

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
Hiram Johnson State Office Building
Milton Marks Conference Center (Lower Level)
455 Golden Gate Avenue
San Francisco, CA 94102
July 27, 2007

PANEL MEMBERS

Barry Broad
Acting Chair

Barton Florence
Member

Bob Giroux
Member

Scott Gordon
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Johnathan St. John
Member

Executive Staff

Michael Saragosa
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Janice Roberts, Acting Chairperson, called the public Panel meeting to order at 9:30 a.m.

II. ROLL CALL

Members Present

Janice Roberts
Edward Rendon
Barton Florence
Scott Gordon
Bob Giroux (arrived at 9:40 a.m.)

Members Absent

Barry Broad
Johnathan St. John

Executive Staff Present

Michael Saragosa, Executive Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

ACTION: Mr. Rendon moved and Mr. Florence seconded the Panel approve the Agenda.

Motion carried, 4 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Barton moved and Mr. Rendon seconded approval of the Panel Minutes of June 22, 2007.

Motion carried, 4 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Legislative/Budget Report

Mr. Saragosa reported on the 2007/08 Budget. He said that last minute Budget negotiations have led to a reduction of \$10 million to ETP's appropriation of \$56.3 million, resulting in \$46.3 million transferred from the Employment Training Fund to the Department of Social Services (DSS). He said this reduction was inserted into trailer bill language from the conference committee and is essentially a closed item in the Legislature. Mr. Saragosa thanked the contracting community and stakeholders in voicing their displeasure about budget reductions to the ETP program. He said there is a chance that if budget language remains the same, the Governor could blue-line the additional \$10 million Appropriation. Mr. Saragosa explained that if blue-lined, the money would not return to the ETP program for Fiscal Year 2007/08, but would revert to the fund, as part of the existing reserve. In that case, the reserve would total close to \$30 million. He said ETP staff is working with the Legislature and the Governor's office to compensate for the \$10 million loss, and that he will keep the Panel informed.

Mr. Saragosa referred to the fund status report in the panel packet binder. He noted the amount of training funds available is reduced to \$33,484,738 and the reduction of the remaining balance available is \$26,347,339.

Mr. Saragosa discussed AB 314, the CalWORKs Bill introduced by Assembly Member Soto that permits study time for vocational training to count toward the core federal welfare-to-work requirements for California. He said the Bill is still on its third reading in Appropriations. He said staff will continue to follow this Bill because it may allow ETP training funds to be counted towards CalWORKs, and reduce the transferred appropriations to DSS.

Update on Bureau of Private Post-Secondary Vocational Education (BPPVE)

Mr. Saragosa discussed the BPPVE (Bureau of Private Post-Secondary Vocational Education), hereinafter referred to as Bureau. He said the Bureau was "sun-setted" and ceased to exist as of July 1, 2007. He said that will affect proposals before the Panel because staff relies on the Bureau's certification to determine eligibility for private post-secondary institutions that seek training funds. However, he said, stop-gap legislation signed by the Governor on July 12, 2007 (AB 1525 by Assembly Member Cook) essentially "freezes" the effective date of current certifications. He explained that between July 1, 2007 and February 1, 2008, certification status is, essentially static. However, as of February 1, 2008, if absent further legislative action, the stop-gap will also sunset. The Bill transfers authority from the Bureau to the Department of Consumer Affairs for oversight and what they are calling self-certification of private post-secondary institutions that were not certified prior to the sunset. He explained that they can go to the Department of Consumer Affairs, self-certify according to protocol by the Department of Consumer Affairs, and then going forward after that.

Mr. Saragosa said that, within those seven months, there are 12 proposals pending from private post-secondary institutions, all of which have current certifications. If proposals are submitted by institutions with a lapsed certification, he said, the stop-gap legislation provides

for voluntary compliance agreements with the Department of Consumer Affairs that would satisfy eligibility requirements for ETP funding. Mr. Saragosa assured the Panel that staff will continue to monitor this issue and, if it is determined that we need to do something differently, will come back with a formal proposal.

Request Motion to Delegate in Event of Loss of Quorum

Mr. Saragosa asked for a motion to delegate to the Executive Director the authority to approve projects, in consultation with the Panel Chair, if a quorum does not exist.

