POLICY COMMITTEE
MEETING NOTICE & AGENDA

TIME/PLACE

Thursday, June 25, 2026, at 1:00 p.m.
California Employment Training Panel
1100 J Street, Sacramento CA 95814
Phone: (916) 737-4200
www.etp.ca.gov
Via Zoom

This is a public meeting and the public may attend and/or provide public comment in person or virtually.

In-person attendees should check-in at the Security Desk located in the Main Lobby on the First Floor to be directed to the Sequoia Room on the Fifth Floor.

For virtual attendees to view or provide public comment via Zoom meeting, use the link below and use the raise-hand feature during public comment to be called on.

Join Zoom Meeting:

https://us06web.zoom.us/j/82630993282

Passcode: 865319

One tap mobile: 1-855-758-1310

Webinar ID: 878 4005 7288

(For assistance, login, and raise hand or contact ETP-BSU@etp.ca.gov)

The actual order of Agenda items may be changed without notice.

ATTENDANCE

Gretchen Newsom, Chair
Rebecca Bettencourt, Member
Jennifer Fothergill, Member
Mike Greenlee, Member

AGENDA

Call to Order by Chair — Gretchen Newsom

- Welcome and Roll Call
- Action to Approve June 25, 2026 Policy Committee Meeting Agenda
- Action to Approve April 23, 2026 Policy Committee Meeting Minutes

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Policy Manager Report

- None this month

Discussion Items

- Seasonal Worker Guidelines — Lis Testa
- Priorities and Priority Industries — Lis Testa
- Affiliates — Michael Cable

Action Items

- None this month

Opportunity for Policy Committee Members to Request Agenda Items for Future Policy Committee Meetings

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Public Comment on Matters Not on the Agenda

Public Meeting Adjourns

Under Government Code section 11123(a), all meetings of a state body are open and public, and all persons are permitted to attend any meeting of a state body, except as otherwise provided in that article. The Policy Committee may take action on any item listed in this Meeting Notice & Agenda. You can obtain further information about this Meeting Notice & Agenda by contacting Michael A. Cable, Staff Attorney, at (916) 327-5422, or Michael.Cable@etp.ca.gov, or sending a written request to Michael A. Cable, Staff Attorney, at Employment Training Panel, 1100 J Street, 4th Floor, Sacramento, California 95814. Written comments on agenda items should be submitted no later than 12:00 p.m. the business day before the meeting in order to afford adequate time to consider your comments.

All meetings are accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting, including without limitation auxiliary aids or services, may make a request by contacting Michael A. Cable, Staff Attorney, at (916) 327-5422, or Michael.Cable@etp.ca.gov, or sending a written request to Michael A. Cable, Staff Attorney, at Employment Training Panel, 1100 J Street, 4th Floor, Sacramento, California 95814. Providing your request so that it is received at least five (5) business days before the meeting will help ensure availability of the requested accommodation.

STATE OF CALIFORNIA EMPLOYMENT TRAINING PANEL
POLICY COMMITTEE MEETING
In person
1100 J Street, Sacramento, CA, Sequoia Room
Thursday, April 23, 2026

POLICY COMMITTEE MEETING CALL TO ORDER

Chair Gretchen Newsom called the meeting to order at 1:00 p.m.

ROLL CALL
Present:
Gretchen Newsom
Jennifer Fothergill
Rebecca Bettencourt

Executive Staff:
Jessica Grimes, Director
Peter Cooper, Assistant Director
Kumani Armstrong, Assistant Director/Chief Counsel

ETP Representatives
Elisabeth Testa, Policy Manager

ACTION TO APPROVE MEETING AGENDA

No changes to April 23, 2026 Agenda.

ACTION: Ms. Fothergill moved and Ms. Bettencourt seconded approval of the April 23, 2026 Meeting Agenda with no changes. All Policy Committee Members present voted in the affirmative.

Motion carried, 3 to 0.

ACTION TO APPROVE AUGUST COMMITTEE MEETING MINUTES

No changes to December 11, 2025 Meeting Minutes.

