



POLICY COMMITTEE MEETING NOTICE & AGENDA

TIME/PLACE

Thursday, October 22, 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.**

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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 October 22, 2026 Policy Committee Meeting Agenda
 - Action to Approve June 25, 2026 Policy Committee Meeting Minutes
-

Policy Manager Report

- None this month

Discussion Items

- Affiliates Michael Cable
 - Priority Industry Determination Process Tara Armstrong
-

Action Items

- None this month
-

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

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.



Employment Training Panel
STATE OF CALIFORNIA EMPLOYMENT TRAINING PANEL
POLICY COMMITTEE MEETING
In person
1100 J Street, Sacramento, CA, Sequoia Room
Thursday, June 25, 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
Mike Greenlee

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 June 25, 2026 Agenda.

ACTION: Ms. Fothergill moved and Ms. Bettencourt seconded approval of the June 25, 2026 Meeting Agenda with no changes. All Policy Committee Members present voted in the affirmative.

Motion carried, 3 to 0.

ACTION TO APPROVE APRIL COMMITTEE MEETING MINUTES

No changes to April 23, 2026 Meeting Minutes.

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

Motion carried, 3 to 0.

POLICY MANAGER REPORT

Ms. Testa welcomed and congratulated our new Policy Committee member, Mike Greenlee.

DISCUSSION ITEMS:

Seasonal Worker Guidelines

Ms. Testa gave a presentation on the Seasonal Worker Guidelines, outlining items such as the population this program is designed to serve, current and recent actual participant data in the program, and basic elements of the overall program. The Seasonal Worker Guidelines were established in order to implement section 10214.5(d) of ETP's enabling legislation. Since the program has been underutilized, and since the creation of a stand-alone guideline gives the impression that there are additional policies in place for this population, and with the desire to bring our current policies into greater alignment with our legislation and regulations, staff proposed eliminating the stand-alone guideline and replacing it with a simpler, more streamlined Information Sheet which outlines the legislative requirements for this population. Copies of both the current Guidelines and the new draft Information Sheet are included in the Committee Meeting Packet for review. No vote is necessary to follow pre-existing legislation, however, Ms. Testa did request comments and questions from the Committee.

Committee Discussion

Ms. Newsom asked the Committee for comment. All Committee members agreed that the new Information Sheet was clear and concise.

Public Comment

None.

Priorities and Priority Industries

Ms. Testa presented on Priorities and Priority Industries as part of ETP's larger effort to

review our policies as required by our legislation. This is most likely the first in a series of discussions on this topic.

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.

Ms. Testa then proceeded through a review of all of ETP’s relevant legislation and regulation sections that address Priority Industries, both those specifically addressing the SET PI requirements, and those that were not related only or specifically to SET funding. 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.

Ms. Testa then asked Committee for their feedback.

Committee Discussion

Ms. Newsom asked some questions about where the reduced SET PI wage came from. She reads the legislation which requires a high SET wage, and then wanted to connect the dots to how then the regulations are allowing a reduced wage for SET if the contractor happens to be within a PI.

Ms. Testa responded that we need to look at the original regulation filing with the Office of Administrative Law (OAL) to see what the actual arguments were, and what the reasoning was, behind the creation of the SET PI wage, but she assumes that it was most likely an attempt to actually assign some sort of ‘benefit’ to customers that were PIs within SET. Mr. Armstrong also commented that the OAL filing would need to be reviewed in order to ascertain the actual logic and reasoning behind the creation of the SET PI wage.

Mr. Cooper asked if, as per some of the legislative language, we should be also identifying priority occupations as well as priority industries, in certain cases. Ms. Testa responded that the short answer to that question is yes.

Dr. Grimes pointed out that we need to be especially careful with the language in the legislation and regulations. For example, “may”, “must”, “shall”, are important qualifiers and instructions contained within the legislation and regulations at different points, and are part of the details and complexities that need to be considered when

working with the OAL on regulation packages, and during discussions over policy design.

