

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street, Central Valley Auditorium

Sacramento, California 95814

August 27, 2004

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Tyrone Freeman
Member

Paul Kiesel
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter DeMauro
Acting Executive Director

Ada Carrillo
Acting Assistant Executive Director

Susan Bobrow
Acting General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Marsha Kwalwasser, Chair, called the public Panel meeting to order at 9:40 a.m. Ms. Kwalwasser stated that until a quorum is present, the Panel would be acting as a committee of the whole.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Chair
Barry Broad (Arrived at 10:10 a.m.)
Robert Lennox
Tom Rankin

Members Absent

Aram Hodess, Vice Chair
Tyrone Freeman
Paul Kiesel

Executive Staff Present

Ada Carrillo, Acting Assistant Executive Director
Susan Bobrow, Acting General Counsel

III. APPROVAL OF AGENDA

Ms. Kwalwasser stated, as a committee of the whole, the Agenda would be presented as posted with the addition of approval of the June Panel Minutes. There were no objections and no corrections to the Minutes. Ms. Kwalwasser recognized Ada Carrillo, Acting Assistant Director, and Susan Bobrow, Acting General Counsel, who were sitting in for Peter DeMauro, Acting Executive Director, in his absence. Ms. Kwalwasser asked for a moment of silence so those present in their own way could bring Peter into their thoughts and wish him well.

IV. REMARKS BY THE LABOR AND WORKFORCE DEVELOPMENT AGENCY SECRETARY

Ms. Kwalwasser introduced Victoria Bradshaw, Secretary of the Labor and Workforce Development Agency. Ms. Bradshaw reported on the ongoing ETP Budget issues and the recent California Performance Review (CPR). She reported this year's ETP Budget has been a challenge and will more than likely continue to be a challenge in the immediate future. In November 2003, the first draft of the ETP Budget was \$13 million. The fund balance was down from the normal \$100 million to \$76 million because of money going into the fund. From the \$76 million, \$56 million was allocated to the Department of Social Services (DSS). She stated the Labor Agency went directly to the Governor to make sure that there would be additional funding for ETP. At that time, nobody really knew where the additional funds would be coming from. The Governor agreed that an additional \$40 million could come out of the anticipated State Government savings from Workers Compensation, for a total of \$53 million for the 2004-05 ETP Budget. Ms. Bradshaw stated that the Agency is already working on ending the allocation of Employment Training Funds to the DSS and other entities for the 2005-06 Budget. She stated the most important factor in getting the additional funds is ETP's funding priorities which are consistent with the Governor's priorities – providing high-wage, high-skilled, stable jobs in the State of California. ETP has been instrumental in bringing new jobs into the State. She stated ETP has the only training fund in the workforce development arena that is performance based. ETP has been a significant player in both workforce and economic development. She stated top priority is to keep ETP functioning as a significant player. She stated the challenge will be, not to shut the program down in anticipation of funds, but to make sure it keeps functioning. The reality is ETP will not be able to spend money that has not yet been accounted for, although the money will eventually come. She stated the long-term outlook for ETP looks good.

Ms. Kwalwasser asked about continuing the Panel Meetings and encumbering money. Ms. Bradshaw stated the Panel should continue the process with the understanding that projects will continue to be approved and will only be funded if and when funding is available. She added that, if the budgeted training money is not spent, it will be very difficult to convince the Governor that ETP needs the money the following year.

Ms. Bradshaw noted there will be increased pressure from other entities looking to the Employment Training Fund (ETF) as an alternative to budget cuts. She stated during and at the end of the Legislative session, there were many attempts to go after the fund. Ms. Bradshaw stated that the Employment Development Department does not even suggest using the ETF for anything unless ETP agrees. She stated that we need to collectively begin looking at how to protect the ETF so that in the future it is used only for training. She noted the ETP program is the only program where there is a unified agreement between labor, management, and public policy.

Ms. Bradshaw reported on the CPR. The CPR Commission is holding public hearings throughout the State for comments and recommendations. She stated the hearing that would most interest the Panel in being held on September 27 at U.C. Davis from 10:00 a.m. to 4:00 p.m. She stated the Labor Agency is holding three separate hearings for issues

related specifically to the Labor Agency. A hearing is scheduled for September 20 and a separate hearing specific to Boards, Commissions, and Panels on September 23.

Mr. Rankin noted that the Commission recommended eliminating the Panel but retaining the functions. He stated the critical concept embodied in the Legislation when the ETP was founded was the idea of labor/management cooperation. Ms. Bradshaw agreed with the partnership but stated we should be open to administrative improvements.

