



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 I Street
Coastal Hearing Room – 2nd Floor
Sacramento, CA 95814
May 21, 2015

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Leslie McBride
Ex-Officio Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:32 a.m.

II. ROLL CALL

Present

Gloria Bell

Barry Broad

Sonia Fernandez

Leslie McBride

Janice Roberts

Sam Rodriguez (arrived at 9:37a.m. after initial roll call)

Executive Staff Present

Stewart Knox, Executive Director

Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the motion that the Panel approves the Agenda.

Motion carried, 6-0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. McBride seconded the motion that the Panel approve the Minutes from the April 22, 2015 meeting.

Motion carried, 6-0 carried.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said following the last Panel meeting in April, we have about the same number of projects in the Agenda for May. Mr. Knox introduced Greg Griffin from the North Hollywood Office, Willie Atkinson from the Sacramento Regional Office, and Creighton Chan from the Foster City Office who will present single and multiple employer proposals.

Mr. Knox said we currently have \$3M available through the Alternative Fuel and Technology Program in partnership with the California Energy Commission. The Panel also received \$2M in General Funds to serve workers and employers impacted by the drought under the RESPOND Program. We have \$140 remaining for this Fiscal Year (FY) with no outstanding projects coming forward this year.

Regarding CORE funding, to date, the Panel has approved an additional \$3.6M with another \$581,000 approved by Delegation Order. Should the Panel approve all the projects before it today, approximately \$8.6M will remain for the FY. We amended this year's allocations to bring down liabilities giving us the ability to move more funds for FY 2015/16.

Single Employer Contracts were allocated \$48.8M; and after today's meeting, if approved, there will be approximately \$5.3M remaining. Multiple Employer Contracts (MECs) were allocated \$15.5M. After today's meeting, approximately \$1.2M will remain in that fund. Small Business Contracts were allocated \$5.4M; after today's meeting, we'll have approximately \$327,000 remaining. Critical Proposals were allocated \$6.1M, and after today, we'll have approximately \$1.1M remaining. Apprenticeships Projects were allocated \$10.1 M, and to date there is approximately \$830,000 remaining. If all projects are approved today, the Panel will have about \$8.6M left in contracting capacity through the end of this year.

Under Delegation Order, Small Business was reduced to \$50,000, and other proposals were capped at \$100,000 to be approved by the Executive Director on a continuous flow basis, and as of today we have approved 12 projects totaling over \$580,000.

For the FY 2015/16 to date, we have approximately 326 projects. We divided the application process into two parts. The first round was in April 1, 2015 for MECs and Apprenticeship Programs; all other projects were submitted after May 1, 2015. All projects have a value just under \$60M. Financially we are looking very strong going into the next fiscal year.

Regarding the Fund Status Report, looking at FY 2014/15, the funds were brought down to \$86M to bring down the liabilities. The previous year contract liabilities were at \$24M. That amount was increased to \$27M, which will allow us to have more funding moving into the next FY. We have \$140 remaining for the RESPOND funds, and \$9M left in contracting capacity for FY 2014/15. We will have approximately \$8.5M in projects for the upcoming June meeting.

Potential funding of applications and demands are still in the regional offices for this FY. Single Employer Contracts requests are \$5.3M; we have about \$5.4M in remaining. MEC proposals in regional offices are about \$298,000 in demand; with \$1.1M remaining. Small Businesses have \$327,000 in demand; \$383K in remaining. Critical Proposals is at \$883,000

in demand; we have about \$1.1M remaining. Although those figures can change as we know depending on Go-Biz. Apprenticeships: \$803,000 in demand with approximately \$7.5M remaining. Overall funds left after today is approximately \$8.6M; about \$7.5M in demand. We are in good shape finishing up this FY.

Regarding the number of projects remaining in regional offices today: Single Employer Contracts 25; MEC's 3; Small Business 6; Critical Proposals 3, and Apprenticeship 2; total of 39 projects. We have 21 projects ready to go for the upcoming Panel meeting in June. Most of the projects will be completed this FY. AAU reported 18 projects; 12 more came in. They are working diligently to get those projects in the regional offices.

Mr. Knox introduced David Lanier, Agency Secretary and Andre Schoorl, Undersecretary, California Labor Workforce and Development Agency.

David Lanier, Agency Secretary, Labor Workforce and Development Agency

Mr. Lanier said, we are expecting another robust drought report tomorrow, with the caveat that we continue to see serious regional challenges. It's exciting to be a part of a rebounding economy, and to see the turnaround that the state has gone through in the last few years. It really speaks to the importance of the work that we are all doing to solidify that expansion, and that rebound for the future, and to really tackle areas where we have had serious challenges in the entire Central Valley in particular. The work of the Panel, as a partner with the Labor Workforce and Development Agency (LWDA) and with the administration, is critical in that. We've got overwhelmingly bipartisan legislation out of the Congress, on workforce innovation.

