



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 "I" Street

Sierra Hearing Room, 2<sup>nd</sup> Floor

Sacramento, CA 95814

July 26, 2013

**PANEL MEMBERS**

Barry Broad  
Chair

Janice Roberts  
Vice-Chair

Gloria Bell  
Member

Sonia Fernandez  
Member

Michael Hart  
Member

Kish Rajan  
Member

Edward Rendon  
Member

Sam Rodriguez  
Member

**Executive Staff**

Jill McAloon  
Acting Executive Director

Maureen Reilly  
General Counsel

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Sacramento, CA 95814  
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**I. PUBLIC PANEL MEETING CALL TO ORDER**

Chairman Broad called the meeting to order at 9:30 a.m.

**II. ROLL CALL**

Present

Panorea Avdis (attended on behalf of Kish Rajan)  
Gloria Bell  
Barry Broad  
Sonia Fernandez  
Michael Hart  
Edward Rendon  
Janice Roberts  
Sam Rodriguez (arrived immediately after initial roll call)

Executive Staff Present

Jill McAloon, Acting Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Agenda.  
  
Motion carried, 8 – 0.

**IV. MINUTES**

ACTION: Ms. Bell moved and Mr. Rendon seconded the motion that the Panel approve the Minutes from the June 21, 2013 meeting.  
  
Motion carried, 8 - 0.

**V. REPORT OF THE ACTING EXECUTIVE DIRECTOR**

Jill McAloon, Acting Executive Director, said, as you may recall, SB 820 was part of the Governor's reorganization implementation bill and that contained language that actually changed the nature of our Panel. It replaced our former Panel representative from BT&H with

the Director of the Governor's Office of Business and Economic Development, or his/her designee. Ms. McAloon welcomed Panorea Avdis attending on behalf of Kish Rajan. Ms. Avdis said thank you very much, I am the Chief Deputy Director at GO-Biz, and it is a pleasure to be here.

Ms. McAloon said today we have our standard mix of both single and multiple employer projects. Two of our regional managers, Rosa Hernandez and Diana Torres are here to present today's projects. Also, Maureen Reilly, General Counsel, will present proposed revisions for action on Apprenticeship Guidelines. She said Tara Armstrong, Planning & Research Manager, will be presenting and requesting action on the Strategic Plan later in the meeting.

Regarding the budget, should the Panel approve all of the projects before it today, it will have approved \$3.7M in projects, leaving \$70.8M in contracting capacity for the remainder of the Fiscal Year (FY) and we will have spent \$8M in SET funds resulting in \$14.1M in SET. The Governor's appropriation was \$51.6M; however, EDD estimates are showing that the ETF funds are trending upwards, so we will keep the Panel informed.

Ms. McAloon referred to the Fund Status Report and said \$51.6M is the estimate currently in the FY 2013-14 fund. Costs under the ETF appropriations are relatively consistent with last year. There is no transfer of our funds to DIR or DSS, and there is no cost set yet for the State Controller. Our appropriation actually increased from \$45.5M to \$49.3M and with funds disencumbered then added, available dollars increased \$3M. Our administrative costs are slightly higher this year due to the elimination of PLP or furlough days and also a 3% increase for staff at the top of their salary range. Our EDD support costs have increased and that is expanded to allow us to look at the scope of our IT service functions and get support from EDD as needed. Our marketing and research has increased from \$200,000 to \$1M and that is because we are really focused on marketing this year and trying to get our funds expended and serve customers. We have two RFP's in process right now; one is to bring priority industry projects to the Panel and the other is to bring joint labor employer training ventures to the Panel. Remaining funding will assist in research studies which have not been done in many years such as the effectiveness of ETP training. She said the California Workforce Services Network, is for the deliverables and maintenance costs for five months this year. The decreased prior year liabilities are only \$10M this year. Our total funds, operation project funding increased from \$25M to \$30M, which results in \$70M available for projects in the current year. Our only source of alternative funding is going to be through the Alternative and Renewable Fuel and Vehicle Technology Program, AB118, and there is \$3M available for that.

Regarding legislation, there are no bills to report since the last Panel meeting but I would just note that SB118 is still moving. That bill directs the California Workforce Investment Board along with its usual functions and duties, to assist with the alignment of education and workforce investment systems to the needs of the 21<sup>st</sup> Century Workforce to promote and develop an educated and skilled economy workforce. The bill encourages state and local WIBs to collaborate with public and private institutions including ETP to better align our resources across the workforce education and training service delivery systems.

**VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION**

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #11.

Alpine Corporation.....	\$40,248
Benda Tool & Model Works, Inc. ....	\$49,348
Booth Ranches LLC .....	\$52,290
C Enterprises, L.P. ....	\$15,028
Immuno Concepts N.A., L.P. ....	\$15,600
Jameson Management, Inc. dba Priority Door Systems.....	\$6,760
Owens Design, Inc. ....	\$97,760
PerkinElmer Holdings, Inc. ....	\$99,144
Platinum Engineering Solution Inc. ....	\$8,320
TenCate Advanced Composites USA, Inc. ....	\$99,000
Zobrist Consulting Group, Inc. ....	\$49,920

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of Consent Calendar Items #1 through #11.

Motion carried, 8 – 0.

Mr. Broad said there is such a thing, as his stepfather used to call it, as “drowning in sugar”. You can be in business and drowning in sugar, where you have so much money coming in, that you don’t know what to do with it. The economy is improving, our income is going up, and we are not getting enough projects as mentioned before. That is why we are increasing our marketing budget, but we need all of you to be working extra hard to bring in good projects to the Panel. We have the opposite problem and there are two ways to get money taken away from you. One way is when they need it because the budget is in trouble and they take funding from wherever they can, and the other is that if you have more money than you are spending, it is not going to sit around in a bank account very long before they will find some other place in government to take the money. He said we can’t quite understand why we are not getting as many projects in but we are not; so, we really need all of you to be talking about ETP to your contacts. If you belong to trade associations, especially the specialty trade association where I don’t think we often reach, we would love to have our marketing staff come to the meetings of those associations and talk about how to access ETP’s training money, and we really need that because at some point here, there is going to be an issue. For example, right now, there is a broad discussion in Sacramento about changing the funding system for Unemployment Insurance because employers stop paying the tax on the first \$7,000 of income and that is the lowest in our country. That has helped put our Unemployment Insurance system out of whack, and they are talking about raising the base. However, no one has suggested that ours would go

up with it. Why? Because they are saying that you cannot spend the money you have. Therefore we cannot even make the credible argument that if the taxable wage base goes from \$7,000 to \$10,000, we should be collecting the Employment Training Tax on the increment between \$7,000 and \$10,000. It would be nice to make that argument, but right now it looks like we cannot make a very credible argument; we are going to try but I am not sure we can pull it off. Who knows if that will even happen and whether the bill moves forward or not, but that is the situation we face, so it is serious. We need to think about it and we certainly don't want to drown in sugar.

## **VII. REVIEW AND ACTION ON HIGH EARNER REDUCTION**

Ms. McAloon said given that we will have more funding available this year, at the last Panel meeting, staff came forward with some recommendations for higher funding caps, Substantial Contribution (SC) at minimal levels and elimination of the High Earner Reduction (HER). The Panel approved the funding caps and the lower levels of SC but asked staff to come back with some options for the HER. She referred to the Memo before the Panel which outlined the proposed five HER Options.

Currently, the HER is assessed in lieu of SC for single employers and participating employers in multiple employer contracts with earnings of over \$1M in the past five years regardless of facility. So with earnings of over \$1M, we know that we are going to be having increasing projects coming forward that would be subject to that if their prior earning threshold remains at \$1M, given the higher caps that we had this year and the caps last year as well.

With that in mind, we have considered five Options for calculating and assessing the HER. That involves changes to the earning threshold, modification to the percentage and reduction and application of the HER based on economic factors.

Option 1, which is actually what staff is recommending, is to assess the HER on employers that earn at least \$2M, which changes the threshold from \$1M to \$2M. Then the level of reduction would be tiered, similar to the SC. So the first time someone was assessed, it would be 15%, the second time would be 30% and the third time would be 50%. That tiered reduction would ensure increased employer contributions with increased earnings for repeat contracts and it also mirrors our format that we have for SC, it would be the easiest of all of the options to administer for staff, and it would work well with our current management information system that we have, so it is practical for staff and employers.