ACTION: Mr. Rendon moved and Mr. Gordon seconded the Panel delegate to the Executive Director the authority to approve projects for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 4 – 0.

Request Motion to Adopt Consent Calendar Projects/Action

Mr. Saragosa asked for a motion to adopt Consent Calendar items #1 through #23:

A & P Heating and Cooling, Inc.	\$13,200
Animal Supply Company	\$25,200
Apollonia Dental Center.....	\$17,160
Art Craft Paint Inc.	\$46,200
Bakersfield Envelope Co. Inc. dba Castle Print & Publication	\$35,880
Bio-Med Services, Inc.	\$22,500
Capstone Lending Corporation.....	\$18,480
Carter Duncan Corporation dba Seymour Duncan	\$49,842
Cyvex Nutrition, Inc.	\$32,032
Dan Haggerty’s International Products, Inc. dba Precision Design & Mfg.	\$35,880
Excalibur Engineering, Inc.	\$43,680
GGHR, Inc.	\$15,600
Macro Plastics, Inc.	\$51,480
Martin-Chandler, Inc.	\$10,920
Mesa Boogie Ltd.	\$48,150
Miyachi Unitek Corporation	\$49,680
National Lending Corporation	\$49,200
Quotit Corporation	\$39,000
Ramcast Ornamental Supply Co. Inc.	\$48,960
Renaissance Entrepreneurship Center.....	\$49,400
Schurter, Inc.	\$14,080
Sky Onc, Inc. dba Vertex China.....	\$25,350
U.S. Safety & Supply Company.....	\$29,040

ACTION: Mr. Rendon moved and Mr. Gordon seconded approval of Consent Calendar Items #1 through #23.

Motion carried, 4 – 0.

VI. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, had nothing to report.

VII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Panel Member Bob Giroux arrived at 9:40 a.m.

Masco Corporation (presented out-of-order)

Ruby Cohen, Manager of the ETP Sacramento Office, presented a funding proposal for Masco Corporation (Masco), in the amount of \$452,196. She said that Masco manufactures, distributes and installs home improvement and building products primarily for the residential housing industry.

Ms. Cohen introduced Lawrence Leaman, Director of Corporate Taxes; Michelle Hampton, Supervisor of Business Credits & Incentives and Bruce Kessler, Tax Manager for Deloitte Tax LLP.

There were no questions from the Panel.

ACTION: Mr. Giroux moved and Mr. Rendon seconded approval of the funding proposal for Masco in the amount of \$452,196.

Motion carried, 5 – 0.

Single Employer Contractors

Credence Systems Corporation

Ms. Cohen presented a funding proposal for Credence Systems Corporation (CSC), in the amount of \$285,768. She explained that CSC designs and manufactures very sophisticated equipment and instruments to test the performance, stability and validity of semiconductors. CSC is dependent on the cyclical nature of the semiconductor business and is the only automated test equipment manufacturer in California.

Ms. Cohen introduced Sandra Pennington, Director of HR Corporate Services.

Mr. Giroux asked about the high turnover rate. Ms. Pennington said the high turnover rate was due to quarterly risk. Mr. Giroux expressed that ETP funds should be used to help people assimilate in companies so that there is not a large turnover rate. Ms. Pennington said the company is aware of the turnover issue and is in the process of acquiring a solid base of employees. She said that when companies invest in training their employees, they feel valued and are more likely to remain with the company.

Mr. Gordon asked, in regards to a Masco survey of employee satisfaction, whether training would be outsourced or conducted by front-line managers. Ms. Pennington said they plan to have both in-house and out-source training.

ACTION: Mr. Giroux moved and Mr. Florence seconded approval of the funding proposal for CSC in the amount of \$285,768.

Motion carried, 5 – 0.

OVISO Manufacturing

Ms. Cohen presented a funding proposal for OVISO Manufacturing (OVISO), in the amount of \$253,800. She said that OVISO makes engineered metal parts, complex assemblies and replacement parts for a diverse group of customers in the aerospace, semiconductor, medical and pharmaceutical, government, flat panel display manufacturing equipment, and instrumentation markets.

