STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, 2nd Floor
Sacramento, CA 95814
August 22, 2014

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Kish Rajan
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Jill McAloon
Acting Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

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

II. ROLL CALL

<u>Present</u>
Barry Broad
Sonia Fernandez
Leslie McBride
Edward Rendon
Janice Roberts
Sam Rodriguez

<u>Absent</u>
Gloria Bell

<u>Executive Staff Present</u>
Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 5 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. McBride seconded the motion that the Panel approve the Minutes from the July 25, 2014 meeting.

Motion carried, 5 – 0.

Panel member Sam Rodriguez arrived at 9:43 a.m. and was present for the remainder of votes.

V. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said we have a standard mix of single and multiple employer projects. All of the regional managers are here to present projects today. We've got a very full agenda and it will be a long meeting. We have nearly $13M in proposals to hear and we have staff recommendations for funding proposals for the rest of the Fiscal Year (FY). After which the Panel will take Public Comment and then take action. We will break for recess at noon and if we need more time, we will come back and resume funding discussions. We are likely not going to get to projects until this afternoon. So I ask that you please be patient today, because I have a very long report, but once I get through it you are welcome to ask questions and we will take comment.

Let's start with the budget today, our alternative funds; the Panel has $3M available this FY through the Alternative and Renewable Fuel and Vehicle Technology Program through our partnership with the California Energy Commission. The Panel has approved $23.2K to date, and that leaves $2.8M for the rest of the FY. The Panel has also received $2M in General Funds to serve workers and employers impacted by the drought under the Panel's RESPOND Pilot Program. The Panel has approved approximately $23K to date and that leaves $1.8M for the remainder of the FY.

The Panel had approximately $64.7M in contracting capacity this FY, but due to the high demand, the Panel has already committed $32.7M. Today the Panel will consider $12.1M more in projects and that is going to leave approximately $19.9M for the rest of the FY. Today I will address the issue of funding, in particular, the availability of funds for the remaining FY. First, I'd like to thank the stakeholders in the audience today and those that took the time to submit comments about this issue via our website. I've already handed out a summary of your comments to the Panel, and I'll summarize those comments a little later. The public will also have a chance to speak before the Panel takes any action.

Today staff will present two plans for funding priorities, for the remainder of the FY. Both plans are in a table format and available at the back of the room. The Panel has the same print out, and I will display those plans overhead when we actually get ready to speak, so you can see it on paper or overhead. Before I get started today, I just wanted to say that I have been reading the "Bee" lately and it's not something I do regularly, but it is very good to be acknowledged by one of the Bee's esteemed columnist, as "an agency that plays an important role in the State's economy of recovery from the recession". To that, I say yes we are; so thank you Mr. Dan Walters for that acknowledgement.

With that in mind, staff has developed funding priority recommendations that will foster job creation, small business and also fund critical proposals. We posted "Plan A" on our website on July 30. At that time, we were working with approximately $19.3M remaining in the FY after today's Panel meeting. However, since we developed Plan A, there has been an effort underway to get additional funds for ETP for the FY. Behind the scenes in the past several months, ETP has been working closely with the Labor & Workforce Development Agency and

Department of Finance to secure additional funding for ETP. As a result, SB 872, a trailer bill, was amended on August 13 to increase our appropriation by $10M for the FY. The Legislation is currently being heard, and we anticipate it will be approved and presented to the Governor for his signature by August 31 at the close of session, and funds will become available shortly thereafter.

Based on our incremental encumbrance process using 38%, the $10M in funds will actually equal $26.3M in contract capacity. With the $26.3M in new contracting capacity, we will have $46.2M for the FY and ETP's total contract capacity for 2014-15 rises to $91M. This is one of the highest appropriations that we have had over the last decade. Over the last ten years, the program has only exceeded that amount in two FYs, in 2006-07 and 2007-08. During those years of highest funding, the program had no funding caps, which helped keep the program load manageable for staff, and the Panel also had more staff to develop those projects. Due to the higher level of contracts approved in those years, succeeding years saw the highest prior year contract liabilities, ranging from $24M to $30M. I will talk a little about manageable workload and high prior year liabilities in a moment.

The additional $10M in funds would come from the Employment Training Fund (ETF) reserve. To put it simply, the reserve is the money that is left over in the ETF after the year-end reconciliation of revenue and expenditures. The dollar amount varies year to year. In the past ten years it has been as low as zero and as high as $24M. That is all a matter of public record. EDD manages the fund, not ETP. EDD estimates the reserve in December and that number at that time, represents some actual revenue and projected revenue. EDD reports the actual revenue in September after all the projects have closed out and the numbers have been reconciled. Currently, there is approximately $24M identified in the reserve. Historically, the reserve has been used to offset revenue shortfalls, in lean years, of insufficient revenue to cover ETP funds committed, which is why the reserve fund should not be depleted. Depleting the fund isn't an option; it's not a sustainable practice. The reserve should not be presumed to be a pot of money that ETP can just dip into "at will". ETP cannot simply access the reserve account funds. The money must be appropriated to us, thus the language was needed to be added to the budget trailer bill so that we could be appropriated the $10M. The bill is likely to be approved, so the staff has developed a second funding proposal, based on the $10M of additional funds.

We have two proposals to show you today. Plan A is if we get no additional funds, which is unlikely and Plan B is if we get the additional $10M. Both plans aim to continue assisting the economic recovery. Both plans focus on three categories: 1) critical proposals referred by the Governor's office for attracting new business or business expansion, and funding responsive to the Governor's drought initiative; 2) small business which serves as an incubator for business statewide; and 3) job creation. The Panel's initiative implemented three years ago at the peak of the recession, was designed to encourage business expansion by offsetting the cost of training of newly hired employees in skills that are not readily available in the existing labor pool. Though we will likely get additional funding, and Plan A will be a moot point, we need to very briefly walk through it, and hear a summary of the public comments that you provided, and have the Panel take action just in case we don't get the additional funds.

Plans A and B were presented on the overhead screen. Mr. Broad said, while we are handing those out, let me make a comment about the reserve so that you all really understand what is going on. Tax revenues flow into the state; all kinds of tax revenues such as income tax, Employment Training Tax, it is collected by various parts of the government, and in this case EDD; in other places it might be the Franchise Tax Board. Mr. Broad continued, that money is held until it is appropriated, as Ms. McAloon pointed out. That continues to grow throughout the FY and then is appropriated in the next FY. When the Legislature appropriates our money, they maintain a certain reserve, but then the pot continues to grow as revenues are collected. At any point in which the Legislature appropriates money after the budget, as they are doing now, they are changing the budget slightly, that is what this bill does, and we are just one small part of a much larger bill. They are actually appropriating money that would otherwise be appropriated next year. So at some point if you were to say we will take all $24M, that is money that will go into the pot for next year's appropriation. So if you kept doing this throughout the course of the year, there would be no appropriation for the following year and that is why they need to maintain a reserve. State agencies have no authority to simply grab the money. ETP only has what is appropriated by the Legislature and that's all it has, as does any other state agency. We are funded by a special fund, so we are dependent on the state of that special fund. I know some people were saying, why not appropriate the whole amount. We are not the ones who make the appropriation. The Legislature makes that determination in consultation with the Department of Finance and the Governor's office, they are making that judgment. It is not ETP's judgment; we simply receive what they appropriate. Obviously, this year we have a cash flow problem with more demand than we have money, so we are asking them to appropriate this and they did. However, for those of you that are suggesting that there is a problem because they didn't appropriate the entire reserve, I think there is a strong argument to be made, that it is fiscally responsible to have a reserve; all agencies do. But beyond that, that is an argument you would need to take up not with us, but with the Legislature and the Governor; it is not ETP's call. That's not to say we don't share your concerns for our funding, but we also have to be mindful of the State's and the Administration's desire to be fiscally prudent.

Ms. McAloon said, Plan A is the same plan that we posted on the website and it represents staff's recommendation for the best use of $19.3M. It includes processing projects via special Delegation Order, with the Acting Executive Director approving projects of $100,000 or less on a flow basis and notifying the Panel of contracts and amendments executed via Delegation Order at the next scheduled Panel meeting. It includes moving the August Agenda as is, including funding at 50% for the six repeat MECs that were held over from July. The recommendation is made to avoid any more changes from what has been in development, given that the applicants have been waiting for at least two months now, with training plans ready to go. We are also recommending that we process small businesses of $50,000 or less and single employers of $100,000 or less, via the Delegation Order. We recommend the highest level of Substantial Contribution (SC) this FY, 30% and 50% respectively. We recommend revisiting priorities and volume of projects and the demand for funding at mid FY because we know demand is going to change when applicants start working with our regional office; they will usually downsize their project, because they right-size them; they are never the same amount that we get; so these numbers will change.

You'll note that the left category is priority categories, the center column is actual number of projects for demand based on the estimates we got from pre-applications submitted and the right column is the money that we actually allocated per category. We've allocated $2.6M to fund 6 critical proposals, with the possibility of a case-by-case increase, and this includes an allocation of $3.6M for the future critical proposals and drought projects that we might receive. We've allocated $0.5M for two of our non-traditional apprenticeship projects; we've allocated $5.4M for 140 small businesses, and again, that would keep our small business program in tact if we capped them at $50,000, and it allows proposals to be approved via the Delegation Order process; we've allocated $7.2M to fund 72 single employer projects with job creation only capped at $100K. Again, this would allow the proposals to be approved via the Delegation Order process. This plan would let us fund 220 projects totaling about $19.3M. Let me point out that the $19.3M could normally be handled in one Panel meeting, but we would definitely be cancelling some meetings, which is why we are emphasizing the Delegation Order process. This Plan obviously does not include funding for MECs, which is simply an outgrowth of how the supply compares to demand and the need to use the Delegation Order process to fund projects.

We did receive public comment on Plan A, and there is a handout available at the back of the room. For the sake of time, I am going to briefly summarize the feedback. Generally, employers provided support letters for their associated MECs focused on arguments to continue support for MECs. Comments and suggestions on how to proceed for the rest of the FY beyond came from one consultant, two JATCs with a co-response and one other MEC. The responses highlighted that MECs are more efficient at serving large numbers of businesses, particularly small employers. Responses emphasized that repeat MECs have very high performance. Employers said it is much more feasible to enlist the services of MECs than to independently hold a contract. Employers applauded the quality of training for MECs, as superior to anything they could have provided on their own. A reduction to funding of MECs was said to be a hardship to MECs and employers. MECs felt they were being punished taking on 100% of the budget shortfall. Comments on how to proceed emphasize: adhere to the strategic plan priorities, continue funding GO-Biz projects, and increase ETP's portion of the Unemployment Insurance tax. Other suggestions included fully restore the funding to MECs that were cut at prior meetings, if they are serving small business; shift the balance of the reserve funds into next FY and delay making funding decisions for a few months until we have time to gather more information and get more public feedback.

Staff took the submitted public comments and the feedback from some stakeholder meetings we were invited to attend, and we took the feedback into the consideration when we were coming up with Plan B. Given the $10M in additional funds, and a total $45M in contracting capacity for the rest of the FY, we had to have a different plan. Plan B includes no change to FY 2014-15 funding caps; it utilizes the special Delegation Order; it moves the August Agenda, including the six MECs with funding at 50%; it includes processing anything under $100K via the special Delegation Order on a flow basis; it imposes the highest level of SC for the FY, it assigns pre-applications for workflow purposes only, by preference of small business and job creation; and revisits the priorities and the volume of projects and the demand at mid FY. The Plan also recommends no repeat single employers, or MECs, unless they are within the last three months of their contract term. If they are in that three-month pocket, then they can request a new agreement. We will speak to the issue of repeat MECs shortly. Again, you can see the contract categories with allocations reflecting demand that is based on the estimated number of trainees. We've allocated $2.6M to fund six critical proposals; $3.6M for future core drought and future critical proposals. In contrast to Plan A, which didn't include MECs, Plan B relies on MECs as a way to disperse the greatest volume of funding. MECs are a reliable and resourceful way to reach more tax paying employers, whereby ETP funds a training agency, a school, or an association, that itself recruits the participating employers. MECs take on the administrative burden for a fee and they sometimes also provide the training. In funding MECs, the Panel can reach more employers than they would otherwise be able to do. We've allocated $22M to fund 72 MECs, including $19M for 52 traditional MECs and $3M for apprenticeship. We've allocated $3M to fund 76 small businesses between $30K to $50K. 53 small businesses for which we received pre-applications, and some applications that are under $30K, are not going to be served this FY, and we are going to try to refer them to MECs. The small business projects take as much time to develop as any other project. If you consider we have 72 MECS at $22M, compared to 76 small businesses at only $3M, you can see the need to manage our staff resources just as much as our fiscal resources. We have limited time left in the FY to develop resources. Finally, we allocated $15M to fund approximately 146 single employers that include job creation. Regarding staff resources, both Plan A and Plan B are designed to maximize funding and staff resources. The total number of contracts on both Plan A and Plan B, 220 and 300 respectively, are unrealistic in terms of staff resources that are needed to develop and monitor those projects. It is simply not possible for staff to develop another 300 projects given that we don't have a full FY in front of us. To put that into perspective for you, we approve on average about 272 projects annually, and we've already processed 213 contracts and amendments this FY. We approved 96 in June, 62 in July and 55 in August. While we certainly welcome the additional funding, and we have worked very hard to make it happen, and will work even harder to spend every penny of it, we recognize that it is coming late in the year. $45M in contracting capacity is actually more than our entire appropriation in many years. The development process is such, that we won't be able to bring proposals earlier than November or December. She said the deadline for submitting applications for a Panel meeting run two months prior to that Panel meeting. For example, applications have to be finalized in mid-September to make it to a November Panel meeting. These deadlines are coming up fast, too fast really to develop projects for November, so December is the earliest that we could have a full agenda of projects to bring before the Panel. That being the case, staff was recommending that we cancel the November 14 and the December 12 meetings, and holds a meeting early, on December 5 instead. That would give staff about two more weeks to do development and that would be consistent with the new funding priorities that would be adopted today. Basically, staff has been focused on eligibility determinations and development of small business projects, between July and today's meeting, providing time for stakeholder feedback and for the Panel to take action on a Plan. Just this last week, we started processing other types of pre-applications but staff needs Panel guidance today, on which projects to focus on for development if you want to have a Panel meeting in November or December.

Staff is recommending that the Panel approve all of the proposals on the Agenda today, including the six repeat MECs, and that is being made to avoid any changes from what has been in development. Regarding the six repeat MECs that have been cut by 50%, this issue was raised by the Panel last month, and it concerns overlapping terms of contracts. MECs usually return for a new contract after they have delivered sufficient hours of training in their current contract, enough to earn all of the funding under that contract. MECs also come back for additional funding by way of any amendment. Either way, the additional funding is based on performance to date in their active contract. The overlapping of terms became noticeable to the Panel last month given all the funding issues. The six MECs had more than three months left on their active contracts, so the Panel held those over until today. The Panel cut the requested amount of funding by half, for MECs with greater than three months overlapping in their terms and asked staff to make recommendations on how to evaluate overlapping contract terms as a condition of funding.

For this FY, staff is recommending repeat MECs not be funded unless they have three months or less left on their current contract; they cannot come back for another project until they are in that three-month pocket. This would be an interim measure, until the Panel convenes for a strategic planning session to prioritize funding for FY 2015-16. Given the volume of projects that staff needs to assess and develop, it’s really too early to know how many projects we will actually get to, and it is too early to know what we are not going to be able to reach. Thus, it’s really too early to make a funding decision for the next FY based on our existing pre-applications. We are recommending that we wait until mid-year after we’ve had a chance to revisit the current demand and money, for conducting a planning session for FY 2015-16, a formal plan. If the Panel would like to conduct a November and December meeting, staff needs September and October to develop projects, and we need to focus on that work rather than develop strategic planning recommendations for the following FY, which could be more effectively done later.

Thus, we are recommending that we make no promises today to applicants that we know are not going to be served based on our plans. We are recommending that any unserved applicants, apply again next FY under the new FY 2014-15 funding priorities and hopefully the new ETMS system.

Before we open up for questions, I have two action items for the Panel.

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

Ms. McAloon asked for a motion to delegate in event of loss of quorum.

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

Motion carried, 6 – 0.

VII. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Broad suggested deferring approval of the Consent Calendar, until after we take action on how to proceed with funding priorities.

Maureen Reilly noted a correction to Plan B. Under the small business category in the third footnote, it states under $50K referred to MECs; it should state $30K. The proposal is to take the bandwidth of $30K to $50K to the Panel using the Delegation Order process under $30K.

VIII. REVIEW AND ACTION ON FUNDING FY 2014-15

Mr. Broad said we will now take public testimony and for those that wish to speak, to please come forward.

Steve Duscha, Consultant
There is a lot to talk about today Mr. Chair. First, I do want to thank Mr. Broad for all of his service on the Panel, which I hope he continues for a long time, and particularly his service in working in the Legislature and the Administration to get the augmentation to the ETP budget that has been discussed. I don't think you got all you wanted, I know I didn't get all I wanted, but half a loaf is better than none. I certainly appreciate your work on this. The groups I've been working with, I think generated a fair amount of letters and phone calls, and I hope we helped at least a little bit with that.

I don't know how many of saw the New York Times this week; on Monday there was a headline, "seeking new start finding steep cost, U.S. retraining program leaves many jobless and in debt". It's the old much repeated story of the Government paying for job training without jobs. About dashing the hopes of desperate people who need jobs, who think they are going to find jobs by going to training, and getting nothing. It's worth remembering of what we are about here. We are about the exact opposite. ETP is about getting jobs out of training. For 31 years, ETP has been about helping people, helping business, and helping the CA economy; real people, real jobs, real training. I also want to quote Dan Walters, the Sacramento Bee columnist who has written about ETP recently, for the same reason Jill does, because he got to the essence of ETP. Incidentally, I've been accused of instigating these columns and I did not, but I'm glad somebody did because sometimes a little light is useful in situations like this. The import of Dan Walters is that he is the epitome of the smart, cynical old hand in Sacramento and yet he understood ETP well enough to call ETP an agency that plays an important role in the State's recovery from recession, he said that hurting ETP will hurt workers and employers, undermine CA's emergency from recession, and give government another black eye. Mr. Walters is right and as somebody who has spent too much of his working life around this program, where we are today, makes me angry.

