



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**

Sacramento City Hall
New City Hall, 915 I Street
Council Chambers, Room 1103
Sacramento, CA 95814
January 24, 2018
(916) 327-5640

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Will Koch
Ex-Officio Member

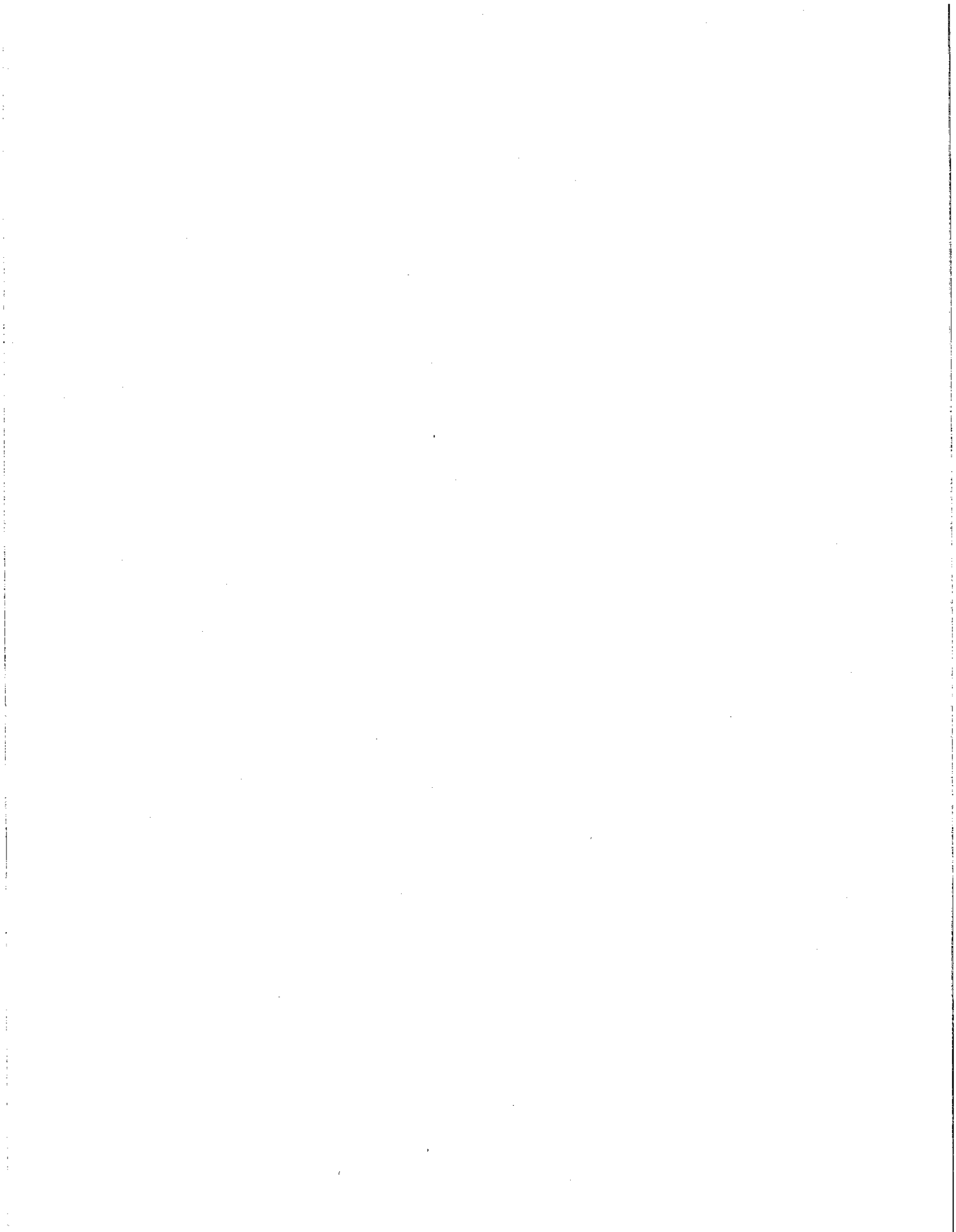
Gretchen Newsom
Member

Jeff Robinette
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director



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Sacramento City Hall
California Environmental Protection Agency
1001 I Street, Sierra Hearing Room
Sacramento, CA 95814
January 24, 2018

I. PUBLIC PANEL MEETING CALL TO ORDER

Vice Madam Chair Janice Roberts called the meeting to order at 9:40 a.m.

II. ROLL CALL

Present

Gloria Bell
Maricela Gomez on behalf of Will Koch - GoBIZ
Gretchen Newsom
Janice Roberts
Sam Rodriguez (arrived at 9:34 a.m.)
Jeff Robinette

Absent

Barry Broad

Executive Staff Present

Stewart Knox, Executive Director

III. AGENDA

Vice Madam Chair Roberts asked for a motion to approve the Agenda.

