

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency
1001 I Street, Coastal Hearing Room
Sacramento, California 95814
April 29, 2005

PANEL MEMBERS

David A. Filomeo
Chair

Barry Broad
Member

Bob Giroux
(Temporary Appointment to replace Tyrone Freeman
as a Panel Member at the
April 29, 2005 meeting)

Robert Lennox
Member

Janice Roberts
Member

Executive Staff

Ada Carrillo
Acting Executive Director

Susan L. Bobrow
Acting General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

David A. Filomeo, Chair, called the public Panel meeting to order at 9:33 a.m.

II. ROLL CALL

*Members Present

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

Executive Staff Present

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

*Robert Giroux was not present at roll call. He arrived later in the morning, after having been duly sworn.

III. APPROVAL OF AGENDA

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

Motion carried, 4 -0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the Panel Meeting Minutes of February 25, 2005.

Motion carried, 4-0.

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

Two new Panel members, Janice Roberts and David A. Filomeo, were introduced and gave short introductory biographies.

VI. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Ms. Carrillo welcomed the new Panel members.

Fund Status

Ms. Carrillo reported on ETP's 2004-05 fund status, explaining that a substantial amount, \$40 million, of the \$92 million available in the Employment Training Fund was diverted to the Department of Social Services for the CalWorks program and that the Panel's appropriation for this fiscal year is \$43.3 million after adjustment for the Workers Compensation savings. That \$43.3 million consists of \$13.6 million initial appropriation, \$16 million resulting from Workers' Compensation savings and \$13.7 million in disencumbrances from contracts previously approved by the Panel where funds were not earned.

Up to \$40 million of Panel funding this year was contingent on State Workers Compensation savings. The Panel received \$16 million this year as a result of Workers Compensation savings. Ms. Carrillo recognized that the Labor and Workforce Development Agency (LWDA) took a leadership role in performing the analysis of these savings. The LWDA has conducted the third quarter review of the data, and it does not appear that we will be getting any additional funds for this fiscal year.

The Panel had training funds available of \$34.2 million for this fiscal year. Of that, the Panel has used \$9 million to cover liability for prior year funded contracts. Previously, 60 percent of the contract amount was encumbered but due to the lack of funds this year, that amount has been reduced substantially. If the Panel funds everything before it today, the total encumbrance will amount to 29 percent of the contract amount. Also, if the Panel approves everything before it, the result will be funding for 213 new contracts for almost \$85 million this fiscal year. Ms. Carrillo observed that, even though the Panel was faced with a very lean budget, resources were maximized.

If the Panel approves everything before it this month, funds available for this fiscal year will be entirely depleted. However, the Panel may begin considering proposals in June for the next fiscal year.

2005-06 Budget

Ms. Carrillo provided a budget and legislative update. She explained that the Governor's Budget Proposal for FY 2005-2006 includes an appropriation of \$36 million to ETP, which is a direct appropriation from the Employment Training Fund. That will be augmented by \$14 million in disencumbrances giving ETP a budget for the year of approximately \$50 million. It is estimated that by continuing to encumber incrementally to cover first-year contract costs, the Panel will be able to approve about \$80 million in new contracts in the budget year.

Ms. Carrillo stated that ETP's 2005-06 budget was heard early last month by Senate Budget Subcommittee #5 (Public Safety, Labor and Veterans Affairs), Chaired by Senator Romero. Committee members had no questions regarding the ETP budget, but questioned why there was so much money diverted from the Employment Training Fund for other programs. Senator Machado brought up that ETP has a return of investment of at least 5-1 and asked what kind of return of investment did CalWorks have? There was also a letter received signed by the leadership of the California Chamber of Commerce, the California Labor Federation, and the California Manufacturing Technology Association supporting ETP's program. The Committee also received letters of support from employers who have benefited from funding provided by ETP. The Committee felt they needed to further explore ETP funding. The hearing for open issues will be held on May 12, 2005. The Assembly Budget Subcommittee #4 (State Administration) voted the ETP budget as proposed out of the Committee.

The Governor's May Revise is due to be released on May 13, 2005. The LWDA Secretary, Victoria Bradshaw, has been extremely supportive of the ETP program and has been instrumental in opening the door for a possible augmentation in the May Revise.

Proposed Legislation

Ms. Carrillo described three proposed bills that could have an impact on the ETP program:

- AB 234 (Haynes), proposes to eliminate ETP. Ms Carrillio stated that staff contacted the author's office and were told that AB 234 is a spot bill and there are no plans to proceed with it. She indicated that, according to the author's office, the bill has no sponsors.
- SB 102 (Ducheny), would authorize ETP to fund up to five licensed nurse training pilot projects for individuals currently working as nursing assistants or caregivers in a health facility. It was heard and passed from the Senate Labor Industrial Relations Committee. Staff is recommending "no position" and is

choosing to watch and work with the author and sponsor of the bill. The sponsor of the bill is the California Association of Health Facilities.

- SB 314 (Romero) would allow for training of seasonal agricultural workers who do not otherwise qualify for HP funded training. This would give the Panel more flexibility in reaching that population. When it was first introduced it contained language that would eliminate some Panel performance requirements, such as how funds are earned. ETP staff met with sponsors of the bill and worked out compromise language.

