

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 I Street, Central Valley Auditorium, 2nd Floor
Sacramento, California 95814
December 18, 2003

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Tyrone Freeman
Member

Paul Kiesel
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

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 I Street, Central Valley Auditorium, 2nd Floor
Sacramento, California 95814
December 18, 2003

I. PUBLIC PANEL MEETING CALL TO ORDER

Tom Rankin, Acting Chair, called the public Panel meeting to order at 9:35 a.m. Mr. Rankin 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.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Chairperson (Connected by teleconference at 9:45 a.m.)

Tyrone Freeman (Connected by teleconference at 10:00 a.m.)

Paul Kiesel

Robert Lennox

Tom Rankin, Acting Chair

Members Absent

Aram Hodess, Vice Chair

Barry Broad

Executive Staff Present

Peter McNamee, Executive Director

Steven Suchil, Assistant Executive Director

Pam Haynes, Assistant Executive Director

Peter DeMauro, General Counsel

Ada Carrillo, Chief of Staff

III. REPORT OF THE EXECUTIVE DIRECTOR

Budget and Legislative Update

Mr. McNamee reported he met the Labor Workforce and Development Agency (LWDA) and briefed them on budget issues. He stated the LWDA is supportive of ETP and has expressed the belief that ETP is an important tool for the State's economic development. The Department of Finance is working on the Governor's budget for next

fiscal year which is due on January 10. At that time, ETP will be in a better position to prepare for the Legislative budget hearings. Mr. McNamee recommended, as was done last year, the Panel instruct staff to work with the Panel's Legislative Subcommittee in preparation for those hearings and report on budget development at the next Panel meeting.

Mr. McNamee and Steve Suchil met with Patrick Henning, the LWDA legislative liaison, to discuss potential legislation in regard to ETP. Mr. Henning indicated that the Administration was still developing its legislative initiatives but he would continue to work with ETP to develop proposals that the Panel and the Administration could support. In order to continue the work that ETP has begun in this area, Mr. McNamee recommended that the Panel direct ETP's Legislative Subcommittee to work with ETP and LWDA staff to refine potential legislation and report back at the next Panel meeting.

Fund Status

Mr. McNamee reported ETP has encumbered \$38.2 million of its \$43.7 million available training funds to date. If all proposals presented at today's meeting are approved, all ETP training funds will be exhausted. The Panel will not be meeting January, February, or March 2004. Mr. McNamee recommended that the Panel begin considering new training projects for funding out of next year's appropriation at the Panel's April 2004 meeting. In the interim, ETP staff will continue to monitor actual fund utilization. If funds should become available, ETP staff notify the Chair and Vice Chair and seek their direction as to the appropriateness of scheduling a Panel meeting prior to the currently scheduled April meeting. In the interim, Mr. McNamee requested the Panel authorize him to approve contract amendments of \$1,000 or less, provided adequate funds are available. (See Page 4 for action.)

Mr. McNamee announced the reappointment of Barry Broad by Senator Burton to serve on the Panel for another term. Mr. McNamee reported that Joan Dean, the designee of Secretary Lon Hatamiya of the Technology, Trade and Commerce Agency, has left State service. He asked the Panel to recognize and thank Joan Dean for her service on the Panel (see Page 4-5 for action).

Mr. McNamee announced that California Manufacturing Technology Consulting (CMTC) will not be presenting its proposal at today's Panel meeting. ETP will continue to work with David Braunstein, President & CEO of CMTC, to explore opportunities to help California businesses and capture federal funds that benefit the State's economy.

IV. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported on Executive Order No. 2, which was intended to determine whether or not there are any regulations proposed or pending which might negatively impact business in California. The first order of compliance with this Executive Order was to review all existing regulations, policies, staff reference manuals, etc. to

determine whether ETP is functioning with underground regulations. Mr. DeMauro stated ETP has complied.

Mr. DeMauro stated with the Technology, Trade and Commerce Agency no longer in existence, the Panel can function as a body of seven members, an acting quorum of seven members would be four. He stated with Ms. Kwalwasser present via the teleconference, there is a quorum present for today's Panel meeting.

V. APPROVAL OF AGENDA

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the Agenda with an amendment to move Leprino Foods to first on the Agenda.

Motion carried, 4 – 0 (Roll call vote: Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

VI. APPROVAL OF MINUTES

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the Minutes of November 20, 2003.

Motion carried, 4 – 0 (Roll call vote: Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

VII. APPROVAL OF AMENDMENTS OF \$1,000 OR LESS

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel delegate authority to the Executive Director to approve adopting Amendments to Contacts in the amount of \$1,000 or less.

