

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency  
1001 I Street, Coastal Hearing Room  
Sacramento, California 95814  
June 24, 2005

**PANEL MEMBERS**

David Filomeo  
Chairperson

Barry Broad  
Vice Chair

Bob Giroux  
Member

Robert Lennox  
Member

Janice Roberts  
Member

Tyrone Freeman  
Member

**Executive Staff**

Ada Carrillo  
Acting Executive Director

Susan Bobrow  
Acting General Counsel

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**I. PUBLIC PANEL MEETING CALL TO ORDER**

David Filomeo, Chair, called the public Panel meeting to order at 9:30 a.m.

**II. ROLL CALL**

Members Present

David A. Filomeo, Chairperson  
Barry Broad, Vice Chair  
Robert M. Lennox  
Janice Roberts

\*Bob Giroux was not present at roll call. He arrived later in the morning.

Member Absent

Tyrone Freeman

Executive Staff Present

Susan Bobrow, Acting General Counsel

Executive Staff Absent

Ada Carrillo, Acting Executive Director

**III. APPROVAL OF AGENDA**

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the Agenda.

Motion carried, 4 -0.

#### **IV. APPROVAL OF MINUTES**

Mr. Broad questioned whether the previous minutes contained information pertaining to his position as Vice Chair. Ms. Bobrow stated she believed the information was there, but if not, the tape of the prior meeting would be checked, and the minutes would be corrected if necessary to reflect the information on the tape.

**ACTION:** Mr. Broad moved and Mr. Filomeo seconded the Panel approve the Panel Meeting Minutes of April 29, 2005.

Motion carried, 4-0.

#### **V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS**

None

#### **VI. REPORT OF THE ACTING GENERAL COUNSEL**

Ms. Carrillo was not in attendance at today's meeting. Susan Bobrow acted as Acting Executive Director in her absence.

The new Executive Secretary, Sheryl Sheehan, was introduced.

##### Panel Appeal

Ms. Bobrow reported that a Panel appeal was received from Quality College. Mr. Broad has agreed to act as hearing officer for this appeal. Ms. Bobrow will keep the Panel apprised as the appeal moves forward.

##### Request Motion to Delegate in Event of Loss of Quorum

Ms. Bobrow asked for a motion that the Panel delegate to the Acting Executive Director the authority to approve projects in consultation with the Chairperson and/or Vice Chair on any projects in which a quorum does not exist.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded.

Motion carried, 4 - 0.

##### Consent Calendar Projects

Ms. Bobrow asked for a motion to approve the Consent Calendar items, which encompass Panel Packet Tabs #1 through #5. These tabs represent projects under \$100,000, which staff has determined are without issues of particular interest to the Panel.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the following proposals:

Amvac Chemical Corporation .....	\$84,214
Desa FMI, LLC.....	\$82,160
EI Classificado .....	\$29,480
Kendall Financial Services.....	\$2,880
Ultima Circuits, LLC – SBP.....	\$20,400

Motion carried, 4 – 0.

Ms. Bobrow introduced David Guzman, Manager of the Fiscal Unit, to present the Budget Report and Mike Rice, Manager of the Planning and Research Unit, to present the Legislative Report.

### Budget Report

Mr. Guzman reviewed the Fiscal Unit 04/05 budget with the understanding that ETP had allocated all of the funds for FY 2004-2005 at the prior Panel meeting. The projects being considered at the June meeting are funded from FY 2005-2006 monies and, as such, will be subject to the passage of the budget. All of the contractors for the projects under consideration at the June meeting will proceed with training at their own risk pending the passage of the State budget. The budget remains as contained in the Governor's May Revise for FY 2005-2006. It contains an appropriation of approximately \$38.2 million for ETP. Those funds will be augmented by \$14 million in disencumberances reinvested in new training projects. As a result, it is estimated that in FY 2005-2006, the Panel will be able to approve up to \$87 million in training contracts. Note: The Governor's May revise included a Nurse's Education Initiative which initially proposed a \$5 million ongoing augmentation to ETP's budget. However, there was a compromise reached by the Joint Conference Committee of the Legislature; ETP will have an ongoing 2.5 million augmentation to the FY 2005-2006 budget that is reflected in the 38.2 million appropriated to ETP. The details have not yet been defined for the Nurse's Education Initiative.

