

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency  
Sierra Hearing Room, 2<sup>nd</sup> Floor  
1001 "I" Street  
Sacramento, CA 95814  
October 27, 2006

**PANEL MEMBERS**

Barry Broad  
Acting Chair

Tyrone Freeman  
Member

Bob Giroux  
Member

Scott Gordon  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Johnathan St. John  
Member

**Executive Staff**

Ada Carrillo  
Acting Executive Director

Maureen Reilly  
General Counsel

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

Barry Broad, Acting Chair, called the public Panel meeting to order at 9:40 a.m.

**II. ROLL CALL**

Members Present

Barry Broad  
Bob Giroux (arrived at 10:20 a.m.)  
Janice Roberts  
Edward Rendon

Members Absent

Tyrone Freeman  
Scott Gordon  
Johnathan St. John

Executive Staff Present

Ada Carrillo, Acting Executive Director  
Maureen Reilly, General Counsel

**III. REPORT OF THE ACTING EXECUTIVE DIRECTOR**

Ms. Carrillo referred the Panel to the Fund Status Tab in the Panel Packet. She pointed out the column entitled "Training Funds Available" on the report and said there is \$43.2 million available this Fiscal Year (FY) 2006-07 for new training projects. She said that so far this year, including this month's projects if all approved, that the Panel will have approved a total of 114 items amounting to almost \$46 million in contract value. She said that after accounting for \$16.8 million in encumbrances due to the incremental encumbrance process, \$26.6 million remains for the FY. She said this translates to approximately \$70 million in contract value and based on the amount being brought forward to the Panel on a monthly basis, we are on track for fully encumbering those monies by the end of the FY.

Ms. Carrillo referred to the chart handed out to Panel Members entitled "ETP Welfare to Work Training". She said that, in this year's Strategic Plan, the Panel allocated up to \$2 million in Welfare-to-Work pilot projects. She said if the Panel approves all projects this month, including funding for W2W trainees, the Panel will have approved 10 projects totaling \$1.7 million or 73 percent of the approved amount. She explained that, in addition to this, there are proposals pending development for approximately another \$700,000 and ETP will exceed the \$2.5 million targeted for W2W projects.

Ms. Carrillo asked for the Panel's position on continued funding for W2W projects, especially since many are being proposed by new training agencies (post-moratorium). She noted that some of the training agencies are getting acquainted with the ETP performance requirements while training CalWORKS recipients. She explained to the Panel that it was prudent to consider limiting the amount of projects and funding for W2W projects in order to give ETP the opportunity to see how they perform. She said if the Panel is amenable, that staff will return next month with recommendations on how to proceed.

Mr. Broad said this made sense for large proposals with CalWORKS recipients as the target population. He suggested continuing encouragement of Multi-Employer Contractors to try to include CalWORKS recipients for new-hire training. He felt there could only be a positive outcome by doing so. Mr. Broad asked if any Panel members disagreed with his suggestions.

Ms. Roberts said she was concerned that the W2W program was unproven. She said that given it is a pilot program, the outcome is unknown at this time. She agreed that the funding limitation should be reviewed. She said it is a value-added program, but cautioned approving more on incoming W2W projects, because, the \$2 million allocation would be exceeded. Ms. Carrillo said staff would return with recommendations at the next Panel meeting.

Ms. Carrillo said that SB 1690 was signed into law by the Governor and will become effective January 1, 2007. She reviewed the major provisions of the bill as it pertains to ETP. She said SB 1690 added a new sub-category under Special Employment and Training (SET). This bill would allow the Panel to train workers in the State's major seasonal industries including businesses involved in the harvesting, packing, or processing of goods and provide some waivers including the wage waiver. She said this would add flexibility with the required employment retention period-instead of being completed immediately following training within 90 days; it may be completed within a 12-month period of time. She said staff is currently in the process of developing guidelines in order to implement the provisions.

Ms. Carrillo referred to the Meeting Sites Tab in the Panel Packet. She announced that the November 17, 2006 Panel meeting is cancelled due to the lack of a quorum. She announced that the next meeting will be held December 15, 2006, in San Francisco, California, at the Milton Marks Conference Center. She encouraged all Panel Members to attend due to the high volume of proposals expected.

#### **IV. REPORT OF GENERAL COUNSEL**

Maureen Reilly, General Counsel, informed the Panel that there was no new activity to report.

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

Mr. Broad reported to the Panel that an appeal was filed by Ecoterra. He gave a status report on the appeal since it has been ongoing for approximately six months. He said that he heard testimony on the appeal several months ago and deferred issuing a decision to give the parties time to discuss a settlement that would involve back-pay to a number of workers. He said the training was adequately performed, but the record indicated that the workers did not receive pay, thus did not satisfy retention. Mr. Broad said if everything proceeds according to plan the case will be settled in November and the appeal withdrawn. He said the Panel would not take further action on the appeal if there is a settlement.