A group of us have been meeting and we have some very specific recommendations for you today. We didn't find any support for the staff recommendation; none, and we will go into that. Obviously, we haven't made any comments about the recommendation that we just heard and some of us have copies of. Before I go into those specific recommendations which we handed out to you, I have a few more personal remarks. We have to get off this rollercoaster. We have to have the facts. Do we have money, do we not have money? What's in the pipeline, what's not in the pipeline? What is going to happen tomorrow? We need better accounting now and into the future. We should never again be told on a Monday in June that the ETP budget is fine and find out two days later that the money is gone. With all due respect to the previous comments, we need to know when there is a surplus in the ETP fund. Of course, it's not the Panel's responsibility to spend that money, but if we don't know about it, we can't go to the people that are responsible for appropriating that money so that it can come to ETP. I should not have to make a public records request to the Department of Finance, to find out there is a $24M surplus in the Employment Training Fund (ETF). It is also worth noting that the $24M is based on estimates of tax collections, estimates made a year ago. DOF was estimating a $24M surplus a year ago. Yes, some of us are going to have to be more aggressive about demanding data, but I think we need some help so we know what is going on and what the fiscal status is, so we can do our jobs too.

We need to know who is arguing that ETP only needs $10M of $24M. Who is arguing that the ETP fund should run a reserve, a surplus equal to 23% of tax collections? The Legislature and the Governor are asking us in November to vote on a proposition that calls for a 5% surplus in the General Fund for the rest of state government. Until two weeks ago, somebody was apparently arguing that the ETP fund needed the whole $24M as a surplus, which is a 39% reserve surplus, compared to 5% for the rest of state government. For five years the ETP fund had a zero or nearly zero surplus or reserve. What is going on? How can we change this? We need to work together to do that. We all should have known about this surplus two years ago as it was building. Maybe we could have stopped the shameless hoarding of employer taxes collected for training; maybe we couldn't but at least we could have tried. We need information and we need to work together. We also need to try to work things out. I was brought up to bring agreements to public meetings, not disagreements. Twice in the last month, I asked your staff if together we could talk about coming up with common proposals, positions to recommend to you today. They did not take up my offer, which is their right, but I regret it. If there is pain, if there are cuts to be made, let's share the pain. Don't pick one type of contract over another. All the different types of ETP contracts are worth funding. If you have to cut then cut, but equally; share the pain. This is not just my idea but the idea of the group that has been together on this and talking for the last month or so. Don't give priority to contracts for individual small businesses and then shut out multiple employer contracts that provide training for many more small businesses. That is the staff proposal; don't cut out funding for the MEC contracts that account for 93% of your small business training, which is the staff proposal. The second proposal, Plan B, seems to ease that a little but that is still the effect so far as I can tell, after having thought about it for ten minutes. Don't stop funding apprenticeship contracts; these are nonsensical ideas but they are the staff proposals. The staff also wants you to fund single employer contracts only if they are endorsed through some opaque process through GO-Biz. Don't give up the right to decide what to fund to another agency. With all due respect, the priorities of ETP and GO-Biz are not necessarily the same.

Mr. Broad said, the way I see this as I understand it, if you are talking about the critical proposals, those are $2.6M and single employer contracts with job creation are $15M, which are not critical proposals. Mr. Duscha said no there is a second category of critical proposals are for ones that aren't at hand yet I think. It adds up to about 10%, depending on which Plan you are looking at. Mr. Broad said let me ask staff how much the core drought proposals are, is that a fixed amount that can only be spent on drought? Ms. McAloon the $2M is General Funds; this would be anything that comes in for drought. We have $2M in General Funds for drought but that is not referenced on the chart. The allocation there is for anything that comes in under drought or another critical proposal that is not going to be funded under the drought money. Mr. Broad said so that $3.6M if those critical proposals don't come in would be available to fund other things. Ms. McAloon said yes, and that is why we recommended that mid-year, as we go along, we will be taking a look at the pots of money, and how many projects come to fruition under each and moving the money as we need to. Mr. Broad thanked staff for clarification.

Mr. Duscha said I'm saying don't give up your right to decide what to fund to another agency. That is, the other agency that has not always brought you high wage, high skill jobs, as I know you are well aware. It is also an agency with $150M to put out of its own and I'm wondering why that agency also needs your money too. Mr. Broad said to answer that, I think in every Administration the issue has been there are certain proposals that the Administration and the Governor's office, now it is GO-Biz but there have been a million different names for it over the last 30 years, but basically the proposals that the Administration deems critical that they have developed, in order to bring business to CA. Obviously, ETP proposals are typically a part of those packages that they are offering an employer by way of incentive to get them to come to California as opposed to go to another state. Mr. Duscha said I understand that, but I think the difference this year is that for the first time, the Governor's office has its own $150M to hand out. Ms. McBride said let's be clear that it is not $150M, its tax credits; we aren't writing checks. Mr. Duscha said I understand that but it's still, the point is to get real money to businesses and that's a new development.

Staff is also saying that you should give priority, in the original proposal, a third of your money to employers who fall under this rubric of job creation. These applicants may be expanding their employment, it may be job creation; but they may just have high turnover. This is about a new employee not an expanding company. What about the company with high wages and high skills and low turnover that wants higher skills and maybe higher wages for its existing employees? They are pretty much shut out, that doesn't make any sense. In addition, don't shut out the six MEC contracts that you decided not to fund last month. They should be treated like any other contractor; they shouldn't be cut in half. Where did that come from? That was not the action of the Panel last month, and that is something the staff decided to do after the Panel meeting. Actually, the Panel was to bring them back this month further for consideration. Share the pain, treat everyone the same, and don't play favorites. The six MECs met every requirement that the Panel and staff have set for years for coming back for a new contract. You have always assessed repeat contracts by how much of their money they have spent; not by where they stand on the calendar in the term of their contract. This idea suggested this morning to extend this, it doesn't make any sense. Mr. Broad said, if I understand the proposal, it is essentially doing what we have done on numerous occasions, which is we will fund the first half and when you spend the first half, do an amendment and ask for the second half. Mr. Duscha said yes. Mr. Broad said in this instance I believe it is a cash management tool, not a tool to cut the funding. I think that is what the suggestion is, that basically when they get done spending the first half they can come back within three months and amend it. Mr. Duscha said but it all depends on how much you are starting out with and what the rules are. This is again, changing the rules in the middle of the game. The MEC's themselves can talk about exactly what you are doing, but you are going to shut down some of your most effective contractors who serve businesses and you are going to cut them off.

Mr. Broad asked why does that cut them off or shut them down, if they receive half. Explain that to me. Mr. Duscha said because they receive half which will support them for maybe three or four months and then they can't come back for two years; they are going to be done. They have a system with employers coming to them, they have a marketing system, and they are in many respects your marketing arm, the most effective part of your marketing. They have a flow, they have had a flow for years and you are cutting that flow off. Mr. Broad said right, I do agree with you that we have become their base funding and they feel like they have a statutory right to the money, I understand that. Mr. Duscha said no, they are coming to you because they have demand from businesses. It's not the same thing; these are new things coming to you. They are simply an administrative and a training apparatus to bring these businesses to you. Mr. Broad said I understand that, but I still don't get why they can't come back within two years under this proposal, within three months of finishing the training, right? Mr. Duscha said, especially if you give them $375,000 on a two-year contract, they will have that money spent by Christmas or the training started by Christmas. Mr. Broad said, but can't they come back in February then, and ask for more money? Mr. Duscha said no, this says they can't come back until they are three months from the end. Mr. Broad said I don't agree with that; I saw interpreted it differently. Let's ask staff for clarification.

Ms. McAloon said thank you, that is not what we intended Steve. You can come back for an amendment. I think what you are talking about is you don't like the cap. Mr. Duscha said no, I'm talking about when you are allowed to come back for a new contract. Ms. McAloon said, after you can show performance based on the number of hours being delivered and you are in the last three months, if you want a new contract, or at the point where you can support an amendment. Mr. Broad said so let's just take the ones that are before us today. Let's say we agree to move forward with this idea. They would be funded at 50% and in three months when they are finished with the training for $375,000, they can come back for an amendment within three months; I can't believe they do it that quickly but if they do, they can come back and ask for the other half and that is what is proposed. Ms. Reilly said, may I add one thing to that. This is the vision and just this year in order to manage the total amount of money which you can see is forecast at $46.2M remaining in available contract funds. When these MECs go into their three month pocket, some go into it right away, two months later. When they came last month, they were basically six months out, nine months out and one was eleven months out. By the time we have another Panel meeting in November or December, many of them will be in the pocket, three months from the end of their term for their active agreement, and that is when they can seek to restore up to the full cap for MECs, which this year has not changed from what the Panel adopted in June; in other words, restore up to the $750,000. Mr. Broad said, what I don't understand is, that the apprenticeship programs have figured this out, it's a cash flow issue. What we are saying is spend the first half and then come back for the second half. What is wrong with that? Mr. Duscha said it can be done, it is extremely cumbersome to come back to the Panel for an amendment; it's like coming for a new contract. Mr. Broad said it is also a very substantial amount of the percentage of the money left for us to spend in the FY, so it is a cash management tool. I understand that if we approve them at the full amount and tell the representatives to come back for the other half, then that has spent down a substantial amount of our funding capacity immediately.

Mr. Duscha said first of all, this is once again a brand new idea. It is much better than the idea that was proposed before, which was to cut these six MECs, and I'll let them speak to it. Once again, I'm feeling like every one of us is being asked to make policy on the fly without all the facts without knowing all the rules. The issue on this that I would like to know is, at what point will the Panel accept amendments? Mr. Broad said well, I think that would need to be definitely clear before we leave this discussion. Mr. Duscha said, yes and this is a very old issue of when you can come back for a new contract and yes, it needs to be clarified. Mr. Broad said would you agree that eleven months before the end of your contract is a little early? Mr. Duscha said no, not if you've spent all the money and that is true of some apprenticeship contracts that I've been involved in. Mr. Broad asked how many times a year can you come to the Panel for money; two, three, four? How much do you think we take away from single employer contracts to give to MECs and how often? Mr. Duscha said, I want to come to that general issue but, for example in a large apprenticeship contract, my experience has been that they have been going through a contract in about a year, and coming back annually instead of every two years, which is the contract term. The contract term is simply not relevant to how fast you use up the money in a contract. It has to do with how much you have and how much training you have. Mr. Broad asked if a better proposal would be that they can come to the Panel once a FY; would that be a better idea? We have to put some limit on this clearly; otherwise you can come a year and a half ahead. Mr. Duscha said, standing here in front of you, that strikes me as not a bad idea, but once again I would urge you not to adopt ideas without giving everyone some time to think about them and understand the implications of them.

Ms. Reilly said I've worked very closely with the executive director and senior staff and our pre-application staff in pulling some of these figures together. The question of when can you come back for an amendment if you are a MEC that has been cut because of the three month rule, is when you are in your pocket, when you are in your last three months active contract term. So what you are talking about is a new contract when you have an active contract concurrently. When you go into your pocket three months out from the end of the active contract term, you can come back for an amendment to go up to the cap in this FY. Mr. Duscha said wait a minute; I've just heard that you can come back at some earlier time for an amendment; what determines that? Mr. Broad that is what I intended or thought it meant, and that's what I agree with. This year for the MECs, I want to control the flow of the money a little bit. That is what I'm thinking is the logical thing to do, we've done this before, where people come with a $7M contract and we say when you've spent the first $3.5M, come back and get an amendment for the second half; that is what I assumed it meant. If it means something different, I haven't necessarily made up my mind, so I don't necessarily agree with that because the point here is not to cut them in half but to control the flow of the money so it doesn't go out right away, and it's then completely allocated. Mr. Duscha said again, if everyone understands what the rules are and if there's money to fund an amendment when the time comes, that doesn't strike me as unreasonable. Another thing that does do, it may help, and I don't think the staff proposal does this but somehow we have to get out of the run on the bank stage process and get back to regular funding and regular meetings so that the rational person today is dashing in whenever you open the tent a slight bit and saying I want a huge amount of money, because we may never get anything else. Even if you wanted to be conservative and accurate, you can't be; it's the wrong thing to do and that is a real problem. I can see repeating this meeting next June when you've got $100M or $200M worth of applications and you've got a whole new program and that's a very real issue.

Mr. Broad said well maybe that's for the next time we do this how to deal with it, but for this FY, what is your recommendation to deal with that issue? Mr. Duscha said my personal recommendation, and again I have some things to say for the group and I have some things to say for myself, my personal recommendation is to throw out all of these categories. I want to go into that some more because not only do I think many of them are bad policy, I think it's illegal; I think you have statutory priorities that you have to follow and these don't follow the statutory priorities. What I think you should do is look at your historical funding patterns among different types of contracts: single employer, multiple employer, small business, large business, manufacturing, apprenticeship, construction and set as a goal, to divide your money into five or six Panel meetings, I don't know what the right numbers are, and bring to the Panel every month a proportion of the money that is left, allocated by the traditional allocations that the Panel has made over the last couple of years or some number of years and then, slow things down and get to a point where you can continue to accept applications. Mr. Broad said I think that makes a lot of sense. I think where we've been is we are part of helping to stimulate the economy so let's push the money out the door as fast as you can, which was your position last month, if I recall. Mr. Duscha said, I'm not required to be completely consistent. Mr. Broad said you are a flexible person and I completely understand that.

Mr. Broad asked staff to respond to Mr. Duscha's point about the single employer proposals with job creation. It strikes me that a single employer that is doing retraining with very low turnover, one of things that looks to us like the great proposal, wouldn't be funded so I think that deserves a response. Ms. Reilly said I will address that question; the allocated amounts that you see on Plan B are very close to the actual demand once we had the cut-off of the pre-applications on July 18. For the critical proposals it is what is in-house right now on the first row. The future set aside for critical proposals may be adjusted down when we re-baseline mid-year, but that's an estimate. The $19M for the non JATC MECs is very close to the actual demand pre-rightsizing, so we think that is sufficient to meet everybody. For the apprenticeship that is very close to the actual demand, again before right-sizing, we are just talking about as it came in at pre-application so we are pretty confident there too. Small business, the bandwidth of $30K to $50K that 76 projects represents a lot of staff time but it is entirely covered by the $3M allocation. Single employer job creation is where we do not have exact figures. The 146 is based on the applicant's statement that they do have some element of job creation. We decided that if you have that element you are going to move forward in first preference for the purpose of beginning development. We know $15M is probably not adequate. The actual demand for all single employers is $54M; it's more than we have in our entire appropriation and we cannot meet that demand. So in order to balance and reach every one of our contractor categories and take into account preferences that are in fact, based on our statutory mandate, this is what we came up with. If we can reach more single employers after the re-baseline, we will. You have to remember that the concept of preferences is because as we start in again with development, we have to have something first in order. Once it is in the field, it becomes first developed/first out. But assigning it from headquarters out to the field, we have to have some preference order of priority and we chose job creation for single employers. We could make another choice, we could choose only manufacturing or only an industry sector, but we cannot cover all of the single employer demand and all of the MECs. Plan B allows us to cover all of the MECs and some of the single employers.

Mr. Duscha said Mr. Chair; obviously it would be helpful to every one of us in this room, if the staff would share with us the winners and losers. Let's name the applicants that they think they are going to fund and the ones they think they are not going to fund. We are not privy to those names at this point; it's probably a public record and should be released so that everyone knows where they stand and what they are arguing for. The other thing terribly important here is, I haven't heard anyone yet discuss the statutory priorities in the Unemployment Insurance Code Section 10200(b) that tell you what you have to do. These are not voluntary; these are priorities that the law says you have to follow. You can't pick and choose your own winners and losers, you have to pick and choose based on the statute and frankly the staff proposals are not very close; there are seven listed. First, training that stimulates exports of goods and services from CA, the out of state competition issue, 2) training for new employees in high wage, high skilled jobs for employers locating or expanding in the state that are committed to ongoing investments in training, that's related to GO-Biz proposals, but not exactly. It overlaps slightly with the job creation category that the staff has created, but only slightly, your high wage, high skills and commitment to ongoing investments in training, 3) this is not included at all - - training to prepare workers for the high-performance workplace of the future. This is a lot of what ETP does in single employers and in MECs, and that's excluded; 4) training displaced workers or workers with notice of layoff; 5) training that is jointly developed by business and labor. Flat out ignored; not included and the initial proposal apprenticeship programs are very much short-changed and they are clearly developed by business and labor. There's some good stuff in this statute and we all need to re-read it occasionally, myself included. 6) training that develops career ladders for workers, not included in the staff proposals and 7) training for manufacturing companies. If you are going to pick winners and losers, you have to follow the statute. Now, for most of ETP's history there has been enough money balanced against demand so you haven't had to pick winners and losers but the proposal today is to pick winners and losers, and I insist that you must follow statute, not something else that you find.

We took your advice Mr. Chair, last month, when you said that we had to do more than complain, we had to offer some alternatives. We gathered a group of people who care about ETP and distributed the recommendations to the Panel. We are at a disadvantage just as you are and everyone in this room is, because none of us are sure if this rollercoaster we've been on is going to stop or where it is going to stop. We've been hit again with a brand new proposal that we can't fully evaluate; we don't have the data, or the time, or any discussion. We coalesced around our recommendation ten days ago when it seemed likely that we would get \$20M of the \$24M in the budget this year. It was about that time, we started hearing that now the number was \$10M, but we made a conscious decision not to jump back on the roller coaster with no information, no data, and no certainty and then urge you to run off in a new direction, if there were a \$10M augmentation.

Mr. Duscha presented three different stakeholder group recommendations based on the budget increase that ETP may receive. He stressed that nobody in our group supported the staff recommendations, and we invited anybody and everybody to offer suggestions. The ETP administration budget was in surplus last year according to the DOF, by about \$1.4M; that would have been enough money to almost fund all six of these MECs, but it was dumped back into the great sea of the UI trust fund and was not available for the contracts according to the DOF. We think it's really important to get back to normal and stop this run mentality and that's not easy but it very much needs to be done. He listed the names of all 29 of the stakeholders that support these recommendations.

Mr. Broad asked, what you would expect us to do after we finish this discussion with the proposals that are here before us today, to go forward with them. Mr. Duscha said, I think you know my recommendation was to not have this meeting today at all until we knew where we were. There are many here today who disagree with that and probably in fairness, you have to do that. You deserve to know how much money there is going to be, and if I were sitting in your chair, I'd want to know how much money there was, what the effect of various proposals were going to be specifically on specific contractors, and how it fit in with your statutory requirements.