Options 2, 3 and 4, are in lieu of a tiered approach, and each of these Options has a fixed reduction and a fixed threshold. In Option 2 if they have earned \$2M, then the reduction would be 15%; in Option 3 if they have earned \$2.5M, then the reduction would be 20%; and in Option 4, if they have earned \$3M or above, then the reduction would be 30%. Each of those would ensure employer contributions, but they would not require increased levels of contributions with increased earnings, as Option 1 does.

Option 5 which was suggested by Panel member Sam Rodriguez at the prior meeting, was to develop a process for applying the HER based on regional economics. She said that approach, when staff looked at it, would be complex and administratively difficult to administer at this point in time, given that our current system does not communicate with other systems or other databases. Accessing regional economic data would be labor intensive, a manual process, and impractical to undertake at this time. However, we are building a new system and we may be able to at a future date, to look at some sort of accessing of other databases and using information so that we could assess a HER based on regional economics. We are suggesting that we can revisit that approach in the future.

Our recommendation is Option 1 which would be for earnings of \$2M or more in the past five years, and the increased reduction would be tiered at 15%, 30%, and 50% respectively with increased earnings.

Mr. Broad asked for comments from Panel members. Ms. Roberts said she likes Option 1 because it is aligned with our SC and I think that is a great way to handle it. She asked how the HER would affect previously funded projects in the last couple of years. Ms. McAloon said the new HER guidelines would be effective for all projects approved after July 1, 2013 for this FY. She said we would not be changing any previously funded projects, just moving forward after July 1, 2013.

Mr. Rodriguez said since he proposed Option 5, an approach the Panel may revisit in the future, that maybe someone in the audience can be very creative and look at that for a job creation proposal, so I will leave it out there for those that want to integrate systems. Other than that, Option 1 seems the most feasible.

Mr. Hart asked about Option 1 and how it relates to earnings "regardless of facility". Ms. McAloon said right now, SC is assessed by facility so it is earnings at a particular facility and the HER is not; that is the difference. It is total earnings and it is cumulative.

Mr. Broad said I believe Mr. Hart's question is what was the problem that generated this in the first place? The problem was that because we had SC by facility, that large companies with multiple facilities could kind of manipulate the process by just going from facility-to-facility rather than making a training proposal that went across facilities. So we were trying to plug a hole where a lot of money was getting pushed out the door, and we felt it was subject to some manipulation. I think that is still a risk and that is why I think we want to loosen up on it because our funding is in better shape than it was before clearly, but not take our finger completely out of the dike so to speak.

Mr. Broad said Option 1 is the consensus and that makes sense to him. I think administrative efficiency, convenience and simplicity are beneficial.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded Option 1 for assessing a HER, to be effective for all projects funded in FY 2013-14. This approach imposes a HER on employers who have earned at least \$2M over the past 5 years, and increased reductions (15%, 30%, 50%) with increased earnings.

Motion carried, 8 – 0.

## **VIII. REVIEW AND ACTION ON APPRENTICESHIP GUIDELINES**

Maureen Reilly, General Counsel, referred the Panel to the Other Matters Tab in the Panel Packet. This includes two documents; a Memo outlining proposed revisions to the Apprenticeship Pilot Guidelines and the actual Guidelines. On the Guidelines itself, you will see on the first page in underline, a summary of the proposed revisions and then the revisions are shown in strike-out-and underline throughout that document. For the audience, the Memo and Guidelines are posted on the ETP website.

I'd like to begin by pointing out that this is the second time in recent memory that we had revisions proposed for these Guidelines. A couple months back, there were some fairly major revisions designed to recognize the nature of how employers participate, which is they are not exactly our participating employers, they are signatory employers typically through a Collective Bargaining Agreement and even with a non-union program they are grouped into trade associations so recognizing that we took them out of SET funding. The other change was to create a blended rate for the journeymen and the pre-apprentice participants as far as the trainees themselves.

What you have before you now is a series of eight fairly minor revisions that are largely clean-up. I would like to point out that this is a Pilot, so the purpose of the Pilot is to learn as we go. We are making revisions to increase the effectiveness of the program, and we are only one year into this Pilot. It is probably our most successful Pilot, with the exception perhaps, of the small business program, which finally got out of Pilot status with success, and at some point we would like to take this one out of Pilot status too. She said the Memo provides a brief summary of the following proposed revisions:

- 1) Clarify that pre-apprentices may be New Hire for purposes of enrollment.
- 2) Clarify that only apprentices and journeymen must be represented with a JATC contract.
- 3) Allow apprentices to be trained in sequential contracts, up to the 200-hour maximum per-trainee.
- 4) Clarify that the \$13 per hour rate is for class/lab training only, and there is no rate for Computer Based Training (CBT).
- 5) Increase maximum hours for Related & Supplemental Instruction (RSI) from 144 to 200 (plus OSHA 10 for a total of 210 hours).

- 6) Reduce minimum hours for journeymen from 24 to 8.
- 7) Clarify the Panel's authority to accept the ETP Minimum Wage for retraining rather than the SET wage, on a case-by-case basis, for good cause.
- 8) Change trainer-to-trainee ratio from 1:20 to 1:25 for RSI, when training is delivered off-campus.

Chairman Broad asked the Panel if they had any questions.

Mr. Rodriguez asked about proposed revision #6 and if there was data to make that recommended change or if it was subjective from the experts in the field. Ms. Reilly said I would say it is anecdotal.

Ms. Reilly said staff recommends adoption of these revisions retroactive to July 1, 2013, consistent with the start of the FY.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded staff recommendations to adopt the proposed revisions to the Apprenticeship Pilot Guidelines retroactive to July 1, 2013, consistent with the start of the FY. The Pilot guidelines are subject to evaluation and further revision based on experience.

Motion carried, 8 – 0.

## **IX. REVIEW AND ACTION ON PROPOSALS**

### **Single Employer Proposals**

#### **Southern California Permanente Medical Group**

Diana Torres, Southern California District Manager, presented a Proposal for Southern California Permanente Medical Group (SCPMG), in the amount of \$600,000. SCPMG is the for-profit arm of Kaiser Permanente, healthcare provider. It currently serves more than 3.5 million members and provides care through approximately 3,600 physicians at 14 hospitals and 143 medical offices.

Ms. Torres introduced Zeth Ajemian, Director of Workforce Planning & Development and Steve Duscha, Consultant.

Mr. Broad said I intend to vote for this proposal, but I also read the front page article in the L.A. Times, and it is a little unclear to me why you need the money. I think you have billions of dollars out there, and there is much criticism that Kaiser is basically up-charging employers in



the state including public entities and private companies and union trust funds, and it is not exactly the old Kaiser. I say this for you to take this message back because you are not in charge of all this, but the Panel reads the paper too, and I would hate for people to think that you are making money hand over fist and you are coming over here to get money that is paid in the form of taxation by the very employers who are maybe being overcharged. So on the other hand, you are great at training and you do what you should do, and I say this as an editorial comment but you should note that it is an issue. He asked if any other Panel members had questions.

Ms. Roberts asked about the estimated number of 500 trainees, but that they are going to be hiring 600 employees, and asked about the discrepancy. Mr. Ajemian said yes, that is actually an error; it is 500. In the summary it refers to 600 trainees, but the objective is for 500.

Ms. Bell asked how they recruit to find the 500 employees. Mr. Ajemian said Kaiser Permanente recruits from a variety of sources. For us, especially with our critical positions, we have many relationships with local community colleges and four-year colleges, especially many of those colleges where there are not simply grads coming out but they do their clinical rotation at Kaiser. Additionally, we work locally with the local workforce investment boards, with the Cal Jobs and EDD sourcing. In addition to that, the more traditional sources such as job boards and coming from other employers. I think a large source for this particular initiative in some of our areas will be some of the new grads coming out of school and coming on as new hires. Ms. Bell asked about internal promotions. Mr. Ajemian said internally they have two trust funds, labor management partnerships that are set up for investment in incumbent workers. So they have group training programs, individual training programs, stipends for wage replacement while they are going to study, professional career counselors, mentorship, job shadowing, so there is a huge labor and management effort in terms of trying to grow our own so to speak in addition for the need to go outside and hire within the context of this contract. Ms. Bell asked if they know what their percentage of internal promotion is and if they measure that. Mr. Ajemian said that recruitment measures that; he does not have that number but he could get it for her.