Assembly Committee on Jobs, Economic Development and the Economy

Ms. Carrillo appeared before the Assembly Committee on Jobs, Economic Development and the Economy and was invited to participate in this committee hearing as one of three Panel members. The other Panelists were Dr. Edward Kowahara from the California Economic Strategy Panel and Virginia Hamilton, the Executive Director of the California Workforce Association.

Consent Calendar

Ms. Carrillo asked for a motion to approve the Consent Calendar items, which encompass Panel Packet Tab #1 through Tab #27, with the exception of Tab #6. These tabs represent projects under \$250,000, which staff has determined are without issues that have been of prior concern to the Panel.

ACTION: Mr. Lennox moved and Mr. Broad seconded to adopt the consent calendar with the exception of Tab #6, which will be considered separately.

Accu-sembly, Inc.	\$22,200
DILFRE, Inc. D.B.A. Dimensional Inspection Labs..	\$21,240
Indyme Electronics, Inc.	\$24,480
Keiser Corporation.....	\$6,460
Lakim Industries, Inc. d.b.a. Quali-Tech Manufacturing	\$20,400
Micro Technical Laboratories	\$20,000
Mirae Bank	\$22,400
Orion Manufacturing, Inc.	\$40,200
Rohrback Cosasco Systems	\$16,380
Ruszel Woodworks, Inc.....	\$18,720
SDG, Inc D.B.A. Sonoma Design Group	\$29,440
Walter Gooden, Inc.....	\$20,400
Young Sung USA, Inc.....	\$34,800
Cytec Engineered Materials, Inc.....	\$238,680
BioGenex Laboratories, Inc.	\$91,650
Xicom Technology	\$206,063
Coherent, Inc.	\$7,904

Criterion Catalysts & Technology, LP	\$86,320
Levi Strauss & Company	\$213,408
Arlon Incorporated	\$31,200
Medline Industries, Inc.....	\$99,905
Pactiv Corporation	\$238,134
Wilbur Curtis Company, Inc.....	\$128,310
North State Grocery.....	\$62,400
Solatube International, Inc.....	\$70,200
United States Can Company, Inc.	\$226,499

Motion carried, 4-0.

VII. REPORT OF THE ACTING GENERAL COUNSEL

Ms. Bobrow welcomed new Panel members and on behalf of the staff formally congratulated Ada Carrillo on her appointment as Deputy Director for Policy and Program Operations. Ms. Carrillo will continue to act in the capacity as Acting Executive Director until there is an appointment of an Executive Director.

Regulations in progress:

At the February meeting there were two regulations adopted on Apprenticeship Training and Contractor Relocation. Those are now in the process mandated by the Administrative Procedures Act and the Office of Administrative Law. Those regulations are now in the public comment period, and progress will be reported back to the Panel at the next meeting.

Ms. Bobrow noted that action by the Panel on four agendized regulations would be presented later in the meeting after Panel consideration of the training projects.

VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Critical Proposals

Edwards Lifesciences LLC

Ms. Torres presented a Critical Proposal project for Edwards Lifesciences LLC for a total program cost of \$1,224,500 to retrain 500 employees in Business Skills, Continuous Improvement, Management Skills and Manufacturing Skills to adapt to a high performance workplace and expand its operations within California.

Edwards Lifesciences is a medical device company based in Irvine. The company's primary focus is creating advanced cardiovascular disease devices in the areas of heart valve disease, peripheral vascular disease and critical care. This Critical Proposal is part of an economic development effort to add or retain jobs in California.

To address employment barriers and to assure competency, new Surgical Heart Valve Therapy (SHVT) production employees require up to 390 hours of training. Trainees will be provided ETP training while employed as temporary workers for Ultimate Staffing. Ultimate Staffing pays the temporary employees \$8.50 per hour plus benefits while in training, which is reimbursed by Edwards.

Training will be provided at the Edwards facilities during normal work hours. Once the trainees successfully complete training and are certified competent to perform the job function, the temporary worker is eligible for conversion to regular full-time employment as an Edwards' employee as openings occur.

A trainee will not be considered eligible for ETP reimbursement until the trainee completes a 90-day post training employment retention period as a regular full-time employee of Edwards, at which point they will earn \$12.52 including health benefits.

Edwards is also requesting a modification of laboratory training and a modification to the recordkeeping requirements, both of which are consistent with Federal Drug Administration (FDA) recordkeeping requirements.

Staff recommends that the Panel approve the modifications requested by Edwards and approve this Critical Proposal One-Step agreement, if funding is available and the project meets Panel priorities.

Ms. Torres introduced David Hanson, General Manager, Surgical Heart Valve and Manufacturing, and Becky Mollohan, SMART/Lean Manager, HVT, for Edwards Lifesciences LLC.

Mr. Broad asked if the Edwards representatives could explain the relationship Edwards Lifesciences has with Ultimate.

Mr. Hanson explained that Ultimate Staffing is a temporary labor provider for Edwards. They are not related in any way except that they are a service provider to them. The trainees are employees of Ultimate Staffing until Ultimate certifies them to become Edwards employees.

Ms. Carrillo clarified that it is a screening process that Edwards is using. These are new employees being trained, and are all under the direction of Edwards as far as the training they will receive. No monies are earned until the trainees have completed their retention as full-time employees of Edwards.

ACTION: Mr. Lennox moved and Mr. Broad seconded Panel approval of this One-Step Critical Proposal Agreement as presented.

Motion carried, 4-0.

SKE Earthlink

This project was withdrawn prior to the Panel meeting.

SVC Manufacturing, Inc.