The Panel had a quorum present with the arrival of Barry Broad at 10:10 a.m.

V. REPORT OF THE ACTING ASSISTANT DIRECTOR

Ms. Carrillo asked for a motion to approve those single employer contracts that have been placed on Consent that are less than \$500,000 and do not have any issues.

Consent Calendar Projects

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel delegate authority to the Executive Director or his designee to approve those proposals in funding amounts of less than \$500,000 which have not been identified for particular consideration. The following projects were subject to this motion to approve:

A-W Engineering Company, Incorporated	\$40,000
Best Software, Inc.	\$440,648
Carabella Corporation.....	\$42,500
Casa Sanchez Foods	\$16,000
Edward Apffel Company	\$40,320
GKN Aerospace Transparency Systems, Inc.	\$218,530
Greenheck Fan Corporation	\$57,720
Hawker Pacific Aerospace	\$46,800
H.E.R.C. Products Corporation.....	\$124,800
Homeland Solutions, Inc. (SBPP)	\$24,960
Monterey Mushroom, Inc.	\$242,424
Owens Illinois Glass Containers	Withdrawn
Pacific Satellite Connection	\$1,200
Plastikon Industries, Inc.	\$207,480
Reprographics Fax Group d.b.a. Copier Products Group	\$165,000
Sanmina SCI Corporation/Sanmina Cable Division	\$225,225
Spectrum Organic Products, Inc. (SBPP)	\$9,600
TST, Inc.	\$144,976

Motion carried, 4 – 0.

Ms. Carrillo requested that, due to a schedule conflict, California Chassis be brought forward on the Agenda. Mr. Broad stated he had a schedule conflict and requested the presentation of projects be brought forward ahead of staff reports.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel delegate to the Acting Executive Director the authority to approve projects in consultation with the Chair and/or the Vice Chair if a quorum does not exist at this meeting.

Motion carried, 4 – 0.

VI. AGREEMENTS AND AMENDMENTS

California Chassis, Inc. (Presented out of order)

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for California Chassis, Inc., in the amount of \$99,560 to retrain 38 workers in Continuous Improvement and Manufacturing Skills. California Chassis, Inc. (CCI), designs and builds aluminum and steel sheet metal products. This will be CCI's third Agreement with ETP. This Agreement will focus on new continuous improvement and manufacturing training that was either not delivered in the first two Agreements or, in the instance of Total Quality Management, was not previously offered to the majority of the Company's production staff.

Ms. Torres introduced David Kohl, Chief Operating Officer. Mr. Kohl stated that in addition to ETP training, CCI provides Vocational English and a Second Language, training for its sales team, sales manager, engineering group, and CCI reimburses all employees for all work-related training taken outside of CCI. Mr. Rankin voiced concerns regarding turnover. Mr. Kohl stated that hopefully training will be an incentive for employees to remain employed at CCI.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for California Chassis, Inc., in the amount of \$99,560.

Motion carried, 4 - 0.

Pacific Coast Maritime Consortium

Ms. Torres presented an Amendment for Pacific Coast Maritime Consortium in the amount of \$209,469. This project is funded with Special Employment Training (SET) funds. The participating employers are engaged in operating vessels for the transportation of freight and passengers on the deep seas. All trainees are union members employed as deck/engine mariners or mariner engineers. The proposed Amendment will provide training for 131 additional trainees using a commercial skills curriculum in marine transportation skills. Ms. Torres stated Marine Firemen's Union and the Sailors' Union of the Pacific had withdrawn support for one of the participating employers, Foss Maritime Company, and, as such, Foss Maritime Company has been removed as a participating employer until such

time as there is a reinstatement of union support. Pacific Coast Maritime Consortium withdraws its waiver request to use an out-of-state vendor.

Berit Eriksson, Project Manager, was present to answer questions. There were no questions from Panel members.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the Amendment for Pacific Coast Maritime Consortium in the amount of \$209,469.

Motion carried, 4 - 0.

Riverside County Economic Development Agency

Ms. Torres presented a One-Step Agreement for Riverside County Economic Development Agency in the amount of \$199,995 to train 335 incumbent workers in Continuous Improvement Skills, Business Skills, Computer Skills, Manufacturing Skills, Management Skills, and Literacy Skills. Riverside County Economic Development Agency will market the proposed training primarily to manufacturers and information technology companies in Riverside and San Bernardino counties.