Ms. Fernandez asked if they have any outreach to hire veterans, especially those returning that are looking for jobs. She asked if there is any emphasis placed on recruiting the skill set and the leadership skills of veterans. Mr. Ajemian said yes, recruitment has a veterans program as one of their strategic initiatives. I don't know the specifics of what organizations they are contacting; me personally I don't work on that side of the shop, but in addition to affirmative action and diversity goals, the veterans initiative is a huge part of the recruitment component and has been for several years.

Mr. Rodriguez said it is my understanding unless it has changed, that you have always had a blended workforce that includes both domestic and foreign. He asked him to share a little bit about that; where is it at and where is it going. Mr. Ajemian said considering nursing in terms of a fluctuation of the nursing supply, it always goes in different cycles back to the 2005 shortage. Kaiser as were many other healthcare providers, were put into the position where they needed to import labor from out of the country in terms of being able to fill that skill gap. In the meantime, if you are talking about trends going forward, in the last five to seven years, CA has been very successful at a huge investment in the education infrastructure in terms of graduating

a great number of new-graduate nurses, so a little bit more of a shift to a domesticated workforce. That is a huge area of focus for them, especially bringing on these new-grads who are now coming out of school. Just because they have their license and their education does not mean they are going to hit the floor running as they have to orient them and do on-the-job training as they come in. Mr. Rodriguez said with L.A. County essentially having 60% of participants in Covered CA, what is going to be Kaiser's role since you are the for-profit arm of the company. Mr. Ajemian said of the Southern CA Medical Group, in reference to Chair Broad's comments, Kaiser is a unique healthcare provider in that they are an integrated medical provider. They provide health insurance, they build and own the buildings, and all of the doctors and all of the staff are in the network. Compared to some of their competitors in CA and nationwide, who are only handling the insurance and contract out the rest, they do not own the buildings, they do not invest in the buildings, and do not invest in the workforce. The role of the medical group is the for-profit component of otherwise non-profit entities and KFH and the rest of Kaiser is really a partnership of the physicians, but also overseeing all of the ambulatory and the clinic services. Separate from the hospitals, the beds, and those inpatient facilities, the medical group is overseeing those ambulatory clinical and all of the staff and physicians relate to that. It is an integral part, but it actually works quite well in terms of trying to build a very accessible and coordinated network of healthcare services. When you compare it with, when we talk about rates and we talk about Covered CA, as Kaiser is known as always having some very low rates, and then going into the marketplace a month ago and having our rates in some counties be the most expensive, we are also going in direct competition with some of these providers with very narrow networks. For example, Blue Cross entering into the Covered CA with 36% of their network available in this context. With Kaiser, it is all or nothing; it is 100% and we do not limit it. You are seeing all of our doctors, have access to all of our facilities and all of our services. So it is a little bit of an apples and oranges comparison; it doesn't mean there are not issues with rising costs, and we are aggressively looking, now that we have been recognized for quality and service, we are aggressively going after affordability to ensure that there is appropriate access going forward.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for SCPMG in the amount of \$600,000.

Motion carried, 7 – 0 – 1 (Mr. Broad abstained from voting)

### **TouchCommerce, Inc.**

Ms. Torres presented a Proposal for TouchCommerce, Inc. (TC), in the amount of \$197,928. TC is an internet/ecommerce company that provides online sales and customer care services (i.e. engagement solutions) for its clients. TC is a customer service organization that proactively engages consumers online through chat, click-to-call, targeted offers, automated guides, surveys, and product recommendations. Their online visuals at a client's website are designed to enhance the consumer's experience and satisfaction and improve brand loyalty, while maximizing client revenue, reducing client costs associated with consumer engagement, and reducing online abandonment (i.e., when a potential consumer abandons online "shopping cart" mid-purchase).

Ms. Torres introduced Carla Gatza, Director of Human Resources.

Mr. Rodriguez asked how they heard about ETP. Ms. Gatza said she has been in HR about 13 years and many years ago, she participated with another company with ETP. Mr. Rodriguez said so you held off for 13 years? Ms. Gatza said no, I have actually had multiple companies that came to ETP, but I have just never had to come to ETP before. Mr. Rodriguez asked how long she has been employed with the company. Ms. Gatza said almost two years. Mr. Rodriguez said so you took two years to submit an application. Ms. Gatza said she actually submitted an application for the first year but I believe you were not accepting any more applications because there was a hold on funding, and when it opened up, I applied. Mr. Broad said she is on time and under budget. Ms. Roberts said so you are very familiar with our program then obviously? Ms. Gatza said yes, she is.

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for TC in the amount of \$197,928.

Motion carried, 8 – 0.

Ms. Torres said that is a very good question because quite a number of our customers previously worked at other companies where they had an ETP agreement and those particular contractors do very well.

### **McCarthy Building Companies, Inc.**

Ms. Torres presented a Proposal for McCarthy Building Companies, Inc. (McCarthy), in the amount of \$143,280. McCarthy provides a wide range of construction services to clients throughout the United States. Building projects include commercial building, industrial structures, schools, and hospitals.

Ms. Torres introduced Arlene Riley, Division Training Coordinator. Ms. Torres noted that she received a letter from Sarah Carr, VP of Operations and Education Services, authorizing Ms. Riley as the company representative to speak on behalf of McCarthy before the Panel.

Ms. Fernandez asked if McCarthy is doing more of the project management or if they are self-performing. Ms. Riley said they do both; she said primarily their self-perform work tends to be in the concrete realm so they do many parking structures and mostly concrete applications. The rest of the work is subcontracted out and they are the project manager.

ACTION Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for McCarthy in the amount of \$143,280.

Motion carried, 8 – 0.

### **Plastikon Industries, Inc.**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Plastikon Industries, Inc. (Plastikon), in the amount of \$146,880. Plastikon was founded in 1974 and designs, manufactures, and assembles injection molded plastic parts for the automotive, medical, and consumer industries. Automotive industry products include exterior and interior molded systems, interior wrapping and trim, and under-the-hood decorative parts. Medical and healthcare industry products include microbiology and lab-ware; drug delivery systems; dental; surgical and orthopedic instruments; and thermoformed packaging. Plastikon also produces household and agricultural products, industrial components, and thermoformed packaging solutions for the consumer and industrial markets.

Ms. Hernandez introduced Shirley Stapp, Corporate Human Resources Manager and Angelica Gonzalez, Assistant HR Manager.

Mr. Broad said your turnover issues are really kind of structural; they were unavoidable due to business changes, and it's not like you have an abnormally high turnover. Ms. Stapp said yes, that is correct. Ms. Roberts said so we don't really need to waive that then because they are going to stay underneath that turnover? Mr. Broad said it's his recollection, and staff will have to confirm, but I believe they are looking backwards. In other words, you would impose it now based on what their turnover was before. So you have to waive it because you would impose it right now, regardless of what their turnover is going to be is that correct? Ms. Reilly said more or less; we look at turnover in the year previous to the proposal being presented and then if the Panel decides to impose a penalty, then we negotiate the trigger rate, which means the rate at which point in time you have exceeded what we allow as a turnover possibility, and that is measured in the last year of the contract and imposed at the final payment per trainee through fiscal close-out. She said, but here what we are saying is they had an anomaly and so under the revised regulations, the Panel is free to waive the turnover penalty if it accepts the reason for the anomaly and going forward. Ms. Roberts was concerned that at the end of two years they could be at a 30% turnover rate and we waived the penalty, but that is not the case right? Ms. Reilly said it doesn't appear to be from this data, but the Panel has the option of imposing a penalty with a fairly high trigger rate. You could always impose a penalty if they exceed 30% or you could say, we accept this since it was an anomaly and waive it. Ms. Roberts asked if we are expecting them to stay under the 20% turnover. Ms. Reilly said yes, it appears reasonable from this write-up.