ACTION: Ms. Fothergill moved and Ms. Bettencourt seconded approval of the December 11, 2025 Meeting Minutes with no changes. All Policy Committee Members present voted in the affirmative

Motion carried, 3 to 0.

POLICY MANAGER REPORT

MEC Applications: Ms. Testa turned the policy manager report over to Tara Armstrong, head of the Technical Operations Branch. Ms. Armstrong reported that there will be some new questions added to the MEC application, and more details about the larger reorganization effort will be provided at the Panel meeting tomorrow.

DISCUSSION ITEMS:

Revisions

Michael Cable, Staff Attorney presented on ETP's revision process. He explained how revisions are changes to the ETP contracts, and how this flexibility is normal and necessary. He explained how sometimes ETP receives requests to change the general terms and conditions of our contracts before the contracts have been executed, and that it is our general practice to not engage in these types of revisions. He then reviewed what the current contract language says regarding revisions – namely, that there are certain revisions classified as 'modifications' that are handled in-house. All other changes are classified as 'amendments'. He noted how ETP had recently reviewed our approval process for revisions that are assignments – basically, assigning all of the duties of the contract to a new entity other than the originally approved entity – and that this review enabled us to strengthen the approval process for these types of revisions. He reassured the Committee that all revision requests are reviewed and vetted by staff before approval, and asked if Committee had any specific types of revisions that they would like to see come before them.

Committee Discussion

Ms. Newsom said that she appreciated that staff keep an eye out when reviewing revisions to elevate the ones that they feel are necessary to Panel for approval. She likes that they are seeing a few more revisions coming to Panel. She made a note, specifically, about revisions that are requesting to move funds into lower wage job numbers.

Mr. Cable responded that he felt that a big part of the ask from Committee around this topic was to have the legal team look at the issue to make sure we are handling it correctly, and he can say that we are comprehensive – all the pieces are there.

Public Comment

Phil Herrera commented that CEF works for this process. The flexibility of being able to request revisions is vital and he and his clients appreciate this. Also, anything paperless is good.

<u>Welfare-to-Work Guidelines/CalWORKS Information Sheet</u>

Ms. Testa presented on the Welfare-to-Work Guidelines as part of ETP's larger effort to review our policies as required by our legislation. ETP has been in the process of reviewing our pilots and guidelines for a while now – the Welfare-to-Work Guidelines are being discussed here for the first time, and will be presented a little differently than previous guidelines. These guidelines were designed to explain and implement section 10214.7 of our legislation, which provides guidance on how to include CalWORKS recipients into ETP's contracts. CalWORKS is California's name for the federal TANF (Timely Assistance for Needy Families) program, which provides a cash stipend and other benefits to people in need with children. The Welfare-to-Work program has not been utilized at ETP since at least FY 15/16. Since the presence of a separate guideline gives the impression that we have created additional program rules around this population, and to ensure we are in alignment with our legislation, ETP is proposing to eliminate the Welfare-to-Work Guidelines and replace them with a more streamlined, simplified, and direct CalWORKS Information Sheet. Both the Welfare-to-Work Guidelines and the new draft CalWORKS Information Sheet are included in the packet today for reference. No Committee or Panel vote is required to take this action since we are only following existing requirements.

Committee Discussion

Ms. Newsom said it's simple and beautiful and she likes it.

Ms. Bettencourt asked a clarifying question about wages. She noted that it doesn't seem as if most CalWORKS recipients could meet ETP's required wages – so how is that handled?

Ms. Testa responded that, if we had a CalWORKS recipient who was not able to meet ETP's regular wage requirements, the legislation section allows for Panel to waive those wage requirements for the CalWORKS recipient, so there is a method already in the legislation to handle those scenarios.

Public Comment

Robert Meyer noted that this problem most likely suffered from the beginning because the intention was too broad and it wasn't focused on occupation-based training programs.