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

##### **Single Employer Contractors**

##### **Anthony Inc., dba Anthony International**

Creighton Chan, Manager of the Foster City Office, presented a One-Step Agreement for Anthony Inc., dba Anthony International (AI), in the amount of \$401,868. AI manufactures commercial glass refrigerator and freezer doors and related accessories.

Mr. Chan introduced Stan Gwizdak, Vice President & Chief Operating Officer; Deborah Norton, Director of Human Resources; and Edward Solomon, a Consultant from Ernst & Young LLP Tax Services.

Ms. Roberts asked about literacy skills and what percentage of the 366 employees would receive the literacy skills. Mr. Gwizdak said that of the 366 employees, several would receive literacy training. He said English as a Second Language (ESL) skills would be given to employees across the entire company. Ms. Roberts asked about the percentage to receive ESL skills and if 90 percent would receive the skills. Mr. Gwizdak said 80 to 90 percent of employees would receive ESL skills.

Ms. Roberts asked who would provide the Six Sigma training and was concerned with the high cost of implementing the training. Mr. Gwizdak said he would provide a portion of the training and that he has a background in a GE Black Belt and a Master Black Belt, and has conducted this training at other companies. He said he currently has a team of three individuals and is recruiting for the fourth person to conduct Six Sigma and Lean Manufacturing training. Ms. Roberts asked if the employees who need literacy skills training will be able to complete Six Sigma. Mr. Gwizdak said there were two different levels of training, Black Belt and Green Belt, and the ESL employees would be trained at the latter, less-difficult level. Ms. Roberts said she is familiar with the Six Sigma programs and she was concerned how employees, who are learning literacy skills, could absorb the

information and have the capability of understanding the Green Belt training. He said the majority of this training is conducted in both English and Spanish and that staff delivering the training are all fluent in Spanish. Ms. Roberts acknowledged that the problem was not so much literacy, but the capability of learning and understanding English. Mr. Gwizdak answered in the affirmative.

Mr. Broad deferred voting on the project until a quorum was present.

### **General Mills Operations, Inc.**

Mr. Chan presented a One-Step Agreement for General Mills Operations, Inc. (General Mills), in the amount of \$236,880. General Mills is a producer of packaged consumer foods and operates exclusively in the consumer foods industry. General Mills products include cereal, packaged dinner products, frozen dough products, dessert mixes, snacks, yogurt products, organic frozen foods, and flour sold to bakery, foodservice, and manufacturing customers.

Mr. Chan introduced Richard Kondo, Training Manager and Dina Kinkaid, Continuous Improvement Manager.

Ms. Roberts noted that she is employed by Frito Lay and that Frito Lay was listed as one of General Mills' highly competitive manufacturers in the agreement. She pointed out that she had every intention of approving the contract.

Mr. Broad deferred voting on the project until a quorum was present.

### **Guittard Chocolate Company**

Mr. Chan presented a One-Step Agreement for Guittard Chocolate Company (Guittard), in the amount of \$198,720. Guittard is one of the foremost suppliers of fine chocolate to customers in pastry, confectionery and ice cream trades and manufactures milk, dark, and white chocolate products as well as pastel and chocolate coatings.

Mr. Chan introduced Gerald Allen, Vice President of Operations and Gary Germone, Manager of Human Resources/Production.

There were no questions from Panel members.

Mr. Broad deferred voting on the project until a quorum was present.

### **International Business Machines Corporation**

Mr. Chan presented a One-Step Agreement for International Business Machines Corporation (IBM), in the amount of \$1,285,200. IBM has created, developed, manufactured, and serviced advanced information technologies, including computer systems, software, networking systems, storage devices and microelectronics.

Mr. Chan introduced Arthur O'Brien, Manager of Public Partnerships and Trinh Dang, Consultant.

Ms. Roberts said she was familiar with IBM training programs and visited the San Jose campus when the company was conducting a VPP process in safety. She said that IBM does an excellent job of training and pays high wages. Ms. Roberts asked about the \$1.2 million contract that ended in September 2006 and commented on the 59 percent anticipated completion. She asked how the company intends to increase its completion rate in the proposed agreement. Mr. O'Brien said the company is converting many courses to computer-based training so that employees can take courses at their desk while they are working. He said the Executive Office is directing managers to increase creativity and innovation, specifically in the San Jose/Santa Teresa area. He said in order to acquire the creativity and innovation, the managers are "freeing up" employees so they may take the classes.

Mr. Broad deferred voting on the project until a quorum was present.