The Employment Training Panel, Employment Development Department, California Labor and Workforce Development Agency, California Workforce Investment Board, and California Department of Industrial Relations, all these key partners, came together and looked at how we do workforce and training. The system on how we meet in that parlance of the workforce world, and economics, how we match supply to demand with the employer community and workforce, those are our big challenges. The work of the Panel is really critical. I would like to commend the Panel and the staff for their hard work and partnership in that effort. The transition they have made in targeting sectors is the key to our workforce development efforts to match supply and demand, so that we have the trained workforce that the employers need.

We know that the demand is there; the baby boomers are leading. Fifty percent of the senior leaders in the public sector are now eligible for retirement, and that is mirrored in the private sector as well. We have to train and develop the new workers for the next decades ahead. I want to commend the Panel for being focused on the areas that we know are so critical in the long term, and in the short term. Again, I would like to commend the Panel for all their efforts.

There was a bit of a funding glitch a year or so ago, and I'm pleased to see that we have worked through that. We have learned some good lessons from that experience. It's exciting to see the updated numbers, and the opportunities we face in the future. Again, thank you for the opportunity to be here, and keep up the good work.

VI. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve Proposals and other actions items on the Agenda in consultation with the Panel or Vice Chair.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 7 – 0.

VII. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 and #2.

Heart Hospital of BK, LLC dba Bakersfield Heart Hospital.....	\$248,000
Penhall Company.....	\$159,300

ACTION Ms. Roberts moved and Ms. Bell seconded the approval of Consent Calendar Items #1 and #2.

Motion carried, 7 - 0

VIII. REVIEW AND ACTIONS ON PROPOSALS

Single Employer Proposals

CalPortland Company

Greg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for CalPortland Company (CalPortland) in the amount of \$270,360. Founded in 1890, CalPortland provides diversified building materials and construction solutions to the Western United States and Canada. Training will take place at company locations in Glendora, Santa Maria and Santa Ana.

Mr. Griffin introduced Mimi Tran, Manager.

Ms. Roberts asked, is your company training going to encompass almost all your employees here in California, and do you have a good system behind you to make sure that you can succeed? Ms. Tran said, yes. We hired ADP services to help manage our program.

Mr. Broad said, with first time contracts that are doing a fairly ambitious training, especially in the construction industry, where you’re responding to seasonal demand, that can be a bit of a challenge. I hope you’re really keyed into that. Ms. Tran said, I take ownership of the training, and that’s the reason why we hired ADP, so they can assist us.

Ms. Bell said, if you find that you’re struggling, just reach out to your regional office manager because we want you to succeed. Ms. Tran said, yes.

Mr. Rodriguez asked, how did you hear about the ETP Program and what motivated you to apply? Ms. Tran said, ADP came out to help us and we heard it through them.

Ms. Fernandez asked, since you are training your entire workforce, what is the level of commitment from your leadership to ensure that everyone is covered and will receive the training that they need? Ms. Tran said one hundred percent.

ACTION: Mr. Rendon moved and Ms. Roberts seconded the approval of the Proposal for CalPortland Company in the amount of \$270,360.

Motion carried, 7 – 0.

Kinkisharyo International, LLC

Mr. Griffin presented a Proposal for Kinkisharyo International, LLC (Kinkisharyo), in the amount of \$354,000. Founded in 1920, Kinkisharyo designs, manufactures, and maintains low-floor light railcars for transit agencies worldwide.

Mr. Griffin introduced Grace Adhikari, Vice President of Finance, IT, Contracts and Administration.

Ms. Roberts said it's exciting to have somebody that has established themselves here in California, especially in the manufacturing business, which is a priority industry. Ms. Roberts asked, regarding the capability of your infrastructure around training, do you have a dedicated staff at each one of the facility to administer training? Who will be assisting you to be able to pull it all together, and get this training completed? You don't have a secondary administrator or subcontractor, can you do it all? Ms. Adhikari said, we started the operations in July 2013. How they train is on-the-job training. They hire a group of individuals and train them in various aspects. Depending on where their skills fit, we move them to wiring or assembly; that was the intent in the beginning. We've gone through a lot of learning experiences, and since then we have actually documented our training programs. We now have classroom training that is developed professionally by our marketing department. We've identified the workers' skills, and in addition to that, we have identified where the gaps and skills lie. Now our trainees go through a second round of training. Although we have an HR manager at corporate office, we've also hired a secondary dedicated HR Manager in Palmdale to facilitate the training. We have a couple of administrative assistants there who are familiar with the forms. Our general and production manager are on board the scheduled training. Beyond that, our corporate parent is providing tremendous support to us. During the first year, they sent us 20 Japanese workers who had built these cars since 1920. Their job is to show people how to perform the job. For each phase of the training, they send an instructor to assist us. The trainees will learn how to assemble the pieces together during the first phase of the training. By the end of the year, they will learn how to weld the actual pieces of cars together and assemble the train. Our corporate office will be sending us instructors to assist us in training our workers. On top of that, we supplement the training with classroom training and on-the-job training.

