



Employment Training Panel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**

Zoom Virtual Meeting
July 24, 2020

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

Ali Tweini
Member

Executive Staff

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 9:32 a.m.

II. ROLL CALL

Present

Janice Roberts
Gloria Bell
Chris Dombrowski
Gretchen Newsom
Rick Smiles
Douglas Tracy
Ernesto Morales
Ali Tweini

Executive Staff

Peter Cooper, Assistant Director
Michael Cable, Legal Counsel

III. AGENDA

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

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

Motion carried, 8 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 approval of the Meeting Minutes. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

V. REPORT OF THE ASSISTANT DIRECTOR

Mr. Cooper welcomed the Panel Members, Applicants, and Stakeholders and reported that today's meeting is approximately \$4.5M with another \$155,664 in delegation orders, for a total of approximately \$4.7M.

Mr. Cooper recognized the following persons in attendance: Diana Torres, San Diego Regional Office Manager; Ryan Swier, North Hollywood Regional Office Manager; and Jana Lazarewicz, Sacramento Regional Office Manager.

Mr. Cooper stated the panel meetings for the next few months will be on Zoom at least for August, September, and October. One correction to the Packet – Commercial Casework Inc., a delegation order, has a development fee of \$2,000 and not \$13,000. This is was old data and a typo. A few weeks ago Mr. Cooper said he shared with you a message from Labor Secretary Julie Su, one which ETP stands firmly behind and endorses. It was about the critical role of state labor departments, such as ETP, play in addressing the three major challenges of this moment in history: the COVID-19 health crisis; unprecedented levels of unemployment—just one symptom of the pandemic induced economic crisis; and blatant racism and the continued anti-blackness ingrained in our society, in our health system, our economic structures, and our institutions of power. Let me read some excerpts from her message. It is an important message that I wanted to share with the ETP Community: The righteous anger in the streets following the brutal death of George Floyd is not just because of what's been captured on cell phone videos, but because of the innumerable ways that the system discriminates against Black lives from the date of birth until the too often premature death of our Black sisters and brothers—deaths which are often the result of discrimination, bias, and inequities. To this, we say: Black. Lives. Matter. Labor Secretary Su has instructed all departments that the mandate of our time, the mandate of every one of us in the workforce world, is to protect and advance today's Black workers and plan and pave the path for the Black workforce of tomorrow. Recent research has shed light on a job quality crisis in which the majority of workers are not in "good jobs." Only 37 percent of Black workers reported being in a "good job." Before the COVID-19 pandemic, fully one-third (33 percent) of Black workers in California made less than \$15 per hour, compared to 22 percent of white workers. Put another way, too few Californians have a "good job" and our jobs are exacerbating racial inequality. We can do better. And all workers of color -- as communities of color have throughout American history -- benefit when we fight anti-black racism. Secretary Su says we must be intentional and laser-focused on building employment bridges to good jobs for African Americans and for other people of color. ETP is taking a number of actions, including looking at ways to diversify our own staff and to expand job applicant pools, as well as ways to market and leverage our training dollars.

Regarding our Covid Projects and Support:

Mr. Cooper reported responding to COVID and the recession continues to be of paramount importance to ETP now and for the coming fiscal year. We have processed nearly about 200 Covid amendments. Today we have three proposals that are COVID related that I'd like to highlight for you – two in health care – the Shirley Ware Center and JobTrain, Inc. – and a Critical Proposal called Appeal Sciences that will support our food supply chain. You will hear more about these later today. Over the next few months we will also see more COVID Pilot proposal come before you from a variety of sectors. We already have several million dollars in

COVID Pilot applications being processed, in healthcare, food supply and manufacturing, supermarkets, and agriculture. Later in my report, I will be asking for a motion to expand the COVID Pilot to include the Food Preparation Sector. Last Panel meeting we heard public comment about the importance of this sector for hotel workers and community member in the Los Angeles area. ETP continues to play a critical role in supporting the state's efforts around COVID tracing, with staff re-assigned for this work, and in processing of UI claims. And also the deployment of our IT resources and expertise.

Regarding the Budget and the Legislature:

Mr. Cooper also reported the legislature has been out of session and is scheduled to reconvene on July 27th. August 31st is the last day for each house to pass bills and September 30th is the last day for the Governor to act on bills. They are operating on a limited hearing and meeting schedule. One bill we are tracking is AB 1457.

AB 1457 (Reyes & Cervantes) Regional business training center network; (pilot project):

Mr. Cooper stated this bill would require the Governor's Office of Business and Economic Development (GO-Biz) to create a two-year pilot project to create a regional business training center network through a partnership with the California Community Colleges, the Employment Training Panel, and the Labor and Workforce Development Agency. The purpose of this bill is to establish a statewide network of regional-based business training centers to support the upskilling of workers to meet the demand for jobs within essential industry sectors during the COVID-19 pandemic, as well as the demand within emerging and dominant industry sectors in a post COVID-19 economy.

Our funding appropriation is \$96.9M and we received an additional \$1M for the Paid Family Leave grant program for Small Businesses on an on-going basis. You will hear more about this when Gretchen reports on the Policy Committee actions in a few minutes. We are watching the budget numbers closely and putting out \$80M this year, and we will be looking at the numbers again at the panel in October when new data comes out and can adjust accordingly. On the reorganization of the new department for now it remains as Trailer Bill Language going into the next fiscal year 2021/22. Also, unfortunately, DAS only got a Tier 1 grant from DOL for upgrading their computer system and did not get the Tier 2 or 3, which would have provided funds for ETP to work with them to expand the apprenticeship model to new industries. However, we will continue to work closely with DAS and I will continue to represent ETP on the Interagency Advisory Committee on Apprenticeship.

