



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
New City Hall
915 I Street
Council Chambers – Room 1103, 1st Floor
Sacramento, CA 95814
February 21, 2014

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Michael Hart
Member

Kish Rajan
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Jill McAloon
Acting 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 9:36 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Sonia Fernandez
Mike Hart
Leslie McBride
Jan Roberts
Sam Rodriguez

Absent

Edward Rendon

Executive Staff Present

Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Agenda.

Motion carried, 7 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Mr. Hart seconded the motion that the Panel approve the Minutes from the January 24, 2013 meeting.

Motion carried, 7 – 0.

V. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, welcomed applicants and stakeholders. She said after the regular meeting we will hold our second Forum to obtain stakeholder feedback on how to improve the program. We are hoping to hear from ETP contractors as well as those specifically interested in Apprenticeship training. The Forum will begin right after Public Comment, and if anyone intends to speak, we are asking that you please sign the list so that we can call folks in order as they have signed in. After the Forum is over staff will go back and assess all of the feedback and put some recommendations together for the Panel to consider. She said Maureen Reilly, General Counsel, will report on ETP's new data system and two items from our first Public Forum, for the Panel to review and take action on.

We have our standard mix of both single and multiple employer projects today, and all of our regional office managers are here to present. She noted that you will see some repeat Apprenticeship projects this time, and they are coming in actually well before the current contract ends, and well before they have had time to show performance based on our traditional model of performance, which is hours of training delivered and retention as documented in our system. Staff has right-sized those contracts to reflect a dollar amount that is based on projected performance and it is hours of training delivered rather than retention. She said staff wouldn't normally bring back-to-back projects until there have been substantial earnings based on our traditional model of performance and or until the project is ending. We recognize apprenticeship training is a different training model with training occurring all the way through the contract, retention at the end and the need to do continuous training from one project to another. So we know that this model is probably going to require a different performance measure, and we need to look at that. We have been receiving a lot of back-to-back requests and we haven't had time to assess the Pilot yet or standardize some normal measurement of performance. So while we recognize that there is a great demand for apprenticeship training and we certainly want to support that, we are going to need to stop the flow a little bit so that we have time to actually assess the Pilot and come up with a standard measurement of performance that would be the best for the Panel. We want your help in doing that, so we are really looking forward to hearing your feedback and ideas during the public Forum.

Regarding the budget, should the Panel approve all of the projects before it today; it will have approved approximately \$8M, leaving \$8.5M for the remainder of the Fiscal Year (FY). We will have approved \$11.2M in SET funds, leaving approximately \$1.9M in the remainder of the FY. Our only source of alternative funding is via the Alternative and Renewable Fuel and Vehicle Technology Program. We had \$3M at the top of the FY, and the Panel has approved \$643,000, leaving \$2.2M for the rest of the year. Given that we only have \$8.5M in contracting capacity for the remainder of the year, we need to cancel the March and the May Panel meetings and the Panel will reconvene in June to fund projects out of the next FY.

Regarding Legislation SB 851 (Leno) and AB 337 (Allen), the Budget Acts, were introduced last month. They mirror each other and the Governor's proposal. They propose a \$10.8M increase for ETP, taking us to \$63.2M next FY. That restores our reduced appropriations from prior FYs and those additional funds will be used to support job creation and retention.

SB 935 (Leno) Minimum Wage: Annual Adjustment was introduced this month. The bill proposes to increase the minimum wage on January 1, 2015, to not less than \$11 per hour, on and after January 1, 2016, to not less than \$12 per hour, and on and after January 1, 2017 to not less than \$13 per hour. The automatically adjusted minimum wage would be calculated using the California Consumer Price Index, as specified.

As I mentioned at the last meeting, the Governor issued a Drought Emergency Proclamation and the Labor & Workforce Development Agency (LWDA) is participating on a Drought Task Force to develop strategic plans to deal with the expected job losses as a result of the drought. The LWDA has assembled a task force of its workforce development departments and they will work on a strategic approach to address a range of drought related impacts on the workforce and communities. Peter Cooper, Assistant Director, is sitting on that taskforce and in the meetings ahead he will report to you on the drought status.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #11, with the exception of Tab #8 for SVC Manufacturing, Inc., as it was withdrawn from consideration.

Brickley Construction Company, Inc. dba Brickley Environmental.....	\$46,200
Cargill Meat Solutions Corporation dba Beef Packers, Inc.	\$146,862
DiBuduo and DeFendis Insurance Brokers, LLC.....	\$118,800
Electro Star Industrial Coating, Inc.	\$15,860
Harry's Auto Body, Inc. dba Harry's Auto Collision Center	\$63,800
Intertek USA Inc. dba Intertek Pharmaceutical Services	\$75,200
Kuni SDP, LLC dba Porsche of San Diego.....	\$29,000
The Brownie Baker, Inc.	\$15,314
Wurth Louis and Company	\$99,735
ZINC Financial Inc.	\$7,920

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Consent Calendar Items #1 through #11, with the exception of Tab #8 for SVC Manufacturing, Inc., as it was withdrawn from consideration.

Motion carried, 7 – 0.

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

Ms. McAloon asked for a Motion to Delegate in Event of Loss of Quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded the Motion to Delegate in Event of Loss of Quorum.

Motion carried, 7 – 0.

VIII. REPORT OF GENERAL COUNSEL

Maureen Reilly, General Counsel, said she was asked to provide an update on our new database system that is currently in programming. We've been working on this new

database system with a private vendor for a couple of years now. Various things have caused delay and it's a very long process. We are scheduled to launch the new system at the end of August this year. The new system will replace three of our rather antiquated online systems and two of them are Internet-based. It will replace our Management Information System, which is the internal data management tool that our staff uses. It will replace our online forms/online tracking, which is the Internet-based tool that you are familiar with. She said it will also replace another one of staff's behind the scenes functions – applications, the making of chart 1, which is the method used to cost out the funding for the Panel's consideration. So it's going to really streamline things and we are very hopeful that it makes everyone's lives easier. It will allow the contractor, and even the contract applicant, to have their own view with a sign in. You sign in, go right to your profile, and you can view things immediately and enter hours through that same log-in. We are in programming right now working with the private vendor and then we will go into testing and into training. When we are in testing, we will invite external users to participate and get a real feel for how this goes and at the end of course, there will be training opportunities also. She asked if the Panel had any questions about the concept of the new database. There were no questions from the Panel.

Now I am going to propose to the Panel two policy changes that emerged from our first Forum that was held last month where we received stakeholder input on the program. These changes have been items that staff has been thinking about for quite some time even before the public comment, because it is basically continuous improvement. But the Panel may choose to hold its vote to see if there are comments from the public.

Ms. Reilly said every Panel member should have received a copy of the Memo that was distributed prior to the start of the meeting. She said each of the two proposed changes has a written Memo for each and extra copies of the Memo will be made available to the audience at the break, prior to public comment.

The first proposal is to reduce minimum hours of training across-the-board going from 24 to 8 hours. This reduced minimum is already in place within the Apprenticeship Pilot for the journeymen and this has proven successful; it works with our online systems. As the Memo explains to the Panel, is that this is a policy shift. Right now, there is no prohibition in statute that requires minimum or maximum hours of training. The concept of minimum hours is something that the Panel implemented many years ago, dating back to the early 1990's according to written records. Partly in order to allow ETP to reach an average cost per trainee that is reliable, but also because for some time the Panel did believe that there is a cutoff point where it just does not make sense for ETP to fund training in smaller segments. In the early 1990's, the 24 hours would have been three full days of class/lab training, she said. This is when classroom training was the model, the norm, in the earlier days of the program. So the minimum hours became memorialized in a regulation that the Panel adopted in the 90's. The regulation, Section 4400(y), originally set 100 hours as the minimum. Then it varied over the course of many years, and the history is reported to you in this Memo.

Presently, the regulation says it is 24 hours as a minimum, but the Panel may reduce that further on a case-by-case basis. For ease of administration, what is being proposed today is that the Panel "deems" justification to exist and deems good cause to exist across-the-board,

so staff can freely establish 8 hours as the minimum in costing out these projects. Obviously, trainees who receive more than the hours will still get reimbursed for the hours that you deliver. Again, this a policy shift. It is deeming good cause to exist to go down to 8 hours across-the-board for all class/lab training, and it is consistent with the regulations. At the end of the Memo on Page 4, we recommend that this policy be applied on a prospective basis for proposals funded in the new FY. This is because proposals are right now in development throughout the end of this FY. We may also need to make some programmatic changes. The system will accept 8 hours minimum with the upload of hours right now, but may need some technical revisions in general and for proposals that are already underway. With the cost structure that is now in place, we recommend that we continue to follow that, and give staff time to catch up to the new process in the new FY, and eventually we recommend an amendment to the regulation. This amendment would either reduce the 24 hours to 8 hours or possibly just eliminate minimum hours from the regulations, and allow the minimum to be flexible on a case-by-case basis or as the Panel decides to move with its policies.

Ms. Reilly said so this is the recommendation. She reminded the Panel that they could choose to hold action on it until after the second Forum. Mr. Broad said, I think we'll take public comment now on this first recommendation, and we'll take a vote if that is the will of the Panel. Then we will move on to your second recommendation, take public comment on the second recommendation, and then we will take a vote on it. He asked if there was any public comment on the first recommendation.

Steve Duscha said this is a good idea and you should adopt it with one caveat. I hope you will retain some flexibility to consider amending the 8-hour limit into existing contracts. I think there are some ways to adjust the concerns that Ms. Reilly has about payment systems, and I hope you would simply leave yourselves open to looking at special circumstances in existing contracts as well as future contracts; but this is a good idea.

Mr. Broad suggested that the motion would be to approve this general concept of a policy shift to a standard of 8 hours as a minimum training requirement. He said all of the process elements need to be worked out with the staff so that nothing is precluded and it works for our staff and for our system. Does that answer your question? Mr. Duscha said yes, thank you.

Mr. Rodriguez noted that in Ms. Reilly's written Memo, that she didn't suggest doing away with the requirement of 8 hours, but her verbal comments did, is that correct? Ms. Reilly said no, I just suggested that the Panel could consider that as an option when it comes time to amend this regulation. Mr. Rodriguez said right, but it wasn't included in your written Memo. Ms. Reilly said no, just in the recommendation; it wasn't included in the analysis because tracing it back to the early 1990's there has been a fairly flexible policy to begin with, of minimum hours and then it was enacted in regulations. As I said, actually starting with 100 hours which is interesting, but kept being bumped down; but it is the Panel's prerogative because it is not a statutory requirement. Mr. Rodriguez said right, so is it a regulatory requirement or a guideline? Ms. Reilly said the regulation now says 24 hours with case-by-case exception for good cause shown, so the proposal is to deem good cause to exist for this interim period until the regulations are amended. Mr. Rodriguez said he was comfortable with reducing it from 24 to 8 hours, without a requirement for a case-by-case analysis, but not eliminating it.

Mr. Rodriguez asked if it was Ms. Reilly's recommendation for this to be in place by August of 2014. Ms. Reilly said no, it would be for the new FY. The initial recommendation of staff is to start in the new FY 2014-15 and that is a matter of our administrative convenience. We heard from Mr. Duscha, it's the Panel's prerogative; one option would be to say that this policy shift could be effective for active contracts if good cause exists, but going forward in the new FY without the need to show individual good cause.

Ms. Roberts said her question was around the timing too. If we started in the beginning of the FY, those contracts that have already started, then at that time of the year, they could take advantage of that program? Ms. Reilly said yes, the suggestion is that for proposals that are now in development that are funded in the new FY, or going forward from that point on, would have an 8-hour minimum established. Based on Mr. Duscha's comments, and I don't know about other stakeholders, but if the Panel chooses to, the Panel could for example say that this new policy could be implemented on a retroactive basis for active contracts and in that instance, require a showing of good cause. That is one option that you would have.

Mr. Hart asked if what the Panel is voting on approving is what is included in the body of the Memo. Ms. Reilly said you can vote on it with the amendment on the record, so the recommendation is as stated here. You can accept the recommendation but still modify it on the record. For example if you choose to, you could say that you will also accept requests for amendment to active contracts with good cause shown. But the recommendation stands for FY 2014-15 that 8 hours would be the absolute floor.

Mr. Rodriguez asked if we were to modify it, to be retroactive to the 685 active contracts even though we don't start until 2014-15, if analysis has been done by staff about the workload needed to do that. Ms. Reilly said it would be very significant. She said if you were to adopt a policy shift that applied to every active contract; it would be very difficult to perform that type of change.

Mr. Broad said I think we might be able to cut it in half by saying where training hasn't yet commenced, could we do that? Ms. Reilly said you could say where the first progress payment has not yet been done, for example, because that is based on the first 8 hours. Or you could say where the second progress has not been paid because that is based on hours completed. She said I'm not sure if any of our managers have any thought about the best administrative way to cut it in half. Mr. Broad said maybe we should just leave it whole in order to not cause the staff to have to reconsider multiple projects; I don't think that makes sense.

Mr. Broad said; let me make the motion that we just adopt the proposal, that it is effective with the new FY. We are cancelling a couple of our meetings, so there's not going to be anybody who is really harmed, because there are going to be proposals coming to the Panel in the new FY that can take advantage of the 8-hour minimum, and obviously, our community consultants and so forth, can advise their clients of this change and can modify their proposals accordingly. So let's consider that a motion to approve this policy change.

Mr. Rodriguez asked if staff will offer workshops for contractors to prepare them for the change. Mr. Broad said, I think we would just make sure that everyone knows about it, post it

on the ETP website, and he believes that would inform people about it quickly. Ms. Reilly agreed with Mr. Broad.

Mr. Broad said I think that the motion would include directing the staff to prepare a change in the regulation as well. Ms. Roberts thanked Chairman Broad on this recommendation. She said she looks at grants across the U.S., and this comes in line with what other states are doing. She said a 24-hour minimum was way out of range with other competitive states, so she appreciates his recommendation.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded an amendment to policy pertaining to regulation Section 4400(y) to reduce minimum hours from 24 to 8 without a requirement for case-by-case analysis effective in the new FY. This motion also directs staff to prepare a change in the regulation.

Motion carried, 7 – 0.

Ms. McAloon said apparently there was confusion earlier about which meetings would be cancelled and she clarified that the March and May meetings will be cancelled. Mr. Broad said, so somebody who has a proposal that could come before us in April, who wants to change the date, can work with staff to change this, and it will be consistent with our proposal. We can do this now if we want to, under our current regulation; it's just case-by-case as opposed to a general policy that this is a reasonable amount of training hours. So anybody that has proposals that are going to be heard in April can look at them and go back to staff and see if they want to modify the training hours.

Ms. Reilly presented the second recommendation to the Panel, to adopt a Unity of Enterprise approach for Out-of-State (OOS) Competition. She said this is a little more complicated but it should affect in a good way, the amount of time it takes for eligibility determinations to be made. Meaning, it will shorten the amount of time, and it will hopefully mean we are more consistent in the tools we use to determine OOS competition. One of the most time consuming aspects of eligibility determination, is making a decision about whether the employer faces OOS competition. Ms. Reilly explained that OOS competition is a mandate in the enabling legislation; it appears in Unemployment Insurance Code Sections 10200(a) and 10214.5. There is an exception whereby an employer that does not face OOS competition can still be funded through ETP, under what we call the Special Employment Training (SET) program. However, though regulations interpret both of these provisions of statute, what you wind up with is a fairly rigid interpretation as to how you reach eligibility on OOS competition. Using NAICS system for industry sectors and you end up with a SET regulation that is also fairly narrow in its interpretation, where you wind up with a higher wage standard, a much higher wage standard. You go from the county-by-county minimum wage reflecting labor market information division statistics, so that is a percentage of the average wage, roughly 50%. As compared to the statewide average hourly wage, which right now is well over \$20, with possible modifications such as if the employer's location where training will take place is in a High Unemployment Area (HUA). She said without OOS, it applies only to frontline workers.

With all of that in mind, she said, staff attempts to find ways to get employers out of SET into what we call economic development funding, or mainstream funding. But it takes a lot of staff

time and ultimately there are some employers that simply, under our current policies, just do not face OOS competition such as healthcare. What this proposal does, is it is looking at regulations adopted by the Employment Development Department using a Unity of Enterprise approach in determining whether to create a new employee unit for purposes of collecting the UI tax.

Simply stated, the Unity of Enterprise approach means that ETP staff would be looking at commonality of functions for the principle business enterprise, commonality of control, commonality of operation and use, which is consistent with the EDD standards for determining the employing unit for purposes of establishing a California Employer Account Number (CEAN). It would change how ETP uses NAICS codes for deeming employers to meet OOS competition. There's actually a list of NAICS codes in the regulation. All of the manufacturing industry sectors are included on the list, along with other selected industry sectors. If you don't have a NAICS code that is on the list, then ETP looks at every location where training will take place. She said ETP staff will do an override of a NAICS code sometimes because the one assigned by EDD, is sometimes outdated by the time the employer comes to us for funding. If we do an override NAICS code, we still review every location and sometimes each occupation. We go by the functional unit within the employer, instead of going by the employer as a whole. So right now we are not following a Unity of Enterprise approach, we are drilling down to every location unless the employer has one of those magic bullet NAICS codes, as assigned by the EDD.

Ms. Reilly said what we are proposing, is to approach the review of the employer's principal business operations as a whole. For example, we've had a couple of cable companies come to us recently. Cable companies today face OOS competition, clearly by the Internet, and so forth. However, the cable technician whose feet are on the ground doesn't because that person's job is geographic specific to CA. So we have carved out the cable technician and the other employees who are dealing with sales or administration and who have not had SET funding; the cable technician has had SET funding. Going forward we hope to relieve that and be consistent across the companies' principle business operations. With a few other exceptions that are rather esoteric, that is the concept in a nutshell; to follow a Unity of Enterprise approach in making OOS competition determinations and it's internal to staff, and hopefully more companies will be able to reach a greater number of employees this way.

