



EMPLOYMENT TRAINING PANEL

PUBLIC MEETING NOTICE

PUBLIC PANEL MEETING

DATE: November 21, 2002 (Thursday)
TIME: 9:30 a.m.
PLACE: Renaissance Hollywood Hotel
Hollywood, California

STRUCTURED-ON-SITE TRAINING WORK SESSION

DATE: November 22, 2002 (Friday)
TIME: 8:30 a.m.
PLACE: Renaissance Hollywood Hotel
Hollywood, California

(See enclosed notice for specific address)

PUBLIC PANEL MEETING

TIME: 9:30 a.m.
PLACE: Renaissance Hollywood Hotel
Studio A/B, 2nd Floor
1755 North Highland Avenue
Hollywood, California 90028
(323) 856-1200
(323) 491-1045 FAX

9:30 a.m.	Call to Order Roll Call Approval of Agenda Approval of Minutes	Marsha Kwalwasser, Chairperson
9:35 a.m.	Reports of the Chairperson/Panel Members	
9:45 a.m.	Report of the Executive Director	Peter McNamee
10:00 a.m.	Report of the General Counsel • Apprenticeship Policy Discussion/Action	Peter DeMauro
11:00 a.m.	Review and Action on Agreements and Amendments	Charles Rufo Creighton Chan Diana Torres Ron Tagami
12:00 Noon	Lunch	

AGENDA

Thursday, November 21, 2002

**1:00 p.m. Review and Action on Agreements
and Amendments Continued**

2:50 p.m. Public Comment

**3:00 p.m. Implementation Plan
Discussion/Action**

Peter McNamee

**4:30 p.m. 2001-2002 Annual Report
Discussion/Action**

Mike Rice

5:00 p.m. Executive Session

- **Personnel: Government Code Section 11126(a)**
- **Litigation: Government Code Section 11126(q)**

5:30 p.m. Adjourn

NOTE: If the Panel does not have a quorum, the Panel will meet as a subcommittee of the whole at the same time and place described in this notice. The subcommittee of the whole will take testimony on the items identified on this agenda, but cannot vote or make any decisions. In the event that a teleconference will be used to establish a quorum, the teleconference location will be posted on ETP's website. All times for presentations are estimates and subject to change. However, the presentations will remain in order unless changed by the Panel at the meeting. Notices of Public Panel meetings are also available on ETP's website (www.etp.ca.gov).

The Employment Training Panel (ETP) is an equal opportunity program and subject to section 504 of the Rehabilitation Act and the Unruh Civil Rights Act, which incorporates by reference the Americans with Disabilities Act (ADA). Special accommodations (American sign language interpreter, accessible seating, documentation in accessible formats, etc.) may be requested by contacting ETP staff at least seven (7) days prior to the hearing/meeting date at 916/327-5640 (voice); or through the California Relay Service at 800/735-2929 (hearing impaired); 800/735-2922 (voice impaired).

STRUCTURED-ON-SITE TRAINING WORK SESSION

TIME: 8:30 a.m.
PLACE: Renaissance Hollywood Hotel
Mt. Olympus, 3rd Floor
1755 North Highland Avenue
Hollywood, California 90028
(323) 856-1200
(323) 491-1045 FAX

8:30 a.m.	Introductions	Peter McNamee
8:35 a.m.	Introduction for Structured-On-Site Training (SOST) Discussion	Dr. Richard Moore Discussion Facilitator California State University-Northridge
8:50 a.m.	Discussion - ETP Pricing of SOST	
9:50 a.m.	Discussion - Relationship of SOST to Amount of Class/Lab	
10:50 a.m.	Discussion - Appropriate Monitoring To Ensure SOST is Performed as Authorized	
11:50 a.m.	Wrap-up	
12:00 Noon	Adjourn	

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REVIEW AND ACTION

Following are lists of Agreements and Amendments that may be considered by the Panel on November 21, 2002. Staff will notify prospective Contractors regarding which specific projects will be presented or if any project listed below will not be presented. The Agreements and Amendments listed below are for the purpose of training unemployed persons or retraining employed workers to enhance economic development in California. Monetary amounts listed reflect funding requested as of the date of issuance of this Agenda.

