



State of California

EMPLOYMENT TRAINING PANEL

PUBLIC MEETING NOTICE

PUBLIC PANEL MEETING

DATE: September 27, 2002 (Friday)

TIME: 9:00 a.m.

PLACE: WestCoast Anaheim Hotel
Anaheim, California

(See enclosed notice for specific address)

PUBLIC PANEL MEETING

TIME: 9:00 a.m.
PLACE: WestCoast Anaheim Hotel
Ballroom Plaza ABC, Lobby Level
1855 South Harbor Boulevard
Anaheim, California 92802
(714) 750-1811
(714) 971-4809 FAX

9:00 a.m.	Call to Order Roll Call Approval of Agenda Approval of Minutes	Aram Hodess, Vice Chair
9:05 a.m.	Review and Action on Agreements and Amendments	Charles Rufo Creighton Chan Diana Torres Ron Tagami
12:00 Noon	Reports of the Chairperson/Panel Members	
12:05 p.m.	Report of the Executive Director	Peter McNamee
12:25 p.m.	Report of the General Counsel	Peter DeMauro
12:40 p.m.	Public Comment	

AGENDA

Friday, September 27, 2002

- 12:45 p.m. Executive Session**
- **Personnel:** **Government Code Section 11126(a)**
 - **Litigation:** **Government Code Section 11126(q)**
- 1:00 p.m. Adjourn**

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

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

REVIEW AND ACTION

Following are lists of Agreements and Amendments that may be considered by the Panel on September 27, 2002. Staff will notify prospective Contractors regarding which specific projects will be presented or if any project listed below will not be presented. The Agreements and Amendments listed below are for the purpose of training unemployed persons or retraining employed workers to enhance economic development in California. Monetary amounts listed reflect funding requested as of the date of issuance of this Agenda.

Agreements/Amendments for a Multiple-Employer Contractor

SACRAMENTO FIELD OFFICE

Hitchcock & Holcombe Incorporated,
d.b.a. Continental Training Center..... \$199,887

SAN DIEGO FIELD OFFICE

E-Gate College, Incorporated..... \$199,700

NORTH HOLLYWOOD FIELD OFFICE

El Camino Community College District/Center for
Applied Competitive Technologies (CACT) \$260,000
Practical Data Processing Incorporated (Amendment)..... \$293,425
Santa Clarita Community College District \$436,380

Special Employment Training (SET) Projects

SACRAMENTO FIELD OFFICE

The Martin-Brower Company, L.L.C. \$109,824
Sears, Roebuck and Company \$499,200

SAN MATEO FIELD OFFICE

Sacramento Employment & Training Agency (Tech Force)..... \$205,260

SAN DIEGO FIELD OFFICE

Standard Pacific Homes, Orange County Division..... \$298,064

REVIEW AND ACTION

Agreements/Amendments with a Single Employer

SACRAMENTO FIELD OFFICE

Cellco Partnership d.b.a. Verizon Wireless.....	\$2,850,146
Gottschalks, Incorporated (Amendment)(HUA).....	\$377,000
Nationwide Credit, Incorporated.....	\$22,360

SAN DIEGO FIELD OFFICE

Conexant Systems, Incorporated	\$371,000
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NORTH HOLLYWOOD FIELD OFFICE

General Motors Service and Parts Operations	\$592,800
House of Packaging, Incorporated	\$118,248

Agreements/Amendments Usually Approved by the Executive Director

SAN MATEO FIELD OFFICE

Macromedia, Incorporated	\$46,488
SAP Labs, Inc.....	\$91,000

SAN DIEGO FIELD OFFICE

California Steel Industries, Incorporated	\$79,040
Freedom Orange County Information, d.b.a. Orange County Register	\$23,920
Pioneer Packing, Incorporated/Heritage Paper Company	\$98,840
ABX Hematology, Incorporated d.b.a. ABX Diagnostics	\$39,364

NORTH HOLLYWOOD FIELD OFFICE

AEC Able Engineering Company, Incorporated	\$39,000
Century Housing Corporation (Amendment)	\$0
Pacific Design Technologies, Incorporated	\$7,200
Southwest Administrators, Incorporated (SET).....	\$52,000
Venoco, Incorporated	\$93,535

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

WestCoast Anaheim Hotel
Ballroom Plaza ABC
1855 South Harbor Boulevard
Anaheim, California 92802
September 27, 2002

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Joan Dean
Member

Tyrone Freeman
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

WestCoast Anaheim Hotel
Ballroom Plaza ABC
1855 South Harbor Boulevard
Anaheim, California 92802
September 27, 2002

I. PUBLIC PANEL MEETING CALL TO ORDER

Mr. Hodess, Acting Chairperson, called the public Panel meeting to order at 9:07 a.m.

II. ROLL CALL

Members Present

Aram Hodess, Acting Chairperson
Barry Broad
Joan Dean
Tyrone Freeman
Robert Lennox

Members Absent

Marsha Kwalwasser
Tom Rankin

Executive Staff Present

Peter McNamee, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Mr. McNamee recommended removing the Proposed Amendment for Century Housing from the section that includes contracts under \$100,000 that are usually approved by the Executive Director. Century Housing Corporation is proposing a "pilot" Amendment to its contract to "fast track" some of the ETP trainees for early completion and job placement.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel remove for discussion the proposed Amendment for Century Housing Corporation from the list of projects under \$100,000 usually approved by the Executive Director.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve the Minutes of August 22, 2002.

Motion carried, 5 – 0.

V. AGREEMENTS AND AMENDMENTS

Hitchcock & Holcombe, Inc., d.b.a. Continental Training Center

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for Hitchcock & Holcombe, Inc., d.b.a. Continental Training Center in the amount of \$199,887 to retrain 211 employees from multiple employers. This will be the first ETP-funded Agreement under the name of Hitchcock and Holcombe, Inc. The two principals of Hitchcock and Holcombe had previously worked on the staff of Continental Training Center, which they have now purchased from the previous owner. Hitchcock and Holcombe, Inc., is eligible to contract with ETP as a training agency eligible to train retrainees only. Hitchcock and Holcombe, Inc., has been offering various types of computer training for corporations, county and state agencies, and non-profit organizations. The Company proposed to provide both center-based and on-site training. The core group of employers represents manufacturing, corporate headquarters, designing, and service companies that require training in Computer Skills and in Advanced Technology. The core employers have committed to providing in-kind contributions to this training totaling \$341,060 in the form of wages paid to trainees during training, payments for training materials, and partial payments for training.

