



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

New City Hall  
Council Chambers, 1<sup>st</sup> Floor  
915 "I" Street  
Sacramento, CA 95814  
November 16, 2012

**PANEL MEMBERS**

Barry Broad  
Chair

Carol Farris  
Member

Sonia Fernandez  
Member

Michael Hart  
Member

Janine Montoya  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

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**

Barry Broad, Panel Chair, called the meeting to order at 9:35 a.m.

**II. ROLL CALL**

Present

Barry Broad  
Sonia Fernandez  
Michael Hart  
Janine Montoya  
Janice Roberts  
Sam Rodriguez (arrived after initial roll call)

Absent

Carol Farris  
Edward Rendon

Executive Staff Present

Jill McAloon, Acting Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

Mr. Broad asked to move Tab #11, Nestle Dreyer's Ice Cream Company, to first position for presentation due to travel issues.

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

Motion carried, 5 – 0.

**IV. MINUTES**

ACTION: Ms. Roberts moved and Mr. Hart seconded the motion that the Panel approve the Minutes from the October 19, 2012 meeting.

Motion carried, 6 – 0.

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

Jill McAloon, Acting Executive Director, said today we have our standard mix of both single and multiple employer projects. She said two of the regional office managers are present, Creighton Chan, Manager of the Foster City Field Office and Rosa Hernandez, Manager of the Sacramento Field Office, who will present all of the projects. She said Peter Cooper, Assistant Director, will be presenting ETP's Apprenticeship program later on in the Agenda.

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Ms. McAloon began with the budget and said ETP will have \$48.1 million this Fiscal Year (FY). She said if the Panel approves all of the projects before it today, we will approve approximately \$4.6 million, leaving approximately \$18.2 million in contracting capacity for the remainder of the FY. She said that equates to approximately \$52 to \$54 million in contract value to be allocated between delegation order and core program projects for the remainder of the year.

In alternative funding, we still anticipate \$6.2 million in AB118 funds through ETP's partnership with the California Energy Commission, expected in early December. She said there is not much to report regarding Legislation, as the Legislature is in recess until December 3. Proposition 39, the California Clean Energy Jobs Act passed, and that measure eliminates the ability of multi-state businesses to choose how their California taxable income is determined and will result in some businesses paying more state taxes. She said the measure establishes a Clean Energy Job Creation Fund, and revenue from the measure can be used to fund projects that create energy efficiency and clean energy jobs. Some of those funds will be made available for job training and workforce development so staff is currently working with Labor Agency to discuss ETP's potential use of those revenues. She said it is still too early to discuss any details, but we will keep everyone informed as we know more.

Mr. Rodriguez asked if the Franchise Tax Board has identified the companies that will potentially be affected by the process. Mr. McAloon said she was unsure. Mr. Broad said he believes it is one of those propositions where who knows how it will work itself out. He said that essentially the proposition says that it directs a portion of the revenue to a certain set of items that can be built or operated with it: basically clean energy projects. So as you might expect, it may affect solar retrofitting of government buildings. Mr. Broad said that he assumes that it would be a lot like the AB118 where there was a multi-agency effort to have relevant training. Hopefully ETP will have a major role in the training part; that is to say, awarding the training grants. But the statute is silent; the initiative does not really say how it is going to work; so that will be dealt with in the Legislature. It does explicitly mention the Public Utilities Commission and the California Energy Commission, but he doubts that these agencies would feel that they have the expertise to administer a program of worker training programs. He believes that there are strong reasons that the training needs to come through ETP, and said he assumes that, for instance in solar retrofitting of buildings, we would be training workers for a specialty certification in that type of work. This is similar to what we did with AB118. He said the process will have to be worked out as it goes along; however, it is pretty positive news from our perspective that it was passed as a potential significant and ongoing source of revenue for funding training that is different from our normal funding source, and this potential diversification in funding is a really good thing.

## **VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM**

Ms. McAloon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION: Ms. Roberts moved and Ms. Montoya seconded the motion to delegate in event of loss of quorum.

Motion carried, 6 – 0.

Mr. Broad made a couple of comments regarding the consequences of the election for ETP. The passage of Prop 30, which temporarily raises taxes for the budget, will significantly ease the State's financial burdens, and may more or less erase it. This year, there is projected to be just slightly less than a \$2 billion budget deficit, so that will close that budget deficit, and presumably as the economy recovers, and we all hope it continues to recover, that will increase tax revenues and create a more balanced budget. There have been so many budget cuts that there are some projections that within a relatively short period of years, based on projections of economic growth and what Prop 30 produces, we will be looking at a strange and almost unbelievable concept of a \$9 billion budget surplus. Prop 30 does not affect ETP's funding source; however, since it eases the burden on the general fund, it would ease the temptation of the Legislature to borrow ETP funds to close a budget deficit. So I believe it should have to create a situation in which our funding sources are not likely to be touched. That being said, we are still at the mercy of the unemployment level, and how much revenue is generated by employers paying the Employment Training Tax. To the extent that the economy is lower than it should be, and employment is lower than it should be, then they are paying less tax and there is less revenue available. He said on the whole, this election is sort of good news.

The only other result of the election that has some possible effect on us is the fact that the Democrats look like they have captured a two-third majority in each house. This is something that actually will not even happen in 2013, as we see vacancies in the State Senate and Assembly and special elections, that by the time all of that happens and the whole group of people are seated, it will likely be 2014. However, it is not likely to affect us except in the sense that at this point, there are two things left basically of the two-third vote requirement, because we do not have a two-third vote anymore to pass the budget. We do have a two-third vote to raise taxes and now a two-third vote to raise fees; not all fees but most fees. It is likely that with all of this put together, the budget situation is not likely to be in crisis in the upcoming year, and when the budget is not in crisis, that is good for ETP. It is good for everybody, and it is good for us. In that sense, I think it is a good situation that we face coming up for the first time in many years and for those of you who are around here a lot, it is like we can breathe a sigh of relief of the sense of losing that permanent insecurity that we were all feeling here. It may be a period that is coming to an end, and we are in for a more stable future until the cycle returns.

Mr. Rodriguez asked if the fiscal crisis at the federal level is not resolved by January 1, 2013, then it will affect Unemployment Insurance compensation and also it will freeze all federal training dollars to CA. And we may take note and maybe advise the Agency because we are going to see a spike in the request of funds for ETP in the first quarter of 2013. Mr. Broad said that is a good point and a point well taken, but said we will have to see what happens. Mr. Broad said in terms of our sources of funding, it is a good situation, and he could see it crossing over to ETP because if we go over the fiscal cliff, then there will be consequences to training agencies in the State, and folks may be looking at ways to keep their doors open, and they may be over here, so I suppose that is an argument for people getting their funding requests in timely or early.

## **VII. DELEGATION ORDERS**

Maureen Reilly, General Counsel, referred to Tabs A and B in the back of the Panel Packet binders, summarizing the Delegation Orders that were approved. The fast-track delegation orders totaled about \$544,000 and the small business delegation orders totaled about \$260,000, with a total of approximately \$800,000 approved. She said they will be presenting Chairman Broad with a Delegation Order immediately after this meeting for approval.

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

### **Single Employer Proposals**

#### **Nestle Dreyer's Ice Cream Company (presented out-of-order)**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Nestle Dreyer's Ice Cream Company (Dreyer's-Tulare) in the amount of \$288,000. Dreyer's-Tulare is a business unit of Dreyer's Grand Ice Cream Holding, Inc. Dreyer's became a wholly-owned subsidiary of Nestle. Nestle acquired Dreyer's Tulare plant and obtained a long-term lease for the exclusive right to manufacture and distribute Haagen-Dazs ice cream in the United States. The plant manufactures most of the Haagen-Dazs ice cream sold in the United States as well as a variety of Dreyer's brands and novelties, such as Skinny Cow.

