



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

New City Hall
915 I Street
Council Chambers, Room 1103 – 1st Floor
Sacramento, CA 95814
November 14, 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

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:34 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Sonia Fernandez
Leslie McBride
Edward Rendon
Janice Roberts
Sam Rodriguez (arrived after initial roll call at 9:44 a.m.)

Executive Staff Present

Stewart Knox, Executive Director
Jill McAloon, Chief Deputy Director

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 6 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the September 19, 2014 meeting.

Motion carried, 6 – 0.

Mr. Broad said it's my pleasure to introduce our new Executive Director, Stewart Knox, and I'm sure all of you will be getting to know him. He is someone with a great deal of experience

in our field and we are very pleased that he is here. He said I'd also like to thank Jill McAloon for the wonderful job she did as Acting Executive Director.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said thank you and I appreciate being here today. As Barry mentioned, I have had experience in employment training for about 21 years but I don't have a lot of experience with ETP; I've had about three weeks of on-the-job training so I look forward to it.

Good morning and welcome to the applicants and stakeholders. I appreciate you all being here. Today we have a mix of single and multiple employer projects. There are three regional office managers here today to present proposals: Diana Torres, San Diego; Creighton Chan, Foster City; and Willie Atkinson, Sacramento.

Regarding budget and alternative funds, the Panel has \$3M available this Fiscal Year (FY) to the Alternative and Renewable Fuel Vehicle Technology Program in partnership with the California Energy Commission. Should the Panel approve the projects before it today, we will have about \$2.2M remaining this FY. The Panel also received \$2M in General Funds to serve workers and employers impacted by the drought under the Panel's RESPOND project. To date, if the Panel approves the projects before them today, we will have about \$532,000 for the remaining FY. Regarding core funding, ETP had approximately \$64.7M in contracting capacity this FY. However, AB 1476 recently approved by the Governor, allocated an increase to the ETP appropriation by another \$10M for 2014-15. Based on our incremental encumbrance process, the \$10M in funds will equal about \$26.3M more in contracting capacity, which builds the program from the \$26.3M in new contracting capacity plus the original \$64.7M to just over \$91M this year in contracting capacity. So, it's one of the largest we have had in quite some time to date. The Panel is committed to approximately \$45.5M already in contracting and today the Panel will consider another \$5.5M. Should the Panel approve all projects before it today, we will have approximately \$40.1M remaining for this FY.

In regards to the FY funding, as you may recall the Panel took action in September 2014 to approve modified versions of staff recommendations for Funding Priorities for 2014-15. The Panel directed staff to review pre-applications and applications in date order received and establish funding allocations by contract type. Single employer contracts were allocated at \$29.8M; standard proposals were allocated at \$22.4M; critical proposals at \$4.1M; and the small business allocation at \$3.3M. Multiple Employer Contracts were allocated at \$16.4M; standard proposals were allocated at \$13.4; and the apprenticeship was allocated at \$3M.

The Panel also directed staff to manage repeat contracts, repeat MECs to be funded once per FY and preference for those first-time single employers. The Panel also reduced funding caps. The single employer cap was reduced to \$425,000; the MEC cap was reduced to \$650,000 and the apprenticeship cap was reduced to \$300,000 per sponsor.

The Panel further directed staff to hold accepting pre-applications for 2014-15 until April 2015. The Panel also approved the highest level of Substantial Contribution (SC). 30% for the first time; 50% for second time, and for employers earning \$250,000 or more in the past five years per facility. Also, the Panel reduced the High Earner Reduction (HER) threshold

from \$2M to \$1M, for repeat single employers and participating employers in a MEC (excluding critical proposals, job creation and alternatively funded projects), who have earned \$1M or more in the past five years regardless of facility. Also, the Panel adopted a new Delegation Order for small business capped at \$50,000 and other proposals capped at \$100,000 to be approved by the Executive Director on a continuous flow. We have about 30 proposals under Delegation that we are processing now.

Since the September Panel meeting, staff has processed 56 pre-applications for eligibility; 11 were deactivated and 45 were assigned to regional offices. There remain 68 pre-applications to be processed and assigned for development and another 35 pre-applications on hold. Repeat contractors that can be processed at this time. In total, there are 154 pre-applications currently assigned to regional offices and 38 are repeat which will not be developed at this time. We held a staff meeting yesterday and there was a discussion of when we would get to those and we will bring this matter to the next Panel meeting. There are also 12 projects in contract review to be approved by the December meeting. Clearly, there is a lot of work to do. We have high dollar amounts which we are actively and aggressively working to get out. We've had higher retirements than we have had in the past, and so we've had four new positions approved from the Labor & Workforce Development Agency (LWDA). Those positions will go to the field offices to develop and monitor projects once hired, so we are looking forward to adding new staff. The full benefit of these four new positions will be fully realized in the next few months due to the training component.

It should also be noted that the Delegation Order process to review and approve projects on a continuous flow basis, should significantly reduce and expedite processing of those projects. There are over 300 projects to develop, and it's still too early to know how many projects staff will develop this FY, which was discussed in a staff meeting yesterday. We will do our best to manage workload and report our progress at the next meeting.

Regarding Legislation, AB 1476 as mentioned earlier, was approved by the Governor increasing ETP's appropriation by \$10M. There is not much more to report on Legislation as they are in recess.

VI. REQUEST MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 through #4.

AHMC Anaheim Regional Medical Center LP	\$326,878
ConAm Management Corporation	\$198,200
Professional Medical Staff Memorial Hospital of Gardena.....	\$252,460
Paramount Pictures Corporation	\$187,920

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of Consent Calendar Items #1 through #4.

Motion carried, 7 – 0.

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

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

Motion carried, 7 – 0.

VIII. ACTION ON JOB CREATION GUIDELINES

Mr. Knox said the Retrainee-Job Creation Guidelines came before the Panel at the last Panel meeting. The original Job Creation program began in October 2010 in response to the economic downturn. It was designed to foster economic expansion in California by providing funds to train newly-hired employees. The program has always offered a higher reimbursement rate; a lower post-retention wage; and waiver to turnover rate penalties and Substantial Contribution. For reasons of administrative feasibility, this program does not apply to MEC's.

Trainee eligibility requires a date-of-hire no earlier than three months prior to the contract approval. This is referred to as the "Benchmark Date". Employers must demonstrate commitment to hire. As such, components of that would be opening a new facility, adding a new production shift, or expanding current production. They need to add new employees and that needs to be part of the application process.

Originally, the program did not allow backfilling and routine replacement of workers. In October 2011, the program was expanded to do so, in response to further economic downturn. The reasoning was that it would be better to fill a position with the incentive of training funds, rather than allow it to remain vacant. Laid-off workers who are re-hired were always deemed eligible and remain so under the current Guidelines.

At the August 2014 meeting, the Panel questioned whether eligibility should extend to refilling and routine replacement. The issue was called to the Panel's attention during Public Comment against prioritizing funding for the Retrainee-Job Creation program for the remainder of FY 2014-15. Eligibility for laid-off workers who are re-hired was not called into question.

The Panel asked staff to limit eligibility to "net new jobs" and there was some discussion in favor of using the criteria adopted by GO-Biz for the California Competes Tax Credit program.

