I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Barry Broad called the meeting to order at 9:35 a.m.

II. ROLL CALL

Present
Gloria Bell
Barry Broad (departed at 11:45 a.m.)
Will Koch
Gretchen Newsom
Janice Roberts
Jefferson Robinette

Absent
Edward Rendon
Sam Rodriguez

Executive Staff Present
Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

ACTION: Ms. Roberts moved and Ms. Newsom seconded the motion that the Panel approve the Agenda.

Motion carried, 6 - 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the August 25, 2017 meeting.

Motion carried, 6 - 0.
V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said welcome and good morning Panel members, applicants, and stakeholders. Following the last Panel Meeting in August, we have a smaller Panel Meeting today, totaling approximately $9.8M with another $168K in Delegation Orders for a total just over $9.9M.

Today we have a mix of Single Employer and Multiple Employer Projects. Diana Torres, San Diego Regional Office Manager, and Mark Mazzone, Sacramento Regional Office Manager, are here today to present the Proposals.

Regarding the Budget for Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), we are in partnership with the California Energy Commission with $2M approved through an Interagency Agreement. We have had four proposals in the last few months for over $900,000, one that was approved over $620,000 already leaving approximately $500,000 remaining for this year.

In regard to Core Funds for FY 2017/18, today the Panel will consider and additional $9M in projects and another $168K approved by Delegation Order. Should the Panel approve all the projects today, ETP will have approximately $50M the remainder of the Fiscal Year (FY) 2017/18.

Under Delegation Order, all project proposals are capped at $50,000 to be approved by the Executive Director on a continuous flow basis, which as of today, 5 projects were approved totaling just under $168K.

For FY 2017/18 program funding to date, we have approximately 345 projects submitted, with a value of just over $100M. The Panel has already approved just under $45M with 180 projects to date, if all proposals are funded today.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at $29M; $24M in allocation. Multiple Employer Contract (MEC): Regional Offices/AAU: requests are at $6.5M; $12M in allocations. Small Businesses have $4.5M in demand; $4.1M in allocations. Critical Proposals are at $525K in demand; $4.2M in allocations. Apprenticeship programs are at $3.9M in demand; $3.7M in allocations. Overall demand is approximately $50M.

The number of total projects in FY 2016/17 in the Regional Offices are 265; total number of projects in the Applications and Assessment Unit is 80; overall total of 345.

Again, Staff is working hard to get the projects assigned out to the Regional Offices. About 80% have been assigned to the Regional Offices to date.
Legislative Update

In terms of legislative updates, we have provided copies of a memorandum for the Panel members. There is a lot of information on Workforce Development and Cannabis as well.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Chairman Barry Broad asked for a motion to adopt Consent Calendar Items #1 through #15.

AAA Plating & Inspection, Inc. ................................................................. $104,100
Asian Neighborhood Design, Inc. .......................................................... $195,714
Bay Ship & Yacht Co. ........................................................................... $ 94,548
Diversified Communications Services, Inc. .......................................... $ 83,200
Driscoll’s, Inc. ....................................................................................... $244,800
Dynamic Signal, Inc. ........................................................................... $238,576
Integrated Media Technologies, Inc. ................................................... $ 63,960
Jackson Family Wines, Inc ................................................................... $241,488
J M Construction & Engineering, Inc .................................................. $ 53,040
Kruger Foods, Inc. ............................................................................... $108,000
Lakeshore Equipment Company .......................................................... $142,740
Pactiv, LLC. ......................................................................................... $ 69,336
PB Loader Corporation ....................................................................... $ 71,760
Stapleton=Spence Packing Co. ............................................................. $ 50,700
Vander-Bend Manufacturing, LLC. ...................................................... $200,952

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

Motion carried, 6 – 0.

VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director in the event of loss of quorum to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

ACTION: Ms. Roberts moved and Ms. Newsom seconded the approval to delegate authority to the Executive Director in event of a loss of quorum.

Motion carried, 6 – 0.

Mr. Knox said, we do have a presentation on two items that we will look to for guidance on to bring back for a confirmation but wanted to update one more time.
Also of note, the Panel Packet, as you may have noticed, has about four different versions; three from the new system and one from the Legacy system. Based on this last year (almost a full year), and many different issues that have come from the system, we are working with the vendor and our staff to see if there is a better way to do this. For example, looking at this year as the sand box. Effective immediately we are pulling it off line to see what needs to be fixed, improved, and completely done away with currently within the ETMS system. We are seeking an improved solution for data management and looking at our lessons learned in the last year with ETMS. We have already started to look at new versions of a system going forward. This contract technically ends in June 2018 and it is good business to look ahead for improved technology. This is for your information only at this time and we will report back what we decide to do.

Mr. Broad said, based on the new system, I would like to keep the granular job information about qualifications by county and wage. Currently, we know they will get paid after “x” and “y” and it is very helpful to know this. Further, it helps when they are requesting a modification because we are able to see why the modification is being requested.

VIII. PRESENTATION ON SUBSTANTIAL CONTRIBUTION / RATE SETTING

Presented by Lis Testa, Planning and Research Unit

Substantial Contribution – Recommendation

- Since the Legislation allows but does not require ETP to apply the Substantial Contribution:
  - Stop applying Substantial Contribution
  - Panel can still impose Substantial Contribution if deemed necessary

- Enact a Repeat Contractor Rule
  - Raise cap for MECs to $2 Million and cap for Single Employers to $950,000
  - Contractors may return for an additional contract when:
    - A minimum of 18 months have passed since the start of their contract term; and,
    - They have reached 75% completion on their current contract
  - The Panel may impose an additional reduction to funding on a case-by-case basis
  - MECs will be limited to $500,000 for first-time projects

Discussion:

Ms. Roberts said, I thought we were looking at after the term of their contract, possibly 18 months.

Ms. Testa said, if the contract is two years, instead of letting them just re-apply automatically, we want them to wait 18 months into their existing contract and have 75% of their contract finished before they reapply. We are giving them a higher cap and this allows them the time to use the money, log all the training hours, and do the invoicing.
Ms. Roberts said, so how is this different from what we have in place now?

Ms. Testa said, this would limit them for 18 months. It would extend the time they have to work on their current contract.

Mr. Knox said, many times they are reapplying after 6 months. It takes about 4 to 6 months to get through the application process. What’s happening is that they get half way through the year and reapply.

Ms. Testa said, but they might only be 1/3 of the way through their current contract.

Mr. Broad asked, what would it be for Single Employers? It seems that we are still left with the affiliation relationship problem. We need to make sure this issue is addressed.

Ms. Testa said, the original Substantial Contribution in the legislation says that it has to be applied on a per facility basis. This is where that per location requirement comes from, and the one thing that makes it complicated to figure out for staff and the companies. By doing the Repeat Contractor Rule it gets rid of the per location requirement. As far as the affiliates go, we have limited the number of affiliates that a Single Employer can have, with the exception of healthcare. When they are a Single Employer with an affiliate the main employer is the contract holder, the affiliates are not actually the contract holders so they are not responsible for logging their training hours.

Mr. Knox said, to your point Chairman Broad, the issue is if they have separate CEAN numbers, which many companies do by location, then technically they can all apply separately.

Mr. Broad said, here is what I view as a potential problem with this. Single Employer and Multiple Employer contracts are different because the employers change, at least theoretically. The whole point of Substantial Contribution is that it gets so expensive that eventually they decide not to come back and fund it themselves. It’s one thing for us to be in a place where we are permanently funding apprenticeship programs, which we are close to doing with MEC’s, but it is not appropriate with Single Employer contracts. This is a training grant program. We could be training the same people on the same things, doing similar things and while we can add Substantial Contribution, we won’t have any policy in existence for figuring out why we are doing it. We will be doing it based on some emotional response, which, as a Panel Member, I don’t feel comfortable with. It’s disincentive to doing that. What it feels like is that your punishing one company based on a subjective standard.