Ms. Torres introduced Kathy Fortner, Assistant Administrator, Workforce Development. Ms. Kwalwasser questioned the percentage of time training takes place on-site. Ms. Fortner replied that 60 percent of the training takes place on-site. Ms. Kwalwasser questioned recruitment. Ms. Fortner explained that Riverside County Economic Development Agency has become well-known by having a lot of contact in the manufacturing clusters.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Riverside County Economic Development Agency in the amount of \$199,995.

Motion carried, 4 - 0.

Westech College

Ms. Torres presented a One-Step Agreement for Westech College in the amount of \$764,500. Westech proposes to retrain 550 employees of eligible participating employers in Computer-Aided Design and Drafting, and other computerized drafting and design programs targeted to engineering, architectural and manufacturing firms. Ms. Torres stated 100 percent of the training will take place at the training agency's various facilities. Westech stated that exempt/salaried employees will be considered compensated for training they attend, and hourly employees will be compensated an average of one hour for each four hour session they attend. Ms. Torres stated 100 percent of the participating employers certified the training is voluntary and a portion of the training for hourly employees will be compensated. Mr. Broad noted that employees must meet certain criteria for training to not be considered as worked: 1) outside of regular working hours; 2) attendance has to be voluntary; 3) training has to be not directly related to the employees job; and 4) employee does not perform any productive

work. Mr. Broad stated ETP training is to be, by statutory requirement, job related. Mr. Rankin stated his concern regarding off employer-site training.

Mr. Duscha stated it is up to the individual employers to decide if training is voluntary or mandatory. He stated the issue of adopting a policy on center-based training, on requirements of pay during training, are issues for the Panel but he requested the policy issues be discussed and not done in the context of a particular contract. Mr. Broad stated the participating employers in this proposal stated, with respect to hourly employees, they were going to partially compensate them for training, which, Mr. Broad pointed out, is not in compliance with Labor Laws. Mr. Duscha stated that the employers are making the distinction for purposes of the Labor Law, the training is voluntary. Mr. Broad stated his concerns regarding the voluntary training issue. He recommended postponing action on this proposal until the next Panel meeting. Mr. Rankin stated concerns regarding voluntary training in this proposal. Mr. Lennox had concerns regarding the compensation of hourly employees

Barry Maleki, Ed.D, was present to answer questions.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel table the One-Step Agreement for Westech until the next meeting.

Motion carried, 4 - 0.

California Manufacturing Technology Consulting

Dolores Kendrick, manager of ETP's North Hollywood field office, presented a One-Step Agreement for California Manufacturing Technology Consulting (CMTC) in the amount of \$2,079,680. CMTC is a private, non-profit corporation providing small and medium-sized manufacturers with integrated consulting and training services in lean enterprise, quality systems, information technology, organization development, and supply chain management. CMTC is requesting Panel funds to assist in the retraining of 2,000 frontline workers and managers/supervisors employed in manufacturing and related industries. This will be the sixth ETP project between CMTC and ETP. Over 95 percent of the training will be delivered at the participating employer's worksite.

Ms. Kendrick introduced John Van Buren, Vice President and Chief Financial Officer, and Cheryl Slobodian, Director, Training & College Relations.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for CMTC in the amount of \$2,079,680.

Motion carried, 4 - 0.

El Camino Community College District/Center for Applied Competitive Technologies (CACT)

Ms. Kendrick presented a second Amendment for El Camino Community College District CACT in the amount of \$511,540. This Amendment proposed to create a second phase and train an additional 700 trainees to assist employers in upgrading the skills of the manufacturing workforce. The Contractor's curriculum includes Manufacturing Skills, Business Skills, Computer Skills, Continuous Improvement Skills, and Literacy Skills necessary to transition to a high performance workplace.

Ms. Kendrick introduced Bill Yates, Director, John Means, Dean of Community Advancements, and Deborah Imonti, Project Administrator. Mr. Broad questioned the activity on prior contracts. Ms. Imonti stated all trainees will be retained.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the Amendment for El Camino Community College District/CACT in the amount of \$511,540.

Motion carried, 4 - 0.

RWM Fiber Optics, Inc.

Ms. Kendrick presented a One-Step Agreement for RWM Fiber Optics, Inc., in the amount of \$201,075. RWM Fiber Optics, Inc., is a private, post-secondary technical school that provides telecommunications training. RWM is requesting funding to train 35 unemployed individuals in the Cable/Satellite Installer Technician Program. This will be the second Agreement between RWM Fiber Optics, Inc., and ETP.

