EXECUTIVE SUMMARY

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.

FEBRUARY 2020

PREFACE

COVID-19 Rapid Response & Demand Shift

May 30, 2020 - The Community College ETP Collaborative report, ***"Expanding Capacity to Meet California's One Million "Middle-Skilled' Workforce Challenge by 2025,"*** was completed in February 2020 with a March 2020 planned release. With the COVID-19 pandemic it was delayed, however, its relevancy is more important today in this new economic and working environment than it was in February 2020.

Our Workforce Training & Development Centers (WTDC)[1] within hours of the March 19, 2020 Stay-at-Home Executive Order issued by Governor Newsom, pivoted to activate Rapid Response Services to businesses, particularly essential businesses. WTDCs led many triage assistance deployments with other workforce and economic development partners. Examples of rapid response employee training deployed since March 24 to develop tangible actions that will help Californians recover as fast as safely possible include:

1. El Camino College: Created new online not-for-credit transportation courses and adapted its tracking management system for Bay Area Rapid Transit (BART), Long Beach Transit and launched new transit workers safety course, "Safety Training for Frontline Workers & Supervisors in a COVID-19 World."
2. Butte College: 88 virtual employer training courses, 1,125 employees, topics included COVID-19 Attorney Labor Law update, "Virtually Great!" working remote business skills, excel computer skills and OSHA10 safety.
3. Los Rios District: 146 trainings in April for over 3,500 employees.

Workforce Training & Development Centers' Role in Reopening & Recovery

The unemployment rate in California reached 15.5% in April, with corresponding loss of 2.3 million nonfarm payroll jobs. It is estimated May 2020 will see a 20% unemployment rate with 4.7 million filing unemployment claims resulting in a pandemic induced recession.

In partnership with the California Labor & Workforce Agency, we will provide critical job training programs for the rapid re-employment and upskilling of our California workforce. Economists suggest the foundation for economic recovery will be the re-opening to full capacity and expansion of key industry sector drivers:

- Construction
- Manufacturing including manufacturer's onshoring (returning to California)
- Related supply chains

[1] Workforce Training & Development Centers are unfunded units of California Community Colleges, also referred to as Contract Education, primarily supported by Employment Training Panel and industry.

Also, immediate upskilling of workers will be necessary to achieve an upward path to recovery as all business environments changed during the pandemic. Time is of the essence for rapid re-employment.

The core service of WTDCs is providing industry with employee *Upskill Training.* Prior to March 19, and noted in this report, the demand from industry was 2.5 times what could be delivered due to funding limitations.

According to economist **Dr. Robert Eyler** *"the number-one focus for workforce development is increasing upskill opportunities and training in critical sectors, those in high demand, as the sectors reopen and re-employ workers. For workers, as they seek career change, especially if their employer is no longer in business, there may be an opportunity to provide middle-skill and high-skill training and prepare a workforce for the rest of this decade. STEM and coding, manufacturing, construction, and health care are likely the first out of the gate.* ***Industry will be dependent on critical and new skill sets with rapid training to lead recovery and new innovation."***

WTDCs are uniquely positioned to help California meet the moment – *directly meeting the needs and demands of employers in achieving recovery.* WTDC's are the only California Community College program that has the flexibility and nimbleness to change direction on a moment's notice, working hand in hand with California businesses. There is an existing network of 28 Workforce Training & Development Centers throughout California with rapid deployment capabilities to increase direct ***Upskill Training*** with business and industry.

CALL TO ACTION

Immediate Deployment to Upskill Essential Workers

The data, outcomes, and call to action highlighted in the report are now even more important as we deploy our flexibility to engage in the road map to economic recovery.

As documented in this report, and to serve this new urgent demand, the immediate request is to be funded by the California Community Colleges Chancellor's Office as part of the $22.9 million dollar allocation to the Economic and Workforce Development program.

- **Requested Immediate Funding Allocation: $6 million 2020-21,** with a request for $10 million per year for long term Upskilling Training recovery.
- **Deployment Partnership:** California Labor & Workforce Agency, ETP, GO-Biz, WTDCs.
- **Results:** Immediate deployment, increase trainees by 65%, Upskilling training in new critical skills.

