



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 "I" Street
Coastal Hearing Room, 2nd Floor
Sacramento, CA 95814
December 8, 2010

PANEL MEMBERS

Barry Broad
Acting Chair

Greg Campbell
Member

Sonia Fernandez
Member

Barton Florence
Member

Janine Montoya
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Traci Stevens
Member

Executive Staff

Brian McMahon
Executive Director

Maureen Reilly
General Counsel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency
1001 "I" Street
Coastal Hearing Room, 2nd Floor
Sacramento, CA 95814
December 8, 2010

I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Panel Chairman, called the meeting to order at 9:33 a.m.

II. ROLL CALL

Present

Barry Broad
Sonia Fernandez
Janine Montoya
Edward Rendon
Traci Stevens

Absent

Bart Florence
Janice Roberts
Greg Campbell

Executive Staff Present

Brian McMahan, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

ACTION: Ms. Montoya moved and Ms. Stevens seconded the motion that the Panel approve the Agenda.

Motion carried, 5 – 0.

IV. MINUTES

ACTION: Ms. Montoya moved and Ms. Stevens seconded the motion that the Panel approve the Minutes from the October 29, 2010 Panel meeting.

Motion carried, 5 – 0.

Mr. Broad announced that two proposals, 1) Tab #18, Viceroy Hotel Group; and 2) Tab #25, Chevron U.S.A. Inc., have withdrawn their applications for consideration by the Panel at today's meeting.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, welcomed everyone to the meeting, especially the applicants that have waited a very long time to get to the Panel. He said at today's meeting, we will exclusively be considering projects from the 2009 pipeline that were unfunded. It is expected that the large majority of the 2009 pipeline will be funded after the January 28 meeting.

Mr. McMahon said that in the current year, revenue collections from the Employment Training Tax are tracking very closely to the projections received from the Employment Development Department. Collections tend to fluctuate from month-to-month so it is difficult to establish a trend, but ETP is continuing with the original projection of collections at approximately \$42.4 million for the year. Even though ETP had no transfers from our budget this year, we experienced a drop of close to \$20 million of collections year-to-year.

Mr. McMahon discussed budget and legislative related issues, and said the Governor has convened a Special Session to consider the budget, and has introduced legislation which would balance the current year budget. While that legislation would include reductions in a number of program areas, ETP is not impacted by that bill.

Relative to ETP's funding for 2011-12, Governor elect Brown will introduce his budget as Governor in the second week of January. That budget will include ETP's appropriation for the 2011-12 Fiscal Year (FY). Staff is hopeful that budget will include full funding for ETP, but at this point that remains unclear.

Mr. McMahon said there is approximately \$3.6 million in the AB 118 Alternative Fuel New Vehicle Technology Program offered in partnership with the California Energy Commission (CEC). ETP went through a post-budget re-appropriation of funding in the current FY. He said that process should be concluded by the end of this month, which means staff will bring the first group of AB 118 projects in the current budget year to the Panel at its January 2011 meeting. There is also \$1 million in Workforce Investment Act (WIA) 15% Discretionary Funds available that were included in ETP's budget this year. Those monies will fund healthcare projects in the 2009 pipeline with the first group of those coming to the Panel at today's meeting. Mr. McMahon said he had previously discussed additional WIA 15% funds coming to ETP through the procedural process called the "October Revise", which amends the current year budget. Those funds are currently stalled through the transition process, and ETP does not have a clear indication as to how much, or if we will receive funds. If funds are received, it is ETP's intention to give first priority to a healthcare initiative that would focus on both non-profit and for-profit healthcare facilities, and would also include a number of occupations in addition to nursing such as allied health professions.

Relative to the Fund Status Report, ETP anticipates approximately \$42.4 million in total collections this year. After subtracting today's projects from available funding, this results in approximately \$6.5 million available for projects moving forward for the remainder of the current

year. Based on ETP's incremental encumbrance approach, this results in approximately \$18.7 million in additional contracting ability.

In terms of new proposals in 2010-11, at the Strategic Planning Meeting held on October 29, 2010, the Panel approved a process where staff would accept projects on a targeted basis and on a phased application cycle. As indicated in a recommendation document on December 1, ETP opened the process for accepting applications for small businesses, for critical proposals, and for single employers that are almost exclusively job creation projects. He said the job creation aspect of those projects must be the focus of those proposals. Any retraining would be a very small amount and incidental to the basic job expansion project. In addition to those projects, staff has also received Multiple Employer Contracts (MECs) beginning December 1. He said staff received a surprising number of applications through that process, and we discovered more demand than we had initially expected. We are over-subscribed currently in terms of available funding based on the proposals received, so we are going to need to close the application solicitation process at the end of December. We want to make it clear that we are not asking for pre-apps or applications by the end of December, we are asking that projects go through the ETP registration process and be recognized in the program as a potential applicant. We are requesting that by the end of December that all potential applicants go through the online ETP registration process.

