

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
Byron Sher Auditorium, 2nd Floor
1001 "I" Street
Sacramento, CA 95814
November 14, 2008

PANEL MEMBERS

Barry Broad
Acting Chair

Greg Campbell
Member

Barton Florence
Member

Scott Gordon
Member

Brian McGowan
Member

Janine Montoya
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Executive Staff

Brian McMahon
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Janice Roberts, Acting Chairperson, called the public Panel meeting to order at 9:47 a.m.

II. ROLL CALL

Members Present

Barton Florence
Scott Gordon
Brian McGowan (arrived at 9:50 a.m., after initial roll call)
Janine Montoya
Edward Rendon
Janice Roberts

Members Absent

Barry Broad
Greg Campbell

Executive Staff Present

Brian McMahan, Executive Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

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

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Gordon moved and Mr. Rendon seconded approval of the Panel Minutes of October 17, 2008.

Motion carried, 5 – 0.

Ms. Roberts introduced Janine Montoya, appointed to the Panel by Governor Schwarzenegger. Ms. Montoya said she is a small business owner with two heating and air conditioning companies in Ventura County and a small business advocate working with the NFIB in Sacramento, Chambers of Commerce, and the National Association of Women in Construction, trying to make a difference for small business.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, said there were no new developments in the current fiscal year appropriation. He said as mentioned at the October meeting, ETP had a \$10.2 million reduction in our appropriation and staff is taking steps to offset that shortfall by disencumbering projects on an accelerated basis, and moving the incremental encumbrance percentage from 35 to 30 percent on new projects approved.

Mr. McMahon said if all projects are approved today, \$19.2 million of the adjusted \$32.5 million available for new training projects in the current fiscal year will have been encumbered. This would leave a balance of \$13.3 million in potential encumbrances for the remainder of the FY. He said that based on the incremental encumbering approach, the Panel will have approved to date approximately \$56.7 million, leaving approximately \$38 million in total contracting ability for the remainder of the FY.

Mr. McMahon said since the Legislature is not in session, there were no active bills to report. Mr. McMahon said AB2570, the bill ETP sponsored last year, is now Chapter 497 with a January 1 effective date. He said staff has begun to receive questions about AB2570, from the contracting community about participant eligibility. He said effective January 1, 2009, enrollments will no longer require employers to submit an ETP 83 form. He said applicants will no longer be required to establish retraining eligibility when trainees have a hire date less than 90 days from their start of ETP funded training. He said the procedure will be effective for all enrollments after January 1, 2009, in both new and existing contracts. He said the bill requires the waiver of the 90-day provision to be limited to no more than 10% of the total trainees approved in the program, historically we have been tracking at half that figure. Nevertheless, staff will continue to periodically monitor, to ensure we stay below the 10% cap.

Mr. McMahon said due to funding limitations, staff is taking action to ensure compliance with the 200 hour per trainee cap. He said this applies to both single employer contracts as well as multiple employer contracts. Contractors who request training that exceeds 200 hours either under a single job number or through multiple enrollments in more than one job, will be asked to justify the need for additional training hours and give staff an approximate figure as to the number of trainees that will receive additional hours. He said the request for additional hours will be explained in the ETP 130 proposal memos in the panel packet. He said regional managers will also highlight that in their report to the Panel and each contract approved will have language limiting trainees to a 200 hour threshold unless specifically approved by the Panel. This limit would apply to the total number of hours of training that that individuals receive through one or more jobs. He said staff will look at the aggregated total of hours.

Request Motion to Delegate in Event of Loss of Quorum

Mr. McMahon asked for a motion to delegate to the Executive Director the authority to approve items noticed for action at this meeting, in consultation with the Panel Chair or Vice Chair, if a quorum does not exist.

ACTION: Mr. Rendon moved and Mr. Florence seconded the Panel delegate to the Executive Director the authority to approve items for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 6 – 0.

Request Motion to Adopt Consent Calendar Projects/Action

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through #14.

