



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

New City Hall
915 I Street
Council Chambers, Room 1103 – 1st Floor
Sacramento, CA 95814
February 20, 2015

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Kish Rajan
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
New City Hall
915 I Street
Council Chambers, Room 1103 – 1st Floor
Sacramento, CA 95814
February 20, 2015

I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:33 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Sonia Fernandez
Leslie McBride
Janice Roberts

Absent

Edward Rendon
Sam Rodriguez

Executive Staff Present

Stewart Knox, Executive Director
Maureen Reilly, General Counsel
Jill McAloon, Chief Deputy Director

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, 5 – 0.

IV. MINUTES

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

Motion carried, 5 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said today we will be discussing some concepts today, so at the end of the meeting, the public can respond during public comment. Today we have mix of single employer and multiple employer contracts. He said the regional office managers present are Gregg Griffin from North Hollywood, Creighton Chan from Foster City and Willie Atkinson from Sacramento.

Regarding budgets, originally there was \$3M available from the California Energy Commission. We will have approximately \$2.1M remaining in that account and that several projects not on this Agenda will likely be presented in March. RESPOND (Drought Funds) has about \$2M remaining and currently after this Panel, we will have \$254,000 remaining.

Regarding core funds, this year ETP have approved an additional \$10M, disencumbered funds from last year and this year's projected contracting capacity at 38% encumbrance level results in \$94.3M.

To date, the Panel has committed approximately \$61M and over 350 projects. This the largest number of projects we've had in recent years. There are still about 160 to go. Today, the Panel will consider an additional \$3.2M. Should the Panel approval all the projects before it today, it will have approximately \$30M left for the remainder of the FY. In regards to FY funding, if you recall back in September, the Panel modified staff recommendations, and the Panel directed staff to review the pre-applications in the order received and establish allocation by contract type. For single employer contracts, we allocated \$48.8M, and after today's meeting there will be approximately \$16M remaining. For multiple employer contracts, we allocated \$19.7M, and after today there will be approximately \$9.5M remaining; small business contracts were allocated \$6.4M, and there will be approximately \$2.1M remaining; apprenticeship programs were allocated \$10.1M, and after today approximately \$744,000 remaining if all projects are approved; critical proposals were allocated \$6.1M, with about \$1.1M remaining.

The Panel has directed the staff to manage repeat contracts, repeat MEC's to be funded once per FY and preference provided to first-time, single employers. At Panel's direction some offices have begun to work the repeat contracts. The Panel has reduced funding caps as follows: single employer capped at \$425,000, MECs capped at \$650,000 and apprenticeships capped at \$300,000 per sponsor.

We will have a planning meeting in March as mentioned, with discussion around what that funding will look like, in regards to a couple of our programs. In March we will also review the funding allocations and caps. Staff will not begin accepting pre-applications for 2015-16 until April 2015. Also, the Panel a new delegation order for small business capped at \$50,000 and other proposals capped at \$100,000, to be approved by the Executive Director on a flow basis.

Regarding workload, it has been one of the comments in the past that we would report back, at the last meeting, regarding maximizing as much as we can in terms of staffing. We have hired four new project analysts, two to Sacramento, one in San Diego and one in North Hollywood. Due to funding and application demand still in the regional offices, some of the contracts that are still out in the regional offices are starting to be worked. The request is

about \$17M; MEC's about \$5.7M in demand and about \$7.5M in remaining; small business about \$1M in demand and \$2.1 remaining; critical proposals \$700,000 in demand and \$1.1M remaining; apprenticeship remains \$1.5M demand and \$744,000 remaining. Overall, \$30M will be remaining in the fund with approximately \$28M. Staff is working very hard to develop all the projects for this FY, recognizing that at the end of the FY, what we have left in the regional offices is about 78 single employer contracts; MECs 18, small business 33, critical proposals 3 and apprenticeships 3; for a total of 135 left in the field offices. In the AAU unit by category; single employer contracts 17, MECs 4, small business 0 and critical proposals 1, apprenticeship 8, total of 30 left, 17 which are on hold as they are the more difficult ones we are working through the process; most of the projects are in the field at this point. Total projects are 165; estimated value is about \$28M.

In terms of Legislation, with the passage of Assembly Bill 1476, it provided a \$10M increase in the Employment Training Fund in the Governor's budget. There are also two bills, SB69 and AB 103, through the Budget Act of 2015 that would make appropriations for the support of state government for the 2015-16 FY. In terms of the ETP's appropriation, both bills are identical. AB 103 was referred to the Assembly Committee on Budget on January 26, 2015 and may be heard in committee on or after February 11.