Panel Member Janice Roberts recused herself from voting on this project because of a financial interest.

Creighton Chan, Manager of the San Francisco Bay Area Regional Office, presented a One-Step Critical Proposal Agreement for SVC Manufacturing, Inc., in the amount of \$192,000 to retrain 150 employees in Advanced Technology, Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Literacy Skills, Management Skills and Manufacturing Skills.

This company, which manufactures Gatorade, was considering moving into Nevada or Oregon to build a new, larger facility to service the West Coast of North America. This out-of-state facility would most likely have resulted in the closure of the Gatorade bottling plant in Oakland.

Through the efforts of CalBIS and ETP, the parent company decided to keep the Gatorade plant in Oakland and to invest substantial money in updating the facilities and installing new equipment. The curriculum they are requesting is designed to assist in converting the manufacturing plant to a high-performance workplace.

The Teamsters Union Local Number 912 has submitted a letter of support for this proposal.

Staff recommends the Panel approve this proposal.

Mr. Chan introduced Yvonne V. Smith, Human Resources Manager; Edward J. Waichessen, Plant Manager; Lonny Bess, Production Manager; and Janice Kegler, Receiving-Quality Technician of PepsiCo Beverages and Foods.

ACTION: The Panel agreed to postpone action on this project until Mr. Giroux could be present to vote. (See page 19)

Fisher Investments, Inc.

Mr. Chan presented a One-Step Critical Proposal Agreement for Fisher Investments, Inc., in the amount of \$453,180 to train 420 retrainees in Continuous Improvement, Business Skills and Computer Skills.

Fisher is a private, money management firm, servicing individuals, foundations, endowments, and institutions such as pension funds of major corporations and city, county, and state governments. The company is not a broker or a dealer, and derives no revenue from transaction charges. The governors of both Colorado and New Mexico attempted to convince Fisher to move to their respective states. Through the combined efforts of the California Governor's office, California Business Investment Services, and the Panel, Fisher has decided not only to retain its facilities in California, but to expand.

If approved, this will be the second agreement between the Panel and Fisher Investments. Staff recommends the Panel approve this proposal.

Mr. Chan introduced Sherrilyn A. Fisher of Fisher Investments.

ACTION: Mr. Lennox moved and Ms. Roberts seconded Panel approval of this One-Step Critical Proposal Agreement as presented.

Motion carried, 4-0.

Single Employer Contracts

Madole & Associates, Inc.

Ms. Torres asked the Panel to consider this project which had been removed from the Consent Calendar. She stated that there were no controversial issues in this project. She explained that it was pulled from the Consent Calendar because it should have been developed as a Special Employment Training (SET) fund project for frontline workers who meet the wage of at least of \$20.61. That would be the only correction. Instead of the wage at retention being \$14 it would actually be \$20.61 since this is a SET proposal.

ACTION: Ms. Roberts moved and Mr. Lennox seconded Panel approval of this Small Business Fast Track Agreement as presented.

Motion carried, 4-0.

United Parcel Service, Inc.

Ms. Torres presented a One-Step Agreement for United Parcel Service, Inc., for a total program cost of \$1,947,855 to retain 1,023 SET trainees and 2,076 regularly funded retrainees. It is supported by the International Association of Machinists & Aerospace Workers, Local Lodge 1186 and various locals of the International Brotherhood of Teamsters, Retail Delivery Drivers, Driver-Salesmen & Helpers.

This project utilizes SET funding for Frontline Workers. In that category, UPS is requesting training for 333 supervisors and recently-promoted supervisors who spend 80-90 percent of their time doing frontline worker activities.

The SET funding cap of \$500,000 was also discussed. UPS has requested \$598,455. UPS officials state that the SET funding in this project will support new training for union and non-union employees so that they have the job skills to implement the company's new package delivery technology.

Staff recommends the Panel approve this proposal if funds are available and the project meets Panel priorities.

Ms. Torres introduced Brenda Fountain, Tax Manager Pacific Rim, and William K. Parker, President of National Training Systems, Inc.

ACTION: Mr. Lennox moved and Mr. Broad seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Tait & Associates, Inc.

Ms. Torres presented a One-Step Agreement for Tait & Associates, Inc., for a total program cost of \$334,620 to train 234 retrainees in Advanced Technology, Business Skills, and Computer Skills for total training.

Tait & Associates is an engineering firm that provides civil engineering, construction, surveying, architectural and environmental services in California, Oregon, Washington, Idaho, Nevada, Arizona, and other states. Consequently, this company is eligible for funding for businesses facing out-of-state competition.

Staff recommends that the Panel accept this proposal if funding is available and it meets the Panel's priorities.

Ms. Torres introduced James D. Streitz, Chief Financial Officer.

ACTION: Mr. Lennox moved and Ms. Roberts seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Textron Fastening Systems – Santa Ana

Ms. Torres presented a One-Step Agreement for Textron Fastening Systems-Santa Ana for a total program cost of \$84,240 to retrain 90 employees in Continuous Improvement for 24-200 hours.

Textron Fastening Systems is a subsidiary of Textron, Inc. a manufacturer of thread fasteners, blind fastening systems, and engineering products. This will be Textron's third ETP project at the Santa Ana plant in the last five years.

In the first ETP Agreement that commenced in 1999, Textron began the first phase of its transition to a high-performance workplace. The second ETP Agreement commenced in 2003 and concluded in 2004. The third ETP project will focus on a second phase of continuous improvement training for 90 employees.