Ms. Roberts said, it sounds like you have a great training plan in place ahead of you. Our database here with ETP is a challenge in itself, you need to understand that. We have a great staff here that offer support, so if you need help, just give us a call. This is a great project. Do you have a Learning Management System (LMS) in place, and how do you plan to track your roster? Ms. Adhikari said our roster is set up manually on an Excel Spreadsheet. We have an administrative assistant dedicated in this training program. We also work with Monique Webb, analyst from the North Hollywood Regional Office. She's been very helpful in assisting and supporting us all along through the process.

Mr. Rodriguez asked, in terms of the pipeline of local workers in your Palmdale office, are you facing challenges in finding local job seekers over there, or has that been resolved? Ms. Adhikari said, the first phase is hiring the assemblers. It wasn't too difficult to hire those workers because they can be trained to build and assemble parts. The second phase is the welding piece, and that is where we are finding a little bit more difficulty. We are looking at various types of avenues to advertise. Mr. Rodriguez said, the level of unemployment is relatively high in the Palmdale area compared to the city of Los Angeles, we're very familiar with the demographics of the city and the surrounding areas, we've very happy that you are here.

Ms. Bell asked, is Palmdale your main office in California? Ms. Adhikari said, Palmdale is our manufacturing facility dedicated for the Los Angeles Project. Our corporate office is in EL Segundo.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded the approval of the Proposal for Kinkisharyo International, LLC in the amount of \$345,000.

Motion carried, 7 – 0.

Quest Diagnostics Incorporated

Mr. Griffin presented a Proposal for Quest Diagnostics Incorporated (Quest) in the amount of \$424,926. Quest provides diagnostic testing information and services that patients and doctors need to make better healthcare decisions. The Company also provides a wide range of products and services that benefit healthcare providers, pharmaceutical medical device companies, life insurance companies, and employers.

Mr. Griffin introduced Ripka Fox, Senior Director and Kimberly Goldman, Senior Communications Specialist.

Mr. Broad asked, you haven't had a proposal in the last five years; have you brought any proposals before the Panel since then? Ms. Fox said, we had one project presented to the Panel in the past. Mr. Griffin said, if it's outside the five-year window we don't have those numbers.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the Proposal for Quest Diagnostics Incorporated in the amount of \$424,926.

Motion carried, 7 – 0

Ralph's Grocery Company

Mr. Griffin presented a Proposal for Ralph's Grocery Company (Ralph's) in the amount of \$424,650. Ralph's implemented two new software programs for its logistic division: an automated order fulfillment system (Witron), and a management application program (DC1C). Warehouse Staff and Drivers will participate in Computer Skills and Productive Lab training to operate both systems to complete work orders.

Mr. Griffin introduced Cynthia Lavia, Senior Human Resource Manager.

There were no questions from the Panel.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded the approval of the Proposal for Ralph's Grocery Company in the amount of \$424,650.

Motion carried, 7 – 0

The Kroger Company

Mr. Griffin presented a Proposal for The Kroger Company (Kroger) in the amount of \$424,224. This will be the second ETP Agreement for Kroger. Training delivered under ET07-0109 trained staff to run machinery, and learn Company procedures and methods being used during that time. Since then, Kroger has purchased new equipment and updated computer systems as well as company procedures. Training to be delivered under this project will teach staff to operate new machinery and teach new processes that will increase efficiency.

Mr. Griffin introduced Teresa Gonzalez and Marcos Rojas, Representatives.

Ms. Roberts asked, the manufacturing part of the business, is it your entire private label, is that what you're doing in your manufacturing? Ms. Gonzalez said, yes. We manufacture products that go to our local stores, and also our sister stores out-of-state as well, that are within the Kroger Company.

Mr. Rodriguez said, just for the record for the Panel, what are the sister companies within the Kroger flow chart in California? Ms. Gonzalez said, we have 33 manufacturing facilities across the United States. We have our Compton Creamery, Riverside Creamery and La Habra Bakery. Mr. Rodriguez asked, do you also service Ralph's and Food 4 Less? Ms. Gonzalez said, yes we service them as well. We have over 400 stores across Southern California; that is primarily the product that we produce to service the stores here in California. Mr. Rodriguez asked, is California your largest market in terms of your national footprint? Ms. Gonzalez said, we have other areas within the United States that we service, but in California, the stores that I mentioned are the ones we service.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded the approval of the Proposal for The Kroger Company in the amount of \$424,224.