Ms. Cohen introduced Andy Chow, Continual Improvement Manager and Mansoor Rasheed, Training Coordinator.

ACTION: Mr. Rendon moved and Mr. Florence seconded the funding proposal for OVISO in the amount of \$253,800.

Motion carried, 5 – 0.

Abbott Diabetes Care

Creighton Chan, Manager of the ETP Foster City Office presented a funding proposal for Abbott Diabetes Care (ADC), in the amount of \$495,000. He explained that ADC develops and manufactures several glucose monitoring systems and test strips for use in both home and hospital settings.

Mr. Chan introduced Tony Crea, Director of Business Human Resources and Dave McLaughlin, Vice President of Human Resources.

Ms. Roberts asked about internal tracking changes the company has made. Mr. Crea said in the previous contract, an employee developed the contract and was also responsible for tracking the training. He explained that six months into the project, the employee left the company and tracking was not adequately maintained. He said they have made some changes in their Learning Management System (LMS). Ms. Roberts asked if “backup” employees are trained in making LMS entries, and Mr. Crea answered in the affirmative.

Mr. Gordon asked if there is a standardized new-hire kit and training plan that outlines employee expectations. Mr. Crea said, because of the FDA regulations for many occupations in this industry, there is a prescribed “alerting protocol” that is carefully monitored and tracked. In addition, they have a new-hire orientation that all employees complete.

ACTION: Mr. Gordon moved and Mr. seconded approval of the funding proposal for ADC in the amount of \$495,000.

Motion carried, 4 - 0 (Bob Giroux not present for the vote)

Give Something Back Business Products

Mr. Chan presented a funding proposal for Give Something Back Business Products (GSB), in the amount of \$235,040. He explained that GSB is an assembly manufacturer and installer of custom office suites, panel systems, furniture and storage systems and is a distributor of office, computer and technology equipment and supplies, and a manufacturer of specialized print and logo products.

Mr. Chan introduced Alma Azarcon, Director of Human Resources & Community Relations and Sallyanne Monti, Senior Consultant.

Ms. Roberts said that Ms. Azarcon stated that 70 employees would be retained, but the proposal states 80. She asked about the additional 10 employees. Ms. Azarcon said they hope to hire throughout the training program. Ms. Roberts asked if the training included advanced technical training and said that the cost of \$3,000 per-trainee is high. Ms. Monti said there is a menu curriculum that includes advanced ergonomics, technical skills assembly and various areas in the manufacturing environment and stated \$3,000 is an average cost for employees who will reach 200 hours. She explained that not all employees will reach 200 hours and that the training range is 24 to 200 hours.

Ms. Roberts was still concerned about the 10 employees who have not yet been hired and the 200 hours of training. Ms. Monti said GSB is a growing company, in the process of opening a San Diego facility, and new-hires are coming in at the end of 2007. She said four new-hires are entering the Oakland facility on Monday and it is expected they will be well over 80 employees by the end of 2008. She said the average training hours are 100-115, and many employees will receive even less than this. Ms. Roberts asked if employees will receive training on their regular shift or work overtime and was concerned about back-filling employees during training. Ms. Monti said many staff is cross-functional. She said some of the training will take place on the weekend on paid status and also departmental or subgroup efforts training, which would not include all employees being trained at the same time.

Mr. Gordon asked about the training component and how many instructors/trainers they have. Ms. Monti said they have five external consultants and trainers and some in-house trainers. He asked if they have frontline managers that act as trainers or staff that is trained in competencies each year. Ms. Monti said there are some train-the-trainer programs currently in place and that trainers could be leads and supervisors.

Ms. Roberts recommended that the proposal be reduced to \$120,000 due to the high cost of a 200-hour cap, and suggested returning for an amendment in six months. Maureen Reilly, General Counsel, said 200 hours is a fairly normal cap, even for a company with a small number of projected trainees, because it is based on averages. Mr. Chan explained that,

even though the range is from a minimum of 24 to a maximum of 200 hours, the actual hours of training are expected to be much less. He said the “weighted average” had been calculated at 110 hours. When multiplied by the small business reimbursement rate, the resulting average cost-per-trainee was \$3,000. Ms. Roberts thanked staff for clarification and agreed that 110 hours was reasonable.

