



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**

Zoom Virtual Meeting
May 14, 2021

Panel Members

Janice Roberts
Acting Chairperson

Gloria Bell
Member

Chris Dombrowski
Ex-Officio Member

Ernesto Morales
Member

Gretchen Newsom
Member

Rick Smiles
Member

Douglas Tracy
Member

Madison Hull
Member

Executive Staff

Reg Javier
Executive Director

Peter Cooper
Assistant Director

Michael Cable
Legal Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Acting Chairperson Janice Roberts called the meeting to order at 9:30a.m.

II. ROLL CALL

Present

Janice Roberts
Gloria Bell
Chris Dombrowski
Gretchen Newsom
Madison Hull
Rick Smiles

Absent

Douglas Tracy
Ernesto Morales

Executive Staff

Reg Javier, Executive Director
Peter Cooper, Assistant Director
Michael Cable, Legal Counsel

III. AGENDA

Acting Chairperson Roberts asked if the Panel Members reviewed the Agenda.

ACTION: Mr. Smiles moved and Ms. Bell seconded approval of the Agenda. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative for approval of the Agenda.

Motion carried, 6 to 0.

IV. MINUTES

Acting Chairperson Roberts asked if the Panel Members reviewed the Meeting Minutes from the last Panel Meeting.

ACTION: Ms. Newsom moved and Mr. Smiles seconded the approval of the Meeting Minutes from the last panel meeting. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative for approval of the Meeting Minutes from the last panel meeting.

Motion carried, 6 to 0

V. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Javier welcomed the Panel Members, Applicants, and Stakeholders and recognized the following persons in attendance: Robert Meyer, Economic Development Unit; Mario Maslac, Research and Analytics Division Manager, Ryan Swier, North Hollywood Regional Office Manager; and Chris Hoover, Foster City Manager, San Francisco Bay Area Regional Office, Manager.

Mr. Javier had stated the first thing he needed to do is notify the panel that we are going to pull two items from the agenda this morning, Tabs 22 and Tab 23, Digital Path and the Infinity Energy, we will be bringing those back to future panel meeting, and just have a few details to work through on those two items. You'll see those two items come back during the June panel meeting. With that, for today the contract proposals remaining in this panel packet will be right at about \$4.7M. That includes delegation orders that hover right just above \$106,000. In June, we anticipate that you will see contract proposals just shy of \$14M, which will essentially exhaust the remaining balance of our funds for this year. And having said that, we still have over 700 pre applications in the queue that we just don't have funding for. Over the course of this year, what we've been doing, is we've been prioritizing all the pre apps based on the panel's priorities, which really what it did was it set COVID pilot and COVID respond as a top two priorities for this year. As we've been reporting over the past several meetings, the demand for those two programs alone far exceeded the available remaining funding that we had for this year. So with that said, we have been inactivating pre applications this year, that we're just not going to be funded for reasons like, they just are not eligible or they were not a priority industry, or they weren't high enough on the priority list, to be reachable for funding this year. Which essentially meant that they were neither COVID pilot nor COVID respond.

Mr. Javier also reported given that we're going to have our entire fund exhausted with all of the projects that are slated to hit the June panel, we're going to inactivate all the remaining pre applications and we'll send notification to all of those applicants that we just don't have any more funding. What we will also be doing is opening up a new application window that will feed proposals going to the July panel. We've had this workgroup internally working on streamlining the application process, making improvements to the application process, and all of those things which we will be instituting in the coming year as well. Mario Maslac will be talking about both those two items and give you the Cal-E-Force update during his report.

VI. REPORT OF THE ASSISTANT DIRECTOR

Mr. Cooper reported today's panel meeting is approximately \$5.4M plus \$97,040 in delegation orders for a total \$ 5.5M. After today's panel meeting we will have \$13.1M left in contracting capacity.

Regarding the COVID Pilot:

We are pushing all COVID Pilot pre-apps out to the Regional office for development. The remaining funds will be exhausted under the RESPONSE/RESPOND criteria. There are 20 COVID Pilot contracts going to the May panel for \$3,620,000. After today's Panel, we will have funded a total of \$15,166,000 and supported 7,922 workers in new hire training in 89 contracts. There are currently 55 pre-apps in the regional office, which will exhaust the remaining balance.

Regarding Alternative Funding:

Paid Family Medical Leave (PFMLP) grant has \$1.0M. Two contracts have been awarded for PFL.