### Legislative Report

Mr. Rice described three bills that could have a significant impact on the ETP program:

- SB 102 (Ducheny) The bill passed the Senate on May 16, 2005, and is set for hearing in the Assembly Labor and Employment Committee on July 6, 2005. The bill was amended June 20, 2005, and the amendments include making it an ongoing program. They clarified that the Panel funding for this program would be tied to job retention. It will require 800 hours of initial training in an approved, licensed nurse training program. Staff is continuing

to work with the author's office, the bill's sponsor and the Labor Agency to clarify program details.

- SB 314 (Romero) The bill passed the Senate on May 26, 2005, and is set for hearing in the Assembly Labor and Employment Committee on July 6, 2005. The bill was amended to reflect compromise language on April 25, 2005. The new language is permissive and would provide the Panel more flexibility under the Special Employment Training category to accommodate seasonal workers who could not otherwise participate. Waivers to the ETP's minimum wage, employment retention and literacy skills training requirements would be allowed for trainees in these projects. All other performance-based measures would remain intact and the wage waivers would be dependent upon post-retention wage increases.
- AB 234 (Haynes) Introduced February 7, 2005, as a spot bill proposing to eliminate the Panel. Since this bill has been introduced, ETP has been assured by the author's office that there is no intention to move the bill in its current form. The bill was referred to the Assembly Labor and Employment Committee but was never set for hearing, and is therefore ineligible for consideration for the rest of this year for failing to meet the legislative deadlines. Since this bill was introduced in the first year of a two year session, it may be reconsidered next year in January 2006. However, if it fails to meet the deadline next year, it will die. There are no plans to proceed with this bill in its current form.

Mr. Broad questioned the nature of the Chamber of Commerce's opposition to the SB 314 bill. Mr. Rice replied by saying that the bill opens funding up to seasonal workers for the possibility of training for non-full time employment. He believed that was a factor in the Chamber's opposition.

## **VII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS**

### **Science Applications International Corporation**

Chairperson David Filomeo recused himself from participating in this project. Because of the resulting quorum problem, this project was deferred until Mr. Giroux could be present to hear the project and vote on it. (See page 16)

### **Injex Industries, Inc.**

Creighton Chan, Manager of the San Francisco Bay Area Regional Office, presented a One-Step Proposal Agreement for Injex Industries, Inc., for a total program cost of \$195,000. Injex provides classic parts for the New United Motor Manufacturing Plant in Fremont, California.

The primary focus of this project will be to train employees to produce parts for the Toyota Corolla and Pontiac Vibe vehicles. Additionally, Injex employees need more Continuous Improvement skills to be able to reduce waste and improve production. There is no substantial contribution applied in this project because the company has not earned \$250,000 on the previous two contracts.

This Agreement has the support of United Automobile & Aerospace Workers, Local No. 76.

Staff recommends that the Panel approve this Agreement as presented.

Mr. Chan introduced Hormoz Mogharei, Manager. There were no questions from the Panel.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Injex Industries, Inc., in the amount of \$195,000.

Motion carried, 4 - 0.

### **Paramit Corporation**

Mr. Chan presented a One-Step Agreement for Paramit Corporation in the amount of \$305,214. Paramit Corporation manufactures and assembles electronic circuit boards. Paramit's current business plan calls for it to expand its service to be able to manufacture FDA approved products. Also, Paramit plans to manufacture more lead-free electronic products and this training will help them enable their employees to be able to obtain the necessary skills.

Staff recommends that the Panel approve inclusion of the Advance Technology training reimbursement rate, and approve this Agreement if funding is available and the project meets the Panel priorities.

Mr. Chan introduced Jamie Robson, Human Resources Manager. There were no questions from the Panel.

**ACTION:** Mr. Lennox moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for Paramit Corporation in the amount of \$305,214.