ACTION: Ms. Bell moved and Ms. Newsom seconded the motion to approve the Agenda.

Motion carried, 6 - 0.

IV. MINUTES

ACTION: Ms. Newsom moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the December 8, 2017 meeting.

Motion carried, 6 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said welcome and good morning Panel members, applicants, and stakeholders. Following the last Panel Meeting in December, we have a Small Panel Meeting today, totaling approximately \$7.0M with another \$992,836K in Delegation Orders for a total just over \$8.0M.

Today we have a mix of Single Employer and Multiple Employer Projects. Diana Torres, San Diego Regional Office Manager, Gregg Griffin, North Hollywood Regional Office Manager, and Anna Nastari, San Francisco-Bay Area Regional Office Manager, are here today to present the Proposals.

Regarding the Budget for Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), we are in partnership with the California Energy Commission with \$2M approved through an Interagency Agreement. We have had four proposals in the last few months for over \$900,000, one that was approved over \$620,000 already leaving approximately \$0.5M remaining for this year.

In regard to Core Funds for FY 2017/18, today the Panel will consider and additional \$7.7M in projects and another \$992K approved by Delegation Order. Should the Panel approve all the projects before it today, the Panel will have approved just over \$70.5M. ETP will have approximately \$24.0M the remainder of the Fiscal Year (FY) 2017/18.

Under Delegation Order, all project proposals are capped at \$50,000 to be approved by the Executive Director on a continuous flow basis, which as of today, 30 projects were approved totaling just under \$992K.

For FY 2017/18 program funding to date, we have approximately 367 projects submitted, with a value of just over \$100M. The Panel has already approved just under \$71M with 306 projects to date, if all proposals are funded today.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$35M; \$9M in allocation. Multiple Employer Contract (MEC): Regional Offices/AAU: requests are at \$9.0M; \$6.0M in allocations. Small Businesses have \$4.6M in demand; \$1.3M in allocations. Critical Proposals are at \$20K in demand; \$4.2M in allocations. Apprenticeship programs are at \$2.7M in demand; \$1.8M in allocations. Overall demand is approximately \$55M.

The number of total projects in FY 2017/18 in the Regional Offices are 288; total number of projects in the Applications and Assessment Unit is 65; overall total of 353.

Again, Staff is working hard to get the projects assigned out to the Regional Offices. About 80% have been assigned to the Regional Offices to date.

Legislative Update

In terms of legislative updates, we have provided copies of a memorandum for the Panel members. There is a lot of information on Workforce Development and Cannabis as well.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Vice Madam Chair Roberts asked for a motion to adopt Consent Calendar Items #1 through #13.

Advanced Bionics, LLC.....	\$242,000
Aemerge RedPak Services Southern California, LLC.....	\$ 68,250
ALLDATA, LLC.....	\$ 96,080
Compassionate Care Home Health Agency, LLC.....	\$236,224
Flatiron West, Inc.....	\$249,410
Giroux Glass, Inc.....	\$ 73,920
Home Health Care Management, Inc.....	\$ 99,450
Power Factor Electric, Incorporated.....	\$194,472
Pyramid San Gabriel Management, L.P. dba Sheraton San Gabriel.....	\$200,400
RDC-S111, Inc.....	\$117,432
ServiceTitan, Inc.....	\$ 209,790
Trench Plate Rental, Co.....	\$193,572
WorldWind Services, LLC.....	\$ 65,000

ACTION: Mr. Rodriguez moved and Ms. Bell seconded the motion to approve the consent calendar for Items #1 through #13.

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 in the event of loss of quorum to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

ACTION: Ms. Newsom moved and Ms. Bell seconded the approval to delegate authority to the Executive Director in event of a loss of quorum.

Motion carried, 6 - 0.

VIII. REVIEW AND ACTION ON PROPOSALS

Single Employers

**Tab # 14 – Southern California Permanente Medical Group
WITHDRAWN**

Tab # 15 – Automobile Club of Southern California

Ms. Torres presented a Proposal for Automobile Club of Southern California (Auto Club), in the amount of \$507,200. Founded in 1900, Auto Club is the Southern California affiliate of the American Automobile Association (AAA) and offers travel, motorist, and insurance services to its members in California and a growing number of other states. The Company also provides travel planning, auto pricing, buying and maintenance services, as well as 24-hour roadside assistance. Members can renew vehicle registrations, license plates, and stickers at approximately 94 of its club district offices throughout California. The Company is eligible for training under the out-of-state competition provisions. Thirteen locations in Riverside, San Diego, Orange, and Los Angeles Counties will participate in this Agreement. This will be the sixth Agreement between Automobile Club of Southern California and ETP, and the third within the last five years.

Ms. Torres introduced Chris Troutt, Manager, Organization of Development and Leadership.

There were no questions from the Panel.

ACTION: Ms. Bell moved and Mr. Knox seconded approval of the proposal for Automobile Club of Southern California in the amount of \$507,200.

Motion carried, 6 - 0.

