



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, Second Floor
Sacramento, CA 95814
May 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

Vacant
Member

Ernesto Morales
Member

Ali Tweini
Member

Executive Staff

Stewart Knox
Executive Director

Michael A. Cable
Legal Counsel

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL
California Environmental Protection Agency
1001 I Street, Sierra Hearing Room, Second Floor
Sacramento, CA 95814
May 24, 2018

I. PUBLIC PANEL MEETING CALL TO ORDER

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

II. ROLL CALL

Present

Barry Broad
Gretchen Newsom
Janice Roberts
Will Koch
Ernesto Morales
Ali Tweini
Gloria Bell

Absent

None

Executive Staff Present

Stewart Knox, Executive Director

Legal Counsel

Michael A. Cable

III. AGENDA

A brief overview of the Agenda was made, and it was questioned whether anyone has any changes to the Agenda. No changes were suggested or made.

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

Motion carried, 7 - 0.

IV. MINUTES

It was questioned whether there were any changes and/or additions that need to be made to the Minutes from March 23, 2018. No changes were suggested or made.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the March 23, 2018 meeting.

Motion carried, 7 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, welcomed new Panel Member Ernesto Morales. Anthony Rendon, Speaker of the Assembly, conducted the swearing in for Mr. Morales.

Mr. Knox reported that today's Panel Meeting concerns projects totaling just over \$11.8M, with approximately \$811K in Delegation Orders, for a grand total of just over \$12.6M.

It was noted that Tab #30 has been pulled, and Tab #36 should be moved to consent.

It was reported that the following people were in attendance to present Proposals: Gregg Griffin, North Hollywood Regional Office Manager; and Anna Nastari, San Francisco Bay Area Regional Office Manager.

It was reported, regarding the Budget for Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP): that ETP is in partnership with the California Energy Commission in regards to \$2M approved through an Interagency Agreement; and that ETP's four ARFVTP proposals in the last few months totaled over \$900K, with one approved for over \$620K, leaving approximately \$0.5M remaining for ARFVTP proposals this year.

It was reported, regarding Core Funds for Fiscal Year (FY) 2017/18: that upon the Panel approving the just over \$96M in projects for this year, ETP will have approximately \$0.0M for the remainder of FY 2017/18.

It was reported, regarding Delegation Orders: that all such project proposals are capped at \$50,000; that all such project proposals are to be approved by the Executive Director on a continuous flow basis; and that the 21 projects subject to Delegation Orders for today's Panel Meeting total just over \$811K.

It was reported, regarding 2017/18 total program funding to date: that approximately 800 projects have been submitted to the Panel, with a value of just over \$145M; and if all project proposals for today's Panel Meeting are funded today, that the Panel will have approved 474 projects, with a value of just over \$96M.

It was reported, regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$51M in demand, with \$0.00 in allocation; Multiple Employer Contract (MEC) requests are at \$12M in demand, with \$0.00 in allocation; Small Businesses requests are at \$4.8M in demand, with \$0.00 in allocation; Critical Proposals are at \$1.1K in demand, with \$0.00 in allocations; and Apprenticeship programs are at \$6.1M in demand, with \$0.00 in allocation. Overall demand is approximately \$70M.

It was reported that the number of total projects in FY 2017/18 in the Regional Offices is 367; that the total number of projects currently in the Applications and Assessment Unit is 107; and that the number of total projects is 474.

It was reported that Staff is working hard to get the projects assigned out to the Regional Offices, and that to date about 80% of the projects have been assigned to the Regional Offices.

VI. LEGISLATIVE UPDATE

A Legislative Update memorandum was provided to Panel Members. It was reported there are a lot of bills on Workforce Development and Cannabis; as well as one bill specific to ETP, AB-2420, which is an amendment to ETP Legislation to add soft skills as an appropriate use of ETP Funds. Since AB-2420 updates employer terminology and does not make any substantive changes to the program, staff opinion has been neutral to date on AB-2420.

VII. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Chairperson Broad asked for a motion to adopt Consent Calendar Items #1 through #29.

Advanced Medical Management, Inc.	\$103,800
Alta Newport Hospital, Inc.	\$142,560
Amro Fabricating Corporation	\$ 96,640
Associated Construction and Engineering, Inc.	\$193,840
Bonney Plumbing, Inc.	\$249,690
Build.com, Inc.	\$ 76,600
Charlie's Enterprise dba OK Produce, Inc.	\$248,325
CSP Fiber Services	\$187,318
Farmers Group, Inc.	\$220,200
HP Hood, LLC	\$183,760
Ingomar Packing Company, LLC	\$215,280
Kagome, Inc.	\$247,680
Karl Storz Endoscopy-America, Inc.	\$234,576
Lancaster Burns Construction, Inc. LB Construction, Inc.	\$247,964
Lili Mirtorabi, D.D.S., APC	\$130,680
Matthew Warren, Inc.	\$206,280
Menchie's Group, Inc.	\$ 96,360
Profit Recovery Partners, LLC	\$ 95,480
Quick Cret Products Corp.	\$ 83,090
Reliance Home Services, Inc.	\$210,000
Safety Striping Services, Inc.	\$ 53,040
Space Exploration Technologies Corp.	\$177,148
The Honest Company, Inc.	\$214,942
The SYGMA Network, Inc.	\$146,448
Triumph Aerostructures, LLC	\$235,872
Ultimate Formulations, Inc. dba Best Formulations	\$105,960
VCI Construction, LLC	\$166,800
Western Digital Corporation	\$157,300
Zodiac Seat Shells, U.S., LLC	\$ 99,136

It was questioned whether the issue of wage progression in regards to Menchie's Group Inc. (Tab #17) was resolved. Gregg Griffin, North Hollywood Regional Office Manager, stated the wage shown for all occupations is \$16.96; that \$16.96 is used for ease of administration; and that some occupations actually exceed \$16.96.

ACTION: Ms. Roberts moved and Mr. Tweini seconded the motion to approve the consent calendar for Items #1 through # 29.

Motion carried, 7 – 0.

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

Motion carried, 7 - 0.

IX. PRESENTATION OF EXECUTIVE DIRECTOR, STEWART KNOX

Mr. Knox stated that he will now go through his presentation, and he will be suggesting action items, as he has done annually in the past. Mr. Knox explained that the suggestions here are only recommendations, and that the Panel can certainly make changes.

Mr. Knox reported that a 3-year review of ETP conducted by staff revealed the following:

As for funding: In FY15/16, ETP had a total of approximately \$97M in projects. In FY16/17, ETP had a total of approximately \$96M in projects. This year (FY17/18), ETP is looking at close to a total of \$100M in projects, with ETP currently at \$96M in terms of allocations out to date. Mr. Knox reported that this year was the highest since 2006, but explained that the amount can drop, like it dropped to \$45M in 2011, which is a good reminder that these amounts may quickly rise and fall.

As for projects: In FY15/16, there were 403 approved projects. In FY16/17, there were 473 approved projects. This year (FY17/18), ETP is looking at 474 projects. Note that there is a drop in the increase of projects, even though ETP has more funding. That is due in part to the fact that Multiple Employer Contractors are picking up some smaller employers. Additionally, ETP has more projects with partners such as CBO, CMTA, CPC, the community college system, and with JATCs, which is good news because this was part of the drive to ease the ETP process. Mr. Knox stated that ETP will continue moving in that direction.

As for trainees: In FY15/16, there were 105K workers trained. In FY16/17, there were 106K workers trained. This year (FY17/18), ETP is projected to train 110K workers. Mr. Knox stated that ETP has some of the lowest costs per workers for training in the State of California. Other systems cost well into \$5,000-\$6,000, whereas ETP is about \$1,500-\$1,600. Mr. Knox noted that ETP is different because it serves incumbent workers, whereas a lot of other programs are doing only job creation.

As for ETP funding strategies: Mr. Knox reported that Multiple Employer Contracts are working well. Single Employers continued to grow, with small business leveraging resources with MECs, and Robert's Team is good about trying to get those, and encourage small businesses to move into max critical proposals. In regards to outreach, Mr. Knox indicated that there's been discussion about women in the trades, and Panel Members have some ideas that we may take to committee in the future in order to encourage more women in the trades. Mr. Knox reported that ETP's numbers in terms of women have dropped over the years, and ETP is now at about 70/30 in terms of men versus women in different programs. Mr. Knox noted another funding strategy, which is to increase the cap on MECs. The purpose of all of this is to appropriately manage the fund, and direct staff resources on both sides of the house, ours as well as the contractors. Mr. Knox also noted that ETP has been working with quite a few other groups, and they may have some comments about ways to better

manage the fund. Mr. Knox explained that if a MEC comes in above the current \$950K, and it's one of the recommendations in the panel packet, then they will need to wait a full 18 months. Again, this is just one funding strategy to try to better manage the fund.

Mr. Knox then spoke about allocated funds based on historical demand, and how this seems to be working really well in terms of the way we are currently managing the fund.

As for Priority Sectors: Mr. Knox reported that this area hasn't really changed that much over the years, and the priority sectors include manufactures, IT, multi-media, entertainment industry, goods movement, transportation logistics, agriculture, and healthcare. Mr. Knox noted that ETP would like to do more outreach with regard to multi-media projects, and ETP has had some good intake in the healthcare industry in the last few years, along with green construction, technologies, and technical services.

As for Lowest Funding Priorities: Mr. Knox reported they are the same; including adult entertainment, commission sales occupations, retail trades, gambling, mortgage banking, car dealerships, multi-level marketing, training for employees for training agencies, truck driving schools, partners, and principles.

As for Methods: Mr. Knox explained that this area is developed by the Governor, and ETP staff works closely with Labor Agency within certain categories. Mr. Knox noted that the major issues include industry certifications (looking at how we can incur more certifications in the future), non-traditional apprenticeship programs, women and minorities within the trades, green industries, critical proposals funded by GO-Biz, business expansion retention activities in special populations, and veterans.

Mr. Broad stated that an area that he thinks the Panel should consider targeting is permanently disabled injured workers who are returning to work. Mr. Broad noted that these workers cannot return to their prior job, and often only get a voucher for about \$6,000 from worker's compensation. Mr. Broad explained that, particularly in higher wage categories, permanently disabled injured workers never earn the same amount of wages again, and the foregoing creates all sorts of issues, including psychological ones. Mr. Broad acknowledged that this is a difficult population to serve, but he thinks that ETP should make a special effort to do so. Mr. Broad used an example, stating that an injured construction worker might go to a community college, where they could learn other related areas; other areas related to construction, such as estimating and preparing plans, so that they could return to a higher earning capacity. Mr. Broad stated that maybe the \$6,000 voucher, combined with ETP training, could assist in restoring permanently disabled injured workers.

