



**ETP SUBCOMMITTEE  
ALTERNATIVE FUNDING SOURCES**

**September 24, 2009  
Sacramento Central Office  
1100 J Street  
4<sup>th</sup> Floor, Spruce Meeting Room  
Sacramento, CA 95814  
3:00 p.m.**

**I. ALTERNATIVE FUNDING SOURCES MEETING CALL TO ORDER**

Ms. Roberts, Subcommittee Chair, called the meeting to order at 3:10 p.m.

**II. ROLL CALL**

At the August 11 meeting, Acting Chair Barry Broad appointed a Subcommittee of three Panel Members, to consider and vote on projects that would be funded by federal stimulus funds.

Subcommittee Members Present

Janice Roberts  
Edward Rendon  
Janine Montoya

Executive Staff Present

Brian McMahon, Executive Director  
Maureen Reilly, General Counsel

Mr. McMahon asked everyone in attendance to introduce themselves, as a small group was present at the meeting.

**III. REVIEW AND ACTION: PROPOSED NEW PROGRAM GUIDELINES FOR FEDERAL FUNDING UNDER ARRA AND AB 118**

Ms. Roberts said today's meeting is informal and the purpose was to review alternative funding sources. She said there were three funding sources to be considered: 1) Clean Energy Workforce Development Program (partnership with California Energy Commission; 2) Alternative Fuel and Vehicle Technology Program; and 3) Nurse Upgrade in Rural Communities (partnership with Employment Development Department).

Ms. Roberts said for those that were in attendance at the August 11 meeting of the Panel, staff provided an overview of the guidelines in a fairly significant amount of detail. He said the guidelines have not changed much from that time. He said guidelines have been expanded and refined in a couple of areas, but essentially they are still the same guidelines presented at the August 11 meeting.

Mr. McMahon said there are three non Employment Training Tax sources of funds available to ETP during this fiscal year. It is our hope that they will all be encumbered this fiscal year and that they will be spent through the next year as well.

Mr. McMahon said there are two sources of funds through a partnership with the California Energy Commission. One is through the State Energy Program's ARRA Augmentation and the Energy Commission has dedicated approximately \$20 million for workforce projects with \$5 million allotted to ETP. Out of the \$5 million, ETP will recapture \$500,000 for administrative costs, so \$4.5 million will be available for projects. He said that funding stream has been approved now by both a Subcommittee of the Energy Commission itself, and at a full business meeting of the Commission. He said those funds and the expenditure of those funds and partnership with ETP are finalized from the Energy Commission. He said staff is working through the process of finalizing the Interagency Agreement and determining which ARRA provisions will carry over into our ETP agreements.

Mr. McMahon said in terms of scope of the Energy Commission and the Clean Energy Workforce Training Program, which are the funds from the State Energy program, funds will generally be targeted to green skills and staff will provide background in the write-up.

Ms. Roberts asked if Mr. McMahon could discuss the type of contractor staff is looking for in the different funding streams. She asked if for instance, the Clean Energy Program would consider an employer that actually designs, constructs, or installs equipment versus actually workers that are involved in a new energy conservation program. Mr. McMahon said staff will meet with the Energy Commission next week to further refine how funds are targeted and which types of projects are within the target zone for the funds.

Mr. McMahon referred to the paragraph at the bottom of page one of the Memo on the Clean Energy Program that discusses Project Targeting. He said this is specific language about training programs to advance workers' skills and energy efficiency, water efficiency, and renewable energy at the general level. He then referred to the sentence at the bottom of the paragraph that projects should contribute to a well-trained workforce to design, construct, install, retrofit, operate, service, and maintain needed energy infrastructure, systems, and applications. Target employers will be those principally engaged in the green sector. Employers with only ancillary or secondary sector involvement will not be the focus of these funds.

Mr. McMahon said staff will meet with the Energy Commission to further refine guidelines so that information is available to our analysts as they work with applicants, and they will have even more detailed information as to the type of projects that will qualify. At this point, the Energy Commission has not given us further information around narrowing it down. The purpose of meeting next week is to push them into working with us to be even more specific. He said

based on conversations thus far, the building and construction trades are a strong priority for their funding. He said a manufacturing company that is moving toward becoming a more energy efficient company that does not have core operations in the green sector, are not going to be in the target zone of these funds. He said a manufacturer of solar panels, for instance, that is at its core, a green company, will be closer to the types of projects that the Energy Commission is interested in funding.