Motion carried, 7 – 0.

Riverside Healthcare Systems, LP dba Riverside Community Hospital

Mr. Griffin presented a proposal for Riverside Healthcare Systems, LP dba Riverside Community Hospitals (RCH) in the amount of \$272,750. This will be the fourth Agreement between RCH and ETP within the last five years.

Mr. Griffin introduced Lee Albanese-Alhorn, Director of Education and Julie Curtis, Assistant Chief Nursing Officer.

Ms. Roberts said, great contract and performance. Whatever model you're using is what you need to pass on to others. Ms. Roberts asked, is there a reason why you're asking for less than you have requested from your last contract? Ms. Albanese-Alhorn said, we had our substantial contribution.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the Proposal for Riverside Healthcare Systems, LP dba Riverside Community Hospital in the amount of \$272,750.

Motion carried, 7 – 0.

Multiple Employer Contracts

Tooling Manufacturing University – Society of Manufacturing Engineers

Mr. Griffin presented a Proposal for Tooling Manufacturing University – Society of Manufacturing Engineers (ToolingU) in the amount of \$192,500. ToolingU is a provider of manufacturing-specific training products and services. ToolingU works with manufacturers to build training programs and support workforce learning initiatives.

Mr. Griffin introduced Brian Hogan, Chief Executive and Gretchen Schultz, Workforce Development Coordinator.

There we no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the approval of the Proposal for Tooling Manufacturing University – Society of Manufacturing Engineers in the amount of \$192,500.

Motion carried, 7 – 0.

Associated General Contractors of America, San Diego Chapter, Inc., Apprenticeship & Training Trust

Mr. Griffin presented a Proposal for Associated General Contractors of America, San Diego Chapter, Inc., Apprenticeship Training & Trust in the amount of \$327,200. They are proposing to train 155 Apprentice and Journeyman.

Mr. Griffin introduced Glen Hillegas, Executive Vice President and Jack Chapel, Education Coordinator.

Mr. Broad asked Mr. Hillegas if they are a union. Mr. Hillegas said no. Mr. Broad said, there is no JATC here, is it unilateral? Mr. Hillegas said, it's a Joint Apprenticeship Committee. Mr. Broad asked, who are the employees that serve on the committee? Mr. Hillegas said, the apprentices and a few journeymen serve on the committee. Mr. Broad asked, how many companies participate in this? Mr. Hillegas said, currently there are 282 participants. Mr. Broad asked, is the training program a cross trade between the carpenters, cement mason, laborer, drywall latherer, and painters, are they all separate categories? Mr. Hillegas said, each one has their own standards with the state, and with their classes, so each group receives their own construction education. The advantage we have is that we can train all the categories altogether. We create projects where the teachers can work together with their students in different trades. They all work together so we are able to create projects that all the trades can work on with their instructors during their own trades, while they are on the job site. It's a real advantage for us.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the Proposal for Associated General Contractors of America, San Diego Chapter, Inc., Apprenticeship Training & Trust in the amount of \$327,200.

Motion carried, 7 – 0.

Local Government Commission (RESPOND)

Willie Atkinson, Manager of the Sacramento Regional Office presented a Proposal for Local Government Commission (LGC) in the amount of \$127,880. The LGC is a nonprofit organization fostering in environmental sustainability, economic prosperity and social equity. LGC is helping to transform communities through practical assistance, working with a network of local elected officials and other community leaders.

Due to current drought conditions and new water conservation regulations enacted by multiple state entities, there is a substantial need for training at the local government level. In particular, training is necessary for municipalities to ensure compliance with Storm Water Regulations, the Sustainable Groundwater Management Act, and Sustainable Community Strategies Act.

LGC has been working in collaboration with the Governor's Office of Planning and Research (OPR) on how to educate local agencies in drought response. LGC is requesting a higher reimbursement rate of \$26 per hour for participating employers; under RESPOND this is authorized for good cause. LGC will obtain a union support letter prior to training. Mr. Atkinson introduced Danielle Dolan, Water Programs Project Manager and Mike Snead, Sierra Consulting.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the Proposal for Local Government Commission in the amount of \$127,880.

Motion carried, 7 – 0.

Amendments

Alameda County Electrical Joint Apprenticeship and Training Committee

Creighton Chan, Foster City Regional Office Manager presented an Amendment for Alameda County Electrical Joint Apprenticeship and Training Committee (Alameda Electrical JATC).

Alameda Electrical JATC requests additional funding of \$194,948 to restore a reduction that occurred when the current contract was approved by the Panel a year ago. At that time, funding was “right-sized” to \$166,164 from a request for \$501,200. Right-sizing was based on performance under an active contract as measured by training hours entered into ETP Online Tracking.