Ms. Roberts said, before, we would never impose Substantial Contribution if it was like a Critical Proposal is that still the criteria?

Ms. Testa said, I would think it would still be the same especially Critical Proposal because they are coming from the office of economic….

Ms. Roberts said, is it 18 months they fall under the same guidelines or all of sudden we say it’s a Critical Proposal.
Ms. Testa said, in their pilot and guidelines for Critical Proposals it says that they are not eligible for Substantial Contribution. I would say, this would stay the same.

Ms. Roberts said, if it’s like on the Delegation Order and they are under $50,000 are they following under the same guidelines?

Ms. Testa said, we have not actually discussed the contract limit with this, but it would be possible to apply. For example, if it’s at least $250K, then the Repeat Contractor Rule would apply, or whatever limit you think would be appropriate.

Ms. Roberts said, the reason we put the Substantial Contribution in, is that they are large amounts of money for the same employer coming back over and over again. With the small businesses, we are penalizing them. I just don’t know what the right answer is.

Ms. Testa said, this is why we would put a Repeat Contract Rule for everyone then it’s kind of fair across the board. They are small projects and especially for small businesses if they are trying to grow.

Mr. Broad said, maybe 18 months is just too short. What that rule is saying is that there is never any gap in funding. You can have constant money from ETP for all the time for the rest of time. Maybe it should be 3 years for a Single Employer. Or three years for a Single Employer if the contract is over $100K.

Mr. Knox said, we could apply it to the MEC and then take a look at the Single Employer because, your right, the discrepancies between the two is important. The current role is the cap plus once a year. Right now they are coming back every year and that’s a staff capacity issue, in addition to them burning away $750K or $950K on a yearly basis.

Ms. Torres said, you bring up an excellent point. One of the things we can look at is everything is based on the employer, the actual employer, the pay-rolled employer. We can look at limitations, time, or money, based on the actual California Employer Account Number. That’s what everything gets charged to and every employee is connected to. We can find out who is connected with the employer.

Mr. Broad said, we are supposed to be creating high wage jobs not low wage jobs. We’re not supposed to be a permanent funding source for Single Employers. That is certainly not our mission. This is a grant program. It is supposed to be on the merit of training. A lot of people made applications, tried to role the staff, get in front of the Panel, and then try to lobby the Panel in an effort to turn it more into a political decision than it is now. We’ve changed that creating a much more empowered staff to try and send the message out successfully that you need to listen to what the staff says. You can’t roll the staff. Which means we approve a lot more of these things. There are fewer contentious projects and that’s a deliberate policy that the Panel over the years has really implemented. More of a bureaucratic process and in a perfect world we want to eliminate that. In doing that, we can’t sacrifice using our judgment about what is a good proposal and what is a bad proposal. A proposal on its merits doesn’t need to be approved or funded at that level. I’m worried that we are heading more in that direction and I want to make sure we don’t. Whatever we decide
to do here, I’m sympathetic. These changes, a lot of them make sense to me. We need think carefully before we move forward and I would like to hear comments from the public about this, what they think about this, whether they agree or disagree with the points we are making, and maybe even beyond what is narrow self-interest into what is good policy. There is nothing wrong with self-interest, but sometimes we need to look beyond and see what the best policy would be for taxpayers as a whole.

Mr. Koch said, I have one question with respect to the Critical Proposal and the proposed cap to the Single Employers of $950, how would the Critical Proposal be impacted by the raise?

Ms. Testa said, we didn’t actually talk about it, but I will defer to Mr. Knox.

Mr. Knox said, Critical Proposals can be waived essentially based on the Governor’s office of Business and Economic Development presented to the Panel from that perspective. Technically, we have always followed the MEC amount, which on this proposal is $2M, but generally it could be much higher based on the Governor’s initiatives and what he has going forward.

Mr. Broad said, with regard to Critical Proposals, the underlying policy has always been (regardless of administration or political party in charge) to empower the Governor to try and lure business into the state and keep it from leaving California. We want to protect that. There has to be some discipline in that process as well. We typically defer to the Governor on these questions.

Mr. Knox said, we will bring back some ideas. We wanted to get your input.

Reimbursement Rates – Review of Current Practice

- The Legislation and Regulations state that ETP may reimburse reasonable training and administrative costs, and that for fixed-fee contracts, may reimburse with a flat rate per hour for categories of training that are substantially similar (business size, complexity of training, training delivery method, duration of training, and type of trainee), and that Panel may adjust the rates as needed to reflect changes in training costs.

- ETP currently has a table which includes ten different fixed-fee reimbursement rates split along different lines of type of trainee, type of project, and type of curriculum.

  (**NOTE: Tables included on the last page of the minutes**)

Reimbursement Rates: Where did they come from?

- Many were established in 1990 when our Regulations changed to allow Fixed-Fee contracts.
  - These have had a series of amendments and COLAs, in conjunction with the creation of the Pilots and Guidelines outlined above, to arrive at our current rate structure.
- Examples of these original rate categories; CBT, Standard Retraining, New Hire, Advanced Technology
- Small Business and Critical Proposal rates were added in 2000
- Priority Industry rate was added in 2006

<table>
<thead>
<tr>
<th>Pilot/Guideline</th>
<th>Effective</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>3/2012</td>
<td>Apprentices: $13, Pre-App/App/Journeymen: $22 (blended PI $18 w/ PI SB $26)</td>
</tr>
<tr>
<td>AB 118</td>
<td>4/2010</td>
<td>PI rate ($18, $26 SB)</td>
</tr>
<tr>
<td>Career Work Experience for At-Risk Youth</td>
<td>1/2017</td>
<td>New Hire Rate ($20, $8 CBT)</td>
</tr>
<tr>
<td>Ex-offender/ At-Risk Youth</td>
<td>9/2007</td>
<td>New Hire Rate ($20, $8 CBT)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pilot/Guideline</th>
<th>Effective</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals with Disabilities</td>
<td>10/2015</td>
<td>Per job number</td>
</tr>
<tr>
<td>Medical Skills</td>
<td>10/2008</td>
<td>Medical Skills $22, CT $8, Advanced Tech $26, non-clinical class/lab $18</td>
</tr>
<tr>
<td>Productive Lab</td>
<td>1/2011</td>
<td>Standard ( Depending on population &amp; project type, $13, $15, $18, $20, $22, $26)</td>
</tr>
<tr>
<td>Retrainee Job Creation</td>
<td>1/2011</td>
<td>New Hire rate ($20, $8 CBT)</td>
</tr>
<tr>
<td>Temporary-to-Permanent</td>
<td>4/2007</td>
<td>Standard ( Depending on population &amp; project type, $13, $15, $18, $20, $22, $26)</td>
</tr>
<tr>
<td>Veterans</td>
<td>10/2008</td>
<td>$22, $26 for PI SB, $13 Apprentices</td>
</tr>
</tbody>
</table>

Discussion:

Mr. Broad said, do you have any sense that there is any rational basis between one rate and another rate?

Ms. Testa said, for some things. It makes sense that CBT is reimbursed at a lesser rate than Advanced Technology. It makes sense that Priority Projects have a higher rate compared to
a non-priority project. For some things it makes sense to emphasize areas of our program that we want to encourage, i.e. Veteran’s, etc.