ACTION ITEMS

Medical Skills Guidelines

Committee reviewed the Medical Skills Guidelines at the December 2025 meeting, where they proposed the following edits to the guidelines as follows: 1) a general clean-up for grammar/formatting/etc.; 2) remove the 50% cap on CBT training; 3) remove the allowance to fund a general orientation training for nurses; 4) remove the requirement that benefit packages be proportional to time worked; 5) remove specific roster requirements; 6) remove the sample curriculum; 7) remove an unnecessary comparison table; and 8) allow both Allied Health and Community Health occupations to participate. Ms. Testa presented a draft of the Medical Skills Guidelines with those edits completed. She requested an action item to move the revised Guidelines to Panel for full approval.

Public Comment

None.

Committee Discussion

None.

ACTION: Ms. Fothergill moved and Ms. Bettencourt seconded approving the edits as presented and moving this item to full Panel for approval.

Motion carried, 3 to 0.

OPPORTUNITY FOR PANEL MEMBERS TO REQUEST AGENDA ITEMS FOR THE FUTURE PANEL MEETING

None.

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Ms. Newsom noted that we had received some public comments in written form prior to the start of the meeting, specifically two documents from Rodriguez Strategic Partners, LLC. The documents have been distributed, printed out, and is entered into the record.

Nancy Hoffman wants to discuss a pain point that the MECs often feel, which is difficulty in obtaining the required data from their Participating Employers, specifically around trainee records. Her clients are concerned with data security, and want to minimize the number of hands that the data transfers through, etc. She has had to create multiple different work-around for different clients. She asks any other contractors/consultants out there to please provide what has worked for them – she will be at the Panel meeting tomorrow if they want to discuss. She is also specifically wondering why the Participating Employers cannot enter the information themselves into CEF, and why we need the full 7 digits of the SSN instead of just the last 4 digits.

Ms. Armstrong responded that they are actively looking at adding an API (Application and Programming Interface) which should help with this. She understands the concerns with data privacy.

Ms. Rychener explained that her organization has also had to create work-arounds for this with certain Participating Employers, and she'd be happy to connect with the first commenter at the meeting tomorrow to discuss.

Dr. Grimes commented on the second part of the original comment – the need for the full SSN. She noted that since we are a performance-based program, we use a base wage file to verify the training, so we are locked in to using the full SSN currently.

Mr. Daley gave a comment that they also run into this issue with Participating Employers and the workarounds don't always work.

Mr. Rodriguez gave a verbal public comment to accompany the two documents he provided ahead of time. He requests that Panel consider focusing on Job Creation, especially given the data provided in the reports he submitted earlier.

MEETING ADJOURNMENT

Chair Newsom asked for a motion to adjourn the meeting.

ACTION: Ms. Fothergill moved and Ms. Bettencourt seconded approval to adjourn the meeting. All Policy Committee Members present voted in the affirmative.

Motion carried, 3 to 0.

Meeting adjourned at 1:42 p.m.

Memorandum

To: ETP Policy Committee
Gretchen Newsom, Chairperson
Rebecca Bettencourt, Member
Jennifer Fothergill, Member
Mike Greenlee, Member

Date: June 25, 2026

CC: Executive Staff
Jessica Grimes, Executive Director
Kumani Armstrong, Assistant Director/Chief Counsel
Peter Cooper, Assistant Director/Senior Advisor

From: Lis Testa, Policy Manager

Subject: ETP Policy Committee Meeting Agenda Item
Discussion for Policy Committee Re: Seasonal Worker Guidelines

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I. Brief Issue Statement:

As noted at the June 2024 Policy Committee meeting, ETP is beginning a comprehensive review of all our Pilots and Guidelines per the legislation requirement in 10205(i). This memo pertains to the Seasonal Worker Guidelines, which provide information on how to address this specific population within ETP contracts.

II. Background Information:

The Seasonal Worker Guidelines were originally drafted to provide guidance to staff on how to interpret and implement section 10214.5(d) of ETP's legislation, which addresses how ETP can serve individuals who are currently working in any major seasonal industry in California. A copy of the current Seasonal Worker Guidelines are included in today's packet for reference.