Regarding the New Computer System and Process Improvements:

Work continues on developing the pre-application, application, and certification processes within Cal-E-Force -- the replacement system for ETP's legacy systems. These efforts were slowed to finish the testing for data migration from the current ETP systems to Cal-E-Force. That work will be completed this summer. This will allow ETP to move the current and previous contracts to Cal-E-Force. This summer the stakeholder input and prototype review sessions will continue which will introduce the pre-application and application processes. Lastly, it is ETP's plan to start our identified beta group testing for the MEC components of contract management and participating employer certification this summer through fall 2020.

Regarding Staff and Operations:

It was reported we are continuing to do business and are open but majority of staff are working remotely, for the most part. We have developed a Return to Work Plan for ETP, in coordination with EDD and CalHR, and have shared this with staff and SEIU, which represents them.

Regarding Alternative Funding:

It was reported Paid Family Medical Leave (PFMLP) \$1.0M.

Regarding Core Funds for this Fiscal Year:

It was reported if all FY 20/21 proposals are funded today, the panel will have approved just over \$12.0M in 44 projects to date. ETP will have approximately \$67.9M for the remainder of the 20/21 Fiscal year with a demand of \$120.5M. Under Delegation Order for 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 4 delegations.

Regarding 20/21 Program Funding:

It was reported to date we have had approximately 830 projects submitted, with a value just over \$120.5M.

Regarding Demand and Allocations:

Single Employer Contracts: requests in Regional Offices & AAU \$74.9M (\$30M originally)

MEC: requests \$13.8M demand (\$20M originally)

Small Business: \$11.1M demand (\$5M originally)

Critical Proposals: \$336,000 demand (\$5M originally)

Apprenticeships: \$20.3M in demand (\$20 M originally)

Overall demand is currently \$120.5M, with \$67.9M left for fiscal year 20/21

Number of projects for 20/21 in AAU is currently a total of 830. Up from 722 in June.

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

Motion carried, 8 – 0.

Mr. Cooper also reported last month we got a request to include hotel food preparation to the COVID Pilot. We got this request from the Hospitality Training Academy, which has been a long-time ETP contractor doing amazing work for underserved populations in the LA area. HTA is a 501(c)(3) Taft-Hartley/labor-management partnership between UNITE HERE Local 11, a 32,000+ member labor union with 170 hospitality and food service employers in Los Angeles County, Orange County, and the State of Arizona, and its contributing employers. The HTA provides top-quality, up-skill vocational training to union employees as well as a variety of workforce development, apprenticeship, English as a Second Language (ESL) and training programs funded by government and private foundations grants. The HTA is committed to training low-income, marginalized individuals for lucrative jobs in the typically high-growth hospitality industry.

The COVID-19 pandemic has devastated the hospitality and food service industry in Southern California and nationally. Currently, more than 30,000 members of UNITE HERE Local 11 are either completely laid-off or have had their hours significantly reduced. Instead of waiting for the crisis to pass, the HTA has transformed to meet the needs of the moment. Since late April 2020, they have been working with employers to bring these union workers back to work to cook and package more than 68,000 meals per week to populations affected by the COVID-19 pandemic – 62,000 senior meals and 7,000 meals for people experiencing homelessness housed under Project Roomkey. This program has made it possible for a number of key employers to stay open, for culinary professionals to return to work, and to ensure consistent funding for the hospitality and food service industries in Southern California.

Labor Secretary Julie Su has, on a number of occasions, has talked about the good work that HTA has been doing in partnership with Labor Agency and other state agencies. On May 1st, Secretary Su announced a groundbreaking public-private partnership with HTA and One Fair Wage to support employers and workers in the Restaurant and hotel industries impacted by COVID 19. Food preparation fits in well with the original purpose of the pilot -- "Scope: Taking a holistic view of healthcare to include health systems, protective equipment for workers and the public, and food and nutrition. Support for new hire training in the healthcare and food supply chain." With this background, I will work with staff to determine the appropriate NAICS codes. This could include food prep at hotels using the 721110 NAICS for Hotels with the caveat that there be a food preparation component or these specific codes: 722320 Banquet halls with catering staff; 581200 Eating places; 722511 Full service restaurants.

Steve Duscha inquired what the code numbers they are including.

Mr. Cooper stated there are there are a couple of code numbers and I would ask for the panel to give me some discretion, working with staff regarding the combination of codes of NAICS codes so that we do both address supporting this specific need, but also not open it up to broadly because we do have limited funds. So I can tell you three of them that we're looking at which is 721110 for hotels, but with a caveat that there is food prep in the component. But more specifically, we're looking at 722320, which is banquet halls and catering staff, as well as to others 581200 eating places and 722511 full service restaurants. So as I said, this is something that we still need to flesh out, but we do have a general idea of what it would be opened up to.

Mr. Tweini stated I had the privilege and opportunity to speak to union members who were laid off and had the opportunity to participate in the program and how grateful they are to have the opportunity to get something going. I also had an opportunity to speak to some recipients of these meals and how grateful they are. I think this is a great opportunity and benefits all.

Mr. Cooper requested a motion to approve adding Hotel Food Preparation NAICS to the COVID Pilot.

Acting Chairperson Roberts asked if there any other questions from the Panel and asked for a motion.

ACTION: Mr. Tweini moved and Mr. Smiles seconded approval of adding Hotel Food Preparation NAICS to the COVID Pilot. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 – 0.

VI. POLICY COMMITTEE MEETING REPORT TO PANEL

Ms. Newsom reported our policy committee met on Thursday, July 16, at 1:00 p.m. via zoom. I think we're actually having more attendance since more people can participate across the state. So that's a good thing. One of the items that we covered was the topic of union letters staff has announced change the timing process for obtaining union support for ETP projects. Given an increasing trend of union support letters not being obtained until well after panel approval, and concern that some unions have not been able to participate in the development of the ETP projects, staff will be following the policies laid out in the legislation and regulations.

