STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, 2nd Floor
Sacramento, CA 95814
March 27, 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

<u>Executive Staff</u>

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:40 a.m.

II. ROLL CALL

Present
Gloria Bell
Barry Broad
Sonia Fernandez
Leslie McBride
Edward Rendon
Janice Roberts
Sam Rodriguez

Executive Staff Present
Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 7 – 0.

IV. MINUTES

Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approved the Minutes from March 27, 2015 meeting.

Motion carried, 7 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, announced ETP's new Executive Assistant, Desiree Burrier.

Mr. Knox said we have approximately $4.5M in Projects and over $708,000 in Delegation Orders. Following our last February Panel meeting, we have approximately $25-30M remaining. After this Panel Meeting, about $25m still remain, so we are holding very strong in terms of our fiscal stability. We will be discussing the funding allocations later at today's meeting.

Today we have a mix of Single Employers and Multiple Employer Projects. Regional Managers Gregg Griffin, Creighton Chan and Willie Atkinson are here today to present the proposals. Regarding the budgets, originally we have $3M in the Alternative Fuel & Technology Program; we have approximately $2.1M left in that unsourced. We have approximately $2M in General Funds, and after today, if all are approved, we have about $128,000 left for the remainder of the Fiscal Year (FY). I believe we have a couple of projects left to go out, so we will extend all of those funds.

Regarding CORE funding, beginning this year, we have about $64.7M, and we added another $10M, bringing our total to well over $94M in contracting capacity. To date, the Panel has committed over $65m to over 338 projects. We will exceed most of our years', and the last ten year's, number of projects and dollars supported. I have a brief Power Point presentation that will go into the details of that later. Today we'll consider $4.5M in additional projects and if approved. For the remainder of the FY, we will have approximately have $25M left to go out, so those will be big months.

In regards to the FY funding, the Panel took action in September regarding recommendations and, we are reviewing the pre-applications and applications. We do have many repeats coming in at this point. Single Employer Contracts were allocated $51.5M, and after today's meeting, if approved, there will be approximately $14M remaining. Multiple Employer Contracts are allocated $19.7M. After today's meeting, if approved, we'll have $7.2M remaining in that fund. Small Business Contracts were allocated $6.4M; after the January meeting, we'll have approximately $1.8M remaining. Critical Proposals were allocated $6.1M, and after today, we'll have approximately $1M remaining. Apprenticeships Projects were allocated over $10M, and to date there is approximately $744,000 remaining, with over $1M in demand. At the next Panel Meeting, we will also address that issue and likely reallocate some of the funds to meet demands of certain project areas.

The Panel reduced the Funding Caps last year. The Singe Employer cap was reduced to $425,000; MEC cap was reduced to $650,000; the Apprenticeship cap reduced to $300,000 per sponsor. Today, we will revisit the allocations and the caps for the next year. We are looking for recommendations for the Panel to approve, since we now have a clearer picture of what next year's funding will look like. Also, the Panel adopted 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 continuous flow basis. We have expended well over $1M in this program.

Regarding workload, as previously mentioned, we've recruited for additional positions. Recently we've hired five employees in the field offices. The Sacramento Regional Office has been augmented and production has ramped up since the last Panel Meeting.

Potential funding of applications and demands are still in the regional offices. Single Employer Contracts requests $13M; $14M of those remaining are still in the regional offices in terms of requests and demand. MEC regional offices are about $3.5M in demand; $7.2M in remaining. Small Business has $758,000; $1.8M remaining. Critical Proposals is at $900,000 in demand; we have about $1.M in remaining. Although those do change as we know, depending with Go-Biz. Apprenticeships: $1.2 in demand with over $744,000 remaining; we can revisit reallocating some funds to that area. Overall funds left after today is approximately $25M; about $20 in demand. We definitely have made it through this tough FY in terms of funding and we are looking at other priorities for the next year.

Regarding the number of projects remaining in the regional offices today: 59 Single Employer Contracts, MEC's 11; Small Business 23, Critical Proposal's 4, and Apprenticeship 2. The number of projects in AAU by category: Single Employer 7, MEC 3, Small Business 0, Critical Proposals 1, Apprentice 8; total of 18. So as you can see, most everything is in Regional Office at this point.

Mr. Knox said regarding legislation, I'd like to mention the Workforce Investment Act. We've had partnerships with Workforce Investment Board and the California Workforce Association, and the new legislation was signed last July by the President, the Workforce Innovation and Opportunity Act. I and Peter Cooper sit on several inter-agency councils working with Labor Workforce Development Agency on the Workforce Investment Act, looking at where the opportunities connect within the Employment Training Panel. We've also met with CWA and others, within the regions to look at ways the WIB, especially around rapid response and business retention expansion efforts, can work with ETP, and we are looking at ways to coordinate better in the future under the new Legislation.

The Workforce Investment Act was signed into law in 1998, implemented in CA in 2000; they finally have new legislation, and people are working diligently to come up with the State plan which is due around March of 2016. I believe the State is going to try to have a plan out for them around October. One of the components, which we're also in coordination with, is more of a regional approach, now that they'll do away with the 49 Local WIBS. That's not going to quite happen in our assumption, but they'll be more regional bases in the way they disperse some of the work, not the allocations. ETP will continue to look at how that's done, see how we can also work with that. Also, the Community Colleges, which also have regions, develop through doing what matters, which is at the Chancellors office; and again, ETP is at the table at these discussions.

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

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve.

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

Motion carried, 7 – 0.

VII. REPORT OF THE GENERAL COUNSEL

Ms. Reilly referred to Delegation Order tab in the Panel Packet. We have approved a few from the last Panel Meeting. This month, another 15 Proposals listed in the Delegation Orders for about $436,000 in contracts.

Barry Broad congratulated Janice Roberts, Vice Chair, and Sonia Fernandez, on their reappointment to our Panel by the Governor.

VIII. REVIEW AND ACTION ON PROPOSALS

<u>Single Employer Proposals</u>

Broker Solutions, Inc. dba New American Funding

Creighton Chan, manager of the Foster City Regional Office, presented a Proposal for Broker Solutions, Inc. dba New American Funding (NAF) in the amount of $310,250. Broker Solutions, Inc. dba New American Funding (NAF) is a national mortgage banker/broker. Between 2010 and 2012, NAF established a Retail-Based Lending Division, a Wholesale Division, and a Builder Division. Training will take place at the Company's five regional operation centers in California, at 35 current and proposed new locations. Mr. Chan introduced Dusty Lloyd, National Project Manager / Senior Loan Consultant.

Mr. Broad said we wisely backed off on these projects back in 2008-2009; otherwise, we would find ourselves in the middle of a Country Wide situation once more. While I'm not suggesting that your company is behaving like that, I also don't believe, for a minute, that in your business, that anyone, once the economy recovers, will have any memory whatsoever of what got them into trouble the last time, because all those guys are gone, and a new set of people running the companies will come and then they'll be in another cycle of mortgage fraud. Supposedly the government has clamped down and says that this isn't going to happen again. We don't want to fund hard sell, questionable mortgages. I'm very concerned about that. I want you to address that. You're the first company that has come before the Panel with something like this. Please tell us what's different about your company, and that what you're going to spend is going to be training people to do things like the LA Times might test. If someone went into your company, and they were from the LA Times, and they looked at what and how you are spending our money, and how you hand out loans, they would say "there's no story here". What we want is a great story; that's what I want you to address.

