians.

## 2.1 Quantifiable Data Analytics and Impact

California Forward’s 2019 priority actions are predicated on strong analytics to inform decision-making — *CCEPTC has one of the only “working” bodies of data of a tested model aligned with Lifelong Learning.*

For purposes of strong analytics for decision-making, CCEPTC’s tracking data and outside assessments provide an excellent data sampling of 17.21% of the One Million Skilled Worker

Challenge.<sup>12</sup> Table 2 (next page) summarizes and highlights the data tracking of all employer-based training since 2010. The data is verified by ETP training audits. Appendix A provides charts and data notes that further detail the clientele participating in the trainings, age and education cohorts and trainings.

## Key Data Findings

- Training demand occurs at the greatest rate upon career entry but continues throughout the career cycle, 30-40 years, supporting the Lifelong Learning challenge and need for upskilling infrastructure.
- Training demand is equally distributed between non-degreed and degreed trainees, and between the ages of 25-54, highlighting the need for continuous improvement due to technologies and system advancements in the workplace.
- Industry with largest demand is advanced technology and manufacturing, those businesses boosting California's trade.
- Of those upskilling, 49.4% have some college or are college graduates, 38.2% are high school graduates, validating industry's request for qualified employees and closing of the skills gap.
- Industry is seeking certifications for specific job skills throughout the career lifecycle.
- Career wage gains after upskill training averaged 20%, with average hourly wage for a trainee starting at \$24.85; nearly 30% higher than the reported \$19.04 average California wage.
- Hispanics and Asians account for more than half of the training hours completed and the number of enrollees, evidence of the diverse and inclusive employment base.
- Wage gains for those with some college and upskill training/certificates was consistent with wage gains of those individuals with degrees.
- Employers that participated in these initiatives showed significant improvement in financial stability over organizations that did not.

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<sup>12</sup> CCETPC 172,115 clients tracked.

**TABLE 2 | CCETPC TRAINING TRACKING SUMMARY 2010-2018**

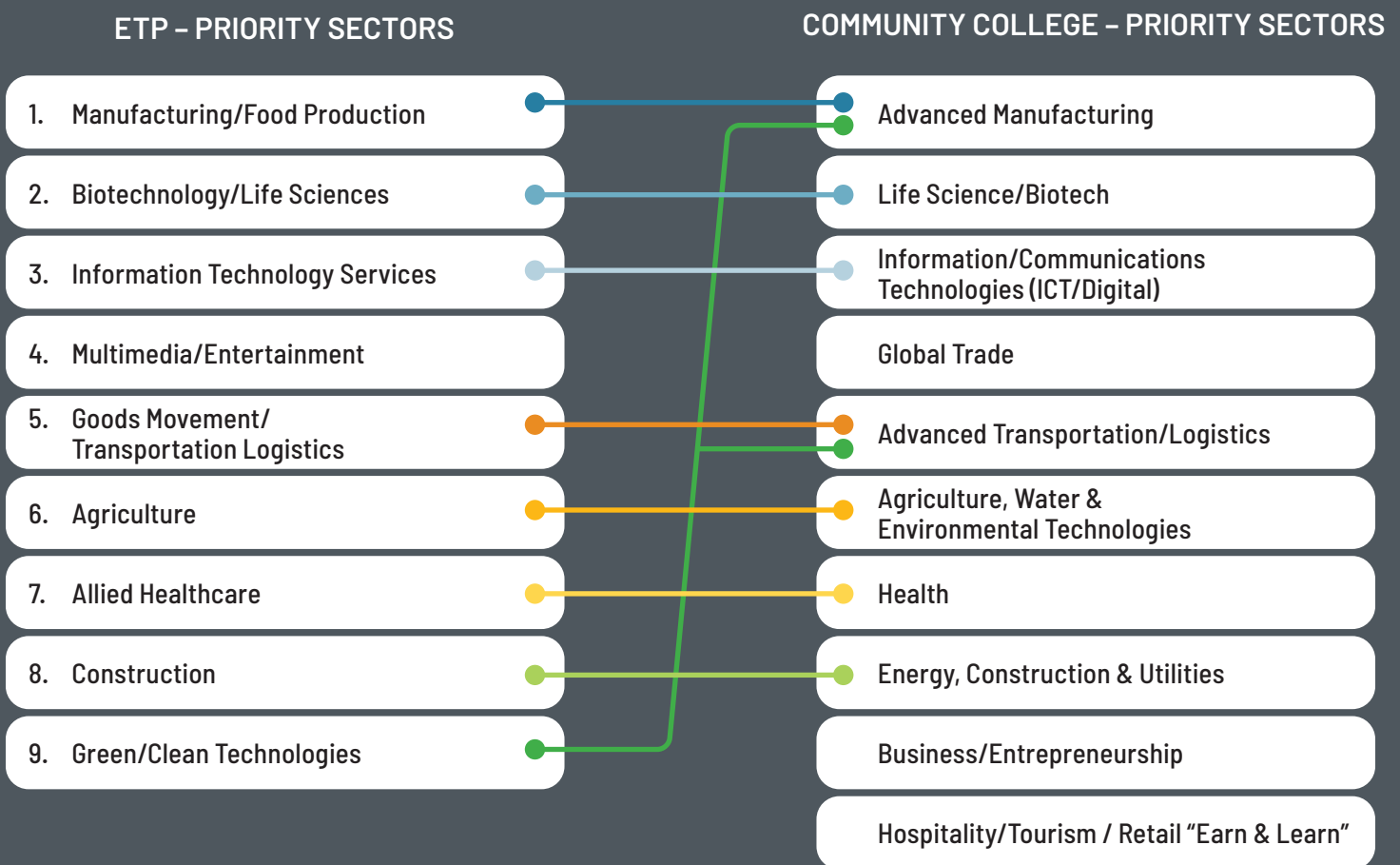
PARTICIPANTS							
Employers Served	3,044	340 per year, annually increases due to demand					
Trainings	45,654	Participating trainees (Source: ETP Annual Report)					
	743,904	Training hours conducted					
Trainees by Age Group	<25	25-34	35-44	45-54	55-64	65>	
	6.7%	29.96%	26.9%	23.25%	11.62%	1.49%	
Training Hours	6.52%	30.37%	26.29%	23.30%	11.96%	1.54%	
Trainees by Education	<8th Grade	Some HS	GED	HS Grad	Some College	College Grad	Post College
	3.0%	3.25%	4.66%	38.2%	26.43%	22.97%	4.46%
Training Hours	3.40%	3.23%	4.62%	33.01%	28.21%	23.47%	4.06%
Ethnic Distribution	Hispanic	White	Asian	Black	Other		
	48%	31%	9%	4%	8%		
TRAINING							
Industry Training	Manufacturing	Wholesale Trade	Transportation	Agriculture			
	51.53%	19.76%	7.75%	5.70%			
Specific Curriculum	Continuous Improvement	Business Skills	Manufacturing Skills	Advanced Technology			
	39.95%	19.86%	13.75%	4.32%			
WAGES							
Wage Ranges	\$19.01 to \$40.73	Wage ranges are dependent on industry, specific occupation and skill levels.					
Average Hourly Wage of Trainee	\$24.85	Post-retention wages; a 20% wage increase.					
INVESTMENT							
Public-Private Investment	1:1 Ratio	100% match of private employer investment to ETP investment. The employer is required to pay employee wages during training.					
	\$18.5MM	Employers paid employees while attending upskill training.					
	\$728	Average state cost per trainee (ETP 2017-18 Report). Range \$728 to \$2,493.					
	\$450	Average additional taxes each newly trained worker contributes annually (first three years after training).					
	80%	Of the state's investment in training is returned through the economic impact of higher skilled/paid employees.					
	97%	Student retention rate.					