Textron is not subject to a substantial contribution for this third ETP project because the combined earnings at the Santa Ana plant for the previous two ETP Agreements was under the \$250,000 threshold for imposition of a substantial contribution.

Staff recommends the Panel approve this Agreement if funding is available and the project meets Panel priorities.

Ms. Torres introduced Michael G. Kanda, Vice President of Human Resources.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

National Marketing Services

Ms. Torres presented a One-Step Agreement for National Marketing Services for a total program cost of \$76,220 to train 37 retrainees in Business Skills, Computer Skills, Continuous Improvement, and Management Skills with a range of training hours from 24-130 hours.

National Marketing Services is an insurance industry telemarketing firm with 39 employees in Laguna Hills, California. It provides services to insurance industry companies in the United States and Canada from its Laguna Hills corporate headquarters.

The proposed training is an expansion of the first ETP project which commenced in December of 2000. The company's telemarketing services are not to consumers, but rather are business-to-business to other insurance companies.

Staff recommends the Panel approve this Agreement if funding is available and the project meets the Panel's priorities.

Ms. Torres introduced Judith A. Meyer, Controller and Susan Lipson, Special Projects Manager, National Marketing Services.

Ms. Roberts questioned the turnover rate and cost per trainee.

The company representative explained that the turnover rate, since the company supports the insurance industry, suffered because of the events of September 11. A lot of the insurance companies were hesitant about getting new business. Therefore, they didn't require the services of National Marketing Services, and sales went down quite a bit, and the company had to lay off people. What has happened recently is that the market has softened and insurance agents are now looking for new business and are willing to go shopping for that business. National Marketing Services now needs to re-staff and train new people.

She explained that the company is getting a new phone system with software that is Internet-connected, and consequently must train the employees on how to use this new equipment.

ACTION: Mr. Lennox moved and Mr. Broad seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Comcast of California

The North Hollywood Regional Office Manager, Dolores Kendrick, presented a One-Step Agreement for Comcast of California for a funding amount of \$442,026, to train 989 employees from a menu curriculum that includes Business Skills, Computer Skills, Continuous Improvement and Advanced Technology for 24-80 training hours.

Comcast is primarily involved in the development, management and operation of broadband cable networks. Comcast is eligible for standard retraining for workers at its Los Angeles Area Customer Service Center and the Inbound Call

Center. Both of these centers have out-of-state competition as they provide services to customers both inside and outside California.

Special Employment Training funds will also be utilized for Frontline Workers in occupations that pay at least the state average hourly wage of \$20.61. Training in this category will be for technicians that provide services to Comcast customers located throughout Southern California.

Company representatives state that the training proposal in this Agreement is designed to improve the competencies of this workforce, allowing them to stay current with evolving technology. Training will also help Comcast transition to a high-performance workplace, creating an organization that is employee-focused with significant input from employees at all levels of the company.

Staff recommends the Panel approve this Agreement.

Ms. Kendrick introduced Reginald Randles, Senior Manager, Southern California and Jennifer Babsky, Regional Training Coordinator.

ACTION: Mr. Lennox moved and Ms. Roberts seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Nara Bank

This project was withdrawn prior to the Panel meeting.

Raytheon Company

Ms. Kendrick presented a One-Step Agreement for Raytheon Company for a total program cost of \$904,280 to train 1,800 employees in Continuous Improvement, Computer Skills, Manufacturing Skills, Hazardous Materials, Advanced Technology, and Business Skills, the skills necessary to transition into a high-performance workplace.

Raytheon is a manufacturer of defense and commercial electronics, business aviation and special mission aircraft for customers in more than 80 countries. Raytheon representatives state the company is facing a changing business environment and must continue to upgrade employee skills to remain competitive and avoid moving operations or outsourcing critical functions.

This is the fourth agreement between Raytheon and ETP and is a continuation of the training plan started in the last agreement. Although training in this proposal involves the same work sites and some of the same course material as the last agreement, it also contains new and updated curriculum and much of the training

will be delivered to a new trainee population. Workers that participated in the last agreement will receive instruction on new material. Much of the training in the last agreement was not delivered due to delays in implementing that training program. The training needs for each department have been reassessed and refined to more accurately address Raytheon business needs.

This Agreement also has the support of Local 2295, International Brotherhood of Electrical Workers.

Staff recommends approval of the Agreement.

Ms. Kendrick introduced Rusty Patterson, Vice President of Customer and Supply Chain Institute; Lawrence Makal, Director of External Programs; and Brian Bowers, Customer and Supply Chain Institute Program Manager.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Photon Dynamics, Inc.

Creighton Chan, Manager of the San Francisco Bay Area Regional Office, presented a One-Step Agreement for Photon Dynamics, Inc. in the amount of \$377,000 to train 200 employees in Advanced Technology, Business Skills, Computer Skills, Continuous Improvement, Management Skills, and Manufacturing Skills.

This company produces and manufactures flat panel test equipment, and repairs manufacturers and builds equipment that supports the flat panel business. Normally ETP reimburses at a fixed fee rate of \$13 per hour, but for certain types of training, which are more expensive because of the nature of the technology, reimbursement is \$20 per hour. The criteria for the advanced technology rate are the complexity of the curriculum and the cost of delivery. This particular project met both criteria and staff recommends this proposal for approval.