Ms. Kendrick introduced Mel Weiss, President. Mr. Lennox stated his concern regarding the cost per trainee. Mr. Weiss stated the training is expensive because of the number of hours needed to provide a comprehensive program for skills that require a significant degree of technical aptitude. Mr. Rankin requested a longer retention period or guarantee of a wage increase after the 90-day retention period.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for RWM Fiber Optics, Inc., in the amount of \$201,075, with an Amendment to the Agreement of raising the minimum wage to \$12 per hour after the 90-day retention period.

Motion carried, 4 - 0.

TriNet Networking & Training, Incorporated

Ms. Kendrick presented a One-Step Agreement for TriNet Networking & Training, Incorporated, in the amount of \$997,178. TriNet is a private, for-profit, training and educational school providing Advanced Technology and Computer Skills training to

business and public organizations throughout California. TriNet is requesting ETP funds to assist participating employers retrain 447 workers in Advanced Technology and Computer Skills to prevent the displacement of workers and promote California's manufacturing workforce.

Ms. Kendrick introduced Khawar Butt and Narbik Kocharians, the school's Directors. There were no questions from the Panel.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for TriNet Networking & Training, Incorporated, in the amount of \$997,178.

Motion carried, 4 - 0.

Ms. Kwalwasser requested staff to clarify the ratio between classroom and on-site training in the summaries.

Alameda Computer Center, Inc.

Creighton Chan, manager of ETP's San Mateo field office, presented a second Amendment for Alameda Computer Center, Inc., in the amount of \$267,325. This Amendment proposes to provide Computer Skills training for 50 additional unemployed individuals, 25 as Computer Technicians and 25 as Network Cable Technicians. According to the Contractor, Alameda Computer Center, Inc., has formed a partnership with 25 new employers in the Sacramento area. Many of these employers are expanding their facilities or have relocated to the area due to lower rents and overhead which allows them to create new positions.

Mr. Chan introduced Joanna Moore, Director, and Norris Moore, Director of Recruitment and Admissions. Mr. Rankin voiced concerns regarding the high cost of training. He recommended the minimum wage be \$12 per hour after the 90-day retention period. Mr. Lennox voiced concern regarding training proposals that have an extremely high cost per trainee for low-wage occupations.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Amendment for Alameda Computer Center, Inc., in the amount of \$267,325, conditioned on a raise of the minimum hourly wage rate to \$12 at the end of the 90-day retention period.

Motion carried, 4 - 0.

Worldwide Educational Services of California

Ruby Cohen, manager of ETP's Sacramento field office, presented a One-Step Agreement for Worldwide Educational Services of California (WES) in the amount of \$257,433. WES is a private training provider of training in office skills, computer skills, and electronic skills.

WES proposes to train 54 unemployed individuals (18 are from high unemployment areas) in Business Skills, Computer Skills, Commercial Skills, and Literacy Skills. This will be the ninth ETP Agreement with WES. Due to the customization of the training plan, plus allowable 8 percent support costs, WES is requesting a negotiated rate of \$13.59 to \$13.91 per hour per trainee.

Ms. Cohen introduced Neil Barth, President. Mr. Rankin voiced concern regarding participating employers who have bargaining units but there is no union letter of support for this training project. Panel members recommended approval of this project with the exception of Kaiser Permanente and Van Bourg, Weinberg, Roger & Rosenfeld until letters of support are received from the relevant unions.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Worldwide Educational Services of California in the amount of \$257,433, with the exception of Kaiser Permanente and Van Bourg, Weinberg, Roger & Rosenfeld until union letters of support for this project are received.

Motion carried, 4 - 0.

Ms. Kwalwasser thanked ETP staff for their superb job this past month. Mr. Broad requested discussion and action regarding placing a limitation or moratorium on MEC center-based, new-hire training be placed on the next Panel Meeting Agenda. Mr. Rankin requested MEC center-based, retraining be included.

Autoland, Incorporated

Ms. Kendrick presented a One-Step Agreement for Autoland, Incorporated, in the amount of \$172,900. This project will be funded with ETP SET funds. Autoland, Incorporated, is a credit union, car-buying service with more than 75 locations nationwide, representing over 300 credit unions. Autoland's current focus is retention of its core business and controlled growth. Its goal is to add over 100 new credit unions as customers by the year 2006. The Company must keep up with automobile dealers and inventory resources to remain a leader in the industry. To support and strengthen its goals, management has designed a training program to improve several internal operations and employee skill levels. Autoland staff asserts that it does not have the resources to train its staff to the extent planned in this Agreement without ETP assistance. Funding will allow the Company to train more staff for more hours at a faster pace than would otherwise be possible.