Ms. Newsom also reported as regards to union support, staff has created two templates for stakeholder use a notice of intent letter used to notify the union the company's intent to participate in an ETP contract, and also a union support letter for the union to confirm their support for the ETP training project. Notice of intent letters and union support letters must be received along with the application for any participating trainees covered by a union agreement. If not received along with the application project will not start the project will be placed in active status. A new exhibit II will be added to the ETP Contract templates containing language outlining the union support requirements.

It was also reported that we covered was the paid family leave small business grants and after approving the paid family leave small business grant guidelines last month policy committee this month approved the PFMLSP grant solicitation for proposals and accompanying documents. The PFLSP grant materials will be reviewed by the labor agency in the governor's office and will then be heard before the full panel at our August meeting for consideration and then approval. The current planned release date for the solicitation for proposals is September 15 2020. Please mark your calendars. This grant will provide funding to small businesses impacted by the paid family leave program.

Ms. Newsom reported another topic that we covered a lot in depth, non-priority industries participating employers in MEC, the policy committee again held discussion over policy extending the existing moratorium on non-priority industry single employers to also include non-priority industry participating employers in MEC. This topic generated a lot of stakeholder comments, and will be heard again before the policy committee at our August meeting.

It was reported we also covered the repeat contractor rule, policy committee approved a revision to the existing repeat contractor rule. This topic also generated a lot of stakeholder comments and was discussed at policy committee in both June and July. The new repeat contractor rule would require contractors to wait until 18 months have passed in their current contracts before

submitting a preliminary application for a second project. The first project will need to reach a 75% completion rate as determined by the potential earned amount or their second project would be right sized MEC apprenticeship proposals and critical proposals are all exempt from the repeat contractor roll. This revision to the repeat contractor rule will be heard at the full panel meeting in August requesting your approval. Anyone has any comments or reluctance to submit suggestions for the policy committee agenda items, please email them to Liz Testa at Elisabeth.testa@etp.ca.gov.

VII. REPORT OF LEGAL COUNSEL

Legal Counsel Michael Cable provided a legal report primarily of housekeeping items. Mr. Cable pointed out and discussed four handouts that were included in the panel packet on the following topics: Conflict of Interest; Bagley-Keene; Executive Orders Re: Bagley-Keene; and Robert's Rules of Order. Mr. Cable indicated there will be more reports in the future on other topics, such as the appeals process, et cetera.

VIII. REVIEW AND ACTION ON PROPOSALS SINGLE EMPLOYER CONTRACTS

Tab No. 8: Apeel Technology, Inc. dba Apeel Sciences

Mr. Swier stated Apeel Technology, Inc. dba Apeel Sciences is a priority industry with total ETP funding being requested of \$599,472 to train 742 retrainees and job creation employees combined. Appeal is located in Santa Barbara County and this is designated as a Critical Proposal recommended by the Governor's Office of Business and Economic Development (GO-Biz) because of the Company's continuous expansion efforts in California.

Mr. Swier stated that Staff recommends approval of this project and introduced James Bruce, Director of Learning & Development; Kim Edelman, Glendale Community College.

Acting Chairperson Roberts asked if the Panel had any other questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Smiles moved and Mr. Morales seconded approval of Apeel Technology, Inc. dba Apeel Sciences in the amount of \$599,472. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 9: Doty Bros Equipment Co.

Mr. Swier stated Doty Bros Equipment Co., is a first time proposed contractor with total ETP funding being requested of \$358,800 for 260 retrainees. Doty is located in LA and Kern County's and eight union support letters have been received by ETP which were included in the panel packet.

Mr. Swier stated that Staff recommends approval of this project and introduced Henry Barber, President; Rebecca Christy, Risk & Safety Manager; David Wade, Safety Manager; Lisa Douglas- Consultant.

Acting Chairperson Roberts noted on the consent calendar, that if you looked at the proposal, you'll see that the narrative, the training curriculum, all the union letters are identical and probably should change it up a bit. It's pretty obvious you're trying to be transparent, to say it was Morello Enterprises and have a lot of different entities that come through under one umbrella because this is their first contract and stated the next time they come through, would suggest you listen to the staff and start looking at putting it all under one umbrella with one cap versus all these different contracts, because it does look like you're trying to skirt the system with all of these several different contracts and looking at these two, they're all very similar, they all have the same training curriculum, all the same union letters, and could have put it all under one umbrella at that point.

Ms. Newsom inquired what amount Morello Enterprises would be up to if the panel approved this one.

Acting Chairperson Roberts replied 3 million dollars.

Mr. Barber thanked the Panel for giving them time to be a part of this and wanted to respectfully correct for the record that Morello is not a publicly traded company. It's privately owned with a one majority minority owner and then each of his companies are run independent. He can only speak for Doty Brothers which is a standalone company and do have oversight from their ownership, but basically, we are our own company and his other companies run on their own. We do our own training or anything that has to do with our employees at our company and it has nothing to do with the other Morello companies.

Acting Chairperson Roberts responded that it is actually a publicly traded company under MEI and understands you're all separate entities.

Mr. Barber added that he has been with them for 20 years and knowing pretty well, that they're not a publicly traded company.

Acting Chairperson Roberts noted that she will look it up again because she looked, and thought it had a symbol and assumed the symbol that was publicly traded but I will go back and look, correct myself if I'm wrong, but I thought I did look at that.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Ms. Newsom moved and Mr. Smiles seconded approval of the Doty Bros Equipment Co. in the amount of \$358,800. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 10: ELADH, LLP

Mr. Swier introduced ELADH, LLP which is a priority industry and repeat contractor with total ETP funding being requested of \$331,200 for 600 retrainees. They're located in LA and this will be ELADH's third ETP Contract, and the first within the last five years.