AAA Plating & Inspection, Inc.	\$11,700
Aero Bending Company	\$45,240
AeroMech Engineering, Inc.	\$10,582
AllMotion Inc.	\$3,120
Associated Microbreweries, Inc.	\$74,772
Bob-Leon Plastics, Inc.	\$17,160
Contractors’ Alliance of Richmond.....	\$28,230
Digital Telecommunications Corporation	\$54,340
HEDGPETH Automotive Corporation	\$8,118
Jade Range L.L.C.	\$73,656
Michrom Bioresources Inc.	\$14,040
NAC Inc.	\$28,980
The Olivia Companies, L.L.C.	\$49,500
Thermal Tech Inc.	\$4,264

ACTION: Mr. Gordon moved and Mr. Florence seconded approval of Consent Calendar items #1 through #14.

Motion carried, 6 – 0.

VI. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, reported there has been an appeal by GoTrain Inc. stemming from the Panel’s final determination a couple of months ago. She said the determination was in favor of ETP, based on the fact that the Appellant failed to appear at the Administrative Appeal Hearing. She said the default ruling is now with the Superior Court in Los Angeles County for review. She said staff is in the process of preparing the administrative record and have referred the case to the Office of Attorney General in Los Angeles County. She said she will update the Panel, as additional information becomes available, and it will be at least two months before ETP’s response and pleading are due.

VII. WORKFORCE INNOVATIONS IN REGIONAL ECONOMIC DEVELOPMENT (WIRED)

Ms. Roberts introduced Stewart Knox with the Workforce Innovations and Regional Economic Development (WIRED).

Stewart Knox said WIRED (Workforce Innovations in Regional Economic Development) began as a pilot project in late 2005 – early 2006. He said it is WIRED's mission to develop a public/private partnership that will foster and support entrepreneurs and, more generally, the entrepreneurial spirit and opportunity in Northern California. He said the Northern California WIRED region is composed of 17 Counties: Del Norte; Sierra; Siskiyou; Modoc; Trinity; Shasta; Lassen; Tehama; Nevada; Butte; Plumas; Glenn; Lake; Sutter; Yuba; Humboldt and Colusa.

Mr. Knox said the North State WIRED project is built around three primary programs: a Core program; a Regional Support program; and an Angel Investment Network. He said the North State WIRED project is built around three primary programs: a Core program, a Regional Support program, and an Angel Investment Network.

Mr. Knox said the Core Services program will provide a direct response to the primary business needs of entrepreneurs engaged in start up, expansion and retention. The Core Services program consists of small business development centers, high schools, economic development, County Government, State Universities, local business, banks and community colleges and Venture Capital Angel Investors. He said the next component to the Core program in high schools will be to sponsor E-clubs in all of the high schools in the north of California around how they do entrepreneurship. Through ROP courses, the E-club component will be added to their curriculums.

Mr. Knox said the Regional Support programs will provide a more general response: raise awareness, provide information, and foster an entrepreneurial business climate. He said the Angel Investment Network's purpose is to foster a private equity and entrepreneurial culture to assist in the identification, creation and development of high growth, home grown innovation based business. He said there are four spokes to the Angel Investment Network hub. The Golden Capital spoke is professionally managed by experienced venture capital investors. It is centered in Chico with a fund of \$25 million. He said each spoke contributes \$1 million to the hub fund, and keeps a minimum of \$1 million for local investments. He said while they have venture capital in the entire State of California, they would like to see the money invested locally.

Mr. Knox said the Northern California Regional Competitiveness Network leadership team has identified the broad "Entrepreneur" sector as the primary sector that it will work with for the WIRED project. He said these sectors include aspiring entrepreneurs, micro enterprises, lifestyle small businesses, middle market companies, and innovation based high-growth ventures. He said to the extent practicable, needed support will be provided to all entrepreneurs/small businesses, but the primary focus will be on assisting those with growth

potential; particularly the innovation based entrepreneur. He said they have held forums with employers specifically around STEM (science, technology, engineering and math) education. As a result, 50 new expanded or new courses in STEM education are now offered and approximately seven new courses in renewable energy also have STEM education components.

Mr. Knox said the Department of Labor reviewed how they worked with the Workforce Investment Boards engaged with economic development, venture capital networks, and businesses in general, and working towards a different model. He said there were two proposals funded in California. He said they funded 39 regions in the United States and WIRED received a \$5 million grant and California also contributed approximately \$500,000. Mr. Knox said the WIRED initiative supports innovative approaches to workforce and economic development that go beyond traditional strategies preparing workers to compete and succeed. He said WIRED will create a private sector network of locally based investors to provide the capital for entrepreneurs to expand local innovation-based businesses to a larger market. He said the results will be an expanded economy with increased employment opportunities.