Motion carried, 4 – 0.

### **Sigmatron International, Inc.**

Mr. Chan presented a One-Step Agreement for Sigmatron International, Inc., in the amount of \$85,312. Sigmatron is another electronics manufacturing service company which provides made to order printed circuit boards. Sigmatron is moving towards

producing lead-free products and therefore the company must train its employees in new procedures and processes.

If approved, this will be the second Agreement between the Panel and Sigmatron International, Inc. The first Agreement was under the name of SMT Unlimited, which at that time, was 43 percent owned by Sigmatron. Subsequently, SMT Unlimited became a wholly owned subsidiary of Sigmatron in 2004. Due to the fact that this will be the second ETP Agreement at this site, a substantial contribution will not be imposed. Sigmatron is also planning to purchase another company called Able Electronics Corporation. Once that sale is complete, Sigmatron will relocate its facilities to Able's Facilities in Hayward. At that time, Sigmatron will approach the Panel to be able to train employees from the recently acquired Able Corporation.

Staff recommends that the Panel approve this Agreement as presented.

Mr. Chan introduced Frank Riley, Quality Assurance Manager. Ms. Roberts asked about possible displacement from the merging of the two companies. Mr. Riley stated that Sigmatron currently has approximately 75 employees; Able Electronics has at least 55 employees. They do not see any layoffs in the future for the two companies when the merger takes place. Ms. Roberts asked if the company has someone in place to help with the administration to make sure this contract is fulfilled. Mr. Riley stated the Human Resource Manager, who was unable to attend the meeting, will be taking the lead in this project and that he himself would be the backup.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Sigmatron International, Inc., in the amount of \$85,312.

Motion carried, 4 - 0.

### **Bank of America Corporation**

Ruby Cohen, Manager of the Sacramento Office, presented a One-Step Agreement for Bank of America Corporation in the amount of \$2,931,500 to train 4,060 frontline workers and 450 managers in business and computer skills, continuous improvement and management skills training. The trainees are associates in the Global Technology Services and fulfillment units which provide account management, customer service, credit and loan processing services in support of customers throughout the United States. Global's small business banking units provide integrated small business services for the Bank of America customers Nationwide and also for employees in the Global business and financial service business unit which provides business credit cards, commercial real estate, dealer financial services and general business banking support services.

Staff recommends that the Panel approve this Agreement as presented.

Ms. Cohen introduced Dave Murray, Vice President; Angel Sanchez, Jr., Vice President; and Steve Duscha, of Steve Duscha Advisories.

Mr. Filomeo stated his concern regarding the amount of ETP funding towards this contract and that the amount allocated is supposed to be supplemental in nature. He questioned how much contractor money is going towards the training. Mr. Murray noted that the In-kind contribution of \$6.2 million is only for the wages of the trainees. A standard metric is taken for the 4,500 trainees and is included in the training. The delivery expense would be nearly a \$1 for \$1 match. This does not include the design and development of the training program, which he estimated to be about \$10 million. Mr. Broad questioned whether the training in the project that was just completed is a different phase of training and how the two proposals relate. Mr. Murray responded by saying the last contract primarily covered the customer service and support organization. The two projects incorporate more businesses and different lines of business. The training is new. Most of the associates are new to the training and were not covered by the last contract. Mr. Broad requested clarification on how many employees would be receiving repeat training versus newly-trained employees. Mr. Murray responded by referring to the 450 frontline supervisors. He estimated that a majority of associates that received that training would be new relative to the last contract. In regards to the larger number, 4,060 associates, he didn't have the specifics and estimated it being at more than half.

Mr. Broad asked if there was going to be any wage progression or salary increases as a result of this training, and how many trainees earned \$11.34 at the low end of the wage range and how many earned \$35.00. Mr. Murray responded by saying the average, over \$21.00, is a weighted average. There were very few at the low end. Mr. Broad asked if the employees qualify for any salary increases after completion of training. Mr. Murray responded that the training itself does not guarantee a salary increase; the salary increase would be through their pay for performance program. This program states that pay increases are based by performance on the job. There is also an employee benefit incentive program based on how the corporation does. Ms. Roberts asked if most of the associates were salaried individuals. Mr. Murray referred to the 4,060 associates and stated the associates were non-exempt associates.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Bank of America Corporation in the amount of \$2,931,500.