Mr. Broad said, I'd like the staff to respond to Mr. Duscha's point about if what is being proposed here violates our statutory mandate in terms of spending priorities; that is issue #1. Secondly, I'd like to say that the idea of Mr. Duscha is that we were going to discuss this now and make a decision now, and apply that decision to the proposals that are before us today, which is why we are talking about this first and taking the proposals second. Now, obviously it depends on the will of the Panel, whether members agree with you that it should be put over, but we have to make some sort of decision because we have proposals before us today, and it has to be a decision that is fair. The general response to putting the August proposals over from the staff, if I can speak for them because I raised that question with them, was that those on today's Agenda went through everything, did their due diligence, they are here today, why should we make them wait. My response was that's a good point, so let's make a decision about them for better or for worse; that was the intention. Then we could have this discussion and come to a resolution of how to move forward. Mr. Duscha said, I would just ask how these two Plans affect the 80 contracts on the Agenda this afternoon, I don't know. Mr. Broad said it doesn't appear that they do, and asked staff to respond to Mr. Duscha's legal question.

Ms. Reilly said yes, let me just say that I'm going to assume that the Panel waives the privilege, is but my opinion is that certainly staff's recommendations are well within the constraints of the enabling legislation. We certainly wouldn't have endorsed it if there was any question of that. The provision statute you are speaking to is the purpose provision, specifically funding priorities at 10200B, you did read it, the ETP in funding projects shall give funding priority to those projects that best meet the following goals. The "best meet" part is where the Panel exercises its discretion, as appointed by statute; the seats are clearly spelled out as to the appointing authorities for the purposes to have a balance between labor and management, business employees and that is their purpose as a Panel, to exercise discretion and bring their judgment in making decisions, setting policy, and approving each proposal case-by-case. All of these recommendations in both Plan A and Plan B in relation to those contracting categories do enable the goals and priorities in 10200(b). Certainly to expand business, that is critical proposals; joint labor management that is the apprenticeship. All of the issues about reaching manufacturing and all of the priority industries, we outreach through the MECs as you well know, and many participating employers across all industry sectors are reached by the MECs. The issue of single employer, we have put it before the Panel. We need some method of establishing preference of moving these proposals into development. We cannot reach every contract proposal that has an application before us because we cannot process that many proposals beginning midway through the calendar year. We must begin development now, we cannot wait for a planning session to begin development, or we won't even make it to a November or December meeting; that was very much in mind when all of this was being developed. So yes, we are acting, in my opinion, within the constraints of our enabling legislation.

Mr. Duscha said I am not a litigious person, never have been, but there may be litigious persons in the audience, that would be a way to find out who is right on this issue. On the issue of what the staff capabilities are in terms of how much they can get done, I've sat in the staff chair and I've made suggestions of how to reduce the burden of all these small business contracts, and I think the staff is capable of doing an awful lot. They have in the past and I think they can rise to whatever occasion you set for them.

Mr. Broad said let's assume for the sake of argument that we are talking now about Plan B, that is getting the $10M and with that, we do need to make some cuts. Your proposal would be for today's proposals and for those moving forward, that we would cut them by a fixed percentage across-the-board. In other words, everyone would have a particular percentage reduction, or whatever dollar amount we are targeting, correct? That would be number 1. And number 2 would be we would only fund proposals that were up to 20% of the remaining funding capacity for the FY, to spread them out. I want you to comment to this because we are dealing with a very practical question. So let's just say for the sake of argument, we do some calculations and decide we are going to reduce them by 10%, and which of today's proposals do we then put over for consideration at the next Panel meeting. What would your group support in terms of doing that? Mr. Duscha said, I think we would probably support the first part of what you said on future contracts, on the share the pain principle. I want to say we all deserve time to think about it and know exactly what the implications of these things are before we do it. We are saying come back after we've all looked at this and thought about it, and figured out what it meant to us next month, and see the list of projects and know where it is. But I'm inclined to go in the direction you're talking about and taking a cut. Exactly how you do that, I mean what are you cutting from, are you cutting from an unrealistic high down to what people should have had originally. But I'm inclined to go in that direction. What you do today, maybe you give everyone a reduction. Mr. Broad said, or perhaps the other alternative is to simply approve all of these today at what is being proposed, and then apply this to the remaining ones which can then be allocated; that's another option. Mr. Duscha said or come back with the reduction next month. The situation you are in is untenable. Mr. Broad said, it's untenable, but we have to move forward with a plan nonetheless, so we have to make that decision and it's a question of allocating sacrifice in a way that is equitable. Mr. Duscha said, if you are asking what my group would recommend, they certainly would recommend approving everything on the Agenda, and putting the six MECs back up to $750,000, there is no question they are in support of that and you have enough money to do that. Mr. Rodriguez asked him to repeat that. Mr. Duscha said the group he's been working with would certainly be in favor of funding everything on the Agenda today, as it sits, except for the six MECs that were removed from the July Agenda that staff cut from $750,000 to $375,000.

Mr. Broad said are you all lined up to speak? Before you start, could you comment on the 4th footnote on the Employment Training Fund (ETF) history, Mr. Duscha said that it shows $1.3M that was in miscellaneous expenditures and transfers to other funds. But I believe Mr. Duscha asked why that money wasn't available to the Panel, and I'd like you to answer what that represents and whether it is or is not available to the Panel. Kulbir Mayall said that is another example that the funds for the FY 2013-14 haven't been reconciled yet. It's an internal document, a constantly changed document, until it's reconciled at the year end. I see that in the prior two FYs that funds have been diverted, and I've placed a call in to EDD to find out exactly where that money went. But I don't recall that any monies from the ETF haven't been reported into the U.I. fund. It's an internal document and it's not reconciled yet, for the 2013-14 FY. Mr. Broad said, so perhaps we can revisit this at some point and clarify what happened and if money was in fact transferred and where it went, or it was an internal accounting issue. Mr. Mayall said yes, this fund condition statement is constantly changing until it is reconciled. I can appreciate the interpretation that people are making about this, but you have to have a full understanding of the document before you can come to any conclusion.

Carl Cimino, Director of Training for the Loyd E. Williams Pipe Trades Training Center in San Jose
I'm advocating eliminating the caps and increasing the funding for apprenticeship programs. CA is a flagship state for apprenticeship and journeyman training and it's double the size of the next closest state. Apprenticeship is a model that needs to get more funding, not just adequate funding, and it needs to be expanded to other areas of endeavor. The apprenticeship model, combined with a union or guild model, can provide employers with a pool of highly trained and skilled workers that have portability of benefits that can allow employers to ramp up and down as the marketplace defines the need for qualified workers. Apprentice is a centuries old concept and it's time has come. So we should be embracing it, not ignoring it. Now with that said, I think that greater interaction provides greater understanding. What I'd really like to do is invite and challenge each of you, to visit a training program in your area. I would love to have any or all of you come and see our training program. I know for a fact, that you'll be surprised by what you see. I have personal friends who for years didn't know what I did, they showed up one day and were astounded by what was going on at this training center that they thought a plumbing training center; it's very sophisticated; we are preparing people to do installations for hospitals, bio pharmaceuticals, computer chip manufacturing, and supporting many high tech industries. So I invite you and encourage you all to visit training center in your area.

Debra Chaplan, State Building & Construction Trades Council
I want to talk about the apprenticeship MECs as well and what your funding has supported. The reason why I handed out the newsletter to the Panel of the California Apprenticeship Council is really for the picture on the front. These are ironworker women and many of them came from prison programs and were referrals from WIBs. These were women that were pretty down and out and Dick Zampa, who you've met and who's been before this Panel; decided he needed to have a class just for women so they could get welding certified. He didn't get funding from anybody for this first class that includes those in the picture and it was a great success. Most of the women went from this picture, they went into ironworker apprenticeship. He was able to funnel a few of those women to other unions who have welding as part of their regimen. He wanted to keep offering the program but if he hadn't received funding, his union people said what are you doing this for? You can't just do charity training; we don't have money for this. But, fortunately ETP came through and this is one of the pre-apprenticeship programs that you have funded and he's now in his third cohort. So what is this? Who are these women that got into this class? Well they started at over $13 per hour and by the time they journey out as ironworkers, they will be at $33.50 and that does not include the health and welfare, pension, vacation benefits, and in fact a contribution to the training fund. JATCs are partially funded by monies that could be going to wages, but instead the workers vote to say we want the money to continue to go to our training funds. These women who are in that picture are going to be self-sufficient and they are going to buy homes and cars, and be a gainful part of this economy. That is partially something that ETP has done. Who are their employers when they get out? 90% of them are small businesses, because subcontractors are primarily small businesses and pretty much 90% of our building trades' workers are working for subcontractors. So that's why I'm here to speak for these

apprenticeship MECs. The problem with Plan A is that apprenticeship MECs were completely cut off. Plan B funds them again, but only 6% of total ETP funding is going to apprenticeship MECs. I think that is a little low, I know someone else will talk about the caps, but I think it seems silly to have a program where you have people forced to come back and back for funding because the initial funding isn't sufficient. I understand cash flow, but I think that is a real problem.

I want to talk about what you are funding when you are funding apprenticeship MECs. One thing is small businesses; these were totally struggling during the recession, these construction small businesses. They are coming out of it now and must gear up quickly. They need support to get their programs up and running. What you are funding when you fund apprenticeship MECs is good wages, self-sufficient wages. The thing is when you add in, even at a starting wage of $13, it really means that with the other health and welfare, vacation and pension, it equals a wage of $20 to $22 per hour, and that's a starting wage. With apprenticeship MECs, you are funding incredible training that has been vetted by the Division of Apprenticeship Standards (DAS). So it's not just one shot training or to learn a specific process for a specific employer, it's how to learn a career that can last a lifetime that has portable benefits and that can enable people to work for multiple employers. So we were completely dismayed to see the recommendation to completely cut apprenticeship MECs after this Panel meeting. Even if it goes to the 6%, it is still too low and not meeting the needs of the 130 apprenticeship programs in the state and it would be a tremendous loss. We started this apprenticeship pilot program two years ago and it has obviously been a tremendous success; perhaps too successful. I think now the economy is coming back; our apprenticeship programs need ETP more than ever and not at a much lower rate. I support Carl's idea as we are happy to host you at his apprenticeship program, or any number of them locally. We also have ideas about how to streamline the process because it doesn't make sense for people to have to come back; it is a lot of work for us and your staff. I just want to end by saying the apprenticeship MECs are an important and valuable addition to ETP. This is a time to support it, not to end it or reduce; that doesn't make any sense.

Mr. Broad said, let me ask you the question, because I don't think there is any issue about the support for apprenticeship; that is not the problem. The issue is the amount of money we have left. So we have to make a decision about how to allocate that. Do you support the across-the-board cut concept as opposed to this categorical concept? Ms. Chaplan said they have already been cut, I mean they are already down to $225,000; so don't cut them any more across-the-board. Mr. Broad said if we don't make any cuts, then at some point later on in the year, some apprenticeship program will get zero. Do you want to tell us which one you would like to zero out? Ms. Chaplan said no, I agree. See that's the problem, we have to try to do it fairly and yes, if you are first in the queue saying fund us fully, then what do we do with the apprenticeship program that isn't the ironworkers, that's one of the other trades, that is coming up next April. Do we just say let's use up the money now? Ms. Chaplan said no, and I'm going to defer to John.

Mr. Rodriguez said the program here that you have for women ironworkers is phenomenal. I am very familiar with it and also familiar with others as well such as IBEW, the carpenters. So you know historically, and you have data in hand, that there is disparity between the number of women who enter apprenticeship programs versus the number of men due to the nature of the trade. But you can propose that you fully fund all of the women apprenticeship programs. Ms. Chaplan said that's an interesting concept, I mean I certainly would support the outreach for women but that's not what you fund. I like that idea, but there are very few women apprenticeship programs in the state. That's an issue we are dealing with at the DAS side. Mr. Rodriguez said, I am just encouraging you that you're on the path to actually doing something that could be a model of excellence for the entire country given the success in recruiting and nurturing and keeping women committed to your programs. Think out of the box and come to us with something really phenomenal, and I think that is something that we would really seriously consider doubling down on. Ms. Chaplan said I would certainly be glad to do that and you will see me again on that one. Thank you.

John Brauer, Workforce and Economic Development Program Director at the California Labor Federation

Debra and I actually submitted a joint letter to you relative to all of us. I know you received a summary but we would be happy to share it beyond here. We don't necessarily agree that this is necessarily a crisis in terms of ETP. It's clearly a number of factors going in, but it's not like you ran up some huge debt and then you have to go to the Legislature to pay off that debt. This Panel and your work are critical to the overall economic recovery and building a middle-class economy in this state. I have said and Brian McMahon and others know when I go to the WIBs and elsewhere that one of the real values of this institution is that the training monies that go out are held in a very accountable standard by you and your staff. That if folks don't do the training or retention, those monies either don't go out or come back, and that is very rare compared to what you heard and saw in the New York Times on Monday, so I applaud you for that. It is why with having GO-Biz utilize those monies, we know they are going to be accountable so we actually support the critical proposal piece going forward.

I think from your end, the real challenge, in addition to taking some action today, is your strategic planning in the overall scheme of things. That this Governor and various agencies within California in workforce development, have really tried to work together and moved from being siloed, to having ETP staff, LWDA, EDD staff, the WIB, DAS and others all trying to work together. As you go forward, re-emphasizing ETP's role relative to promoting advanced manufacturing or healthcare, or in this instance, I'm about to talk about construction. You all have played, coming out of the recovery, a critical role for our joint apprenticeship training programs. With that money, their employers make a big investment and we have other funds that go in. ETP funds have been really critical to making those programs be able to respond, to have new workers come in and enter the economy and help with the rebuilding of the state as well as the skill upgrade that our journeymen folks are needing in trying to meet AB32 and Title 24, and those kinds of things, as well as in transportation, and we've obviously also come here relative to Transit Authorities. Having said that, I want to re-emphasize what Debra said, and we would be willing to help facilitate a larger discussion between those Joint Apprenticeship Training Councils and the Panel, to understand the funding breakout we have, what comes from Montoya funds, related and supplemental instruction, what comes from ETP, what comes from employers, what do the smaller JATCs look like in their funding, our smaller IBW locals as opposed to a big regional JATC that you may have, to give you a better idea of what goes on at the site and to do something bigger. I want to reiterate and make that offer to you. We could help facilitate finding one of the JATCs to host it and do something around here to have that discussion. We feel like we have some ideas about you all possibly designating a pot that you may think may be appropriate to support apprenticeship in construction in particular, which I think is a different kettle of fish than other kinds of apprenticeship, and also talking about the timing. How do we get folks from second year apprentices to journey out and what role should or could ETP play in that? Those are the types of things we would love to have a conversation about with you. Having said that, we didn't feel like it was our role to make recommendations relative to single employers and critical proposals and those other types of proposals. We do support maintaining that, but in terms of the other cap funding categories. The apprenticeship pilot started with a low cap of $300,000; it got moved up to $450,000 and then got cut back down to $225,000 is where it stands now.

Our two recommendations today would be to put the cap for those apprentices back up to $300,000 until the fiscal situation plays itself out more. We also wanted to look at the suggestion that you make regional considerations for some of the apprentice MECs, based upon the model used for sheet metal and some of the larger ones. There are four larger MECs where staff maximized the funding based on regions covered and classifications and apprenticeship groups. The cap size as it stands now is a real penalty for those folks. So those are our recommendations we are bringing to you to consider and again to ask if DAS wants to help facilitate that type of discussion with you. We want to be explicit about that offer here. We kind of felt from the March hearing, that Panel is not the best place to offer that suggestion and have a further understanding.

Mr. Rodriguez said before this meeting, I read the strategic plan that the Governor had initiated through the California Workforce Investment Board that integrates ETP. So it's been a while, because it's now been almost two years. I wanted to ask you, even though it mentions ETP in various stages, in your mind what is a measure of success within the Governor's plan. Mr. Brauer said I think in the Governor's plan, it is looking at priority industry sectors and identifying those industry sectors on a statewide level, and at a regional level by the WIBs, so that they are doing that not only within their local WIB but regionally deciding which priority sectors that they have and promoting those sector partnerships. Again, ETP funding, whether that has been in construction or the transportation, or even in some of the non-traditional, the building skills partnership proposal we brought to you. We think we are building on what needs to happen locally based on labor market demand and business demand in those areas. So trying to blend all of this, it's sort of like affordable housing. There aren't one or two magical sources. The ability to blend and to work together is probably the best way. The other piece of this is our program, as Carl and Debra said, and are real pathways for folks. It's why the White House put out the intent in October to have a federal apprenticeship initiative, why the vice president's report on being workforce ready is based on job demand, but recognizes apprenticeship and why the workforce and innovation and opportunity act, signed by the president, lays out joint apprenticeship as one place where they are actually mandating WIBs in the future to have a representative sitting on that WIB. So we think that our apprenticeship programs are in the middle of going in the right direction for many reasons.

<u>Dave Teasdale, Kern Community College District</u>
I'm here with Kim Holland from Glendale and Robert Grajeda from Riverside. We wanted to inform the Panel a bit about how community colleges work with ETP funding to support their communities. Language I think is very important and so I would like to encourage us to all remember that we are not MECs, but we are multi-employer contractors working with multiple employers. Also, when you are talking about the six MECs from July, it's not a 50% cut, it's a

70% cut from our preliminary proposals from June. I think we sometimes get what feels to us, a bad rap in terms of how we are utilizing Panel funding for the employers that we serve. One of the things I don't know if the Panel realizes is how much Panel funding braids with other sources we have, for us to provide services to the community, to the business and industry and workforce in our areas. As a reminder, community colleges are non-profit entities. We are funded similarly to ETP. We have elected boards, pay rates set by the elected board, and we have regulations under which we can use the funding for "for credit" programs which don't allow us to do some of the services that our industry partners very much rely on us. I'll give you an example in our case, I talked to both Kim and Robert and their situations are similar. One of the things that we do is we are a partner with the Kern Economic Development Corporation. We are recruiting businesses to relocate into Kern County; some of them are in other parts of California and some of them from outside the state. Many of them are too small to get the attention of the GO-Biz but they are critically important to Kern County, which is one of the higher unemployment counties in the area. So we sit in with employers that are considering relocating, and we will provide a solution for training their workforce when they move there. These are companies such as Caterpillar and IKEA, or a Target distribution center. We are called by the economic development corporation frequently to come and sit with employers to discuss a holistic package for them to consider Kern County as a place to work. One of the reasons we have such a high unemployment, is we have a low education attainment in Kern County. So sometimes there is some up scaling that's needed for that entry level workforce even to be of the quality that those folks need. Additionally, we do workforce services. We work with our local workforce investment board, remember back in July it was proposed that perhaps folks go look for WIA funding, but WIA funding is for unemployed and dislocated workers; it doesn't help you with incumbent workers. So we partner with our workforce investment board, and we provide incumbent worker solutions that get people promoted and allow entry-level positions to open up beneath them that those WIB clients can participate in.