Mr. Rufo introduced Steve Hitchcock and Darin Holcombe, Co-Owners. Mr. Hodess questioned the Company's procedure of customizing training for multiple employers. Mr. Hitchcock and Mr. Holcombe replied that the Company discusses with the employees and their immediate managers the skills they feel need improvement and administers a skills test.

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

Motion carried, 5 – 0.

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

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve delegating to the Executive Director the authority to approve the following projects that are less than \$100,000 with the exception of Century Housing Corporation:

Macromedia, Inc.	\$46,488
SAP Labs, Inc.	\$91,000
California Steel Industries, Inc.	\$79,040
Freedom Orange County Information, d.b.a. Orange County Register	\$23,920
Pioneer Packing, Inc.	\$99,840
ABX Hematology, Inc., d.b.a. ABX Diagnostics	\$39,364
AEC Able Engineering Company, Inc.	\$39,000
Pacific Design Technologies, Inc.	\$7,200
Southwest Administrators, Inc.	\$52,000
Venoco, Inc.	\$93,535

Motion carried, 5 – 0.

VII. AGREEMENTS AND AMENDMENTS CONTINUED

E-Gate College, Inc.

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for E-Gate College, Inc., in the amount of \$199,700 to retrain 127 workers from various participating employers with 100 employees or less in Computer Skills, using a curriculum customized to meet the needs of each participating employer. Training will take place exclusively at each employer's worksite during regular business hours. The participating employers will be contributing \$135,990 for wages to be paid to trainees while in training and \$48,010 for materials, books, and supplies.

At the July 2002 Panel Meeting, the Panel posed questions to E-Gate College regarding (1) Soft Skills Training, specifically Conflict Resolution and Negotiating Skills, (2) the wide range of wages for the various occupational groups, and (3) the customization of Computer Skills. E-Gate elected to remove the Soft Skills Training since that curriculum has not been approved by the BPPVE. E-Gate has submitted a more specific breakdown of trainee wages by occupation in accordance with the core group of employers. E-Gate has provided an example of how it has worked with one of the participating employers to assess the needs of the company and its workforce to determine its training needs. E-Gate has shown how computer software training is customized to the business needs of the company and the specific needs of the trainee.

Ms. Torres introduced Armin Zehtabchi, President/CEO; Reynaldo Nossa, Vice President of Operations; and Phil Kohler, Chief Operations Officer. Mr. Hodess asked if the College discusses the development of the curriculum with the employees. Mr. Zehtabchi replied that the College performs a needs analysis with the employers and task assessments with the employees.

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

Motion carried, 5 – 0.

El Camino Community College District/Center for Applied Competitive Technologies

Ron Tagami, manager of ETP's North Hollywood field office, presented a One-Step Agreement for El Camino Community College District/Center for Applied Competitive Technologies in the amount of \$260,000 to retrain 300 workers employed by small and medium sized employers. The training will be customized to meet specific needs of the participating employers. Training will be conducted at employer sites.

El Camino College is requesting a waiver of the ETP minimum wage to train 20 production workers for one of its core companies, Precision Coil Spring, which is located in El Monte, a high unemployment area. The production workers at Precision Coil have limited education and lack the essential skills required to improve their employment opportunities. These production workers currently earn \$7.50 per hour. Following training and retention, Precision Coil Spring will increase trainee wages by 10 percent.

Mr. Tagami introduced William Yates, Jr., Director, and Deborah Imonti, Training Coordinator. Mr. Freeman asked if college credits were given to trainees upon completion of courses. Mr. Yates stated that the trainees receive a certificate of completion but the training is not for college credit. Mr. Hodess questioned Precision Coil Spring's turnover rate. Ms. Imonti stated its turnover rate is less than 12 percent. Mr. Hodess requested a contingency of 120-day retention for those trainees employed with Precision Coil Spring. Mr. Yates stated that El Camino Community College District would not have a problem with the 120-day retention but the trainees are not their employees and will need to discuss with Precision Coil Spring.

ACTION: Mr. Broad moved and Ms. Dean seconded the Panel approve the One-Step Agreement with the contingency that the retention period for Precision Coil Spring be 120 days.

Motion carried, 5 – 0.

Practical Data Processing, Inc.

Mr. Tagami presented a Proposed Amendment for Practical Data Processing, Inc., for an additional amount of \$293,425 to add 75 new hires to be trained in customized computer skills. Practical Data Processing has certified that the participating employers added in this phase will contribute no less than 50 percent of the costs added through this Amendment. The \$150,000 is comprised of staff time for training assessment and coordination; wages and benefits paid to newly hired workers to provide additional job training; wages and benefits paid to newly hired workers while receiving on-the-job training during their retention period; and training materials.

Mr. Tagami introduced Nancy Ho, President, CEO, and Sal Saenz, Program Manager. Mr. Broad, in looking at the list of participating employers, questioned the type of business and what kind of training would be provided to Hustler Casino and Vivid.com. Ms. Ho stated the Hustler Casino is a casino/entertainment industry, and Vivid.com is a retail E-commerce business. Ms. Ho stated that the employees in the accounting and information technology (IT) departments need advanced computer skills training in order for the company to remain viable in today's economy. Mr. Lennox questioned the cost per new hire trainee. Ms. Ho stated the high cost per trainee is for the advanced high-tech IT curriculum, which requires 360 hours of training. She stated the average wage for IT employees is \$18 per hour. Mr. Lennox questioned whether Vivid.com was an inappropriate web site. Mr. Saenz assured the Panel that it was not inappropriate. Mr. McNamee questioned whether Rio Honda College qualified as a participating employer. Mr. Broad had concerns regarding the cost per trainee and requested the project be postponed to enable staff to submit a comparison with similar projects the Panel has approved. Ms. Carrillo stated that training new hires, those who have been unemployed, require more training hours. The cost per new-hire trainees approved in the past has been as high as \$8,000 per trainee.

Mr. Freeman, upon further on-line investigation, reported that Vivid.com is an inappropriate Website. He stated his concern regarding a Contractor giving the Panel misinformation. Mr. Broad had concerns regarding job classifications, and ETP funding businesses without complete information. Mr. Hodess recommended this project be held over to enable staff to investigate further and compile a comparison of costs for similar new-hire training and to report back to the Panel at a future meeting.