Ms. Reilly said, if I may attempt to answer your question Mr. Broad, the rates were established through plenty of research units, surveys, and studies. I believe it was based on what the private sector costs for training were at the time. As indicated, we have increased once since then for cost of living. The CBT rate was based on the fact of you talking about a one-time cost to create this non-interactive diskette and is now web-based that can be used over and over again. Even at $8 that's a pretty good deal. The Advanced Technology rate was based on the higher cost of living, meaning that you had to have a higher skill level for the instructors and you have a lower class ratio 1-10 that cuts your class size in half. The small business rate was an incentive when that pilot project first launched at least 10 years ago. The Veteran’s rate is an incentive rate being somewhat higher than the Priority Industry rate which is still at $18. Some of those blended rates like the medical skills rate or the journeyman rate were a combination of Priority Industry for retraining and for new hires or for large businesses and small businesses. We were trying to strike some balances and address the actual employer population in a given job number under our old system. Another good example is the Apprentice rate is the Priority Industry rate minus the $5 of Monoya funding so you get your $13, so there is logic to it but it has become very complicated. The analysts are used to reimbursement rate sheets as they do the job numbers through ETMS which is all logically programed into the contract cost structure. We are suggesting something simplified so that the public can understand. We’ll take one more look at it with the history in mind, but moving forward into what actual costs are today and what would be reasonable.

Reimbursement Rates, Wages and Contract Structure

- Contract values are determined pre-Panel and pre-contract execution with this basic formula:
  - Number of trainees x number of training hours x reimbursement rate
- These values are not verified until:
  - After the invoice process has begun; and again,
  - At the close of contract when all training and retention periods have been completed.
- At contract close, ETP uses the company’s CEAN to verify the employment and wage levels of trainees, along with the training hours logged.
- Often, at the start of the contract, companies are 100% sure which employees will participate, and their employee population can change over the course of a contract.
- To shift this workload to the front end of the ETP process would not negate the need to also complete it at the end of the contract, putting undue strain on staff resources.

Discussion:

Ms. Roberts said, we have reimbursed $18 per hour for the majority of the workforce but a lot of them are only getting $12 even with health benefits or even $13 with health benefits, we were paying over $5 over for what they were actually earning was there any question that seemed inequitable?
Ms. Testa said, the companies are also paying for their wages, etc., trainer’s wages, and for their rent at the facilities so they have all those other elements that goes into their costs.

Mr. Knox said, we follow mostly the training cost, not the employee cost, that is part of the 100% match, but unlike them, we have programs in which they follow the wage of the employee because those are usually new hire employees, it's a job creation side, it is what we do on the other side.

Ms. Roberts said, California is the only one who pays the trainee’s wage. If you go to any other state say Texas for one, they only pay the trainer’s wages.

Ms. Reilly said, we don’t actually pay the wages. That may be something the Panel certainly looks at and Chairman Broad refers to it as “bang for the buck,” why are we paying $18/hour when someone is earning $13/hour, but we don’t actually pay wages. The money goes to the employer or the MEC contractor who reimburses the employer for the cost of the training so that’s correct we do pay the trainer wages.

Ms. Newsom said, the Vice Chair really hit this on the head for me that there has been potential inequity, for instance, the seasonal farm workers being reimbursed the $15 rate but most of the workers are being paid the minimum wage. It seems that the company was making money off the workers and the training and it did not sit right with me.

**Reimbursement Rates – How JATC Rates Are Calculated**

- Apprenticeship rates are currently set at $13
- This is the standard rate ($18), minus the $5 dollars in Montoya (RSI) funds that JATCs receive to supplement their training costs
  - The current Montoya (RSI) rate is actually closer to $6
  - Montoya (RSI) funds are used to supplement the cost of the Related Supplemental Instruction (RSI) component of Apprenticeship training programs
- Our funds go only to the RSI component of Apprenticeship training programs
- ETP funds cannot be used to supplant other sources of funding, so we subtract the cost of the Montoya (RSI) funds from the standard reimbursement rate
- The rates are established in the Apprenticeship Pilot Program
  - Pre-Apprentices and Journeymen receive a blended rate of $22, which averages the Priority Industry $18 rate with the $26 Small Business Priority Industry rate

**Methods for Simplifying Reimbursement Rates**

- Goal is to make this process more streamlined and easier to execute
- Reduce the number of different rates and the number of classifications in the rate chart
- The original chart uses 3 variables (trainee type, training delivery method type, and project type)
  - We will present one option for each of these variables, so that each example only uses one variable to create the rate chart
We will present one option that uses all three variables, but in a simplified way.

Reimbursement Rate – Option 1

- Delineate Rates only by type of trainee:
  
<table>
<thead>
<tr>
<th>Trainee Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hires and Retrainees Job</td>
<td>$26</td>
</tr>
<tr>
<td>Creation</td>
<td></td>
</tr>
<tr>
<td>Retrainees</td>
<td>$23</td>
</tr>
</tbody>
</table>
  *apprentice rate reduced by the Montoya (RSI) fund level ($5)

- Simplifies rate table, gives most populations a raise
- Similar to other states
- Does not account for other aspects of the ETP program that we may wish to either emphasize or discourage – therefore, not recommended

Reimbursement Rate – Option 2

- Delineate Rates only by type of industry:
  
<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Industry</td>
<td>$26</td>
</tr>
<tr>
<td>All Other Industries</td>
<td>$23</td>
</tr>
</tbody>
</table>
  *apprentices rate reduced by the Montoya (RSI) fund level ($5)

- Simplifies table, giving most populations a raise
- Does not account for other aspects of the ETP program that we may wish to either emphasize or discourage – therefore, not recommended

Reimbursement Rate – Option 3

- Delineate Rates only by type of training delivery method:
  
<table>
<thead>
<tr>
<th>Training Delivery Method Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBT</td>
<td>$9</td>
</tr>
<tr>
<td>Class Lab/Productive Lab/e-learning</td>
<td>$23</td>
</tr>
<tr>
<td>Advanced Technology</td>
<td>$26</td>
</tr>
</tbody>
</table>
  *apprentices rate reduced by the Montoya (RSI) fund level ($5)

- Simplifies table, giving most populations a raise
- Does not account for other aspects of the ETP program that we may wish to either emphasize or discourage – therefore, not recommended

Reimbursement Rate – Option 4 – Recommendation

- Adopt a new Reimbursement Rate Table
  - The new table has only four rates and only four possible variations, as compared to 37 variations under the old table
  - The new table gives nearly all groups an increase in reimbursement rate
Gives the highest rate to ETP identified priorities (i.e.: Veterans, Priority Industries, Retraine... Regu... time rates were raised was in 2006

Reimbursement Rate Table – Recommended Option

<table>
<thead>
<tr>
<th>Rate Category</th>
<th>Reimbursement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBT</td>
<td>$9</td>
</tr>
<tr>
<td>Apprenticeship</td>
<td>$21</td>
</tr>
<tr>
<td>Non-Priority Retrainees</td>
<td>$23</td>
</tr>
<tr>
<td><strong>Special Populations: i.e.; Priority Projects</strong></td>
<td>$26</td>
</tr>
<tr>
<td>Critical Proposals, New Hires, RJC, Small Business, Veterans, Advance Technology</td>
<td></td>
</tr>
</tbody>
</table>

Discussion:

Mr. Broad said, what is the rationale for a small business being reimbursed at a higher rate than a bigger business?

Ms. Testa said, that partially comes from the original pilots and guidelines that gave the emphasis on small business programs. In addition, sometimes it’s more expensive for them to train so we decided to put them in the higher rate category.

Mr. Broad said, it’s more expensive for small business because they don’t get a discount on the training or what?

Ms. Testa said, they don’t always have a person to designate to do the contracts and they may have to hire out a trainer.

Mr. Bell said, you’re saying the small businesses have lesser resources than the large company, they have a training center and people specifically for that position.

Ms. Newsom said, going back to the apprenticeship rate, it’s $21 because your factoring in the $26 minus $5 Montoya Fund.

Ms. Testa said, correct.

Next Steps

- Please note that ANY change to the Reimbursement Rates will require the Pilots and Guidelines to be updated
- Take away as action item for a future Panel Meeting
  - Please let us know which option for Reimbursement Rates you would like
  - Please let us know when you would like these before you request a vote
    - Substantial Contribution
    - Reimbursement Rates
Discussion:

Mr. Broad said, they don’t have to be approved at the same time do they?

