

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency  
Byron Sher Auditorium, 2<sup>nd</sup> Floor  
1001 "I" Street  
Sacramento, CA 95814  
October 28, 2005

**PANEL MEMBERS**

David Filomeo  
Chairperson

Barry Broad  
Vice Chair

Bob Giroux  
Member

Robert Lennox  
Member

Janice Roberts  
Member

Tyrone Freeman  
Member

Scott Gordon  
Member

**Executive Staff**

Ada Carrillo  
Acting Executive Director

Susan Bobrow  
Acting General Counsel

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

David Filomeo, Chair, called the public Panel meeting to order at 9:50 a.m.

**II. ROLL CALL**

Members Present

David A. Filomeo, Chairperson  
Barry Broad  
Scott Gordon  
Janice Roberts  
Bob Giroux (arrived at 10:50 a.m.)

Members Absent

Tyrone Freeman  
Robert Lennox

Executive Staff Present

Ada Carrillo, Acting Executive Director

**III. APPROVAL OF AGENDA**

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

Motion carried, 4 – 0.

**IV. APPROVAL OF MINUTES**

ACTION: Mr. Broad moved and Ms. Roberts seconded the Panel approve the Panel Minutes of September 23, 2005.

Motion carried, 4 – 0.

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

David Filomeo reported his promotion by his current employer to a position in Bethesda, Maryland, to begin on November 1, 2005. He stated that since a Panel Member must be a resident of the State of California, he would no longer be able to serve on the Panel as Chairperson. He said it had been an honor to serve on the Panel over the past six months. Mr. Filomeo was appointed to the Panel on April 25, 2005.

## **VI. REPORT OF THE ACTING EXECUTIVE DIRECTOR**

Ms. Carrillo congratulated Mr. Filomeo on his job promotion and expressed her thanks for his tenure with the Panel as Chairperson.

Ms. Carrillo introduced Kim Smith, who will serve in the capacity of Assistant Director, Economic Development/Outreach and Special Projects for the Employment Training Panel.

## **VII. LEGISLATIVE/BUDGET REPORT**

Ms. Carrillo described two bills and the status of each:

Senate Bill 314 (Romero) would allow training of workers in seasonal industries who do not otherwise qualify for ETP funded training, under the Special Employment Training (SET) category. The Governor vetoed the bill and expressed concern that seasonal training contradicted the ETP's mission for high-wage secure employment, and he instead recommended that sponsors of the bill pursue Workforce Investment Act funds, which would be more appropriate for this type of funding.

Senate Bill 102 (Ducheny) proposes permissive action by the Panel to fund up to five pilot programs in the healthcare industry, which would allow nurses' aides to upgrade to LVN's. The Governor signed this bill and it will become effective January 1, 2006. ETP is in the process of developing the necessary policy for this to be implemented.

Ms. Carrillo said that ETP continues to progress with approximately \$7 million in contract approvals per month and it is expected that funds will be available for the remainder of the fiscal year. A budget change proposal supported by the Labor Agency was submitted for 2006-07, seeking to end transfer of ETP funds to the Department of Social Services. Ms. Carrillo stated the need of support from stakeholders to recover the funds in the next budget cycle.

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

Ms. Carrillo asked for a motion to delegate to the Acting Executive Director the authority to approve projects for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

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

Motion carried, 4 - 0.

Mr. Broad noted that with the resignation of the current Panel Chair, that in his capacity of Acting Chairman, there would now be a need for an Acting Vice Chair to be appointed in the event of a recusal. Ms. Carrillo stated an Acting Vice Chair would be appointed at next month's Panel meeting.

Ms. Carrillo asked for a motion to approve those single employer contracts that have been placed on Consent that are less than \$250,000 and do not present any unusual or controversial issues.