ACTION: Mr. Giroux moved and Mr. Gordon seconded approval of the funding proposal for GSB in the amount of \$235,040.

Motion carried, 5 – 0.

Sun Microsystems, Inc.

Mr. Chan presented a funding proposal for Sun Microsystems, Inc. (Sun), in the amount of \$1,496,664. He said that Sun is a manufacturer of computer workstations, computer servers, networking system software, and storage technologies. The company also provides technical services for network computing infrastructure for its global customers.

Mr. Chan introduced Jennifer Dearborn, Chief Learning Officer of Americas Sun Learning Services.

Ms. Roberts asked if the in-kind contribution of \$91 million included employees throughout the United States or only in California. Phil Herrera, a consultant to Sun, said it was based on the company’s projection of reduced profit revenues due to lost hours of production during training, although this was a “soft” number. Mr. Herrera added that Sun uses a metric-revenue per employee to make this projection.

Mr. Giroux applauded Sun’s efforts regarding AB 32, the Global Warming Landmark Legislation in California.

ACTION: Mr. Giroux moved and Mr. Florence seconded approval of the funding proposal for Sun in the amount of \$1,496,664.

Motion carried, 5 – 0.

Ms. Roberts announced that the speakers were now present for the “Panel before the Panel” report and would be the next item on the Agenda.

VIII. “PANEL BEFORE THE PANEL” – ECONOMIC REPORT ON THE SAN FRANCISCO BAY AREA (presented out-of-order)

Charles Lundberg, ETP’s Economic Development Manager, said the Employment Training Panel has been actively involved in funding projects in the greater Bay Area. He said this is an important region for the Panel in terms of its Strategic Plan, such as the emerging growth of “clean technology” industries. Mr. Lundberg said that over the last five years the Panel has funded 181 contracts in the greater Bay Area region. He said the greatest number of

contracts is in Santa Clara County, the fewest number is in San Francisco and the greatest dollar amount is in Alameda County. Mr. Lundberg said the speakers will discuss the greater Bay Area, the economy, and how ETP can assist in funding more projects in the Bay Area.

Mr. Lundberg introduced Sean Randolph, President/CEO of Bay Area Economic Forum. He explained that the Forum is a leading public/private organization of business, labor, and government industry and community leaders that work together to make the greater Bay Area economy more vibrant and competitive. He said that Mr. Randolph will describe the workforce training needs unique to that region.

Mr. Lundberg explained that the second speaker is Rhonda Simmons, Director of the San Francisco Mayor's office of Economic and Workforce Development. He said she is currently in the process of transforming the workforce development system of San Francisco. He explained she will describe the transformation, as well as how ETP can be more actively involved in funding projects in San Francisco, especially in cooperation with the Workforce Investment Board.

Mr. Randolph discussed the Bay Area economy. He said they are a public policy organization with input from local government, corporations and universities as well as labor. He said they look at the structure of the economy, what is anticipated, and what can be invested in now that will make them more competitive in the future. The Forum, he said, has done extensive analysis on the state and the region as to where the economy stands now, compared to where it was at the time of the dot.com bust. He said the Bay Area started a rapid economic recovery in 2003 so that it reached \$350 billion in gross economy, and was now above \$400 billion. Mr. Randolph said this is reflected in falling vacancy rates in commercial office space, and investments for research and development (R&D).

He said the trailing factor has been unemployment, and the recession after 2000 which was primarily in counties with a high intensity for high-tech, which was primarily in Santa Clara, San Francisco, and Alameda counties. As the State's economy recovered, he said, the unemployment rate remained relatively high in the Bay Area compared to the rest of the State. He said those counties still had higher unemployment than the rest of the region.