EXECUTIVE SUMMARY

California's Workforce Challenge – One Million Middle-Skilled Workers by 2025

The case is clear and well documented by research institutions, advocates and state agency policies[2] – ***California is facing a major challenge in delivering the needed workers to meet industry demands.***

Governor Gavin Newsom has taken swift action to set a policy agenda, *California for All*, establishing a Future of Work Commission and a Regions Rising Initiative, partnered with California Forward, whose **One Million Middle-Skilled Workers Challenge** is a key 2019-2020 initiative.

A **lifelong learning** initiative, as suggested by California Forward and others, with a robust *upskilling* component will 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 Findings

The world of work is undergoing a massive shift. Entire occupations and industries are expanding and contracting at an alarming pace. The skills needed to keep up in almost any job are churning at a faster rate.

To meet this demand, new learning ecosystems are emerging that offer individuals at any stage of life more accessible, less expensive pathways to skills acquisition and higher wages, i.e. *Lifelong Learning* and *Upskilling*.

In **California**, this model already exists with the **Community College Employment Training Panel Collaborative (CCETPC)**, a partnership of Employment Training Panel (ETP) and Workforce Training & Development Centers (WTDCs) of community colleges.

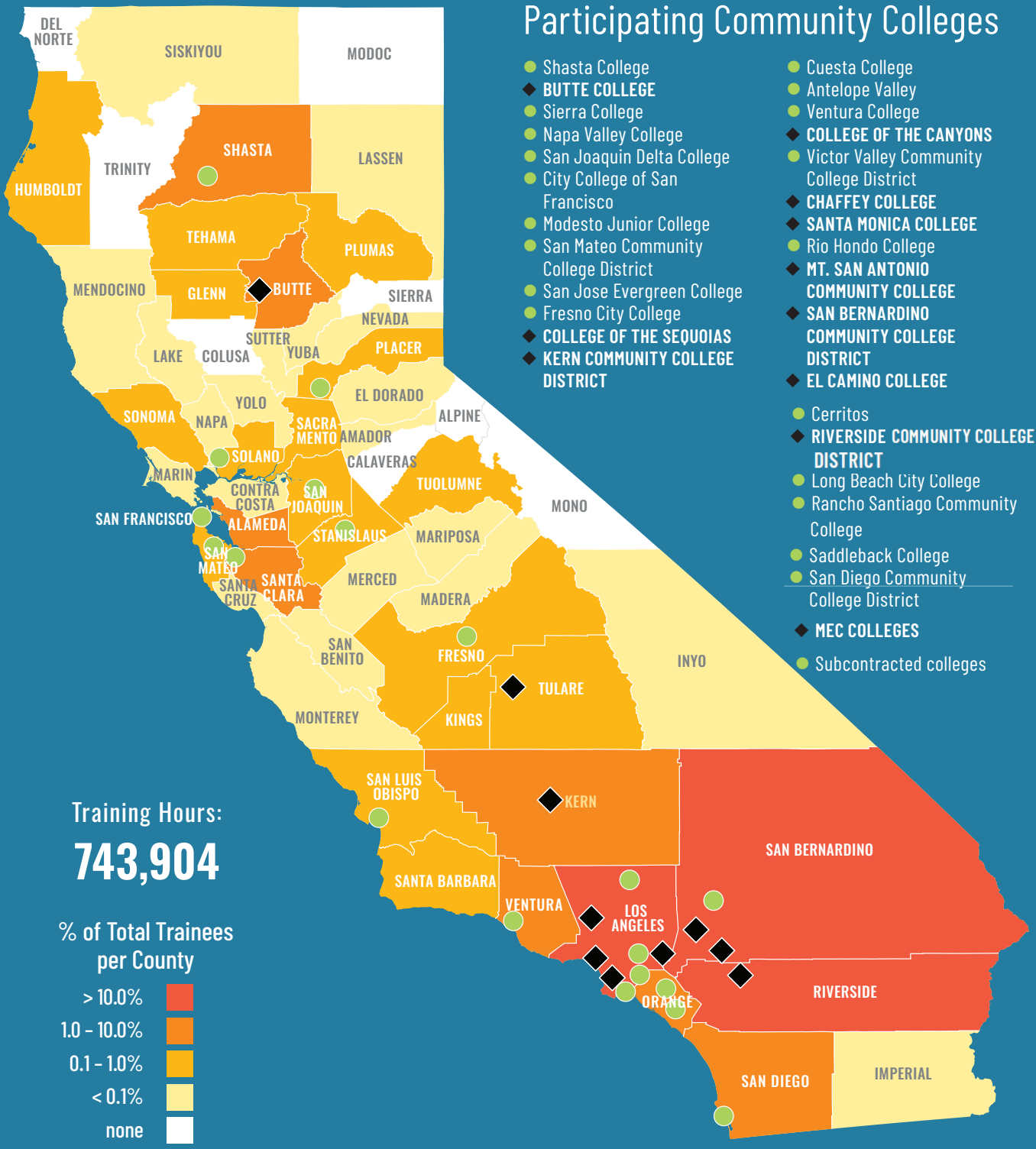
SPEAKING ON FUTURE OF WORK COMMISSION

"...the best way to preserve good jobs, ready the workforce for the jobs of the future is through *lifelong learning* and ensure shared prosperity for all."

CALIFORNIA GOVERNOR, GAVIN NEWSOM
AUGUST 30, 2019

[2] California reports emphasizing the workforce challenge: California Competes, Back to College Part 1; California Forward; Center for a Competitive Workforce, California Community Colleges; California Unified Strategic Workforce Plan.

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 SEQUOIAS**
- **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 COMMUNITY COLLEGE DISTRICT**
- Long Beach City College
- Rancho Santiago Community College
- Saddleback College
- San Diego Community College District
- **MEC COLLEGES**
- Subcontracted colleges