Motion carried, 4 - 0.

### **Calibration and Precision Measurement Laboratories**

Ms. Cohen presented a small business proposal for Calibration and Precision Measurement Laboratories in the amount of \$3,600. This project would normally have been in the Consent Calendar, but the contractor had a turnover rate of 33 percent for



2004, which exceeds the 20 percent maximum turnover rate allowed. This company has only three employees. One employee left the company to work closer to home; leading, therefore, to the 33 percent turnover rate.

Staff recommends the Panel waive the 20 percent turnover maximum and approve this project.

**ACTION:** Mr. Broad moved and Ms. Roberts seconded Panel approval of this Small Business Agreement in the amount of \$3,600.

Motion carried, 4 - 0.

### **Holly Sugar Corporation d.b.a. Spreckels Sugar Company**

Ms. Cohen presented a One-Step Agreement for Holly Sugar Corporation d.b.a. Spreckels Sugar Company in the amount of \$56,823 to train 114 frontline workers and 27 managers and supervisors in business skills, manufacturing skills, literacy skills, computer skills and hazardous materials. Spreckels Sugar Company processes sugar beets to produce sugar at the Mendota and Brawley, California facilities and is eligible for ETP funding as an industrial classified manufacturer. The two facilities are located in counties with high unemployment areas, Fresno County at 9.3 percent and Imperial County at 14.6 percent. Spreckels Sugar Company is requesting a wavier in order to use an Out-of-State Vendor, David Noble, who is located in Moorhead, Minnesota. Mr. Noble provides manufacturing skills training (diffusion presentations, purification processes, and statistical process control methods) unique to the sugar beet industry. According to company officials, there are no other trainers located in California that provide this industry-specific information.

Staff recommends that the Panel approve the out-of-state vendor and approve this Agreement.

Ms. Cohen introduced Kay Hastings, Senior Vice President, Human Resources and Sharon Starcher, Administrative Coordinator.

Mr. Filomeo asked if the company has ever done this type of training before and, if so, who offered it.

Ms. Hastings responded that there had been training but this provider offers specific subject matter expertise that they feel is very important to pursue.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Holly Sugar Corporation d.b.a. Spreckels Sugar Company in the amount of \$56,823.

Motion carried, 4 - 0.

### **Pacific Coast Producers**

Ms. Cohen presented a One-Step Agreement for Pacific Coast Producers in the amount of \$283,608 to train 61 frontline workers and 11 managers in 200-400 hours of manufacturing skills. PCP is a high-volume, private label producer and distributor of canned and pre-packaged food products with five facilities located in Central and Northern California. ETP has a policy which limits the number of hours per trainee per retraining project to no more than 200 hours. Any deviation from this policy must be approved by the Panel. PCP officials originally requested 200-600 hours per trainee. Staff negotiated with PCP representatives to reduce the ETP funding to 200-400 hours with PCP providing the additional 200 hours of training as part of their contribution. The company is requesting the Panel waive the 200 hour maximum for training hours due to its need for this comprehensive training. The training will be delivered in concentrated segments up to 3 hours per week.

Staff recommends that the Panel approve this Agreement as presented.

Ms. Cohen introduced Craig Powell, Plant Manager. Craig Powell introduced Lucio Reyes from Teamsters Union Local 601.

Ms. Roberts questioned the \$4 million investment into new equipment in Woodland and that the equipment would not be utilized until June of 2006. Mr. Powell responded that the training would begin after the current harvest season ends which is in October. There is then a shut-down period and would not re-start until July 2006.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Pacific Coast Producers in the amount of \$283,608.

Motion carried, 4 – 0.

Roll Call Vote: 4 - 0 (Roll Call: Mr. Filomeo – yes; Mr. Broad – yes; Mr. Lennox – yes; Ms. Roberts – yes).

