



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 I Street  
Sierra Hearing Room – 2nd Floor  
Sacramento, CA 95814  
August 28, 2015

**PANEL MEMBERS**

Barry Broad  
Chair

Janice Roberts  
Vice-Chair

Gloria Bell  
Member

Sonia Fernandez  
Member

Leslie McBride  
*Ex-Officio* 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  
Leslie McBride  
Edward Rendon  
Janice Roberts  
Sam Rodriguez

Absent

Sonia Fernandez

Executive Staff Present

Stewart Knox, Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 6 – 0.

**IV. MINUTES**

ACTION: Ms. Roberts moved and Ms. McBride seconded the motion that the Panel approve the Minutes from the July 24, 2015 meeting.

Motion carried, 6 - 0.

## V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director said, good morning Panel members, applicant, and stakeholders. Following the last Panel meeting in July, we have another large Panel meeting today with \$11.8M in projects and another \$756,000 in Delegation Orders. I will also give you an update on the Fiscal Year (FY) 2015/16 funds as well.

Today we have a mix of single employer and multiple employer projects. Regional Office Managers Diana Torres, Creighton Chan, and Willie Atkinson are here today to present those proposals.

Regarding the budget for Alternative Fuels through the California Energy Commission, we started off this year with \$2.8M. After last month's approval of \$1.3M in projects, we have approximately \$1.5M remaining for this FY. Should the Panel approve all of today's projects of nearly \$500,000, we will have approximately \$1M remaining. The \$2M of drought funding has been completely encumbered and we were not allocated additional funds for the new FY.

In regards to CORE funding for FY 2015/16, to date, the Panel will consider an additional \$11M in projects with another \$756,000 approved by the Delegation Order. Should the Panel approve all the projects today, the Employment Training Panel (ETP) will have approximately \$65M for the remainder of the FY.

Under the Delegation Order, Small Businesses were capped at \$50,000 and other proposals were capped at \$100,000 to be approved by the Executive Director on a continuous flow basis, and as of today, we have approved 21 projects totaling over \$756,000 for this FY.

For the FY 2015/16 program funding, to date, we have approximately 457 projects submitted during the first and second round of applications, with a value of just over \$64M. Financially we look very strong. The beginning of the year is always the big push and most of the larger projects are in.

In regards to the Fund Status Report for the FY 2015/16, we will bring you an updated version of the closeout in September. The ETP fund is at \$76.2M and the projected contracting capacity is \$90.6M; 38% encumbrance level. If all projects are approved today, we will have approximately \$65M remaining for the FY 2015/16.

Potential funding of applications and demands by contracts are still in the regional offices. Single Employer Contracts request are at \$40M; \$38M in allocations. Multiple Employer Contracts (MECs) requests are about \$11M in demand; \$10.8M in allocations. Small Business is at \$3.6M in demand; \$5.9M in allocations. Critical Proposals is at \$2.2M in demand; \$3.9M in allocations. Apprenticeships are at \$5.4M in demand; \$7.4M in allocations. Overall demand is approximately \$76M.

Regarding the number of projects remaining in the regional offices today: Single Employers 118, MECs 23, Small Business 88, Critical Proposal 6, Apprenticeships 10; total of 245. AAU by category: Single Employers 70, MECs 18, Small Business 42, Critical Proposals 1, Apprenticeships 14; total 145. Our staff is working diligently and doing a great job in getting those projects out in the regional office.

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

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 through #3.

Pacific Imaging Management LLC dba Radiology Associates.....	\$151,068
Pandora Media, Inc.....	\$249,600
Riviera, Inc. dba The Enterprise U.....	\$205,300

ACTION: Mr. Rendon moved and Ms. McBride seconded the approval of Consent Calendar Items #1 through #3

Motion carried, 6 – 0.

**VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM**

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

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

Motion carried, 6 – 0.

**VIII. REVIEW AND ACTIONS ON PROPOSALS**

**Single Employer Proposals**

**American International Industries, Inc.**

Diana Torres, Manager of the San Diego Regional Office presented a Proposal for American International Industries, Inc. (American International) in the amount of \$306,684. American International is a manufacturer and distributor of innovative beauty products for men and women. American International was founded in 1972 and is located in Commerce. The Company has nearly 40 brands of products that are sold to various retailers such as Walmart, Target, Walgreens, and CVS, as well as boutique and beauty supply establishments.

Ms. Torres introduced Charlie Loveless, Executive Vice President, and Ann Ervin, Director – Training Incentives, Tax Credit Company.

Ms. Roberts asked, what kind of beauty products do you carry? Mr. Loveless said, we carry men’s and women’s products, and we are the largest manufacturer of false eyelashes.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for American International Industries, Inc. in the amount of \$306,684.