Another example, is that we worked on a Panel where they opened a new outlet center, the Tejon outlets. Once again, approximately in South Kern, one of the highest unemployment sub regions in the state. The Panel comprised of EDD, human services, and we talked about all the ways we could get the workforce trained there. We were able to do that but a lot of the training we couldn't do with ETP training. Those folks are working part time in retail jobs, for those folks that's a great opportunity to enter the workforce and work your way up the ladder, and we were able to offer solutions for key holders for first-line supervisors and managers for that project as well. We also at Kern work on strategic planning for economic development. We are on a Central Valley planning program that's a partnership with the California Workforce Investment Board and the California Energy Commission, on expanding the uptick of alternative fuel vehicles in the Central Valley, the highest air pollution area in the entire country. I wouldn't be able to be on that, except I have ETP, in this case AB 118 funds that can fit the talent pipeline needs that come out of that. We are also on a Panel working on expanding the export of value added agricultural goods, food products out of the Central Valley, obviously creating jobs with that with the economic development agency and once again, my place on that is I have ETP funding, certainly food and manufacturing is a priority industry; that I can offer as a solution to the incumbent worker training from that. Another side benefit from this, which we consider very important in terms of our mission, is we get great relationships with our industry partners, who then are more willing to be on our advisory boards and they keep our credit programs more up to date and realistic. Many times, those relationships aren't as good as they would be, except that we are able to offer some solutions in the real time to their current workforce, making them more willing to invest in their future workforce down the road. Kim will talk about adding specific faces in companies, so when you are talking about a MEC, you understand how many businesses we serve.

Mr. Rodriguez said, I'm on the San Francisco Workforce Investment Board so I have a good idea about the community college fund. Can you elaborate on the funding blends that you generally spoke to? Mr. Teasdale said, I think our colleague before said it; it's an ever-shifting blend. We are getting no funds from the local workforce investment board, you are probably aware they don't have a lot of money these days, in fact we are probably giving them more than we are getting at this point. We've gotten WIA funds through the Department of Labor for some training programs that we've run. Right now, a training program that we're operating that is a partnership with the IBW and the sheet metal workers, in partnership we are providing them candidates for apprenticeship that get special consideration, that's from private grant funding from Chevron and Wells Fargo. So we are constantly out there because we can't use that General Fund money to do this kind of work, but I think it's critically as important, as least in our district we think it's a critical aspect of what we do in our area. Mr. Rodriguez said, so your approach for Kern Community College is very locally focused, in terms that your clients are in or around Kern County. Mr. Teasdale said, I'm glad you said around because we are part of a regional consortium of colleges so we do work with those other colleges and their clients when asked and invited to. Mr. Rodriguez asked if they work outside of the Central Valley outside of your area. Mr. Teasdale said, with the South Central we have a partnership with Proposition 39, an energy efficiency one, so South Central for us is San Luis Obispo to College of the Canyons, so we work with those energy efficiency related contractors in those areas. Once again, only College of Canyons in that region is an ETP contractor, so we partner with them as well.

Ms. McBride said I want to make one correction to a statement from Mr. Teasdale. We especially appreciate our regional partners that we have out there, and I'm speaking from a GO-Biz aspect. We support and assist businesses of any size from one employee to thousands of employees. We have a small business advocate within the GO-Biz units as well as our Cal-BIS unit, and we don't make any discrimination at the size of the business but our regional partners like yourself, are vitally important to us because we do have limited personnel, but we don't discriminate from any size, and I work with businesses of one or two employees on a regular basis, so I just want to make that clear. Mr. Teasdale said I meant that they don't necessarily get the attention of critical businesses, but in your defense GO-Biz was down last summer for a workshop and I found you very helpful.

<u>Kim Holland, Glendale Community College</u>
Multiple employer contractors have proven and continue to be an efficient and cost effective way for ETP to serve many employers, including those small businesses. California employers that qualify for ETP funding have many choices and one of those is to do their training through a MEC. The handout before the Panel is Glendale Community College's most recently completed MEC using ETP training funds. There is an alphabetical listing of the company name, number of employees in California, number of employees worldwide, the number trained, and the ETP reimbursement per company. There were 144 employers served under one MEC with $750,000. 124 of those employers utilized less than $10,000. 60 of those employers are small businesses with fewer than 100 in California and 250

employees worldwide. All of these employers you see listed and those that choose to train under a MEC pay into the ETT; they all complete a certification statement that needs to be approved by ETP staff; they all justify the need for training and create a training plan; and they all commit to an employer contribution. MECs serve a vital role in both marketing the ETP program and delivering training to hundreds and even thousands of employees each year. Administratively, MECs facilitate the contracting process for both the employer and ETP staff. Just imagine the number of ETP staff that would be needed and the costs associated with developing and monitoring 144 additional ETP projects, with 124 of these projects being under $10,000. That would be both impractical and fiscally irresponsible.

In addition, the idea that MECs recycle employers and keep training the same ones I think is an issue that needs to be addressed. For example, if you look at the first page of this sheet, there is a company called Amro Fabricating, they have 100 employees at their company, seven people were trained under this current agreement, and they may request training for an additional seven people, just like a single employer may come back and want more funding for additional trainees. These employers have the same rights and should be treated fairly, just the same.

Finally, employers that choose to go under a MEC such as Glendale, Kern or Riverside, or any other MEC, deserve the same equitable treatment and respect as those employers that choose to write their own ETP contract. They too pay into the ETT and meet all the qualifications for ETP funding.

Mr. Broad asked how customized is the training. Ms. Holland said we do an individual training plan for each trainee that goes through our program and we do an assessment. In addition to that, we require learning outcomes at the very end of the 90-day retention to be completed by the employer as well as the old 90-day certification form that lets us know they are still at the company. Mr. Broad said, so let's say this is your last group here, does that mean that the employees at Ace Industrial Supply are getting the same curriculum. Ms. Holland said no, not at all. Mr. Broad asked if it is completely different. Ms. Holland said it is; they may be in the same, one could be in a CNC machining program and another could be in a project management training program, so our curriculum varies as you can see. Often times what we will do, is our workforce development partner just as Dave was speaking about, the Valley Economic Alliance and our LAEDC, they will recommend that employers attend our training program, and what they will actually do is facilitate a location and get like employers to come together so that we can develop a training program for them; that's how that works.

<u>Robert Grajeda, Riverside Community College</u>
My purpose here is to give you a bit of a data comparison regarding the cuts to the original program that we had proposed to you, actually in May when we started our pre-application. We submitted a proposal for $1.2M and the total employees trained out of that program with your weighted 40 hours that Diana Torres and her staff prepared for us would have been 1,448 employees trained. With the cuts you are proposing to the $375,000, even though it is substantial backtracking from last month, it only allows us to train 449 employees that we could actually potentially train, and the demand that we still prepared for originally, is going to still be there. So my task is as a good director for this type of a program; you have to understand that community colleges do contract education under a mandate from the

educational code. So not only do we provide accessible education to the residents of CA, accessible higher education, but we are also mandated by the education code for community colleges to out and be a bridge to industry. So we in a sense are your biggest booster here, which are the community colleges. We stand apart from for-profits in the sense that in speaking about what Dave was talking about, we become multipliers for economic impacts. So back to the numbers; we have a situation where we have to go back and not throw ETP under the bus because you are our partners and we plan to be back here again. I'm not going to go to employers who basically would be limited from training options or opportunities because the funding has been cut, but I have to become an ombudsman if you will, between industry and business and say the funding is there; you want to be in CA because it's the eighth largest economy in the world, so those are the challenges that I'm facing. One of the things I wanted to be clear about in terms of making a statement to this Panel, is that we create partnerships, we are multipliers of economic impact in our service areas and we do quite a bit to make sure that the economy keeps going.

Mr. Broad asked if any of your employers ever pay for part of the training. Mr. Grajeda said very rarely; it only happens when the attendance falters. In other words, usually based on the reimbursement rates that ETP has, we try to provide the training at no cost; however, if you have a company that musters 20 employees for the training and only 14 or 15 complete, we have to cover the costs for the instruction. All of our training is ultra-customized. Sometimes an employer will say in the middle of training, by the way we don't want this chapter to be covered in this particular textbook, or we really do need this type of adjustment to the curriculum, and we do that. Yes, we sometimes have to go back to the employer and say there were some that didn't attend the classes and that is in our contractual agreement with them. Usually, if there is enough to cover the cost of the college, we will let those attendance issues pass. Mr. Broad said, with the apprenticeship programs, their signatory employers are paying into their joint labor management trust fund and with our single employers, we require them to contribute. If you look at some of them, for example PPG Aerospace, 40,000 employees in CA and 85,000 worldwide, this is a very big company. If we are having a funding shortfall, maybe the company could pay a fee for part of the training to offset that, have a little skin in the game. Mr. Grajeda said, I agree with that in the sense that there are large employers, for example, we had a situation with a very small employer actually, that asked to bring aboard a consultant as the trainer, but their fees in our opinion were exorbitant. So we said based on our ETP reimbursement, we will be able to cover a certain portion of the fees, and then you'll have to cover the rest of the costs. The company went forward with the training, paid what amounted to about half the consultant's fee, and hotel and travel expenses. So these things we negotiate on a daily basis with our industry partners when we work with them; we try to make our services the excellent training we provide, as accessible as possible. Most employers really are focused on production if they are manufacturers and focused on getting their business going and making sure it's successful. We contribute to that and become strategic partners with them. Those are the relationships that we build.

In your Plan B referring to all MECs, I am concerned about no repeats until the last three months of the contract term. I heard the conversation earlier, if that could be included in writing to include an amendment that can then be pursued. I'd like to see that in writing, because when we talk about assumptions we all assumed we were coming back here last month to receive a certain amount of money, and that didn't happen. I'd like to have a clear description of the terms in writing. In the category for small business $30K to $50K only, you have a segment that says under $50K referred to MECs. Mr. Broad said, that amount is supposed to be under $30K. Mr. Grajeda said, so if you are cutting the funding to the MECs that we are being awarded, and you are going to refer folks to an entity like us, and we have limited funding, how do we service them? Mr. Broad said that's a good point. Mr. Broad said, another alternative that's been discussed is you can only apply once a FY, instead of the three-month scenario. Mr. Grajeda said if you could clarify that, because I heard you say, I believe it was McAloon that said we could come back when there was a need for an amendment. Mr. Broad said there are two discussions going on simultaneously today. I think it is partially what we do today with the MECs on the Agenda and making a decision of what we are going to do going forward as a policy for the remainder of the FY, which may be the same or different, we haven't yet made a decision. So I think that discussion in regards to these MECs that we are talking about is funding them at half the maximum. Our maximum is $750,000 and they are asking for the maximum. If our maximum was higher they would be requesting that full amount, I get that. Mr. Grajeda said, well actually we are basically servicing the demand of industry, so if you tell me that I can only afford $750,000 and spread it out that way on a periodical basis. I can see if we get overly aggressive then we need a cooling off period, but I'm not going to back away from saying that the demand is out there. Mr. Broad said no, there is no issue about that. Mr. Grajeda said, I don't think it's an issue of how many times we come back for funding, what should the cycle look like; my suggestion is within certain parameters it could be as often as necessary to get an amendment. Mr. Broad said remember that for single employers, we put some cap on that, by saying if you come back within a certain period of time you have to make a SC. As another alternative we could say if you come back within a certain period of time, we fund you at 30% less. Mr. Broad said we do have to manage the money and can't hand out the funds due to the demand because if the demand exceeds the budget, which is the problem now, we still have to allocate in a fair way how to distribute that. We have lots of methods in place for that allocation in other areas, and less so with MECs. I realize you have come upon this and are bearing a certain brunt of it now, I understand that, but that is because you have been passed over in this discussion in the past. Whereas others haven't, and we are aware of that, and I'm sure you're aware of that. For these proposals if we were to say, and I don't know if you were even one of them, but if we were to say if your request is for $750,000 and we approve it for half and then say when you are with three months of completing that amount, you can make an amendment for the second half with regard to these proposals. Would that be a big burden? Mr. Grajeda said no, it wouldn't but I want to clarify that we submitted for $1.2M so half of that would have been different from the $375,000 that you are offering. Mr. Broad said the numbers do mean something, we understand that. Mr. Grajeda said yes, I would be willing to, given we get it in writing and everyone is clear on the rules and how we can continue to access the funding, because we appreciate it and feel it is a partnership. We need to know the rules and have them be fair. In terms of fairness, if we had submitted this contract for August, we would have gotten $750,000 but we followed your recommendations to submit it earlier because of the issues that might happen. Because we did, we received $375,000 instead of $750,000. Mr. Broad said your point is well taken. Mr. Grajeda said that's my burden to bear if you will; if you could help us with that, I would say I would like to respectfully request up to $750,000, so I'm turning it back over to Dave Teasdale.

David Teasdale, Kern Community College District

We are also talking for some other community college folks that chose not to speak. Within 90 days of the end of the contract, the challenge we have is that is retention period, so that means the training has to go black for 90 days and since we are dealing with multiple employers whose needs roll to us or other community colleges who are bringing training programs to us, that's a problem. So if we could look at the definition of the 90 days and maybe make it four or five months, so it's not just the retention period. Same thing with when we come back for an amendment. We may have 100% of the folks in the classroom and if we have to wait until they've completed retention, that's a period of going black and no training is allocated. There is a flow and we get our final payment 90 days after that last training and that's a big chunk of what we get. Mr. Broad asked if your whole program shuts down if you don't get ETP money. Mr. Teasdale said no, but the ETP funds do, and the part of our program that provides access to that funding for employers who would rather use us than to go get their own contract, that part shuts down. We can't say we can help you get your folks trained with this state funding that you are eligible for, that's what we are doing, we are an intermediary where they look at ETP funding and the process of having to go after it is daunting. Many of our clients end up getting single employer contracts down the road after they learn more about it going through our program. So we are providing that, we will handle it and help you access these funds. Mr. Broad said so four months would work better than three months. Mr. Teasdale said five months would better than that, but four months are better than three because at least training would still be ongoing and we wouldn't shut down. Mr. Broad said we are at three, you want five. Mr. Teasdale said or if we could come five or six months but have it active at three months, it would become active within that three month window, so we would get approved, but may not have access to the funds for two months. Then we could plan for it with our clients.

Mr. Rodriguez said for clarification purposes, haven't you been going dark for 90-days for a number of years now, or is this recent? Mr. Teasdale said no, this is recent. You have let us come back when our performance has warranted it before July. Ms. Roberts said to expand on that, I've been on the Panel for eight years. I can tell you when I review these contracts; I review them pretty well and know the numbers. When I get to the MECs I hardly even look at them because I know you are performing and I've never, maybe a few times have questioned performance, but as Mr. Broad said, we've pretty much given you an open book on these MEC contracts without anything said. So when Steve mentioned share the pain, the single employers probably see more pain then you do. You come up, make your statement, you go back home. We question the single employers all the time. Mr. Teasdale said you are right, the only pain I feel is I have to go back to our clients who are also ETP eligible folks, and say we can't execute your training plan. Ms. Roberts said but that has only been recent over the past month. In the past it has been $1.5M, $1M, we have given you what you have asked for up until limited ETP funds. Mr. Teasdale said I understand that and we are partners with you and willing to share the pain. Allow us to have a ramp period because we are out there marketing, developing training plans, and we need to know when we can get started, and it needs to be not heart stops and heart starts because ours was 26 employers last time, only one of them wouldn't have gone on the Consent Calendar, if they came in individually. Ms. Roberts said and maybe it wasn't as fair as suddenly as it was, because otherwise we wouldn't have this large of a line for public testimony. Mr. Teasdale said the Panel has a very tough job but if we could look at that 90-day limit, because it will cause us to have to spend four months telling businesses and our community college partners, we have nothing for you and come back to us in January, and if we have to do that we will. Ms. Roberts said it's almost like you are trying to sell us on your business, we appreciate everything you do, especially around small business, and that's never been a question. It's just we are looking at trying to spread the pain, we don't want to single out MECs, but those are the ones that are most costly. Mr. Teasdale said I appreciate that and we are all on the same side and we believe these funds are very important to the economy of CA. We are willing to share that, and I think maybe we have done a bad job of bringing our employers front and center. Maybe we need to report on companies like Kim did, as to who are these folks and what kind of training have they gone through, because you haven't seen the tremendous impact at that level and the employee level with these contracts. Ms. Roberts said I'm very familiar with amount of service they do. I actually do it with other states, not with CA, but so many of our employees go to community colleges to get trained especially in truck driving and maintenance. It's invaluable because the state has no funds, so the only way we can do it is going through a community college, so I know exactly what you do and the service you provide to employers in CA. Mr. Teasdale said I appreciate it and look forward to having some guidance so we can go back to our clients with the information.

Mr. Broad said do we agree that coming back here eleven months before your contract expires is a little early. In other words, you have to know you have the money a year in advance before you're done with training and maybe three months after the last one? Mr. Teasdale said it's early, depending on the term and duration, and that's what we are just now creating. Our reality has been, and I believe has been part of Kim's success, is you have done a great job, come back and we'll give you more because not all these contracts are performing. We need to adjust to a new timeframe. I completely support coming back once a FY which would allow for planning. Make us demonstrate performance and that the training plans that we have with the businesses that we are partnering with are justifiable when we come back to ask for more. I think that's only fair and it's a pay for performance program. As you did with Pepsi last month, you said no, you haven't earned that, you are getting a lesser amount and come back and prove performance. I'm okay with that as long as we have an opportunity to come back and still take care of our customers and new demand down the road.

<u>Kim Holland, Glendale Community College</u>
I'd like to add that I'm the one with the eleven months left in the contract. Let me tell you when we wrote this contract, it was February when ETP was trying to spend their money. So we went out gang busters. Mr. Broad said but you don't need to do that. Ms. Holland said I would be happy with the once a FY if we knew the rules, I think that is what we are all looking for. Let's have the rules across-the-board that whether it is that 70% of your hours as Steve mentioned, need to be uploaded before you can come back for an amendment, but it has to be clear and the same for everyone. There is a proposal on today's Consent Calendar that is coming back a year early for more money, and so to us, that doesn't feel fair.