Tab # 16 – Correctional Medical Group Companies, Inc.

Ms. Torres presented a Proposal for Correctional Medical Group Companies, Inc. (CMGC) in the amount of \$407,520. CMGC will hold this ETP Contract and administer training for its subsidiary company, California Forensic Medical Group (CFMG). Founded in 1983 and located in Monterey, CFMG currently employs 2,000 professionals, serves 62 counties and 111 facilities in 8 states, and cares for more than 25,000 inmates. Over the past three decades, the Company has become the largest private provider of correctional healthcare services in California. CFMG is dedicated to providing responsive, innovative, high quality, and cost-effective medical, mental, health, and dental services to California counties.

Ms. Torres introduced Briana Smoothy and Amy James, Human Resources Generalist.

Mr. Rodriguez said, you provide the services inside the correctional facility?

Ms. Smoothy said, yes we do. We also manage the care even if we have to send them out.

Mr. Rodriguez said, how long of you been doing this?

Ms. Smoothy said, since 1983.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded approval of the proposal for Correctional Medical Group Companies, Inc., in the amount of \$407,520.

Motion carried, 6 - 0.

Tab # 17 – BPM, LLP

Ms. Nastari presented a Proposal for BPM, LLP (BPM), in the amount of \$306,000. Founded in 1986, BPM, LLP, formerly known as Burr Pilger Mayer, Inc., is headquartered in San Francisco with four additional offices located in California: Palo Alto, San Jose, Walnut Creek and Santa Rosa. 412 of its employees work in Northern California. Workers at all five locations will be trained under this proposal.

Ms. Nastari introduced Abby Lipman, HR Generalist, and Joel Segolvia, Learning and Development Management.

There were no questions from the Panel.

ACTION: Mr. Rodriguez moved and Mr. Knox seconded approval of the Proposal for BPM, LLP in the amount of \$306,000.

Motion carried, 6 - 0.

Tab # 18 – International Business Machines Corporation

Ms. Nastari, presented a Proposal for International Business Machines Corporation (IBM) in the amount of \$734,076. Founded in 1911, IBM provides Information Technology (IT) products and services worldwide. It creates, designs, markets, manufactures, and sells advanced technologies including computer systems, software, networking systems, storage devices, cloud computing, data analysis, data warehousing and web content delivery to a global customer base in a myriad of industries.

Ms. Nastari introduced Stephen P. Dodd, Project Executive, Public Partnerships, and Rob Sanger, CMTA.

Mr. Rodriguez said, are there 6,000 IBMers in the State of California?

Mr. Dodd said, actually, there was a typo, there are approximately 70,000 employees.

Mr. Rodriguez said, your training budget in California is \$9-9.5B?

Mr. Dodd said, yes that's accurate. In fact, on an annual basis on review averages over a couple thousand dollars per employee. If you look at our application in 1942, IBMs were looking to train, the average cost of training is \$358 per employee. It brings a good return on the investment for the type of skillsets in training working people right. Obviously, most of the training and the budgets come from IBM, but we still need to invest in this to help offset some of those costs.

Ms. Newsom said, I just have a few follow up questions about your apprenticeship program since you presented at the Forest. What was one of the apprenticeship programs?

Mr. Dodd said, for Main Frame Computing that's 18 months and it's a competency-based program. All of our apprenticeship programs are competency-based programs. It means if someone comes in and they have a certain set of skillsets, they don't have to start from the beginning to make them start to even finish the program. 18 months for main stream system administration. We work with the California Office of Technology on this main frame pressure program because they have a substantial number of employees that they need to replace

and recruit for Main Frame Computing and they looking at our apprenticeship program to implement that to help develop that pipeline for office technology in Main Frame Computing. Supplemental engineering is a little over a year, as is the junior associate parts manager. So at least a year to 18 months depending on what the job role will be.

Ms. Newsom said, and the apprentices are earning while they are learning?

Mr. Dodd said, yes, absolutely. In fact, IBM pays well to the apprentices. They are paid way above what the wage scale would be. They have graduate wages as they show mastery of those competencies that they will increase the wage to what's next.

Ms. Newsom said, so there is wage progression. What about family health care?

Mr. Dodd said, yes. They are regular IBM employees. They get the appropriate benefits that come along with those positions.

Ms. Roberts said, I have a couple of clarifying questions, I think I asked you earlier and these are some of the things I always ask all of the proposals, is that you have doubled your amount and I just want to clarify it based on what you and Mr. Sanger had mentioned. Is that because he did perform the year before, we right-sized it from the year before and now it's right where it should be. I appreciate that clarification. Another thing on the contract is that you said the majority of the training is going to be CPT training, is that correct? Mr. Dodd said, a lot will be CPT training. That's just a method to deliver these dates. That's also one of the reasons that cost per individual is down as well, because it's not inspective training. With ILT it's classable where we are virtually based. Ms. Roberts said, what we see in our proposal is \$18 rate but we know it's \$8 because of the low training and the cost per trainer. I guess the numbers didn't get calculated. From our perspective, we couldn't see it. I appreciate the clarification.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded approval of the Proposal For International Business Machines Corporation, in the amount of \$734,076.