Ms. Bell asked who is going to own the project within your organization. Ms. Stapp said Human Resources will own it. Ms. Bell asked if they have the resources to administer it, since it is a big job. Ms. Stapp said yes they do. Ms. Bell asked who filled out the application. Ms. Stapp said

she did. Ms. Bell asked what she thought of that process. Ms. Stapp said actually, I was expecting it to be more complex, and it worked out very well with help from the Foster City Regional Office.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Plastikon in the amount of \$146,880.

Motion carried, 8 – 0.

## **USS-POSCO Industries**

Ms. Hernandez presented a Proposal for USS-POSCO Industries (UPI), in the amount of \$436,600. UPI is a joint venture between United States Steel and POSCO of South Korea. Headquartered in Pittsburg. UPI converts hot rolled steel coils into four main product lines: cold rolled sheet, galvanized sheet, hot rolled pickled and oiled sheet, and tin plate. These products are shipped to customers who manufacture a wide range of products including office furniture, computer cabinets, metal studs, culverts, metal building materials, automotive parts, and food packaging (tin cans).

Ms. Hernandez introduced Jason Cox, Manager of Training and Technical Recruiting and Jeanne Millecam, President of Local 2571 United Steel Workers.

Mr. Rodriguez asked where they are located in Pittsburg. Mr. Cox said they are on the water, on New York slough at the Antioch Pittsburg border. Mr. Rodriguez asked for the total number of workers at that site. Mr. Cox said there are approximately 750 to 800 workers at that site and that number fluctuates with the market. Mr. Rodriguez asked about the relationship between the skilled workers and the companies. Can you share where you were five years ago and where you think you are going in terms of job creation since about 10% to 15% of their workforce is retiring soon? Mr. Cox said with the type of pension plan they have with their Steelworkers Union, many of the retirements have taken place and the last time they were before the Panel, they were getting ready to lose much of their workforce. They have had a lot of turnover with that, their demographics have shifted, and they have a younger, newer workforce with them now.

Ms. Millecam said the relationship is very good and it helps the community. She said her father worked there for 44 years and now she works there. That is how the steel mill is, it is family and community oriented, and we get along very well. It is a great place to work and now I know why my father stayed so long because it treats its people, unions and company very well. Mr. Rodriguez said he just returned from Washington D.C. for a meeting at the new Secretary of Commerce. He will contact them so that when they come to CA for a visit, they can tour your plant. Ms. Millecam said that is really great to hear. Mr. Cox said that would be great; the more people that get to see what goes on in manufacturing in CA the better off we will be. He said they invite kids from school to tour the facility to see what it is really like to work in

manufacturing. We hear about middle class jobs and this is the way my America was built, with people working in places like this for generations. Ms. Millecam agreed.

Ms. Bell asked if they have three shifts. Mr. Cox said yes they do, they have a 24-hour operation. He said some parts of the mill are working two twelve hour shifts and some parts are working three eight hour shifts. He said when they get enough production, we work the employees with twelve hour shifts and if they get more production, they add another shift, which means hiring an additional 40 people. This adds costs, and they need to stay competitive, so they hold off on adding another shift until they have to. Ms. Bell asked what their qualifying hours for benefits are. Ms. Millecam said they have health insurance after about 60 days then they are fully insured after probation. Ms. Bell asked how long the probation period is. Ms. Millecam said it's about 60 days. Mr. Cox said one of the Locals is 1,440 hours and union is 1,000 hours, which is close to a half of a year. Ms. Millecam said she believes theirs is actually six months before they receive benefits.

Ms. Roberts said manufacturing does get some bad press and some perceptions especially in high schools and colleges. Not so much from the students but I think from their parents, so we need to educate the general population that it is not a greasy slime ball kind of business I mean, people go in and say there are dark walls, and dirty and greasy and unsafe, those are the perceptions that I hear from parents. Mr. Cox said exactly, and working with the Workplace Industrial Board and places like this are helping get tours of the plants, junior achievement does job shadows at the plant, and there are various organizations. Even the high schools in the area are trying to get the kids out; take a look at the different places where people work, and the types of jobs people do. Not everyone is a doctor, lawyer or policeman and many people work in these types of jobs. Ms. Roberts said and they are very high-tech jobs; people don't understand that manufacturing is very high-tech these days, and we can't do without manufacturing. So we just need to continue to educate the population, not only in CA but across every state, as she commonly hears that people are uncertain about working in manufacturing in other states too. She said anything you can do to promote manufacturing is great because I think we need to get more people into the business. Mr. Cox said you are absolutely right; we especially need to educate the parents.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for UPI in the amount of \$436,600.

Motion carried, 8 – 0.

### **Multiple Employer Proposals**

#### **Riverside County Economic Development Agency**

Ms. Torres presented a Proposal for Riverside County Economic Development Agency (RivCoEDA), in the amount of \$76,401. RivCoEDA oversees Workforce Investment Act

employment training and career services for approximately 1.7 million residents in Riverside County. RivCoEDA promotes economic and community development through programs including community development, job training, employer services, and community development block grants. Employment and training services to workers are offered through three full-service workforce development centers, satellite offices, and partnering subcontractor facilities.

Ms. Torres introduced Laura Harris, Business Solutions Consultant from RivCoEDA.

Mr. Broad said obviously we want you to succeed and the project is right-sized. He said I think when you meet with all of your fellow economic development officers around the state they will not have nearly as much work as they did before because Enterprise Zones are disappearing, so they will have time to promote ETP and to get us projects and it will be a good thing for them to do.

Mr. Rodriguez asked if she is a consultant to the company. Ms. Harris said no, I am employee of the agency and that is just her business title. Mr. Rodriguez asked if there have been changes at the company's executive level. Ms. Harris said no, there has not. Mr. Rodriguez asked if it is an ongoing issue in terms of non-compliance on grants and contracts of this magnitude with other granting organizations. Ms. Harris said no, there is not. Mr. Rodriguez asked if there are issues with the Department of Labor or EDA. Ms. Harris asked if she could read a document aloud from the company that she brought with her: "The County has a long history of managing resources through grant awards including continuous funding from the Department of Labor for over forty years. EDA currently serves or has served in the league capacity for several state and federal grants including administering all WIA formula and ARRA funds for the local and workforce investment area since 1994, when the county's workforce programs were absorbed by the Agency. EDA continues to experience a high level of success in coordinating and managing partnerships as evidenced by securing additional funding for our local area. The WIB's number one priority is implementing these innovative strategies with proven effectiveness in putting individuals back to work in high demand, high wage, and high growth occupations. They qualified for some other grants and know there was a youth grant for \$6M that they are doing regionally with San Bernardino County."

Mr. Broad said in his experience on the Panel in a multiple-employer contract situation, we used to have this problem much more but we still have it occasionally. It can be a problem when the list of employers that people come up with is speculative. They don't always have them really lined up and it used to be that they just made up the list, so they might list 50 employers which they practically got from the phone book and then they had to go sell them on it once they got the proposal approved. To some extent, they still have to do that so it is possible that you can have the best of intentions. You come up with a list and even if you contact the employer and they say there are interested, then when it comes down to it they may say it is not convenient right now or they cannot take the time out to train people. It doesn't take many of these and then they don't earn the money, and we have always sort of understood this to be a bit of a speculative part of our funding system because basically it is not the employer, it is a third-party that has to go get the employer to say yes; which means it is easy for the employer to say yes until it is actually time to start doing it, and then they might not say yes anymore because they have other reasons. So we have pushed the multiple employer contractors to come up with

more serious lists of employers and to really contact them and to really try to establish relationships with them. That has been our solution but it is imperfect and it does not necessarily reflect badly; I mean it could reflect badly on the contractor but not necessarily. So in this case, they have asked for a very modest amount of money that lines up to what they earned the last time, and if they make it work, then they come back and ask for more funding; I think that is appropriate.