Ms. Roberts had a question about the funding approval amount. She asked if a multiple-employer contract comes to the Panel as a \$750,000 project, and if all the projects under it must fall within this category, or if some could be energy related, or do they all have to be energy related for that amount. Mr. McMahon said that is a decision that is up to the Subcommittee. His sense is that the Energy Commission wants to fund training that is green-related and it would have to be a multiple-employer contract. He recommended to the Subcommittee, that the multiple-employer contract be focused exclusively on green training, since that is the overall objective of the Energy Commission.

Maureen Reilly, General Counsel, said when these guidelines were being developed, she recalls discussing the possibility of infusing ARRA funds into an existing contract or melding. She said perhaps one job number would be funded with Employment Training Fund monies and another with ARRA, and the consensus was to not do that if at all possible, because the program is going to be difficult enough for staff to adjust to having two programs, two separate contracts, let alone one contract and two separate programs. She said for the sake of administrative feasibility, staff believed it was best to proceed with a fresh contract for this particular funding source. Mr. McMahon said also, with a fresh term, and there would be different ARRA-based provisions in these agreements that would not be the case for the standard contract. Ms. Reilly said in particular with ARRA, there will be more reporting requirements that the Federal Government is imposing, so those contracts will have addendums that attach to any Federal funding. She said in WIA monies, there are addendums for reporting requirements and we are hoping to keep the contracts as clean as possible.

Ms. Roberts asked, in a multiple-employer contract if the Panel has not seen all the different projects, or anticipated projects that a multiple-employer would have, we do not need to be concerned about that? She said in the past the Panel was used to this being included in the proposals. Mr. McMahon said we can include a provision in the multiple-employer contract that would limit participating employers to only those that are green-types of entities and training related to building green skills.

Ms. Montoya said she would assume that if we were giving companies funds for green skills training, that all the people they are training are green. Ms. Reilly said the curriculum would be part of the contract, just like exhibit b curriculum is part of the contract now.

Mr. McMahon said in terms of post-retention wages, we would not have SET wages in this program, so all minimum wage requirements would be proposed via the standard ETP minimum retraining wage.

Mr. McMahon said in terms of Panel review, staff would develop a report to the Panel and the 130 format which would be very much like our current process. He said staff would designate the funding source so that there would be no confusion for Panel members as to which program and which source of funds they are reviewing.

Mr. McMahon asked Ms. Reilly to comment on expectations in terms of the ETP contract with individual contractors. Ms. Reilly said we are currently in negotiations with the Energy Commission on what requirements they want to see in our contracts based on the Federal reporting requirements. She said that in many Federal contracts they want to see, listed under wages, prevailing wage language which really only applies to Public Works contracts. She said the Energy Commission is used to seeing that language included in what they would call the sub-recipient contracts and what we would call our ETP agreements. She said staff is trying to clarify to the Energy Commission that there are some differences. She said it is her hope that ARRA-funded agreements will be as close to our regular ETP agreement model as possible. She said there will be additional reporting requirements and there may be "boiler plates" that they insist that we include in the contracts, such as the prevailing wage language. In every instance when we have to include this language, it would be to the extent it applies to this funding. She said we are planning to use our model and they will be non-competitively bid just like our existing ETP agreements. She said they will be contracts not grants, and they will look similar to our existing agreements but there will be additional provisions either in the representations at the beginning, or in the recordkeeping and reporting standards that are towards the end of the contract, as we have to do for Federal funding.