Ms. Roberts asked whether there is an agency that supports this group of individuals.

Mr. Broad responded no, not really, and generally explained what happens when someone is at the end of the workers compensation system. Mr. Broad noted that there are some rehabilitation professionals in this area, but the injured workers would probably be better off going to some actual education program, where they can obtain a certificate and move into a different job. The answer is mostly no, and that's why you generally don't see something at a community college just for them; but they work with the Department of Industrial Relations, which oversees the workers' compensation system. Mr. Broad stated that the fantastic thing about the ETP program is that ETP is aiming to put persons in a job, and right now they pick other training programs where there is little or no hope that there is a job at the end.

Ms. Newsom asked whether the concept is to put forth a new priority, and would ETP be reimbursing at a higher rate similar to what we do with veterans.

Mr. Broad said he would like it to be like that; i.e., to reimburse at a higher rate, but not to prescribe how to do this at this meeting, because Mr. Broad is now only suggesting an

experiment. Mr. Broad questioned whether the Panel wants to bring this issue back as an amendment to whatever is adopted by the Panel today.

Ms. Newsom stated that maybe this is an issue to be brought up in committee. Ms. Newsom stated that she is supportive of the concept, but she's not supportive of reducing the wages of these people (and also the veterans too) under a new job creation program.

Mr. Broad stated that this group of people is by definition a group of workers, and the intent would be to erase the job wage loss, not reinforce it.

Ms. Newsom agreed.

Mr. Broad asked the Panel for suggestions on ways to proceed.

Mr. Knox said that we can add this new concept as a method of outreach to our strategic plan, and that we should bring this matter to committee. Mr. Knox stated, since we are talking about piloting something new, that we should also reach out to community colleges, disabled student services, and people at DIR in order to come up with some policy decisions that could be brought up at committee level for consideration.

Mr. Broad asked whether there was any objections, and none were made. As such, Mr. Broad stated that this matter shall proceed at the policy committee level by bringing up the proposal and going forward with the ideas discussed today.

Mr. Knox then moved onto proposed funding allocations by category, which he indicated is pretty close to the same every year: single employer contracts at \$48M; multiple employer contracts at \$24M; small business contracts at \$6M; critical proposals at \$5M; non-traditional apprenticeships at \$20M; for a total of \$103M. Mr. Knox stated that we are looking to increase incumbent levels to 40% from the current 38%. Mr. Knox indicated that the fund is being managed in a smart way, and in the event of an economy downturn, we are going to the fund at a higher level from the incumbent's rate.

As for the Funding Caps: Mr. Knox reported that this area is a little bit different from last year, but not too much, and as the Panel knows, they can always change the funding caps at any time. So in the event ETP is experiencing too much money loss, we would bring the issue of funding caps back with a proposal. That being said, Mr. Knox stated that the proposed cap for multiple employer contracts is \$950K, which will remain at the one year level. If it's above \$950K up to \$1.8M, then they would be held at the 18 month period, so that they are not coming back too often. Mr. Knox said the foregoing is doing two things: it's trying to manage the money and managing staff resources on both sides of the house. In regards to Single Employer Contracts, Mr. Knox reported that we've increased from \$750K to \$900, and he's also asking for a raise in delegation contracts from \$50K to \$75K, which is still under the \$100K cap stated in ETP Legislation. Mr. Knox reported that Critical Proposals are at the same rate as they were at last year, and he thinks that it worked well, but the Panel always has the authority make changes. Mr. Knox stated that one of the other issues concerns the \$250K or less cap on consent. Mr. Knox reported that staff is seeing quite a few proposals coming in at \$249,999, so the suggestion is to change that down to \$200K, but reminded everyone that the Panel can always see any proposal at their request.

Mr. Knox spoke about ETP funding, and explained that he will continue to update the Panel on the status of the fund. Mr. Knox noted that the fund status is always stated at every Panel Meeting, so if there are ever any questions about the status of the fund, please let us know.

Mr. Knox stated that a strategic study was implemented; that to date there have been a few drafts of the strategic study; and that Peter Cooper is going to have more about the strategic study during a future Panel Meeting. Mr. Knox noted that much of the information in the draft

reports to date is nothing new. It includes comments about the program being too complex; but Mr. Knox also explained that there is a lot of good information in the draft reports about the positive impact of the ETP program.

Mr. Knox then discussed ETP's strategy for employer outreach training for specific occupations, and Mr. Know explained that ETP will continue with 70% plus 1 year contracting again, unless the Panel wants to up that, because sometimes there are questions at 70%.

Mr. Knox requested that the Panel approve the items as presented, so again priority industries, funding allocations, funding caps on incumbents levels, reimbursement rates, which is in your packets, and the repeat contractor rule, which has been discussed several times at the committee level, as either an action on each one of them or as a whole.

Mr. Broad asked for any questions from Panel Members.

Ms. Roberts asked a question on the reimbursement rates: In regards to small business, we have them under the \$26 reimbursement rate, but if a small business is a non-priority industry, does it default to non-priority? And then, in regards to productive lab, are we going to continue to fund the productive lab at the same rate of \$26 per hour?

Mr. Knox responded by stating that it's up to the Panel, but in looking at productive lab, we see each proposal is different. Each proposal is different so we leave the flexibility for Panel Members to make those determinations on a case-by-case basis, which Mr. Knox said he thinks is valued. Mr. Knox noted that many of the apprenticeship programs are actually in a productive lab situation; even some of the new non-traditional apprenticeship programs. Mr. Knox said we will bring those to the panel with recommendations one way or the other.

Ms. Roberts said it seemed like it might be fair to reduce it to \$21 per hour because that's what we have had on the apprenticeship programs. Ms. Roberts noted it's just something to think about, and that she previously brought it up in committee.

Mr. Knox said it depends on what you would like. We could change it, although Mr. Knox stated that because we have already worked in the June prior projects.

Ms. Roberts said she is not proposing anything at this time, but in her mind, the efficacy of productive lab has always been a concern to Panel Members, and she wanted something for the committee to think about down the road.

Mr. Broad and Mr. Knox agreed to watch and monitor the issue.

Mr. Broad asked whether there were any more Panel Member questions. There being none, Mr. Broad then asked whether there was any objection to taking this as a whole in one motion. There being none, Mr. Broad then asked for public comment.

PUBLIC COMMENT

Steve Duscha endorsed the Executive Director's proposal in its entirety, and stated that he is looking forward to more changes simplifying the program from the committee.

Ms. Newsom made a motion to approve all action items as outlined in the Executive Director's proposal. Ms. Roberts seconded the motion.

John Brauer, Workforce and Economic Development Director at Cal Labor Fed, stated that he has been speaking with ETP staff about an analysis his group has done in regards to ETP applications. Mr. Brauer is particularly interested in apprenticeship programs, and the historical nature of the apprenticeship application process; and Mr. Brauer wants more

money going toward JATC programs. Mr. Brauer stated that JATC programs involve thousands of employers, many of which are small businesses. Mr. Brauer stated that the skills JATCs provide, in partnership with labor unions, are cutting edge and enable California to have a thriving economy. Mr. Brauer stated that you all have played a big role in coming out of the recession by providing funding for those JATCs. However, Mr. Brauer stated he is concerned about the ETP process, and wants to make sure that increased funding isn't going to adversely affect JATCs. Mr. Brauer stated that his staff person, Jan Borunda, and Kelly Greer, who works for their consultant Workforce Strategy, researched the ETP application process, and wants to present their findings in regards to how the ETP application process impacts apprenticeship programs.

Kelly Greer, Workforce Strategy, commenced a presentation by stating her group found that there are three basic categories of programs: (1) Programs that last for one year; (2) Programs that last 18 months; and (3) Programs that last for 24 months. How they fall into these different categories is the result of the number of training hours provided by the JATC, the size of the JATC, and when they enter into retention. So for the 12-month programs, those folks have 200 hours of training per year. Ms. Greer noted that generally includes the electricians, the pipefitters, the sheetmetal workers, and a large umbrella organizations that serve over 100+ employers. Ms. Greer noted that the 18-month group are folks who do 120 to 200 hours of training per year, and they likely take longer to hit the 500 hours retention time. The 24-month folks have the lower training hours, with about 80 hours-120 hours. Ms. Greer noted that the 24-month group also come in at different times, don't move in cohorts, often take longer to reach retention, and are often in rural areas, or less urban areas.

Ms. Greer then explained why this information is important in regards to invoicing. So for the year programs, they will be coming around every year for more cash because they don't have anybody else to train. They have already used your 200 max, and then they will be able to drop in Summer a lot of those, which we want them to do because in a good economy it matters somewhat that people go into retention during the Summer, but in a bad economy it's really important in construction because that's the time of the year that folks work. As one of our directors said "we're farmers, we work during the Summer."

Ms. Greer explained what they are hoping to do, which is to set up a system that would also function well in a bad economy. Ms. Greer thanked Stewart Knox and Peter Cooper for answering her questions while conducting her research. Ms. Greer stated that her research reveals that the 12-month projects actually last for a year and 10 months, from start to finish; that the 18-month projects actually last 2 years and 4 months, from start to finish; and that the 24-month projects actually last 2 years and 7 months. Therefore, referencing her slides, the largest amount of funding actually goes to the 12-month projects, followed by the 18-month projects, followed by the 24-month projects. Ms. Greer then pointed out the number of actual projects, and stated that there are around 26 projects that will be coming around every year, which creates flexibility in the event the economy starts to have issues.

Mr. Broad questioned how many registered apprenticeship programs are in the state. Mr. Broad thinks that it would be interesting to see what percentage of the total number of apprentices were actually trained by ETP funding.

Mr. Brauer stated that ETP should be able to obtain that information from DAS.

Ms. Greer stated that the majority of people that are interested in receiving ETP funding have already got in line, which consists of many small organizations. Ms. Greer stated that her research and the discussion thus far has been based on historical information, at which time Ms. Greer then moved to a discussion and slide presentation about how funding is pulled down once it's invoiced, using a hypothetical recession in FY20/21. Ms. Greer explained that her research reveals that there is a pattern, with 12-month projects pulling down the majority of their funding ever year, whereas 24-month projects take longer, and it may balance out,

but Ms. Greer questioned whether that will happen with funding during a recession. Ms. Greer stated that when a recession hits, two things are going to happen to the apprenticeship programs: (1) with people working less, the one year programs are going to become one and a half, the one and a half year programs are going to become two years, and the 2 year programs are going to be reduced in invoicing because they will not be able to clear enough people through the program; and (2) your going to have a pretty steep decline, and that decline is going to keep following the enrollment of the apprenticeship program.