Mr. Rodriguez said he is usually the one who is the public defender and Mr. Broad is the prosecutor. In this case it is the reverse since he is very familiar with the workforce investment systems, and it begs the question since from the federal law you have your compliance issues in terms of you have the industry and business as partners and not just their name on a piece of paper, but really relationships. The amount is modest and I am going to vote for it, but it raises questions in terms of what is going on in terms of the actual system in place; you have been in place now since the WIA Act in 1996. Ms. Harris said they have down-sized the funding request and they have employers in place to backfill.

**ACTION:** Mr. Hart moved and Ms. Roberts seconded approval of the Proposal for RivCoEDA in the amount of \$76,401.

Motion carried, 8 – 0.

### **Santa Ana Chamber of Commerce**

Ms. Torres presented a Proposal for Santa Ana Chamber of Commerce (SACC or Chamber), in the amount of \$1,249,948. SACC has worked since 1889 to bring a high level of economic prosperity to area business owners, workers, and residents through its business programs in Orange County. SACC works with and relies upon input from its councils, committees and task forces to implement strategies and programs to ensure goal achievement. These working bodies provide opportunity for involvement from members and stakeholders and ensure a broad representation of business, government, education, and residents.

Ms. Torres noted that staff received communication for support from Senator Lou Correa, representing District 34, for this proposal.

Ms. Torres referred to Page 2 of 6 under the Training Plan Table. She said there are four Job Nos. and unfortunately there was an oversight by ETP staff, as we forgot to include the small business Job Nos. If the Panel approves the proposal today before it is executed, we will basically mirror the four top Job Nos. and add an additional four Job Nos. for small business. This will not increase the total agreement amount that is before you which is within the cap, as we will borrow money from the other Job Nos. This is consistent with the demand that you see in the Panel packet of the participating employers who are actually 21 of the 28 participating employers provided, and are small businesses in CA.



Ms. Torres introduced David Elliott, President & CEO and A.K. Thakore, President of Saisoft, Inc.

Ms. Roberts asked a question of Mr. Thakore with Saisoft. She said he is getting 90% of the dollars based on the training and the administration fees and questioned why he always goes through another entity for funding. Why don't you come directly to the Panel yourself to get the funding versus going through a separate entity? Mr. Thakore said they are going through approval with BPPVE as we speak, so yes, they might be doing that in the future but BPPVE has told us it will take a year at least to get that approval. Ms. Roberts said it just seems like Saisoft is getting all of the funds since only 10% is going to the Chamber.

Mr. Rodriguez said for clarification, there are only two companies on the list that are from Orange County and everyone else is outside of the County and asked what their model of training is. Mr. Elliott said they use technology to reach out to different companies and provide this as a multiple contract. They have found that with other organizations like theirs, in smaller areas they would be very hard-pressed to try to do something on a larger scale that can be provided the way that they do it with Saisoft. He said he believes it has been pretty successful when you consider the track record they have at this point. Mr. Rodriguez asked if they are the training vendor. He asked if they have a product that is so unique that half the companies in Northern CA, since they are only an arms throw away from Silicon Valley, are not getting. Mr. Thakore said the platform they use is from Citrix and is commercially available for any other company. What makes them unique is the constant upgrade that they do to the courses they offer and keeping it current and relevant to industry needs. It is not at all uncommon for the Chamber to go through at least two or three modifications to the curriculum during the course of the contract itself, so that is unique. Mr. Rodriguez asked if it is basically almost the equivalent of an online vocation system for other companies for profit. Mr. Thakore answered in the affirmative. Mr. Rodriguez asked if their multi-platform product is sold as a workforce enhancement in the high-tech industry for a fee. Mr. Thakore said in their agreement with the Chamber they are the training provider providing that service. Mr. Rodriguez said yes, but he was not referring to the relationship they have with the Chamber, but the relationship with their clients and customers. Mr. Thakore said they do not have clients or customers and they do not provide for-profit training. He said they are doing this as a subcontractor to the Chamber and they do not have another arm of their business that provides this for-profit, to the open market. Mr. Rodriguez said so you are a non-profit? Mr. Thakore said no, Saisoft is a for-profit company; however, they do not have an open market enrollment for any of their courses. Mr. Rodriguez said right, you work through the Santa Ana Chamber. Mr. Thakore said yes, that is correct. Mr. Rodriguez asked if there are other Chambers that they do the same thing for. Mr. Thakore said yes, the South Orange County Chamber.

Ms. Torres provided some background and said staff had some of the same concerns that she believes Mr. Rodriguez was trying to address. She said this is their seventh proposal, and the first couple of proposals were exclusive to Orange County in the Southern Los Angeles area. She said I am sure they continue to serve if there is a need for any employers in that area. She said there are only so many employers with that very specific need, so Santa Ana wanted to venture out because there was a need for this type of training. She said the San Diego Regional Office actually gets calls from employers when Santa Ana runs out of funding for this

training, requesting more funding for Santa Ana because they really have the need; so there is definitely that demand from the employer side. Mr. Rodriguez asked what the Saisoft training includes. Mr. Thakore said training includes advanced technology training in areas of programming which entails mobile programming, development Android and IOS development to Cloud Computing which is Amazon Web Services, and it is in great demand. Azure web services for Microsoft, as well as in virtualization, they have training classes in administration, in database administration, business intelligence, and they are going to be adding, based on employer demand, courses in big data for analytics using big data sources such as Pentaho and Mongo databases. These are new emerging technologies in these areas.

Ms. Roberts asked about their model, how many they train at one time, if he is the main trainer behind the scenes, if it is all computer-based and questioned the trainer-to-trainee ratio. Mr. Thakore said they definitely follow the limits required for trainer-to-trainee ratios and their classes are monitored extensively by the analysts who sit in on the classes. He said the technology they use more specifically, is live instructor-led online training, so the trainer is sharing his or her screen with the trainees and the trainees are interacting with the trainer. They are able to communicate directly by talking and online chat if they so choose, and for the hands-on labs they provide them with virtual machines that they download and run from their own laptops to complete the hands-on lab exercises to keep pace with the instructor as the instructor is teaching. Beyond this, when a trainee is experiencing difficulty or needs assistance, the trainer can flip around and make the trainee the presenter and help the trainee through the lab exercise as well as make that a teaching moment for the rest of the group. Some trainers take this to the next level where the labs are done by one of the trainees. They say they need a volunteer and if no one volunteers, then the trainer picks one of the trainees and asks them to complete a particular lab to show the entire group how it is done. He said they take full advantage of what this technology allows and the level of interaction, he believes, is higher than what would be possible in a physical face-to-face classroom. For example, while the trainer is conducting a lecture or a demonstration, the floor is open so to speak for the trainees to ask questions via chat without disturbing the trainer. When the trainer is at an appropriate point to address those questions, they respond to all of those trainees in the chat window. That kind of interaction is an example where that is not even possible in a physical classroom, short of disturbing the trainer every few seconds.

Mr. Broad said I think the paradox here for the Panel and our staff, is that Mr. Thakore has somewhat challenged our standard model or is challenging our standard model, but I think that it kind of works. He said we can't punish him just because he is different from how other people approach it. It doesn't feel exactly right because what it looks like is that it really is his proposal and the Chamber is just getting a portion of the action, they are getting a cut. As opposed to where it usually is, where the Chamber would be really running the proposal in effect, and then hiring the trainer. The other thing is our bias against Computer Based Training (CBT). I mean we should be biased when the CBT is training someone to do something that is not on a computer. In other words, an electrical contractor saying I am going to teach you how to become an electrician and it is all going to be CBT, that is pretty worrisome, since it is not as good as being at the actual site and being trained in the physical presence of the actual work process. The work process here, however, is on the computer so it may be that the more interactive that it is around the computer, the better the training. In other words, it actually goes in the opposite

way, so I think given what we have heard, is that he has created a very interactive system for advanced technology training and it is in high demand because I think that it works.