## 2.2 California's Priority Industry Sectors

A guiding principle for CCETPC is to focus training delivery to California priority sectors providing industry-specific training for upskilling incumbent workers and providing pathways for new entrants to priority sector careers.

California's priority sectors are identified by both ETP and California Community Colleges, informed by economic and employment data. These are the industries that drive the economy, having higher than averages wages, representing California's global competitiveness and emerging innovation and technology.

**FIGURE 5 | ALIGNMENT OF PRIORITY SECTORS – ETP AND COMMUNITY COLLEGES**



To address the needs of the priority industry sectors, specialized courses are offered falling into eight basic skills categories, which have multiple courses related to the skills set. The specific courses utilize a base curriculum and then customized to the needs of the employer. This method results in continuous creation of a diverse range of training options for employers/employees. Customizing allows the incorporation of new technology, equipment and efficiency tools for the industry.

Table 3 highlights the diversity of courses conducted. Note: communication skills is a high demand course for all industries and across the board for age and ethnicity. Communication and the ability to work in teams is a critical need for all industries, not one that can easily be taught in the classroom.

## COLLABORATIVE IN ACTION

### Manufacturing

**Challenge:** *Impresa Aerospace operates on tight margins as part of the supply chain to major companies such as Boeing. It's a build-to-print aerospace sheet metal shop where there's a small pool of highly skilled operators. Training is essential to avoid costly errors and retain talent, but the cost is prohibitive.*

**Solution:** *El Camino College offers dual advantages:*

*1) Expertise in facilitating the ETP application process, and  
2) delivery of training customized to the company's specific requirements and employee skill set. In fact, one instructor incorporates employee drawings into the coursework, allowing employees to learn by critiquing real work scenarios. Every hour an employee spends in class is a lost hour of production; this training ensures that every minute counts.*

#### STATS

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Started: **2013**

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**1** City

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**1** College

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**15-20** employees per class

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**40** hours of instruction over 10 weeks (600-800 manufacturing hours)

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*Full details can be found in Appendix B.*

**TABLE 3 | PRIORITY SECTOR TRAINING COURSES**



### ADVANCED TECHNOLOGY

- ASE Certification Alternative Fuels (F1)
- ASE Certification Electrical, Emissions - A6, H6, S6, T6
- Codes & Standards Covering CNG Cylinders
- Cummins CNG engine/fuel systems
- Electrical - Voltmeter, Schematics, Electrical Principles
- Hybrid Vehicle Maintenance & Diagnostics
- Sustainability for Management Systems



### BUSINESS SKILLS

- Business Grammar and Writing Skills
- Communication Skills
- Customer Service
- Performance Management Skills
- Presentation
- Project Management



### COMMERCIAL SKILLS

- Preventative Maintenance Inspection
- Schematic Reading-Electrical Troubleshooting and Repair



### COMPUTER SKILLS

- CAD Cam Engineering Software Training
- Computer Skills for Production & Inventory
- Microsoft Office Advanced



### CONTINUOUS IMPROVEMENT

- APICS
- Frontline Leadership
- Hazardous Materials
- ISO (International Organization for Standardization)
- Lean Manufacturing
- Problem Solving
- Quality
- Root Cause Analysis
- Six Sigma



### LITERACY SKILLS

- Vocational English as a Second Language



### MANAGEMENT SKILLS

- Leadership
- Supervisory Skills



### MANUFACTURING SKILLS

- Blueprint Reading
- Electrical Fundamentals
- Geometric Dimension & Tolerances
- Industrial Maintenance
- Inventory Management
- Manufacturing & Assembly
- Pneumatics



## 2.3 Lifelong Learning Imperative

California's unemployment rate is very low (4.1%, July 2019) with US unemployment 3.75% for the same period. Employers are having a harder time filling blue-collar positions than professional positions. This environment is creating a competitive job market for employee recruitment and retention and contributing to the demand for One Million middle-skill workers.