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

ACTION: Ms. Roberts moved and Ms. Bell seconded approval to delegate in event of loss of quorum.

Motion carried, 5 - 0.

VII. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

AgreeYa Solutions, Inc.

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for AgreeYa Solutions, Inc. (AgreeYa), in the amount of \$187,960. AgreeYa is a software company providing solutions and services to customers through a collaborative approach with global capability and flexible delivery. AgreeYa offers a variety of IT products and services such as Enterprise Social Collaboration, Cloud and Infrastructure, Microsoft SharePoint, Software Product Engineering, Application Development, Independent Software Testing and IT staffing (including risk-compliance).

Mr. Atkinson introduced Vaibhav Srivastava, Strategic Manager and Mike Snead with Sierra Consulting Services.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for AgreeYa in the amount of \$187,960.

Motion carried, 5 – 0.

Multiple Employer Proposals

Apprentice & Journeymen Training Trust Fund of the Southern California Plumbing and Piping Industry

Gregg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for Apprentice & Journeymen Training Trust Fund of the Southern California Plumbing and Piping Industry (P&P Trust), in the amount of \$649,905. P&P Trust provides training for workers in the plumbing and pipefitting industry. The Trust was established by unions and contractors and is governed by a joint labor-management committee.

Mr. Griffin introduced Armando Pulido, Executive Director and Steve Duscha, Consultant.

Ms. Roberts asked if this is a part of the Veteran's Training Program and if this the first time we've seen this. Mr. Duscha said no, it's been in the previous projects.

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of the Proposal for P&P Trust in the amount of \$649,905.

Motion carried, 5 – 0.

Los Angeles & Orange Counties Air Conditioning and Refrigeration Joint Journeyman and Apprentice Training Committee

Mr. Griffin presented a Proposal for Los Angeles & Orange Counties Air Conditioning and Refrigeration Joint Journeyman and Apprentice Training Committee (JJATC), in the amount of \$299,886. JJATC was founded by a consortium of labor and management organizations to provide training for air conditioning and refrigeration technicians and is located in downtown Los Angeles. The JJATC administers a training trust fund created through collective bargaining and funded by signatory employers.

Mr. Griffin introduced Rick Hatlen, Director of Training and Steve Duscha, Consultant. There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for JJATC in the amount of \$299,886.

Motion carried, 5 – 0.

Finishing Trades Institute of District Council 36 Joint Apprenticeship Training Trust Fund

Mr. Griffin presented a Proposal for Finishing Trades Institute of District Council 36 Joint Apprenticeship Training Trust Fund (Finishing Trades JATTF), in the amount of \$649,650. Finishing Trades JATTF provides training for apprentices and journeymen painters, drywall finishers and glaziers. Facilities are available for workers represented by local unions under IUPAT District Councils on a nationwide scale. District Council 36 represents approximately 8,000 members. Bargaining for the signatory employers is conducted by two trade

associations: Los Angeles Painting & Finishing Contractors Association and the Western Wall & Ceiling Contractors Association.

Mr. Griffin introduced Jesus Fernandez, Administrator and Steve Duscha, Consultant.

There were no questions from the Panel.

Mr. Broad asked if there was any objection by the Panel, to incorporating the prior roll call. Hearing none, that will be the order and the JATTF Proposal is approved in the amount of \$649,650.

Kern County Electrical Joint Apprenticeship & Training Committee

Mr. Griffin presented a Proposal for Kern County Electrical Joint Apprenticeship & Training Committee (Kern Electrical JATC), in the amount of \$267,160. Kern Electrical JATC trains electricians to install power, lighting, controls and other electrical equipment in commercial, industrial and residential facilities. Kern Electrical JATC is governed by a Board of Trustees comprised of three labor and three management representatives, and is a joint effort of the International Brotherhood of Electrical Workers (IBEW) Local 428 and the National Electrical Contractors Association (NECA).

Mr. Griffin introduced Greg Rogers, Training Director.

There were no questions from the Panel.

Mr. Broad asked if there was any objection by the Panel, to incorporating the prior roll call. Hearing none, that will be the order and the Kern Electrical JATC Proposal is approved in the amount of \$267,160.

AcademyX Group, Inc.

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for AcademyX Group, Inc. (AcademyX), in the amount of \$267,727. AcademyX offers advanced technology media and vocational computer skills training with hands-on, instructor-led computer classes in Adobe (authorized training), Microsoft (certified partner), and advanced Web Technologies. AcademyX's 18 classrooms are equipped with state-of-the-art computers that include both PC and Macintosh machines.

Mr. Chan introduced Stephen Fraga, CEO and Matt Helton, Branch Manager.