Ms. Testa said, no.

Mr. Broad said, it seems the reimbursement rate is a simpler issue. The proposal you made at the end after the series of editorial, makes sense to me but I don’t know how the rest of the Panel feels.

Ms. Roberts said, I like the proposal we have on board now. From a staff or Panel perspective, it would be easier to manage and understand. With regard to Substantial Contribution, maybe we should have a subcommittee. I wouldn’t mind sitting, maybe Chairman Broad, we have the most experience with Substantial Contribution. Maybe get some of our input as to what would be more agreeable to the Panel as well as the staff.

Mr. Broad said, that makes sense, maybe we will have a subcommittee to deal with that. Why don’t we at least start with proposing this as possibility and bring it back and give everybody notice that we will discuss it so that we get a response from our community and see what they think. Let’s bring it back to the next panel meeting.

IX. REPORT OF GENERAL COUNSEL

Maureen Reilly, General Counsel, provided the following report:

Per the agenda, I have one action item and two informational items. For the first item, turn to your packet to “other matters.” See the memorandum. I would like to walk through this memorandum with you. It speaks to the valuation of health benefits as included in trainee wages to meet the contract standard post-retention wage, and at issue, to best reconcile to statutory provision that is somewhat at tension. These are in the definition of job in your enabling legislation, that definition is also where the authority comes to value the healthcare benefits. For those of you who want to skip ahead, if you turn to page 3, you will see what we are driving at, which is to place a reasonable cap on the valuation of healthcare benefits, unless the value can be verified in writing or documented in writing so we know it’s reliable. Right now, we are accepting the employer’s representations.

Moving back to the beginning, you will see before you an excerpt from the statute, this is definition of job – UI Section 10201(f). The key language here is that employment must lead to definite career potential and a substantial likelihood of providing long term job security with reportable California earnings during the employment retention period. At the very end you will see that the Panel was granted authority to consider the value of health benefits. The original legislation came about in 1983. The last proviso on healthcare benefits came 10 years later. The Panel has always interpreted or considered the values to mean to include the value in wages to meet the reportable earnings requirement. There is one other wage standard, one other primary wage standard, that is in the statute. It is section 10214.5 for
special employment training. Another amendment was made to enable legislation in 1993. That says that SET trainees should make, or the goal is, the statewide average hourly wage which is considerably higher than the county-by-county wage. The county-by-county wage comes from the definition of job that is basic core wage and then you have it set to the state core wage. We believe in extending authority to consider the value of health benefits, the legislation meant to include it in the county wage as well as the statewide wage. You will see a little bit of that analysis on top of page 2 in italics and other places in italics.

But moving on, the Panel did implement a regulation in 1995, and recently, well not recently, it was amended in 2005, the basic thing there is that the value of health benefits may be included in wages so long as it is reliable and verifiable and that’s still in the regulation section 4418. Reliable and verifiable has been somewhat interpreted to mean the employer’s representation. That does not mean the Panel can’t impose a stricter interpretation to say it has to be with written documentation which is what we recommend. Again, in regard to statutory requirements that earnings are reportable and the ability to include the value or consider the value of health benefits. What does reportable mean? California payroll reporting. This is per EDD wage data base and when you think about the value of health benefits it is not in payroll reporting. It is not a taxable item. Payroll reporting is designed to withhold taxes for multiple reasons, personal tax, other taxes, health benefits are not in there so we can’t verify that through the wage data base. Considering the value in relying on employer representations, there can be many issues. The employer’s share of costs for health benefits has always varied from one company to another. It’s subject to collective bargaining for represented occupations. The employer’s costs depend on the extent of coverage elected by the employee, single, plus one or family. That can change from one open enrollment period to another. All of which creates further uncertainty. These variations and uncertainties persist today even though most employers are required to pay a threshold share of costs under the Affordable Care Act. In addition, with the Affordable Care Act mandate for employer paid health benefits, the employee is usually expected to share in the premium costs and there is good evidence to suggest that private sector employees may opt out of this all together to avoid this cost. The decision to opt out varies per trainee and is almost impossible to document. Given all of these factors we have come to realize that relying on the employer’s representation, which is usually for every trainee, is that $5 or $6 is not reliable and not verifiable so our recommendation is to only accept the value of health benefits as included in wages if there is reliable written documentation. For example, a collective bargaining agreement where the employer’s commitment is spelled out very clearly or another contract for employment, absent that, we recommend putting a reasonable cap which at least gives us some assurance that we’re not dealing with so many variations. Based on a presentation from a couple of months ago and taking into consideration studies and, in particular a Kaiser Foundation survey, we came up with $2.50 as a reasonable cap on health benefits. This would be across the board and we believe this should be made effective at the top of the year given a full 90-day cycle for program development and that you would first start to see the cap in the proposals brought in January 2018.

Mr. Broad says, under the current way we handle this, when are employers claiming the payment of health benefits? Do we have any idea what percentage of employees take up the coverage?

Ms. Reilly said, no.
Mr. Broad said, so you could potentially have one of these employers that offers the coverage but the share of costs for employees is so high that none of them will take up the coverage?

Ms. Reilly said, correct.

Mr. Broad said, so we are letting them qualify for our money based on their low wages, plus money they don't spend.

Ms. Reilly said, correct.

Mr. Broad said, well that's got to get fixed. If we do this $2.50 thing, can we have the employer say under some kind of penalty of perjury that they are spending $2.50/hour on healthcare for every employee that is getting training?

Ms. Reilly said, Mr. Chair I wouldn’t recommend penalty of perjury, but we have in fact used employer verifications as an insurance in the past as another assurance of reliability. Again, as interpreted in the regulation these healthcare benefits must be reliable and verifiable so as that with the $2.50 reasonable cap we could also require an employer certification that at least that amount is being offered to the employees in the trainee population.

Mr. Broad said, what about offered but not taken up?

Ms. Reilly said, we don’t know.

Ms. Roberts said, you can get samples – payroll information from the HR department which runs down exactly all the compensation that the company pays the employee from wages, health benefits, bonuses, so you can actually get samples of every employee.

Ms. Reilly said, correct, and in audits they do that level of detail. They will get payroll, however, we don’t believe we have the staff capacity and sufficient staff resources to go into that level of detail for every proposal. It’s something to be considered, but we have not during the development cycle ever asked the employer to see details.

Mr. Broad said, It’s galling to me that we can give employers credit for healthcare that no one is actually getting, potentially not getting, or a large percentage of employees not getting. I don’t see that. Whoever wants to comment on this, please feel free.

Mr. Duscha stands up to speak: Mr. Chairman we are all turning ourselves inside out and ignoring the real issue which is what is the minimum wage, cash wage for people you will fund training for. Nobody eats health benefits, it does not provide food on the table, does not pay rent. Under the existing system, under this system for a new hire, you take the existing minimum wage, subtract $2.50 for health benefits, and ETP is funding training for people at the state minimum wage. That’s wrong. That’s not what ETP is about. You need to look at all of these things together. That is what you were talking about earlier, about the repeat contractor. What is it that you want to fund?
Mr. Broad said, the problem is that our state, like our country, has moved to a lower wage based economy. Employers don’t pay people as much as they use to. We have a lot of low wage employers here and the $20/hour which we view at ETP as a big wage, which is around $37,000/year, is no longer a high wage anymore. So the people getting $15, $16, $17/hour are not doing very well. The statute does allow us to take into account healthcare and we want to encourage people to buy healthcare. Maybe at some point when we have a system where every single person is covered by healthcare and has to be covered, the employer contribution is a fixed thing that they all have to do we can eliminate it. It is no longer an issue. We still need to look at healthcare. I want to make sure they are actually providing it.