Ms. Hernandez introduced Monica Meiners, Human Resources Manager and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked for the difference between the training they just completed and the training they are now requesting and who is being trained. Ms. Meiners said the training is for all new hires.

Ms. Roberts asked where they are sourcing their new hires from and if they are full or part time employees. Ms. Meiners said the new hires will be full time employees and they source the new hires from their local Tulare workforce.

Mr. Rodriguez asked where their plants are located. Ms. Meiners said their plants are located in Bakersfield and Tulare and they are the only ice cream plants in CA.

Ms. Montoya asked why there has been a recent 50% increase since the start of the recession in Haagen-Dazs sales as stated in the ETP 130. Ms. Meiners said because they make the best ice cream in the world, Haagen-Dazs and Dreyer's are always coming up with new flavors, and their Skinny Cow product is very popular.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Dreyer's-Tulare in the amount of \$288,000.

Motion carried, 6 – 0.

#### **Automatic Data Processing, Inc.**

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Automatic Data Processing, Inc. (ADP), in the amount of \$482,000. ADP provides a wide range

of human resource, payroll, tax, and benefit administration solutions from a single source. ADP also provides integrated computing solutions to auto and truck dealers throughout the world. ADP operates the following business segments: employer services; professional employer organization services; and dealer services.

Mr. Chan introduced Pat Shelton, Vice President of Learning & Development and Richard Henri Petrosino, Director of Training.

Ms. Montoya asked about the people being trained in New Jersey and if they will all work in CA. Ms. Shelton said yes they will.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for ADP in the amount of \$482,000.

Motion carried, 6 – 0.

### **Bakersfield Heart Hospital**

Mr. Chan presented a Proposal for Bakersfield Heart Hospital (BHH), in the amount of \$296,880. BHH is a 47-bed cardiovascular hospital that provides advanced and specialized cardiac care services to the community of Kern County, a high unemployment area. BHH is responsible for providing acute cardiovascular services including: valve repair; vascular surgery; angioplasty; pacemaker; defibrillator; and valve implementation.

Mr. Chan introduced Pamela Gavin, Director of Education and Bill Parker, representing National Training Systems, Inc.

Mr. Broad said their prior proposal did not perform well and asked what has changed since then. Ms. Gavin said in their initial ETP proposal in 2008, they had some change in interim leadership but their largest issue was trying to balance getting staff out of the staffing pattern to attend the training. She said they now have a much more stable workforce and a commitment to training the staff. They recently completed a WIA project and earned 100% of all the training that was anticipated for cardiovascular care. She said what has changed is more commitment by the administrative staff, commitment by the hospital staff, and better training and resourcing of the staff so they can attend the training. Mr. Broad said the benchmark for him, when a company has a poor prior training record, is to initially give them the amount of money they earned the last time and allow them to return for the remaining amount in the form of an amendment if they earn the money. He said since they earned \$147,000, he proposed dividing this proposal in half; and approving \$150,000 today if the company is agreeable. He said if they earn the \$150,000, they can return for an amendment for the remaining \$150,000. I would like to propose that as a motion on this proposal, presuming that the entire Panel is agreeable. He asked the Panel if they had further questions.

Ms. Roberts said she concurs with Chairman Broad on reducing the funding amount and said she shared some of the same concerns. She said she knows they did very well on the WIA grant and said they are very difficult grants. She was concerned about their recent change in ownership and being acquired by another company. Ms. Gavin said they have been acquired by a cardiovascular care group of Nashville, TN. She said they have a new strategic vision for

the hospital and they are expanding their service lines to include orthopedic, neurosurgery and neuro-stroke care and really diversifying the hospital. She said because of that, they are much more supportive of getting the staff trained to expand their services past cardiovascular care. Ms. Roberts asked who took ownership of the company. Ms. Gavin said they have had a stable administrative team under the prior owners since 2010. She said when the previous corporate body left; they were for sale for about a year and a half, but they still committed to training and patient care. She said Bakersfield has always been a leader of cardiovascular care in the community. She said they are a recognized ER critical care service in their area and applied for stroke accreditation and recently accomplished that. She said the change in ownership which was formal in June of this year, is really a summation of what they wanted to do. Their previous owner was getting out of the hospital business, so they did not let that stop them in moving forward in the hospital setting.

Ms. Roberts said due to all of their recent changes, she agrees with reducing the funding amount to see how they perform. She asked if they have already contracted with the training vendor to perform the duties of this training. Ms. Gavin said they have used Don Bull, the training contractor, for some of their past training and he is a very reliable local Bakersfield trainer for pediatric advanced life support. She said they do not have a large need for pediatric training, it is primarily an adult med-surge hospital and he is a vendor that provides services to them and has now for a while. Ms. Roberts asked if since they have not contracted for the full amount of these monies, if we reduce your proposal amount by half, if that would impact the training vendor. Ms. Gavin said she did not believe it would impact the training vendor at all.

Mr. Rodriguez said he concurs with reducing the funding on this proposal and asked about the expansion at the hospital. Ms. Gavin said they are not any larger in their number of licensed beds, but about three years ago they converted an area that was administrative offices into a short -stay patient care area. She said where there is overflow from the ER or from the day patient area where patients are waiting to go in for surgery or need a recovery after a procedure they could go into the short-stay area. As far as expansion of services, they have staff that are ready to roll out their wound care program and orthopedists on-board that are already doing hip surgery and knee surgery and they are expanding that to spinal surgery. Mr. Rodriguez asked if there is any commitment to invest in new construction. Ms. Gavin said there is a plan for new construction but not quite yet because they are still a physician partially owned facility. I think they have hopes and dreams to eventually expand, but there is no physical new building on site.

Mr. Hart said he appreciates the fact that the company identified their training vendor. He asked Mr. Chair to repeat his motion to reduce the funding on this proposal. Mr. Broad said he proposes to bifurcate this funding into two parts: to approve \$150,000 now and to request the remaining \$150,000 when they return for an amendment to their proposal. He said the Panel has done this many times in the past in these circumstances and he believes it has worked well. What it means is that we are not encumbering money that may never be earned; and money that is encumbered but not earned means we can not get it out there for training. He said this creates an incentive for people that have had not great performance in the past, and when they improve, it is a minor inconvenience. He said they do not have to go through a whole complex approval process, they are just submitting an amendment for the second half of the funding, so that is the proposal. Mr. Hart thanked Mr. Broad for the clarification.

**ACTION:** Mr. Broad moved and Mr. Hart seconded approval of the Proposal subject to dividing it into two portions, to approve \$150,000 now and returning for an amendment for the remaining \$146,880, for a total of \$296,880.

Motion carried, 6 – 0.

### **East Los Angeles Doctors Hospital L.P.**

Mr. Chan presented a Proposal for East Los Angeles Doctors Hospital L.P. (East LA Doctors Hospital), in the amount of \$363,074. East LA Doctors Hospital is a 127-bed hospital that offers a wide range of inpatient/outpatient diagnostic and therapeutic services. The hospital is accredited by the Joint Commission and is a licensed provider for Medicare and Medi-Cal programs, along with many HMOs, PPOs, and managed care organizations. East LA Doctors Hospital's services include obstetrics, pediatrics, medical/surgical, intensive care unit (ICU), sub-acute, coronary care, rehabilitation, cardio-pulmonary, and 24-hour emergency services.

Mr. Chan introduced Suzanne Zemer, Director of Education and Bill Parker representing National Training Systems, Inc.