Mr. Chan said this proposal first appeared at the Panel meeting on February 2014. At that time there was an active agreement that ended in October 24, 2014, and there were still some number of months remaining in the contract. ETP right sized the contract down, and the Panel advised Alameda Electrical JATC to return for the remainder, once they’ve shown performance.

Alameda Electrical JATC came back for an amendment in April even though the previous contract ended in October; they showed 100% performance. There was a lag time in presenting the amendment. Alameda Electrical JATC wanted to make sure that there was performance on it, and that the retention period was included. If you recall the apprenticeship program, they were allowed 500 hours and 150 days; it wasn’t the normal 90 day retention period. So it took a little bit longer for them to get the figures to us. They are now coming forward with this amendment and they are requesting that this amendment be dated retroactively to October 22, 2014.

In summary, the amendment will increase the total agreement amount by \$191,943. This includes the support costs of \$12,439; increase the number of journeymen by 47 and the total number of apprentices by 51. It would also increase the average training hours for journeyman from 22 to 40, and allow for an effective date of October 22, 2014.

Mr. Chan introduced Byron Benton, Training Director, and John Bauer, Executive Director for the Workforce and Economic Development at California Labor Federation.

Ms. Roberts said, the contract term date is March 3, 2014 to March 2, 2016, why are we considering a retroactive date of October 22, 2014 when it seems like it falls within that contract term? Mr. Chan said, this one is the current contract; the one they are amending the funds to. The contract which we were holding them to show performance on was the next one that ended in October 21, 2014. Mr. Broad said it’s the prior contract. Mr. Chan said, that was the contract in question when they came to us. They came to us early and we told them that it was too soon. So we right-sized it down, and now they are coming back. We

told them, once you have demonstrated performance on that contract, and then you may come back. This one here is the current contract, this is the one they are amending.

Mr. Broad asked, Mr. Brauer, have you gone forward since October and done the training? Has there been training performed under this contract? Mr. Brauer said, yes. Mr. Broad said, here's the deal, obviously we don't generally favor retroactive contracts. However, we don't want to put people into some kind of a bureaucratic nightmare situation, and the apprenticeship program, where retention takes longer, and we're telling them not to come back too early, so then they wait, but they are moving their process forward in the meantime; we right-sized the contract and asked them to do it into two pieces. We don't want to make it impossible for them to ask. This is a perfectly reasonable request, in this case for it to be retroactive, and the performance is good. I don't think there is a policy issue for us on this, in my opinion.

Mr. Brauer said, we've demonstrated our desire, willingness, and patience to work with you over the last year on this process. We have been trying to help the International Brotherhood of Electrical Workers (IBEW) serve large numbers of small businesses under the government definition of that. The economy has been growing, and we think that they been playing an important role in that piece. As the Panel has been understanding both the funding situation and systems, and whether we are going to do an amendment or a new application, we appreciate your consideration today. We are planning on coming back with new applications in the near future. The last thing I'd like to say, since the Secretary is sitting here, we brought you some suggestions relative to apprenticeship and a process over all that we would still like to engage the Panel around in creating that process not only for construction, but other utilization of funding for apprentice programs going forward. We would like to have that conversation, to bring in our JATC's and other entities to talk about how to make that piece work both for you and for us and to streamline the process and make it easier.

Mr. Rodriguez said, before you advance forward that topic, I'm a little confused. I would like to address this question to the Executive Director. In requesting to an administrative procedure, which is to basically move back that date, is that a Panel vote or can that be done with your authority? Mr. Knox said, I think it's best if it is brought before the Panel. We had a discussion about this issue, and we felt that it was best to bring it before the Panel. Mr. Broad said, they have to bring a request for an amendment back to us, and I think that's wiser if we are dealing with a change in our general rule. Generally we approve prospective contracts, not retroactive contracts. If we did that, people would show up all the time. However, the apprenticeship programs are sufficiently unique in this regard, and that they have an ongoing curriculum, and the students are moving through on a multi-year basis. We are trying to create a situation that integrates with that.

Mr. Broad said, in terms of your question about changing the process, I think we should revisit that. Although I had the impression that things were moving pretty smoothly for you with us. Mr. Brauer said, things are going well. I would encourage you to consider some of the suggestions we made about having a specific point in time based on knowing what the budget is going to be for the year of setting some money aside, and having an application process that encompasses all the monies, and what that looks like in terms of performance and renewal. I still think that it's possible to streamline it even more. The other piece of it from the backend is the range of the apprentice programs that we have. I have some fairly

large ones that we want to bring to you, where the money is not as critical, as it was the two gentlemen that were here today. The smaller IBEW's with a lot of small businesses where your money has frankly been as critical as their own employer funds, to re-upping up their program and getting them going as the economy has gone forward. To the extent that there is greater predictability particularly from the smaller ones

Mr. Broad said, that is worth talking about, but I don't want to create a situation where we are creating an annual appropriation for a specific set of apprenticeship programs, which may vary in quality. What if somebody who didn't do it before shows up here with that request? There are issues regarding that. We try to make it as predictable as possible by creating buckets of money that we are projecting in our budget to go to each area that we fund, including apprenticeship programs, but I don't know if it would make sense. I'm not ruling that out the idea that we would go to an even more allocated model. I know that would be helpful from your perspective, but it might be a little bit hanky from ours. We'll talk about it

Mr. Brauer said every time I turn around our governor is articulating the benefits of apprenticeship, I think the performance of the workers speaks for itself.