Consent Calendar Projects

**ACTION:** Mr. Broad moved and Mrs. Roberts seconded the Panel approve the following Consent Calendar proposals:

Circle Seal Controls, Inc. ....	\$78,000
Schurter, Inc. ....	\$25,200
Spectra Laboratories, Inc. ....	\$100,893
Telecommunications Management Solutions, Inc. ....	\$12,240
The Press-Enterprise Company.....	\$228,735

Motion carried, 4 – 0.

**VIII. PUBLIC COMMENT**

Mr. Filomeo asked if there were any public comments.

Carlos Lopez with the Center for Employment Training (CET) commented on the agenda item concerning New Hires. He spoke in support of the continuation of the New Hire Training. He voiced concern over the training of unemployed persons who are displaced and need to be retrained to re-enter the job market. He introduced Maureen White, Director of CET in Sacramento. She shared several success stories. Scott Gordon asked about CET's placement record. Mr. Lopez said there were 17 training centers throughout California and that CET averaged an 80–82 percent placement record. Mr. Broad noted the importance of cost and accountability questions raised frequently by the Panel. He commented on training for poorly paid jobs in which the training cost was two to three times what was paid for training of incumbent workers. Mr. Broad asked if CET had reviewed the Memorandum pertaining to New-Hire Training for the potential problems mentioned. Mr. Lopez said he had looked at the Memorandum and the policy recommendations. He was concerned about the staff recommendation to cap the cost at \$4,500. He asked the Panel consider the history of the training organization as well as the performance record validated

by staff. Mr. Lopez also commented on wages. He stated that approximately 46 percent of CET clientele were below 8<sup>th</sup> grade math and literacy levels. Mr. Broad said that the Panel had valid concerns with training costs. Mr. Broad voiced an interest in observing new-hire programs while in progress at CET in Sacramento. Ms. White said they welcomed his visit as well as visits from other Panel members to their facility.

Dan Guerra, Director of Education for Community Business College (CBC), commented on ETP's New-Hire program and High Unemployment Areas (HUA's). He stated the cost of living and wages were much lower in Stanislaus County. Mr. Guerra suggested that geographical locations of training centers, trainees, and employers be taken into consideration when considering wages. Mr. Guerra stated that the training that CBC conducted was unique in that the city schools in Stanislaus County have only recently adopted high technology training as a mandatory requirement for high school graduation. Therefore, CBC had several trainees in the 30-40 age range who had not received this training. Ms. Roberts said that the Panel takes into consideration the high-unemployment areas and stated that Stanislaus County had recently been designated as an Enterprise Zone. She stated there were other funding sources in the county and suggested other sourcing venues be considered in the area. Mr. Guerra said ETP was unique because it was performance-based.

Mr. Filomeo stated that when the Panel considered future proposals which exceed the cap of \$4,500 per trainee, they would compare the benefit with the investment of funding.

Nancy Ho, President and CEO of Practical Data Processing, Inc., offered statistical information on her company's performance. She stated there were in-house placement staff members, that 90-95 percent of contract funding is achieved, and that they have a 98 percent placement and retention record. She offered several wage examples.

Steve Duscha, Alliance for ETP, stated his support of staff recommendations.

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

### **Critical Proposal**

#### **Pep Boys Southern California Distribution Center**

Diana Torres, Manager of the San Diego Office, presented a One-Step Agreement for Pep Boys Southern California Distribution Center (Pep Boys) in the amount of \$357,500. This proposal is part of a joint economic development effort that involved state entities endeavoring to add or retain jobs in California. This Agreement is intended for newly hired employees at the Pep Boys Southern California Distribution Center facility that opened in May, 2005.

Ms. Torres introduced John Rodriguez, General Manager and Michael A. Cutri, Director of Cushman & Wakefield.

Mr. Gordon asked if commercial skills' training was conducted in-house or whether it was outsourced. Mr. Rodriguez stated that Pep Boys had hired a training manager who is responsible for developing and administering curriculum at associate and supervisor/manager levels.

**ACTION:** Ms. Roberts moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Pep Boys in the amount of \$357,500.

Motion carried, 4 – 0.