Ms. Roberts asked about disencumbered funds and if a company does not earn all of their funds, if the funds would return to ETP. Mr. McMahon said it is a detail yet to be resolved, but it is his understanding that the funds would be returned to the Energy Commission. Ms. Reilly said there is a Federal Trust Fund set up in the State Treasury for these monies to be originally deposited into. She said there is an issue about interest earnings and where that is going, and it is a Department of Finance issue, so ETP adheres to what they tell us. Ms. Roberts said upon review of the projects then, the Panel needs to ensure they are going to fund companies who are going to use the full funds because we do not want to fund a company that will not use all the funds, when un-used funds would not be returned to ETP. Mr. McMahon said that is one of the reasons why staff is proposing some flexibility in this program to spur earning under this agreement and since it is a one-time source of funding, we will encumber them at 100%. Ms. Reilly said by encumbering at 100%, we are expecting that if there is only 70% performance that 30% would come back to ETP within the time period of when it could return to our account, rather than it having to go back to the Federal Trust Fund. She said it is a draw-down reimbursable account that we will be using. Mr. McMahon said there is new information around ARRA expenditures in terms of the periods, so it may be that the term of these agreements may be 18 instead of 24 months, to comply with the total encumbrance and expenditure requirements under ARRA. Ms. Reilly said that is an issue that we are expecting to monitor a little more closely and to make sure that we can put that money back out for the ARRA funding while we are still in control of our own reimbursable account. Mr. McMahon said in general, all state agencies that have been primary recipients of ARRA funds and then agencies that are functioning in a sub-grantee role as we are, is new territory. He said the OMB has been slow in getting contract language out to the various levels of grantees, so it is still not a finished product

in terms of the contracts, provisions, and language. Ms. Reilly send vendors who are used to getting WIA funds will have a much better feeling for this because they will have seen this type of Federal boiler plate language in their grants and in their contracts.

Mr. McMahon said an item that sparked discussion at the August 11 meeting is with turnover rate. He said the Energy Commission's goals with the funds are to have a significant impact to work with those companies that are emerging, and to work with companies that are growing in a green environment. He said staff is proposing to the Panel that applicants identify their turnover rate from the past twelve months, and staff is gathering that information. If the turnover rate is greater than 20 percent, they still would provide a written justification to the Panel; however, as we discussed at the last meeting we are not sure whether a penalty is an appropriate action for the Panel relative to these types of projects. He said he discussed this matter with Chairman Broad and he seems to be more flexibly inclined around this issue as well. Ms. Roberts asked if there will be a turnover cap and said if half of a company's business falls off; would the Panel continue to fund the company even if their turnover rate is greater than 25 percent? Mr. McMahon said staff would review the turnover rate prior to companies coming to the Panel to apply for funds, so if they had a 50 percent turnover rate, then it would be a process similar to what we follow now, where they are providing a justification to the Panel that this is an anomaly, and they do not expect it to continue. He said our current rates are moving downward, so the Panel would have the discretion to accept or reject that argument.

Ms. Montoya asked if the Panel has applied performance standards in the past. She said the Panel wants to see improvement and a better number when they report back to the Panel. Mr. McMahon said what has been done in the past, is to apply a trigger rate. He said for instance if we say that instead of 20 percent, if you do not reduce your turnover rate to this trigger figure which might be 25 or 30 percent, if you do not fall under that range, then you forfeit the last 25 percent of the funds earned per trainee. We are not suggesting that the penalty like that be imposed for these funds for the overall goal of really being somewhat flexible and aggressive around promoting green job growth. Ms. Reilly said and also ARRA recovery during recession. During the recession, turnover is more volatile and it seemed like it wasn't in keeping with the goals of ARRA to penalize a company that is trying to recover that is, so the deal is we would still bring the turnover rate information to the Panel and it certainly would be part of our due diligence in recommending funding and we would track it for reporting purposes but we would not apply the penalty as a contract provision. Mr. McMahon said if a company had down-sized 90 percent over the last three years that might be the type of project that the Panel would not wish to fund.

Mr. McMahon said around the training hours cap, staff is proposing more flexibility with justification on a well-documented basis; and staff would be willing to move up to approximately 300 hours.

Mr. McMahon said the area where staff is being the most aggressive is around the issue of placement and retention. He said staff is trying to be sensitive to the goals of the Energy Commission around funding projects in the building and construction trades. He said we are also sensitive to the fact that those trades seem to be experiencing more and more difficulty, relative to placing journey- level workers in jobs and they are having difficulty in existing ETP

agreements and meeting the 500 hours over the 272-day requirement. We believe that by creating a standard of 200 hours over a 365-day period, that more of these journey-level workers would be able to reach that level of work.