<u>Eric Huelsman, Studio Arts</u>
I agree with just about everything I heard today, except for a few points. I really respect and am thankful to Mr. Duscha for putting together the proposal he made. I think it's terrific and great work on his part, but I also have some differences with his particular proposal, and am very supportive of staff's recommendations with a few minor exceptions and yours as well Mr. Chair. For the most part, what Studio Arts would like to say about the MECs is we have to

have some consideration for what these folks that just spoke were talking of, and that is that at this point with our current MEC we are trained at 90% of all the training hours we can do which includes the amendment we received early this summer. What that means to us is that at the end of September, all training hours will be spoken for and we will be going into retention the first week of October. At that point, we will only have a retention period to deal with and we should have retention completed for the most part, I would say at least 90% would be done by the end of December or January 2015. So that presents a dilemma for us, because as other speakers have pointed out, we have done a lot of marketing, we did a lot of going out and talking to folks about what they could expect from ETP; they are very encouraged and excited about it. So as a result we have a mix of employers coming to us for training and anticipating getting started.

A couple things that are mitigating factors for this training: we deal with not just a high-priority industry but an industry of time periods. Some of those time periods fall in areas of production and when production happens in CA that affects what we can count on in terms of having people available for training. Among those periods are any times when they are just about to ramp up for production, in the case of most episodic television, where much of that starts after July 1 which is one reason why we were here for a MEC in July. We somewhat taper down for the holiday period at the end of the year, and we'll be gone all together for most episodic television by April of next year. So with that hiatus period in mind we are thinking about how to train for the vast majority of the companies. As a side point, roughly 50 but I'll say 48 of the companies we've identified and have in our current contract and will be participating in our current contract, are small companies of 50 employees or fewer. Then you have the sort of smaller than big companies, bigger than small companies, that have somewhere between 51 to 100 employees and that's another maybe 50 or 60 of the folks we are doing training for. These folks don't have any way of getting the training they really need right now or at the latest starting in September. Where I differ with Mr. Duscha, is that I don't want to wait until September to see how the money works out. I appreciate the need for that and am supportive of the idea. The problem for us, specifically, is we need to get going sooner if possible. In that way Ms. McAloon's points are well taken and agree with most everything she said. Except performance, especially in a high-priority industry should be given some close scrutiny because in this case if we are performing at that level in terms of training we will obviously need to continue with something else as soon as possible. If we waited until the end of our contract, which at this point is April 2015, we will have about a six month dead period in training and it's very hard to sustain it at the level we need for some of the new companies that would like to do this training. By that point, they will be going into hiatus and now they'll have to wait until June or July to do training for those companies, so we are really looking at a year of dead time for Studio Arts. I did want to give accolades to staff, seriously speaking, the regional office managers representing all the different contracts, what they all have in common is they have a regional office doing all the hard work to bring these contracts here. If we had any cuts in administrative funding, staff at regional offices and in Sacramento, it would be devastating. I'm not sure that Mr. Duscha was talking about staff cuts, I believe he was referring to administrative cuts for the administration we enjoy on MECs which is at 8% of the budget; I would be supportive of that, because now I'll take the hit and staff up on my own, but I don't think we should be cutting into any administrative budget for ETP staff.

Barry Maleki, Westech College
We offer computer aided design and design building information modeling and we usually come back to the Panel every two years. This time for two reasons we are back earlier. The economy is improving and we see many people who want to get high tech training to keep their jobs and for companies that can expand. We were also encouraged almost a year ago, to expand our operation and open another training site in Los Angeles. Before then, we had two training sites, in Fontana serving Riverside and San Bernardino Counties and in Irvine serving Orange County. Once we came to Los Angeles, we discovered it's a huge market and were inundated with so many companies to do the training, so we used our money more quickly than usual, that is the reason we are here. For us, we'd like to keep moving, I think for us to take a cut and keep training on schedule, because we have many people waiting to train, we cannot promise then we are going to start, we want to start as soon as possible.

Michael Jester, Strategic Business Solutions
I also was on the list of people that Steve was about to read and I do agree with most everything he included in his recommendation but I have some other interest too, being from the Central Valley. I think that document and much of today represents an amazing lobbying effort by the MECs. I however, am a single employer consultant, and so I think we need to be heard as well. I feel somewhat like the rest of the room are from a congressman from CA and I'm the congressman from Rhode Island, but we do also get one vote. On that subject, on the public comments submitted prior to the meeting, two consultants actually replied within the timeframe, not one. Mr. Rodriguez asked which comments he was referring to. Mr. Jester said the summary of public comments on funding priorities; I commented within the timeframe and I know I was in the timeframe because Elizabeth and Jill both corresponded with me regarding it. I'm not included in there and some of my comments are not in that table, so I'd like to discuss a few today. Mr. Broad said I apologize if your comments were inadvertently left out.

With regard to the fund, I completely would be in support of going back and getting another $10M in January or February. I don't know why a surplus of that amount needs to be carried in an employer paid fund; we pay it and the fund goes up every month. I would imagine whatever the prognostications are on that document; there is probably another $300,000 or $400,000 in there by now. I don't know why we would need $30M by the end of the year in that fund; I think we should get to use it if there is a demand for it. If the Government thinks that 5% is a good surplus, then so be it.

Small businesses in Plan B which is I assume the one we are going to use, but I sort of agree with the smaller businesses going to MECs except that in my area there really is no MEC to serve small businesses, so you've just excluded any small business under $30K in the Central Valley and I don't think that's a great idea. The other thing glaringly missing and I will start marketing to make sure there is a MEC by next year, because that will likely be part of the priorities next year. With tagging everything with job creation, I think job creation is really subjective. That plan excludes the high unemployment areas of the state. Two of the Panel members got my response and hopefully read it; I couldn't send it to the full Panel because of Open Meeting requirements. High unemployment areas of the state, I represent at least 70% of them in my territory, are going to be excluded here. Job creation can be manufactured; I don't think that job creation is the way to go. I think it should be a factor and something with a lot of job creation should be considered. Mr. Broad said, let me stop you there; what you are suggesting is that people are defrauding our program by saying something is job creation when it's not. Mr. Jester said I'm saying there are many ways to frame job creation, I'm not saying it's done; I'm saying it could be. Mr. Broad said well if you are not creating a new job and you are calling it job creation that would be fraud. Mr. Jester said well job creation is also speculative. Mr. Duscha said no, excuse me; job creation as defined by this Panel is a new-hire, can be a new-hire for turnover, there's no requirement in your rules that there be an expansion of employment. Mr. Jester said it could be replacing a retiring employee.

Mr. Broad said that is an issue that we should visit, if that's the case. I wasn't aware of that. Mr. Jester said yes, I mean 1,000 employee companies, I could theoretically because job creation is such a loose definition, I could say 100. Mr. Broad said that would mean your average fast food restaurant who is turning over oodles of teenagers at part-time minimum wage jobs, would be job creators; is that what you're saying, under our rules? Mr. Jester said yes, absolutely. Mr. Broad asked if we could bring that back for a change, is that rule? Ms. Reilly said the rule is that the date of hire must be no sooner than three months before the date of Panel approval or at any point in time during the term of contract with training. It all keys to the date of hire because that is what we can track at the end of the day, using the EDD wage database that is the thing we can track. Mr. Broad said we can't require someone to be a net increase in employment at that company? Ms. Reilly said we can look into ways to true that up, but right now the rule is date of hire, appearing three months before the date of Panel approval and any time during the term of the contract. Mr. Broad said I think when people talk about job creation; their general sense is that you are increasing the amount of employment at the company, not substituting one worker for another. Ms. Roberts said it is a net new-hire over a baseline. Mr. Broad said yes, exactly. Ms. Roberts said the new enterprise zone in CA is doing the same thing. Mr. Broad asked staff to come back to the Panel with how to fix that in the job creation definition. Mr. Rodriguez said Go-Biz has actually done an excellent job in requiring new employment. We are only doing it this way because of MECs and social security numbers in the EDD database. Mr. Broad thanked Mr. Jester for bringing that issue to his attention. Mr. Jester said my point is that shouldn't be the only thing. Job creation, a new job in Orange County or in San Jose, is that worth more than an unskilled fairly uneducated worker in Fresno County that gets wonderful training, increases their skill, improves their job position, and stays long term and off welfare. I think high unemployment areas should be included in the recommendations. I think the caps are too high. Mr. Rodriguez said in the original statute, it does say, about high unemployment areas as defined by labor market trends. And the Central Valley has always been and will continue to be a priority. Mr. Jester said but yet it's not included. Mr. Rodriguez said keep in mind what's already in law, and if our General Counsel has additional comment, we are welcome to it, but it's already in law. Mr. Jester said it is, but my point was just that it should be part of the consideration.

Mr. Broad said during the break someone mentioned to me anonymously that perhaps the fairest way to allocate an across-the-board equalizing of the pain would be to lower our training reimbursement rate by a certain amount. What do you think of that as an approach, is that fair? Mr. Jester said maybe but then you have some companies that would say it's not worth my dime to do this. $18 per hour when you are paying your employees more than that in some cases, and six months from now you may say you need more projects. Small business sure, they will eat that up because most of those people are making $10 to $12 per hour. With large employers, that could be a problem, particularly non-priority businesses.

Mr. Broad said again, it may be a question of how much they want to train their workers really, and presumably they would actually want to train them at some point, even if there was no state money and that's the idea. Mr. Jester said and many of them do, I'm just pointing out a potential.

Mr. Rodriguez said yes, but now you have me confused, because from San Joaquin County down to Fresno County, the wage differential compared to Los Angeles, San Diego and the Bay Area, is significant. So what the Chairman is proposing would still be attractive to employers in those regions. Mr. Jester said perhaps, but in marketing the product, I've found that sometimes $18 didn't go over well with some companies, which is a fact. I think the caps are too high still. I would propose lesser caps; I think $750,000 for single employers retraining in job creation is too much. I think $750,000 for the MECs is also too much, given the current financial condition, maybe $500,000 is better. Why not lower the caps and spread out the money; we are already talking about how many employers we are excluding under this program. I know part of what staff is going to come back with is that we can't service that many people; get more efficient; I have three different monitoring visits in the next two weeks where staff is coming and literally taking an entire day for three contracts that between all three of them, total less than $120,000. He asked why that can't be done via GoToMeeting and if they need to view training that can be done by a GoToMeeting with a webcam. We can scan and send the roster to Sacramento for review. Mr. Broad said well that's an internal management situation and it does go a little bit to an underlying issue, which is the way ETP is set up, the executive director, of course we have an acting executive director who is a civil servant. The executive director is an appointee of the Governor and it serves the Administration, not the Panel. The Panel is simply here to approve and disapprove proposals that are in front of us. We don't manage the internal operation of the Panel. Those sort of suggestions, which may be very good ones, are the sort of things you have to take up with the executive director literally, or the Administration, the Labor Secretary, and those all may be good ways of making our system more efficient, we just can't deal with it. Mr. Jester said I understand that, but I mean we give money every day to help businesses become more efficient and increase their capacities, and it seemed proper. I agree you can't do anything about it. Mr. Broad said I don't want anyone to think we are ignoring the internal management of the Panel when in fact; we are basically statutorily prohibited from being part of it. Mr. Jester said yes, those comments were meant to be constructive. Mr. Broad said okay, and well taken. Ms. McAloon said we do use GoToMeeting quite a bit, especially with the recent travel restrictions. Mr. Jester said high unemployment areas need to be a consideration and the small business in the Central Valley will be quite underserved if you hold that MEC requirement under $30K.

<u>Bob Lanter, Executive Director of the California Workforce Association</u>
I'm here to give accolades and I represent the local workforce investment boards throughout CA. I'm here to thank the Panel. I'm fairly new to my job and also new to the Panel meetings and MECs. I do not wish what you have in front of you on anybody. I've been sitting where you are sitting before, and the Panel has tough decisions to make. I'm here to thank the Panel on behalf of the local workforce investment system on our partnership and our MEC. Working together really has enabled us to get the local workforce investment boards to understand the value of ETP training and more importantly, how to leverage and braid that training within the WIA structure. Currently, WIA funding is only 4% of all employment and training funds received in CA. Our funds have been cut over 50% in the last ten years for the

state. Last year, our system however served over 60,000 businesses throughout the state and almost two million job seekers. So the resource that ETP offers is invaluable to the businesses we serve. Upgrade training, new-hire training, layoff aversion, are all vital business services offered through the local WIBs. Additionally, WIOA, the new Workforce Innovation and Opportunity Act, it reauthorizes the workforce investment act, will call for further business engagement, with accountability measures reported to both the state and the federal government. Allowing local WIBs to offer services through ETP funding, and through our MEC contract, is strategically brilliant on your point, in my opinion. Because very few WIBs have the capacity themselves, although there are a few, to do and have contracts for ETP. They would not be able to handle the administrative work that is required solely on their WIA funding, but it does enable them to include the services that you offer to businesses throughout CA. We support continuing funding of MEC contracts and support the ETP.

<u>Diane Ravnik, Division of Apprenticeship Standards</u>
Since my name and our agency were mentioned before, and since we have so many of our program sponsors here, I did want to endorse some of the comments of both Debra Chaplan and John Brauer, in particular. I will be more than glad to facilitate a visit to any of our apprenticeship programs for you. We in apprenticeship are big fans of learning by doing and seeing, so we would certainly facilitate that and welcome you. One of the points that Debra Chaplan made, I want to reemphasize, and that is most of the MECs are small businesses, so in serving most of our building trades programs, you are serving small businesses. I don't want to limit it to building trades though, because I do think manufacturing is another good example because we had as components as apprenticeship, we always have an educational component. The fact is that we can bring together multiple employers enough to comprise a full class at a local community college for adult education. Those are concepts I wanted you to be aware of that John mentioned, the concept of eliminating silos; Bob Lanter just mentioned the concept of braiding and leveraging funds, and that is more and more all of our agencies in our Labor Agency, and I want to nod to Brian McMahon who helps coordinate that. We are trying to coordinate and work more closely together and with allied agencies such as Go-Biz, our CA Community Colleges, so that is where we are moving. We want to partner more with ETP, but I think we need to think about braiding and leveraging funds because there are all these different pots out there. Apprenticeship has always had a very tiny pot of funding, and that is our educational funding for our RSI. So I want to acknowledge and thank this Panel for adding funding to our RSI which was cut back in 2007 when the economy tanked. Now that our economy is building up, your funding is crucial to our sustaining our programs because in 2007, our RSI funding was greatly reduced. So the fact that you are able to come in and help with that is incredibly valuable.

This year we are celebrating the 75th anniversary of apprenticeship in CA. Many of the program sponsors you see here have been in business almost that long. I mention that because I think that is a unique feature of our apprenticeship program sponsors. They are not committed for only one or two years because they have an immediate need to add several to their payroll. They are committed year after year, largely at their own expense, because that is their method of renewing their workforce generation after generation and that needs to be acknowledged. I want to hone in on a really important concept as you look at how to allocate your funding that Mr. Chair brought up, which is skin in the game. Our apprenticeship program sponsors basically have for years, totally on their own with this tiny bit of instructional funds, paid for the training on their own. The businesses find it in their business interest; this is how we are going to train our workers, build our workforce. Even though every employer pays into the ETP fund, I think it is an important concept that those that come here and ask for funds are willing to say yes, and I'm putting in 75% of the cost, or whatever percentage it is. There should absolutely be skin in the game and a financial commitment that is demonstrable in order to get funding here and then again, it can be leveraged throughout various funding sources.

I wanted to share with you an amazing development with respect to apprenticeship. It's the first time in 75 years. In the national scene, apprenticeship is getting attention that it has never received before. The President of the United States for the first time I think ever, mentioned apprenticeship in his State of the Union message. He sent Joe Biden around to do an investigation of all of the job training programs. The Vice President's report, which was entitled "Job Driven Training"; that is the catch word I think these days and I think it is what we are about in apprenticeship and what you are about in ETP. Its job driven and being responsive to the jobs that are out there. So his report came out the same day as the reauthorized WIA legislation. Both of those documents highlight and mention apprenticeship as we've never seen before, so we are delighted. There was an extensive study by the Center for American Progress that was actually issued just before the President's State of the Union message. Touting apprenticeship, saying it's so well used by employers throughout Europe and in other places, we need to do more of that in the United States. So it's a unique time for us. The last piece of this puzzle is that the Department of Labor has announced coming up this fall, probably shortly after the first of October, they will be putting out RFP's for $100M in American apprenticeship grants. It's not just grants, they are looking at the concept of leveraging and braiding funds, partnerships, sector strategies, many of the things we have done here in CA and set the groundwork for. So I am very interested in applying for those funds with our workforce partners and CWIB, and certainly I hope ETP will consider the possibility of partnering in that too. I think CA should both get the funds and the recognition for the kind of work we've been doing.

<u>Joe Cruz, California State Council of Laborers</u>
Just want to take a minute to commend this Panel and staff for their hard work in fostering economic growth in creating the training opportunities to promote a middle class, and those are just the folks that I represent. Folks who make up the middle class or want to break into that middle class, we understand that our skilled workforce is the backbone of our organization. We go to bat every day to promote safe workplaces, good wages, and training opportunities make these individuals better, and obviously gives them the chance to retire with a good benefit package, some economic stability for their families, and we are proud of the fact that we employ our veterans who come back from serving this country. We also employ individuals, who may have made some bad decisions, but we offer them opportunities and train them to be allowed to enter the workforce and that's something we are really proud of. We also hear from business leaders every day in our work, that we need a steady pipeline of good construction employees to help meet our state needs. We are seeing retirement rates within our industry that are really high so we have to sustain that workforce as we move forward, and we need these funds to supplement what our businesses and contractors already give. I do agree with the earlier comments that our organization and the businesses, we work with do give and provide a lot of financing to train our personnel and ETP's help obviously supplements that good work, and we commend you for that. Fortunately for us, the man hours are coming up in the construction industry due to public

works projects, high speed rail, water bond, we have to be able to provide a workforce to meet those needs for infrastructure for our state, not just to provide good paying jobs but to keep our state competitive, being one of the largest economies in the world. We can't waste these monies.

I'm here today for the first time with ETP and hearing the situation we are in with regards to funding. We all have a need and can all go to bat and say our needs should be number one, but obviously training workers in CA is a need we all have. We all should make an effort to fund and unfortunately there is not enough money to go around. We can't afford to waste this time and energy and resources on training for sake of training. ETP investments must provide and lead to good paying middle-class jobs that are here today and will be there tomorrow and apprenticeship in the construction crafts is right up that alley.

Karen Groseclose, Space Systems Loral
We design, build and launch satellites. I'm here because we are facing some big challenges in our future in the market and in the industry and we need to change the way we are doing business. Part of that is our training program and I'm here with Bill Brown and I've been working with him on the training program, so he will expand on that.