Mr. Lloyd said in 2010, Dobb Frank came out with a set of regulations that changed our business. We worked the forefront of that. We're on the Mortgage Bankers Association; we're in the Washington DC area all the time. We're a minority owned, women-owned business. We looked at doing things the right way. We always looked at every decision; how do we do it the right way? And we go the right way. The regulation requires us to look at those things, provide documentations of our hours so we're up front with it. However, in August of this year, we are upgrading the ways on how to handle the process. Part of this training is to improve our whole business procedure to comply with that. We're not interested in training people about the regulations at all, but about how to do things the right way. Mr. Broad said that's kind of the answer I wanted to hear. Ms. Roberts asked if they do residential loans mostly, or commercial loans. Mr. Lloyd said we do all residential.

Ms. Roberts said, do you have all the proper documentations for the folks that you're lending to? Mr. Lloyd said, yes; we wouldn't be able to sell the loans, if we didn't. As opposed to some of our competitors that are banks, all of our people have to be state licensed. So it's a fairly high bar for everybody who works in the industry. That is something we didn't have back in 2005 and 2007, when anybody could work in the lending business. Ms. Roberts said that's good to hear. You have 35 current and proposed new locations, five employees and Regional Offices, you've got a dedicated trainer for each one of those five, and then they're going to actually bring these other 35 locations to your Regional Centers to get trained, is that the proposal?

Mr. Lloyd said that we have large training site; we have op-centers that can handle 30-40 people at a time, and then we'll do smaller sessions or via the web for those locations that are smaller. We have op-centers in Bakersfield with 6 employees in it. I will travel to Bakersfield or have another staff from Bakersfield offer web training for them. Those are treated a little different in our proposal. We can handle both, and do it quite well.

Ms. Roberts said, very well and thanks. You're very articulate and you really have a great story. I'm glad that the market business is back in action; the economy is growing and people are moving and buying new homes. I think that's important. Mr. Lloyd said that this is great for the economy, for construction, and for Home Depot.

Mr. Broad asked if they're privately owned or a publicly traded company. Mr. Lloyd said they are privately owned. We are currently the largest privately owned purchase lender in California. We're owned by Patty Arvielo; we are a women owned, minority owned business. Mr. Broad said I want to make sure there is no telephone sales element of this business. In other words, this is all about somebody who's buying a house and applies for a loan. Mr. Lloyd said the bulk of our business is me and you talking about buying a home. Mr. Broad asked at what point do you enter into a process? When I bought a home, it was a step by step process. You make the offer, the offer is accepted and then you apply for a loan. That's how it worked for me. What we don't want to fund here is telephone solicitation sales or cold calls to people. Mr. Lloyd said, no, we don't do that. The model has changed since 2008; the borrower comes to us to get them pre-approved, then the borrower makes an offer on a house. That's the bulk of our business. We make sure that borrowers understand the process, "You're going to be paying $3000 a month, are you comfortable with that?", and not letting it go through 30 days, and then saying "Oh, I forgot to tell you this." Mr. Broad asked, these are all first mortgages, right? Not seconds? Mr. Lloyd said correct. The bulk of our business is a first mortgage, that's all we fund.

Sam Rodriguez said on your menu of curriculum, I have a basic understanding of some of the items being bulleted, but under commercial skills, what is *Locking Loans*? Mr. Lloyd said, if we agree on the terms of the loan, I give you a 30 day commitment. That is for the folks who want documentation that we had that conversation up front. There guards them so there are no surprises 30 days later; we explain to the borrower what happens after 30 days, if for some reason when we don't close or something else happens along those lines. We want to make sure that we're very up front with our customers and we provide them documentation. Those rules are going to change in August a little bit. We want to make sure that we comply and have business processes in place to document that. Mr. Rodriguez asked if those rules are going to change in August because of federal law. Mr. Lloyd said it is called T.R.I.D. Essentially, the way it used to work is, I would mail you a set of disclosures in the beginning, and then hopefully it will be the same until the end. Things changed in 2010, so we have to provide more documentation. Now there's going to be a set of paperwork that I'm going to have to give you, the day you lock the loan, then 3 days before closing, I will have to write you additional documentations showing that nothing has changed. We think that will upgrade the lending process, but it does require operational and sales upgrades to the whole course. We can do it well; we have the facilities to grow. If you do it the right way, it will attract sales and operations people in California.

Ms. Bell asked, if I were to acquire the loan through you folks, what's the probability my loan will stay with you before it would be spun into another institute? Mr. Lloyd said, we just opened a servicing center in Austin, Texas, and we have about $8B in servicing growing by about $5M a month, and we routine servicing of about 95% of our loans. It's very rare that we sell off the servicing because we found that people do it the wrong way. They create glitches; that puts people's home in jeopardy and we don't want to do that. We want to do it our way, do it ourselves, because no one else can do it right, in our experience.

Mr. Broad said that that's scary. Mr. Lloyd said there are little glitches, but they make a big difference to somebody when it's a $300,000 loan on their house. Mr. Broad said, in my experience, I've bought quite a few homes now in my lifetime, it used to be that you got the loan, held on to the loan, and maybe somewhere down the line, they sold the loan. Now they sell the loan before you even make the first month's payment. That seems to be a common practice. I don't know if that's changing.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the approval of the Proposal for Broker Solutions, Inc. dba New American Funding in the amount of $310,250.

Motion carried, 7 – 0.

Chaya Centers, Inc. dba Greenridge Senior Care

Mr. Chan presented a proposal for Chaya Centers, Inc. dba Greenridge Senior Care in the amount of $115,068. The facility provides long term and short term care nursing services, restorative nursing, rehabilitation services, activities programs and social services. Mr. Chan said that this proposal was first presented to the Panel on the Consent Calendar of January 2015, but it was removed from Consent Calendar because it had a high turnover rate, and in that document, there was no provision for a penalty if they didn't bring down the turnover rate. The staff has put that in there, but it was inadvertently left out; now it's indicated in the agreement that they need to bring the turnover rate down to 23% under the contract. There are some additional changes when this was first developing way back then. The Panel had different procedures or policies regarding the job creation. There was no gain in that one. So since that was passed in November, they re-evaluated their figures and said they did not want to commit to 48 job creation gain. So they reduced it down to15. However, that did not make it into the Panel Packet. They did not become aware of that until this week, so it was too late to change it.
Essentially the project that is presented to you is the same. The number of Job Creation will go down from 48 to15. They will be transferred up to the Retrainee. That is the number that we came up with, 71. What we are asking the Panel to approve is this proposal at the amount of $115, 068. Staff will adjust the numbers, and when the contract is sent out it will reflect the additional numbers, but the agreement amount will not exceed $115, 068. Mr. Chan introduced Linda Joseph, CEO, and Bill Parker, Consultant.

Mr. Broad asked are you anticipating, that because of that shift, that the cost will go down? I'm unclear, with Job #1; it has a higher average cost per trainee than Job #2. Mr. Chan said, when we did an initial correction of numbers, it would have gone up to $117,906. It's about $2,000 more. So that's why we're putting the cap on. They're not going to be allowed to bring up the figures, so they're going to have to remove some trainees and reduce the numbers; but they will be capped at $115, 068. Mr. Broad said, I'm being told by the General Counsel that there are more parts to the equation, that's where you lose me. What we're dealing with is that this isn't going to cost more than $115,086 and I don't see a reason to put it over because of this again.

Ms. Roberts said thank you for bringing it back and including that information there. You said 23%, but in our Panel Packet, it keeps mentioning 25%, is that the number that we're looking at, or 23%? Mr. Chan said that he misread it; it is 25%. Ms. Roberts said that it's fine. She thanked the representative for coming to the Panel Meeting and clarifying the numbers presented. I know that the business that you're in creates quite a bit of turnover and we have another proposal coming up that is similar to the situation you're in that's in the 16-15% turnover rate.