Ms. Greer then talked about apprenticeship programs not being like community colleges because apprenticeship programs cannot open the door and accept 3,000 people. Ms. Greer stated that apprenticeship programs look and see what work is in an area in order to bring people into their program. Ms. Greer stated that once they start seeing a recession happening, they will not be bringing in the first year, which will result in a decline of JATC participation. Ms. Greer also stated that JATCs are not going to be receiving money they cannot spend, and ETP isn't going to be overfunding them, because there are things innate in their program. Ms. Greer said that they are going to make sure that they are not overfunded and depleting ETP resources during some kind of recession.

Ms. Roberts stated that apprenticeship programs have been a boom for ETP, by performing at higher levels than we generally see. Ms. Roberts indicated that apprenticeship programs are at 100% most of the time, which has a positive impact on ETP's overall success rate.

Ms. Greer noted that their success rate is the result of district offices making sure that the numbers are correct and verifying them.

Rob Sanger, California Manufacturers Technology Association, stated that he agrees with Steve Duscha in that the Executive Director's proposal includes great changes that should simplify the program, making things easier for contractors to participate. Mr. Sanger also stated that he has worked on the apprenticeship side, and does not see an industry demand nor hears that there is such a demand from his clients. Mr. Sanger indicated that Gallo was one of this clients. Mr. Sanger said the money should be tracked to determine whether it's going toward new jobs or just funding current apprenticeship programs. Mr. Sanger said he thinks something to be tracked is how many new jobs are really created, or are we just funding existing programs that are successful, which maybe that's okay too, but Ms. Sanger thinks we need to be transparent about that.

Mr. Broad stated that there's a motion on the table to approve all action items as outlined in the Executive Director's proposal, with the modification to add permanently disabled injured workers where appropriate.

ACTION: Ms. Newsom moved to approve all action items as outlined in the Executive Director's proposal, with the modification to add permanently disabled injured workers where appropriate, and Mr. Tweini seconded.

Motion carried, 7 - 0.

Mr. Knox's Memorandum recapping the above as well as Ms. Greer's presentation are attached separately to these minutes.

X. REVIEW AND ACTION ON PROPOSALS

Single Employers

Tab # 30 – Pandora Media, Inc.

PULLED AT THE REQUEST OF THE VENDOR

Tab #31 – Renew Health Consulting Services, LLC

Mr. Griffin presented a proposal on behalf of Renew Health Consulting Services, LLC (Renew) in the amount of \$560,852. Founded in 2015 and headquartered in Monrovia, Renew specializes in providing senior care. The company provides certified skilled nursing care and rehabilitation services. Services include short-term and long-term skilled nursing care, hospice care, medication management, behavioral health support, traumatic brain injury, wound treatment, dementia care, and special dietary and meal services. There will be 15 Renew facilities in California participating in this proposal.

Mr. Griffin introduced Carol Detullio, Sr. Vice President of Clinical Services, Cheryl Patterson, Vice President, and Claudia Aquinio, Vice President of Human Resources and Risk Management.

Ms. Roberts expressed concerns that the project was not conservative, and that the project looked too ambitious due to there being 15 locations, a first-time contractor, and numerous employees. Ms. Roberts indicated that \$250k would be conservative, and reminded the contractor about the difficulties of performance. Ms. Roberts said she thinks the Panel needs to look at this project more conservatively, and that there's no downside to lowering the contract amount now, then come back later and get the full amount by way of amendment. Ms. Roberts indicated that she sees those amendments all of the time.

Ms. Patterson responded by stating they have a gatekeeper which in the director of staff development at each location; that those gatekeepers are responsible for the internal training within our facilities, as well as the documentation process. Ms. Patterson noted that the documentation process is something that they already do, whether it's on an ETP form or their own internal forms. Ms. Patterson also noted that they conduct training all the time with their new hires, and with their existing nursing staff, so training is a big part of what they already do.

Ms. Roberts asked why they have not submitted an application to ETP in the past?

Ms. Patterson said that the current company started in 2015, but they themselves have been in the industry a long time with other companies.

Ms. Aquinio said they have union support as well, and they are very union friendly.

Ms. Roberts noted that CNAs have the highest turnover ratings in the business, but their turnover rate is only 6%, which is pretty low for the business. This may demonstrate that they have a very good model; but things change and people move on to different companies, and the success rate drops below acceptable amounts, which is something she has seen many times. Ms. Roberts restated her concern that the contract would not be successful.

Ms. Aquinio stated they are confident that they can successfully manage the contract, and that is why it was important for the principles of their company to come here today. Ms. Aquinio explained that the CNA training program is extremely important too, especially in such a volatile time, with the staffing ratios that are being implemented, which is why they already implemented the forms into their facilities already.

Ms. Dutillo also stated that they have already implemented the forms, and she feels that as the Senior VP of Clinical Services, this ETP funding would really help retain and maintain their nursing staff, which is under a lot of competition.

Ms. Roberts said she was not inclined to approve at the current funding amount.

Mr. Broad questioned how many times an applicant has come back after the Panel bifurcated funding, which Mr. Broad thinks is probably less than 50%, which Mr. Broad thinks would be a good indicator that the Panel is usually guessing right when bifurcating out of concerns of whether the contract is too large and will be unsuccessful.

Ms. Bell suggested downsizing the current contract by cutting it in half. Ms. Bell stated that there is nothing wrong in downsizing; that it's part of the process; and that the Panel's goal is for contracts to be successful. Ms. Bell stated that she would make such a motion.

Mr. Broad acknowledged the motion.

Mr. Tweini said that he shares the same concerns of his colleagues, and Mr. Tweini supports such a motion.

Mr. Broad acknowledged a motion to accept the proposal by cutting it in half, without prejudice, which means that the applicant can come back for the second half after completing a significant portion, and acknowledged a second to said motion. Mr. Broad asked for any other discussion on the motion.

Ms. Roberts indicated that all the applicant would need is 70%; which their consultant could monitor, and they could come back when that amount is reached.

Mr. Knox reminded everyone that the applicant would have to come back to panel in order to amend and receive the other half. They do have to come back before the panel.

Mr. Broad indicated that he doesn't think the Panel has ever turned down a request for the second half of funding when the Panel has bifurcated in this way.

Mr. Broad then restated the motion for vote.

ACTION: Ms. Bell moved to reduce the amount $\frac{1}{2}$ with the caveat that Renew can come back for the second half once it meets the 100% from the first half and Mr. Tweini seconded approval for Renew Health Consulting Services, LLC in the amount of \$280,426.

Motion carried, 7 - 0.

Tab #32 – Elevate Home Health, LLC

Mr. Griffin presented a proposal on behalf of Elevate Home Health, LLC (EHH) in the amount of \$361,550. Founded in 2009, EHH offers comprehensive, patient-centered, post-acute care program designed to ease and support patient transition following in-patient stay.

EHH's program begins during rehabilitation or hospital stay and extends through the patient's discharge to home. Utilizing a licensed nurse, the focus is on patient education, primary care collaboration, medication reconciliation, assistance with equipment and home modification needs, and provision of care as ordered by physicians. The company's home health services include skilled nursing, physical, speech, and occupational therapy; medical social work; and in-home aide.

EHH is a subsidiary of Covenant Care California, LLC (Covenant). Covenant currently has an active ETP project and will not participate in this proposal. EHH will act as a lead contractor and include closely affiliated entity, Rehabfocus Home Health, Inc. (RHH). This project will target training for workers at one EHH facility located in Los Angeles County and six RHH facilities located in San Joaquin, Fresno, Santa Clara, Monterey, San Diego, and Stanislaus counties. EHH's headquarters in Aliso Viejo will coordinate the proposed contract; however, is not included in the proposed training plan.

Mr. Griffin introduced Gytha Mannen, Director of Clinical Operations of Home Health.

There were no questions from the Panel Members.

ACTION: Ms. Newsom moved and Ms. Bell seconded approval for Elevate Home Health, LLC in the amount of \$361,550.

Motion carried, 7 - 0.

Tab #33 – Meggitt (San Diego), Inc.

Mr. Griffin presented a proposal on behalf of Meggitt (San Diego), Inc. in the amount of \$948,790. Incorporated in 1980 and headquartered in Simi Valley, Meggitt-USA, Inc. manufactures electronics and aerospace products, including flight displays and avionics instruments, unmanned aerial vehicle ducting and sealing products, and aerospace fire detection systems, industries served include aerospace/aeronautics, engineering, electronics, law enforcement, civil aviation, medical, oil, automotive, petrochemical, marine and government industries. Meggitt-USA, Inc., is the parent company for Meggitt subsidiaries, all which operate independently.

This is Meggitt (San Diego), Inc.'s first ETP proposal. This training proposal will only target Meggitt (San Diego), Inc. workers. Meggitt (North Hollywood), Inc., Meggitt Safety Systems, Inc.; and Meggitt (San Juan Capistrano), Inc. have held prior ETP Agreements.

This proposal for Meggitt (San Diego), Inc. has been designated a Critical Proposal by the Governor's Office of Business and Economic Development based on Meggitt's planned business expansion/commitment to adding new jobs in California.

Mr. Griffin introduced Thomas M. Autcher, Senior Director of Finance.

Ms. Bell questioned whether the employees at the two locations would be relocated to the new location.

Mr. Autcher stated yes, and indicated that the new location is across the street.

Ms. Bell questioned and it was confirmed that there will be no layoffs due to the move.

Mr. Tweini asked about the whether veterans would be beneficiaries of this training, and if so, at what percentage.

Mr. Autcher responded by stating that he did not know the number, but that they have a number of veterans on staff, and they look for veterans to hire in San Diego. Mr. Autcher also noted that their primary customer is the U.S. Government, and so for that reason too, they encourage veterans to apply because they are a known workforce.

Ms. Roberts stated that she thinks this is a great contract that looks solid. Ms. Roberts then asked about a contractor indicated in the documents from Texas, and whether that contractor is familiar with the ETP program.

Chuck Connor responded by stating that he's had 20 years in California State politics before moving to Texas; that he wouldn't say he's Texan, but that's where he lives; and that he is familiar with the ETP program and the work of Meggitt as a company.