Bill Brown, Manex
We are working with Space Systems Loral in Palo Alto, they have 3,000 employees. The make satellites, one of each type, and facing much competitive pressure from offshore now. We had a job retention package in. It's to the Panel, but it's not on that list. We would like to add priority large manufacturing to that list, at least give it a shot to be reviewed. The multiplier in CA is typically three to five jobs for one manufacturing job. They have 3,000 well-paid employees. 15,000 jobs could be affected like NUMMI and I'd at least like to see if we can balance that, I know it's tough but I don't think we should exclude the large companies. There are not that many of them in CA anymore, and they pay taxes too; if we could put some funds in there to do that it would be great. We are going to talk to GO-Biz about a critical designation to this program because it is pretty significant to Silicon Valley to keep them here, and we just wanted to put that request before the Panel. Thank you all for your help over the years, it's good to be back, good to see Brian again and we appreciate your help.

Mr. Rodriguez said, I like consistency of the message skin in the game and share the pain.

John Twomey, Integrated Solutions
I've worked over the last 31 years for almost all of the types of entities that are here today. I want to compliment this Panel and the staff for all the hard work they've done. From an operational standpoint, it seems to me you've got a business plan from a number of different agencies, and you have to determine how much of which business plan you're willing to support. The agencies provide a huge service to the people in CA and to business, but the business plan is a key concept. The issue of having to come three to six months ahead of time in order to keep their business plan functioning, there's going to have to be some determination on your part as to how much of that you want to take care of. I think from an operational standpoint, if you take a look at all the people that come before you, and apply the same types of things that you've done with the single employer over the years - - just a few high points. Repeat contractors, how often can you come back, when can you come

back, what type of performance do you have to show. Mr. Rodriguez' issue of the blend of funds, if you have a single contractor that has got some other funds, you deal with that in a particular way. You might want to take a look at all the entities that come to you with all the employers they represent, and take a look at the same thing. Thank you again, I appreciate it, and keep the single employer in mind as much as you possibly can.

Ms. Roberts said, I work for PepsiCo and I'm in economic development, so I source training funds across the U.S. So for those folks that are here for the first time and thinking what is going on? Really, this is a great Panel, and if I wanted to equate from state to state, I work in 30 different states. To access training funds, CA is the best state. Not only because I sit on the Panel but because of the staff. Staff here is exceptional. I work with all these other states and CA has the best training program across the U.S. In talking with Steve, we were both working in Texas, and Steve said I'll never go back to Texas and I can tell you that Texas and New York are equivalent to CA as far as size and what they do, but believe me they cap it at $100,000 in New York and in Texas it only goes through community colleges; there are no single employers and they never pay the employer directly; so every state is different. Virginia caps it at $400 per employee. I could go state by state and tell you exactly what CA does better than any other state in the U.S. I wanted to let you know that ETP is a great program and CA is a great state to do business in.

Lee Edenfield, ADP
One consideration, maybe first time applicants should get a bump up in prioritization, if you've never applied before, that should be a consideration.

Kulbir Mayall said EDD, which prepared the fund condition statement, wanted me to stress the fact that this is a working document and it is not completed. In the past, we haven't had a need for funds being diverted to U.I. I mentioned earlier the previous two years of $40K and $50K, actually that is $4K and $5K.

Mr. Broad said, alright now here's what we're going to do. We are going to talk about what we've heard today and decide what we're going to do, what it's going to apply to, whether we're going to defer things or whatever, no decisions have been made structurally and then we're going to have a lunch break, okay? Now let me start by trying to set the table here, by saying, my take away from this morning. I found that many of the points made by people testifying were quite compelling, and I'm not convinced that the staff's proposal is the appropriate way to go forward at this point. I think it may be wise to consider some kind of an across-the-board distribution of the pain, if you will, that's allocated fairly across everyone. I mean we have, and as the MEC proponents have pointed out, we did cut their maximum in half from what it was, which was significant. I also think that the point is very well taken that we have to stop this rollercoaster approach that seems to have overtaken the culture here. I think a lot of that is due to something we haven't talked about today, but is the elephant in the room, and that is this computer thing that we're doing, and I think collectively the Panel has done a very bad job as an agency in calming the waters and not making people feel like they need to rush to put proposals in before the agency falls off the edge of the universe. That's kind of the sense that's happening here and I don't think it's warranted, it really isn't warranted. We really don't have that big of a problem, but what we've done I think is create a false sense of panic among our applicants, and it's very unfortunate and I am, maybe more than anyone else, I'm deeply apologetic for it because I've borne considerable brunt of criticism I think personally, for somehow being responsible for it. Whatever, that's why they pay us the big bucks; anyway, so with that said here is what my recommendation is. Believe me, Panel members you can disagree with it, we can do a million different things.

What I would propose that we do is that we go forward with today's Agenda as proposed, with the exception of funding the MEC proposals at half the funding level, allowing them to come back with an amendment for the second half after they've spent the first half, within four months of being done; four months seems to be doable for them. This is not a policy with respect to all MEC proposals in the future, it's these MEC proposals plus I would add San Bernardino, that we approved last month, that was within the three months that we funded at half level; they should be able to come back for an amendment as well.

I would then propose that either at a Panel, well I think it would need to be a Panel meeting hopefully in the month of September, that we will have another Panel meeting to talk about this and to try to reach a consensus about what the best way to move forward for the remainder of the FY, given the fact that after this month, the Panel staff informs me that they probably couldn't have another Panel meeting with a full package of proposals to approve, before perhaps early December or late November, and I hope for the earlier November date. So in September we can talk, so that essentially all future proposals can be guided by that. In the interim while we're considering something in September, the Panel should go forward, the Panel staff should go forward and continue to develop proposals because what we're really talking about here is some kind of across-the-board adjustment and I've heard many, many suggestions today from the quiet whispering to me at the break of why don't you, the fairest way to do it is to cut the reimbursement rate back for the training but don't tell anyone I told you, to Mr. Duscha's suggestion that we should just reduce the maximum, the caps by a certain percentage across the board, and there may be combinations of those but I do believe they should be fairly considered, but no class is going to be cut out. So the Panel staff does not need to stop developing proposals.

I also believe we definitely need to consider a way that we are metering these out over the course of the remainder of the FY; I think that point is well taken. We can't be in a situation where come November we approve the rest of everything and that's it. There's going to have to be some planning so that we have a Panel meeting every month, maybe every other month, until the new FY starts so there's some regularity to the process.

Finally, I would propose at the September meeting that we have a full-scale and honest discussion about what is going on with this computer thing, and what it really entails, and then if we need the Department of Information Technology that's in charge of this stuff to come over here and explain how it works because it's a mystery to me. Explain what's going on with this so that's it's transparent and clear, and what kind of a smooth transition we will have. Because the last thing I think that we need is a situation where there's some sense that the Panel is stopping functioning. It needs to function right up approving proposals and I don't care how we do it, until the day we do this computer switch over, and then when that day happens if we're dark for four days or whatever it is, that's it, and then it all starts up again and everybody needs to understand how that's going to go and how that's going to work, okay? That would be my suggestion. Applause from audience. Alright, anybody have comments on the Panel?

Ms. Roberts said no, other than you know I don't really know how the computer system is working either. I mean I thought it was actually going to start live in August and then I heard a rumor that wasn't going to happen now until next year so as Panel members we're kind of in the dark with all of this as well. So it's not something that we initiate, we don't get hands-on with the computer thing ourselves, so it's good for us to know what's going on with that as well. And then I think it's great if we could have an open forum again and hear about our constituents, our contractors, about their feeling about how we should kind of spread the rest of the funding across the rest of the FY. And as Barry mentioned, you know I don't like the rollercoaster. I don't like to fund, not fund; I like to see everything pretty consistent. Hey if we can get out of here by 11:30 in the morning I'm all for it; these long days, Barry says you know that's what we get paid for. For those who don't know, we don't get paid a lot, it's like $100 a day for every day we're here, so I'm willing to give that up as an incentive for the ten percent administration cost or whatever; so I agree with what the Chairman said, I think it's a great idea.

Mr. Broad said other Panel members? Alright, yes. Ms. McBride said I just want to make sure that I'm clear on your recommendation, is that we table or put aside Plans A and B. Mr. Broad said correct. Ms. McBride said we approve contracts today based on the recommendations, not on anything on A and B. Mr. Broad said correct. Ms. McBride said we resume in September to have a thoughtful, thorough discussion on going forward. Mr. Broad said, by that point it may be very clear that the bill has passed and that the Governor has signed the bill, or is about the sign the bill. Ms. McBride said, so we'll know what we really have to work with. Mr. Broad said, we'll know what we're really working with and we won't have to do a Plan A and a Plan B. Ms. McBride said no fussing over A or B. Mr. Broad said correct. Ms. McBride said, on some other C, D or F plan. Mr. Broad said exactly, I still think it could be very contentious. I don't mean contentious in the sense of nasty, but there could be significant disagreement as there was today, but I think what the staff should come back with, is various alternatives, and I would also like them to do it early. I would like everyone to have what the proposal is early enough so that they can comment and so no one feels like, gee, we just found out about it. So next week, the week after, as soon as possible, put it up there. I think there should be different alternatives and I don't mind if they bring back proposals of various types. I just don't think that there's a lot of support publicly for certain proposals, and I have some difficulty seeing us making these kinds of value choices. I think the statute makes these choices for us, we have Panel priorities, we've lived with them all these years, and this is a relatively minor problem actually. We have a significant amount of money, it's not unlimited, and we have a lot of demand and must deal with distributing the pain. So we really don't need to vote on anything today I don't believe. The staff will be directed to come back with a set of alternatives. They could have a Plan A, a Plan B, a Plan C, a Plan D; there's different ways of doing it or combinations. We'll have another discussion and if it takes all day to figure it out, we'll figure it out in September.

Mr. Broad said the first order of business before presenting proposals, is to approve the Consent Calendar; there is a motion and a second. We looked into the question posed earlier about the proposal under Consent Calendar, that was coming forward a year in advance, and that is not the case.

Mr. Broad asked for a motion to adopt Consent Calendar Items #1 through #25.

Arvinyl Laminates, LP	$48,464
Baja Designs Incorporated	$33,280
Brush Research Manufacturing Co., Inc.	$49,192
California Amforge Corporation	$54,054
Cork Supply USA, Inc.	$98,300
Dearden's	$172,500
Direct Marketing Partners	$34,320
Flextronics International USA, Inc.	$216,000
Gasket Specialties, Inc.	$49,764
John L. Sullivan Chevrolet, Inc.	$23,220
Lhoist North America of Arizona, Inc.	$64,152
Marmax Partners, Inc. dba Valley Motor Center	$47,740
Mr. C Manager, LLC	$91,080
Niagara Bottling, LLC	$236,000
Partners Trust Real Estate Brokerage & Acquisitions	$25,520
Quality Auto Craft, Inc.	$26,796
Riverbed Technology, Inc.	$133,750
Scaled Composites, LLC	$45,360
Tenergy Corporation	$48,464
The Crew Source, LLC	$7,800
The Warden's Office, Inc.	$22,968
Trinity Property Consultants, LLC	$92,800
Trinity Safety Company LLC	$49,962
Vanguard Electronics Company	$45,214
Watts Equipment Company	$47,300

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of Consent Calendar Items #1 through #25.

Motion carried, 6 – 0.

Mr. Broad said we will now move on to the single employer proposals. With regard to the six MECs, we will consider and vote on them as a whole. But we will begin with the single employer proposals at Tab #26.

IX. REVIEW AND ACTION ON PROPOSALS

<u>Single Employer Proposals</u>

PAMC, Ltd. dba Pacific Alliance Medical Center, Inc.

Gregg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for PAMC, Ltd. dba Pacific Alliance Medical Center, Inc., (PAMC), in the amount of $330,652. PAMC maintains a 24-hour urgent care and surgical services including bronchoscopy; gastroenterology; general surgery; neurosurgery; obstetrics; gynecology; ophthalmology; orthopedic surgery; otolaryngology; plastic surgery; and urology. Other services include intensive care, wound care, cardiopulmonary laboratory; clinical laboratory; acute rehabilitation; physical therapy; radiology; computed tomography scan; mammography and hyperbaric oxygen therapy. It also maintains an outpatient cardiac center and a downtown coordinated care center.

Mr. Griffin introduced Linda Lopez, Director of Human Resources.

Ms. Roberts said it's a great contract and you've done an excellent job in reaching the 100% mark. Of the 212 trainees under this proposal, are those new to your group, or are they the same group of employees under the active project? Ms. Lopez said probably 10% will be actually new jobs that we are creating and the remainder would be for that advanced training. We are one of the few hospitals in the area that actually bring in new grads, and we take them through a nine month training process. These nurses will be taking the place of some of our seasoned nurses that would like to go on to either critical care or either woman's services, which is another advanced area where we would use some of the funds for training.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for PAMC in the amount of $330,652.

Motion carried, 6 – 0.

Paramount Pictures Corporation

The Paramount Pictures Corporation Proposal was withdrawn from consideration.

Trader Joe's Company

Mr. Griffin presented a Proposal for Trader Joe's Company (TJC), in the amount of $624,000. TJC is a grocery retailer currently operating over 400 stores in 37 states, including 175 in California. The company sells a wide range of products including produce, dairy, grains, meats, pastries, frozen goods, vitamins and supplements, and beverages.

Mr. Griffin introduced Colleen Kelleher, Leadership Development Manager and Angela Seo, Tax Manager.

Mr. Broad asked in terms of the retail stores, how many separate stores are included in the training. Ms. Kelleher said 193 stores in CA are included. Mr. Broad asked if the training will take place at all of their CA stores, statewide.

Ms. Roberts asked if the employees will come to a central place to get trained or if they will be trained at each individual store. Ms. Kelleher said they recently promoted in April, over 1,000 employees to leadership positions, so they will all be coming to the Monrovia office for leadership development training.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for TJC in the amount of $624,000.

Motion carried, 6 – 0.

American Medical Response of Southern California

Diana Torres, Southern CA District Manager, presented a Proposal for American Medical Response of Southern California (AMR), in the amount of $529,600. AMR provides medical transport for local healthcare providers, hospitals and medical groups. The company operates approximately 575 emergency response vehicles equipped with state-of-the-art technology, including advanced radio communications, paging, and vehicle tracking systems, utilizing the GEAC dispatch system in California. Its services include Basic Life Support (BLS) transports for patients who do not require extra support or cardiac monitoring; advanced life support transports for patients who require a higher level of care during transport than BLS offers; critical care transports for patients who may have immediate life-threatening illnesses or injuries associated with single or multiple organ failure; and Neonatal Intensive Care Unit transports for high-risk and critically ill newborns, 24 hours a day, 7 days a week.

Mr. Torres introduced Shannon Marshall, Director of Clinical Services, West Region and Yuko Tsuchida, Senior Manager representing Think, LLP.

Ms. Roberts said thank you for coming, it's a great proposal, and your first time to ETP.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for AMR in the amount of $529,600.

Motion carried, 6 – 0.

Arlon Graphics LLC

Ms. Torres presented a Proposal for Arlon Graphics LLC (Arlon Graphics), in the amount of $279,450. Arlon Graphics is a cast-vinyl film manufacturer. The company formulates, casts, coats, converts, packages, and sells its products through its own distribution network to customers located worldwide. Products include visual impact for graphics, special laminates used as electrical insulators in motors and generator gaskets, weather stripping and window glazing, durable paper, thermal shields, adhesive systems for medical products, and film for solar connectors. In addition, Arlon Graphics has recently started manufacturing a new product line – vehicle wrap – in its production line.

Ms. Torres introduced Lynn Levoy, Director of Human Resources and Donna Bartlett, CEO of Spectra Consulting.

Mr. Broad said, so you have a current contract that we approved last fall, about a year ago? Ms. Levoy answered in the affirmative. Mr. Broad asked when they completed the training. Ms. Levoy said the training was completed in May. She said it was training for a new ERP system, so it was intense. Mr. Broad said he was trying to think through the question of how quickly you can come back, and this scenario does raise that question, because you have more than a year left on this contract term so it is something we need to consider, but not today with this proposal.

Ms. Roberts said I want to commend you for getting all your training done in such a short period of time. It's not an easy task to do and give you much credit for that, great job. Mr. Broad said and we don't want to punish our best companies either, but there is a question of the flow of our money and how often you can come back. We want first time applicants to come to ETP too.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Arlon Graphics in the amount of $279,450

Motion carried, 6 – 0.

Life Generations Healthcare LLC dba Generations Healthcare

Ms. Torres presented a Proposal for Life Generations Healthcare LLC dba Generations Healthcare (Generations), in the amount of $728,220. Generations operates 19 skilled nursing care facilities in California. The company specializes in post-hospital and transitional care for the sick, elderly and infirm. Generations provides nursing care; therapy services including physical, occupational, and speech; stroke and orthopedic rehabilitation; assisted living and memory care; and behavioral health care services. The company also provides outpatient rehabilitation; intravenous therapy; facilitates laboratory testing and X-ray; medication management; audiology services; physician, podiatrist, vision, and dental visits; as well as develops and implements various therapeutic recreational programs.

Ms. Torres introduced Merry Rogers, Director of Human Resources and William Parker, Consultant.

Mr. Broad said since you are a first time ETP contractor, and doing a substantial amount of training throughout the state. Do you believe you have the infrastructure in place to handle this amount of training? Ms. Rogers said because they have had such a commitment to training as a company over the years, they have a designated individual at each facility called a staff developer and that is their responsibility to keep track of things they have to do, because they are already mandated to train in specific areas, and they are surveyed on that. So yes, we have individuals committed to providing that infrastructure. Ms. Roberts said that is great to know and asked why they have not come to the Panel before for funding. Ms. Rogers said she is fairly new with the company, and knows ETP funds are available, and has not done this until now. When looking into the future, we determined the need for support in getting the training done.

ACTION: Ms. Roberts and Mr. Rendon seconded approval of the Proposal for Generations in the amount of $728,220.

Motion carried, 6 – 0.

Orora North America

Ms. Torres presented a Proposal for Orora North America (ONA), in the amount of $624,448. ONA manufactures corrugated paper products, packing material, janitorial products, shipping supplies and custom-built corrugated packaging and industrial packaging products. ONA sells its products to a variety of large and small industries and companies, including Hewlett Packard, Boeing and Unisys.

Ms. Torres introduced Erika Hernandez, Vice President of HR and Karen Merriman, Manager of Talent Development.