Ms. Joseph said there are two nursing homes and they are excellent. They've been certified by Medicare and by the State of California. One is a four out of five star building, and the other is a five out of a five star, which is the highest ranking for a nursing home. I'm very passionate about my work. Our turnover rate is high. We've become the pool for acute care for hospitals home health. Hospice companies are now sprouting too, so we're working very hard to reduce our turnover rate, but despite this we ranked very high. So we're doing something right in providing the care. She asked if they could get a waiver from the turnover rate, if not, we will accept it and take the penalty.

Mr. Roberts said, one of the things, if it's true, through attrition, or creating a better job for the employee, I'm all for it. I've been in HR, so I know why people turn. I don't know if we can break that down, if it's attrition or the other person getting another job at a higher pay. If it's because of management issues, then that's where the problem lies. Ms. Joseph said I've been an administrator in this industry for 24 years, I can tell you that my management team is very solid. It's just the higher rates that the acute hospitals, the home health, and the hospice facilities are providing to my nurses and care givers.

Mr. Broad said this is a skilled nursing facility, so you're providing independent living care. These are people who are not in need of higher care level. They're going to get to 23%; what are they committing to? Mr. Chan said 25%. Mr. Broad said if we can't have 25%, is there a number in between? It can get you down as close to the standard 20%, which is generally the highest level that we typically accept. I understand the challenge that you face; what you can pay people is dependent on what Medicare reimburses you, and that can be insufficient. I understand that and you are in a high wage area so people, nurses, are going to acute care hospitals because they can earn a lot more money. The question is, can you commit to better than 25%? Say 23%? Ms. Joseph said sure. Mr. Broad said, ok, let's do 23%. Ms. Roberts said that's where they are now. Mr. Broad said I know they're at 23%, but why can't they commit to 25%? Mr. Chan said that the trending number is at 23%. Mr. Broad asked if they are anxious if the numbers could go up. Ms. Joseph said, yes, I am; because we are getting new nurses that we're training, and the older nurses that have acquired experience from our facility resign and move to acute hospitals. They move on to higher and bigger chains of nursing homes. Mr. Broad said, I don't know what you're experience is, but every time I talk to a new graduate, they say how difficult it is to get a job as a nurse because no one will hire you if you don't have experience. Then everyone else is saying there's a nursing shortage. I don't understand what's going in that labor market. Ms. Joseph said new nurses that apply with no experience cannot a get a job in acute hospitals, so they come to us. We are a small facility with 60 beds. I provide the training; keep them for about a year to a year and a half, and now they can go the acute because they have gained the experience and add that to their resume. They can go to the hospice companies and the home health companies and they make twice as much; but I'm the step into this whole health care paradigm, because I'm the training realm. I give them good skills. Mr. Broad said there is no changing the high turnover rate since it's built structurally into the system. Ms. Joseph said, if you look at the data, it's 44% in my industry, so I'm doing great. Mr. Broad said I don't want to punish you for being way ahead of the rest of the people in your industry in a situation that seems not ideal. Because what it's really suggesting is that, if you're an elderly person in need of skilled nursing, you're going to get less skilled nursing that you deserve, because you are dealing with people who are learning on the job because they're all brand new. That's a little bit worry-some for those of us with elderly parents. He asked if they are willing to commit to 23%.

Mr. Rodriguez asked if they are privately run. Ms. Joseph said yes. Mr. Rodriguez asked Mr. Parker if he is taking care of the administrative staff. Is it fair to say that you can potentially tag early in the process potential trainees that may not stay on track and not work with ETP? Is it 1 out of 5 that is leaving the workforce after one year, what is the ratio? Ms. Joseph said, it is 1 out of 5, but only for charge nurses, certified nursing assistants, not housekeeping, not environmental health, not dietary, not laundry; just those two categories.

Mr. Parker said typically the turnover, is centered in some key job titles such as CNA's, Ms. Joseph has more CNA's that work at the company. We've deleted those from the project to try to avoid the confusion as much as possible. Mr. Broad asked if the turnover rate included voluntary quits. Ms. Joseph said correct. Ms. Reilly said people who would be considered voluntary quits, for purposes of unemployment insurance do not count as turnover. So you might want to look at your own figures. Mr. Broad said the common sense notion of turnover is everybody, right? We obviously have it as not including voluntary quits, which is beneficial to employers because their turnover would be much higher, so what we're doing is beneficial to you, but it may be that if the difference of 23% to 25% and your competitor, the average 44%, that would suggest that you have more job satisfaction; it's about lay-offs . We are not in a market where we're laying off people, we're in a market where we can't get them fast enough, so that still speaks well of the situation. But it'll probably makes committing to a lower turnover rate not as scary as it might otherwise be. Ms. Roberts suggested to Mr. Parker to look at the terms of the turnover according to Ms. Reilly's comments, because it could be a lot lower. Mr. Parker said, yes, it's actually 12%. I believe that was another policy change that came in after the job creation. Mr. Broad said, our standard is 20%, so if by our standard you're weighing under 20% now, you don't need anything. You can go up to 20% and not have a problem. If by our standard you're actually at 12. So maybe this is one of those things where we need a little bit more of a meeting on the mind on these issues.
Mr. Broad asked Mr. Chan if the actual turnover rate 12% by our standard. Mr. Chan said that's what they say. What happens with this, while they're in development, we give them our turnover rate policy. We tell them to look it over, calculate your change and turnover and base it on policy. We assume they've read the policy and what's required, and this is the first I've heard about that. Mr. Broad said, ok, this is what we're going to do, we're going to vote and probably approve this proposal with the following caveat: that if your actual turnover rate is12%, we're not going to do anything with the turnover rate, there's not going to be any waiver. If your turnover rate is 25%, we'll abide by this 23% commitment, but I think you're committing to something that is not necessary in this circumstance.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for Chaya Center Funding in the amount of $115,068.

Motion carried, 7 – 0.

Cobham Advanced Electronic Solutions Inc.

MR. Chan presented a proposal for Cobham Advance Electronic Solutions Inc. in the amount $199,110. The Company designs, manufactures and test, passive and active microwave modular components and sub-components. They also design and manufacture waveguide switches, coaxial witches, waveguide circulators and integrated assemblies for radar applications. Mr. Chan introduced Andrea Schafer, Senior Human Resources Manager.

There were no questions from the Panel.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded the approval of the Proposal for Cobham Advanced Electronic Solutions Inc. for the amount of $199,110.

Motion carried, 7 – 0.

Shields Nursing Centers, Inc.

Mr. Chan presented a proposal for Shields Nursing Centers Inc. in the amount of $284.616. Shields Nursing Centers, Inc. (Shields) operates two nursing centers in Richmond and El Cerrito that specialize in providing long-term care. Both facilities are certified by Medicare and Medi-Cal to provide skilled nursing care and rehabilitation services.

The Panel may modify the SET wage up to 25% below the statewide average hourly to $20.55 per hour. Shields requests this wage modification for trainees in Job #1 to train entry level healthcare workers and lower job applications. Job #2 will consist of trainees in companies in the Richmond facilities, which is considered a High UA with unemployment exceeding the average rate by 25%. For this reason, the trainees were qualified for ETP's minimum wage rather than the statewide average hourly rate. Shields is requesting wage modification for the 34 trainees in Job Number 2 for the Richmond facility.

This modification will put the minimum wage at $16.44 per hour and it is reflective of the collective bargaining minimum wage. Job #3 will consist of a 33 new hire job creation SET. They will receive $14.97 per hour as per the collective bargaining agreement, instead of the ETP's job creation rate of $13.70, so that's over what ETP requires. Mr. Chan introduced Bill Parker, Consultant.