Motion carried, 6 – 0.

Tab 19 – Stryker Corporation, Stryker Neurovascular Division

Ms. Nastari presented a Proposal for Stryker Corporation, Stryker Neurovascular Division (Stryker), in the amount of \$324,000. Stryker Neurovascular Division, a subsidiary of Stryker Corporation is a medical device manufacturer that custom designs, makes, and supports its products such as catheters, sheaths, coils, stents and guide wires.

Ms. Nastari introduced Lindsay Moskovitz, Lead Specialist, Organizational Development.

There were no questions from the panel.

ACTION: Ms. Newsom moved and Ms. Gomez seconded approval of the Proposal for Stryker Corporation, Stryker Neurovascular Division, in the amount of \$324,000.

Motion carried, 6 - 0.

Multiple Employer Contracts

Tab #20 – Santa Clarita Community College District

Mr. Griffin presented a Proposal for Santa Clarita Community College District (SCCCD) in the amount of \$647,584. SCCCD was founded in 1969. It is a two year, fully accredited community college. The College's Employee Training Institute (ETI), a contract education unit, has successfully offered training programs to employers in the area. SCCCD continues to grow, increasing the number of participating employers it serves over the last six years. To meet employer needs, the College updates its curriculum and training programs in the Engineering, Aerospace, and Manufacturing industries. This will be the College's 14th ETP Agreement, the fifth in the past five years.

Mr. Griffin introduced John Milburn, Executive Director.

There were no questions from the Panel.

ACTION: Ms. Bell moved and Mr. Knox seconded approval of the Proposal for Santa Clarita Community College District in the amount of \$647,584.

Motion carried, 6 - 0.

Tab #21 –Studio Arts, Ltd.

Mr. Griffin presented a Proposal for Studio Arts, Ltd. (Studio Arts), in the amount of \$600,00. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television and post-production industries located in Los Angeles. The school serves motion picture and television production, visual effects, game, production design, mobile entertainment, educational entertainment and online gaming, set design, prop-making, and model-making companies in Southern California. This is Studio Arts seventh ETP proposal, its fifth in the last five years.

Mr. Griffin introduced Eric Huelsman, President.

Ms. Newsom said, I note that Live Nation is one of your employer contracts but I think we have also funded Live Nation Contract before. I just want to make sure it's not duplicative? Mr. Huelsman said, no, Live Nation has a very large number of employees. They do have a current contract with us but they do not have any people to train with us.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Studio Arts, Ltd., in the amount of \$600,600.

Motion carried, 6 – 0.

Tab #22 – QPE Technical Institute, Inc.

Ms. Torres presented a Proposal for QPE Technical Institute, Inc. (QPE), in the amount of \$257,098. Founded in 1987 and located in Anaheim, QPE is a private postsecondary training agency that provides customized manufacturing skills training for Southern California employers and unemployed individuals. QPE serves small to medium-sized machine shops with training such as Computer Numerical Control (CNC) machining; Computer-Aided Design/Computer-Aided Manufacturing (CAD/CAM) programming; and dimensional metrology.

Participating employers design and manufacture special tools and machines, dies, jigs, fixtures, gauges, and precision-machined parts. They come from a variety of industries including aerospace, aircraft, computer technology, medical-devices, and electronics manufacturing.

Ms. Torres introduced Michael Marek, President.

There were no questions from Panel.

ACTION: Ms. Bell moved and Ms. Newsom seconded the approval of the Proposal for QPE Technical Institute, Inc., in the amount of \$257,098.

Motion carried, 6 - 0.

Tab #23 – Santa Ana Chamber of Commerce

Ms. Torres presented a Proposal for Santa Ana Chamber of Commerce (SACC) in the amount of \$949,351. This is the tenth proposal for the SACC and the sixth in the past five years. Founded in 1889, the SACC brings together a broad representation of business, government, non-profit, and education entities that work together on its board of directors, councils, committees, and task forces, to identify and implement programs to improve the economy in Santa Ana and surrounding areas. Workforce Development is one area of focus for the SACC. Developing the local workforce involves linking skill-training programs to current employer demands.

Ms. Torres introduced Marty Peterson, Vice President, Operations, A.K. Thakore, President of Saisoft, and A.K. Trikha, CEO of Lean QA.

Ms. Bell said, Mr. Peterson, what you just mentioned, Saisoft is going to receive and 50% Lean is going to receive for trainers. I'm curious about the percentage— you have two vendors?

Mr. Peterson said, right.

Ms. Bell said, so they each are going to receive 50%?

Mr. Peterson said, yes, it's equally split 50/50. That's been the ruling that we are supposed to follow.