Mr. McMahon said there were some representatives from the building and construction trades present at today's meeting and asked if they had any comments they wished to provide to the Subcommittee.

Tim Rainey said construction has fallen off in California more than any other sector and the Building Trades Councils, the Joint Apprenticeship Training Councils, reported to them that unemployment in California is at 12.2 percent now, which is extraordinarily high, but the building trades are reporting that they are between 30 and 50 percent unemployment. He said what is critical though, is that although people are out of work, when they are trained in green skills and the green economy comes back, the investment in training is extraordinarily valuable and it is a great time to train. Unlike other sectors of the economy, they do not go off and use unemployment to get jobs in other sectors, they stay building trade workers. He said it is a very important investment in these workers but the retention that ETP traditionally had, was nearly impossible to get in this economy so actually getting reimbursed for this important training was impossible, so this more flexible approach is going to help immensely.

Ms. Roberts asked, if they stay within the trade they would get paid and if they leave the trade and go to work somewhere else, are we still expected to continue payment or reimbursement of those funds? Mr. McMahon said relative to this program, the goal is to give workers the skills to return to their building construction trades related jobs and participate in the green economy.

Ms. Roberts asked, what if after three months they decide they do not want to be in the construction business anymore, are we responsible for that reimbursement of that person? Mr. McMahon said his recommendation is that we not be. Ms. Roberts said I just wanted to know how long we can stream it out, I mean one year or ten months, if they are still in the trade I would say great, fine but if they are off doing something else, how do we track that? Ms. Reilly said they would still have to hit retention at least under the portfolio model – 70 percent would have to hit the 200 hours within the time frame, so if they worked at another company for the Christmas season and then got back into the trade, somehow those 200 hours would have to accrue. She said since people want jobs, if they cannot work in the trades working on a building, they could pick up some work during a slow time, but they would have to put in the 200 hours somehow. Mr. McMahon said the 200 hours that accrue, should be in the construction trades. Ms. Reilly said correct, they have to log in those hours to meet retention in the building trades. Ms. Montoya said we are giving them 365 days to do that. Ms. Reilly said correct, because of the recession. Ms. Montoya said her company would not keep any employees if she gave them only 200 hours a year. Ms. Reilly said, I believe some of them work on an independent basis even though they go to union halls to get placed in work that is within their trade or their apprenticed craft, but they are not on salary like you might be if you worked for; some of them are on salary. Ms. Montoya said they do not work for just one employer; they are union workers and therefore could be assigned to different jobs. Ms. Reilly said that yes, that is correct.

Steve Duscha asked if a journey-level worker is unemployed at the start of ETP training, if that person is considered a new-hire who would then be subject the 70 percent rule. Mr. McMahon said we are initially envisioning this retention structure around a joint apprenticeship type of project structure where they might be unemployed but would be likely to move into employment, would have that relationship with the union, and would have that relationship with the trades. Mr. McMahon said it would depend on the characteristics of the individual project as well. If these are non-union construction workers that have been unemployed for a significant period of time and want to move into training, they have been on Unemployment Insurance benefits, they fit the ETP requirements for a new-hire worker, then we would probably characterize them as that. Ms. Reilly said I believe when we crafted this model, it was meant to follow the ETP core program where in the statute; new-hire is defined as unemployed at the start of training. Even under the current program if you are unemployed at the start of training, you may get a job during the course of training but you still come in as a new-hire and in the building trades, we recognize that people go in-and-out of jobs basically. We had not envisioned changing the unemployed at the start of training requirement for the new-hire rate. We are trying to default to the core program as much as possible to avoid confusion and our monitoring procedures and our tracking mechanisms.