### **Space Systems/Loral, Inc.**

Mr. Chan presented a One-Step Agreement for Space Systems/Loral, Inc. (SSL), in the amount of \$1,072,500. SSL designs, builds, and tests satellites, subsystems, and payloads; provides orbital testing; procures insurance and launch services; and manages mission operations.

Mr. Chan introduced Larry Wray, Vice President of Product Assurance and Office of the President.

Ms. Roberts said students graduating from high school should consider studying satellite technology, as it is the wave of the future.

Mr. Broad deferred voting on the project until a quorum was present.

### **Cadence Design Systems, Inc.**

Ruby Cohen, Manager of the Sacramento Office, presented a One-Step Agreement for Cadence Design Systems, Inc. (Cadence), in the amount of \$538,650. Cadence is a maker of electronic design automation (EDA) software. Cadence products are used by companies to design complex integrated circuits (ICs) and electronic systems such as semiconductors, computer systems and peripherals, telecommunications networking equipment, mobile/wireless devices, consumer electronics, and a variety of other electronics-based products.

Ms. Cohen introduced Spencer Clark, Vice President and Chief Learning Officer and Linda Ettl, Executive Assistant.

Ms. Roberts asked how many employees were trained under the previous contract that concluded in July 2006. Mr. Clark said that there were approximately 665 trainees in the prior contract. He said the number of trainees was higher than what they are requesting this time, nearly double. Ms. Roberts asked if any of the same 665 employees will be involved in the current contract. Ms. Roberts asked if the company is making up the difference of what was not completed last time. Mr. Clark answered in the affirmative, adding that Cadence had experienced problems that were now resolved: a new Chairman of the Board and CEO; and a number of new executives, each with different agendas. Another problem, he said, is that the company was redesigning its training compliance due to new sexual harassment and ethics issues. He said employees completed these training courses, instead of some of the ETP funded training as had been expected.

Mr. Broad deferred voting on the project until a quorum was present.

### **DST Output**

Ms. Cohen presented a One-Step Agreement for DST Output in the amount of \$1,203,840. DST Output designs and prints bills and statements for telecommunication companies, cable TV providers, satellite radio and TV companies, mutual fund and other financial companies, healthcare, and electric and gas utilities.

Ms. Cohen noted that DST Output uses Kelly Services to provide temporary employees and has asked ETP to fund training for some of them. She said these trainees will receive training while they are employed by Kelly Services but will not be enrolled and payment will not be sought by DST Output until after the trainee has been hired as a regular full-time employee. She said the company will not be eligible for reimbursement until these trainees complete the entire 90-day employment retention period as DST Output employees.

Ms. Cohen introduced Bill Kohrummel, Director of Materials Management; Steven Hodlin, Vice President; and Steve Duscha, representing Steve Duscha Advisories.

Mr. Rendon asked which occupations that the majority of training will occur in. Mr. Kohrummel said it is approximately 50/50. He said that approximately 460 of the associates are factory workers.

Ms. Roberts asked how many of the 836 employees are temporary employees. Mr. Kohrummel said there are 460 temporary employees. Mr. Duscha explained that the employees begin as temporary employees, but must convert to regular full-time employment before ETP payment is sought. Ms. Roberts asked for a projection of what percentage of employees would be offered full-time positions. Mr. Kohrummel said 460 employees should be hired, once the turnover percentage was removed from the equation. He said recruiting efforts bring in approximately 1,000 individuals per year, of which 460 remain with the company. Ms. Roberts said the proposal seemed very risky on the part of the company because they will invest a large sum into the training and may not receive ETP funding at all, based on the temporary employee issue. Mr. Kohrummel said there is a

significant ongoing training program at the El Dorado Hills facility, where they use the same methodology. He said DST Output exceeds \$4.1 million per year in training efforts.

Ms. Roberts asked if trainees in the Machine Operator occupation, that receive the lowest pay range of \$11.83 per hour, are temporary employees. Mr. Kohrummel said these trainees are permanent employees. Ms. Roberts asked if temporary employees receive health benefits. Mr. Kohrummel answered in the affirmative. Ms. Roberts asked for confirmation of the starting wage that temporary employees would receive. Mr. Kohrummel said temporary employees begin at \$10.00 per hour and are offered benefits through the temporary agency.

Mr. Broad asked if DST Output regularly recruits temporary employees from Kelly Services, before hiring them full-time. Mr. Kohrummel said this was a fair statement about DST Output's hiring methodology in conjunction with Kelly Services that has been utilized for the past 10 years. Mr. Broad asked how long trainees are typically in the temporary status. Mr. Kohrummel said employees averaged 90 days as temporary employees. Mr. Broad was skeptical of the project, but was prepared to vote for it.