Motion carried, 6 – 0.

## **Fender Musical Instruments Corporation**

Ms. Torres presented a Proposal for Fender Musical Instruments Corporation (FMIC) in the amount of \$504,720. FMIC manufactures fretted instruments such as acoustic and electric guitars and basses, guitar amplifiers, and percussion products. FMIC's customers are music retailers, mass merchants, online, catalog retailers, and third party distributors. FMIC's worldwide end consumers include professional and amateur musicians and musical instrument collectors. This will be FMIC's second ETP contract within the last five years.

Ms. Torres introduced Susan Rehm, Manager, Training, & Special Projects, and Dina Elias, Training Manager.

Mr. Broad asked, who do you have lined up to train for this round; are you using the same curriculum? Ms. Elias said, we have about 250 employees and 10 different departments in our Corona facility. The last half of the manufacturing process was trained; the first portion of that is close to 300 employees. Ms. Rehm said, we will be moving our marketing team from Scottsdale, Arizona to Los Angeles over the next contract term. We also plan on hiring another 40 to 50 people to come into that area.

Ms. Roberts asked, if they bring in employees from another state to work here in California, would that be considered new hires or job creation? Ms. Torres said, it would be under job creation if they are within that time.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for Fender Musical Instruments Corporation in the amount of \$504,720.

Motion carried, 6 – 0.

## **Hyundai Capital America**

Ms. Torres presented a Proposal for Hyundai Capital America (HCA) in the amount of \$514,800. The Governor's Office of Business and Economic Development (Go-Biz) have designated this project as a Critical Proposal. The Critical Proposal designation is based on HCA expanding within California through the addition of new jobs and plant expansion.

Formed in 1989, HCA, a subsidiary of Hyundai Motor America, is the finance arm of Hyundai Motor Corporation. Headquartered in Irvine, with operation centers in Dallas and Atlanta, HCA provides loan financing for two brands: Hyundai Motor and Kia Motor Finance.

Ms. Torres introduced Debbie Zang, Accounting Planning and Tax Reporting Director.

Mr. Rodriguez asked, what is the projected workforce for your Irvine site in the next five years? Ms. Zang said, we are projecting 105 new employees in the next five years. Mr. Rodriguez asked, are you relocating the financing division part to California; will you be manufacturing cars? Ms. Zang said, we do not manufacture cars in California. Hyundai Capital America is the finance arm of Hyundai Motor Corporation. We are supporting our parent companies, which are Hyundai and Kia Motor America. They are the primary

distributors. Mr. Rodriguez asked, where is your headquarters located? Ms. Zang said, our headquarters is in Irvine.

Ms. Roberts said, you hired Deloitte to assist you with your application. You have over half a million dollars at risk, who will be supporting you with the administration part of this project? Ms. Zang said, we plan to do it in-house, but we will hire Deloitte on a consulting basis. Ms. Roberts said, a tax consultant doesn't usually take care of the administration part of all the roster collections and training. Since this is your first time, who would you have in-house from an infrastructure standpoint that will help you support this grant? Ms. Zang said, we have two groups that will be working together; me and a tax team. We have delegated managers who will be in charge of the program and will be working closely with training the department managers on this project. They will be dedicating their time to work with a team of four with our learning and development department. We also have a computer roster system to monitor all the training programs in order to submit the documentation for this training. Ms. Roberts said, when you mentioned learning and development department, that's what I wanted to hear. Ms. Zang said, we have this California training grant available for our company; it's the tax department that initiated the program.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for Hyundai Capital America in the amount of \$514,800.

Motion carried, 6 – 0.

### **Taylor-Listug, Inc. dba Taylor Guitars**

Ms. Torres presented a Proposal for Taylor-Listug, Inc. dba Taylor Guitars in the amount of \$428,440. Taylor Guitars is a privately owned manufacturer of high-quality acoustic and electric guitars. The Company was founded by Bob Taylor and Kurt Listug in 1974. Customers include major recording and performing stars such as Jewel, Jason Mraz, Taylor Swift, and Zac Brown. The Company is headquartered in El Cajon. This is Taylor Guitars second ETP project. The first Agreement was completed over 5 years ago.

Ms. Torres introduced Jo Ann Crabtree, Director of Training and Development.