Mr. Duscha said I am reading this, as saying that if I am the Plumbers Apprenticeship Committee, and I am training journeymen who happen to be unemployed at the start of training, that I could keep 70 percent of the money if they do not work at all. Mr. Duscha asked, is what you are intending to do? Mr. McMahon said perhaps we would look to some additional input from our JATC partners in terms of the percentage of participants in those projects who might be unemployed at the point they enter the project. He asked Mr. Rainey for his input. Mr. Rainey said currently, they are all unemployed when they will enter the project but he does not know traditionally, what percentage of the workers because they never track it - when they start a new project who is not working at that moment and who is. He said it is an excellent question and they could go back and gather more data. Ms. Reilly said I believe you know more about the model, the 70 percent portfolio model is again, based on a WIA concept for Federal funding when you are reaching out to dislocated workers. She said in that sense, the new-hire definition was meant to be unemployed workers. Mr. McMahon said long-term unemployed, recently dislocated workers, workers with barriers that have not participated in the workforce, special populations like veterans who happen to be unemployed training through multiple-employer contract structure where the possibility of job placement is uncertain and where the MEC contractor is incurring a fairly significant level of risk in training these individuals. He said those were the types of projects we were going to propose to the Subcommittee that when a training curriculum had been completed, that 70 percent of the amount of funds identified per individual trainee, would be earned by the contractor if there was some type of validation that a curriculum of substance had been delivered, an industry skill standard, some type of certificate, degree or formal recognition. Ms. Roberts said, so the trainees could be portable. Mr. McMahon said yes, if that is the case, we are proposing that 70 percent be earned and then if formal placement occurs, than the following 30 percent would be earned by the contractor. The variation of a JATC structure that is actively working with building and construction trades' workers that are in-and-out of jobs is a variation on that model. Ms. Roberts cautioned that if you get habitually unemployed people who are just sitting in a training session for 40 or 50 hours, that have no intention of ever getting a job that would be questionable to pay them 70 percent if they know

that they are not ever going to get a job. She said they are just coming in to sit and get paid for the training. She said that is the only thing she was concerned about, but if you are training people with portable skills... Mr. McMahan said yes, a validated portable skill. Ms. Roberts said, then I would say that would be great. Mr. McMahan said, and with this source of funds we do have that flexibility and the Energy Commission has signed off on that concept as well. He said he believed staff needs to do some further work internally that does not need to slow these down, but what would be the situation where we would have a relaxed retention period versus the new-hire model.

Ms. Reilly said yes, again, right now we are using that model, new-hire means unemployed at the start of training. She said the Energy Commission did not insist on a particular type of retention. She said they do want to be able to show results of course but unlike the core program, there is no statutory requirement for the Federal funds to be disbursed for workforce development that there also be retention. Basic requirements that training be delivered, they want some outcomes to report of course, so it is a partnership with the Energy Commission. She said we are trying to get the money out into the workforce and yet have some accountability. Mr. McMahan said it is conceivable that we could have a new-hire project with building and construction trades workers that would then roll into the retention period identified; 200 hours over a 365-day period. Ms. Reilly said all of that would need to occur within the term of the agreement. Ms. Roberts said, so not over and beyond that? So if we have a 24-month agreement, would it be 24 months plus the one year? Ms. Reilly said no, it would have to be within the term of the agreement and if we have an 18-month agreement – she said they will be putting people through training at varying stages of their own agreement just like they do now, so they may have classes starting up right away, and then another session might start three months down the road. She said they still must stay within the term of the agreement to complete retention.

Mr. McMahan said if the Subcommittee is willing to accept that model, then staff will do further work internally to determine which types of projects, in which category. Ms. Reilly said you will continue to see each proposal with the 130 type analysis of why that particular retention is being recommended. Ms. Roberts said upon reading it, she thought it was over-and-beyond the regular agreement timeframe. Mr. McMahan said, no. Ms. Roberts said right now we have 21 months and three months, and now it would be 10 months or one year. Mr. McMahan said we still need to finalize the term of the agreement. He said it is conceivable that we may have an 18-month contract term on these agreements as opposed to a 24-month term. Ms. Reilly said these are guidelines, so we are going to be hand-working each one of these carefully. Mr. McMahan said staff will learn more about how we want to approach this, as we proceed through the program. As we make refinements, we will make the Panel aware of those.