Public Comment

Phil Herrera noted that once legislation is finalized, that agencies have the ability to really interpret how they will apply that legislation as they craft regulations, and that this is a good thing. He stated that the general consensus is to remain flexible around assigning priority industries to be able to address economic shifts that we may not even be aware of currently. He also suggested that ETP meet with industry experts to discuss ways to assign PI status.

Robert Meyer pointed out that many of the regulatory changes that occurred during the large recession from 2009-ish were made to give Panel the flexibility and discretion in its ability to manage the funds more effectively.

Sam Rodriguez commented that ETP can use the PI designation to help out in industries that are really struggling right now, like healthcare. ETP should also consider utilizing a more robust Job Creation program as well, especially for struggling industries like healthcare.

Committee Discussion Take 2

Mike Greenlee asked that, if we determine an industry to be a PI, shouldn't all applications that we get in that industry be tagged as PI? He remembers seeing some applications in the same industry being tagged as PI while others were not.

Dr. Grimes responded to him by outlining the PI determination process we currently use, which leans on data provided by EDD's LMID. We will review our current PI determination procedures as part of this overall review. Mr. Greenlee reiterated his question again. Ms. Testa responded by referring to the beginning of this presentation, where she had stated that we are currently really conflating the differences between 'funding priorities' and priority industries; that we've created a foggy system that sort of lumps everything together – and that what we are trying to do is a review of the entire issue, starting from looking at the legislation and regulations, and during this review process, we will end up needing to adjust how we do things to ensure understanding and consistency and accuracy in these processes.

Ms. Bettencourt added that sometimes the company's NAICS code is not accurate, for whatever reason, so you may see a Life Science company come in, thinking it should be under PI, but because of whatever the company's actual NAICS code is, they don't fit under that designation, for example.

Mr. Herrera added that the industries that he works with often use data from things such as their multiplier effects on the economy to help justify their requests for PI status from

other programs, such as CalCompetes, and that perhaps ETP can begin to look at characteristics like this for our own PI determination process. In other words, there can be more to being a PI than just a NAICS code.

Ms. Bettencourt responded by adding that, for example, manufacturing was PI, but warehousing perhaps wasn't – so we moved warehousing to PI because manufacturers need that warehousing in order to be successful – so there's a lot that is currently going into the PI determination process.

Ms. Testa then pointed out that most applicants want to be designated as a PI because of real or perceived benefits to having that designation. She then pointed out that the only benefits currently listed in our legislation and regulations are having a lower SET PI wage if the company is under SET, and to receive a generalized 'funding priority' if the company is PI. However, we are also providing other benefits such as a higher reimbursement rate for PI companies, which is not currently in our regulations, and points to both the conflation of a lot of these elements of the legislation and regulations, and also to our need to really review and make adjustments to our current processes, and potentially to our legislation and/or regulations as well.

Ms. Newsom then said that, given that the legislation allows a 15% allocation for SET projects, why does it feel like she is seeing a lot more than just 15% of the projects being in SET (acknowledging that 'feels like' is not very scientific)?

Ms. Testa responded again about how this discussion is the first in a series designed to address these exact issues, that since we have conflated funding priorities generally with priority industries specifically, we are now needing to review the entire 'priority' ecosystem and corresponding processes. Dr. Grimes also responded that some of that appearance of excess SET funding may be simply due the ways that the applications are processed, with a larger selection of similar projects coming to Panel at the same time. She noted, additionally, that sometimes ETP receives actionable priorities from outside of ETP, giving the example of the recent sector strategy for agriculture where ETP needed to allocate an additional \$10M in funding to that sector, and these projects are all SET funded as well. Laura Campbell then stated that we carefully track the 15% allocation to ensure we do not exceed it. She noted that they try not to process the full 15% SET allocation right at the start of a new FY, to save some space for later in the FY in case any additional outside priorities are laid upon us.

Ms. Newsom then asked if we need to be mindful of what a frontline worker is, and if we already have a definition for that or not. Ms. Testa responded that yes, we do have a definition already for frontline workers. In general, they have to be involved in the production of the good or service that the company sells, and cannot be in any sort of executive capacity where they are setting company or HR policies.