Ms. Roberts asked whether Mr. Connor was familiar with the Texas Workforce Commission, and Mr. Connor responded by stating that they work with Meggitt USA in regards to other state programs, but Mr. Connor thinks that ETP is top notch and goes above and beyond what all other states are doing with workforce development.

Mr. Autcher indicated that they are a subsidiary of a publicly traded company, Meggitt DLC, which was just traded in the UK.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval for Meggitt (San Diego), Inc. in the amount of \$681,000.

Motion carried, 7 - 0.

Tab #34 – Orange County Global Medical Center, Inc.

Mr. Griffin presented a proposal on behalf of Orange County Global Medical Center, Inc. (Orange County Global) in the amount of \$425,700. Founded in 2003 and headquartered in Santa Ana, KPC Health operates seven autonomous acute care hospitals located throughout Southern California. Orange County Global will be the lead affiliate contract holder with three other KPC Health affiliated hospitals participating in this project: Anaheim Global Medical Center (Anaheim Global); South Coast Global Medical Center, Inc. (South Coast Global); Chapman Global Medical Center, Inc. (Chapman Global). The Hospitals are eligible for ETP funding under Special Employment Training (SET) provisions for frontline workers.

Mr. Griffin introduced Jeff Andrews, Physician Contracting & Clinic Manager.

Ms. Roberts questioned, since there was only a 70% success rate on only one facility in regards to a previous contract, why the applicant is coming back for double the amount for 4 facilities.

Mr. Andrews responded by stating that the previous contract with the one facility was a problem because one of the directors became very ill, and Mr. Andrews was forced to step in after learning the ETP program. Mr. Andrews noted that it was very difficult, but that he was able to learn the program. Mr. Andrews thinks that hitting 71% after the foregoing was an accomplishment in putting the contract back on track.

Ms. Roberts stated that she thinks the project is ambitious, asking for 4 facilities and double the amount. Ms. Roberts also expressed concern with Mr. Andrew's role, as he's a clinical manager, and that did not sound like a training manager.

Mr. Andrews restated that he performed the previous ETP contract, so they decided stay with him for this contract.

Ms. Roberts indicated that she's not favorable toward funding at this amount, and then asked whether the applicant is headquartered in one facility.

Mr. Andrews responded by stating that he's headquartered in Orange County.

Ms. Roberts asked about the other facilities.

Mr. Andrews stated that he already has people who will take care of all 4 Orange County hospitals.

Mr. Griffin said that the applicant has 2,400 employees throughout the state, and that this project includes 496. Mr. Griffin also indicated that the current proposal is for only 20% of their employees, which means there are considerably hundreds of more trainees that could participate in order to meet the demand goal.

Ms. Roberts indicated that the applicant is retraining, and that there are no new hires here. Mr. Roberts then stated that she would like right-size the project down to the amount earned last time; maybe 70% of the amount asked in the proposal.

Mr. Knox said and Ms. Roberts agreed to about \$300K.

Mr. Broad asked whether that was a motion.

Ms. Roberts said yes.

Mr. Broad acknowledged a motion to approve this project funded at a level of \$300K.

Ms. Newsom seconded motion.

Mr. Broad asked for any further discussion.

Ms. Bell indicated that if it was up to her, she would not fund this project at all, based on past performance. Ms. Bell stated that she didn't feel like the applicant would be there for the four facilities, but stated that she would agree to right-sizing. Ms. Bell then stated that she would recommend down-sizing the project a little bit more.

Mr. Broad asked whether that was a substitute motion or just a comment.

Ms. Bell said it was a substitute motion.

Mr. Broad acknowledged the substitute motion.

Mr. Tweini asked whether these are all new trainees or new help.

Mr. Andrews responded by stating that these are current employees: Current RNs, LVNs, Allied Health, and possible new grads as well as new hires.

Mr. Broad asked whether there is a second for this substitute motion.

Ms. Roberts seconded it.

Mr. Broad stated that he was not going to vote for the substitute motion, and explained that his decision was because 70% is the bottom threshold for full funding. Mr. Broad explained that right-sizing here is appropriate, but he doesn't want to be punitive and thinks the first motion strikes a better balance.

Mr. Broad then called for a vote on the substitute motion, which failed, with only Ms. Bell voting in favor.

Mr. Board then called for a vote on the first motion.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval to reduce the amount for Orange County Global Medical Center, Inc. in the amount of \$300,000.

Motion carried, 6 - 0. One opposed – Ms. Bell.

Tab #35 – Orora Packaging Solutions

Mr. Griffin presented a proposal on behalf of Orora Packaging Solutions (OPS) in the amount of \$750,000. Headquartered in Buena Park, OPS is a nationwide manufacturing, distribution and logistics company. The company manufactures corrugated paper products, packing material, janitorial products, shipping supplies, and custom-built corrugated packaging and industrial packaging products.

This will be OPS's fourth ETP project, its third in the past 5 years. Twenty-three facilities will participate in this project: Rocklin, Fontana, Montebello (2), Fullerton (2), Brea, Alhambra, Union City, Paso Robles, Fresno, Salinas, Buena Park (2), San Marcos (2), Cypress, Irvine, Tracy, Fairfield, Camarillo, and Newark (2).

OPS also maintains operations throughout the United States and Mexico and sells its products to a variety of large and small industries and companies, including Hewlett Packard, Boeing, and Unisys. The company is eligible for standard, retraining funding at the priority-industry rate as a manufacturer.

OPS has production staff that are represented by Teamsters District Council 2, Local 338M and Teamsters Local Union No. 63, both of which have expressed support for this proposal.

Mr. Griffin introduced Karen Merriman, Manager of Talent Development and Corporate Communications.

Mr. Broad mentioned that the applicant has a very impressive record. Mr. Broad then noted that the applicant has had multiple projects, 2 of which were at 100%, and the last 2 prior to that was 79%. Mr. Broad stated the foregoing was a very good jump; that the numbers demonstrate an accomplishment; and that the current proposal is a solid one.

Ms. Roberts stated that she thinks this is an ambitious project, but given the applicant's record and number of employees, Ms. Roberts doesn't think there's going to be a problem.

Ms. Roberts questioned about whether all of the employees are going to train on the new printer machine. Ms. Roberts also stated that when she looks at these contracts, and there's not a substantial contribution because there are so many facilities, and there are multiple contracts as a repeat contractor, then we probably need to take a closer look to make sure that ETP is not merely funding their training program indefinitely. Mr. Roberts said she is not going to suggest anything today, but it is something she thinks ETP should look at in the event the applicant comes back for another contract.

Ms. Merriman acknowledged the comments made by Ms. Roberts, and indicated that the applicant has put it \$1.5M of its own money.

Ms. Roberts said that's fine, but eventually the applicant will need to stand on its own. Ms. Roberts indicated that ETP cannot continue to fund half a million, or \$750K, or \$1M of the applicant's training program every year, or whenever they come back. Ms. Roberts indicated that her comments are a warning that in the future ETP may not continue its funding of the applicant's training program in the same way.

Ms. Merriman clarified that there are other machines being used for training, in addition to the new one noted as justification for coming back for more ETP funding.

Ms. Roberts restated her comments that the applicant has earned a lot of money from the State, and we just want to make sure that we can spread out our funds across the State.

Mr. Broad asked whether there are other comments.

ACTION: Ms. Bell moved and Mr. Tweini seconded approval for Orora Packaging Solutions in the amount of \$750,000.

Motion carried, 7 - 0.

Tab #36 – Stremicks Heritage Foods, LLC - THIS WAS MOVED TO THE CONSENT CALENDAR

Tab #37 – Waldorf Astoria Management, LLC

Mr. Griffin presented a proposal on behalf of Waldorf Astoria Management, LLC (Waldorf Astoria) in the amount of \$400,938. Waldorf Astoria is seeking ETP funding to train its workers at the La Quinta Resort. Located in La Quinta, the La Quinta Resort was founded in 1926. Its combined properties include 800 resort rooms, 9 golf courses, 21 tennis courts, 8 pickleball courts, a 23,000 square-foot spa, 41 swimming pools, 53 hot spas, 7 restaurants, and 189 spa villas. La Quinta Resort provides luxury room accommodations; resort golf courses; health and fitness centers; gourmet restaurants; boutique retail shops; and convention and conference resources to corporate businesses, tourists, and upscale worldwide leisure travelers. The La Quinta Resort property itself is owned by BRE Iconic LQR Owner, LLC (BRE); however, Waldorf Astoria is the resort employer and the ERP-eligible contract holder of the proposed Agreement.

Mr. Griffin introduced Stephanie Pagela, Director of Human Resources, and Will Sacks of National Training.

Ms. Newsom questioned why the reimbursement rate is significantly higher than the minimum wages paid to staff. Ms. Newsom indicated that the base wage that's listed ranges between \$11, and clearly upwards with a higher threshold, but then the reimbursement rate is \$15; so Ms. Newsom thinks this looks like the applicant is making money off of the training. Ms. Newsom inquired as to whether this is an issue that should be addressed in committee.

There was then discussion about how many persons start at minimum wage, and Ms. Pagela stated that she did not know the number, but that she could provide a definite number by next week, if that is something the Panel would like to see.

Ms. Newsom indicated that would be great, to see and acknowledge that fact.

Ms. Pagela stated that there were really very few because: there's only a few positions that start at minimum wage; they do annual reviews and performance based increases; and they've also been addressing compression, and increasing those who were previously at the old minimum wage.

Mr. Broad then asked for a clarification; since to actually see and acknowledge that fact would mean putting this application over for another month.

Ms. Roberts and Ms. Newsom both indicated that they were interested in putting this matter over for another month.

Mr. Broad stated for everyone to remember that the applicant is still paying the wages, and indicated that the issue is whether proportionally ETP is getting the same bang for its buck, paying \$15 an hour to train someone who earns \$11 an hour, or paying \$15 an hour to train somebody who's making \$25 an hour.

Ms. Roberts asked whether Bill Sacks knows how many employees out of the 1,000 are actually making the lower wages.

Mr. Sacks stated the number is going to be less than a 100 people, but we could remove those that are below a wage that you've established.

Mr. Broad asked whether the applicant is willing to amend the proposal right now in order to remove those low wage earners, and the applicant and Ms. Sacks indicated yes.

Mr. Broad then asked whether such a modification would satisfy the pending concerns, and Ms. Roberts and Ms. Newsom indicated yes.