Mr. Broad noted that this hospital also had poor prior performance at only earning 34%. As such, he is proposing to divide this proposal in half, maybe a little less than half, such as \$150,000 in the second half if they earn it. He said it states in the ETP 130 they have had issues because they have a large number of Medi-Cal patients. He said we are now going to the system of Medi-Cal managed care, and asked if that will make that reimbursement any more stable from his point of view and how that would affect them. He said this is an external issue and asked if something about that external issue has changed from their last proposal that makes them believe they are not going to have the same kind of problems. But what you are saying is the problem with performance was related to slow reimbursement from Medi-Cal. Ms. Zemer said correct, that was the previous 2008 proposal. Mr. Broad asked, so is that external factor fixed in any way from your point of view? Ms. Zemer said if you look at the ones that just finished in June; they were able to meet their goal of \$151,000. Since then, they have restructured and have new owners, so they did show that they were able to bring in the other one at 100% since then. Mr. Broad suggested approving \$150,000 now and to return for an amendment to request the approximately remaining 60% of funds, if they earn the money. He asked the Panel if they had any further questions.

Mr. Rodriguez asked Bill Parker, representing National Training System, Inc., if he could clarify for the Panel if he was the consultant in the previous proposal, and he asked about his role in compliance for the proposal. Mr. Parker answered yes, he was the consultant in the previous application and said they are helping the organization with their administrative compliance issues, yes. Mr. Rodriguez asked if the compliance is just administrative or also compliance to oversee the training being conducted. Mr. Parker so no, they are not involved in the training whatsoever.

Ms. Roberts asked Mr. Parker about the front fee that he charged for the development services of developing the project for each of the locations. She asked if they return for an amendment to get the bulk of the remainder of funds, if he would charge them another fee for that. Mr. Parker said no, that is included in their administrative services, and that they write any and all



amendments to the contract. Ms. Roberts said, so if they return for an amendment there would be no additional fee on top of that? Mr. Parker said no, there will not be an additional fee. He said, to answer Chairman Broad's question about what happened with the Medi-Cal, the payments during 2007 and 2008 were held up for many months for the reimbursement of the customers because of the budget issues of the State, and that is why they had to stop training for a while. Mr. Broad thanked him for the clarification.

Mr. Hart asked about the statement under prior projects in the ETP 130 that says the hospital reported that a large percentage of patients were Medi-Cal/Medicare recipients, and due to State budget cuts, the patient census dropped. He said he was unfamiliar with that language, and asked if that means that the number of patients had dropped. Ms. Zemer said the in-house number of patients dropped, which is what they call the census.

**ACTION:** Mr. Broad moved and Mr. Rodriguez seconded approval of the Proposal subject to dividing it into two portions, to approve \$150,000 now and returning for an amendment for the remaining \$213,074, for a total of \$363,074.

Motion carried, 6 – 0.

### **Farmers Group, Inc.**

Mr. Chan presented a Proposal for Farmers Group, Inc. (Farmers Group), in the amount of \$320,000. Farmers Group is one of the country's largest insurers of vehicles, homes, and small businesses and provides a wide range of insurance and financial service products.

Mr. Chan noted there were three corrections in the ETP 130. He said that Page 2 of 5 incorrectly states that in Job No. 3, the average cost per trainee is 0-60; the correct average cost per trainee in Job No. 3 is \$1,000. He said the next correction is on Page 3 of 5 under the Introduction. He said the third paragraph incorrectly states that of the 26 locations, five are located in a High Unemployment Area (HUA) and the correct amount is eight are located in a HUA. He said the last correction is also on Page 3 of 5 under the Project Details. It currently states that they recently upgraded their claim system by purchasing a new program, and he said they did not purchase it, but rather developed it in-house.

Mr. Chan introduced Diane Sibenaller, Claims Administration Manager.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for Farmers Group in the amount of \$320,000.

Motion carried, 6 – 0.

### **Memorial Hospital of Gardena, a Subsidiary of Avanti Health System, LLC**

Mr. Chan presented a Proposal for Memorial Hospital of Gardena, a Subsidiary of Avanti Health System, LLC (MHG), in the amount of \$304,496. MHG provides medical services to an estimated population of 60,000 residents. The hospital specializes in comprehensive perinatal

services and level II emergency services, and offers general medical/surgical services such as coronary care, intensive care, outpatient services, and respiratory care.

Mr. Chan introduced Stephanie Collazo, Manager of Clinical Education and Bill Parker, representing National Training Systems, Inc.

Mr. Broad noted they only earned 33% in their prior proposal. He said the ETP 130 states they had financial difficulties and a turnover in the education department. He noted that they have new staff and asked if they now have their act together. Ms. Collazo said yes, they do. Mr. Broad proposed approving \$100,000 now and the remaining \$200,000 in the form of an amendment. He pointed out that the prior two hospitals had a higher percentage completion rate than this hospital. Mr. Broad said National Training Systems, Inc. needs to really assist these three hospitals to perform, especially since he is assigned to all of them, and they have all had poor prior performance. He said there is some evidence where they improved lately, but the consultants on these proposals really have their work cut out for them because we expect you to make sure they perform.

Ms. Roberts said she did not want to make assumptions, but she gets training grants across the country and knows that when she hires consultants sometimes, they push a contract on somebody and make it sound real glamorous. Then, when they have to start doing the owner's training and rosters it becomes somewhat of a nightmare. She suggested that in the future, the consultant sit down with them and tell them what is involved in these contracts, and inform them that it will be very difficult for them to perform. She said, I have said this before, nothing seems really glamorous until you get the check in hand, and when you get the money everyone feels really good about completing the training and going from there as you well know. So, I would just say that in the future if you are proposing projects for any hospitals or other healthcare systems that you go ahead and make sure they understand how much is up front before they get their check in hand. Mr. Parker said yes, absolutely and that with the WIA projects, the paperwork is even more complex than the ETP. He said Memorial of Gardena earned \$168,000 in fifteen months, which was 100%. Ms. Roberts said the paperwork is more onerous but the amount of hours and the caps on hours are a little different than ETP. She said that is one reason why sometimes people fail and she concurred with Chairman Broad to reduce the funds on this proposal.

Ms. Montoya said the Panel had a detailed discussion a few months ago about developers getting a lot of money up front and then taking a percentage off of that. She said because we are reducing the funding amounts for the hospitals we are giving them much less. She wondered how we can justify this in particular, because the development cost is quite high. Ms. Roberts said we had capped that funding to not exceed 10% of the funding amount. She said that is why she asked Mr. Parker not to come back with another development fee if the company returns for an amendment because it is capped, but if they do not earn it, he is still getting his \$15,000 development fee. Mr. Broad said these hospitals are sophisticated businesses, it is not somebody's corner market, and they need to also protect themselves in their contractual relationships with their consultants. He said he does this kind of work for his clients and he has to perform or they don't pay him; that is how it goes, and if things change, then the contract sometimes has to be renegotiated. He said since we are proposing some changes, if the hospital feels like they need to change the terms of the contract that is up to them. He said he believes the Panel has done all it can to send out the signals about this particular subject, short

of changing the statute. He said, I suppose if there is a sense of substantial abuse we can have that discussion, but we have obviously tried to make our point and have made it repeatedly, so it should be obvious to everyone in this room.

