

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street, 2nd Floor

Central Valley Auditorium

Sacramento, California 95814

August 21, 2003

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

Steven Suchil
Assistant Executive Director

Pamela Haynes
Assistant Executive Director

Peter DeMauro
General Counsel

Ada Carrillo
Chief of Staff

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I. PUBLIC PANEL MEETING CALL TO ORDER

Aram Hodess, Vice Chairman, called the public Panel meeting to order at 9:45 a.m. Mr. Hodess stated that until a quorum is present, the Panel would be acting as a committee of the whole. The Panel members present would listen to reports but without a quorum would not be able to take any action. He announced there would be an Executive Session when a quorum is present.

II. ROLL CALL

Members Present

Aram Hodess, Vice Chairman
Barry Broad
Joan Dean (Arrived at 11:20 a.m.)
Robert Lennox
Tom Rankin

Members Absent

Marsha Kwalwasser, Chairperson
Tyrone Freeman

Executive Staff Present

Peter McNamee, Executive Director
Steven Suchil, Assistant Executive Director
Peter DeMauro, General Counsel
Ada Carrillo, Chief of Staff

III. REPORT OF THE CHAIRPERSON/PANEL MEMBERS

Mr. Hodess reported on the State's Budget and its adverse impact on ETP.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee announced the retirement Ron Tagami, North Hollywood Field Office Manager. Mr. McNamee expressed ETP's appreciation for Mr. Tagami's dedicated service to ETP.

Mr. McNamee recognized Ada Carrillo for her diligence in providing innovative options for possible solutions to the budget crisis. He announced that due to budget constraints, the Technology, Trade and Commerce Agency, for which Joan Dean is Deputy Secretary, will be eliminated effective January 1, 2004.

Interagency Agreement Manufacturing Technology

Mr. Suchil presented a proposed Interagency Agreement with the California Technology, Trade and Commerce Agency to continue funding for the Manufacturing Technology Program in the amount of \$2.126 million. The Manufacturing Technology Program was established for the purpose of providing matching grants and technical assistance to California non-profit corporations and public agencies for the development, distribution, and implementation of manufacturing technology in California. The matching grant program's objectives are to aid California in the development of an effective manufacturing business assistance infrastructure that encourages and supports the improvement and growth of manufacturers throughout the State, and to make California manufacturing technology more competitive by supporting projects which leverage private sector, federal and state resources to lead to sustained economic growth and job creation. (Action on Interagency Agreement on page 7.)

Small Business Pilot Project (SBPP) Update

Mr. Suchil reported five new contracts and one amendment developed under the SBPP are being presented at today's Panel meeting. All five projects are from the manufacturing sector. If approved by the Panel, these new projects will bring the total number of contracts to 67 for the 11 months of project development. These five companies range in size from a total of 5 to 48 employees. The total ETP training cost for the five projects is \$53,820.

Report on Budget and Legislation

Mr. Suchil reported on AB 1061 which requires that ETP's annual report and strategic plan describe pilot projects and other strategies to meet small business needs and improve their access to ETP training, and requires ETP to continue current efforts to assist aerospace and defense suppliers.

Mr. Suchil reported that Budget Change Proposals are being prepared to (1) restore ETP funds to \$70 million (as proposed in the Governor's 2003-04 Budget Proposal); (2) make ETP independent from EDD with its own budget code, which is

consistent with ETP's strategic plan; and (3) augment ETP's budget appropriation by eliminating the ETF transfer to the Department of Social Services, and add 7.0 new PYs to support workload associated with administering requested training funds. (Action on Budget Change Proposals on page 7.)

Mr. Suchil compared last year's (2003-03) available training funds of \$83,578,902 to next year's (2003-04) available training funds of only \$42,099,783. Mr. McNamee stated in addition to the halving of funding, the absorption of shortfall, and the unallocated cuts that were adopted in the budget, staffing was cut by 10 percent last year (mandated for 2002-03), and may be further reduced by another 12 percent in the current fiscal year (2003-04). He stated that ETP is making every effort to get its funding restored.

Strategic Plan

Mr. McNamee stated the Strategic Plan as adopted by the Panel has appropriate priorities regardless of the funding amount budgeted. He recommended that no changes be made to the Strategic Plan at this time.