To provide the Panel with an overview of the projects received so far, there are approximately \$1.7 million in Critical Proposals and job creation; \$2 million was reserved for those projects. There are \$10.6 million in applications for MECs. At this point it is not clear the amount of funds that we will have to allocate to those projects. He said it will depend on the ultimate demand and the level of projects funded in the 2009 pipeline, but estimated there would be approximately \$7 to \$8 million to allocate to MEC proposals. Currently, there is \$1.5 million reserved for small businesses and \$840,000 in project proposals.

Mr. McMahon discussed ETP's approach to reviewing the MECs. In the recommendation document that the Panel previously approved, the Panel was clear that the goal would be to fund the highest-quality projects possible, and that we would determine which projects to be funded based on their adherence to priority factors that are listed in that recommendation document. The priority factors include prior performance of the contractor, whether the project is located in a High-Unemployment Area (HUA), whether it involves a new-hire component, whether it serves small businesses, and whether it focuses on priority industries. All of those priority factors are listed on the ETP website under the Funding Priorities document approved at the last meeting. We intend to provide additional guidance for applicants on the ETP website very soon, detailing the factors that ETP will be looking for that make proposals as strong as possible under the priority factors listed. This will serve as guidance to applicants as they go through the application development process. All projects will be reviewed as a group so that staff can evaluate the projects against each other. It will not be the standard process of first in, first funded. The applications will be pooled and go through a systematic evaluation process. Orders of submission of these proposals will not be a factor, as long as the registration occurred during the month of December. Unfortunately, there will not be enough funds to back all of the projects that have come to the Panel so some projects will be invited to re-apply in the next FY. If there are additional funds available that were not allocated to the 2009 pipeline, that would conceivably give ETP additional funds to use to fund the MEC proposals. It may also be necessary, based on the volume of projects received, for staff to recommend to the Panel at the

January meeting that the project cap be lowered from \$400,000 to \$300,000. Before staff would make that cap recommendation, we want to see the full volume to get a sense as to the quality of projects that come in during the month of December. After the Panel has reviewed today's projects, staff will present the annual Strategic Plan to the Panel for approval. This is the Plan that outlines how ETP will target and focus its investment during the course of the year. The Strategic Plan is typically presented to the Panel earlier in the year, but due to the late budget and uncertainties regarding ETP's funding, we had to wait until after the October Strategic Planning Session Meeting. The Strategic Plan was submitted to the Panel at the earliest practical date after the October Strategic Planning Session Meeting.

VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. McMahon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION: Ms. Montoya moved and Ms. Stevens seconded the motion to delegate in event of loss of quorum.

Motion carried, 5 – 0.

VII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, said a Delegation Order was approved on November 5, 2010, and is included in the Panel Packet. There were nine projects approved per Delegation and staff plans to continue the Delegation Order process in the current FY.

The Economic Stimulus Regulations package approved in final format last month, has been submitted to the Office of Administrative Law and they are currently in the review process. She will report back to the Panel next month, on the package status.

VIII. REQUEST MOTION TO APPROVE CONSENT CALENDAR ITEMS #1 through #20

Mr. Broad asked for a motion to approve Consent Calendar items #1 through #20, with the exception of Tab #18, Viceroy Hotel Group, as it was withdrawn from consideration.

American Pacific College, Inc.	\$74,896
AsteelFlash California, Inc.	\$149,760
Cottage Bakery, Inc.	\$170,100
CoxCom, Inc.	\$199,800
DreamWorks Animation SKG, Inc.	\$156,240
Dreyer's Grand Ice Cream, Inc.	\$174,447
Fashion Business Incorporated	\$65,450
Iron Mountain Information Management, Inc.	\$197,910
MedAmerica Billing Service, Inc.	\$135,810
Pactiv Corporation	\$174,556
Peregrine Semiconductor Corporation	\$129,600
Renesas Electronics America Inc.	\$169,200
Sierra Nevada Brewing Co.	\$155,520

Studio Arts, Ltd.....	\$199,048
Toppan Photomasks, Inc.	\$75,600
True Position Technologies, Inc.	\$140,760
Veritable Vegetable, Inc.	\$83,430
Vision Quest Industries Inc. dba VQ OrthoCare	\$133,650
Workforce Investment Board of Tulare County.....	\$115,041

ACTION: Ms. Montoya moved and Ms. Stevens seconded the motion to approve Consent Calendar Items #1 through #20, with the exception of Tab #18, Viceroy Hotel Group, as it was withdrawn from consideration.