### **Single Employer Proposals**

#### **Pacific Life Insurance Company**

Ms. Torres presented a One-Step Agreement for Pacific Life Insurance Company (Pacific Life) in the amount of \$351,000. Pacific Life provides life insurance products, individual annuities and mutual funds, and offers a variety of investment products and services to individuals, businesses, and pension plans.

Ms. Torres introduced Justine Milberg, Vice President of Pacific Life Academy.

Mr. Filomeo asked at which point this would become institutionalized within the company and not be supplemental in nature. Ms. Milberg stated that the nature of the business generated a need for supplemental training on an ongoing basis. She stated that the percentage of support from ETP had decreased drastically over the years and that Pacific Life continues to spend more internally on training.

Ms. Roberts asked if Pacific Life consistently updated their processes, products, and programs. Ms. Milberg stated their two main lines of business were life insurance and annuity products. She stated these products were continually changing and being updated. Mr. Gordon asked if instructors were outsourced. Ms. Milberg said they have both in-house and outsourced instructors. Mr. Gordon asked what types of continuing education the instructors received. Ms. Milberg stated that instructors brought in from the outside were generally for expertise training, which in-house instructors were not trained in. Mr. Gordon asked what type of training/continued education internal instructors received on an ongoing basis. Ms. Milberg said the instructors received ongoing training. Mr. Broad commended Pacific Life for the positive performance of their contracts, but noted that there had been several prior ETP Agreements, and that ETP funding should be distributed equitably among California employers.

(Panel member Bob Giroux arrived at 10:50 a.m.)

**ACTION:** Mr. Broad moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for Pacific Life in the amount of \$351,000.

Motion carried, 5 – 0.

## **Orange County Container**

Dolores Kendrick, Manager of the North Hollywood Office, presented a One-Step Agreement for Orange County Container (OCC) in the amount of \$696,696. OCC is a manufacturer of custom corrugated products and packaging materials. OCC is proposing to train 308 employees from its City of Industry and Brea facilities in the areas of manufacturing, business, computer and advanced technology.

Ms. Kendrick introduced Akiko Heurich, Quality Control Manager of OCC. There were no questions from the Panel.

**ACTION:** Mr. Giroux moved and Mr. Broad seconded the Panel approve the One-Step Agreement for OCC in the amount of \$696,696.

Motion carried, 5 – 0.

## **Marquez Brothers International**

Ms. Kendrick presented an Amendment for Marquez Brothers International (Marquez Brothers) in the amount of \$1,248,000. Marquez Brothers is a family-owned corporation that manufactures and distributes Mexican style dairy products, meat items, and canned goods to customers in the United States, Canada, Mexico, and Europe.

Ms. Kendrick introduced Jose Areas, Controller.

Ms. Roberts asked if the proposed trainees were new employees. Mr. Areas said they were retraining current employees. Mr. Broad asked why there was no substantial contribution requirement. Mrs. Carrillo said the substantial contribution applies after an employer has had at least two contracts and earned at least \$250,000. She stated this was the first contract between Marquez Brothers and ETP. Mr. Broad asked why the addition of the amendment did not constitute a substantial contribution. Ms. Carrillo stated that the regulation states there must be two separate contracts and must have earned at least \$250,000. Mr. Broad requested that this question be revisited in regards to an amendment versus a second contract and that this company move towards a substantial contribution. Ms. Carrillo said if these were two separate contracts, the contribution would not apply until the third contract.

**ACTION:** Mr. Broad moved and Mr. Giroux seconded the Panel approve the Amendment for Marquez Brothers in the amount of \$1,248,000.

Motion carried, 5 – 0.

## **TyKim dba Peak Travel Group**

Creighton Chan, Manager of the Bay Area Office, presented a One-Step Agreement for TyKim dba Peak Travel Group (Peak) in the amount of \$97,440. Peak started as a retail

travel business but has expanded into corporate travel management. Peak specializes in vacations for the general public, corporate travel management providing travel management for corporate clients, and group and meeting management which assists companies in all aspects of meeting planning.