Dr. Grimes commented that, as has already been noted, the legislation and regulations

surrounding priorities and PIs is very complex and nuanced and she does not want to lose sight of this as we move through this process. She also noted how various economic situations, recessions, and other governmental programs have caused ETP to respond in various ways, and that our past responses have set sort of a precedent, or an expectation, for how we will address these items in the future, and that we need to keep this in mind as well as we craft new procedures in this area.

Mr. Cooper commented that he would like us to remain flexible when assigning PI status, perhaps reviewing/assigning PI status more frequently than just yearly, if the situation arises. Ms. Newsom and Ms. Bettencourt both responded that we already do have that flexibility, as per the legislation, where it says that we can adjust PIs yearly or because of a state of emergency.

Affiliates

Mike Cable presented on affiliates, first noting that this topic has come before Committee multiple times in the past. He described the Single Employer with Affiliate contractor category as arising mostly to address the needs of some healthcare companies. Healthcare companies will often form their corporations in a way where each location, for example, is a separate company with its own CEAN, legal name, etc., while still really being under the ‘umbrella’ of the larger healthcare corporation. So the SE with Affiliates category was used initially to allow multiple related healthcare entities to participate in a single contract together at ETP. We have always struggled with a definition for ‘affiliates’ – every time this issue comes up, we look at our applicants and how do we decide if they should all be together on one contract as affiliates or if they should remain separate. We get bogged down in this attempt to define affiliate because if we were really going to be making those determinations, we’d have to be asking a bunch of questions about corporate structure and % ownership and other similar questions, and we do not have the resources or bandwidth to make these determinations to this level of detail. What we are looking to do now, as has been mentioned a lot already today, is to move into more alignment with our legislation and regulations, and to use already existing codes and regs to address companies that are in this situation – so they can continue to be served, but in a way that is in alignment with our rules. We are planning to undertake this change deliberately and thoroughly, and wanted to bring this discussion here to make sure everyone was aware of the issues before we bring this back to begin the internal work required, including work on the CEF system, on our applications, proposals, and with our Operations team. We are hoping for an implementation for next year, not immediately, as this will take time. This effort will also clear up a contract issue with these SE with Affiliate contracts, since the affiliates are not signatories, there is a liability issue created there, and this change will address that issue as well.

Public Comment

Phil Herrera commented that he is in support of cleaning up the SE with Affiliates issue. He sees the companies he works with be affected by this all the time. For example, a large company will buy a smaller one, and keep the separate CEAN. Then, when they submit invoices for the ETP contract, the smaller company's CEAN will not be honored on the current ETP contract – so he hopes that however we fix this can be applied to those types of scenarios as well.

Michelle Rychener commented that she is in favor of cleaning up this item, but is concerned that she would then have to have multiple signatories on a single contract, that some of the hospitals she works with would find cumbersome. Mr. Cable responded that this is really a legal contract issue. He reminded everyone that we don't only enforce wage levels, but also other things that are in our contracts, such as employment conditions and other requirements of state and federal law. If the 'affiliates' are not signatories to the contract, and ETP is required to address a breach of contract for some reason, we need to be able to name the parties involved, and if they are not signatories, issues could arise. He also points out that we are using DocuSign, so we are really talking about a few clicks, so it shouldn't be that heavy of a lift to have multiple signatories.

Committee Discussion

Ms. Bettencourt pointed out that this issue touches upon our ability to manage the funds as well. For instance, should the 3 related companies all come in on one contract or on 3 separate contracts? The answer would affect project caps and allocations, for example. So, on one side, we want to be able to serve companies, like hospitals, who are set up in this way, while we also need to be able to manage the funds. Mr. Cable responded that we want a way to serve companies who are formed in this way, and we have a way to do it currently that is already provided in our legislation and regulations – we are just trying to do this in alignment with the legislation and regulations without inventing terminology which creates other issues and problems, as we've just been discussing.

ACTION ITEMS

None this month.

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

None.

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Phil Herrera would like a robust discussion about AI to come to a future Committee meeting.

MEETING ADJOURNMENT

Chair Newsom asked for a motion to adjourn the meeting.

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

Motion carried, 3 to 0.

Meeting adjourned at 2:12 p.m.