Mr. Rob Sanger from CMTA said, just on the healthcare issue, staff is really good about emphasizing to the employers that they have to take the coverage, not just offer the coverage. We do this in MEC contracts, we strongly emphasize with the employers that maybe ETP will audit the wages and then check on the welfare of certain individuals. They don’t check everyone. If they are telling us $4 or $5/hour on healthcare, then we ask for more details. We know some of these employers and generally know what $2.50 and general costs average if they are taking it. We do have employers that pay higher wages so that $4-$5/hour pays all of the healthcare. If they are paying everything it can be $4-$5/hour. The program was started for companies that were growing in California that could also do business elsewhere like manufacturers, high tech and those companies in those industries also have upward mobility. There is a lot jobs these days, call centers, warehouse jobs, where you just know that where you’re starting is where you’re ending. Those types of jobs we don’t want to fund. We want to fund jobs that have upward mobility. Once you figure out what sector you want to fund, the rest falls into place.

John Brauer with the California Labor Federation. I want to speak in support of the recommendation and remind you all that the calculation is not just the wage. Our unions when they are bargaining are also discussing with the employer a health package particularly of great value. This proposal speaks to the fact that it is more than just that particular wage that workers and unions are thinking about when they are sitting down with their employers and coming to a collective bargaining agreement. Reflecting a true way of what the actual value is and what is actually taking place.

Mr. Broad said, the reality is the cost of healthcare is eating up the wage increases in every single wage contract cycle. That’s the bigger problem. Nobody is getting a raise.

Mr. Brauer said, for our folks there are differences in sectors for folks who may have a wage that has been negotiated but also significantly better health benefits. The fact that you’re trying to ask for verification and considering the whole, not just the wages, is important.

Ms. Reilly said, I would just like to respond to some very well placed comments we just heard. We could amend this recommendation to say that absent written documentation which could include payroll, not only a collective bargaining agreement or a contracted employer, the payroll would be written documentation, absent that expanded scope of written documentation the reasonable cap applies. I return your attention to the statutory requirement for reportable California earnings which is the back bone of our system. It is not a true grant, it’s actually a performance standard and the wages are perhaps the biggest one. After that comes retention.
Mr. Broad said, what if we said that with the caveat that if you take the $2.50, you have to spend that $2.50 on everyone who gets the coverage or you don’t get reimbursed for that.

Ms. Reilly said, again, that’s a bit of the problem because it’s the employee’s election as well. You make a choice during the open enrollment period about what your election is. If your wife or husband has coverage you may take that cafeteria plan option where they actually buy you out. If you have a child, you move on to a family coverage. These things fluctuate.

Mr. Broad said, but they are getting the $2.50. However, it’s also the employer’s election to come here and ask for the health benefit because the wages are not enough. They don’t pay enough to meet our minimum wage. They’re saying they want you to include the healthcare benefits we spend and presumably this $2.50/hour for a full-time employee is $400/month for healthcare, which doesn’t buy much for healthcare. So that’s a partial payment for employee only healthcare. The $2.50 we choose should be an amount that any employer that is supplying healthcare will have to pay; otherwise, there is no point in having a shortcut.

Ms. Roberts said, when you look at what we see here there is a big range of wages. I’m looking at one for instance, a technician wage pays $21-$42/hour. We’re going to train 8 of those. They want a $1.04 to match the Los Angeles County minimum wage. Maybe there is only 1 of those people that fall into that boundary. The other 7 may get $42/hour. Why don’t we just not train that one person?

Mr. Knox said, statistically, about 50% of the contracts request health benefits be applied, only 8% actually use it of the total that we train.

Ms. Roberts said, don’t include them in the contract then.

Mr. Broad said, or decide or figure it out in advance.

Ms. Roberts said, one said $.13 we’re going to add $.13 to someone’s wages. Maybe it is just one person. Take them out the equation.

Mr. Broad said, or give them a $.13/hr. raise. There is a lot of ways to do it. It’s all in the control of the employer, if we’re going to do a shortcut for administrative convenience of the employers and our staff, it is the minimum we should ask for instead of actually paying the wages. We do actually require that they pay the wages they say they are going to pay. Which is verifiable. People quit and go away. Healthcare is just another wage, it’s another part of your wage it’s not handed out as a paycheck.

Ms. Reilly said, it is earnings and not part of your hourly wage and that’s why it’s not included in the payroll report, plus it’s not taxable. If it’s not in payroll reporting, it’s not verifiable through EDD wage database. We’re suggesting that unless it’s verified through written documentation which the company can provide or not, then the cap is at $2.50.

Mr. Broad said, there is an annual insurance thing, everyone has to make their election annually. They have to stick to that program for an entire year, which means that every employer knows. I don’t think it’s much of a burden to say if you take the $2.50, you have
pay the $2.50, you have to pay at least $2.50 in healthcare wages or else you don’t get reimbursed for that employee.

Ms. Torres said, that’s exactly what happens. They are required to pay their proportion they put into the agreement if they do not meet the ETP wage. For instance, let’s say right now is open enrollment and I chose FlexElect next year my employer would not be paying that portion they were paying. So remember the agreement was done 3 months ago so it’s because our agreements run 2 years, remember it’s at the end of the agreement.

Ms. Reilly said, we put a valuation of health benefit in the contract as it springs out of the proposal - which is itself a result of the development process when we work with the employer. We do what we can to verify but it’s still by their representation. When we are doing final payment, which is typically 18 months down the cycle, then fiscal may review health benefits but it is without payroll. Again, we don’t have any written documentation. As I said, we could say that payroll is acceptable as written documentation, otherwise, the cap is at least an indicia of reliability. Regarding the comment about $400/month, Mr. Knox you calculated what State of California employees get from the employer by way of payment toward the share of costs, averaging something like that. We are supposed to be the Cadillac plan, it’s not much more than $2.50/hour. Mr. Duscha’s remarks we need to look at the entire system, is very lofty and admirable, nevertheless, that may take several months, if not a good year, and right now we are in development. That’s why we suggested a 90-day grace period but then begin to propose the cap to proposals brought in January. We are in development right now, we recognize the issue, and hope that Panel recognizes it as well.

Mr. Broad said, I recognize the issue I just want a definitive answer. If you don’t pay the $2.50, then we don’t reimburse you for that employee.

Ms. Bell said, being an HR professional I know that there are HR systems that can draw a report on employees regarding healthcare, demographics, and so forth. But keep in mind that some employees during open enrollment waive, or choose not to, maybe their spouse has insurance maybe they are making $11.50 and they have a family of four they qualify for Medi-Cal so that report would not show you that information. However, it would be a starting point.

Mr. Broad said, there is nothing that stops the employer from saying I’m taking the $2.50/hour on job no. 1, 2 and 3 but not on the whole thing.

Ms. Roberts said, it’s 8% and it is a small amount.

Mr. Knox said, regarding Chairman Broad’s point, at least in audits, because this came up last year, that is exactly what happens, we see those employees just are not paid out. Typically, what they do is switch it out because they uploaded more trainees than they have for hours to be included. They can switch those employees out. In the larger employers, we don’t pay them in the end. We just don’t verify up front while we do, but it happens at the end.

Mr. Broad said, I don’t care if they switch someone out, I just don’t want to pay it out at the end. I don’t have a problem with that. It does sound like it is resolved.
Ms. Newsom said, this is something that I struggled with since I arrived at the Panel and have been very focused on. There is a part of me that swings to a more progressive stance of just eliminating that cost contribution for anyone who doesn't have the CBA or an employment contract. I'm finding that this a more reasonable approach, so taking a little step back and with promise that they are paying the $2.50 at the end, I can be supportive of this.

Mr. Broad said, are we at the point of the action item or is there anything more to discuss?

Ms. Reilly said, I just want to make sure you are voting for the recommendation as it is set forth in the memorandum?

Mr. Broad said, yes, that would be the motion with the added or additional requirement to clarify that they certify by the end of the contract that they have actually paid it out on at least that much for healthcare on all the employees, and if there is someone that isn't, they don't get reimbursed for that employee. I'm making the motion. Ms. Newsom seconded the motion.