The Central Valley Hispanic Chamber of Commerce has been fully executed for \$500,000. The Orange County Hispanic Chamber of Commerce is in the final stages of execution for \$500,000. The Social Entrepreneurial for Economic Development (SEED) initiative has \$10.0M. As discussed at the last panel meeting, 9 awardees have been selected.

Mr. Cooper then reported regarding core funds for this Fiscal Year if all proposals are funded today, the panel will have approved just over \$64.7M in 273 projects to date. ETP will have approximately \$13.1M for the remainder of the 20/21 Fiscal year with a demand of \$81.6M.

Regarding Delegation Order:

These proposals will all be capped at \$75K to be approved under the Delegation Order on a continuous flow basis, which as of today we have approved a total of 26 delegations.

Regarding 20/21 program funding:

Currently, we have approximately 777 Pre-apps submitted, with a value just over \$81.6M.

Regarding Demand and Allocations:

Single Employer Contracts: requests in Regional Offices & AAU \$56.6M.

MEC: requests \$7.9M demand

Small Business: \$15.8M demand

Critical Proposals: \$1.1M demand

Apprenticeships: \$243K in demand

Overall demand is currently \$81.6M, with \$13.1M left for fiscal year 20/21

Number of projects for 20/21 in AAU and applications received by the RO's

Total number of projects in the RO: 42

Total number of projects in AAU: 735

Currently a total of 777 down from 800 in March.

Regarding Funding and Allocations for next Fiscal Year:

This next fiscal year we are going to see significantly reduced funding. We expect to have \$45M in contracting capacity available for the year from our core funding. This is a 44% reduction from last year's funding. The reason for the reduction is two-fold: The Employment Training Fund has continued to decrease due to the increase in our state unemployment rate. Our unemployment rate was 3.5% in May of 2019, before the pandemic. It increased to 15.9% in May 2020 and now is at 8.2% as of April, 2021. The most recent economic forecasts do not see the California economy and the labor market situation fully recovering to pre-COVID levels for several years. The second reason is that the COVID Pilot invoices will need to be paid for sooner rather than later.

ETP has entered into contracts of about \$20M to support the program. It was structured to allow employers to quickly access funding to support getting workers back to work. This program provides \$2,000 per trainee after the completion of 4 hours of training and retention. The progress payment benchmark was restructured to expedite payment: P1 was set at 50% of the average cost of the contract. This is in contrast to our typical ETP contract where employers draw down funds incrementally over the life of the contract. Under the COVID Pilot employers were able to almost immediately draw down 50% of the funds upon enrollment. So as the employers hire/rehire employees, the \$20M obligation is likely to speed up the reimbursement of training costs in the coming months which will include next fiscal year.

Mr. Cooper then shared about recommended allocations for next year. As you can see in this chart, staff recommends that the Panel reduce allocations equally across the board. All allocation types would be reduced by 43.75% under this proposal from the current allocations. The total allocation would be \$45M. The proposed allocations are:

Single Employer contracts - \$16,875,000

Small Business contracts - \$2,812,500

MEC contracts - \$11,250,000

Apprenticeship - \$11,250,000

Critical Proposal - \$2,812,500

The Panel will be able to re-visit these allocations during the fiscal year as needed to make adjustments if needed.

Mr. Cooper requested a motion to approve the ETP proposed allocations.

Acting Chairperson Roberts inquired from Mr. Cooper to verify these are the proposed ETP allocations and they're not all in stone at this point, they still have a few more months to hear what the governor has to say. Acting Chairperson Roberts wanted to make sure that this is just to make a motion to approve the proposed ETP allocations.

Mr. Cooper replied, yes, that's correct

ACTION: Mr. Smiles moved and Ms. Newsom seconded the proposed ETP allocations. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative for approval of the Consent Calendar.

Motion carried, 6 to 0.

Acting Chairperson Roberts stated Mr. Cooper mentioned that the panel had approved almost \$15M to date for the COVID pilot program and didn't we have money set aside that was more than that and are we going to fund it all by this fiscal year or will some of the COVID pilot programs actually be financed into the 20/21 budget?

Mr. Cooper replied no, they won't be financed into the 2021/2022 we had \$20M set aside, it looks like we're going to be just shy of that. We do have the other COVID pilots that will be coming out next panel. We'll fully use all of the funding that we have available for this year but we won't be funding any of the COVID pilot on next year.