LEGAL UNIT MEMORANDUM

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

Date: October 22, 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). 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](#), which eventually led to a further discussion in [June 2026](#).

Given the research, public meetings, and input to date from staff, contractors, and stakeholders, the consensus is to proceed with realignment of the “Affiliates” contractor category to the already existing contractor category “Group of Employers” included in Subsections (1) and (2) of Section 4400(j) of ETP’s Regulations.

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 Affiliates 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 an Affiliate’s participation because SECs were not intended to train many employees from a group of employers.

Over time, questions arose about developing a specific Affiliates 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.

Pertinent ETP Regulations

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

Realignment of the “Affiliates” contractor category to the already existing contractor category “Group of Employers” included in Subsections (1) and (2) of Section 4400(j) of ETP’s Regulations does not require formal action. However, realignment does require various internal changes, operationally and in the system, which will take some time.

The purpose of this discussion today is to receive any final feedback, to provide notice that ETP is currently working on the above-described realignment, and to let this Policy Committee know that staff will bring back this discussion item prior to actual implementation.



Memorandum

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

Date: October 22, 2026

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

From: Nancy Tran, Research Analytics Division Manager

Subject: ETP Priority Industry Process and Recommendation

I. Brief Issue Statement:

The Panel is required under Unemployment Insurance Code §10200 and §10205(b) to identify key industries that support a strong labor market and to continuously monitor economic trends. ETP uses NAICS industry classifications to ensure consistent, data-driven decisions that reflect California's economic landscape.

Recent public comments and Panel member questions have focused on how Priority Industries/NAICS codes are determined. For additional details on background, please refer to ETP June 2026 Policy Meeting [June 2026 - Policy Committee Packet](#).

This memo reviews the current selection process and presents options for future reviews.

II. Priority Industry Data for Reference:

- Approximately 60% of the NAICS Codes are designated as Priority Industry
- ETP data shows Priority Industry Contracts vs. Non-Priority Industry Contracts have similar Contract Performance, with less than a 5% difference
- Top industries by demand: Manufacturing, Construction, and Professional, Scientific, and Technical Services

III. Priority Industry Review and Selection Process

The process ETP uses to obtain and review Priority Industry information from Labor Market Information Division (LMID) from Employment Development Department (EDD) is as follows:

- 1) ETP receives EDD LMID Industry Report and data
- 2) ETP analyzes the data from LMID
- 3) ETP Executives review the Industry findings and trends
- 4) Panel Member(s) review recommendations on the LMID Industry findings and trends
- 5) Final decisions are made at the Panel Meeting before the end of the Fiscal Year

IV. Options for Review Timeline:

#	REVIEW FREQUENCY*	PROS	CONS	Panel Review Timeframe
A	Every Year (Current Process)	Uses the most recent LMID data	Timeline for review is tight	< 1 month
B	Every 2 Years (Biennial)	Allows for more in-depth review	Data is less current	Approx 1 year
C	Every 3 Years (Strategic Plan Cycle)	Aligns with ETP's Strategic Plan cycle and allows for comprehensive review strategically	Deep reviews occur less frequently	Approx 3 years (with option to review annually on Strategic Plan Cycle)

**The 5 Year NAICS Update could disrupt this schedule (next update is 2027)*

Important Notes:

- NAICS codes are updated every 5 years. Major changes require a full review; minor changes keep current designations.
- Statute allows Priority Industry identification “annually or as needed.” ETP will continue monitoring and remain flexible for updates.
- ETP will prioritize high-wage, high-skill, and high-growth sectors based on labor market data and state initiatives.
- Priority Industry status does not limit who can apply, affect eligibility, or guarantee funding.
- Businesses in non-priority industries are still eligible for funding.
- Designation may apply only to specific segments within an industry, not the entire sector.

V. Recommendation

Staff recommends reviewing the options and adopting Option C (every 3 years) for the Priority Industry selection frequency. This allows the Panel to review Industry data and trends with the Strategic Plan, which states “UIC 10205 requires the panel to establish a three-year plan updated annually,” giving the Panel the option to update annually if needed.

This will be discussed and an action item at the next policy meeting.