Ms. Roberts said, your last proposal was about $150,000 and you are now asking for almost five times as much as that. Do you have a different infrastructure to support that, because last time you earned about 80% and in these instances, we would normally right-size the amount? Ms. Merriman said that is a valid question, she is relatively new to the organization, and just celebrated her first year. She was brought in specifically to manage these programs and help the company take this to the next level. We recently brought in a new chief information officer, who is heading up the new ERP implementation plan. They have also brought in change management people and have a different commitment from the top down, to go through this major expansion. They have staff in place they didn't have before, and are working with CMTC with documentation needs and making sure we fulfill the level of the contract. Ms. Roberts asked if CMTC was their consultant in the past. Ms. Merriman said no, they were not.

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of the Proposal for ONA in the amount of $624,448.

Motion carried, 6 – 0.

Samsung Semiconductor, Inc. (presented out-of-order)

Mr. Chan presented a Proposal for Samsung Semiconductor, Inc. (SSI), in the amount of $745,480. SSI develops the new technology for device solutions through its research and development labs and sales and marketing teams. Products developed consist of devices for use in smartphones, sensors and Internet related products, and storage for cloud-based data centers. The products are used by Samsung's electronics, IT and mobile communications and consumer electronics divisions to develop cell phones or tablets. The products are also sold to customers, such as Apple and Dell, for use in their products. Additional customers consist of businesses with servers and enterprise or hard disk storage needs.

Mr. Chan noted a correction on the first page of the ETP 130. The total number of employees is 714; the number of U.S. employees is 857 and the number of worldwide employees is 857. There is a Productive Lab (PL) component in this proposal. They initially asked for 96 hours of PL for each of its new-hire engineers, as a standard for the company. However, per the Panel's policy, we reduced it to 60 hours per trainee, with the understanding they also agreed to train the other PL over 60 hours at their own cost.

Mr. Chan introduced Ricardo Samaniego, Tax Director and Bob Brennan, Senior Vice President of Memory Solutions Lab.

Mr. Broad asked why these companies have separate proposals for the Panel's purposes. Are they incorporated separately and wholly-owned subsidiaries of Samsung? Mr. Chan said yes, that is correct. Mr. Broad asked if either one of them are separately publicly traded. Mr.

Chan said no, they are not. Ms. Roberts asked if they all work out of the same building in San Jose. Mr. Samaniego said their sister company builds the Samsung phone, and what they do, is they make the chips that go inside the Samsung phone, Apple, and in other areas. Ms. Roberts said so which one are you, the information systems or the semiconductor? Mr. Samaniego said they are the semiconductor, who makes the chips.

Mr. Broad said let's say we were to consider both proposals as one Samsung company, would they be required to have a Substantial Contribution under our guidelines? Mr. Chan said no; Samsung had a contract with ETP over five years ago. Mr. Broad said so even if we treat them separately or together, they are separate entities and they are doing separate things, so even if we treated them as separate locations of the same company? Mr. Chan said right, all of the facilities are different, each are creating one major facility but they are separate, and then they have their own existing facilities they are training in, all separate, and report to the different entities.

Ms. Reilly said, I compared this to Orora which was incorporated in 2013, so it is its own separate business entity and we would not apply a SC because it's a new business entity. Mr. Broad asked if they are integrated in any way. The company representatives from both Samsung companies said they both just met today for the first time. Mr. Broad asked if the companies are serving each other, you have your own customers? Mr. Samaniego said we treat them like third-party and sell the chips to the people that make the phones. Mr. Broad said but is your only customer them? Mr. Samaniego said no, their customers are Apple, Samsung, their sister company; HP, and a couple others. Mr. Broad said I am satisfied for our purposes of SC that you are separate companies.

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of the Proposal for SSI in the amount of $745,480.

Motion carried, 6 – 0.

Samsung Information Systems America, Inc.

Creighton Chan, Manager of the Foster City Field Office, presented a Proposal for Samsung Information Systems America, Inc. (SISA), in the amount of $749,480. SISA is a subsidiary of Samsung Electronics Co. Ltd. SISA is headquartered in San Jose and engaged in researching emerging technology to create new business and develop core technology to enhance the competitiveness of Samsung products. The primary research areas of SISA include advanced software, interactive services, user experience, and emerging technologies.

Mr. Chan introduced Eugene Kim, Director and Jennifer (Hye-Won) Kim, Senior Financial Analyst.

Mr. Broad noted the amazing curriculum and said it's quite detailed.

Ms. Roberts said I'm glad you came back to the Panel, you are a great company, and we are happy you are here in CA.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for SISA in the amount of $749,480.

Motion carried, 6 – 0.

ConAgra Foods Packaged Foods Company, Inc.

Willie Atkinson, Manager of the Sacramento Field Office, presented a Proposal for ConAgra Foods Packaged Foods Company, Inc. (ConAgra), in the amount of $424,728. ConAgra is a large manufacturing corporation engaged in preparing, marketing, and distributing packaged foods throughout North America. There are two basic product groups: 1) products in the consumer foods group span a variety of categories (meals, entrees, condiments, sides, snacks, and desserts). They are packaged in frozen, refrigerated and shelf-stable temperature classes. Major brands include Chef Boyardee®, Health Choice®, Marie Callender's®, Orville Redenbacher's® and others. 2) the food and ingredients group produces commercially branded foods and ingredients, such as specialty potato products, milled grain ingredients, dehydrated vegetables and seasonings, and related items which are then sold to food processors under such brands as ConAgra Mills®, Lamb Weston®, Gilroy Foods® and others.

Mr. Atkinson introduced Leonard Warden, Continuous Improvement Manager and Karina Avila, HR Generalist.

Mr. Rodriguez asked where the representatives are based. Mr. Warden said he is based in Oakdale.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for ConAgra in the amount of $424,728.

Motion carried, 6 – 0.

Preferred Manufacturing Services Inc. dba Snowline Engineering

Mr. Atkinson presented a Proposal for Preferred Manufacturing Services Inc. dba Snowline Engineering (Snowline Engineering), in the amount of $49,946. Snowline Engineering operates as a machine and precision sheet metal fabrication shop. Their products are built to meet unique specifications for the designers of military aircraft, healthcare equipment and advanced robotics. Snowline Engineering's customer base includes, but is not limited to, Northrop Grumman, Lockheed Martin, Siemens Healthcare, Siemens Mobility and Schilling Robotics.

Mr. Atkinson introduced Dave Greenacre, General Manager and Sue Belcher, Office Manager.

Mr. Broad said the only reason you were not considered under the Consent Calendar, is because in your current contract, it looks like you are going to earn 100%. But in prior project earnings were 65% and 47%, which is why you are here. He asked what you did differently in your current contract that you did not do in the previous two proposals. Mr. Greenacre said they over-estimated in their first proposals, they have now hired HR consultants and they move people up from lower jobs to higher jobs now, and use them to help train those below them and have done a lot of one-on-one training.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for Snowline Engineering in the amount of $49,946.

Motion carried, 6 – 0.

Multiple Employer Proposals

Mr. Broad said we will now consider the six MECs that got held over from the last Panel meeting. We will take a vote on those six combined. The first proposal on the Agenda is not one of those six, and then we will consider the six. What I would like to do first though, is last month we approved the San Bernardino MEC at half of their proposed amount, and I think we'd like to treat them like we are going to treat the next six that were held over, and other MECs that come before us today. That is to allow them to come back for an amendment for the other half, but I think in order to do that we have to reconsider their proposal, since we already voted on it. So what I would request, is a motion to consider their proposal from last month, then we will reconsider it and make a motion to approve it at half, with the understanding that they can come back for an amendment when they are within four months of completing it.

Ms. Roberts asked for clarification; they can come back for an amendment, not within that three month window, correct? Otherwise they may have to wait a whole two years. Mr. Broad said yes, as soon as they have completed the training or they are within a Panel meeting. Ms. Reilly said: if I understand the question, you are asking if the San Bernardino MEC can come back for an amendment up to the cap? Yes, we can do that.

Mr. Broad asked if we have to reconsider it to take a vote. Ms. Reilly said you would reconsider it as an amendment. It would be a short ETP 130 proposal. Mr. Broad asked if the Panel is required to take a separate vote on San Bernardino now. Ms. Reilly said no, we could bring San Bernardino back at a later time, for action. Ms. Roberts said we just want to let them know they are also eligible.

Mr. Broad said let's move then, to Tab #37. Ms. Reilly said if you want, what you are saying is you are going to do this right now to consider this as an amendment, to bring them up to their original request as they were presented at the last Panel meeting, using that ETP 130, because they were in the term of the pocket? Mr. Broad said no, let's request they come back for the other half because we haven't made a decision on the three-month decision, so I don't want to impose that now without further discussion. Ms. Torres asked can I make another comment regarding the amendment. Can we also put in there for the sake of a caveat; they have already demonstrated the need for those additional funds, so they would not have to give us an additional 80% demand for the other half of the funding. Mr. Broad said right, we are doing what we have done many times, someone comes in with a high proposal amount, we think it's too much, so we say you have made an argument for the whole amount, but we will not fund it all now, and approve it for half and to come back for an amendment when they are ready for the second half. Ms. Torres said they have substantiated that demand already.

Winnie Ho with Enterprise U, asked: if the additional 50% amendment is granted, can that go to the existing job numbers? It might be an administrative question, instead of a Phase II separate job number. Ms. Reilly said yes, if you'll have the same trainees, then the additional funding can be approved from the start date of the contract. Ms. Torres said yes, we designed it that way. Mr. Broad said and I think that point is well taken that we are assuming they are prepared to train their employees and demonstrated the need in the original proposal.

Associated Builders and Contractors of Southern California, Inc. Merit Training Trust Fund

Mr. Griffin presented a Proposal for Associated Builders and Contractors of Southern California, Inc. Merit Training Trust Fund (ABC SoCal), in the amount of $338,604. ABC SoCal is a trades association that provides programs for those interested in entering or upgrading skills in plumbing, electrical, HVAC and sheet metal trade. The trust fund serves five apprenticeship programs: electrical, plumbing, sheet metal HVAC and electronics systems technician (voice, data, and video).

Mr. Griffin introduced Susan McNeil, President and CEO and Douglas Sawyer, Senior Vice President of Education.

Mr. Broad said since you are a new apprenticeship program for ETP, I have a couple of questions. You are obviously approved by the Division of Apprenticeship Standards and a registered apprenticeship program. Mr. Sawyer said yes, with the state and federal government with the Department of Labor. Mr. Broad asked for their graduation rate, because you have combined trades, and usually they are separated. It sounds like you cross electricians and plumbers. Mr. Sawyer said if you look at the last five years from CA statistics, for the electrical program they have a 49.54% rate, and the plumbing program has a 43.03%. Mr. Broad asked how that compares to the average in those two crafts. Mr. Sawyer said it is comparable to some. Mr. Broad said in other words, is the average graduation rate around that, lower or higher? Mr. Sawyer said it is around that. Mr. Broad asked staff if we have researched the graduation rate. Ms. Reilly said we checked this out as part of eligibility determination. At the top of page four, the DAS retention rate, we are not going into detail in this particular instance, but we are looking to ensure they are within 50% of the average for that trade.

Mr. Rodriguez said but you also do pipefitters, right? Mr. Sawyer said no, they have a plumbing program.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for ABC SoCal in the amount of $338,604.

Motion carried, 6 – 0.

Mr. Broad addressed the six MEC proposals for consideration, that were held over from last month's meeting: Tab #38 Glendale Community College Professional Development Center; Tab #39 Kern Community College District; Tab #42 Riviera, Inc. dba The Enterprise U; Tab #44 Studio Arts, Ltd.; Tab #45 Westech College; and Tab #46 Riverside Community College District, Office of Economic Development.

I'm going to ask staff to make a short presentation for all of the six MECs, and the representatives do not need to approach the podium, unless there are questions from the Panel. We will vote on a consolidated motion for all six MECs.

Glendale Community College Professional Development Center

Mr. Griffin presented a Proposal for Glendale Community College Professional Development Center (GCC), in the amount of $374,764. GCC provides customized, job-specific training for businesses and workers through its Professional Development Center. GCC has trained more than 36,000 workers from 4,800 Southern California employers during its 30-year history of funding through ETP, of which 82% were small business employers and 96% were Panel-recognized priority industries.

Kern Community College District

Mr. Griffin presented a Proposal for Kern Community College District (KCCD), in the amount of $374,434. KCCD serves Kern, Tulare, Inyo, Mono and San Bernardino Counties, making it one of the largest districts in the United States. In addition to classes held on campus, KCCD offers localized instruction through educational centers in Delano, Bakersfield, Bishop, Mammoth Lakes, Lake Isabella, and Edwards Air Force Base.

Riviera, Inc. dba The Enterprise U

Mr. Griffin presented a Proposal for Riviera, Inc. dba The Enterprise U (The Enterprise U), in the amount of $205,300. The Enterprise U was founded to help companies, governments, and individuals acquire and sustain a competitive advantage through learning. The company provides training services, consulting, coaching, and software solutions to clients in the industries of manufacturing, entertainment, technology, logistics, and biotechnology.

Mr. Broad asked if this proposal was originally higher, at double that amount. Ms. Ho it was reduced by 50%.

Studio Arts, Ltd.

Mr. Griffin presented a Proposal for Studio Arts, Ltd. (Studio Arts), in the amount of $374,374. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television, and post-production industries located in Los Angeles. The school serves motion picture and television production, visual effects, game, production design, mobile entertainment and online gaming, set design, prop-making, and model-making companies in Southern CA.

Westech College

Mr. Griffin presented a Proposal for Westech College (Westech), in the amount of $374,367. Westech is a private vocational institution headquartered in the city of Fontana. Westech provides training programs on the latest computer software utilized in the construction, architectural, manufacturing and engineering industries.

Riverside Community College District, Office of Economic Development

Ms. Torres presented a Proposal for Riverside Community College District, Office of Economic Development (Riverside CCD), in the amount of $374,800. Riverside CCD is comprised of three colleges: Moreno Valley College; Norco College; and Riverside City College. Riverside CCD's Office of Economic Development (OED) and customized training solutions department is the administrative and industry-serving arm that creates and markets specialized, customized training to businesses for Riverside CCD.

Mr. Broad made a motion to approve all six MECs presented, with the caveat they can come back and return for the second half, on what is being approved today. They can come back through an amendment, and ask for the other half, when they have billed for 100% of the training completed? What is the trigger? Ms. Torres said typically as a benchmark, we ask for 70% of the training hours. In other words, if it's $300,000, that 70% has already been tracked as a potential earning and it is because all of these are retraining contracts and not new-hires. So although they train in cycles, some people come back for training, and so they don't typically do all the billing until the very end of the agreement. Mr. Broad asked if this is a written policy we have. Ms. Torres said it's a benchmark so that we are consistent, because not every animal is the same, so it's a benchmark that we use. Mr. Broad said I want to express it in the form of a motion, that they can come back and want them to follow the usual benchmark; I don't know how to express this as a motion. Can I say when they've completed 70%? Ms. Torres said 70% of the awarded funding. Mr. Broad said when they have completed 70% of the awarded funding; they can come back for the other half.

Mr. Huelsman with Studio Arts asked if that is based on training hours alone or is that based on a budget, because we are forgetting about the 8% of admin that is always into the amount that you are awarding. Ms. Torres said we take the total agreement amount, yes. Mr. Huelsman said okay, thank you.

Mr. Rodriguez asked if that has always been operational. Ms. Torres said yes, it's a little different for new-hires; I do want to say that because with new-hires of course we don't know if they are going to have a job at the end and we want to make sure they don't get themselves in a pay-back situation. So if you were to have a new-hire agreement, and you will hear one later, we do look for completion of retention and placement of a job and we use a different threshold for that. Mr. Broad said okay, I don't think we need to change these standards. Mr. Rodriguez asked if the Panel needs to take a vote, or do we just maintain the standards? Mr. Broad said, if we don't tell them that they can come back for the other half, then they have to reapply again like a new contract, rather than come back as an amendment. Ms. Reilly said they would typically be allowed to come back as an amendment, and depending on what is decided at the September planning session, it would come up to the cap. Given this unusual circumstance, I wouldn't even say that you have to show performance because you're only going to have a month, so you'd come back and could move up to the cap that the Panel decides to set for MECs in this FY if it changes at all. Mr. Broad said but they didn't all ask for the cap though. Ms. Reilly said right, whatever their original was, which was a right-size proposal if it was under the cap. Mr. Broad said okay, so they can come back under the usual standard of 70%, provided they are a retraining proposal, these six MECs, and we will deal with the other MECs separately. Ms. Reilly said and 70% is on their active agreement.

ACTION: Mr. Broad moved and Mr. Rodriguez seconded approval of the following six MEC proposals, with the understanding that when they have completed 70% of the awarded funding, they can return by way of an amendment for the other half.

1)	Tab #38 Glendale Community College Professional Development Center	$374,764
2)	Tab #39 Kern Community College District	$374,434
3)	Tab #42 Riviera, Inc. dba The Enterprise U	$205,300
4)	Tab #44 Studio Arts, Ltd.	$374,374
5)	Tab #45 Westech College	$374,367
6)	Tab #46 Riverside Community College District, Office of Economic Development	$374,800

Motion carried, 6 – 0.

Laborers Training and Retraining Trust Fund for Southern California

Mr. Griffin presented a Proposal for Laborers Training and Retraining Trust Fund for Southern California (SoCal Laborers), in the amount of $358,704. SoCal Laborers provides multi-site training for journeymen and apprentices in various construction fields throughout Central and Southern California.

Mr. Griffin introduced Joe Cruz, Coordinator, California State Council of Laborers and John Brauer and Jan Borunda representing the California Labor Federation.

Mr. Cruz provided an update of the current contract that is set to expire on 10/7/2014. The applicant has submitted 200% of the training hours, which has been uploaded to the ETP website, 81% of trainees have completed training, and 45% of the trainees have been retained. As of today, all training hours have been uploaded to ETP, 94% of trainees have completed retention, 6% are in retention and we have a very robust 83% graduation rate. Mr. Broad said thank you, very good.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for SoCal Laborers in the amount of $358,704.

Motion carried, 6 – 0.

Los Angeles Pacific College

Mr. Griffin presented a Proposal for Los Angeles Pacific College (LAPC), in the amount of $95,471. LAPC is a private vocational training facility providing occupational skills to individuals seeking new or enhanced employment. LAPC is approved by the Bureau for Private Postsecondary Education (BPPE) and Department of Veterans Affairs, and has authorization from the United States Immigration and Customs Enforcement to enroll foreign students.

Mr. Griffin introduced Mary Yoon, President.