Ms. Roberts asked why the company didn't simply hire the temporary workers as full-time employees, initially. Mr. Kohrummel said they had found through experience that a manufacturing environment is not the right fit for every individual. By recruiting employees through Kelly Services, he said, they can determine in advance if they are the "right fit" for the job. Mr. Duscha added that the job required 12-hour shifts, is a 24-hour seven days a week operation, and that some temporary employees soon learn they are not ready for the shift work. Ms. Roberts asked when the training is conducted and if the company waits until employees are the right fit before beginning training. Mr. Kohrummel said the training takes place up front, from the time they are hired. Ms. Roberts asked if the company understood that it would likely lose 50 percent of the temporary employee trainees, and would not be able to recoup the training expenditure for them. Mr. Kohrummel agreed this was a correct statement.

Mr. Broad asked about the 12-hour shifts. Mr. Kohrummel said employees work three days one week and four days the following week, with 12-hour days. Mr. Broad asked if employees were paid a considerable amount of overtime. Mr. Kohrummel said they receive eight hours of straight time and three and one-half hours of overtime each day.

Mr. Broad announced that with the arrival of Panel Member Bob Giroux at 10:20 a.m., there was now a quorum present. He said a vote could now be taken on this project and then he would move back to the previously presented projects for voting.

Ms. Roberts said more than half of this contract is for employees that might not be hired by DST Output. She said this project would tie up a significant amount of funds. Mr. Kohrummel disagreed and said this contract separates out the 50 percent of employees that do not become full-time employees. He said this contract only includes the 460 employees that are guaranteed full-time employment.

Mr. Broad said Ms. Roberts' point was well taken. However, he noted that DST Output has a system in place for recruiting employees, that the company loses many individuals in the first 90 days for various reasons, and the only way to overcome this is to assume a significant entrepreneurial risk. He said they appeared willing to provide training that would not be funded by ETP. He explained it is at the risk of DST Output. He said he is not sure it's the best way to hire people, but that he's not in their position and it may not be easy to find people who are willing to work such long shifts. He said some individuals may choose to accept jobs at a lower pay so that they do not have to work long shifts.

ACTION: Mr. Giroux moved and Mr. Rendon seconded approval of the One-Step Agreement for DST Output in the amount of \$1,203,840.

Motion carried, 4 – 0.

With the arrival of Panel Member Bob Giroux, a quorum was now present and Mr. Broad returned to the very beginning of the meeting Agenda to vote on items that required a quorum.

#### **APPROVAL OF AGENDA (Revisited – Out of Order)**

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

Motion carried, 4 – 0.

#### **APPROVAL OF MINUTES (Revisited – Out of Order)**

ACTION: Mr. Giroux moved and Mr. Rendon seconded approval of the Panel Minutes of September 22, 2006.

Motion carried, 4 – 0.

#### **Request Motion to Delegate in Event of Loss of Quorum (Revisited - Out of Order)**

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: Ms. Roberts moved and Mr. Rendon 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.

#### **Consent Calendar Projects (Revisited - Out of Order)**

Ms. Carrillo asked for a motion to approve Consent Calendar items #1 through #9 which represents contracts with no apparent issues of concern.

American Incorporated.....	\$199,584
Costless Maintenance Services Co., Inc., dba CMSC .....	\$17,952
Elsinore Ready Mix Company, Inc. ....	\$49,368
Fuji Food Products, Inc. ....	\$86,400
Metabolex, Inc. ....	\$49,588
Nemat Management Group .....	\$43,472
Pacific Aero Component Engineering .....	\$7,280
Standard Filter Corporation.....	\$39,000
Wiebe and Associates CPA, LLP.....	\$34,320

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of Consent Calendar Items #1 through #9.

Motion carried, 4 – 0.

Mr. Giroux asked if the Motion to Delegate in Event of Loss of Quorum includes all projects, and if a monetary threshold would be established. Mr. Broad said the motion includes all projects on the Agenda except for those placed under Consent Calendar. Ms. Carrillo said the projects are still reviewed during the public Panel meeting; the difference is that the quorum is lost. Mr. Giroux understood and asked if the Panel meeting minutes could denote the projects approved without a quorum. Ms. Carrillo agreed.

Mr. Broad revisited the following seven projects not on Consent Calendar that had been heard earlier, without a quorum.

**Anthony Inc., dba Anthony International (Revisited – Out of Order)**

**ACTION:** Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for AI in the amount of \$401,868.

Motion carried, 4 – 0.

**General Mills Operations, Inc. (Revisited – Out of Order)**

**ACTION:** Ms. Roberts moved and Mr. Giroux seconded approval of the One-Step Agreement for General Mills in the amount of \$236,880.