Staff brought back guideline revisions for net new jobs to the Panel in September 2014. Those revisions would have required ETP to compare the number of full-time permanent employees on payroll as of the Benchmark Date, against the number on payroll at end-of-term. Staff would make a comparison by reviewing an employer's quarterly wage reporting to the Employment Development Department (EDD). The Panel and public expressed concern that this approach was too complex and subject to misinterpretation.

Thus, the revision before us simplifies the issue to an employer representation of contract. Fiscal staff will review this aspect of eligibility along with the date-of-hire. The employer representation is expected to be highly reliable, based on a sample test for date-of-hire

conducted in 2012 by the ETP Fiscal Unit. Of the 2,410 placements tested, only two trainees were hired short of the Benchmark Date, which is obviously a very small percentage.

The contract typically will be revised to reflect the “net new jobs” requirement, applicable to all contracts approved today and forward; thus, staff recommends the Panel approve the revisions effective November 14, 2014.

Mr. Broad asked if there were any questions from the Panel. Ms. McBride said not necessarily a question but a comment. I think this will simplify things for the staff and I think it also makes it easier for the applicants too. I would ask that we perhaps review this going forward to make sure that this minimum amount of error continues to occur. I don't know if this is reasonable in terms of timing, but my thought is to leave that at staff's discretion when it might be appropriate or when the Panel calls for a review of it, just to make sure we are still online with what the past history has been. Mr. Broad said her point is well taken.

Steve Duscha, Consultant, said if Public Comment on this topic is in order, I do confess to probably raising this issue a couple of months ago. I support what the staff is proposing to do here. I do have questions about the specific language proposed and I've shared my concerns with the Executive Director. I think there is some inconsistency with the language as to what role part-time employees pay in the calculations. There is also an issue about the language as it does not really support the change in the minimum wage that I think is intended and also an inconsistency in the language about whether you can transfer people from a new new-hire job category to a regular retraining job category. I think the document has it both ways. I would urge the staff to work out the specific language for the policy statement and what I would really suggest, is that this is a matter properly addressed through regulation, and that it probably needs to go in that direction. I do support the intent of what the staff is trying to do here, but I think there are some drafting issues that can be corrected as the process goes forward.

Ms. Roberts said on your question regarding part-time, you brought up a good point. She asked what some of his concerns are, such as hiring a part-time person through the summer, laying them off, then they would come back in January; would I consider them a net new hire at that point? Mr. Duscha said I just don't understand whether part-timers are to be counted or not; that simply needs to be clarified. The other issue in auditing and monitoring this, is what data is available when you look at the EDD tax records. The EDD tax records as I understand it, state the total number employed at the end of a quarter and the total wages paid, but they make no distinction between full-time and part-time employees. So if that data is to be used in monitoring and auditing, we just need to know how. Will you calculate full-time equivalents with the data that exists or will you simply rely upon a statement from the employers to what the employment is at a given point. These are simple issues for a small company and difficult issues for a company with a great number of employees. I think it needs to be stated more clearly and simply.

Mr. Broad asked Mr. Knox if we have an answer to that question. Mr. Knox said yes, I'd like Kulbir Mayall to come forward to briefly explain the calculation.

Mr. Mayall said as far as the EDD wage database is concerned, as Mr. Duscha mentioned; it does show the number of employees as an item number. The item number represents the

number of employees in that quarter for verification. We try to get a reasonable assurance that there is an increase to the benchmark quarter at the qualifying quarter, which is at the end of the contract term. The increase should be as much as the trainees placed in the contract for the job component section. So, it gives us a reasonable assurance the requirements are met, as the guidelines simplify that employer representation is all we are looking at.

Mr. Mayall addressed Mr. Duscha's question about how to determine whether the trainees are part-time or full-time. We verify full-time wages by calculating the number of hours by the ETP minimum wage rate. We use 455 hours to determine full-time employment in a quarter to get an idea.

Mr. Broad said I realize these things can be complex on occasion, but this is a pretty simple idea. The business is expanding; not staying the same. So if it's a business that is seasonal such as retail or construction, obviously that shouldn't qualify if what they are doing is going through normal seasonal fluctuations, especially using part-time employees. I don't know if that can be reflected accurately, but it seems like it is a question you could get a yes or no answer to. Contractors come to the Panel all the time, and say they are opening a new facility, have a new product line, or they are hiring people. It's obvious that it is Job Creation, and it shouldn't be that difficult to administer.

Mr. Mayall said, I think it is simple. We looked back on some of the contracts that had a job component included, and I did see an increase in the EDD wage display. So, it is quite obvious that it does show that there is an increase in the net new jobs.

Mr. Broad said I'm satisfied with this. I obviously think Mr. Duscha's points are well taken and his concerns are quite legitimate. I think this is a function of looking at this in six months to a year, to assess whether it is working, is it problematic or are people gaming the system. Obviously, in an environment in which we have more demand than we have money, even though we have vast amounts of money, people have an incentive to try to move into one of these funding categories, I get that; so there may be some game playing but this is one that seems so obvious. How is your business expanding is the question, in what way are you creating new jobs and what are you doing to create new jobs. Obviously, if a fast food restaurant hires someone in the summer and then lays them off because they have less work in the fall and rehires them the following summer, it's not business expansion.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the revised Guidelines for Retrainee-Job Creation effective November 14, 2014.

Motion carried, 7 – 0.

Mr. Broad said I'd like to take this time to make a couple of comments upon the occasion of the appointment of our new Executive Director. In the period that we've gone through in which we've had an Acting Executive Director, the Panel given all the events, has been somewhat drawn into the internal management of ETP. I don't think there was anything wrong about it, except that it is really not the Panel's function. This governmental entity happens to be set up in a way in which the Executive Director is a direct appointee of the Governor, answerable in effect, to his or her appointing power. Other agencies are created in

which the Panel or the Board hires the Executive Director, in which case the Executive Director is answerable to the Board. So it's kind of a division of labor or check and balances and that's in the legislature's wisdom; that is how they structured it. Which means the Panel's core function is to do what we usually do. To review, question and approve projects. It's not our natural role to be involved in the internal operation of the Panel itself or its employees; that is the Executive Director's job. Obvious concerns about that are perfectly reasonable to be brought to the Panel. I don't want to tell people not to bring those concerns to the Panel. However, it's my intention to defer those questions to the Executive Director and get us back to the more natural, statutorily appropriate role of the Panel doing what the Panel does. The Executive Director managing the day-to-day operations of the Panel, staff and the agency itself. That is the natural division of labor and the Panel is not well suited to manage the internal affairs of the Panel. We are a part-time board; not a full-time board. It's usually the full-time boards that serve in an appellate capacity that have that sort of a role. That's only to say that we've been through a sort of abnormal period, it's now time to return to a more normal period, and I hope everyone will take that in the spirit in which I mean it. If someone has a concern about the internal operations of the Panel, if you don't like something and you want to tell me or another Panel member how you feel, we are happy to hear it, deal with it, and ask about it. That is our role but it should be under more extraordinary circumstances. Start with the Executive Director, resolve issues directly with the Executive Director, and work with the Executive Director. If there is some kind of frustration there, you are free to raise it at any point with the Panel.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Physicians for Healthy Hospitals, Inc. (presented out-of-order)