Mr. Duscha said, may I just comment on the project targeting? I understand that you may not have any flexibility here, but I think it is important to at least just state it. In the building trades, the targeting has incorrectly been stated as green skills where people are already working in the building trades. This will have helped existing workers to perform green-types of work as well as their regular work. However, the targeting does not allow the same type of melding of green and regular work in any other industry, I understand. Again, what was stated is that this was the Energy Commission's interest and we just ask that you push back as much as you could on that

because it strikes me that most of the green activities that take place in the economy will be within other industries, not within the green industry. They will take place within existing manufacturing plants that become more efficient and more cognizant of reducing waste of energy. The greatest energy savings, at least in the short term, will come from conservation rather than from alternative sources of energy so to exclude that manufacturing plant that is trying to become greener because it does not manufacture windmills or photovoltaic's is unfortunate. If you have to do it you have to do it, but I think it makes your job harder by constraining the possibilities for coming to the Panel. If that is required, then it is required, but it is inconsistent.

Mr. McMahon said what the Energy Commission is really trying to focus on in discussions we have had thus far, is around the notion of building very portable green skills in differing occupations and in different areas of the green economy. A manufacturer that is moving toward a more efficient handling of waste materials or water usage, you may have a handful of jobs within that manufacturing setting whose duties are largely operating those green functions, but it is not really headed in the direction that the Energy Commission has expressed as a goal for the funds. He said we would certainly be happy to continue that discussion and that is the purpose of the meeting next week, but I am not optimistic, based on the conversations we have had so far, that is their goal for these funds nor is it the stated goal for the source of funds coming from ARRA and the State Energy program in general. Ms. Reilly said right, because they are getting their money from the Federal Department of Energy, which just happens to be boosted by the ARRA infusion, but they are still responsible to DOE.

Ms. Roberts said it would be helpful if the Energy Commission could give the Subcommittee an example of businesses that they are targeting and the training that goes into each business. Mr. McMahon said the reality is that we are leading them, pushing them, to make decisions and refinements around targeting where they have not exactly landed from a decision standpoint. So the goal next week is to help lead them in that direction and try and extract from them what they believe are the types of occupations, and the types of employers that they are going to be comfortable with. He said we are required to go through a process, as we identify projects that we want to fund with this program that we are going to discuss with Energy Commission staff and the program manager as well, so that they can have direct impact relative to these projects. He said the language that we have in that targeting paragraph is language that they developed along with staff for the Interagency Agreement, but it is recognized that our development analysts need more detail. Individuals working with employers need to have a clearer sense of whether they are going to fit into this program. He said we will add additional refinement to our website on the guidelines so that all parties touching aspects of this program are going to have greater detail and it will be added as soon as possible.

Mr. McMahon referred to the Eligible Employer paragraph listed on the last page of the memo. He said it will not be a requirement that the employer pay the Employment Training Tax, which opens eligibility up for a range of non-profit employers. Ms. Reilly said, and no requirement for out-of-state competition should be included in that same paragraph. Ms. Reilly said it should be included as follows: no exclusion for non-profit employers and no requirement for out-of-state competition. Ms. Roberts said eligibility was similar to SET proposals. Ms. Reilly said, so you do not have to get into SET; there is no SET concept here.

Mr. McMahon said there will be the same wage for all projects. Ms. Roberts asked if there is a wage definition in the memo. Mr. McMahon said the wage requirement would be the standard ETP minimum wage in ETP's core program. Ms. Reilly said the post-retention wage is listed on page two. Mr. McMahon said, and then we would not get into issues of incidental placement; placement could occur with any employer.

Mr. McMahon said staff is proposing that on-the-job training be a valid training mode in this program. He said we are not suggesting that our analysts or monitors would go out and try to distinguish on-the-job training versus class or lab, but that it all is considered a single-training methodology. Ms. Reilly said it would still require proof of training hours delivered. Mr. McMahon said it would not be as flexible as OST; this would follow more of the mode such as medical skills training where there is active engagement with a trainer in real-time with the trainees. He said on the bottom of the page of the memo, it lists those areas where we would adhere to standard core program requirements.

Mr. McMahon said the second program we have with the Energy Commission are not ARRA funds, but funds generated through AB 118, passed in legislative session 2007. He said this program is not as far along as we would have hoped, in terms of internal approval process at the Energy Commission. It must still be reviewed by a Subcommittee of the Energy Commission and then to a full business meeting of the Commission. He said it is on the Agenda for discussion today by the Subcommittee, essentially because it is anticipated that shortly those events will occur. There is 100 percent consistency between the program guidelines and this program, versus the program that we just went through the overall Energy project; the only difference would be the targeted projects.