### **Team Keiser Corporation**

Ms. Cohen presented a Small Business Agreement for Team Keiser Corporation in the amount of \$11,700.00. The company is located in Fresno County and is in a high unemployment area. Keiser Corporation asks for a waiver of the ETP wage of \$11.34 reducing it to the working poor wage of \$8.51 because it is in a high unemployment area. Fresno County's unemployment is 10.5 percent, whereas the average unemployment rate in California is 6.2 percent. The Panel may waive the minimum wage requirement for retrainees up to 25 percent below the ETP wage before training for retrainees, provided that the post-retention wage of each trainee who has completed training and the post-retention period exceeds the wage prior to training by at least 7 percent. The 7 percent increase in wages must be calculated exclusive of any cost of living increase or health benefits. Team Keiser states that they are requesting the lower wage because their applicants usually lack training, education

and communication skills. Many applicants do not have the required qualifications or skill levels. Others have not graduated from high school and have a low literacy rate, while some speak English as a second language and need additional instruction to be productive on a specific job. Team Keiser Corporation agrees to increase the wage by at least 7 percent after the retention period.

Staff recommends approval of the waiver request.

Ms. Cohen noted two corrections. On the Panel memo it states that there are no health benefits but the health benefits are actually \$1.01. On the 2<sup>nd</sup> page of the memo referring to the last sentence of the last paragraph, it states that trainees with wages of least \$8.51 but less than \$11.34 at the beginning of training must have a 7 percent increase in their base wage after the employment retention period has been completed. That should be changed to trainees with wages of at least \$8.51 but less than \$10.33. The \$10.33 is the lowest base wage that an employee can have and include the \$1.01 health benefits to reach the ETP minimum of \$11.34. The company representatives were not able to attend the meeting so Ms. Cohen answered any questions the Panel had. The company representatives were also available by phone.

Ms. Roberts questioned the type of business that Team Keiser was involved in. Ms. Cohen stated they were a manufacturer of exercise equipment such as chest and leg press machines and stationary bikes and treadmills.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the Small Business Fast Track Agreement for Team Keiser Corporation as presented in the amount of \$11,700.

Motion carried, 4 - 0.

Ms. Bobrow stated that the following project comes from the San Diego Regional Office but that the manager of that office, Diana Torres, could not be present, and that the project would be presented by Mr. Chan.

### **Comprehensive Training Systems, Incorporated**

Mr. Chan presented a One-Step Agreement for Comprehensive Training Systems, Incorporated, in the amount of \$560,160. CTS is a non-profit, community based organization and has been providing employment and pre-employment training services since 1985. In this agreement, CTS proposes to train building maintenance workers, medical billing clerks, and medical assistants. CTS requests that the ETP new-hire rate of \$15.00 per training hour, which duplicates its current catalog rate which they charge the public, be used for reimbursing the hourly cost per trainee. The cost per trainee amounts to \$6,224 for occupations in Job 1 and \$3,112 for occupations in Job 2.

Mr. Chan stated there is no existing apprenticeship program in the San Diego area specifically for building maintenance workers. The only other Building Maintenance Program is located in northern California. Therefore, the proposed building maintenance worker training does not compete with any building maintenance apprenticeship programs in San Diego.

Staff recommends the Panel approve the requested training costs that are more than double the ETP average cost per trainee, approve the proposed curriculum topics for property building maintenance worker training.

Mr. Chan introduced Linda Blair Forth, President, Gene Yanosov, Maintenance Supervisor for R & V Management Corporation, David Chamberlin with ATK Space Systems and Patricia Arredondo with Sharp Employment Services.

Mr. Broad questioned whether the medical assistant training led to a license or certificate. Ms. Blair Forth replied that those trainees could take a state test and become certified as a medical assistant.

Mr. Broad questioned whether there was a condition that to receive payment that they must first pass the state test. Ms. Blair Forth replied that to qualify to take the state test, they have to be working in the field for one year.