In addition to the CCETPC evidence-based data, current research<sup>13</sup> finds the current global work environment requires most employees to be trained in higher skills beyond high school, a fundamental shift called the "middle-skills pathway." This is also driving the Lifelong Learning and Upskilling Imperative where skills and knowledge must keep pace with industry changes to remain competitive.

Most of the growth in good jobs has been in these middle-skills jobs. Some of those include blue-collar jobs as well as middle-skills technical jobs. The continuous middle-skills jobs training has created a needed increase in services for apprenticeships, certifications, on-the-job training, associate degrees, Career and Technical Education and Lifelong Learning.

Upskilling is now a mainstay for industry. Rapidly changing technology and competition has created an environment of upskilling throughout an individual's career (30-40 years) Employers have had to keep up with the latest deeper and broader competencies required in today's technical work environment and provide training for employees on a regular

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<sup>13</sup> Carnevale, A. P., Strohl, J., Ridley, N., & Gulish, A. (2018). Three educational pathways to good jobs: High school, middle skills, and bachelor's degree.



# A Case for Lifelong Learning & Upskilling

By Adecco Group & Boston Consulting on Future of Work

Technology is transforming how we live, think and work.

Recent advances have created a plethora of new jobs and repurposed traditional roles to such an extent that they require a completely different mix of competencies. Businesses understand that they will not thrive – and may disappear altogether – if they do not adjust their strategies to seize the advantages afforded by digital technologies. In preparation, firms are reorganizing their teams for a digital future, implementing automation and hiring specialist employees.

As this reorganization continues, *the trend is for relatively few legacy workers to be kept in place and upskilled*. In turn, the newly unemployed must look for work in a job market that has moved on without them. And, as a result, we see **growing structural unemployment** – the mismatch between the skills that businesses are looking for, and the skills that workers in the economy can offer.

***When companies face critical skill shortages, as they increasingly do, it is a worrying sign for economic growth and productivity.***

A workforce that is aging and marked by the growth in untraditional “gig economy” jobs – which place the responsibility for training upon the individual – exacerbates the challenge. *Would this situation be improved if there was a focus on re-/upskilling the existing workforce?*

A shift in focus is needed. “First is a shift in mindset, we need a more flexible approach, setting a path to re-/upskilling that can be adapted to changing circumstances.”

***Both workers and employers acknowledge the need for new skills, but no system is in place now to provide those skills.***

“In terms of coping with the transformation of the world of work, reskilling and life-long learning are essential,” said Alain Dehaze, CEO of The Adecco Group. “It’s absolutely critical, because we lose workers, we lose the knowledge, productivity falls, revenue drops, and that can halt business.”

basis. Younger workers, with and without degrees, are increasingly joining the middle skill workforce. Older workers need the Lifelong Learning infrastructure to stay competitive in the market. These two factors drive the need for lifelong skill training within industry.

## 2.4 California Community Colleges – Meeting California’s Needs

“We have initiated innovative, and, some would say, disruptive changes that re focused on achieving these goals....”

“The Vision for Success guides interrelated reforms that will make higher education more accessible and equitable for millions of Californians at a time when the state needs it most.”

**BOARD OF GOVERNORS,  
CALIFORNIA COMMUNITY COLLEGES  
BUDGET & LEGISLATIVE  
REQUEST FOR 2020-21**

**SEPT 17, 2019**

In 2017 the California Community Colleges released Vision for Success, Strengthening the California Community Colleges to Meet California’s Needs.<sup>14</sup> Goal 1 is to **increase by at least 20 percent the number of California Community College students annually who acquire associate degrees, credentials, certificates, or specific skill sets that prepare them for an in-demand job.** This increase is needed to meet future workforce demand in California, as analyzed by the Centers of Excellence for Labor Market Research. This goal is consistent with the recommendations of the California Strategic Workforce Development Plan.<sup>15</sup>

Equally important to the number of students served will be the type of education they receive through programs, awards, and course sequences needed to match the needs of regional economies and employers.

The California Workforce Strategic Workforce Development Plan is also a key aligning policy to meeting “all” workforce needs of Californians where CCETPC has strong integrated services, specifically in the following policies:

- 1) **Sector Strategies:** Policy initiatives designed to promote the economic growth and development of a state’s competitive industries using strategic workforce investments to boost labor productivity.