Ms. Roberts asked if Saisoft is a company located in CA. She said typically a company would come to the Panel requesting \$1M to train their group but what they are doing, is they are going through all these Chambers and getting \$1M here and there, and all of a sudden you have \$10M. She said you are a single employer as far as I am concerned, but yet you are going beyond the system. Mr. Broad said no, he is a single multiple employer entity vendor, he is not a single employer. He is training a series of other people but it is true that what is sort of happening, depending on how often Mr. Thakore comes to the Panel, for instance if Chaffey College were to come to the Panel every six months asking for \$1M, then it is just sort of like how many times is Chaffey College coming to the Panel. That is an issue and one that we can rightly look at. At some point, which is the point I think Mr. Thakore is at, he probably needs to start coming to the Panel like the other multiple employer contractors with a regular multiple employer contract and I don't see any issues there. But it is true that you are stressing the Panel a bit with your model. As you have noticed, and you have been kind of put through the ringer as a result of that and successfully come out of the ringer on the other end, that is what I think has happened here. But you are coming back, and this what spot you are getting from the Panel members, they are looking at it and they are a little bit having a little difficulty.

Mr. Rodriguez asked if Mr. Thakore is the CEO of Saisoft. Mr. Thakore said yes, that is correct. Mr. Rodriguez asked if it is a public or private company. Mr. Thakore said it is a private company. Mr. Rodriguez said so when you put out a notice for a job opening, what occupations are you looking for? Mr. Thakore said we are looking for trainers that have at least twelve to fifteen years industry experience, who are knowledgeable in their field, who have verified credentials with certifications preferably, and who have prior teaching experience; so it is a long list. Mr. Rodriguez asked if it is the equivalent of an adjunct professor. Mr. Thakore said their best trainers come from industry more so than from academia.

Mr. Broad said can I ask you a really frank question? Because I am trying to think about your situation and I believe you have a model that has worked for you but it does not exactly work for ETP structurally, so I just want you to answer really straight forward. Do you really find the employers or is your connection with the Chamber beneficial to you because they are really good at finding the participating employers and it is much easier for you to get participating employers if the Chamber makes the call, then it is if you make the call. Mr. Thakore said in their experience, the Chamber opens the door at a high level, maybe at a CEO level, but the bulk of their trainees and what they need training in, is driven by the IT managers and IT directors, which is consistent with the calls that the field office receives. They are typically from the direct line managers and so that is how they leverage. He said the initial contact they get from the Chamber, but the bulk of the ground work happens in talking to the managers and directors and understanding their requirements with upcoming projects, upcoming technologies, what they are trying to implement in their companies and skills they will need six months down the road in their workforce. Mr. Broad said he was trying to determine whether what Mr. Thakore has really done, is create a business model where they just have a drop on their competitors. In other words, your business model works better because no CEO is going to

answer your cold phone call and you typically talk to the lowest person in public relations. But if the CEO of the Chamber calls, he knows the CEO and they are part of the Chamber.

Mr. Elliott said he believes from the Chamber's perspective, that they know they have the Better Business Bureau, as an example. The Chamber many times, is that seal that people look at. He said with regards to online education, having been an educator for fifteen-to-twenty years himself; the whole online piece is incredible. He said our kids know it, some of us are just learning it, so to him that is a competitive edge. He said he is meeting with the University next week to discuss doing more of their undergraduate and graduate programs online. He said his daughter just finished a Master's Degree all online. Mr. Rodriguez said you are absolutely right; degrees are obtainable online through colleges such as MIT, U.C. Berkeley and Stanford.

Mr. Rodriguez asked what the ETP funds are being used for, since theirs is an interface model for IT. Mr. Thakore asked what Mr. Rodriguez meant by interface model. Mr. Rodriguez said you have a platform and an interface regardless of where you are; you could be in another country right? And you have this Chamber with their seal of approval, so what is the ETP actually paying for? Mr. Thakore said funds are paying for the instructors and the infrastructure that is needed to run the classes. Mr. Rodriguez asked, so they are paying for the hours? Mr. Broad said ETP funds are paying for the fully-allocated cost of running his business, so there are just different ways of doing the training. We are paying for the instructor and paying for the cost of the time it takes for him to develop this form of training. In other words, someone has to figure out all of this interactive stuff and how to make it work. Once you figure it out, it's good. He said it was pointed out to him, that we actually have a higher rate for advanced technology training and they are not asking for it. Ms. Roberts said, but they want to stay under the radar. Mr. Thakore said most of their costs have been absorbed in the past, with the past contracts. Mr. Rodriguez asked about the employers listed on the employer list and what their knowledge about the ETP program is. Mr. Thakore said they are absolutely transparent with every bit of detail all the way from where the money comes from, their relationship with the Chamber, and who is funding this on their website, and we direct each and every part that is spent on the training to the website. In fact, as Chairman Broad pointed out that is the first objection that we get is that nobody trusts us. They don't believe that such a thing exists, so they have to be absolutely transparent and that is what they have done publicly on their website. Ms. Roberts said, so you do not charge them anything for the training? Mr. Thakore said no, they do not.

Mr. Rodriguez said they are a private company in a contractual legal relationship with the Chamber, and in a contractual legal relationship with your customers, right? Because it is for free, right? Mr. Thakore said yes, that is correct. Mr. Rodriguez said but basically not anyone can come to your site and say they want to train. Mr. Thakore said yes, of course; they would have to be meeting all ETP requirements as an Employment Training Tax paying employer, and the employees working 35 hours a week making the wage. Mr. Rodriguez said right, you prequalify them. Mr. Thakore said yes, absolutely and we are very diligent with that. Mr. Rodriguez asked, so there is no off-set organization that is part of your company that does similar services for profit? Mr. Thakore said no; none whatsoever.

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for SACC in the amount of \$1,249,948.

Motion carried 8 – 0.

### **Associated Builders and Contractors Northern California Chapter Training Trust Fund**

Ms. Hernandez presented a Proposal for Associated Builders and Contractors Northern California Chapter Training Trust Fund (ABC NorCal Trust), in the amount of \$299,880. ABC NorCal Trust was established in 1982 by the Associated Builders and Contractors Northern California (Association). The Association appoints a five-member Board of Trustees to govern the trust. It has a current membership of approximately 450 large and small employers located throughout 22 counties in Northern California. These are general contractors and sub-contractors that work mostly on commercial and industrial projects, although some work on residential projects. The Association provides many services to its membership, including sponsorship of apprenticeship training. The 250-plus participants are each required to make payments into the trust fund, for each apprentice hour worked.

Ms. Hernandez introduced Sagit Woodbury, Apprenticeship Director and Roy Horton, Training Coordinator.

Mr. Broad said he has spent a lot of time looking at this proposal and asked what their 2010 and 2011 graduation rates were. Ms. Woodbury said she did not bring those rates with her, but she would be happy to get them for the Panel. Mr. Broad asked for an approximate graduation rate. Ms. Woodbury said she did not know approximate graduation rates since they are broken down by trade, but she could get them. Mr. Broad said the issue for him, is that in 2006 for whatever period of time, there were no graduations. Then for the period of 2007 to 2009, you graduated in excess of 50% which I think is acceptable under the Department of Apprenticeship Standards. We have never looked at this question with these apprenticeship programs of how we determine, we can have a stricter view of this question than they do; certainly the minimum is what would get you approval by them, so you are an approved program. However, I would be very uncomfortable if we read six months from now that in 2010 and 2011 graduation rates were at zero, which is why I am asking. What is the trend? I would assume you would know your own graduate rates. Before I am prepared to vote for this, and I will vote for this if you can tell me that you have continued with a graduation rate in excess of 50% in those years. Ms. Woodbury said we have continued with a trend, I hope it is at 50%; I did not bring those numbers with me because we do have five programs and I was not prepared to bring the graduation numbers for those additional years. She said they get audited and monitored by DAS every year. Mr. Broad said yes, but we are handing out the money now. He said that this has raised a question with the many apprenticeship proposals we get because after looking at this list, there are some great numbers here and there are some pretty bad numbers here. Depending on which apprenticeship program it is, some of them do not graduate many people. This is a form of a multi-employer contract but we can't really measure earning the dollars in the same way, because you are going to apply it to the apprentices that you have and you are going to train the ones that you have, so you are going to earn the money. But the graduation rate is a

measure of how successful the program is and how many people actually finish and get jobs in the craft or trade, so I think it is definitely relevant. I am prepared to vote for this, but I don't know what the other Panel members' views are. I am prepared to move forward with it, contingent on Ms. Woodbury producing for our staff, evidence that in the last two years that your graduation rates exceeded 50%. Should DAS audit, they are likely to continue to approve this program, because if we give you funding and DAS disapproves it in the middle of the contract, what do we do? So to him, this is the fairest way to approach this. Ms. Woodbury said she appreciates that and they recently went through an audit last month with DAS and got the results a couple of days ago. She said they were very positive and offered copies of the audit finding to the Panel for review. Mr. Broad said he is prepared to vote for this proposal with graduation rate contingency and maybe you can satisfy that contingency to our staff before close of business today. He asked the Panel if they had any questions.