Mr. Broad requested clarification on the Building Maintenance Worker occupation. Ms. Blair Forth stated that in that position they had to do a little of everything – similar to a handyman. Mr. Broad had concerns regarding the statutory issue in this program regarding the Maintenance Worker position and requested direction from Ms. Bobrow. She stated that there is a building maintenance apprenticeship program in northern California but there is no program in the San Diego area, so there would be no problem with the statutory prohibition against duplicating an apprenticeship program. Mr. Broad asked that the building maintenance trainees be exposed to the career ladders for other apprenticeships.

Ms. Roberts requested a further breakdown of the 80 trainees and their specific areas of training. Ms. Blair Forth replied that under each different occupational training area, there were an equal number of hours. She stated that the training was done at their facilities and that instructors were certified by the state and employed by her.

Mr. Broad questioned whether there was an effort to get both men and women into both maintenance and assisting. Ms. Blair Forth responded that special efforts are made to cross the gender lines.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Comprehensive Training Systems, Incorporated, in the amount of \$560,160.

Motion carried, 4 - 0.

## **El Camino Community College District, Center for Applied Competitive Technologies (CACT)**

Dolores Kendrick, manager of ETP's North Hollywood Field Office, presented a One-Step Agreement for El Camino Community College District, Center for Applied Competitive Technologies (CACT) in the amount of \$741,500 to provide training to 1,100 workers in manufacturing companies that must upgrade the skill level of their workforce to stay competitive and meet customer demand. This will be El Camino Community College's fifth Agreement with ETP. Trainees will receive between 24-160 hours of instruction. All training in this Agreement is mandatory and all training will be conducted at the employer sites.

Staff recommends that the Panel approve this Agreement as presented.

Ms. Kendrick introduced Bill Yates, Director, and Deborah Imonti, Training Coordinator. There were no questions from the Panel.

**ACTION:** Mr. Lennox moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for El Camino Community College District, Center for Applied Competitive Technologies (CACT), in the amount of \$741,500.

Motion carried, 4 – 0.

## **Computer Career Learning Centers**

Ms. Kendrick presented a One-Step Agreement for Computer Career Learning Centers in the amount of \$64,240. The Agreement will provide between 40-160 hours of computer skills training to 38 workers from eligible participating employees. During initial curriculum discussions, participating employers indicated their biggest training challenge was ensuring that their workers stay abreast of new advances in technology. Representatives from CCLC work with the employers to develop a curriculum that primarily concentrates on information technology skills. All training in this Agreement is mandatory and will take place at the work sites. Staff recommends that the Panel approve the One-Step Agreement, if funding is available and the project meets the Panel priorities.

Staff recommends that the Panel approve this Agreement as presented.

Ms. Kendrick introduced John Tontsch, Owner. Mr. Tontsch stated that none of the current potential trainees were part of the first contract, they are all new trainees.

Ms. Roberts questioned whether the employers pay Mr. Tontsch any kind of recruitment or placement fee. Mr. Tontsch stated that he did not receive a fee.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Computer Career Learning Centers in the amount of \$64,240.

Motion carries, 4 - 0.

### **GoTrain, Inc.**

Ms. Kendrick presented a One-Step Agreement for GoTrain, Inc. in the amount of \$497,286. The employers participating in this Agreement are small businesses that state they could not provide training on their own. The curriculum developed in competition with the prospective participating employers will provide instruction in computer skills, business skills, and continuous improvements in manufacturing skills to 157 workers. Employers choose types of training and then work with the GoTrain staff to ensure the classes are tailored to meet the company's training needs. Ninety percent of the training will take place at the employer's site and any training at the contractor's facility will be for employees in the same industry, trainees in the same occupation, or workers from the same company.

Staff recommends the Panel approve this Agreement as presented.

Ms. Kendrick introduced Reggie Akpata, Director. Mr. Broad questioned the existing contract still being open and whether all training had been completed or whether they were still undergoing training. Mr. Akpata replied that they had all been trained and were in their retention period.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for GoTrain, Inc., in the amount of \$497,286.