Motion carried, 5 – 0

(Vice Chair Jan Roberts had briefly stepped out of the meeting)

Ms. Reilly said, just following up on Mr. Knox’s remarks about going off line from the ETMS System and returning to our Legacy Database system or MIS that would be I believe for the pre-apps submitted on and after October 1. What remains in the new system (ETMS) will remain and we will see those contracts throughout their life cycle. As Mr. Knox said, we will be playing in the sandbox, working very hard in the sandbox to determine what are the best features we can use going forward with an improved software solution for data management. I want to assure you, and we have discussed with executive staff, assure the stakeholders that your monitoring staff, our monitoring staff, and analysts will work with you to make sure there are no discrepancies in your contracts as generated from the new system, ETMS, and the Legacy system. We will work with you to even out any discrepancies as far as your performance standards and so forth. This will be going on throughout the active life cycle of your contracts.

The other very quick item, and this is mainly for the stakeholders, those of you who have contracts in the healthcare sector we are developing a new contract model for healthcare because of the fact that a lot of healthcare comes to us with multiple affiliated entities. This springs from the pattern over a decade now for the small community based hospitals to be purchased by a parent corporation that handles the administration and payroll is usually reported through the parent company CEAN. This is their only cost effective method to do business, healthcare costs or otherwise, and yet each hospital operates on its own and has its own formation as a limited liability corporation. Technically these are a group of employers. We want to recognize this and treat healthcare contracts separately with a new contract model that will recognize these affiliates. They can run as high as 12 affiliates under a Single Employer contract and also recognize there are special needs at retention they often qualify for a reduced work week. Nurses do not work an average of 35/hours a week, they
have varying schedules, they all qualify in the medical sector for non-customary jobs meaning
the 500 hours and 272-day retention. There are other features in healthcare we want to
recognize in an easy-to-use contract. This is just a tool and will be rolling out by October 1.
We hope you enjoy it.

Mr. Broad said, let’s take a short break and come back at 11:15 a.m. Thank you.

X. REVIEW AND ACTION ON PROPOSALS

Single Employer

Alta Los Angeles Hospitals, Inc.

Ms. Torres presented a Proposal for Alta Los Angeles Hospitals, Inc. (ALTA), in the amount
of $737,236. Founded in 1998, Alta is a division of Prospect Medical Holdings, Inc., that also
operates Prospect Medical Systems in Santa Ana, CA; ProMed Healthcare Administrators in
Ontario, CA; and the Nix Hospitals System in San Antonio, Texas. There are five Alta
hospitals that will participate in this training proposal (Los Angeles, Van Nuys, Hollywood,
Norwalk and Bellflower) wherein Los Angeles will be the lead hospital in facilitating training
and administration for this ETP proposal. The Alta hospitals that are the subject of this
training proposal serve ethnically diverse communities; patients are 95% Medicare/Medi-Cal
with a large number of underinsured and uninsured.

Ms. Torres introduced Keith Levy, Administrator and Bill Parker, CEO of National Training
Systems.

Mr. Broad said, based on our last discussion on healthcare, the documentation we have now
allows us to see by job classification who is getting healthcare benefits applied. For example,
at your East Olympic Blvd. facility, the 8 technicians are getting $.04 an hour of health
benefits being applied. This is not very much. It may not be any of them because the range
of those employees is between $22-$39/hour so only somebody was actually at $22 would
even get the $.04 right? I assume the next hourly wage level is more than $.04 above
$22/hour. My first question to everyone is, how hard would it be to check at the end to see if
everyone for whom you actually applied for this was getting at least that amount of health
benefits, you were paying for it?

Mr. Levy said, HR said we could find out that information.

Mr. Broad said, pretty instantly?

Mr. Levy said, yes.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for
Alta Los Angeles Hospitals, Inc., in the amount of $737,236.

Motion carried, 6 – 0.
Ms. Torres presented a Proposal for Infineon Technologies Americas Corp. (Infineon), in the amount of $568,248. Infineon was founded in 1947. Infineon designs and manufactures analog, digital and mixed signal integrated circuit boards, semiconductor and system solutions and other advanced power management products. The products enable high performance computing and energy savings in business and consumer applications.

Ms. Torres introduced Rose Aebig, Director of Learning and Development.

Ms. Roberts said, the previous contract was $400,000, this one is for $632,000. I am wondering why the big jump of $250,000 that you’re requesting. You did all of the transition with the international company you purchased with the last contract.

Ms. Aebig said, we mostly did the training with International Rectifier when it integrated with Infineon. We are now adding the Infineon locations and the number of locations have increased.

Ms. Roberts said, I see the seven locations are in your last contract. You’re saying that none of those seven you have listed in your last contract were applied?

Ms. Aebig said, towards the end of the contract, but not until towards the end. We didn’t do a lot of training in those locations. Most of the training was done at the Temecula site under the International Rectifier Company.

Ms. Roberts said, my main concern is that it looked like the same group of people.

Ms. Aebig said, no it’s a different group of people.

Ms. Roberts said, thank you for the clarification. Going back to the health benefits it says that you pay $4.25 for every employee per hour. You pay full health benefits for your employees?

Ms. Aebig said, we pay a portion of the health benefits for our employees.

Ms. Roberts said, $4.25 seems like a high amount unless you pay full benefits for the employee.

Ms. Aebig said, we pay most of the benefits, there is a small employee contribution.

Ms. Roberts said, that’s just for health benefits, not for bonuses or pension, just health benefits?

Ms. Aebig said, yes.

ACTION: Ms. Bell moved and Ms. Newsom seconded approval of the proposal for Infineon Technologies Americas Corp. in the amount of $568,248.
Motion carried, 6 – 0.

PRL Glass Systems, Inc.

Ms. Torres presented a Proposal for PRL Glass Systems, Inc. (PRL) in the amount of $514,666. Founded in 1989, PRL produces glass and aluminum building products such as doors, shower doors/sliders, handrails and curtain walls. The company also manufactures glass/aluminum table tops; laminated and glazed products; and provides sandblast detailing. Its customers include major architectural firms, commercial construction firms and residential remodeling firms.

Ms. Torres introduced Imelda Panol, Manager of Training and Gordon Kirkpatrick of KEI.

Ms. Roberts said, why did your contract increase $200,000. What is different over your last contract?

Ms. Panol said, I would like to share good news. We just recently acquired two acres of property beside our building and we are expanding, we have more people and big competition in the market.

Ms. Roberts said, so the additional $200,000 is for the 30 employees for job creation is that correct?

Mr. Kirkpatrick said, what they are facing now and what they were facing with the other contract is that there is an Irish company, a predatory company, who is attacking them. They are stealing employees, basically doing all they can to put them out of business. The last contract was primarily working very hard to train up our employees, what we found as you noticed, we went through the money very quickly. We are training extensively. We are trying to do everything we can (a) for customer service, and (b) to make sure our quality is higher and higher. We recognized we needed to do this, just to try and beat them off. They are under investigation for the predatory attacks. PRL is struggling, modernizing $4M for equipment. They are a minority business doing all they can to try and stay alive. That’s why we are coming back so quickly and that’s why we are asking for more. We don’t want to come back in a year. We would like to come back in two years if necessary. Hopefully, by that time they will have handled this problem. They just lost one of the key managers who was taken by this group. They are undercutting their business. It’s not a friendly situation.

Ms. Roberts said, is Corning Glass one of your competitors?

Mr. Kirkpatrick said, no, Corning Glass is one of the suppliers. What’s happening is this is architectural glass so whenever your see building and store fronts, that’s the market and its hotels and things of that nature. The market is getting vastly undercut so they have to modernize, they have to take their employees up massive steps otherwise they can’t compete. That’s why we are coming back so rapidly so we can compete.