Motion carried, 5 – 0.

IX. REVIEW AND ACTION ON PROPOSALS

ENVIRON International Corporation

Diana Torres, Manager of the San Diego Regional Office, presented a proposal for ENVIRON International Corporation (ENVIRON), in the amount of \$237,600. ENVIRON provides consulting for environmental and human health issues. The consulting services include air quality management, applied epidemiology, building technology, climate change & energy management, compliance assistance, corporate responsibility, green remediation, ecology & sediment management, environmental health & safety, energy & environmental technology, environmental impact assessment & planning, exposure reconstruction, industrial safety, integrated industrial wastewater management, merger & acquisition due diligence, and nanotechnology.

Ms. Torres introduced Carol Serlin, Principal.

Ms. Stevens asked for the percentage of administrative versus technical training proposed. Ms. Serlin said the administrative percentage is fairly low at approximately 5%.

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the proposal for ENVIRON in the amount of \$237,600.

Motion carried, 5 – 0.

Illumina, Inc.

Ms. Torres presented a proposal for Illumina, Inc. (Illumina), in the amount of \$248,400. Illumina develops and manufactures microarray-based products and services for genetic analysis sequencing, genotyping, gene expression, and protein analysis. Illumina's products are used as tools in disease research, drug development, and clinical molecular testing.

Ms. Torres introduced Frank Lynch, Senior Manager of Talent Management.

Mr. Broad recused himself from participation and discussion of this proposal. He said that due to the recusal, the proposal would be considered pursuant to the Delegation Order taken earlier,

that the Executive Director and the Vice Chair will make the decision, since with the Chair's recusal there is not a quorum. Mr. Broad asked Mr. Lynch to proceed with his presentation for the other Panel members.

Ms. Montoya asked why the prior contract performance was so low. Mr. Lynch answered that the previous contract was put in place by an individual in their quality department and there was no infrastructure in place to support it. He has two coordinators now that work for him, and they rescued what they could in the last contract with the short time remaining. He said they now have adequate resources in place to administer the project and track internal paperwork.

Ms. Stevens said that was also her question; that this particular project was very low compared to others and she wanted to be sure that, since there are limited monies available to award, that he is confident that the amount requested will be utilized. Mr. Lynch said they are absolutely confident. He said the previous contract was originally administered by a quality coordinator who had many other responsibilities, along with an intern. He said they now they have three full-time staff to support this contract.

Quintiles, Inc.

Ms. Torres presented a proposal for Quintiles, Inc. (Quintiles), in the amount of \$231,768. Quintiles is a Contract Research Organization (CRO) that provides integrated bio and pharmaceutical services for clinical, commercial, and consulting customers across the country. Quintiles assists its clients in moving a new drug from its conception to FDA marketing approval. Primarily, Quintiles manages and delivers clinical trials covering many therapeutic areas for its customers who make up pharmaceutical, biotechnology, and healthcare industries.

Ms. Torres introduced Teresa Lynch, Director of Incentives & Grant Management and Ricardo Segura, Global Vice President of Corporate Administration.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Stevens seconded approval of the proposal for Quintiles in the amount of \$231,768.

Motion carried, 5 – 0.

Southern California Aviation, LLC

Ms. Torres announced that the representatives for this proposal were not yet present and suggested that the proposal be considered once the representatives arrive.

Chevron U.S.A. Inc.

The Chevron U.S.A. Inc. proposal, Tab #25, was withdrawn for consideration from today's meeting.

Murray Plumbing and Heating Corporation

Mr. Aguilar presented a proposal for Murray Plumbing and Heating Corporation (Murray Company), in the amount of \$242,640. Murray Company is a full-service commercial and industrial plumbing and pipe contractor. The company's services include design and build, detailing, sustainable design, pre-construction, operations, and fabrication. The company serves customers from various fields including underground utilities, HVAC/plumbing, school districts, government entities, and general engineering. Murray Company also provides specialty services for the Semiconductor, life science, and pharmaceutical markets.

Mr. Aguilar introduced Steve Gonzales, Project Manager.