There were no questions from the Panel.

Mr. Broad asked if there was any objection by the Panel, to incorporating the prior roll call. Hearing none, that will be the order, and the AcademyX Proposal was approved in the amount of \$267,727.

California Field Iron Workers Apprenticeship Training and Journeyman Retraining Fund

Mr. Chan presented a Proposal for California Field Iron Workers Apprenticeship Training and Journeyman Retraining Fund (SoCal Iron Workers), in the amount of \$359,500. SoCal Iron Workers central training facility is located in La Palma, where journeymen and apprentices from throughout Southern California attend training. It also operates another training facility in San Diego. The training centers are a partnership between three International Brotherhood of Ironworker local unions and signatory employers. Each local is an apprenticeship program sponsor, all funded under the joint So-Cal Iron Workers Trust Fund.

Mr. Chan introduced Dick Zampa, Apprenticeship Director and Jan Borunda, California Labor Federation.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for JJATC in the amount of \$359,500.

Motion carried, 5 – 0.

Northern California Heat & Frost Insulators and Allied Workers Joint Apprenticeship Committee

Mr. Atkinson presented a Proposal for Northern California Heat & Frost Insulators and Allied Workers Joint Apprenticeship Committee (Heat and Frost Insulators JAC), in the amount of \$200,160. Heat and Frost Insulators JAC administers an apprenticeship program with representatives from Local 16 and the Western Insulation Contractors Association. The apprentices in this trade insulate mechanical structures as gauged to ambient temperatures. A typical building has insulation on the hot and cold water pipes and equipment; and on the heating and air conditioning system and related mechanical equipment. Insulation materials conserve energy, reduce overall energy demand, reduce pollution, control condensation, eliminate mold, and improve workplace safety. Customers generally include insulation, fire stop and asbestos removal contractors.

Mr. Atkinson introduced Bill Hodges, JATC Coordinator/President and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Heat and Frost Insulators JAC in the amount of \$200,160.

Motion carried, 5 – 0.

Sacramento Area Regional Technology Alliance

Mr. Atkinson presented a RESPOND Proposal for Sacramento Area Regional Technology Alliance (SARTA), in the amount of \$278,000. SARTA is a non-profit, membership based organization, established to foster economic and entrepreneurial growth in the Sacramento region. SARTA focuses on accelerating the growth and development of companies within the following nine county Sacramento regions: Butte, El Dorado, Nevada, Placer, Sacramento, Solano, Sutter, Yolo and Yuba Counties.

Mr. Atkinson introduced Kirk Uhler, CEO, Karla Nelson, JPMA and Mike Snead, Sierra Consulting Services.

Mr. Atkinson said there are development fees and administrative service fees, and when staff looked at the support cost we included them as part of the assessment, but it should have mentioned that staff did not increase the support costs.

Mr. Uhler said they are in agreement with staff's recommendation on the 12% of the support costs. Ms. Roberts said I understand you agree to the 12% support costs but I don't understand why you wanted to go to 20%; what is it that that extra percentage would give you? What other outreach programs are you considering? Mr. Uhler said we are chartered in the nine county Sacramento region and stepping well beyond our normal borders to reach out to the 23 job affected counties that we've identified, and so there are going to be significant additional costs associated with marketing the program beyond our membership base; but we believe we can absorb those costs. Ms. Roberts said yes, because you have your membership base already, correct? Mr. Uhler said yes here in Sacramento, but we are stepping out statewide with this.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the RESPOND Proposal for SARTA in the amount of \$278,000 with the agreement of the reduction in support costs to 12%.

Motion carried, 5 – 0.

Amendments

Headway Technologies, Inc.

Mr. Chan presented an Amendment for Headway Technologies, Inc. (Headway), in the amount of \$140,040. Headway designs and manufactures recording heads for high-performance hard disk drives used in laptops, portable computers and computer servers. This process utilizes giant magneto-resistive technology, the industry's current standard.

Mr. Chan introduced Louis Berry, Training Manager.

Mr. Chan said we are requesting that the Amendment for Job No. 1 be back-dated to August due to an ETP computer glitch, when several amendments that were sent out did not get received by ETP, but the customers received a verification that the amendment was received.

The glitch is now fixed. Mr. Broad said so we are holding them harmless for an error that was essentially ours. Mr. Chan said yes, that is correct.

Ms. Roberts asked if there are other companies that run into the computer glitch, if we are giving them the same consideration. Mr. Chan said we've gone through them, and we think we've located all of the companies with the glitch.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Amendment for Headway in the amount of \$140,040.

Motion carried, 5 – 0.