Ms. Torres presented a Proposal for Physicians for Healthy Hospitals, Inc. (PHH), in the amount of \$368,180. PHH is a for-profit coalition of local doctors whose mission is to create strong, state-of-the-art hospitals that serve as centers of medical excellence in the Hemet, San Jacinto and Menifee Valleys in Southern California. In October 2010, PHH purchased Menifee Valley Medical Center, an 84-bed capacity hospital, and Hemet Valley Medical Center, a 327-bed capacity hospital. With a combined total of 1,200 full-time employees, the hospitals provide services in emergency, cardiac catheterization, cardiac care, CT scan, MRI, day surgery, endoscopy, patient transportation, laboratory, surgical, maternity and nursery, oncology, orthopedic, joint replacement, therapy, and sub-acute unit to the general public in the cities of Menifee, Hemet, San Jacinto and surrounding communities of Sun City, Canyon Lake, Winchester and Nuevo.

Ms. Torres noted that this is a repeat single-employer contractor. However, because the application for funding had been submitted by September 19, 2014, the date on which the Panel established a preference for first-time single employers, this proposal was allowed to move forward.

She noted an updating issue on Page 7 of 7 of the ETP 130. The number of employees that have completed training so far is 305, rather than 279 as stated.

Ms. Roberts asked if September 19, 2014, was the date when we said if they came before that if they were a return customer that we would look at it versus holding them back. Ms. Torres said right, because they already had an application in the making and it wouldn't have been fair to say thanks for all that work but we are not going to consider your proposal.

Ms. Torres introduced Joan Roderick, Director of Education.

Mr. Broad said, I keep hearing that recently graduated new nurses have a difficult problem obtaining a job. Which is, there is a demand for nurses but not for nurses that are new; they can't get that first job because they don't have any experience and people don't want to hire them. Ms. Roderick said their critical thinking is not developed. You have to have the knowledge, and then they have to incorporate all of these tasks. They have to be empathetic when they do it, but all of this takes experience. So we follow them very closely for the first twelve weeks to build their confidence, to check their educational level, and tell them it's okay; you're going to learn task. Then we have to teach them to prioritize because none of that is done in nursing school. They don't know how to prioritize and they don't know what's important.

Ms. Roberts said but you do hire college graduates and then you put them through the training. Ms. Roderick said yes, they are college graduates with a two or three year degree graduates. Ms. Roberts said I really like this contract and you did very well on your last one. You did it all yourself I assume, because it appears that you are really on top of it. Ms. Roderick said I worked on another hospital too, but we are going to make sure we get everything. Ms. Roberts said you have done a great job and took the Substantial Contribution too.

Ms. Bell asked, are you the project manager for this proposal? Ms. Roderick said yes, I am going to be doing that now along with a secretary and HR. We also have staff in other hospitals that are going to ensure that we are complying with the data entry for the state requirements. Ms. Bell said but you are taking the lead on this project? Ms. Roderick answered in the affirmative.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for PHH in the amount of \$368,180.

Motion carried, 7 – 0.

Hawker Pacific Aerospace

Ms. Torres presented a Proposal for Hawker Pacific Aerospace (HPA), in the amount of \$390,055. HPA is a wholly-owned subsidiary of Lufthansa Technik North America Holding Corporation located in Tulsa, Oklahoma. The Sun Valley location provides Federal Aviation Administration (FAA) and European Aviation Safety Agency (EASA) certified landing gear repairs and overhaul services. HPA clientele include all major commercial airlines, airfreight carriers, U.S. government agencies and regional aircraft providers.

Ms. Torres introduced Troy Trower, CFO and Brent Bartlett, Consultant.

Ms. Torres said this is a repeat single-employer contractor. However, because the application for funding had been submitted by September 19, 2014, the date on which the Panel established a preference for first-time single employers, this proposal was allowed to move forward.

Mr. Broad asked, in terms of actual workers in this contract who are acting as mechanics, with engine maintenance. What are their wage levels? Because we are showing \$11.67 per hour to \$34.66 per hour. Obviously, \$11.67 is a very low wage for an aircraft mechanic. Mr. Trower said there are many different requirements within our company and within the industry, but the average wage of those folks working in this program will be around \$17 to \$18 per hour. Mr. Broad asked if Hawker is the former British Hawker. Mr. Trower said no, they are unrelated and there are many Hawker Pacific companies.

Mr. Rodriguez asked, did you already hire the 70 individuals? Mr. Trower said no, we have not but we have begun hiring.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for HPA in the amount of \$390,055.

Motion carried, 7 – 0.

Paramount Farms International LLC

Ms. Torres presented a RESPOND Proposal for Paramount Farms International LLC (Paramount Farms), in the amount of \$529,200. Paramount Farms processes, farms and sells almonds and pistachios. In tandem with grower partners, the company farms 125,000 acres that deliver 450 million pounds of nuts annually. The company's specialty crops are grown, processed and marketed under one entity to ensure quality. Paramount Farms is a wholly-owned subsidiary of Roll Global LLC in Los Angeles. Its headquarters are located in Lost Hills, Kern County. Customers include retail and wholesale food distributors worldwide such as Costco, Wal-Mart, Tesco, Blue Diamond, Planter's, Kraft, Trader Joe's and Whole Foods.

Ms. Torres introduced Loren Meigide, Senior Director of Human Resources.

Mr. Broad said I thought we funded Paramount Farms before. Ms. Roberts said we did, but this is in Lost Hills; isn't there another Paramount Farm in Delano off Hwy 99? Mr. Meigide said there is a Paramount Citrus, their sister company. Mr. Broad asked if that is who we previously funded and if they are a different Paramount company. Mr. Meigide said yes, that is correct.

Ms. Bell asked if the 700 employees are all located in Lost Hills. Mr. Meigide said most of them are located in Lost Hills. We have a new plant in Firebaugh, and we are going to be training some employees there as well. Ms. Bell asked how many shifts they have. Mr. Meigide said most of the work is done on two shifts. We do have a third shift which is for maintenance people. Ms. Bell asked if Firebaugh also has two shifts. Mr. Meigide said Firebaugh will be two shifts, but it is only one right now. Ms. Bell said Roll Global is a huge company and you are part of the Roll Global family, which owns companies such as FIJI

Waters, JUSTIN Wines, Teleflora and Halos. I am glad that you are here because I'm hoping that you will model the way of these other companies to come and also ask for some funding from the ETP as well.

Ms. Roberts said this is a RESPOND Drought proposal, but she only sees one drought related training included in the Curriculum. I looked at a different RESPOND proposal and almost everything on the training curriculum is water-driven. She asked how this proposal qualifies under RESPOND, when most of the training is basically business training. Mr. Meigide said as the workforce develops we will be more effective and efficient in using all of our resources, including water, so there is some general training that will impact the way to use water in growing and in processing. The harvest period is a very intense water usage period. The specific training on reduction of water use is intense for a few people, but not as broad as some of the other training they are going to do. There are water treatment facilities onsite and water use in the harvest process and in the fields. Ms. Roberts said she's not familiar with all of the RESPOND proposals but what is included in the ETP 130, does not seem like it would fit under this category.