Mr. Broad then asked whether there are any other comments or questions.

Mr. Tweini asked how long Ms. Pagela has been with the company, and whether there was ever any effort to unionize the workers.

Ms. Pagela responded by stating that she has been with the company for about one year, and that unions are not strong in the hospitality industry in the desert areas.

Ms. Roberts asked whether Ms. Pagela was working with the person that administered 100% of the program from last time.

Ms. Pagela stated yes. Additionally, Ms. Pagela stated that they have a Director of Training and Quality Assurance and a Training Coordinator, and that they continue to partnership with the National Training Center as well.

Mr. Board asked for any other questions.

Ms. Roberts made a motion to approve, with the amendment that the workers being paid the minimum wage are removed. Ms. Bell seconded the motion, but the exact language is not audible.

Mr. Broad acknowledged the motion and second to approve the project, with the amendment that workers being paid the state minimum wage are removed.

Mr. Griffin questioned whether the Panel is asking for a higher floor for those occupations in the chart, in terms of presentation purposes, or articulation of the range.

Mr. Broad stated that he thinks this means effectively yes, that they're going to remove from training those people who earn the state minimum wage. Mr. Broad then stated that we're going to be training people who earn above the state minimum wage.

Mr. Griffin then clarified that the Panel does not need to see this proposal back again with the amendment.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval for Waldorf Astoria Management, LLC. in the amount of \$400,938.

Motion carried, 7 - 0.

Tab #38 – Bell Brother’s Heating and Air, Inc.

Ms. Nastari presented a proposal on behalf of Bell Brother’s Heating and Air, Inc. (Bell Brother’s) in the amount of \$654,180. Founded in 1991 and headquartered in Mather, Bell Brother’s provides heating, ventilation, air conditioning (HVAC), plumbing installation, and repair, diagnostic services to residential homeowners or tenants. Training will be delivered at the company’s three locations in Sacramento and Stanislaus counties.

Ms. Nastari introduced Christine Udasco, Human Resource Director, Scott Bell, Training Director, and Jill Meeuwsen, Consultant.

Mr. Tweini commented by thanking the applicant for bringing up veterans, and said that’s something we need to continue to do.

Ms. Newsom pointed out that the veteran reimbursement rate is significantly higher at \$22/hr, but then noted that the proposal is to pay veterans on Job 5 significantly less than people in the same occupations under Job 1. Ms. Newsome then asked why the proposal is to pay the veterans less, but still get the higher reimbursement rate.

Ms. Meeuwsen responded by stating that the veterans are in a HUA Manteca facility; that they include job creation; and that Bell just implemented a wage increase so that the very lowest amount would be hired in the company would be \$14/hr now.

Mr. Broad then clarified that the \$11/hr shown in the proposal is now \$14/hr.

Mr. Broad asked for any other questions.

Ms. Roberts made a motion to approve, and Mr. Tweini seconded it.

ACTION: Ms. Roberts moved and Mr. Tweini seconded approval for Bell Brother’s Heating and Air, Inc. in the amount of \$654,180.

Motion carried, 7 - 0.

Multiple Employer Contracts

Tab # 39 – Joint Apprenticeship Committee for Operating Engineers for the 46 Northern Counties in California

Ms. Nastari presented a proposal on behalf of Joint Apprenticeship Committee for Operating Engineers for the 46 Northern Counties in California (Operating Engineers JAC) in the amount of \$948,200. Operating Engineers JAC is a joint labor management organization founded in 1969 to provide high-quality and up-to-date training in cranes, blades, dozers, track loaders, backhoes, excavators, and forklifts for apprentice, pre-apprentice and journey level operators. Apprentices work on a variety of infrastructure-related construction projects including roadways, dams, and bridges.

Currently, the main training center, located in Sloughouse, consists of an eleven acre campus and serves 48 counties. An additional 80 acres are devoted to a training yard and maintenance area where hands-on training is conducted in a simulated lab environment. The Operating Engineers JAC currently represents over 693 apprentices in Northern California.

Ms. Nastari introduced Karie Sutter Executive Secretary, and Tammy Castillo, Director of Apprenticeship.

Mr. Broad asked about why there are so few women in the trades.

Ms. Castillo said, in regards to her trade, that they are increasing the percentage of females by 1%, and she thinks it's all in the recruitment and team that you have to recruit for you. Ms. Castillo indicate that her group has female coordinators and female instructors, and Ms. Castillo thinks that makes a big difference in recruitment efforts. Ms. Castillo then described a trade fare in Oregon, where over 1,700 women attended. There were roofers, ironworkers, and persons actually climbing the high beams. The firewomen were also there teaching the persons how to hold the hoses. Ms. Castillo thinks it's all in the presentation of the programs.

Ms. Roberts asked about the turnover rate for women.

Ms. Castillo said that they have a very low turnover rate for female apprentices, but also indicated that child care is a problem.

Mr. Broad then asked for any other questions.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval for Joint Apprenticeship Committee for Operating Engineers for the 46 Northern Counties in California in the amount of \$948,200.

Motion carried, 7 - 0.

Amendments

Tab #40 – Greater San Fernando Chamber of Commerce

Mr. Griffin presented an amended proposal on behalf of Greater San Fernando Chamber of Commerce (Greater San Fernando Chamber) in the amount of \$355,118. Founded in 1911 and located in Van Nuys, Greater San Fernando Chamber is a nonprofit membership organization whose mission is to create and foster a sustainable business environment in the San Fernando Valley region through networking opportunities, advocacy, promotion, and community projects. Greater San Fernando Chamber partners with other chambers within Los Angeles County, including Valley Industry & Commerce Association and The Valley Economic Alliance. These partnerships help identify the needs of manufacturers and connect employers to the tools needed to help them become more successful. Many of these companies need training to upgrade the skills of their workforce and to help them grow and stay competitive in California.

Phase II funds will accommodate employees of newly recruited participating employers. These employees had requested ETP-funded training; however, all funds in Phase I are already committed. Phase II funds will train an additional 278 incumbent workers in new Jo Numbers 5, 6, and 7. This will increase the estimated number of trainees from 282 to 560 and the Agreement amount from \$187,176 to \$355,118. Employers from Santa Barbara and San Bernardino Counties will also be served.

Mr. Griffin introduced Nancy Hoffman Vanyek, CEO.

No questions from the Panel Members.

ACTION: Ms. Roberts moved and Mr. Tweini seconded approval for Greater San Fernando Valley Chamber of Commerce in the amount of \$355,118.

Motion carried, 7 - 0.

Tab #41 – Intuitive Surgical, Inc.

Ms. Nastari presented an amended proposal on behalf of Intuitive Surgical, Inc. (ISI) in the amount of \$477,176. Founded in 1995 and headquartered in Sunnyvale, ISI, with its affiliate, Intuitive Surgical Operations, Inc. (ISOI) manufactures surgical robots used across cardiac, urology, gynecologic, colorectal, pediatric and general surgical disciplines. ISI is the parent company that focuses on sales/marketing, and its subsidiary, ISOI focuses on manufacturing. ETP-funded training will be delivered to both ISI and ISOI employees under this Agreement.

Ms. Nastari introduced Megan Gage, Manager, Employee Development; and Michelle Rychener, Vice President TRS from TFP.

There were no questions from the Panel Members.

ACTION: Ms. Roberts moved and Mr. Tweini seconded approval for Intuitive Surgical, Inc., in the amount of \$477,176.

Motion carried, 7 - 0.

Tab #42 – The Cheesecake Factory Bakery

Mr. Griffin presented an amended proposal on behalf of The Cheesecake Factory Bakery (CFB) in the amount of \$504,000. CFB is a food producer specializing in cheesecakes, cakes, and assorted desserts that are distributed to restaurants, club stores, food distributors, retail stores, and the military. CFB now has over 200 restaurants around the world and two baking facilities in Calabasas Hills and North Carolina. The current Agreement is for training at the baking facility in Calabasas Hills. At the December 2017 Panel Meeting, the initial proposal of \$504,000 was reduced by 50% with the understanding that the CFB could return for the remaining funds once performance warranted additional funding.

Mr. Griffin introduced Michelle Manchez, Training Director, and Richard Lopez, Sr., Director of Human Resources, and Maria Montec.

Ms. Newsom inquired, since the applicant was here last time, about whether there is a new cap for the healthcare benefits that are applied to make the post retention ETP wage. Ms. Newsom stated that we need clarification from staff as to whether or not the \$250K cap would be applicable to the remaining amount or not.

Mr. Griffin said it would be applicable since this is new funding.

Ms. Newsom indicated this was good news because then everyone will be getting wage increases maybe.

Ms. Roberts then asked about how many of 350 employees will be making \$11/hr.

Ms. Manchez indicated that the number was about 20%, maybe 25%, as some them are newer staff.

Ms. Roberts asked whether those employees, which is about 20%, could be taken out of the equation in order to be consistent with how ETP has managed lower wage earners in the past.

Mr. Griffin responded by stating that this item is actually part of the Phase I funding, so it goes back to the original term of the contract, so the benefit amount shown in the previous proposal applies in this case. This is not a Phase II, it's a Phase I, which goes back to the beginning of the term.

Mr. Broad stated that ETP cannot impose retroactive new conditions, and there's also a question about only paying above the state minimum wage; which is fine, but this needs to be applied across the board, so Mr. Broad thinks that the Panel needs to think about what it's going to do, and have a discussion about it as a policy.

Mr. Knox indicated that Elisabeth Testa will be conducting a presentation at committee regarding wages and HUAs. Mr. Knox noted that one of the recommendations for the committee in the future will be essentially around this issue, which is whether there should be a policy that all wages must be higher than the state minimum wage. Mr. Knox thinks this is a policy decision, but that the Panel has every right to do it.

Mr. Broad stated that in regards to the current proposal that these employees are manufacturing employees, so manufacturing employees typically have a higher wage than service industry employees, but a significant number of these employees do not. Mr. Broad thinks these issues that are being raised by fellow Panel Members are fair ones, and he asks whether someone is making a motion to exclude those low wage earners as we did earlier.

There was then a discussion about whether the those employees making the state minimum wage could be excluded, since the project is at Phase I. Mr. Griffin indicated that if they are already enrolled and in the training, and they meet the wage and the benefits, then they would be entitled to be included, although he's not sure.

Mr. Knox said it's standardized, and he wonders whether there are enough employees within this contract to meet the additional \$252K. There was some discussion about the numbers, but Mr. Griffin ultimately stated that he would need to run those numbers to see.