Mr. Hart asked if we approve funding and they do not meet the 50% graduation threshold, then what happens. Mr. Broad said no, they are not going to get the funding, it is contingent until they provide evidence that in 2010, 2011 and 2012 they graduated, more than 50% to the satisfaction of our staff, then the funds will be released to them. If they cannot do that, then they have not met the contingency and they do not get the money. Mr. Hart said understood, thank you.

Ms. Reilly said I would just like to ask for two points of clarification. You are speaking of average over those three-year periods? That is how the DAS measures the average. Mr. Broad said yes, that is correct. Ms. Reilly said since there are five programs here, if any one program dips below as an average I assume the contingency would apply to that particular program? Mr. Broad said yes, it is the funding for the apprenticeship program that they are asking for the money. I don't think it is fair to them to look at another apprenticeship program if they run where they would not qualify because if they then tried to get funding for that program we would say no, right? Ms. Reilly said well, just so long as each one is distinct. Mr. Broad said yes, each one is distinct. Ms. Reilly thanked Chair Broad for the clarification.

Ms. Roberts asked why their success rate has been fairly low from 2005 to 2009. I know many people say it was due to the downturn in the economy but that is when actually you do the training because people did not have jobs, right? Mr. Broad said yes, except in construction. Ms. Woodbury said they have on-the-job training which in the last few years, they kept all of their apprentices employed as much as they could with the various contractors that they could get, with on-the-job training even in the down economy. She said right now obviously, the economy is improving which is great. She said the issue of the letter you saw at the prior meeting, it was for the construction craft labor program which was actually inactivated and we were at the point where DAS contacted us and wanted to know if we would like to cancel the program. We then met with our contractors and committee members and they all made a commitment to focus on the program which they did at that point. So all of the numbers prior to that, we did have an active program on file with DAS, but we were not really indenturing in bringing apprentices in and since we didn't have indentured apprentices, we obviously did not have graduates. At that time everyone made the commitment in working with the DAS and we have been bringing in apprentices and keeping them employed and graduating them. She is focusing now on the labor program, so obviously the numbers have increased since that letter.

Ms. Roberts said so do you believe the graduation rate is greater than 50%? Ms. Woodbury said yes and again we are talking about his formula, and it is hard to replicate exactly those numbers.

Mr. Broad said I want to make this really clear. They are training across their five different programs and usually, what we get here is someone coming in and asking for training on one program. The average is on each program, so if they don't reach the 50% for those years on, for example, the Apprentice Painter, then they don't get funding for that occupation. If they reach an average for each one, for over those three years, then they get it for that, so each one will be individually assessed so that it is consistent with how we typically handle other apprentice proposals. Typically if you look at this list, if you look at the first one, because if you look at the very first one on this list, we would get a proposal that walks in the door that says Southern CA, we would look at it and we would probably get pretty stressed out judging from what their graduation rate is. So I think we are moving toward a quality control issue about this and I think it probably makes some sense. I don't want to treat this applicant any differently than any other applicant. They should all be treated equally and fairly and so it seems to me where they have had a problem in the past, which they obviously did here, they were graduating nobody for a while. He asked if they were not graduating anyone because nobody was enrolled. Ms. Woodbury said yes, their program was inactive and DAS contacted them with the option to either cancel it or make a decision and move forward and indenture apprentices. They met with their contractors, committee members and DAS and the decision was to focus on the program and move forward and they then started indenturing and have been graduating and keeping them employed.

Mr. Broad asked if she understand what he was proposing. He said you have five programs and each one of them in the years since 2009, must have graduated an average of 50% or more in each of those years on average. However; if for instance on the Associated Builders & Contractors Golden Gate Chapter Plumbers, if they have had a 40% graduation rate over the last three years, you are not going to receive funding to train that group. Does everyone understand that including ETP staff?

Mr. Rodriguez asked if we are taking the average from 2009 to the present. Mr. Broad said we are looking at 2010, 2011 and 2012 graduation rates. He said the painting one was at 47%; so given what we are talking about, and one of them was at 44% in the average of those years, this is what I don't understand if you have to maintain 50% to maintain your standards with DAS. Ms. Woodbury said you have to maintain 50%, I believe of the average for the industry; so if you look at the industry average of 37.71%, I don't remember but the average is in the law that was passed. Mr. Broad said so it is not the actual number? Ms. Woodbury said no, it's not; it is the average of all of the programs. Mr. Broad asked staff to use the calculation that DAS uses, so we do not vary from that. Ms. Reilly said yes, understood.

Mr. Broad said so I am going to make this in the form of a motion myself. I move that we approve this proposal conditioned upon the applicant proving to our staff that in the years since we have statistics, that they have reached the appropriate percentage approval, 50% of the average that all the programs do in that area, that is the calculation, and if they meet that then

the funding goes forward. If they don't meet that for any one of their five categories, then they do not get funding for that particular category.

Ms. Roberts asked how they divide the categories. Mr. Broad said they divide them by the number of trainees in each one. Mr. Hart said yes, it is based on the number of trainees. Mr. Broad said so if you look at the trainee numbers there are a total 153 trainees. So if let's say the craft laborer apprentice does not qualify, that is roughly 10%, then we get 10% less money and the training money would go to the other categories because they would not get it for that category because there are five separate programs. Mr. Rodriguez asked if the applicant could actually self-assess. Mr. Broad said yes, that is what they are going to do, that is the only way that they can do it I think. Mr. Rodriguez said self-assess and then if they are not meeting the threshold on the average, basically the guidelines of DAS, then they modify their proposal to only fund those categories where they believe they will succeed. Mr. Broad said but then they would have to come back to the Panel and I am trying to save them having to return for a third time; just leaving it for staff to handle it, that would make sense. Is there a second to that motion?

**ACTION:** Mr. Broad moved and Mr. Rodriguez seconded approval of the Proposal for ABC NorCal Trust in the amount of \$299,880. The proposal was approved with the contingency of the applicant proving to staff, that in the years of 2010, 2011 and 2012, that they have graduated an average of 50% or more in each of those years on average, in order for the funds to be released. If they don't meet that rate for any one of their five categories, then they do not get funding for that particular category.

Motion carried, 8 – 0.

## **Amendments**

### **Chaffey Community College District**

Ms. Torres presented an Amendment for Chaffey Community College District (Chaffey), in the amount of -\$112. Chaffey, founded in 1883, is a two-year public community college. The primary 200-acre campus is located in Rancho Cucamonga with three off-campus facilities in Rancho Cucamonga, Chino, and Fontana, all in San Bernardino County. Through its Workforce Training Institute (WTI), it serves the Inland Empire, eastern Los Angeles and northern Orange counties, and maintains relationships with area manufacturing and logistic industry groups, and consortiums. Chaffey WTI collaborates with local chamber of commerce boards, workforce preparation programs, city economic development departments, the County of San Bernardino and the Workforce Investment Board.



Ms. Torres introduced Sandra Sisco, Business Liaison Economic Development Workforce Training Institute and Deborah Smith, Community Training Coordinator of Economic Development.

Mr. Broad said let me ask a couple of questions and maybe we can move directly to a vote. So it is costing us \$112 less, is that correct? Ms. Torres said yes, \$112 less of the total. Mr. Broad said and they are adding these two classifications, and these two classifications don't compete with any, you can't get an apprenticeship program from this, correct? Ms. Torres said that is correct. Mr. Broad said so this is a simple Amendment.

ACTION: Ms. Fernandez moved and Ms. Bell seconded approval of the Amendment for Chaffey in the amount of -\$112.

Motion carried, 8 – 0.