Mr. Rodriguez said, there's this huge fear that they guitars are being mass-produced across the Pacific. What's your general perspective and plan to sustain what you have and grow? Ms. Crabtree said, our guitars are made 85% by hand and 15% using C & C Lasers for perfection. We are consistently making sure that our designs are not replicated by others. We definitely fight for what is ours and clampdown on counterfeits. No one else can build guitars like we do. Mr. Rodriguez asked, by buying large, do you have long-term workforce sustainability? Ms. Crabtree said, absolutely. If you were to look at the sustainability within our own craftsman, our average 10-year is 9.8 years. We just had four people retire from Taylor after 30 years of service. Our sustainability is really about the coaching and the reinforcement of the training. We have a minimum of 40 hours training for our employees each year.

Ms. Bell asked, what are you manufacturing in the Netherlands and Mexico plants? Ms. Crabtree said, in Mexico, they manufacture our lower end guitars. It's what we call the "Baby

Taylor”, which is our 100 and 200 series. The 300 series all the way up and the exclusive guitars are manufactured in El Cajon.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded the approval of the Proposal for Taylor-Listug, Inc. dba Taylor Guitars in the amount of \$428,440.

Motion carried, 6 – 0.

### **Ventura Foods, LLC**

Ms. Torres presented a Proposal for Ventura Foods, LLC (VFL) in the amount of \$324,000. VFL was formed in 1996 as a joint venture between CHS, Inc. and Mitsui & Company, LTD. Headquartered in Brea, the Company manufactures food condiments such as margarine, mayonnaise, salad dressings, sauces, shortenings, soup bases, and cooking oils at 11 manufacturing facilities. This is VFL’s second ETP Agreement, the previous being over five years ago.

Ms. Torres introduced Jack Rose, Director Operations Finance.

**ACTION:** Ms. Roberts moved and there was a second on the approval of the Proposal for Ventura Foods, LLC in the amount of \$324,000.

Motion carried, 6 – 0.

### **BioMarin Pharmaceutical Inc.**

Mr. Creighton Chan, Foster City Regional Office Manager presented a Proposal for BioMarin Pharmaceutical Inc. (BioMarin) in the amount of \$843,300. BioMarin has been designated a Critical Proposal by the Governor’s Office of Business and Economic Development (GO-Biz) based on the company’s planned expansion and commitment to adding jobs in California.

Mr. Chan introduced Kevin DuArte, Manager Compliance Training, Marty Richard, Executive Director of Compliance, and Gudrun Finn, Associate Director of Compliance.

Mr. Rodriguez said, there was a report by Bloomberg that BioMarin may be bought out. Mr. Richard said, from the time I interviewed with the Company four years ago, those rumors have swirled around. I would have to default to “no comment” which is the standard response to that. Mr. Rodriguez asked, so is there a possibility that you can be bought out and moved overseas? Mr. Richard said, no comment. I am not authorized to address those questions, and even better, I don’t know the answer.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for BioMarin Pharmaceutical Inc. in the amount of \$843,300.

Motion carried, 6 – 0.

## **Cepheid**

Mr. Chan presented a Proposal for Cepheid in the amount of \$569,640. This proposal has been designated a Critical Proposal by the Governor's Office of Business and Economic Development (GOBiz). They are expanding facilities in California. In this proposal, Cepheid seeks ETP funding to train 403 currently employed and 84 new employees.

Mr. Chan introduced Tamanna Prashar, Senior Director Consumable Operations, and Stephanie Smith, Senior Manager Operations Improvement Initiatives, and Phil Herrera, Consultant, Herrera and Company.

**ACTION:** Ms. Bell moved and Ms. McBride seconded the approval of the proposal for Cepheid in the amount of \$569,640.

Motion carried, 6 – 0.

## **Triage Consulting Group**

Mr. Chan presented a Proposal for Triage Consulting Group (Triage Consulting) in the amount of \$473,540. Triage Consulting offers client hospitals a comprehensive review service.

Mr. Chan introduced Danielle Crawford, Principal, Erica Missildine, Principal, and Ann Ervin, Director Training Incentives, Tax Credit Company.

**ACTION:** Ms. Roberts moved and there was a second on the approval of the proposal for Triage Consulting Group in the amount of \$473,540.

Motion carried, 5 – 0.

(Mr. Rodriguez stepped away from the dais and was not present to vote from Tab 11 through Tab 21.)

## **ProTransport-1, LLC**

Willie Atkinson, Sacramento Regional Office Manager presented a Proposal for ProTransport-1, LLC (ProTransport) in the amount of \$528,450. ProTransport is a leading provider of nonemergency inter-facility ambulance services for patients and healthcare facilities throughout the Bay Area and Central Valley.