Ms. Roberts said, of course I have some questions. So just for my clarification, do any of the employees that you have listed here, are they going to go through both sets of accountability both IT and both Lean Cigma?

Mr. Peterson said, probably not. They are not going to cross.

Ms. Roberts said, separate different employees altogether?

Mr. Peterson said, yes.

Ms. Roberts said, Diana mentioned that there are some Northern California vendors in here, but 1/3 of them are Northern California, but you're Southern California. You say that you market the Southern California folks, so who markets to the Northern California folks?

Mr. Peterson said, it's Saisoft.

Ms. Roberts said, Saisoft markets but we pay you a marketing fee, right? Mr. Peterson said, you pay me but I've hired him to help in the marketing, so some of the marketing goes to Saisoft.

Ms. Roberts said, why can't we stay in the Southern California area? All the other MECs, most of them stay within their accountability areas, whether it is Northern California community college, of chamber of commerce, they stay within their own regional area, but you seem to go all over the place, why is that?

Mr. Peterson said, with that type of training, it's is really hard to put together full classes. If they can market to a wider area that we can't cover ourselves, then they can offer them more frequent classes that meet the employer's expectations. I would think it would be a benefit to California as a whole because they have done this really specialized program that probably other IT training people are not going to do. It covers small employers all over the state that get to participate.

Ms. Roberts said, just from a logistical standpoint those folks coming from Modesto, San Francisco, Newark are going to come down to the Santa Ana Chamber of Commerce and get developed in the Lean/Saisoft program that you said you were going to hold, how does that work?

Mr. Peterson said, one thing that we have encountered, we have been going out to companies in the Santa Ana area for instance, and there are a lot of manufacturers in Santa Ana, a lot of small ones that are interested in taking advantage of this training. Up until this time we haven't had a combined class anywhere. Those people have not been able to take advantage of it. We are thinking about doing a combined class in Santa Ana. Those classes will be even more local I would imagine to where we are at, because people are not going to come from San Diego up to train.

Ms. Roberts said, San Francisco. How are you going to train those folks in San Francisco, Modesto, through a computer or web based training?

Mr. Peterson said, neither one. That's online. The Lean QA that we are going to have in our place is continuous improvement training.

Ms. Roberts said, okay, so should we take away part of your support costs because obviously, Saisoft does a third of the marketing, which you said you were going to pay for.

Mr. Peterson said, it still needs to be done.

Ms. Roberts said, I know, but you're not doing it.

Mr. Peterson said, there is a lot more marketing that has to be done to go get hundreds of companies to get their employees signed up. It takes a wide outreach.

Ms. Roberts said, why isn't Mr. Thakore going to a chamber of commerce or a community college up north to do their training? Why is he using you as a bypass to the training in Northern California?

Mr. Peterson said, he could. With this broker model though, I think he is limited to how many people he can participate with also.

Ms. Roberts said, I don't understand that question.

Mr. Peterson said, it's my understanding that if there is only two -

Ms. Roberts said, you can have 2 or 3 or 4, you can have as many as you want. The only reason that we have this broker model in place is because of Mr. Thakore, that's what I am saying. We put this in place because he is taking all the funds from ETP and he can come back multiple times during the year because he's not under the same restrictions as somebody who is an individual contractor. This question is to Mr. Thakore - this last year you mentioned that you were going to go through a certification process to become certified by the Bureau of Private and Postsecondary Education. Where are we with that?

Mr. Thakore said, it's ongoing process ma'am. It takes 18 months and we are investigating that process.

Ms. Roberts said, I know, but 18 months ago we asked you this same question, where are we now?

Mr. Thakore said, we are in the process as I mentioned to you and since the last meeting at which this issue was discussed, Mr. Trikha and I proactively reached out to Mr. Knox and unequivocally made clear to him that going forward, Lean QA and Saisoft would appear on only two contracts a year - under the Santa Ana Chamber and one of which we disclosed to Mr. Knox. In so doing, it addresses the recurring paying point and recurring concern that the Panel has had which is where in the past Saisoft was coming under multi contracts. So that issue we proactively reached out to Mr. Knox and addressed, thereby leveling the playing field going forward. So you are not going to see Saisoft come under 6, 7, contracts.

Ms. Roberts said, 2 is too many.

Mr. Thakore said, Ma'am with the broker model in place with two, we are restricted to 50% of the revenues it would be tantamount to once a year contract and no more than that, which is the famous part the Panel has been seeking to achieve all along.

Ms. Roberts said, are you going to follow up with Mr. Knox on where you are with the educational license to become your own...

Mr. Thakore said, we are working on it. We are looking into it and it has serious regulatory requirements and I do not have the staff. My hands are tied keeping up with our regular business and the serious regulatory requirements I have to train and hire staff to do that and I'm in the process of looking into that.

Ms. Newsom said, but you have enough time to go and market up and down the state using Santa Ana Chamber of Commerce as your shield?