Mr. McMahon said there is a body of statute in terms of the goals for AB 118 and staff has taken those goals from the statute. The Energy Commission has given staff a draft Interagency Agreement that starts to narrow these types of projects. We have the project targeting bullets, but again, we need to have a final session with the Energy Commission; therefore, I am not suggesting that we propose these for adoption by the full Panel tomorrow, and they will likely be on the Agenda at the October Panel meeting. Ms. Reilly said staff will make the same clarification about no requirement for out-of-state competition on page three of the memo. Mr. McMahon said yes, that is correct. Ms. Reilly said there may be some other minor adjustments after the Energy Commission Subcommittee meets.

Ms. Roberts asked about a manufacturing company who is greening-up their vehicles, buying new hybrids, getting more fuel efficient vehicles, diesel refits, and how that would fit into the AB 118 funding program. Mr. McMahon said when staff meets with the Energy Commission; we will push for as much flexibility as we can, otherwise these funds will be so narrow in definition that it could be difficult for staff to find appropriate projects. He said this is through a different side of the house at the Energy Commission, and they may be willing to be more flexible around these jobs. He said we will see how much flexibility we can get them to interpret from the goals and statute of the program. Ms. Roberts said it almost appears as the funding is only for transportation companies. Mr. McMahon said the last outcome we want at the program level, is to be so narrow in scope that we do not utilize all of the funds. Ms. Roberts asked if they could

work with the local air quality boards since they have programs with diesel refits with many companies and perhaps there is some training that needs to be given to mechanics on new technology that goes into the trucks. Mr. McMahon said staff will follow up her request.

Mr. McMahon said the last set of guidelines is for funding that comes to the ETP from the Labor & Workforce Development Agency and the Employment Development Department. With the passage of ARRA, there was a one-time significant increase in the 15% discretionary funds available to the State and these funds come from that one-time increase in WIA discretionary funds. The purpose of the program was to really reach a sector that ETP, through the standard program, had been unable to reach and that is the non-profit healthcare organization. He said those types of non-profits have not typically paid the Unemployment Insurance contribution under the section in the Government Code that allows ETP eligibility. Over the years, staff has seen some significant demand from that sector, so these funds were carved out specifically to address an un-met need in nursing skills training. The program will follow the existing nursing skills training model from a structural standpoint, with very few exceptions.

Mr. McMahon said since there is only \$3 million available, and because we believe there will be fairly strong demand, staff is proposing a \$500,000 cap per employer. He said an employer could bring one or more projects to the Panel, but they would be capped at \$500,000 in total, for those projects. The training hours would be the same approach, slightly more flexible that we propose for the Energy Commission program.

Mr. McMahon said with employer eligibility, we are limited to the non-profit healthcare organization. Trainee eligibility would be only those trainees currently in LVN or RN occupations. Ms. Roberts asked if CNAs would be eligible. Mr. McMahon said no, they would not. He said staff will allow 24 hours of employment to meet the full-time employment requirement. He said the wages would not be SET wages, but would be at the standard ETP minimum retrainee wage, but most nursing occupations will be higher than that. The approval process will be similar to what staff proposes for the Energy Commission programs where staff will bring the standard 130 proposal write-up to the Panel and staff will identify that it is under these program guidelines.

Question from audience member, unidentified - asked if productive lab is included. Mr. McMahon said staff is proposing that productive lab training be under the existing medical skills training, which allows preceptor-based training which is essentially the same. Question from audience member, unidentified - With regards to the process of qualifying a company in the application process, are you anticipating funding at the December Panel and is the deadline going to be October 23 for filing as with standard applications? Mr. McMahon said staff suspects that we will probably end up with one funding round, so what is going to occur after the Panel meeting tomorrow, is that there will be application guidelines posted on our website, programmatic guidelines, and the Panel will be taking action relative to the general application process to essentially limit that, but there will be links to these programs. He said individuals will enter the portal, be connected to our Economic Development Unit staff, and they will begin the process of working the structure of these proposals. He said there will likely be a November 1 deadline for pre-application submission.