Mr. Chan introduced Michele Williams-Smith, Training & Development Manager.

Mr. Filomeo said that after reading the proposal, he noticed that some of the training to be offered was to help individuals perform their core functions and abilities. He stated this training was usually offered by the employer and asked Ms. Williams-Smith to comment on the subject. Ms. Williams-Smith said Peak was offering training for core functions. She said that ETP staff did not accept all of the training originally requested and had deleted those courses from the proposal.

**ACTION:** Mr. Giroux moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Peak in the amount of \$97,440.

Motion carried, 5 – 0.

### **Kraft Foods Global, Inc.**

Ms. Torres presented a One-Step Agreement for Kraft Foods Global, Inc. (Kraft Foods Global) in the amount of \$87,825. Kraft Foods Global is a manufacturer of food products including: beverages, cheese, convenience meals, snacks, and cereals. Kraft Foods Global is proposing to train 135 employees at the Fresno, Fullerton, and Visalia facilities. This contract is supported by the International Brotherhood of Teamsters, Local Union Nos. 952 and 517.

Ms. Torres introduced Sheryl Hall, West Region Organization Development Manager.

Ms. Roberts asked about the performance record and plans the company had to ensure a more positive completion rate. Ms. Hall said that performance would be tracked accurately in this contract and that the company had previously worked with an administrative consultant, who is no longer with the company. Ms. Roberts stated the need for in place internal systems. Mr. Broad suggested to Ms. Hall that Kraft Foods consider possible undertaking of training costs within Kraft's own training budget in the future. Mr. Gordon asked how much money went towards the Teamster's Training Trust, for every hour worked. Ms. Hall did not have this information. Ms. Carrillo stated they were not participating in an apprenticeship program; they were already journey level workers. Mr. Gordon believed there was money generated toward their trust fund for every hour worked. Mr. Broad said this was not necessarily true and that ETP could not fund apprentice positions. Mr. Gordon suggested that Kraft Foods possibly partner with Teamster's Training Trust for future funding.

**ACTION:** Ms. Roberts moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Kraft Foods in the amount of \$87,825.

Motion carried, 5 – 0.

### **The Dow Chemical Company**

Ms. Torres presented a One-Step Agreement for the The Dow Chemical Company in the amount of \$255,190. The Dow Chemical Company is a manufacturer of agricultural and other chemicals serving customers in 175 countries.

Ms. Torres introduced George Russo, Site Learning Coordinator.

Ms. Roberts commented on the poor performance of the prior contract and asked how the contract would be supported. Mr. Russo stated that the prior contract expanded to a longer term than expected and created a burden on their workforce. He stated that there would be internal training. Ms. Roberts asked about contract administration and how it would be administered internally to ensure all requirements were met. Mr. Russo stated he would be responsible for internal administration. Mr. Giroux asked about the trainee retention rate and probation period. Mr. Russo said he did not have this data available but stated that over his tenure with the company of 25 years, that approximately 1-2 employees out of the 35–40 employees trained, were no longer with the company.

**ACTION:** Mr. Giroux moved and Mr. Broad seconded the Panel approve the One-Step Agreement for The Dow Chemical Company in the amount of \$255,190.

Motion carried, 5 – 0.

### **United Facilities, Inc.**

Mr. Chan, presented a One-Step Agreement for United Facilities, Inc. (United Facilities) in the amount of \$73,645. United Facilities provides services in warehousing, custom packaging, assembly, fulfillment, e-commerce, purchasing services, shrink packaging, transportation management, performance management, food grade storage, bar code scanning, and a full array of Electronic Data Interface (EDI) Transactions. He stated the Turnover Rate on the Training Plan Table covered three separate facilities: Stockton facility, 4 percent turnover rate; Fontana facility; 15 percent turnover rate; and, the Tracy facility, a 28 percent turnover rate.

Mr. Chan introduced Renna Bliss, Human Resource Manager. There were no questions from Panel members.