Training Hours:

743,904

% of Total Trainees per County

- > 10.0%
- 1.0 – 10.0%
- 0.1 – 1.0%
- < 0.1%
- none

Future of Work[3] — Lifelong Learning & Upskilling Research

Lifelong Learning Definition:[4] 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:[5] 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 reports researched on why lifelong learning and upskilling has 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)*
- "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)*

[3] Appendix D: Cited Work Bibliography.

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

[5] 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.

EXCERPT - RESEARCH REPORT

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."

"In terms of coping with the transformation of the world of work, reskilling and life-long learning are

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

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."

California Solution— Leverage Existing Initiatives

As the shelf life of skills has shrunk and the durability of degrees declined, there has been increasing pressure to find new approaches to support learners in getting the workforce training they need year after year.

California Competes, Back to School, Part 2 in December 2018 **recommended leveraging existing initiatives and points to the Employment Training Panel (ETP)** for strengthening connections between employer-led worker training for returning adults to college for degrees.

The model California Competes recommends already exists in the high-performing Workforce Training & Development Centers (WTDCs) of community colleges, called:
Community College Employment Training Panel Collaborative (CCETPC).

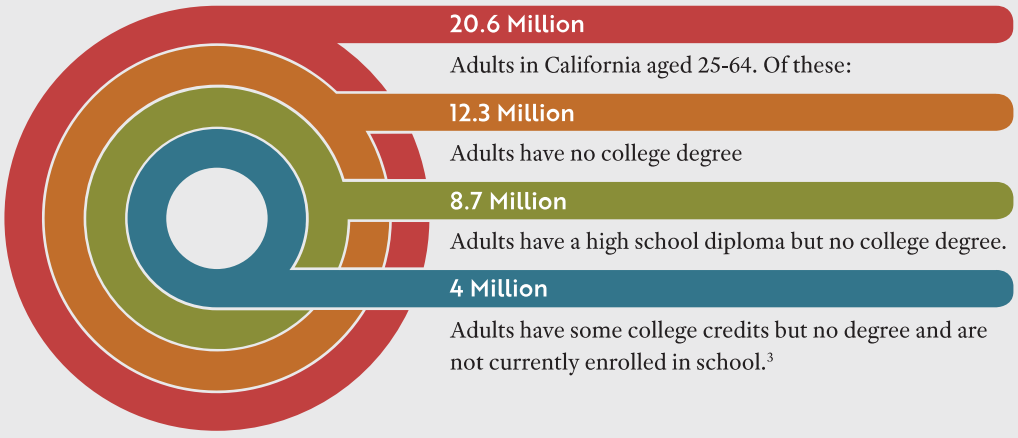
The Workforce Training & Development Centers (WTDC) took note in 2009 of skills gaps that limit economic growth and the labor market's mismatch between in-demand jobs and available skills — *WTDCs created the CCETPC to address the problem head-on.*

As unfunded units of community colleges, WTDCs annually apply to ETP for funding employer-driven Upskill Training programs averaging $5-$6.5 million in funding per year. With workforce development funding declining, the CCETPC leverages resources to continue to provide Upskill Training across the state.