Ms. Roberts asked if we have recommended vendors in the past as part of the marketing scenario on the ETP website. She said Phil Herrera does not charge an up front fee, he charges an administration fee which depends on what is earned, and so can we go ahead and from an ETP standpoint, recommend the vendors that really work well? We have done that in the past haven't we? Ms. Reilly said we have not actually recommended vendors; what we have now posted on the website is just a summary of fees charged by consultants. We are refreshing it quarterly and it is just basically factual. Mr. Broad said, I believe that is as far as we could appropriately go in this subject, and our staff, if asked questions about this, could direct people to the website. If you look at a factual document and it has fees, and you are a sophisticated business, you would think, you would ask, what can you offer me that this other consultant can't offer me. He said his clients are never embarrassed about asking him these questions, he fully expects it, and it is part of the transaction. He said that is the nature of these relationships and if we were dealing with very unsophisticated business entities, I believe there is more of a role for the government to step forward and create more layers of protection for people. What we have done is made the whole thing as transparent as it could possibly be in the market. In classic economic terms, if market participants have transparency, then they should be able to negotiate in a fair way; in other words, the market conditions exist for them to negotiate. So if you are a hospital and you propose this and a consultant says I have an idea, let's go to ETP and this is what I charge. They could look at the website to see what other people charge, ask appropriate questions, and say what are you going to do for me, I'm paying you more, and I want you to do more. How about that for example? That is how we do it here, and it has worked pretty well, and it should work well here. Beyond this, he believes there is a limit to the government's role in this situation. We can only go so far in protecting people from making bad decisions, but what we do have an obligation to do is protect our money, this money that the taxpayers put up for this program and make sure it is spent well. The nature of this situation is that our consultants at ETP perform a valuable service; people would not use them if they didn't. They don't have to use them and some employers don't use them, but many do. I'm sure that there are varying qualities and one would hope that as time goes on, the market for this service will shake itself out on the basis of quality and price and it should work. When it seems like it is out of control, then we can raise concerns which we have, and it has come from members of this Panel that are probably as friendly to business as anyone could expect, and it is coming from people that are what you might call less friendly to business as anyone could expect, and we all see it the same way; so that does say something, we are not disagreeing about that. We have talked about this a great deal, and it obviously continues to be an issue. It gets amplified when you get projects such as this where the past performance was very poor and kind of the same pattern; however, I think the point is well taken. He said these folks have had changes, they have performed very well on WIA contracts, and they seem to be improving. He said we are holding their feet to the fire by bifurcating these agreements, and he does not know what else we can really do.

Mr. Rodriguez said in regards to the transparency issue that Ms. Reilly mentioned that he and other Panel members could work with staff to review the transparency issue on the ETP website. Mr. Broad said sure; I do feel like we have been really strong about this.

**ACTION:** Mr. Broad moved and Ms. Fernandez seconded approval of the Proposal subject to dividing it into two portions to approve \$100,000 now, with the right to apply for an amendment for the remaining \$204,496, for a total of \$304,496.

Motion carried, 6 – 0.

Mr. Parker pointed out that they do reduce their fees in these instances. Mr. Broad said he appreciates that, it is very responsible of him and he was glad to hear that.

Mr. Rodriguez asked if they are currently training new nurses' onsite and allied workers. Ms. Collazo said yes, they are. Mr. Rodriguez asked how they are currently training. Ms. Collazo said there are ten new graduate nurses enrolled in the middle of one of their programs with the goal of training 30 newly graduated nurses. Mr. Rodriguez asked if there are any issues with the nurses' union at this time. Ms. Collazo said no, there is not.

### **Pacific Contours Corporation**

Ms. Hernandez presented a Proposal for Pacific Contours Corporation (Pacific Contours), in the amount of \$193,200. Pacific Contours specializes in complex machining and assembly of high-demand metal products for the aerospace industry. The company now makes all types of hard metal turning, machining and precision grinding capabilities for a market that goes well beyond just the aerospace industry. Customers include United Launch Alliance, Kelowna Flightcraft, Sierra Nevada, U.S. Navy, Hamilton Sundstrand, GE Aviation, Lockheed Martin, Boeing, and Parker Hannifin.

Ms. Hernandez introduced Carolyn Lyding, Human Resources Manager.

Mr. Broad said this is a very solid proposal but it is ambitious since they intend to train everyone. He asked if this is their first ETP proposal. Ms. Lyding answered yes, it is. Mr. Broad said you can see there are perils in this and we want you to earn every dime; we don't want you to give us money back. It is really important that you have a buy-in from the company because to pull off training everyone, means it likely affects the production aspects of the company. He said he was very supportive of this proposal; we are glad you are here and want you to be very successful. He said even though the proposal is not for a large amount of money, it is a project with a very wide scope.

Ms. Roberts said when you consider 60-70 hours average per employee you may think that is easy to achieve, but said it is very hard to complete in over a two-year period. She stressed the importance of beginning to train right away because before you know it you are in the three month retention period and you may have only earned 50% of the dollars.

Mr. Broad asked if anyone assisted them with the development of this proposal and if so, would they continue to participate as the project progresses. Ms. Lyding said yes, Training Funding Source assisted with the development and they will continue to play an active role, visiting their facility and holding a management team meeting to give them an idea of what is in store for them. They have the ultimate support from their President and CFO and their consultant will actively be involved in the process. Mr. Broad encouraged them to talk with ETP staff and ask

them questions. He said staff wants you to succeed, they really know what it takes to make one of these training proposals work, and encouraged them to make use of that resource.

Ms. Roberts said ETP is the best across the country; she said she is not prejudiced because she sits on the Panel; she travels to many other states, and there is just not that support that we have here in California for this training infrastructure.

Mr. Rodriguez asked how the Enterprise Resource Planning (ERP) system is integrated into the training. Ms. Lyding said every employee of the company uses the ERP system in one way or another in their job, whether machinists are logging job time into the system or it is being tracked through their production managers. They have the opportunity to add more modules to it and that will ultimately help with efficiency in streamlining processes. They will be training their personnel on the new modules, and those will be brought into place soon. Mr. Rodriguez said so that will be the system that actually does the case management for the trainees. Ms. Lyding said no, it is separate.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Pacific Contours in the amount of \$193,200.

Motion carried, 6 – 0.

### **Systems Services of America, Inc.**

Ms. Hernandez presented a Proposal for Systems Services of America, Inc. (SSA), in the amount of \$285,440. SSA is a food distribution company that serves quick service and casual dining restaurant chains. SSA is a subsidiary of the Services Group of America family of companies that specializes in bringing quality products and services to the entire foodservice industry.

Ms. Hernandez introduced Kathleen Intolubbe, Vice President of Tax Services.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for SSA in the amount of \$285,440.

Motion carried, 6 – 0.

### **BioMarin Pharmaceutical Inc.**

Mr. Chan thanked the Panel for its supportive statement about field staff. We always tell them that the training plans are developed, but they are implemented in the real world and we are there to help them, and we do appreciate the support by the Panel.

Mr. Chan presented a Proposal for BioMarin Pharmaceutical Inc. (BioMarin), in the amount of \$458,000. BioMarin develops and manufactures pharmaceuticals for serious diseases and enzyme replacement therapy. The company's FDA-approved products include Naglazyme, Aldurazyme, Kuvan, and Firdapse. Naglazyme and Aldurazyme are used to treat patients with

MPS, a debilitating, life-threatening genetic disease for which no other drug treatment currently exists.

Mr. Chan introduced France Calvin, Associate Director, GxP Compliance Training.

Mr. Broad asked if she managed an ETP proposal in a prior job. Ms. Calvin answered yes. Mr. Broad asked if it was for a bio pharmaceutical company. Ms. Calvin said yes, it was. Mr. Rodriguez asked if she could reveal the company she previously worked for in that capacity. Ms. Calvin said it was a medical device company by the name of Abbott Diabetes Care, she said they had a very successful program and earned 100% of the proposal. Mr. Broad said he was recently at a meeting where there was a discussion of the impending question in their industry, of what happens when the patents expire and they want to make generic versions, and if that is an issue of concern to them. Ms. Calvin said no, it is not a concern right now as there are 17 years remaining on their patent. She said they are constantly evolving those therapies and recently had successes with a Phase III. Last week they announced a new therapy that met its Phase III clinical trial for another drug category and they are constantly expanding their drug line. She said whether it does go off patent or not, they are looking forward to helping. Mr. Broad said it is not often that we see someone with a first proposal who has done a proposal somewhere else, that is encouraging to the Panel, and he was glad to hear it.