Mr. Rodriguez said I understand what you're saying but I really appreciate the ETP approach of having category buckets. Because the fund is tied to a specific tax, so during economic turns there is a swing, and we saw that in 2009 at ETP. I think the discussion is wanted, it's warranted, but that's my concern for the moment.

Mr. Brauer said to be clear, were not advocating a pot of money for construction apprenticeship. What we are asking you to do is to start engage around apprenticeship in general, and one particular aspect, the nature of the construction industry is different than other apprentice types that are getting created or moving forward.

Mr. Broad said, although we are funding apprenticeship program at a level far greater than its percentage of the economy. You guys are getting a big amount of funding.

Mr. Brauer said, for a model of training and employment progression and clear pathways, and everybody seems to be in agreement where it goes.

ACTION: Mr. Rodriguez moved and Mr. Rendon seconded the approval of the additional funding for Alameda County Electrical Joint Apprenticeship and Training Committee in the amount of \$191,943.

Motion carried, 7 – 0.

Mr. Benton said, when we talk about this new green economies in the 21st century, we, in our training center, are a zero net building. There are aggressive goals in California by 2030, that 50% of the existing commercial buildings will be zero net, meaning you produce as much energy outside as you use, and 50% of the existing commercial buildings will be zero net. To do that, we have to have a highly trained workforce keeping up with these technologies and we need more instructors. We need to reduce the instructor-to-student ratio. I can't tell you how much I thank you for your support in helping us make that happen.

San Francisco Electrical Industry Apprenticeship and Training Trust

Mr. Chan presented an amendment for San Francisco Electrical Industry Apprenticeship and Training Trust (SF Electrical JATC) in the amount of \$194,948. SF Electrical JATC is requesting an additional funding of to restore a reduction that occurred when the current contract was approved by the Panel a year ago. We downsized them in February, and they are coming back. SF Electrical JATC would like the Panel to allow an effective date of October 29, 2014.

Mr. Chan introduced Peter Curshin, Assistant Training Director and John Bauer, Executive Director for the Workforce and Economic Development, Cal Labor Fed.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and there was a second on the approval of the additional funding for San Francisco Electrical Industry Apprenticeship and Training Trust in the amount of \$194,948.

Motion carried, 7 – 0.

IX. SMALL BUSINESS INCENTIVES FOR A MEC

Mr. Knox said, I will go over the PowerPoint presentation. We're looking at some of the questions that Ms. Roberts and Mr. Broad brought up at the last meeting. We will take a look at a five-year average time period, to get an idea where we've been, and what's taken place. The approved small business, single employer contract funding in the last five years, the portion less than \$50,000, a good proportion, that is 94%; the other 6% is above \$50,000 mark.

Completed contracts for small business, MECs and single employer contracts combined, 90% are within the MECs participating employers, and 10% are single employers. So obviously were doing a really good job. We want to continue to grow that proportionally, and also encourage the MECs to develop these projects.

Ms. Roberts asked, were you surprised with that number? We talked a lot about it; it's such a small percentage that it seems to be a non-entity group. Mr. Knox said, Ms. Robert's point is well taken. I can't say we we're surprised, we knew that a good proportion of those amounts were going through the MECs. I think the issue, if we go back a little bit, is the dollar amounts of the ones less than \$50,000. We look at them through the Delegation Order and they're still coming through. If we can help assists the MECs, encourage them to go there, that would be good too, and there's also a timing issue.

Regarding the small business incentive funding cap, the current MEC cap at Panel is \$950,000, and \$100,000 by Delegation Order; that continues, that's what's standard. The MEC cap with the small business incentive, and we kind of count that through the PILOT, we increased that amount to \$1.2M. Again, with the \$250,000 boost for SB Demand, with justification from the Panel. So what we really looking at is, if you're coming in at the \$1.2M, you could have come in at \$950,000 anyway and got that amount to do any MEC and any

size of business. If you're going up to the \$1.2M, I see it as job numbers. It's probably too simplistic. So let's say Job #1, all those businesses that are above that \$100,000 and anything above that or below that mark could make up the \$250,000. They don't have to go up to \$250,000. They can take a lower amount. So they can come in at \$1M or they can come in at \$980,000, but anything above the \$950,000 has to be a small business. That is the reason for the boost of the dollar amount.