Mr. Chan introduced Dave Crivelli, Vice President of Human Resources.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Wolfe Engineering

Mr. Chan presented a One-Step Agreement for Wolfe Engineering in the amount of \$375,505 to train 265 retrainees in Advanced Technology, Business Skills, Computer Skills, Continuous Improvement, Management Skills and Manufacturing Skills.

This is a second proposal from Wolfe Engineering. They had experienced difficulty in administering the processes and paperwork in their first project and decided to terminate the contract, so no ETP funds were earned on that project. They have since hired an in-house manager who will work only with this project, and the company expressed confidence that it will be more successful.

Wolfe manufactures equipment that is used in manufacturing integrated circuits from silicon wafer blanks and robotic machinery for the semiconductor industry.

Wolfe wants to implement a continuous improvement process in order to become a high-performance workplace. This proposal has some advanced technology training, which staff has reviewed and determined that the qualifications for advanced technology training have been met.

Staff recommends the Panel approve this project.

Mr. Chan introduced Richard Mejia, Plant Manager.

Mr. Broad asked about the difference between the first project and this new project.

Mr. Mejia stated that he is the new in-house training manager, and he will be devoting his time and using his experience to keep it on track.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Frito-Lay, Inc.

Ms. Roberts recused herself from participating in this project. This project was deferred until Mr. Giroux was present to hear the project and vote on it. (See page 19).

Quebecor World (USA), Inc.

Ms. Cohen presented a One-Step Agreement for Quebecor World (USA), Inc. and they are requesting funding in the amount of \$35,584.

Quebecor World (UAS), Inc., is a wholly owned subsidiary of Quebecor, Inc., of Montreal, Canada. It is a commercial printer of magazines, directories, catalogs, and inserts.

Quebecor World is proposing to train 42 employees in Business Skills, Continuous Improvement, and Manufacturing Skills. Ten Electronic and Mechanical Maintenance Technicians will receive Advanced Technology Skills training necessary for the proper maintenance and care of the company's newer more advanced production equipment. The maintenance technicians will also be responsible for maintaining other complex manufacturing product units and related electronic control systems.

Company officials state that evolving customer demands necessitate the training program at the Merced facility to provide the magazine production workers with required new skills.

Staff recommends the Panel approve this proposal if funding is available and if it meets Panel priorities.

Ms. Cohen introduced Lesley Peeler, Human Resources Manager, and James Leverett, Magazine/Catalog Pressroom Manager.

Mr. Broad asked if the 15.4 percent of supervisors to be trained was consistent with our policies. Ms. Carrillo answered yes; up to 40 percent may be funded.

ACTION: Mr. Lennox moved and Mr. Broad seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Unilever

Ms. Cohen presented a One-Step Agreement for Unilever (Stockton Plant). They are requesting ETP funding of \$26,520.

Unilever is part of Bestfoods branch of Unilever Capital Corporation. Unilever Capital Corporation owns four other manufacturing plants in California. The Stockton plant produces diced tomatoes, tomato paste, and other related products for its customers that are restaurant chains. Company representatives state that Unilever (Stockton Plant) makes all decisions regarding the types of training needed for its plant.

Unilever is requesting ETP funds to train 51 employees in Manufacturing Skills, Computer Skills, and Continuous Improvement. Of those, 16 managers and supervisors will receive Management training. Company representatives

state that training of the managers and supervisors supports the training of the frontline workers.

Officials state that six maintenance mechanics and supervisors participating in this proposal are considered 1400 hour employees. The company's collective bargaining agreement considers working a minimum of 1400 hours per year as full-time employment because of the seasonality of the agri-based industry. According to company officials, during harvest season, these employees work 12-14 hours per day, seven days a week and up to 1600 hours per year. The employees receive full benefits, seniority, and return rights and are the equivalent of full-time employees in other classifications.

Staff recommends that the Panel consider the 1400 hour per year employees' status as full-time employment and approve this proposal if funding is available and if the project meets Panel priorities.

Ms. Cohen introduced Pete Zahos, Human Resources Manager.

Mr. Broad pointed out that the Romero bill that was discussed earlier would make it a lot easier for seasonal food processors and other people in these industries to qualify. Typically, these industries have people who have a very high retention rate and come back year after year. They have a career in parts of the state that have high unemployment. These are anchor tenants of the economy of the state and they face severe out-of-state competition.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Special Employment Training (SET) Contractors

Northern California Construction and Training, Inc.

Ms. Cohen presented a One-Step Agreement for Northern California Construction and Training, Inc., also known as NCCT. They are requesting total funding of \$107,232.

NCCT is a non-profit, community-based organization that has provided employment training and pre-apprenticeship programs for nearly 10 years in Sacramento, San Joaquin and Yolo Counties. The NCCT is a building trades pre-apprenticeship program that helps prepare individuals for entry into various construction trades apprenticeship training programs. NCCT is seeking Special Employment Training funding to train new-hire individuals with multiple barriers to employment.

The barriers include, but are not limited to: lack of English language proficiency, math skills below the seventh grade level, no significant work history, and a history of substance abuse. This NCCT program will consist of a total of 800 hours of classroom and laboratory jobsite training and 520 of those hours will be funded by the Workforce Investment Act funds. A total of 280 hours of laboratory and jobsite ETP-funded training is being requested.