Agreements/Amendments for a Multiple-Employer Contractor

SACRAMENTO FIELD OFFICE

Computer Tutor Business & Technical Institute
(SET/High Unemployment Area) \$240,500

NORTH HOLLYWOOD FIELD OFFICE

Rio Hondo College \$169,840

Special Employment Training (SET) Projects

SACRAMENTO FIELD OFFICE

Pac-West Telecomm, Incorporated \$452,320

SAN MATEO FIELD OFFICE

W. L. Butler Construction, Incorporated \$201,637

NORTH HOLLYWOOD FIELD OFFICE

Automobile Club of Southern California \$1,134,000

REVIEW AND ACTION

Agreements/Amendments with a Single Employer

SACRAMENTO FIELD OFFICE

Bank of America Corporation \$3,644,160
Cellco Partnership d.b.a. Verizon Wireless..... \$2,850,146
Sears, Roebuck & Company (Amendment)..... \$166,400

SAN MATEO FIELD OFFICE

Rim Corporation (Career Ladders) (Amendment) \$199,680

SAN DIEGO FIELD OFFICE

McLane Suneast d.b.a. McLane Southern California \$337,752

NORTH HOLLYWOOD FIELD OFFICE

Aptos Berry Farms, Incorporated \$104,000

Agreements/Amendments Usually Approved by the Executive Director

SACRAMENTO FIELD OFFICE

Cycle Gear, Incorporated \$96,720

SAN MATEO FIELD OFFICE

California Automotive Sealing, Incorporated..... \$98,280
Rexam Beverage Can Americas \$87,100

SAN DIEGO FIELD OFFICE

Watson Pharmaceuticals, Incorporated \$43,940

NORTH HOLLYWOOD FIELD OFFICE

KDS Printing and Packaging, Incorporated \$39,600
REM Eyewear, Incorporated..... \$25,060

REVIEW AND ACTION

Small Business Pilot Projects

SAN DIEGO FIELD OFFICE

Pacifica Capital	\$14,880
Pelican Rope Works	\$2,760
Unichem Industries.....	\$4,380
U.S. Rigging Supply Corporation	\$3,120

NORTH HOLLYWOOD FIELD OFFICE

Empower RF Systems, Incorporated.....	\$2,880
Front Line Sales, Incorporated	\$7,100
Gordon Laboratories, Incorporated.....	\$20,280
Quallion LLC	\$24,400
Sercomp Corporation	\$20,280

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Renaissance Hollywood Hotel
Studio A/B
1755 North Highland Avenue
Hollywood, California 90028
November 21, 2002

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Joan Dean
Member

Tyrone Freeman
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Pamela Haynes
Assistant Executive Director

Peter G. DeMauro
General Counsel

Ada Carrillo
Chief of Staff

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Renaissance Hollywood Hotel
Studio A/B
1755 North Highland Avenue
Hollywood, California 90028
November 21, 2002

I. PUBLIC PANEL MEETING CALL TO ORDER

Aram Hodess, Vice Chairperson, called the public Panel meeting to order at 9:45 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Chairperson (Arrived at 11:00 a.m.)
Aram Hodess, Vice Chairperson
Barry Broad
Joan Dean
Tyrone Freeman (Arrived immediately after Roll Call)
Robert Lennox
Tom Rankin

Executive Staff Present

Peter McNamee, Executive Director
Pamela Haynes, Assistant Executive Director
Peter DeMauro, General Counsel
Ada Carrillo, Chief of Staff

III. APPROVAL OF AGENDA

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel accept the Agenda.

Motion carried: 6 - 0 (Ms. Kwalwasser absent).

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the minutes of October 24, 2002.

Motion carried: 6 – 0 (Ms. Kwalwasser absent).

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

There were no reports.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee introduced Pamela Haynes, who has been appointed by the Governor to serve as ETP's Assistant Executive Director for Review, Special Projects, and Outreach. Mr. McNamee reported the Governor has also appointed Steve Suchil, who will be joining ETP on December 9, as ETP's Assistant Executive Director for Project Oversight, Collaboration, Control, and Public Relations.

Mr. McNamee reported on the competitive request for proposal process for marketing contracts. He stated that because of recent changes in procedure made by the State to not allow sole-source contracting, ETP has developed a competitive bid process for contractors who can provide marketing services to ETP.

Mr. McNamee stated that ETP's request for an exemption to the freeze to fill vacant positions has been denied by the Department of Finance. Mr. Rankin stated ETP is funded from a dedicated tax paid by the employers and ETP's vacant positions have nothing to do with the General Fund. Mr. Rankin suggested writing to the Governor informing him that this Panel is funded by a separate tax that is dedicated specifically to this Panel and its vacancies have absolutely no effect on the General Fund. Mr. Hodess recommended stressing the fact that (1) the Employment Tax is paid for by employers; and (2) the fund is to provide service to employers who are paying into the tax.

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve requesting ETP's General Counsel to draft a letter to the Governor regarding the elimination of positions.

