



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**

In Person & Zoom Meeting
Thursday, June 30, 2022

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

Jaime Gutierrez
Chief Deputy Director

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I. PUBLIC PANEL MEETING CALL TO ORDER

Acting Chairperson Janice Roberts called the meeting to order at 9:28 a.m.

II. ROLL CALL

Present

Janice Roberts
Chris Dombrowski
Gretchen Newsom
Rick Smiles
Douglas Tracy
Madison Hull

Executive Staff

Reg Javier, Executive Director
Peter Cooper, Assistant Director
Jaime Gutierrez, Chief Deputy Director

Absent

Gloria Bell
Ernesto Morales
Michael Cable

III. AGENDA

June agenda changes were made item one the Labor Secretary will not be joining today but attending July Panel meeting instead and Michael Cable is not in attendance today.

ACTION: Mr. Smiles moved and Ms. Newsom seconded approval of the Agenda. All Panel Members present voted in the affirmative for approval of the Meeting Agenda.

Motion carried, 6 to 0.

IV. MINUTES

No changes to May Meeting Minutes

ACTION: Mr. Smiles moved and Ms. Newsom seconded the approval of the Meeting Minutes. 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 DIRECTOR

Today's agenda covers 27 proposals, including 12 delegation orders. Contracting capacity was \$45 million down from prior year. Legislature dropped \$86 million across four programs. Two new programs launched besides CCCF and expansion the other two SEE and PFL. There was a new launch of Cal-E-Force. All our general funds money received this year is out in contracts. We still have a lot of work to do.

VI. REPORT OF THE ASSISTANT DIRECTOR

Three updates, first kickoff regarding apprenticeship program, window for applying for funding just closed May 31st. 60 applications were received for roughly \$30 million in funding. July Panel meeting we will be making recommendations on the cap for those. We anticipate applicants will be taking some reduction in amounts requested. Applications should come to panel at September panel meeting. Secondly regarding SEED (Social entrepreneurs for economic development). The governor's office has been watching this very closely. Governor Newsom and labor secretary Elegia visited an immigrant owned restaurant in downtown LA on June 10 that was funded by SEED. We will be seeking additional funding for this program for the 2023-2024 fiscal year. Thirdly, it's regarding the new funds for this fiscal year starting tomorrow. Legislature has agreed on a budget our two proposals did stay in the budget, we will receive funding for both health care and literacy. The health care workforce advancement fund was originally \$90 million to support job entry and career advancement for entry level and other workers. The \$90 million was reduce by \$25 million and now have extra requirements for participants. The Literacy Workforce Program did remain intact at \$20 million. This is for ETP to expand workplace literacy training and contextualized English digital skills and technical skills training for incumbent workers, allowing for employers to build skilled workforces increasing employee retention provide pathways to higher wages and better jobs for immigrants.

VII. UPDATE ON CAL-E-FORCE

Cal-E-Force is adding a lot of internal efficiencies such as refining, reporting to staff adding some automation like a county lookup. Tomorrow an automatic training letter goes out after approval from panel, reducing time. Working on Cal-E-Force grants we have seven grants within the system now. Last update is to our security infrastructure. Concentrating on making sure state requirements are followed for our upcoming audit and assessment.

VIII. REPORT OF THE CHIEF DEUPTY DIRECTOR

Regarding Funding:

Today's panel meeting is for approximately a little under \$5 million and includes 13 approved delegation orders totaling \$626,333. If all proposals are funded today the Panel will approve 27 projects. We do still have 262 applications in the queue and 90 applications in development with regional offices 27 applications under review by application and assessment unit, and 145 applications pending review. The estimated value of the 262 applications is just over \$52.8 million.

Regarding Demand and Allocations:

Total demand \$22.1 million in demand for single employer contracts. \$2.3 million for multiple employer contracts and \$6.6 million for small business, \$875,432 in demand for Critical Proposals and \$21 million for Apprenticeships. Please note 145 submitted applications pending review will roll into the next fiscal year 2023. We are currently allocated funding for state fiscal year 2122. We are currently within our allocated funding for the state fiscal year 2122.