VIII. DISCUSSION/ACTION

Stewart Knox, Executive Director, said I'd like to discuss the current priorities that were put in place by the Panel. The current priorities include manufacturing/food production; biotechnology/life sciences; information technology services; multi-media/entertainment; goods movement and transportation/logistics; agriculture; allied healthcare; construction/green/clean technologies. He asked the Panel if they wish to reaffirm that those are the current priorities to move forward on.

Ms. Roberts asked about allied healthcare, why is "allied" in front of that, is that general terminology? Mr. Knox said yes, with healthcare they sometimes put it into the bucket with RNs, CNAs, and allied healthcare encompasses all of that; so essentially, it is anything in combination in the healthcare initiatives.

With ETP funding strategies, this last year it looks like what was done, and that I believe has worked well, is to put the buckets with the multiple employer contracts, single employer contracts and small business. One of things we'll talk more about is looking at ways to encourage small businesses to move into MECs. That could be either through community college systems, WIBs, partnership organizations and critical proposals and apprenticeship programs. We allocated the funds that way this year, and it seemed to work well from the staff's perspective. We look at it in terms of which buckets have money left in them and which projects we are working the most. It seems like we are pretty much on track if you look back at my last report. We have more money in MECs right now than we actually have projects. It's pretty close; single employers I think were within a \$1M, and I know the Panel has the flexibility to move money around. But again, in looking for Panel recommendations moving forward into the next Fiscal Year (FY), is if the Panel's wish to utilize these funding strategies again.

Ms. McBride asked, in moving the small businesses into MECs; MECs are obviously a great tool for them because they don't usually have the resources to manage the program themselves. But on those instances where either a MEC is not convenient to them or they are not aware of it, would they still then have the ability under this kind of recommendation to apply it on their own? I realize there are the components of staff timing and allowing us to be more efficient as well. She asked if a small business will have the opportunity to come in on their own as well? Mr. Knox said, they would and we'll talk more about that. The good news and bad news about the small business program is that when you started this back in 2001, I

believe, it has exploded; so the good news is that it worked, but the bad news is that it is really staff intensive as you mentioned, so one of the ways we could hopefully alleviate some of that is to help push them towards MECs. One I believe was Arcata; Steve Duscha had one that went through CWA recently which was a small contract outside of Arcata, and they were able to go under CWA and I believe they had it worked in nine days. He asked how fast they received training. Mr. Duscha said it was faster than that. Mr. Knox said, so we think that there's a reason to do it that way, and we'll talk more about that. Ms. McBride said okay, so you'll elaborate on how we can help to market it to the small businesses so they know where to go for help.

Mr. Broad said Stewart, one thing I know you and I had talked about, and I don't know whether this is workable and we've mentioned it in the past, that maybe with the small employers and the obvious movement of people to computer-based training, based on what you are going to do on your computer, it's training you how to use computer programs on the computer, so the question is whether we, and you mentioned to me that Massachusetts has this model, that there might be some kind of out of the box, approved courses that you can purchase that are presumptively acceptable that a small employer could say that we want to do that training, we know how much that training cost, and that's what we approve, and if we do that it could be a very truncated approval process in terms of staff time. Mr. Knox said yes, that is accurate; I believe it is Massachusetts that has a similar model. There are 17 states I believe in total, that have models close to ours. Most are actually funded out of Workforce Investment Act funds and so they have different limitations. I believe there are only two or three that are very similar to ours, Massachusetts being one, and they do use that model exactly as what you said. They have a listed curriculum that is designed for small businesses that they pull from; it's approved basically by the Panel already and then staff just works from that amount. Now, also understanding small businesses have different needs, they could still have the flexibility to develop their own curriculum, but this would be a quicker way to do that and the staff could research that further to see how that may work. Mr. Broad said yes, if we could maybe have a conversation with Massachusetts, about whether it works, whether people think it's more efficient, does it save staff time, and are the companies that applied for it happy with that kind of a model. Mr. Knox said right, so we will definitely look at options for the small business and talk about it more, about the small business scenarios, to give the Panel a better idea of where we are today too.

Looking at the way we've allocated funds, again; I think it worked well at least from a staff standpoint. So in moving forward into the next FY at the March meeting, we are looking at recommending the strategy of funding by buckets into these allocations. Does that sound like the direction in which the Panel would still like to go? Mr. Broad said yes, and I think that's possible that can return regardless of our level of funding. We've had a high level of funding recently, and we nonetheless had a fairly high level of dysfunction in terms of a "run on the bank" mentality, and it would seem to me that we could still have that, where our demand potentially exceeds our funding, and that people feel like they have to get everything in at once, I'd like to explore that more in March and have our public think about whether there might be two stopping off points per year, so that we kind of have the first half of the year of funding proposals and a second half of the year, so that people don't feel like if they missed the first half if they weren't ready, they couldn't make an application in the second half. We want to avoid an abundance of poorly crafted pre-applications because people feel like if they don't submit them, they cannot come back for a year. So in terms of the flow, the more that

everything is regularized, and we can meet everyone's expectations, and not get into a panic, I'd like to explore that in March and see how the public feels about that.