Motion carried, 4 - 0.

### **Reisgen, Inc. d.b.a. Contracted Computer Training Learning Solutions**

Ms. Kendrick presented a One-Step Agreement for Reisgen, Inc. d.b.a. Contracted Computer Training Learning Solutions in the amount of \$369,063 to train 561 workers. Participating employers are manufacturers or other companies that have Out-of-State Competition. Trainees will receive instruction from the main curriculum that includes business skills, computer skills and continuous improvements. Representatives state they continue to have strong demand for this type of training and work with individual employers to customize each training plan. All training in this Agreement is mandatory and all training will occur at the employer's work site.

Staff recommends that the Panel approve this Agreement as presented.

Ms. Kendrick introduced Winny Ho, Vice President. There were no questions from the Panel.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Reisgen, Inc. d.b.a. Contracted Computer Training Learning Solutions in the amount of \$369,063.

Motion carried, 4 – 0.

### **The Corporation for Manufacturing Excellence d.b.a. Manex**

Mr. Chan presented a One-Step Agreement for The Corporation for Manufacturing Excellence d.b.a. Manex in the amount of \$2,773,550. Manex is a non-profit corporation that was formed to assist small and medium sized manufacturers to improve their operating efficiency and competitiveness. Manex conducts assessments and develops training plans for these employers. The training will be in the areas of manufacturing, business and computer skills, continuous improvement and hazardous material handling. This training is mandatory for all trainees and they will attend training on company time. All training will occur at the company's work sites. One of the participating employers, Advance Carbon Products, Inc., has a collective bargaining agreement. A letter of support from the International Brotherhood of Electrical Workers Union is included.

Staff recommends that the Panel approve this Agreement as presented.

Mr. Chan introduced Isidro Galicia, Director of Client Services. Mr. Lennox questioned the training to be provided under the curriculum. Mr. Galicia responded that all training is based on assessments conducted by Manex for each individual employer.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for The Corporation for Manufacturing Excellence d.b.a. Manex in the amount of \$2,773.550.

Motion carried, 4 – 0.

### **VIII. ACTION ON REGULATION**

Ms. Bobrow brought forward the proposed amendment to Title 22, California Code of Regulations, Section 4416, on the subject of Out-of-State Competition. This action item was presented by Maureen Reilly, Staff Counsel. She was accompanied by Robert Meyer, the staff person principally responsible for making initial Out-of-State Competition determinations, in the event Panel members had technical questions.

Ms. Reilly referred the Panel to the memo dated April 29, 2005, in their binders. She emphasized the statutory mandate that ETP training funds be used to keep California business competitive on a national and international basis. For this reason, she said employers must demonstrate that they face Out-of-State Competition as a condition of eligibility for the vast majority of proposals.

She noted that the Panel had earlier approved amendments to this regulation, in June 2003. These amendments were partly in response to a change in the industrial classification system that ETP follows in making determinations about Out-of-State Competition for certain industries. She explained that the amendments approved in 2003 were not implemented through the rulemaking process due to internal staffing shortages, compounded by the illness of ETP's former General Counsel, Peter DeMauro.

Ms. Reilly stated that this is a proposed amendment, and it would be presented to the Panel again in a few months after the completion of the formal public comment period. Ms. Reilly highlighted a few of the proposed revisions, with reference to the express text in the Panel's binders. The proposed amendment would strengthen the Panel's discretion to make determinations on a case-by-case basis. The existing version of Section 4416 has less flexibility. Ms. Reilly also clarified that the Call Center subsection is not in the current regulation, but was originally approved in 2003. Its approval was based on the fact that more Call Centers were presenting proposals to the Panel, and there were no specific guidelines for determining the Out-of-State Competition requirement. The NAICS classifications supersede the old Standard Industrial Classification system, and are assigned by the Employment Development Department.

Ms. Reilly explained that, due to the complexity of the Out-of-State Competition issue, there was an informal public comment period. ETP received one informal comment regarding Call Centers, which staff is considering. She explained that a formal comment period will occur after the Panel approves the proposed amendment text, and the notice publication is completed.