Mr. Knox said WIRED is a three year project that will run until January 29, 2010. He said they are confident they will meet and exceed all of their outcomes. He said it is a new way to do business in California for Workforce Investment Boards and partnering with ETP and other entities that have training dollars available is important to assist their employers in the future. He asked if there were any questions or comments from the Panel.

Ms. Roberts thanked Mr. Knox for his presentation and said WIRED is a very exciting program. Ms. Roberts asked the Panel if they had any questions. There were no questions from the Panel.

Ms. Roberts announced that Dolores Kendrick, Manager of the North Hollywood Regional Office, is retiring soon and this is the last Panel meeting she will attend. Ms. Roberts and Mr. McMahon wished her well in her retirement.

VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Single Employer Contractors

Deere & Company

Diana Torres, Manager of the San Diego Regional Office, presented a funding proposal for Deere & Company (Deere) in the amount of \$359,100. She said Deere seeks funding for employees at four closely affiliated companies in California: 1) NavCom Technology, Inc., 2) John Deere Water Technologies, 3) T-Systems International and 4) John Deere Agri-Services.

Ms. Torres noted a correction in the ETP 130 in the Panel Packet, on Page 4 of 5 under the Temporary to Permanent Hiring heading. She said this is an error and there would not be

any training of temporary workers, and the training for ETP purposes will not occur until the employees are hired permanent. She said trainees are under the same category as the other trainees for the total of 353 trainees.

Ms. Torres introduced Sandy Crays, Director of Human Resources and Anthony Rutigliano, ISO/Training Manager.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. McGowan seconded approval of the funding proposal for Deere in the amount of \$359,100.

Motion carried, 6 – 0.

La-Z-Boy West

Ms. Torres presented a funding proposal for La-Z-Boy West (La-Z-Boy) in the amount of \$422,280. La-Z-Boy makes furniture for every room of the home, as well as for hospitality, health care, and assisted-living industries.

Ms. Torres introduced Jovie Dabu, General Manager; James McHenry, Training Manager; and Brooke Perez, representing Deloitte.

Mr. Florence referred to Page 5 of 6 of the ETP 130 in the Panel Packet. He said the footnotes under Prior Projects states “production demands prevented employees from being released for training” and asked what has changed since then, where employees can now be released for training.

Mr. McHenry said he took over the training department a year ago, and implemented a training calendar, which helped them to earn 56% of their funding in only half the time. He said in this proposal, they are fully prepared with the training calendar and the systems in place to properly document all training and to ensure employees will be available for the training.

Ms. Roberts asked about the company’s production incentive bonus and asked how many of the 391 employees earning a base wage of \$9.00 to \$10.11, fall under the incentive bonus.

Mr. Dabu said it was approximately an 80:20 ratio; 80% of their employees fall under the production incentive bonus and would earn about \$15.00 per hour. Ms. Roberts asked if the incentive bonus is “piece work” rather than an hourly bonus. Mr. Dabu agreed. Ms. Roberts asked, if the employees do not meet the “piece work” incentive, if they would not receive the incentive bonus and therefore, not be eligible. Ms. Torres said that is correct, since the employee would then not meet the performance standard. Ms. Roberts asked how it is determined whether the employee earns the production incentive hours. Ms. Torres said staff has access to the company’s quarterly earnings, and is based on the

reported income in a quarter, and then divided by the number of full-time hours within that quarter.

Ms. Roberts warned the company that 60 hours is a great deal of hours for each employee. She said the company must also provide other in-kind training in addition to the 60 hours of training. Mr. McHenry said in order to be competitive in their market, training is critical. He said the training on the calendar is all necessary and will take the full 60 hours per employee to complete.

Mr. McGowan asked if the facility located in Redlands is new. Mr. McHenry said no, the facility has been in existence since 1966. Mr. McGowan asked if the company is creating additional jobs. Mr. McHenry said as long as the market increases, their goal is to increase their production.

Mr. McGowan asked, prior to the company's transfer of their manufacturing facility from Utah to California, how many employees were at the Utah facility. Mr. Dabus said approximately 10 more employees, based on their product line demand in reclining sofas. Mr. McGowan asked if the company discontinued or created a new line of products. Mr. Dabus said they must create new lines.