Mr. Thakore said, it's a process ma'am. I'm working as hard as I can. It takes 18 months. It's an office drive down the street for them to even start to interact with our communication. They won't guarantee any faster. I've been to an application workshop. The guide to apply for it is a thousand pages long. I am working on it. I wish I could tell you - yes, I have it, but I don't at the moment.

Ms. Roberts said, the reasons I have concerns about this Mr. Thakore and you know it, is that there were some integrity issues regarding this last contract where you had your relatives, both you (Mr.Thakore) and Mr. Trikha's, wives were both under the same contract. I tell you it's the same income as far as I am concerned. If you have your wives, it's the same income.

Mr. Thakore said, I can see...

Ms. Roberts said, no you can't fool us.

Mr. Thakore said, I'm not going to argue with you, I can totally see that and hence we proactively reached out to Mr. Knox even without anybody from ETP asking us to do that and we leveled up and said you will not see any of those concerns. You will only see Lean QA and Saisoft under new broker model which leveled the playing field and makes it fair for all the other MECs. To your other point about BBP, yes, we are working on it. We don't yet have it done.

Ms. Bell said, I have a serious concern as well. You said you were going to get it done 18 months ago and you haven't gotten it done. I realize you have gone to a mega conference...

Mr. Thakore said, I didn't say 18 months ago we are going to get...

Ms. Bell said, excuse me – where are you on it? Where exactly are you on the process?

Mr. Thakore said, I tried doing the –

Ms. Bell said, I don't want to hear you tried, I want to hear where you are in the process...

Mr. Thakore said, ma'am I'm trying to answer your question please? I started working on the application in November of 2017 by late December I realized it's way beyond me. It's very conflicting so I have now sought the services of consultant who specializes in it and I'm working with the consultant to prepare the application as we speak.

Ms. Bell said, thank you and when was that? When did you consult the consultant?

Mr. Thakore said, oh when did I use the consultant? Right before Christmas ma'am.

Ms. Bell said, in December of 2017? Mr. Thakore said, that is correct, yes. I attended the workshop in – I attended two workshops for BBP, one was in March and other one was in July, I was no wiser coming out the second one either in terms of what it takes. I implore you to go look at the regulations and just the application booklet that they give about a thousand pages and I finally gave up and this consultant is helping me.

Ms. Roberts said, the previous proposal, QPE Technical Institute, they got a license to be a separate entity. Maybe you should talk to them about how they got it done. It states it right here in their proposal. They have training agency certification.

Mr. Thakore said, I will reach out to the gentleman, I will.

Ms. Roberts said, there is a way to do it. Because otherwise you are made in the shade. You're coming through \$5M-\$6M a year from ETP.

Mr. Thakore said, no ma'am that's not true. I challenge you on that. Those figures are incorrect and I don't know where you got those from.

Ms. Roberts said, over a two-year period.

Mr. Thakore said, no ma'am. Go back and tally them up. They don't add up to \$5m-\$6M over two years.

Ms. Bell said, how much does it add up to in the last two years Diana?

Ms. Torres said, how much did Saisoft? I don't know that right off hand. Let me look here. It appears it's somewhere around \$1-\$2M.

Ms. Roberts said, you yourself mentioned that you were coming back 5 times a year.

Mr. Thakore said, ma'am, ma'am, you're absolutely right. I'm not going to argue that. You're 100% correct and we did reach out to Mr. Knox and addressed that issued on a going forward issue basis. So please give me some credit for that.

Ms. Roberts said, I am still concerned with Mr. Peterson's support cost because it sounds like Mr. Thakore and Mr. Trikha are doing all the marketing, all the reaching out –

Mr. Thakore said, I will let him speak to that.

Ms. Roberts said, that's why I'm saying – I'm reading what you're saying what you're doing. It sounds like you're the pawn in this thing Mr. Peterson, you're the pass-through. These guys are saying I'm coming to you, I'll give you \$60,000, I'm going do all the training, I'm going to do all the administration, but I will give you \$60,000 to use your entity as the front person of this training fund, which I think is not right.

Mr. Peterson said, we do market both of these, both on our websites and mailings that we do, emails, and events, but all that's geared toward Orange County area primarily. There is not a reach that we have up in San Francisco, I'll grant you that. With what he is doing with two different entities, us being one down there, if his other one was in Sacramento and if only Southern California people were only able to go into ours, that would be fine and they could have the Northern California piece and they could go into there. That would be fine. I'm just making a point for him to fill classes in a timely manner, for employers. Let's just say we were limited to just Santa Ana, to find employees from... to fill 20 spots from just the Santa Ana area in a time frame to meet an important employer's needs, we would never be able to do it. Now him being able to do this all over the whole state allows him to get people and they will all have needs in the same time frame to do it. That helps us be able to make it work for what we're are doing.

Ms. Roberts asked if anyone had any further comments and/or concerns to address.

Ms. Bell said, I am not comfortable voting for this, so I'm voting against this.

Ms. Newsom said, likewise.