Mr. Swier stated that Staff recommends approval of this project and introduced Paul Celuch, Chief Human Resources Officer; Cheryl Kemp, Nurse Residency Program Manager; Michelle Rychener, Training Funding Partners.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Ms. Newsom moved and Mr. Tweini seconded approval of the ELADH, LLP in the amount of \$331,200. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 11: The Permanente Medical Group, Inc. dba Southern California Permanente Medical Group -

Withdrawn

Tab No. 12: Optum Services, Inc.

Ms. Torres presented a proposal on behalf of Optum Services, Inc. which is a first time single employer and a priority industry. Total ETP funding being requested is \$416,576 and are eligible for ETP funding through the Special Employment Training (SET) program. This is Optum's first ETP Contract. The training will include and care provider performance, leveraging distinctive capabilities in data and analytics, medication coordination services, population health, health care delivery and health care operations.

Ms. Torres stated Staff recommends approval of this proposal and introduced Olga Kosenko, V.P. of Human Capital, Michelle Rychener, Training Funding Partners.

Mr. Tweini thanked them for coming to the panel and inquired how they heard about ETP and what motivates them to come to the panel and request funding.

Ms. Rychener stated they have actually started this application process over a year ago and obviously it is growing in the healthcare industry, and are looking to help subsidize that in their area and really happy to be here before the panel and the team has been super involved and are very ready to go.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Tweini moved and Ms. Newsom seconded approval of Optum Services, Inc. in the amount of \$416,576. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 13: Niagara Bottling, LLC.

Ms. Lazarewicz presented a proposal for Niagara Bottling, LLC which is a repeat contractor with total ETP funding being requested of \$276,000 to train a total of 450 workers including 150 new employees. Training will take place at their six facilities throughout California.

Ms. Lazarewicz stated that Staff recommends approval of this proposal, and introduced Haley Slusser - Director of Training & Talent Development; Jason Vangalis - Senior Business Retention & Expansion Analyst; Michelle Rychener - Training Funding Partners.

Ms. Newsom stated that this is their third ETP contract and asked to explain about the experiences of their workers that they have trained previously and where they are now and how their wages have grown.

Ms. Slusser explained they are a training and development oriented company and continue to invest in their employees that they hire, and that they do tend to hire team members that are potentially have a less than preferred qualifications for the role. They provide them training development over time to help them to become more fully effective in their function and do promote from within quite a bit as well. They have a strong history of promoting two roles and leadership roles and that's something that's very important to them, and are highly focused on continuing to develop their team members and help them to get to that next level in developing their career paths.

Ms. Newsom inquired about their wage progression and stated under Job Creation, they are proposing to train an additional 150 employees, specifically the manufacturing staff and proposing have start them off at \$15.50 an hour as opposed to the other manufacturing staff that they have starting off at \$17.35 an hour and wanted to know why the discrepancy in the wages, and following up to that, how long would it take for that new job creation employee to reach \$17.35 an hour.

Ms. Slusser responded they have multiple levels of experience in that range and also have multiple levels of job profile in the ranges. For example, the most entry level engineers, as well as all the way up to their most tenured level engineers. There's quite a range of job profiles that include a vast range of experience level in in those ranges. Because they are a training and development oriented company, they are highly focused on promoting from within, and also have a robust merit process that we do each year, as well as allowing for equity adjustments on top of merit increases, due to a team members increased knowledge or skills which is part of their annual review process. Additionally, they are not requesting the HUA wage modification, which is where the majority of their team members are at in the lower end of the wage range.

Ms. Newsom then inquired how long between them coming on onboard as a new hire and moving through the training process with their wages move also when they get a wage increase and asked if it is immediately after the training is completed.

Ms. Slusser replied it depends on the team member and we do a review in the merit process, which is annual depending on when they were hired, and when the training took place.

Ms. Newsom then inquired if they would have somebody in the same jobs title, earning at the lowest \$1.85 less than an hour for a whole year and for the engineers, \$7 less an hour so the engineer job creation starts off at \$21 an hour, and then under retrainees, they're starting off at \$28 an hour, that's a difference of \$1,000 a month and is trying to like extrapolate as to when the employees move up in their wages. Ms. Newsom pointed out that they have this kind of big discrepancy in her mind as to how they're paying one unit versus the other unit under the same job classifications in a category.

Ms. Slusser wanted to clarify the equity adjustments can be made outside of the merit process and it's not certainly the case because it depends on the team member's skills, knowledge, etc. Those equity adjustments can happen outside of that and it depends on the individual team and just would hesitate to say there's a blanket approach that there's a certain, defined period of time for each team or just depends on when those knowledge or skills are developed.

Ms. Newsom then asked if there is a company policy that prevent their employees from talking to each other about how much they earn.

Ms. Slusser replied she is not aware of that.

Ms. Bell stated in regards to their manufacturing staff, the rep ranges, job creation Number 2, which is estimated at 50 trainees. How many of the 50 people are making highest rate versus the lowest rate?

Ms. Slusser replied she doesn't have an exact number on that at this time.

Ms. Bell stated in regards to their manufacturing staff, the rep ranges, job creation Number 2 to \$15.30 to \$46, and it is state that estimated trainees will be 50. Then inquired how many of the 50 people are making \$46 opposed to \$15.50?

Ms. Slusser replied they anticipate only a small percentage of the trainee population at that lower rate and believe benefits to meet or exceed that ETP minimum wage.

Ms. Newsom then asked if a small percentage is less than 10% approximately.

Ms. Slusser replied she doesn't have the exact percentage but her expectation would be that, yes, it would be.