In regards to small business incentive cap lock for the FY 2015/16, if they are going above the \$250,000 amount, the funds cannot be shifted. Let's say they come back to us, and say, we're going to serve almost all the large businesses, you can't move that money out of the \$250,000. That amount has to be stagnant within that job number. That's the way that would work.

The other question that came up at the last couple of Panel meetings, and we've had a discussion about it, are the small business incentive hours on the cap. On this issue, specifically the community colleges, there was a complication if you're developing MECs, as they don't always know all of the employers within the MEC when they are in the development stages. So there's a good proportion that is further developed later. Currently for single employer contracts, the range remains at 8 to 60 hours per trainee, and justification is needed for 61 to 200 hours. In a MEC, however, we are asking for an increase of hours to 200. The new range would be 8 to 200 hours per trainee with no justification needed for 200 hours. So again, if a MEC is developing these contracts over time, basically they can come in and say, we'll go up to the 200 hours. They may never hit the 200 hour mark for most of those job orders, under small business, but it gives them the flexibility to do that. Also, keep in mind, we typically have one year, on the small employers, especially through single employer contracts. This are for the contracts under the MECs. So you may have a long period of time when you're working with that small business to encourage that number of hours of training. So for the Panel today, look at the 200 hour mark and see if that is something that you are willing to move up to.

Mr. Broad asked, how do you see this as an incentive for them? Mr. Knox said, part of the conversation, specifically with the community colleges, and some of the other MECs that work on small business projects, it's when they are developing the projects. They may not always have all of those businesses, we don't know. When they come before us, they might have 20 or 40 businesses that they are going to be working with. As they do outreach to those businesses, one, it's a marketing tool to those businesses to say, you can do between 8 to 200 hours. Many of those businesses, especially if they can go up to the two-year period, may do that over a longer period of time. So it's mostly an outreach and marketing tool that get those businesses involved in that conversation.

Mr. Broad asked, how do we know that we won't wind up with the situation where people default to 200 hours? In other words they're padding the training and getting into the bank accounts more than they should? Mr. Knox said, the regional offices will work with those local contractors as they currently do, and we basically right-size most of those businesses when they come through. Our staff will look at the training plan and the curriculum, help design that curriculum during the process and then make those decisions with that business and the MEC.

Mr. Broad said, that makes sense to me except that when this whole idea came up, the question was raised that our staff doesn't have the time to look at these proposals. When I look at the MECs that come through, whatever is our maximum, that's what they ask for. Whatever is the total dollar amount they can ask for annually, they generally ask for. We won't always be in an upward swinging economy. We will be swinging down again, and then will be cutting these things. Mr. Knox said, absolutely. Mr. Broad said, what's going to happen, inevitably, next time the business cycle goes in the other direction? I just want to make sure that you're confident that we have the staff resources to look at these contracts so that we are not getting 200 hours on a constant basis. 200 hours of training is almost equivalent to six weeks. For five to six solid weeks of full time work, per worker to get trained, that's a large amount of training. Mr. Knox said, we totally agree upon that. The one point that I think that the MECs have on that is, if they are now allowed to go to two years of training, you may have points in time when they are doing two weeks here three weeks here. Just because of the flexibility within that side of it, up to the 200 hours may be more realistic. What this is allowing them to do, basically, is to give them more flexibility within the system to build a program that is necessary for that small business.

Ms. Reilly, General Counsel, said, Mr. Chair, the 200 hours is the outside edge in a given job number per small employer. It may only be 5 trainees who need the 200 hours. The average hour is what that project's costed that on. You may have an average hours of 50, and a handful of trainees are going for certification, and they want the 200 hours. It just gives them that flexibility. Mr. Broad said, I just worry that wherever we set, it becomes the benchmark, because that has happened. Mr. Knox said, that's why we're going to call it a Pilot, and I fully agree with you. What we can do is look at it over a period of one year, and see how that works. One, on the \$250,000 boosts, plus one on the 200 hours, and then come back to the Panel. We have 3 entities that came in at \$1.2M mark, so there wasn't a big rush of MECs that wanted to come in at that level. As a matter of fact, a couple of the community colleges even talked to me and said that they wanted to stick with the \$950,000 to be safe, which is good. Mr. Broad said, I agree. So your staff will monitor these statistics and actively ensure that nobody is floating for any reason. Mr. Knox said, yes, absolutely.

Mr. Knox said, what I'm looking for an approval on, is to move it up to the 200 hours from the current rate, which is up to 60 right now, with justification. We already have in the rules and regulations up to the 200 hours with justification, it just takes that out. Mr. Broad asked, how long are we doing this Pilot project for? Mr. Knox said, we will do this through June 30, 2016. Mr. Broad said, ok, so this is a one year Pilot.