ACTION: Mr. McGowan moved and Mr. Florence seconded approval of the funding proposal for La-Z-Boy in the amount of \$422,280.

Motion carried, 6 – 0.

The Pep Boys Manny, Moe & Jack of California

Ms. Torres presented a funding proposal for The Pep Boys Manny, Moe & Jack of California (Pep Boys), in the amount of \$210,000. He said Pep Boys is a one-stop shopping format for accessories, parts, tires, and repair services.

Ms. Torres noted that once AB2570 becomes effective on January 1, 2009, this will no longer be necessary unless the company is asking for a wage modification in a high unemployment area. She said 50 individuals, times the average cost of training at \$1,050, is \$50,000 less that will be taxed against ETP's SET fund. She said this proposal is returning to the Panel from the October meeting. She said the Panel's only concern with this project is that the curriculum did not reflect the weighted average of 70 hours. She said Pep Boys is returning to the Panel with additional clarification and expansion of the need for training already in the curriculum.

Ms. Torres said John Rodriguez, Plant Manager of Pep Boys, was unable to attend the meeting, as he is the sole individual traveling between California and its corporate headquarters. Ms. Torres said she would answer any questions that the Panel may have in the curriculum. There were no questions from the Panel. Ms. Roberts said the Panel appreciates the additional information added to the curriculum.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the funding proposal for Pep Boys in the amount of \$210,000.

Motion carried, 6 – 0.

Vibra Healthcare, LLC

Ms. Torres presented a funding proposal for Vibra Healthcare, LLC (Vibra Healthcare), in the amount of \$499,032. She said Vibra Healthcare operates five hospitals in California, licensed as either rehabilitation hospitals or long term acute care and rehabilitation.

Ms. Torres said the proposal represents the “blended rate” of \$22.00 per hour for medical skills training that is delivered, at least in part, by a preceptor. She said business and computer skills training does not fall under the blended rate and will be reimbursed at \$18.00 per hour. She said Vibra Healthcare seeks a modified work week of the standard 35 hours required for 40 of its Registered Nurses, out of the estimated 239 trainees. She said company representatives report that all 40 trainees have requested to work only 32 hours; therefore, it is a voluntary reduction, as they have additional jobs at other hospitals as is customary in this industry. She said these nurses will receive the same benefits as other full time employees. She said of the 239 trainees in the training plan, approximately 120 work at the facilities in Fresno and San Bernardino counties, which are in high unemployment areas; however, Vibra Healthcare is not seeking a wage modification for those trainees.

Ms. Torres introduced Edward Palacios, Chief Executive Officer of San Joaquin Valley Rehabilitation and William Parker, President of National Training Systems Inc.

Mr. McMahon said the Panel has the authority to approve hours below 35, if employees agree to those reduced work hours and if full benefits are offered to those workers, which applies to this proposal.

Ms. Roberts asked how many CNAs are employed at the rehabilitation hospitals. Mr. Palacios said rehabilitation hospitals in California are licensed the same as acute care hospitals, and must meet the same licensed nurse ratios; therefore, the majority of staff are RNs and LVNs. Ms. Roberts asked if CNAs would not be trained in this proposal. Mr. Palacios agreed and said the utilize rehabilitation technicians who are not involved in the same level of care

ACTION: Mr. Florence moved and Mr. McGowan seconded approval of the funding proposal for Vibra Healthcare in the amount of \$499,032.

Motion carried, 6 – 0.

Sony Pictures Entertainment

Dolores Kendrick, Manager of the North Hollywood Regional Office, presented a funding proposal for Sony Pictures Entertainment (SPE), in the amount of \$253,800. SPE produces and distributes motion picture and television programming; provides post-production

activities; operates studio facilities; acquires and distributes home entertainment products; develops entertainment products and services for broadband distribution; manages television channel investments; markets entertainment products; and licenses merchandise for consumers worldwide.

Ms. Kendrick introduced Cathy Daoust, Director of Development & Learning Information Technology and introduced Brad Yamasaki, Vice President of Information Technology.