Ms. Roberts asked whether the Panel could just cut the current funding by 20%, and whether that would work.

Mr. Knox said that would make it easier.

Mr. Broad said he thinks that carving them out would be the way to do it.

Mr. Knox restated that it's just by 20%.

Mr. Broad asked for a motion.

Ms. Newsom moved to approve with an amendment to reduce the funding by 20%.

Mr. Broad acknowledged the motion to approve this funding reduction of 20% of the new allocation and what we are not funding is people who earn minimum wage.

ACTION: Ms. Newsom moved and Ms. Roberts seconded approval for The Cheesecake Factory Bakery in the amount of \$504,000.

Motion carried, 7 - 0.

XI. PRESENTATION BY LIS TESTA

Ms. Testa stated that she has a quick presentation today, mostly to bring the Panel updates about the topics being discussed in committee. There are five topics: OSHA 10/30; Out-of-State Vendor and Out-of-State Training; Broker Model; Wages and Regions; and Non-Traditional Apprenticeships.

As for OSHA 10/30: Historically we have required employers to complete the full 10 hours of OSHA 10, and the full 30 hours of OSHA 30, if they were including such persons in their contract. However, this is sometimes problematic because many companies start training before their contract term starts, and they start that OSHA 10/30 hours ahead of time, so then they don't have the full 10 or 30 hours, but we want them to still be able to include those hours onto their contract. Accordingly, we made a clarification notice toward the end of April that became effective on April 24 that if they're doing OSHA 10/30, then they don't have to do the full 10 hours for OSHA 10 and the full 30 hours for OSHA 30. This is more of just a heads up or notification for the Panel. It was something we could do administratively and didn't require any major rule changes.

As for Out-of-State Vendor and Out-of-State Training: If you remember at our first subcommittee meeting last December, this was an issue that a lot of the stakeholders brought up and it was kind of an eye opener for us because it was not on our radar as something that was a source of frustration. As such, Ms. Testa indicates that staff has been working on this issue, and have made a few changes. The changes are not effective yet because we still need to wait for the ETMS program changes to take place, which should hopefully happen in the next few weeks. However, in response to the stakeholders raising this issue, we are going to change the following policy changes: If a company is using an out-of-state vendor, they no longer have to fill out a form and they don't have to provide any

justifications, they just have to identify who the out-of-state vendor is on the 100D form and that 100D form is the form that they identify all their subcontractors on so that's a place where they put the vendor already anyway. For out-of-state training, we simplified the form a lot. They do still need to give us a little bit more justification for that because we want to know why they are sending so many trainees outside of California, but we really simplified the form. We took a lot of the questions out and combined some other questions and we simplified the approval process for that. So once those changes happen hopefully it will ease a little bit of stress and aggravation. It hasn't happened yet, but it's coming very soon.

As for the Broker Model: This was last discussed at subcommittee in March and subcommittee had actually voted to bring the Broker Model concept to Panel for a vote to remove it this month. However, staff has some additional concerns about it so we didn't put it on the agenda for this panel meeting. We would like to bring it back to subcommittee in June. The main concern that staff has is that if we remove the Broker Model as it is right now, there is nothing to take its place. So the original issues that the Broker Model was addressing would still exist. There would not be anything to address them unless we have a replacement. So we are going to bring this back to committee in June for further discussion.

As for Wages: Wages seem to be a hot topic for today. I would like to say that all of the concerns people brought up about wages today I did note down so we can include those concerns in the discussion at committee. The problem with wages is that if you look at our legislation and regulations, it comes up in a lot of places and they are tied together. We need to really look at what the legislation and regulations are requiring of us so that we can figure out how to work within that to then change the wage structure, because we can actually change the regulations themselves.

Mr. Morales asked whether there is a way to streamline the process in regards to the minimum wage, since this is apparently a reoccurring issue.

Ms. Testa responded by stating yes, and indicated that staff is looking at that now, since the wage chart is extremely complicated, due to our legislation and regulations. Ms. Testa went on to describe the wage chart, and how ETP ends up with almost 100 regions within the state, and every region ends up with their own wage if they are a high end employment area.

Mr. Broad said, for basic understanding and clarification, that the legislature intended ETP to fund higher wage jobs, so it created an ETP minimum wage, which is generally higher than the State minimum wage. Therefore, if the legislature intended to set the minimum wage at the State minimum wage, then they could have done so; but they didn't, and they actually require us to fund at an ETP minimum wage or above or on a case by case basis with a request from an employer to reduce it. Over time, Mr. Broad explains that the ETP minimum wage has risen faster than a lot of other wages. In other words, we have a lower wage base economy in California than we had when ETP started, so we get a lot of employers in here who are not even close to the ETP minimum wage. It doesn't mean they are not competitive in the labor market, it's just a sad fact regarding the amount of low wage work that actually exists in California. It repeatedly tests the basic premise at ETP, that the legislature intended us to be funding high wage, high income potential type of jobs so that the tax payers get a big bang for their buck. Mr. Broad indicated that this is an issue the Panel is constantly struggling with, and Mr. Broad is aware that is constantly comes up at Panel Meetings.

Mr. Morales suggested for reporting purposes, since the Panel continues to ask how much of the percentage of those employees that will need training are at the lower minimum wage, that indication of the percentage might be helpful as part of the rule.

Mr. Broad agreed that's what we're seeing, although Mr. Broad explained that there are other issues related to recordkeeping and reporting too, since the employer doesn't necessarily know which exact employees are going to get the training done in time. Mr. Broad stated that all of these issues have been a source of confusion.

As for Non-Traditional Apprenticeships: Ms. Testa stated that we have been talking a little bit about this issue at committee, and committee has requested that we consider options, such as are we going to start a new pilot program, or include non-traditional apprenticeships with the existing apprenticeship pilot program. We're also looking at wage progression, and those kinds of items. Additionally, there are also a few different ways to look at the non-traditional apprenticeship programs, such as having the local educational agency hold the contract instead of the actual apprenticeship program itself. In other words, there are a few different ways that we can handle these issues, and we're currently looking at them in order to bring up at a future committee meeting.

Mr. Broad asked for any questions.

Ms. Roberts asked, in regards to non-traditional apprenticeship programs, whether we have a list of employers in California that might be interested in this program.

Ms. Testa responded by stating that Peter Cooper works closely with all of the apprenticeship programs and DAS, so he would probably know more about what kind of alternative apprenticeship programs there are or that they are thinking of developing. Ms. Testa said I know a lot of them are in transportation and there are a couple of computers ones, so I would assume there is a fair number of companies that would be interested, if they knew it was available.

Mr. Broad thanked Ms. Testa for the presentation, and asked whether there is any public comment. Seeing none, the meeting was adjourned.

XII. PUBLIC COMMENT

No public comments.

XIII. MEETING ADJOURNMENT

Meeting adjourned at 12:05 p.m.

Attachments: Presentation Memorandum by Stewart Knox
Understanding More About ETP Apprenticeship Contracts by Kelly Greer
ETP's Update & Reviews of Potential Program Revisions by Lis Testa



Memorandum

To: Panel Members Date: May 24, 2018

From: Stewart Knox, Executive Director File:

Subject: Action Items: Priority Industries, Funding Allocations & Encumbrance Level, Funding Caps, Reimbursement Rates, Repeat Contractor Rule

Item #1: Action on Priority Industries

ETP staff recommends keeping the current ETP Priority Industry List unchanged.

Priority Industries as follows:

- Allied Healthcare
- Agriculture
- Biotechnology/Life Sciences
- Construction
- Goods Movement & Transportation/Logistics
- Green/Clean Technology
- Information Technology Services
- Manufacturing/Food Production
- Multi-Media/Entertainment
- Technical Services.

Item #2: Action on Funding Allocations & Encumbrance Level

ETP staff recommends the following funding allocations and encumbrance level:

- Single Employer: \$48,000,000
- MECs: \$24,000,000
- Small Business: \$6,000,000
- Critical Proposals: \$5,000,000
- Apprenticeship/non-traditional: \$20,000,000
- Total: \$103,000,000
- Encumbrance Level: move from 38% to 40%

Item #3: Action on Funding Caps

ETP staff recommends the following Funding Caps:

Contractor Category	Current FY 17/18 Caps	Proposed FY 18/19 Caps
MECs (Includes Apprenticeships)	\$950 K (w/ Apprenticeships at \$450 K per sponsor)	\$950 K/\$1.8 M*
Single Employers (Includes Small Business)	\$750 K (w/ Small Business at \$50 K)	\$900 K
Critical Proposals	\$900 K	\$900 K
Delegation Orders	\$50 K	\$75 K

* MECs over \$950 K need to wait 18 months from start of contract term before submitting new Pre-App

Item #4: Action on Reimbursement Rates

ETP staff proposes a new Fixed-Fee Reimbursement Rate Table, in order to simplify our existing rate structure and to provide most training and trainee categories with a raise in reimbursement rates. See rate table below:

The new rates will become effective for all projects (and new amendments) with a term start date/effective date of 7/1/18 or later.

