



Employment Training Panel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, Second Floor
Sacramento, CA 95814
March 29, 2019
(916) 327-5640

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Cheryl Akin
Ex-Officio Member

Gretchen Newsom
Member

Rick Smiles
Member

Ernesto Morales
Member

Ali Tweini
Member

Executive Staff

Stewart Knox
Executive Director

Michael A. Cable
Legal Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairperson Barry Broad called the meeting to order at 9:38 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Cheryl Akin
Janice Roberts
Ernesto Morales
Rick Smiles

Absent

Gretchen Newsom
Ali Tweini

Executive Staff Present

Stewart Knox, Executive Director
Michael A. Cable, General Counsel

III. AGENDA

Mr. Broad asked if there were any changes to the Agenda and Ms. Roberts brought up Tab 2, to which Mr. Knox said it would be heard in front of the Panel instead of on Consent.

ACTION: Ms. Roberts made a motion to approve the Agenda by moving Tab 2 from the Consent Calendar to being heard by the Panel. Ms. Bell seconded the motion.

Motion carried, 6 – 0.

IV. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Chairperson Broad asked for a motion to adopt Consent Calendar Items #1, and #3 through #15.

ALLDATA, LLC.....	\$39,700
City of Richmond.....	\$163,800
Hall Ambulance (Amendment).....	\$173,250
Hyundai AutoEver America, LLC.....	\$127,426
LiveRamp, Inc.....	\$199,550
MAG Aerospace Industries, LLC dba Zodiac Water & Waste (Amendment).....	\$ 25,920
Saisoft Enterprises dba Professional Career Development.....	\$199,440
Seersoft, Inc. dba CA Rehabilitation Specialists (Amendment).....	\$ 65,208
Simpson Strong – Tie Co. Inc.....	\$198,900

Sysco Los Angeles (Amendment).....	\$ 61,502
TEC of California, Inc.....	\$197,524
Thales Ayionics, Inc.....	\$199,880
Tiger Lines, LLC (Amendment).....	\$ 20,220
UFCW Northern California Meat Apprenticeship Trust Fund.....	\$197,274

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion to approve the consent calendar for Items #1, and #3 through # 15.

Motion carried, 6 – 0.

V. MINUTES

It was questioned whether there were any changes and/or additions that need to be made to the Minutes from February 22, 2019. No changes were suggested or made.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the February 22, 2019 meeting.

Motion carried, 6 – 0.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Knox reported that the following people were in attendance to present Proposals: Diana Torres, Southern California District Manager; Ryan Swier, North Hollywood Regional Manager; Jana Lazarewicz, Sacramento Regional Manager; as well as Lis Testa to cover Special Projects to be presented to the Panel. Mr. Knox announced that this was Ryan Swier's first Panel Meeting as a Manager, though he has been with ETP for about 10 or 12 years.

It was reported, regarding the Budget for Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP): that ETP is in partnership with the California Energy Commission in regards to \$2M approved through an Interagency Agreement; and that after the four (4) ARFVTP proposals approved towards the end of last year, there is currently \$1.5M remaining for ARFVTP proposals this year.

It was reported, regarding Core Funds for Fiscal Year (FY) 2018/19: today the Panel will consider another \$5.1M, with an additional \$384K approved by Delegation Order; that upon the Panel approving the just over \$110M in projects for FY 2018/19, ETP will have approximately \$4.8M for the remainder of FY 2018/19.

Mr. Knox reported that ETP has been working with our Fiscal Team in the last six (6) months in terms of the funding and have increased the funding allocation up to \$114M this year. However, this has caused prior liabilities to increase to a substantial amount. Mr. Knox stated that ETP will continue to work diligently on the approach to prioritizing projects this next year.

It was reported, regarding Delegation Order: that all such project proposals are capped at \$75K; that all such project proposals are to be approved by the Executive Director on a continuous flow basis; and that the 11 projects subject to Delegation Orders for today's Panel Meeting total just over \$384K.

It was reported, regarding 2018/19 total program funding to date: that approximately 580 projects have been submitted to the Panel, with a value of just over \$170M; and if all project proposals for

today's Panel Meeting are funded today, that the Panel will have approved 397 projects, with 33 Amendments for a value of just over \$110M.

Mr. Knox noted that with a budget of \$114M remaining, there are projects that are sitting and staff is aware. Mr. Knox also noted that the 33 Amendments is double what are typically submitted, and therefore a process to handle this issue in the future will be discussed later in this Panel Meeting.

It was reported, regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$67M in demand, with \$2.6M in allocation; Multiple Employer Contract (MEC) requests are at \$28M in demand, with \$622K in allocation; Small Businesses requests are at \$5.6M in demand, with \$376K in allocation; Critical Proposals are at \$359K in demand, with \$164K in allocations; and Apprenticeship programs are at \$5.6M in demand, with \$938K in allocation. Overall demand is approximately \$80M.

Mr. Knox noted that if all proposals are funded today, this will be by far the largest funded year to date. Mr. Knox also noted that will an approximate overall demand of \$80M and \$4.8M remaining in FY 2018/19, and another \$103M potentially to go out in the June Panel Meeting, a large portion of the projects are sitting in the Assessment Unit, which contractors are aware of.

It was reported that the number of total projects in FY 2018/19 in the Regional Offices is 59; that the total number of projects currently in the Applications and Assessment Unit is 560; and that the number of total projects is 619.

It was reported that ETP has more demand than funding, which is typical of any funded program. However, Staff has been working very hard to develop a process to ensure that funds will be available throughout the whole fiscal year which will hopefully be agreeable to the Panel and contractors, and Staff will be presenting the process to the Panel today. Mr. Knox noted that, in the future, it is a possibility that ETP will not fund every project submitted.

VII. REPORT OF GENERAL COUNSEL

General Counsel, Michael Cable reported that there is one item, which is a Second Level Appeal that was filed by the Santa Ana Chamber of Commerce, ET17-0269 concerning four (4) trainees who were disallowed by ETP's Fiscal Unit with a total amount in controversy of \$4,566. Mr. Cable requested a motion to delegate one Panel member for purposes of conducting a hearing, as is an available option for a Second Level Appeal in accordance to ETP Regulations section 4450(b)(2)(A)(3).

Mr. Broad proceeded to generally explain the process further for informational purposes: including that the hearing would be a formal evidentiary hearing; the motion would be to grant Mr. Broad the authority to act as a hearing officer for the purpose of hearing the appeal; then if the contractor is still aggrieved, they may further obtain a writ of mandate and appeal to the California Superior Court.

Mr. Broad requested a motion to appoint the Chair to act as hearing officer to hear this matter.

ACTION: Mr. Smiles moved and Ms. Roberts seconded the motion that the Panel delegate authority to Mr. Broad, as Panel Chair, as a hearing officer to hear the Santa Ana Chamber of Commerce (ET17-0269) Second Level Appeal in a formal evidentiary hearing.

Motion carried, 6 – 0.

VIII. PRESENTATION BY LIS TESTA

Ms. Testa introduced today's topics: FY 19/20 projected project caps, FY 19/20 priorities, projected processing plan.

FY 19/20 Project Caps

At their February meeting, the ETP policy Committee voted to move the staff recommended project caps for the next fiscal year to Panel for a vote. Staff is recommending lowering the caps to help address our extremely high levels of demand, and to start planning ahead for any potential economic downturn.

The proposed projects caps will be:

Single Employers from \$900K (FY 18/19) to \$650K (FY 19/20)

Critical Proposals from \$900K (FY 18/19) to \$750K (FY 19/20)

NOTE: Critical Proposals may exceed this cap for good cause, determined case-by-case.