During the laboratory and jobsite training, trainees build homes according to code and building requirements from the foundation to the roof and learn specialties such as plumbing and wall texturing. NCCT officials state that the homes are sold to the public for cost. The proposed training qualifies as laboratory training taking place in a non-productive environment because: 1) the training agency is not in the normal business of building construction and 2) the applicant will not benefit from the sale of the homes.

Graduating students are placed in state-certified apprenticeship programs, which will require an additional three to five years of training. The trainees will also be placed in union construction jobs that have significant wage progressions.

Staff recommends that the Panel approve this agreement if funding is available.

Ms. Cohen introduced William Meehan, President.

Ms. Roberts asked what the percentage of actual placement would be, after the trainees move into these construction jobs.

Mr. Meehan stated that their record is above 80 percent.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

HCM Healthcare Inc., d.b.a. Health Care Management

Ms. Cohen presented a One-Step Agreement for HCM Healthcare, Inc., d.b.a. Health Care Management. They are requesting a total ETP funding of \$500,400.

HCM Healthcare, Inc., is a privately owned chain of healthcare facilities. Health Care Management was established to manage the accounts, payroll, audits, business and nursing processes, clinical nursing, human resources and consulting support services for the chain of healthcare facilities.

Health Care Management is requesting a waiver of the ETP minimum wage for 378 trainees with significant barriers to employment in high unemployment areas of the state. These trainees will be trained in skills necessary to pass the

California Certified Nurse Assistant Exam. Other trainees will receive training in skills needed to become nursing specialists.

In addition, Health Care Management is asking the Panel to use the new hire working poor wages for 150 trainees. The company has agreed to extend the retention period from 90 to 120 days. Following the extended retention period, there will be a wage increase ranging from seven to nine percent per hour.

Health Care Management is also requesting a waiver of the turnover rate cap of 20 percent. Health Care Management's turnover rate for the calendar year 2004 was 28 percent. According to industry data the turnover rate in California is 63 percent for Certified Nursing Assistants and 48 percent for Registered Nurses. Health Care Management's turnover, therefore, falls within the requirements of Title 22, California Code of Regulations, Section 4417(a), regarding secure employment.

This project will address the nursing shortage in California for long term care and direct care facilities. It will also contribute to alleviating the overall nursing shortage by hiring and training nursing assistants.

Staff recommends that the Panel 1) approve Health Care Management's request for a waiver to the ETP minimum for working poor trainees employed in Madera, Stanislaus, Merced, Plumas, Lassen, and Santa Cruz Counties, 2) accept Health Care Management's 28 percent turnover rate, and 3) approve this proposal if funding is available and it meets Panel Priorities.

Ms. Cohen introduced Arden Bennett, President/CEO and Sheila Chesanow, Vice President Professional Services.

Mr. Broad asked what the average turnover rate is for this industry.

Ms. Cohen answered that for the calendar 2004 year, in California, it was 63 percent for Certified Nurse's Assistants (CNAs).

Mr. Broad stated that he knows there is a shortage of nurses, but wondered if there is also a shortage of Certified Nursing Assistants in this state. Where do they go once they are certified?

Ms. Chesanow stated that they have an extended program that offers education assistance if they want to become LVNs or RNs. They have a ladder program in their company. She explained the their proposal is actually two parts, one is for entry level and the second is for CNAs who want to remain direct-care providers in specialty arenas like dementia care, mental health care, etc.

Mr. Broad asked if there is something in this proposal that can be linked to the career ladder opportunities. He expressed concern over training people at

significant cost for entry level, high-turnover jobs that don't lead to higher income level jobs.

Ms. Carrillo clarified that their cost per trainee is \$2200 for the new hires. She said no money will be earned for those trainees unless they become Certified Nursing Assistants. Existing CNAs will be upgraded into specialties. There is a group of existing workers that will be upgraded as part of this training proposal.

Mr. Broad asked if all of these employees get healthcare coverage. He also asked: is it the employee only or does it include their families?

Mr. Bennett answered that the company provides 75 percent of the healthcare premium for the employee.

Mr. Broad asked how many of these employees pick up on this benefit. Are they all in the plan? He voiced concerns that, in some low-wage occupations, the employer offers insurance, but the low-wage workers can't afford to pick it up.

Mr. Bennett stated that they are all eligible for the plan and the majority of the employees are in it. He also said the company offers a very low cost plan and the majority of employees take advantage of it unless a spouse is providing insurance.

ACTION: Mr. Lennox moved and Mr. Broad seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

SVC Manufacturing, Inc. (Continued from page 7)

Discussion on this project was held earlier. Panel action was deferred so that Mr. Giroux could participate. Mr. Giroux joined the Panel, having been duly sworn.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of the One-Step Critical Proposal.

Motion carried, 4-0.

Frito-Lay, Inc. (continued from page 14)

Ms. Roberts recused herself from participating in this project. This project had been deferred until Mr. Giroux was able to hear the project and vote.

Ms. Cohen presented a One-Step Agreement for Frito-Lay, Inc., for a funding amount of \$1,075,308. Frito-Lay, Inc., is a division of PepsiCo, Inc., which

manufactures and distributes a wide variety of snack and convenience foods. In California, Frito-Lay maintains three manufacturing facilities and 21 sales and distribution facilities. These facilities qualify for ETP funding as a manufacturer and product distribution center.

At the July 24, 2003 Panel meeting, Frito-Lay submitted a training proposal for a contract for one site in Southern California for consideration. Panel members raised several concerns about the proposal, including multiple Frito-Lay projects funded in the last five years, lack of information on how the company was structured, Frito-Lay's investment in training its workers, and coordinating its training activities and combining the training requests.