Mr. Giroux asked if the high unemployment rate was due to outsourcing. Mr. Randolph said it was a factor, but not the main factor. He said the unemployment rate in Silicon Valley has equalized with that of the rest of the Bay Area, which was now fairly consistent with the rest of the State and the country at about 4.5 percent. He said that in reviewing how the structure of jobs has changed from the peak of the boom, to the bottom of the recession, there appears to be a permanent increase in the number of information-services jobs which is now approximately 6.3 percent of the economy as compared to 4.5 percent in the late nineties. Mr. Giroux asked how he quantifies the permanent change. Mr. Randolph responded that we are seeing a level of at least sustainability. He said the technical and internet economy is growing, especially among small businesses, so that the growth is structural, and stable. Mr. Giroux said his question comes from the fact that nobody predicted that the technology industry was going to fail, when it did before. Mr. Randolph said, perhaps "structural" would be more accurate than permanent, in regard to this growth. He said another structural

change lies in the fact that an enormous number of manufacturing jobs in computer, high-tech and traditional manufacturing were lost. Many of those jobs have not come back, and the Forum does not believe it is likely that they will.

He said one problem is the movement of manufacturing out of California to other countries where they are producing as well as selling the goods. He said another factor is distance relocation, but the largest contributor is lost productivity, insofar as fewer people are needed to make the product. For these reasons, he said, there is a decline in the number and proportion of people employed in the manufacturing sector. He said this is a concern because the assembly jobs will go elsewhere. He said the Bay Area tends to keep the higher-end early stage of this very sophisticated manufacturing, because of close proximity to the R & D labs for better control. He said this type of manufacturing is a great platform for people moving into and staying in the middle class, but there appears to be a growing risk that over time R & D will follow manufacturing elsewhere; then, the related service and management jobs will follow.

Mr. Randolph said an upcoming Forum report discusses the flow of people into and from the Bay Area, at various skill and education levels. He said the report raises concerns over a net in-flow into the Bay Area of people with very high education and skills, with many coming from overseas, at the same time there is a net in-flow of people with very limited education and skills. He noted a modest net out-flow, apparently accelerating, of people leaving the Bay Area.

Mr. Giroux asked for clarification: If we have a large influx of educated people for the highly-skilled jobs, and a large influx of less educated people for the service jobs, did this mean the concern was workforce development for mid-level jobs? Mr. Randolph said yes, that was the concern, especially because many mid-level jobs are in manufacturing businesses that are leaving the Bay Area due to high costs. He said anyone earning a mid or a lower-level income who lacks higher education or skills will have a hard time locating in the Bay Area.

Mr. Giroux said this is where he gets a disconnect because a machinist is going to stay a machinist. Mr. Randolph explained the problem is that machinists leave the Bay Area, and the people with lower-level skills can only move up if they have a career ladder. The machinists may never become a laboratory scientist, he added; but if the machinist leaves the Bay Area altogether, then there is a problem. The overall concern of the Forum, he said, is that the Bay Area economy fosters a workforce with a large number of people who are very globally connected, highly-skilled and educated, alongside people who are under-skilled and educated, without a clear upward mobility track, resulting in a weaker middle-class.

Mr. Randolph said there is a growing need for cross-disciplinary training including technical and business skills. He said there is a need for career technical education; for example, many Bay Area employers cannot find qualified technicians. Another example is bio-manufacturing where new products are being developed in the labs, but there is a shortage of skilled workers for production. He said if we lack the skills and facilities, they will be made elsewhere, and that is a concern for the region's industry.

Mr. Giroux asked what the Forum is doing in regard to recruitment and retention. Mr. Randolph said they support business organizations such as the Bay Area Council, Workforce Investment Boards and other entities.

Mr. Randolph said “clean area technology” is a large opportunity for the Bay Area. He said there is a phenomenal amount of investment coming into R & D in this field especially for basic research that can be provided in the Bay Area. He said a \$500 million grant was awarded several months ago to U.C. Berkeley and Lawrence Berkeley Lab for the Energy Bioscience Institute. He said the U.S Department of Energy also recently announced a \$125 million grant for a joint bio-energy institute, to a consortium of university and public-sector research laboratories in the East Bay. He said they are also seeing smaller amounts of high-tech funding coming into the labs for research in a wide range of technologies such as bio-fuel, solar energy, wind, thermal and bio-chemical. In the aggregate, the Forum believes this will be the largest investment in clean-tech technology anywhere in the country, and probably in the world. He anticipates a high rate of new business applications in clean technology by some of the larger Bay Area employers.