Contracting capacity for this coming fiscal year 2023 is going up from the initial projected \$81 million to \$92.9 million. Slight correction to assistant director Cooper regarding literacy initiative actual funding is \$10 million not \$20 million. By category the allocation will be as follows: Single employer \$34.8 million; small businesses \$5.8 million; MEC's \$23.3 million; apprenticeships \$23.2 million; and critical proposals \$5.8 million for a grand total of \$92.9 million.

There is a subcommittee meeting we are trying to schedule immediately after the July panel meeting. It will include three major components: guidelines associated with the healthcare initiative; guidelines associated with the literacy initiative; and additional information around the code presentation following this report.

IX. CONSENT CALENDAR

ACTION: Mr. Smiles moved and Mr. Tracy seconded the approval of the Consent Calendar. All Panel Members present voted in the affirmative for approval of the Consent Calendar.

Motion carried, 6 to 0.

X. PRESENTATION REGARDING PRIORITY INDUSTRY CODE CHANGES

The North American Industry Classification System, known as NAICS was developed by Federal Statistical Agencies to classify and categorize business establishments for collection, analysis and publications of data related to the business economy of the North American countries, specifically Canada, Mexico and the U.S. Classification is similar to Dewey Decimal Systems but for industry sectors. There are 6 digits the first two designate the economic sector and the remaining four are comprised of industry groupings and national industry sub sectors. Every five years the Office of Management and Budget review the NAICS codes for potential revisions, so the classification system can keep pace with the changing economy. The last update was 2017, and the current revisions have just come out this year. ETP reviews the release codes for any revisions that directly affect ETP's priority industry designations. ETP reviews applicants NAICS codes to determine if the NAICS code is one of the designated is one that is designated as an industry being threatened by at a state competition. Priority industry designations provide higher reimbursements rates than non-priority and allows companies to qualify for the lower set priority wage. In times when there is a moratorium on certain industries the NAICS code will prevent or allow a company to be eligible to apply for ETP funding. We found 18 existing codes in the information technology priority industry that have changed. So this resulted in eight new 2022 code numbers, we have identified codes that have been consolidated into one new number.

Approval for the new eight codes with consolidation of numbers.

ACTION: Mr. Tracy moved and Mr. Smiles seconded the approval of the new eight NAICS numbers. All Panel Members present voted in the affirmative for approval of the new eight NAICS numbers.

Motion carried, 6 to 0.

ETP calls industries by their two digit codes but they should be looked at by the six digit designation. We will be researching to figure out what industries are affected and should be under our priority industries and give recommendations to the panel in future.

XI. REVIEW AND ACTION OF PROPOSALS

SINGLE EMPLOYER CONTRACTS

Tab No. 8: West Coast Media News LLC.

Priority industry, repeat contractor, union involved (Pacific Media Workers Guild Local 39521). Funding requested \$499,583 for an estimated 749 job one trainees. Training will take place at three West Coast Media affiliates, California Newspapers Limited Partnership, Los Angeles Daily News Publishing Company and Monterey Newspapers LLC. Fifth ETP contract, third within five years. Does not have formal veterans program but hires. Union letter of intent submitted.

ACTION: Mr. Smiles moved and Ms. Newsom seconded approval of the proposal submitted by West Coast Media News LLC in the amount of \$499,583. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

MULTIPLE EMPLOYER CONTRACTS

Tab No. 9: Insurance Education Association LLC

Repeat Contractor, funding requested \$354,000 for 300 trainees located throughout Southern California.

Question was raised how long has it been since last contract?

No details were known since company was acquired in 2020 there are new owners and new leadership. The current name is the same.

ACTION: Ms. Newsom moved and Mr. Smiles seconded approval of the proposal submitted by Insurance Education Associates LLC in the amount of \$354,000. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

Tab No. 10: Center for Employment Training.

Priority industry, repeat contractor. Funding requested \$403,300 for estimated 100 jobs one new hire trainees. 10 California locations, Coachella, Colton, El Centro, Oxnard, Salinas, San Diego, San Jose, Santa Maria, Soledad and Watsonville. Firth ETP contract, first in 5 years. Does not have Veterans Job number but has marketing materials for serve and train Veterans.