MECs from \$950K/\$1.8M (FY 18/19) to \$750K

Non-Priority Projects from N/A (FY 18/19) to \$150K (FY 19/20)

Delegation Order from \$75K (FY 18/19) to \$75K (FY 19/20)

Consent Calendar from \$200K (FY 18/19) to \$200K (FY 19/20)

Mr. Broad asked for clarification regarding the previous options for MECs to have \$950K for a one-year contract or \$1.8M for a two-year contract, and if that would be an option with the projected caps (for example, \$750K for a one-year contract and \$1.5M for a two-year). Mr. Knox stated that the MEC contracts that came before the Panel last year for the \$1.8M, will not be coming before the Panel this year. Mr. Knox further explained that Staff will be testing a strategy in which those \$1.8M contracts will not be coming back to the Panel this next year, but will be allowed the following year, and so on, alternating years.

Mr. Knox further explained that in FY 18/19, ETP funded eight (8) or nine (9) of these million dollar MEC projects for two-year contracts, with funding totally around \$12M, and therefore Staff suggests the million dollar contracts not be an option until the two-year contract terms end. Mr. Broad asked to clarify that ETP has funded all (or most) of the Apprenticeship projects that have the capacity to enter into a contract with these high amounts of funding and Mr. Knox affirmed.

Ms. Testa also noted that for any MEC project above \$950K right now, the contractors are required to wait 18 months before they submit a new pre-application, which was a rule Staff put in place when the higher cap was instituted.

Ms. Roberts asked to clarify how Staff determines which projects fall under the Non-Priority category. Ms. Testa explained that it was according to the company's NAICS (North American Industry Classification System) code, even if the company was hiring veterans or putting New Hires in.

Mr. Broad asked for any questions or public comments on this action item.

Mr. Steve Duscha stated that he agreed with what Mr. Knox had stated that Staff's goal in these new caps is to achieve continuous funding throughout each fiscal year.

Mr. Broad stated that he would entertain a motion on the project caps, asked for any discussion, and hearing none, Mr. Broad proceeded to the Motion.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion to approve the new project caps for FY 19/20.

Motion carried, 6 – 0.

FY 19/20 Proposed Funding Allocations

Ms. Testa explained that ETP will have a total of \$103M of funding available for FY 19/20 and Staff has proposed the following funding allocations:

Single Employers: \$46,000,000

MECs: \$24,000,000

Small Business: \$6,000,000

Critical Proposals: \$4,000,000

Apprenticeships/Non-Traditional: \$23,000,000

Total: \$103,000,000

Staff would also like to hold the encumbrance level where it currently is at 40%.

Staff is requesting a motion to approve these proposed funding allocations.

Ms. Testa asked for any questions and Ms. Roberts asked to clarify that about 50% of the dollars are going to MECs and apprenticeship programs and the other 50% goes to the rest. Ms. Roberts also asked if that is the kind of breakdown that Staff sees in terms of applications. Ms. Testa affirmed both and stated that these allocations are not too different from what they were in FY 18/19.

Mr. Broad clarified that both the apprenticeship programs and MECs include many small businesses within the projects, therefore the number of small businesses receiving funding is actually much higher than the \$6,000,000 listed separately.

Mr. Knox stated that, as listed in ETP's Annual Report, between the MECs and the apprenticeship programs, ETP went from serving 4,500 – 5,000 employers to over 6,500 employers through the MECs and apprenticeship program models. In addition, these models brought down the number of contracts from 540 – 550 to 450 contracts.

Mr. Broad asked for any discussion from Panel members, and hearing none, Mr. Broad proceeded to the Motion.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion to approve the proposed funding allocations for FY 19/20.

Motion carried, 6 – 0.

FY 19/20 Priorities

Lowest Funding Priorities

Currently, ETP has several industries/project types that are considered our lowest funding priorities. These are:

- Adult Entertainment
- Commission Sales Occupations in the Retail Trades
- Gambling
- Mortgage Banking
- Car Dealerships
- Multi-Level Marketing
- Training for Employees of Training Agencies
- Truck Driving Schools
- Partners & Principals in Professional Firms

Staff is requesting a motion that a moratorium be placed on funding for these 'lowest funding priorities,' unless a project under one of these categories (i.e.: Car Dealerships) will be funded through alternate funds (i.e.: AB 118).

Mr. Broad stated that he believes that the Car Dealerships category is referring to the sales and marketing departments of dealerships and not mechanics or clerical workers. Mr. Broad requested that the "Car Dealership" category be modified to specifically call out sales as being the lowest funding category only.

Mr. Knox noted that the California Energy Commission (CEC), out of our other funding agreements, sometimes does fund portions of car dealerships, even in sales, so therefore the CEC should be except from this proposed moratorium. Mr. Broad affirmed.

Mr. Broad asked for any comments or objections to these two (2) specific modifications to the Car Dealerships category, hearing none, Mr. Broad proceeded to the Motion.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion to place a moratorium on all the lowest funding priorities, with the exception that a project under one of these categories be funded through alternate funds; in addition to clarifying the Car Dealerships category to mean only the sales department, and excluding the CEC funded projects from this moratorium.

Motion carried, 6 – 0.

Amendments: Limitations

As part of ETP's effort to address historic levels of demand, Staff is proposing the following limitations on Amendments:

For Single Employers only:

- There may be a maximum of two amendments adding funding to any contract;
- This additional funding may not bring the project above its relevant project cap (the Fiscal Year funding cap as applied to the contract term start date);
- Amendments may only be requested once a contractor has **earned** 70% on their contract;
- Amendments may be for **Phase II funding only**; and,
- Panel may reduce the requested Amendment amount.

Earned vs. Projected, clarification:

- Funds are not fully earned for any trainee until that trainee completes their retention period, which occurs on a rolling basis throughout the contract term. Contractor/Consultant submits Final Payment when a trainee completes the retention. Funds are earned once Fiscal verifies the post retention wage is met. At the end of retention when they submit the payment or when Fiscal verifies. Per the statement it's the end of retention, which means the funds are not earned yet.
- Staff can project how much a contractor will earn by tallying their tracked hours of training to date, and then project, or estimate, how much they will earn where their trainees have finished their retention period.
- Staff would like to hold amendments to the 70% **earned** level, which shows that the contractor is indeed on track to complete their contract at a high performance level.

Ms. Roberts asked if "earned" meant that the contractor has actual received the funding for that 70% of training or that it is just listed in the system as achieving 70% completed training.

Ms. Testa explained how invoices work, the contractor can bill for a trainee once that trainee has been enrolled and completed the minimum hours of training, which is eight (8) hours; then the contractor can bill again once that trainee has finished all the training that they are going to get; and then the contractor can bill again once the trainee has finished their retention period. Ms. Testa further explained that at the end of the contract, the Fiscal Unit reviews all that information to verify if each trainee completed what was reported of them. For example, if a contract reports that John Smith completed his retention period, but Fiscal discovers that he did not, Fiscal will request the funds paid for John Smith be returned to ETP. Ms. Testa noted that there is a lot of playing around with funds at the end of the contract when determining exactly which trainees completed all the requirements of the contract. Note that the threshold for Phase II Amendment is 70% earned funds, approved by Fiscal, of the current contract amount.

Ms. Testa explained that it is "earned," per trainee, when the trainee completes their retention period.

Ms. Roberts asked for clarification and gave the example of, if on the consent calendar, a contract came for \$199K, and after they complete the 70%, they want to come back for another \$100K, can they do that or have they already met their cap for that?