Acting Chairperson Roberts then inquired as far as the priority around the companies that we contract with, will the COVID NAICS codes be now modified to include all of the NAICS codes that we've had in the past. Mr. Cooper replied what we will be doing is just not doing the COVID pilot and not having the COVID response anymore. We're moving beyond that, and going back to our system of really focusing on the priority industry employers.

Acting Chairperson Roberts asked whether the panel members reviewed the Consent Calendar.

ACTION: Ms. Newsom moved and Mr. Smiles seconded approval of the Consent

Calendar. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative for approval of the Consent Calendar.

Motion carried, 6 to 0.

VII. UPDATE ON APPLICATION & SYSTEM UPDATES

Acting Chairperson Roberts then introduced Mario Maslac, Chief of Research and Analytics Unit. Mr. Maslac presented to the Panel a PowerPoint presentation stating how we have repeatedly heard from stakeholders at policy committee meetings and panel meetings about their frustrations around our Pre-Application process. The issue is that we're not getting enough or accurate information to evaluate what the projects can move forward and which ones are not eligible. As a result of this, we're wasting everyone's time, because we're unable to tell you if you're eligible or unable to move forward, and actually submit an application for funding consideration by the panel. We were inactivating all of the pre apps that are in a queue now, because the programs that they're applying for are expiring and the funds are exhausted for the fiscal year and the fact that there were over 700 in there that are getting an inactivated kind of speaks to the issue that we're talking about here. So to address this, ETP formed a workgroup which have been meeting for a number of months now reviewing different iterations of approaches that we can do and we're going to deploy a phased approach to address the issues that we've identified. In this phase approach, we're going to get more additional information, to more quickly and reliably determine eligibility and get projects moving through the pipeline more transparently, to the point of the stakeholder.

Mr. Maslac then went on to say starting May 15, we'll start accepting pre applications for the new fiscal year starting in July 1 and this will coincide with the first phase of our recommendations. So all new single employer pre apps will require that valid CEAN and NAICS are provided and accurate and that they match EDD records. This is something we brought up in the past last year but we're definitely going to hold to it and the pre application on our website is getting reengineered to where these will now be required fields for single employers, you won't be able to submit a pre application until you fill those out. Moving forward sometime during the first quarter of the new fiscal year, that's July 1 to September 30, we'll be deploying the second phase of this approach and this will be the combining of the pre app and the app in Cal-E-Force into one document, it'll just be one submission going forward. This way, only the applications that are fully thought out and have fully developed training plans will get in the queue and a line for funding which would make things go a lot quicker with a lot less frustration for our stakeholders. It'll be a lot more transparent as to who will get funded when and you'll be able to see the ranking of where everyone is in line. At the time when we switch to this when we cut over to the combined pre app and app, any of the pre apps that are submitted between tomorrow, and that time, we'll need to deactivate them because now we're moving to this more developed and transparent process, where the additional information of the full application is presented to us. Eventually, phase three, which will be further on in the future, will include additional automation and enhancements to the combined pre application process, which should help streamline and make things move even quicker than even in the first and second phase of this. As we develop more information on what that phase three will look like, we will share with you and come back to the panel and basically lay out our plans for that.

Acting Chairperson Roberts asked if those people that aren't our stakeholders that are on this call today, being that we have a very short panel meeting, asked if this will be posted on the ETP

website or will they be notified in another regarding the May 15 date of the new pre apps.

Mr. Maslac replied that's correct, yes, we will be posting this on our website and we will be sending an email blast stakeholder notification to everyone informing about these changes.

VIII. REPORT OF LEGAL COUNSEL

Legal Counsel Michael Cable stated you should have seen a legislative memorandum that tracks our pertinent legislation for this 2021-2022 session. As you can see, a lot of the items are moving through committee at this time and next week will be the last week for policy committees prior to the memorial holiday and only one bill in particular to point out in the legislative memorandum is AB-1106, which you'll see on pages 16 and 17 of your legislation memorandum. AB-1106 is the reincarnation of AB-1457, which was vetoed by the Governor in the previous legislative session. We've had some discussion about that both AB-1457 and AB-1106 focus on ETP, creating a pilot program of statewide training centers with particular workforce development partners. However, the AB-1106 version is simpler and allows ETP some more flexibility. The status of AB-1106 is that it currently resides in the Appropriations Committee, which our understanding at this time is that it'll remain there and their suspense file unless or until there's an appropriations for this bill. In terms of the legislation memorandum, if there's any questions either about AB-1106 or any other bill, please let me know and then also to if there's any other bills you want me to add, or if you want me to delete anything from our tracking of legislation, let me know that as well.