Motion carried, *5 – 0 (Roll call vote: Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye. * Mr. Freeman (arrived via teleconference after roll call vote) approved delegating authority to the Executive Director to approve adopting Amendments to Contacts in the amount of \$1,000 or less).

VIII. APPROVAL OF RECOGNIZING JOAN DEAN FOR HER SERVICE TO THE PANEL

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel thank Joan Dean for her service on the Panel.

Motion carried, 4 – 0 (Roll call vote: Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Mr. Freeman joined the Panel via teleconference at 10:00 a.m.

IX. APPROVAL OF PROJECTS \$100,000 OR LESS

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel delegate authority to the Executive Director to 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:

Autobyte Inc.	\$98,020
D.T. Mattson Enterprises, Inc. d.b.a. Pro-Line (HUA)	\$61,920
Dynacast, Inc.	\$26,208
Eiki International, Inc.	\$27,820
Allied Surgical Centers Management LLC (SEET)	\$85,020
Hawker Pacific Aerospace	\$41,600
Kern Community College District (MEC)(SET)	\$8,340
PolyOne Corporation (Amendment).....	\$1,872
REM Eyewear Inc. (Amendment)	\$16,320
Pacific Steel Casting Company (SET)	\$98,160
IDEXX Laboratories, Inc.	\$76,505
Meridian Project Systems, Inc.	\$71,617
Placer County Office of Economic Development (MEC)	\$59,332
Siemens Medical Solutions USA, Inc.	\$88,452
Altevers Associates	\$4,320
Altevers International	\$720
Profil Institute for Clinical Research, Inc.	\$7,800
Summit Investments Corporation d.b.a. Loanisland	\$13,720
ACI Billing Services, Inc.	\$14,400
Perillo Industries d.b.a. Century Electronics	\$8,000
Southland Stone USA, Inc.	\$3,400
Marich Confectionery Company.....	\$10,920
Ai Metrix, Inc.	\$16,380

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve authorizing the Executive Director authority to approve projects for which no quorum exists after consultation with the Panel Chair, and Vice-Chair.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

X. AGREEMENTS AND AMENDMENTS

Leprino Foods (Presented out of order)

Jay Chapman, Human Resources Manager, was present to answer any questions. There were no questions from Panel members.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement for Leprino Foods in the amount of \$453,544 to retrain 883 employees.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

George G. Glenner Alzheimer's Family Centers, Inc.

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Multiple Employer Contract (MEC) for George G. Glenner Alzheimer's Family Centers, Inc., in the amount of \$315,975 to train 75 new hires as Certified Nurse Assistant Dementia Care Specialists and Home Health Aides.

Ms. Torres introduced Michael Roush, MA, Associate Director of School, and Todd Shetter, Vice President. There were no questions from Panel members

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Riverside Community College District

Ms. Torres presented a One-Step MEC Agreement for Riverside Community College District in the amount of \$200,100 to train 300 employees from various participating employers.

Ms. Torres introduced Linda Reifschneider, Director of Corporate & Business Development. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

American Business College (SET)

Ruby Cohen, manager of ETP's Sacramento field office, presented a One-Step MEC Special Employment Training (SET) Agreement for American Business College in the amount of \$165,960 to train 40 new hires. This proposal was presented at the November 20, 2003, Panel meeting. Panel members raised the following concerns: high cost of training associated with the high number of hours, low wages, and the inclusion of McDonalds on the list of participating employers. It was determined that McDonald's has a comprehensive management training program of its own. Ms. Cohen stated McDonald's has been removed from the participating employer list and will not be a participating employer in this Agreement. As a result of the Panel's suggestion to lower the cost and hours of training, staff contacted the Bureau for Private Postsecondary and Vocational Education (BPPVE) to ascertain curriculum modification requirements. The BPPVE is agreeable to training modifications. The Department of Real Estate (DRE) was contacted as well to obtain minimum licensing requirements for property managers and corporate loan officer occupations. The DRE does not allow unlicensed individuals to act as property managers or mortgage bankers except in the situation of a property manager living onsite. Both occupations have the potential of earning a higher wage with a California real estate license. The Contractor is not requesting a wage waiver, and has agreed to raise the minimum wage after retention to \$9.79 per hour or more, depending on the occupation.

Ms. Cohen introduced Candace Brook, Director. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

California Manufacturing Technology Association

Ms. Cohen presented a One-Step MEC Agreement for California Manufacturing Technology Association (CMTA) in the amount of \$363,980 to train 220 workers in Computer Skills, Continuous Improvement Skills, and Manufacturing Skills.