Mr. Randolph said there is a strategic convergence of policy and capability in the Bay Area, which is already an environmentally-oriented community that supports this effort. Just as Silicon Valley launched businesses in the IT and bio-tech sectors, so the East Bay research projects could foster creation of a clean energy technology sector as a major source of employment for the future.

Ms. Roberts said her employer is experiencing a loss in the demographic majority of their manufacturing workforce: the baby boomers. She spoke to several San Joaquin Valley high schools and many say they do not want to go into manufacturing, which is of concern. Mr. Randolph replied that the Forum has heard the same thing and said the messaging is probably wrong about manufacturing. He said there should be better communication about the quality of skilled manufacturing jobs, and the opportunities they provide. Mr. Giroux suggested having Jack Stewart from the California Manufacturers and Technology Association present at the next Panel meeting, to speak on this subject. Mr. Giroux also said there are several pending bills on this subject and he would like to have an update at the next meeting.

Mr. Giroux was concerned about the mid-level workforce flight and asked Mr. Randolph if it is unique to the Bay Area, or statewide. He asked if people are leaving due to better economics in other states, and if any exit polling has been done. Mr. Randolph replied that the Forum has not followed data for the rest of the State, and cautioned that there is not a massive exodus from the Bay Area, although if the workforce relocation continues, it could be consequential. He said the primary factor is likely the cost-of-living in the Bay Area, insofar as people can get jobs elsewhere and even if they are paid less, they can afford to live better. He said some workers appear to be moving to other states, because the high cost of fuel makes it impractical for them to commute to the Bay Area from neighboring regions in California.

Rhonda Simmons, Director of the Mayor's Office of Economic & Workforce Development of San Francisco, said she has worked in San Francisco for a year, having been hired to begin an internal review of city and county issues. She said her role has been to put a spotlight on the needs of the workforce, for the business community. She said her focus has been to understand market forces by industry sector, and encourage employer-focused training.

Ms. Simmons said San Francisco is an extremely high-cost city that has become bifurcated in terms of high-wage, high-skill sectors, and low-wage or middle-range wages. She said this has attributed to tension in San Francisco where there is a flight of middle-class jobs. She said they looked at the market from the perspective of how to set up a structured opportunity for career advancement. They attempted to assess entry-level jobs and wage increases due to skill enhancement over the next five years. She said her office had identified the following seven sectors: Biotechnology, Information Technology, Digital Media, Construction, Transportation, Health Care and Hospitality/Retail. She said these sectors would provide a structure for WIB efforts to support workforce training and development for large and small businesses. Ms. Simmons explained that the City of San Francisco has approximately 20 city departments dedicated to workforce development and it is her job to coordinate their programs. She said this includes resource allocation, performance measurement, and developing a "best practice" service delivery model. As part of this effort, she said, the city's Private Industry Council was dissolved on June 30, 2007. She said she has met with ETP and BAVAC in seeking to re-organize and revitalize the San Francisco WIB.

Ms. Simmons said San Francisco has the challenge of being a smart city. She said that 50 percent of residents have at least a Bachelor of Arts degree. On the other hand, the remaining residents are split between those with limited college, and those without even a high school diploma. She said data has proven that when companies reach a certain stage in growth, they leave San Francisco due to the extremely high cost of living. She concluded by saying there is much work to be done, and in moving forward she sees a role for ETP.

Ms. Roberts asked if there is affordable housing of less than \$700,000 in the Bay Area. Ms. Simmons said that \$700,000 is considered affordable for a single-family dwelling in the Bay Area and she has not seen any housing for under \$600,000. She said the lack of affordable housing is significant, and has created a bifurcated community around socioeconomic status.

Ms. Roberts thanked both guest speakers for explaining the dynamics and demographics of the Bay Area.

K-1 Packaging Group

Ms. Cohen presented a funding proposal for K-1 Packaging Group (K-1), in the amount of \$197,730. She said that K-1 is a manufacturer of high-end graphic packaging materials, with a specialty in paperboard folding cartons and pressure-sensitive labels.