Ms. Kendrick introduced Mark Chandler, Executive Vice President Sales and Operations, and Diana Lyle, Training and Recruiting Manager. There were no questions from the Panel.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Autoland, Incorporated, in the amount of \$172,900.

Motion carried, 4 - 0.

Corporate Express Office

Mr. Chan presented a One-Step Agreement for Corporate Express Office Products, Inc., in the amount of \$464,100. Corporate Express Office Products, Inc., is one of the world's largest business-to-business suppliers of essential office and computer products and services. Currently, the firm is striving to become a high-performance workplace and is providing Business Skills, Commercial Skills, Computer Skills, and Continuous Improvement training to 357 incumbent workers.

The Contractor stated that its turnover rate peaked at 40 percent during 2001 when the firm underwent significant restructuring following its merger with BT Office Products. Since that anomalous event, Corporate Express' annual turnover rates have declined to 35 percent in 2002, 23 percent in 2003, and 9 percent to date in 2004. Due to this evolution in job stability and the employer's statement that the proposed training will lower the attrition rate even further, staff recommended that the Panel waive the turnover rate requirement.

Mr. Chan introduced Cheri Neaylon, Director of Human Resources, and Tania Fields, HR Training & Development. Mr. Broad stated concern regarding the turnover rate. Ms. Carrillo stated Corporate Express' turnover rate is currently at 9 percent and the Company expects to remain below 20 percent.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Corporate Express Office Products, Inc., in the amount of \$464,100.

Motion carried, 4 - 0.

Leadership, Training and Education Fund

Mr. Chan presented a second Amendment for Leadership, Training and Education Trust (LTEF) in the amount of \$299,545. In November 2003, the Panel approved an Agreement to provide classroom/laboratory cross-training in various skills for 287 janitors and lead janitors. Participating trainees are all members of Local 1877 janitorial staffs who are largely immigrant workers with nominal English skills, minimal literacy skills, restricted job skills and limited work experience. LTEF and the participating employers have a large stake in seeing these workers become more highly skilled and work as self-sufficient team members in a high-performance work setting. This training is imparting skills to these workers including improved problem-solving, computer and customer service skills, thereby keeping the staff securely employed full-time with companies that value employee development and loyalty. This training will also allow employers to promote some of the workers to higher positions, thereby increasing job compensation and security. As participating employers have expressed enormous interest in this ETP project, LTEF is requesting to conduct ten more sessions to train 431 more janitors, individuals whose employers have come under increasing pressure to raise standards of excellence, even to the point of requiring pre-employment testing in the English language and various job skills.

This Amendment has been reviewed and approved by the participating union to which all trainees belong.

Mr. Chan introduced Alison Ascher Webber, LTEF Director, and Andrew Gross Gaitan, Regional Coordinator, Service Employees Union, AFL-CIO, LCL, Local 1877. There were no questions from the Panel.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Leadership, Training and Education Fund in the amount of \$299,545.

Motion carried, 4 - 0.

Swinerton Builders

Mr. Chan presented a One-Step Agreement for Swinerton Builders in the amount of \$499,824. Swinerton Builders is an employee-owned construction company that builds commercial properties, industrial sites, resorts, subsidized housing, public schools, Hollywood sound stages, hospitals, and airport terminals throughout California and across the nation. Swinerton proposes to retrain 356 workers (280 Project Engineers and 76 Administrative Staff) in Business Skills, Commercial Skills, Computer Skills, and Continuous Improvement. Starting in an entry-level position, project engineers are technically oriented individuals who have administrative duties at the job sites they help oversee. Their obligations consist of, among other things, managing paperwork, not persons, by coordinating the interdependent responsibilities of in-house staff such as administrators, estimators, and schedulers and outside parties like building owners, architects and union-organized construction subcontractors. Similarly, the administrative staff to be enrolled under this project are project assistants to the project engineers, who aid in duties such as project scheduling, staying within budget, and managing contracts.

Mr. Chan introduced Brenda Reimche, Vice President and Director of Organizational Development, and Shamen Dugger of Deloitte and Touche. Ms. Kwalwasser asked for clarification of an employee-owned company. Ms. Reimche stated all new employees are immediately eligible for the Company's retirement plan. After being employed at least two years, employees become full-fledged shareholders. Mr. Rankin stated his concerns regarding the cost of the development of the application.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Swinerton Builders in the amount of \$499,824.

Motion carried, 4 - 0.

Con-Way Transportation Services, Inc.