Since 2010 the CCETPC has been expanding services throughout the state; however, the sheer number of adult/workers identified by California Competes, **12.3 million**, compounds efforts to fully support learners in California. These numbers will only increase as immigration continues to fuel the state's population growth.

ADULT EDUCATIONAL ATTAINMENT BY THE NUMBERS

Several terms define adults who are either enrolled in the postsecondary system or could benefit from being enrolled. Among adults in California aged 25-64:



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

CCETPC Upskilling Results, 2010-2018

As a solution-driven program CCETPC is aligned with California Forward, California Stewardship and the Governor's Regions Rising One Million Middle-Skilled Worker Challenge.

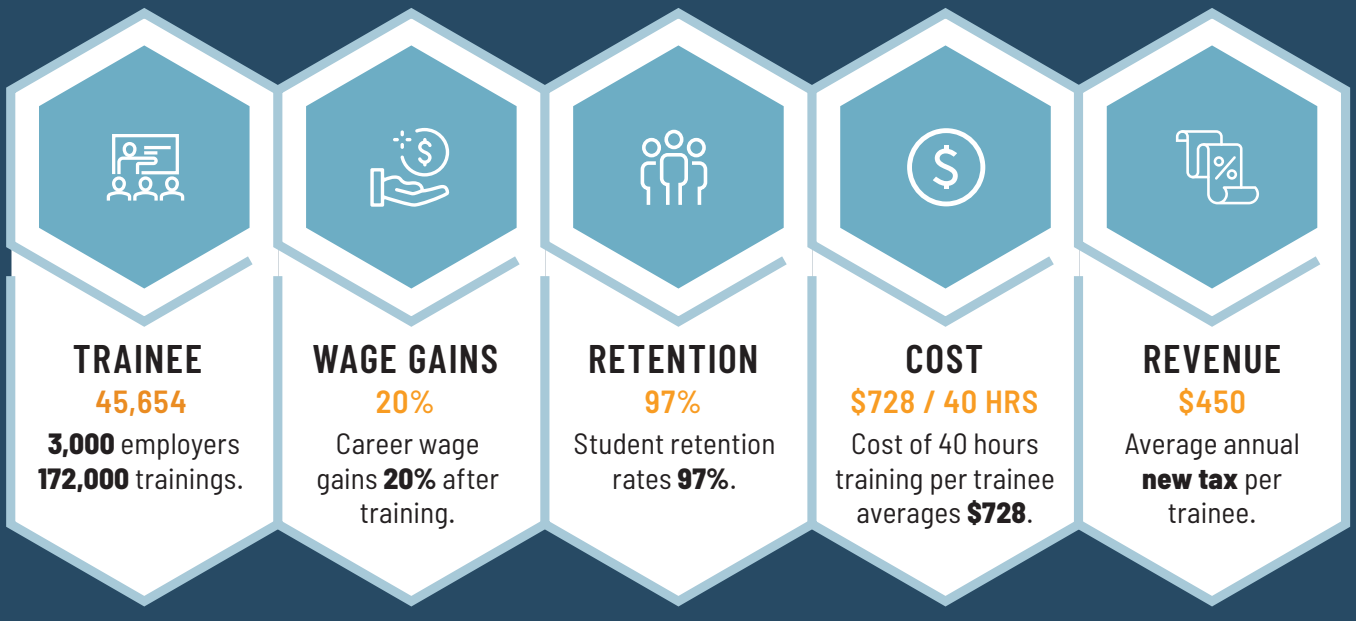
Participating WTDCs competitively apply for ETP Multiple Employer Contracts (MECs) for their funding. The trainings are industry-led, WTDCs gain commitment from local "priority sector" employers for specific "upskill" training needed. Employers pay employees full wages while attending training (an estimated *$18.5 million payroll paid employees while in training*). Specific training varies, depending on the industry sector and skills required.

The CCEPTC results are evidenced-based[6], audited by ETP, meeting the goals and objectives of all those advocating for solutions to the workforce challenge. CCETPC has implemented and focused on a lifelong learning model and training workers age 25-64, particularly those in the 12.3 million category with no college degree.

> A company's ability to upskill it learners creates a significant competitive advantage increasing higher productivity rate—up to 8.6%.
>
> **BILL PELSTER, DELOITTE US LEARNING SOLUTIONS PARTNER**

The results, with the limited funding available, are impressive in addressing the imperative for *lifelong learning*, returning adults back to education, and demonstrate the ability to be part of the solution to close the One Million Middle-Skilled Worker Challenge gap.