Ms. Testa explained that it is not the consent calendar or delegation cap we are referring to, it's the per-project cap. For example, if the contractor were a non-priority, their project would be capped at \$150K and if they were a single employer, they would be capped at \$650K total. Ms. Testa further noted that if the contractor then wanted to exceed that cap, they must come before the Panel to do so.

Phase II, clarification:

- Phase II means that the contractor is requesting to add more funding and hours of training to their contract for new trainees, or trainees that have not been involved in the contract to date.
- Existing trainees can participate in the Phase II training once they have completed all of the training from Phase I. To do this, the trainees must be enrolled in a second job number for Phase II, and must complete the retention periods for both Phase I and Phase II. Note that you must complete Phase I training retention prior to starting Phase II training.
- Staff would like amendments to encompass these Phase II trainings only.

Staff is requesting a motion to enact these limitations on amendments.

Mr. Broad asked that when a contractor comes before the Panel and the Panel reduces the amount of funding for their project, they be allowed to return for an amendment, however, Mr. Broad requested that Staff alert the Panel members that the Panel had previously reduced the funding for that project and by how much. Mr. Broad stated that at the point in which the project comes back, the Panel members may or may not remember why they chose to reduce funds, but there had been a reason at the time and they should be reminded of that.

Ms. Roberts added that this would be helpful because the Panel reduces projects for various reasons, such as the Panel believing that the contractor could not complete the project at the amount they requested based on their experience, and they would be allowed to come back to request additional funds based on their performance. However, sometimes the Panel reduces projects because the contractor has already earned \$2M in five (5) years and would like to limit that contractor's funds, so allowing them to come back with an amendment and request more funding should not be allowed.

Mr. Broad asked for public testimony regarding these limitation on amendments.

Mr. Steve Duscha stated that he still did not understand "earned" and asked if it meant that the contractor has invoiced for earnings or ETP Fiscal has approved the invoice.

Mr. Broad stated that it meant when the invoice has been approved.

Mr. John Toomey, Integrated Solutions, asked for clarification on the retention issue. Mr. Toomey asked if it was referring to 90 days of retention, then submitting the invoice, and then it usually takes some time for Fiscal to review and verify. Mr. Toomey stated that he was trying to get clarification on when that actually could occur.

Mr. Knox stated that that situation applies only to those individuals who the contractor would want to give another training component to. Mr. Knox reiterated that if they wanted to do Phase II with *new* trainees of the same company, then it does not apply.

Mr. Toomey stated that what he would like to know is what the time frame for requesting amendments before the Panel should be. For example, if a contractor spent all their money in the first nine (9) months, there is still a waiting period while Fiscal reviews and confirms their actual amount earned.

Ms. Testa clarified that the retention period happens per trainee on a rolling basis throughout the contract. For example, if John Smith was only going to receive eight (8) hours of training, and he finishes it within the first week of the contract, then his retention period starts the next day, and he would be done with his retention period in the fourth month of the contract and his money would be fully earned for him.

Ms. Testa stated that retention periods happen on a rolling basis throughout the contract depending on how many hours of training each trainee needs. Ms. Testa went on to state that once a contractor has “earned,” which means that each trainee has done their minimum hours, their maximum hours, and completed their retention period, and the contractor has billed for it and the invoices have been processed and approved up to 70% of the contract value, then the contractor may request another amendment for Phase II funding only, as long as it does not bring them over the project cap.

Ms. Roberts asked for clarification as to why a contractor would want to bill after a trainee only received eight (8) hours of training if the project term had another 20 months left.

Ms. Testa explained that the way that Progress Payments work, once the trainee is enrolled and completed the minimum hours of training, the contractor can bill for that trainee for up to 25% of what that trainee can earn on the contract. This usually means that ETP is fronting the contractor some money, because most trainees don’t only get eight (8) hours of training, they get 50 - 80 hours of training. So, if they get 80 hours of training, but ETP is paying them 25% after they only completed eight (8) hours, we are advancing the contractor money for that trainee.

Ms. Roberts asked if billing for a trainee after the first eight (8) hours meant that that trainee was closed out and could no longer be trained under the contract.

Ms. Testa explained that a first billing of a trainee does not close that trainee out. The close-out happens once the contractor has submitted the second Progress Payment, because the second Progress Payment tells Staff that that trainee is done with their training and their retention period is beginning.

Mr. Broad stated that this process appears complicated and suggested that Staff entertain emails from the public and post a Frequently Asked Questions section on ETP’s website regarding Amendments, the timing of Amendments, what is required for an Amendment, what “earned” means, etc.

Ms. Testa agreed to Mr. Broad’s suggestions and stated that Staff will hold on this action item until the public has time to review and contact MS. Testa/Staff with any further questions. Ms. Roberts stated that she liked this item and the idea that it could help do away with the bulk of the Amendments that come before Panel.

Mr. Broad stated that he would move this item, with the caveat that Staff provide some additional public education available on ETP’s website with regard to how it will be implemented.

ACTION: Mr. Broad made a motion to move this item until the public could receive more information and understand it better and Mr. Smiles seconded it.

Motion carried, 6 – 0.

Reimbursement Rates:

To assist in addressing ETP's high levels of demand, Staff is proposing a slight reduction in most reimbursement rates.

Ms. Testa reported that reimbursement rates were increased substantially for FY 18/19; an increase that was long overdue. Staff also simplified the reimbursement rate structure, from around a dozen different rates down to four (4).

However, with increasing demand and potential shifts in the economy forthcoming, Staff is requesting a slightly lowered reimbursement rate level as follows:

Classroom-Based Training (CBT) from \$9 (FY 18/19) to \$9 (proposed FY 19/20)

Apprentices from \$21 (FY 18/19) to \$18 (proposed FY 19/20)

Non-Priority from \$23 (FY 18/19) to \$20 (proposed FY 19/20)

Special Populations from \$26 (FY 18/19) to \$23 (proposed FY 19/20)

Ms. Testa noted that the CBT rate is proposed to remain the same, because if Staff lowered the CBT rate to \$8/hr, it would be right back to where it was before the reimbursement rates were raised. Ms. Testa further noted that Staff is proposing lowering the other three (3) rates by \$3 each, which would still be higher than they were before last year's raise.

Mr. Broad stated that he would like to hear public testimony on this, because he believes it to be a choice between keeping the higher reimbursement rates and funding fewer projects and spreading the money around between more projects as a good public policy.

Mr. Steve Duscha, Consultant, got up and stated that he believed ETP raised the reimbursement rates too high last year and the money went out too fast, and affirmed the choice of lowering the rates again and spreading the money around between more projects.

Mr. Broad asked for an estimate of how much money the change in reimbursement saves or raises for other projects.

Ms. Testa reported that she did not have a firm number, but she estimates that the majority of trainees are coming in under the \$26 reimbursement rate currently. Therefore, if we lower that rate to \$23, it should make a significant dent and help with available funding.

Mr. Knox stated that the reality is that reimbursement rates do not save as much money as the funding caps do. Mr. Knox also noted a concern that Staff saw in raising the reimbursement rates substantially last year, but seeing almost the same number of trainees in each of the contracts. In other words, the turn on investment was lower, in that same number of trainees were being trained, but at a much higher cost. Mr. Knox guessed that it would probably reflect a savings of around \$8M over the year. Mr. Knox reiterated that the funding caps help in saving money more, and between the two, guessed a savings of around \$18M that could be used to spread more evenly.