Motion carried: 6 – 0 (Ms. Kwalwasser absent).

Mr. McNamee reported a Budget Change Proposal has been submitted to the Department of Finance via the Secretary of the California Labor and Workforce Development Agency (LWDA) proposing that the major portion of the Employment Tax budget shortfall should be taken from the appropriation that has been allocated to the Department of Social Services and programs within the Labor Agency should have a minimal reduction.

Mr. Hodess requested employers to voice their opinions to the administration regarding the use of tax funds that are generated by the California employers.

VII. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported on a recent meeting between the Acting General Counsel of the Labor Agency and all Chief Counsel of the agencies within the Labor Agency and staff from the Attorney General's Office. The Acting General Counsel will hold similar meetings monthly to discuss common legal issues, such as the impact of budget cuts, litigation, legal services to staff, etc.

Mr. DeMauro announced that the emergency regulation pertaining to training of the owners of small businesses was approved by the Office of Administrative Law, effective November 18, 2002. This emergency regulation expires on March 19, 2003.

Apprenticeship Training

Mr. DeMauro stated the Panel adopted an apprenticeship policy at its December 13, 2000, public Panel Meeting. The Panel decided that journeyman level training could only be administered to journeymen who have either worked the equivalent number of hours in that particular trade to satisfy the number of hours required by the approved apprenticeship program or who have completed a Department of Apprenticeship Standards (DAS)-approved apprenticeship program. Pre-apprenticeship training projects will be reviewed in light of the proposed job the trainee will be placed into following the completion of training. Currently, upon completion of an approved pre-apprenticeship training, trainees must be enrolled in a DAS approved apprenticeship program for work in the industry in which they have received pre-apprenticeship training. However, staff is recommending additional language that would allow other placements on a case-by-case basis, subject to Panel approval.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the revision to the Apprenticeship Policy.

Motion carried: 6 – 0 (Ms. Kwalwasser absent).

VIII. APPROVAL OF PROJECTS FOR LESS THAN \$100,000

ACTION: Mr. Lennox moved and Mr. Freeman seconded the Panel approve authorizing the Executive Director to approve those proposals that are less than \$100,000 including the Small Business Pilot Projects (SBPP). The following projects were delegated:

Cycle Gear, Inc.	\$96,720
California Automotive Sealing, Inc.	\$98,280
Rexam Beverage Can Americas	\$87,100
Watson Pharmaceuticals, Inc.	\$43,940
KDS Printing & Packaging, Inc.	\$39,600
REM Eyewear Inc.	\$25,060
Pacifica Capital (SBPP)	\$14,880
Unichem Industries, Inc. (SBPP)	\$4,380
Pelican Rope Works/U.S. Rigging Supply (SBPP)	\$5,880
Empower RF Systems, Inc. (SBPP)	\$2,880
Front Line Sales, Inc. (SBPP)	\$7,100
Gordon Laboratories, Inc. (SBPP)	\$20,280
Quallion LLC (SBPP)	\$24,400

Motion carried, 6 – 0 (Ms. Kwalwasser absent).

IX. AGREEMENTS AND AMENDMENTS

Computer Tutor Business and Technical Institute

Charles Rufo, Manager of ETP's Sacramento field office, presented a One-Step Agreement for Computer Tutor Business and Technical Institute. This Agreement is for the training of 40 new hires for \$240,500 and would be the second ETP agreement for Computer Tutor. This proposal is requesting to train 40 individuals who have exhausted or are receiving Unemployment Insurance benefits and will be placed in High Unemployment areas of the state.

The training program is for the specialized occupations of Medical Office Clerk and Administrative Accounting Clerk. The total hours will be 450 and 475 respectively. Computer Tutor is using a negotiated rate of \$13 per hour and has agreed to waive the additional 8 percent in support costs for recruitment and assessment of additional employers and trainees. Computer Tutor will provide support service and additional training needs as an in-kind contribution.

Computer Tutor requested a waiver from the \$9.12 per hour ETP minimum wage rate to \$8 per hour for approximately 10 of the 40 trainees located in Stanislaus County, a high-unemployment area.

Mr. Rufo introduced George Rawe, Director. Mr. Rawe stated the individuals that are possibly going to start out at \$8 an hour are to be hired by one local employer who expects in the next year to hire 40 individuals that would be trained as Medical Office Clerks with an emphasis in medical billing. Medical Office Clerks and Accounting Clerks tend to be hired at lower wages but progress very quickly and after approximately two-years they are paid \$12-\$13 per hour.