Mr. Broad said so basically what's happening under the ACA is that you're essentially getting patients that would require a level of treatment that previously received attention in acute care hospitals? So it's more of a complex medical treatment. Mr. Shields said absolutely. We're starting the new ICU, so we're beginning to see them a lot sicker. Mr. Broad said, at that point, there must be more increased involvement of physicians. Mr. Shields said absolutely. That's the only way. I've always said that the difference between us and acute hospital is that in an acute hospital you have physicians walking around for the nurses to ask questions and get guidance; in a skilled nursing facility, you get half of that. Well now, it looks like we have to gear up to get that to that model to be able to handle the type of patients that we're starting to see now. Mr. Broad asked if under the ACA, you simply have more covered lives and therefore fewer hospital beds available, or is it a payment level that says let's discharge patients out of the acute care hospitals as soon as possible to the sub-acute facility? Is that cheaper? Mr. Shield said, absolutely. The model is to get them out of the acute hospital sooner, and the ACA is giving a lot of power to the HMO. The HMO's now can set the model of how long they want those patients to be in acute hospitals. We're starting to see more patients that require hospitalization for up to14 days coming to us in five days. We're starting to see very sick patients. With that coming, the staff is really concerned, and you have apprehension among other things. We have to gear up and get them trained, so they can handle these types of patients that are coming. The more we get into trenches of the ACA, the more we'll see this.

Ms. Bell asked Mr. Parker, I noticed the curriculum and the training for Chaya is almost identical to this group. When you develop the training, do you have a template? How do you customize this to different location? Mr. Parker said we worked with Shields to determine what the needs are of each facility; between the population and number of hours, they do differ between the two facilities for same job titles.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Shields Nursing Centers, Inc. in the amount of $284,616.

Motion carried, 7 – 0.

J.J.R. Enterprises Inc. dba Caltronics Business Systems

Willie Atkinson, manager of the Sacramento Regional Office, presented a proposal for J.J.R. Enterprises Inc. dba Caltronics Business Systems. He noted a correction on the 130, it says J.R.R. and it should say J.J.R. The Company sells, leases, and services copy and facsimile machines including high-speed digital copiers and printers, multi-functional devices, and software for document management and retrieval. Caltronics is one of the largest independent dealers of Konica Minolta in the country, offering software solutions that increase efficiency and competition within the office products and services industry.

The 23 trainees in Job #1 work in High Unemployment Area (HUA). However, Caltronics is not asking for a wage modification. In this proposal, they will offer training to all Technicians and Solutions Engineers; hours will range between 0-40. Mr. Atkinson introduced Ann Long, Chief Financial Advisor, Barry Cider, Vice President Services and Consultant, John Twomey.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded the approval of the Proposal for J.J.R. Enterprises Inc. dba Caltronics Business Systems for the amount of $303,530.

Motion carried, 7 – 0.

Nichols Farms

Mr. Atkinson presented a proposal for Nichols Farm in the amount of $423,000 to train 250 trainees. This is the second proposal for Nichols Farms. Training in the previous Agreement focused on new employees and introduced incumbent workers to continuous improvement and Lean production systems. All trainees work in a High Unemployment Area (HUA). Nichols Farms is requesting a post-retention wage modification for trainees in the proposal from $15.07 per hour to $11.30 per hour.

The current projects will end on the March 31, 2015. All trainees will earn 100% of the Agreement. Mr. Atkinson introduced Rebecca Macias, Human Resources Manager and Thom Akeman, Consultant, Duscha Advisories.

Ms. Roberts asked if all the employees from their previous contracts were all new hire contracts. Ms. Macias said, those were all new hires and introducing the continuous improvement to our existing employees. Ms. Roberts asked what percentage were new

hires. Ms. Macias said it's approximately about 25%. Ms. Roberts asked if the new proposal is for another group of employees or are you going to combine the existing employees with this new contract? Ms. Macias said that it is a combination.
Mr. Rodriguez asked how many employees are in the process of training and how many have completed the training under the contract ending on March 31, 2015. Mr. Akeman said there are 220 in process and 223 have completed the training. Mr. Rodriguez asked, what is the estimated number of people that are in the retention period? Mr. Akeman said 229. We'll know more in two days. Ms. Roberts asked if there was modification request from the previous agreement. Mr. Akeman said yes.

ACTION: Ms. Bell moved and Mr. Rendon seconded approval of the Proposal for Nichols Farm in the amount of $423,000

Motion carried, 7 – 0.

Rich Products Corporation

Mr. Atkinson presented a proposal for Rich Products Corporation in the amount of $108,200 to train 160 workers. Rich Products Corporation (Rich Foods) developed the world's first frozen non-dairy whipped topping. All 140 trainees work in a HUA, however, Rich Foods is not requesting a wage modification.

If you look at the prior project, their previous completion rate was 19%. Fresno and Santa Fe Springs, which had two locations and South San Francisco / Union City participated under that agreement. However, Fresno earned approximately 59% of their agreement allocation under that term. Under this agreement they have new processes in place and actually have a training plan in place to make sure that they are going to earn the 100% of the allocated funds under this proposal. They a have a Union Support letter from Teamsters Union Local No. 431. Mr. Atkinson presented Steven Bodeer, Operations Manager, Jeremy Haynes, Plant Manager and Michael Jester, Consultant.

Ms. Bell asked about their new hire training. The Panel Packet says that you have 25 hours of Productive Lab; when do you actually do your hands on training with the new hire? Mr. Haynes said that most of our training is hands-on. We have a workforce that has 14-16 years of seniority, except for any new equipment, and then we'll have local vendors that will be doing the training. Subsequently, the associates will then take over any further training after the initial training. Ms. Bell asked what changes have been made to ensure that there will be support from leadership for this agreement as opposed to the previous agreement. Mr. Haynes said, last time we a gap in leadership. We had time when there wasn't anyone in that position. I took that role in January 2014. Going aboard, as I and Steve Bodeer, who promoted from within, we started to write own internal training program and the role of every operation. Ms. Roberts said the 56%, the way that you describe it, you caught it on the back end of it; this is a good start to make this happen. Ms. Roberts asked about the commitment to training. You spent about $30,000, I just want to clarify this for all the mandated training; I did the calculation and it added up to about $50 per employee to do training, is that right? Mr. Haynes said that their training budget was $34,000. We do have annual training for safety; we have very little built in for the new hire training. When we went into our budget in August, we weren't sure if the new process was going to come; then it rolled through. Now we have 3 new hires, we have brand new trainees going forward. Ms. Roberts said it sounds like your spending 2 hours of training for the entire year, that doesn't sound right. Mr. Haynes said, most of the $30,000 you'll see is for the new trainees coming in because they actually do an eight hour orientation and training begins before they start on the workforce. Ms. Roberts said overall, this is a right size. Thank you for all your explanation.

Mr. Broad said to Michael Jester, this is the kind of scenario that calls for your extra involvement in this project and helping them make sure that they're successful. Mr. Jester said that the first project was the "perfect storm". We had two separate facilities that became one. The South San Francisco facility was moved to Union City, they did a lot of pre-planning type training. I can guarantee you that they're going to burn the money up, I am committed to helping. Mr. Rodriguez asked Mr. Jester about the status of the Bay Area plant. Mr. Jester said that the plant is fine; they couldn't commit, so they were not included in the contract.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the Proposal Rich Products Corporation in the amount of $108,200

Motion carried, 7 – 0.