Mr. Eric Huelsman, President of Studio Arts, got up and stated that he had been training at the \$26 reimbursement rate for as long as it has been in place, for about 6 or 7 years, and he is already looking at a reduced funding cap for any MEC projects in the future if these action items all go

through, on top of rising software and equipment prices. He stated that due to these rising costs, it has made it practically impossible for him to sustain their training. He suggested that some exceptions should be made, and that if they can verify to Staff that it actually costs that much to provide the training, they should be allowed to keep the \$26 rate. Mr. Huelsman stated that the changes in computers and software needed to train people in the entertainment industry are extremely expensive, their margins are extremely thin, and lowering their reimbursement rates to \$23 would make it so they would no longer be able to sustain the training.

Mr. Huelsman further explained that they are a high-priority industry and have been receiving the \$26 rate for some time.

Mr. Broad stated that the goal of this was not to reduce the reimbursement rates to lower than where they started, and that perhaps Advanced Technology should be exempted from this reduction.

Mr. Huelsman went on to explain that an exemption for Advanced Technology should be verifiable and the measure should be based on need in regards to the population and the people providing the training.

Mr. Broad asked if our Advanced Technology rate currently requires a showing of reasons why a higher reimbursement rate would be required.

Ms. Testa explained that when a project is being developed, this is an issue that the development analysts discuss with the companies, along with what kind of training they plan to do, what kind of delivery methods they will use and why, and how many hours they need for all of it.

Ms. Roberts asked to clarify if the Advanced Technology is under a different job number and Ms. Testa affirmed.

Mr. Huelsman further explained that products they use for training, such as Adobe, must be licensed to each trainee and that license leaves with the trainee when they are done. Therefore, they must purchase new licenses for every trainee and because of that high cost, he believes that if they can verify that and the need, that their reimbursement rates should be at \$30/hr.

Mr. Broad agreed that the reimbursement rates should remain at \$26 for Advanced Technology, that none of the rates should be raised above where they are now, and that the rest of the reimbursement rates should be based on objective criteria which Staff can develop.

Mr. Broad agreed that process makes sense and that it must be based on an objective set of criteria.

Ms. Roberts asked Ms. Torres if she is able to determine which type of Advanced Technology they are applying for when she looks at the contracts.

Ms. Torres explained that prior to this fiscal year, Staff had advanced the option for Advanced Technology to Studio Arts, and under the \$26 rate, there needed to be a justification for who was going to get it, what the training was, and what was the cost of it, because ETP would not fund for more than the actual cost of the training. In addition to that, the \$26 rate was limited to a 1:10 trainer to trainee ratio.

Ms. Torres further explained that during this fiscal year, unless a contractor was non-priority, they would receive the \$26 rate. Therefore, there was no longer the need for that justification. And they could even have a 1:20 trainer to trainee ratio. Ms. Torres suggested that if the Panel decides to roll

back to what was in place before, that justification should be provided, as well as a 1:10 trainer to trainee ratio be required, as well.

Mr. Barry Menzel, Consultant, Training Funding Source, approached and stated that he sees two sides to this equation. On one side there is the outgoing revenue back to the companies that are receiving the funding, and then there is also the revenue side derived from the Employment Training Tax. Mr. Menzel stated that he has come across a lot of companies who do not pay into the Employment Training Tax and he asked if there was an audit process because it seems like there is a lot of lost revenue from companies not paying into the tax.

Mr. Broad stated that that was an EDD issue and not something that ETP could answer. However, Mr. Broad explained that he did know that during periods of unemployment, when an employer goes into what is called a “negative reserve state,” which means they have used up their Unemployment Insurance (UI) reserve, they start laying people off and they no longer pay the ET tax until they restore their UI reserve. Mr. Broad also noted that if a company is not paying the ET tax, they cannot receive money from ETP for that period. But if someone were cheating on that, ETP would have no way of knowing or have jurisdiction over the issue.

Mr. Menzel stated that he comes across companies who just don’t pay into the tax and didn’t realize they are supposed to be.

Mr. Knox explained that companies are able to opt out. Mr. Knox further explained that California’s Unemployment Insurance is actually lower than most states, which is a reform issue, because California is the 50th state who just got out of a negative reserve to the federal government in September. Therefore, many of the employers Mr. Menzel was speaking of, may have still be in a negative reserve situation all the way through this recovery period.

Mr. Broad stated that employers pay on the first \$7K of income and has been that way for around forty years.

Mr. Menzel said that brings him to his second question – that if the Panel is looking at how much money ETP has to spend and there is not enough, maybe consider looking at the revenue side. Mr. Menzel stated that some employers are shocked they only pay \$7 and that some of them don’t pay it at all. Mr. Menzel suggested that the Panel look into balancing the budget with the tax revenue side, instead of the trying to shrink the expenditure side.

Mr. Broad stated that that would require a legislative change and is a matter of controversy between various interest groups in the Capitol, such as Labor versus Employers, because groups that represent employers and trade associations tend to think that California’s qualifications to get unemployment is generous. This is traditionally because California has a lot of agriculture and seasonal workers that can get unemployment with less attachment to the labor market, and they want to reform that, which causes resistance from industries like agriculture and organized labor. There is also resistance to increasing the wage base, and so the wage base for UI just remains very low.

Mr. Broad went on to explain that after the 2008 recession, it took years for us to work ourselves out and if there was another economic downturn, it would happen again. Mr. Broad also stated that other states have a taxable wage base that is way higher than California’s, but that this is part of a larger political debate that ETP would not be a part of.

Mr. Broad asked for any comments hearing none, Mr. Broad proceeded to the Motion.

ACTION: Mr. Broad moved and Ms. Roberts seconded the motion to approve Staff's recommendation to lower the reimbursement rates, but to have the \$26 rate remain for Advanced Technology with the caveat that there be objective criteria for meeting it.

Motion carried, 6 – 0.

Plan for Processing Projects

Ms. Testa reported that there are currently 560 Preliminary Application in our Application Assessment Unit (AAU), where they have been held since approximately October.

Staff has implemented a multi-leveled approach to processing these Preliminary Applications. AAU will act as the filter for all projects. Once AAU determines eligibility on these Preliminary Applications, the Regional Offices and the Program Projects Unit will develop all projects as they are received.

Project Processing Plan:

- All MECs (including apprenticeship projects) and Critical Proposals will be processed on a flow basis; first in, first out. With funds of about \$15M.
- AAU will then process projects in this order:
 - First-time Single Employers (SEs) with an EDD assigned NAICS code that meets our Out-of-State Competition (OSC) requirement per Regulation section 4416(i);
 - Repeat SEs with an EDD assigned NAICS code that meets our OSC requirement;
 - First-time SEs with an EDD assigned NAICS code that is a Priority Industry code as identified in ETP's FY19/20 Strategic Plan;
 - Repeat SEs with an EDD assigned NAICS code that is a Priority Industry code;
 - SEs that meet OSC by any method other than by using an EDD assigned NAICS code (per the discretionary process as outlined by Regulation section 44169(d)-(h);
 - SEs that are non-Priority Industry SET projects.

NAICS, clarification:

- NAICS = North American Industry Classification System
- Assigned by EDD when companies are formed.
- ETP's Regulations (22 CCR 4416(i)) sets out a listing of NAICS codes that automatically meet our OSC requirements.

- ETP's Legislation (10214.5(b)) directs the Panel to set ETP Priority Industries, which it has done using NAICS codes, and which include:
 - Agriculture,
 - Allied healthcare,
 - Biotechnology and life sciences,
 - Construction,
 - Green/clean technology,
 - Goods movement and transportation logistics,
 - Information technology services,
 - Manufacturing,
 - Multi-media/entertainment, and
 - Technical services.
- AAU will use the EDD assigned NAICS in determining Preliminary Application processing order.