Mr. Rodriguez asked if the frontline employees are the bio technicians. Ms. Calvin said they call them operators; they are manufacturing operators that manufacture their product throughout their facilities and their quality control check analysts. She said those are the people that are filling, touching, making the product in a gowned environment where they are actually contributing to the manufacturing of a product. Mr. Rodriguez asked if new hire employees require a four-year degree. Ms. Calvin said it depends on the job, they have hired all different levels within the organization, and it really depends on the job function. Mr. Rodriguez said that Marin Junior College has a biotech program and asked if they source new hires from the College. Ms. Calvin said yes, absolutely; they hire anyone with the right skill sets to do the job wherever they may be, whether they are coming out of school, an academic environment, or whether they have experience from another similar manufacturer. Mr. Rodriguez asked ETP staff if, when a company reports back who is getting trained, if that is defined in the report. Mr. Chan said it is done by specific occupation, but if you look at all the specific occupations, you would have a table three pages wide, so we group them into subsets. Larger sets such as a production operator might have specific titles for five different categories.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for BioMarin in the amount of \$458,000.

Motion carried, 6 – 0.

### **Diebold, Incorporated**

Mr. Chan presented a Proposal for Diebold, Incorporated (Diebold), in the amount of \$149,280. Diebold manufactures and supports Automatic Teller machines (ATM) banking. This includes ATM terminals, software, and security; deposit automation; mobile banking; and healthcare services. Security and facility services include intrusion; detection and surveillance; fire and life safety; barrier security; and ATM security.

Mr. Chan introduced Laura Johnstun, Sr. Learning Management Specialist.

Ms. Roberts asked about the 15% Substantial Contribution (SC) versus a 30% SC and the reason for that. Mr. Chan said at the last Panel meeting we decided to move to the default of the lower SC figure. Mr. Broad asked if this is their first SC and said the Panel could raise it. Ms. Roberts said she did not want to raise the SC but was unsure of what the precedent was, for a SC. Mr. Broad said he believes this is consistent for a first-time SC.

**ACTION:** Ms. Montoya moved and Ms. Roberts seconded approval of the Proposal for Diebold in the amount of \$149,280.

Motion carried, 6 – 0.

### **Fresno Surgery Center, L.P. dba Fresno Surgical Hospital**

Ms. Hernandez presented a Proposal for Fresno Surgery Center, L.P. dba Fresno Surgical Hospital (Fresno Surgical Hospital) in the amount of \$135,000. Fresno Surgical Hospital is a licensed 30-bed acute care hospital located in Fresno. Initially the hospital operated as an outpatient surgery center, but later expanded its services to include overnight post surgical care. The hospital provides the following surgical procedures: general, neurosurgery, orthopedic, gynecology, colon and rectal. The hospital serves over 8,200 patients from Fresno, Madera, Kings, Merced and Tulare Counties.

Ms. Hernandez introduced Dawn Cagle, Director of Human Resources and Mike Jester, representing Strategic Business Solutions, LLC.

Mr. Broad asked if they are still primarily an outpatient surgery hospital with some overnight stays. Ms. Cagle said they are licensed for 30-beds and do both inpatient and outpatient, but the majority is outpatient. Mr. Broad asked if their overnight stays are for inpatient rather than general acute care. Ms. Cagle said most of their surgeries are orthopedic surgeries such as hip and knee surgeries for inpatients.

Mr. Hart said he liked their average cost per trainee at \$900, which is on the low side. He asked what their methodology is for knowing that they can get the vendors to train their employees on a menu curriculum for \$900 and how they arrive at that figure. Ms. Cagle said they are looking at in-house internal resources, they have a well-trained staff that focuses on education, they have standards for the operating room and also for peri-operative services, and they have manuals that they use to train. Also, in the hospital Incident Command Center, those are things they have already purchased that they will be training on, and it will be internal training; leadership training will be internal training.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for Fresno Surgical Hospital in the amount of \$135,000.

Motion carried, 6 – 0.

## **Multiple Employer Contracts**

### **Building Skills Partnership**

Ms. Hernandez presented a Proposal for Building Skills Partnership (BSP) in the amount of \$398,665. BSP is a statewide non-profit collaboration between the Service Employees International Union-United Service Workers West (SEIU-USWW) Local 1877, building service employers, and community leaders. BSP's mission is to improve the quality of life of low-wage building service workers, their families, and communities by increasing their skills and educational opportunities; and to assist unionized building service employers to develop stronger staff so they can maintain a competitive edge.

Ms. Hernandez introduced Aida Cardenas, Executive Director and Jan Borunda, Project Coordinator representing the California Labor Federation.

Mr. Rodriguez asked if they train in Spanish due to language barriers. Ms. Cardenas said if there is a vocational component that is critical to get through, and they see issues at the beginning with language barriers, they will conduct training in Spanish; but primarily the training is done in English.

**ACTION:** Ms. Roberts moved and Ms. Rodriguez seconded approval of the Proposal for BSP in the amount of \$398,665.

Motion carried, 6 – 0.

### **AcademyX, Inc.**

Mr. Chan presented a Proposal for AcademyX, Inc. (AcademyX) in the amount of \$190,280. AcademyX offers advanced technology media and vocational computer skills training with hands-on, instructor-led computer classes in Adobe, Microsoft, and advanced Web Technologies.

Mr. Chan introduced Stephen Fraga, CEO.

Mr. Broad asked if he understood correctly, that the company is requesting the possibility of going from a 60-hour cap to a 90-hour cap in those job categories, but that they do not really know who is going to do the extra 30 hours. Mr. Fraga said he could provide the categories of people that would complete the extra 30 hours. He said they have three boot camps that are 30 hours each and they relate to mobile programming, such as programming iPhones and Android devices. He said one 30-hour boot camp is in iPhone programming, another 30-hour boot camp is in Android programming, but a pre-requisite to both is Java which is an additional 30-hour boot camp. He said if someone wanted to become a mobile programmer, they would have to complete all three of the boot camps for a total of 90 hours. Mr. Broad said he thinks of boot camp as having to occur first; he said if someone completes the 60 hours of special training and then they do the boot camp, isn't it sort of backward, like they do the boot camp and then they do the 60 hours? Mr. Fraga said each boot camp is 30 hours. Mr. Broad said so it is unrelated, you don't have to do the boot camp before you do the other training; they are not related to each other? Mr. Fraga said correct, that is just what they call them. He said there are three boot



camp courses: one is in Java which is the prerequisite for the two other courses; iPhone programming and Android programming. So if you want to learn to create applications for both types of phones, you need to complete the Java 30 hour boot camp, the iPhone 30-hour boot camp, and the Android 30 hour boot camp, for a total of 90 hours. He said in order to be a mobile application programmer, you need to take all three boot camps unless you already know Java. He said this only includes about ten trainees of the total of approximately 300 trainees. Mr. Broad said, so what you are saying is basically what Mr. Chan said, about somebody returning for the third piece of training, is that what you are essentially saying? Of the people you are training, how many actual people do you suspect will do that? Mr. Fraga said about ten-to-twelve trainees. Mr. Broad said so it is a small sub-set.