Multiple Employer Contracts

Building Skills Partnership

Gregg Griffin, manager of North Hollywood Regional Office presented a proposal for Building Skills Partnership (BSP) in the amount of $336,000 to train 350 trainees. BSP is a statewide non-profit collaboration between the Service Employees International Union-United Service Workers West Local 187, building service employers and community leaders. This particular project will continue ADVANCE Workplace Training and expand GJEP statewide. They are requesting a modification in Job Number 1. BSP is also requesting that the literacy skills cap be increased to 50%.

Mr. Griffin introduced Aida Barraga, Executive Director.

Mr. Rodriguez asked how many employers are in partnership with BSP. Ms. Barragan said that there are close to 80; about a dozen are leaders in density. Mr. Rodriguez asked if they have seen multiple consolidations of the janitorial industry by the employer in last five years. Ms. Barragan said that she has seen multiple changes since 1987. Mr. Rodriguez asked if there are any concerns about consolidation in the industry by larger employers that they may be pushing out women-owned business. Ms. Barraga said that they work with partnerships under the collective bargaining agreement; we still see diversity, one of their partners is women-owned, that is something that fluctuates. Ms. Roberts asked about vampire energy. The certification of janitors is a great program. I'm looking at the wages and we talked about modification. $9.75 an hour for someone who is certified seems lower than other counties. You mentioned that you offer benefits; if your trainee is making $15 an hour and they're paying $6 for a benefit, that's a 45% benefit package. Is this correct? Ms. Barragan said yes, including the folks that are making $9.75. These are workers that are covered under the collective bargaining agreements. Each city and area has its own history. Orange County for example, under the collective bargaining, the starting point for them was part-time work with no benefits.   Through attrition, that was converted, and part of that campaign was to convert from a part-time to a full-time workforce, and workers are excited to have family health insurance. When we negotiated the contracts, they decided to put money towards insurance before wages. It's something that has been negotiated; that's the standard for that industry. That's why you see several differences in different areas.

Ms. Roberts said that we are seeing a lot of companies that lower the wage instead of increase the benefits. Mr. Broad said that it's pretty common in the unionized sector, what happens is that, what people really want is affordable family health care, but it isn't available because it's costly.   Every dollar available goes to health care instead of wages, that's part of the problem.

Mr. Rodriguez asked if 50% of the workforce are women. Ms. Barragan said yes. She also said that in the last collective bargaining agreement, a wage increase was foregone because of the rising cost in healthcare.

There were no questions from the Panel Members.

ACTION: Ms. Roberts moved and Ms. Roberts seconded approval of the Proposal Building Skills Partnership for the amount of $336,000

Motion carried, 7 – 0.

Technology Council of Southern California (presented out-of order)

Mr. Griffin presented a Proposal for Technology Council of Southern California (TCOSC), in the amount of $649,865. TCOSC is a non-profit, volunteer-driven organization providing events, connections, information and resources to technology companies. TCOSC develops content-driven programs that encourage interactive discussions between employers, researchers and venture capitalists. Its two flagship events, VentureNet and the annual Industry Awards, are regarded as among the most influential technology events in the region. Its members are in the technology industry sectors with operations in Greater Los Angeles and Silicon Valley. TCOSC is committed to developing the critical skills of Information Technology (IT) workers to meet the constantly evolving demands of the companies in its membership.

Mr. Grifffin introduced Feyzi Fatehi, CEO and Board Member and AK Thakore, representing Saisoft.

Mr. Broad asked about Mr. Fatehi's company. Mr. Fatehi said his company is Corent Technology. It's basically creating the next chapter for cloud computing. You take any existing software and our software transforms it into a "cloud" software within days, not years, and then the cost of delivering that software drops by about 90%. Mr. Fatehi said the cloud is moving from computers to computing; moving from generators to just subscribing to power and getting the power; the same analogy: getting the computing power versus worrying about the computers that generate that power. Mr. Broad said, so in real life, all this data that we as consumers have, that is stored in the cloud, is in some server somewhere, correct? Mr.

Fatehi said yes, hopefully with a nice backup. Cloud computing is about storage, computing and network.

Mr. Broad had some questions for AK Thakore, representing Saisoft. I've come to the conclusion that there is something in your model that raises questions, because what you are doing that is different, as I understand it, you are administering these programs and connecting with the entity and providing the entity; you are doing everything. So you are similar to a private version of what a community college does, except you do it with multiple organizations, is that a fair description? Mr. Thakore agreed. Mr. Broad said, I don't have a fundamental problem with your business model, but I do feel like we need to be committed to some kind of equity, and it needs to be fair. If you were a community college and you were doing this, we'd be telling you that you could come to the Panel once a year.

Mr. Broad asked, if you are providing the training and you are getting administrative costs for doing this, would it be fair to say that at some level we are paying your left hand to supervise your right hand? In your model, the entity Technology Counsel of CA, what it brings to the table are its members. They provide you access to their members, and they get a portion of this contract to be that liaison to those members when you run an association. You're providing the training, so we are reimbursing you for training all of these workers. Then we are giving administrative costs not only to them, and they are not providing any of the training, and probably not doing all that much administering. It's not like a community college where they are in charge of the payroll of all the people that are doing all of the training and they literally have of the overhead of a community college; they own the building, pay everyone, and those are the people that provide the training and materials; so you are doing that instead, and we are paying you a fee to do the training, which includes the overhead of the entity doing the training. That is typically what our fee is. Then we are paying you a fee to administer this program. Now we are paying a lot of people fees to administer programs, and in my mind when I raise the following question, it could be raised about MECs in general or apprenticeship programs, or marketing relationships that we have. But there are other limits that we place on them, that specifically, more recently, that they can only return once a calendar year per entity. I'm concerned that you get to come back an unlimited number of times every year similar to a MEC and I want to ensure it is fair. I am wondering whether your left hand administrator is telling your right hand, you need to make sure that everyone that comes to class completes forms, and the guy receiving that information says, yes, we will do that and we are paying you to have that communication, except it's with yourself. The question is whether it would be fair to say, you don't get reimbursed, if you provide administration and the training at the same time in this model, and you are coming back over and over again. Is it fair for us to have that conversation with yourself. That's the question; what do we get for that piece of it?

Mr. Thakore said the cost break-down as explained in the application; it consists of training and administration. The administration is done by Technology Counsel as well as by Saisoft.

Mr. Fatehi said I understand your point. For Technology Counsel, we provide significant marketing and have approximately 40 major events per year and it takes much time and energy to bring these CEOs and CTO's together, and to promote this ETP program, we are using social media and also calling our members to educate them about ETP and ask them to administrate and delivering training.

Mr. Broad said that is Mr. Fatehi's part of it, but what is Mr. Thakore's part? Mr. Thakore said in the administration part of it, our responsibility is dealing with each and every employer, educating them on all the people starting with the needs assessment forms, the 100E certification, as well as all the forms that the trainees need to fill out. We still need them to fill out the ETP Form 104 because we need that in case of an audit, as a release from the trainees to be able to go back to the employer of record and obtain their proof of wages and proof of working past the retention date, so these include the things we do as part of our administration. The Counsel does not get into the nitty-gritty of what I described.

Mr. Broad said let me ask you this question about your competitors. There are other consultants in this room, and they get paid to help administer these contracts, but they don't provide the training itself. So they are obviously earning that money. I'm not sure we've actually thought about what everybody does for what they earn and literally what they are doing for that money, but aside from that, they have an arms-length relationship with the entity doing the training. So they are kind of a quality-control and accountability section of this contract. They are making sure that the employer knows what they are doing and to keep them from falling off the cliff with 22% performance; that is what we expect that they are going to do. They are making sure, obviously, that the people are showing up and filling out forms. But when you are doing both of those functions, the question in my mind is, are we paying for someone to engage in the disciplinary process and the accountability process over themselves, and is that something that taxpayers should pay for? That's the question. Mr. Thakore said in terms of accountability, I'll let Fayzee address what oversight and accountability they have over Saisoft. Mr. Broad said, no I'm talking about what you get compensated for; your portion of this; what are you doing for that, that you wouldn't be doing anyway if you are just the trainer. Mr. Thakore said the administrative fees are the tasks I mentioned earlier, which do not include any training whatsoever, so the training fees are purely for providing the training.