We are recommending that we implement this immediately with staff, in making eligibility determinations now, and this would affect proposals being brought to the Panel in the new FY. So, it would be prospective in effect, as a matter of fact. Going forward, we also recommend an amendment to the governing regulation on OOS competition, Section 4416. As with the other proposal, she said, we recommend that we hold off on making regulation amendments until we are further along with our database programming, because with every hard change we make, we have to ensure it is reflected in the new programming. She asked if there were questions from the Panel.

Mr. Rodriguez said he did not know if the cable industry was the right example because as it is today, no cable company in CA is facing OOS competition. He said there is not one cable company headquartered in CA and they are all out of the state. They are in multi states and regulated by the FCC and/or the PUC to ensure that there is healthy competition in the marketplace. He said he believes by tax policy in CA, that almost every large employer has a

NAICS code. He asked what the relevant issue is, that we are trying to address in this policy change.

Ms. Reilly said she apologizes if she misspoke on the cable technician, but the scenario is applicable to other industry sectors that we have brought before the Panel. Mr. Broad said actually it even applies to the cable company because they face competition from the satellite guys, that's who their competition is, not necessarily other cable companies. He said, the matter of OOS competition now is really about that the Panel was set up; the existing statutory scheme was set up specifically to try to provide training to discourage manufacturing from leaving the state. Mr. Broad said it is probably worth having a conversation with the Administration to see if we even want to try to make that a statutory mandate, or just say it's a funding priority to fund projects for companies in industries that face OOS competition and have it be a priority. We now live in a world where OOS competition is common, such as food producers facing OOS competition; that would have been unheard of when the statute started. He said it has essentially become a sort of a giant labor-intensive bureaucratic hoop that our staff must go through. They spend a lot of time determining it, not because we are not going to fund it if there is no OOS competition, but because it changes the wage level that the workers have to meet, to a wage level that very few companies can easily meet anymore. It is a classic case in which the policy is a good policy, but it just doesn't make sense in the way it functions in our statutory scheme, as it relates to the reality of the economy. So the bottom line is that this will save our staff a great deal of time that could be used doing other things more productively.

Ms. Roberts said yes, but it is also the credibility of the contractor too, to say this is so complex and onerous that I don't even want to be a part of it. Mr. Rodriguez said he did not necessarily agree with that; but as Mr. Broad said if this makes our processes a little more efficient in terms of time management, then as stated, I'm definitely in favor of that. My interpretation is that the current statutory scheme does not allow for the efficiency to take place, is that correct? Ms. Reilly said no, the current statutory scheme is very broadly worded. The regulation is very narrow; however, it does allow for case-by-case analysis. Mr. Rodriguez asked if you have to apply the statutory scheme. Since it has been there for a long time, can just a policy guideline just take effect, using the Unity of Enterprise Measure?

Ms. Reilly said yes, that is my opinion as stated in this Memo. To address your other question about whether every employer has an assigned NAICS code; yes, that is true. Every one of our eligible employers does have a NAICS code assigned by the EDD as part of setting up their CEAN number; however those codes are often outdated. Our Internet research tools, Dun & Bradstreet, information about the company on the Web, Manta at times, and dialog with the company about their current model of business, that is how we reach a decision about what the most appropriate NAICS code is today.

Mr. Broad asked if there was any public comment on this recommendation.

Steve Duscha said this recommendation is good for all the reasons that have been stated. He seconded Chairman Broad's comments about the need to go further than this, to not make this a last step. He said there needs to be more NAICS codes added to the rules or some general changes, but this is a good step. Mr. Broad said if you have the right code and you are deemed to have OOS competition, even if you are the sole manufacturer of that

product on the planet. So they are deemed to have OOS competition, and there are other people who have OOS competition, who can't meet the definition, even though they say to us that they have OOS competition. There are 12 billion companies overseas trying to make the same thing and import those products to the U.S. It's just a dance, and that's when government operates at its least efficient. Mr. Duscha suggested that when reading the ETP statute, the clause on OOS competition could be read as stating a target, rather than a hard and fast rule, but deferred to legal counsel on that. Mr. Broad said they will look at the regulation with fresh eyes, he believes the Panel is willing to do that.

Mr. Rodriguez asked if the Unity of Enterprise could be applied without statutory change. Ms. Reilly said in her opinion, absolutely yes. She observed that the current regulation has a provision for case-by-case analysis, which clarifies the Panel's authority. In short, there is no prohibition in the statute and there is authority in the regulation. Mr. Rodriguez asked if therefore we will apply it this year. Mr. Broad said yes, it would be immediately applied. Ms. Reilly agreed.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded the recommendation of adopting a new, broader interpretation of regulation Section 4416 in determining whether there is Out-of-State Competition. The Panel also approved an amendment to regulation Section 4416 that would reflect the Unity of Enterprise approach.

Motion carried, 7 – 0.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

AHMC Healthcare, Inc. dba Garfield Medical Center

Gregg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for AHMC Healthcare, Inc. dba Garfield Medical Center (Garfield Medical), in the amount of \$376,158. Garfield Medical is a for-profit hospital accredited by The Joint Commission for specialized medical services. Their services include medical/surgical, 24-hour emergency care, cardio-pulmonary, intensive care units, radiology, neonatal intensive care, rehabilitation, and a stroke center. Garfield Medical is also a recognized American Heart Association CPR training center.

Mr. Griffin introduced Karen Lee, Director of Critical Care and Special Services.

Mr. Broad noted only one of the two union letters was received. Ms. Lee said there is only one union, SEIU Local 121RN. Mr. Griffin noted that was error in the ETP 130, where it said that there were two unions instead of one for this proposal.

ACTION: Ms. Fernandez moved and Ms. Bell seconded approval of the Proposal for Garfield Medical in the amount of \$376,158.

Motion carried, 7 – 0.

Space Exploration Technologies Corp.

Mr. Griffin presented a Proposal for Space Exploration Technologies Corp. (SpaceX), in the amount of \$1,046,300. SpaceX designs, manufactures and launches advanced rockets and spacecraft. SpaceX constructs most of the subordinate parts prior to final assembly such as engines; fuel tanks; avionics; electronics; flight software and heat shields.

Mr. Griffin introduced Warren Ernst, Manager of Training Systems.

Mr. Broad noted the excellent performance on their current contract at over 100%.

Ms. Roberts asked if there have been any recent launches. Mr. Ernst said they had 4 launches last year, they anticipate 10 launches this year, and probably 20 launches next year both at Vandenberg Air Force Base and Cape Canaveral in Florida. We anticipate charging a U.S. taxpayer through NASA about \$22M a seat for a trip to the international space station, in contrast to Russia which is charging about \$70M.

ACTION: Mr. Hart moved and Ms. McBride seconded approval of the Proposal for SpaceX in the amount of \$1,046,300.

Motion carried, 7 – 0.

H.M. Electronics, Inc.

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for H.M. Electronics, Inc. (HME), in the amount of \$229,300. HME is a privately-owned company that provides industry leading wireless communication equipment, time and software products to the quick service restaurant industry and high school and collegiate athletic programs. With the acquisition of Clear Com LLC in 2010, HME has expanded its professional audio systems product line. HME now offers a wide selection of matrix, party line and wireless intercoms for live event, church, military and broadcast production applications.

Ms. Torres introduced Rick Sunamoto, V.P. of Manufacturing and Deborah Imonti, DLI & Associates, LLC.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for HME in the amount of \$229,300.

Motion carried, 7 – 0.

Tyco Electronics Corporation

Mr. Chan said the representatives for Tyco Electronics Corporation, Tab #15, could not be present at today's meeting and would attend the April meeting.

Sysco Central California, Inc.

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Sysco Central California, Inc. (Sysco Central), in the amount of \$197,325. Sysco Central warehouses, distributes, and delivers a broad range of food products, beverages, food service equipment and supplies to restaurants, schools, hotels, assisted living facilities, health care institutions, government facilities and other businesses. Food and related products include fresh and frozen meat, poultry, seafood, fruits and vegetables, canned and dry products, paper and disposable products, cleaning supplies, kitchen equipment, and medical supplies.

Ms. Hernandez introduced Pamela Cullors, VP Human Resources.

Mr. Broad asked if your part of Sysco is not union. Ms. Cullors said Sysco Central CA does not have a union. Mr. Broad noted they earned \$177,000 on their last proposal and asked if we right-sized this proposal. Ms. Hernandez said this proposal came in at the \$197,325, and they had reduced it in the application that came in to us.

Ms. Bell asked if the majority of employees to be trained are in Modesto or located throughout CA. Ms. Cullors said all of the employees will be trained in Modesto. Ms. Bell said it was her understanding that they have sales offices throughout CA. Ms. Cullors said their warehouse facility and administration offices are in Modesto and they deliver throughout Central CA from North Lodi to Bakersfield from that facility; so their employees live and work in that general area.

Mr. Rodriguez asked if they have a product, and if it is a Sysco product. Ms. Cullors said they have 12,000 Sysco products. She said they are not a manufacturer, they are a distribution company.

Ms. Bell asked if they distribute for food services such as in schools. Ms. Cullors said yes, they call it the away from home eating market which includes restaurants, schools, hotels, assisted-living facilities, health care institutions, government facilities and other businesses.

Mr. Rodriguez asked if they have company trucks. Ms. Cullors said they have a fleet of 48 foot tractor trailers. They have people who drive those trucks, and they need more people, which will be part of the new hire number.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Sysco Central in the amount of \$197,325.

Motion carried, 7 – 0.

Multiple Employer Proposals

Brand Consulting Group, LLC dba Brand College

Mr. Griffin presented a Proposal for Brand Consulting Group, LLC dba Brand College (Brand College), in the amount of \$802,065. Brand College is a training agency that provides

Information Technology (IT) courses designed to help IT professionals and businesses succeed in today's technology-driven environment. Brand College is dedicated to facilitating the career development of highly qualified professionals trained to design, implement, and maintain information systems. Participating employers qualify as high-tech companies, software publishing, broadcasting, internet publishing, web hosting/search portals, telecommunications, and other companies facing OOS competition.

Mr. Griffin introduced Debbie Ruiz, Director.

Mr. Rodriguez asked if they are a for-profit college. Ms. Ruiz answered in the affirmative. Mr. Rodriguez asked if they are a stand-alone college. Ms. Ruiz said yes, they are a stand-alone with one location in Glendale, CA. She said their training is done in the classroom and not online. They physically come to their campus and attend classes there; days, evenings, weekends, depending on the employer.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Brand College in the amount of \$802,065.

Motion carried, 7 – 0.

South Orange County Regional Chambers of Commerce, Inc.

Ms. Torres presented a Proposal for South Orange County Regional Chambers of Commerce, Inc. (SOCRCC), in the amount of \$1,229,562. SOCRCC is a non-profit member organization comprised of approximately 550 business owners, corporate representatives, community leaders and individual members. Its mission is two-fold: 1) promotion of economic programs to strengthen and expand the income potential of area businesses by linking new skill-building programs to current employer demands; and 2) the continued support of initiatives that provide opportunities for networking, legislative advocacy, and access to capital for growth and expansion. As such, SOCRCC strives to offer innovative business development solutions, including training to help area companies grow and prosper economically.

Ms. Torres introduced Barbara Thomas, Management Consultant Interim Director and Duane Cave, Chair Elect, representing South Orange County Regional Chamber of Commerce.

Ms. Roberts asked about the Saisoft training model and if the computer training is all done online. Mr. Cave said the trainers are local and yes, it is all done online. Ms. Roberts said it looks like one of their clients is Jack in the Box, but you stated there are only 500 employees in CA. Is that a different FDIN than the fast food restaurants, because Jack in the Box has more than 500 employees in CA? Mr. Cave said their corporate headquarters is in Orange County. Ms. Roberts asked if only the corporate employees are being trained rather than the fast food workers. Mr. Broad said they are probably franchisees. Mr. Cave said that is his understanding, that it's the corporate headquarters.

Mr. Rodriguez said he was unfamiliar with Saisoft and asked who they are and where they are headquartered. Ms. Thomas said Saisoft is located in Irvine. They are a private company and a third-party vendor, so they are a sub-consultant to them. Mr. Rodriguez

asked how long they have been involved with the Chamber. Ms. Thomas said since about 2006. Mr. Rodriguez asked if they are a preferred vendor of the Chamber to do this type of work. Ms. Thomas said they are a vendor that they contract with to conduct the online training. Mr. Rodriguez asked how long Saisoft has been with the Chamber. Ms. Thomas said they have been a member since 2006. Mr. Rodriguez asked if they have been doing this type of work since 2006. Ms. Thomas said not for them personally; their first contract was in 2011. Mr. Rodriguez asked if Saisoft was the training vendor in 2011. Ms. Thomas said yes, that is correct.

Ms. Roberts asked if Saisoft is getting all of the money and you are just the pass through Chamber of Commerce. Mr. Cave said they contract directly with the State and oversee the contract to ensure they are meeting all the requirements and then they pass the money on to Saisoft that they earn. Ms. Roberts said so there is no classroom training and it is all done online? Mr. Cave said that is correct, it's all online training. Ms. Roberts asked about the training ratios for students versus the online trainer. Ms. Thomas said it varies; sometimes there are five and sometimes there are twelve. Mr. Cave said when they first started training originally, one of the first contracts they had was at the Irvine Chamber of Commerce. At that time, the training was done in-house and he was on the Board of Directors. So they set up their computers and it was all done inside. That made it difficult for the employees that want to be trained to come in. This really works well for them to be online and the instructor can communicate directly with all the students via verbally or by online chat. Then again, its computer training; they are working on a computer and it's a great way to do it; it's been very successful.

Mr. Rodriguez asked if there were any other occupations outside of the ones listed on the ETP 130 that are part of this training. Mr. Rodriguez said we have a list of the occupations of the individuals that are going to be trained. Is this generally the focus of the training? Ms. Thomas said I think it usually varies, depending on the employers they reach out to. Ms. Torres said, but it is just the occupations you provided. I believe you are asking if there are any other occupations than what is included in the Training Plan because the occupations listed are primarily IT occupations. So is that pretty much the scope from those employers that you solicit to? Ms. Thomas said, yes, it is. Ms. Torres said that is part of the agreement, those occupational titles, so they do have to maintain those occupations. If they decide to bring in other occupations, that has to be by way of a formal revision to the agreement that must be reviewed by staff and analyzed. Any time anything far off the scope of what you intended and approved here, that is elevated and sometimes to an even more formal amendment. So it's not like they can add in other occupations; we review that at the end before payment.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for SOCRCC in the amount of \$1,229,562.

Motion carried, 7 – 0.

Alameda County Electrical Joint Apprenticeship and Training Committee

Creighton Chan, Manager of the Bay Area Regional Office, presented a Proposal for Alameda County Electrical Joint Apprenticeship and Training Committee (JATC), in the

amount of \$166,271. JATC is a joint labor management organization that provides high quality and up-to-date training in electrical inside wiring for apprentice, pre-apprentice and journey level International Electrical Contractors Association (IBEW) Local 595 members. The JATC currently serves 160 apprentices, 1,652 journeymen and 30 pre-apprentices.

Mr. Chan introduced Byron Benton, Training Director; Jan Borunda representing California Labor Federation; and Kelly Greer, representing Strategy Workplace Communications.

Mr. Broad said since they put this together, they increased their logging of training hours. He asked if the amount provided reflects that increase or if it does not. Mr. Chan said it does not include the increase. Mr. Broad said if we included that increase, what would it be? Mr. Chan said he does not know what it would be; they recently uploaded hours, so they have not been able to run the numbers.

Ms. Roberts asked if the reason that the performance is inaccurate is due to our tracking mechanism or their tracking mechanism. Mr. Chan said it is because of ours; basically their tracking mechanism says that all the funds have been navigated but when they uploaded them into our system, at the time it reflected only 44% of their contract. Mr. Broad said, what is happening with the apprenticeship proposals, is that they are back really early. They are back well before the current training is completed and they are asking for more funding. The problem is something that Ms. McAloon pointed out in the beginning. What we are wrestling with right now, is that apprenticeship funding is a pilot program. Of course, it is a bit of a different animal than a typical training proposal or even a typical multi-employer training proposal. Apprenticeship is attending semester-by-semester, and some years later you are finished, like college. We have a situation where they are starting with one semester in effect, and then before that semester is over, they are asking for money for the next semester. So it's not like they are not performing; it's that they haven't had a chance to even log it all in.

Mr. Broad said in the end we are going to have to figure out a system because there are good apprenticeship programs and lousy apprenticeship programs; just like there are good employers at training and lousy employers. We see it every month, so we are going to see that with apprenticeship too. We have to be able to figure out some system. I don't think there's an objection at least in my mind, to funding them serially. The question is, if we fund them for the second semester and nobody was retained from the first semester, there is a whole lot of money that is flowing out and nobody is getting the training. That is what we are going to have to figure out, the accountability problem. I've been trying to work this out in my own head, and we can talk about it when we get to the Forum, but we are going to have to figure out how to do it. It has to be done in a way that our staff can make heads or tails out of it, and fits in our system, so that is what we are grappling with right now. The staff hasn't yet done an evaluation of this pilot program, so we have a cart before the horse program, an evaluation program, a systems program; we have to work that out so we can make apprenticeship training, so we can institutionalize funding it, but in a way that we are protecting our dollars, protecting them equally as vigorously as we protect them with other training systems.