Ms. Roberts asked for clarification that Culver City and Los Angeles have 11 separate facilities, none of which earned \$250,000 in the last five years. Ms. Daoust said that is correct. She said they have 27 facilities in the Los Angeles area and are only providing training at 11 facilities and different groups of people are receiving different training. Ms. Roberts said it appears the company may never have a substantial contribution. She asked if SPE is one company, or a subsidiary of other companies. Ms. Daoust said SPE is one company, not a subsidiary.

Ms. Roberts said their prior project only earned 52% and asked if the current proposal is to train employees that did not receive the training in the prior contract at the same facility. Ms. Daoust said some of the training for the new contract would be the next part of the training that they introduced last time, but the focus of this proposal is on the “digital cinema”, which is all new training. Ms. Roberts asked if training will include the same employees or the same facility. Ms. Daoust said some of the same facilities are involved, but not the same employees. Ms. Roberts said the company may never require a substantial contribution since they have 27 facilities. Ms. Daoust said they are beginning to consolidate the facilities where training will take place, and will eventually only train at four locations.

ACTION: Mr. McGowan moved and Mr. Rendon seconded approval of the funding proposal for SPE in the amount of \$253,800.

Motion carried, 6 – 0.

Tropicana Manufacturing Company, Inc.

Ms. Roberts recused herself from review, discussion, and action on the Tropicana manufacturing Company, Inc. proposal, and passed the gavel to Mr. Florence.

Ms. Kendrick presented a funding proposal for Tropicana Manufacturing Company, Inc. (Tropicana), in the amount of \$391,500. She said Tropicana is a producer of branded fruit juices worldwide, supplying retailers, wholesalers, and education systems.

Ms. Kendrick introduced Wendy Aguilar, Human Resources.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Mr. McGowan seconded approval of the funding proposal for Tropicana in the amount of \$391,500.

Motion carried, 5 – 0 (Ms. Roberts recused)

Mr. Florence returned the gavel to Ms. Roberts.

Certified Stainless Service, Inc.

Ruby Cohen, Manager of the Sacramento Regional Office, presented a funding proposal for Certified Stainless Service, Inc. (CSS), in the amount of \$275,400. CSS manufactures tanker trailers that serve the dairy, wine, oil, and food industries.

Ms. Cohen introduced William Doughty, Vice President of Finance and Mike Jester, representing Strategic Solutions.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. McGowan seconded approval of the funding proposal for CSS in the amount of \$275,400.

Motion carried, 6 – 0.

Granite Construction Company

Ms. Cohen presented a funding proposal for Granite Construction Company (Granite), in the amount of \$288,000. She said Granite builds large infrastructure projects, including roads, highways, bridges, dams, tunnels, canals, mass-transit facilities, and airports. Granite also performs site preparation services for buildings, plants, subdivisions, and other facilities. The company is also a major provider of rocks, gravel, asphalt, and other construction materials.

Ms. Cohen introduced Brian Caris, Employee Development Manager and Sharon Reed, Employee Development Leader.

Mr. Florence asked if this proposal duplicates or replaces some of the union training. Mr. Caris said no, they utilize some union training, but have internal training for their craft forces. Mr. Florence said he questioned the training, since crane operator training and grade setting/checking is listed in the menu curriculum. He said the Operating Engineers Union training facility in Rancho Murieta trains in many of the same areas. He wanted to ensure funds are not going towards training individuals where a company is already committed to their training programs contractually. Mr. Caris said much of their grade setting/checking training is done internally. He said they have subject matter experts from the field that help new employees learn grade setting/checking to build their talents. He said they have the opportunity to train at Rancho Murieta and some of the local events the Unions hold, but also host a similar, but more pointed training internally within Granite.

ACTION: Mr. Gordon moved and Mr. McGowan seconded approval of the funding proposal for Granite in the amount of \$288,000.

Motion carried, 6 – 0.

Leprino Foods Company

Ms. Cohen presented a funding proposal for Leprino Foods Company (Leprino Foods), in the amount of \$620,200. Leprino Foods is a worldwide producer of cheese and whey products for service companies, pizza franchises, frozen food manufacturers, and private label cheese manufacturers.

Ms. Cohen introduced Peter Casanova, People Development Manager and Nathen Faulkner, representing Strategic Solutions.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Mr. McGowan seconded approval of the funding proposal for Leprino Foods in the amount of \$620,200.