At the November 20, 2003 Panel meeting, Frito-Lay again requested consideration of its proposal, which combined the Southern and Northern California manufacturing sales and distribution facilities and clarified the corporate structure. After discussion, the Panel voted to reject the project based on the Panel's decision that the training did not appear to be supplemental.

In this proposal, Frito-Lay is seeking reconsideration of its funding request. Frito-Lay proposes to train 1,885 retrainees in a menu curriculum of business Skills, Computer Skills and Manufacturing Skills. They report that this training program supplements on-going training provided by Frito-Lay and is different from previous training because it will implement a new initiative, which they call Business Process Transformation (BPT). BPT will incorporate PepsiCo's processes and systems.

The training included in this proposal is not financially supported by PepsiCo. Each division is responsible for obtaining funds and providing workforce development. As a commitment to this training program, Frito-Lay has agreed to fund and provide continuous improvement courses, which were initially included in the ETP application. Frito-Lay has agreed to fund and provide management training for 100 managers originally included in the application. The 34 managers remaining in this proposal are newly hired within the last six months.

According to Frito-Lay officials, the Visalia manufacturing facility closed in November 2004, with the loss of 125 jobs and 25 million pounds of produced products. Frito-Lay provided two job fairs, outplace assistance, and a severance package to all employees. Approximately, 20 percent of the employees were offered jobs with Frito-Lay either in California or at facilities in other states.

This is the ninth project for Frito-Lay within the last five years. A substantial contribution of 30 percent has been applied to the sites in Job Number One.

Staff recommends that the Panel approve this Agreement.

Ms. Cohen noted a correction in the memo on page 8, under Active Projects. The Number Enrolled, which shows 502, should read 598.

Ms. Cohen introduced Art Lawrence, Regional Vice President of Frito-Lay Operations; Jerry Matthews, Vice President of Southern California Operations; and Nancy Cramer, Continuous Improvement Regional Manager.

Mr. Broad noted that the company seems to have handled the supplemental issue and asked how they are handling the second issue of combining training funding requests for multiple facilities instead of making individual facility requests for funding.

The company representative answered that their current requests cover all operations and employees in California with the exception of Cucamonga, which already has a current contract.

ACTION: Mr. Broad moved and Mr. Lennox seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 4-0.

Multiple Employer Contractors (MECs)

Los Angeles Pacific College

Ms. Kendrick presented a One-Step SET Agreement for Los Angeles Pacific College (LAPC). This is the third Agreement between LAPC and ETP. LAPC is a private training agency, approved by the Bureau of Private Postsecondary and Vocational Education to provide occupational skills training.

LACP is requesting \$472,500 to provide training under two funding categories, standard and SET. Under Standard New Hire funding, they propose to train 100 Unemployment Insurance recipients. These trainees will receive 250 hours of instruction from a curriculum designed to prepare them to work as bookkeepers or accounting technicians.

The college is also requesting Special Employment Training funds to train 100 small business owners, with one to ten employees. The training will provide these owners with the necessary skills to operate a successful business, and it will enhance their abilities to be competitive.

Staff recommends the Panel approve this Agreement.

Ms. Kendrick introduced Ho Sung Yoon, Director and Jeremy Lee, Assistant Director.

Mr. Broad asked Ms. Carrillo about the status of staff's review of the multi-employer training projects.

Ms. Carrillo answered that staff expects to get back to the Panel by September with some policy recommendations on New Hire Multiple Employer contracts. She stated staff would like to take that issue first, and return later in the fiscal year on the Multiple Employer Retraining issue, after gathering more data on center-based training versus on-site, training.

ACTION: Mr. Lennox moved and Ms. Roberts seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 5-0.

Sterling Alliance, Inc. d.b.a. CCT Computer Learning Center

Ms. Cohen presented a Final Agreement for Sterling Alliance, Inc., d.b.a. CCT Computer Learning Center. They are requesting total ETP funding of \$208,520. This is a fourth proposal brought forward by CCT.

CCT is eligible for ETP funding as a training agency and the participating employers qualify as manufacturers and/or companies facing out-of-state competition. The participating employers in this proposal are small businesses with fewer than 100 full-time employees located in rural Trinity, Humboldt and Shasta Counties.

CCT is proposing to train 130 currently employed individuals on how to access and use computer technology to efficiently administer business, provide better customer service, and remain competitive. All training will be provided at the participating employer sites to ensure continuous employer feedback on the effectiveness of the training.

Staff recommends the Panel approve this proposal if funding is available and it meets Panel priorities.

Ms. Cohen introduced David Clark, Chief Executive Officer.

Mr. Clark noted that he is also an instructor for the local community college, and he works for the Business and Technology Department. He also stated that he can't get the same students in the college class that he can get in the workplace.

Mr. Broad inquired into the reasons for that situation.

Mr. Clark answered that thus far the employers appear to be unwilling to pay someone to go to school. Employees that are interested in pursuing additional

training have a tremendous amount of difficulty attending an evening or weekend class. A different trainee population attends the community college classes.

Ms. Carrillo clarified that this is the type of training that has been typically supported by the Panel, in that all the training is being done at the employer's site.

ACTION: Mr. Broad moved and Ms. Roberts seconded Panel approval of this One-Step Agreement as presented.

Motion carried, 5-0.