Mr. Atkinson introduced Jess Daniel, Training Manager, Belinda Lowder, Director of Clinical Operations, Bill Parker, Consultant, National Training Systems

Ms. Roberts asked, do you provide medical transport through helicopters? Ms. Lowder said, we only offer ground transportation. Ms. Roberts asked, do you train any of your employees through Department of Transportation (DOT) training? Ms. Lowder said, we have a training called Emergency Vehicle Operations Course (EVOC). We're hoping to utilize the funds to train our staff through EVOC; there are certain counties that require EVOC training before we

can put our employees behind the wheel and operate an ambulance. Ms. Roberts asked, what is ICD 10? Ms. Lowder said, ICD 10 stands for International Code of Diseases. ICD is a billing classification code for every disease diagnosis. ICD-9 was the previous version and it had 6000 codes; ICD 10 has 16,000 codes. Medicare, CMS, and Medicaid require clear and specific details for billing. In order to be properly reimbursed, we are required to use the specific ICD 10 code and an explanation as to why the patient was transported.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for ProTransport-1, LLC in the amount of \$528,450.

Motion carried, 5 – 0.

### **Multiple Employer Contracts**

#### **El Camino Community College District, Center for Applied Competitive Technologies**

Ms. Torres presented a Proposal for El Camino Community College District, Center for Applied Competitive Technologies (El Camino CACT) in the amount of \$488,796. El Camino CACT is a two-year community college offering academic and vocational education programs. El Camino CACT is a repeat MEC with both core funded and alternative funded Agreements.

Ms. Torres introduced Eldon Davidson, Director of Customized Education.

Mr. Broad asked, is the transportation buses or trucks? Mr. Davidson said, it's a combination of buses, trucks, and trains. It's mostly transits and the Bay Area Rapid Transit (BART) System is involved with this training. We're looking more at private fleets, that's the reason why we interjected the Automotive Service Excellence (ASE) Certification.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for El Camino Community College District, Center for Applied Competitive Technologies in the amount of \$488,796.

Motion carried, 5 – 0.

#### **Studio Arts, Ltd.**

Ms. Torres presented a Proposal for Studio Arts, Ltd. (Studio Arts) in the amount of \$899,608. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television and post-production industries located in Los Angeles. This is Studio Arts fifth ETP proposal.

Ms. Torres introduced Eric Huelsman, President.

Mr. Broad said, Mr. Knox, maybe the staff should reach out to Amy Lemisch, Executive Director of the California Film Commission. I don't know that we are making enough effort to keep the film production in California, including last year, passing a massive increase in the film production tax credit that they administer. I don't know if the industry is generally aware

of how we've been supporting the film industry as a priority industry; trying to upgrade the skill of the workforce in California so it's attractive to film in our state. So maybe when the film commissioner is talking about what California does, they can mention ETP and we can be part of that. Mr. Knox said, we can certainly do that.

Mr. Huelsman said, without this program, the little companies that I service, under 50 employees, wouldn't have a shot in getting the training that they need to compete with all the larger companies, like Prime Focus out of India, which is now here in Southern California. The competition is fierce, it is everywhere, and what we're going through is horrible. I think that with more money coming into proposals, like the assembly bill we had last year, it might help some. It seems to help put a few things in the right direction. I would like to encourage the Panel, by what I seen as a pick up in work in the Los Angeles area, based on back filming if you will, from lost production jobs in the past by companies such as Amazon, Google, YouTube, Netflix, and other production companies; they are starting to flourish when they were once going away. Places like New Orleans, for example, are becoming unenamored with the tax credit, what they're doing to their own local industry, and the taxpayers are disgruntled about having to pay for it. All in all I think that we see very bright skies ahead and I think that we are going to do well. We need to continue this training because even though we have NBC Universal and other companies that are quite large that are participating, it's the little guys, 50 or under employees would really benefit a great deal from it.

**ACTION:** Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for Studio Arts, Ltd. in the amount of \$899,608.

Motion carried, 5 – 0.

### **Alameda County Electrical Industry Apprenticeship and Training Trust**

Mr. Chan presented a Proposal for Alameda County Electrical Industry Apprenticeship and Training Trust (Alameda Electrical Trust) in the amount of \$492,740. Alameda Electrical Trust is a joint labor management organization, founded in 1946 to provide high quality and up-to-date training in electrical inside wiring for Apprentice, Pre-Apprentice and Journeyman members of International Brotherhood of Electrical Workers (IBEW) Local 595. A Board of Trustees comprised of four labor representatives and four management representatives representing an estimated 346 employers govern the Trust.

Ms. Chan introduced Byron Benton, Training Director and Jan Borunda, Project Coordinator, California Labor Federation.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded the approval of the proposal Alameda County Electrical Industry Apprenticeship and Training Trust in the amount of \$492,740.

Motion carried, 5 – 0.