Mr. Freeman and Mr. Rankin stated their concern regarding the absence of health benefits for the \$8 per hour entry-level positions. Mr. Rawe stated the common practice in Stanislaus County is that new hires do not receive medical benefits until three to six months after hiring. Mr. Rawe stated there is high unemployment in the Stanislaus County area with many individuals looking for jobs who cannot find decent employment because they do not have the necessary skills.

Mr. Rankin questioned the cost of this training. Mr. Hodess asked if the Contractor could commit to an extension on the retention period to 150 days. Mr. Rawe stated it would cause a financial hardship. He stated with a 150-day retention, Computer Tutor would not be reimbursed for eight months. He stated the training is unique in that trainees are individuals who have multiple barriers to employment and they require specialized training. Mr. Rawe stated he would be willing to extend the retention requirement to 120 days for individuals who are being paid \$8 per hour.

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve this One-Step Agreement.

Mr. Hodess requested extending the retention period to 120 days for trainees receiving the wage waiver. Mr. Rawe asked if those trainees receiving the wage waiver are hired at a higher wage (over \$9.12 per hour), could the 90-day retention requirement be applied. The Panel unanimously agreed.

Rio Hondo College

Ron Tagami, Manager of ETP's North Hollywood field office, presented a One-Step Agreement for Rio Hondo College. This is the fourth agreement between ETP and the College. In this proposal Rio Hondo is requesting \$169,840 to retrain 265 employees from participating companies. Companies will be able to customize the training using menu curricula. Each trainee will receive either 40 or 58 hours of training. All training will be done at the employer's site during normal working hours.

Mr. Tagami introduced Cathy Ruiz, Program Assistant, Corporate & Community Development and Jean Petty, Dean, Corporate & Community Development.

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 -0 (Ms. Kwalwasser absent).

W.L. Butler Construction, Incorporated (Presented out of order)

Creighton Chan, Manager of ETP's San Mateo field office, presented a One-Step Agreement for W. L. Butler, Inc., in the amount of \$186,902. W.L. Butler Construction's in-kind contribution is \$568,922. This project was brought to the Panel's attention through the marketing efforts of the California Manufacturing and

Technology Association (CMTA). W. L. Butler is a general contracting firm that builds industrial and retail structures. The Company states that it is faced with increasing competition from general contractors located outside of California. In order to expand the services provided, reduce the time to complete a project and better manage the sub-contractors, W. L. Butler's frontline workers will be trained in Computer, Communication, and Continuous Improvement Skills.

Mr. Chan introduced Gina Tankersley, Vice President of Finance; and Matt Maynard from CMTA. Mr. Hodess asked if W.L. Butler requires non-union subcontractors to have state-approved apprenticeship training programs for their employees and would W.L. Butler agree to including language in the contract stating such. Ms. Tankersley agreed.

Mr. Hodess questioned computer training for carpenters, foremen, and laborers. Ms. Tankersley answered there are computers at every jobsite and the laborers, carpenters, and foremen are required to electronically submit information back to the office.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel approve this One-Step Agreement with the contingency that W. L. Butler acknowledges that all of its subcontractors will be participating in state-approved apprenticeship programs.

Motion carried, 6 – 0 (Ms. Kwalwasser absent).

Automobile Club of Southern California

Mr. Tagami presented a One-Step Agreement for Automobile Club of Southern California for a program cost of \$1,134,000 to retrain 1,250 employees located at the Costa Mesa and Los Angeles call centers and statewide district office travel agencies, and 500 insurance sales agents.

Mr. Tagami introduced James Philipp, Vice President of Human Resources and Missy Ford, Consultant, Education, Training and Development.

ACTION: Mr. Lennox moved and Ms. Dean seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0 (Ms. Kwalwasser absent).

Ms. Kwalwasser arrived at 11:00 a.m.

Bank of America Corporation

Ms. Kwalwasser and Mr. DeMauro recused themselves from participation on the Bank of America Corporation project and stated that Ms. Bobrow would be available to discuss any legal issues. Mr. Hodess continued as Chairperson.

Mr. Rufo presented a One-Step Agreement for Bank of America Corporation (BofA) to retrain 2,920 employees in the amount of \$3,644,160. The program will consist of class/lab hours in Continuous Improvement, Business Skills and Management Skills.

Bank of America Corporation provides a diversified range of banking and non-banking financial services primarily in California and 20 other states and in selected international markets. Training is for its Pasadena, Brea, Concord, Fresno, and Glendale call centers that process inbound calls from outside of California, and its Rancho Cordova and Brea loan processing facilities, which provide support services to its mortgage sales departments located throughout the western United States. The Bank is changing to become a high performance workplace by embarking upon a major cross-training program.