IX. REPORT OF THE ACTING GENERAL COUNSEL

Ms. Bobrow stated that at the Panel's last meeting, she had presented a proposed regulatory amendment as a discussion item. This proposal would amend Title 22, California Code of Regulations (CCR), Section 4418 pertaining to Wage Criteria. This month, that proposed amendment is before the Panel as an action item. She also asked the Panel to consider proposed repeal of three regulations that will be discussed after the Wage Criteria proposal.

Under existing law, the Panel must consider the wage that will be paid to trainees at the end of the required retention period. The acceptable wage threshold, the ETP minimum wage, is adjusted annually based on data received from the Labor Market Information Division (LMID) of the Employment Development Department (EDD), and it varies from county to county.

The proposed amendment consolidates those components that may be included in calculations to reach the ETP minimum wage. Those components: mandatory service charges, commission payments, bonus payments and health benefits have existed either in ETP policy, in the Unemployment Insurance Code's definition of wages, or in the case of health benefits, in a separate regulation. This amendment brings them together in one regulation.

Commission earnings, which is one of the components in this regulation, may be included when there is reliable history of commission payments by the employer and if actual payment can be verified. The standard for bonus payments is similar, reliable history of payment, and verification of actual payment.

Ms. Bobrow explained to the new Panel Members that tips are not included in mandatory service charges. Tips are discretionary, but mandatory service charges are not discretionary. They may be included as a component of the ETP minimum wage as a non-voluntary surcharge for service that is (1) imposed on a patron of a business, (2) added to the amount due for goods, food, drink or articles sold to the patron, (3) taxable to the employer as a portion of gross

receipts, and (4) payable to the trainee either in its entirety or as a fixed percentage, subject to Panel approval.

The last component of the Wage Criteria amendment includes the dollar value of health benefits paid by the employer. These benefits are currently permitted, but they exist in Section 4419. Staff proposes that Section 4419 be repealed because the language of Section 4419 is now being consolidated and incorporated into Section 4418. This will provide clarity to the contractors and staff needing a clear picture of exactly what can be included in the ETP minimum wage.

The one difference in the language in the health benefits section is the addition of employer contributions to a cafeteria plan for the reimbursement of medical costs.

Staff asked for approval of the amendment to Title 22, California Code of Regulations, Section 4418 on Wage Criteria and repeal of Title 22, California Code of Regulations Section 4419 on Health Benefits.

Mr. Broad, in referring to Subsection (d) of Section 4418, asked staff to add language to the effect that the mandatory service charge may be included in the hourly wage only if actual payment is verified. Inclusion of this language would make it consistent with requirements for commissions and bonuses.

Ms. Bobrow answered that all payment would be verified, but staff could certainly include specific language in the regulation.

Mr. Broad asked that the phrase “if actual payment can be verified” be included at the end of the first sentence in Subsection (d).

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the amendment to Title 22, California Code of Regulations Section 4418 on Wage Criteria and repeal of Title 22, California Code of Regulations Section 4419 on Health Benefits with the addition of the phrase “if actual payment can be verified” at the end of the first sentence in Section 4418, Subsection (d).

Motion carried, 5-0.

Ms. Bobrow stated that those regulatory changes will now be noticed for public comment and then submitted to the Office of Administrative Law for implementation.

Ms. Bobrow then asked for Panel consideration regarding repeals for two regulations. The first is Section 4442.1, pertaining to Makeup Training. The ETP program requires a minimum trainee attendance of 80 percent of training hours.

Section 4442.1 states that absences for the remaining 20 percent may be excused for good cause if authorized by the employer. A detailed makeup procedure was described in this regulation in order to reach the 80 percent threshold. This makeup training procedure was both cumbersome and inefficient. ETP practice has changed. Subsequently enacted regulatory Section 4400(y) allows reimbursement for a trainee who has completed 80 percent of training hours, so long as the contractor has provided 100 percent of the contracted training.

The repeal of the make-up training regulation removes an inconsistency and is expected to provide greater clarity in connection with the contractor's performance obligation.

Staff recommends approval of the repeal of Section 4442.1.

ACTION: Mr. Lennox moved and Mr. Broad seconded approval to repeal Title 22, California Code of Regulations Section 4442.1, Makeup Training.

Motion carried, 5-0.

Ms. Bobrow explained that another regulation was being proposed for repeal. This is Title 22, California Code of Regulations Section 4444 pertaining to project reviews.

Under the ETP enabling legislation the Panel has an obligation to ensure the provision of adequate fiscal and accounting controls in connection with training projects. Additionally, periodic monitoring visits are required. Section 4444, requires a six-month project review. That regulation was enacted in 1991.

Since that time, monitoring visits and reports have been expanded to incorporate project review, making a separate review process unnecessary. The similarity of the two procedures makes the project review redundant and possibly confusing.

ACTION: Mr. Lennox moved and Mr. Broad seconded approval to repeal Title 22, California Code of Regulations Section 4444, Project Review.

Motion carried, 5-0.

Mr. Filomeo announced that he has asked Mr. Broad to act as the Vice Chair, and Mr. Broad has agreed to do so.

VII. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, welcomed the new Panel members and briefly explained the purpose of the Alliance for ETP.

VIII. EXECUTIVE SESSION

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

IX. ADJOURN

ACTION: Mr. Broad moved and Ms. Roberts seconded to adjourn the meeting at 11:50 am.

Motion carried, 5-0.