Motion carried, 4 – 0.

**Guittard Chocolate Company (Revisited – Out of Order)**

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the One-Step Agreement for Guittard in the amount of \$198,720.

Motion carried, 4 – 0.

### **International Business Machines Corporation (Revisited – Out of Order)**

ACTION: Mr. Rendon moved and Mr. Giroux seconded approval of the One-Step Agreement for IBM in the amount of \$1,285,200.

Motion carried, 4 – 0.

### **Space Systems/Loral, Inc. (Revisited – Out of Order)**

ACTION: Ms. Roberts moved and Mr. Giroux seconded approval of the One-Step Agreement for SSL in the amount of \$1,072,500.

Motion carried, 4 – 0.

### **Cadence Design Systems, Inc. (Revisited – Out of Order)**

ACTION: Mr. Rendon moved and Mr. Giroux seconded approval of the One-Step Agreement for Cadence in the amount of \$538,650.

Motion carried, 4 – 0.

### **Cypress Surgery Center (Revisited – Out of Order)**

Cypress Surgery Center was withdrawn from consideration at this month's Panel meeting.

### **Visalia Medical Clinic, Inc.**

Ms. Cohen presented a One-Step Agreement for Visalia Medical Clinic, Inc. (Visalia), in the amount of \$270,000. Visalia provides medical care throughout Tulare County from five separate locations.

Ms. Cohen introduced Susan Rasmussen, Human Resource Specialist.

Mr. Broad asked about wage ranges and if there were Physicians' Assistants who earn \$11.83 per hour. Ms. Rasmussen said that no Physicians' Assistants received \$11.83 per hour. She said employees who receive \$11.83 per hour are medical receptionists and medical assistants. Mr. Broad said there was not enough detailed information in the proposal on the pay range for Physicians' Assistants, which was too wide at \$11.83 to \$45.67 per hour. He suggested that the range for this occupation is considerably narrower than stated, toward the higher-end. Mr. Broad asked about the lowest wage that a Physicians' Assistant would receive. Ms. Rasmussen said a Physicians' Assistant usually receives approximately \$75,000 per year. Mr. Broad said \$75,000 per year seemed more accurate for this occupation.

Mr. Broad requested a breakdown in wages for nurses, and related classifications. Ms. Rasmussen said RNs receive \$20.00 per hour and LVNs receive \$16.00 per hour. She

stated that there were fewer RNs and LVNs employed with Visalia than CNAs. She said that CNAs received \$11.83 per hour. Mr. Broad asked for more information about the healthcare technicians who are at the high wage range of \$77.89 per hour. Ms. Rasmussen said the technicians who receive \$77.89 per hour are X-Ray, Laboratory and Clinical Lab Scientists. Mr. Broad asked if the Technician wage range of \$11.83 to \$77.89 per hour listed in the proposal was accurate. Ms. Rasmussen said the company had not recently hired a Clinical Lab Scientist; therefore she was unsure of the entry-level wage. She said these scientists typically start receiving \$20.00 per hour.

Mr. Broad asked if all technicians were in licensed technical categories. Ms. Rasmussen said all technicians were licensed, and that phlebotomists received the lowest wage range of \$11.83 per hour. Mr. Broad asked about the Clerical/Administrative Support occupation, as to which occupation received the lower-end wage range. Ms. Rasmussen said the Executive Administrative Assistant received \$10.50 per hour.

Mr. Broad thanked Ms. Rasmussen for clarifying the wage ranges and said it would be helpful to further give more detailed information about occupation categories in future proposals. Mr. Broad expressed it was unfair to the applicant to show Physicians' Assistants wages of \$11.83 per hour, when they are actually paid \$75,000 per year. Ms. Carrillo agreed, and said staff would provide more detail in the future.

Mr. Giroux asked what efforts Visalia is making to ensure there are adequate numbers of employees proficient in both English and Spanish. Ms. Rasmussen said Visalia employed many individuals who are bilingual. She said that when ads are placed, they encourage bilingual individuals to apply and that bilingual applicants are at an advantage.

**ACTION:** Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for Visalia in the amount of \$270,000.

Motion carried, 4 – 0.

## **Multiple Employer Contracts**

### **Santa Ana Chamber of Commerce**

Diana Torres, Manager of the San Diego Office, presented a One-Step Agreement for Santa Ana Chamber of Commerce (SACC), in the amount of \$823,780. SACC is a non-profit voluntary membership organization committed to fostering business growth, career training, research and development, permit processing reform and employment for youth in the Santa Ana community.

Ms. Torres introduced Dale Ward, Executive Vice President and A.K. Thakore, President of Saisoft.