ACTION: Mr. Broad moved and Ms. Dean seconded to direct staff to review the Practical Data Processing, Inc., project further and bring the project back at a future Panel meeting addressing the Panel's concerns.

Motion carried, 5 – 0.

Santa Clarita Community College

Mr. Tagami presented a One-Step Agreement for Santa Clarita Community College in the amount of \$436,380 to retrain 600 employees from various participating employers. This will be the fifth project between the Santa Clarita Community College and ETP. The Santa Clarita Community College is submitting this proposal in support of its local business community, as represented by the Valencia Industrial Association. This Association is the largest business organization within the community college district with over 350 member companies, representing over 30,000 employees in the Santa Clarita Valley. These employers are primarily engaged in light manufacturing, service industries, and the film and entertainment industry.

The International Association of Machinist & Aerospace Workers, District 725, Area 4, which represents one of the participating employers, H.R. Textron, supports the proposed ETP-funded training.

Mr. Tagami introduced Dena Maloney, Dean, Economic Development; Pamela Welden, Director, Employee Training Institute; Michael Palazzo, Business Representative, International Association of Machinists and Aerospace Workers, District Lodge 725, Area 4; and Daniel Goetz, Vice President, General Manager, Ultra Violet Devices, Inc. Mr. Hodess questioned the Hazardous Materials required training. Ms. Maloney stated the Hazardous Materials training, which is required for Hazardous Materials Specialists, is not required by the State and is training for the plant workers who may encounter hazardous materials. Mr. Hodess requested staff to check if this proposed training duplicates State-required training. He stated that ETP funding does not cover State mandated training. Mr. Maloney stated that the issue was discussed with the North Hollywood staff at the time the project was being developed.

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

Motion carried, 5 - 0.

The Martin-Brower Company L.L.C.

Mr. Rufo presented a One-Step Agreement for the Martin-Brower Company in the amount of \$107,328 to retrain 185 employees in Business, Commercial, and Computer Skills. The Contractor removed two courses from the curriculum, Department of Transportation Regulations and State of California Commercial Driving Laws and Regulations, thus reducing the total amount of ETP funding. The General Teamsters Local No. 439, which represents the transportation and warehouse workers, supports the proposed training. This project was brought to the Panel through the efforts of the Technology, Trade, and Commerce Agency. The Martin-Brower Company is the exclusive supplier of commissary products to

McDonalds. The Martin-Brower Company in adding a new "cart system" and a regional Call Center. The training earmarked for ETP funding is centered upon adapting to the technological advances that are occurring.

Mr. Rufo introduced Jack Dixon, Vice President of Human Resources.

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

Motion carried, 5 - 0

Sears, Roebuck and Company

Mr. Rufo presented a One-Step Agreement for Sears, Roebuck and Company in the amount of \$499,200 to retrain 480 employees in Commercial Skills. This training project will focus on the Services segment, which is comprised of In-Home Product Repair Service operations. The training plan will allow the Company to shift to a high-performance workplace by providing repair technicians the ability to solve problems and make decisions independently while in the field.

Mr. Rufo introduced Liz Vukmir, Western Region Training Manager.

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

Motion carried, 5 - 0.

Sacramento Employment & Training Agency

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for \$205,260 to retrain 200 workers from various small businesses. This project contains three components: (1) SET funds supporting small business entrepreneurial training; (2) Advanced Technology training supporting the Governor's Techforce Initiative; and (3) Training employees of businesses employing less than 100 people.

Mr. Chan introduced William Walker II, Workforce Development Manager; Julie McLeod, Marketing Specialist; Thomas Frazee, Supervisor, Business and Technology Training Institute; and Angel Graves, Employment Counselor, Tech Skills. Mr. Hodess suggested that it would be more cost effective to retrain recently unemployment information technology people.

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

Motion carried, 5 - 0.

Standard Pacific Homes, Orange County Division

Ms. Torres presented a One-Step Agreement for Standard Pacific Homes, Orange County Division in the amount of \$298,064 to retrain 171 employees. Standard Pacific Homes will invest approximately \$660,000 for ETP training related costs, which includes \$340,000 in wages and fringe benefits paid to trainees during ETP training; and \$320,000 for the cost of training non ETP-funded employees in training, project development, and excess costs of trainers and materials. This is the second project for Standard Pacific Homes of Orange County utilizing SET funds. Standard Pacific Homes is justifying its request for another SET contract to retrain its workers due to the recent downturn in the economy, which has had a detrimental effect on the residential home building industry. Nine occupations have manager or supervisor in the job title. The Company signatory stated that the nine occupations proposed for funding meet the ETP definition of frontline worker. In light of the Panel's concerns with the recent SheaHomes SET frontline worker project, various occupations, including Project Superintendent were removed from the ETP training plan.

Ms. Torres introduced Ram Fullen, Vice President of Operations; Jex Manwaring, Quality Systems Coordinator; and Hilda Pacheco-Taylor, California Training Cooperative. Mr. Hodess questioned the training for the occupations of Painter and Prepper. Mr. Fullen stated the training provided would be on-going upgrade training in business skills, customer service, and computer skills. Mr. Hodess requested that language be added to the contract similar to SheaHomes regarding the training programs of subcontractors. Mr. Fullen stated that Standard Pacific Homes works directly with and maintains an in-house list of qualified subcontractors in order to hire the workers with the best skill levels. Standard Pacific Homes is in the process of putting together a certification program within the subcontractor trades. Standard Pacific Homes also has an in-house quality assurance team that supervises and oversees critical processes at the job level. Mr. Torres stated the additional language put into the SheaHomes contract was that SheaHomes agree to endorse and support any training of their building partners and that they collect and provide data to ETP staff with quantitative and qualitative data as far as what types of activities or costs were associated with that support. Mr. Hodess asked if Standard Pacific Homes would agree to the same terms as SheaHomes, and also agree to include in the terms of the Agreement that a certification process for all the subcontractors and suppliers be in place by the end of this contract. Mr. Fullen agreed.