ETP's legislation directs ETP to allow Seasonal Workers to participate in the ETP program and provides flexibility to some of the program rules, including alternate retention period options, curriculum flexibilities, and the potential for a reduced wage requirement.

Per ETP's Data Analytics Unit, the following is a summary of the performance metrics for the Seasonal Worker program for the last five years of fully completed contracts:

- 4 Contracts had a Seasonal Worker component;

- 342 Seasonal Worker trainees were estimated and approved for participation;

- 247 Seasonal Worker trainees completed training and retention;
  - This represents a 72% completion rate;

- $271,170 was initially approved for the Seasonal Worker trainees;

- $130,683 was earned by these trainees;
  - This represents an earnings rate of 48%.

Since this program is rarely utilized, and since the creation of a stand-alone guideline gives the impression that additional policies are in place for this population, and with an eye towards bringing our current policies into alignment with our legislation and regulations, staff is proposing to convert the full stand-alone Seasonal Worker Guidelines into a simpler and streamlined Seasonal Worker Information Sheet.

This Seasonal Worker Information Sheet will take the place of the stand-alone Seasonal Worker Guideline and contains summarized information from legislation section 10214.5(d). This Info Sheet can give customers and staff basic information about how Seasonal Workers can be included in ETP contracts. A copy of the draft Seasonal Worker Information Sheet is included in the packet for today's meeting.

III. <u>Recommendation:</u>

No action items beyond soliciting and receiving any feedback from the Policy Committee, contractors, stakeholders, and the public concerning the Seasonal Worker Information Sheet. Since no policies are being changed or updated, no Committee or Panel vote is necessary.

Seasonal Worker Information Sheet

Background:

ETP's legislation, specifically UIC section 10214.5(d), allows ETP to fund training for Seasonal Workers. Seasonal Workers work in major California industries that are 'seasonal' in nature – typically in farming and crop production.

This Seasonal Worker Information Sheet outlines important details for this population, and replaces ETP's prior Seasonal Worker Guidelines.

Details:

*Unless noted here, standard ETP rules apply.

Employers: MUST meet the following three requirements:

- Have a workforce comprised of at least 50 percent of workers whose employment period is necessarily cyclical, including, but not limited to, businesses directly involved in the harvesting, packing, or processing of goods or products;
- Have retained at least 50 percent of the same seasonal employees for at least one season of not less than 500 hours for the preceding 12-month period; and,
- Pay wages and provide benefits that exceed industry averages.

Trainees: MUST:

- Be a seasonal worker.

Retention: Two retention periods are possible:

- 90 days with one employer; or,
- 500 hours within 12 months.

Training:

- The 45% cap on Literacy Training hours does not apply;

- Basic Skills training is allowable.

Wages:

- Panel may waive the minimum wage requirements of UIC section 10201 if the post-retention wages exceed the wages received before and during training.

Employment Training Panel

Guidelines:
Seasonal Worker

Pilot Effective: **January 1, 2007**
Guideline Effective: **September 1, 2009**

Revision History: 02/22/2019 Summary: Revised guidelines to remove PL limitation on training hours. **02/13/2019** Summary: Revised guidelines reflect 75% reimbursement rate instead of 50%. Also changed narrative to reflect seasonal workers to be funded under the Special Employment Training (SET) in accordance with Funding Project Code 683. **03/02/2016** Clarifies that retrainees may exceed the 200-hour cap with an approved justification, for this and other programs. Also noted, for the Productive Laboratory delivery method the maximum training hours are capped at 60 (24 for Small Business). **08/07/2015** Summary: Governor Brown signed AB1270 changing the name of the California Workforce Investment Board (CWIB) to California Workforce Development Board (CWDB). All CWIB citations have been updated to reflect this name change. Revision History: **09/01/2009** Summary: Moved from Pilot to Guidelines, and revised the Background section accordingly. **01/15/2009** Summary: Standardized Pilot templates with standardized main headings, added new logo, removed standard ETP criteria.