The contractor will be participating in a pilot program with ETP using a flexible reimbursement system. Trainees will be reimbursed based on the actual training hours completed by each trainee for a minimum of 32 hours up to a maximum of 200 hours.

Mr. Rufo introduced David Murray, Vice President of Training and Delivery for Bank of America, and Steve Duscha of Steve Duscha Advisories. Panel members were concerned with the amount of the contract and the success rate of BofA's previous contract. Ms. Carrillo stated a few years ago the Panel adopted an incremental encumbrance process. Only 25 percent of the contract amount will be initially encumbered and based on performance additional amounts will be encumbered.

Mr. Rankin and Mr. Hodess had concerns regarding funding call centers, especially with the current budget situation. Mr. McNamee requested ETP staff to research call center projects approved by the Panel this year and do a comparison to the previous year. Mr. Hodess requested a progress report on the performance of this project prior to encumbering the second 25 percent.

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0 – 1 (Mr. Rankin abstained from the vote; Ms. Kwalwasser recused herself).

Ms. Kwalwasser resumed as Chairperson.

Pac-West Telecomm, Incorporated (Presented out of order)

Mr. Rufo presented a One-Step Agreement for Pac-West Telecomm, Inc., to retrain 317 employees in Business Skills, Computer Skills, Continuous Improvement, and Advanced Technology in the amount of \$452,320.

This Agreement was presented at the October 2002 Panel meeting and the motion to approve the project failed. In discussion prior to the vote, Panel members voiced their concern regarding the turnover rate, which included the layoff of 160 full-time workers. On October 30, a statement of decision was sent to Pac-West. The Contractor has requested reconsideration by the Panel and has provided additional information regarding its turnover. Pac-West's historical turnover rate is below 20 percent, indicating the high turnover rate in 2001 was a one-time anomaly. Pac-West's rate in 1999 and 2000 were 12 percent and 16 percent respectively. The 2002 turnover is currently 12.69 percent. Pac-West is prepared to accept an extended employment retention period from 90 to 120 days. Pac-West has agreed that it will not earn the final 25 percent reimbursement unless the Company achieves a turnover rate of 20 percent or less for the last 12 months of the Agreement.

Mr. Rufo introduced Scott Hinton, Corporate Training Manager. Mr. Hinton stated that 305 employees are located in San Joaquin and Stanislaus counties, both are high unemployment areas, earning a prevailing wage of \$19.23 per hour.

ACTION: Ms. Dean moved and Mr. Freeman seconded the Panel approve this One-Step Agreement.

Motion carried, 5 – 0 – 1 (Mr. Rankin abstained; Mr. Lennox absent during vote).

Cellco Partnership d.b.a. Verizon Wireless

Mr. Broad recused himself from discussion and action on the Cellco Partnership d.b.a. Verizon Wireless proposal.

Mr. Rufo presented a One-Step Agreement for Cellco Partnership, d.b.a. Verizon Wireless to retrain 1,896 employees for \$2,850,146. This Agreement was presented at the September and October Panel meetings and due to a lack of a quorum, the Panel was unable to act on the Agreement.

At the September Panel meeting, Mr. Hodess requested an extension of the 90-day retention period to a 150-day period. Verizon has agreed to an extension of the retention to 150 days and a required 24 percent maximum turnover rate at all participating facilities.

Mr. Rufo introduced Gabriela Borrego, West Area Sales Training Manager; Ed Solomon and Judy Turner with Deloitte and Touche; and Shane Sanders, Director,

Verizon Wireless, via teleconference. Mr. Hodess requested an assurance from Verizon that there is going to be a substantial commitment from Verizon for ongoing training. Mr. Sanders stated that Verizon has entered into this proposal with the expectation of meeting that obligation.

Ed Venegas, Staff Representative of Communications Workers of America, District 9-AFL-CIO, asked to comment on the proposal before the Panel took action. Mr. Venegas stated his concerns regarding Verizon Wireless/Cellco's business practices and labor/union issues. He asked the Panel to deny funding this project.

Mr. Sanders commented on the union issue. He stated there was a union election held on April 17, 2002, involving 27 retail employees. Those employees voted and Verizon contested it. The issue is currently before the National Labor Regulations Board and results are not expected until the first quarter of 2003. Mr. Sanders stated that there is no indication of unlawful conduct before the National Labor Relations Board concerning that election.

ACTION: Ms. Dean moved and Ms. Kwalwasser seconded the Panel approve this One-Step Agreement extending the retention to 150 days and a required 24 percent maximum turnover at all participating facilities.