Ms. Roberts questioned the minimum wage of \$12.90 per hour for Technical Analysts versus the cost of their training at \$26.00 per hour. She said it appeared ETP would spend

more than the amount trainees would receive. Mr. Thakore said this is not true across-the-board, and that even at the lower-end of the wage spectrum there are entry-level technical support occupations earning above \$12.90 per hour. He noted that, in the current contract between SACC and ETP, only about five percent of the trainees earn \$12.90 to \$14.00 per hour, while the majority is well above the low wage range. He said the reason a low-wage target population was included, was to increase their skill levels beyond their entry-level jobs and into professional occupations like network and data base administration, or programming, where wages are anywhere from \$20.00 to \$55.00 per hour. He said in the prior contract, SACC did not ask the Panel to include health benefits in order to meet the minimum wage, and health benefits were included in this proposal on behalf of the entry-level trainees.

Ms. Roberts asked staff if it is unusual for the Panel to fund training at \$26.00 per hour when the trainees receive wages lower than this amount. Ms. Carrillo said staff has verified that Advanced Technology training is very expensive to deliver, and \$26.00 per hour does not even cover the full costs. Ms. Torres said that Mr. Thakore brought up a good point insofar as the low-wage earners are in the minority of the training population. Ms. Torres said it is a considerable investment for ETP, but one designed to help the workers reach those higher wages. Ms. Roberts thanked Ms. Carrillo and Ms. Torres for their input.

Ms. Roberts asked about the cost of third-party training at \$630,000, and if Saisoft understood they would not receive payment if trainees were not placed in employment. Mr. Thakore said the company fully understands that all of the ETP's performance objectives must be met in order to earn the approved amount of funding. Ms. Roberts cautioned that Saisoft may end up not receiving any funds. Mr. Thakore said he understood and that the company's investment has already been made in all of the technology needed to deliver online instructor-led training across the state. Mr. Ward said he also shares the same concern but that SACC is very confident of their training provider.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for SACC in the amount of \$823,780.

Motion carried, 4 – 0.

### **Charo Community Development Corporation**

Ms. Torres presented a One-Step Agreement for Charo Community Development Corporation (CHARO), in the amount of \$200,100 for the training of small business owners. CHARO is a non-profit corporation that provides placement and training programs to the unemployed, displaced, women, veterans, and workers with barriers to employment, CalWORKS recipients, and individuals on public assistance. In addition, CHARO has offered technical assistance to small employers, start-up and existing businesses; rehabilitation services for the development disabled; energy conservation services; and child development services.

Ms. Torres introduced Cynthia Amador, President & CEO.

There were no questions from Panel members.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for CHARO in the amount of \$200,100.

Motion carried, 4 – 0.

### **Pacific Asian Consortium in Employment (PACE)**

Ms. Torres presented a One-Step Agreement for Pacific Asian Consortium in Employment (PACE), in the amount of \$198,935. PACE engages in a wide range of services such as workforce development, business development, asset building, environmental services, work opportunities, early childhood education, and housing services and development.

Ms. Torres explained that this proposal was prepared by three entities: 1) Southern California Workforce Partnership, 2) Teamsters Joint Council 42, and 3) major Los Angeles area employers. She said the Teamsters will provide class/lab training including hands-on use of trucks and equipment, whereas PACE and WCC will manage project administration, trainee recruitment, and trainee job placement.

Ms. Torres introduced Kerry Doi, President & CEO and Johnson Ng, Program Director of Work Source. There were also representatives present from Teamsters Joint Council 42 and Proyecto del Barrio.

Mr. Rendon recused himself from this project. Mr. Broad announced that, with Mr. Rendon's recusal, there was not a quorum present and this matter would go to the Chairperson and Vice Chair in consultation with the Acting Executive Director for final consideration.

Mr. Broad said he is extremely pleased with the proposal and fully supports it. He said that if the project is successful, it will take individuals currently on welfare and move them into a union job as a truck driver, and directly to middle class. He said there could not be any better usage of funds than in an area where there is a shortage of skilled workers. Mr. Broad encouraged PACE to return for future funding of projects, if this project is successful. Ms. Roberts positively commented on the collaboration of all of the entities involved on this project, and the high wages, and said it is needed in California.

Ms. Carrillo, after consulting with the Panel Chair, approved PACE's proposed Agreement in accordance with her delegation of authority in regard to projects where a quorum is not present.

### **Trav-L-World College**

Ms. Torres presented a One-Step Agreement for Trav-L-World College (TWC), in the amount of \$199,640. TWC is a training institution approved and certified by the Bureau for Private Postsecondary and Vocational Education (BPPVE).

Ms. Torres introduced Annet Forrest, President.