Ms. Roberts said I would also like to expand on that, only because ETP is one of the viable incentives that we have for CA employers, and with Leslie being in the room with GO-Biz, there are other ones too, but they are more onerous than ETP. Having the ETP process close, open, close and open, is frustrating for the employers too as well, perhaps we can be more consistent with how we process that flow versus just closing it. Mr. Knox said right, more toward a year-round funding strategy.

Mr. Knox said, we have the priorities set by the Panel, but we are looking at other potential strategies such as may develop around Governor/Labor and Workforce Development Agency; non-traditional apprenticeship programs; drought/water reduction, clean/green industries; critical proposals/business expansion/retention; veterans, special populations; high speed rail. When I've talked with Barry, we discussed a phase-in process, and maybe even have a process in which staff can check the box for the priority industries of the Panel, but maybe also work from a second list which may be Governor's initiatives and LWDA initiatives; so it gives the staff a little more depth of understanding. Again it's not the bang or bust scenario, where it's first in/first out; it's where we are looking at proposals more in depth. Still, we value keeping it simple; we don't want to make the process more difficult than it has to be, and we can discuss some more strategies at the March meeting. I'd like to see what the interest of the Panel is, that is to say, there may be two different ways to look at this, not just one, currently being with the priority industries.

Second to that, we'd like to develop a simple way to work through proposals for FY 2015-16. Does it serve the priority industries, and does it serve Governor's priorities in special populations. There might be some ways we can hone in on proposals in the very beginning. Also as Barry mentioned, phase in the funding by category. One of the recommendations we are potentially looking to do for 2015-16 year, is a release of 2015-16 funds to MECs in apprenticeship programs in April, and then even phasing in by month, single employers in May, small business in June. Our largest backlog is probably with the single employers, but we also have a lot of work to do in the small businesses because they take the most time. This will help staff catch up and helps us to ease into the new FY as Barry mentioned. I also have other considerations potentially: 70% funds released in April, May June, and the remaining 30% in Fall, and consider restoring caps in March. That way as Barry mentioned, we are not releasing all of the funds at once and so we don't have this rush on the pre-applications trying to get in place. Maybe they'll take more time, actually work out their projects a little bit more, and then there's not so much work for the staff to scramble to make those work all within a two-three month period. These are just ideas; we do want to have it open longer. As you can tell with this year's funding, we are about \$3M to the good, and it also gives us time as staff to analyze, as the funding continues to flow, as the projects start to fall off, or they reduce down in the amount of dollars.

I'm sure one of the questions was, how does it go from a \$30M plus demand issue versus \$3M to the good. Many projects, because they were in that rush to do the pre-application have either fallen off, or they are only at about a 60% to 70% of what they put in for as a placeholder. So these ideas might allow us to work around that, so that we are not having that rush. Better projects are coming in; for example, today we are getting late in the season,

all of those projects are really well done, very little questions, and the approval process is much quicker. He asked the Panel if they had any input on phasing in funding and he said we can also have a longer discussion in March around that.

Mr. Knox said he's talked to several contractors, at least on the top part of the release of the funds, about doing MEC apprenticeship programs first. I've heard from most of them, that it's not a bad idea. It gets the larger projects out the door quickly and first. We are only talking about two months off from full release, really it's at the same time, at least the larger projects can start to flow and start being worked by staff. We can open it up to the public also.

In regards to the Veterans Program, we had a discussion with Barry last week about the program, to look at ways we could encourage better participation by the veterans within our programs. We have so many limitations on the way our funding operates, as a lot of programs do. We have a few for the Panel to look at. Since 2008, we've had 18 contracts specifically around veterans. There are more, but those were specifically around veterans. About \$1.3M and about 501 veterans were served by ETP specifically in the Veterans Programs. Under the current rules and regulations of ETP, we were not able to serve a lot of veterans. Maureen did a good job of providing some options as to how we could look at this.

Option 1: Revise Guidelines

Wages: The Panel could revise its guidelines to waive or modify the Special Employment Training (SET) wage requirement for Veterans for retraining in a High Unemployment Area (HUA). The SET wage is significantly higher than the ETP minimum wage. This issue only applies to retraining because out-of-state competition is not a factor for new-hire placement.