These are guidelines only. If a proposal raises the need for further modifications, that will be accomplished on a case-by-case basis with direction from Executive Staff. **Unless modified by these guidelines, all other program criteria apply**

BACKGROUND

The crop production industry is seasonal, meaning it has a cyclical nature of employment which relates directly to its growing season. It's because of this relationship, specifically the cycle of crop production, that the industry expands its workforce at the same time each year. For example, in the crop production industry, there are cycles of employment for harvesting and canning related to the growing season. Typically, the winter season is the least active cycle of employment in this industry.
Consistent fluctuation of employment patterns necessitate employee training in this industry. In 2007, as a result of Senate Bill 1690 (SB1690), the Panel was authorized to fund training for workers in "major seasonal industries". The initial funding was provided by way of the Seasonal Worker pilot program and focused on the agricultural crop production industry. Training was designed to increase employment retention and productivity in all cycles of crop production including harvesting, packing, processing, and transportation.

ELIGIBILITY

- **Contractor:** must be eligible for ETP funding under Unemployment Insurance (UI) Code Section 1025(c), as one of the following:
  - An employer or group of employers;
  - A training agency;
  - A local California Workforce Development Board (CWDB); or
  - A grant recipient or administrative entity pursuant to the Workforce Investment Act

- **Employer**
  - Must:
    - be subject to the Employment Training Tax per UI Code Section 10201(b). and
    - be in a seasonal industry that bases its operations on one or more cycles of crop production.
    - Satisfy both of the following criteria to be a “major seasonal industry” (for purposes of ETP funding)
      - Have a workforce that expands by at least 50% based on cycles of crop production such as harvesting, packing, processing, or transportation of agricultural goods; and,
      - Retain at least 50% of the same employees for not less than 500 hours in the 12-month period preceding the end-of-training.
    - Contractually represent that they meet the above criteria and provide appropriate evidence at ETP’s request.
  - Employers are not required to meet the out-of-state competition requirements at UI Code Section 10200(a)(1) and T.22, C.C.R. Section 4416.
- **Trainees:** can be either employed or unemployed at the time of training, as long as they are engaged in cyclical employment related to crop production seasons, and meet the retention standard set forth above. They will be identified as “retrainees” for purposes of the reimbursement rate and any standard program requirements that may apply.

Training

- Standard Training Delivery requirements apply.
- Training Hours: The minimum and maximum training hours are 8 and 200. An approved justification is required to exceed the maximum training hours.

Curriculum

- The Panel may waive the limitation on literacy skills training set forth in UI Code Section 10209(s) and T.22, C.C.R. Section 4420. However, at least 50% of a

Seasonal Worker’s total training hours must consist of job-related vocational skills training

Retention Requirements

- Employment retention period is not less than 500 hours within 12 months of the end-of-training with up to three employers in the crop production industry. The specific period of retention for a given training project must be approved by the Panel on a case-by-case basis. (Standard employment retention period for retraining set forth at UI Code Section 10209(f) does not apply)
- Trainees need not be employed full-time (35 hours a week) during retention.

Wage

- The minimum wage for retraining may be reduced by up to 25% if it exceeds trainee’s pre retention wage by 3%. This type of wage reduction must be approved by the Panel on a case-by-case basis.
- Pre-retention wages may be earned during the prior employment cycle or during training with the contractor or participating employer.
- The minimum wage may include health benefits, but the 3% differential must be calculated against the pre-retention base wage (i.e., excluding health benefits). There is an exception for wages controlled by a collective bargaining agreement, in which case the minimum wage may be reduced by up to 25% without proof of a 3% increase.

Reimbursement

- Progress Payments cannot exceed 75% of the average cost-per-trainee. The balance will be paid as a Final Payment upon completion of employment retention.

Additional Information

- **Contract Amounts**
    - Seasonal Workers can only be funded under the Special Employment Training (SET) in accordance with Funding Project Code 683.