Ms. Cohen introduced Brian McMahan, President. Mr. Kiesel had concerns with performance on prior contracts. Mr. McMahan stated in the past, participating companies requested CMTA to reserve funds for them. CMTA kept the funds in reservation too long, where there was not adequate time to resume marketing when the companies decided not to go forward with the Agreement. He stated CMTA has learned

a lesson not to hold funds for companies that indicate interest in participating in an agreement.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Refrigerating Engineers Technicians Association

Ms. Cohen presented a One-Step MEC Agreement for Refrigerating Engineers Technicians Association (RETA) in the amount of \$227,880 to train 330 workers in Commercial Skills. Mr. Cohen stated there are two issues associated with this project: 1) 130 of the 330 trainees to be trained in the occupations of refrigeration mechanics/operators are considered new hires and do not conform to the ETP apprenticeship policy; and 2) the same types of training are being provided to the same employees of the same employers as was provided in previous projects.

Ms. Cohen introduced Cori Lombardo, Executive Director. Mr. Rankin asked if RETA would consider removing the 130 new hires considered as apprenticeable. Ms. Lombardo did not consider this project as an apprenticeship program and would not agree to remove the 130 new hires. Mr. Rankin stated these jobs appear to be apprenticeable and therefore do not qualify for ETP funding. Panel members had concerns with the supplemental nature of training. Ms. Lombardo stated the proposed training is a more advanced, extensive ammonia-specific training.

ACTION: Mr. Freeman moved and Mr. Kiesel seconded the Panel postpone action on the proposal for Refrigerating Engineers Technicians Association until the April 2004 Panel meeting.

Motion carried to postpone, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Sacramento Area Electrical Joint Apprenticeship Training Committee

Ms. Cohen presented a One-Step MEC SET Agreement for Sacramento Area Electrical Joint Apprenticeship Training Committee in the amount of \$160,080 to train 240 employees in Commercial Skills.

Ms. Cohen introduced Gary Hunziker, Training Director. There were no questions from Panel members.

ACTION: Mr. Freeman moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

California American Water Company

Ms. Torres presented a One-Step SET Agreement for California American Water Company (Cal Am) in the amount of \$235,040 to train 250 employees in Business Skills, Commercial Skills, Computer Skills, and Continuous Improvement Skills. This proposal was original submitted to the Panel at the November 20, 2003, Panel meeting. The Panel raised concerns regarding the funding of utility companies. The concerns were: 1) competition with other private California companies; 2) training and water standard requirements under the current Public Utilities Commission (PUC) rate; and 3) what private utility companies and training the Panel has funded in the past that were subject to minimum rate regulation or cost of service regulation. Company representatives responded stated that its franchise agreements are renewable every 10 to 15 years and at that time the city can make a decision if they want to continue with Cal Am or explore other alternatives. Under the franchise agreement, there is no competition. Staff contacted the Water Branch of the PUC to determine whether the rate setting for Cal Am water services included training costs. The manager of the Water Branch of the PUC Office of Ratepayer Advocates stated that the proposed Cal Am curriculum appeared to substantially exceed training that had been considered by the PUC in rate setting for Cal Am. The PUC representative concluded that there appeared to be no double payment in connection with Cal Am's current training. The Panel has funded eight utility related projects since 1995. California Water Service Company, which was approved unanimously with no issues raised, appears to be the most similar to Cal Am. A review of the curriculum in that project shows that training is nearly identical to the Cal Am Water curriculum.

Ms. Torres introduced Benjamin Lewis, Jr., Vice President and Manager, and Bernardo Garcia, Region 5 Director, Utility Workers Union of America. There were no questions from Panel members.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Panel members suggested considering future policy changes regarding ETP-funded training for public utility companies.

HMC Group

Ms. Torres presented a One-Step SET Agreement for HMC Group in the amount of \$201,760 to retrain 194 frontline workers in Computer Skills. HMC provides innovative

design, facility planning, architecture, and interior design services. Its principle business is design of educational, healthcare, and governmental facilities for private and public clients located in California and Nevada.

Ms. Torres introduced James Staley, Chief Operations Office/Chief Financial Officer. There were no questions from Panel members. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Western Financial Bank

Ms. Torres presented a One-Step SET Agreement for Western Financial Bank (WFB) in the amount of \$133,848 to retrain 78 frontline workers in Commercial Skills and Computer Skills. WFB is a subsidiary of Westcorp, a diversified financial services holding company. WFB is requesting a waiver to the Panel's 20 percent minimum turnover rate requirement. WFB reported a turnover rate of 70 percent for the 2002 calendar year. WFB stated the reasons for the high turnover rate was downsizing during a recent reorganization and lack of training. The Company has now completed the transitional period of the reorganization and downsizing and is confident the proposed training will significantly decrease the turnover rate. WFB stated from January 2003 to September 2003 the turnover rate has decreased to 27 percent. WFB voiced confidence the turnover rate will continue to decrease and agreed that if it does not meet the 20 percent or less turnover rate during the last year of the Agreement, it will forfeit the final 25 percent of the Agreement amount. WFB agreed to a 120-day retention period for each trainee following training.