Rate Category	Reimbursement Rate
CBT	\$9
Apprenticeship (pre-apprentices & apprentices)	\$21
Non-Priority Retraimees	\$23
Special Populations: i.e.; Priority Projects, Critical Proposals, New Hires, RJC, Small Business, Veterans, Advanced Technology, MEC Entrepreneurial, Journeymen, Alternately Funded Projects, Ex-offender/At-Risk Youth, CNA to LVN, Medical Skills (both types)	\$26

Item #5: Action on new Repeat Contractor Rule

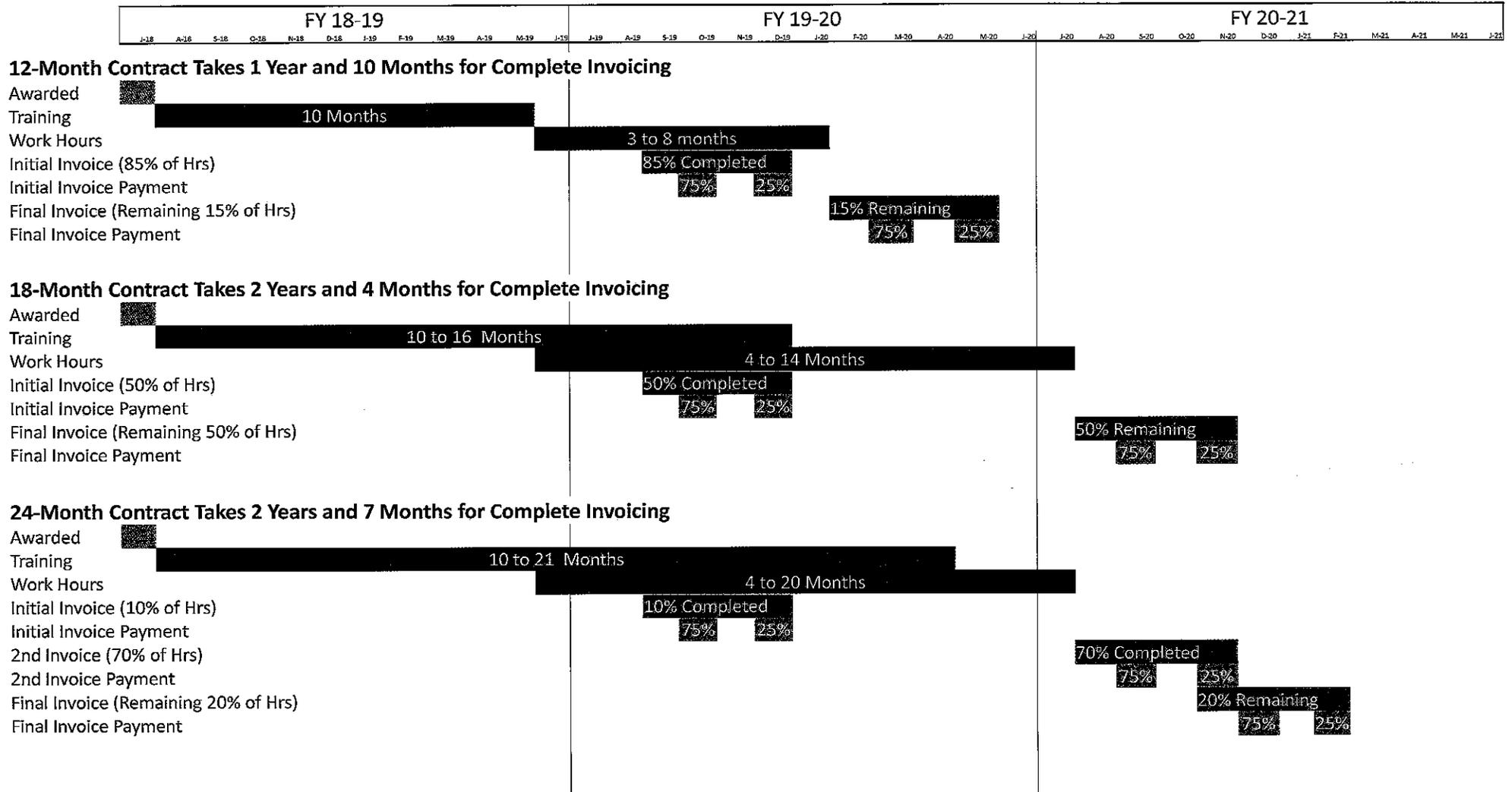
ETP staff recommends adoption of a new Repeat Contractor Rule, effective 7/1/18, as follows:

- Enact as a Pilot Program
- Impose a time limit as follows:

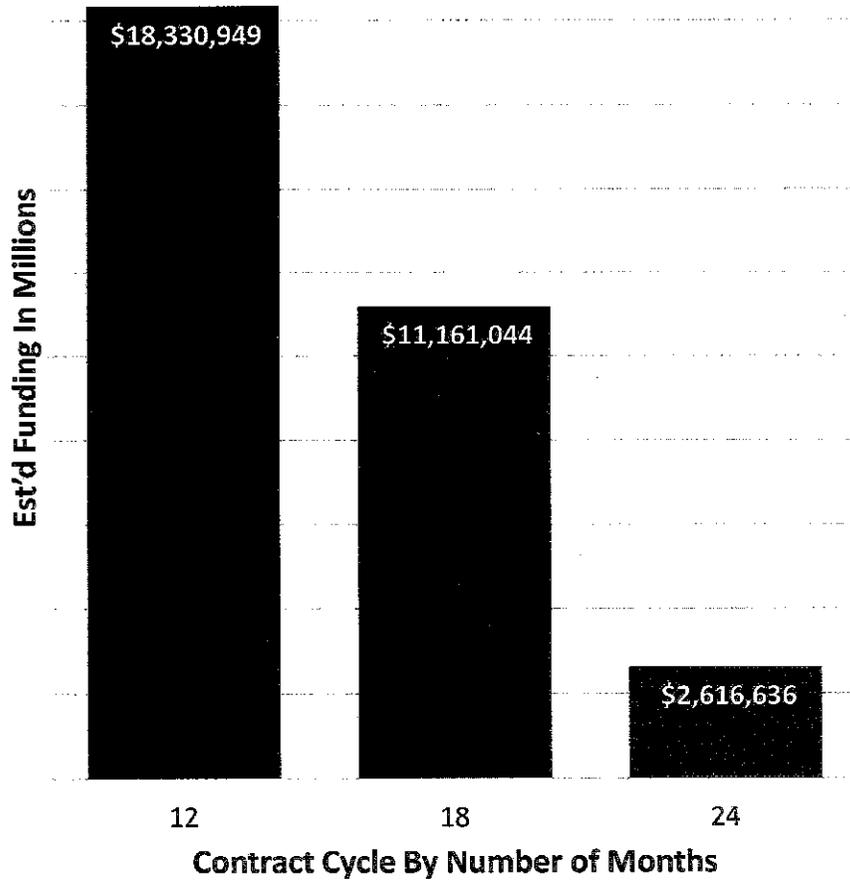
- Contractors may have a first, and then a second contract with no waiting period.
- After the ending contract term date of the second contract, contractors must wait 9 months before submitting a Preliminary Application for a 3rd contract.
- Both 1st & 2nd contract must reach at least a 75% completion rate before a new Pre-App for a 3rd contract will be accepted.
 - o If either the 1st or 2nd contract do not meet the 75% threshold, they will be right-sized accordingly
- Clock resets with the start of the 3rd contract.
- A contractor may earn a maximum of \$2.5 M over the course of four (4) contracts.
- Critical Proposals, Alternately Funded Projects, Small Business Projects, and all MECs (including JATCs) are exempt from the Repeat Contractor Rule
 - o Since MECs are exempt, they must have at least four (4) Participating Employers on their contract.
 - o Anyone desiring an exemption from the Repeat Contractor Rule may request an exemption with ETP Executive Staff.

Understanding More About ETP Apprenticeship Contracts

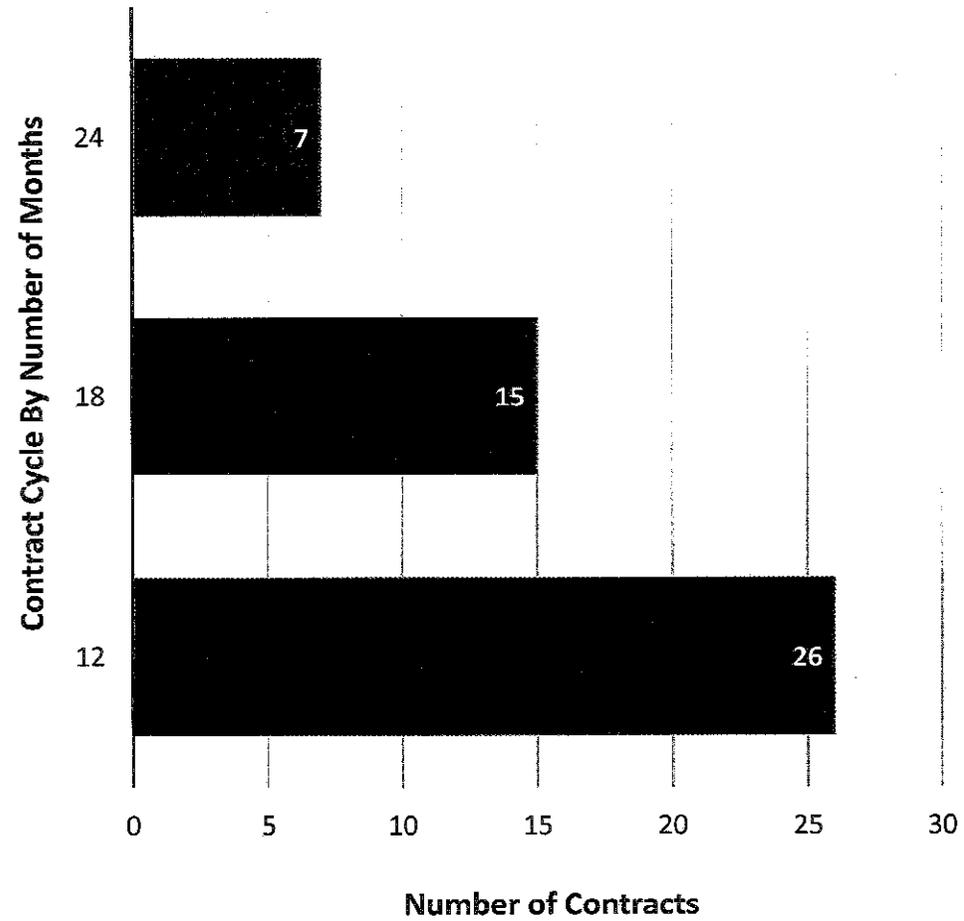
ETP Apprenticeship Funding Cash Flow Map