Concerns were raised regarding two areas, quality of training and pathways to quality construction careers. This is not an apprenticeship program yet proposal state electricians and being trained and receiving wages that are severely subpar to industry standards. Wage is as low as \$17.64 per hour.

Response given by Carlos Lopez, Program Direction was that wages are the allowable ETP minimum. They are interested in working with unions to pay higher wages for students.

Elaboration was asked for since it is against ETP policy and priorities to duplicate DHS approved apprenticeship training curriculum, yet much of commercial skills offered are duplicative and without DHS oversight and approval.

Mr. Lopez's response was that curriculums are based on employer demand and they are working with employers and also reviewed by Department of Education. So the Department of Education standards are being met. No they are not a formal apprenticeship programs but do work with unions who come to the programs and give presentations, tours and make referrals for those completing the training programs. They do have MC3, which is a job readiness they work with.

It was stated that programs operate on what's referred to as open rolling enrollments, where you can start the class anytime you are ready. This makes one think critically about the quality of training. Trainees are being told that they can come in at their leisure to fulfill their 900 hours of training. Multiple trainees have said that the curriculum is largely self-guided and lacking, not actually based on selecting a course and being taught by an instructor. A graduate from El Centro was provided a stack of books and told to go through them at his pace and he stated that he learned very little and that the curriculum does not appear to be instructor guided and the center of focus was on fulfilling the hours and the facility rather than learning a trade. The actual classes and curriculum does not appear to provide a level at all consistent with classroom based instruction of apprenticeships programs. The website states the trainee applicants are to complete 900 hours of education and training. And that CET charges \$14,000 in tuition for this training. Your ETP application states that only 260 of those hours will be funded by ETP. The remaining 640 hours will be covered by CET. The question is how exactly is ETP covering this cost? Or is the trainee paying the remainder of the tuition?

Response by Mr. Lopez was the trainees do not pay any cost of the tuition.

It was questioned why the website states promotional material \$14,000 for tuition?

Mr. Lopez answered it is a public requirement to list all training programs and tuition on the website. Their organization is accredited by the Department of Education and required to submit information on each of the programs and the hours range from 300-900. Funding pays for in kind they have several matching resources, Pell Grant is an in kind considered for paying

remaining tuition after ETP and again all training is accredited. As for other resources there is the large national farm worker training program that is in every center and can be used to match. Migrant seasonal farm worker profile is very similar to multiple barrier people we serve which is paid for the farm worker training program. Close working relationship with we own program and On Stop career centers and many referrals that pay a portion of the tuition along with the ETP money. Students are not charged for any resources or any money for the program. Then there are projects like one, two and one two is the Department of Labor grant that we have for serving women and not traditional skills that choose us as a match. Some instances, we have corporate donations, like Wells Fargo Givens program we had for almost 30 years, that pays for part of a match. So to be clear we have other resources to pay for in kind contributions. As far as instruction, I can't speak specifically to the student of El Centro. Our instructors, are approved by the Bureau of post-secondary education, range from five to 20 years of experience from the private sector. It may have been during COVID, when things were not going well because students were absent from training during that time. Beyond that we do have professional instructors, facilities and equipment at each of our facilities.

It was brought up that one of the facilities was recently visited and no instruction was occurring, just people working at their own pace, on boards in some of the hands of materials with printouts without instruction. What do they received when they graduate for the \$14,000 tuition and the 900 hours?

Mr. Lopez replied they get a certificate of completion and those who pass credential programs are awarded a credential from a private. We list the types of credentials and that if they pass they can get these credentials things like green awareness.

Related to that you state within your proposal that once a trainee in the electrical trade graduates from the program, they can pursue an electrical trainee card. But this is afforded to anyone that pays \$25 to the state of California. So it is clear that you are not providing certifications, or electrical skills certifications for your program. Does the graduate of your program receive any electrical skills certifications like an apprenticeship program?

Mr. Lopez answer that he did not know. They do work closely with the electrical union people and those that pass the test are qualified to go into apprenticeship.

It was questioned regarding the tuition coverage by Pell Grants and whether they are seeking to accept veterans in the programs and whether the GI bill covers the cost of tuition was raised.

Mr. Lopez answered on an individual basis.