**ACTION:** Ms. Roberts moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for United Facilities in the amount of \$73,645.

Motion carried, 5 – 0.

## **Special Employment Training (SET)**

### **Good Samaritan Hospital**

The Good Samaritan Hospital proposal was withdrawn from consideration at this month's Panel meeting.

### **Regional Medical Center of San Jose**

The Regional Medical Center of San Jose proposal was withdrawn from consideration at this month's Panel meeting.

### **Nugget Market, Inc.**

Ms. Torres, presented a One-Step Agreement for Nugget Market, Inc. in the amount of \$102,492. Nugget Market, Inc., is a grocery store chain with stores in Sacramento, West Sacramento, Davis, Woodland, Cameron Park, Vallejo, Vacaville, and Roseville. Nugget Market, Inc., proposes to train 146 employees in production of new products, operating newly purchased computer software, and training employees for new stores.

Ms. Torres introduced Mary Muller, Director of Human Resources and Safety.

Ms. Roberts commented on the positive proposal submitted by Nugget Market, Inc. She asked about the prior contract and plans for future improvement. Ms. Muller stated that the Director of Training left the company and the second person appointed to this position was diagnosed with a serious illness. She said the company was requesting a second opportunity to fulfill the training proposal. Ms. Muller said the company had hired two full-time trainers and the previous Human Resource Director had retired, and she was his replacement.

**ACTION:** Mr. Gordon moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for Nugget Market, Inc. in the amount of \$102,492.

Motion carried, 5 – 0.

## **Multiple Employer Contracts**

### **Practical Data Processing, Inc.**

Ms. Kendrick presented a One-Step Agreement for Practical Data Processing, Inc., (PDP) in the amount of \$977,600. PDP is a private corporation, established and incorporated in 1983, by a group of professionals who specialized in the computer and information technology fields. PDP proposes to train and place 200 eligible new-hire trainees in Los Angeles and Orange counties. In addition, PDP will train 500 currently employed individuals from participating employers determined eligible for Employment Training Panel funding.

Ms. Kendrick introduced Nancy Ho, President and CEO, and Deborah Munoz, Program Manager.

Mr. Broad asked how they arrived at the amount of monies requested. Ms. Ho stated this amount was based on the ETP analyst's input, and based on the previous completed contract. She stated it was recommended that they offer a flexible range of hours to customize training. Ms. Ho said that retraining was new to the company and they have had a successful past contract. Mr. Broad asked how many trainees were trained at once for both the new-hire and retrainee groups proposed. Ms. Carrillo stated that ETP had limitations on the number of trainees per classification; 15 new-hires and 20 retrainees per class. Due to budget constraints, Mr. Broad suggested that contractors request half (1/2) of the total funds of a project and to then review the company's performance record at that time. He said that the ETP would then have less monies encumbered. Ms. Carrillo said in many instances, the number of proposed trainees and corresponding funding request is reduced. She stated ETP was encumbering 35 percent of the contract amount and that during positive performance review, more money was added to the contract. Ms. Carrillo said ETP had taken steps to extend ETP funds.

Mr. Gordon asked if there were in-house instructors and asked how many instructors there were. Ms. Ho stated there were five full-time instructors and some part-time instructors. Mr. Gordon asked if they received training throughout the year. Ms. Ho said instructors were certified by the California Bureau of Private, Post-Secondary, and Vocational Education. Ms. Roberts asked about the proposed 500 trainees and how they were selected. Ms. Ho said there were several proposed trainees already identified, and throughout the contract for the two year term, PDP works with local businesses to market and recruit employees. Ms. Roberts asked if they had in-house recruitment staff. Ms. Ho said that PDP employs recruitment and placement staff. Mr. Broad asked if PDP would proceed with the contract if the number of retrainees was decreased from 500 to 250. Ms. Ho agreed to the decrease.

**ACTION:** Mr. Broad moved Panel approval with the Amendment that ETP is funding 200 new-hires and decreasing the amount of retrainees from 500 to 250. Ms. Roberts seconded the Amendment.