Mr. Broad asked about where they are at on the last grant. Ms. Greer said they currently have a 71% performance and many are in retention. In addition to that, they have 27 new

apprentices entering into the program. Mr. Broad said, when you state there is 71% performance, is that what it will turn out to be, or are you expecting to earn more. Ms. Greer said performance is more than 71% and they estimate earning 100%. She said the thing to understand about apprenticeship programs is that they have a set number of hours that they are required to complete. They register that number with Division of Apprenticeship Standards (DAS), and if they do under that amount of hours they are in trouble. These are not classes where they get to complete as many hours as they want to. They are not discretionary classes, but mandated classes, so when they tell us their numbers and they have a low retention issue, and the IBEW's have very few people dropping out of their programs, it is pretty secure that they are going to finish with all the training hours. Right now, the economy has picked up a lot and the three that are here today are working. That again, is part of their program; to be active in the apprenticeship program, they have to be working. Mr. Broad asked if they have not yet received payment on the first contract. Ms. Greer said she believes there is about a 21% payment, maybe a little higher. Mr. Rodriguez asked which company Ms. Greer represents. She said I'm sorry if I didn't introduce myself. I'm Kelly Greer, I'm with Strategy Workplace Communications, and I'm the consultant.

Mr. Benton said they are overseen by both the State of CA and the Department of Labor (DOL). They are required to provide their apprentices with reasonably continuous employment, which is 1,600 hours of work a year. So they only bring apprentices into the program when they have jobs to support that. It is a five-year program, they receive 1,000 hours of classroom instruction, they work 8,000 hours in the field, and the retention rate is about 95%. Mr. Broad said his view is that we are going to need to hold back money, maybe more than we typically do, depending on the level of performance at some point. If we approve the second contract, and you don't earn on the first contract, we can reduce the amount of money that gets expended. What would be really bad is if someone comes in with a poor apprenticeship program and we've had questions already about some of these apprenticeship programs. Some of them were not started in 1946 but were started in 1999. Some had no students for a while, questions about performance, but seemed to have gotten better more recently. Well, if the getting better didn't happen, and we put out a great deal of funding and then it turns out there is no retention or a bunch of people get fired and they don't actually finish the hours, then we need to have a system to not throw the money out the door. We must have accountability; I think this the biggest issue, so we are going to have to come up with an accountability system for apprenticeship. Mr. Broad said, he believes this will work itself out because what will happen at some point, if we become a fairly common funder for you, along with your other sources of funding, and we are certainly not going to be your exclusive source of funding; if we are funding you frequently on an ongoing basis, we are following essentially one student through their apprenticeship. We are going to see historical performance with different apprenticeship programs, and it will be very clear which ones are working and which ones are not. In the beginning phases of this, we may need to have more accountability in effect while we are figuring out what is what. I don't want to read in the newspaper that we threw away \$1M on some apprenticeship program, someone ran off with the money, and the individuals were not getting trained or not getting jobs. Apprenticeship is like a closed-end system in which the job and the training are completely tied in. That's why it's something that is great for us to fund because it is kind of the ultimate beneficial training in which trainees are earning the money while they are receiving the training. They are being retained all along, they are learning high level skills, and they are earning very high wages at

the end and good wages during the training. So it's an integrated approach and that's a really good thing so we want to fund it, but we need to be responsible.

Mr. Hart asked if the 20 trainees are individuals that have completed the program and are now journeymen or are those that have completed just the ETP portion of the training. Ms. Greer said it is not 20 people, but 20%. In some cases, those folks have graduated and are journey level. In other cases they may be in their fourth year and they'll be returning for their fifth year; there are two different populations. Mr. Hart asked for the general time frame that it takes to complete the ETP portion of the training. Ms. Greer said it depends on the trade. Some trades would take a full two years to complete those 200 hours, and in other trades it is done in a semester, so it depends on the trade. Mr. Hart asked if a semester is six months. Ms. Greer said it depends on the trade, but there are many variances. Mr. Benton said a semester in their program is the same as college. He said they are affiliated with Chabot Community College, their local education agency, and a semester is the exact same semester with the college. It is approximately 100 hours of classroom instruction done in three hour increments. Every six months is one semester of school, at approximately 100 hours of classroom instruction. In addition to that, it's also a minimum of 800 hours worked in the field. Mr. Broad asked if the goal is to basically fund every semester of apprenticeship. He said we never really discussed that, is that the assumption, that we are going to fund five years of training? Ms. Borunda said, you don't fund the first year and they are not really the ones that ask to get multiple year funding, you made that decision. Mr. Broad said he doesn't have a problem with it, he is asking if what they are doing is building it into the funding base. Ms. Greer said today you will hear two other apprenticeship projects; one has 300 apprentices and the other has 190 apprentices. So with the cap, they are requesting the cap number, and they are not asking for funding for 300 people. They are asking for funding for 160 people, so the cap is never going to allow for the full funding. There will always be some people that are not going to get funded, but with the smaller JATCs you are right, there could possibly be a small JATC that could run multiple funds.

Mr. Rodriguez said he agrees with Chairman Broad, in being concerned about the integrity of a pilot that staff needs time to evaluate the pilot and there are mandated requirements. He said, he was taken aback that maybe the proper risk analysis was not made prior to having this presented to the Panel and he was in agreement with what Chairman Broad had put forth in terms to the long-term integrity of the pilot, for it to be sustainable. Not to take anything away from Byron and Kelly in your presentation. Mr. Broad said, he was certainly prepared to support the staff's recommendation, but he thinks they are coming in way earlier than anyone else gets to come back for funding. Nobody else gets to come to the Panel for funding like this. So in order to balance that out, if you come for money early, somehow we either have to fund you at a lower level where there is some real measurement of what you've accomplished when you come, or we have to figure out some way of clawing back the money if we give you money, which I don't think we want to do. He said he recently met with ETP senior staff and they discussed this topic for a couple of hours. He said we need to come up with something systematic, and he had some ideas on how to do that. Staff said they were good ideas, but that staff could not implement them without it becoming an administrative nightmare.

Mr. Broad said, I think what we should do right now is to approve it at the staff's recommended level and then you can come back and amend the request when you've shown

that there is actual retention after completion of the training of the first proposal. I think what that effectively means, at least as an interim measure, is that you're doing training and not getting paid as promptly as you might otherwise be paid because you don't have retention from the first agreement. Right now what could happen is that we could fund the second semester and half-way through, you could come back and ask for the third semester, and we still wouldn't have people retained from the second semester. Once that starts happening, it would be very problematic. So there may need to be a hiatus; there has to be a way to do it and it needs to be applicable across-the-board to all apprenticeship programs so we don't have ten different things going with ten different apprenticeship programs.

Mr. Broad entertained a motion to approve it at the proposed level, but there were further questions from the Panel.

Mr. Rodriguez referred to Page 2 of 6 of the ETP 130 under the Training Plan. He said I appreciate the asterisk under the column of estimated number of trainees, to be determined. I appreciate the explanation, but I've never seen this before and I'm concerned about transparency. Ms. Reilly said yes, I believe we did put in this explanation based on information from the JATC because they had not yet determined the best allocation of the funding. The hours uploaded in the active contract, which is what we are using to recommend funding for the new contract, when we were reviewing those hours it was very difficult to tell which job numbers they came from. So the number of hours uploaded reflect pre-apprentices and journeymen, so it was very hard to make any kind of allocation based on that. We were going to leave that up to the JATC, to be determined, how the funding would be allocated in the new agreement as between these three job numbers, but we would work with them. The funding allocation is an accounting device that we use. Some upgrade training, and I'm not sure how active the pre-apprentice program is for this local. That is why I was trying to measure hours uploaded in the active agreement, and we couldn't pull it apart for each job number.

Ms. Fernandez asked how long it will take for those hours to be uploaded and to see the actual result. Ms. Reilly said, because this JATC and the others want to continue training as long as possible under the current agreement, we have heard from them that they are holding off on reaching an ending point, which is the second progress payment. They can't begin retention until they reach that end point, the end of training. So we can't measure retention under the active agreement until they stop training and then we measure the 500 hours; each JATC is different. As presented, the Bay Area Electricians expect to have the on-the-job training hours necessary for meeting retention; we just don't have that in our system. Ms. Greer said they actually do have folks that are part of these hours that are already in the retention. So what they submitted today are not folks that haven't finished their hours, they are people that have finished their hours. Mr. Hart asked if she could repeat her response. Ms. Greer said there are some folks that are part of this number, that are in the middle of their retention now, so not everybody is still doing training. Ms. Reilly said I believe you are referring to the numbers that are shown on the Active Contract Table of Page 5 of the ETP 130. As I recall, however, we haven't actually issued the payments yet; I could be wrong about that. Ms. Greer said, right now we are waiting for them to complete their retention period and many of them finished training in October, November and December.

Mr. Broad asked if the Electrical Apprenticeship Program is the number of hours that the trainees are working while they are going to do the training. Can you generalize that number of hours to other apprenticeship programs or is it possible that for other apprenticeship programs, there is less work available, so they may be working more sporadically while they are in the apprenticeship program? Ms. Greer said yes, it does depend on where they are located. Mr. Broad said it will be problematic for us if we only have a certain amount of retention hours. See how the timing starts to get very problematic? We are in semester one, you finish semester one but in the middle of semester one, you ask for semester two's money. The retention hours aren't the same as in the electrical industry. It's the guys who get apprenticeship for mausoleum hand-crafting, and those guys don't get nearly as much work because there is not as many mausoleums around as there are electrical switches. So they are only getting say 50 hours or 100 hours, so for them to get to our retention that takes a really long time, so that could really be backing up. Ms. Greer said they asked that question and they don't want to bring a project before the Panel that has some folks that are not working. So we ask the JATCs when we help prepare their application about the job outlook. Mr. Broad said, so there are some applicants where you are saying forget it, you are not going to get ETP funding because your people are working 40 hours in the next six months. Ms. Greer said yes, exactly; we put them on the roster because we have to have them on the roster. Because if you have a roster, everybody in the class has to sign it, but we know that there is a certain percentage of JATCs that are not going to meet retention. We wouldn't want to set people up for funding that they weren't going to earn. They go to their Boards and talk about funding that they've created. The worst thing that we could do is set up a situation where they are telling their Boards they are possibly going to get this much reimbursement from the state and then it doesn't pan out. We don't want to set up that kind of situation. She said, they honestly ask them what it looks like in their area, how many people they have, how many hours a semester, and they work straight from the numbers. If they feel like somebody is maybe overestimating their area or their trade, they tell them why that is not a good thing to do, and why it's very good to be conservative. Mr. Broad said, that is helpful actually, and I'm glad you're doing it.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for JATC in the amount of \$166,271.

Motion carried, 7 – 0.

Bay Area Roofing and Waterproofing Joint Apprenticeship Training Trust Fund

Mr. Chan presented a Proposal for Bay Area Roofing and Waterproofing Joint Apprenticeship Training Trust Fund (Bay Area Roofers Trust), in the amount of \$299,250. Bay Area Roofers Trust is a joint trust serving three apprenticeship programs. It is funded through collective bargaining between signatory employers with the Associated Roofing Contractors of the Bay Area Counties, Inc., and three union locals: 1) Local 40 West Bay Counties; 2) Local 81 East Bay & North Bay Counties; and 3) Local 95 Santa Clara Counties. Each union local has its own collective bargaining agreement and its own Joint Apprenticeship Training Committee. Each JATC sponsors an apprenticeship program approved by the Division of Apprenticeship Standards. Each program uses the same curriculum for training as roofers and waterproofers.

Mr. Chan introduced Dan Smith, Director of Training and Steve Duscha, representing Duscha Advisories.

Mr. Broad said he appreciated his candor and obviously this proposal has been right-sized to accommodate what has occurred. He said I don't think we need to go over what we went over with the last one because it is the same issue. We are going to have to figure it out, but I think this is good.

ACTION: Mr. Hart moved and Ms. Roberts seconded approval of the Proposal for Bay Area Roofers Trust in the amount of \$299,250.

Motion carried, 7 – 0.

San Francisco Electrical Industry Apprenticeship and Training Trust

Mr. Chan presented a Proposal for San Francisco Electrical Industry Apprenticeship and Training Trust (SF Electrical JATC), in the amount of \$211,310. SF Electrical JATC is a cooperative effort between the San Francisco Chapter of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers Local Union 6. SF Electrical JATC currently serves approximately 239 apprentices and 1,200 journeymen, and the training center is located in San Francisco. Approximately 630 employers are signatory to the collective bargaining agreement. Participating employers perform specialized construction work related to the design, installation, and maintenance of electrical systems.

Mr. Chan introduced Steve Powers, Training Director; Jan Borunda representing California Labor Federation; and Kelly Greer, representing Strategy Workplace Communications.

Mr. Rodriguez asked in going forward, if there is an inherent interest to have a reliable pipeline of funds from the state for your program? In terms of how your current processes are in place, in terms of the classes, recruitment, training, journeymen going into the workforce, coming back into classes. Has your consultant been fully informed of what our processes and mandated requirements are? And therefore, have you taken into account how you can align your processes to our mandated requirements? Ms. Greer said their program has 107 new apprentices that will be funded under this second round, so we are not just looking at repeats; we are actually looking at some new folks. Mr. Powers said, their total apprentice count is 303 apprentices currently and a couple years ago they had 150. Ms. Greer said Mr. Powers was part of the California Labor Federation's umbrella projects that are similar to an ETP-based program to help JATC's become familiar with an ETP project, so this is probably his third or fourth round of funding within his organization. The first two were focused on the journey level and his organization has a very good grasp of how ETP works.

Mr. Broad asked how apprenticeship is funded and where ETP funds go. He said presumably there is a Joint Labor Management Trust Fund that retains the funds and employers pay money into that pursuant to the Collective Bargaining Agreement. When other forms of state funding are received and ETP funds are received, does that go into that trust fund or do you put it elsewhere? What happens to our money that is not based on the Collective Bargaining Agreement? Mr. Powers said they have to put it in the trust fund. He

said last year they finalized the audit from the DOL. They went through everything and they came up spotless. He said they must track where all of their money goes, and they keep files on their grants whether it is through ETP, Montoya, or their Collective Bargaining Agreements. All of their funds are allocated where their monies go. There is always a process of keeping staff, teachers, utilities and so forth, but the money is all lined up. Mr. Broad asked if the law, whether it is federal or state law, requires essentially that all funding pass through the trust fund. Mr. Powers said because they are a trust, all the money has to go into the trust. With the apprenticeship, money that he spends must be approved by the Trust, so that it is all accountable and they all have fiduciary responsibilities. Everybody is always looking at making sure we are running a clean program and we are, with the DAS, DOL, so all the money goes straight to training.

ACTION: Ms. Fernandez moved and Ms. Bell seconded approval of the Proposal for SF Electrical JATC in the amount of \$211,310.

Motion carried, 7 – 0.

Santa Clara County Electrical Joint Apprenticeship and Training Trust

Mr. Chan presented a Proposal for Santa Clara County Electrical Joint Apprenticeship and Training Trust (Santa Clara JATT), in the amount of \$328,670. Santa Clara JATT is funded through collective bargaining between signatory employers that are members of the National Electrical Contractors Association and the International Brotherhood of Electrical Workers Local 332. There are an estimated 80 signatory employers in NECA. Local 332 represents 200 journeymen and 307 apprentice electricians. The Santa Clara JATT sponsors two apprenticeship programs: 1) Inside Wireman (5 years) and 2) Residential Electrician (3 years).

Mr. Chan introduced Daniel Romero, Training Director; Jan Borunda representing California Labor Federation; and Kelly Greer, representing Strategy Workplace Communications.

Ms. Greer pointed out that this project has 102% of their hours entered into the database. They also have about 67 new apprentices who started in January that will be part of this new contract.

Mr. Broad said, so basically when you receive ETP funds, they are being allocated for fewer apprentices than the total of your class. He asked if they pick them randomly for accounting purposes and which workers ETP funding is going to. Do you say we have training for this many number of workers, we have money for 50 workers, we have 100 workers in the program, and you just pick 50? Ms. Greer said no, it's done by class, which is the easiest for the JATC to manage. It would be very difficult for them to be running extra rosters. She said they don't want the JATC to have a bad experience with ETP and fill out 140% or 180% paperwork and get paid for only the 100%. They talk to them and figure out how many classes are running, how many hours it is going to be, and what classes make sense to document when they are the larger projects. She said, they work very hard as you can imagine and work really well with ETP's program. Ms. Borunda said, yes, he started with us in the very beginning, so he has been around for several contracts. Mr. Romero said ETP funds helps fund their apprentices and journeymen. He makes decisions based on what

class to use them for. He does not like submitting paperwork for one short 8 hour class; he prefers 24 hours minimum for his classes. He decides whether he will have one class with 25 people or if he can actually split them up. In the fifth year of apprenticeship there is a lot of lab and technical training, so he was able to have two classes with 10 people each, because he wanted a lower student-to-teacher ratio and said that would not have been possible without ETP funding. He said all of the decisions they make at the JATC are for the purpose of getting better training and more materials in the class. ETP funds go into one pot, which is the trust fund. They don't do training for the sake of getting ETP funds, they do worthwhile training that will benefit the journeymen, apprentices, and provide a benefit to their contractors. He said one thing I appreciate is that our model does not fit perfectly with the ETP regulations and anything they can do, to help get past that, they will. These young apprentices are coming in and not just getting training, but careers that not only change their lives, but the lives of their families.

Mr. Rodriguez asked if they provide a separate management system to track per trainee. Ms. Greer said yes, they have a database and use it to print reports that are necessary for the JATC directors to make decisions, and then their staff uploads their database to ETP's database.