Ms. Fernandez asked if the company has sought out assistance from the Union, and if there is a specific need for this training. Mr. Gonzales said yes, there is a fund that the Union puts together, but it has been extinguished for competing against non-union; not for training, but it has been extinguished.

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the proposal for Murray Company in the amount of \$242,640.

Motion carried, 5 – 0.

Waste Management of California, Inc.

Rosa Hernandez, Manager of the Sacramento Field Office, presented a proposal for Waste Management of California, Inc. (Waste Management), in the amount of \$249,804. Waste Management provides comprehensive waste and environmental services in North America serving municipal, commercial, industrial, and residential customers through, according to company representatives, a network of 367 collection operations, 355 transfer stations, 273 active landfill disposal sites, 16 waste-to-energy plants, 104 recycling plants, and 111 beneficial-use landfill gas projects.

Ms. Hernandez introduced Jean Logan, Senior Human Resources Manager.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Stevens seconded approval of the proposal for Waste Management in the amount of \$249,804.

Motion carried, 5 – 0.

Abbott Medical Optics Inc.

Creighton Chan, Manager of the Foster City Regional Office, presented a proposal for Abbott Medical Optics Inc. (AMO), in the amount of \$248,400. AMO is a medical equipment manufacturer and wholly-owned subsidiary of Abbott Laboratories. AMO's primary business is comprised of three segments: 1) the manufacture of devices for cataract surgery, which replace a patient's aging and cloudy natural lens with an IOL or artificial lens to restore vision; 2) the

manufacture of Laser Vision Correction (LASIK) devices used for refractive laser eye surgery to correct myopia (nearsightedness), hyperopia (farsightedness) and astigmatism (a condition that causes blurred vision); 3) the production of contact lens care products including multi-purpose cleaning and disinfecting solutions, contact lens rewetting drops, and over-the-counter dry eye products.

Mr. Chan introduced Bob Duplantier, Manager of Human Resources.

Ms. Montoya said it was great to hear they are moving employees to California. She noted that the cost of training per employee, is triple the amount typically given for training. She said she assumed it is due to the high-tech portion of it, but said that the project details provided reflect internal business skills and computer skills training which is common, so why is it so high per employee? Mr. Duplantier said there is significant training costs associated with laser and optics training. He said it is a little different than some of the other type of industries that are related to laser. The optics component is particularly exacting, and requires a lot of check and balance and in some cases retraining. Ms. Montoya asked for the percentage of employees that are high-tech manufacturing employees that do not include sales or answering phones. Mr. Duplantier said approximately 75% of the employees are high-tech manufacturing and virtually no sales people exist at that factory.

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the proposal for AMO in the amount of \$248,400.

Motion carried, 5 – 0.

Autodesk, Inc.

Mr. Chan presented a proposal for Autodesk, Inc. (Autodesk), in the amount of \$223,905. Autodesk is a global supplier of two and three dimensional design software for use in architecture, engineering, building construction, manufacturing, media and entertainment. The company is best-known for its flagship computer-aided design software program, AutoCAD. Autodesk's newer software solutions include Maya, a 3-D animation software, and other digital media creation and management software for film and television visual effects, color grading, animation, game development, and design visualization. It is used by architects, designers, engineers, manufacturers, and digital artists to create digital models so they can improve their designs.

Mr. Chan introduced Barbara Straw, Technical Training Manager.

Ms. Stevens said she was very encouraged to hear that the company is proposing to create 100 new jobs in California.

ACTION: Ms. Stevens moved and Mr. Rendon seconded approval of the proposal for Autodesk in the amount of \$223,905.

Motion carried, 5 – 0.

Exar Corporation

Mr. Chan presented a proposal for Exar Corporation (Exar), in the amount of \$215,100. Exar manufactures computer and electronic products and equipment used in broadband networking equipment for telecommunications infrastructure gear as well as in video and imaging devices, such as medical instrumentation, digital still cameras, and scanners.

Mr. Chan introduced Diane Hill, Vice President of Human Resources and Andrew Nafekh, Manager of Organizational Development.

There were no questions from the Panel.

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the proposal for Exar in the amount of \$215,100.

Motion carried, 5 – 0.

Ghirardelli Chocolate Company

Mr. Chan presented a proposal for Ghirardelli Chocolate Company (Ghirardelli), in the amount of \$227,664. Ghirardelli manufactures premium chocolate products. It controls the process from beginning to end, starting with roasting raw cocoa beans to making the chocolate and molding the bars.

Mr. Chan introduced Ron House, Training Supervisor.