Motion carried, 5 – 0.

### **California Manufacturing and Technology Association**

Mr. Chan presented a One-Step Agreement for California Manufacturing and Technology Association (CMTA) in the amount of \$382,250. CMTA is a trade association that represents California manufacturers and some service businesses. CMTA proposes training and other business services to member companies.

Mr. Chan introduced Robert Sanger, Manager of Training Services.

Mr. Filomeo asked about the 30 percent of Managers and Supervisors to be trained. Mr. Sanger said trainees coming into the manufacturing field wishing to promote did not have the needed supervisory skills. He also said many employers requested supervisory training to change the culture of their business which started at the supervisory level.

**ACTION:** Mr. Broad moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for CMTA in the amount of \$382,250.

Motion carried, 5 – 0.

### **Center for Employment Training**

Ms. Torres presented a One-Step Agreement for Center for Employment Training (CET) in the amount of \$767,356. CET is a community-based, private non-profit corporation. CET operates 17 training centers in California with corporate offices located in San Jose.

Ms. Torres introduced Carlos Lopez, Corporate Director of Industrial Relations and Maureen White, Director.

Ms. Roberts asked about Pell grant awards. Mr. Lopez stated CET was accredited through the Department of Education in association with Western Association of Schools and Colleges. He said students applying for Pell grants must take a Department of Education test with a pass rate of a 9<sup>th</sup> grade level or above. Upon passing the test, they may then apply for a Pell grant and if received, it goes towards tuition of the training program. CET states that when a Pell grant is received, they reimburse the dollar per dollar amount back to ETP. Mr. Broad referred to the discussion earlier with CET, and asked about guaranteed wages. Ms. Carrillo said the wages would have to go up by the same increase in cost. Mr. Broad asked if CET could make the 50 percent. Mr. Lopez said they would be unable to increase the wage by 50 percent. Ms. Carrillo stated that CET could reduce costs by utilizing other funding sources and said that the proposed \$4,500 cap is the amount to be covered by ETP. Mr. Broad said if they wanted ETP to go above this amount, the wage would need to be raised.

Ms. Roberts stated her interest in visiting the CET facility. She asked about the selection of proposed trainees. Mr. Lopez said there was an individual development plan for each individual that included counseling, a tour of the facility, and sampling the program for a few days before enrolling in the program. He said the test results from the Department of Education were used to assess the trainee's educational level. Mr. Lopez said in one location they had individuals sign an agreement outlining program expectations and would be adopting this process at other facilities. Ms. Roberts thanked Mr. Lopez for his time and effort in answering all of the Panel's questions. Ms. Carrillo stated that should the Panel accept staff recommendations regarding Job Creation/New Hire, that ETP would work with CET to mitigate some of the requirements. She stated that ETP had funded other contracts with multiple barrier new-hire trainees, but their training programs were substantially fewer hours. She said that CET had fixed hours, and suggested exploring variable hours to accommodate each trainee's needs.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for CET in the amount of \$767,356.

Motion carried, 5 – 0.

### **Northern California Teamsters Apprentice Training and Education Trust Fund**

Mr. Broad recused himself from review, discussion, and action on the Northern California Teamsters Apprentice Training and Education Trust Fund.

Mr. Chan presented a One-Step Agreement for Northern California Teamsters Apprentice Training and Education Trust Fund (NCTAT & ETF), in the amount of \$126,390. NCTAT & ETF provides a full range of construction-related training to current and prospective Teamster employees for the Northern California construction industry.

Mr. Chan introduced Geoffrey Quinn, Program Director.