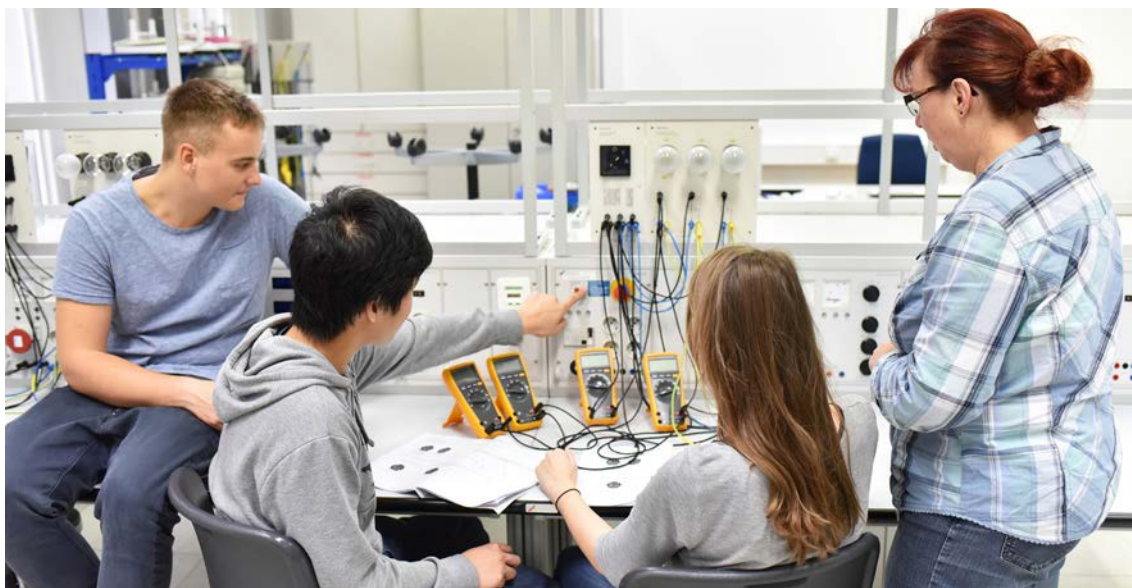
<sup>14</sup> California Community Colleges, Vision for Success, Strengthening the California Community Colleges to Meet California’s Needs, <https://vision.foundationccc.org/>

<sup>15</sup> California’s Unified Strategic Workforce Development Plan, [www.cwdb.ca.gov](http://www.cwdb.ca.gov)

- 2) **Earn and Learn:** Policy designed to facilitate skills attainment while also providing some form of compensated work experience, allowing “earning” income while “learning” to do a job. Many have barriers to employment and cannot afford to attend an education or training program full time. “Earn and Learn” opportunities are an important strategy for success.
- 3) **Organizing Regionally:** Labor markets and industry are both organized regionally. Organizing workforce and education programs regionally increases the likelihood that workforce and education programs can be aligned to serve the needs of labor markets.
- 4) **Integrating Services and Braiding Resources:** Integrating service delivery and braiding resources are ways that workforce and education programs can achieve program alignment and assure access to the broad array of services funded across the state’s workforce and education programs.

The CCETPC, although an unfunded, not-for-credit program within the California Community College system, is positioned to play a significant role in meeting the goals of the California Community Colleges and integrating with the California Workforce Development Boards regionally with the employer-valued skills training conducted directly with employers addressing regional economies.

The WTDCs, as part of the system, collaborate with academic programs, credit and non-credit. Often the development of new academic programs, meeting industry standards and needs, has been initiated by the WTDCs as not-for-credit offerings that have subsequently become part of credit programs bringing adults into community colleges for higher levels of education.



## 2.5 Upskill Training as a Business Retention & Expansion Tool

The CCETPC training programs being implemented with industry in many parts of California is one of the best programs to retain and expand existing businesses in California.

According to employer feedback, these trainings 1) serve the population with the greatest skills gap, 2) address critical skills needed in operations, 3) reduce turnover rate, and 4) create higher levels of teamwork, communications, safety and productivity. These trainings also assist the business in reducing turnover rate which reduces cost – a *2018 LinkedIn Workforce Learning Report*<sup>16</sup> stated *93% of employees said they would stay in their current job if their employer offered training and supported their career growth*. The data findings also identified, in addition to skills upgrades, improvement and efficiency in business operations.

Many businesses look to the state or region for incentives to help them be competitive against out-of-state businesses. Qualified, skilled and productive employees, that are consistently upgrading their skills and knowledge provide California businesses a competitive edge.

These trainings should be a key **Business Retention & Expansion Tool** in each region of California. Not only as a business retention/expansion tool but also an attraction value proposition – labor quality, talent and skills are often the number one decision factor for new businesses locating in the state. *Adding these programs as part of a recruitment package will add a competitive advantage for California.*

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<sup>16</sup> LinkedIn Learning, 2018 Workplace Learning Report (PDF), <https://www.cornerstoneondemand.com/sites/default/files/partner/asset/files/linkedin-learning-workplace-learning-report-2018.pdf>

## CHAPTER 3

# Institutionalizing CCETPC Funding

California employers are challenged with labor shortages, continuous innovative and technology changes in the workplace, and production inefficiencies. At the speed these challenges are happening, the ability to rapidly respond to an industry's immediate need is critical in keeping the employer competitive in the global market as well as keeping a labor force highly productive with transfer skills.



Guiding documents from *California Community Colleges, Vision*; *California Strategic Workforce Development Plan*; *California Competes, Part One & Two*; and *California Forward 2019 Roadmap to Prosperity* share the same goal for California to remain competitive in the global market. We must meet the challenge to provide industry with both degreed and middle-skilled training – **One Million Middle-Skilled Workers by 2025**.