Mr. Broad stated his interpretation of the responsibilities of the managers was that they appeared to be production workers and the supervising they were doing was supervising subcontractors, not other employees of the Company. Mr. Fullen stated that the Customer Service Manager and Design Operation Manager do supervise employees. Mr. Freeman requested the Contractor eliminate the Customer Service Manager and Design Operation Manager from the list of managers eligible for ETP funded training.

ACTION: Mr. Freeman moved the Panel accept the Project Manager, Account Payable Supervisor, Accounting Manager, Escrow Manager, Marketing Manager, Options Manager, and Quality Assurance Manager for ETP funded training; incorporate into the contract language regarding the endorsement and support of subcontract training; and have a certification process in place for all subcontractors and suppliers by the end of the Contract. Ms. Dean seconded.

Motion carried, 5 – 0.

Cellco Partnership, d.b.a. Verizon Wireless

Mr. Broad recused himself from discussion and action on the Cellco Partnership proposal.

Mr. Hodess announced that due to a lack of a quorum for a vote, this project will be heard today but would be presented at next month's Panel meeting for the vote. Mr. Rufo stated the Contractor requested clarification regarding reimbursement for training that would start prior to a Panel vote. Mr. DeMauro stated that any reimbursed training would have to be subsequent to the Panel's approval.

Mr. Rufo presented a One-Step Agreement for Cellco Partnership, d.b.a. Verizon Wireless for the retraining of 2,466 employees for \$2,850,146. The project was brought to the Panel's attention through the Technology, Trade and Commerce Agency. This would be the third agreement with this Contractor.

The Folsom and Rancho Cordova sites are eligible as facilities providing services to customers located both in and out of the State. The Irvine and San Diego sites are eligible as providing services that are in direct competition with out-of-state companies providing the same services to a California customer base.

Verizon provides wireless voice and data services and products and resells paging services to both businesses and individual consumers. Verizon is faced with changing technology and methods of communication as well as growing customer demands and expectations. At the four facilities in this proposal, Verizon is converting its billing system. Once the conversion is completed, the customer call centers will be able to serve customer's calls from throughout the United States. Verizon is also implementing the Computer Assisted Collections System and People Soft systems to further enhance the company's customer service.

The average turnover rate for the four participating facilities was 24.1 percent in 2001. Thus Verizon is requesting that the Panel waive the turnover rate requirement. Turnover rate information from industry sources indicated annual call center turnover to be from 25 percent to 187 percent. Staff has added contract language that the contractor will earn the final 25 percent progress payment for each trainee only if the

contractor achieves an average turnover rate of 24 percent or less for the last year of the Agreement.

Mr. Rufo introduced Shane Sanders, Director of Merger Integration, and Jenifer Ford, Trainer. Mr. Hodess had concerns regarding the turnover rate in this industry. Mr. Hodess asked if the Contractor would be agreeable to extending the retention period to 150 days to assure that the Panel is making a good investment. Mr. Sanders stated one of the programs Cellco has implemented to reduce the turnover rate is a career progression program. He asked if the 150-day retention would be for all facilities. Mr. Hodess stated that since the Company is not having a turnover problem in all of the facilities, the Company should not have a problem meeting the turnover rate with a 150-day retention for all facilities covered under this Contract.

Mr. McNamee requested the Contractor to return to the next Panel meeting in order to answer any questions the other Panel members may have. Mr. Sanders agreed to return.

Gottschalks, Inc.

Mr. Rufo presented a Proposed Amendment for Gottschalks, Inc., to retrain an additional 145 employees in Business Skills Training for an increase of \$377,000.

The Panel approved this agreement in January 2002. The training program has been very successful, and Gottschalks is now requesting to train area managers. Area managers act as liaisons between corporate headquarters and the retail stores. They have been or are currently being promoted to corporate headquarter jobs as Assistant Buyers, Merchandise Planners, Store Analysts, Replenishment Planners, or Replenishment Analysts.

Mr. Rufo introduced Marci Madsen, Director of Human Resources.

ACTION: Ms. Dean moved and Mr. Lennox seconded this Amendment be approved.

Motion carried, 5 - 0.

Nationwide Credit, Inc.

Mr. Rufo presented a One-Step Agreement for Nationwide Credit, Inc. This agreement is for the retraining of 43 employees for \$22,360. Nationwide Credit provides full service capabilities to clients whose needs range from collection services to delinquent accounts to managing programs for debts that have been written off. Training under this proposal will take place at the Fresno center that is located in a high unemployment area of California.

Nationwide is requesting to waive the ETP minimum wage requirements for 26 working poor trainees located in the high unemployment area. The waiver would reduce the wage from \$11.15 per hour to \$9.94 per hour. The range of hourly wages is \$8 to \$10 per hour without health benefits. The Contractor has agreed to increase the hourly base wage by at least 5 percent following the 90-day retention period. The turnover rate in 2001 at the Fresno facility was 78 percent. The turnover rate for the occupation of Collector was 92 percent. Due to the high turnover for this occupation, Nationwide has agreed to train 194 Collectors on its own. Nationwide is requesting ETP funding only for Lead Collectors and Managers, which had a 2001 turnover rate of 12.5 percent and 20 percent respectively. Mr. Rufo stated that a provision would be added to the contract that if the turnover rate exceeds 25 percent during the final year of the Agreement, then 25 percent of the training funds would be withheld.

Mr. Rufo introduced Robert Moeller, Regional Human Resources Manager. Mr. Hodess was concerned with the turnover rate and low wages in this industry. Mr. Moeller attributed the lack of skill sets to work in a call center or collection environment as one of the main reasons for turnover. He stated this training project proposes to provide the skill sets required and the opportunity for career advancement. Mr. Hodess asked if the contractor would consider a six-month retention period and a 5 percent wage increase following 90 days retention and another 5 percent increase following six months retention. Mr. Moeller stated he would agree to the six-month retention period. He stated the trainees are paid time and a half while in training

Mr. Freeman questioned how the curriculum is designed to reduce turnover. Mr. Moeller replied that the curriculum is designed to upgrade employee's skill sets leading to career pathing.

ACTION: Mr. Hodess moved the Panel approve the One-Step Agreement with the contingency that the trainees receive a 5 percent wage increase after 90-day retention with a six-month retention period and an additional 5 percent wage increase at the end of the six-month retention period. Mr. Broad amended the motion to include the trainees will be paid time and a half during training. Mr. Freeman added that if the turnover rate exceeds 25 percent for the entire Company during the final year of the Agreement, then 25 percent of the ETP training funds would be withheld. Ms. Dean seconded.