Motion carried, 4 – 1 – 1 (Roll call vote: Mr. Hodess, yes; Ms. Dean, yes; Mr. Freeman, yes; Mr. Rankin, no; Ms. Kwalwasser, yes; Mr. Lennox absent during the vote; Mr. Broad recused himself).

Sears, Roebuck & Company (Amendment)

Ms. Kwalwasser recused herself from discussion and action on the Sears, Roebuck & Company proposal.

Mr. Rufo presented a Proposed Amendment for Sears, Roebuck and Company to train 70 employees in Computer Skills and Continuous Improvement for an additional \$166,400. The Amendment is to include a new centralized routing office at the former McClellan Air Force Base. The new facility will assume the routing and scheduling of all Sears in-home repair technicians in the Western region of the U.S. In-home repair customers from several Western states who previously received appointments for service through decentralized offices will now schedule repairs through this new facility in Sacramento, California.

Mr. Rufo introduced Elizabeth Vukmir, Western Region Training Manager for Sears.

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve this One-Step Amendment as presented.

Motion carried, 5 – 0 – 1 (Mr. Rankin abstained; Ms. Kwalwasser recused herself).

RIM Corporation

Mr. Chan presented a Proposed Amendment for RIM Corporation in the amount of \$199,680 to train 240 front line workers. The original contract was a pilot project intended to establish a Career Ladder model for the hospitality industry. The RIM Corporation has reported that its Career Ladders training program has facilitated the upward mobility of 8 out of 29 trainees who completed the training and created a skilled pool of employees available for future promotions as they arise. The average wage increase for promoted trainees is 24 percent. The Company representative reports that all remaining completers have realized at least a five percent wage increase. RIM Corporation is requesting a waiver to the ETP minimum wage requirement and agrees to provide a minimum 7 percent increase exclusive of health benefits for all trainees who complete training. The Company is committed to backfill each vacancy resulting from a promotion.

Mr. Chan introduced Mary Ann Kuhn, Director of Human Resources. Mr. Hodess questioned the result of 29 trainees completing training out of 95 trainees enrolled and only 8 trainees receiving promotions. Panel members questioned the success rate and the wage level. Mr. Freeman stated that this project does not meet the definition of a Career Ladder. He stated if an employee goes through training and there is no position available, then there is no Career Ladder. He stated a Career Ladder program is one where a company is willing to create levels within an occupation, i.e., cook I, cook II, cook III, etc., which has added responsibilities and skill development that has been an essential part of a training program. He stated no matter how many people RIM trains, trainees would not experience a Career Ladder improvement if there are no open positions. A Career Ladder has levels employees train for and advance to the next level.

Mr. Hodess stated this project was a pilot program that included a phase-in of the training program to show how people move up into higher positions with wage increment increases. He stated that it does not appear to be happening. He suggested RIM Corporation return to the Panel when they have made more significant progress in the upward mobility of trained workers. Mr. Rankin suggested EDD be present to discuss the Career Ladder concept when RIM returns.

McLane Suneast d.b.a. McLane Southern California

Ms. Kwalwasser recused herself from discussion and action on the McLane Suneast proposal.

Diana Torres, Manager of ETP's San Diego field office, presented a One-Step Agreement for McLane Suneast d.b.a. McLane Southern California in the amount of \$337,752. McLane is a wholly owned subsidiary of Wal-Mart and provides distribution services to more than 1,900 customer locations in Southern California and Nevada. McLane Suneast training staff developed a Menu Curriculum consisting of 36 to 80 hours of Business Skills, Computer Skills, and Continuous

Improvement Class/Lab training, and 4 to 8 hours of Computer Based training for 378 frontline workers. The total employer in-kind contribution is \$494,243 for projected employee wages and fringe benefits paid during training and \$100,000 for other training related costs.

Ms. Torres introduced Paul Souza, Division President, and Elizabeth Bayee, Performance Development Leader. Mr. Broad and Mr. Hodess questioned the out-of-state competition. Mr. Souza stated the Company's principal competitors are headquartered outside of California. Mr. Souza stated competitors, located both inside and outside of California servicing stores in McLane's Southern California market area, have the capability of both facilities and logistics network to take business from McLane. Panel members questioned the criteria for out-of-state competition, primarily with non-manufacturing industries, distribution centers, and wholly owned subsidiaries headquartered out of state.

Mr. Hodess requested that the McLane Suneast proposal come back to the Panel with clarification on out-of-state requirements.