Ms. Bell asked if this training will be done in both English and Spanish. Mr. Meigide said all of the training that we do in our workforce is in both languages, so it adds a dimension to the development of training materials.

Mr. Broad went back to the question of why this proposal qualifies under RESPOND. Ms. Torres said when these guidelines were developed it was also to support assistance to farmers and farmworkers. So it's a bigger concept; it's not so specifically related to water conservation itself and it's broader than that, to support some of the consequences of the drought which affect companies such as Paramount Farms.

Mr. Rodriguez said but we on the subcommittee, left it open because it had to do with any employer that was impacted, so that it would sustain the workforce in that geographical location.

Ms. Roberts said so it doesn't really matter what the training curriculum includes? Mr. Rodriguez said no, it doesn't.

Mr. Rodriguez asked, if you were not to receive any funding, what were the projected layoffs given the drought conditions? Mr. Meigide said probably over 100 full-time jobs. Mr. Rodriguez asked if it will primarily be impacting the Firebaugh plant. Mr. Meigide said the Firebaugh plant will continue to grow even if we have to reduce in other plants because it is closer to the growers.

Mr. Knox said basically as Diana mentioned, the program was designed that if employers were in a situation under the drought, it didn't necessarily have to be training around drought-related water reduction. What they are trying to do is pivot from one industry to another industry to delay lay-offs, and we applaud the employer doing that; it is preventing lay-offs. Ms. Roberts said I see, so it impacted the business from a drought perspective, so the training they are requesting does not need to be water-related.

Mr. Rodriguez asked Ms. McBride if GO-Biz has eligibility in terms of companies that are from California and impacted by the drought. Ms. McBride said no, they do not.

ACTION: Mr. Rodriguez moved and Ms. McBride seconded approval of the RESPOND Proposal for Paramount Farms in the amount of \$529,200.

Motion carried, 7 – 0.

Mr. Broad noted that in the emergency drought legislation they sent us the funds and said do something about it. They left it very open for the Panel, which is why we appointed a subcommittee. The question before the subcommittee is whether it applies only to employers who are doing something to fix the drought. In other words, construction companies that are building infrastructure that respond to the drought; or also to companies that are suffering from the drought; there are a lot of ways of looking at drought. I think generally, our subcommittee adopted a more general feeling, and this is more generalized training, but as this drought enters its third year with no end in sight, these companies will be struggling; every agricultural producer in the state is dealing with it. They are running out of ground water and it's a very serious problem.

James R. Glidewell, Dental Ceramics, Inc.

Ms. Torres presented a Proposal for James R. Glidewell, Dental Ceramics, Inc. (Glidewell), in the amount of \$424,800. Glidewell is a dental ceramics manufacturer. The company specializes in the design and manufacture of crown and bridges, dental ceramics, removable dentures, dental implants, snore guards, mouth guards and prosthetic components, and full-cast restorations. Glidewell also designs and produces dental software and other dental materials.

Ms. Torres introduced Stephenie Goddard, Vice President of Business Operations and Adam Powers, Learning & Development Manager of Business Operations.

Ms. Torres said this is a repeat single-employer contractor. However, because the application for funding had been submitted by September 19, 2014, the date on which the Panel established a preference for first-time single employers, this proposal was allowed to move forward.

Ms. Torres clarified the point that their menu curriculum does not include ESL, even though their representative mentioned ESL training.

Mr. Rodriguez asked about the occupation title of design/engineering staff. He asked if that is the company's classification or if it is ETP's classification. Mr. Powers said their classification is dental techs, but we needed to use ETP terminology. Mr. Rodriguez said but we also have dental tech, administrative and design/engineering staff. Ms. Torres said for clarification, it should be your occupational title, so if we need to change that we will; because when these individuals finish the training, we need to have their correct title. Mr. Rodriguez asked if they are all dental technicians. Mr. Powers said yes, they are.

Mr. Broad asked if folks in your business are regulated by the Dental Board or if this is outside of that. Ms. Goddard said they are outside of any regulation except on the medical device side. So as a material manufacturer, we are regulated by the FDA.

Mr. Rodriguez asked if we can make the occupation modification. Ms. Torres said yes, they will. Mr. Rodriguez said so you don't employ engineers, correct? Mr. Powers said we do employ engineers. Mr. Rodriguez asked if they are employed as design engineers. Mr. Powers said the design engineers are the designers that are associated to dental technology, but their title is not design engineer. They are designers within dental technology. Ms. Goddard said as stated earlier, we have CAD cam technology, so some of our dental technicians are doing sort of traditional hand-stacked porcelain; whereas a bigger chunk of our population now is designing that crown on a 3-D computer system. Mr. Rodriguez said right, in the old days it was done with ceramics and moldings.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Glidewell in the amount of \$424,800.

Motion carried, 7 – 0.

Applied Materials, Inc.

Mr. Chan said we will now entertain both Tabs #9 and #17, as they are from the same employer, Applied Materials, Inc. Tab #9 is a Critical Proposal with Job Creation and Tab #17 is an AB 118 Proposal.

Tab #9 is for 415 new employees, and they will be trained and hired to Applied Materials. The expansion of the company is causing them to want to hire at least 415 people within the next two years and they have some possible higher estimates. There will be two new facilities in Santa Clara. There will be out-of-state training on this proposal. They are requesting about 10% of the training for engineers only, which will occur in Austin, Texas. They state that the technical skills training will be customized, specialized, and not available in California. Applied will defray all employee travel costs and associated expenses. Only full-time CA based employees who work as technical staff will be eligible for this training and Applied will document the out-of-state training and attendance with approved LMS. One noteworthy thing about this project is that although the job creation allows the employers to place employees at \$13.55 per hour, they are placing them at a minimum wage much above that.

Tab #17 is for AB 118 and these trainings will provide state of the art solutions to increase the battery power and longevity for electrical vehicles. They will be training approximately 350 trainees. There is no Substantial Contribution on this proposal because it is being funded under AB 118. They have had two previous contracts with us that were 100% successful.

Mr. Chan introduced Ajey Joshi, Distinguished Member of Technical Staff Advanced Technology Group Office of the CTO and Phillip Herrera, Consultant.

Mr. Rodriguez said I am aware of your history as a semi-conductor company. Are you transitioning out of semi-conducting and into alternative fuels? Mr. Joshi said no, this is on

top of the three areas we are already involved in; semi-conductor, display and solar. Our company views alternative fuel energy where we can bring and leverage our expertise in engineering and precision materials; so it's actually on top of what we already do.

Mr. Rodriguez said correct me if I'm wrong, but didn't you have a significant lay-off within the last three years? Mr. Joshi said yes, I think with all the issues we had with the economy, we have gone through the same cycles of cut-back and growth. Mr. Rodriguez asked how many workers were laid-off. Mr. Joshi said he does not have the exact number of lay-offs available, but I think there were some lay-offs that occurred. The point is that we are growing again. It's like the stock market; the stock can go down but the overall trend is what you look for. Mr. Rodriguez said in the application, he does not see any "net new hires". Mr. Joshi said there are two proposals. One they separated as new-hire training, and that's for about 415 new-hires that we expect in the next couple of years. The AB 118 proposal is for incumbent workers to enhance their skill sets.