Ms. Roberts was concerned about security guards who were earning only \$10.75 per hour being trained in the use of firearms. She questioned whether it was more beneficial to train security guards in conflict resolution to mitigate violence, instead of the use of firearms. Ms. Forrest believed conflict resolution was included in the training, and said that most security guards started at higher salaries than \$10.75 per hour. Ms. Roberts asked if security guards only earned \$12,000 per year. Ms. Forrest disagreed, saying they earned at least \$12.50 per hour. Ms. Roberts said the minimum wage in the proposal did not reflect the amount stated by Ms. Forrest.

Ms. Roberts questioned some of the training included in the menu curriculum, as ETP does not cover compliance training. She asked if any other Panel Members shared her concerns. Mr. Broad asked about the number of security guard projects approved by ETP.

Ms. Carrillo said the Panel had approved five security guard projects in the last five years, including the proposed contract, and that three had been approved this Fiscal Year. Ms. Carrillo was concerned because the contracts are usually low-wage, high-turnover jobs.

Mr. Broad asked staff to research security guard training policies and return to the Panel with suggestions at the next meeting.

**ACTION:** Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement in the amount of \$199,640, for TWC with the understanding that staff will review security guard contract policies and return with recommendations at the next Panel meeting.

Motion carried, 4 – 0.

### **UAW Labor Employment and Training Corporation**

Ms. Cohen presented a One-Step Agreement for UAW Labor Employment and Training Corporation (UAW LETC), in the amount of \$1,529,000. UAW LETC is a labor-centered workforce development corporation that operates customized training programs for businesses and unions.

Ms. Cohen explained that because this proposal includes both small and large businesses which have different fixed-fee amounts, rather than attempting to track the individual employers by job number based on the company side, UAW LETC is willing to accept an average rate of \$22.00 per hour for all trainees.

Ms. Cohen introduced Robert Nelson, President/CEO of UAW-LETC; and Hilda Pacheco-Taylor, Director of Operations for Supplier Excellence Alliance (SEA).

Mr. Broad asked about the previous contract which is ending shortly with an anticipated completion rate of 68 percent. He noted there were two other ongoing contracts and

suggested that the Panel reduce funding for the instant proposal in half, pending a performance review. If the outcome is positive, then UAW-LETC could return for an amendment rather than ETP encumbering a high amount of funds up front. Ms. Pacheco-Taylor said the proposed SEA training program was projected to complete between 68 and 72 percent.

She pointed out that the proposal of \$2.5 million represented a reduction that had already been negotiated with ETP staff. She said SEA originally requested \$5 million as in their previous contract, adding that they understood they could not be eligible to return for an amendment unless performance was proven. She said one of the factors for poor performance in the past was that suppliers were much busier now that the industry was growing and getting more orders. Some of the suppliers were unable to finish their training because their focus was on production. She said SEA had reduced the number of suppliers included as participating employers under the instant proposal, and had increased their outreach efforts. Ms. Carrillo added that, aside from reducing the contract amount, ETP only encumbers one-third of the approved amount until contract performance merits an increase in encumbrance.

**ACTION:** Mr. Giroux moved and Mr. Rendon seconded approval of the One-Step Agreement for UAW LETC in the amount of \$1,529,000.

Motion carried, 4 – 0.

### **West San Gabriel Valley Consortium dba Career Partners**

Ms. Cohen presented a One-Step Agreement for West San Gabriel Valley Consortium dba Career Partners (Career Partners), in the amount of \$140,134. Career Partners is a One-Stop Center that provides services to employers and job seekers under the Workforce Investment Act (WIA).

Ms. Cohen introduced Nadine Gomez, Business Services & Marketing Manager.

Ms. Roberts voiced concern about the low completion rate of the active project. Ms. Gomez said the completion rate was affected by a five-month delay. She explained that the participating employers scheduled to start training suffered numerous lay offs. She said Career Partners currently has a waiting list and they have been very aggressive in their outreach efforts.

**ACTION:** Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for Career Partners in the amount of \$140,134.

Motion carried, 4 – 0.

### **Regional Technical Training Center**

Mr. Chan presented a One-Step Agreement for Regional Technical Training Center (RTTC), in the amount of \$199,916. RTTC is a private, post-secondary and vocational

school that specializes in developing and providing customized training programs for California employers.

Mr. Chan introduced Bernard Ashcraft, Chief Executive Officer.

Mr. Broad asked if this was RTTC's first contract with ETP. Mr. Ashcraft answered in the affirmative.

**ACTION:** Mr. Giroux moved and Mr. Rendon seconded approval of the One-Step Agreement for Career Partners in the amount of \$199,916.

Motion carried, 4 – 0.