Option 2: Alternative Funding

The Panel is authorized to waive or modify wage, retention and other requirements for programs that are funded from an alternative source, such as the Workforce Investment Act (WIA). It is anticipated that ETP will receive WIA funding for FY 2015-16. A portion of that funding could be allocated to the Veterans Program. This is a good option for us especially in allied health, because as you know most of the healthcare facilities do not pay into the fund, so we use WIA funds, and Veterans might be another spot to access any WIA funds. Those have been off the table for the last couple of years. Basically what happened, the Department of Labor came out and took away a good portion of the 15% and most of the money flowed to the local level through the local WIBs and the State retained only a 5%. This year I believe it's being released at 8.5% and next year it will be released at a 15% level again. We hope to receive some funds from the WIA and again, we would have flexibility within the WIA and if the Panel wanted to so, we could set aside a percentage of the funds allocated for a special veterans program, and we could still be fund the healthcare which has usually been our focus with the WIA funds.

The Panel could also revise guidelines to expand eligibility. I talked to a few of the contractors that work with the veterans' population, and one of the pieces is the multiple barriers to employment. We had a restriction that they had to have been discharged within the last 24 months. That was an issue with some folks in Los Angeles; that's a short turnaround period from when they were discharged, and so we were recommending to go from a 24 month to a 48 month discharge. That gives them more time to establish residency within a certain location and actually get employment. Many times when they are discharged,

they move quite often. This will open the door a little more for outreach purposes. Mr. Broad said, I wonder if we should consider some kind of tolling of that amount of time after discharge, for someone who is a returning veteran who is wounded, and is receiving medical treatment and not on the job market yet. He asked if that sounds reasonable. He said from what I've read, I'm very concerned about this issue in the treatment of veterans. There is this tendency in our culture to thank them and then forget them. Battlefield medicine has improved to the degree that many soldiers who would have died of their wounds in prior wars, now survive their wounds, but with significant disabilities and challenges to getting back to a place where they can work. So maybe we are dealing with a veteran population with a higher percentage of people that suffered wounds. I wouldn't want to see them disadvantaged by that fact.

Ms. Fernandez said my thoughts as a veteran myself, is just that regardless of whether you are physically injured or not, it takes a long time to re-acclimate into a civilian world when you leave the service whether or not you've been in the battlefield. So there should be consideration for that; because from my own experiences, it was very hard to return and know what I was going to do next because I was used to a completely different way of life. To return to civilian life where it was much calmer, it was hard to re-acclimate to that so I think there are accommodations that need to be made for the veteran population in general.

Mr. Broad said that will be the argument for moving the discharge from 24 months to 48 months, that makes sense to me. With a child that is finishing military service, anyone in the military does not spend a lot of time thinking about what they are going to do afterward; that is the truth. It's all consuming in their life, and then they're done and faced with: what am I going to do now? It's a major question in their lives for many of them. So I think that we should be giving veterans, when it comes to time, every reasonable advantage. Mr. Knox said we will bring back a policy change to the Panel for that.

Mr. Knox said the existing Small Business Program model really operates as a single-employer type contract so they can receive the first 25% of the payment after the first eight hours of training. They can also receive 50% in what we call P-2, Payment 2, after the completion of the training and then the last 25% of the funds they receive after the verification of employee retainment. There are a couple of things that are risks to the small business in the first payment alone and also in the second payment scenario. In talking to staff, working with some of the small businesses, we are very open to a discussion, to reduce the risk to not only the small business but also the State, and one way to do this is to go to only a Payment 1 plus a final payment. That would get us out of the Payment 2 situation which reduces risk for both sides. It has pros and cons. The pro reduces the risk for overpayment to both us and small business. The con is there is no payment until 90 days after the completion and verification.

Mr. Broad asked, so in a small business program, are we finding that overpayments often have to be collected? Mr. Knox said it does happen, we would need to look at how many and what the dollar amounts are. Usually staff is good at helping the business avoid an overpayment situation, but it takes much staff time to help do that and fiscal is involved with that also. I think it's more of a staff time issue and less of a money issue for the most part. So I think that's one way to help minimize that.

The other piece to that would be, and this is kind of a package if you will, to reconsider the delegation order procedures. Small businesses started at around \$25,000, then went to \$50,000, then rose to \$75,000 and now we are at \$100,000. It is recommended to return to a maximum of \$75,000 via delegation order. This allows small business proposals be approved on a flow basis again, so it's a little quicker, and with less risk with a lesser dollar amount. Another option is to cap the hours at 80. Again, it's less risk for them and less risk for us. It still leaves flexibility though; we want to be flexible to adjust back to \$100,000 or above that if needed; but it would require justification. Also, I know we've had the one-year term structure versus a two-year structure. Right now, they are limited to the one year, but they can go up to the two years, and we would look at some flexibility around establishing the way that works.