Ms. Cohen announced that Con-Way Transportation Services, Inc., had withdrawn from consideration at this month's Panel meeting.

Elgar Electronics Corporation

Ms. Torres presented a One-Step Agreement for Elgar Electronics Corporation (Elgar) in the amount of \$324,142. Elgar develops and manufactures programmable power sources used by the aerospace, medical, telecom, semiconductor, and defense industries. This will be Elgar's third request for ETP funding. The Company has invested in state of the art engineering tools to facilitate Company systems growth, technology, and timely release of its new products. Elgar proposes to retrain 274 incumbent workers in Business Skills, Computer Skills, Continuous Improvement Skills, Management Skills, and Manufacturing Skills.

Ms. Torres introduced Tom Erickson, Vice President Human Resources & Administration. There were no questions from the Panel.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Elgar Electronics Corporation in the amount of \$324,142.

Motion carried, 4 - 0.

ViaSat, Inc.

Ms. Torres presented a One-Step Agreement for ViaSat, Inc., in the amount of \$296,400. ViaSat, Inc., designs, engineers, and produces a line of commercial and government satellite networking communications systems. The Company must establish processes and procedures that will allow for greater standardization and efficiency in developing and producing its products. Instead of developing customized products, the Company now needs to be able to standardize its products to meet the needs of both the commercial and the governmental sides of its business. Customers are requiring proof that ViaSat's internal practices are at a "level of maturity" such that ViaSat's customers can depend on it meeting its commitments. Many of ViaSat's customers, including the U.S. Government, are now requiring that the Company maintain a "level 3" in order to receive contract awards. To reach the required levels of performance, ViaSat proposes to retrain 400 incumbent workers in Business Skills, Computer Skills, Continuous Improvement, and Management Skills.

Ms. Torres introduced Melinda Del Toro, Manager, Employee Education & Development. There were no questions from the Panel.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for ViaSat, Inc., in the amount of \$296,400.

Motion carried, 4 - 0.

21st Century Insurance Group

Ms. Kendrick presented a One-Step Agreement for 21st Century Insurance Group in the amount of \$1,788,280. 21st Century Insurance Group is a California-based insurance company offering personal automobile, motorcycle, and umbrella insurance in California

and automobile insurance in Arizona, Illinois, Indiana, Nevada, Ohio, Oregon, and Washington. The Company proposes to retrain 1,810 workers in Computer Skills, Continuous Improvement, and Advanced Technology skills necessary to lead a Six Sigma continuous improvement initiative which will enable the Company to implement the new computer system in the most effective manner possible and to begin other process improvements. 21st Century is requesting the fixed-fee reimbursement rate of \$20 per hour for the Advanced Technology training. The training consists of materials related to computer programming, mainframe operations, networking, information technology administration, and related modules. These courses are highly technical and require expert, trained, and experienced instructors. Classes will be provided at a ratio of ten trainees or less to one instructor. Because of the expertise involved in teaching these courses, costs of instruction are higher than the cost of other training with less complex content. The training will be provided to database administrators, information technology developers, information technology project managers, and network engineers.

Ms. Kendrick introduced John Talley, Corporate Training Director. Mr. Broad stated concerns regarding Information Technology training. Mr. Talley stated approximately 150 Database Administrators, Information Technology Developers, Information Technology Project Manager, and Network Engineers would be receiving Advanced Technology training at \$20 per hour.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for 21st Century Insurance Group in the amount of \$1,788,280.

Motion carried, 4 - 0.

Ms. Kwalwasser stated, for the record, Northrop Grumman does not have a contract with H.E.R.C. Products, Incorporated.

Dreyer's Grand Ice Cream Holdings, Inc.

Dreyer's Grand Ice Cream Holdings, Inc., was withdrawn from consideration at this month's Panel meeting.

Sony Pictures Entertainment Incorporated

Ms. Kendrick presented a One-Step Agreement for Sony Pictures Entertainment Incorporated in the amount of \$2,141,750. Sony Pictures Entertainment produces and distributes motion picture and television programming. Companies in the entertainment industry face continually increasing worldwide competition. Both the pressures of competition and customer requirements are dictating the need for internal changes that must be instituted so that Sony can maintain a viable position in the industry. One of the most significant changes in the way Sony does business involves the switch from analog to digital media, which influences every company operation downstream from actual film production. Changes will occur in production oversight and administration; in products and product distribution; in marketing; in the way information is moved around internally and externally; and in interaction with vendors and processors like Technicolor and Blockbuster.