Motion failed, 2 – 3 (Roll Call vote: Barry Broad – No; Joan Dean – Yes; Tyrone Freeman – No; Robert Lennox – No; Aram Hodess – Yes).

Conexant Systems, Inc.

Ms. Torres presented a One-Step Agreement for Conexant Systems, Inc., in the amount of \$371,000 to retrain 500 employees. Conexant Systems, Inc., will provide in-kind contribution in the amount of \$870,000 in employee wages paid to trainees during ETP training. Conexant Systems provides semiconductor product solutions by designing and developing software and hardware to wireline voice and data communications networks. In 2000, Conexant Systems embarked upon a comprehensive business strategy for reorganizing the Company. Conexant faces a critical challenge to create new skills, new mind sets in all staff, and new tools to operate in this new company environment. As a result of complex business changes, and increased out-of-state competition, Conexant must become a high performance workplace.

Conexant Systems request a waiver to ETP's 20 percent turnover rate requirement. Company representatives state that the Company's 38 percent turnover rate in 2001 was a one-time anomaly due to the worst recorded downturn in the history of the telecommunication and semiconductor industry.

Ms. Torres introduced Jeffrey Wood, PhD., Process Staff Engineer, and Sharon Dwyer, Director, Learning & Organizational Effectiveness, signatory to the Agreement. Mr. Hodess asked if Conexant Systems would extend the retention period to six months. Ms. Dwyer agreed. Ms. Torres stated that Conexant Systems has agreed to forego the final 25 percent progress payment for each trainee if it does not maintain a turnover rate of 20 percent or less for the last 12 months of the Agreement.

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

Motion carried, 5 - 0.

General Motors Service & Parts Operations

Mr. Tagami presented a One-Step Agreement for General Motors Service and Parts Operations in the amount of \$592,800 to retrain 240 frontline workers at the Santa Fe Springs facility. These frontline workers perform warehousing processes such as materials handling, filing orders and inventory control. The Santa Fe Springs facility will be relocating to Rancho Cucamonga, California, to enable the Company to increase production and improve service to its customers. The United Auto Workers (UAW) Union Local 6645 fully supports the proposed training.

Mr. Tagami introduced Mike Shelton, Quality Control Supervisor, Bill Walton, Training Supervisor, Christina Cintron, Personnel Administrator; and Gary Fenstermacher, Acting Chairman of Local 6645, and Camerino Ramirez, Joint Trainer, UAW 6645.

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

Motion carried, 5 - 0.

House of Packaging, Inc.

Mr. Tagami presented a One-Step Agreement for House of Packaging, Inc., in the amount of \$118,248 to retrain 123 employees in Continuous Improvement, Business Skills, and Computer Skills.

Mr. Tagami introduced Wayne Mann, Vice President Finance.

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

Motion carried, 5 - 0.

Century Housing Corporation

Mr. Tagami presented a Proposed Amendment for Century Housing Corporation. This Amendment is considered a "pilot" amendment. The Contractor is requesting an extension to the retention period from 500 hours within the 150 days, which is in the current Agreement, to 500 hours within 272 days, which is allowable. The Contractor is also requesting an extension to the areas where trainees may be employed from Los Angeles County to Statewide. The Contractor requests the Agreement be amended to allow 9 percent of the 160 trainees in the Agreement who complete a minimum of 70-79 percent of the 320-hour ETP curriculum to quickly obtain a good job with good wages using the skills learned. The Contractor will be fully reimbursed under the following conditions: (1) 100 percent of the required class/lab training hours is delivered; (2) training is completed in at least 11 of the 15 core competencies identified in the curriculum; (3) there is documentation that the trainees passed the following written tests with minimum scores of 70 percent in shop math; 90 percent in measuring tools; 90 percent in building tools identification; and 100 percent in safety; (4) the trainees demonstrate proper lifting techniques and transportation of building materials with a 50 percent increase in endurance over a 5-week period; (5) the trainees are approved by ETP; (6) the remaining 91 percent of the trainees in the Agreement complete at least 80 percent of the class/lab training; and (7) all other early placements, which are trainees completing 80 to 99 percent of the training hours, must also complete the testing as specified in items number 3 and 4 above. It is the intent in this project that trainees should be placed with employers who have apprenticeship programs in the occupations for which trainees are being trained.

Mr. Tagami introduced Ann Marie Hickambottom, Vice President, Community Services. Mr. Hodess asked if the Contractor feels obligated to place workers into a specific apprenticeship programs when requested by the worker. Ms. Hickambottom stated Century Housing is obligated to help workers make decisions when selecting an apprenticeship program that they most likely have the capability of getting into.

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

Motion carried, 5 – 0.

VIII. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

There were no reports.

IX. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee reported on ETP's performance on approving projects and the distribution of encumbrances. ETP has exceeded its target performance level for training unemployed workers and is approving projects per the established goals and priorities set for targeting manufacturing and high tech industries.

Mr. McNamee gave an update on the fiscal challenges ETP is facing. The Panel will receive \$76 million for budget year 2002-03. Department of Finance (DOF) is requesting all Departments to prepare an assessment of the impact of eliminating vacant positions. ETP has a vacancy rate of 12 percent, and DOF is intending to eliminate 10 ETP vacant positions. ETP is still continuing to operate under the State's hiring freeze. If ETP is not allowed relief from the hiring freeze, it is possible that ETP could have a 25 percent vacancy rate. Employment Development Department (EDD) notified ETP that there is an \$8 million shortfall in revenues that were anticipated from the last fiscal year due to the drop in interest rates. EDD anticipates a \$20 million shortfall over the next two years. ETP has been directed to take the lead in coordinating with other State Agencies in designing alternatives and proposed solutions to bring the expenditure levels in alignment with the shortfall of funds. The four departments within the Labor Agency (Department of Industrial Relations, Employment Development Department, California Workforce Investment Board, Agricultural Labor Relations Board) are expected to take prorated cuts in their authorized expenditure levels.

Mr. McNamee reported ETP has submitted a Budget Change Proposal to the Labor and Workforce Agency Secretary to recapture \$30 million that was reverted to the Department of Social Services. The Agency Secretary approved the BCP and it has been forwarded to the Department of Finance.