Motion carried, 6 – 0.

Sturgeon & Son, Inc.

Ms. Cohen presented a funding proposal for Sturgeon & Son, Inc. (Sturgeon), in the amount of \$538,560. She said Sturgeon specializes in the oil field construction industry.

Ms. Cohen introduced Diana Staib, Special Projects Division and Mike Jester, representing Strategic Solutions.

Ms. Roberts warned that 80 hours of training per employee is monumental, especially since it is their first contract.

There were no questions from the Panel.

ACTION: Mr. McGowan moved and Mr. Rendon seconded approval of the funding proposal for Sturgeon in the amount of \$538,560.

Motion carried, 6 – 0.

Diebold, Inc.

Creighton Chan, Manager of the Bay Area Regional Office, presented a funding proposal for Diebold, Inc. (Diebold), in the amount of \$228,096. He said Diebold develops, manufactures, sells, installs, and services automated self-service transaction systems, electronic and physical security products, software, and various products used to equip bank facilities.

Mr. Chan introduced Laura Johnstun, Senior Learning Management System Specialist.

Mr. Florence said since out-of-state training will only be for new employees, if existing employees have already received the training. Ms. Johnstun said existing employees have already received the training.

ACTION: Mr. Rendon moved and Mr. McGowan seconded approval of the funding proposal for Diebold, Inc. in the amount of \$228,096.

Motion carried, 6 – 0.

Symyx Technologies, Inc.

Mr. Chan presented a funding proposal for Symyx Technologies, Inc. (Symyx), in the amount of \$454,968. Symyx is a scientific research and development corporation serving companies in the life sciences, chemical, energy, consumer products, and electronics industries.

Mr. Chan noted a correction on Page 5 of the ETP 130 under the turnover rate. He said the 2006 and year-to-date turnover rates of 3.6% and 12.8% respectively are incorrect, and should read as follows: 12.8% and 12.6%.

Mr. Chan introduced Troy Fenner, Vice President of Human Resources; Carla Frates, Manager of Human Resources; and Brooke Perez and Bruce Kessler, representing Deloitte.

Ms. Roberts asked staff about manager and supervisor occupations included in the training. Mr. Chan said the managers and supervisors spend over 51% of their time producing goods on the floor. He said although they manage people, their main focus is to produce product. Ms. Roberts asked if the managers and supervisors are engineers or scientists. Mr. Fenner said yes, many scientist engineers interface with customers as well as manage people and products.

ACTION: Mr. McGowan moved and Mr. Rendon seconded approval of the funding proposal for Symyx in the amount of \$454,968.

Motion carried, 6 – 0.

Multiple Employer Contractors

California Career School

Ms. Torres presented a funding proposal for California Career School (CCS), in the amount of \$339,290. CCS is a career school which trains individuals as auto repair tune up/emissions technicians and CNC set-up operators.

Ms. Torres said the representative for the California Career School proposal was not present and asked the Panel if she could have time to call the representative to verify he would not be at the meeting today. Ms. Roberts agreed and moved Tab 27, California Career School, to be heard after the next project.

Central Nursing College, LLC

Ms. Kendrick presented a funding proposal for Central Nursing College, LLC (CNC), in the amount of \$331,860. CNC is a private, for profit, training and educational center.

Ms. Kendrick introduced Teresza Malakian, Associate Director and Katherine Ahn, President/Administrator.

Ms. Roberts asked if the 30 CNA trainees would become LVNs at the end of the 750 training hours. Ms. Malakian said the LVN license is provided by the State Board and CNAs must pass the State Board exam in order to receive a license. Ms. Roberts asked about the company's success rate of CNAs who pass the RN State Board exams. Ms. Malakian said in the last quarter, they had a 100% passing rate. Ms. Roberts asked if CNAs go through an \$11,000 per student training and then received a 100% passage rate on the LVN State Board exams. Ms. Malakian agreed and said they receive reports every quarter on exam passage rates for their students. She said it is up to the student to decide when to apply for the State Board exam.