Mr. Herrera said regarding the net new hires growth on this proposal; we will work with staff on how we comply with that. Applied is likely going to have a Cal Competes agreement as well. What GO-Biz does, and I talked to Kulbir Mayall previously about, is they come on staff with the EDD report that shows them the head count, but they will want the company to produce a calculation and release hard data to show what the net new hires are. So what we will do for both ETP and Cal Competes, is have the HR done and ready, who are the new hires and where they work, and they can do their audits against the HR system if they want. It will be very clear whether or not they met the targets or not.

Ms. Roberts said you have received about \$3M over the last five years, but because of how the proposals are with Job Creation and AB 118, we don't see any Substantial Contribution. It's a big sum of money for 3,000 employees that you are training over those five years, but they are great contracts. Especially hiring 415 new employees; that's a large number and then also having an alternative fuel component.

Mr. Broad said yes, I considered trying to extract some type of Substantial Contribution and decided not to. However, next time whether you technically qualify or not, I expect a Substantial Contribution. You fit in nicely the way that SC is legitimately not required, but it's a lot of money. We have only so much AB 118 funds and you are receiving a substantial portion of it, all for very good reasons and it's a great proposal, but forewarned is forewarned.

Ms. Fernandez asked if there is a plan to bring back some of the employees that were laid off. Mr. Herrera said yes, a clarification on the lay-off; it was about 2% to 3% of the workforce. They do have this sort of workforce management component that goes on where they reduce the workforce by a small percentage; how good that is for the work or the economy is debatable, but it was minor. If we look back at the previous contract, we actually enrolled 700 employees into the Job Creation job and graduated. So if we had to do a net new hire calculation for that last contract, we would have totally blown that away. Ms. Fernandez asked if those laid-off employees that will be brought back, will be earning the same amount that they had previously earned, prior to the lay-off. Mr. Joshi said in many instances, they are earning much more when they return.

Mr. Rodriguez said it was his recollection, that there were between 400-500 lay-offs and they all took place in the Santa Clara facility. There were concerns about the future of Applied Materials. For the record, is Applied Materials still owned by the same people or was it sold and now owned by somebody else? Mr. Joshi said the company is still owned by Applied Materials.

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of Applied Materials Tab #9 in the amount of \$498,000 and Applied Materials Tab #17 in the amount of \$598,500.

Motion carried, 7 – 0.

Mr. Herrera said I'd like to thank Jill McAloon for all of the hard work she did as Acting Executive Director; Creighton Chan; Lily Lai; and GO-Biz. Everybody was very helpful with Applied Materials, which has been great; thank you.

Futuris Automotive (CA) LLC

Mr. Chan presented a Proposal for Futuris Automotive (CA) LLC (Futuris), in the amount of \$424,640. Futuris designs, engineers and manufactures automotive interior systems for emerging markets along with niche and high-value added products for developed markets. In 2012, Futuris was founded as a supplier of seats for Tesla Motors and it currently has 90 employees in California.

Mr. Chan introduced Jim McMillin, Operations Manager; Maria Valencia, HR Manager; and Bill Browne, Consultant.

Ms. Fernandez asked if there is an effort made to hire any veterans with their new-hires. Mr. McMillin said absolutely; in fact, three of my most recent hires were veterans.

Ms. Roberts said it's a great contract, to hire 200 employees in those high-paying jobs. I'm sure you will surpass some of the other manufacturers in the area and they will want to get involved in Tesla. She asked if all 200 employees will be all sourced in California or if some would come from out-of-state. Mr. McMillin said for our manufacturing positions, they are coming from the Bay Area. For some of the higher-skilled positions, it's a challenge to find somebody that understands seat design, for example, in California. So with those positions, we are bringing people in from Michigan and the deep-south.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Futuris in the amount of \$424,640.

Motion carried, 7 – 0.

Space Systems/Loral, LLC

Mr. Chan presented a Proposal for Space Systems/Loral, LLC (SSL), in the amount of \$421,200. SSL is a subsidiary of Macdonald, Dettwiler and Associates Ltd. The company is located in Palo Alto and currently has 2,800 employees. SSL designs, builds and tests

satellites, subsystems and payload; provides orbital testing; procures insurance and launch services and manages mission operations from Palo Alto's Mission Control Center.

Mr. Chan said this is a repeat single-employer contractor. However, because the application for funding had been submitted by September 19, 2014, the date on which the Panel established a preference for first-time single employers, this proposal was allowed to move forward.

Mr. Chan introduced Sabine Tauben, Director, Systems Effectiveness Space Systems Loral; Karen Groseclose, Manager of Product Assurance & Systems Effectiveness; and Bill Browne, Consultant.

Mr. Rodriguez said it's very impressive that you have 7,000 suppliers with CA based addresses. On a yearly basis, what's the approximate purchasing total to other suppliers in CA? Ms. Tauben said I don't know that figure, but satellites cost approximately \$200M each and so some percentage of that goes to various places in the U.S. and other places around the world. I don't know the exact dollar amount, but it's substantial. Mr. Rodriguez said it's very astute, that's exactly how it's supposed to be; so there is a multiplier effect within the economy inside CA.

Ms. Roberts asked how long they have been located in CA. Ms. Tauben said they have been in CA 50 years in the Palo Alto area. We started in Palo Alto and the whole Silicon Valley exploded around us, and it's getting hard to get office space anymore in the area. Ms. Tauben said we've been around a long time; their first satellites were small and they are now about the size of a bus, just the main part of the satellite, so we have really grown up there over time.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for SSL in the amount of \$421,200.

Motion carried, 7 – 0.

Holt of California

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Holt of California (Holt), in the amount of \$165,900. Holt is a certified Caterpillar dealer distributing, renting, servicing, and repairing Caterpillar equipment and machinery and a wide variety of equipment including: large and small construction tractors, agricultural equipment, forklifts, racking systems, telescopic handlers, prime and stand-by-power generation, UPS systems, and on-highway truck engines. The five divisions include: earthmoving; agriculture; power systems; material handling; and the CAT rental store serving all industries.

Mr. Atkinson introduced Max Jones, Training Development and Kelly Waugh, HR Manager.

Mr. Jones said I'd like to thank ETP staff, Peter Cooper, working behind the scenes with Rosa Hernandez and Willie Atkinson to help us do this all in-house. When we first met about this a while back, they said we can help you, you can do it all in-house, and we'll get you in front of the Panel and we are here today; so we are pretty excited about that.

Mr. Broad said this is a really interesting and good proposal. This is the first time I believe we have funded an apprenticeship program proposal outside of construction and I'm very happy that you brought it to us. Thank you to staff for working with the applicant to put this proposal together, it's a good proposal.

Ms. Roberts said I would encourage you to keep in touch with the staff, make sure that you set benchmarks to get things completed over the course of the time. I would love to see this translate to other non-construction apprenticeship proposals. Mr. Jones said we are looking forward to working with staff on our training and roll-out and making sure that all of our class rosters and the paperwork flows. Kelly Waugh is actually going to oversee or manage the project, but I'm the data guy behind the scenes.