To keep up with both technology and competition, the Company is introducing several changes that will affect almost every department and employee.

Ms. Kendrick introduced Richard Hopfer, Jr., Senior Vice President Information Technology, and Gina Candido, Manager Client Services IT Learning Group. Mr. Broad asked if Sony had any collective bargaining. Ms. Candido stated there are union represented employees working at Sony but they are not included in this project. The trainees in this application are corporate employees.

ACTION: Mr. Lennox moved and Ms. Kwalwasser seconded the Panel approve the One-Step Agreement for Sony Pictures Entertainment Incorporated in the amount of \$2,141,750.

Motion carried, 4 - 0.

SYSCO Food Service of Los Angeles, Inc.

SYSCO Food Service of Los Angeles, Inc., was withdrawn from consideration at this month's Panel meeting.

Agilent Technologies, Inc.

Mr. Chan presented an Amendment for Agilent Technologies, Inc., in the amount of \$1,267,500. There are no changes in the curriculum or the Company's original justification for the training. This Amendment request is the result of the Company's original intention to train more of its 6,829 workers than originally approved for training under the current Agreement. Agilent's original Amendment request was for funding to retrain an additional 2,400 employees. However, because of the Panel's on-going budget limitations, the Company is requesting less funding at this time. As a result, this Amendment for Phase II only reflects an additional 1,300 trainees. Agilent representatives state that the Company is committed to doing business in California, maintaining corporate headquarters, central research lab facilities, and many production/manufacturing sites throughout the State.

Mr. Chan introduced Wendy Gordon Miller, Senior Director of Learning Optimization Global Human Resources. There were no questioned from the Panel.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for Agilent Technologies, Inc., in the amount of \$1,267,500.

Motion carried, 4 - 0.

Clorox Company

Mr. Chan presented a One-Step Agreement for Clorox Company in the amount of \$1,519,050. Clorox Company is a manufacturer of household laundry and cleaning supplies, retail food products, charcoal, insecticides, cat litter, and water filtration systems.

According to Company representatives, Clorox is seeking its second ETP contract to improve the quality and cost-effectiveness of existing products and to draw upon new processes and technologies to create new products. Company employees must become proficient in intermediate- and advanced-level continuous improvement skills. Clorox proposes to retrain 2,050 workers in Continuous Improvement and Management Skills in order to convert to a high-performance workplace.

Mr. Chan introduced Kathryn Hayes, Training Manager. There were no questions from the Panel.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Clorox Company in the amount of \$1,519,050.

Motion carried, 4 - 0.

International Business Machines Corporation

Mr. Chan presented a One-Step Agreement for International Business Machines Corporation (IBM) in the amount of \$1,108,640. IBM is an Information Technology (IT) provider of hardware, software, and IT services for the business industry and the personal user. This is the second ETP Agreement that addresses IBM's need to train its frontline workers as the Company continues its move towards new e-business initiatives. IBM proposes to retrain 1,312 workers in Computer Skills and Continuous Improvement. This training will allow IBM to broaden its project management teams and will encompass a wider range of cross-functional occupations that will work directly with the client. The accelerated curriculum in this proposal will allow IBM not only to expand the number of employees who will receive training, but will also provide staff with the skills needed to design, implement and service IBM's complex software solutions using cross-functional teams.

Mr. Chan introduced Terry Hansen, Manager Public Partnerships. There were no questions from the Panel.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for International Business Machines Corporation in the amount of \$1,108,640.

Motion carried, 4 - 0.

Genentech

Genentech was withdrawn from consideration at this month's Panel meeting.

ITT Industries, Inc., DBA BIW Connector Systems

Ms. Cohen presented a One-Step Agreement for ITT Industries, Inc., DBA BIW Connector Systems in the amount of \$40,326. BIW Connector Systems manufactures electrical connectors for use with electric submersible pumps in oil wells, electrical connectors for

aircraft ground support, connectors for railroad systems, and connectors for underwater, shipboard, and military applications. This is the third project for BIW. This project proposed to retrain 94 employees in Advanced Technology, Continuous Improvement, Business Skills, Computer Skills, and Manufacturing Skills to support new project initiatives, manage projects efficiently, reduce costs and lead times, increase manufacturing capability, satisfy customer requirements, and remain competitive. BIW Connector Systems requested the AT reimbursement rate for this training, based on high vendor costs, occupations and wages of trainees to receive AT training, and a trainer-to-trainee ratio of 1:10.

There were no Company representatives present.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for ITT Industries, Inc. DBA BIW Connector Systems in the amount of \$40,326.