Aptos Berry Farms, Incorporated

Mr. Tagami presented a One-Step Agreement for Aptos Berry Farms, Inc., in the amount of \$104,000. Aptos Berry Farms is headquartered in Oxnard and provides all financial and administrative services for three companies sharing common ownership: Aptos Berry Farms, Inc., Reiter Berry Farms, Inc., and Reiter Brothers, Inc. Aptos Berry Farms plans to train 75 workers at Aptos Berry Farms in Oxnard, 75 workers at Reiter Brothers, Inc., in Oxnard, and 50 workers at Reiter Berry Farms, Inc., in Watsonville. Aptos Berry Farms, Inc., is requesting a waiver to the ETP minimum wage requirement for 124 "working poor" production workers located in Ventura and Santa Cruz counties. The contractor has agreed to provide a wage increase of at least 7 percent following completion of training and retention period.

Mr. Tagami introduced Joann Olivares, Director of Human Resources. Mr. Broad asked the Panel to consider revisiting the regulation regarding seasonal workers who return to the same employer every year and who are covered by Collective Bargaining Agreements.

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried: 7 – 0.

Mr. Broad requested recalling the Cycle Gear, Inc., project for Panel discussion. The project was discussed later in the day (see page 15).

X. IMPLEMENTATION PLAN

Mr. McNamee stated that the Strategic Plan was approved by the Panel and submitted to the Governor and Legislature, with the understanding that staff would develop action plans to accomplish the objectives in the Plan. Each action plan describes the importance of the objective addressed, lists activities and milestones, identifies responsible staff and resources needed, provides timelines, and summarizes the overall result of achieving the objective.

Mr. McNamee reported ETP's accomplishments to date include:

- A pilot project was implemented to test a streamlined process for businesses employing 100 or fewer workers to contract directly with the Panel;
- A new independent study was initiated on the effectiveness of ETP-funded training;
- Action has been taken on several policy issues, including refinement of the Panel's high unemployment areas policy and training for the working poor, and clarification of training for managers and supervisors.
- Public meetings have been initiated to help clarify and resolve issues pertaining to Structured On-Site Training.
- Executive Staff participation in the new LWDA has begun with weekly meetings and ongoing coordination.
- Budget Change Proposals have been submitted to increase ETP's budget authority and to achieve status as an independent department.
- A tracking system has also been implemented for monthly reporting of training expenditures for: a) manufacturing and high tech industries, b) Special Employment Training; c) unemployed workers; and d) high unemployment areas.

Mr. McNamee stated the Strategic Plan is ambitious in that it includes 10 goals that encompass a total of 41 objectives. ETP managers reviewed the goals and objectives and develop an implementation plan for each objective. He requested staff to identify (1) what the outcome should be to achieve the objective, (2) identify the timeframe, (3) identify the specific milestones and steps necessary to achieve the objectives, and (4) identify what the outcomes were. A review of these objectives indicates that 18 will be accomplished in the current fiscal year; and 14 more will be completed within time frames, which extend beyond the current fiscal year. However, because of resource constraints, it is recommended that nine objectives be deferred.

He stated that given the current State hiring freeze, it is anticipated ETP will face a 10 to 20 percent reduction in staff, It is estimated that in order to accomplish all 41

objectives in the Plan, an additional 20 personnel years, above currently available resources would be needed, even before the impending staff reductions.

Mr. McNamee recommended that completion of nine objectives be deferred this year and be reconsidered in next year's Strategic Plan update, providing that sufficient staff resources become available:

- Ensure ETP funds act as a catalyst for workforce training investments by businesses. (Goal 1, Objective 8.) While staff will continue ongoing efforts to promote workforce training, but preparation of promotional materials and a follow-up study to determine the effectiveness of such actions will require additional resources.
- Evaluate the incremental system of encumbering funds to determine if its objective is being met, and to determine opportunities to further minimize training fund disencumbrances. (Goal 3, Objective 2.) While incremental funding of projects will continue, additional resources are required to conduct this study.
- Explore new methods of assessing the value added by ETP training programs. (Goal 3, Objective 4.) A current study of ETP's effectiveness is underway, and evaluation of the program is an ongoing process. If resources become available, this objective would focus on the development of new study approaches to determine the value of ETP training on businesses, workers, and the economy.
- Increase employer contributions to the cost of training after completion of ETP-funded training. (Goal 5, Objective 2.) Current staff efforts to ensure and maximize employer contributions in project development will continue. However, additional resources are needed to explore new ways of leveraging employer training and to evaluate the results.
- Use ETP training assistance to leverage reduced workforce turnover, with the objective of an overall turnover rate under 20 percent. (Goal 6, Objective 4.) Emphasis on low turnover rates will continue in project development and monitoring. However, additional resources are needed for better systems to track turnover and develop incentives for low turnover rates.
- Work to expand industry-based workforce training by studying and replicating exemplary models. (Goal 7, Objective 2.) While staff will continue ongoing efforts to promote and expand workforce training through marketing and development, activities related to researching and implementing model projects will require additional resources.
- Undertake a study to identify better training project evaluation tools. (Goal 8, Objective 1.) Staff currently work to provide the Panel as much information as possible to make informed funding decisions. Efforts are also underway to improve project summary memos for ETP meetings. However, the intent of this objective is to develop refined evaluation criteria for the Panel's use in making funding decisions, which will require additional staff resources.