Ms. Testa noted that there are occasions when a company has not notified EDD of an industry change, but that AAU will be using the NAICS code that is registered with EDD, to encourage companies to be up-to-date on their filings, as well.

Criteria for Program Projects Units Projects:

Ms. Testa explained that the new Program Projects Unit (PPU) will process high performing repeat MECs and Apprenticeship projects, and projects that are directed there from Executive Staff.

“High performing” is defined here as:

- **Active Project:** at least 90% reimbursable hours tracked in ETP's Online Tracking System; and
- **Last Closed Project:** at least 90% earned.

Ms. Testa explained that if a project comes in that meets both these criteria, that project will be advanced to the PPU and will receive expedited processing.

Mr. Broad asked if the Panel or public had any questions. Hearing none, and because this item does not require a motion from the Panel, Mr. Broad suggested we move on to the Legislative Update.

IX. LEGISLATIVE UPDATE

Ms. Testa stated that Staff has been in the process of reworking ETP's Legislation and have a draft of the new Legislation in with the Senate Labor, Public Employment, and Retirement Committee. It will likely be introduced next year into the Legislature, then it will go through the legislative process, and then we will have new Legislation, which will be modernized, streamlined, and cleaned up.

Mr. Broad clarified that the bill will actually be introduced this year, because it is what's called a Committee Bill. Committee Bills are essentially consent items, so that if one becomes controversial, the controversial part gets removed from the bill or the bill does not move. Mr. Broad further clarified that the bill is not sponsored by the Administration or ETP, even though ETP is providing the

language for the bill. After the bill comes out in print, the minority folks, in this case the Republican Representative staff person, may say that their caucus does not want to move the bill this year, but they are prepared to work on it this year and move it next year, which is their prerogative with a Committee Bill.

Mr. Broad went on to explain that for regularly sponsored bill with a singular author, you can listen to people or not listen to people if you have the votes. With a Committee Bill, the entire committee, all the members are the authors of the bill and are all listed on the bill. Mr. Broad stated that because our bill is substantive, but is not supposed to be controversial, the Panel thought that a Committee Bill would be a good way to go. Once the bill is introduced, and we work through public comments and remove any questions or oppositions to it, we do have the ability to go back to the two caucuses in the Legislature and ask them if they would consider moving the bill this year.

Mr. Broad suggested that when the bill appears in print, everyone should take a look at it and make any comments they wish to ETP Staff and/or the Legislature, or they may contact Mr. Broad directly.

Mr. Broad continued to explain that the idea of this bill is that it simply has to be noncontroversial. So, if anyone, including members of the public, have any issue with a Committee Bill, typically it does not move. Then there is the option to fix it and bring it back. However, our statute has not been touched in a very long time and contains concepts that are out of date in our modern economy. For example, Out-of-State Competition was an unambiguous concept in 1985, but in the current age where commerce takes place so much online, it now requires clarification and modernization.

Mr. Broad asked if the public had any more questions or comments, hearing none, Mr. Broad suggested a ten (10) minute break before moving on to the projects.

X. REVIEW AND ACTION ON PROPOSALS

Single Employers

Tab #2 – California Harvesters, Inc.

Ms. Testa presented a proposal on behalf of California Harvesters, Inc. (CA Harvesters) in the amount of \$199,640. This proposal was pulled from today's Consent Calendar and is CA Harvesters' first ETP proposal.

CA Harvesters, located in Bakersfield, provides seasonal workers to grape growers throughout the Central Valley. This coming year they are also expanding their operations to include citrus growers. CA Harvesters will be training both their seasonal workers and their permanent employees in this contract. CA Harvesters is *not* a temp agency or placement company. Rather, they are governed by the California Harvesters Farm Labor Trust Agreement which was founded to improve worker's wages and working conditions. CA Harvesters employees are members in the Trust. The company plans on expanding their operations to citrus growers and packaging for farms throughout the Central Valley. This ETP contract will assist them in this expansion, which will allow them to hire more seasonal workers into full time positions. Staff recommends approval of this proposal.

Ms. Testa introduced Jenny Ramirez, COO.

Ms. Ramirez reiterated that CA Harvesters is a Farm Labor Trust and they are also an organization designed to support and create an equal system of support for their farm workers. Ms. Ramirez further stated that their aim is to create year-round employment for workers, whether it is in field

operation or a packing-house facility. Last year they launched in April of 2018 and initiated their project which planned to employ about 250 workers, but by the end of their season they were at almost 900 workers. Ms. Ramirez explained that there was a lot of impact in the community based on how they were set up. CA Harvesters had a lot of hands-on training, which is not very typical for other Farm Labor Contractors. Typically a Farm Labor Contractor is set up as an ownership or a family-ownership that benefits the owner of the company. Because CA Harvesters is an organization owned by a Trust, the members of the Trust are the farm workers. So after so many days and hours worked within a specified time period, they become members of the Trust. CA Harvesters puts them through a period of education so that they become members of the board and they help manage the organization. And they do this through the on-going trainings that CA Harvesters provides. CA Harvesters does training when the worker first becomes employed as according to State compliance, but they also do additional training, such as in Communication, Soft Skills development, and on-the-job skills training.

Ms. Ramirez went on to discuss the misconception that farm work is unskilled labor, because it is not. She stated that 40% of their workers last year were brand new to table grapes and farm work in general and they have anecdotal data that shows that most of these workers came from the retail industry because farm work has a more stable, timely schedule, whereas retail workers may have to work nights and weekends.

Mr. Broad asked if CA Harvesters was licensed as a Farm Labor Contractor and Ms. Ramirez confirmed.

Mr. Broad also asked if that meant that the workers' wages are set by the farm or farmer they are being dispatched to.

Ms. Ramirez explained that the grower which they contract with sets the rate of pay, however, they have discretion to determine how any gains that the company makes gets reinvested. She stated that last year, they gave an extra 25 cents per hour that came directly from their gains, or profits, back to the workers. Ms. Ramirez continued to explain how, moving forward, the workers will be in charge and able to decide for themselves how any gains get reinvested back into the company, whether it be more money per hour for workers, a better health care plan, or reinvested into transportation for workers.

Mr. Broad directed a question at Staff, saying that he did not think ETP funded Farm Labor Contractors or temp agencies. Multiple Panel members confirmed.

Ms. Ramirez explained that CA Harvesters is not a temp agency because the idea behind their model is that they are going to stabilize, so they are trying to create the stability in the market where they work with different growers based on the seasonality of the crop. Ms. Ramirez stated that last year they were in grapes, but that grapes and citrus are complementary in that grapes are in the summer and citrus is in the winter. So, the goal for this year is to bridge the gaps between seasons, so that the workers can stay in continuous employment and remain members of this Trust.

Mr. Broad stated that the problem he sees with this project is that the Panel's whole concept, fundamentally, is that the Panel wants to fund things that provide career ladders. Farm Labor Contractors supply labor and are therefore the employer of record, so that the farmer isn't the employer and does not have the same responsibility. Further, in doing this, there are a number of other things that impact the workers, such as they cannot unionize. But as here, because they are seasonal workers, CA Harvesters will be dispatching them for the same job over and over again. Thus, Mr. Broad asked how the workers could get a career ladder. Mr. Broad further explained that

the reason that ETP does not traditionally fund Farm Labor Contractors is because they are akin to temp agencies where the entity is the employer of record and they are dispatching the worker to another employer is because that employer is where the career is. That employer contacts the company, requests a kind of worker, and then sends them back when they are done or need a different kind of worker. And that worker goes on to the next employer for the same job.