Mr. Broad stated that ETP should be guided by basic fiscal principles. He stated the Panel needs to develop a series of options to cope with the current budget situation. He said the Panel needs to reassure the public that participates in the ETP program that the program has predictability. Mr. Rankin suggested setting aside time at the September Panel meeting to discuss options and develop guidelines to work under the restricted budget. Mr. McNamee suggested holding discussion at the October Panel meeting in order to allow staff and the public time to prepare suggestions for options.

V. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro had no report. He congratulated staff on their diligence in working through these trying budget times. He reiterated Mr. McNamee's expression of appreciation for Mr. Tagami's dedicated service to ETP.

VI. LIFE-SCIENCE INDUSTRY WORKFORCE TRAINING

Mr. McNamee introduced Matt McKinnon, Undersecretary, Labor and Workforce Development Agency; Dr. Robert Wang, Ph.D., Associate Director, Center for Bio/Pharmaceutical and Biodevice Development, San Diego State University; and Kathleen Roll, Manager of Workforce Development Programs, BIOCOM.

Mr. McKinnon complimented ETP staff on their hard work facing the problems associated with the budget crisis. He presented an overview of Governor Davis' proclamation to support the development and retention of the life-science industry in

California. All of the State's agencies have begun to address transfers and technology problems and barriers within the University of California system. He stated the Labor Agency, through EDD, in coordination with the Governor's Office of Research, is working at coordinating life-science training programs. He stated there is a diversity of objectives in life sciences. All levels of employees require training, which includes entry level workers and employees holding advanced degrees. A workforce initiative has been developed in the San Francisco Bay Area to utilize Workforce Investment Act dollars to retrain workers laid off due to the events of September 11. He stated he has recently received several workforce development initiatives. He has received a proposal from the San Diego area, and anticipates proposals from the Los Angeles area.

Dr. Wang presented his perspective on the training needs in the biotechnology and related industries. He stated approximately 25 percent of U.S. biotechnology companies are located in California with over 75 percent of them having been founded in the past 20 years. As more of these companies continue to evolve from primarily basic research and development organizations into businesses involved in commercially distributing products, there is a growing and critical need for a workforce in product development, testing, and manufacturing functions that is appropriately trained to work in an environment stringently monitored and regulated by the FDA. The current availability of such training within California is extremely limited and insufficient to address the growing need. Because the biotechnology industry is growing quickly as new scientific breakthroughs are made, individuals who work in this industry must be prepared to continually update their education. Employers encourage continuing education, and this is often part of an already generous benefit package. Individuals with a strong work ethic, who demonstrate a willingness to expand their knowledge base and leadership skills, can expect to have a rewarding and stimulating career in this young and vigorous industry.

Ms. Roll stated how unique and important the ETP funding is. She stated it is the only cash fund set that the State offers to companies for training their employees with lifetime skills that keep workers employed at good paying jobs. She stated the average wage for entry level employees is \$12.50 - \$15 per hour. Further, all employees, including those who have advanced degrees (including Ph.D's), do need retraining, not only in areas of science and learning new techniques or updating their skills with newer equipment, but also in business management skills.

Ms. Roll suggested five ways that would make the ETP program easier for companies to use: (1) flexibility in multiple employer contracts for smaller companies; (2) flexibility in consortia-style training. She stated this is the easiest and most effective method of bringing companies together for training; (3) flexibility in computer-based training; (4) inclusion of certain research and development companies, that also produce the approved product as manufacturers; and (5) a clearer definition of the qualifications for advanced technology rate eligibility.

Ms. Dean arrived at the Panel meeting at 11:30 a.m. A quorum was present.

VII. APPROVAL OF AGENDA

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel approve the Agenda.

Motion carried, 5 – 0.

VIII. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Minutes of July 24, 2003.

Motion carried, 5 – 0.

IX. PROJECTS UNDER \$100,000

ACTION: Mr. Broad moved and Ms. Dean seconded the Panel approve adopting those proposals in funding amounts of less than \$100,000 including the Small Business Pilot Projects (SBPP) The following projects were subject to this motion to approve:

Roy E. Whitehead, Inc. (Amendment)	\$10,000
Varian, Inc.	\$19,500
Del West Engineering, Incorporated	\$74,920
Genesis Technology Partners.....	\$57,200
Cost Plus, Inc.	\$28,665
The Roman Catholic Cemeteries of the Diocese of Oakland/Oakland Cemeteries (SET)	\$96,000
Polycomp Administrative Services, Inc. (Amendment)	\$12,322
Raley's	\$51,740
Amron, International (SBPP)	\$18,740
BECO Manufacturing Co., Inc. (SBPP)	\$12,660
Mini Micro Stencil, Inc. (SBPP)	\$3,900
Digital Engraving Inc. (SBPP).....	\$13,000
Cable Car Classics, Inc. (SBPP).....	\$5,160

Motion carried, 5 - 0.