Mr. Cable stated in March of 1990, over 30 years ago, ETP prepared some Bylaws pertaining to various administrative panel functions. As many know, Bylaws are helpful and they can serve for administrative purposes at times, but Bylaws don't circumvent the law and Bylaws don't take precedence over our code, including the UI code, which we're subject to. Therefore, since we have been significant legislations over the past 30 years, including quantity of voting panel members and after providing notice to all the panel members, here today to ask for a motion and approval of the Bylaws as amended.

ACTION: Mr. Smiles moved and Ms. Bell seconded approval of the Bylaws as amended. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative of the Bylaws as amended.

Motion carried, 6 to 0.

IX. REVIEW AND ACTION ON PROPOSALS SINGLE EMPLOYER CONTRACTS

Tab No. 24: Jon K. Takata Corporation dba Restoration Management Company (Critical Proposal/RESPOND)

Mr. Hoover presented a proposal on behalf of Jon K. Takata Corporation dba Restoration Management Company (Critical Proposal/RESPOND) they are a priority industry and a repeat contractor. Total ETP funding being requested is \$449,650 for an estimated number of trainees of 324 in Job Number 1, which are the retrainees and 50 for Job Number 2, which is a job creation. There is a recent change to the Job Number 2 technicians that will be hired for this contract, they're actually starting wages is \$18 ranging up to \$20 and so they will no longer need the health benefits to meet that. Staff will make those changes before the contract is sent out for execution upon the panel approval. This proposal is deemed as RESPOND project based on Jon K. Takata

Corporation dba Restoration Management Company's impact on addressing natural disasters in fire-impacted regions in California. ETP-funded training will be delivered at its ten facilities (Chatsworth, Hayward, Benicia, San Jose, Stockton, San Diego, Sacramento, Lake Forest, Riverside and South San Francisco) located throughout Northern and Southern California. This will be RMC's second ETP Contract, and it's second in the last five years with this being its first Critical Proposal (RESPOND). In its first Contract, training was focused on upskilling staff on new equipment. In this proposal, training will continue to upskill staff on updated emergency responses per the regulations and industry standards to help increase the Company's effectiveness in responding to fire hazards. Even though RMC does not plan to include a separate Veteran's Job Number, the Company is committed to attracting, appreciating, and retaining its Veterans. Job postings are made within the State of California's Employment Development Department. Additionally, job postings are made directly with online websites such as Indeed.com. Within Indeed, there is an Indeed Military portal (a partner of Joining Forces), which provides tools for employers to connect with Veterans and military spouses seeking employment.

Mr. Hoover stated that there are representatives here to answer any question that the panel members may have and introduced Bernadette Calvo, V.P. of Human Resources; Robert Sandoval, Regional Director; Marlee Takata, HR Business Partner; Angela Jones, Director- TGII (Subcontractor).

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Ms. Bell moved and Mr. Smiles seconded approval of the proposal submitted by Jon K. Takata Corporation dba Restoration Management Company in the amount of \$449,650. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative to approve the proposal submitted by Jon K. Takata Corporation dba Restoration Management Company in the amount of \$449,650

Motion carried, 6 to 0.

X. REVIEW AND ACTION ON PROPOSALS MULTIPLE EMPLOYER CONTRACTS

Tab No. 25: The Industrial Council of the City of Commerce, California

Mr. Swier presented a proposal on behalf of The Industrial Council of the City of Commerce, California. They are a repeat contractor requesting \$309,960 to serve approximately 283 retrainees all located throughout the Los Angeles County area.

Mr. Swier stated that there are representatives here to answer any question that the panel members may have and introduced Robert Taylor, Executive Director, Pat Monroy, Executive Assistant, Deborah Imonti, President, DLI & Associates.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Smiles moved and Ms. Bell seconded approval of the proposal submitted by The Industrial Council of the City of Commerce, California in the amount of \$309,960. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative to approve the proposal submitted by The Industrial Council of the City of Commerce, California in the amount of \$309,960.