### **AB118 Proposals**

#### **El Camino Community College District, Center for Allied Competitive Technologies (CACT)**

Ms. Torres presented an AB118 Proposal for El Camino Community College District, Center for Allied Competitive Technologies (CACT) ((El Camino CACT), in the amount of \$375,000. El Camino CACT is a two-year community college offering academic and vocational education programs. The district established the Center for Applied Competitive Technologies to advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce development, technology deployment, and business development. El Camino CACT provides customized training, workshops, and technical assistance to employers.

Ms. Torres introduced Eldon Davidson, Director of Center for Customized Training.

Ms. Roberts said I think this is a great proposal and we need to have more AB118 proposals come to the Panel.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the AB118 Proposal for El Camino CACT in the amount of \$375,000.

Motion carried, 8 – 0.

Mr. Broad passed the gavel to Vice Chair Roberts for the remainder of the meeting, as he had to depart the meeting.

## **X. REVIEW AND ACTION ON STRATEGIC PLAN**

Tara Armstrong, Planning & Research Manager, provided a brief overview of the proposed Strategic Plan for 2013-14. She said we have updated the Plan from last year with no major revisions and the Plan does incorporate the funding priorities that were established at the June 21, 2012 Panel meeting. In addition to the vision and mission statements and the introduction/overview/accomplishments, the Plan includes an economic overview; ETP priority industries; workforce trends; strategic initiatives and alliances; administrative strategies; and goals and objectives.

She said the Plan identifies ETP's priority industries, which are the industries deemed most vital to the CA Economic Health & Recovery. They are the focus of our marketing efforts and these employers and these industries do receive a higher training reimbursement. These industries include manufacturing; clean/green technology; allied healthcare; construction; goods movement and transportation logistics; information technology services; biotechnology and life sciences; multimedia/entertainment; and agriculture.

The Plan also includes the following workforce trends: on-the-job training; veterans; middle-skill workers; and sector strategies. Our strategic initiatives are alternative funding; healthcare; Alternative and Renewable Fuel and Vehicle Technology Program; green technology; career technical education; apprenticeship training pilot; veterans and small business.

ETP's alliances include state and local WIBS; marketing contracts; apprenticeship training pilot; job creation and retention and revitalizing HUAs. ETP's administrative strategies include information technology modernization in developing the new system, California Workforce Services Network (CWSN) and maximizing funds to ensure the best use of our resources. To maximize its limited funding, ETP will continue to incrementally encumber training funds; incentivize retraining for newly-hired employees; apply High Earner Reductions to repeat contractors; apply SC levels; adjust funding priorities/limitations; and adjust funding caps.

In order to maximize funding in FY 2013-14, the following funding limitations will be imposed:

- |  |               |
|--|---------------|
| ● Single Employers                       | Cap \$850,000 |
| ● Single Employer Job Creation-Retrainee | Cap \$700,000 |
| ● Single Employer Multiple Facilities    | Cap \$1.5M    |
| ● Critical Proposals                     | Cap \$1.5M    |
| ● Multiple Employers                     | Cap \$1.25M   |
| ● Small Business                         | Cap \$50,000  |

- Fast Track Cap \$100,000
- Apprenticeship Training Cap \$450,000

Lowest priorities will be assigned to for-profit training schools; new-hire truck driver training; new-hire security guard training and all training in the adult entertainment industry. A moratorium is imposed on first-time training agencies.

Ms. Armstrong presented the six goals and objectives of the Strategic Plan:

- 1) Enhance the visibility of the ETP program through partnerships
- 2) Target California's key industries
- 3) Continue support for small businesses
- 4) Support hard-to-serve populations through pilots and initiatives
- 5) Enhance ETP's impact on job creation and retention
- 6) Increase the efficiency and effectiveness of the ETP program

In conclusion, staff is recommending Panel approval of the FY 2013-14 Strategic Plan, with direction to staff to incorporate any requested changes and delegation of authority to the Acting Executive Director for final approval, prior to submitting it to the Administration and Legislature.

Ms. Bell asked about Goal #2, to target at least 90% of available program funds to priority industries and asked how ETP determines priority industries. Ms. Armstrong said priority industries are determined through research studies and we look at the ones that are included in the CA Economic Health & Recovery. Ms. McAloon said the priority industries rarely change and she cannot remember the last time one was added; she said clean/green technology was probably the most recently added. The research staff has done in the past and then the economic research that they do each year supports that those are the ones that have the greatest impact on the economy. Ms. Bell said so besides clean/green technology, they have stayed the same? Ms. McAloon said yes, they have primarily stayed the same through the years and as the administration changes when they have initiatives we will focus on those too, such as healthcare, we added that. Ms. Bell asked if the goals and objectives are reassessed quarterly in the trend that is happening and when staff reassesses the Strategic Plan. Ms. McAloon said they prepare the Strategic Plan every year but the Panel can set policy through the year as we are looking at trends and then in the Annual Report, we report how we did in the Strategic Plan. Ms. Armstrong said it takes about three months to prepare the Strategic Plan so in that time there could be changes too.

Ms. Roberts asked about the new CWSN system and how the employers and those working on the databases will understand the new database system. Ms. Armstrong said we are going to have training but we are not at that point yet. We are still reviewing specifications and just getting into design mode, but that is something that the vendor will also help us initiate. She said I believe they assigned us ten trainers to train some of our master trainers at ETP and we

can include outside people who are not only ETP staff and then we will go out and train offices and we can assist. However, it will work much better than it does today; and if anyone has used the website it will be user-friendly, we will be able to maintain the communication and contact that we have always have, now we will be doing site visits before and it will be much more user-friendly as it is web-based. Ms. McAloon said and during the testing stage, we will have folks invited to participate such as outside contractors.

Ms. Roberts asked about marketing of ETP across the state. We are going from \$200,000 to \$1M in marketing funds and I didn't notice that you addressed that in the Strategic Plan. It seems really imperative at this point, I know from a Panel perspective that we are all doing our individual marketing. Ms. Armstrong said I believe two marketing contracts we have for the RFPs are part of it, and that is addressed briefly in the Plan. Ms. McAloon said the marketing unit actually will prepare their marketing plan based on the Strategic Plan which they will begin working on shortly, once the Strategic Plan is approved.

Ms. Roberts said in the hard to reach areas, we funded over the many years the at-risk youth, ex-offenders, and veterans to a certain point. We have not seen a good completion rate on the hard to serve and their rate is commonly very low at about 20% to 30% because they either could not keep or retain them. What else are we doing differently in order to reach these folks? Ms. Armstrong said I would defer that question to the marketing unit to see what they are doing with the hard to reach and believe that would be part of the overall marketing plan.

Mr. Hart said staff did a very good job in preparing the Strategic Plan. He asked about Goal #4, d), to target funds as available, for projects to provide new and upgraded skills to dislocated workers seeking re-employment. What type of applicants are you looking at to provide this type of service? Ms. Armstrong said I believe it may be those that may have retired and are coming back. Mr. Hart asked what proposals would cover this type of training, junior colleges? Ms. Reilly asked if he was referring to what we are doing to target the funds to dislocated workers seeking reemployment in particular. Mr. Hart asked who would give us a proposal to service those types of people. Ms. Reilly said a WIB might; we have in past contracts with WIBs and we had one here today which I believe was Riverside County, and we have been successful with SELACO in Los Angeles County. In fact, one of our marketing contracts in the past has been geared to working with the WIBs and we will likely be doing that again. We work with them through the statewide California WIB and we have good contacts in the area. The projects that we use to reach dislocated workers include the veterans program and ex-offenders program and we can even create a pilot going forward that would help us reach this population. Principally right now it is through the WIBs; there are also some non-profit types of community organizations that come forward as MECs, with of course the employers where job placement occurs who would be our eligible employers.

**ACTION:** Ms. Bell moved and Mr. Rendon seconded approval of the FY 2013-14 Strategic Plan, with direction to staff to incorporate any requested changes and delegation of authority to the Acting Executive Director for final approval, prior to submitting it to the Administration and Legislature.

Motion carried, 7 – 0.

**XI. PUBLIC COMMENT**

There was no public comment.

**XII. PUBLIC MEETING ADJOURNS**

Vice Chair Roberts adjourned the meeting at 12:07 p.m.