Mr. Rodriguez asked if Bay Area firms come to them for training for some of their employees and also for prospective employees. Mr. Fraga said no, just for their current employees, retraining only and no new-hires. Mr. Rodriguez asked if they offer a one-stop shop. Mr. Fraga said yes, they are a computer training firm so they focus on Adobe, web technologies, and some of the mobile programming. Mr. Rodriguez asked if Adobe is the basic knowledge that a worker must have. Mr. Fraga said it might be someone who knows Photoshop but wants to learn in design. Mr. Rodriguez asked if they already have a case management system per trainee. Mr. Fraga said yes, there is no individual who is assigned to it, but they are all kept in a database and tracked.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for AcademyX in the amount of \$190,280.

Motion carried, 6 – 0.

### **Hitchcock & Holcombe, Inc. dba Continental Training Center**

Ms. Hernandez presented a Proposal for Hitchcock & Holcombe, Inc. dba Continental Training Center (Hitchcock & Holcombe) in the amount of \$478,030. Hitchcock & Holcombe is a privately-owned, for-profit training agency that provides computer-related training to corporations, non-profit organizations, and other clients. Hitchcock & Holcombe's training concentrates on improving computer skills and increasing efficiency, which enables trainees to promote.

Ms. Hernandez introduced Steve Hitchcock, President.

Ms. Roberts asked if their company offers computer training for both large and small companies. Mr. Hitchcock said that is correct, large or small. Ms. Roberts asked if a company such as Hewlett Packard could come to them and say they could not complete in-house computer training, and if their company could contract with them to conduct the training. Mr. Hitchcock said yes, that is correct. Ms. Roberts said, so the idea if Hewlett Packard had an ETP contract and they were under a Substantial Contribution, then these trainees would then fall under that program. Mr. Hitchcock said he was unsure how they would separate that out and said that employees could not of course be trained by both of them. He said the training they do for Hewlett Packard includes customer service skills, team building, morale building, and Office 2010 Suite to help the employees retain their jobs, upgrade their skills, remain competitive, and to better serve their clients. Ms. Roberts said she is surprised that Hewlett Packard does not

already have an in-house or capability group. Mr. Hitchcock said they do have an in-house team that teaches them to build printers, computers, and networks. He said their company is training them to become more efficient at their daily communication skills, support the rest of their staff, and in customer service. Ms. Roberts said she was familiar with that, as she is part of that group with her company, but it is the capability group, leadership skills that you provide that Hewlett Packard does not have in-house, correct? Mr. Hitchcock said yes, exactly.

Mr. Rodriguez asked if they are training the individuals in Roseville. Mr. Hitchcock said they are training individuals in both Roseville and San Jose.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for Hitchcock & Holcombe in the amount of \$478,030.

Motion carried, 6 – 0.

### **Northern California Valley Sheet Metal Industry Joint Apprenticeship and Training Committee**

Ms. Hernandez presented a Proposal for Northern California Valley Sheet Metal Industry Joint Apprenticeship and Training Committee (NCV Sheet Metal or JATC) in the amount of \$299,740. NCV Sheet Metal or JATC was established for the purpose of creating and supporting a program for the training and education of sheet metal apprentices, journeymen, and other persons as designated by the trustees.

Ms. Hernandez introduced Mark Paavola, Administrator.

Mr. Broad prefaced his comments by saying he is on the Panel because of his relationship with labor and noted that their last project completely failed and only earned 12%. Mr. Paavola said yes, it was a dismal failure. Mr. Broad said tell me what happened and why it won't happen again. Mr. Paavola said he was the original administrator that signed up for the original program. He said he was the third one that came in after an individual left in September 2007. He became the administrator in the beginning of March 2008 at the time the economy was beginning to crash, and he had other things that were more of a priority. He said he was completely unaware of what ETP was and what the requirements were, and they essentially had no plan of training or anything of that nature. He said it was for incumbent training for their journeypersons and unfortunately, since the economy had been so good for the last ten or fifteen years, they did not want to come in for the training. So they had no means to require them to come in, or pre-apprentices at that time because they had no work for them. What is different now is they are training apprentices, the apprentices are existing in the program, and they have continued to bring in apprentices every year since then. The fact that they have merged with Local 104 which covers the Bay Area, means that they now have seven training centers in CA that they cover and work for, and it opens up a lot of job opportunities, not just in the local area but all over Northern CA. Mr. Broad said that answers his question, because he was asking himself if Apprenticeship training is what they do. This is not like an employer implementing a new training module, you do Apprenticeship training. He said if it was funding Apprenticeship training how could it not work or they wouldn't be doing their core function, but I see what happened is somebody applied to do something supplementary, incumbent training, and nobody picked up on it is basically what happened. Mr. Paavola said they had no plan and

it was a dismal failure. Mr. Broad said yes, to be fair he was going to reduce this proposal as he did with the other proposals that had poor prior performance. He said I am going to divide this proposal in half and you can return for an amendment. It is without prejudice to you, but I believe it is only fair regardless of who comes to the Panel that has this kind of a record and said he appreciated his candor.

Mr. Rodriguez said I just want to recognize that you accepted failure. Mr. Paavola said yes, we failed and there is no excuse. Mr. Rodriguez asked about his previous statement about having no past knowledge of ETP and how he gained knowledge of ETP. Mr. Paavola said after they had been through the ETP program, he talked to some of his other cohorts in CA that had been involved with ETP and began to find out what the program was. He said earlier this year, he attended some meetings in Sacramento to understand the process of what ETP is and its function as a government entity and to understand the process. He said he has worked in business for a long time and learned a lot in the last five years of dealing with different government entities and the processes of government, which does not necessarily operate in the same way and manner that business does.

Ms. Roberts asked if Mr. Paavola expects to be in this role for next two years. Mr. Paavola said yes, absolutely; he has a plan.

Mr. Broad said he appreciated his candor in taking responsibility for what happened, and suggested reducing the proposal amount in half at \$150,000, and returning for an amendment for the second half after they earn the first half.

**ACTION:** Mr. Broad moved and Mr. Hart seconded approval of the Proposal for NCV Sheet Metal or JATC in the reduced amount of \$150,000, with the understanding that they may return for an amendment for the remainder of \$149,740 after they earn the first half, for a total of \$299,740.

Motion carried, 6 – 0.

## **IX. PRESENTATION ON APPRENTICESHIP PARTNERSHIPS**

Peter Cooper, Assistant Director, thanked the Panel for the opportunity to update them on the Apprenticeship Pilot and some new partnerships that ETP has formed. He believes this has been a tremendously successful Pilot, and a lot has been learned, and there is a lot still to be learned. He thanked Maureen Reilly in particular, for her assistance in looking at the legal aspect of trust funds, collective bargaining agreements, and the whole Apprenticeship structure. He also thanked the following stakeholders for their input: Jan Borunda from the CA Labor Federation; Kelly Greer from Strategy Workforce Communications; Debra Chaplan from the Building Trades, Steve Duscha from Duscha Advisories and also Diane Ravnik from the Division of Apprenticeship Standards. We have been working a lot with DAS recently in trying to figure out how to support and expand Apprenticeship in the State. This is really trying to fit a square peg into a round hole because Apprenticeship is new to ETP; it is a paradigm shift and we have sought to maintain our traditional contract process which is accountable and structured, while at the same time trying to be responsive to the labor market demands.

Mr. Cooper said the Apprenticeship model fits well with the ETP model. It is really a high-road workforce development program in the sense that it is employer-driven and most of the Apprenticeship programs are JATCs. There is input from Labor and the employer side, so they are responsive to industry needs and changes. These are high wage, and high benefit jobs, with career progression. High quality training that is geared towards standards is usually the case in this program.