### 3.1 CCETPC Model, Part of the Solution

The CCETPC is poised to expand its local, regional and national leadership role. The CCETPC model is a proven, evidence-based model:<sup>17</sup>

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<sup>17</sup> Appendix, Success Stories



### CCETPC MODEL (CONTINUED)

- Aligns with current industry needs for upskilling employees in order to retain valuable employees.
- Provides the necessary training for career advancement or returning to school for a degree.
- Inclusive of all population groups – ethnicity, age, education and gender.
- Engages with California priority sectors to ensure it is an accepted model by industry.
- Customizes training to specific industry or innovation operation.
- Provides measurable return on investment to State of California.
- Provides a footprint and distribution network to cover all regions of California via Community College campuses (114).
- Quickly incorporates needed changes in for-credit curriculum and career pathways to WTDC’s direct industry knowledge of changing workplace requirements, thus continuing to drive state-of-industry education and future work.

Skills, knowledge and competencies are increasingly becoming important factors for credit, non-credit and not-for-credit programs. Recording of competencies, through direct employer engagement, will aid in responding quickly to the needs and changing requirements of industry and incorporating those competencies into education and workforce training.

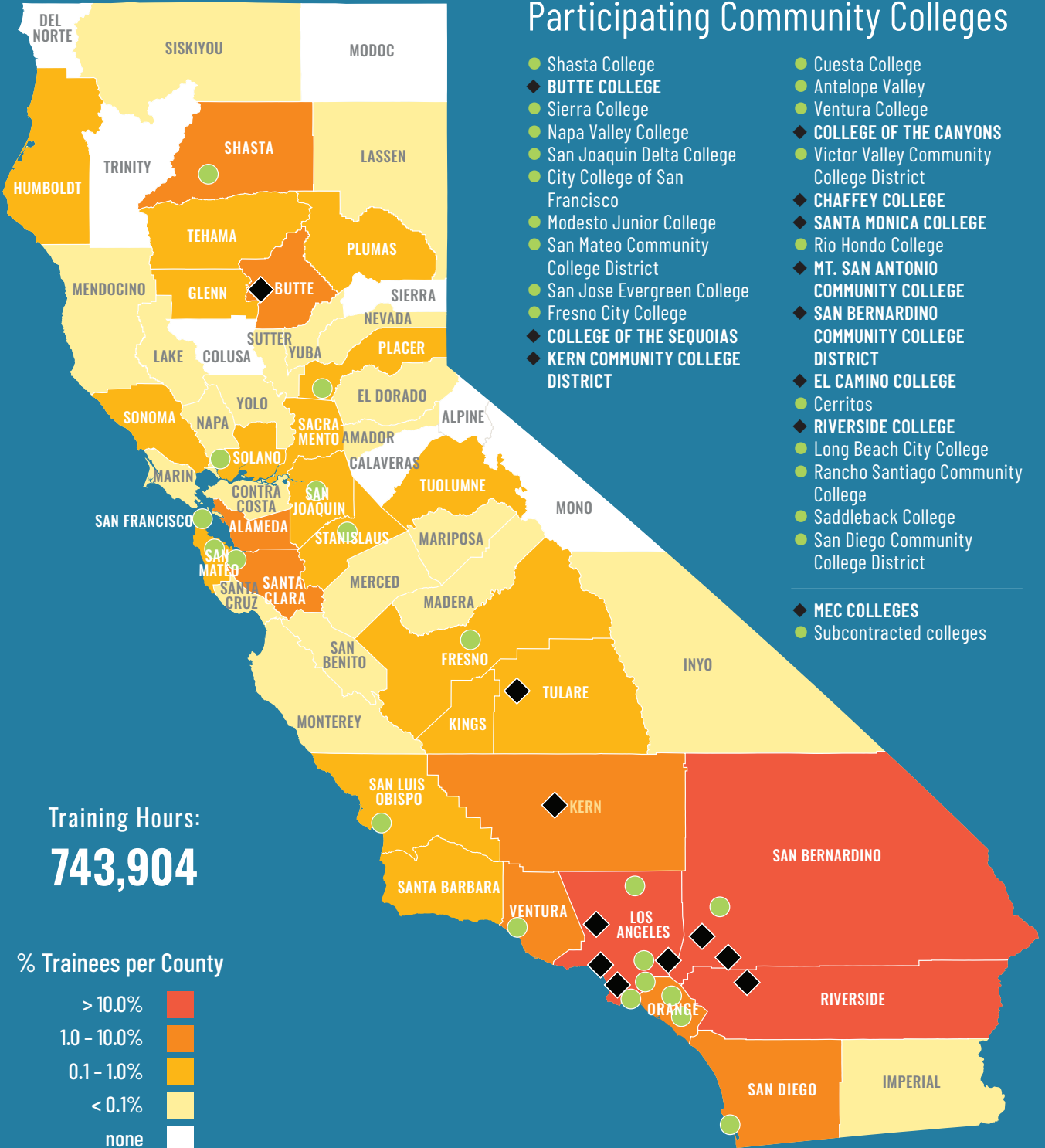
As demonstrated by CCETPC statewide and performance results this should easily be a successful model and framework in meeting California’s overall workforce challenges to increase the skilled talent pool, close the gap with adults and assist California employers to remain competitive in a global market.