Mr. Romero said they track retention for their apprentices every three months and they get a report of how many hours each apprentice has worked. It is required for their records, DAS records, and now it is required for ETP funding. Perhaps an idea would be to have progress reports half-way through a cycle to see if a particular trainee is on track. Mr. Rodriguez asked when he starts doing his planning for the next year. Mr. Romero said he is planning now for his apprentice classes in September and for journeymen classes over the summer to have adequate classroom space. Mr. Rodriguez said so you are taking past historical participation and forecasting the number of possible apprentices that are on the list. Mr. Romero said yes, I know how many first year apprentices I have now, that will be second year apprentices next year and that second, third, fourth years are easy to track and figure out. Mr. Rodriguez asked how many people are on the application list. Mr. Romero said on their ranking list of people that want to be apprentices, they currently have about 480 plus applicants, but last year they received 1,500 applications to become apprentices.

Mr. Hart asked if he could repeat the question about how we interpret retention. Mr. Romero said his thought was that they track retention of apprentices because they are required to. So every three months, they have reports basically of how many hours an apprentice has worked. He said perhaps a way that they could alleviate the feeling that the Panel has about not meeting retention, is to provide progress reports on the trainee, half-way through or right now. He said he could tell the Panel that if he was at 50% completion rate, that 50% are on track to complete it by this time.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Santa Clara JATT in the amount of \$328,670.

Motion carried, 7 – 0.

Napa Valley College Small Business Development Center

Ms. Hernandez presented a Proposal for Napa Valley College Small Business Development Center (Napa Valley College SBDC), in the amount of \$6,666. Napa Valley College SBDC's mission is to create economic impact for local and regional communities and businesses. In order to accomplish this, the Napa Valley College SBDC provides services including one-on-one business consulting, business training workshops, information dissemination and referrals to partnering agencies.

Ms. Hernandez said they previously earned 53% of the agreement amount which was caused by several factors. First, state funding for the SBDC was severely reduced in 2009 and ultimately eliminated in 2010, essentially reducing its funding by 75%. Second, recruitment was hindered by the economic downturn that made business owners less willing to take extended training. Mr. Broad asked if basically what happened was that their general fund allocation for the community college in general was cut. Ms. Hernandez said yes, that is correct. Mr. Broad said even though this is a small contract amount, we do not put MEC's on the Consent Calendar, which is why it is here and they also had poor performance.

Ms. Hernandez introduced Charles Monahan, Deputy Sector Navigator for Small Business.

Mr. Broad asked who is providing the training. Mr. Monahan said the small business development center. Mr. Broad said so you are doing it yourself. Mr. Monahan said yes, they have twelve advisors connected with their center. Mr. Broad asked if their funding for their general fund is restored. Mr. Monahan said yes, what happened in 2009, is that the State Chancellor's Office incrementally reduced the funding. At first it was reduced by 10%, then 25%, then 35%; and by January 2010 the funding was gone, which was 75% of their funding. They have since had a variety of funding mechanisms such as Rapid Training Fund, and they successfully wrote a grant for that. The Napa SBDC has now taken the Sonoma SBDC territory as part of one region now, so that is a different funding mechanism across those two counties. The Deputy Sector Navigator funding is also significant as a match funding for the SBDC.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Napa Valley College SBDC in the amount of \$6,666.

Motion carried, 7 – 0.

Amendments

Joint Apprenticeship Committee for Operating Engineers for the 46 Northern Counties in California

Ms. Hernandez presented an Amendment for Joint Apprenticeship Committee for Operating Engineers for the 46 Northern Counties in California (OE3), in the amount of \$370,880. Applied builds nano-manufacturing equipment, machines, and tools for the global semiconductor, flat panel display, and clean energy manufacturing industries. "Nano manufacturing" is the production of ultra-small structures, including the engineering of thin films on glass substrates. Applied's customers include manufacturers of semiconductor

wafers and chips, flat panel displays, solar photovoltaic cells and modules, and lithium-ion cell batteries.

Ms. Hernandez noted a correction for the record on the ETP 130, Page 3 of 4 under Amendment Details. Due to miscommunication, we incorrectly stated that pre-apprentice curriculum was approved by DAS. In actuality, DAS recently approved a revision to the OES approved standards to add language that individuals successfully completing pre-apprentice training program approved by the JATC may be given preference to available openings in apprenticeship training.

Ms. Hernandez introduced Tammy Castillo, Director of Apprenticeship.

Ms. Roberts asked about the high average cost per trainee for the pre-apprentices compared to other contracts. Ms. Hernandez said the reimbursement rate for pre-apprentices is at \$22 per hour based on the guidelines for pre-apprentice. Ms. Roberts said, and they are saying it is 200 hours, but the other ones were a lot less per hour. Mr. Broad said I don't think there was pre-apprenticeship there. Ms. Rodriguez said they are at the \$13 per hour. Ms. Hernandez said right, it is a higher reimbursement rate at \$22 per hour. Ms. Roberts said so you need 200 hours. Mr. Broad asked why that is. That is the question. Ms. Castillo said apprentices come up initially for five weeks of training and once they complete the pre-apprenticeship program of 200 hours, then they roll them direct entry into their program for three additional weeks. Every year they bring in about 100-120 apprentices and they come into the training program for five weeks of training which has been 200 hours, and now will be 320 hours of training each year.

Mr. Broad asked if when we are training apprentices we are mixing funds and asked if this is the entire cost of the pre-apprenticeship training. Ms. Castillo said no, it is not the total cost for the training. Mr. Broad asked if it costs more than \$22 per hour. Ms. Castillo said it costs much more than \$22 per hour, I can guarantee you. Mr. Broad said you might as well send them to medical school. Ms. Castillo said yes, actually their program provides housing and they room/board them for the eight weeks of training. They provide breakfast, lunch and dinner so they are a little bit unique compared to a lot of the other programs. She said it's a large cost for them as well because they must have adequate staff to provide training, security and administrative costs. They must have someone there to make sure they are on their best behavior while they are there.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Amendment for OE3 in the amount of \$370,880.

Motion carried, 7 – 0.

Yahoo! Inc.

Mr. Griffin presented an Amendment for Yahoo! Inc. (Yahoo), in the amount of \$1,016,010. Yahoo is a global Internet brand and a premier digital media company. It is one of the most trafficked Internet destinations worldwide with many of its service free to its users. Yahoo generates revenue by providing marketing services to businesses across the majority of its properties and by establishing paying relationships with users of its premium offerings.

Mr. Griffin introduced Irene Henderson, Senior Director of Yahoo Talent.

Mr. Broad said he did not recall ever seeing a situation where a company was funded \$250,000, and then returned for amendment requesting \$1M. He said it seems extremely high and asked if this is something that we do very often. Ms. Torres said no, it is not done often but this is an industry that has acquired quite a bit in the last year. She said staff had the same concerns as he did given especially the term date and how much time was remaining. So they really pushed and quantitatively asked them to provide information about what training has been done. She was considering questions that the Panel may ask, what training that could be done and actually detail it by number mathematically, with weeks left in the training period in which they could actually perform. So a lot of these hours have already been performed. Mr. Rodriguez asked if they have already performed in the current contract. Ms. Torres said yes, this is an amendment for the current contract. They have actually already performed starting in October and basically they ran through our funds as of October 2013. Mr. Rodriguez said so they have continued to train. Ms. Torres said yes, they have continued to train at their own risk, which is standard and not unusual. They will continue to train up to what we call the 21-month training period that will allow for the very last person to finish their retention. This is an infusion of money for them to be able to realize all of the training they will do within the term of this agreement; so it is an anomaly. Mr. Broad said so do you feel it is a defensible anomaly? Ms. Roberts said they started training in October so in seven months; they must use \$750,000. Ms. Torres said that is correct. Mr. Rodriguez said but you requested from \$503 to \$1,826 for Job No. 1, so there has been an increase on a per trainee request. Can you expand on that? Ms. Torres said on Page 3 of 4 of the ETP 130 that is exactly right, because the weighted average under the current agreement, I believe it was respectively 40 for Job No. 1 and 24 for Job No. 2. And now for both job numbers, it would be a weighted average of 145. As you know, they could have actually asked for a weighted average for up to 200 hours, but given the time remaining, it was conservative for the 145, so they remained at 145.

Mr. Rodriguez said so Yahoo came to us and said we want an increased number of hours, which increases also the cost of the training. Ms. Torres said that is correct. Mr. Rodriguez said on a per-trainee basis, and estimated 545 new trainees. Ms. Henderson said yes, when they first submitted the contract they went more conservative at that time regarding what Marissa Mayer was going to bring on. She said they have had many new acquisitions such as Tumblr and Aviate, and they have also increased their mobile platforms. So they have hired employees and have many more applications than they have ever had in the history of Yahoo. Just in the fourth quarter, they had doubled the number of applicants. For every job they filled at Yahoo, they had 140 applications for that role, so they are trying to fill them as quickly as possible to help them adjust with the new platforms that are now supporting all of what Yahoo business runs on.

Mr. Rodriguez asked if most of that is occurring at their Southern CA location. Ms. Henderson said some of it is; most of their search business is operated out of the Southern CA offices, and their headquarters, where they handle most of the acquisitions and make sure the strategy for the search platforms continues to execute. They do Yahoo Food, Yahoo News, and Yahoo Tech and then there's moving to a strictly mobile platform instead of moving from a PC. They are estimating almost \$2.7 billion smart phones will be in existence

in the next few years so they are trying to stay ahead of that and put themselves back into the home of technology in CA. Ms. Rodriguez said, Ms. Reilly, they suffered from in-county competition.

Mr. Broad said, so if they came and they asked for a certain number of hours of training per worker, and they are increasing the amount of hours in this amendment, then that really doesn't seem like an amendment; that seems like a new thing, because we did not really approve that in the first place. In other words, you're asking us for more money. Is the number of hours that are being trained increased or is the number of hours you are asking us to pay for being increased; is it the same training? Ms. Henderson said, it is additional training for the existing sales force and for the technology engineers who now, because of the new platforms that they have instituted and implemented, they need to train them on all of these new technologies that have come out. Mr. Broad asked if we are training the same people. Ms. Torres said yes, for the majority, and they need more hours now based on this acquisition's increased business. Mr. Broad said so we are training people that we already trained in new technology that they didn't learn last time. Ms. Henderson said they didn't have it before, because they didn't have the technology. Mr. Broad said but it is new curriculum; so we are training them to do something they couldn't have been trained on because you didn't know you were going to need to train on that, right? He said an amendment should be in my mind, that you come to us the first time, and you train 100 employees to do X and then six months later you want to train another 100 employees to do X the same thing. It's the same proposal, the same thing, that's why it's an amendment, but it sounds to me like this is almost like a whole new proposal. Ms. Roberts said if they want to capture their four months of training that they already did, that is why they are using the amendment scenario. They are saying they want to have more money and don't want to lose these four months of training where they have been having all these extra hours. So let's do an amendment because if they start a new contract now, they wouldn't be able to get it. Mr. Broad said, not for this group of people. Mr. Rodriguez said yes, but the representative previously stated, and maybe she was confused with the question, that the 545 were new employees that were going to be trained; but you just responded to the Chairman and said they are the same employees. Ms. Torres said, they are supposed to be the current trainees, so you are infusing additional funds so they can add additional training hours for those same trainees. The reason that you don't come back for a new agreement to do that is because basically people do not train according to ETP's schedule. She said they continue to train, because what happens is if they stopped training in October when they ran out of money and then they came in for a new agreement, considering our agreement processing time, plus the fact that they stopped in October, their 90-day retention wouldn't be until January and then they wouldn't be able to start training until later. Mr. Broad said, they miss getting paid by us and they have to start training a whole new group of people so this sort of the equivalent of the apprenticeship program without a union. Ms. Torres said, except that they actually work for Yahoo; it's a different animal, and they did realize those hours. Mr. Rodriguez said but the amendment is based on the acquisition of these additional platforms. Mr. Broad said correct, so what they did is that they somehow couldn't predict that they needed to do this training when they asked us in the first place, so they are saying we acquired Tumbler and we have to figure out what to do with it. Mr. Hart said that would necessitate a revision of the training curriculum. Mr. Rodriguez said not necessarily. Ms. Torres said staff did ask that question. Mr. Rodriguez said they are just introducing new protocols to a new product. Ms. Torres said that is correct. Mr. Broad asked the Panel how they wanted to proceed. Mr. Rodriguez

asked Ms. Torres if there was any discussion about coming in any lower than \$1M. Ms. Torres said there is always a discussion and initially when she spoke with the analyst, she discussed perhaps coming in a little lower because she knew this would be a pain point for the Panel. Upon more questioning, they discovered what part of the training that had already happened, and what part ETP took in the delays in being able to process that. So given all those and figuring out the math, the amount that is before you is within reason, and the risk is very low compared to something that hasn't happened and is just a projection.

Mr. Broad said here's the thing, it doesn't quite work because the prior performance was at 85% and not at 100%. Maybe they have earned their \$750,000, so if they want to come in and right size it, but now we are giving them 185% so it's just way too much money going out the door. The precedent we are setting here is to ask for a little and then come back with an amendment and ask for a ton, based on some sort of changed circumstances argument. I don't think this is really what the amendment process is for, although I recognize the unique issue they are raising here. I propose cutting the amount in half because you are doing the training any way. You already did it and you already spent the money, so whether you get \$1M or \$500,000 from us, it is \$500,000 that the shareholders pay versus what the taxpayers pay. He said I think that is generous since it is triple the amount of what you received initially. Usually it's the second half, not the second 200%, so I'm willing to reduce it to \$500,000, and that is what I'm willing to vote for. Ms. Roberts said yes, because there's always a chance you can come back with a completely new proposal if you think that you are going to train into next year, that is what I'd recommend so it is clean cut. Mr. Broad said honestly it's like we are Google and we just bought Snap Chat. We just spent \$10 billion and we had a proposal for \$350,000 of training. Now we'd like to request an additional \$7.8M because it is proportional to the \$10 billion. This stuff is happening so fast in your industry, and I feel like it is not quite right. Ms. Henderson said she wanted to clarify on the record that there was no strategy behind this. They were conservative when they first came in, because they have seen a dramatic turnaround. Mr. Broad said it's just that from the Panel's perspective it doesn't fit right. We need to not plan in arrears; to plan in advance in these proposals because we are putting these apprenticeship people through something and they have an education system that is 150 years old, well established, well connected and very predictable. He said we are putting them through this over a similar question about retroactive concerns, so he was not comfortable with agreeing to an amendment amount for twice of what they normally would do, even at \$500,000. Ms. Henderson said alright, thank you. Mr. Rodriguez said and I support the Chairman's generosity, we know you were advised to pursue the amendment strategy; you didn't come up with the amendment strategy. You are involved in training and you are doing a really good job of training.

Mr. Hart said just so I understand, you are training on new platforms, so wouldn't that change your basic menu curriculum? Ms. Henderson said it doesn't change it but it just alters the components in the different modules within the curriculum. She said the general curriculum is a template for what they use when they roll out their trainings for existing staff and for new employees. So for example, if we had a curriculum that talks through all of our technology platforms, then before when we didn't know that we were going to have these platforms, now we just expanded that module to include the new ones as opposed to changing it drastically. Mr. Rodriguez said they are slightly modified. Mr. Hart asked, then how does staff hold them to the standard of menu curriculum if they didn't provide a revised menu curriculum? Ms. Torres said, with ETP it's almost a misnomer when we say curriculum because it is really an

outline of the general topics that are going to be included. She said I would assume the full curriculum is very massive. Ms. Henderson said yes, it is. Ms. Torres said that was a question though because you are right; sometimes, it is completely different than the topics included and that is analyzed so it did fit within the general topics of what is already in the menu curriculum. Mr. Broad we have many instances where the curriculum is sparse and generalize but that is not an issue here. This probably has a very detailed, specialized curriculum.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Amendment for Yahoo in the reduced amount of \$500,000.

Motion carried, 7 – 0.

X. PUBLIC FORUM #2

Barry Broad, Panel Chair

Barry

Alright, now we're done with the proposals, and before we take a break, we are going to move into the apprenticeship forum first. We are changing the order; he asked by a show of hands, who is here to talk generally about ETP? (A few hands were raised). Who is here for apprenticeship? (Several hands were raised)

Okay, we do have Ms. Ravnik here, right? I would like to ask her to come here and go first. She has sat there patiently for a very long time and has other things to do, so I would like to extend her the courtesy of letting her speak first on the apprenticeship program. And then we will take a break, and then we'll come back and we'll do the general forum first because we advertised that, and then we will do apprenticeship. Alright, Ms. Ravnik.

Diane Ravnik

Division of Apprenticeship Standards (DAS)

Diane

Well thank you very much; I will definitely be brief because I know everybody's waiting for the break. I'm Diane Ravnik, and I'm Chief of the California Division of Apprenticeship Standards. I have four main points to make with some of them stimulated by some of the conversation earlier. And in fact, I may stay for the afternoon because I'm sharing with you a broad perspective and it is very constructive for me as well, to hear how our individual apprenticeship program sponsors are interacting with the ETP.

But first and foremost, I want to say thank you. Thank you for the ETP apprenticeship pilot project. It has made a tremendous difference to our apprenticeship training programs. So by all means, please continue it, and I hope we can work together to enhance it and deal with some of these issues that emerged this morning. I do want to say that I think this partnership is an ultimate win-win. I think it is advantageous for ETP, because I think we do have high-quality programs. Really, every one of them. A function of my Division of Apprenticeship Standards is oversight on the training that is provided by all of our apprenticeship training providers, and we do take seriously, the S in DAS. It is apprenticeship standards; and we

establish standards; we monitor standards both for the approval and ongoing administration of these programs and that is one area. And one point I want to make, and that is an offer of a little greater staff assistance on the part of our Agency, kind of across-the-board with your local staff. As it happens, we have staff in those same four areas where you have regional staff and we have a fifth area in Fresno, where I think there is no ETP staff. I think in terms of assistance we can provide about the programs, in the development of these proposals, in the ongoing accountability, DAS does maintain a lot of data on a whole variety of things such as retention rates or graduation rates, quality of the program. We conduct random audits on all of our apprenticeship programs that are triggered by certain things, so we have this information.