Mr. Gordon asked about apprentice classifications within the Teamsters. Mr. Quinn said he wrote to the Department of Labor requesting apprentice classification, but it had only been adopted in Southern California. In Northern California they offer a trainee wage progression; 65 percent of journeyman level wages with increases based on hours of completion. Mr. Gordon asked if they negotiated over training wages in their collective bargaining agreement. Mr. Quinn said the training wages were negotiated and it was a percentage of the journeyman wage. Mr. Gordon asked for clarification on requirements of apprenticeship programs. Ms. Carrillo said the proposal was considered to be a pre-apprenticeship program and does not duplicate apprenticeship programs. Ms. Roberts commended the benchmark and graduation at the hourly rate. She asked about the selection of the 40 trainees. Mr. Quinn said they entered from various routes such as individuals on unemployment, individuals who have lost their jobs and needed upgraded skills, and individuals who are members of the Teamsters Union that lost their jobs due to company shut-downs. Ms. Roberts asked about prior contracts and number of trainees proposed. Mr. Quinn said trainees were not brought in all at once. Local unions are contacted to inquire about needed job skills for specific projects. Mr. Giroux commended NCTAT & ETF on the valuable program offered and recognized the need for a higher level of training programs in the Mother Lode area.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for NCTAT & ETF in the amount of \$126,390.

Motion carried, 4 – 0 – 1 (Mr. Broad recused).

## **X. DISCUSSION/ACTION**

### Job Creation/New Hire Training

Mike Rice, manager of ETP's Planning and Research Unit commenced his presentation concerning revisions to the Multiple Employer Contracts (MEC) policy pertaining to new hires. His presentation also included a request to the Panel to consider changes to regulatory language in the area of job creation. In 2000, the Panel had adopted a MEC policy, but certain areas needed revisiting.

Mr. Rice noted that consideration of the MEC new hires policy requirements needed to include an examination of (1) fostering true job creation; (2) training that was at high cost but resulted in low wages; (3) ensuring real employer demand; (4) employer contributions; and (5) customization of new hire training.

Mr. Broad expressed concern that the policy might appropriately be framed as a regulation, since the requirements stated in the policy seemed to be standards of general application, and, as such, belonged in regulation. Ms. Carrillo informed Mr. Broad that the policy, as it pertained to new hires, could be brought forward as a regulation for Panel consideration at the next Panel meeting.

Mr. Broad further noted that certain aspects of Panel consideration of the MEC policy did not seem to require regulatory action. For example, staff's recommendation to eliminate the currently-required list of core employers submitted by MEC contractors could be acted upon, as could action to amend existing language in the current regulatory definition of job creation. Mr. Broad also stated that he thought staff's recommendation to eliminate employer contributions for new hire employers' required further research on methods to obtain new hire employer involvement.

Mr. Filomeo concurred with Mr. Broad's statements regarding the need for a regulation in connection with certain issues, and noted that he too was willing to take action on the recommendations pertaining to amendment of the job creation regulatory language.

**ACTION:** Mr. Broad moved to propose the adoption of change in 22 Code of California Regulation Section 4400(ii) and that it be submitted for public comment and to repeal 4414. Ms. Roberts seconded Panel approval.

Motion carried, 4 – 0 (Mr. Giroux was not in meeting attendance after the break)

**ACTION:** Mr. Broad moved that the requirement of listing participating employers for new-hire training be eliminated. He proposed the elimination for applications that come in after today, October 28, 2005, and directed the staff as a first priority, to come back with a set of regulatory proposals to implement recommendations #2, #3, #4 and #5 in the Memorandum to Panel regarding

New Hires in the October Panel Packet. Mr. Gordon seconded Panel approval.

Motion carried, 4 – 0.

Mr. Broad stated the importance of prioritizing the above motions as quickly as possible. Ms. Carrillo said the items would be brought forward to the next Panel meeting.

## **Policies & Regulations**

### Special Employment Training/High Unemployment Areas: Regulations

Ms. Reilly referred to the Memo in the Panel Packet. She stated there had been a series of regulatory actions designed to take policy and implement it through rulemaking. She said the policy in question was the High Unemployment Area (HUA) policy and to enact certain revisions to the SET regulation based on a Memo presented to the Panel a few years ago. Ms. Reilly said this would take the HUA standards out of the SET regulation and set it out as a stand-alone regulation. Under the statute, you can fund a high unemployment area with the particular standards attached to that project, in a SET or outside of a SET.