Ms. Reilly said staff could not reasonably adhere to the deadline for the core program when we are just getting the guidelines out, but these will be developed much along the lines of critical proposals. She said with a lot of hands-on work by staff and the process described, there will be a special password to enter into the online pre-application system, and that individuals will go through that process and we are hoping to bring a few to the December meeting. She said it is not like December is the only month, but realizing we would not have another Panel meeting until February. Mr. McMahan said due to the limited amount of funding, it is possible we will have sufficient demand at that meeting to deplete the funds. He said if we have more demand than available funding, then we will have to push that cap down and allocate the funds in an equitable way. Question from audience member, unidentified - So if you are not in the queue yet, you still should be, because the regulations are being drafted, correct? Mr. McMahan said it is almost like a quasi RFP, where we will try to have a cut-off date and that will lead to the December meeting. If there are funds left over, then we will open it up again for additional proposals. Ms. Reilly said, and probably the more rural your client is, the better, since the goal is to reach rural areas and non-profits. She said that is mainly because that is what we are going to need to do, in order to reach rural areas for nurse upgrade training in rural areas; we cannot exclude non-profits.

Mr. McMahan said staff has had questions about county, city-owned or university owned hospitals. He said since there is limited funding available, staff is trying to keep this targeted to the non-profit healthcare organization. Ms. Reilly said there are some edits – she said because these are nurses, it is not new-hires and it is incumbent. She said trainees must have a nursing degree whether it is LVN or RN. She referred to page one of the Non-Profit Nursing Skills Training Program Guidelines Memo on page one, the fifth line down, and said to strike new nurse training. She said on page two under Trainee Wages, t strike the phrase, and new-hire, and to also strike all of, new-hire placement, at the bottom of page two.

Mr. Duscha asked if staff is including, in the incumbent worker definition, a newly-hired nurse. Mr. McMahan said yes, that is correct. Ms. Reilly said correct, newly-hired yes; but not new-hire, as unemployed. Mr. McMahan said it is expected there will be new nurse orientation included within the curriculum in these projects. Ms. Reilly said yes, but you will be on payroll with your employer, you will be hired. She said under Employer Eligibility at the top of page two of the Memo; to add the sentence, there is no requirement for out-of-state competition.

Mr. McMahan said staff will make these changes this afternoon and they will be included in the version of handouts that go to the Panel at tomorrow's meeting.

Mr. McMahan said staff would like to propose to the Subcommittee, that the Subcommittee approve two of the guidelines for the Green Workforce Training Program and the Nursing Program, and will then ask the Panel for a motion tomorrow, to adopt the recommendation of the Subcommittee to approve these two guidelines. Ms. Reilly said they will be posted through What's New on the ETP home page and also be available by hyperlink, from our registration orientation and pre-application portals will direct individuals to these guidelines.

Mr. McMahan said, as the AB 118 guidelines shift based on further discussions with the Energy Commission, staff will provide them to the Subcommittee members to make them aware of

changes that have occurred. He said it would be good to avoid another meeting the with Energy Commission if possible, but if necessary, staff would meet with them again.

#### **IV. PUBLIC COMMENTS**

Ms. Roberts asked if there were any public comments before the voting action. Phil Herrera, representing Herrera and Company, commended Mr. McMahon, the Panel, and staff for thinking outside-of-the-box, in bringing other funding sources to ETP – he said this is where we need to be in our history. Mr. McMahon said he received clearance from the Labor & Workforce Development Agency to mention the fact that it is likely they would want to allocate an additional amount of funds to ETP for a more narrowly-focused type of project. He said these funds would be centered on MEC training of dislocated workers, so those could be additional funds and another special pot of money. Ms. Reilly said they would be additional ARRA funds. Ms. Roberts asked if funding would be available for dislocated workers from a specific industry. Mr. McMahon said no, more broadly.

Ms. Roberts asked for a motion to approve the two Alternative Funding Sources to the full Panel at tomorrow's meeting.

**ACTION:** Mr. Rendon moved and Ms. Montoya seconded the approval of the two Alternative Funding Sources for the Clean Energy Workforce Training Program and the Non-Profit Nursing Skills Training Program Guidelines, to present to the full Panel at tomorrow's Panel meeting.

Motion carried, 3 – 0.

#### **V. MEETING ADJOURNMENT**

The meeting was adjourned at 4:09 p.m.