Ms. Torres introduced Karen Marchak, Senior Vice President, Director of Human Performance, and Margie Coenraad-Martinez, Vice President & Regional Manager. Panel members had concerns with turnover. Mr. Rankin recommended postponing action on the WFB until the April Panel meeting to track the turnover to see if the rate continues to decrease.

ACTION: Mr. Kiesel moved and Ms. Kwalwasser seconded postponing action on the One-Step Agreement for Western Financial Bank.

Motion carried to postpone, 4 – 1 (Roll call vote: Mr. Freeman - no, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

ACTION: Mr. Lennox moved and Mr. Freeman seconded the Panel approve the following projects:

Sverdrup Civil, Inc. d.b.a. Jacobs Civil	\$371,800
ECB Corporation – Omni Duct Systems	\$159,705
AmeriCold Logistics	\$173,030
Coca Cola Bottling Company of Los Angeles	\$910,845
Flowserve Corporation	\$147,940
Sargent Fletcher, Inc.....	\$233,064
Chevron Products Company	\$266,035
Injex Industries, Inc.	\$105,548
Solectron Corporation	\$801,632
Anheuser-Busch, Inc.....	\$203,385
Hilmar Cheese Company, Inc.	\$176,449
Pacific Coast Producers	\$108,472
Universal Propulsion Company, Inc.	\$125,658

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Mr. DeMauro stated he had recused himself from review and discussion on the Chevron Products Company proposal.

Pool Well Services Company

Dolores Kendrick, manager of ETP’s North Hollywood field office, presented a One-Step SET Agreement for Pool Well Services Company in the amount of \$156,000 to retrain 150 frontline workers in Continuous Improvement. Pool Well Services Company provides a variety of shore services to the oil production industry. Primary rig services assist in drilling and completing wells, prolonging the productive life of oil and gas wells through periodic maintenance, and performing major repairs and modifications. At the end of the life cycle, the Company performs “lug and abandonment services.” Additional services include fluid handling, foam drilling, equipment rental and replacement, and cleaning and well conversion.

Ms. Kendrick introduced Bill Steers, Safety Director, and Alan Pounds, Director, Business Development and Contracts. Mr. Rankin had concerns regarding turnover. Mr. Pounds stated the major turnover occurs with new hires directly out of high school that are initially attracted to the high wages but are not prepared for the difficult and demanding physical nature of the job. Mr. Pounds stated approximately 50 percent of the new hires drop out during the training period. Mr. Lennox stated that with ETP’s limited resources, this project does not meet Panel priorities, especially with the high turnover rate and the training mainly of supervisors.

ACTION: Mr. Lennox moved and Mr. Freeman seconded the Panel reject the proposal for Pool Well Services Company.

Motion carried to reject, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

MSC Software Corporation

Ms. Torres presented a One-Step Agreement for MSC Software Corporation in the amount of \$240,084 to retrain 343 workers in Business Skills, Computer Skills, and Continuous Improvement. MSC Software Corporation provides product development tools, including simulation software, professional services and enterprise information technology systems. The Company's products and services help customers optimize product designs, increase quality and reliability, reduce product development costs, and increase product delivery efficiency. MSC also provides consulting services to help its clients improve the integration and performance of produce development processes. The Company serves customers in the aerospace, automotive, electronics, biomedical, and transportation industries. MSC had a previous Agreement with ETP which was unsuccessful, no funds were earned. The Contractor stated that the training plan developed for the previous project was overly ambitious in the number of training hours and was consultant driven, rather than employer driven. In addition, there was no company person charged with the project administration. Ms. Torres stated MSC has outlined steps it plans to take to ensure better performance in the proposed Agreement.

Ms. Torres introduced Rich Lander, Human Resources Vice President, and William Parker, President of National Training Systems Inc. Ms. Kwalwasser requested a letter from the CEO of MSC ensuring the success of the project. She also asked staff to follow up on MSC's performance after 60 days. Ms. Torres stated that ETP has received a letter from the Contractor outlining all of the measures they are committed to take to ensure a successful project. Ms. Torres stated the project will be monitored 30 days after the project starts up with frequent follow-ups thereafter.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Walgreen Company

Ms. Torres presented a One-Step Agreement for Walgreen Company in the amount of \$1,000,428 to retrain 583 employees in Commercial Skills.