It was concluded that CDT is not an employer, but a training facility. As a MEC applicant it is suspect that a list of employers was no included in the application. The training being offered without the connection of an apprenticeship gold standard of "earn while you learn" so the trainee at your facility is not earning they are just learning. It is evident that you take in trainees and then officer job placement after completion of the program. One of the graduates they spoke with regarding job placement stated that the staff member pulled a phonebook out from under their desk and randomly called construction contractors saying they had a graduate for placement. How does the job placement work?

Mr. Lopez we have staff in each center that work with our students and employers to make job placement. It also means working with the One Stop career centers in San Diego, all the center work in partnership for job placement.

It was questioned as to why employers were not included on the list as per usual. The employers are the ones telling you we need these certifications or skills, train these folks, generally speaking those employees are employed, not new hires.

Mr. Lopez state no these are new hires, they don't have a job yet. We probably should have packaged this differently by not calling them full on electricians because they are entry level electricians. So it's a feeder program, Training Agency, so that's why you don't see that 100.

There were grave concerns raised as it was felt that false promises to pathway to quality construction careers were being made. Throughout the website and interview it seems almost predatory to the communities it's the \$14,000 in tuition that is bothering. These communities deserve the resources they need. It is noble to serve the underserved communities but does not feel right to operate as a grant factory or charge \$14,000 in tuition without providing certifications, college credits and apprenticeship graduation or pathways. There are other programs that provide introduction to the construction industry for these populations, including second Change in Los Angeles, Homework in San Diego, also pre apprenticeship programs with Union and non-union organizations free of charge, including the trade orientation programs or Tops, in San Jose, where you are headquartered.

Response from Mr. Lopez was that they have been in business for over 50 years. Staff of 206 work hard. Staff are technical people, the journey level people in any service center work hard to get resources in the form of equipment for the students. He doesn't know if they comments were during the height of COVID, when there was not a lot of attendance and they did their best online. The tuition programs for all the courses are listed as form to help students get Pell Grants to get resources. The challenge is that these populations can have significant barriers to employment. Hard to find organizations that serve at risk youth and extra vendors that we serve and the low literacy. We have a history of placing over 200, 000 people in the last 52 years of the organization. But again, when it comes to tuition, we are following the Department of Education requirements.

It was questioned as to how they received funding in the past five years, since coming to panel. What was the problem? How did they get funding in the past? How did they perform during that time?

Mr. Lopez replied that he thought it was more like 10 years. The reality was that performance standards of 100% were very, very difficult to achieve. Meaning you recruit them, train them, complete them, place them in job and you get a 90 day retention. And the wage standard, for new hires for multiple people is very, very difficult. At that time their performance rate was 50-60% and they had to appeal to get more placement credit. At that time they did not have some of the employer accounts numbers to get credits. He believes it was raised closer to 80%. So basically due to the high performance standard of ETP being among the highest. So it had to do with the heart to serve populations, performance standards and trying to get a least for a nonprofit. There was a significant loss of funding and we had to come up with matching funds to pay for losses.

The idea of bringing this to the next panel meeting was given. Also, a better explanation of GI Bills and how that works and how many GI Bills have been taken from veterans for a program that does not provide certifications, college credits or admission into apprenticeship programs and well as information on what they actually receive for spending 900 hours with self-taught curriculum.

Mr. Lopez stated that the organization is approved by the Veterans Administration to serve veterans and veterans can apply for the GI Bill while there for education purposes as CET. There are other resources like the WIOA program. So often they save that money for college down the road. So they use other resources to pay for training such as Pell Grants.

It was brought up that opinions would not change at a future meeting.

ACTION: Mr. Dombrowski moved and Acting Chairperson Roberts seconded a motion to move the proposal to a future panel meeting.

Motion denied, 4 to 2.

A motion was then made to deny the proposal submitted by Center for Employment Training

ACTION: Ms. Newsom moved and Mr. Smiles seconded a motion to deny the proposal submitted by Center for Employment Training.

Motion carried, 4 to 1 (no comment from Chris Dombrowski).

Tab No. 11: Martinez Unified School District, Martinez Adult Education.