Mr. McNamee announced ETP would be holding two Structured-On-Site Training work sessions to be facilitated by Dr. Richard Moore from the California State University at Northridge. The first work session will be held on October 25 at the Oakland Marriott City Center, and the second work session will be held on November 22 at the Renaissance Hollywood Hotel.

X. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported on a recent investigation of allegations of improprieties on the part of the Entertainment Industry Development Corporation (EIDC). Mr. DeMauro stated ETP has a current contract and has had several prior contracts with EIDC over the last few years. Mr. DeMauro stated the Attorney General's office and the District Attorney's office requested information on all contracts/agreements between ETP and EIDC. So far, there have been no findings of any misuse of ETP training funds.

XI. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, presented a worldwide performance report on training provided by employers. He stated the American employer ranks among the lowest in providing training for employees.

Nancy Ho, President, CEO, Practical Data Processing, Inc., complimented the Panel's on their ethics, values, and integrity. She clarified her Company's intention regarding awareness of participating employers' types of businesses.

XII. EXECUTIVE SESSION

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

XIII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 12:20 p.m.

PRACTICAL DATA PROCESSING, INC.
SEPTEMBER 27, 2002
ANAHEIM WESTCOAST HOTEL

Ron Tagami: Tab 4 is an Amendment for Practical Data Processing Agreement. The Contractor is requesting to add a second phase to the existing Agreement to add a new-hire component for the additional 75 trainees. The Contractor is making a request because they have already enrolled enough trainees in the current Agreement of the new-hire component and anticipate they will meet 100 percent performance. The training to be provided in the second phase replicates the training currently being conducted using the same curricula. The Contractor has provided to staff some data in regards to the current new-hire components. For the computerized accounting clerk position, number two have been retained in the current Agreement is 150 positions. They have already enrolled 174 trainees, of which 164 have completed training. They have placed 123 of the 164 trainees and 75 trainees have already completed their retention period. The minimum wage that a trainee was placed for the accounting clerk position to date is \$10.50 per hour. The highest wage in which the trainee was placed is \$24.04 per hour, and the average wage for a trainee placed in this occupation is \$13.32 an hour. For the new-hire information technology support specialist position, the current Agreement has 60 pos... 50 positions, I'm sorry. They have enrolled 58 trainees in that job, 57 have completed training, 25 of the 57 have already been placed, 13 of the 25 have already completed their retention period. For that occupation, the minimum wage in which a trainee was placed was \$13.00 an hour. The maximum wage was \$26.92 an hour, and the average wage for that occupation currently is \$18.52 per hour.

Staff recommends that the Panel approve the Amendment. Here today is Nancy Ho, President, Chief Executive Officer; Sal Saenz, ETP Program Manager.

Ms. Ho: Good morning Panel. I would like to thank you for the opportunity to present our contract Amendment today. I would also like to thank Mr. Ron Tagami and the ETP staff for their support and assistance in this contract Amendment.

Due to the needs of the employers, those skilled workers in advanced computer technologies and computerized accounting, Practical Data Processing is requesting a contract Amendment for the new-hires for IT specialists in accounting programs. This training curriculum has provided a great opportunity for unemployed workers as well as fulfilling the needs of today's employers high-tech global economy.

I'm here today and will be very glad to answer any questions you may have.

Barry Broad: Tell me about the following two employers: Hustler Casino and Vivid.com, what do they do?

Ms. Ho: Um, the casino, they are a casino/entertainment ah industry and the other one is the retail E-commerce business.

Mr. Broad: What sort of out-of-state competition does a casino face?

Ms. Ho: For this contract Amendment, ah we specifically service the employers, ah not necessarily in the out-of-state competition category.

Ada Carrillo: Mr. Broad, if I can speak to that. For new-hires, these are unemployed workers getting in the trade, and therefore they do not have to meet the out-of-state competition for this placement.

Mr. Broad: What are you training them to do at the casino?

Ms. Ho: Well, ah, every business whether large or small, they do need to maintain their accounting system, and especially in today's technology. You see even small companies for five employees they do need a good computer technology such as network accounting so our curriculum is really in demand for any companies that want to grow and do well in today's economy.

Joan Dean: I just noticed for the casino there are only two employees to be trained, correct?

Mr. Tagami: They will be hiring two employees, they will be hiring two trainees from this organization. It is a new-hire program so these people are training and then placing people into jobs with these companies.

Ms. Dean: What kinds of jobs?

Mr. Tagami: They will either be .., they have to be placed as a Computerized Accounting Clerk or Information Technology Specialist.

Ms. Dean: Okay, thank you.

Robert Lennox: One question on the training. On the cost of training, it shows here \$4,468 per trainee and there is only a handful of trainees. What exactly are you training them for? These are .. you're training them for \$8 to \$10 an hour jobs. Why would it cost \$4,468 to train somebody for an \$8 an hour job?

Ms. Ho: Ah, the information provided in this ah page number four, if you are referring to that page, our accounting curriculum requires 240 hours and the IT curriculum it requires longer hours training with 360 hours. When we average out that makes it \$4,309, but the high cost is for the IT curriculum that we offer

very advanced technology training that consisting of Unix Operating system, Network 2000, SQL Silva (?), and Oracle SQL (?), and SQL (?) Plus. Those are high-tech advanced training, and if an individual company had to pay for a private course, it will cost them probably an average of about \$40 - \$50 per hour per trainee. And so considering of the advance technology that we offer and in order for individuals to really acquire the skill they need to perform the job required by employers, they do need extensive training. And therefore the high cost is not accounting curriculum, um and as we presented to ah the field office for the IT curriculum, our lowest is \$13 per hour and the average wage is \$18. So um, the high cost is for IT profession.

Mr. Lennox: How many people in the training proposal qualify in this category?

Ms. Ho: Uh we propose for twenty f.. um, so far we serve 50 from our original contract, and we proposed to add 25 more.

Mr. Lennox: But in the proposal it shows occupation – General Office Clerk, Customer Service, Receptionist, Billing Clerk, Order Clerk.

Ms. Carrillo: Mr. Lennox, if I could clarify that. On page 4, um what this contract is proposing is the new-hire occupations of IT Support Specialist and Accounting Clerk, and the lowest amount that those trainees will earn is \$10.50 an hour. The cost per trainee also is previously approved by the Panel uh for the new-hire component, and ah they justified it based on the wage after training as well as the number of training hours.