Ms. Cohen introduced Maria Barillas, HR Manager.

Ms. Roberts questioned the number of employees versus the cost-per-trainee. She noted that 25 percent would be trained, and asked how the company plans to backfill during training. Ms. Barillas said they have already done this in the previous proposal. She said they cross-train, have employees cover for those employees being trained and try to keep the training classes as short as possible. Ms. Roberts asked about the anticipated time span for training. Ms. Barillas said training ranges from 30 minutes to two hours, two to three times a week.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the funding proposal for K-1 in the amount of \$197,730.

Motion carried, 4 – 0. (Bob Giroux left the meeting and was not present for the remainder of voting)

Raytheon Company

Ms. Cohen presented a funding proposal for Raytheon Company (Raytheon), in the amount of \$1,804,000. She explained that Raytheon is a manufacturer of defense and commercial electronics, specializing in homeland security, defense, and other government markets around the world.

Ms. Cohen introduced Lawrence Makal, Business Excellence Director.

Ms. Roberts noted funds were originally reduced and she asked about the completion rate of the previous contract. Mr. Makal said the previous contract had a 100 percent completion rate and the amendment contract is at an 80 percent completion rate.

Ms. Roberts asked how Six-Sigma related to the company's growth. Mr. Makal said in the defense world, people need to be educated about innovation in order to grow. He said when people typically think about innovation, they think about strictly technology, but their direction is toward Homeland Security and in the defense, innovation spans across all of the services. He said the military and the defense world is looking at how they can grow using the same technology, with new applications.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for Raytheon in the amount of \$1,804,000.

Motion carried, 4 – 0.

VVP America Inc./Vitro America

Ms. Cohen presented a funding proposal for VVP America Inc./Vitro America (Vitro America), in the amount of \$815,652. Vitro America is engaged in the fabrication, cutting, tempering, distribution, and installation of glass and glass-related products.

Ms. Cohen introduced Juan Ramon Escobar, Director of Human Resources.

Mr. Gordon asked about the \$90,000 budgeted for training. Mr. Escobar explained the \$90,000 was earmarked for training employees in sexual harassment and OSHA-related training. Mr. Gordon was concerned with the minimal dollar amount being invested in staff training. Mr. Escobar said the \$90,000 was primarily for supervisors and managers. Mr. Gordon said he thought this training budget was inadequate. Mr. Escobar replied that his company is requesting funds to train the frontline employees, for this same reason.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for Vitro America in the amount of \$815,652.

Motion carried, 4 – 0.

Arlon, Inc.

Diana Torres, Manager of the ETP San Diego Office, presented a funding proposal for Arlon, Inc. (Arlon), in the amount of \$331,200. Arlon manufactures commercial/electrical and print technology products used in a wide variety of industrial markets. Products include translucent and specialty films, flexible substrates, coatings, screen prints, and direct print digital ink media.

Ms. Torres introduced Lynn Levoy, Director of Human Resources and Donna Bartlett, Chief Executive Officer of Spectra Consulting.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for Arlon in the amount of \$331,200.

Motion carried, 4 – 0.

Natural Alternatives International, Inc.

Ms. Torres presented a funding proposal for Natural Alternatives International, Inc. (NAI), in the amount of \$392,850. She explained that NAI provides private label contract manufacturing services to companies that market and distribute vitamins, minerals, herbs and other nutritional supplements, as well as other health care products, to consumers both within and outside the United States. NAI also manufactures its own proprietary vitamins and other nutritional supplements under physician-branded names.

Ms. Torres introduced Al McCurdy, Vice President of Operations and Cynthia Demorest, Human Resources Manager.

Mr. Florence asked if the company can explain the reason for its 18 percent turnover rate. Mr. McCurdy said the vast majority of the high turnover was from their call center.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the funding proposal for NAI in the amount of \$392,850.

Motion carried, 4 – 0.

ViaSat, Inc.

Ms. Torres presented a funding proposal for ViaSat, Inc. (ViaSat), in the amount of \$285,120. ViaSat designs, engineers, and produces a line of commercial and government satellite networking communications systems.