Motion carried, 4 - 0.

Sprint Corporation

Ms. Cohen presented a One-Step Agreement for Sprint Corporation in the amount of \$741,520. Sprint Corporation is a global telecommunications organization, providing fixed-line telecom services, local access telecommunication, long-distance telecommunication, Internet transport, transatlantic fiber-optic telephone service, mobile phone services, digital wireless networks, and related communications services. Sprint Corporation is requesting ETP funds to assist in the retraining of 860 workers in Business Skills, Commercial Skills, Computer Skills, Management Skills, and Continuous Improvement in order to move the Company toward higher performance.

Mr. Cohen introduced Steve Wright, Director, and Sonja Colbert, Contract Representative; and Shamen Dugger, Consultant, Deloitte & Touche, LLP. Mr. Broad asked if Sprint had a training department and stated his concerns regarding the stated cost of preparing the training proposal. Mr. Wright stated he is a part of the Training Department but Sprint elected to involve a consultant to assist in preparing the ETP application.

ACTION: Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Sprint Corporation in the amount of \$741,520.

Motion carried, 4 – 0.

VII. REPORT OF THE ACTING ASSISTANT DIRECTOR

Ms. Carrillo stated that due to meeting time limitations, she would forgo her report. She called the Panel's attention to a staff prepared report on the effects of the CPR recommendations on ETP, which proposes to eliminate the Panel as a governing board while retaining the ETP program function within a division of the proposed Labor &

Economic Development Department. A copy of the CPR had been distributed to Panel members. Mr. Rankin stated that the Panel should take all appropriate steps, which would include testifying before the Commission that has been set up to review the CPR, lobbying with Legislature, and attending meetings that the Labor and Workforce Development Agency has set up for comment. He stated all appropriate steps need to be taken to preserve the current Panel structure of the ETP. He stated this is not to say that there can't be improvements in the way the Panel does business, but we need to preserve the Legislation that set up the Panel making it a joint labor/management Panel and giving appointment powers to both the Legislature and the Governor.

ACTION: Tom Rankin moved that the Panel take all appropriate steps to preserve the current Panel structure of the Employment Training Panel, which would include testifying before the CPR Commission, lobbying with the Legislature, writing letters, attending every possible public meeting where the CPR is being discussed, and attending the meetings that the Labor Agency has set up for comment. The Panel authorizes the Chair and any designee of the Chair to attend. ETP will publicize the CPR issue to constituents and invite their support by either writing letters or attending the public meetings. Mr. Broad seconded the motion.

Motion carried, 4 – 0.

VIII. REPORT OF THE ACTING GENERAL COUNSEL

Susan Bobrow reported that the Emergency Amendment to the Critical Proposal Regulation was approved by the Office of Administrative Law (AOL) and was effective as of August 17, 2004, and will be effective for four months. Legal staff is in the process of making the Emergency Regulation into a permanent Regulation. She highlighted the changes approved by the AOL:

- the provision that allowed up to a 20 percent increase in the fixed fee for critical proposals has been eliminated because of existing Panel discretion in determining fixed fee rates;
- in the modifications considered as part of economic development, critical proposal issues that are looked at on a case-by-case basis, the following are no longer part of the Regulation Amendment:
 - the supplemental provision, which OAL stated was statutory and, therefore, not subject to our regulatory change;
 - the limit on training hours, which is already within the Panel's discretion to alter;
 - the training eligibility provisions, which, again, OAL said was statutory and should not be part of the Regulation;
 - a catch-all provision regarding administrative requirements was not regulatory and was not included in the Regulation.

Ms. Bobrow stated a public hearing is available upon request; otherwise, the Regulation will come back for adoption after the required public comment period.

IX. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, spoke on the Alliance's opposition to the CPR issue. He stated he testified in opposition to the elimination of the Panel at the hearing held August 24 by the Labor Agency. He stated the Alliance supports Ms. Bradshaw's approach to spending the training funds. He agreed that it would be difficult to convince the Governor of the funding needed next year if all the funds are not spent this year. Ms. Kwalwasser requested Mr. Duscha to send a copy of his testimony to each of the Panel members. Mr. Rankin stated that \$40 million of ETP's budget is still speculative because it is dependent upon finding savings from the Workers Compensation reform. Ms. Kwalwasser stated that as a Panel, they are committed to make sure they get the most leverage for each dollar spent in terms of economic development, good jobs -- jobs that will have retention and a potential for high wages.

X. EXECUTIVE SESSION

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

XI. ADJOURN

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