## **Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund**

Mr. Chan presented a Proposal for Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund (Bay Area Roofers) in the amount of \$299,250. Bay Area Roofers is a joint trust serving three apprenticeship programs. It is funded through collective bargaining between signatory employers with the Associated Roofing Contractors of the Bay Area Counties, Inc., and three union locals of the United Union of Roofers, Water proofers, and Allied Workers: Local 40 West Bay Counties, Local 81 East Bay & North Bay Counties, and Local 95 Santa Clara Counties. Each Union local has its own collective bargaining agreement and its own Joint Apprenticeship Training Committee (JATC).

Mr. Chan introduced Daniel Smith, Training Director, and Steve Duscha, Consultant, Duscha Advisories.

**ACTION:** Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund in the amount of \$299,250.

Motion carried, 5 – 0.

## **San Francisco Electrical Industry Apprenticeship and Training Trust**

Mr. Chan presented a Proposal for San Francisco Electrical Industry Apprenticeship and Training Trust (SF Electrical JATC) in the amount of \$670,400. SF Electrical JATC is a cooperative effort between the San Francisco Chapter of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local Union 6. SF Electrical JATC serves approximately 398 Apprentices and 1,200 Journeymen.

Mr. Chan introduced Steve Powers, Director, San Francisco Electrical.

Mr. Broad said, I sat down with some people from Phillips Electronics, and they were basically saying that light bulbs don't burn out because of controlled lighting. Are you seeing a lot of new work in the area of light control? Mr. Powers said, lighting control has advanced so much. Lighting used to be controlled through the light switch; now it's controlled by the sun. When the sunshine hits the building, the lights automatically dim. We maintain the same kind all the time. These new lights last longer. The work that goes into maintaining them, in the beginning, was very extensive. It's a big change. If you recreate 10% of your floor, you have to redo all your lighting to a dimming system and add motion sensors.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for San Francisco Electrical Industry Apprenticeship and Training Trust in the amount of \$670,400.

Motion carried, 5 – 0.

## **Santa Clara County Electrical Joint Apprenticeship and Training Trust**

Mr. Chan presented a Proposal for Santa Clara County Electrical Joint Apprenticeship and Training Trust (Santa Clara Electrical JATT) in the amount of \$557,600. The trust is funded through collective bargaining between signatory employers that are members of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local 332.

Mr. Chan introduced Chap Powers, Training Director.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for Santa Clara County Electrical Joint Apprenticeship and Training Trust in the amount of \$557,600.

Motion carried, 5 – 0.

## **State Building & Construction Trades Council of California**

Mr. Chan presented a Proposal for State Building & Construction Trades Council of California (SBCTC) in the amount of \$639,720. SBCTC proposes to retrain journeymen and apprentice construction trades workers to support California's energy efficiency goals and Project Labor Agreement (PLA) initiatives.

Mr. Chan introduced Jeremy Smith, Training Director.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for State Building & Construction Trades Council of California in the amount of \$639,720.

Motion carried, 5 – 0.

## **The Corporation for Manufacturing Excellence**

Mr. Chan presented a Proposal for The Corporation for Manufacturing Excellence (Manex) in the amount of \$949,912. Manex, founded in 1995, and headquartered in San Ramon, provides business improvement services to manufacturers.

Mr. Chan introduced William Brown, Director of Workforce and Economic Development.

**ACTION:** Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for The Corporation for Manufacturing Excellence in the amount of \$949,912.

Motion carried, 5 – 0

## **Carpenters Trainings Committee for Northern California**

Mr. Atkinson presented a Proposal for Carpenters Trainings Committee for Northern California (CTCNC) in the amount of \$949,902. CTCNC is the educational organization that provides Pre-Apprentice, Apprentice, and Journeyman training services for union carpenters across 46 northern and central California counties.

Mr. Atkinson introduced Paula Resa, Director of Training Services, and Steve Duscha, Consultant, Duscha Advisories.

**ACTION:** Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for Carpenters Trainings Committee for Northern California in the amount of \$949,902.

Motion carried, 5 – 0

### **IX. No More Barriers**

#### Maureen Reilly, General Counsel

Today, we will invite the Panel to consider a new program for ETP funding that fosters job creation and retention in full-time employment for persons with disabilities: **No More Barriers**.

**No More Barriers** will provide individuals with disabilities the training that they need to get hired in today's workplace. Basically, this program is outreach. We are not changing the parameters of the existing program known as Job Creation. We hope to accomplish three central policy goals: Pay It Forward, Paying Back, and Forward Looking.

#### 1. Pay It Forward – Critical Proposal Status

This program will confer the equivalent of Critical Proposal status and reward the employers the same way we reward companies that invest in new equipment or expansion of facilities. Critical Proposals status will allow the highest funding priority for expedited eligibility determination and development. Funding for this program will be capped and allocated pertinent to contract type per Fiscal Year (FY).