In the construction industry, which is where the bulk of the programs are that you have been funding, our Board, which is a counterpart to you, our California Apprenticeship Council, approves MITCs, Minimum Industry Training Criteria, so that there is some uniformity throughout a whole industry, not just program-by-program, but throughout the industry. What is the minimum skill and education level that is needed to be a proficient carpenter or electrician? These are standards that are agreed to and modified every so often by industry representatives that are engaged in training. More than a few years ago, all of our committees modified their MITCs to include green components and some of the new technologies that I know and the IBEW referenced; deal with a lot of new technology and energy efficiency is a big thing these days. Through state legislation, there are a lot of new very ambitious goals set for the State of CA and its buildings to achieve a certain level of energy efficiency. So the people that do that are apprentice-trained electricians, plumbers, roofers, sheet metal; and so they through the statewide MITCs have modified these standards, and then periodically they will modify the standards that are approved at the onset of their program to stay current.

So we think these are quality programs which give good result to the ETP. A tremendous help, the other half of the win-win, are our apprenticeship programs. They invest a very substantial sum of private industry funds. A lot of them are negotiated through their Collective Bargaining Agreements. We have some non-organized apprenticeship training programs, so their funding is a little different. But either way, there is a tremendous public sector training investment, and one of the things about apprenticeship, or a particular concept that I want to leave with you, because I think it separates apprenticeship from virtually all of the other training programs that you fund, and that is the continuous or permanent nature of it. When I approve an apprenticeship program, they have a lengthy list of criteria, as you do; but ours, as is yours for funding, ours is different. I need to know how many hours of on the job training they are committed to, how many hours of classroom instruction, what public community college or adult education facility will be providing that, and get a letter from them, that that facility has approved their curriculum, they approved their instructor. I need to know that they have a wage progression. I need to know that they have an opportunity for reasonably continuous employment throughout the four or five year course of their training, that they have some funding basis as part of our initial approval to sustain their training and that they have a fair and impartial selection procedure.

So we have a litany of things when a program is first approved. The really major difference is when I approve them; it is not for a term of contract as you do. I'm approving them for life unless they go awry, and we would find that in audit and we would terminate the program.

But the basic concept is, when they, when an employer or joint labor management group signs on to apprenticeship, it is our expectation, and it should be theirs, that they will train a class for this coming year, and the next year, and the next year, and the next year, and the next year. That they are looking at the system of apprenticeship as their methodology for backfilling their retiring employees and for training that next generation of workers in the building construction trades, this is very much the case. Here in 2014, DAS celebrates the 75th year of apprenticeship in CA. And by that, I mean our apprenticeship statute in law; but many of the programs we deal with daily, have been around for almost that amount of time; 40 years, 50 years, and some of them 75 years. They started out when the statute was enacted. I think that's significant because their commitment to training isn't just based on is there funding available. Because up until ETP, and we are beginning to try and partner with other workforce development agencies and funding's, notably the Workforce Investment Board and a bit with some energy agencies we are working with now. We are trying to collaborate more with GO-Biz, for their employer incentives, and that's one of the things that I will mention as part of an administration, is that we are doing across-the-board. We work with your reps here, most notably Peter Cooper, with Tim Rainey from CWIB and others, on this concept of collaboration between state agencies, with a particular idea in mind, of braiding funding. Because there are, as you know, all these little pots of money, and probably some of the people that have come to you have gone here and there and everywhere, but that really should be a lot more coordinated effort. So on behalf of the administration that is something that we are trying to do, and really in my experience with the state this is one of the first times I've seen that; so I think that makes better use out of everybody's money.

I mentioned we have a lot of oversight, we hold our programs accountable, and we'd like to share that information with you. I know that just as a side, and one of the reasons why the question about, to the Operating Engineers, why was there a program at a higher funding rate. Well, we really have three kinds of programs, and three that I think you're engaged in assisting with funding. Apprenticeship is the primary one, but there is also pre-apprenticeship and journeymen upgrade. The pre-apprenticeship program, we do not have statutory authority over that to approve. We highly recommend them because it gives young people that are about to enter a four and five year apprenticeship, a basic orientation of what they might be getting into, what the expectations are. So pre-apprenticeship programs, we really endorse, because they increase the retention rate of individuals going into them. And then on the other end, we have journeymen upgrade, which again Byron from the Electricians, talked about a lot of technical changes in materials and installations and all these kinds of things. So it is important, just as in many occupations and professions, that there be some form of continuing education. Because regardless of the very high quality of training that we believe all of our programs undertake for a journeyman who has graduated, ten maybe fifteen years ago, things have changed. So I think this is something that we have not been greatly involved with, but I'm very interested in pursuing, and we do issue certificates for our journeyman upgrade training as well.

I know you have many individual programs that have particular issues, especially in the administration and application of your funding; but here I wanted to provide a little bit of overview and to certainly answer any questions.

I wanted to mention too, it is our 75th anniversary. Every two years we have a CA conference on apprenticeship, and that is for our apprenticeship community to come together and share ways to improve their programs. So that is coming up at the end of April, and in May we invite a little broader community. I'd like to invite all of you. I will make sure that Jill McAloon and the Panel Chair get information on our program in San Diego April 30 and May 1. I have a newsletter that I will leave with you that has some information on that and so please do come, see what they're doing and we would love to have you at that. We greatly appreciate the initiation of the Apprenticeship Pilot Program and look toward continuing it into the future.

The one last point I almost forgot, and it is essential from my standpoint, and that is, up to now I know you've received applications and funded our existing apprenticeship programs largely in the building and construction trades. And over two-thirds of our apprenticeship programs in this state are in the building and construction trades. But when I had first heard of the apprenticeship pilot project, it was my hope, and still is, that you would consider a joint effort with us as we're really trying to expand apprenticeship training into new growth industries. Again, in our collaboration with CWIB and others, we are looking at the same areas and occupations and industries that EDD and others see the growth in. Manufacturing is certainly one we have identified. We have some programs, and we'd like to expand that. Healthcare; I am reminded when I see Steve Duscha, that some 30 years ago in another context, ETP and DAS were partnered at that time for this specific purpose and that was myself and Steve trying to promote the use of apprenticeship and ETP funding in these new areas. I think in particular, it was healthcare at that time, but I am disappointed that we have not made as great an in-road to serving these employers who need a skilled workforce. Apprenticeship is simply a method for helping them to achieve that, and the help of ETP would be particularly helpful because this apprenticeship is unfamiliar in these industries. The building trades know it well, they embrace it, they use it; but for new employers who are accustomed to having their training funded, we never ask for a full load to be paid. But if we had the ability to fill in some of the gaps and provide some incentive start-up funds for employers who are willing to make a lifelong commitment to apprenticeship as a system that they will train their workers for future generations, that would be a tremendous help. It would help to have them put their toe in the water and give it a try, because we have found it to be a very worthwhile investment. So if you can help us bring a few more folks into the fold that would be of particular value to us. Now if you have any particular questions, I'd be delighted to answer them. I brought our field supervisor, Merrill with me, who is responsible for the staff in our five regional, or six actually, regional offices and we would certainly look forward to having our staff work closely together.

Barry

Thank you. Are their questions from Panel members? I have a couple questions; are there other funding sources for pre-apprenticeship like a WIA, do they get WIA money for that?

Diane

We have, WIA funding is available on a WIA by WIA basis. There are 49 local WIBs and several of whom have engaged in, in very effective I think pre-apprenticeship programs. It's largely been multi-craft pre-apprenticeship. And the benefit of that is that a young person can get an overall exposure essentially to the construction industry. The young apprentices are making an investment of four and five years. Do I want to be a sheet metal worker? Cement mason? Carpenter? We want them to move in the right direction and again, that keeps up

the retention. So that money is available. The only other public money as I think you know, is this Montoya or RSI money, which is very limited; it's \$5 per hour per apprentice, not every one of our apprenticeship programs is accessing that, but most are, and that is available, but that money, which is in the Department of Education budget, is the only public support on an ongoing basis to apprenticeship program sponsors.

Barry

So, let me ask you another question. One of the things that we don't fund or that we haven't funded thus far is the first year of apprenticeship. Presumably, because that's the year where you have the most people dropping out, right? They've decided they don't like it or whatever, and then once they get past the first year they are more likely to stay. What is the like overall dropout rate in the first year?

Diane

Well, you're quite right; the first year is where we experience the greatest dropout, and the dropout is a little different from craft to craft, but it does occur largely in that first year. That's why we like the pre-apprenticeship programs, it diminishes that. And that's why when we do measure our graduation rates craft by craft and program by program, we don't start that determination until the end of year one.

Barry

So you don't necessarily think we should change our policy and fund first year apprenticeship. Just because they are not likely to retain as many people or earn the money.

Diane

Well, they are incurring the same costs. As I say, with pre-apprenticeship, we hope the retention increases; so as I say, they're incurring the same costs for training on the same instructors and training facilities.

Barry

Yes, but we don't reimburse unless they are retained after 90-days, so if the dropout rate's high enough, and they are counting on our money, they may not earn it, depending on the particular craft we are talking about.

Jan Roberts

Panel Vice Chair

Jan

Well Barry, even as an employer, our retention rate is the worst through the first 18 months in employment, so when we hire new employees, our turnover rate, that is where we get the highest amount of turnover, so I think it would be that way with any kind of new position.

Barry

Right, I mean I just wondered whether we should consider funding the first year or not; in which the question will come up, I'm sure.

Diane

Well, I would defer to some of our apprenticeship program sponsors and hear what they have to say. I would say any, as in your discussion with Yahoo; any funding is appreciated and helpful. And probably if we were able to get some of these recurring contracts and again for the four and five year programs be able to fund a second, third, fourth and sometimes fifth year, that's equally valuable.

Barry

Thank you, anybody else? Thank you for coming, thank you for waiting so patiently. Obviously we are going to need, as we institutionalize this funding of apprenticeship programs, we're going to need to rely on you in terms of determining what is a quality apprenticeship program

Diane

Absolutely; please do count on me for that. I do want to offer all of my time and our staff's time to do that. The collaboration with ETP has been invaluable to us and as I say with the other agencies too, we should all see how our funds and resources work well together, that is efficient government. Thank you.

Barry

Alright, what I'd like to do is have a half hour break, seriously, a half an hour break only, we'll break for lunch until 1:00 pm and then we will resume. Thank you.

We're coming back to order here and the way we're going to do this is, I'm going to call names, and I'm going to call three names in a row and actually I'm going to call the first five names, I will do it in groups of five. I will call five names, and you will just follow each other.

The first five people, which are for the open forum, not related to apprenticeship. And then after the first five people, the people I will call are people that are talking about apprenticeship and there are about 23 of them that have signed up. So we have about 28 people that have signed up. I'm sure some people might have gotten lunch and wandered off thinking hey, it's Friday; what am I doing here. So, it might be a little bit shorter; let's not try to be repetitive, but we are open to hearing everyone's ideas. I'm going to call these first five names. Since it's your writing, if I butcher your name, it's your fault.

So Debbie Ruiz, followed by Mindy Aronoff, Carol Varney, Bill Sacks, and Stephen Fraga.

Debbie Ruiz
Brand College

Debbie

First of all, good afternoon, I'm here once again. You just granted us our fourth agreement, I wanted to thank you. A bit of background about us because we are a MEC, so we are kind of a poster child for a successful ETP agreement. We do our business with the help of the ETP and the assistance of our analyst; and I wanted to give her a shout out because I didn't do that earlier, Margarita Paccarelli. We wouldn't be here today for our fourth agreement and to give you a couple of recommendations.

We are a little bit different: we don't hire consultants or subcontractors. We do everything in-house, from the proposal to the online tracking to tracking the students with their hours to making sure they have retention at 90-days, to going through our first audit, to even coming here today; we do everything ourselves and for that we are very grateful to everyone from the North Hollywood office who has made us who we are today, which is we are pretty darn successful.

Two recommendations that we do have, one is for the certification statements that employers have to fill out for marketing. In other words, as a MEC when we go to employers to try to get them to fill out that form, that form is a little ambiguous. It seems to be part of a bigger application, which when you look at it, it is part of the MEC contract that we are applying for ourselves, so many times companies feel like, why am I signing this; where is the rest of the paperwork. I don't know if that can be fixed, but if it could that would really help us out, to be able to market this a bit more efficiently.

The second thing is sometimes when we meet bigger companies, for example entertainment industry companies that have legal in-house, they just dissect this form like no other. If we could possibly have, and I don't know if this is possible, if we could have something like an ETP hotline, or someone designated, that we can channel them to talk to. We do sometimes have them speak to our analyst, and she's been gracious enough to take some calls, but they're busy too, and we don't want to constantly be calling. We have them go to your website, but they don't have time, they get frustrated, and then they don't want to sign the form. So if there could possibly be a sort of hotline or designated person to answer these kinds of questions for us MEC people, which would be a great help.

Other than that, your program works in my opinion, and I'm saying that's just for us. It's a great program, we are very grateful, and thank you for your time.

Barry

Maybe if you have lawyers that are having lawyer problems, they should call the General Counsel, and have a lawyer-to-lawyer discussion, because what happens to those lawyers is they're getting paid \$600 per hour and they are really figuring out how to get to the next hour, not to be cynical, so they start fly specking state contracts, which they are not going to get to re-write.

Debbie

Right, absolutely. Many times its hands off because they start holding us accountable as a contractor, and they don't want to get into that sticky question. But you're absolutely right, but once it goes to their department, it is just lost in oblivion, and we've not been able to train some great team members and staff that we have met because of that. Because it ends up in their legal department and they just don't want to touch it.

Barry

Right.

Maureen

I do speak to corporate counsel all the time, whenever asked to. It comes up usually through the consultant or the contractor. I always will respond, but the question has to come up, you have to move it up to my office.

Debbie

Okay, perfect; thank you so much for your time.

Mindy Aronoff & Carol Varney
Bay Area Video Coalition (BAVC)

Mindy

I'm accompanied by my boss, Carol Varney.

Carol

We're going to do a two-for-one; thank you for the opportunity to talk to you today. We represent BAVC, Bay Area Video Coalition in San Francisco. We've been an ETP trainer for 14 years now and we train small companies and large companies alike. To help us remain on top of things, we have to scan the landscape all the time for what the new software is what the new technology is, and make sure that our trainings are up to date, both on the hardware side and on the software side.

Our current reimbursement rate is an average of \$25 per hour, but with the change in technology, and as you may have heard, the tech boom in San Francisco, our instructors are charging a lot more per hour than they used to. So for our most in demand classes right now, which include user experience, design, and design for mobile. Some of our instructors are charging up to \$120 per hour, so I'd just like to request to the Panel that they consider a higher reimbursement rate for advanced technology training, so that we ourselves can remain competitive as trainers.

Barry

Thank you, that's a very good suggestion.

Bill Sacks
National Training Company, Inc.

Bill

I've been involved with the ETP for 27 years; I'm more of the silent ones. But I like the idea of the 8 hours and I really like the idea of the Productive Lab.

One change that would be very helpful is original signatures during monitoring visits and audits. Right now, an original ink signature is required. A company may have lost the original but if we have the duplicate, if we could allow the company to certify that this copy was indeed legitimate, that would help, as opposed to just disqualifying a class that may have taken \$1,000 or \$2,000 worth of training.

Barry

Thank you that seems very reasonable.

Stephen Fraga
Academy X

Stephen

We are in the same city as BAVC, and I'd like to kind of second what they suggested, which is the reimbursement rates for advanced technology. It's currently at \$26 for priority industries and \$22 for non-priority. I'd advocate for them to be raised. We are in San Francisco, there has been kind of dot.com resurgence there, so there is a small supply of trainers that are really well qualified, and all of the dotcom's are kind of eating those up and raising the rates for us. So for us to employ them, they'll charge \$400 a day, \$450 a day, and upwards. So anything we can do to make that financially feasible, would be great. So that's one thing.

I'd also like to second what the gentleman said about original ink signatures for rosters.

And then relating to certification statements, the certification statement that has to be filled out because we are a MEC. We send out the certification statement to companies, and they are supposed to have it signed by a C-level executive. If we work with larger companies, that is very difficult for us to get. There is a lot of bureaucracy; if we could have it signed by a training manager or someone who is credible for this that would be much more helpful. Thank you for your time.

Barry

Thank you; alright, that concludes the comments generally. Is there anyone else that has general comments not related to apprenticeship? Okay, I'm going to start with the next five. John Brauer, Carl Cimino, Dan Romero, Dave Lawhorn, Patrick Knighton.

John Brauer

California Labor Federation

John

I'm just going to set the table; we have a number of our joint apprenticeship training council partners who will come to talk to you in a minute. And we've asked them to take different aspects of some of the issues that you outlined on the website and in the agenda. But just to set the table for some things, I wanted to reiterate, which I hope you started to get this morning, that these apprentice programs are some of the most accountable training programs in the state. Not only by you, but by DAS and the Department of Labor and other folks in terms of actually delivering quality training. Being held accountable to those folks, I would suggest for instance, as one aspect of the first year question that Barry raised this morning, is do you want to think about waiving the retention for that first year. If folks are going through and they don't complete the first year, we obviously aren't collecting money for a big piece of that, so that may be one way to think about that.