Ms. Ho: Ah, may I ask you ah information from Mr. Lennox to understand more about our program. In our original contract, ah the reason you see here for \$8 an hour is our welfare-to-work program. And as you know that this is a very unique program for welfare recipients. We are doing very well, considering that the nature of the project is very challenging, and that ah program, the curriculum um is to serve very entry level. That is why you see \$8 per hour. That is for welfare-to-work clients.

Mr. Lennox: One question on that Vivid.com, that's not a pornography site is it?

Sal Saenz: No, no it's not.

Peter McNamee: So uh, I just want to get clarification to make sure what we are talking about. In the binder on page 5, it has the training plan phase 2 and that is just what we are funding for. Is that correct?

Mr. Tagami: That's correct.

Ms. Ho: Yes.

Mr. Tagami: If you, if you look at page 4, the current Agreement has six job numbers – they have the job for welfare-to work, they have the job number for the new-hire component, they have a job number for retrainees, and also they have a high unemployment area component. What they are coming in under this Agreement is just to add additional slots for the new-hire component, which is on page 5.

Mr. McNamee: And those would be the High-tech Support Specialist ...

Mr. Tagami: Right, so for examples an Accounting Clerk, the minimum wage the person can receive and they will be reimbursed for is \$10.50 an hour for the Accounting Clerk, and the IT Specialist they have to place people at that wage of \$12 an hour in order to be reimbursed with ETP funds.

Mr. McNamee: I just had one other question for my purposes. I apologize for taking more of the ... You also list Rio Honda College. Is that a private college or, how do they qualify in this list of employers? There is only one position.

Mr. Tagami: We need to check that, and I believe they do not qualify as a participating employer, which in case we will remove that employer.

Mr. Hodess: I have two questions uh for you in regards to uh on-going training for these workers. What is the commitment of all of these employers having on-going training after these new-hires are put in place. What type of programs do they have, what kind of budget are they committed to, what type of plans do they ..what programs do they have in place at these facilities. Because that is part of your obligation in a multiple employer contract.

Ms. Ho: Yes, ah, there is a survey with the employers and, of course, to meet the ETP objective, is to have employer commitment to continue training for their workers. Many employers do require additional training in-house as their new employees, even though that they have been well trained in certain technologies, each company ah do have in-house training activities to make them be, you know, ah accustomed to the company needs. So majority of the companies does req., did .. will provide additional training after they get hired and anticipate as on-going. As additional skills ah um that fit the company needs and ah ah some of them do have in-house training and the ah the ah contribution will include that from paid wage while training, instructors and staff and facilities.

Mr. Hodess: Just a comment, looking at an IT Specialist and the different software programs that you are going to be instructing, I would assume uh some of the more advanced programs in software that are not going to be instructed in because an Accounting Clerk is going to be doing data entry, is my assumption, they are not going to be doing programming. Is that correct? So the hours are not going to that great. I would assume for an Accounting Clerk, for example. I am concerned about the wage versus the cost of this training and I want to be

sure that we are getting the best bang for our buck. Is an Accounting Clerk going to be getting how many hours of training?

Ms. Ho: They will be receiving 240 hours of training and we teach them the specialized accounting software programs. All aspects of accounting from accounts payable/receivable, payroll and general ledger. Um, as you know accounting, although we have.. every company has a similar accounting concept. Each company do keep their books a little bit differently, and that is where the training comes in, after the employee has been hired.

Mr. Hodess: Thank you.

Ms. Ho: Thank you.

Mr. Broad: I just would like to say that just flipping through this thing, this training is more ..is basically double than the next lowest cost per trainee. This is very high.

Mr. DeMauro: The ah Panel has addressed that. That is the ah the test budgets have been aimed at. If ah training for the new hire is twice the ETP minimum, the normal rate, what is the average now 14, 13? They have to convince the Panel that the ah cost is justified by usually the hours of training that drives the cost up. It is just not that we're, we're not just funding those hours so if you are not satisfied with the explanation that you are getting, that's the test you wish, is the argument that Practical Data is making justify the 8 hours, do you think these folks really need.

Ms. Ho: Ah.

Mr. Broad: I would feel more comfortable with this .. I realize that this is an Amendment. I would feel more comfortable having some sense of what training costs to do this kind of training where we have proved that elsewhere. I just feel like it is very, it's very expensive. It's unclear to me how it.. I don't, I, I would like to put this over for a month. And I would like staff to come back and report on how this compares to other training that we have approved in the past with these type, this type of work. Do we approve a lot of stuff that involves training in computer programming, it looks like about 60 percent of what we do, um and the argument is that this is very specialized and that it is very extensive. And that may be valid, I would be prepared to vote for it, but I would like some sense that, or some feeling of confidence that this is reasonably related to other proposals that we have approved for this kind of training.

Ms. Carrillo: Mr. Broad, if I can speak to that. The big difference is in the proposals you are seeing in the rest of the packet are for the re-training population. So, because they are retrainees and they are already employed, the number of training hours are substantially less than the new-hire trainees who

are unemployed. The main reason that this training cost is high, is because of it being unemployed and they require more training hours. And the cost per trainee that this applicant is proposing is consistent with the cost and the new-hire population has been approved, and actually it is on the lower end. For new-hire trainees you have approved as high as \$8,000.

Ms. Ho: May I add, uh a few words to Mr. Broad's concern. Ah yes, uh in the past the Panel have approved similar curriculum with even higher cost. But that not to compare. I just want to add a few words about why the IT curriculum requires such high hours. As you know, technology has been changed quickly in the past couple of years. And especially since September 11 events. They are numerous workers been laid off. And if you see what applications that we receive, we receive several hundred applications just for only 25 seats that will be available. Um, the curriculum will provide individuals who have been on the job for a number of years, they work, but with their own technology, such as, they may never use in that work before. Every company, it will, we do a survey in today's career job market. Everywhere they need SQL Access Data Base, IT Specialists are supposed specialists no longer require fundamental PC repair or simple PC connection. It is required more state of art of skills now. And due to that reason, our program considered very successful in term of meeting the employer's demand as well as the needs of unemployed workers. So I hope that the Panel's members would take that into consideration of the ah..