Mr. Broad continued to explain that in the past, ETP has funded farm operations that have shown that the workers can go from field worker to the packing house to possibly becoming a truck driver, therefore there was some career ladder and potential income increase. Mr. Broad then asked that if the Panel decides to approve and fund this project, how can it, in the future deny a traditional Farm Labor Contractor? Especially when, as a general proposition, that the Panel does not wish to fund Farm Labor Contractors because there is no career ladder available for workers.

Ms. Ramirez explained that the way CA Harvesters is set up, there is a career ladder. CA Harvesters creates "Crew Bosses" which operate like department supervisors. Therefore a worker can begin by learning the skills to be a harvester, which normally takes two to three years to learn, but CA Harvesters has condensed that training down to three months based on the activity. Then there is the opportunity to become a "Second" or Crewman Assistant, then a Crew Boss, then a Field Supervisor. Following their Trust model, there is even the opportunity to become a Board member in order to make decisions and learn how to manage a company. Some of that education that is built into their Trust model includes financial understanding, employee management, and benefits programs.

Ms. Ramirez went on to explain that CA Harvesters does have a career ladder in place and just last year they elevated five (5) employees who had never operated in a supervisory capacity to such and all five (5) employees have continued those positions with CA Harvesters with the goal that they will continue to move up within the organization.

Mr. Broad asked if any of these employees are hired by the growers directly.

Ms. Ramirez responded that they do not, and they are CA Harvester employees.

Mr. Broad asked for questions from the Panel.

Ms. Gloria Bell asked Ms. Ramirez to confirm that CA Harvesters was a Farm Labor Contractor to which Ms. Ramirez agreed.

Ms. Bell asked if they had an H2H's, to which Ms. Ramirez said no.

Ms. Bell asked how CA Harvesters were involved with Sun World or RRG.

Ms. Ramirez responded that Sun World is their anchor client and they invested in CA Harvesters to get them started and pre-purchased their labor. Ms. Ramirez clarified that they are only an anchor client and CA Harvesters now has additional clientele that they provide service to.

Ms. Bell asked Ms. Ramirez to explain what she mentioned earlier when she stated that for employees to become members of the Trust they needed to have qualifying hours.

Ms. Ramirez responded that the employee must work 100 days within the year, and must go through two (2) seasons each year in order to become members of the trust. After the first year, the employee begins the educational training portion of how to serve on the Board if they get elected.

Ms. Bell asked when CA Harvesters was established, to which Ms. Ramirez replied that CA Harvesters was established in July of 2017, but went fully operational in the field was April of 2018.

Ms. Bell asked how many individuals have gone through this cycle and who own part of the company.

Ms. Ramirez reported that 900 employees have gone through the cycle, but clarified that the 900 employees are not owners, but members of the Trust and the Trust owns the company.

Mr. Broad asked to clarify that if a Trust has a Board of Directors that manages the Trust, then what is the function of a member of the Trust and what legal rights come with membership of a Trust?

Ms. Ramirez explained that a membership was more of a participatory right in terms of how the company gets managed and they can also become elected to become members of the Board. So after they become members of the Trust, they would directly benefit from any kind of incentive they decide to reinvest back into the company.

Mr. Broad asked if the members of the Trust can be fired, to which Ms. Ramirez confirmed. Mr. Broad asked if they have a right to receive some kind of a bonus, and Ms. Ramirez confirmed. Mr. Broad asked to clarify if the members have legal ownership of any part of the Trust, to which Ms. Ramirez confirmed. Mr. Broad also asked if the members are employees-at-will, to which Ms. Ramirez confirmed.

Mr. Broad stated that he did not think he could vote affirmatively for this project. Mr. Broad stated that he was worried that if the Panel approved this project, someone else could take this model, bring it before Panel, and then abuse it.

Ms. Ramirez pointed out that the Farm Labor Contractor model is broken and that this project would be a first step in trying to straighten out what is already happening in the industry and a way to uplift the farmworker. Ms. Ramirez stated that education is a big part of training the workers so that they have some sense of control. Instead of each worker attempting to bridge employment between one grower and one Farm Labor Contractor, CA Harvesters wants to act as their employer of choice, they will represent the workers, and the workers will have participation rights in the management of the company. In the end, this will help the entire agriculture community because CA Harvesters will set the standard of how farm workers should be treated. Ms. Ramirez also stated that the ETP funds will help them get there much quicker.

Ms. Bell stated that what CA Harvesters is doing sounds wonderful, but at the same time, they are contracting those workers out to different companies. Ms. Bell gave the example that those workers were not the same as Ms. Ramirez herself who works for one single company.

Ms. Ramirez replied that she works for CA Harvesters just as much as the workers in the fields do, but Ms. Bell disagreed and stated that she was different and in a different job.

Mr. Broad stated that if it was an employee stock/ownership that was owned by the workers, that might be a different situation. Mr. Broad stated that the workers here have no legal rights with regard to the company unless they happen to be elected to the Board of Directors, and they can still be fired.

Ms. Ramirez clarified that if the worker was elected to the Board of Directors, he would have to be voted out.

Ms. Bell stated that a worker could still get fired as an employee.

Ms. Ramirez agreed and stated that that is true whether you work for farm or whether you work for IT, you can still be fired no matter what. Ms. Ramirez went on to say that the Panel has agreed to invest in training these industries, so this is a great way to support these communities.

Ms. Roberts explained that the goal of the Panel is to fund high-skilled, high-wage jobs and they do not fund every project that comes in.

Ms. Roberts asked Ms. Ramirez to explain the 1:3 ratio of Productive Lab that was listed on CA Harvesters' proposal.

Ms. Ramirez explained that the 1:3 ratio for Productive Lab refers to a portion of the training that happens in the morning, where the workers are broken up into small groups and have a trainer (either a Crew Boss, Assistant Crew Boss, or Field Supervisor) teach them the on-hands, technical part of the job. This happens in small intervals during the morning and the actual training takes place out in the field.

Ms. Roberts asked where all these workers lived and Ms. Ramirez stated that they are stable and live within the community. Ms. Ramirez went on to explain that these workers are not migrants, they live in various communities around the Central Valley. Ms. Ramirez clarified Ms. Roberts's questions by explaining that all the workers come to CA Harvesters' central location to receive training, where they have special rooms and facilities to provide training in.

Ms. Roberts noted that a modification to their proposal stated that they wanted 10 hours, which is 50%) to train in just literacy and asked if that meant that most of the workers do not speak English.

Ms. Ramirez confirmed that a good portion of the workers do not speak English.

Ms. Roberts asked to clarify if it was important in this job that the workers be able to speak English because the proposal requests 50% of the training to go to literacy.

Ms. Ramirez responded that about 30% of their workers speak English, but still may lack in areas such as financial literacy, which will be included in the literacy referred to in the proposal.

Ms. Roberts clarified that the proposal also states that 25%, or five (5) hours, is allocated to Productive Lab.

Ms. Ramirez confirmed and stated that the last 25%, or five (5) hours, is allocated to Soft Skills Development.

Ms. Roberts asked if the Soft Skills instruction would be in English and Ms. Ramirez stated that they have bi-lingual instructors.

Ms. Ramirez explained that last year, CA Harvesters invested a significant amount of money to partner with a company from New York, Paraprofessional Healthcare Institute (PHI), to develop their own curriculum based of the PHI's coaching approach. PHI did not train CA Harvester workers, but only assisted CA Harvesters in creating a training plan. Ms. Ramirez stated that this year, they plan to expand on the training and they are holding many of the trainings sessions themselves.