**No More Barriers** will recognize the value-added to both employer and community when persons with disabilities workers are hired into permanent full-time jobs. We're paying it forward in the sense when persons with disabilities can also be recognized as persons with abilities that right now aren't being tapped in the workforce. We are hoping to invest in this body of talent by providing the training that is needed for them to be hired into permanent full-time jobs with some of the largest companies in California.

**No More Barriers** will also recognize that employers may encounter significant costs related to training and retaining workers with disabilities, and frequently create or adapt positions as needed to accommodate the disabling condition. This concept allows ETP to "piggyback" onto the successful Job Creation program.

## *Job Creation*

The Job Creation pilot launched in January 2011, and ETP has served some 93 employers, training 3,415 workers with payment earned averaging 75%. Since we are imprinting on top of Job Creation, this new program will only apply to a Single Employer Contract (SEC) in the initial year. The key incentive that we will offer through this program is that the trainees will be eligible for the new hire wage and the new hire rate. The new hire wage is lower than the retraining wage, and the new hire rate is higher than the retraining wage, which is a sizable incentive. There is no substantial contribution for that particular group of employees when we have a repeat contractor. There is no turnover rate penalty, and there will be other incentives that will be available to encourage the employers to hop into Job Creation.

### 2. Paying Back – Employer Commitment

The program is designed for employers in California that have already made a commitment to hire individuals with disabilities, whether or not they need Section 503 Compliance. (See Rehabilitation Act of 1973 as amended in 2013.)

ETP eligible employers that hire disabled workers will qualify for funding under the new program regardless of whether they hold federal contracts. The employers must commit to bring in 7% of the workforce on that federal contract as a person with disabilities.

#### *Individuals With Disabilities (IWD)*

The industry sectors across the board are going to be largely priority industries. Most employers that hold federal contracts are in ETP priority industry sectors. For Section 503 Compliance these employers must recruit, hire, and promote IWD at 7% of the “job group” assigned to the federal project that is under contract. IWD will have to fit in the Job Creation within the pilot so that person will have to have been hired within the window period.

As part of the program, we will use a separate Job Number, because the newly hired Job Creation incentives will only apply to the individuals with disabilities. We will train alongside the incumbent workforce and the human resources department will be working alongside in a separate job number; we will train other incumbent workforce just as we always do under one contract.

The federal Office of Management and Budget (OMB) is making an effort to contract directly with small businesses instead of always having them come in as a subcontractor. For small businesses, the Section 503 Compliance requirements apply, except they are the 7% of workforces measured across the entire company, not just for the people working on that particular federal job.

For purposes of Section 503 outreach, the OMB allows workers to “self-certify” using a simple online form that identifies 18 qualifying disabilities. This includes Veterans suffering from Post-Traumatic Stress Disorder. ETP will accept this certification.

Human Resources staff, managers, and supervisors overseeing disabled workers will also be eligible for training under a separate Job Number. In keeping with the commitment to hiring

disabled workers, employers must pay wages during all hours of ETP-funded training as form of In-Kind Contribution.

### 3. Forward Looking: Partners

ETP will be working in concert with other government programs that offer financial incentives to employers for hiring and training persons with disabilities. We are encouraging the Panel to recognize that even though other forms of funding may be available, such as tax credits for business expansion, administered by the Governor's Office of Business and Economic Development (GOBiz), or hiring incentives, or even a wage stipend that's a temporary stipend, the employer will still be making a significant investment in these training programs. As GOBiz develops Critical Proposals for economic expansion, we will now be bringing out critical proposal status for investment in human resources. It will be a fairly focused marketing program.

#### *Supplemental Funding*

ETP funding cannot be used to displace other government programs, pursuant to the requirement for Supplemental Funding in Unemployment Insurance Code Section 10200(a)(c). Traditionally, the Panel would require an employer's representation that ETP funding will not displace another such program. In keeping with the overarching policy interest in full employment for persons with disabilities, the Panel could acknowledge that the various programs will supplement each other.

#### *Department of Rehabilitation (DOR) Partnership*

**No More Barriers** will be implemented in partnership with the DOR. The DOR will assist us with the outreach. They have several regional offices up and down the state with trained staff specifically dedicated to work with employers that have the Section 503 Compliance needs.

According to DOR, some 20,000 employers in the State of California hold federal contracts. These companies range in size from over 100 employees to multinational. They must all reach Section 503 Compliance goals.

#### *State Directive for Workforce Innovations and Opportunity Act WIOA*

Employers may benefit from career and training services funded by WIOA for adult participants. These services are prioritized to each recipient of public assistance; other low-income individuals, and persons who are deficient in basic skills.