Ms. Roberts asked if there is a Holt company in Fresno and Visalia. Mr. Jones said there is a Holt Caterpillar based in Texas, but they are separate from us. Ms. Waugh said there is one in Los Banos. Mr. Jones said we have a store in Turlock and in Los Banos, freeway friendly.

Diane Ravnik, Chief of Division of Apprenticeship Standards, said I just wanted to add my endorsement to this program and to share with the Panel that Holt has been outstanding, with a 15-year history, as a registered apprenticeship program. They are a program that we would describe as truly exemplary so they do have this proven track record and we work with them. As an employer, they are very committed to the hiring of veterans. Max Jones serves on the Governor's Interagency Council on Veterans as does representation from ETP. As you may know, all registered apprentices are eligible for GI benefits and that helps as well, so we wanted to endorse it. I would certainly chime in with Ms. Robert's comments that we would very much hope that this will be the first of many more programs to come in manufacturing and others outside of the narrow construction focus.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Holt in the amount of \$165,900.

Motion carried, 7 – 0.

Multiple Employer Proposals

Kern Community College District

Ms. Torres presented a RESPOND Proposal for Kern Community College District (KCCD) in the amount of \$233,220. KCCD strives to provide outstanding educational programs and services that are responsive to its diverse students and communities. The district includes Bakersfield College, Cerro Coso College and Porterville College. 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.

This proposal is under the Rapid Strategies Pilot on Natural Disasters (RESPOND) pilot program that was adopted by the Panel in early 2014 to fund training in designated drought areas.

Ms. Torres introduced John Means, Associate Chancellor of Economic and Workforce Development.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the RESPOND Proposal for KCCD in the amount of \$233,220.

Motion carried, 7 – 0.

Santa Ana Chamber of Commerce

Ms. Torres presented a Proposal for Santa Ana Chamber of Commerce (SACC), in the amount of \$649,865. SACC has worked since 1889 to bring a higher level of economic prosperity to area business owners, workers, and residents through its business development programs in Orange County. The Chamber works in partnership with and relies upon input from its councils, committees and task forces to identify and implement strategies and programs that benefit its constituency. These working bodies provide an opportunity for involvement of SACC members and stakeholders with a broad representation of business, government, non-profit and educational entities.

Ms. Torres introduced Marty Peterson, Vice President of Operations.

Mr. Broad said yesterday he received a very long and detailed e-mail anonymously. He said, I have a tendency not to discount anonymous e-mails; however, every time SACC has been before us the Saisoft issue comes up about their training model. There are some fairly serious allegations in the e-mail and I've given it to the staff to look at. They've looked at Saisoft in the past, and if I could characterize it, it is sort of like a kind of cutting corners approach but there is no real illegality or inappropriateness to it; that is sort of the conclusion that I have reached about it.

Nonetheless, the e-mail says he encourages the students to use the introductory 30-day free software, so that nobody has to pay for the software. If that is true, collectively that would be defrauding those companies and you would be participating in a fraud. Because if those are intended not for commercial purposes, but typically for individuals, it says that people are using their own computers. They are not using their employer's computer, they are doing it on their non-work time and they are not being paid; all of this is very problematic. However, I cannot act based on this because that would not be appropriate. Nonetheless it's an issue, and I'm going to ask the staff to look at it.

Mr. Broad asked, when you receive ETP funding what's your cut; how much money do you make and how much money does Saisoft make. Mr. Peterson said it ends up being about 10% that they receive, so Saisoft keeps about 90% of it. Mr. Broad asked and how much work do you do? Because the allegation here is that you are kind of a front, is what it really

amounts to. Maybe other people are operating this way, but somebody out there is upset enough about this, and it's not the first time, to write the Chair of the Panel a very detailed e-mail with apparently some knowledge about it. It's troubling to me, because it's not the first time. I really don't know how to respond to it because my gut tells me where there is smoke, there is fire. On the other hand, our staff has looked at this before when it's come up and reached the conclusion that Saisoft is acting lawfully within our parameters of providing the training and that people are getting the training. But it seems problematic and I don't know any other way to deal with this other than to say that if somebody e-mails me, it becomes a matter of public record. They write me anonymously, it's still a public record. Anybody who wants to see this e-mail can see it, and you can see it; I'm happy to give it to you. But it's problematic for me because I have never received this kind of communication about anybody before, in all these years and I don't know what to make of that really.

The last time I remember anything like this, was at a Panel meeting about twelve to fifteen years ago, and it turned out that somebody was in the pornography business, and they were not divulging that. That's the last time I remember anyone raising a sort of question of impropriety but now each time you've come, or at least that I can recall, this has been raised over-and-over again. I'm happy to hear your response to this now, if you wish to make one.

Mr. Peterson said regarding the use of 30-day software, this is the first that I have heard about that and I know nothing about that at all; but I will ask the question. He said as far as what we do and what Saisoft does, we have very good connections with our area. We have members and at a lot of events we publicize what we do and know everybody in the area. So we are really good at marketing the program in our area. Saisoft does help us marketing statewide quite a bit, because we just don't have those contacts.

Mr. Broad said now let me tell you what this e-mail says about that, and I'll quote: "Saisoft claims that employers participating in the training are new, but he only shuffles employers between his different projects, to make it look like he is bringing new employers into the contract. Some of the employers in the Santa Ana Chamber project have been trained under other Saisoft projects, including one this year; South Orange Chamber of Commerce."

Mr. Peterson said yes, to my knowledge he has a contract with another Chamber, but I don't have any visibility of their contract, if there are people in there.

Mr. Broad said but ultimately, you are responsible for this. If these things are happening, it's of concern to me. This is a taxpayer supported funded program and the one thing that I'm always worried about that I've raised in the past, is that we're like the little Dutch boy that puts his finger in the dike; that's our job. The water is behind the dike but if it starts flowing through, we have to put our finger in it and stop things from happening. It seems like in just hearing you today, you may not actually know very much about some of these things, and they are new to you. Now, maybe these are false accusations and if they are, shame on the person who made them. But if they are true and things are happening around the project which you are in control of and you are not getting the information from your contractor, then there is something wrong with the relationship.

Ms. Roberts said we've been talking with Saisoft every time they come to the Panel because I don't like their model. She said apparently the gentleman who owns the company said the

instructors are outside of the U.S. or some of them are outside of the U.S. It seemed like it was just a computer screen with a person behind the screen and these people are standing in front of the screen; it just seemed like a very bizarre concept and so that's one problem. I questioned him earlier on that, but we couldn't find anything that was inappropriate at the time.

Ms. Roberts said I thought we had talked about MEC's not coming to the Panel with a contract that still had one year on it. It seems like you're coming too soon for funding, based on what we agreed upon. Ms. Torres said that was what had been in initial discussions to the Panel I believe in August, but then when you met again in September with the funding priorities, that was not part of it; it was an initial discussion. Mr. Broad asked, didn't we include that companies could come back once a Fiscal Year? Ms. Torres said yes, once a Fiscal Year was what was included in your funding recommendations. Mr. Broad asked if they meet that requirement. Ms. Torres said yes, they do. Ms. Roberts said thank you for the clarification.