Ms. Bell asked if CA Harvesters was currently working with AgSafe.

Ms. Myra Rodriguez, CA Harvesters' HR Training Manager, stepped up and responded that they are not currently working closely with AgSafe, but they have contracted with them before for some of their train-the-trainer trainings for the crew bosses. And they plan to contract with them again.

Mr. Broad asked how CA Harvesters decides to retain a worker or not after a new worker is hired. Ms. Ramirez explained that when someone signs up, they go through a two-hour on-boarding process, which is not typical for Farm Labor Contractors, in which they discuss rules and regulations, as well as expectations. Ms. Ramirez went on to explain that they typically have a lot of hands-on, on-site supervision of a ratio of 1:5, with one (1) supervisor to five (5) crews, and within each crew there are crew bosses. Ms. Ramirez further explained that they do not try to eliminate workers, but to encourage all workers to stay and grow with the company. Their commitment is to provide year-round work to them.

Mr. Broad asked if the workers are paid on an hourly basis or a piece-rate.

Ms. Ramirez responded that they are paid both ways depending on the activity. Pre-harvesting activity gets paid hourly; but once production starts in harvest, the worker gets paid an hourly rate, plus a production bonus per box.

Ms. Bell asked if the workers work 60 hours/week, and Ms. Ramirez stated that they work 55 hours/week.

Mr. Broad asked if the farm's where the workers are dispatched to make a determination about whether to retain individual employees or not.

Ms. Ramirez explained that their contract with the companies is for a number of workers as a whole. The companies track costs on a crew-based production format. CA Harvesters negotiates their contracts before placing their workers in a company's fields or packing facilities, and include their own hands-on supervision. The companies measure their production costs per crew and report back to CA Harvesters. If there are issues with one crew, they determine the reason and provide further training if necessary. Or, if it is one worker specifically, CA Harvesters provides a disciplinary process, and if that is not followed, CA Harvesters makes the determination if that worker stays on or not, not the companies they are working at.

Mr. Broad asked who makes the hiring and firing decisions at CA Harvesters.

Ms. Ramirez stated that there is an internal HR department that all hiring and firing must go through. They must provide a reason why that employee is being terminated, show what steps were taken to fix the problem, show tracking and documentation.

Ms. Bell asked how they recruit for positions.

Ms. Ramirez stated that the crew bosses and supervisors help recruit, they post ads on Facebook, and workers are hearing there is a new organization in the Central Valley that advocates for their benefits and rights, so CA Harvesters is not having a problem recruiting. Ms. Ramirez restated that their goal last year was to bring on 250 workers and they ended up with 900.

Ms. Bell asked if anyone can just come sign up with CA Harvesters.

Ms. Ramirez affirmed and stated that CA Harvesters will teach them the skills they need, whether for grapes or citrus, or cherries or blueberries or almonds.

Mr. Broad asked for any further questions from the Panel.

Ms. Bell stated that she was having difficulty with this project and would not be voting for it.

Mr. Broad asked for a motion and heard no response. Mr. Broad asked a second time for a motion and heard no response.

Mr. Broad stated that this project dies for lack of a motion.

Tab #16 – Teledyne Controls, LLC

Mr. Swier presented a proposal on behalf of Teledyne Controls, LLC (Teledyne) in the amount of \$238,420.

The company manufactures onboard avionic and ground based electronic systems. Teledyne is a priority industry and a repeat contractor. Teledyne is requesting funding to train 212 incumbent workers, 10 job-creation trainees, and 5 veteran job-creation employees. The proposal includes Productive Lab and estimates 30 production workers will participate for up to 40 hours each. Teledyne is requesting the occupation of Director be included in the training plan, as these directors do not set company policy and more than 60% of their time is spent on frontline duties. This project has been right-sized to the amount earned on the previous agreement. There is a correction that needs to be made on page 6 under “Development Services.” The fee listed should say \$10,000 and not \$15,000.

Staff recommends approval of this project and Mr. Swier introduced Lisa Buckland, Director of HR.

Ms. Buckland further explained the function of the company and the types of training and job-creation they plan to do. Ms. Buckland also acknowledged their performance on the last project was 70%, which was lower than their expectations. However, they now have a commitment from leadership to ensure they achieve their goal for this project. Ms. Buckland stated that they have also modified some of the classes and the structure of the classes so that it better aligns to meet the needs of the employees as well as production.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion for the approval of the proposal on behalf of Teledyne Controls, LLC in the amount of \$238,420.

Motion carried, 6 – 0.

Tab #17 – Balda C. Brewer, Inc.

Ms. Torres presented a proposal on behalf of Balda C. Brewer, Inc. (Balda) in the amount of \$213,200.

Balda is a priority industry and this is their first time before the Panel. They are proposing to train a total of 220 incumbent workers and 10 job-creation trainees, out of two facilities – one in San Bernardino and one in San Diego.

Ms. Torres stated that there is a correction to be made on page 2 in the Wage Range by Occupation chart. The Wage Range for Job 2 (Job Creation) for 10 trainees should start at \$12.50, instead of

Employment Training Panel, March 29, 2019

\$14.48 to \$30. However, health benefits can be added for up to \$1.98 to meet the ETP required wage for job creation in San Bernardino County.

Balda hires veterans, although they have elected not to add a veteran component to this project. They plan to do Class Lab training, as well as Productive Lab training. Staff recommends approval of this proposal.

Ms. Torres introduced Ms. Lilia Haro, HR Director, and Manish Bhatt, US Operations Director.

Mr. Bhatt further explained the products they manufacture and their purposes.

Ms. Roberts asked to clarify if all new hires receive \$12.50/hour, how long they stay at that wage, and what is the increase.

Ms. Haro stated that it depends on their progress in training, but could be between 3 and 6 months. And the increase can be 50 cents up to \$4 depending on their training.

Ms. Roberts asked Ms. Haro how she, as the HR Director, would be directing the training between the two facilities.

Ms. Haro stated that she has a team of two HR Generalists and an Executive Assistant, that will all be working with her to assist in the administration and the clerical tracking of the training, as well as training their managers and supervisors to be able to provide the training and track the hours.

Ms. Haro stated that they have an ERP system called IQMS that they use to track all their training. They are also working with Training Funding Source to help them throughout.

There were no more questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion for the approval of the proposal on behalf of Balda C. Brewer, Inc. in the amount of \$213,200.

Motion carried, 6 – 0.

Tab #18 – OWB Packers, LLC

Ms. Torres presented a proposal on behalf of OWB Packers, LLC (OWB) in the amount of \$624,000.

OWB is a priority industry and repeat contractor. The plan to train 360 incumbent workers and 120 job-creation trainees. They currently have three (3) veterans on payroll, but did not include a veteran component in this project. This is OWB's second contract in the last five (5) years. Previous training focused on getting the plant operational and training the initial workforce. Recently OWB hired an additional 80 employees, as the company plans to increase overall production by running both the harvest and fabrication floors each day of the week. Inclusive of the Class Lab training, they will also utilize Productive Lab training for frontline workers. All proposed trainees work in an area of high unemployment, which is a region where unemployment exceeds the state average by at least 25%. Their locations in the City of Brawley, Imperial County, are in this HUA. OWB, as part of the high unemployment permissive policies, is requesting wage modification for Job 1 from the minimum ETP wage of \$17.70 per hour to a minimum of \$13.20 per hour. 60% of these trainees earn below the ETP standard wage of \$17.70. For Job 2, they are asking for a wage modification from the ETP required minimum of \$14.48 down to \$12 per hour (or whatever the minimum wage is at the time of

retention). 75% of these trainees earn below the ETP standard wage. Staff recommends approval of this proposal.