### **Center for Employment Training**

Ms. Cohen presented a One-Step Agreement for Center for Employment Training (CET), in the amount of \$487,441. CET is a community-based, private non-profit corporation that operates 16 training centers in California.

Ms. Cohen introduced Carlos Lopez, Director.

Ms. Roberts asked about the completion rate for the prior contract between CET and ETP, at just above 50 percent. She asked why staff isn't looking at diminishing the funding amount based on the company's historically low completion rate. Mr. Lopez said CET's performance rate of 58-63 percent is within the ETP standard, especially for new-hires. He said CET places approximately 80 percent of trainees into full-time jobs and that CET earns between 58-63 percent of funding due to the performance benchmarks.

Ms. Carrillo said staff took CET's prior performance into account in recommending funding at \$487,441 which had, in fact, been reduced from what was originally requested by CET. Mr. Lopez confirmed that CET had originally requested \$800,000 and staff cut it in half. Ms. Roberts thanked them for clarification, as this information was not noted in the proposal.

Ms. Roberts commented on the low wages. Mr. Lopez said the majority of entry-level trainees would earn between \$10.00 and \$14.00 per hour. He said the wage waiver was only requested for rural communities. Ms. Carrillo said that the W2W guidelines approved by the Panel allowed the minimum wage to be even lower than \$9.00 per hour, but staff negotiated this wage with CET for only 25 percent of the population. She said the remaining employees would have to earn the standard ETP new-hire wage.

**ACTION:** Mr. Giroux moved and Mr. Rendon seconded approval of the One-Step Agreement for CET in the amount of \$487,441.

Motion carried, 4 – 0.

## VII. REVIEW AND ACTION ON REGULATIONS

Maureen Reilly, General Counsel, directed everyone to the Panel Memorandum Regulations Tab in the Panel Packet. She said that staff is revisiting a proposed regulatory action that was withdrawn at the last meeting, concerning the definition of “frontline worker” in Title 22, California Code of Regulations, Section 4400(ee). She said this amendment is proposed for clarity and also to bring the definition into conformity with Federal and State wage orders. She said the revised definition would also conform to the meaning of “frontline workers” in the enabling law. She further explained that Unemployment Insurance Code Section 10200(a) which states that frontline workers directly produce goods or deliver services, must be harmonized with the wage orders for exemption from payment of overtime as compensation.

Ms. Reilly said the strike-out and underline text of the proposed amendment, which is an attachment to the Panel Memorandum, made it clear that if an individual worker is not exempt from payment of overtime then he or she is a frontline worker. In other words, she said, a frontline worker is a person who is directly producing or delivering goods or services. In addition, Ms. Reilly explained, the amendment would clarify a presumption that persons covered through collective bargaining are working on the frontline. She also explained that the amendment would allow workers who are exempt from overtime to still qualify as “frontline” under the Panel’s case-by-case analysis as to whether they are directly producing or delivering goods or services. Ms. Reilly explained there are specific standards for the Panel to follow, especially in the State Labor Code and guidelines published by the Division of Labor Standards Enforcement as set forth in the proposed amendment. She said the remainder of the regulation revision was designed to “clean up” formatting. She asked if there were any questions. There were no questions from Panel Members.

Mr. Broad said the regulations would be voted on individually.

**ACTION:** Mr. Giroux moved and Mr. Rendon seconded to approve the amendment for Section 4400(ee), Frontline Worker.

Motion carried, 4 – 0.

Ms. Reilly said the next proposed action discussed in the Panel Memorandum is a proposed repeal of Section 4407 on the subject of Small Business Projects, which states that the Panel may delegate its authority to approve new-hire training projects in an amount not to exceed \$50,000 to a Workforce Investment Board (WIB). She said there is a specific statute allowing this delegation, regarding approval of training subcontracts. She said the Panel does not need a specific regulation, as it was clear throughout the enabling law that a contracting entity may subcontract for the provision of training or for administration. She said the Panel cannot delegate its authority to appropriate expenditures from the Employment Training Fund. Thus, she said, there is no need for the regulation because the enabling law, as a whole, is much clearer. She also said that the specific delegation statute imposes certain restrictions, and a WIB would be better off contracting with the

Panel as a Multiple Employer Contractor. For these reasons, she said, staff recommends repeal of Section 4407.

She asked if there were any questions. There were no questions from the Panel.

**ACTION:** Mr. Giroux moved and Mr. Rendon seconded the repeal of Section 4407, Small Business Projects.

Motion carried, 4 – 0.

### **VIII. PUBLIC COMMENT**

There were no members of the public who wished to comment.

### **IX. ADJOURNMENT**

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded to adjourn the meeting at 11:35 a.m.

Motion carried, 4 – 0.