Mr. Broad asked ETP staff about our training fees. Do they include any administration or is it literally compensating someone from the moment they arrive, hold forth however they are going to hold forth in an educational way and lead, and there is nothing regarding accountability, filling out forms, or any administration at all. Mr. Knox said, typically administration is for that portion. What I'm hearing is that the company or the broker model is really looking at doing the support costs; it sounds like you are doing more outreach and less of the management side of it; sounds like Saisoft is doing more the management for 13%. Mr. Fayzee said we do the oversight because we are the entity, you are entrusting us, we have the oversight, and according to the governing body we are compliant with every rule and regulation that is on the book. We want to make sure our reputation after 25 years, building the brand of Technology Counsel, is on the line. Basically compliance with regulations and with our rules is our goal.

Mr. Broad said I'm not going to deal with any of this with your contract today or any of your contracts today, but I would like to direct the staff to really take a look at, and make recommendations for the upcoming FY, but I don't want to be paying twice for the same thing. I want a review of what we pay for in terms of support costs and administrative costs and if we are in this model, or in any other model, whether it's a MEC, a community college, an apprenticeship program, are we building in too much of a percentage. The percentage has changed, the allocation has changed, because I think what happens in your broker model, which is, I think you are the only one doing it, but the model you have chosen seems to highlight every one of these issues related to MECs. It doesn't seem to come up quite as much with single employers. There is much that is different; we pay for a lot of training, for example, that is not mandated for employers. It is people getting the training that they like with the permission of their employer, but their employer doesn't necessarily get to say that it's mandatory and you are doing it on your own free time. You have employers that are basically getting the benefit of this training, but are not paying people to attend, paying them their salary to attend, because it's voluntary. The whole area has some concern for me and that's why it keeps coming up over and over again. So I would like staff to take a look at this and leave it alone, until staff comes back with recommendations to the Panel.

Mr. Thakore said, Mr. Chair, with your point about Saisoft coming back under multiple contractors, that is a fact. The numbers are something like this. According to the Bureau of Labor Statistics in the State of CA, there are 347,000 IT workers so there is a huge demand and that is a single factor that explains why you see Saisoft come back so often. Mr. Broad said right, but you are back before the Panel and getting most of this $600,000 and most of these consultants are getting a fraction of that. So you are coming back multiple times with very large contracts, so you personally are collecting millions of dollars from us per year. That's also a little concerning, I don't know if there's a problem with it, but it's kind of unique to your model and I think it's another thing that gives us a little pause.

Ms. Roberts said, if MEC's keep coming back, as I look at your infrastructure to support that training, and it's just your wife and your kids, how can we support this? Mr. Rodriguez asked Mr. Thakore how many employees they currently have. Mr. Thakore said 4 full time employees; I have a roster of trainers that I employ when the need arises of about 60 trainers that I use. The trainers have their own corporations in most of the cases, and don't have any1099 contractors. Mr. Rodriguez asked Mr. Fatehi how instructors are contracted. Mr. Fatehi said that Saisoft enters into a service contract with these corporations for services provided and contracts with 60. Mr. Rodriguez asked, if what ETP funds is part of the blend of contracting with these instructors. Mr. Fatehi said in the training industry, it is not feasible to have FT employees. Mr. Rodriguez asked ETP staff, if the application, does it include the entity by which he has a service agreement that is utilizing ETP funds? Ms. Reilly we don't routinely check the subcontract. The subcontractors are not a party, so don't review subcontracts, we stop at that point. Mr. Rodriguez asked if we look at the contracts and put them in the file? Ms. Reilly said, we routinely ask for a copy of the subcontract agreement between our contractor and their vendor or consultant; we review them. We will start requesting them for legal review with MEC's. It is built in our contract that we have a right to ask and receive a copy of the contract. Mr. Rodriguez asked what percent is self-directed learning versus instructor based guided learning. Mr. Fatehi said that it is all 100% instructed led training.

Ms. Roberts asked where in California their instructors located at. Mr. Thakore said 65-70% are California based, the rest are located throughout the country; Canada and Costa Rica. Ms. Roberts asked Mr. Thakore if any of the instructors come from the companies he has contract to train with. Mr. Fatehi said no. That would be a conflict of interest. Ms. Bell asked how many of instructors are off shore. Mr. Fatehi said that in the event that one of my U.S. base instructors isn't available, then I resort to utilizing either 2 Canada or 1 Costa Rica, but that is on an exception basis.

ACTION: Ms. Roberts moved and Mr. Broad seconded approval of the Proposal for Technology Council of Southern California in the amount of $649, 865.

Motion carried: 5 - 1 - 1. (Gloria Bell opposed and Sam Rodriguez abstained.)

Southern California Sheet Metal Joint Apprenticeship & Training Committee

Mr. Griffin presented a Proposal for Southern California Sheet Metal Joint Apprenticeship (SoCal Sheet Metal) & Training Committee in the amount of $448,448. The (SoCal Sheet Metal) trust fund was formed in October 2003, as a result of the merger between two trust funds serving two separate apprenticeship programs: 1) Sheet Metal Workers' International Association, Local Union 105 JATC and 2) Air Conditioning Sheet Metal Association, Orange Empire SMACNA JATC.

Mr. Griffin introduces Lance Clark, Administrator and Oscar Mayer of the Los Angeles School District, and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Proposal for Southern California Sheet Metal Joint Apprenticeship & Training Committee in the amount of $448,448

Motion carried, 7 – 0.

Tech Serve Alliance – So Cal Chapter, Inc.

Mr. Griffin presented a Proposal for Tech Serve Alliance – So Cal Chapter, Inc. for the amount of $646,865. TSA is an all-volunteer organization providing Information Technology (IT) and Engineering solutions to Technology companies, consultants and suppliers throughout California.

Mr. Griffin introduces Felix Lin, President, and AK Thakore, Saisoft.

Mr. Broad said, this gets to the edge our policy concerns in a variety of ways; we struggle to come to the conclusion that this is not an issue. Our job is to protect the integrity of the program

Ms. Roberts said I would like to get a feedback from the people that are enrolled in the training. These are some of the issues that are in question. Mr. Lin said that if he felt that Mr. Thakore wasn't doing a good job, he would find another training partner. We stand behind Mr. Thakore.

Mr. Rodriguez asked Mr. Felix if the TSA is a nonprofit and all volunteer organization. Can you give me a brief history of the Company? Mr. Lin said that TSA is a national organization that was built upon local chapters. We provide technology and engineering staffing; we've been around since 1987. We have 15 direct companies in the So-Cal area that serve California. We don't train, we find talent.

ACTION: Ms. Roberts moved and Mr. Broad seconded approval of the Proposal for Technology Council of Southern California in the amount of $649, 865.

Motion carried: 5 – 1 - 1. (Gloria Bell opposed and Sam Rodriguez abstained)

Feather River College

Mr. Atkinson presented a Proposal for Feather River College in the amount of $106,398. Feather River College (FRC) is a 2 year community college, accredited by the Accrediting Commission for Community Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC). FRC offers general education classes to the local community. Mr. Atkinson introduced Mike Snead, Consultant – Sierra Consulting, Leah Goolds-Haws, Deputy Sector Navigator.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Proposal for Feather River College in the amount of $106,398.