Mr. Broad commented on the Destination Resort subsection and its relation to the Out-of-State Competition criteria. Ms. Reilly deferred this question to Robert Meyer. Ms. Bobrow clarified that, for conferences and conventions there is often Out-of-State Competition. Mr. Meyer stated that the regulation is designed to clearly lay out the requirements of a Destination Resort. Mr. Broad suggested that the language of "on behalf" under (d)(4) be removed because it is redundant.

Mr. Filomeo asked for clarification on the Call Center section and the requirement that 50 percent of the annual call volume must originate from outside of California. Mr. Meyer responded that there was a dramatic increase in the number of Call Center projects in the same fiscal year. Since the overall purpose of ETP is to increase the number of worthwhile training projects, he said, there is a need to identify a threshold to establish Out-of-State Competition for Call Center projects.

**ACTION:** Mr. Broad moved and Ms. Roberts seconded the approval of the text, with the deletion of "on behalf" at subsection (d)(4), and approved the matter for notice of public comment in accordance with the Administrative Procedures Act.



Motion carried, 4 – 0.

### **Science Applications International Corporation (Presented out of order)**

Mr. Giroux arrived and Mr. Filomeo recused himself from review, discussion, and action on Science Applications International Corporation. The gavel was turned over to Mr. Broad.

Ms. Cohen presented a One-Step Agreement for Science Applications International Corporation (SAIC) in the amount of \$1,998,360 to train 2,065 frontline workers and 375 managers and supervisors in computer and business skills, continuous improvement skills and advanced technology training. SAIC qualifies for ETP funding as a company facing Out-of-State Competition. SAIC provides system integration and research and development services to several governmental agencies. It also provides consulting, enterprise resource planning, software implementation and network engineering services to companies on a worldwide basis. The company recently began reorganization and is redesigning the information technology architecture of the company to standardize its systems across the organization. According to company representatives, training is necessary to improve its competitive position by producing reliable quality services and products and to provide employees with a high level system and engineering and integration training and skill development.

Staff recommends that the Panel approve this One-Step Agreement, if funding is available and the project meets the Panel priorities.

Ms. Cohen introduced Samuel Bresler, Vice President of Human Resources and Carol Rathburn, Assistant Vice President. Ms. Roberts commented on the cost of the advance technology training being \$35.00-\$60.00, not including the training wages. She questioned what exactly goes into that amount besides the trainer. Mr. Bresler replied it could include trainer costs and consultation costs for any experts needed to help refine the specific training content. Mr. Broad questioned the cancellation of the prior project. Mr. Bresler stated during the last 1½ to 2 years SAIC underwent significant transformations. He stated they now have the resources and the commitment to better manage the project.

**ACTION:** Mr. Giroux moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Science Applications International Corporation in the amount of \$1,998,360.

Motion carried, 4 – 0.

### **IX. PUBLIC COMMENT**

Steve Duscha, Alliance for ETP, commented on the Out-of-State Competition Regulation, particularly the Call Center section. He also spoke regarding ETP

finances and the monies for contracts approved which would not be spent until 2007. Mr. Duscha stated the Alliance strongly recommends that ETP looks to reduce the percentage of money encumbered in new contracts down to what will be spent in the first year. Mr. Broad stated his concern over borrowing against money ETP does not have. Mr. Duscha stated that ETP will only spend 60 percent of the \$11 million and that contractors will turn back 40 percent. Ms. Roberts commented that Mr. Duscha was part of the Bank of America representation. She questioned whether Bank of America would initiate the funding throughout the year and not take it all at the end of the year. He stated that Bank of America did not take progress payments and that their final invoice would be paid in 2005-2006. Mr. Duscha made additional statements supporting a different accounting system for ETP, and Mr. Broad took issue with those statements.

## **X. EXECUTIVE SESSION**

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

## **XI. ADJOURN**

**ACTION:** Mr. Broad moved and Mr. Lennox seconded to adjourn the meeting at 11:45 a.m.

Motion carried, 4 - 0.