Additionally, Apprenticeship is a key part of the State's workforce development strategy that was presented to you by Tim Rainey, who is the Executive Director of the CWIB, at a prior Panel meeting. ETP's involvement in Apprenticeship allows us to be more integrated in some of the thinking from the Labor Agency and the Workforce Investment Board about different training models and how the State wants to support career pathways.

The Panel approved in March of this year the Apprenticeship Pilot recognizing the value of the Apprenticeship model. The Panel approved funds to support the classroom portion of Apprenticeship called the Related and Supplemental Instruction or RSI. Apprenticeship programs receive roughly \$5 per hour of RSI through the State's Montoya funding through the budget process. So ETP has supplemented this amount with \$13 per hour, which is \$5 less than our standard fixed-fee reimbursement rate, which is how we arrived at the \$13 per hour number.

ETP earmarked \$7 million for the FY for this Apprenticeship Pilot; the contracts are capped at \$300,000 per program sponsor in a FY for the Apprenticeship portion, which is something he would discuss later on, in the new guidelines that will be adjusted in January/February and the combined contracts. MECs that have Apprenticeship might have pre-apprenticeship and journeymen all together, or they might be a slightly different structure. These MECs cannot exceed \$750,000. We are paying for \$13 per hour for up to 144 hours, plus the 10 hours on top of that for OSHA. These are DAS approved programs, and currently we are only accepting contracts that are funding the second year Apprenticeship and beyond.

ETP has funded \$6 million in contract value so far for apprentices; we have funded \$6.9 million in combined contracts, 19 contracts covering 30 training programs; and 10 contracts are in the application and review state. Programs that have been funded so far include two multi-employer contracts that include the CA Labor Federation and the Construction Building Trades in training electricians, sheet metal workers, plumbing and pipefitters, laborers, iron workers, roofers, and operating engineers.

Mr. Cooper said Apprenticeship programs are not uniform across the State and they range from small- to-large Apprenticeship programs that cover half the State of CA. So that discrepancy and variation has been a real struggle to make sure that the funds are dispersed fairly. About 80% to 90% of DAS approved Apprenticeship programs are in the construction area and they are larger in size. He said we are currently developing tooling and machining and automotive repair.

Mr. Broad asked is there nothing in what the Panel approved that limits us to construction, is that correct? Mr. Cooper said no, not at all. We have been limited to DAS approved and so, due to that, those are largely construction. Mr. Broad asked, don't the machinists have them? Mr. Cooper said right, so the machinists, we are planning on doing funding for machinists for

machine tooling, automotive, so we are open for business in that respect and gathering both ideas and actual leads for Apprenticeship projects in that area and that will be a key focus of our work in the next six months. We are working with DAS and others on that. We are developing policy recommendations that we will bring back to the Panel regarding funding flexibility and the SET cap.

We have funded training so far, for 4,185 apprentice trainees. The types of training that have been funded so far include electrician Apprenticeship training; sound equipment Apprenticeship; sheet metal; pipe fitter; plasterers Apprenticeship; marble and terrazzo; laborers and ironworkers. Mr. Cooper explained that demand is outstripping supply. ETP has more projects within the construction sector that need to be funded. At this point, we are only accepting applications to be funded in the 2013-14 FY. One exception to this would be small Apprenticeship programs that are outside of the construction industry. We would like to get a variety of industries represented if possible in the Pilot. ETP staff is currently developing policy recommendations for more funding flexibility with regard to the SET cap. ETP would like to help expand the Apprenticeship model under the Pilot to new sectors such as automotive; manufacturing/machine tooling; logistics; clean tech and energy efficiency; healthcare; and others.

Mr. Cooper said ETP's involvement in Apprenticeship has received a lot of notice from the workforce development, the workforce community, the labor community, and they are very excited about it, given the shortfall in Apprenticeship funding for RSI and the budget situation in the past years. ETP has formed a collaboration with the Division of Apprenticeship Standards, CWIB, community colleges, the Chancellor's Office, Labor Agency, and the Department of Education. This began as an informal inter-agency sharing of ideas and best practices and how we could work together. It has evolved into the State Workforce Investment Board actually creating an ad-hoc committee to look at ways to support Apprenticeship, expand the Apprenticeship model, and what can be done collaboratively between these agencies and with input from employers from Labor and some of the other stakeholders. This is an exciting new direction for ETP's involvement, and we are hoping that the Apprenticeship Pilot will be a key part of Labor Agency's strategy in going forward, as well as catching the eye of the Governor. His hope is that the Governor will highlight Apprenticeship as a model that deserves support and replication.

Mr. Cooper's final remark was that this is a learning process and this Apprenticeship is very complex and we are looking for stakeholder input. We are in the process of figuring out what changes need to be done to our guidelines and welcome any input from consultants, training JATC leaders, the Panel especially, regarding our guidelines. One area of difficulty that we have found is that we need to adjust the programs that can be funded and the funding caps as they apply to JATCs that vary greatly between small JATCs or UACs, and large and small training programs across the State. He said ETP has received many applications and funded quite a bit from IBW. IBW has a number of small and some larger Apprenticeship programs across the State and they were able to come in for contracts. If you juxtapose that with some of the Apprenticeship programs for example, from the Laborers and Ironworkers that have large regional JATCs, they are held to that same cap of \$300,000 for program sponsor, and it is something that needs to be changed.

Mr. Broad asked if he would be providing the Panel with some recommendations on the Apprenticeship Pilot. Mr. Cooper said yes, staff has some ideas of how to change these guidelines going forward, and we will provide them to Panel members within the month of December, and get the Panel and stakeholder input, and make the necessary changes. Mr. Broad asked if he wanted to raise the cap for the larger Apprenticeship programs. Mr. Cooper said that is the main item that needs to be changed. Mr. Cooper said that would be one approach that we definitely would want to look at and it would make sense to allow the larger JATCs to be held to a different standard because they are different and that would be one way to go about it. He asked Ms. Reilly if she had any comments in addressing that inequity. Ms. Reilly said we are engrossed in studying all of the ins-and-outs of the Apprenticeship programs throughout the State and finding that they are very different. When we started out we were going on a "program sponsor by program sponsor" basis keying in DAS. Certainly we recognize that as Mr. Cooper said, they are very varied in how they are organized and how many locals might be grouped together for purposes of collective bargaining. Therefore there is only one JATC so called program sponsor, even though there are locals up-and-down the State that are aggregated. We will soon have some recommendations for updating the Apprenticeship Pilot guidelines. We are just not sure if we are going to present them quite so quickly because we have some FY funding considerations. So certainly a natural breaking point would be the top of the calendar year or the top of the next FY; expanding and in fact changing the cap brings up some issues with SET funding allocations, but we are finding it a very interesting Pilot and something that we are eager to expand as we go forward.

Ms. Roberts said just as Ms. Reilly said earlier, it is a Pilot and she would like to see some solid results from this before we begin increasing caps and making some considerations to these Apprenticeship programs.

Mr. Hart asked if we will develop a formula to apply to all JATCs to determine the amount of funding for them. Mr. Cooper said I would not say a formula, but we would change the cap that we currently have in the guidelines so it would take into account the variance and size of the JATCs. So one JATC with 3,000 apprentices would not be held to the same funding amount with another that has only 100 apprentices.