Ms. McBride asked if we are meeting the needs of the small businesses in different regions. Mr. Knox said, one of the things in our conversations, and that's one of the pieces that staff is currently working on; we can't shift favoritism to any one MEC, obviously. One of the talks we've had in the past is about actually having a map of California. We need to match it up with the regions with the Labor Agency, the Work Investment Board, looking at established MECs within those regions and basically letting the customer know that they have a MEC within their certain area. If they're not willing to go to that MEC, they're still welcome to come directly before the Panel to ask for the funding.

Ms. McBride said, one of my concerns is that the small businesses are not being under-served. If they don't have a MEC within close proximity that can take care of them, they can still come to us and we would welcome them with open arms. Mr. Knox said, absolutely. Mr. Broad said, that's a good point.

Mr. Knox said, one of the things that myself, Robert Meyer, and his staff have been actively doing is working with the WIBs in the last 6 months, and with the community colleges and talking about designing online curriculum that you can look at, and actually see what is provided. From there, we can refer the small business, from that stand point, to which community colleges that provide the specific curriculum that can meet their needs. If not, our doors are always open to provide services.

Mr. Broad asked, we're not restricting this to MEC's at community colleges, right? Mr. Knox said, no, not at all. This can be any MEC's. CWA is a great example, and I would like to thank Steve Duscha, for pushing through a training that was up in Yuba City. An employer wanted to get it done immediately. CWA picked up that training within 2 days. I'm not sure where you're at in terms of getting that designed and implemented, but in 2 days, we had a MEC pick up the training. It's a great example.

There were no further questions or comments from the Panel.

Mr. Broad said, the motion would be to raise the cap to 200 hours without justification for a one year period, and your staff will report back at the end of the year to tell us how this is working, and whether it's accomplished a goal. Mr. Knox said, absolutely.

ACTION: Mr. Rendon moved and Ms. Roberts seconded the motion to raise the small business cap to 200 hours without justification for a one year period.

Motion carried, 7 – 0.

X. PUBLIC COMMENTS

Steve Duscha, Consultant

Steve Ducha said, I have a question about the \$1.2M cap, it's been discussed for the last several months, and one of the things that I recall was mentioned was that it would not apply to JAC apprenticeship contracts. Mr. Knox didn't mention that today and I hope that the JACs would not be discriminated against in that cap under that current plan. Mr. Knox said, I understand your question; I will let Ms. Reilly address that question.

Ms. Reilly said, I think you know that we have a blended rate for journeyman training under the JATC taking into account that they are placed for a given job with a large or small employer and you really can't tell; and that was a problem in the past with trying to figure out how to enroll them. So they journeyman are blended, the same holds true for the apprentices that may be placed with a large or small employer at any point in time during their on-the-job training which is the retention period. So we really don't see a small business distinction in the JATC. Participating employer makeup is signatory employer makeup. So no, this would not apply. This is an incentive for small businesses as participating employers in the MEC.

Mr. Duscha said, I would point out that in the JACs that I am involved in, more than half sometimes two thirds, sometimes even more of the employers are small businesses. I understand that the rate under the construction industry would not be hired for small businesses, but this is about raising the cap for small business, it seems unfair.

Mr. Broad said, it does and it doesn't. We're not talking about the apprenticeship program bringing in more employers. The employers subject to the collective bargaining are limited. What you're saying is our money would increase so that the employer contribution would decrease, that's what you're saying in an apprenticeship program. What we're talking about here is encouraging these MECs to produce new employers. Now if the union goes out and is organizing new employers that are participating through collective bargaining, then it would make total sense. There are more employers that cost more; we'd like to ask for more. Mr. Duscha said, what you're doing is increasing the cap. I believe that most of your existing MECs are already doing \$250,000 worth of small business so what the proposal is, would be to increase the cap to accommodate those small businesses. This isn't increasing small businesses, it's shifting small businesses to this extra \$250,000 that's all. Mr. Broad said, if you came back in a year from now, you wouldn't be able to tell me that a larger number of the employers in the construction industry are being served, unless more employers sign a collective bargaining agreement. Part of what we're doing here with them is we deal with the staff spending enormous amount of time on individual small businesses that are applying themselves, and the staff time there exceeds the value of the contract itself. Mr. Duscha said, that's true, but that has nothing to do with the cap, that has to do with the referrals. Mr. Broad said, that's an incentive for them to take more. Mr. Duscha said, no, the cap is the cap. Mr. Broad said, ok send us a letter outlining the logic and I would be happy to review it. Thank you.

XI. MEETING ADJOURNMENT

Ms. Roberts moved and Mr. Rendon seconded meeting adjournment at 10:53 a.m.