Mr. Florence asked if the 600-750 training hours listed under Class/Lab training in the Training Plan Table is in a classroom setting or on-the-job training. Ms. Malakian said training includes lab and clinical facilities. Mr. Florence asked how many training hours are spent in the lab and how many are in clinical facilities. Ms. Malakian said the majority of training hours is conducted in clinical facilities at hospitals or long-term care facilities. She said total program hours for LVNs is 1,616 hours and 1,000 hours must be clinical training. Mr. Florence asked how much clinical training is spent with an instructor or trainer. Ms. Malakian said students are under supervision at all times in a clinical setting.

ACTION: Mr. Rendon moved and Mr. McGowan seconded approval of the funding proposal for CNC in the amount of \$331,860.

Motion carried, 6 – 0.

California Career School (presented out-of-order)

Ms. Torres said she was unable to locate the California Career School representative and suggested postponing this project until the December meeting. Ms. Roberts said since the California Career School representative was unable to attend the meeting, the matter would be held over and scheduled for next month.

Amendments

AeA

Mr. Chan presented an amendment for AeA in the amount of \$603,664. She said AeA is the largest trade association of high-tech companies in the United States. AeA maintains five local councils in Santa Clara, Woodland Hills, Irvine, Sacramento and San Diego.

Mr. Chan introduced Elaine Sanders, Senior Vice President and A.K. Thakore, President of Saisoft, Inc.

There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the amendment for AeA in the amount of \$603,664.

Motion carried, 6 – 0.

IX. REVIEW AND ACTION ON ANNUAL REPORT 2007/2008

Michael Rice, Chief ETP's Administrative Division, presented the draft Annual Report for 2007-08. He said the Annual Report is required by the ETP enabling legislation to be submitted to the Legislature annually to address the prior fiscal year. He said the Annual Report describes the Panel's actions and accomplishments for FY 2007-08. He said the Panel took steps to maximize its resources to fulfill its mission and address priorities in the report year. He said that with the budget last year at well below historic levels, the Panel took a number of administrative actions to maximize resources including: encumbering contracts at low levels of approximately 35%; continuing its funding moratoriums and limiting initial contract amounts; and to achieving the best return on investment of limited training funds. He said staff targeted marketing efforts to key industries as prioritized in the Strategic Plan. He said marketing continues to support economic development and small business, while also reaching out to key emerging initiatives such as clean technology, career technical education, and nurse training.

Mr. Rice said there were 389 new contracts approved during the year, with 227 completed and 263 ongoing. He said activity in the year neared 880 contracts and close to 211,250 trainees. He showed that 73% of approved funds went to priority industries and 61% went to manufacturing and other high-tech firms.

Mr. Rice reviewed some of the key actions and accomplishments during the report year:

- The Panel supported economic development in California approving \$22 million for projects aimed at business expansion and retention, which will result in the creation of thousands of new California jobs.
- The Panel continued to serve small business and supported nurse and healthcare training, clean/green technology, career technical education and high unemployment areas.

- The Panel supported projects in the Central Valley and Northern California to train workers in areas where unemployment rates are high.
- The Panel supported the Talent Transfer statewide initiative and launched pilot programs for seasonal workers and ex-offender/at-risk youth.

Mr. Rice said a number of administrative actions were also taken to improve the program. He said the Panel updated regulations to revise the substantial contribution requirement and establish guidelines for contracts with businesses that utilize professional employer organizations and payroll companies, and the contracting process was also improved to increase the allowable fast-track contracting amounts.

In April 2008, ETP staff conducted a forum with a number of Multiple Employer Contractor (MEC) representatives who provide retraining, to identify and address issues and to enhance MEC participation in the program. He said this session provided input for ETP's Strategic Plan addressing issues related to a still limited budget, while fulfilling ETP's mission and addressing new priorities such as implementing the provisions of AB2570 and a new pilot program to help unemployed Veterans secure and obtain well paying jobs.

He asked the Panel if there were any questions and proposed the Annual Report be approved with direction to staff to incorporate any requested changes and delegation of the authority to the Executive Director for final approval. There were no questions from the Panel.

ACTION: Mr. Florence moved and Mr. Rendon seconded approval of the Annual Report with direction to staff to incorporate any requested changes and delegation of the authority to the Executive Director for final approval.

Motion carried, 6 – 0.

X. PUBLIC COMMENT

There was no public comment.

XI. ADJOURNMENT

Ms. Roberts adjourned the meeting at 11:39 a.m.