Ms. Roberts said, okay can I have a motion? Seems like we don't have a motion here Mr. Knox, I don't know what we do.

Mr. Knox said, I guess the question is what would the Panel like to do in terms of bringing it back with a different model, or bring back a different idea of the way... you know one of the things that Mr. Thakore mentioned, it is under the 50/50 split, that was the model we agreed upon 3 years ago. Would the Panel want to entertain that the broker model, they have to be BBPE certified? Is that the recommendation or I guess what would you like staff to do to bring back this type of model.

Ms. Roberts said, if this is Santa Ana and he is marketing to the Southern California area or around this area, I would like to remove the outside contracts, the ones that are outside of the Southern California area so that would be San Francisco, Newark, and whoever else, Modesto. That would be the recommendation I have.

Mr. Knox said, would there be a way to make a motion to fund half the project currently or bring back at a later date, if in fact, that needs to change? Because that would change the model a little bit from the NorCal, Southern California issues. Is there a recommendation to fund half of the project currently to the broker model, and then we can play with the model and see what we come up with next?

Ms. Newsom said, I personally would like to see the proposal come back under the proposed model where those entities are removed to see what it looks like. I don't know if it would be right to fund half, if it's actually much less than half or more.

Ms. Bell said, I agree.

Ms. Roberts said, I agree. Our decision now Mr. Peterson is that we are going to table this. You can come back, but we would like to see different – your different employers in here that represent your area. Because we don't want you as a bypass for all of California. We want you to represent your area. That's what you're under, that's what you state you're doing as you're supporting that area, your Southern California area. So what we are going to do is that we are not going to approve it today. You're going to come back at a different time.

Mr. Peterson said, so local employers in Southern California and come back.

Ms. Roberts said, Lean QA seems they have all of their Southern California entities in there – no problem okay? The IT part of the business is something that you need to look at, something that can represent Southern California.

Mr. Peterson said, how far back would this put us in time? The next Panel meeting?

Ms. Roberts said, if you can.

Mr. Knox said, we will work with Diana's and Gregg's staff and see how quickly they can turn it around.

Mr. Peterson said, alright. Thank you.

ACTION: Ms. Bell moved and Ms. Roberts seconded the motion to NOT approve the Proposal for Santa Ana Chamber of Commerce in the amount of \$949,351.

Motion carried, 6 – 0.

Tab #24 – Murrieta Chamber of Commerce

Ms. Torres presented a Proposal for Murrieta Chamber of Commerce (Murrieta Chamber), in the amount of \$223,200. Founded in 1915 and located in Southwest Riverside County, the Murrieta Chamber of Commerce is a non-profit membership organization whose mission is to create and foster a sustainable business environment in the Murrieta area through networking, promotion and advocacy, and to assist small businesses to grow and achieve their goals through education and mentorship. The Murrieta Chamber works in partnership

with the City of Murrieta and with other Chambers in Southwest Riverside County that form the Southwest California Legislative Council.

Ms. Torres introduced Patrick Ellis, President/CEO.

Ms. Newsom said, just a clarification – which unions are involved in your proposal? Mr. Ellis said, I don't think there were any. Ms. Roberts said, thank you for the clarification.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded the approval of the Proposal for Murrieta Chamber of Commerce in the amount of \$223,200.

Motion carried 6 – 0.

IX. PUBLIC COMMENT

Steve Duscha said, as I mentioned to some of you before, I am outraged at the Governor's budget this year and what's it is doing to ETP. I think we should all be outraged and especially any of us that know lobbyists. We need to engage those lobbyists to try and turn this around. On the good side, the Governor's budget appropriates an extra \$10M to ETP that's well and good, but the Governor leaves \$44M as an unappropriated surplus in the Employment Training Fund. Those of us who have been around government for a long time know that if you leave surplus money in a pot, then somebody's going to come and take it. They have started to do that. I think it's a particularly egregious rip off of the ETP funds. What the Governor is proposing is to take \$13.7M in the next 3 years and \$5.6M annually forever to fund administrative jobs in the Division of Apprenticeship Standards. Supposedly, they fund non-traditional apprenticeships. I'm not sure what non-traditional apprenticeships are. Apprenticeships, as all of you know, are about labor and management working collectively together, it's about wage progression, it's about skills progression, it's about senior people teaching junior people, and it's about combining on-the-job training with classroom training. Now if it's not all of those things, it's not an apprenticeship. I want to compliment IBM, it seems what they are proposing is not a non-traditional apprenticeship, it's a real apprenticeship. I think there are a lot of other things that are creeping into apprenticeship and I'm afraid that is what the Governor's budget wants to fund. It's even worse than that because the Governor wants to take this money, not even to fund programs, but to fund administrative staff for the Division of Apprenticeship Standards. He wants to nearly double the staff at DAS to 100 people within a couple of years. That would give DAS a bigger staff than ETP. DAS doesn't administer any training funds; it simply looks over apprenticeship programs. In contrast, obviously, ETP administers \$100M a year in training funds. ETP administers in a year training for more than 200,000 people. DAS administers about 75,000 apprentices, based on workload, based on anything I can think of... it's wrong. I'm sorry Mr. Broad isn't here, but I will try to quote him from last Fall when there was some rumors of this going around and Mr. Broad said something to the effect of "well if they want to come and steal our money for other purposes related to apprenticeship, then ETP may well want to think about reducing the \$12-\$14M that ETP is now allocating and spending for real apprenticeship programs, largely in the building trades." It's not a crazy thing to suggest. If you're going to rip off our money before it even comes to the Panel, that the Panel ought to stop what it's doing in the same field. So I think we all need whatever we can to stop this. It's a proposal in the Governor's budget. The Governor occasionally changes his mind. The legislature can help change his mind by taking it out of the budget and we all need to do what we can. Thank you.