I think the biggest piece to this is the referral, which we've brought up several times previously, the referral to a MEC. We've done this a little bit, but haven't really instituted it with staff. Refer small business program proposals to a MEC in their geographic region, if one is active and offers training of this type is desired. But then this also comes with ramifications and incentives to the MECs, to increase caps and hours and amounts, which we will discuss in March. If we push towards that direction, which I think is a good recommendation, it also has some impacts on those MECs, and we have to consider that.

Mr. Broad said, I have a concern about having a small business that comes in and we refer them to the MEC in their region, who may or may not be responsive and someone may be in a difficult place, because the MEC is not responsible to ETP. If they are cavalier and not doing what they need to do, we are not going to really hear about it. What we will have are small businesses that goes out of the program and may say well that wasn't good, they didn't return my phone call, and now I'm not going to do that. I'm a little worried about that element because I think what we would have to do is set up some kind of relationship with a MEC to guarantee they are going to respond to people in a certain way and that quality would be there. Otherwise, you could have a MEC, after a short period of time that could be happy with a constant stream of referrals, but not be very responsive; that worries me a little. Mr. Knox said it's a valid worry, we've seen it in so many things, referrals to small business development centers; you are right, there are many referrals especially on the economic development side which is really what this is, we are a party to that, and then there are the follow-up situations to make sure that was done. The reality is that we would never shut out a small business, so they could go to the MEC and if they are not properly served, could come back. Mr. Broad said but if this was something that saved a lot of staff time, if institutionally that's how you manage your workload, by saying go to that MEC over here. It's not like I'm happy to do it, and you don't have to go to the MEC. The taxpayers are paying for this, the Government needs to serve people; it could be a good idea, but I have anxieties about it.

Ms. Roberts said I think options are really good; you're not taking away those options, but I'll give you an example. I had a friend in the Palm Springs area that wanted to get funding for a small business of five people. I referred them to their local economic development group, and they referred them back to ETP. So maybe at that point, where we can stop the problem by saying we have a regional MEC in our area that probably could provide that training for you. If that was the case and maybe there are some relationships we can have with these local economic development groups. Ms. McBride said, and that brings up another layer of

issues because not every area is served by a regional economic development group. Ms. Roberts said that's true, but those that are. Ms. McBride said, we have layers of issues here that I'm sure we'll have ways to solve and work through them; we just need to have further discussion to figure it out. Mr. Knox said right, I think it's one of those matters where we've talked to community colleges because they could be an entity that could hold a MEC for small businesses, WIBs. I know the State through the LWDA and the Governor's office, is looking at setting regions around the WIBs, re-establishing those, so we are looking at that and trying to follow that. I know that community colleges have their fifteen regions that they are broken into so I think we are trying to look at that to see if that presents an opportunity to fund eight to 10 MECs within regions, either through existing or new systems. Then we could hopefully foster some relationships for the small businesses, and then it's more localized too.

Mr. Broad said with the MECs now, do we do customer satisfaction inquiries with regarding the contracts with the employers. Mr. Knox said, I don't believe we do. Mr. Broad said, you would have to do that if you do something like this because remember that right now the MEC has to reach out to some employer, generally speaking, and sell them on the idea that this is a good idea. So there is a relationship that is being established in which the MEC is reaching out. When you are referring an employer to a MEC, then the State is establishing the relationship, not the MEC, so how they are received in the process, we are going to want to know that, because we will want to know whether to refer people. I'm sure we will receive many comments about this, but it's an area we really need to think about. Mr. Knox said I agree, there are some options we can consider that may not happen in this FY, but we need to start moving in that direction.

There were no further questions by the Panel.