Ms. Bell then stated it was listed for their application, the estimated number of trainings is 50 and wanted to know where they fit in that band and where are they at it.

Ms. Slusser replied she doesn't have the exact answer to that question, but the majority are not in the low end of the band.

Ms. Bell then inquired if it would include their retrainees in Job Number 1 because looking at their ranges from customer service staff that starts off at \$17.35, then their highest rate is the managers at \$84 and asked if that would be applied to that group as well. Then inquired if the majority would be at the lower end, medium, or high end.

Ms. Slusser replied she doesn't think that she has the exact answer to that question.

Acting Chairperson Roberts stated what we have in front of us might not be what you have and wanted to have everyone understand what they're looking at versus what they may be trying to guess at. Going back to the Training Funding Partners who worked this out for you, is that they put the very minimum amount on here, it may well be only one person that's getting that lower wage, but what it does, it skews the numbers and we don't see exactly what it is and would give some counsel to the subcontractors and to try not to put such a broad range because it skews the numbers and may have 85% of the people make \$78 an hour as an engineer, but all we see is \$20 an hour. It's only because what we see in front of us may not be accurate data as to what you pay the employees. So I just want to make a council on that, and did get some information from the subcontractor on this, which it did say that only 14% of the people make the lower range. Obviously, you're making the minimum wage for the county and the benefits.

Ms. Newsom then asked a question of our Legal Counsel Michael Cable, asking if the panel offers incentives to companies that commit to hiring new employees, training for newly hired employees will be subject to a lower post retention wage, does the panel have to provide that incentive to pay people less to hire more people.

Legal Counsel Michael Cable replied no not necessarily. The incentive is there and it could be used, but the panel always has the ultimate discretion for how they're going to handle the proposal. For example, the panel has done right sizing, and they can deny a proposal, but that goes more towards the right sizing. But the incentive is there, it's in place, and its part of the application. Mr. Cable then added typically how we've dealt with this issue before is to make it part of the motion approving it. And oftentimes, it seems like we'll just get an agreement from the contractor, now at the virtual podium, if that is what you'd like to do. To my recollection, when we've done this before, a panel member says something along the lines of: you contractor are fine and agree with not applying the wage incentive here, and making that part of the motion for approval.

Ms. Newsom replied that was just framed perfectly and stated she would rather have under Job Number 2, the wages be the same as Job Number 1 and will now ask that of our applicants.

Acting Chairperson Roberts then asked Ms. Slusser if she heard the recommendation from one of the panel members.

Ms. Slusser replied she had not.

Ms. Newsom then asked the question again, can we have the wages for your employees and workers be reflective of only those wages contained in Job Number 1

Ms. Slusser replied yes.

Mr. Tracy inquired if the panel members are in a position where we can get some sort of verification or proof of what has been requested along with what we've agreed upon will be followed and just wants to make sure it's done correctly, I would hate to see something like that slip through the cracks in some way.

Legal Counsel Michael Cable then added, essentially we have an agreement by the contractor to remove the incentive, which I'm hearing here, what we're doing is making it part of the motion. So when this panel meeting has concluded, and we go back to our units in order to prepare the contract, it'll be revised to reflect what's being made and approved here today so it won't get lost through the cracks and we're on top of that.

Assistant Director Peter Cooper assured the panel members that he will give an update that has in fact occurred.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Ms. Newsom moved and Mr. Tweini seconded approval of Niagara Bottling, LLC., in the amount of \$276,000. This application subject to moving all wages to be reflective of Job Number 1 under retraining. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 14: Ly Brothers Corporation dba Sugar Bowl Bakery

Ms. Miguel stated that Ly Brothers Corporation dba Sugar Bowl Bakery which is a priority industry and a repeat contractor with total funding being requested of \$330,740 to serve 310 total trainees, which includes 260 retrainees, 45 job creations and five veterans. The Company is headquartered in Hayward, and this is Ly Brothers' third ETP Contract and third within the past five years.

Ms. Miguel stated that Staff recommends approval of this proposal and introduced Theresa Martinez, Human Resources Manager; Angela Jones, TGII Administrative Subcontractor.

Ms. Newsom wanted to point out that under Job Number 1 and Job Number 2 for Job Creation and also the component for veterans, all the wages are the same and relatively high.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Tweini moved and Mr. Smiles seconded approval of the Ly Brothers Corporation dba Sugar Bowl Bakery in the amount of \$330,740. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Tab No. 15: Grossmont-Cuyamaca Community College District

Ms. Lazarewicz stated this is a proposal for Grossmont-Cuyamaca Community College District which is a repeat contractor with total ETP funding being requested of \$103,500 to train 18 new-hire trainees. Training will take place at their location in San Diego. There is a correction to the wage range, it is actually starting at San Diego city's minimum wage requirement which is \$13.

Ms. Lazarewicz stated that Staff recommends approval of this proposal and introduced Donna Dixon - Training Coordinator; Javier Ayala - Dean of Grossmont Cuyamaca Community College.

Acting Chairperson Roberts noted that this is a non-priority industry and it is not priority occupations. It is a MEC, we haven't actually got a decision on what we're going to do here. But from a consistency standpoint, on our last panel meeting, we did deny a MEC that had just non priority businesses and the wages are very low here, regardless of what you know and what it states. I just have a bunch of question marks around that. So it says used to meet the post retention wage maybe I don't exactly know what maybe means. Obviously they're going to have to meet the benefits to meet the post retention wage. They only get \$13 an hour and the minimum wage for San Diego County is \$15.20 and not sure how that works.

Ms. Torres stated maybe when you see that is when they're actually placed into employment, they may be placed at a wage where they will not need to utilize the any health benefits in order to meet the ETP wage that's listed there. So these are basically unemployed individuals that are basically being retrained to be to be placed into these jobs. It's a very small program at Grossmont Community College. So these are not individuals that are actually working and they have the skill level that Grossmont is trying to provide which Grossmont can speak to that more.