Ms. Roberts asked about the 65% performance on their last agreement. Ms. Yoon said yes, we are very aware of that. We are aware that LAPC has now utilized all the budgeted funds for the ETP training because when we originally requested the budget, we were not aware of a new federal law, called the Accreditation of English Language Training Programs Act. The new law was unexpected and the process took two and a half to three years to get accreditation and we put all of our effort and time into it. We had to do it because we were not able to accept any more international students with English as a second language if we were not approved under this new law. Ms. Roberts said I see, so affecting all of the training that you had planned, you had to do the accreditation program instead? Ms. Yoon said yes. Ms. Roberts said so you have right-sized this agreement down from $150,000 to $95,471. Ms. Yoon said that is correct. Ms. Roberts said so the accreditation is now complete? Ms. Yoon said yes, it is completed and approved by an accreditation agency and set to go.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for LAPC in the amount of $95,471.

Motion carried, 6 – 0.

Southern California Resilient Floor & Decorative Covering Crafts Joint Apprenticeship Training Committee

Mr. Griffin presented a Proposal for Southern California Resilient Floor & Decorative Covering Crafts Joint Apprenticeship Training Committee (Flooring JATC), in the amount of $196,972. The Flooring JATC is a non-profit training organization dedicated to providing better job opportunities, up-to-date industry skills, and more secure employment for its members. It is a joint labor-management committee representing the floor covering industry throughout Southern CA, administered by a board of trustees made up of four labor and four management members.

Mr. Griffin introduced David Romero, Training Coordinator.

Mr. Broad asked the representative to address the prior performance issue. Mr. Romero said as of now, 80% of their hours have been uploaded. Mr. Broad said that is great and obviously we want you to earn all of the money. Ms. Roberts said and it does look like the amount of this proposal is less than the last one, so they obviously right-sized it based on your performance.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Flooring JATC in the amount of $196,972.

Motion carried, 6 – 0.

Urban Corps of San Diego County Charter School

Ms. Torres presented a Proposal for Urban Corps of San Diego County Charter School (Urban Corps), in the amount of $165,960. Urban Corps is a charter school that offers participants an accelerated WASC accredited high school diploma program, job training, and complete career and support services, including case management, career and psychological counseling, certified training programs, life skills, vocational coursework and job placement services.

Ms. Torres introduced Dan Thomas, Dean of Education.

There were no questions from the Panel.

ACTION: Mr. Broad moved and Ms. Fernandez seconded approval of the Proposal for Urban Corps in the amount of $165,960.

Motion carried, 6 – 0.

District Council 16 Northern California Journeymen and Apprentice Training Trust Fund

Mr. Chan presented a Proposal for District Council 16 Northern California Journeymen and Apprentice Training Trust Fund (DC16 JATTF), in the amount of $445,172. DC16 JATTF provides funding for three separate apprenticeship programs for these four trades. Each is registered with the Division of Apprenticeship Standards. 1) Northern California Floor Covering JATC; 2) Northern California District 16 Glaziers, Architectural Metal and Glass Workers JATC; and 3) Painter & Decorating JATC of the Bay Area, Inc. The Painter & Decorating JATC is one sponsor covering two programs for the allied occupations of Painters & Decorators and Tapers.

Mr. Chan introduced Mark Watchers, Executive Director and John Brauer and Jan Borunda representing the California Labor Federation.

Mr. Broad said it appears that in the prior proposal they are going to earn 99% of the money, but that's only for the Glaziers, correct? Mr. Chan said that is a misprint; it is for drywall, glaziers, painters and floor coverers. Mr. Broad said but they are going to earn 99%, which is great.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for DC16 JATTF in the amount of $445,172.

Motion carried, 6 – 0.

Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Committee

Mr. Chan presented a Proposal for Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Committee (Nor Cal Laborers

JATC), in the amount of $269,744. In 1995, Northern California District Council of Laborers (representing labor) and the California Chapter and Central California Chapter of the Associated General Contractors of America (representing employers) created the Nor Cal Laborers JATC. Today this joint labor-management fund is made up of nine Northern California Laborers Union Locals (73, 166, 185, 270, 294, 304, 324 and 1130), representing 25,490 journeymen and 1,322 apprentices who work as construction craft laborers.

Mr. Chan said JATC representatives report that all training was completed on July 6, 2014; trainees are currently in the retention period; and the project administrators are entering the CEAN numbers and the hours for those trainees. The projection is they will get final earnings of 91% based on the training hours and retention to be completed by October 6, 2014. He noted that the California Labor Federation and Strategic Workforce Communications developed this proposal at no cost to the JATC.

Mr. Chan introduced Jeff Armstrong, Director of Apprenticeship and John Brauer and Jan Borunda representing the California Labor Federation.

Mr. Armstrong said they have had a very successful program in the past couple of years and they have a graduation rate of 78%. Mr. Rodriguez asked where the actual training being done. Mr. Armstrong said the training will be done in San Ramon, where their headquarters is located. They do some mobile training when requested, in outlying areas anywhere from Redding to Fresno.

Mr. Broad asked if on this proposal and the others, if we are following a class of students through time or are we doing the second year with different students? Are we following the same people through their apprenticeship or are we training different people? Kelly Greer representing Strategy said we would love that but with the ETP funding that is not possible. For instance one of the groups today has 100 new apprentices. What we do is, they tell us which ones are coming in and you are funding maybe 90 apprentices and they may have 200, so they tell us which of those 90 or 110 they want us to follow. Mr. Broad said so when we do a follow-up one, let’s say contract number 2, does that include the same 90 people in the next part of their training? Ms. Greer said no, it’s not. Mr. Brauer said no, that is part of why we want to have that larger discussion with you all frankly, a system that can do that. Mr. Rodriguez said so basically you are counting seats? Ms. Greer said yes, and what happens is some of them come in, in bulk and they move in packs. They might do all 40 hours in one week, some JATCs will spread those 40 hours out over a whole semester, other JATCs won’t have their folks move in packs and they show up when the can, so it really depends on the JATC and the different training models. Mr. Brauer said it depends on the training model and those factors are the nature of the work, weather, or demand on the work projected, so in no uniform way.

Ms. Reilly said to answer your question Mr. Broad; we amended the apprenticeship pilot about a year ago, so that we can follow an apprentice throughout every year of the training, starting in year two. We do not accept year one because of the high drop-out and the problem with retention in year one. Year two, three, or how many years they are in the program. Now, the fact is, it is during the term of the contract; yes, they do go in and out of classroom training and sometimes it’s done in a bulk of two weeks’ time and sometimes it’s spread out. We also have the journeymen possibility; you’ll see journeymen job numbers even after graduation and certification, to come back for training as journeymen. Mr. Broad said right, but we haven't done that yet because we don't have the money. Ms. Greer said no, DC16 has about 1,600 apprentices and Mr. Armstrong said they have 1,400 apprentices, so there is no way with the funding we are receiving. Everyone is very grateful for the funding, but there is no way to following someone completely through their program.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for Nor Cal Laborers JATC in the amount of $269,744.

Motion carried, 6 – 0.

San Mateo County Electrical Joint Apprenticeship Training Committee

Mr. Chan presented a Proposal for San Mateo County Electrical Joint Apprenticeship Training Committee (SMJATC), in the amount of $257,994. SMJATC is a non-profit training organization dedicated to providing up-to-date industry skills training and secure high-quality job opportunities for its members. SMJATC is governed by a Board of Trustees comprised of four labor and four management representatives, and is a joint effort of the International Brotherhood of Electrical Workers (IBEW) Local 617 and the National Electrical Contractors Association (NECA).

Mr. Chan said the JATC reports as a result of the ETP funding, it graduated 16 apprentices in 2013 and expects 18 apprentices will graduate in 2014; this is a five-year program. Based on the reimbursable hours that have been tracked, they anticipate 100% performance.

Mr. Chan introduced John Robins, Senior Instructor, and John Brauer and Jan Borunda representing the California Labor Federation.

Mr. Robins said at the time the application as submitted, we had 100% of the training hours uploaded and 100% of completed training and now have 100% completed retention.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for SMATC in the amount of $257,994.

Motion carried, 6 – 0.

Mr. Brauer said for your edification, this is one JATC that doesn't receive any RSI funding as part of this, so you understand the range of the support that they all get.

Central Valley Mother Lode Plumbers, Pipe and Refrigeration Fitters Joint Apprenticeship Training Committee

Mr. Atkinson presented a Proposal for the Central Valley Mother Lode Plumbers, Pipe and Refrigeration Fitters Joint Apprenticeship Training Committee (Central Valley JATC), in the amount of $231,140. Central Valley JATC was established in 1955 and in 1997; Local 492 (Stockton) and Local 437 (Modesto) created the Plumbers, Pipe and Refrigeration Fitters Local Union 442. This is a five-year apprenticeship program. The JATC is responsible for training over 307 journeymen and over 73 apprentice (13 graduated in 2013) workers to ensure that union plumber, pipe and refrigeration fitters have the skills, knowledge and experience necessary to build and service commercial and residential buildings.

Mr. Atkinson said the active agreement currently has 14,821 reimbursable hours tracked in the ETP system, for potential earnings of $213,644 or 90% of the approved amount. The contractor is within the last 90-days of the end term date of agreement, it has completed all training and will complete the remainder of retention by the end term date of agreement.

Mr. Atkinson introduced Greg Vincelet, Training Director and Jan Borunda representing the California Labor Federation.

Mr. Vincelet said we have three months remaining on this contract, which is up on October 7, 2014. At the time the application was submitted, 97.85% of the training hours had been uploaded to ETP and over 27% of the trainees retained. As of today, over 100% of the training hours have been uploaded to the ETP site and 100% of the trainees are in retention or have completed retention. Earned to date is $72,000 and the retention to be confirmed, is $164,000 with 100% performance. Our graduation rate is 87%.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Central Valley JATC in the amount of $231,140.

Motion carried, 6 – 0.

Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee

Mr. Atkinson presented a Proposal for Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee (Sac Electrical JATC), in the amount of $335,200. Sac Electrical JATC is dedicated to providing up-to-date industry skills that lead to high-quality job opportunities. Sac Electrical JATC is governed by a Board of Trustees comprised of four labor and four management representatives, and is a joint effort of the International Brotherhood of Electrical Workers (IBEW) Local 340 and the National Electrical Contractors Association (NECA). San Electrical JATC currently serves approximately 123 apprentices and 1,000 journeymen.

Mr. Atkinson said the current active contract will be ending October 31, 2014. Based on information entered on the ETP system of training delivered, it has potential earnings of $311,333, which is 94% of the contract approved amount. The contractor projects final earnings to be 100%. The journeymen program training plan includes commercial skills, business skills, computer skills and OSHA 10/30 training. The average retention rate for Sac Electrical JATC for the three years, 2009-2012, was 72.8%, which exceeds the electrical industry average of 65.1%.

Mr. Atkinson presented Dennis Morin, Training Director and Jan Borunda, representing the California Labor Federation.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Sac Electrical JATC in the amount of $335,200.

Motion carried, 5 – 0. (Mr. Rodriguez was not present for the vote)

Western Electrical Contractors Association, Inc.

Mr. Atkinson presented a Proposal for Western Electrical Contractors Association, Inc. (WECA), in the amount of $224,624. WECA is a statewide nonprofit organization serving independent merit shop electrical contractors, their employees and the electrical industry. WECA is a Unilateral Apprenticeship Committee which is a Trust formed and funded by the membership of employers to provide Division of Apprenticeship Standards approved training. WECA offers federal and state approved commercial, residential, and voice-data-video apprenticeship programs as well as continuing education courses, exam prep, and a state-approved electrical training program. The five-year program was created by and is governed by a Unilateral Apprenticeship & Training Committee. Industry needs are jointly determined by the committee, their staff and members of the association.

Mr. Atkinson said the completion rate for WECA and apprentices in the five-year period of 2008-2012, was 49.885%, as compared to overall industry averages of 66.1% according to DAS records. The gap of some 17% is explained by WECA as follows: WECA has strict compliance standards and if the apprentice does not adhere, the apprenticeship is terminated. In addition, the downturn in the construction industry caused some apprentices to leave the program and find work in other areas. These terminations and voluntary quits resulted in lower graduation rates. WECA works closely with DAS and has no expanding retention issues.

Mr. Atkinson pointed out on page two of the ETP130, in the introduction it states they will train inside wiremen, residential wiremen or sound and communication technicians. This proposal is only for their inside wireman and they also have a separate residential wireman and sound and communications technician program that is not going to be funded under this proposal.

Mr. Atkinson presented Christine Hall, Operations Director.

Ms. Hall said we closed out our first contract with 100% funding so we are really grateful for the opportunity to have a second contract.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for WECA in the amount of $224,624.

Motion carried, 6 – 0.

Ms. Roberts said I'd like to make a statement around all of the apprenticeship programs. You have done an excellent job, started off a little shaky, but almost everyone is now at 100% performance today. We funded almost $1.5M with all of the apprenticeship programs, so I'd like to say based on the commentary this morning around apprenticeship programs, there is definitely much value here so we will obviously look at that very diligently.

Mr. Rendon departed the meeting at 3:14 p.m. and was not present for the remainder of votes.

<u>Amendments</u>

J & R Film Co., Inc. dba Moviola Digital Arts Institute

Mr. Griffin presented an Amendment for J & R Film Co., Inc. dba Moviola Digital Arts Institute (Moviola), in the amount of $210,168. Moviola is a private, for-profit training and educational center. In September 1998, Moviola opened its state-of-the-art facility, engineered to merge the latest advances in digital projection and sound design with the latest hardware and software technology. Moviola caters primarily to businesses in the priority multimedia/entertainment industry sector in the Hollywood area, but also has clients throughout the State. It provides training for employers from several areas of the entertainment industry: production, post-production, technical support, consulting, distribution, news, advertising, new media and equipment sales and rental.

Mr. Griffin introduced Jim Turner, Training Operations Manager.

Mr. Broad said they earned 82% of $210,000, is that correct? Mr. Griffin said yes, that is correct. Mr. Broad asked how many times a company gets to amend a proposal and wouldn't this proposal be right-sized if they earned 82%? Why are they getting more in this proposal then in the previous proposal? Ms. Reilly said, if they are over the 70% threshold we don't reduce the proposal amount, it's a 70% threshold. If it's over 70% we right-size them to the training need and if they are under 70% we right-size them to earnings or performance; of course this is an amendment to the existing agreement. Mr. Broad asked how many amendments are you allowed before you are supposed to come back and start again. Ms. Reilly said the amendments are governed by how much time you have left in your term because you've got to stop training and get into retention for all of your trainees. This particular MEC came in very low initially, under the caps as they existed then and they are still under the caps as they exist today. I suppose the presenter can speak as to why they came in so low initially. Mr. Broad said I'm not so concerned about that, I'm more concerned about the performance and giving them another $210,000 when they are going to earn far less than that in the current contract. Ms. Reilly said as far as I understand it, this is for the same trainees because of new versioning of the software program.

Mr. Broad asked the representative for an explanation as to why they are not earning 100% and shouldn't we right-size this proposal down to what you will earn. Mr. Turner said we will be at, our contract term isn't until a year from now, and will be at 100% probably next month or October at the latest. Mr. Broad said okay, so you are projected to earn 100% and now you are training the same students in something different? Mr. Turner said some are the same but some are also new. Mr. Broad asked with the students you already trained, they are receiving different training? Mr. Turner said yes, different software, different equipment, and there is a lot of different equipment and software used in the industry.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Amendment for Moviola in the amount of $210,168.

Motion carried, 5 – 0.

Northern California Surveyors Joint Apprenticeship Committee

Mr. Chan presented an Amendment for Northern California Surveyors Joint Apprenticeship Committee (NCSJAC), in the amount of $118,866. NCSJAC is a labor-management committee by the Operating Engineers Local Union 3 and the California and Nevada Civil Engineers and Land Surveyors Association, Inc. NCSJAC serves 46 Northern California counties from the Oregon border down to and including Fresno. There are approximately 73 participating employers and 600 union members served by NCSJAC.

Mr. Chan said they were right-sized when it was approved in October 2013 due to low performance on a previous contract. Therefore, the Panel invited NCSJAC to return for additional funds, based on improved performance, which has been proven. The tracking shows 65 apprentice trainees have completed a total of 3,324 hours of training, more than enough to earn 100% of the agreement amount for job number one. So they are coming back to increase the average training hours in job number one from 71 to 110 as they identified more need for training, therefore increasing the cost per trainee in job number one from $1,001 to $1,529. They have also added job number three, which would consist of 68 new trainees. Therefore, the agreement total will increase from $59,978 to $178,844.

Mr. Chan introduced Lisa Clark, Grant Program Manager and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Amendment for NCSJAC in the amount of $118,866.

Motion carried, 5 – 0.

PUBLIC COMMENTS

Steve Duscha said thank you very much Mr. Chair, for everything today.

Kim Holland with Glendale College, said thank you all for having this discussion today and we truly appreciate it. We feel you have listened and we appreciate that. She said she was the person that suggested cutting the fixed fees across-the-board to Steve. I want to say we support that and we ask our employers to make a contribution towards the training now. We feel it places more value on the training and Kern and Riverside discussed it and support it as well. Thank you.

Mr. Broad said the plan is to have a September strategic planning meeting only, although we will be able to vote to make decisions going forward. We will cancel the October Panel meeting and hold a November 14 Panel meeting for all purposes, to consider proposals and then re-assess, at that point, when we will be meeting next. The intention is to meet regularly throughout the rest of the FY to try to hand the money out in some incremental basis so that we don’t run out all at once.

Mr. Rodriguez suggested a Webinar meeting in September. Ms. Roberts said, so no proposals will be presented in September, is that correct? Mr. Broad said no, there won't be any proposals for presentation except for possibly San Bernardino. Ms. Reilly said you could take San Bernardino if you choose to. She said if the Panel is going to act on a strategic plan going forward, it has to be under the Open Meeting Act and it would have to be noticed as such. The remote access, from which the Panel members participate, would have to be open to the public, as this room is. So we could do that; we were actually anticipating just having the September Panel meeting so that everyone is here and considers the strategic plan with the opportunity to make public comment. Mr. Broad said technology is often a problem so he suggested a regular Panel meeting. If somebody can figure out a place let's say where people in Southern CA could gather to watch it and interact, that is no problem, but let's make sure we can do that and it is legal. We are taking that suggestion under advisement Mr. Rodriguez, and that may or may not happen.

X. MEETING ADJOURNMENT

ACTION: Ms. McBride moved and Ms. Roberts seconded meeting adjournment at 3:23 p.m.

Motion carried, 5 – 0.