IX. PUBLIC COMMENTS

Steve Duscha, Consultant, said on the small business issue it seems to me that the issue starts out with the fact that I think Mr. Knox mentioned, which is that the small contracts are over taxing the staff, and so you need to do something about them. You don't want to make it easier for a small business to come and try to contract with the State because then you will be swamped even more. In my opinion, you must move toward setting up some MECs that will handle these contracts. I think you need to set up some very well monitored MECs who are only going to do these small contracts. Because the goal is to take those small contracts off your hands and process them more efficiently. The example that Ms. McBride mentioned, that I'm involved in with the CA Workforce Association MEC, that was a case where a company wanted to do training this November and December. They had not applied in time for the July cut-off of accepting pre-applications, they could not have contracted directly with ETP, and they really did not want to contract directly with ETP because contracting with the State of CA is not that pleasant of an experience, especially for a small operation. The truth is that contracting with the State works best for large organizations, not small organizations, and I think this issue actually involves more than small businesses, it's about small contracts. If you have a \$50,000 contract with a large business, and the case we are talking about is with an Arcata company, they have 120 employees and they don't qualify as a small business, but it's about \$50,000 worth of training that they wanted to do in a hurry. There needs to be a way to deal with that, that doesn't tax the staff or the employer either, who really doesn't want to have to figure out how to fill out your application, understand how to do

your invoicing system and your enrollment system. So I've been an advocate for a long time, of setting up a small number of special MECs that will follow as Chairman Broad said a procedure that they all follow to ensure that the employers get good treatment and there's some monitoring of what goes on and these things should be monitored well. I would advise you to set up some arrangements with MECs that have experience with ETP and start making these referrals.

I also want to point out that I think today's Agenda is a really good illustration of how ETP works and how ETP should work. You funded training today for probably 500 employers through the MECs and eight through single-employer contracts. I don't think any one of those employers who are going to be served through a MEC, would have preferred to come to you as a separate contract for the various amounts of training that they are going to get under the MECs. I agree these needs to be monitored carefully, but I think you have to do it, or you cannot manage your workload.

Rob Sanger, representing California Manufacturers & Technology Association, thanked Mr. Knox for some of the great ideas presented today. On the small business side with the MECs, much of the work that staff has been doing already is kind of an extension of what Stewart was talking about. We work with Barry Broad and Robert Meyer in the marketing department. If we have a client that needs funding, especially this year, if someone contacts me or Robert Meyer, and if they want to do something today, the application period is closed, so they are already referring single employers to the MEC from time-to time. I think that's a good practice and I think it's a good idea to monitor the MECs, to talk to the clients that are being served because that isn't being done today. What is being done today, is at the end of on a single employer contract, it does happen with a MEC too, but the analyst will come out and say we are almost done, this is the last monitoring visit, and ask them to complete a one-page sheet whether they were happy with the process, were there areas you could see improvement in? The person that usually fills it out knows this was given to me by my analyst, and I could be audited next, so I'm going to be kind in my comments when I'm giving it back. If you want to monitor any of the MECs that's a great idea but also change the way you monitor the program so you can get real feedback from the client by using a third-party evaluation system that keeps the person who has an issue anonymous, or maybe they are really happy. An example is a small business that recently came to us, and they were at the January 2015 meeting, received funding and were very happy with the process. Especially right now with no funding being available for a single-employer contract, the MECs serve a great role, and I think it will continue to reduce the workload for staff.

The other thing with the veterans' programs, right now the Panel gives a couple extra dollars per hour for a veteran status but you have to create a new job group, and most employers don't know how many veterans they are going to hire. So, they have to put this money in an extra job that makes it hard to move in and out of, so really it's a wash as an incentive to include a veteran job group because it's extra administrative work, it locks that money into the job group. If you don't hire them, or you hire more, you don't get credit, so there's no real incentive in the program currently to hire a veteran other than the inherent good work that hiring a veteran obviously gives you and the experience they have. So, I think there definitely can be some improvement in that process.

Ms. Roberts said, Rob, you made a great point about the veterans and in coming into a different job classification; I know how cumbersome that could be. It would be interesting to see if actually we did have a veteran that falls under a regular job creation, or job grant, that maybe if they were a veteran and they did get trained, that maybe there could be some additional funding over-and-beyond them having to put them in job classifications. Mr. Sanger said correct, something without an extra job group. Maybe at the end you could say you served X amount of veterans, you'll receive an extra bonus of so many dollars per veteran. I don't like the idea of, though I agree mostly with what Steve Duscha said, but I don't agree with having a MEC only serving a particular group like small businesses because I think MECs can serve all sizes pretty easily. Even with the veterans' contracts, there are some veteran only MECs, which is a positive, and they serve a certain role, and I encourage you to continue you to do that, but you want to incorporate that into every MEC so everyone is encouraged to hire either a veteran or somebody else who maybe normally wouldn't be hired, but be given the chance. Ms. Roberts asked if there is a different process for small business, since she's unfamiliar with the small business application, is it a short form? Mr. Sanger said with the accelerated path, it's a shorter form I believe, for the single-employer contractors; I don't think it's significantly shorter.

X. MEETING ADJOURNMENT

Ms. Roberts moved and Ms. Bell seconded meeting adjournment at 10:52 a.m.