Barry

Would we retain it for a whole year?

John

I don't know.

Barry

Well actually, this is a very practical question.

John

And then maybe that question is one I would ask you to ask my folks behind us.

Barry

Okay, alright.

John

The other piece is, thank you again for having this hearing, and generally we would like to engage you literally by having either staff and/or Panel members come to an apprenticeship center and sit down with a bunch of us to talk about the mechanics, which are again all over the place. The length of training for IBEW is different than it is for the painters, which is different than it is for the Operating Engineers or whomever, so there is a range of this going on. You have a range in the funding and support that these programs get. For instance Mr. Benton, who is here with IBEW this morning, all of the RSI monies go straight to the college, his local educational agency. Different training programs are getting different amounts of those kinds of subsidies. Having said that, we are even more grateful for the monies that have come through ETP for apprentice and for our journey level folks. They have been critical both in terms of our ability and the state's ability to respond to growing demand.

And I would also point out that like business, these folks are really good at trying to figure out what the future work is going to be. It's not based on what we've done before but where it's going to be, what are the projects locally that are going to take place, or regionally, or in the state. Sitting down with their signatory contractors and figuring that out in the future. When we had the recession that we just went through, some of the folks that have come here today, even some of the folks that I represented, and others didn't do training. They shut those programs down; they laid staff off because there was no demand there. I thank you again for this opportunity, and again, I would really like to figure out a way to have a deeper discussion, to assist your evaluation of this apprentice program. And you're getting near to that point; it's both your number crunching exercise of looking at the success and how those dollars got used, but it's also having a conversation with the folks that are going to come after to me as to how do we grapple with what Barry was raising at the beginning. Do we end up with some kind of reserve, almost the equivalent of a punch list where you end up getting back into things done and then those monies get released? So thank you.

Barry

Thank you.

Carl Cimino

San Jose Pipefitters

Carl

Good afternoon, I represent the Loyd E. Williams Pipe Trades Training Center. We are a training program for Local 393 in San Jose and we train plumbers, steam fitters, heating and air conditioning, refrigeration mechanics for all of Santa Clara and San Benito Counties. Our educational partner is Foothill Community College in Los Altos. We currently serve 123

contractors. I'd like to start by thanking the ETP Panel for the decision to allow funding for journeymen and apprenticeship training. With the unsettled economy over the last few years, it was a very welcome shot in the arm at a time when state funding for related supplemental instruction had fallen off, as well as our primary source of funding, employer contributions. It allowed us to continue to train and prepare the workforce for upcoming work, and educate the new generation of pipe-based professionals that will step in to fill the gap that will be created by the retiring baby boomers.

I want to speak today to the need to allow our apprenticeship programs to continue to charge for textbooks for the courses that they offer. I realize that there may be some trepidation due to past practices of former ETP employers that attempted to recoup training costs by overcharging for books. But I believe the apprenticeship programs are a very different animal and could be allowed to charge for folks without setting a new precedent. First of all, union sponsored joint apprenticeship training programs are non-profit entities; that is to say that all the monies that we get for the cost of books, get pumped directly back into programs in the form of more books, training materials, as well as consumables, such as copper pipe fittings, welding rod, and gasses and all manner of pipe and fittings for hands-on training. We're not in this to make money or sweeten our bank accounts. We are in it to provide high-quality training for industries that are constantly adapting to changing materials and techniques.

Second, college students traditionally buy their own books. The stereotype of the starving college student digging deep to scratch out enough to buy used books is a timeless story, and while our apprentices are college students, the apprentices and journeymen are not starving. They are well paid, they can afford the books that they use, and they'll be able to utilize the books for many years to come. Apprentices in our programs start out at \$24.56 per hour, and upon completion of their coursework and on the job training, will receive raises every six months for the full five year term of their apprenticeship. This, in addition, to a \$27.00 an hour benefits package. When they become journeymen, they will be earning in excess of \$75.00 total package.

Third, our training programs don't make money on the books: they just try to recover some of the cost. At our program, we don't even charge the full amount for books; just a token \$100 fee each semester. Many years ago, we found out that by charging for books, apprentices had a greater appreciation for them and were less likely to damage or lose them. We also use the book fees that we charge, as a means to monitor the apprentice's commitment and reliability. Often, the first indication that an apprentice is having issues is their inability to make timely payments to the training center for their books. This, combined with close monitoring of the apprentice's on-the-job training and school work, can allow us to step in and counsel the individuals, so that they can improve their behaviors, resulting in more reliable, dependable employees.

Fourth, we take in about \$35,000 to \$40,000 a year in material fees. Our program alone spends in excess of \$100,000 per year on books, in addition to over \$120,000 on consumables like pipe and fittings. Giving up book fees won't destroy our ability to train, however all it really does is diminish the impact we can make, by removing resources that would be put right back to work affording apprentices and journeymen the opportunity for more hands-on training for materials and techniques that will carry them throughout their careers.

Finally, I'd like to invite each of you, each or all of you, to come and visit our training center and see our program. I think that you'll be shocked at the level of professionalism and the level of training that goes on. If you can't make it, visit www.pipetradestraining.org for a virtual tour where you can even check out a tour that was filmed on You Tube, if you look it up under pipe trades training. When people visit these programs for the first time, they are always taken aback by the training facilities, and the training that takes place within. Thanks again for your patience and attention to our concerns, I really appreciate the chance to come up and talk.

Barry

Thank you, I have to say I understand your point of view on the book purchases, but I don't know how we would distinguish an apprenticeship program from any other training program. I'm in the middle of putting the second kid through college and it's pretty objectionable to me that some of these professors put their own book at \$50 on the list. It's bad and it may be resolved by some of these books being available in electronic format in the future. But I think at the present time, how would we ever monitor it? In other words, if we said you could charge for books and materials, and somebody is not operating like you are operating, and they produced their own materials and they have them there, and then they charged someone \$100 for something that they are Xeroxing and made themselves, at some point it becomes a kind of gouging of the student and we can't police that.

Carl

Well, actually you do send your representatives out to check out our programs throughout the course of it.

Barry

Right, it's not your program I'm worried about; it would be all the other programs. Not in apprenticeship, but we couldn't really say for apprenticeship you could charge for books because you always have, but for some other program like Brandt Technical, the nice woman that was here earlier, then we have to tell her that she can charge too, and I hate to invoke the slippery slope, but this is a huge one for us, and it just may be the cost of doing business with ETP is that you can't charge for training materials if you're on our nickel. I think everything you are saying is true about students and how they respond, and if they have to buy the book they are less likely to use it to prop up the garage door or whatever, but I think it's a bit of a conundrum for us. While I respect what you're saying, I'm not sure we can fix that problem.

Carl

So the challenge is for us to discover a way you're not setting a precedent.

Barry

Or, maybe if it gets down to the point where these are downloaded to their iPad and it costs \$5, it's a whole different thing and we are limiting it to \$5 as the maximum you could charge for an electronic download which is much cheaper, or something like that. But at the present time, what I would worry about is if we said you could charge somebody \$200 for a book, and it's basically costing them \$10, that would be a big problem because then we would be giving

them money and allowing them to make a profit off the student, and that we couldn't do, so there you go.

Carl

Okay, well, obviously we are not making a profit. I hear what the problem is with trying to prove that, and creating a whole lot more work. If we could figure out a way to address that program, we will be right back to you.

Barry

Okay, I invite you to do that.

Carl

Thank you.

Barry

Thank you. Next, Dan Romero? Dan temporarily left the room so Mr. Broad moved on to the next speaker, Dave Lawhorn.

Dave Lawhorn

Orange County IBEW

Dave

First, I thank ETP for the funding that they are doing for the apprenticeship. I'd also like to thank Suzanne Godin from San Diego who is our ETP contract specialist, who has really helped us and moved us through this process.

I'd like to talk about some of the application process issues a little bit. Apprenticeships are a bit unique as you folks well know. Our original application we started back in March 2012. It didn't end up at the Panel until August 2012. And we understand that due to the new apprenticeship program, the funding that was being looked at for apprentices. We recently went back for additional funding through a new contract in October, and we ended up back in the San Diego office with Suzanne in late December. Because of the holidays, potentially going to the Panel in February is what we were told; it was delayed due to some issues. It was not on our end, but more I think that the San Diego office wanted to hold off until March, now that meeting has been cancelled, so that has affected possible funding for our JATC as it stands. At the same time, three other JATCs were submitted all at the same time, and three of the JATCs of the four, three went to San Francisco and you heard them this morning. So you can see the dilemma; just to get a standardized process would be great. So since we're dealing with ETP over this issue, we suggested and they agreed to let us try to amend the current contract, which is fine, but now it will go to April. But the issue now is we were in the process of starting to do retention at the 144, so now you want to add 56 additional hours up to 200, we're in that fine line. We've got to meet retention first, but yet we can't submit until we do that, so we are looking at losing potentially about 4 to 6 months of funding, so that's the issue that I'd like to just bring up.

Barry

So let me just stop you there, let me ask you a question because I'm trying to grapple with this, I think this is the biggest issue right now. So the problem we have, which I outlined

before, is that normally somebody comes and they make an application for an ETP grant of money, and they do the training, they retain the workers, and then if they want to apply again they come back and then we know how they did, right? Sometimes they come back, and you can see by some of them today, there is an existing contract but they are through the training and they are into the retention period and they can say, we actually did the hours to reach 100% and 50% have been retained and we expect to reach 100% or 90%, or whatever it is, by the end. What we have with you folks is you're starting the training immediately after the last training ends, right? Semester by semester.

Dave

Correct.

Barry

So you're going to come in before it's done or you're going to amend it while you are in the middle of a retention, or something in that order. Only thing that I can think of, and this is the question you have to ask yourself, is that we would hold back more money to re-pay you than we normally would in a normal contract. In a normal contract we withhold 25%; in other words, the contractor gets 75% of their money before retention and then we hold back 25%. The only thing I can think of that really will work, if we are going to fund back to back training in apprenticeship, is if we hold back something like 50%, and so the question is whether you can function with that kind of a cash flow thing. And that's I think the \$64,000 question, which is, is this money so part of your budget, that if we held back enough to guarantee us, to satisfy our retention requirement, while you were starting into the next phase, would that put you in an impossible financial situation or is our money just plus-plus-plus anyway.

Dave

Right, in our situation, at least in Orange County, some of the programs are typical, because we are all with LEAs or through the community colleges that are part of the State's apprenticeship rules. So a lot of programs start in September and go through June like a normal college. Ours is year-round, and I know that's been brought up with extending it to 200. Some programs were billing after the completion of the semester because they had their breaks. In our case we don't; we have basically two weeks between semesters because we go one night a week, instead of the traditional schedule and it's a little bit different in Orange County. In our case based on what you are saying, we are going to be doing the training anyway because we have to. So the money we get from ETP enhances; we count on it but we don't; and what I mean by that is we're looking at when we get the money this is some of the additional equipment or labs or whatever we can do to enhance the training, so if we didn't get it, it would stay that way. We do what we can without the ETP money, but it is very difficult.

Barry

So if we came in later after you had retention, it wouldn't be a big problem for your program.

Dave

For my particular program, right, I would say that's a correct assumption.

Barry

Okay, and then the other thought I had is, I think it might be kind of weird for us if we just concede that we're going to fund a student through the whole apprenticeship program, at

least after the first year, we're going to fund them from year two all the way to the end, and we're down for that, that's fine. I think what we perhaps need to do when the original application comes in, we need to sit down and say, and understand, not that we're going to approve this for the whole thing in advance, but understand what we're talking about. You're talking about this many students for this many semesters, for this total outlay of money from us over the period of time of the training, whether it's one, two, three, or four years. So what we don't want to have is in semester one, you ask for \$100,000; semester two you ask for \$200,000; semester three you ask for \$300,000. So it's this thing that we can't really predict. Is that something that you could basically sit down at the beginning and have a conversation with our staff about, and sort of predict, well we have 100 students and we're going to apply for 30 students for the entire period? Can you do it that way?

Dave

I guess if we worked it out, that is something we could sit down and discuss to make sure we understand what we are trying to work out. Because in reality, we don't bring in apprentices unless we need them. So new apprentices are brought in based on work because the apprentices are usually working. Of course the economy does dictate if they get laid off; we can't control that, but we usually don't bring in apprentices unless there is a need. It's not like we are just training them hoping we are going to need 20 apprentices in two months. We don't bring in apprentices until we actually have a job for them. So it's a tough question to project out because it is based on the need as construction right now is in the upswing.

Barry

So basically what could happen is you could bring in an apprentice and start the training, and then the economy tanks and they basically get turned out of the program at that point? They get laid off?

Dave

No, they won't get turned out of the program. They're still in the program, they may be out of work for a month or two in between, but we don't bring in apprentices, because we are trying to get those hours. Because they have a minimum amount of hours that they have to complete to graduate from the program so once again, having them back-to-back, we view that and say okay, these 20 or 30 out of 300 aren't going to meet retention, so we are not going to put them in the back-to-back contract. We're going to look at that when we are reviewing or reapplying for a new contract or additional funds so to speak.

Barry

Okay.

Dave

With the eligibility process, I think it should be streamlined with all of the regional offices, I just brought this situation up with San Francisco and San Diego, and so there is sort of a guideline. So now we're tracking the hours and so we know when they are going to meet it, whether it's that three month period or the 500 hour period. I know ETP typically wants to see performance, but in our case it's a little bit different, we are trying to help you understand where we are at on that, that we can show on paper here's the hours and we will gladly supply that. Okay, right now we've put in for 300, these 250 are going to be at retention, where they are at right now, in just another few hours they will be at retention, and that's the

problem, since San Diego didn't see that, that was sort of the hold up for our application, that's what happened with that.

So that's what we'd like to do because retention shouldn't be an issue because, like I said, most programs don't bring in apprentices three or four years down the road, and it depends on what program we are talking about. Electrical inside apprenticeship is five years for our program; sound is a three year program; and then transportation is four years, so there are different durations. If the economy went bad after three or four years, once again the apprentices aren't removed, they are still in the program and going to training, but they still are just waiting to get their on the job requirement. Thank you.

Barry

Thank you very much. Did Dan Romero return?

Dan Romero
Santa Clara IBEW

Dan

I'd like to speak on a couple things. One thing is the understanding that we don't get ETP funding until after we meet retention. So it wouldn't be a situation where we have to give money back, that's one thing I want to clarify.

The second thing is about the first year apprentices not being able to qualify for ETP funding. My program, as many other programs, is real competitive to get in. Last year we took in 1,500 applications to start the process. The process through application, testing, interviewing, ranking, could take as much as six months. So once an apprentice gets accepted to the program, they are excited; this is what they want to do. They realized that this is going to make a change to their families, their careers, and they want this. As a first year apprentice, you have the initial cost of your books, which could be as much as \$400, you have the initial cost of your tools, your safety equipment, your boots for a new person, and so this apprentice right off the bat, is down maybe, could be as much as \$1,000. You take into account that our program and many others, have a day school portion, where they come to school for either 6 or 12 days full time before they go out into the field, so that is a financial hardship because they are not getting paid for those days. If we were to be able to allow them to have ETP funding, we could do many different things. Of course it wouldn't pay for their books, right? They'd be able to subsidize or give a gift of their tools; who knows? Maybe even provide a stipend to carry them through the training while they are not working. Many people have already spoken on the fact that, our apprentices, when they get accepted there is a commitment by the JATC or the Trust, to provide continuous training and continuous work for them. It's a commitment and we take it very seriously. That is why we have very high retention of our apprentices that begin the program until they complete the program. I'm open to any questions if you like.

Barry

Thank you.

Patrick Knighton
San Diego IBEW

Patrick

I'm the Director at the San Diego electrical training center and I flew in this morning to talk to you. Everything you have already heard, I have all the same issues and I don't want to repeat those issues of all those hurdles that we have been jumping through. We haven't had a dime yet because we are under an umbrella with the Building Trades, and they are doing a statewide program which is working phenomenally. I tried the local program and I just can't figure out the secret handshake. We have meetings and they say well, when do you pay your apprentices? Well, we don't pay them, this is an apprenticeship. Oh, you're not the employer? Slams the book, they're out the door; don't even ask the second question. So it's just issue after issue, and I have representatives of my program on the WIB board that can't figure out how to get my apprenticeship any funding. So it's not like I'm on the street looking for issues with our statewide program, we went in, figured out the secret handshake, and we actually have names on our roster and they are signing in every night, and we are on our way; phenomenal success for us even though we don't have a check to say success, at least we have progress. So obviously, we want to say thank you to all for their hard work and everything they have done. Thanks to all of our representatives of apprenticeship today. Chief Diane Ravnik spoke highly of apprenticeship, she's in charge of it all, and she does a great job. My good friend Chris from the Sheet Metal Workers in San Diego, probably a lot of the same issues happening with them too, but it is a struggle. And the statewide umbrella programs have come in, found the key, and they are moving us forward. And I do want to be independent and do my own programs, etc., and keep this going, and the funding has been, the potential funding, we have great plans and in most apprenticeships we have to do the work, even if it means borrowing money or asking the contractors for more money to do the work. We don't have a choice, we have to do the work, so this funding does help, and it does get those quality apprentices in there, and really we call them applicants until they are apprentices, but it does get those quality applicants in there that have the will and the desire to achieve and become that journey man and be a productive member of society. So many of them, just because you come from a poor family, doesn't mean you deserve any less than anyone else. So this funding, helping them whether it is with books, or tools, or however we can help that next person get through the apprenticeship process and go through that training, whether it is three years or five years, everything helps, and like I said, the Building Trades Umbrella Program is working great and I hope all of our local WIBs find out what we're doing here, put those rules in, and have direction to work. I'm not sure where the roadblock is down in San Diego, if it's education or staff or they already got programs that work so they just stick with what's easy and what they know, or what it is. But again I want to speak highly of our statewide program and that's what works and I hope to duplicate that locally many times over.