2010-2018 RESULTS



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

[6] Evidence-based data contained in full report and Appendix A, elcaminobtc.com/collaborative.

Lifelong Learning, Middle-Skilled Initiative Stakeholders

With the demonstrated performance results of CCETPC WTDCs, this successful model should be incorporated in the Lifelong Learning and Middle-Skilled Initiative advocated for by several agencies and policy groups in meeting California's overall workforce challenges.

The results demonstrate alignment, integration and opportunity to maximize resources across entities—*a model already implemented through the* ***California Labor Agency CCETPC partnership***.

KEY AGENCIES & ORGANIZATIONS ENGAGED IN CALIFORNIA'S WORKFORCE CHALLENGE

AGENCY	ALIGNMENT OF CCETPC UPSKILLING PROGRAMS TO AGENCY GOALS
Labor Agency (Implementer) *Meet "all" workforce needs*	WTDC's partners with Labor Agency serving multiple employers in priority sectors with ETP funding. WTDCs participate with local and regional Workforce Development Boards sector strategies, training, integrating services and braiding resources for employers.
California Community College Chancellor's Office (Implementer) *Course/training offerings for regional economies and employers*	WTDCs are housed on the CCC campuses, providing a footprint throughout California, regionally dispersed to actively participate and address the needs of regional economies and employers. Provide academic units data on specific needs of industry related to education and training curriculum for incorporation in credit programs.
GO-Biz (Implementer) *Business attraction and retention*	WTDC's industry upskilling training is an economic development incentive tool for attracting and retaining businesses in California – increasing employee productivity keeping business competitive in the global market.
Future of Work Commission (Policy) *New social compact for California workers*	WTDCs can directly inform the Commission's primary mission "...the best way to preserve good jobs, ready the workforce for jobs of the future through lifelong learning and ensure prosperity for all." [7]
California Competes (Education Policy) *Return adults to college*	WTDC's industry-led upskilling training is a bridge for adults to re-enter college for degrees. California Competes recommended such a model in their 2018 report.
California Forward (Policy) *One Million workers Middle-Skilled Worker Challenge*	WTDC's upskilling training is now a very small part of lifelong learning. Because of the existing engagement with industry, WTDCs can meet the recommendations for workforce intermediaries, recommended by California Forward, in public-private partnerships.

[7] Office of Governor Gavin Newsom, Aug 30, 2019, Governor Announces Member of the Future of Work Commission, https://www.gov.ca.gov/2019/08/30/governor-gavin-newsom-announces-members-of-the-future-of-work-commission/.

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. [8]
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...."*

[8] Appendix D, Cited Works Bibliography, special emphasis on Jan 2020 Milken Institute report, *Preparing California for the Future of Work*