Terry Watkins, Divisional Vice-President of Distribution Operations, Shawna Compton, Senior Human Resources Manager, and Mark Kenney, Distribution Center Manager, were present to answer questions. There were no questions from Panel members.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Sears Logistics Services, Inc.

Ms. Kendrick presented a One-Step Agreement for Sears Logistics Services, Inc., in the amount of \$370,500 to retrain 300 frontline workers in Continuous Improvement, Computer Skills, Commercial Skills, and Manufacturing Skills. This proposal was originally presented at the November 20, 2003, Panel meeting. Panel members had concerns regarding the number of prior and current contracts with Sears Roebuck and its affiliates, and whether the proposed training is supplemental. Ms. Kendrick stated all of the Computer Skills training modules that were to upgrade computer skills learned in the previously Agreement have been removed from the proposed curriculum. The Company will provide this training at its expense.

Ms. Kendrick introduced Nick Vyas, General Manager. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

McCormick & Company, Inc.

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for McCormick & Company, Inc., in the amount of \$177,650 to retrain 425 frontline workers in Computer Skills and Continuous Improvement Skills.

Mr. Chan introduced Joann Fukushima, Manager of Learning & Development Center. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

Mr. McNamee stated training has been maximized this year to the extent the funding level would allow. He stated ETP has "under-encumbered" projects approved this year in order to allow consideration of approximately \$9 million in projects presented at

today's meeting. Mr. McNamee recommended that rather than "under-encumbering" previously approved projects, the projects that were postponed at today's meeting be put over to April. He stated, by using the savings captured at today's meeting by putting postponed projects over until April, all training funds allocated for this year would be fully encumbered.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve using those funds that would not be encumbered on postponed projects to fully encumber approved projects rather than "under-encumbering" previously approved projects.

Motion carried, 5 – 0 (Roll call vote: Mr. Freeman - aye, Mr. Kiesel - aye, Mr. Lennox - aye, Ms. Kwalwasser - aye, Mr. Rankin - aye).

XI. CALIFORNIA STATE UNIVERSITY NORTHRIDGE (CSUN) ETP PROGRAM ASSESSMENT UPDATE

Dr. Richard Moore and Phillip Gorman of the Management and Organization Development Center, CSUN, presented its findings from recent research on ETP's impact on trainees. Today's presentation was the first completed phase of its research. Dr. Moore and Mr. Gorman presented an analysis of earnings and employment on more than 65,000 trainees. Dr. Moore stated the next phase of the study will be an analysis of companies served by ETP. The analysis of earnings showed trainees did earn more due to ETP training. Mr. Gorman stated results showed that single employer contracts had the most gain in earnings following completion of ETP training when compared with training agency and consortium contracts, and that new hires have larger earning gains than retrainees. He stated employees earning the least gained the most following training. Mr. Gorman stated multiple contracts have higher completion rates than single employer contracts.

XII. SMALL BUSINESS PILOT PROJECT EVALUATION

Ms. Haynes reported in the fifteen month period that the Small Business Pilot project (SBPP) has been in effect, the Panel has approved approximately 98 Small Business Pilot projects totaling approximately \$1 million. As part of the process, the Panel asked for an evaluation. Ms. Haynes introduced Dr. Rich McCline, College of Business, and Dr. Gerald Eisman, College of Science, San Francisco State University. Dr. McCline stated the evaluators recommend dropping the "pilot" designation and continuing the Small Business Project for another 24 months in order to obtain a better measure of economic impact. He stated the SBPP did achieve its key goals of increasing the number of small businesses holding direct contracts with ETP, streamlining and shortening the applications process, enduring shorter contract approval time, and ensuring more prompt payment to contractors. Dr. McCline stated the evaluators did not recommend migrating the streamlined procedures to the traditional ETP processes.

He stated there was no evidence of benefit; instead it would increase ETP's risk management of public funds. He did recommend that all companies move to online orientation and online tracking of trainees. He stated ETP needs to be more proactive in its outreach program to serve the small business community and the multiple employer contractors especially in the rural areas.

XIII. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, requested the evaluators to analyze on a contract-by-contract basis as well as the broader basis presented. He stated the Alliance believes ETP is a great program but there are those who have recommendations on improvement. He said the Alliance will be hosting a series of meetings with interested parties to discuss what can be done to make ETP a better program.

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 12:50 p.m.