Tyrone Freeman: Mr. Chair, the question was asked about Vivid.com and what that Web page is. And it is the Web page of which the Panel member ah portrayed it so. Ah, Vivid.com is home of top porn stars.

Mr. Lennox: Well, everybody needs training.

Laughter

Mr. Broad: I don't like making decisions based on any first amendment issue, or based on sort of a content of a lawful business, so let our Counsel deal with it.

Mr. Freeman: I respect that and I respect choice, but when a Panel member asks anyone who comes before us and they give us misinformation, that is more of a point I am bringing here today -- Not based on point of what the contents are or what the business does, but we expect integrity when we request a question and the proper response would have been I'm not sure instead of no. And the response given was that it was not. Thanks to the modern technology that I have hereI was able to look that up.

Laughter

Mr. Broad: I don't feel like I am all that comfortable and also there is a question, we talked about IT people, and then there is a question about Account Clerks,

and what do Account Clerks do. I have a lot more experience with Account Clerks than IT people. And I don't know how much complicated that is. So, let's explore some of these issues and if in fact, as Mr. Freeman has pointed out, that if, you know if a question is asked to you, and you give the wrong answer on purpose, that is misleading us, and that is not right. And um, I am really uncomfortable with that. And I, I, if this is a lawful business, I got (coughing in background) .. of us making a decision, yea or nay on that business based on the content or the conduct of what they do. That is a separate question from whether you have answered the question fairly honestly that was put by one of the Panel members.

Ms. Ho: I am uh sorry, and apologize if I may have said something that you misunderstood. But I don't remember that we definite have the answer for that all. You did have a question and here I was not sure if I have answered the question that you inquired about that company.

Mr. Hodess: I think where we are at right now, is Mr. Broad has asked to put this over for a month so staff can come back and give us a comparison of costs for this type of training for new hire. To make sure that this training is in line. If you can give a clear breakdown of number of hours and the cost for these two new-hire positions. And I notice that you do, in phase 2, credit the in-kind contribution, it is kind of irrelevant to this contract as it is not required. An in-kind contribution is not required for new hires. Is that correct?

Ms Carrillo: Mr. Hodess, actually your revised policy for new hire now requires an in-kind contribution of 50 percent.

Mr. Hodess: Okay. The blue sheet that they have in multiple employer contractors doesn't agree with that. It says that there is no in-kind contribution for new hires. If there is a requirement, then the new-hire contributions that the contractor is proposing to take credit for here, I really question whether there would not be financial obligations they would have to have anyway. They should not be taking credit, for example, for the ah training assessment and coordination, wages and benefits paid to newly hired workers to provide additional job training tied to the ETP class/lab training, um wages and benefits paid to newly hired workers while receiving on-the-job training. I have problems with those issues. So, is, is a new, are there employer contributions required for new hires.

Ms. Carrillo: Ah, yes there are. Actually, that blue sheet is out-dated, so I apologize for that. You have revised your policy in February of this year, which added a requirement for new hires. We will go back in reviewing this project to make sure that those in-kind contributions are consistent with the policy.

Mr. Hodess: Okay, could you report back whether the uh in-kind contributions, the various activities the contractor want to take credit for, are legitimate activities for in-kind contribution credit?

Ms. Carrillo: Yes, definitely.

Mr. Hodess: Okay. Do you understand what... Thank you, you can come back next month and staff will have a report and recommendation, and maybe we'll have other questions for you. Okay?

Ms. Ho: Okay. Thank you.

Mr. Broad: Mr. Chairman, I would like to have a transcript of this discussion. I mean I, I really look, I don't care what the issue is, I really look askance at, if, if we have been misled and, defy any sort of a question. I don't know, you know, if this is a company, for example, that has, portrays pornography, I don't know whether the images that it's transmitting are on adults, or children, or people under the age of 18, under what conditions they have been employed, what other issues I ... It just raises a whole lot of problems for me, and um who is getting trained to do what exactly and, you know, whether, how many of these employees are located in California, what, the labor laws they are or are not following, or .. I mean this is about the most exploited industry there is. That is lawful and frequently things occur that are not lawful. So there is a big hurdle with me in this thing.

Ms. Dean: I just have a couple of questions that I want to know. Where did the, shouldn't the contractor have a good understanding of the kinds of companies who they are representing when they come before the Panel.

Mr. McNamee: The answer is yes.

Ms. Dean: Thank you.

Mr. Saenz: Well I would like to address that. Um well, cause this is a little different than I think what a, a what you are used to dealing with in terms of new hire. With the new-hire program, the goal of this program, and I would like to bring this up, is to help people up, get people up to speed and marketable so that they can compete in today's job market. A lot of these people have not worked for three months, six months, a year. Their skills are not up to date. Employers do not care how many years of experience you have if your skills are not up to date, you are not going to be able to compete. These few programs are specific to get people trained for accounting related careers or IT related careers. We are here to get their skills up to date, get them up quickly. In seven to eight weeks they can get through an accounting curriculum, have the skills, get out there and work. That is what it really takes. In the IT curriculum, in ten weeks they are IT Computer Support Specialists and they can work. And these people have not

worked for the last three to six months, or a year. But the, I have to say something about the core employees, Vivid.com, many times a week, what they do is go out and get their jobs either through us or on their own. Many times we don't what company they have gotten a job for, as long as it is an accounting related career, permanent-full time, no less than \$12 per hour, and retained for 90 days. And that is just basically, you know, why that was like that. We have no idea.

Ms. Ho: Let me answer that question for..

Mr. DeMauro: I think you are digging your hole a little deeper. I would let the staff answer, this leads to even more questions in my mind with regard to the fact that the reason core employers

Ms. Ho: Ah yes, um.

Mr. Saenz: Okay.

Mr. Hodess: There is not a motion on the table. I think, is there a motion to continue this and awaiting a response from staff and the contractor.

Mr. Broad: There has got to be we need a motion, but I think we need a directive to staff to investigate this matter further and put it over to the next of a future meeting. I think that is necessary to allow time to look at this.

Ms. Ho: May I add ..

Mr. Broad: Is there a motion to that? I move to put this over to a future, to a future hearing, uh, you know, pending an investigation by the staff.

Ms. Dean: I second that.

Mr. Hodess: Okay, on the question. All those in favor?

All: Aye

Mr. Hodess: Oppose?

Silence

Mr. Hodess: Thanks very much.

Ms. Ho: Thank you.