Motion carried, 7 – 0.

Feather River College RESPOND

Mr. Atkinson presented a Proposal for Feather River College RESOND in the amount of $117,520. Feather River College (FRC is a two-year community college and is accredited by the Accrediting Commission for Community Junior Colleges of the Western Association of Schools and Colleges.

ACTION: Ms. Bell moved and Ms. Roberts seconded approval of Proposal for Feather River College in the amount of $106,398.

Motion carried, 7 – 0.

UFCW Northern California Meat

Mr. Atkinson presented a Proposal for UFCW Northern California Meat in the amount of $125,100. The UFCW Northern California Meat Apprenticeship Trust Fund (UFCW Meat Trust) seeks training funds for 45 apprentices in the retail and wholesale meat cutting industry. Apprentice training has been offered in California by the United Food and Commercial Workers (UFCW) for 75 years in this industry sector.

Mr. Atkinson presented Jaime Cortez, Local 5 Representative/Apprenticeship Coordinator and John Buena, Director Meat Trust.

Mr. Broad asked if the Safeway merger/sale is going to affect this contract. Mr. Buena said they are under contract. Ms. Roberts asked if Mr. Buena had any experience with the ETP program, will you be doing this on your own. Mr. Buena said yes.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Proposal for UFCW Northern California Meat in the amount of $125,100.

Motion carried, 6 – 0. (Sam Rodriguez abstained)

IX. Funding Priorities FY 2015/16

Stewart Knox, Executive Director, gave a summary of Total Budget Project funded in the past three years. For FY 12/13 we funded $66M; $65M for FY 13/14, and $94M for FY 14/15. In terms of numbers projects approved, 352 for FY 12/13, 301 for FY 13/14, and 438 for FY 14/15. Number of trainees: 68,000 for FY 12/13; 62,000 for FY 13/14, and 69,000 for FY 14/15.

Mr. Knox revisited the ETP funding strategies for Multiple Employer contracts, single Employers and Small Business. We are also looking at ways to encourage the small businesses to move into MECS; and these are Critical Proposals and Apprenticeship programs and some additional non-traditional outreach. We will look at how to allocate funds based on historical demand of these categories.

Going back to the strategies, current and modified priorities include the following industries: manufacturing, food production, biotechnology, life sciences, information technology services, multi-media and entertainment, goods movement and transportation logistics, allied healthcare and construction-green-clean technologies. These are in alignment with Workforce Investment Board.

From our last meeting, we've touched on special populations, high speed rail and job creation. Job creation is still one of our key components. We added the training that leads to industry recognized credentials after the last Panel Meeting.

Continuing on the topic of strategies, we will develop a "simple" way to work through proposals in the FY 15/16 year to determine funding within each category. Instead of the first in first out model, we will look at the how do they fit against the priorities, the Panel's priority industries, the Governor's priorities and special populations. My recommendation is keep it simple.

In regard to funding release, I recommend a staggered release date of 15/16 funds. My first recommendation is to release funds in on April 1, 2015 for MEC's and Apprenticeship Programs. My second recommendation would be Single Employers in May and Small business in June. We need to allow staff the time to finish this year's backlog of contracts; we have 97-98 projects left in this FY and most of those are in the Regional Offices. Funding should not be released all at one time; we don't want to panic or create what we had happened in the past where we had to stop the funding flow. Lastly, I recommend restoring caps to higher levels.

Looking at proposed funding allocations, what we have is allocation by category. For Single Employer $44,300,000; MECs $19,782,779, Small Business $6,500,000, Critical Proposals $7,840,000, and Apprenticeship/non-traditional $12,078,779; total $90,501,558 This is the continuation of the 38% encumbrance level.

Concerning funding caps, for MECS in 13/14, the caps were at $1.25M, it was reduced to $650,000 in FY 14/15, and for this year, we are recommending an increase to $950M for the current year. For FY 15/16 we propose the following: for MEC's serving the small business segment, we recommend increasing the funds to $1.2M, Small Employers, $750,000, Small business, $50,000, Critical Proposals, $900,000, Apprenticeship per sponsor $450,000 which takes us back to their historical level. This was the height of the job creation components. Again, you can make recommendations if you want to add more money to Small Employers with a job creation. We are moving the projects very well.

Mr. Broad asked about the MEC's serving small business; is the process to encourage the small businesses to go through MEC's instead of going through the regular application process with the small business? Mr. Knox said yes. In the past, we've had a lot of small businesses that come to the Panel, which is fine, but they are staff intensive. Our recommendation is to get them pushed those out to WIBs and community colleges. If the small businesses call in to us, and they are from the regions without the MEC, we would take them on. If there is a MEC within their region, we would refer them out. We wouldn't stop them from coming to us, we will service them if they decide to come forward and apply through the small business application. If they want to go through our process, through the delegation process, that's completely acceptable and perfectly fine. If a small employer wants to customize training on specific skills, we could refer them to the community college that has a MEC, we would encourage the small business to give them a call. If that doesn't work out for them, they can come back to us. We also need to work with staff and make sure that the hand-off to MEC goes swiftly. Mr. Broad said that he's concerned that the small business might not be able to get exactly what they want from the community college or MEC. We should have the staff inquiry about what kind of specific training they're looking for. We need to make sure that we're referring them out to the specific MEC that will fit their needs.

Ms. Reilly said that a vast majority of small businesses are served through MECS presently and have been for many years. That's where we really do our most effective outreach to this population.

Ms. Roberts said that her concern with this recommendation, is that small businesses would be underserved if we forward them all to the MEC's. Are our small business properly served, do they feel comfortable with this process? Our MEC's do a great job, I just want to make sure that everyone gets an opportunity to come to the table. Mr. Knox said that if the small business chose to go through us, we will welcome them.

X. PUBLIC COMMENTS

<u>Annie Rafferty, Director of Contract Education, Butte College</u>
Ms. Rafferty said she is very appreciative of the Panel's efforts for our employers and as a member of our new community MEC task force.

Dr. John Tillquist, Associate Vice Chancellor, Economic Development Riverside Community College District
He said that Community Colleges aren't here to make money; they're here to serve the community and businesses.

Robert Lebeck, San Bernardino Community College District, Director of Workforce Development.
We respond to the unique needs of each employer, I don't have a standard curriculum. When I'm contacted by an employer, I send out an instructor to their location to find out exactly what their needs are, and we customize the curriculum to their needs. We will do the same thing with the small business component.

Kim Holland, Glendale Community College, Professional Development Center
We have been doing ETP training for 30 years. Yesterday with the city of Glendale, the Mayor presented us with the Community Partner of Year Award. I'm here to let you know that we do serve the small businesses in our area.

Sandra Sisco, Technical Assistance, Contract Education for California Community College
My role is to support every California Community College in their contract education efforts. Ms. Sisco said that the 112 Community Colleges across the State of CA are a great infrastructure and a backbone to continue the great partnership that we already have with ETP. We're open to working with ETP in continuing to serve the business industry.

Eldon Davidson, Community College MEC
He said there's confusion between the role of the Chancellor and the MEC's representative roll; ultimately we answer to ETP and the chancellors are the cheer leaders. We work with each other. He presented an annual report to the Panel. Want to show the impact we have. On the 2013 annual report, 12,300 individuals served. We earned $11.4M and our success rate is 84%. Based on Community College MECs demographic data based on participating colleges, we are serving 46% small businesses and 54% large businesses. The average wage survey is $27.28. There are different sides to academic colleges; there's the academic side and then there's the contract side. We customize everything; from our side we're serving 46% on average small business; as we can do even more. We have a 90% completion rate.