Barry

Alright, thank you.

Patrick

Of course, if there are any questions from my program or how we do things, thank you.

Barry

Okay the next five are Bob Noto; Dennis Moran; Steve Powers; Debra Chaplan and Dan Smith.

Bob Noto
SSF Plasterers

Bob

Good afternoon, I'm with Plasterers Local 66 with the Bay Area Plasterer Industry JATC. We cover San Francisco, San Mateo, Contra Costa and Alameda Counties, and we currently serve about 70 signatory contractors.

I'm also here to speak on MECs but from the side of a small apprenticeship program. Again, we are a smaller membership, a smaller apprenticeship program. My official title is apprenticeship coordinator. Some of my other titles are instructor; secretary; shop warehouse man; delivery man; and janitor. So as a small program, that's what I do. So having these MECs, ours is with the California Labor Federation, saves me a lot of time. If my program, if I had to figure out the hours, if I had to spend and do the administrative duties for which they get 8%, which is nothing, because I pay 20% to 25% to my LEA, which is City College of San Francisco for far less than what the CLF is doing for us. So this MEC program saves us so much time because all I have to do is fill out registration forms, fill out attendance sheets, and maybe get some CEAN numbers from contractors. I know that is a whole new subject that someone else will be speaking on, so I won't even go into that.

But these programs help us a lot because I'm able to do the work on my end, send it to them, they handle the administrative duties. The money comes in, and like Patrick said it comes in at the end, so we don't see it and it comes in sporadically, and we are a smaller program so it's not a lot of money but when we get it, it's a huge help, but it's not enough to be able to hire a part-time or a full-time admin person just to handle those administrative duties; so the MEC's are a huge help to us.

The other thing, I'm in the process of merging with another program in Northern CA and we will have all 46 counties. My recommendation, even though we are growing, is that in the big picture we are going to still be a small program, compared to some of the mechanical crafts and so on. It will be my recommendation to a new committee to stay under this new umbrella and not handle it ourselves, because I will have enough administrative duties putting together a new program, let alone handling this. So I think they've helped us a lot, it's a huge thing; I recommend that you keep them in place, and if there are issues, if we have to get together and figure out how to settle them, let's figure out how to do it. Any questions?

Barry

Thank you very much.

Bob

Thank you.

Dennis Moran
Sacramento IBEW

Dennis

Good afternoon, I'm the Director of the Sacramento Electrical Training Center and also an appointee to the local WIB. We are a non-profit training entity that trains electrician journey-

level electricians and what I call “wanna be” electricians in terms of apprentices to over about 100 employers here and in the 18 Northern CA counties, so we have a large area that we support. I do want to thank you for recognizing the apprenticeship programs and the value that they bring to our communities. They really have been the vehicle that has elevated individuals and families into strong middle-class careers. When I talk about the individuals involved, we have a lot of people obviously who are entering the career field, so we call them career entrance. We also have the career changers, whether they are coming of age and have done the dead end jobs and now seek career opportunities to learn. But we also see veterans and we serve veterans returning from their service to our country and even in some cases, ex-offenders who are trying to rehabilitate their lives. The good part of their careers is no, they are not shipped overseas especially for construction work; no, they are done here. We are starting to beat down OOS competition more and more. Of course, here in Sacramento we have a lot of work coming that everyone is excited about, and it is work that is going to provide living wages and benefits to many individuals and communities that otherwise might not be able to achieve those. Importantly, they contribute to the tax base. Instead of nursing from the tax base, they are actually giving it back by earning wages and of course our employers are subsidizing that through their tax base as well.

It's interesting that the apprenticeship program, you know we talk about ETP the Employment Training Panel, maybe it should be the Employment and Training Panel because really apprenticeship provides training for careers for people, and then provides them employment through paid jobs. So apprenticeship to me is a great combination of that and we hear many elected officials now promulgating that message throughout, and of course we have a growth pattern here in CA, at least a desired growth pattern in CA to develop more apprenticeships. It's embraced by our Governor and the constituencies as we try to rebuild and create an economic recovery model. As we do this, I ask two considerations of you.

One is, if you have those \$64,000 questions, I certainly invite you to solicit volunteers and in way that you would like to participate in any kind of advisory panel with regards to the apprenticeship program. They are unique compared to other programs throughout the state. They may, in some ways, be more complex. They are definitely regulated. Chief Ravnik is here from DAS, we have the Chief of the CA Labor Federation, and there are other of course dignitaries that you could choose from as well as some of us, I won't say the cutting edge, but probably the burning edge at times of running the programs. We'd love to help answer the \$64,000 questions or try to figure out some of these solutions.

For those Panel members or ETP staff that are in the Sacramento area, you are welcome to visit us at any time. The doors are always open, come over and kick the tires, and look at the quality programs that are being delivered in training and getting people into careers. You are more than welcome to come over at any time to see us in action.

As a Panel, you really are talking the talk; I congratulate you for that and I thank you for that because you have answered the call on behalf of individuals in our communities, whether they are veterans, career changers, and particularly the employers. Thank you so very much for that and again inviting you to come on by if you want to see a program in action, and also to have some us or anyone on the advisory panel to help answer any questions.

Barry

Thank you.

Steve Powers

SF IBEW

Steve

Good afternoon everyone, I'm the Training Director for the San Francisco electrical program. I've been asked to talk today about what is a JATC. Part of what I heard earlier, was talking about credibility, because we are looking for grants, where is the money, what are we going to do with it. Credibility is big in our facility. Somebody was asking about if we are union apprentices. Yes, we are union apprentices, but we also work with the San Francisco Electrical Contractors. So we have our Trust; one side of the table is the union and one side of the table is the contractors. There are more people that are overseeing us. We have an international office back in Washington D.C. IBEW, looking at what we're doing, we have the National Electrical Contractors Association wanting to know what we are doing, and we have the National JATC wanting to know what we are doing. They supply us curriculum, and we use theirs. The Department of Labor wants to know what we are doing, and the Division of Apprenticeship Standards wants to know what we are doing. It's not like we are hiding anything because we can't. One of the things that we have that comes down from the top, and comes from all these different departments, is to train. The big thing out there is everything is changing every day, new technology. And I have talked to a lot of people about our industry, and I ask them what does an electrician do? They look at me and say they put lights in. And I ask is that it? Well, there's a switch. Is that it? Well, they're not even sure if that is it; they just think that they just go together. Most people that are not in the electrical, plumbing, carpenter industries have no idea what we do. A lot of people wonder, well what are you training? You're building a house; there's some wood and nails and there it goes. If we didn't have proper training, the San Francisco high rise buildings would go at an angle. Because we take building 60 feet down below earth, start laying them out, getting the steel and wiring in, and bring it up. We put these things together because all of the trades are well trained. Because who is going to be going into these building? You are. Citizens of this country are going to be walking in our building; we have to make sure it is safe. Our families, our children are going to be touching these things that we put in, so if someone doesn't know what we do, that is fine, but just ask questions. Come by and see our schools, you'll see our training. Like I said, from the top it comes down to us to train these people. Because if we train it, we have a better industry. Our apprentices go through a stiff, tough five years, no nonsense. When they turn out, they complete that program, they are an inside wireman and can go anywhere where they can show their union card and go to work because they are known to be trained. California state certification, we have to pass that and continue hours to be able to maintain our license, which requires more training. So it never ends; when you graduate from the apprenticeship program you're not done. Every three years you need 32 hours of continued education to maintain your license. That is what we do in CA, we try to stay out in front of everything so we have the best trained. The JATCs, we are in charge of these things and our main job is education. One of the other training directors was talking about all the hats he wears, we wear all those hats. Plus we are financial advisors, alcohol advisors, drug advisors, gambling advisors, marriage counseling advisors, you name it. We advise the apprentices on that because that is also part of our job. That's part of training because we want to make our members better citizens. We are also associated with Foothill

College and they make sure we have the curriculum down. We're not just moving these guys through; they have to pass the test and they have to be able to turn it out and do the job. So the JATC is made up of all these aspects, and that's why we need the grants to help on the change in these different things we are putting together. New education, teaching our teachers even more and training them even more. The more money we can get, we can get better sophisticated equipment to do these things. The Montoya money on paper looked good until the state cut it; we really don't get much out the Montoya money. The money we get from the grant, we get that after we get our retention and all our hours put in. We don't ask for it up front, so we do get it, we know we have money there and can put in to buy training. We never put it in our budgets because we don't know if it will be there, but we do look and see this is what we might get, this is what we can buy for the school to train more people, and the more people we can train and get out in the workforce, they are going to be better in society, and they are going to have a family and livelihood and hopefully things just keep on going. Does anyone have any questions about the JATC?

Barry

Thank you very much.

Debra Chaplan

State Building & Construction Trades Council

Debra

Good afternoon, I'm with the State Buildings & Construction Trade Council, and I am one of the two apprenticeship MECs that we have as far as I know, maybe there are more. First, I want to thank you for doing this apprenticeship program, for initiating this whole pilot program, and initiating the changes that you have up until now, because that really has made a difference. Increasing hours and decreasing minimums, and it has really made it a more workable program for our JATCs and we totally appreciate that. I just want to add something to what Steve said about JATCs. We have in this room, about 25 or 30 of them. That's about one-fourth of the JATCs that there are in the state, so that's 30, right? So you're giving 30 grants. But that represents probably 4,000 to 5,000 employers in CA. The JATCs are an expansion of what you're normally doing when you are funding one company at a time. So just remember when you are funding one JATC, that could be 100 employers, it could be 1,000 employers, and I think the Laborers in Southern CA have 2,000 employers, and the vast majority of those employers are small businesses, they are under 100 employees. So this exactly the target audience that you are going for and we appreciate that you are figuring out how to go for it.

I just want to say a little bit about the MECs. When we first got our MEC I think back in 2009, we got them, it was great, we were going to do all this green training and then the economy completely collapsed and we were unable to meet the retention hours at all or certainly not in time. We appreciate the flexibility that you offered then, in terms of expanding the retention hours. Now that issue is very different; we're doing MECs now because work is coming up, so we are doing them. We think of them as being an incubator of getting the small JATCs to come in and to be able to figure out the system; as Patrick said the secret handshake. Figure out how it all works, so that they'll go off and get their own contracts, they won't need us to do that, and that we'll bring in other small JATCs. In some cases, we bring in larger JATCs just

so that we can make it all work with our contract. We've had a few that dropped out; they said we can't handle it even with the help you're giving us.

So we appreciate the flexibility, but speaking of that; what you were saying earlier Mr. Broad about figuring out how; let's make this system work if we are going to do it for three, four or five years. Let's think outside of the box and figure out creative ways to fund the same apprentices that are going to go in year one, year two and year three and we're open to that. We have heard, I don't know but probably none of you were involved in ETP in the 90's, but several of the JATC folks were, and they gave us horror story after horror story. Oh my god, we got ETP money, and then we had to give it back. So the Building Trades, and the Labor Fed and our consultant, we figured it out, and we had the lion's share, not all of the JATCs by any means, but we have the lion's share, and we said together, let's not pay out any money until all of the money is earned through retention. So when the money does come to the JATC's, they know it's there's, clean, pure, and they don't have to give any back. So that's something we've stuck to, so we can be very flexible in terms of that reimbursement policy. You want to make it 50%? It doesn't matter because of when we give it to them; you know, it comes to us because that's how you do it. We'll give it when it's earned. I think I'll save the rest of it, perhaps we will come back in April, but I just want to say how many JATCs are here, how many of you would welcome to have the staff and the Panel come out and give you a visit? Raise your hands? Alright, we want you; we want you to see our programs; we want you to see what we're doing. As Steve said, we're an open book. We want to do good training, we appreciate the partnership, so come on out and visit. If we can be an advisory group, we will be an advisory group, whatever we can do to think outside the box and really make this work because we need this money and we appreciate it; thank you so much.

Barry

Thanks Debra.

Sam

Just a quick question; every year I visit a JATC, and I'm on the San Francisco WIB, so I get to see several in the Bay Area. And I think no one is questioning the training, we are just trying to figure out, as Maureen says, there is a statutory sort of bureaucratic wrap-around that has to be complied with. What's really interesting, that I think sometimes we don't highlight enough, is there is a private-sector investment through collective bargaining into the apprenticeship program and maybe worth exploring, and part of the application, from a data collection perspective. I don't know if it has any value yet, to list the employers that have contributed to the fund. Do all of the workers that graduate go to the employer that contributes to the fund or are their some employers that don't contribute but get the benefit?

Debra

My understanding is that all employers contribute. Does anybody have input?

Unidentified Audience Attendee

One of the agencies at DOL, in ERISA (Employee Retirement Income Security Act) Trust, so they can only take a benefit if they contribute for that benefit. And for our employers for every hour worked, the money comes and the employer is getting that benefit, because we are an ERISA Trust.

Sam

Right, so I think from data collection; that might be something that may be beneficial to us, listing the employers that are contributing, as part of the application.

Debra

Yes, we actually talked about if it would be possible to have a scroll while people were testifying today, of all of their employers, because I think it is really an impressive thing to note and to see.

Sam

Because on the non-apprenticeship applications, each application has a list of entities by name and by address of who we are training, the workers of so and so, and for all intents and purposes, that's good or better.

Debra

Right.

Sam

Thank you.

Debra

Thank you.

Barry

Okay, Dan Smith?

Dan Smith

Bay Area Roofers & Waterproofers Training Program

Dan

Roofers and Waterproofers JATC Bay Area program, thank you for hearing me again. I'm also a taxpayer, so I'm coming from two different perspectives on this. Apprenticeship has been under-funded by the State of CA ever since it has been funded. It was interesting to sit here today and listen to a major corporation ask for \$1M. You just heard from about ten people, who each individually have spent more than \$1M in 2013 on training, so we have already put up our money. We're not here asking for money to do our training, we are already doing that. We're not looking for money to maintain the status quo. We are looking for ways to enhance what we do in training, and I think that's what you are looking for also. Because to remain competitive in today's market, you don't do what you're doing today, you're doing what needs to be done tomorrow and we need to train for that. So we have to venture out, we have to expand and that's what we're looking to use this money for. If you said no to every one of us, we'd still be in the training business. We'd get up tomorrow and we'd go to our training centers and we would train apprentices, and we'd continue to do that.

So what I want to bring up briefly, and by the way I wasn't at the briefing so I'm sort of a wild card, there needs to be some way of figuring out how to do this. Who gets the money and what do you expect from them once they get the money. My advice would be to form a working community panel, broad-based. You had Diane Ravnik come up and talk about

minimum industry standards. I think you should have some minimum standards for this. A pre-qualification of sorts as to who gets the money. Did they just start training in 2009 or have they been training forever? Do they have money? What is their percentage of investment versus your percentage of investment? And for all of us, you don't even come close to 50% of what we spend on training, no matter how large the grant is; it is never near 100%. So how do we figure out who gets the money and be fair about that. Because there are going to be people that are not part of our group, our country club or whatever you want to call it, that are going to want money. And if they are legitimately going to train and they are legitimately going to do what is expected of all of us, then they should get the money.

The second part is how do you account for it once the people have the money. The problem, as I said earlier today, is this is new to us, and it's new to you and we're not one entity. Evaluating my program is way different than evaluating any of the other trades. You heard that when the Operating Engineers came up here to ask for a higher number for their pre-apprenticeship program. They have some pretty expensive equipment and fuel costs, we've got some consumables, there are all kinds of differences in our programs. So my suggestion as I said before, is to put together a group that can really make this work. Because the secret to maintaining jobs in CA is to move into the future markets before they exist. And it's not just training workers, because if I train 100 workers on new technology or any of the other trades do, and the employers aren't ready or comfortable or confident to go out and bid that kind of work, they're not going to do that kind of work.

The final thing I want to say is as much as I believe in accountability, I think you have to have a different level of accountability when you are dealing with somebody who is expanding their marketplace and doing something new. They are not going to be able to get the numbers, the exact way. It's going to take a while for the contractors to bid, it's going to take a while for them to be successful, but it's going to pay off. So if someone is new, either to the program, the first time they are doing it, you have a lot of curriculum development, especially if you haven't been doing journeyman upgrades. And anyone who is expanding their program to a place it's never been before, I think you need to look at them a little bit differently. Thank you.

Barry

Thank you.

Sam

And before you leave, thank you for your remarks. Just my sort of thinking, given the Secretary's presentation, be careful what you wish for because you do have uniform industry standards already in the JATC programs, and the mission of the program as stated in law back in 1983, was to maintain manufacturing, the economy here in CA. So think that through, because of the standards you already have in place, I think that more than satisfies the contract.

Dan

Right, to me that was just a term, but I think there has to be a bar that people clear. Because one of the things I think you need to keep in mind is the \$5 per hour you get out of Montoya funding, it's not enough to start a training program, but you are paying four times that, so people could create a program for the money.

Barry

Alright, next five: Steve Duscha; Rob Sanger; Mark Fuchs; Arthur Webster; and Roy Horton.

Steve Duscha
Duscha Advisories

Steve

Well I didn't choreograph this, but what Dan Smith just said about you ought to be giving priority to programs that are doing something new is very important and it's of course one of the standards that ETP has used for all kinds of projects over the years to require them to say what's new and how the ETP funding is going to help make that new thing go. So I think that's important.