FIGURE 6

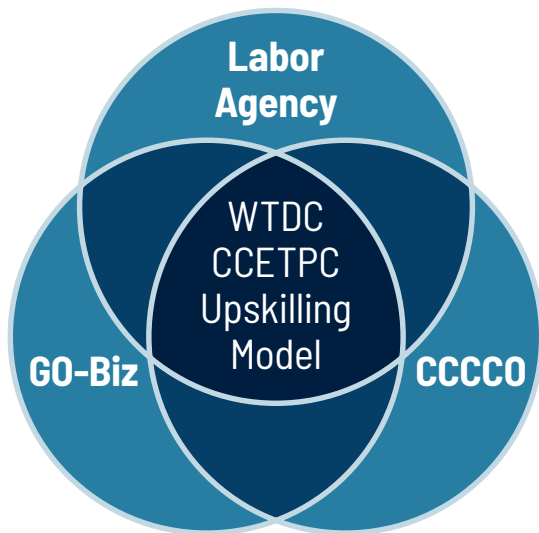
# 2010-2018 CCETPC Counties Served

## Participating Community Colleges

- Shasta College
- ◆ BUTTE COLLEGE
- Sierra College
- Napa Valley College
- San Joaquin Delta College
- City College of San Francisco
- Modesto Junior College
- San Mateo Community College District
- San Jose Evergreen College
- Fresno City College
- ◆ COLLEGE OF THE SEQUIOIAS
- ◆ KERN COMMUNITY COLLEGE DISTRICT
- Cuesta College
- Antelope Valley
- Ventura College
- ◆ COLLEGE OF THE CANYONS
- Victor Valley Community College District
- ◆ CHAFFEY COLLEGE
- ◆ SANTA MONICA COLLEGE
- Rio Hondo College
- ◆ MT. SAN ANTONIO COMMUNITY COLLEGE
- ◆ SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
- ◆ EL CAMINO COLLEGE
- Cerritos
- ◆ RIVERSIDE COLLEGE
- Long Beach City College
- Rancho Santiago Community College
- Saddleback College
- San Diego Community College District
- ◆ MEC COLLEGES
- Subcontracted colleges



## 3.2 Connecting the CCETPC Model



The One Million Middle-Skilled Worker goal by 2025, supported by Governor Newsom,<sup>18</sup> is embedded in the policies and operations of three key state agencies: the Chancellor’s Office, Labor Agency, and Governor’s Office of Business & Economic Development (GO-Biz).

The CCETPC model provides clear advantages and opportunities for agencies to meet the shared goals of achieving solutions to workforce challenges and supporting strategic internal operating policies:

**Governor’s Office of Business & Economic Development** – For new and existing business, labor force (talent) is the key decision for expanding or locating in California. Business needs to know they have a candidate pool that is either trained or can be trained in their specific industry before they will make an investment.

**CONNECTING POINT:** Structure the CCETPC Model as a business retention & attraction tool; link locally in regions with state offices and local economic development offices.

**California Labor & Workforce Development Agency** – Labor Agency is responsible for coordinating workforce programs and ensuring access to employment and training programs, specifically Employment Training Panel, Workforce Development Board(s) and Employment Development Department.

**CONNECTING POINT:** The CCETPC model is already closely connected with the agency, has a working partnership with ETP and is integrated with the local Workforce Development Boards.

**CONNECTING POINT:** CCETPC could further integrate and expand joint efforts that meet the policies of the Strategic Workforce Development Plan, such as sector strategies, *earn & learn*, *organize regionally*, *integrating services and braiding resources*.

<sup>18</sup> California Forward: Roadmap to Prosperity

**CONNECTING POINT:** Full integration could be accomplished with WTDCs hosting (co-location) of local America’s Job Center of California (AJCC). AJCC are designed to be one-stop shop for workforce services, providing a comprehensive range of no-cost employment and training services for employers and job seekers.

**CONNECTING POINT:** Given WTDCs direct work with business in designing curriculum and training in different industry and economic regions, WTDCs are uniquely positioned to enhance and create new business-informed apprenticeship models to meet industry needs.

**California Community Colleges Chancellor’s Office** – CCCC’s EWD mission is to advance California’s economic growth and global competitiveness through education, training and services that contribute to continuous workforce improvement.

**CONNECTING POINT:** The CCETPC model can directly deliver outcome to the CCC’s Vision for Success: *Increase by at least 20 percent the number of California Community College students annually who acquire associate degrees, credentials, certificates, or specific skill sets that prepare them for an in-demand job.* This increase is needed to meet future workforce demand in California.

The CCETPC Model, Middle-Skills Training, with funding would connect goals, policies, resources and deliver outcomes to the Chancellor’s Office, Labor Agency and GO-Biz creating a program that leverages resources and maximizes outcomes for businesses and California.

## 3.3 Scaling the CCETPC Model

This CCETPC model has the opportunity to scale throughout California serving all regions. WTDCs are the answer to immediately **addressing the One Million Middle-Skilled workforce challenge**. The WTDCs, with a consistent funding infusion for five years, can double their current output to achieving the California Community College’s **Vision** in “meeting all of the workforce needs of Californians.”

### Constraints:

Currently the WTDCs are an unfunded program of the CCCCCO. Only 22% of the community colleges are actively participating in this industry-direct training due to **funding**. Additionally, the current funding source for WTDC’s upskill training is the ETP-MECs. The ETP program regulations have a maximum contract of \$750,000 the first year and declining scale of annual funding for “renewal” years for each contract. An increased and more sustainable funding source is required to address the need.

### Scaling Solution:

The CCETPC is prepared to build WTDC’s capacity in underserved regions or expand programs in high concentrated areas of priority sectors. The direct business engagement to develop customized upskilling creates a strong public-private partnership with a built-in feedback loop that will help to inform regional collaborators in the workforce and education space. The ETP-MEC is a proven, successful model and was suggested as a solution by California Competes, Back to College, Part Two.<sup>19</sup>

An unexpected benefit to directly being one part of the solution in closing the One Million Middle-Skilled Worker gap, from an economic development standpoint, is that the WTDC upskilling training can be one of California’s best tools/incentives for business retention and expansion.