If you look at the map of California on the handout, we do partner with each other for the different purposes. We share instructors and curriculum. The handout shows California's priority sectors, it shows ETP's Top Sector Priorities. If you look at that and how they line up with the Community Colleges, it's almost dead on. Community Colleges Top Sector Priorities includes manufacturing, goods movement and transportation logistics, agriculture, green/clean technology, construction, allied healthcare, information technology services, biotechnology and life sciences, multi-media entertainment; we're here to serve.

Mr. Broad said that customized training is better than non-customized training. That is what we want to pay for; to get the people to take the time to make it really worth it. Mr. Davidson said we understand these are small businesses within in own communities. We know that not serving them would have an effect in our community. He told Mr. Knox that they read his plan and fully support it.

Thom Akeman, Consultant – Duscha Advisories
Steve can't be here today, but he asked me to represent him on his behalf. He wants to express his support for the Executive Director's proposals. He said in his view, these are timely and they are sound ways to advance ETP programs, and progresses the way it should be.

Nick Loret Demolle, California Workforce Association
The CA Workforce Association is a long-time multiple employer contract holder with the Panel and one in very good standing. We support a robust approach with small business outreach by this Panel. We would like to offer our services in expanding that outreach, as a statewide organization that represents all 49 local workforce boards in the State.

Barry Broad, Panel Chair
I have to interrupt you; we have an issue which is two of us have to leave including me. I want a show of hands of everyone in line for Public Comment, who likes the proposal and who has an issue with it? Is anyone opposed to it? There was no opposition by the public. I wanted to ensure we still had a Panel quorum, as two of us have to leave now.

Nick Loret Demolle, California Workforce Association (continued)
We have spoken with staff and would like to develop a regional method to a statewide program of employer outreach through the WIBs and hopefully get them to get their own contracts down the road through this program.

Barry Broad
Mr. Rodriguez is going to make a motion to approve the Executive Director's report. Mr. Rodriguez said yes, motion to approve. Mr. Broad said and I second that motion. I will hand the gavel over to Vice Chair Roberts for the remainder of the meeting. That motion is on the table, and we are going to open the roll call for the two of us to vote. Mr. Rodriguez, what is your vote? Aye. Mr. Broad said my vote is also aye, and then the rest of the Panel can listen to the remainder with our apologies and then you can conclude the roll call.

John Brauer, Executive Director for Workforce Development of the CA Labor Federation
We also wanted to reiterate our support for the Executive Director's recommendations here today, in terms of the funding amounts and caps. In addition to that, I understanding where you have taken ETP over the last year to stabilize ETP, its processes, and to deal with getting staff positions filled and get some stability. We would still like to engage ETP in meeting with the Labor Federation, our affiliates, and the State Building Trades, around the recommendations we made to you last fall in terms of apprenticeship going forward, hopefully, for the 2016-17 FY. A couple of things; one was we had brought a recommendation for having some percentage of your annual allocation being tied to maybe a once a year application process and a twice a year review process relative to apprenticeship, to help our apprenticeship programs, and ETP to have a predictable process relative to that, that we could work with the other stakeholders in that regard, and that may make some sense going forward, both in terms of construction, but also given the Governor's mandate and support for other non-traditional apprenticeship that's going to be coming forward. We have some recommendations around performance, wage rates above and beyond even your SET for priority minimum wages that we think should be tied to public project wages and things like that, that we would like to have a discussion with you about. Other simple point

likewise, is that we would like to continue to talk to you about the nature of those apprentice programs. Well over 60% of the businesses that are represented with our apprentice programs are small business. So aside from the MECs and your large individual contractors, our individual NECA members and other folks are frankly small businesses within that consortium. And we like the argument made by the community colleges. Also our training, those joint-apprenticeship programs, the labor management partnerships are doing on-demand training. We would like to have that conversation with you and maybe if we could get to having those conversations with you sooner rather than later, you all could pilot, for instance, having your pre-application process starting in the Fall or Winter this year, and as you know what your annual total is going to be, you could be having at this point next year, recommendations about how many apprentices you are going to be training in that FY and dividing up that pie by the number of the apprenticeship programs, but we would like to have that discussion. We brought those recommendations, we totally understand what Mr. Knox and staff have brought forward, and we support it in going forward. There are other issues too that I think will be coming up. We are working with a wide variety of both union and non-union employers, community colleges around for instance, a manufacturing proposal that hopefully will go forward to DOL. The apprenticeship duration, and also for some of the other non-traditional apprenticeship programs we are trying to support, are shorter than the four or five year apprentice programs lengths that we see in our construction stuff. So, down the line considering whether you would fund first-year apprentices in those new or non-traditional programs we would like to have that discussion with you as this grows and emerges and we think both because of the federal government support and also the mandate coming from the Governor, that it's going to be worthwhile for ETP to figure out both the construction part and non-traditional apprenticeship part in going forward.

Rob Sanger, California Manufacturers and Technology Association
I just wanted to give our support for this proposal, it's very strong. Of course, we'll have some questions in the details but overall, it looks like a very strong proposal, and it's exciting to go into a new funding year with strong funding. Also, I've been encouraged by talking to some of the new-hire ETP staff from Sacramento, I've met with some of them that have been working on my projects, and they seem like really good hires. I met yesterday in Orange County with some of the San Diego and North Hollywood staff, and took the tour of one of the employers that we're working with, and they seem really sharp as well. I think everyone is very excited about this New Year and I think the morale is good at ETP, and that makes our morale good in consulting. So thanks for your assistance with all of that Mr. Knox, and we look forward to that. As far as the referrals to the MECs for the small businesses, and I think I mentioned this briefly last time, but there is already a sort of process in place, as they are kind of doing this already, as far as looking at the employer coming into the system and then trying to find the best fit; so I don't think it's going to be too big of a stretch for them to do it, but as you can see on the Panel today, the small business projects have some $7,000 to $9,000 projects. It takes a lot of time to develop one of those projects, and so something like that would probably be a good fit for a MEC.

Phil Herrera, Herrera & Company
I did want to give a shout out to the Critical Proposals section. My experience in working with Critical Proposals, they include some of the Governor's initiatives, in CA Competes application as well, so I wanted to let you know it was very well received even though ETP is not part of that pitch. Are we eliminating the High Earner Reduction (HER)? Ms. Roberts

said we didn't talk about that Mr. Knox, did we? Mr. Knox said we have not had that conversation yet. Ms. Reilly said, we probably just need to roll that forward and I don't think there was an intention to eliminate. Mr. Knox said yes, I agree. Mr. Herrera said it would be capped at $750,000 for single employers. Mr. Knox said it's still under the single employer, yes.

Mr. Knox said I want to amend the recommendations then, that small business will go in May. Ms. Roberts said, so small business and single employer will go at the same time. Ms. Reilly asked, are we then including in the motion, to continue the High Earner Reduction that's in effect for the current FY rolling it forward to the next FY. Ms. Roberts said it's something we haven't talked about. Ms. Reilly said, or do you want a separate recommendation? Mr. Knox said no, we are moving forward.

ACTION: Mr. Rendon moved and Ms. Bell seconded approval of the Funding Priorities for FY 2015-16.

Motion carried, 7 – 0 (Mr. Broad and Mr. Rodriguez voted in favor of the motion prior to departing the meeting during Public Comment).

XI. MEETING ADJOURNMENT

ACTION: Ms. Roberts moved and Ms. Bell seconded meeting adjournment at 1:13 p.m.

Motion carried, 5 – 0.