Ms. Roberts said maybe you cannot credit what I said about the instructors being within the U.S. or outside the U.S. Mr. Peterson said I'm fairly certain that all the instructors are within the U.S. He has some marketing people that are outside of the U.S. Ms. Roberts said only because I think that was contradictory to what I heard when he was here and mentioned that.

Ms. Bell asked if he has ever sat-in on any of the trainings. Mr. Peterson said yes, I've been to a training. Ms. Bell asked, is it a screen? What did the training look like? Mr. Peterson said it is well run and I think Ms. Torres could attest to that too, because she has staff that monitor. Ms. Bell said but I'm asking you as a user; what does that look like to you? Mr. Peterson said I thought the class was run very well.

Mr. Rodriguez said let me ask a different question about the participating employers listed. There is a company called Certain, Inc. which is in San Francisco. They deliver webinars on multiple platforms, and it says that you are going to retrain 40 of their 57 employees. How do we confirm that the employer, Certain, Inc., has knowledge and supports their workers being trained? Ms. Torres said we call them on the telephone directly. With the participating employers that are provided to us through the application phase, the analyst that develops the project actually calls each and every one of these participating employers on the phone to ensure that there is a commitment, because that has been a concern of the Panel on any multiple employer contract. Mr. Rodriguez asked, so that is part of the file? Ms. Torres said yes, that's part of the file and that is verified. Mr. Rodriguez asked, or does that happen after it's approved? Ms. Torres said no, that's completed during the development before it even comes to the Panel. Mr. Rodriguez said, so the companies that are 300 to 400 miles away from Santa Ana in cities such as San Francisco, Emeryville, North Highlands, Ventura and San Jose, have all signed a document or have been verified? Ms. Torres said yes, that is correct; there's a participating employer certification that they do sign by someone within the actual company. Not the trainee, but somebody usually in HR, depending on the structure of the company and those are the individuals that we actually contact; we do not contact the trainees.

Mr. Broad asked, what about the introductory version of the software that you can have for free for 30 days? Is that anything new? Ms. Torres said no. Mr. Broad asked if there is

anybody else doing that? Ms. Torres said I'm not aware of that; Saisoft did provide us a demonstration and maybe Jill McAloon can share her observations of the actual in-time training with the instructors. If my memory serves me correct, when South Orange County came to you last, I think that was the last one before this one. Mr. Thakore was specifically asked if any of the instructors were outside of the country and his response was no. So with regard to the marketing, that question wasn't asked but according to Mr. Peterson, perhaps that is for the marketing part of it.

Mr. Broad said yes, what I found new and troubling was this potential of violation of software licensing agreements. We could not approve that, because that would be approving an illegal contract, if it's true. I believe what I'd like to do is put this matter over until our next Panel hearing. I'm sorry to put you through this, but I think that the questions raised need to be looked at. If it's determined that they are groundless we will come back and I'm sure we will approve this proposal with our apologies. We need to look at this further; I just don't feel comfortable approving it right now. Ms. Fernandez agreed with Mr. Broad. Ms. Roberts said it would be helpful if the Saisoft owner could be present to answer questions around the allegations.

Mr. Broad said I'm going to ask the staff to share the e-mail with you. You should read it and perhaps look at the controls that you have in the relationship. It's pretty deeply troubling if these allegations are true or if any of this is true, especially if people are getting training more than once through different MEC's within the same region. Sometimes you can cut a corner and its okay; but sometimes you come around third base and the umpire calls you're out; I'm worried about that. There's several things going on here at once and maybe some of its okay or it's just sort of sliding by, but it's of concern. Whoever wrote this is really upset; the e-mail expresses outrage. It isn't personal, it's that nobody else is doing this and that's what the person says. This is not what everybody else does, this is different and it's not fair to everybody else; that is the point this person is making. Otherwise, I would have said it's just some kind of poison thing and just forget it, but that's not how this reads. I just received it at 2:00 a.m. this morning; so whoever was working on it, was working on it very late at night and the sad fact is, I read it six minutes after it arrived. Unless somebody wants to disagree, I'm going to ask that we put this over.

Mr. Rodriguez said no, we don't disagree. I'd like to point out to Marty that their relationship with Saisoft is an intimate relationship because Saisoft Inc. based in Irvine, is doing a development services for this contract. Saisoft Inc. is also performing the administrative services for a fee of \$38,972 and Saisoft Inc. will provide the computer and continuous skills training for a fee of \$545,616. So it just raises some questions that we need to have a little more transparency on, and what exactly is going on? Mr. Peterson asked, are you referring to what it is costing us? Mr. Rodriguez said I don't think it's costing you anything. Saisoft has basically provided a point-and-click from beginning to end. They write the proposal, they submit the proposal and they provide all the expenses tied around the training. He asked who signs off on this at the Chamber. Mr. Peterson said I sign off for the Chamber.

Mr. Rodriguez said, I agree with the Chairman, let's delay taking action. Mr. Broad said so that will be the order, thank you. Ms. Roberts said thank you for coming.

California Workforce Association

Mr. Atkinson presented a Proposal for California Workforce Association (CWA), in the amount of \$649,295. CWA is a non-profit membership-based association serving the local workforce development delivery system. CWA's membership includes 48 local workforce investments board directors and affiliate members. The affiliate membership includes local non-profits, government, educational institution and community-based organizations involved in training, education, economic development, welfare and employment, and other workforce development partners.

Mr. Atkinson introduced Nick Loret de Mola, Program Manager and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for CWA in the amount of \$649,295.

Motion carried, 7 – 0.

The CSU, Chico Research Foundation

Mr. Atkinson presented a Proposal for The CSU, Chico Research Foundation (Chico Research), in the amount of \$55,782. Chico Research was established in 2003 through the cooperative efforts of the U.S. Small Business Administration and the California State University Chico Research Foundation. Chico Research has a network of four community college based centers in Butte, Shasta, San Joaquin Delta and Yuba counties. They are also affiliated with the Northeastern CA Small Business Development Center (Northeastern SBDC) in Sacramento/Sierra counties.

Mr. Atkinson introduced Dan Ripke, Director of Center for Economic Development.

Mr. Rodriguez asked how long the company representative has been employed with Chico Research. Mr. Ripke said he began in 1988 at the Center for Economic Development and then the program that was established with the help of the Small Business Development Center, which was initiated in 2003. Mr. Rodriguez asked how many managers/entrepreneurs they have trained, educated and advised over that time. Mr. Ripke said annually, we touch and/or work with approximately 3,000 entrepreneurial business owners on a regular basis. So if you multiply that times roughly 11 years that we've been running the program, it's pretty extensive. The region that I cover is more the rural part of CA. There are 58 counties and I cover 23 of them. They are the more isolated, robust rural areas that include outlying counties from Stockton, to Lake, up to Siskiyou and then back over to Modoc. So it's a fairly extensive footprint that also encompasses the most rural, sparsely populated parts of the state. Mr. Rodriguez said I am familiar with the work.

