



Dear CERF Interagency Team:

On behalf of Valley CERF (Fresno, Madera, Kings and Tulare Counties), thank you for the opportunity to provide input on the Catalyst Program Framework. Our comments below are in response to the draft Framework and the accompanying Catalyst Program FAQs document.

First and foremost, we see the Catalyst Program as an exciting one that will benefit regions like the Central San Joaquin Valley, which have a long history of under- and disinvestment from the State. The State's lack of investment, coupled with the region's commodity- and land-based, low-wage economy, have resulted in a lack of long-range planning and fewer shovel-ready projects that are immediately ready for implementation funding. Overall, we see the State's shift towards the Catalyst Program with its CERF funds as an excellent opportunity for our region to catch up on inclusive economic development vision casting and planning and public engagement and prepare for larger-scale investment.

We do believe the Catalyst Program requires some clarification and modifications to achieve the desired outcomes in our region and offer the following questions and comments in response to the draft framework and FAQs:

- **Allow for Up-Front Grant Disbursements to Fiscal Agents Instead of Reimbursement Basis Contracts** – The CERF Planning Phase grants are much smaller (\$5m) than the envisioned Catalyst Program. To promote inclusivity in the Planning Phase, the State rightly focused on smaller community and civic organizations to serve as Fiscal Agents and Conveners and allowed for a standard 25% Advance Pay. The Planning Phase Fiscal Agents and Conveners may not necessarily have the capacity to administer a \$26m reimbursement-based contract, even with the proposed 25% Advance Pay. Since the CERF dollars were allocated from the State's General Fund, we strongly recommend revising the Catalyst Program to be a grant program with 50% of funds provided at the beginning of Year 1 and the remaining funds being provided upon completion of Year 1 milestones and at the start of Year 2 of the grant.
- **Amount of Funding Allocated to the Regional Convener(s) Role** – At a maximum of \$1.5m per region, we believe the Convener(s) role is being underfunded, particularly if this portion of the budgets are to include participation grants for HRTC participants. In our planning phase budgets, we are dedicating \$1,725,000 alone for HRTC participation grants. Furthermore, to provide the kind of staffing and facilitation support needed for our governance structure, we have four civic organizations engaged as Local Conveners and three facilitators at an expense of nearly \$1,100,000 over the 18-month planning phase. We recommend allocating at least \$2,825,000 or a similar amount to the Convener function in the Catalyst Program.
- **Community Engagement Funding** – We would recommend intentionally requiring and funding ongoing community engagement, including employer engagement, through the life of the

Catalyst Program. The community engagement activities should be coordinated by the Convener(s) with input and direction from the HRTCs and administered by the Fiscal Agents. The community engagement should be structured to continue to engage the broader public and employers and invite participation in the work of the HRTCs, in addition to focus involvement with and input on the priority projects being identified by the Industry Collaboratives.