Secondly, one of the unspoken issues here today has been how much money does ETP want to spend on training in the building trades. If you want to spend more than you are spending now, then all these questions about how do we pile one contract faster on top of another, why don't we fund first year apprentices, those are relevant questions. If you don't want to spend more money on apprenticeship, then those are irrelevant questions. I do a lot of things with ETP, as you know, including apprenticeship. I counted, and I've done 23 contracts in the last six or eight years in the building trades, I have completed with retention, five contracts in the last year with 98% completion rates, \$2M worth of those contracts. All the training is over, all the retention is over, ETP has approved the final payments on those contracts. Your system works, you don't need any major changes in this to spend at the rate you're spending. If there's more money, that's really a question that you have to answer. If you want to spend \$20M a year instead of \$10M a year, I don't know what the numbers are now on the building trades, but there are ways to do that. You know as well as I do, as well as all of us know, that we can be too greedy in these things. ETP has multiple constituencies to serve; if we demand too much from you or you give us too much, we risk the future of the program, the golden egg and the goose and all that. That's very important.

Barry

Can I ask you a question about my \$64,000 question? With the issue of back-to-back apprenticeship contracts, do you think that the solution here is to retain more?

Steve

No.

Barry

What's the solution? How do we not wind up with a situation where we are handing out money before there is any retention?

Steve

I don't think you should. I think and again I'm speaking for myself and probably speaking against the interest of some of clients. When can I come back for money? That's an issue that Glendale Community College has been arguing about with this Panel for 30 years. It applies to the apprenticeship projects, it applies to any MEC, and it applies to some single employer contracts. It goes back to the issue; do you want to spend more money on apprenticeship than you are spending now? If you do, then you need to find some easy rule.

Maybe the easy rule is, you simply have documented 100% of the training hours in the contract and then you can come back for more. Maybe you've documented 80% of the training hours and you've completed 50% of the retentions. You need some hard numbers, and those numbers need to be applied consistently. There's a lot of different ideas floating around now, both outside and inside ETP and it just has to be consistent. We can live with whatever you're going to give us. Normally, the way I talk about ETP to my clients, both apprenticeship and single-employer clients, is that ETP is, in the normal course of events, going to fund a piece of your training. It's not going to fund the whole thing and it's not going to fund it forever, but it will take out a piece of it and reimburse you for that. And so what piece it takes out is the piece that's easiest to fund. If you want to change that, and tell us that you're going to try to fund every hour of training that an entity does, well fine; but be sure you have enough money to do that and be sure you're going to do that consistently across all corners. I think that is the real issue for you, but you need a rule. This is one of these cases where flexibility is not what you want. I'm going to plead for flexibility in a minute, but not on this.

These rules affect different people differently. The contracts I've closed out are for very large programs by and large, where the limiting factor is your funding. It's not one apprentice completing a year's worth of training or 200 hours' worth of training. They are doing so many hours of training, they eat up your capped apprentice amount very quickly, in six months and sometimes even faster, and then they can get their retention done and earn their money. That's not true of somebody like the Bay Area Roofers, which is a smaller program. So you need to decide how much you are going to spend, and that's a political decision, because the apprenticeship programs can eat up 50% of your money. If ETP is an \$80M program, I'm sure apprenticeship could eat up \$40M happily.

Sam

So Steve, is that your biggest fear?

Steve

Well, we have to deal with that.

Barry

Well, there's no question, that's why I was asking about other sources of funding. There's no question that we could. So far, the way this seems to be working is that our money is almost supplemental. They can do extra things with that money, buy more equipment, etc. What would worry me is if at some point the employer said we will back out our .20 cents per hour and make it .10 cents per hour because now ETP funds this. That's where it gets to be problematic because then if we can't fund it one year and we go into a bad budget situation, we are going to put a bunch of apprenticeship programs into bankruptcy. So we have to be very careful about that and they have to be careful about that too. They have to understand that we are sort of supplemental and that we have only the illusion of permanence. Because right now, our funding is going up but everyone knows a couple of years ago we had no money because of the recession. And before that, the Legislature was stealing lots of it and putting it somewhere else and we didn't have money, and we were in a crisis mode and that wasn't very long ago. That's the problem. The historical fact is we are not as steadily funded as we would like to be, so we can't become the bottom line permanent budget for anybody in training. Anybody who does that, that's a fool's errand.

Steve

And the even more dangerous thing that could happen at any time, I believe, is the Department of Finance could say, look, ETP is funding \$20M worth of apprentice programs right now. We don't need to continue to fund the Montoya Fund; we'll just cut that off. That's a real danger, I'm sure. Mr. Chair if you were sitting as Director of Finance, I know you'd think of that.

Barry

That's why they would never make me Director of Finance, because I probably wouldn't think of it.

Steve

But that's a real danger and you're absolutely right; ETP can never be viewed as a permanent source of funding for anybody. Which is why I like Dan Smith's arguments about trying to turn ETP money into less of an entitlement and more of a, here's some special stuff that ETP's funding, and some changes and some new things, which has always been what ETP is about.

I want to say a couple of things quickly. First, I want to say that most of my current ETP work has been done in partnership with Oscar Mayer and the Los Angeles School District's apprenticeship program. Oscar is a fine man, he comes out of the trades, and he believes in apprenticeship and has been very helpful in putting together reasonable programs. He could not be here, but needs to be mentioned.

I have a couple of specific recommendations on more narrow issues. I want to talk about where I think you need to maintain some flexibility.

First, under your current policies or practices, it seems to prohibit apprentices from receiving OSHA 30 training. Those policies seem to say that apprentices should only get OSHA 10 training. Well at one time, OSHA 30 was aimed at more senior workers, but today there are many contractors who will require an OSHA 30 card for anybody who walks on the job site. It doesn't matter if they are an apprentice or a journeyman. You've got to have that card to walk on to the job site. ETP needs to acknowledge that reality and adopt the position that it does generally for all training, which is that the employer's right, the employer knows what is best. And, the employer is saying I want an OSHA 30 card, I think those people are going to be safer workers. In many cases, a subcontractor has to require that because the general contractor wants it, so that's number one.

Second, as long as you maintain the prohibition on funding for first year apprentices or probationary apprentices, I would urge you to retain some flexibility to accommodate some special circumstances where people may technically be apprentices, but are in fact look like a pre-apprentice. The description that I heard from the Operating Engineers Local 3 this morning was something like that. Another example is the Teamsters Construction Workers in Southern CA. Before you can work in their trade, you have to have a commercial driver's license and that takes 4 or 5 weeks at best to get. The apprenticeship program is set up so that they are indentured and then get the 4 or 5 weeks of instruction to get the commercial driver's license. It could just as well have been set up as a pre-apprentice, because you are

not going to work without the driver's license. Maintain some openness and ability to judge some of these peculiar circumstances.

Barry

Well, when you have an apprenticeship program, that in of itself is six months long or whatever, four months long. That's a really different kind of fish.

Steve

Yes, and again you need a consistent program for dealing with repeat contractors.

Oh, and someone asked me to mention, whenever you have a pre-apprenticeship program, the graduates of the pre-apprenticeship program must go to work as apprentices or the whole thing is wrong. I think it goes without saying, but I think it needs to be said. So thank you. And did I say also that the funding for apprenticeship is a good idea, you ought to continue it, and your processes are quite working.

Barry

Rob Sanger? Mr. Sanger was not present for comment.

Barry

Mark Fuchs?

Mark Fuchs

Carpenters Training Committee for Northern CA (CTCNC)

Mark

I'm the Assistant Executive Director of Training for the Carpenters Training Committee for Northern CA. I represent 2,800 apprentices and about 20,000 journeymen-carpenters for the 45 northern counties of CA. Thank you for your time and thank you for the ETP funding. That's been a great benefit to our program; we are grateful for it, and ask that you please continue it. I'm a successful product of the apprenticeship program. I've had a successful 35 year career and the carpenters can tell you that apprenticeship works. ETP has allowed the carpenters to expand our pre-apprenticeship training in Northern CA to enhance our recruitment of females and veterans. We've also been able to expand our post-apprenticeship training in welding and geo special layout, both high-growth job markets, for the long-term future, a future that's filled with more change coming faster forever. So we are preparing to meet those job markets. As the economy continues to improve, we are going to see more demand for apprentices. Apprenticeship training is a tested and proven career path and we appreciate your continued support.

I'd like to echo the comments earlier of Mr. Duscha and also a second recommendation of Dan Smith, that an ad-hoc committee be put together between ETP, DAS and possibly the CA Coordinator's Association to find some common ground so that we can find funding for more apprenticeship in a very promulgated and policy way that works for everyone. So thank you for your time and we appreciate your continued support.

Barry

Thank you very much. Arthur Webster? Mr. Webster was not present for comment. Roy Horton?

Roy Horton

ABC Nor Cal

Roy

Good afternoon Mr. Chair, ladies and gentlemen of the Panel. First and foremost, thank you for allowing us to speak today and thank you for the funding that you've provided for us. There are a couple things that I want to mention quickly. We've noticed a bit of a gap that I'd like to spark some conversation about when it comes to pre-apprenticeship, and then transferring into apprenticeship. Having that gap, funding pre-apprenticeship and then skipping first year, and then funding the rest of the apprenticeship program, possibly we could look at doing something about that. Maybe if the retention period on first year apprentices was extended out longer than the rest of the program that would be an option.

Also, I'm curious if anybody has any suggestions or ideas for showing retention for people that graduated from the program and then didn't have their 500 hours completed, and immediately started their own business. We've had a couple apprentices go do that, and I've contacted them to try to find out about how we could show the retention and their answers are simple. Roy, I started my own business and I'm working for myself. I really don't have any way to prove that. I can't show the hours working for a contractor because I started my own business which to me, seems like an even higher step up then continuing to work elsewhere. They've thrown in possible ideas of showing a business license. Just something to throw out there.

Barry

That might be a little problematic.

Roy

Yes, I mean possibly.

Barry

I mean that's sort of someone who took advantage of you, really.

Roy

Well, that's what we want; we want them starting their own business.

Barry

Yes, but apprentice is not a business incubator; it's more training for workers, so if somebody's intention is to go through an apprenticeship program and start their own business, they are kind of getting funded in a way, but it's not really what we are doing here. If someone came to us and said I want to start a high-tech company, can you give us a whole bunch of money to start my company; we'd say no, I'm sorry; we can't do that. But I get the point, but really that is sort of an issue more between you and that guy than it is between us and that guy.

Roy

Yes, absolutely and I wasn't sure if that had even come up.

Barry

No, I don't think it will.

Roy

Okay, and finally, as others have said, possibly reconsidering the funding for OSHA 10 and OSHA 30 training. When we first got approved, our OSHA 10 and OSHA 30 training is the first training they go through when they first start the program. So we were never applying for it and that's fine. They asked me, should we move this farther down the program so we can get funding? Absolutely not; this needs to be the first training they go through because it is important, funding or no funding, so we stuck by that and I just wanted to bring it up.

Lastly, our 16th annual graduation is coming up and I'd like to invite all of you to do. I have invitations here if I could bring those up.

Barry

Sure, thank you; why don't you give them to Sheryl. Thank you very much.

Roy

Absolutely, thank you for your time.

Barry

Alright, the last two are Christine Hall and Bill Hodges.

Christine Hall

Western Electrical Contractors Association (WECA)

Christine

Good afternoon, I'm the Operations Director for Western Electrical Contractors Association. So we were the first unilateral apprenticeship program that was approved for ETP funding, so I want to again mention our gratitude for the funding, and it has helped us provide some additional training and supplement what we already receive from our private sector funding.

I wanted to make sure that the Panel, I know we spoke a lot about JATCs today, and as one of the few UATC's that is approved, I ask that the Panel please, when you consider the future requirements for funding, that you look at all apprenticeship programs equally. We are all approved by the State of CA, we are all overseen by ARISA Trust by EPSA, and so when you look at those requirements, just please look at all programs equally. And we would certainly like to be included on any Panel discussions on requirements for apprenticeships for future funding.

As far as the question that came up on reimbursement changes, because the ETP is supplemental to our program, a change in the reimbursement, so that a higher reimbursement is done after retention, would not impact our program significantly. Are there any questions?

Barry

Thank you.

Christine

Thank you.

Barry

Bill Hodges?

Bill Hodges

Heat & Frost Insulators JATC

Bill

I represent the Heat & Frost Insulators of Northern CA; we cover the 47 Northern Counties and I'm also here for the Southern CA Local 5, my sister local, Tony couldn't be here so I told him I'd speak on his behalf. We are a very small local; of 47 Northern Counties I have probably 500 journeymen and 100 apprentices, so we are small.

What has ETP meant to my program? Number one, we would survive without it but where do we get our money? We get it from our members. It's an employer contribution, but when I need more money, it comes off the members check. In the last 2 ½ years, we went from .45 cents per hour to .75 cents per hour because the fund was literally going broke. So when I learned about ETP funding, I approached Steve Duscha who has helped me, and has been a great help, and I got some funding, and I was able to present that to the Board and say we got some funding this year, but I'd really like to start improving the program of what do I do with that. I've brought in new mock-ups, brought in new equipment, brought more instructors in. Instead of the 20 students that the ETP wants you to have for 2 instructors we decided every 18 students to have 2 instructors. I was an instructor for 7 years, and I know how hard it is with 18 students in that classroom, to capture their attention and keep them focused. Especially in the shop when you're trying to teach hands-on. I'd be running around like a mad man just trying to keep up with them. So it allowed me to put a second instructor in each classroom, which has just been invaluable. Before that it was me, myself. The JATC allowed me to bring in a part time worker, so I've got someone working for me now 16 hours a week doing inputs, letters, and things like that. It allows me to go out into the shop to do what I'm supposed to be doing, which is teaching apprentices and making sure the instructors are doing their job.

I just can't tell you how important it is to apprenticeship to get this funding. Would I like to have funding for the first year of apprenticeship? Sure I would; but whatever I get, I'm happy with. We run such a shoestring budget to begin with and, so any time you get help it is great. What I'm getting this time around: I'm modernizing my facilities, bringing in tools that I didn't have before because I couldn't afford them, and the employers, they are happy and they know that cutting back isn't an answer. Right now, our goal is to build our reserves because we know that we're going to have another big dip. Even though we are still in the dip, we're coming out of it. Our hours were dramatically up last year and so I was able to put some money away, but we know that there's going to be another big dip and it always runs that way. And so with ETP funding, I used it more to update a program that should have been updated 5 to 10 years ago, but the funding wasn't there and so it's going to continually help

me to always do that. I purchased materials, and material costs are going up all the time. I get a 10% notice of increase yearly on materials. Instructors' wages are going up all the time. It was two years ago before I got the first .10 cent increase; our fund hadn't been increased in 8 years. So we were still operating on the same .45 cents per hour, so everybody's wages have gone up, materials have gone up, and I'm still trying to operate a program on the same .45 cents per hour. So it's been a real help to my program. I hope it stays there. I would like to see us work out some way to get the first year involved into it. Do I have a dropout rate? I probably hired 60 first year apprentices this year and I'm down to 41, so I've had 19 drop. Insulation isn't for everybody and they don't like going home itchy but I think I'm at the point now where I won't lose anymore and I wish I had funding for them. I'm still training them and it costs me a lot to train them. We figure it costs anywhere from \$5,000 to \$7,000 per apprentice and so it's quite expensive to train so we try to get the ones that want to drop, to drop out early. But unless you have any questions, I thank you very much.

XI. PUBLIC COMMENT

I'm Lisa Clark, here on behalf of the Northern CA Surveyors and the Construction Inspection Apprenticeship. I don't think that this issue has been addressed; it seems like it is very narrowly focused. I wanted to ask the Panel about considering the possibility of expanding the definition of video conferencing with the current language of the contracts. We're a year-round program; the surveyors in particular are a year-round program. We have classes every week; eight classes with instructors. We serve 46 counties in Northern CA and with construction moving out to the remote regions, a good example would be CA High Speed Rail, we are finding that our programs had to make some changes in order to reach those students and teach curriculum to them. We are currently using GoToMeeting with great success to teach our curriculum, which is very math-based. The GoToMeeting has been a great transition for us in that and we are using it to reach students who are more than 50 miles from a physical classroom. And right now I think we're teaching about 30 apprentices. Again, I realize this is a very narrow circumstance, but we're thinking that especially because our small apprenticeship program caters to such a very large geographical area, that this might be a resource for us in the future.

Mr. Broad said, I think we do reimburse you the money for video conferencing. Ms. Clark said, her understanding right now, is that the format is the instructor going into a classroom full of students in one physical location. Mr. Broad said yes, so what is this, a single instructor? Ms. Clark said, these are individuals on laptops in remote areas throughout Northern CA that are working with an instructor who is also on a laptop in an entirely different area. These might be people joining into a classroom from 7 or 8 different areas in Northern CA. Or if there are 10 students, it would be in 11 different areas. Mr. Broad said, well I would just defer, or I think we would fund that, wouldn't we? Ms. Reilly said we do reimburse that method of delivery at the class/lab rate. It's considered electronic or e-distance learning. You have to have an inter-active dedicated live instructor, you have to adhere to the classroom ratios, and you can ask for more information from your regional office. Ms. Clark said, okay, we did. Ms. Reilly said, well you can ask again for more information. Mr. Broad referred to Mr. Cooper and said he could answer her questions. Ms. Clark said excellent, that is what we want to hear, the ETP funding has been a great benefit to our programs and we really appreciate it, thank you.

Mr. Broad said alright, anyone else? Hearing none, I'd like to thank everyone for coming and sticking with it, and for all of your comments, it is really helpful. We want to make this apprenticeship work, we want to make improvements, and we are listening.

XII. MEETING ADJOURNS

Mr. Broad asked for a motion to adjourn the meeting.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded meeting adjournment at 2:49 p.m.

Motion carried, 5 – 0.