- Assess data needs pertinent to each of the Panel's critical functions; ensure that automation processes yield necessary data. (Goal 8, Objective 4.) Staff work continuously to update and improve ETP's database and Management Information System (MIS). At the same time, this objective calls for a comprehensive reevaluation to ensure that all of the program's data needs are being addressed, and will require additional resources to staff a work group and for potential programming/data dictionary updates.
- Explore creating a customer advisory committee to help guide IT initiatives. (Goal 8, Objective 7.) ETP will continue to emphasize and solicit customer input for program improvement, including IT related issues. However, additional staff resources are required for the work necessary to identify potential members, and initiate and work in concert with an IT advisory committee in the current year.

Mr. McNamee stated as indicated, insufficient staff resources make it unfeasible to proceed with the above objectives in the current year. By deferring these nine objectives, staff can better manage what is already considerable workload

ETP staff requested Panel members' input on the action plans, in order to finalize them and bring them back for final approval at the December Panel meeting.

XI. AGREEMENTS AND AMENDMENTS REVISITED

ACTION: Mr. Hodess made a motion to reconsider the motion authorizing the Executive Director to approve those proposals that are less than \$100,000 including the Small Business Pilot Projects (SBPP) in order to review Cycle Gear, Inc. Mr. Rankin seconded.

Motion carried: 5 – 0 (Mr. Broad and Mr. Lennox absent).

Mr. Hodess stated that Panel members had concerns regarding the turnover rate and retention period for Cycle Gear Inc.'s proposal.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel approve Cycle Gear, Inc.'s proposal with the exception that retention period be extended to 120 days.

Motion carried: 5 – 0 (Mr. Broad and Mr. Lennox absent).

ACTION: Ms. Dean moved the Panel authorize the Executive Director to approve all other proposals under \$100,000. Mr. Hodess seconded.

Motion carried: 5 – 0 (Mr. Broad and Mr. Lennox absent).

XII. 2001-2002 ANNUAL REPORT

Mike Rice, Manager of ETP's Planning and Research Unit, presented the final draft of ETP's Annual Report for Fiscal Year 2001-02. The Report provides information on both Panel actions and contracts completed in fiscal year 2001-02, a year in which the Panel:

- Increased outreach and strategic planning efforts in anticipation of its role in the new Labor and Workforce Development Agency;
- Targeted business and industry with the greatest impact on California's economy, approving 242 new training projects and encumbering \$83.2 million for the training and employment of approximately 75,000 workers at an average cost of \$1,111 per trainee;
- Addressed a number of key policy issues and re-emphasized training for small businesses by approving a Small Business Pilot Project to facilitate direct contracts with businesses with 100 or fewer employees;
- In addition, last year's completed contract data showed continued emphasis on funding for training in high-skill, high-wage jobs, at a reasonable cost.
- Two-thirds of all businesses served had 100 or fewer workers; and 34 percent had 20 or fewer employees.
- Manufacturing and high technology continued to be a high priority, with 65 percent of all funds having been earned by businesses in those sectors.

Ms. Kwalwasser recommended the marketing results of the ETP program and the value of training be included in the Annual Report. Ms. Kwalwasser requested public comments be sent to ETP by December 9 to Mike Rice, Manager of the Planning and Research Unit (916/327-5266; mrice@etp.ca.gov).

ACTION: Mr. Rankin moved the Panel approve the Annual Report with proposed forthcoming edits. Mr. Freeman seconded.

Motion carried, 5 – 0 (Mr. Broad and Mr. Lennox absent).

XIII. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, presented to the Panel recent press releases from three local San Francisco Bay Area newspapers highlighting the benefits of ETP-funded training.

XIV. EXECUTIVE SESSION

There was no Executive Session at this month's Panel meeting.

XV. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:40 p.m.