Mr. Broad asked why Los Rios severed the relationship. Mr. Ripke said the Small Business Development Center program, which is a federal program, is organized in such a way that there is typically a lead center. My office is the SBDC lead center and we work with a series

of sub-centers or host institutions to deliver our services. The services are business training and business counseling. We had a contractual relationship with Shasta College, Butte College, Yuba College, Los Rios Community College and San Joaquin Delta College. However, at any point in time, the host institutions can choose to withdraw from the program for a variety of reasons. For example earlier this year, Shasta College decided they wanted to get more into curriculum development for entrepreneurship, and away from working with the actual small businesses themselves, so they withdrew from the program in May. Los Rios did the same; they withdrew from the SBDC program on September 30. Our job as stewards as a lead center, is to find a new host organization, so we go through a full RFP process which we did in the greater Sacramento area. It's a large footprint that extends from Lake through Yolo down through Sacramento County and then we had to split the regions. Everything this side of Hwy 49 is considered the greater Sacramento region and so the Sacramento Chamber is now the new host, taking responsibility where the Los Rios Community College footprint is. I have a great deal of respect for the reporting requirements, because I've managed a lot of federal programs; I also know that ETP has some stringent reporting requirements. We are keeping the management of the training and the deployment of the training for this ETP program at my office, the lead center in Chico. That is part of the reason why when we look at the dollar value of this proposal, it is fairly small. I know it takes time to get the processes into place, and so in working with the developer, I want to make sure that we launch what we described as a pilot program to get these ETP funds integrated with the SBDC program. It should go very well; and then we can start to ramp-up and do the program more effectively.

Mr. Broad said I wanted to make sure that the relationship wasn't severed because there was something worrisome; rather, they just wanted to go in a different direction. Mr. Ripke said it's my job to make sure everything is on the up-and-up, and so far, we've been lucky over the years and have not had any issues.

Ms. Roberts said with the small dollar amount of this proposal, maybe it could be included under the Delegation Order next time. Mr. Broad said yes, I believe it could have; but I asked the question and the issue was can MEC's be included under Delegation Order. The answer is yes, if the dollar amount is low enough and it qualifies; so yes, this could have been.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Chico Research in the amount of \$55,782.

Motion carried, 7 – 0.

AB 118 Proposals

Applied Materials

The Tab #17 Applied Materials AB 118 Proposal was presented and approved out-of-order earlier in the meeting, in the amount of \$598,500.

Simbol, Inc.

The Simbol, Inc. Proposal, Tab #18, was withdrawn from consideration.

X. PUBLIC COMMENTS

Diane Ravnik, Division of Apprenticeship Standards, said I wanted to bring to the Panel's attention, something that we may want to bring back to you. It's coming up shortly, a national training grant from the Department of Labor. The American Apprenticeship grants, it's about \$100M, and represents the largest expenditure of training funds for apprenticeship ever, I believe. It follows up on almost a year of increased, very positive attention to apprenticeship. I mention it, because we are hoping to get a good chunk of those monies in CA. We are awaiting the RFP to come out any day now, but one of the things I've been hearing a great deal about is partnerships. So, I raise this because in apprenticeship we have our traditional partners, management, labor and our educational partners; but the consensus with this, and on CWA's efforts with the reauthorization of WIA to WIOA, all highlights apprenticeship a great deal. I think there is an effort nationally, and I think we've been working on it here in CA, for much better coordination and collaboration in the variety of workforce investment efforts that we all do on behalf of the state and local WIBs, ETP, GO-Biz, and I think this grant proposal will certainly be encouraging that. I mention it simply to say that we hope that in the months ahead, we will bring you more information, and potentially applicants for the federal grants will be coming as well. I know of two here in CA that are large groups that will be applying for those funds, and they are in areas that I think this Panel has highlighted. The source of the funds is H-1B visa, so they are looking at three industries in particular: manufacturing, healthcare and IT. There is a large consortium of our manufacturing of apprenticeship programs that will be making an application, as well as SEIU International for a healthcare proposal for the federal funds. It will highlight and include a group of employers and SEIU represented employers here in CA. I wanted to bring that to your attention and ask you to give that some thought, and we will come back subsequently with some information on that and perhaps some requests on how we might partner, to take advantage of those funds and leverage them.

Marty Peterson said Mr. Broad had mentioned something previously about, between our contract and the other contract that Saisoft was working on. I believe I answered your question, but I want to be sure. Was your question, were people getting trained under both agreements at the same time? Mr. Broad said yes; or subsequently in receiving similar training. Mr. Peterson said, to my knowledge it was happening that they were getting trained in one, then closed-out, and supposed to be in a 90-day retention period before they could be covered by any other contract. I am aware that there were people being trained under one, finishing their training, going through their 90-day retention period and then being picked up in the other and they got more training there. To my knowledge, it was not being done at the same time. Mr. Broad said to my knowledge, I don't know that is unlawful; the problem is that you are supposed to find out how you are training someone when you make the application for the funding. It kind of sounds like you are doubling up; I'm talking about the you being Saisoft. If you go to one of the Chambers you are dealing with, not you but Saisoft, and you say I'm going to train Joe Smith in this model and I'm going to apply for this funding for ETP and they will approve that funding. Knowing this, it then goes to the next guy, which is you; and you make an application to train the same employee in the next area. Because what it's doing is, it is denying us the ability to control how much we are spending on training for that employee. To my knowledge, nobody else does that and maybe we don't have a rule against it because we didn't know it was going on, but it shouldn't be happening any more than it

would be appropriate for a company to come to us somehow through a MEC and then come through a different MEC a week and a half later. Train their employees on one topic and then train their employees on the next topic; and we are getting an application saying we are spending \$50,000; and then we are getting another one saying \$50,000; we are not getting one saying it's \$100,000, which is what it really is.

My concern is that honestly, I got the feeling that you may not be getting the entire story told to you or the other Orange Chamber, and it's kind of a manipulated environment. Mr. Peterson said I probably would have never been aware of this if it weren't for the fact that in that 90-day retention period, we had an issue where some people got enrolled too early in the other one, and so we even paid back some money for that. But that's where I became aware of it, but I know that it was being checked out in our audits, and it was coming up and it went through. So I'm guessing it's not against the rules, but maybe it's not right and the rules need to be changed. Mr. Broad said well, that may be; and we are going to have that conversation. I want you to know that I'm concerned that you are the victim and not the perpetrator here. It's been my experience that when people take entrepreneurial risk, based on seeing how close you can get to the edge of the rule, that they shouldn't be offended when the push-back comes and say I'm so surprised that when I got close to the flame my jacket lit on fire. They shouldn't be surprised if they take that entrepreneurial risk and that's how they make money. They shouldn't be surprised, if they get called out for it and that may be what is happening here. I would ask you to not be passive, to look into this very actively, and have a very serious conversation. Mr. Peterson said, I would be all for it if the rule were changed, to come out and say we can't do this. Mr. Broad said and maybe we need to do that, that is what our staff is going to research in the next month, and we will return next month and hopefully resolve this matter.

XI. MEETING ADJOURNMENT

ACTION: Ms. Roberts moved and Mr. Rendon seconded meeting adjournment at 12:17 p.m.

Motion carried, 7 – 0.