Memorandum

To:	ETP Policy Committee Gretchen Newsom, Chairperson Rebecca Bettencourt, Member Jennifer Fothergill, Member Mike Greenlee, Member	Date:	June 25, 2026
CC:	Executive Staff Jessica Grimes, Executive Director Kumani Armstrong, Assistant Director/Chief Counsel Peter Cooper, Assistant Director/Senior Advisor		
From:	Lis Testa, Policy Manager		
Subject:	ETP Policy Committee Meeting Agenda Item Discussion for Policy Committee Re: ETP Priority Industries		

I. Brief Issue Statement:

ETP has a duty to review its policies pursuant to requirements in Unemployment Insurance Code (UIC) section 10205(i). Additionally, recent public comments and Panel member inquiries have highlighted ETP's Priority Industries (PIs) and the process by which those industries are determined. As a result, staff have taken the opportunity to review the language regarding ETP Priority Industries as it appears in the legislation and regulations.

This memorandum is the first, in what will likely be a series of discussions regarding these issues and is designed to review what ETP's current legislation and regulations establish in regards to priority industries.

II. Background Information:

The general understanding of Priority Industries is that they are 'prioritized' or granted additional benefits across the entire ETP ecosystem. These benefits, in general, include a reduced Special Employment Training (SET) wage, a higher reimbursement rate, being able to 'jump the line' and be served earlier, being able to avoid being placed under a moratorium, and generally being considered 'more important' to ETP metrics than non-PIs.

Relevant legislation and regulation citations are as follows:

SET Related Legislation and Regulations:

> UIC section 10214.5(a): *The panel may allocate up to 15 percent of the annually available training funds for the purpose of funding special employment training projects that improve the skills and employment security of frontline workers, as defined in subdivision (a) of Section 10200. Notwithstanding any other provision of this chapter, participants in these projects are not required to meet the eligibility criteria set forth in paragraph (1) of subdivision (a) of Section 10200 or subdivision (c) of Section 10201.*

Analysis: This section allows ETP to allocate 15% of funds annually to projects governed by this section (for SET). The projects governed by this section do not need to meet the eligibility requirements that most other program participants need to meet. Specifically, they do not need to 'foster the creation or retention of high-wage, high-skill jobs in industries that are threatened by out-of-state and global competition in which targeted training resources will increase the state's competitiveness' [sic] (see Section 10200(a)(1)). In other words, Section 10214.5 governs ETP projects for companies that are ***not*** threatened by out-of-state competition (OSC), which are termed SET projects.

> UIC section 10214.5(b): *The panel shall, on an annual basis or as needed in response to a proclamation of a state of emergency issued by the Governor under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code), identify industries and occupations that shall be priorities for funding under this section. Training shall be targeted, but not limited, to frontline workers who earn at least the state average hourly wage.*

Analysis: This section indicates that SET projects are for trainees that meet the state average hourly wage (currently $44.85/hour, in 2026. See here.). This section also directs ETP to identify priority industries yearly for projects to be funded under SET. These Priority Industry (PIs) designations are for use for SET projects only – not as a designation to be used across the entirety of the ETP ecosystem. Additionally, as per this code section, PIs should be determined every year, or potentially more often if a state of emergency has been declared which affects SET companies. This is where the main instruction to identify Priority Industries appears in ETP's legislation.

> 22 CCR 4409(a): *The Panel may allocate up to fifteen (15) percent of the annually available training funds for Special Employment Training (SET) projects to improve the skills and employment security of frontline workers, as defined in Section 4400(ee), who earn at least the state average hourly wage.*
>
> *(1) SET projects are not subject to the out-of-state competition requirement specified in Section 4416.*
>
> *(2) SET trainees are not subject to the eligibility provision of Section 10201(c) of the Unemployment Insurance (UI) Code.*

(3) The Panel shall identify industries and occupations that are priorities for funding as a SET project, in the annual Strategic Plan.

(4) Each SET project shall be funded for no more than $500,000, although the Panel may waive the cap for individual SET projects on a case-by-case basis.