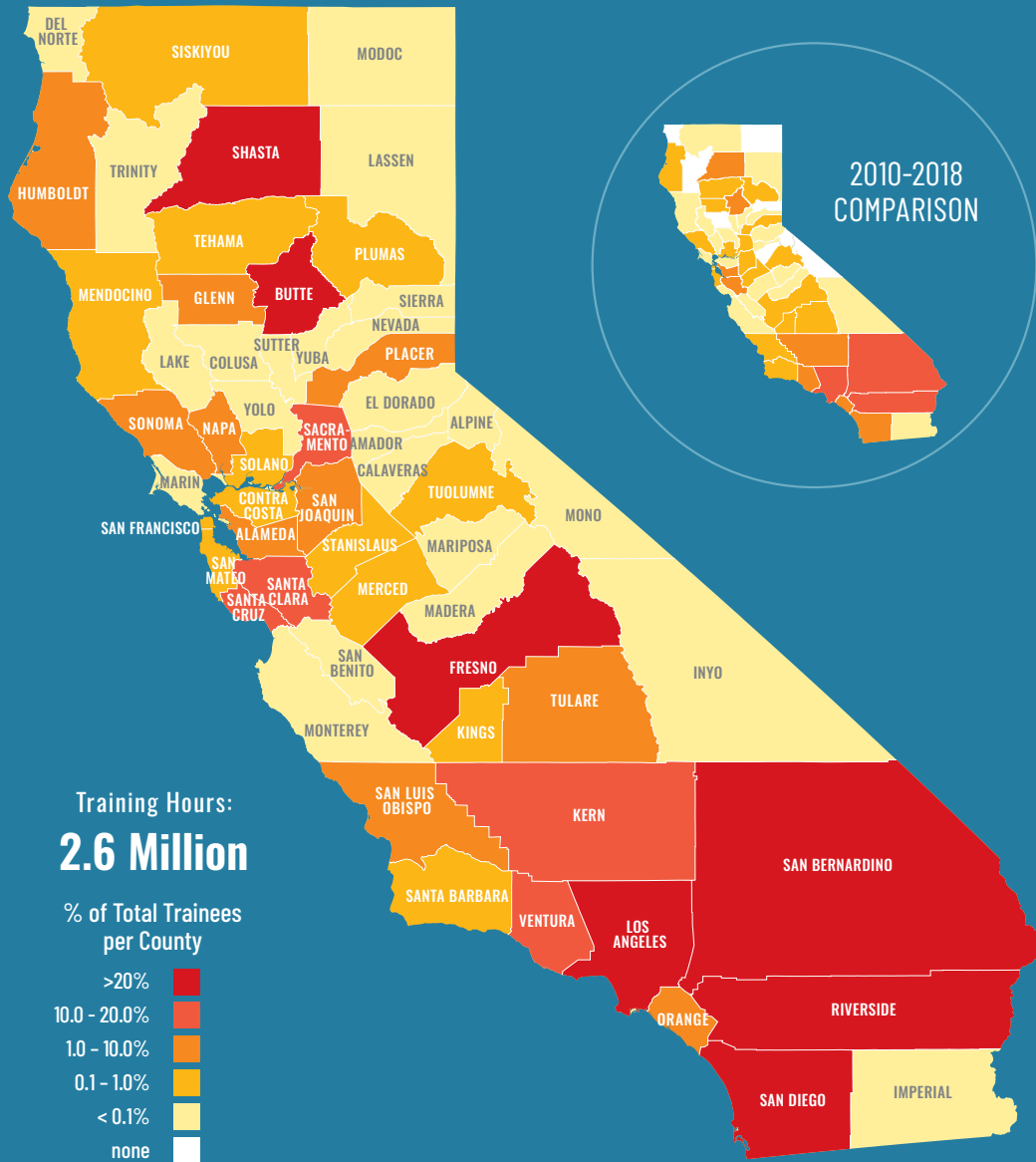
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<sup>19</sup> In 2018 California Competes, Back to College, Part 2, #2 Policy Recommendation suggested the state should pilot a short-term award program through ETP that funds upskilling, especially for adults with some college but no degree, through trainings that explicitly connect to high-demand, high-wage fields. This was already in place through the CCETPC (shown in this report). The report further recommends leveraging existing initiative which is the focus of this paper for scaling the CCETPC model. ETP funding is competitive application based, averaging \$5.2MM investment for the CCETPC model training. Other sources of funding must be obtained to scale the recommended and existing program delivery. <http://californiacompetes.org>

# FIGURE 7

## 2020-2025 Projected Counties Served

14 additional colleges participating • 42 WTDC colleges total



### Governor Gavin Newsom Outlined a Vision of a Modern Social Compact for a Changing Workforce

In his 2019 State of the State address, California Governor Newsom outlined the need for a comprehensive strategy to upskill California’s workforce to ensure that workers are prepared for a changing economy. Governor Newsom also called for the development of a modern social compact for California and spoke about the state’s new Commission on California’s Workforce & Future of Work.