Acting Chairperson Roberts then stated that clarifies that for me, however they will have to be actually in a job that meets the minimum San Diego County wage and they would have to meet that wage.

Ms. Torres replied that's the baseline they have to meet that wage and that's exclusive of any health benefits.

Ms. Newsom stated it's not the Community College that's hiring them, and what are the entities that are providing the jobs for that. I think that's why I'm confused on this one because usually when we have a community college come through under MEC, usually they have some priority industries at least, and for this one is it true none of them are priority industries.

Ms. Torres confirmed that the types of skills that are being trained, are types of skills that would likely be in industries that ETP does not consider priority industry and not training them in skills like manufacturing skills.

Ms. Newsom replied it's just I'm sharing the chair sentiment of these really low wages in a non-priority industry and I'm not seeing the incentive to approve this today. This is Grossmont sixth ETP project, third in the last five years, and asked if it is always the OPT unit that receives this contract.

Ms. Torres replied yes from a staff response, and as far as the section of the community college that is correct. So maybe Grossmont can speak to what exactly that they do and what their program consist of.

Mr. Tweini added he also shares this same sentiment. Its low wages, it's unclear, a lot of maybes and I just have a problem myself voting for this contract. I don't have good information, I don't have anything on wages, and the information is not clear.

Mr. Ayala the Dean of Grossmont Cuyamaca Community College shared it has been around for 35 years, and our contract with you has been here for three or four years and yes that is the OPT unit that receives this contract. We do place in areas of accounting, insurance and office support, which are plentiful in terms of San Diego County job market sectors. Lots of the individuals are going into entry level careers, many of them are unemployed. This is the first time they experienced college, some of them come from domestic violence backgrounds, and never had anybody go to college. So this is really a program that meets that specific population and about 80% of our students that Grossmont College, we have 20,000, and 80% of our students are 18 to 24. This is one of the few programs that we have to actually serves an average population age of 40 plus, and it's mostly women who have some pretty traumatic backgrounds that enroll in the program.

Ms. Newsom then stated so special needs population and so I'm looking at the wages and that's what really like anybody that watches me on this, knows that I get really squeamish about low wages and I can't stand it. So would the applicant be fine with moving the minimum wage of the range up to the post retention wage of \$15.20 an hour.

Mr. Ayala replied I don't see a problem with that and we've been asked by our state Chancellor of community colleges to do that exact thing. So the Chancellor Eli Oakley, has asked the career programs, which this program is one of them to move toward higher wage requirements, so that's something that we have under effort at both colleges, so I don't see a problem with that.

Acting Chairperson Roberts stated just another caveat to this one and that is that your average cost per training is very high. It's \$5,700 per trainee, that's 18 trainees at \$5,700. I just want to make sure that all these students are not paying for anything out of pocket. Is that correct?

Mr. Ayala replied that is correct, this program is only program of its kind in California and everything is paid for the students. Some cases, our students are homeless so we help those secure places to stay and in some cases they don't have business outfits so we help secure that for them. We do a lot of fundraising for the program and the student pay zero for this

program and they take more than a heavy load at the college so all those credits are covered for them as well. A big part of the reason why the program has a probably higher than the average cost per student is because it also has full wraparound services. So they have their own counselor that they work with, so it's a pretty comprehensive program that really takes a population of students that again would never have encountered any training or higher education, provides its wraparound services and dedicated teachers to help them be successful, job placement services geared toward them. So it's really a full wrap around tech program.

Acting Chairperson Roberts asked another question, you mentioned that, can you answer me what their placement rate or retention rate is. Can you answer me do you have success repaying this \$5800 per trainee and when they go back out on the streets, do they get a job, what happens down the road?

Mr. Ayala replied so we are an advisory panel that supports this program and it's all employers. We have up to 90% job placement and most of the students after three months have jobs and so we place all our students. This is one of the commitments we make to the group of students that apply into the programs, that you will get placed because we have a dedicated job placement person for them.

Acting Chairperson Roberts then asked so would you say they stay in that position for longer than a year, or do you follow up with them.

Mr. Ayala replied yes, we do follow up with them and they stay in their positions for longer than a year and we have a dedicated job placement person that tracks every person that's associated with the contract.

Ms. Newsom then stated I'm just going to say that a lot of what you've shared with us today we don't see in your panel proposal, and it would behoove you to have included those kind of special programming components in that proposal especially with it not being a priority industry.

Mr. Tweini also stated they mentioned the population that you'll be serving and considering the population that you'll be serving in this training, they're the ones who need higher wages, a job retention opportunities and all of that. We didn't see any of the information that is low wages, there is no clear information, and I personally can't vote for this. I don't see the information that I need in order to make a decision here and this should be prepared ahead of time.

Mr. Ayala replied thank you for the comments and were going off what had been approved prior and we're happy to provide that additional information if you would like us to do that.

Ms. Newsom replied I would.

Mr. Tweini then added he would like them to bring the information back to the panel and I personally can't vote on this one.

Acting Chairperson Roberts then stated what we have in front of us now is that a couple of the panel members are making a request to move it to the next panel meeting or a future panel meeting, is that correct.

Mr. Tweini replied it is correct and that's my recommendation.