Ms. Roberts said, thank you.

Good morning, Rob Sanger, CMTA. This is my first time seeing the money transfer of the Division of Apprenticeship Standards. I have been working with the DAS to try and understand how they are trying to work with industry in a non-traditional industry and they said that they wanted to make some changes, make the program much easier to use to date, and we have been working with them for 6-12 months. We had a symposium last week where they talked to our employers, but we still do not understand how they are making the program easier, how they are aligning it with DOL registration. I don't see how hiring all of these people before you have any demand from employers is going to help, other than helping people that are in the jobs. Personally, I don't know how this is going to help drive it until you have the demand or you have the program established and you have the input from the employers and you have some alignment. I'm going to push this up to our lobbyist at CMTA and see what they want to do. That's just my first take on it. I don't know if that will be our position, but we are willing to work with the company. We have companies like Gallo and we have companies like Gallo that's transitioning to get DAS and DOL approved, but I only know a handful of them that are doing that. Next week, I am going to New Orleans to a conference, with American Association of Community Colleges and there will be people from the Department of Labor there talking about the funding coming down from the Feds for apprenticeship programs and there should be significant funding. So maybe that's what they are trying to tie into, is the federal funding and how they can coordinate. I think it's key to make these programs easy and simple to use and get that simple with the buying industry. Until you do that, I personally don't see the point in adding as many jobs. Ms. Roberts said, I have a question – who is in favor of this? Seems like we're not getting a lot of help on this deal. Mr. Sanger said, Department of Industrial Relations probably. Ms. Roberts said, is it just for increasing jobs? Mr. Sanger said, the first time I heard of it I had heard that they are trying to increase the non-trades apprenticeship programs in the state, but here is the other thing...they say they have these consultants that go out in the field and that's great, but I can't send that consultant to my company. They are not going to get a high enough level of person to talk to. First, they need one tab, a one pager or one room standing on what are the minimum requirements. Because apprenticeship programs do not deliver training. All they do is set minimum requirements. So they don't really need representatives other than maybe a call center. But they don't need to send people out to all these companies in the state, and that's what they are going to do. They are going to sit down with them and have coffee and say here's how we start an apprenticeship program. To a certain point, you need to change legal things going on with the company, employment issues, your C-Level staff that are brought into this and the people they are going to put those jobs are not going to connect with those C-Level staff to make those changes of the company. Even paying them \$90k as a manager I don't think they will be at that level that they can make that happen. We are trying to engage with them to help them sell the program, but they haven't told us of any changes they have made so far in the program to simplify it. Ms. Roberts said, you're exactly right. If we had somebody come to my plant or my business here, we have 10,000 employees here, but even our plant managers, regional directors they wouldn't have any way – it would have to go up through our Pepsi-Co Global Headquarters in New York. There is just no way. It wouldn't happen. Mr. Sanger said, yes, so that's the concern it's not that employers don't want to do it maybe, it's just a very high level decision for these companies to make. In the case of Gallo, they are local in Modesto and they have all their management there so they have made that decision internally. Not because they sent a staffer out there to talk about it. It was a long-term progression. Mr. Duscha said, if I'm not mistaken, Gallo hasn't had an apprenticeship. Ms. Roberts said, he's working on it. Mr. Sanger said, it wasn't registered. They have a very solid training program and they have come to use ETP funds to help do that. It was never registered with DAS or DOL. They are in the process of doing that. I just have not seen a huge demand. I have not ever received a call. I have pushed out to companies and asked but I don't see a lot of demand. Mr. Rodriguez said, since you're on topic, what's your take on, if any, for community colleges in the last 7 years, the new mission in vocational certifications? Mr. Sanger said, yes, I think that's a good move. I think there is a lot of people who are going into community colleges for lots of reasons, and one of them is

to get a job – get in and get out of the community college quickly so they can make a living and with industry certifications, that's a great way to do that.

Ms. Roberts said, are there any comments? If not, I will adjourn the meeting at 11:00 a.m. We will take a break before we begin the Subcommittee Meeting.

X. MEETING ADJOURNMENT

Meeting adjourned at 11:00 a.m.