Ms. Casey Burke, Executive Vice President, introduced herself, along with Eric Brant, CEO/Owner, and Armin Nickolai, CFM.

Ms. Burke discussed how important ETP's training dollars are and how much they have helped employment in the City of Brawley because of the OWB plant.

Ms. Bell asked for clarification on their business model.

Ms. Burke explained that they are a total processor. So, if a farm was raising its own cattle, OWB will process it, box the beef to the farm's specs, and the farm will sell it. Or, OWB has a sales team that will assist in selling the beef and take a small commission. OWB ships the beef, as well.

Ms. Roberts asked if they plan to train every one of their 360 employees.

Ms. Burke explained that they will be training the 134 additional, and will probably add another 100+ within the next year, so those will be brand new employees who they will be training. And existing employees will hopefully be cross-trained or trained into the new rendering part of the business they are starting.

There were no more questions from the Panel.

ACTION: Ms. Bell moved and Ms. Roberts seconded the motion for the approval of the proposal on behalf of OWB Packers, LLC in the amount of \$624,000.

Motion carried, 6 – 0.

Tab #19 – PCL Construction Services, Inc.

Ms. Torres presented a proposal on behalf of PCL Construction Services, Inc. (PCL) in the amount of \$248,430. PCL is a priority industry and this is their first proposal. They plan to train 223 incumbent workers and 50 job-creation trainees. PCL actively hires veterans on payroll, but is not asking for a veteran job number. Staff recommends approval of this proposal.

Ms. Jannine Tejeda, Human Resources Manager, introduced herself, and explained the need for the funding in order to for PCL to expand and grow its business. Ms. Tejeda stated that they actively recruit and hire veterans, but they are not seeking any special treatment for doing so. They hired 5 veterans last year, and currently have 20 veterans or active duty in employment.

Ms. Roberts asked about PCL's experience with ETP contracts.

Ms. Tejeda stated that she does not personally have any ETP experience, but that they do have an employee with 7 years of ETP experience, and he will be helping and assisting with this contract.

There were no more questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion for the approval of the proposal on behalf of PCL Construction Services, Inc. in the amount of \$248,430.

Motion carried, 6 – 0.

Tab #20 – Building Skills Partnership

Mr. Swier presented a proposal on behalf of Building Skills Partnership (BSP) in the amount of \$562,760.

BSP is a statewide non-profit collaboration between the Service Employees International Union (SEIU) Local 1877. Their mission is to improve the quality of life for low-paid building service workers. This project will train approximately 440 multiple barrier retrainees under SET multiple barriers. This is BSP's eight ETP contract, and the fifth in the last five years. Staff recommends approval of this project.

Ms. Laura Medina, Southern California Regional Director, and Silvia Romo, Sacramento Program Coordinator, were present and provided a general overview of their program and how ETP funding will assist in their expansion into Northern California; which include Facebook, YouTube, and Google. Ms. Medina then described their Green Program and LEED certification process. Ms. Medina also explained that they want to continue their job skills work with an English Language component.

Mr. Broad stated that their program is admirable, and asked whether the next step is to coordinate with the Operating Engineers to create pathways into new positions.

Ms. Medina stated yes, and that they are looking at apprenticeship programs to be a transition for these workers.

Mr. Broad stated that he hopes the transition works, as it is a big leap.

There were no more questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion for the approval of the proposal on behalf of Building Skills Partnership in the amount of \$562,760.

Motion carried, 6 – 0.

Tab #21 – San Diego Chapter ABC Training Trust Fund

Ms. Torres presented a proposal on behalf of San Diego Chapter ABC Training Trust Fund (ABC) in the amount of \$415,510.

ABC is training on skills within a priority industry and this is their first contract with ETP. They plan to train 132 apprentice electricians and 53 apprentice plumbers. ABC is a DAS-approved apprenticeship program in 5 trades, but are only training in the two trades. ABC actively recruits veterans, and is a resource for hiring veterans within the construction industry. Staff recommends approval of this project.

Ms. Shandon Harbour, President and CEO, introduced herself, along with Joe Garfalo, counsel, and Karen Belcher, Public Works Consultant. Ms. Harbour provided an overview of their training program, discussed the graduation rates for their DAS-approved program, how their workers are paid the prevailing wage rates for both public and private work, and noted that the benefits paid to workers.

Ms. Roberts asked about their experience with ETP contracts.

Ms. Belcher provided an explanation regarding her background and experience with ETP contracts.

Ms. Roberts stated that it looks like a good proposal, and wanted to make sure they were prepared.

Mr. Smiley asked for clarification regarding their graduation rates.

Ms. Harbour explained that they are the 5-year averages published by DAS.

Ms. Belcher added by providing the specific numbers per trade, and where they may be located on the DAS website. Ms. Belcher noted that their graduation rates exceed industry standards, as published by the DAS.

Mr. Broad asked about the standardization of training across apprenticeship programs.

Ms. Belcher and Ms. Harbour generally described the process for obtaining DAS approval, and explained about how the training components are approved.

Mr. Broad asked how ABC binds employers to the terms and conditions.

Ms. Harbour provided a general overview of how their member employers are bound through association agreement that is an ERISA Trust.

Mr. Garfalo further explained how their members are bound through their participation in the association agreement, and how the trustees have a fiduciary duty to collect from member employers.

Mr. Broad stated that they satisfied his question.

There were no more questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion for the approval of the proposal on behalf of San Diego Chapter ABC Training Trust Fund in the amount of \$415,510.

Motion carried, 6 – 0.

Tab #22 – Western Electrical Contractors Association, Inc.

Ms. Lazarewicz presented a proposal on behalf of Western Electrical Contractors Association, Inc. (WECA) in the amount of \$451,164.

WECA will train apprentice wireman electricians, which includes veterans. This is their fourth ETP contract, and the fourth within five years with good performance. Staff recommends approval of this project.

Ms. Christine Hall, Operations Director, Maureen Wood, Finance and Human Resource Director, and Wendy Flannigan, Assistant Director of Apprenticeship, thanked the Panel for their past funding, and provided an overview of their current project, and how past ETP funding has helped in their training.

Ms. Roberts congratulated them on their past contract performance and their training program.

There were no more questions from the Panel.

ACTION: Mr. Smiles moved and Ms. Roberts seconded the motion for the approval of the proposal on behalf of Western Electrical Contractors Association, Inc. in the amount of \$451,164.

Motion carried, 6 – 0.

Tab #23 – Studio Arts, Ltd.

Ms. Testa presented a proposal on behalf of Studio Arts, Ltd. in the amount of \$250,422.

Studio Arts is requesting an amendment in the amount of \$250,422. This is the third revision and second funding amendment for this contract. If approved, this would bring the total contract amount to \$1,199,899.00, and as such the 18-month waiting period would apply. Staff recommends approval of this proposal.

Mr. Eric Hueslman, President, was present, requested the amendment, and was available for questions.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Smiles seconded the motion for the approval of the proposal on behalf of Studio Arts, Ltd. in the amount of \$250,422.

Motion carried, 6 – 0.

XI. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

There was no public comment on matters not on the Agenda.

XII. AGENDA ITEMS FOR FUTURE MEETINGS

There were no agenda items submitted for future meetings.

XIII. MEETING ADJOURNMENT

Meeting adjourned at 12:18 p.m.