#### Amend CCR Section 4409

Mr. Broad asked if physical disability included mental disabilities under Section 4409 (7). Ms. Reilly said this was not included, but that language could be changed to clarify the inclusion of mental disabilities. Mr. Filomeo suggested it should be listed as a separate item. Mr. Broad asked if the language could be added immediately. Ms. Reilly agreed and added the language to Section 4409 (7).

#### Adopt Section 4429

There were no questions from Panel members regarding Section 4429.

#### Amend Section 4400(hh)

There were no questions from Panel members regarding Section 4400(hh).

#### Repeal Section 4400(ii)

There were no questions from Panel members regarding Section 4400(ii).

Ms. Roberts referred to Section 4429(a) and asked about multiple employer contracts and if the MEC facility was not located in a HUA area but the participating employers were located in HUA's. Ms. Carrillo said this had occurred and that when participating employers were in a HUA, it would be separated in the contract. Ms. Roberts asked that clarifying language be added to (a) to read "the employer or participating employers". Ms. Reilly added the language requested.

## High Unemployment Regulation

Mr. Broad asked about the less than 7 percent language and if it could be interpreted as “no wage differential”. Ms. Reilly did not agree. Mr. Broad was concerned with specific industries, such as the agricultural and movie industries and those industries not having to meet standards, especially seasonal agriculture. He suggested that the percent could be reduced to possibly 5 percent. Mr. Broad asked about the possibility of elimination. Ms. Carrillo mentioned the Panel’s flexibility to go below 7 percent and said the idea was not to go down 2 percent, but to be considered on a case-by-case basis. She suggested the Panel may want to have the flexibility to review on a case-by-case basis and to consider the reasonableness of the request. Mr. Broad asked if the policy should read “some” differential. Ms. Carrillo agreed. Mr. Broad requested that Maureen Reilly add the language “some” differential. Ms. Reilly said there was a requirement in the statute for a wage differential. She said the 7 percent is what the Panel showed as an appropriate wage differential but stated it could be clarified. She stated the statute said the differential had to show that post-training improvements and earnings were sufficient to warrant the investment of public funds. Mr. Broad suggested it read “provided a wage differential is maintained. Ms. Reilly suggested the following language: on a case-by case basis, the wage differential may be adjusted to less than 7 percent. Mr. Broad agreed to the language. Ms. Reilly proposed the following text for Panel approval “on a case-by-case basis, the wage differential may be adjusted to less than 7 percent for retrainees in the agricultural industry”.

Amend the existing definition of working poor to clarify low wages in conjunction with the statutory standard.

Ms. Reilly said the definition of high unemployment areas was to be deleted but stated this was now unnecessary. She suggested it be eliminated.

Proposed revisions to:

1. Section 4409 (a)(7) – Revised to read “barriers may include mental or physical disabilities”.
2. Section 4429(a) – Revised to add “or participating employer” to the second sentence.
3. Section 4429(c), paragraph 2 – First sentence revised to read “On a case-by-case basis the wage differential may be adjusted to less than 7 percent for retrainees in the agricultural industry.”

**ACTION:** Mr. Broad moved approval of the regulatory proposals with the 3 modifications outlined by Maureen Reilly out for public comment. Ms. Roberts seconded Panel approval.

Motion carried, 4 – 0.

## **XI. PUBLIC COMMENT**

Dan Guerra, Director of Education for Community Business College (CBC), stated his appreciation of the openness of the Panel and the interest of the Panel regarding cost benefit analysis on MEC contracts and the possibility of conducting site visits. He extended an invitation to all Panel members to visit CBC.

## **XII. EXECUTIVE SESSION**

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

## **XIII. ADJOURN**

**ACTION:** Mr. Broad moved and Ms. Roberts seconded to adjourn the meeting at 1:37 p.m.

Motion carried, 4 – 0.