X. ACTION OF BUDGET AND LEGISLATION

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel direct staff to seek legislation to amend the Unemployment Insurance Code Section 10206 by eliminating the 15 percent administrative overhead cap.

Motion carried, 5 – 0.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel direct staff to prepare a Budget Change Proposal to seek restoration of ETP’s funding as proposed in the Governor’s 2003-04 Budget Proposal (\$70 million).

Motion carried, 5 – 0.

XI. MANUFACTURING TECHNOLOGY INTERAGENCY AGREEMENT

ACTION: Ms. Dean moved and Mr. Lennox approved an Interagency Agreement to fund the Manufacturing Technology Program in accordance with the California State Budget Act of 2003/04.

Motion carried, 5 – 0.

XII. AGREEMENTS AND AMENDMENTS

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve adopting all proposals presented on today’s Agenda with the exception of the proposal for Center for Employment Training which would be considered separately. The following projects were subject to this motion to approve:

California Career School (MEC)	\$603,844
UAW Labor Employment & Training Corp. (MEC)	\$1,598,500
Kiewit Pacific Company (SET)	\$217,100
See’s Candies, Inc.	\$357,435
Semiconductor Equipment and Materials, International, Inc.	\$163,930
Hansen Information Technologies	\$231,504

Motion carried, 5 – 0.

The proposal for Goodwill Industries of San Joaquin Valley was withdrawn from consideration at this month’s Panel meeting.

Center for Employment Training

Charles Lundberg, representing ETP's Sacramento field office, presented a One-Step Agreement for Center for Employment Training (CET) in the amount of \$1,382,087 to train 197 unemployment insurance recipients. Individuals target for training also have multiple barriers to employment. Mr. Lundberg stated staff has not been able to verify with the Department of Apprenticeship Standards whether or not the training for automotive maintenance mechanics or air conditioning mechanics duplicates or parallels any existing apprenticeship program.

Mr. Lundberg introduced Carlos Lopez, Corporate Director, and Elizabeth Hudson, Division Director, Greg Doonan, Regional Director, and Erica Huey, Program Monitor. Panel members stated their concerns regarding ETP duplicating training of existing apprenticeship programs. Mr. Lopez stated the CET's automotive program is designed for people who need a great deal of remediation, literacy and basic education to be able to get into the job market. Mr. Lopez explained that the specific training is a classroom/lab program existing of 605 hours, which CET considers pre-apprenticeship training, whereas the apprenticeship program, which is more formal and long-term, requires approximately 6,000 hours. Mr. Lopez stated that if the Panel approves of CET as a pre-apprenticeship feeder program it does provide opportunities to more people with adverse backgrounds. Panel members Hodess and Rankin had concerns regarding existing apprenticeship programs for automotive and heating and air conditioning mechanics and suggested approving the proposal with the exception of automotive maintenance and heating & air conditioning training. Mr. Lopez agreed.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve CET's proposal with the exception of the automotive and heating and air conditioning training.

Motion carried, 5 – 0.

XIII. PUBLIC COMMENT

Carlos Lopez, Corporate Director of CET, requested the Panel to consider the following options so that in the future funds would not be removed from the Employment Training Fund: (1) work with contractors who are under-enrolled toward the end of their contract and who would voluntarily disencumber funds; and (2) concentrate the appropriation of funds early in the program year.

Sallyanne Monte, Chief Operating Officer, Manex, stated the ETP funding is extremely important to small businesses. For many, it is the difference between staying in business versus going out of business or moving out of the state. She stated the ETP training program has been an incentive to keeping businesses in California.

XIV. EXECUTIVE SESSION

ACTION: Mr. Broad moved and Ms. Dean seconded the Panel adjourn to reconvene in a closed Executive Session per Government Code Section 11126(q).

Motion carried, 5 – 0.

The public portion of the Panel meeting adjourned at 12:15 p.m.