Priority industry not a repeat contractor. Funding requested \$483,960 estimated 120 new job number one trainees. One new hire medical skills with multiple barriers. Training will be delivered out of Martinez headquarters. Does not include a veteran job number.

The comment was made that the website stated that everything is free and no cost.

Answer by Suzanne Murphy, Director of Martinez adult education was the programs are for high school diplomas, English as a second language and career programs at no cost to the individuals.

ACTION: Mr. Smiles moved and Mr. Tracy seconded approval of the proposal submitted by Martinez Unified School District, Martinez Adult Education in the amount of \$483,960. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

Tab No. 12: Rightvarsity Technologies, LLC.

Priority industry and repeat contractor. Funding requested \$340,770. Estimated 20 trainees under job one retraining for small businesses. 90 for job number two new hire with multiple barriers and 10 job number three new hire veterans. Training delivered at Santa Clara headquarters. Second ETP contract in last five years.

No questions.

ACTION: Mr. Smiles moved and Ms. Hull seconded approval of the proposal submitted by Rightvarsity Technologies, LLC in the amount of \$340,770. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

Tab No. 13: SOMA AEC, Inc. dba Oxman College.

Priority industry and repeat contractor. Funding requested \$598,764 for 21 job number one retrainees for small businesses, 60 under job number two medical skins within HUA area and 60 for job number three medical skills with multiple barriers and 19 for job creation medical skills. Training in Oxman College's 17th ETP contract and its seventh in the last five years. Does not include veterans program but does offer veterans priority enrollment.

It was stated that they are pushing the envelope in coming so closely together with their ETP contracts and because of this it was recommended that if they are funded today they not come back for another year.

The question was asked if the trainees are new and have not been in the program before and that the potential earning were at only 71% of approved we they on track to get the whole 100%?

Response from Michael Dvorkin, President, we are at least the 70% that is required or probably more. These are new small businesses, new employers coming within each, we want to get funding out into the medical shortage.

Statement was made that we could run them concurrently.

ACTION: Mr. Smiles moved and Ms. Newsom seconded approval of the proposal submitted by SOMA AEC, Inc. dba Oxman College in the amount of \$598,764. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

Tab No. 14: Porterville Adult School.

First time contractor. Funding request for \$564,620 to train 140 new hire trainees located in Tulare County. They are seeking a retention modification to 90 days out of 120 days was three employers or 500 hours within 180 days.

Elaboration was requested regarding job placement and whether they are currently employed or just new hires.

Ms. Larriann Torrez, Director of Adult Education responded that this is for three of the programs. Medical Assistant program which does have placement and about an 85% pass rate as of last program. Prior to COVID it was higher. Nursing Assistant program was 98% pass rate and 100% placement rate our surgical tech program that will be starting in August whose test scores they are sitting for.

ACTION: Mr. Smiles moved and Ms. Hull seconded approval of the proposal submitted by Porterville Adult School in the amount of \$564,620. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

Tab No. 15: Visalia Adult School, Visalia Unified School District.

First ETP contract. Funding request \$564,640 to 160 new hire trainees in one job number, training will be delivered at the schools Brasilia location. Providing training for jobs in the medical skills fields including medical billing and coding, medical assistants and certified nursing assistants. There is a correction to the wage range occupied by occupation title. The medical billing and coding wages start at \$18 per hour and the medical assistant wages start at \$17 per hour.

Clarification was requested on the other end of the wage range do they go up?

Ms. Tami Olson, Principal, answered that yes, wages that were in the first proposal were from last year. They pulled the numbers from students just hired the end of this school year and all including the CNA went up by almost \$1 in the area.

ACTION: Ms. Newsom moved and Mr. Smiles seconded approval of the proposal submitted by Visalia Adult School, Visalia Unified School District in the amount of \$564,640. All Panel Members present voted in the affirmative to approve the proposal as moved.

Motion carried, 6 to 0.

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

Acting Chairperson Roberts provided an opportunity for Panel Members to request for consideration an Agenda Item for a future Panel Meeting.

No comments were made.

XIII. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

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

No comments were made.

XIV. MEETING ADJOURNMENT

Acting Chairperson Roberts adjourned the meeting at 10:48 a.m.