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

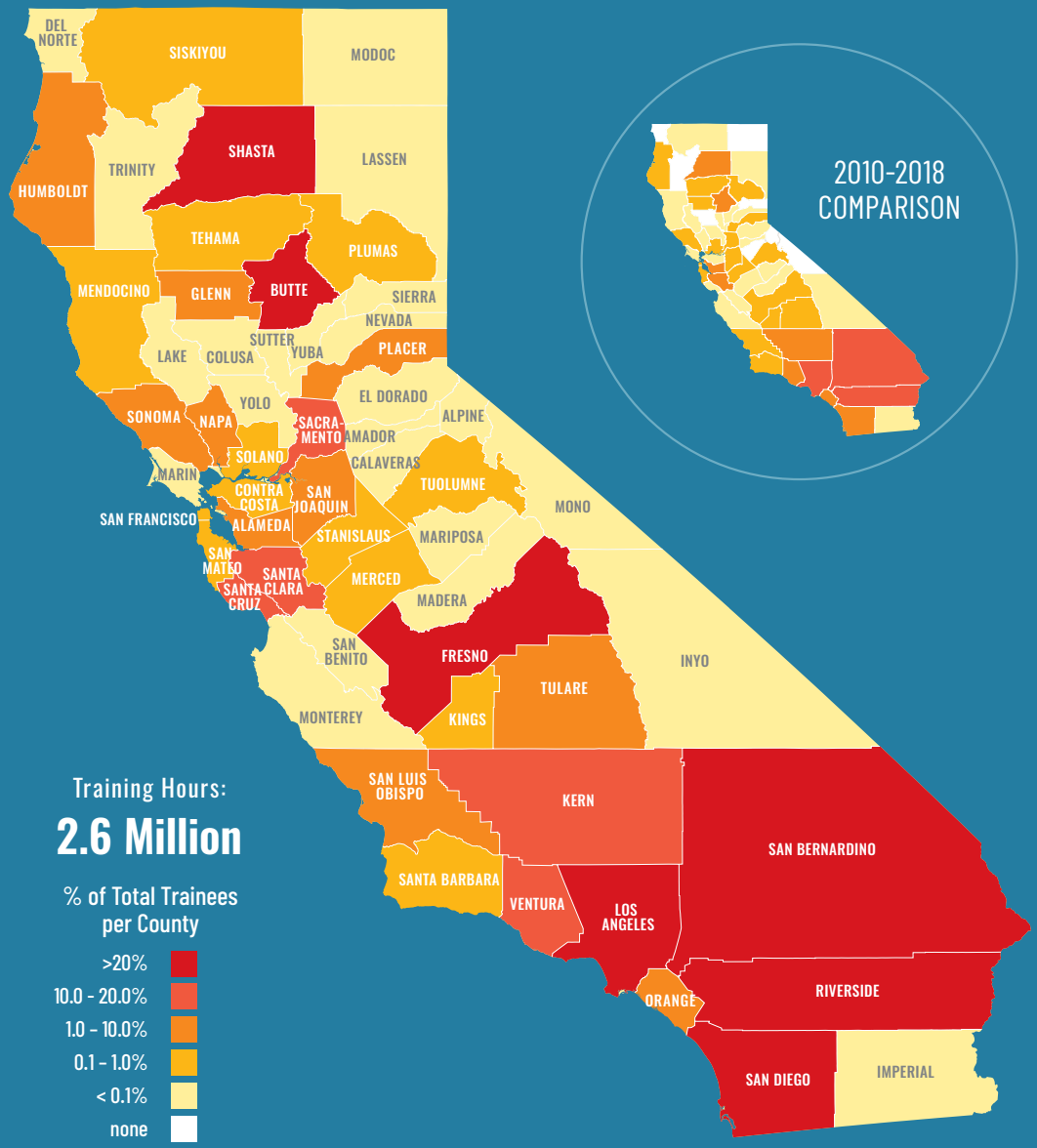
With an annual allocation of $10 Million per year added to the current funding of ETP-MEC contracts, over the next five years WTDCs can scale and immediately deploy Upskill Training creating Impressive results for employers, employees, local and State economies.

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

[9] ROI Methodology, New Local & State Tax Contributions less Training Funding, divided by new Local & State Tax Contributions

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

MILKEN INSTITUTE – JANUARY 22, 2020

Preparing California for the Future of Work Creating Equity by Addressing the Access Gap

Milken Institute's recently released *Future of Work* report to help guide California in developing policy and addressing challenges supports the existing framework and the work of the Community College Employment Training Panel Collaborative (CCETPC):

...In preparing California for the future of work, the keys to cultivating a 21st century workforce are rooted in the state's legacy. Leaders must leverage the benefits of the state's innovation-based economy and deploy strategic planning to align partnerships between industry and academia. By establishing an academic pipeline that supports a continuum of workforce needs, public leaders will enhance access to an array of upskilling programs throughout the broader economy.

...The future of work requires a shift to a mindset of continuous learning in light of growing automation and innovation. Technologies are coming online at quick rates. Workers will need to learn new skills and adapt to new technologies to ensure qualification for multiple jobs over the course of their lives.

...Access to skills and industry-oriented curriculum for a prospective, incumbent, or disconnected worker must be a primary focus. ...There is increasing recognition that the future of work will require incumbent employees to learn new skills over the course of their careers.

...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.

VISIT **ELCAMINOBTC.COM/COLLABORATIVE** FOR THE FULL CCETPC REPORT

CONTACT THE AUTHORS:

ELDON R DAVIDSON
El Camino College
Director, Center for Customized Training
(310) 973-3158
edavidson@elcamino.edu

DEANNA KREHBIEL
San Bernardino Community College District
Director, Workforce Development, PDC
(909) 382-4066
dkrehbiel@sbccd.org

ANNIE RAFFERTY
Butte College
Director, Contract Education, Training & Development
(530) 879-4350
raffertyan@butte.edu

LINDA ZORN
Butte College
Executive Director, Economic and Workforce Development
(530) 879-9069
zornli@butte.edu