Ms. Torres introduced Melinda Del Toro, Director of People Development and Employee Relations.

Ms. Roberts asked if there is staff dedicated to tracking this project. Ms. Del Toro said they use electronic tracking and have hired additional training staff. She said they also have a full-time trainer and two administrative staff dedicated to maintenance of records.

Mr. Gordon agreed with ViaSat's commitment to training. He said their plan for spending \$800,000 on training makes sense. He agreed with the curriculum and commended the company for its training efforts.

ACTION: Mr. Gordon moved and Mr. Rendon seconded approval of the funding proposal for ViaSat in the amount of \$285,120.

Motion carried, 4 – 0.

Special Employment Training (SET) Projects

Henkels & McCoy, Inc.

Ms. Cohen presented a funding proposal for Henkels & McCoy, Inc. (H&M), in the amount of \$668,394. She said that H&M is a privately held construction, engineering, and network development firm.

Ms. Kendrick introduced Kathleen Mills, Director of Human Resources and Sandra Morris, Manager of Training.

There were no questions from the Panel.

ACTION: Mr. Gordon moved and Mr. Florence seconded approval of the funding proposal for H&M in the amount of \$668,394.

Motion carried, 4 -0.

Desert Community Bank

Ms. Torres presented a funding proposal for Desert Community Bank (DCB), in the amount of \$129,000. She said that DCB is a state-chartered publicly-owned commercial bank that has nine branches, a mortgage operation, data center and call center.

Ms. Torres introduced Kerry Puckett, Vice President/Loan Servicing Manager.

Ms. Roberts asked if Ocean Consulting Group will deliver the bulk of training. Ms. Puckett said Ocean Consulting Group will only train in customer service. She said that since the bank is regulated, they have an abundance of regulatory and compliance training. Ms. Roberts asked if training will include team-building. Ms. Puckett answered in the affirmative.

ACTION: Mr. Gordon moved and Mr. Rendon seconded approval of the funding proposal for DCB in the amount of \$129,000.

Motion carried, 4 – 0.

Tenet Healthcare Corporation

Ms. Torres presented a funding proposal for Tenet Healthcare Corporation (THC), in the amount of \$894,240. She said THC operates eighteen hospitals in California and this proposal addresses critical training needs for registered nurses at four of these facilities.

Ms. Torres introduced Sally Levell, Senior Director of Learning Services for Tenet Healthcare Corporation; Patti Clausen, Chief Nursing Officer for Irvine Regional Hospital and Medical Center; and Amrit Kamboi, Associate Chief Nurse from Fountain Valley Regional Hospital and Medical Center.

Ms. Roberts noted that Registered Nurses (RNs) and new-graduate RNs are the only ones included under the contract, yet the turnover rate is 19.5 percent. She asked if turnover included the whole hospital system or only RNs. Ms. Torres said ETP requires that the turnover rate be calculated on the facility. Ms. Roberts said that was her understanding, but she would still like to know the retention rate for RNs. Ms. Levell said nursing is at least 60 to 70 percent of their hospital staff.

ACTION: Mr. Florence moved and Mr. Gordon seconded approval of the funding proposal for THC in the amount of \$894,240.

Motion carried, 4 – 0.

Multiple Employer Contractor

First Software USA, Inc. dba Oxford Institute of Technology

Ms. Cohen presented a funding proposal for First Software USA, Inc. dba Oxford Institute of Technology (Oxford), in the amount of \$213,672. She said that Oxford is a training agency

that provides quality-based technical training and services to Information Technology professionals and individuals entering the industry.

Ms. Cohen introduced Irfan Nizami, Vice President and David Alloway, President of Training & Development for Oxford's consultant, Horizon Training & Development.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for OIT in the amount of \$213,672.

Motion carried, 4 – 0.

IX. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, said the State Budget news is appalling. He said the Employment Training Fund will raise \$100 million but only has \$33 million available for training. He said the ETP appropriation will be reduced by a quarter. He said we have all done an inadequate job in the politics of the program. Mr. Duscha said we need to work together and consider our strategies for future Budget negotiations.

X. ADJOURNMENT

Ms. Roberts adjourned the meeting at 12:01 p.m.