ACTION: Ms. Newsom moved and Ms. Roberts seconded approval of the proposal for PRL Glass Systems, Inc., in the amount of $514,666.
Employment Training Panel                                              September 22, 2017

Motion carried, 6 – 0.

**Clean Energy Fuels Corp.**

Ms. Torres presented a Proposal for Clean Energy Fuels Corp. (CLNE), in the amount of $343,476. CLNE supplies Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) for light, medium and heavy-duty vehicles, and provides operation and maintenance services for respective natural gas fueling stations. The company also designs, builds, operates and maintains fueling stations. In addition, CLNE manufactures, sells and services non-lubricated natural gas fueling compressors and other equipment used in CNG and LNG stations.

The company serves fleet vehicle operators in a variety of markets, including heavy-duty trucking, airports, public transportation agencies, government fleets, and industrial and institutional energy users. CLNE serves nearly 1,000 fleet customers operating over 45,000 natural gas vehicles, and owns/operates or supplies over 570 natural gas fueling stations in 42 states in the United States and four provinces in Canada.

CLNE has two facilities in Newport Beach and Long Beach. Both will participate in training.

Ms. Torres introduced Barbara Johnson, Vice President of Administration, Lacy Buckingham, Supervisor of Grants, and Chris Gate, Director of Operations.

Ms. Roberts said, I think it’s a great contract and these are the kinds of contracts we like to approve especially first time contracts.

**ACTION:** Ms. Roberts moved and Mr. Robinette seconded approval of the Proposal for Clean Energy Fuels Corp., in the amount of $343,476.

Motion carried, 6 – 0.

Mr. Broad indicated he received a text from the Governor’s office and needed to leave. He handed over the gavel to Vice Chairwoman Roberts. (11:45 a.m.)

**Orange County Global Medical Center, Inc.**

WITHDRAWN

**Triage Consulting Group**

Mr. Mazzone presented a Proposal for Triage Consulting Group, in the amount of $393,197. Founded in 1994 and headquartered in San Francisco, Triage Consulting Group (Triage) provides hospitals with comprehensive payment and audit review services. The company
works with hospitals to review their contracts with a variety of Health Maintenance
Organizations (HMO) and Preferred Provider Organizations (PPO), Medicare, Medicaid State
Compensation Insurance Fund, and other insurance plans. The company ensures that
healthcare services are billed correctly for payment. If billings are incorrect or unpaid, the
company will assist in recovery.

Mr. Mazzone introduced Danielle Crawford, Principal.

No questions from the Panel.

ACTION: Ms. Newsom moved and Mr. Koch seconded approval of the proposal
for Triage Consulting Group in the amount of $393,197.

Motion carried, 5 – 0.

Meyer Corporation, U.S.

Mr. Mazzone presented a Proposal for Meyer Corporation, U.S. (Meyer) in the amount of
develops, manufactures, and distributes kitchenware and cookware brands such as
Farberware, Rachael Ray, Paula Deen, Circulon, and Anolon. The company targets retain
consumers such as Walmart and Macy’s.

Mr. Mazzone introduced Margo Davidson, Senior Human Resources Generalist and Meggie
Chapman, Director of Grant Services – Economic Incentives Advisories Group.

No questions from the Panel.

ACTION: Ms. Newsom moved and Ms. Bell seconded approval of the proposal for Meyer
Corporation, U.S. in the amount of $409,958.

Motion carried, 5 – 0.

Multiple Employer Contracts

California Field Ironworkers Apprenticeship Training and Journeyman Retraining Fund
– Northern California

Ms. Torres presented a proposal for California Field Ironworkers Apprenticeship Training and
Journeyman Retraining Fund – Northern California (NorCal Ironworkers JATF) in the amount
of $530,465. The NorCal Ironworkers JATF seeks funding to train Journeyman, Apprentice,
and Pre-Apprentice Ironworkers who primarily work in Solano, Contra Costa, San Francisco,
San Jose, Fresno, and Sacramento counties. NorCal Ironworkers JATF operates training
centers equipped with the newest training aids and technology in Sacramento, Fresno, San
Francisco, San Jose and Benicia.
The training centers are a partnership created in collective bargaining between four International Brotherhood of Ironworker local unions (Local 118 in Sacramento, Local 378 in Benicia, Local 155 in Fresno, and Local 377 in San Francisco); and some 600 signatory employers. The four local JATCs sponsor three Ironworker apprentice programs as funded through the central trust. Journeymen will train at the San Francisco and San Jose sites while the Benicia, Sacramento and Fresno training facilities will provide a four-year, 800-hour apprenticeship program to apprentices.

Ms. Torres introduced Jason Rafter, Apprenticeship Coordinator; Jan Borunda, Cal Labor Fed Project Coordinator.

No questions from the Panel.

ACTION: Ms. Newsom moved and Mr. Knox seconded approval of the proposal for California Field Ironworkers Apprenticeship Training and Journeyman Retraining Fund – Northern California in the amount of $530,465.

Motion carried, 5 – 0.

California Field Ironworkers Apprenticeship Training and Journeyman Retraining Fund – Southern California

Ms. Torres presented a Proposal for California Field Ironworkers Apprenticeship Training and Journeyman Retraining Fund – Southern California (SoCal Ironworkers) in the amount of $511,010. SoCal Ironworkers seeks funding to train Journeymen and Apprentice Ironworkers in Southern California. SoCal Ironworkers has served the industry's training needs since 1946. A total of 4,907 Ironworker Journeymen work in the area. The central training facility is located in La Palma, where Journeymen and Apprentices from throughout Southern California attend training. A second training facility is located in San Diego.

The Training Centers are a partnership between three International Brotherhood of Ironworker local unions (Local 433 in the City of Industry and San Bernardino; Local 416 in Norwalk; and Local 229 in San Diego) and signatory employers. Each local acts as an apprenticeship program sponsor in partnership with signatory employers, under three separate Ironworker Joint Apprenticeship Training Committees created through collective bargaining. Each program is separately registered with the Division of Apprenticeship Standards (DAS).

Ms. Torres introduced Jason Rafter, Apprenticeship Coordinator; Jan Borunda, Cal Labor Fed Project Coordinator.

No questions from the Panel.

ACTION: Ms. Newsom moved and Mr. Knox seconded approval of the proposal for California Field Ironworkers Apprenticeship Training and Journeyman Retraining Fund – Southern California reducing the amount of
$511,010.

Motion carried, 5 – 0.

Northern California Surveyors Joint Apprenticeship Committee

Mr. Mazzone presented a Proposal for Northern California Surveyors Joint Apprenticeship Committee (NCSJAC) in the amount of $292,614. Established in 1975, the NCSJAC is the educational organization that provides Pre-Apprentice, Apprentice and Journeyman training services for union surveyors throughout Northern California. The NCSJAC is a labor-management committee comprised of representatives of the Operating Engineers Local Union 3 and the California and Nevada Civil Engineers and Land Surveyors Association, Inc. (Employers Association). It is funded under the Operating Engineers and Northern California Surveyors Pre-Apprentice, Apprentice, and Journeyman Affirmative Action Training Fund (Fund). The Fund is governed by a 12-member board, six designated by the union and six selected by signatory employers in the Association.

Mr. Mazzone introduced Joanie Thornton, Administrator, and Steve Duscha from Steve Duscha and Advisories.

No questions from the Panel.

ACTION: Ms. Newsom moved and Ms. Bell seconded approval of the proposal For Northern California Surveyors Joint Apprenticeship Committee in the amount of $292,614.

Motion carried, 5 – 0.

San Francisco Electrical Industry Joint Apprenticeship and Training Trust

Mr. Mazzone presented a Proposal for San Francisco Electrical Industry Joint Apprenticeship and Training Trust (SF Electrical JATT) in the amount of $614,000. Established in 1962, the SF Electrical JATT is a cooperative effort between the San Francisco Chapter of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local Union 6. SF Electrical JATT serves approximately 411 Apprentices and 1,626 Journeymen.