(5) Each SET project must result in full-time employment, for all trainees who successfully complete training, except those receiving small business skills training as provided under subsection (b).

(6) The Panel may fund SET projects for frontline workers who earn up to 25% below the state average hourly wage as follows:

(A) For training in an industry sector identified by the Panel as a funding priority in accordance with Unemployment Insurance Code Section 10200(b); or

(B) For training under a Critical Proposal within the meaning of Section 4402.2.

This wage modification, including the determination of funding priority, shall be made on a case-by-case basis. (See the Panel's FY 2009/10 Strategic Plan for more information on high-priority industry sectors.)

(7) The Panel may also fund SET projects for frontline workers who earn less than the state average hourly wage, but at least the ETP Minimum Wage under Section 10201(f) of the Unemployment Insurance Code, if they have at least two barriers which prevent them from fully participating in the labor force. Barriers may include mental or physical disability, illiteracy, limited English proficiency, limited math skills, or some similar impediment.

Notwithstanding the limitations under Section 4420, the Panel may fund the same number of basic skills and literacy training hours as are funded for vocational skills training, on a per-trainee basis.

Analysis: This section first restates and clarifies the legislation before adding additional specifics. Section (a) restates the 15% allocation and statewide average hourly wage information. Section (a)(1) clarifies that SET projects do not need to be threatened by OSC by not requiring them to meet the OSC eligibility requirements contained in the Regulations. Section (a)(3) again reiterates that PIs shall be chosen for SET projects, which again, are those projects not threatened by OSC. Section (a)(6) allows ETP to hold SET projects that are within one of those designated PIs, or that are critical proposals, to a lower, SET PI wage. This wage is 25% less than the standard SET wage (currently $33.64, in 2026. See here.). The wage modification must be applied on a case-by-case basis. This is the main use for PIs in the ETP ecosystem – to be identified for projects that don't meet our normal requirements, namely, for those projects that are not threatened by OSC, and to give that subset of SET projects a lower required wage. This is the main benefit outlined in the Leg/Regs for PI designated companies.

Non-SET Related Legislation and Regulations:

22 CCR 4405 Funding Limitations: (a) In order to make Panel funds available to the greatest number of trainees, the Panel may impose funding restrictions on contracts and/or establish certain funding priorities. Any funding restrictions or application of priorities shall reflect statutory criteria and may include, but are not limited to, the following:

(1) Setting dollar caps on contracts and limiting the term of training projects.

2) Requiring contractors to contribute a specified dollar amount to each contract in addition to in kind contributions and substantial contributions provided for both in the law and these regulations.

(2) Assigning priority to contracts proposing training for new hire and recently hired trainees.

(3) Assigning priority to small business and/or industries.

Analysis: Section 4405 allows ETP to set limitations and priorities on our funding processes in order to ensure that we are funding the largest number of participants. One of those limitations/priorities is shown in subsection (a)(4), where we are allowed to assign 'funding priority' based on industries. Additionally, application of priorities need to align with other legislative criteria, such as the criteria found in UIC section 10200(b) above. This does not convey any other benefits (such as the lower SET wage) to companies in designated industries, and is a separate 'priority industry' designation from the SET PI designation.

22 CCR 4451(f): The Panel will identify industries and occupations that are priorities for funding under an Alternative Funding Source program, in its annual Strategic Plan.

Analysis: This is the last subsection of 22 CCR section 4451, which addresses Alternative Funding Sources, which are funds that come to ETP from a source other than the Employment Training Tax. Subsection (f) directs ETP to designate specific industries for funding priority under any alternative funds. Note – these are not really "Priority Industries" in the same vein as the SET PIs, but are rather an example of "funding priorities" specifically for our alt funds, since no specific benefit is outlined here outside of having 'funding priority' when searching for sources of potential alternative funding – there is no reduced wage requirement, for example.

The above review reveals that ETP's legislation and regulations provide instructions for establishing priority industries to be used for SET funding, priority industries to be used when looking for Alternate Funds, and priority industries to be used for general funding priority. Additionally, each type of priority industry is assigned different types of benefits within the larger ETP ecosystem.