*Reported by Aspen Institute, States Leading the Future of Work, Upskill America*

# CALL TO ACTION

## Funding needed to scale Upskill Training throughout California

1. \$10 million per year, 5-years, \$50 million total to CCETPC, *an Upskilling line item budget.*
2. Administering agencies could be ETP, GO-Biz or Chancellor's office as model, program services and outcomes align with all three agencies.
3. Continue ETP Multiple Employer Contracts (MEC) Community College competitive application funding.
4. Double program size by expanding Participating Colleges from 28 to 42 WTDCs.

## Why CCETPC Upskilling should be expanded?

1. National and international research conducted in the last two years confirm a paradigm shift of work globally and the economic consequences if not addressed. *Upskilling* has been identified as becoming an imperative as part of the solution.<sup>20</sup>
2. Industry and employer demand for Upskill Training is 2.5 times more than funding and resources available.
3. Potential to increase trainees by 190% reaching thousands of vulnerable and disadvantaged populations while creating opportunity to increase their wages by 25%.
4. Serve over 40,000 businesses in 5-years increasing productivity by an average of 8.6% generating new local and state tax contribution estimated at \$112.9 million.
5. LAO Final Evaluation, Community College Bachelor's Degree Pilot, Jan 24, 2020, recommends "*Legislature likely has more effective ways of meeting its overarching objectives of addressing workforce needs.*" "...the Legislature could consider instead of continuing the pilot – encouraging the development of shorter training programs lined with industry needs...."

<sup>20</sup> Appendix D, Cited Works Bibliography, special emphasis on Jan 2020 Milken Institute report, *Preparing California for the Future of Work*



**TABLE 4 | SCALING THE CCETPC MODEL**

# What Outcomes are Expected with a \$50 Million Investment: 2020-2025

With an annual allocation of \$10 Million per year added to the current funding of ETP-MEC contracts, over the next five years WTDCs can scale and immediately deploy Upskill Training creating Impressive results for employers, employees, local and State economies.

2010-2018 Program Results		2020-2025 Projected Results	% Increase
<b>Participating Community Colleges WTDCs</b>			
10	Number of Participating Community Colleges (ETP-MEC Funded Contracts)	13	
18	Subcontracting Colleges ( Inter-MEC Contracts)	29	
<b>28</b>	<b>Total Community College WTDC Participating</b>	<b>42</b>	<b>50%</b>
<b>Trainings Conducted</b>			
<b>45,654</b>	Trainees participating in Upskill Trainings <i>Source: ETP Annual Reports 2010-2018</i>	<b>132,800</b>	<b>190%</b>
<b>743,904</b>	Total Training Hours attended by Trainees <i>Source: ETP Annual Reports 2010-18</i>	<b>2,656,000</b>	<b>257%</b>
<b>\$728.00</b>	Cost Per Training Per Trainee	<b>\$ 696.00</b>	<b>-4.4%</b>
<b>3,044</b>	Number of Businesses Served	<b>40,000</b>	<b>1,214%</b>
<b>Impact of Upskill Trainings</b>			
<b>4.6%</b>	Upskilled Trainees as a % of towards the One Million Middle-Skill Worker Challenge	<b>13.3%</b>	<b>8.7%</b>
<b>20%</b>	Average Increase of Trainee’s Hourly Wages	<b>25%</b>	<b>5%</b>
<b>\$41.0 Million</b>	Local & State Tax contribution due to increase in wages (average \$450 increase per year for 3 years after training)	<b>\$112.9 Million</b>	<b>175.3%</b>
<b>\$5.6 Million</b>	Upskilling increases productivity up to 8.6% increasing output result in a California GDP value	<b>\$15.6 Million</b>	<b>178.5%</b>
<b>4.98%</b>	State of California Return on Investment (ROI) <sup>21</sup>	<b>18.09%</b>	<b>13.1%</b>
<b>Funding Investment</b>			
\$ 39,018,383	ETP-MEC Application Funding. Continue Application Submittal & Funding Awards 2020-2025	\$42,500,000	
0	Receive New Upskilling Funding Allocation, \$10 Million Per Year for 5-Years	\$50,000,000	
<b>\$ 39,018,383</b>	<b>Total Investment in Upskill Training</b>	<b>\$92,500,000</b>	<b>137.7%</b>

21 ROI Methodology, New Local & State Tax Contributions less Training Funding, divided by new Local & State Tax Contributions



*“To maintain and grow California’s Gross Domestic Product among the top five in the world, we must meet demands of employers to continually increase worker productivity and efficiency through increasing skills of our existing and coming workforce. This burden is a partnership of government, education and employers if we are to stay globally competitive. Such a partnership links workforce development and economic development together into a virtuous cycle of career and skills choice for California residents as they shape and change job.”*

ROBERT EYLER, PH.D., DEAN, SCHOOL OF EXTENDED AND INTERNATIONAL EDUCATION  
PROFESSOR, ECONOMICS, SONOMA STATE UNIVERSITY

# Appendix

- A.** CCETPC Evidence-Based Data Findings
- B.** Case Studies
- C.** Links to Additional Data and Literature Resources
- D.** Lifelong Learning & Upskilling Cited Works Bibliography





*“To improve access to education and employment, California leaders will need to embrace and deploy a multipronged approach that restructures the education pipeline and supports place-based investment throughout the state via new funding sources. This approach will require a model of continuous learning.”*

**MILKEN INSTITUTE, JANUARY 22, 2020**

**“PREPARING CALIFORNIA FOR THE FUTURE OF WORK”**

**VISIT [ELCAMINOBTC.COM/COLLABORATIVE](http://ELCAMINOBTC.COM/COLLABORATIVE) FOR THE FULL CCETPC REPORT**

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