More than 180 employers contribute to the SF Electrical JATT and all are signatory to the collective bargaining agreement. Participating employers perform specialized construction work related to the design, installation, and maintenance of electrical systems in commercial, industrial and residential buildings. The JATT recruits and trains apprentices to meet the expanding and rapidly changing needs of San Francisco's electrical industry. Additionally, SF Electrical JATT provides skills update and improvement courses to Journeymen.

The JATT's training program keeps Journeymen and Apprentices technologically current in various fields including energy efficiency systems, computerized layout, and a new level of
infrastructure for energy systems and telecommunications. Electricians perform specialized construction work related to the design, installation and maintenance of electrical systems with more energy efficiency technologies than in previous years.

Mr. Mazzone introduced Pete Chursin, Training Director, and Jan Borunda, Cal Labor Fed Project Coordinator.

Ms. Roberts said, what are you going to do with Candlestick Point?

Mr. Chursin said, they have 6 high rises they are looking to build. There are other businesses that will go in there as well.

ACTION: Mr. Koch moved and Ms. Newsom seconded approval of the proposal for San Francisco Electrical Industry Joint Apprenticeship and Training Trust in the amount of $614,000.

Motion carried, 5 – 0.

Santa Clara County Electrical Joint Apprenticeship and Training Trust

Mr. Mazzone presented a Proposal for Santa Clara County Electrical Joint Apprenticeship and Training Trust (Santa Clara JATT) in the amount of $501,200. Founded in 1958, Santa Clara JATT is funded through collective bargaining between signatory employers that are members of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers Local 332.

Santa Clara JATT currently serves approximately 471 Apprentices and 1,665 Journeymen. The JATT sponsors two Apprenticeship programs: Electrician/Inside Wireman and Residential Electrician. Apprentices learn to work on electrical systems and component wiring, such as power distribution systems, electrical panels, conduit, piping, test equipment, transformers, motors, grounding, over-current protection, security, solar and home automations systems.

Mr. Mazzone introduced Robert Moreno, Training Director, Chap Power, Training Consultant, and Jan Borunda, Cal Labor Fed Project Coordinator.

No questions from the Panel.

ACTION: Ms. Bell moved and Ms. Newsome seconded approval of the proposal for Santa Clara County Electrical Joint Apprenticeship and Training Trust in the amount of $501,200.

Motion carried, 5 – 0.
State Building & Construction Trades Council of California

Mr. Mazzone presented a Proposal for the State Building & Construction Trades Council of California (Council) in the amount of $851,000. As an umbrella organization for union workers, Council represents more than 300,000 unionized construction workers in California. It has 175 affiliated local unions from 13 crafts and 22 county and multi-county Building Trades Councils. The Council works closely with the California Apprenticeship Coordinators Association which is the network of joint union-employer training programs or JATCs operating across the state. Council also consults with a wide range of employer organizations representing small businesses and major construction industry employers based in California. The construction industry to be served under this Agreement is designated as a Priority Industry by the Panel. Council meets ETP eligibility requirements as a trade association. In this proposal, Veterans have been introduced as a distinct cohort of Apprentice trainees.

Mr. Mazzone introduced Debra Chaplan, Director of Special Programs, and Jan Borunda, Cal Labor Fed Project Coordinator.

No questions from the Panel.

ACTION: Ms. Newsom moved and Ms. Bell seconded approval of the proposal for State Building & Construction Trades Council of California in the amount of $851,000.

Motion carried, 5 – 0.

Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee

Mr. Mazzone presented a Proposal for Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee (Sac JATC) in the amount of $749,736. Sac JATC was created through collective bargaining in 1941. Located in Sacramento, Sac JATC is dedicated to providing up-to-date industry skills that lead to high-quality job opportunities within the Electrical Industry. Sac JATC is comprised of four labor and four management representatives, as appointed by the International Brotherhood of Electrical Workers (IBEW) Local 340 for Labor; and the National Electrical Contractors Association (NECA) for Management.

Mr. Mazzone introduced Matt Nootenboom, Apprenticeship Trainer; Kimberly Woolsey, Administration and Jan Borunda, Cal Labor Fed Project Coordinator.

No questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Robinette seconded approval of the proposal for Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee in the amount of $749,736.

Motion carried, 5 – 0.
Consolidated Disposal Service, LLC dba Republic Services (Amendment)

Ms. Torres presented an Amended Proposal for Consolidated Disposal Services, LLC dba Republic Services (Republic) in an additional amount of $199,920. Republic provides solid waste collection, recycling, and disposal services. Republic provides services to 2,700 municipalities nationwide, including nearly 50 communities across Southern California. Customers include residential and commercial clients including single and multi-family unit residences, small businesses, healthcare facilities, retail establishments and construction sites.

Ms. Torres introduced Joanne Taylor, Human Resource Manager.

Ms. Roberts said, thanks for taking the right sizing of it originally, we appreciate that. We just want to make sure that your capable from an infrastructure standpoint. We have already approved this contract at one time. Do we have any further questions on the amendment? No further questions.

ACTION:    Ms. Newsom moved and Ms. Bell seconded approval of the proposal for Consolidated Disposal Service, LLC dba Republic Services in the additional amount of $199,920.

            Motion carried, 5 – 0

XI. PUBLIC COMMENT

No public comments.

XII. MEETING ADJOURNMENT

Meeting adjourned at 12:06 p.m.
# Reimbursement Rates – Review of Current Practice Tables

<table>
<thead>
<tr>
<th>Type of Trainees/Proposal/Program</th>
<th>Class/Lab Productive Lab Instructor Led/Distance Learning</th>
<th>Advanced Technology Class/Lab</th>
<th>CBT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROGRAMS/INITIATIVES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retraining Job Creation Program</td>
<td>$20</td>
<td>$20</td>
<td>$8</td>
</tr>
<tr>
<td>AB-118 (ARFVTP) Program</td>
<td>$18</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Alternative and Renewable Fuel and Vehicle Technology Program</td>
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<td></td>
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<tr>
<td>AB-118 (ARFVTP) Program Small Business</td>
<td>$26</td>
<td>N/A</td>
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</tr>
<tr>
<td>Apprenticeship Pilot Program</td>
<td>$13</td>
<td>N/A</td>
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<tr>
<td>Apprentices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-apprentice and Journeyman (sense rate)</td>
<td>$22</td>
<td>N/A</td>
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<tr>
<td>Ex-Offender/ At-Risk Youth</td>
<td>$20</td>
<td>N/A</td>
<td>$8</td>
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<tr>
<td>CNA to LVN</td>
<td>$18</td>
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<tr>
<td>Medical Skills (MST) preceptor</td>
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<tr>
<td>Medical Skills (MST) basic</td>
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<tr>
<td>Seasonal Worker</td>
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<tr>
<td>Veterans</td>
<td>$22</td>
<td>$22</td>
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<tr>
<td>Veterans Small Business</td>
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</thead>
<tbody>
<tr>
<td><strong>NEW HIRE:</strong></td>
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<tr>
<td></td>
<td>$20</td>
<td>N/A</td>
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<tr>
<td><strong>RETRAINING:</strong></td>
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</tr>
<tr>
<td>Standard</td>
<td>$15</td>
<td>$22</td>
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<tr>
<td>Small Business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(100 or less employees in G4 but no more than 350 worldwide)</td>
<td>$22</td>
<td>$22</td>
<td></td>
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<tr>
<td>MEC Entrepreneurial</td>
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<tr>
<td>Priority Industry/Initiative Standard</td>
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<tr>
<td>Priority Industry Initiative Small Business</td>
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<td>Priority Industry/Initiative MEC Entrepreneurial</td>
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<tr>
<td>Critical Proposal</td>
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Note: In extremis circumstances, a higher reimbursement rate may be considered.