This review makes clear that the original intent for establishing priority industries within the ETP ecosystem is more complex and more nuanced than the systems we currently have in place to address these items. As we continue discussions around these topics, we should be aware that adjustments may need to be made to internal procedures, definitions, and/or to the regulations themselves.

III. Recommendation:

No action items beyond soliciting and receiving any feedback from the Policy Committee, contractors, stakeholders, and the public concerning the discussion regarding ETP priority industries.

Employment Training Panel

LEGAL UNIT MEMORANDUM

To: ETP Policy Committee
Gretchen Newsom, Chairperson
Rebecca Bettencourt, Member
Jennifer Fothergill, Member
Michael Greenlee, Member

Date: June 25, 2026

ETP Executive Staff
Jessica Grimes, Executive Director
Peter Cooper, Assistant Director/Senior Advisor
Kumani Armstrong, Assistant Director/Chief Counsel

From: Michael A. Cable, Staff Attorney

Subject: Discussion Item Re: Affiliates

The purpose of this Policy Committee item is to discuss the status of "Affiliates" participating in Single Employer Contracts (SECs). Issues related to Affiliates has been an ongoing discussion since first raised before this Policy Committee in February 2020, and an Affiliates Workgroup conducted a survey and solicited feedback and suggestions from stakeholders and all interested parties in June 2024.

Accordingly, at this time, given the research and public meetings to date, the consensus is to proceed with elimination of Affiliates as a contractor category; opting to realign with the already existing contractor category "Group of Employers" included in ETP's Regulations.

Doing so would not only be consistent with ETP's Regulations, but it would also not require any formal action, and specific contractor issues may be addressed internally through regional office development and contract language.

Brief Overview

Primarily arising from a need within healthcare projects due to their unique business model that often involves multiple corporate entities within a common enterprise, ETP began allowing limited Affiliate participation in certain SECs.

An Affiliate is "another business that has a commercial relationship with a single employer, including a parent or subsidiary," and ETP developed policy limitations and practices regarding Affiliate participation because SECs were not intended to train many employees from a group of employers.

Over time, questions arose about developing a specific Affiliate definition, which became conflated with a separate discussion about grouping closely related entities into one contract instead of multiple contracts, which gave rise to this discussion to revisit the use of Affiliates.

<u>Pertinent ETP Regulations</u>

ETP Regulations, Section 4400(ll) states:

> "'Contractor' means the individual or entity responsible for satisfying the duties and obligations set forth in a contractual agreement with ETP for training cost reimbursement.
>
> The Contractor may be an employer or group of employers. The Contractor may also be a training agency; a local Workforce Investment Board; or, a grant recipient or administrator under the Workforce Investment Act of 1998 as further defined at Unemployment Insurance Code Section 10205(c). The agreement may be in the form of a Single Employer Contract (SEC) or a Multiple Employer Contract (MEC)."

ETP Regulations, Section 4400(j) states:

> "'Group of employers' means
>
> (1) two or more employers which combine efforts to form a consortium in order to meet the common training needs by specific occupational categories or address common training needs based on industrial trends, and/or
>
> (2) two or more employers which combine efforts whereby the primary employer assumes liability for the Panel contract, with secondary agreements between the primary employer and the supplier employers (or both the primary employer and the secondary suppliers contract with the Panel), and trains the employees of one or more of its suppliers due to the special and unique needs of the primary employer, and/or
>
> (3) a professional association, trade association, or joint apprenticeship training committee and/or
>
> (4) any economic development corporation which has been in existence for more than one year and whose Board of Directors is composed of a majority of California employers eligible to participate in a Panel funded agreement. The Board of Directors must approve the Panel agreement."

Recommendation

No formal action is needed beyond soliciting and receiving any additional feedback from the Policy Committee, contractors, stakeholders, and the public concerning this topic. Specific contractor issues will be addressed internally through regional office development and contract language.