Ms. Newsom recommended having higher wages.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Tweini moved and Mr. Smiles seconded approval of continuing this matter to a date in the future after having addressed issues noted in the current proposal. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

Amendments

Tab No. 16: Texcellent, Inc. dba JS College

Ms. Torres stated that this is a proposal from Texcellent, Inc. dba JS College which is requesting an additional \$548,456 which will bring the total agreement amount to \$748,193. Texcellent requests a second phase of ETP funding (Job Numbers 5 & 6). We have a proposed plan of 230 additional retrainees under priority industry employers and an additional 56 retrainees under non priority industry employers from various counties. Texcellent is certified by the State of California's Bureau for Private Postsecondary Education. They were initially approved at the November 2019 Panel meeting as a first time multiple employer contract initial amount of less than \$200,000. Texcellent has provided and reported hour's equivalent to 89% of the initial agreement amount, staff ask for funding consideration for phase two trainees.

Ms. Torres stated that Staff recommends approval of this proposal and introduced Preeti Thakore.

Acting Chairperson Roberts inquired if this is a company that emerged out of Saisoft because what I see you doing is that you're buying up these small colleges like JS College out of Los Angeles that have already a certification, a bureau of private post-secondary education, and you buy these colleges that already have one, then you change the dynamics of that college. JS College was a textile company and you now have done away with all of that and now have actually started IT training which part of the Saisoft agenda. So I don't know how many colleges you've bought up since this time and this is just one I know because I'm familiar with the name. But it seems like you are skirting around the intent of ETP funding, so I'm really hesitant to approve this proposal. In fact, I will not approve it at the amount that you requested because, currently that is above our caps and I know it was approved in 2019 and our caps now have changed because of the whole economic situation. So, I'd like to hear from the rest of the panel

on this because, again, it started out JS College as a textile company, you are not doing anything with that and I don't know how much private funding that you have or how many students you have in your school that privately pay or are you all funding out of state funds? That's what I need to know, can you answer that question? Do you have any private funds coming out of the school?

Ms. Thakore replied they do have JS College name, but of course changed from a textile design and not just the name but the entire focus has changed to IT. Yes, I do agree on that because for a short time, when JS College was initially purchased, there were talks on trying to move the textile design online, which is what the primary focus of our school is, however, since that could not be done and we had the proposal of including IT training as our primary focus it went through and JS College was therefore required under Texcellent and by the way, that is the only college I have under Texcellent and that is doing IT training. And yes, I have worked with Saisoft in the past before but Texcellent is a standalone company on its own, that I own hundred percent and I have been involved with IT training through ETP through a previous contract that was held by Acts of Alliance for which Texcellent was a subcontractor and when the opportunity came about with the JS College purchase, because they were an already BPPE approved school, it opened up the doors for me to look at a direct contract with ETP ourselves as Texcellent instead of continuing as a subcontractor.

Acting Chairperson Roberts replied that the reason you didn't continue as a subcontractor was because we actually initiated a broker's model at that time, which you were taking all the development fees, all the administration fees and all the training fees, and that's why you had to actually figure out a different system in order to get funding. So I'm going to ask you this question again, how many private individuals do you have at Texcellent where people actually enroll in your school, privately funding versus state funding?

Ms. Thakore replied currently, we do not have any private students but in the past, we did because that was the model we had started out as where we would train corporate employees with understanding between the company and what their training needs were, and we will deliver just that training to that particular employer and this had nothing to do with ETP because we did not have an ETP contract at that time. They're just like a private vocational college running classes and students attending from employers and right now we do not have that.

Acting Chairperson Roberts asked if Texcellent is actually funded strictly out of state funds.

Ms. Thakore replied currently, yes.

Ms. Bell stated I'm on your website and I do notice you promote ETP and it says, need to train your IT workers at no cost, using funds from the State of California since 2017. We help California and companies utilize training funding through the State of California. ETP, pre IT training is funded by the State of California. So, it does appear that you are only using state funds.

Ms. Thakore replied currently, yes, we are using ETP funds with employees.

Acting Chairperson Roberts then expressed the need for some clarification around this certification that you have. I know at one time it was certified as textile business for textile training, so have you been recertified for IT training?

Ms. Thakore replied yes we have been recertified for IT training. Textile training is just not feasible for an online medium of instruction so we completely change to IT when there is a need for it right now.

Ms. Newsom then asked to explain more about the workers they are training, do they receive certifications after their training is completed and how soon thereafter do their wages increase?

Ms. Thakore replied for instance, if they have been trained in Microsoft software, then they do get a Microsoft certification or Cisco or Comcast network certifications. Slowly start training with us he or she is at a certain level at the company and after a 90 day retention period, it's not immediately right after they finish training, but after we have also made sure that they have been with the same company for at least 90 days, that the last paycheck that comes to the proof of verification that they are still within the company shows the jumping pay raise that they have received and the title typically changes. Most students who come in at entry level or a lower level programmer level profession, after the courses they have taken or chosen to take and they move up to system administrators or database administrators and they suddenly see and have the evidence on their paychecks that come to us, a pay jump. So sometimes they do get a couple jumps within the same year.

Ms. Newsom noted what I see before me, it's a very confusing kind of layout and there's six different job numbers, and many different wage ranges including some much lower end ones and I don't understand why for like Job Number 1, you're proposing to pay a technical analysts \$13.59 an hour starting out and then under Job Number 2 to Job Number 4, \$16.81 but then Job Number 5 to Job Number 6, it's \$18.34 and the low wages don't sit well with me.

Ms. Thakore replied so these are ranges and we get these numbers based on what they are currently making when they start out and when they enroll with us. So we see the ranges of course, and then again, to actually point out examples, if you were to look at a database administrators starting wage are the range and a manageable range might see the range is shorter and the high paycheck or the high amount for a manager is lower than the high number for a database administrator.

Ms. Newsom then stated right but you're proposing wage ranges that don't meet our posts retention rate, you're proposing to pay them less than that even and I'm just uncomfortable with that.