Mr. Rodriguez asked outside of the funding policy issue, what have you found are the benefits of sponsoring these programs. Mr. Cooper said one of the areas that he believes will show itself as a benefit is that the Apprenticeship is generally tied to pre-apprenticeship programs and journey-level in a career progression that really gives a great opportunity both for the young people coming out of high school looking for a career path or people returning to the workforce. They know that their investment in time and energy is going to lead to a job. One of the great benefits is they are being paid with benefits while they are doing this, so they are earning while they are learning. The employer knows that they are in an agreement with the apprentice, these are usually contractual agreements, and their investment is geared to their needs, so he believes that it is a solid pay for performance and an accountable system that makes a lot of sense to invest in. Mr. Rodriguez asked that as the program evolves, if staff will be able to capture data once the Apprenticeship graduates and if they will also see an increase in their wages. Mr. Cooper said with the kind of metrics and measurements about the performance of Apprenticeship programs, not only do you have the collective bargaining agreements that lays out some of that progression in wages, but for example, Kelly Greer with Strategy Workforce Communications, has been working on a number of these projects and is already developing a

system to track this and to track how they perform, and they will be working with the Division of Apprenticeship Standards. It is interesting that you mention that also because one of the issues that was brought up by the Chair of the California Workforce Investment Board was that as we look at Apprenticeship as a model, and consider what is the proof that it has worked well in the past, and what is the proof that it will work well for employers and for the community and the trainees themselves, so that is something that is being developed by this ad-hoc committee. He said the ad-hoc committee has put together a white paper on Apprenticeship that is starting to address that, and he will make sure that the Panel has access to that white paper that starts to address some of these issues. He said it is already posted on the State Workforce Investment Board's website, and he will ensure that all of the Panel members receive it.

Mr. Rodriguez said from a statewide strategic perspective, in the Bay Area, the City of San Francisco is basically financing over \$6 billion of public works projects in the next five years and there is not the skilled workforce for those projects. He asked if there will be any consideration of looking at demand regionally with DAS and also the Workforce Investment Board. Mr. Cooper said he believed the answer is yes; he believes the strategy of the Workforce Investment Board is to look at regional collaborations and what sectors are growing in which region, so healthcare might make sense for one region and not the other. With ETP applications, we have seen a tremendous increase in the demand for construction in the Bay Area as one of the reasons why they are coming in for contracts. So looking at it regionally, that is something that we will keep in mind along with the Workforce Investment Board to make sure that our Apprenticeship Pilot is aligned with that.

Mr. Hart asked if each JAC will have a person designated as a person in charge of that program. Mr. Cooper said originally as this Pilot was envisioned, we were expecting that JACs, JATCS, and UACs, would come to us individually and we would review their trust documents, where the training was occurring, whether training was happening, and then we would use that \$300,000 cap appropriately to limit the amount so we could share the total funding. That did not happen; some came with structures that were a District Council where there was maybe one master collective bargaining agreement, one master trust, and then a number of four-or-five or more JATCs underneath that trust or master agreement, so there are a number of different configurations and we do not know the answer quite yet how we will address that. Mr. Hart said if indeed there is a person appointed to that position, has there been any thought into giving that person some training in terms of policies and procedures of a JATC and how we operate to raise the potential level of success for a JAC. Mr. Cooper said a majority of the contracts that are for Apprenticeship have come forward with the assistance of consultants who are well versed in the guidelines as they currently are. He said there are some problems and changes with the guidelines, so they have been able to educate those JATCs and training coordinators about what is required of them and if their training is fitting our model, so they have a large task ahead of them.

## **X. PUBLIC COMMENTS**

Steve Duscha, representing Duscha Advisories, congratulated Mr. Cooper and Ms. Reilly for their work on the Apprenticeship Pilot. He said he also wanted to second comments that Mr. Cooper made about the opportunities to expand Apprenticeship beyond the building trades into particularly healthcare. He said he knows it is something that the Governor is interested in, and he believes that we should all be interested in it; but we should not underestimate the difficulties

in doing that, in setting up these programs and the high costs involved. He said perhaps if ETP gets access to new funds, there would be some opportunities to help create those programs.

Mr. Duscha said that Mr. Rodriguez is already ahead of himself on the City and County of San Francisco construction projects and their local hire requirements. He said this Panel approved a project over a year ago to support pre-apprentice training to feed those local hire requirements. He is involved in that contract now but it is not completed yet.

He said the consultant group, like most groups, needs to be beaten up occasionally and he believes that is useful but painful. He said if you take a look at the fees that are listed in today's contracts they are in fact substantially lower in many cases, for what the same people were charging before we were beaten up; so you are actually having an effect.

Mr. Broad said he appreciated that and he did not believe that any of the Panel intended today to raise this issue. The way the proposals rolled out today, it made itself evident in a certain sense. He said he also believed it was a combination of factors today; if you have a series of proposals where people do not perform very well and you have a consultant that may have been there the first time and is here the second time, we should be able to have an expectation that we need to do something differently than we did last time. He said the other thing that we have grown to feel is that he does not have an issue personally (and does not know how the rest of the Panel feels) but he personally does not have an issue with someone who is a consultant, charges a fee, and stays with these people the whole time and feels personally responsible for them succeeding. He said he does have a major issue with someone who charges a development fee and then walks away letting someone then fail. To him, the easy part is getting the proposal in before the staff and getting it ready to be approved. The hard part, especially for the ones that haven't done it before, the people that don't know what they are getting into, the people that maybe know what they are getting into but they don't fully appreciate the complexity of getting it done, the people who see free government money and therefore let's just see how it turns out, they don't realize that this program very seriously requires accountability, this is a very accountable program. So what I am hoping is that the consultants are there saying I will not let you fail, my reputation is on the line, this is going to affect me. I think what has happened in the past is that some people have been able to walk away from it with nothing really happening, and we don't want to see these guys fail, we want to see them succeed as I'm sure you do and every good consultant does. They are not all going to succeed because of various issues, but it is a shame if they fail because a person with tremendous expertise has just moved on to the next client; that is the issue. Mr. Duscha said he could not disagree with any of that and he would add two things. I believe that yes, it is easy to fill out the ETP forms and fill out an application. The thing he tries to provide and the best of them try to provide, is in the development project to first say to some people, hey, you don't have an ETP contract here; don't do this, this is foolish. The other useful thing we do in the development process is to say you are doing a lot of training, there are these pieces that you can document and ought to include in an ETP contract and there are these other pieces that you shouldn't try to do. I think we add value in that, but as you said, it is important to set up a contract that can succeed and a contract that we as consultants want to follow through and ensure they succeed. Mr. Broad said, and I will say this, as someone who provides advice to people for a living, you can make lots of money not telling people the truth, not being candid and frank with them. Many people don't want to hear the truth, sometimes when you tell them the truth that means you don't get paid. I mean, I have people that want to hire me and I say don't hire me, bad idea; don't hire



anyone, you don't have an issue, you are not ready to do this. I could easily, and I'm sure other people do this, say whatever, and take what you can get from people and move on; that is not illegal but it is not very ethical. Let me say this in particular, I read your publication every month; I want to be sure I am quoted correctly. You have been very responsible about getting this message out to the community, so I appreciate that. If you wanted to pander to this, you could say, oh these Panel guys, what a bunch of people who don't know what they are talking about, and they are lecturing us; they don't know what they are doing. You could have easily done that, that would have been less responsible, but you know probably in some quarters it would have made you a very popular guy. I appreciate that you have raised this issue, I think that as I said before, there are limits to our role in policing this subject, the rest of it has to be self policed and policed by the marketplace, and it has more or less run its course as far as he can tell. We have done everything; I think you have been very good about raising this issue. I don't want you to think, far be it from me, to think that people that do what you do are inherently bad people because that would make me a bad person, and I'm not willing to go there. I'm a lobbyist, talk about an unpopular concept with the general public, and I'm also a lawyer, so I understand the feeling of being picked on too, and I don't think we want to do that.

## **XI. PUBLIC MEETING ADJOURNS**

Mr. Broad adjourned the Panel meeting at 12:45 p.m.