For purposes of administering WIOA funds, the Employment Development Department (EDD) has defined "priority" to mean at least 51% of participants must be either low-income, recipients of public assistance, or basic skills deficient. This does not negate WIOA priorities for serving Veterans.

ETP will coordinate with the California Workforce Development Board (CWDB) and local boards to fund training for employers that hire persons with disabilities. As such, the goals of **No More Barriers** are consistent with the State of California directives under the WIOA.

## *Marketing*

The ETP Economic Development Unit (EDU) will work closely with DOR to create a focused marketing campaign for the new program. ETP will also support development by other marketing partners and consultants.

Mr. Broad said, I want to make sure that we're drawing a distinction between outreach to people with disabilities and sheltered workshops. I don't want our funds going to sheltered workshops. Sheltered workshops are places where people with disabilities are gathered. Generally they're people without disabilities working there, and they are entitled to be paid a sub minimum wage. That's problematic for me, because sometimes they can be paid subminimum wage, but there's profit made. I want to encourage the people with disabilities to be recognized for contributing just like anybody else. There is a whole separate issue when somebody has a severe mental disability, and they cannot function in the workforce. Our program should focus on people coming into businesses that are predominantly composed of people without disabilities, but where we're giving some assistance and encouragement, and that's what we're saying here. We could potentially have 100 people with disabilities bussed in the morning and leave in the afternoon, pay them a \$1.45 per hour, and request additional funding. That is a significant distinction. I want us to recognize that that's not consistent with our mission. Our mission should be about helping people with disabilities get into the mainstream workforce and get paid like everybody else in the mainstream.

Ms. Reilly said, we have the same wage requirement as we do for newly hired employees in our Job Creation program. We're certainly not going below that. The idea here, with the 7% requirement for Section 503 Compliance, is that individuals are being brought into work as part of the team; you're working together in fulfillment of those contractual requirements whether you are building a bridge, designing an electrical system, or whatever it may be. There is a wide variety of industry sectors holding federal contracts in California. Thank you Mr. Broad, that's a very good point and I'll make note of that.

## *Launching*

Ms. Reilly said, we recommend that this program launch on October 1, 2015, which gives some time to ramp up and work with the DOR. We also recommend, for any companies that have Section 503 Compliance, and that came to us for 2015/16 Fiscal Year, that they be invited to take on a contract amendment, with or without additional funding as may be necessary and add this Job Number so that within this FY we will be able to have the largest outreach possible, even though the guidelines and so forth will begin as of October 1, 2015.

Ms. Roberts asked, I know this focused a lot on federal contracts, but we work for large private employers. We want to do the right thing and hire individuals with disabilities. There are no databases that we can go to; we can't ask individuals to self-identify when they come on board if they have a disability or not. This could be a problem for private industry to get a disabled person. We can go to EDD and ask if they have persons with disability that we can bring on board, but it's difficult for private industry to get the same consideration as federal companies that are under Section 503 Compliance.

Ms. Reilly said, we will be hearing from Bill Moore shortly. One of the interesting things about partnering with the DOR, they're looking at it from the other side as they try to place their customers who are persons with disabilities who are seeking full time employment. I believe they have information about how to find eligible candidates for our program. This is not just from employers with Section 503 Compliance needs, but any employer that has a program or outreach to hire individuals with disabilities. Hopefully we can work together to share, exchange data.

Ms. Roberts said, we use the word *able* and this means come in and help with our business needs, but they are not full-time employees.

Ms. Reilly introduced William Moore, Deputy Director, Department of Rehabilitation.

Mr. Moore said, thank you for having me. I'm the Deputy Director of the Department of Rehabilitation, Employment Division. I started my career with the DOR many years ago as a counselor where I worked directly with consumers with disabilities to help them to attain employment. I worked as a counselor, supervisor, district administrator, assistant deputy and now deputy of our employment division.

DOR is very pleased to have this opportunity to partner and work with ETP and to support **No More Barriers** because it reflects the mission of the DOR. Our mission focuses on employment, independence, and equality for Californians with disabilities, and advocacy with partners in the community with persons with disabilities. We provide services to help them to obtain Competitive Integrated Employment (CIE). WIOA focuses on and promotes CIE; it places severe limitations on sheltered work employment. CIE is in harmony with the DOR missions and goals.

Mr. Broad said, if we use the term Competitive Integrated Employment, will we then make it very clear what we're talking about? Mr. Moore said, absolutely. We refer to it as CIE, Competitive Integrated Employment. It means that persons with disabilities are earning wages competitive with individuals who do not have disabilities, and they are working in an integrated setting.