- **Modifications to the Roles of the Industry Collaboratives as Described in the Catalyst Program Framework** – In general, we affirm the importance of forming and funding Industry Collaboratives with the Catalyst Program, but we have questions about the role that such Collaboratives could effectively play in the field. In the Central San Joaquin Valley region, for instance, we have one established Industry Collaborative already in place – the San Joaquin Valley Manufacturers Alliance (SJVMA), an organization representing approximately 1,500 manufacturers and education/training providers in the eight-county San Joaquin Valley region. For all intents and purposes, we believe it is a good example of the type of Industry Collaborative the State is envisioning for its Catalyst Program. SJVMA is committed to quality, sustainable jobs and removing systemic barriers that have prevented marginalized communities from accessing job and economic opportunities in the clean manufacturing sector. It is a free-standing entity with dedicated, professional staff. Additionally, we have a growing Industrial Collaborative in the Kings-Tulare region, the South Valley Industrial Collaborative (SVIC), whose purpose is to provide a platform to build industry-led, industry-driven, and community-supported partnerships that strengthen economies in the South San Joaquin Valley. We are considering how and whether SJVMA and SVIC could, for example, effectively perform the functions articulated in the draft Framework and offer the following observations:
  - Industry Collaboratives should be primarily responsible for industry / employer engagement; education on the practices and principles of inclusive economic development; and solicitation of employer feedback on the community and public investments needed to improve the competitiveness of the overall sector. They are a form of intermediaries and provide an important “translation” function between the private sector and community and government sectors. They also help ensure that the needs of any one business are not advanced over the interest of the entire sector. Industry Collaboratives do require dedicated staff who are skilled in business practices, mediation, and communication. We understand the \$3m provided in the Catalyst Program for the “Industry Lead” function would help fund these activities. The Catalyst Program guidelines should explicitly state these activities are eligible uses of the \$3m in funding.
  - Industry Collaboratives as represented by their Industry Leads would also be effective at performing the activities listed in the draft Framework, specifically:
    - Serving as liaison between the Industry Collaboratives and the HRTCs, Convenors, and Fiscal Agents;

- Ensuring employer feedback on analyzing job types, skills maps, and anticipated wages and benefits in the sector (this activity would likely require consulting support, however);
  - Serving as liaison between employers and K-16 Collaboratives, HRTPs, WIBs, ETP, apprenticeship programs, etc.; and
  - Developing a plan to develop career pathways, apprenticeships, and training programs.
- We recommend re-evaluating the other activities being assigned to the Industry Collaboratives / Industry Leads and offer the following comments and questions on those activities:
  - Engaging with local public agencies, et al, to identify specific parcels that could be developed by, or for, identified industries – This is likely an activity that would be better performed by local governments and/or economic development organizations in a grant agreement/contract administered by the Convener(s) with input from the HRTC.
  - Developing a revolving loan fund – Small business support organizations and small business lending programs would be better positioned to complete this activity. The Convener(s) with input from the HRTC and Industry Collaboratives/Leads would likely be the best entity to administer this work component.
  - Investing pre-investing dollars into projects that are “exploratory” and “last mile” – Here, too, it is difficult to imagine an Industry Collaborative / Lead accomplishing this activity. The right role for the Industry Collaborative / Lead would be to identify priorities for industry competitiveness that are sustainable and improve inclusion, but it is likely that the Convener(s) / HRTCs should be tasked with selecting the projects that most meet the industry and community needs and then allocating funds to the entities that are implementing those projects (e.g. local governments, training providers, community organizations, civic entities).
  - Identifying anchor institutions that may be at risk of financial insolvency or relocation – Similar to the comment above, the right role for the Industry Collaborative / Lead would be to identify those anchor institutions and make recommendations to the HRTCs / Convener(s) for decisions on the funding available for this activity.

If the roles of the Industry Collaborative / Lead are clarified as noted above, we believe the Collaboratives will, in fact, be working within the HRTCs existing governance structure, as noted on page 5 of the Framework. In short, the Industry Collaboratives are entrusted with convening employers and ensuring a unified voice from industry on priority and project identification, but that input is offered to the governance structure that is already in place through the HRTCs for decision making.

- **Additional Opportunity for Review and Comment on Catalyst Program** – We would like the opportunity to review the Catalyst Program with our local HRTCs but don’t have time to do so

before the July 21 deadline. We request that the State allow one more public comment period following the release of its next version of the Framework. That would allow the State time to incorporate feedback received from the first draft of the Framework and allow the Regional HRTCs to review and provide input on the next version of the Program guidelines.

Again, we applaud the CERF Interagency Team for constructing the Catalyst Program and see its potential for the Central San Joaquin Valley CERF region. Thank you for the opportunity to provide the above comments. We would be happy to participate in focus groups, end-user meetings, or other discussions to continue to help refine the Catalyst Program and ensure its maximum effectiveness at the regional level.

Sincerely,



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