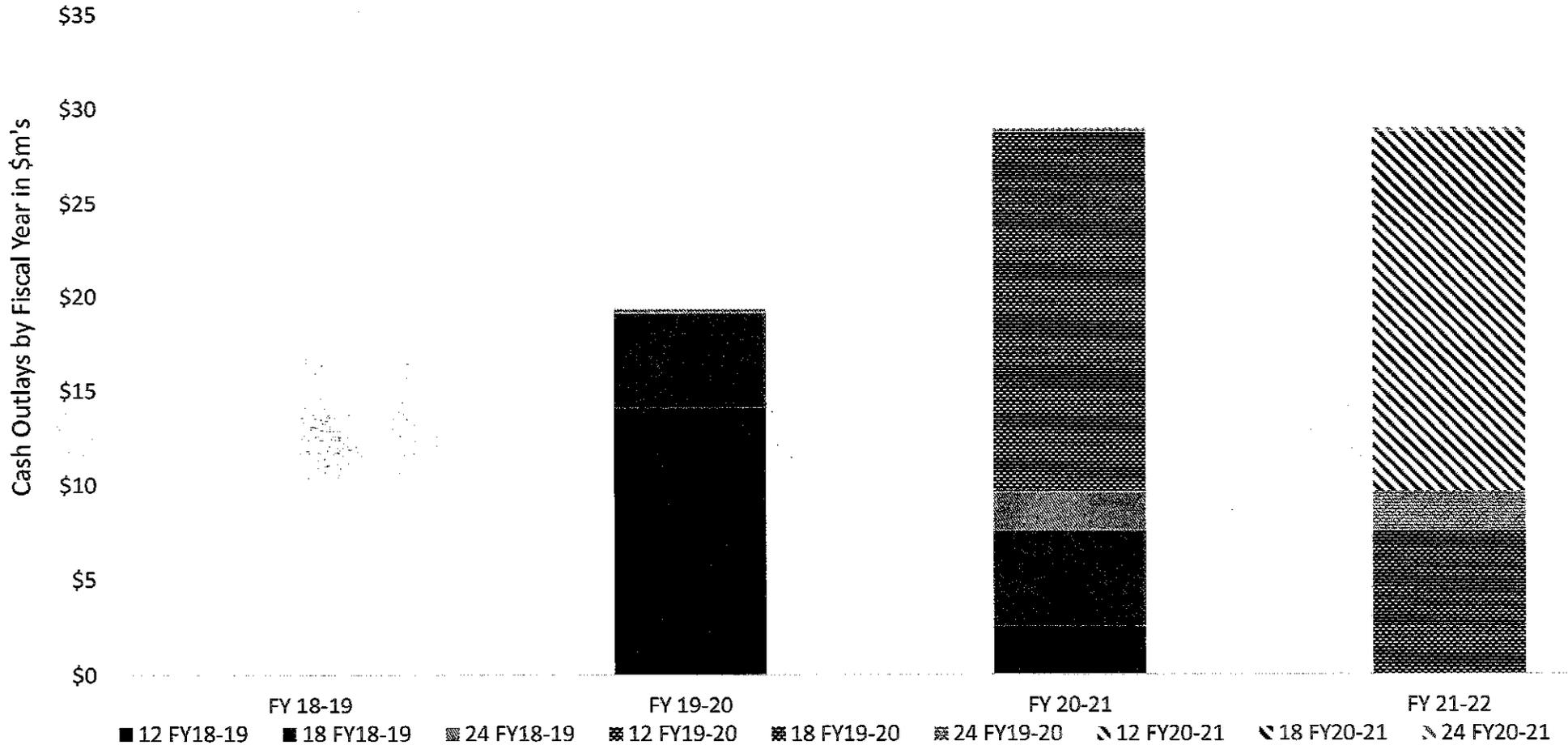
FY 18-19 Est'd Apprentice Funding by Month Cycle Size



Est'd Number of ETP FY 18-19 Apprenticeship Contracts



Cash Flow Outlook Starting in FY 18 - 19 Assuming a 90% Completion Rate and \$950K Cap



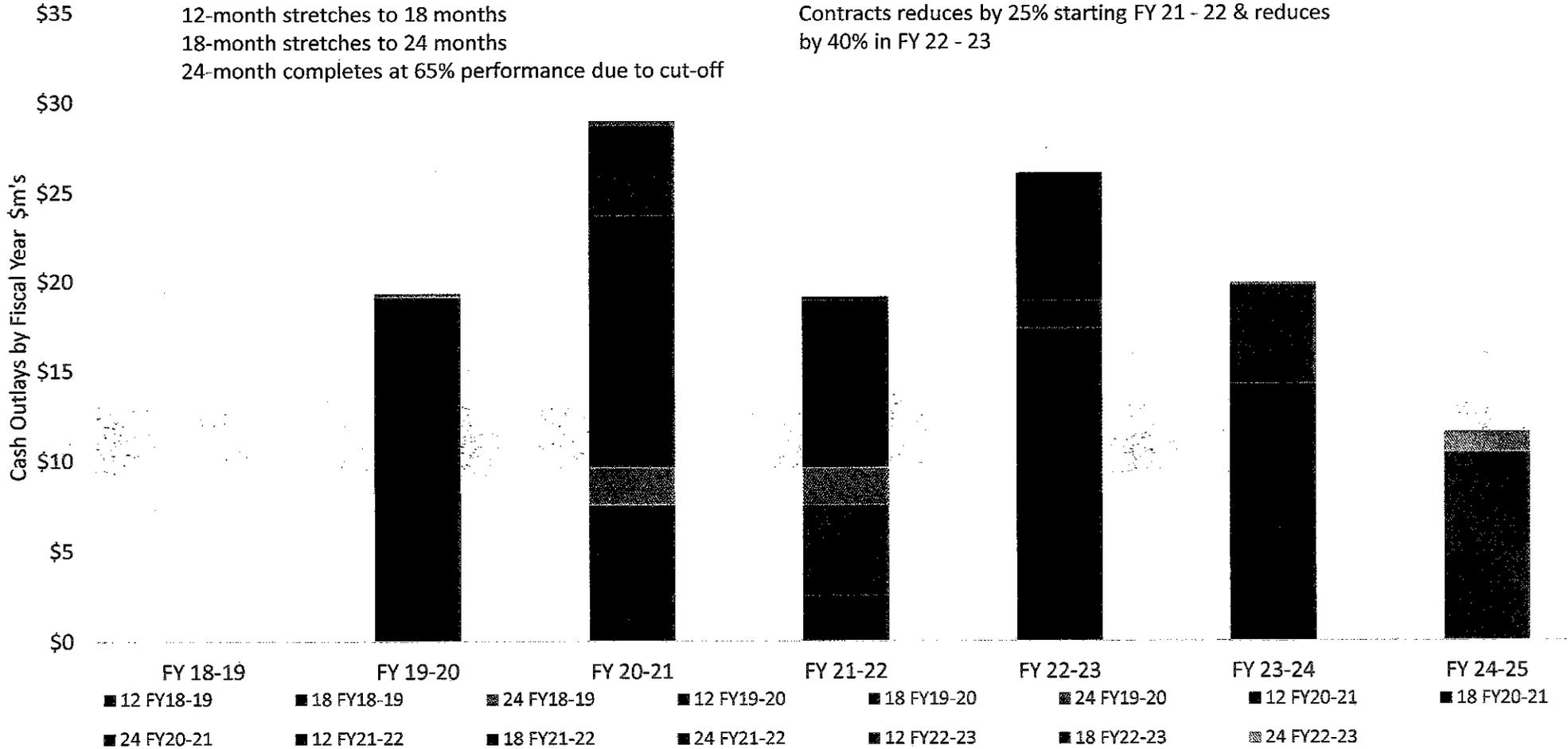
What Would Happen Should a Recession Hit in FY 20 -21

#1 Longer Contract Cycles

12-month stretches to 18 months
 18-month stretches to 24 months
 24-month completes at 65% performance due to cut-off

#2 Less Funds Needed Because of Fewer Entering Apprentices

Contracts reduces by 25% starting FY 21 - 22 & reduces by 40% in FY 22 - 23



Employment Training Panel



ETP Panel Meeting

Updates and Previews of Potential Program Revisions

Lis Testa, RPS I

May 24, 2018

May Panel Presentation Topics

- ▶ OSHA 10/30
- ▶ Out-of-State Vendor/Out-of-State Training
- ▶ ETP's Broker Model
- ▶ Wages & Regions
- ▶ Non-Traditional Apprenticeships

OSHA 10/30 Adjustment

- ▶ Historically, if a contractor was offering OSHA 10 or OSHA 30 training as part of their curriculum, their trainees were required to complete the entire 10 or 30 hours of training of the OSHA 10/30 program, as applicable.
- ▶ This has proven problematic for those contractors who only need to offer part of the OSHA 10/30 curriculum. Also, some contractors start and pay for their OSHA 10/30 training before contract execution, and would like to include the remaining portions of the training during their contract.
- ▶ Therefore, effective 4/24/18, OSHA 10/30 training may be included on an ETP contract even if less than the full 10 or 30 hours of training are offered, respectively.

Out-of-State Vendor/Out-of-State Training

- ▶ At the December, 2017 Subcommittee Meeting, Stakeholders brought concerns over the complexity of the Out-of-State Vendor (OSV) and Out-of-State Training (OST) forms.
- ▶ In response, ETP will be streamlining the OSV and OST forms as follows:
 - ▶ No OSV form will no longer be required. The OSV must be identified with all other vendors on the 100D form, and should be included in the Proposal Narrative (130).
 - ▶ The OST form has been greatly simplified, as has the review and approval process.
- ▶ These changes will become effective once the changes have been programmed in ETMS. Clarification notices and new forms will be forwarded to staff at that time.

ETP's Broker Model

- ▶ At the March, 2018 Subcommittee Meeting, there was discussion around ETP's Broker Model
- ▶ Although the Subcommittee moved to bring the removal of the Broker Model to Panel this month (May, 2018), staff has some additional concerns that they would like the subcommittee to consider before bringing this issue for a full vote to Panel.
- ▶ The main concern is that, if the Broker Model is removed, we have nothing to take it's place.
 - ▶ That is , that the initial problem statement addressed by the Broker Model remains.
- ▶ Staff would like further discussion on an alternative to the Broker Model with the Subcommittee, so that a new alternative can be enacted at the same time that the Broker Model is removed.
- ▶ This topic will be on the June, 2018 Subcommittee Agenda.

Wages & Regions

- ▶ Last year, at fall Panel meetings and at the December, 2017 Subcommittee meeting, we began the process of finding a way to simplify our wage charts.
- ▶ We will be continuing this work, beginning with the June, 2018 Subcommittee meeting, where you will receive a more detailed background into this topic.
- ▶ As a reminder, the wage chart is complicated, because of how it is tied to regions, especially High Unemployment Areas.
- ▶ There are multiple passages in the Legislation and Regulations that address both wages and regions.
- ▶ The goal will be to simplify the wage chart, which may involve changing the way we determine regions.

Non-Traditional Apprenticeships (1)

- ▶ The Subcommittee received information at the March, 2018 Subcommittee meeting on some new, non-traditional apprenticeships that DAS is developing currently.
- ▶ Staff is looking towards developing a non-traditional apprenticeship pilot to address these new programs.
- ▶ This item will also be on the June, 2018 Subcommittee agenda.

Thank you

▶ Any questions?