Mr. Broad said that's the essence of my concern. As someone who represents labor, I worry about the people that work in sheltered workshops who would otherwise get no work. I am also concerned that we may be fundamentally exploiting them. It's not our mission. There may be a place for that, but there's no place in our funding for that. Mr. Moore said, I really think that with WIOA, it really changes the perspective on sheltered employment. We work with approximately 100,000 consumers with disabilities annually. There is no problem with identifying individual consumers with disabilities.

The DOR works with high schools, multiple agencies in the community, in regards to referring individuals to us who have physical and learning disability problems, mental health issues, developmental disabilities; we work with all individuals with disabilities.

Ms. Roberts asked, are these individuals with temporary or permanent disabilities? Mr. Moore said, these are consumers with permanent disabilities. We do not focus on their

disability, but we focus on their strengths on what they can do. There are a lot of misconceptions about people with disabilities and their abilities to work.

Mr. Moore said, we have over 500 qualified rehabilitation counselors with Masters' degrees, and we have approximately 100 employment coordinators. Our staff works directly with employers throughout the state of California. We have approximately 85 offices located throughout the state, and we have various relationships with multiple employers throughout the state in working with persons with disabilities. We are excited about this opportunity to work with ETP.

Mr. Broad said, I am interested in helping individuals who were injured on the job through no fault of their own. They go through the workers compensation system, and at the end of the process, they have a permanent disability. They are not individuals who start off with a disability; these are individuals who wind up with a disability. One of the biggest barriers for them is getting back to employment, having alternative employment, and modified work at their previous place of employment. Is there any way we can to reach out to the administrative director of the workers compensation division, or the Department of Industrial Relations and see if there's something we can do? I know this from my experience; the best outcome for the worker is for them to get back to work, and not to be disabled at home. The best result for their lifetime is to get them back to work with their employer. If there's some part of this that we can do and be a part of **No More Barriers**, I think we should at least look at it.

Mr. Moore said, we certainly work with individuals who have been injured on their jobs. As I mentioned there is no discrimination with the DOR. We work with individuals who have been injured in their job in order for them to return to work. They need special accommodations sometimes to help them return to do their job, and most times those accommodations are not too expensive. That's the role of the counselor, to work with the individual to determine what their needs are in order to return to CIE. Many times it's with the employer that they're already employed with.

Mr. Broad said, consider an example, let's say an employer takes someone back and they're making a substantial financial investment in some kind of equipment. In order to accommodate someone, maybe we can pay for the specialized training for the worker to use that equipment, if it's not already covered under the workers compensation system or supplemental to it. I think would be greatly beneficial. So in order to get an individual back to work and there's a \$20,000 solution, but there's a much better \$50,000 solution which requires a lot more training, that's where we can come in and cover the training, if you choose to go with the better solution for the worker that does more for them.

Mr. Moore said that's where the DOR can collaborate with ETP and with the employers to help identify what that employee needs and determine what other accommodations are needed to have that employee return to work and be a productive worker. Yes, you are right on, and because of our relationships with the employers throughout the state, we are certainly in a position to advocate and promote the **No More Barriers**. As Ms. Reilly stated, there over 20,000 employees that have federal contracts, but we also work with California employers who do not hold federal contracts. Partnering with ETP will help us move forward with our Director, Joe Xavier. For those of you who may not know our Director, he is a

person with disability. He is visually impaired and he is one of the best directors we've had at the DOR. His vision is now our goal, which is to employ 20,000 consumers receiving \$20 an hour by the year 2020. Persons with disabilities, they want to enjoy the same pleasures of life that we all have the opportunity of enjoying, and that is really the work, not sheltered employment, but meaningful work that's done through CIE. We are here to support **No More Barriers**. Thank you for providing us with this opportunity, we truly appreciate it.

Mr. Broad said, speaking for the Panel, I really think this is a great idea, and I really appreciate it. I'm excited about this. I would like for this to move forward and really do something for people, and I appreciate your department's willingness to collaborate with ETP and hopefully we can do something here.

Mr. Moore said, we look forward to the collaboration.

Ms. Reilly said, staff recommends approval of **No More Barriers** with the features outlined in the memorandum effective October 1, 2015. Staff also recommends that **No More Barriers** be allowed as an amendment for contracts funded as of July, 1, 2015, as may be applicable, on a retroactive basis and the additional modification recommended by Mr. Broad.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded the approval of the program, **No More Barriers**.

Motion carried, 6 – 1.

## **X. Public Comments**

There were no public comments.

## **XI. MEETING ADJOURNMENT**

Meeting adjourned at 11:42 am.