Motion carried, 6 to 0.

XI. OPPORTUNITY FOR PANEL MEMBERS TO REQUEST AGENDA ITEMS FOR FUTURE PANEL MEETINGS

Acting Chairperson Roberts asked for panel members to comment on agenda items for future panel meetings. The panel's priority moving forward with the limited funds that we have going into the next fiscal year, should be looking at small businesses as well as new hire projects, those will be very critical for us to fund those two items. As a group, maybe as in our subcommittee meeting, we could talk about what we can do to enhance our small business projects, maybe some modifications or could be something to do with the amount of hours, retention, could be a fast track program, whatever it is.

Ms. Newsom added she would like to bring before the policy committee, the new UC Berkeley report titled "Putting California on the high road jobs and the Climate Action Plan" because she thinks it aligns well with our ETP values.

XII. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Acting Chairperson Roberts asked for public comment on matters not on the Agenda.

Walt Tarpley inquired and was trying to understand, on the reapplication process for the MEC's, noticed that there was a migration plan, and asked does that mean that I would do nothing? Or does that mean that I need to reapply?

Mario Maslac responded if you already have a MEC, and already have an active MEC, it will be migrated into Cal-E-Force, and if it's currently in our legacy system will be moved over there.

Judith Kriegsmann wanted some clarification surrounding the three phases that are being implemented for the new application process, specifically regarding starting applications tomorrow on May 15 and then the July 1, combining of the pre-app and the app on Cal-E-Force. If we apply tomorrow will those automatically be migrated over to Cal-E-Force or will they be deactivated in that month or two period? So what happens to those projects between May 15 and July 1 that apply tomorrow?

Mario Maslac responded that July 1 is not necessarily the date when we will be deploying. It will be between July 1 and September 30. Sometime during the first quarter any pre applications, that are submitted between tomorrow and that time, whenever we deploy those will be activated. That's because our pre applications are so small that with so little information, and almost none of it is verified. That's kind of part of the problem as to why we're making these changes in general. There's nothing substantive in there and takes about five minutes to fill one out. To move to the

new process, we'll need the full application and that's why everything will be deactivated at that time.

Judith Kriegsman then asked will any of those be processed that are applied for tomorrow or does it not make sense to even apply them because they will have to be reapplied when you combine the pre app and the app on Cal-E-Force.

Mario Maslac responded that he thinks probably for the July panel meeting, they will come from the pool that are coming in that's opening up tomorrow. I wouldn't count on this deploying July 1, it will be later than that. But anything that's in the pipeline, it's already moved to developments to the actually full application and interim that will continue on its path.

Judith Kriegsman then asked so nothing really will be developed that's applied for between March 15 and the time you combine the two pre app and app in Cal-E-Force, nothing new will be developed.

Mario Maslac replied, any new pre apps, if they come in tomorrow, the development of process windows will start and if that's in the process, and you're ready application stage, you're safe, basically. But only if you have a pre application that hasn't been started yet, hasn't been determined yet, hasn't moved forward from that stage. All of those will be deactivated at the time, then we move on to the new process.

Judith Kriegsman then asked so nothing new will be developed, that's what I'm trying to get at, those applications that you're saying, are submitted May 15 through that new process and procedure, no new applications will be processed.

Reg Javier stated essentially we're not changing anything in the current process, we're just opening up the new application window and just adding those two fields Mario talked about next to the requirement of the NAICS code and the requirement of the CEAN number in the pre app so that we can determine eligibility really quickly. So as we open up the application window tomorrow, those will feed the July panel and maybe even the August panel, just so that we can keep applications moving while we Institute the combined pre application process, which will happen sometime later in the first quarter

Rocio Leon wanted to just remind the panel that the multi-employer contractors are your partner in making that happen. In the last contract that we just completed, we served 143 companies, 80% of those were small business, that's 143 companies that probably didn't have the wherewithal to apply for their own contract, go through the timeline, and go through the steps. That's 143 contracts, that staff didn't have to take the time to develop but those resources were still made available. The training was still made available, the opportunity to benefit from this amazing program was still made available to those companies and the multi-employer contractors are ETP strongest partner in accessing and making resources available to small business.

XIII. MEETING ADJOURNMENT

Acting Chairperson Roberts adjourned the meeting at 10:15 a.m.