Ms. Torres wanted to clarify something and my apologies for not pointing it out earlier. So the reason that the wages appear lower in Job Number 1 and Job Number 4 those were for a previous calendar year so those are the existing in the existing contract.

Ms. Newsom stated but now they're asking for more money to continue paying people less.

Ms. Torres replied in Job Numbers 5 and Job Number 6 that is correct. The additional money is only for Job Number 5 and Job Number 6 and Job Number 2, by can also clarify which I did not verify in my presentation. And this is just for matter of technical nature is the cap for this particular as far as what they can request the cap is up to \$750 contractually given the fiscal year, which they were funded, so you may get another contract that comes forward for an amendment next month and you may see the same thing where it is for a higher cumulative amount that is actually currently in your fiscal year 2021 counts. So that's just a clarification on staff part.

Acting Chairperson Roberts then stated but it's a new year and we got different funding, and as a panel we have our discretion to cut it accordingly, depending on funding or whatever the needs are for this economic year. I have problems with this proposal, so that's why I wanted to get a consensus from the panel. My suggestion would be, go ahead and approve this, but lower the amount. I wouldn't approve it at \$750,000 so that would be my recommendation right now. They had come through with \$200,000, and they're going to train a lot more employees on this contract. So, the most I would fund them for would be \$600,000 not \$750,000. The whole integrity thing is still a problem for me and how they buy up these small colleges that are probably going bankrupt or whatever but they have the certifications which is very hard to get one of these and that takes years and a lot of lot of money so they buy these colleges, probably on 10 cents on the dollar and then they go ahead and change all the format all around. I mean, it's a textile company that they bought and now it's an IT company because that's what Saisoft says and legally, they can do whatever they want. But, to get primarily funded by the state for everything they do.

Ms. Newsom added so it's almost like, then they're using us and it's like we created our own ETP college, but we didn't.

Acting Chairperson Roberts replied that I am just going to leave it up to the panel members to make a decision on this one. But like I said, they just continue to do this and change all the format around if you remember Saisoft bought a small Medical College and within months they changed it to an IT college and so now they're back to medical. They came through a few months ago and half of it was medical and half of it wasn't. So this is their way they do business now, instead of using a community college or Chamber of Commerce to do the training.

Ms. Bell expressed that I just feel uncomfortable with this model. As mentioned in the discussion, even at the \$650,000 amount, that's a huge amount to be finding and I'm going to vote no, for the record.

Acting Chairperson Roberts asked if the Panel had any questions.

Hearing none, Acting Chairperson Roberts asked for a motion.

ACTION: Mr. Smiles moved and Mr. Dombrowski seconded denial of the Texcellent, Inc. dba JS College request for Amended Funding in the amount of \$548,456. Acting Chairperson Roberts called for a vote, and all Panel Members present voted in the affirmative.

Motion carried, 8 to 0.

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

Acting Chairperson Roberts thanked everyone for all of the work they put into this virtual meeting, and asked the panel if there are any agenda items, either at the panel meeting or at the policy committee meeting. Acting Chairperson Roberts stated that Gretchen mentioned that they will talk more about affiliates at the policy committee meeting, but then asked whether there was anything else. There was nothing said.

X. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

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

Judith Kriegsman wanted to make a logistical comment and asked if there's a way to unmute if there's a consultant supporting a contractor while they're at the virtual podium, to unmute the consultant representative as well. So if they're receiving questioning, we can chime in at the same time or support the contractor versus just raising the hand and waiting for the entire conversation to play itself out. For instance, Niagara was our client and was at the virtual podium receiving questions, and we could have supported some of that dialogue at the moment, but we had to raise our hand and wait to get called on versus being unmuted at the same time that the contractor was unmuted so that we could join the discussion.

Preeti Thakore expressed that we are delivering the training and the wages that are being listed and asked from ETP. And yes, I understand could be a little touchy how JS college was purchased, it just seemed like the fastest way to get on the PVP track to be able to have our own contract instead of continuing as a subcontractor and the other reason was the textile courses that were in the college, it was a failing college to begin with. They're just not conducive for online training and we didn't see any future in that. In a lot of back and forth discussions, it did end up becoming an IT college for all intents and purposes.

Acting Chairperson Roberts replied I understand where you're coming from but again, this is an amendment and you have a very short span of time to use those funds. I know that you're like a machine when it comes to training, I've seen SaySoft in their training agenda, but less than 10 months to use those type of funds doesn't seem, possible. So, I would maybe come back at a different time, not an amendment, maybe come back with a full contract at that time. But again, it just is that your model just does not have a lot of integrity for me and of course, I did the research and JS College is located in LA on Wilshire Boulevard. Now Texcellent is located in Anaheim, and then you've got your private residence listed as a place of training. So all of this going on seems a little bizarre to me.

Preeti Thakore responded that my private residence is not listed as training, that was listed as corporate headquarters when we have first established ourselves, but our office is in Anaheim. We didn't need to hold the office continuing on Wilshire Boulevard in Los Angeles, because essentially all our classes are online and our office space, we needed to have one for our administrative work on everything and that could have been anywhere regardless of where we purchased the school from the school's original location which was in LA and we moved to Orange County.

Acting Chairperson Roberts replied well it has been moved and denied.

Preeti Thakore then replied I understand why you moved to that way. My question is, how I gain access to a recording of this meeting so I could review the conversation regarding our proposal.

Legal Counsel Michael Cable stated Ms. Thakore could submit a Public Records Act request and if you go to our website, there's instructions for doing that but you could just send it directly

to us and we could process that. It is on the website and also you'll see a section regarding Public Records Act request, which I think actually gives Elizabeth Jones email address, but there's information there or you could just send it to either Peter or I, our email addresses are on the website.

XI. MEETING ADJOURNMENT

Acting Chairperson Roberts adjourned the meeting at 11:15 a.m.