Ms. Stevens asked why the cost of training per employee is so high. Mr. House said it is high because it is a very expensive area to work in, and in order to get quality people, they must meet the demand. Ms. Stevens said the ETP 130 for this project reflects that it costs \$2,500 per trainee and the company is asking for the Panel to invest \$1,836. Are you going to match the rest? She said she did not understand why it takes \$2,500 to train someone in the chocolate industry and asked if there is something unique to that food product. Mr. House said the chocolate business is a very technical process. He said the equipment they work with is highly technical and all computer-operated, and in order to bring the operators up to a level where they can perform on the equipment effectively, it requires a certain amount of training and dollars. They have new equipment coming in, which is next generation to what they have had in the last couple of years, and bringing employees up to that level of training is a task in itself. He said training costs will never stay the same, there is always going to be an increase.

Mr. Chan said this is more a function of the training category it falls under. He said in the previous Abbott Medical proposal presented earlier, staff gave them advanced technology rates, which are higher because the Lasik equipment is more sophisticated and expensive. He said it is also driven by the number of hours and that average hours of trainees is 102. He said some people will receive less hours of training and some will receive more.

ACTION: Ms. Stevens moved and Mr. Rendon seconded approval of the proposal for Ghirardelli in the amount of \$227,664.

Motion carried, 5 – 0.

Building Skills Partnership

Mr. Aguilar presented a proposal for Building Skills Partnership (BSP), in the amount of \$399,788. BSP is a statewide non-profit collaboration between the Service Employees International Union United Service Workers West (SEIU-USWW) Local 1877, building service employers, and community leaders. BSP's mission is to (1) improve the quality of life of low-wage building service workers, their families, and communities by increasing their skills and educational opportunities, and (2) assist building service employers to develop stronger staffs so they can maintain a competitive edge.

Mr. Aguilar introduced Aida Cardenas, Executive Director and Andrew Gross Gaitan, BSP Board Member and SEIU Representative.

Mr. Broad asked if this program is only servicing their own unionized employees with their contractors. Ms. Cardenas said yes, that is correct. Mr. Broad asked how many separate contractors are included in the proposal. Ms. Cardenas said there are dozens of contractors across California and because of the partnership, the employers through all of the master janitorial contracts across California, are committed to making a contribution to the Collective Bargaining Agreement for training and training development. Mr. Broad said, so they have some investment in the training in terms of funding. Ms. Cardenas agreed. Mr. Broad said that is great and he was happy to see there are career ladders since this is an industry dominated by immigrants and there is not a vast internal career ladder. He asked if this training would lead to higher wage levels and if employers are willing to not only invest in the training, but compensate the increased level of skill. Mr. Gaitan said at this point they do not have a one-to-one link in the Collective Bargaining Agreement. He said they have been discussing if the employers would be willing to recognize the certification and the completion of certain levels of training, but there is no financial commitment on that end at this point. Ms. Cardenas added that as the industry is changing, there is a requirement and a need for service workers to understand LEED certification and STAR energy requirements, and there is certification that is coming out as a result of that, as well as policy changes. She said they want to be in tune with what is happening and this partnership is allowing them to have this conversation. She said they are excited about the work they will be doing in the next couple of years with employers to align both the necessary skills with the changing industry.

Mr. Broad said, you can pass along from him, that he believes there should be a one-to-one relationship. He said the Panel typically likes to see when funding projects, especially in the service industry, that the training allows workers to move up in the career ladder with increased wages. He said that taxpayers want to see that people's skills and standard of living are improving because that is good for everyone. Mr. Gaitan said it was important to the janitorial leads and supervisors to employ individuals with strong English speaking skills and basic computer skills.

He said rank and file janitors can get these skills through this training program so that they are in a position to qualify for a better paying job within the industry. He said that recently they began considering that many of these companies also operate security services which could be a possible lateral move for janitorial staff. He said without English, computer skills, and basic

writing skills these individuals usually remain in janitorial jobs until they are no longer able to work. He said that these skills would help the individuals with additional career opportunities. He said they would love to have a one-to-one relationship between so many hours of class and a wage increase. Mr. Broad asked that Mr. Gaitan relay a message to the Union that the next time their company returns to the Panel for funding, that we would like to see a 5% investment from the Union.

ACTION: Mr. Broad moved and Mr. Rendon seconded approval of the proposal for BSP in the amount of \$399,788.

Motion carried, 5 – 0.

Mr. McMahon said before going forward with the next project, he wanted to mention that on all of the MEC proposals regarding the participating employers listed on the ETP 100B forms, the percentage has been moved up to 80% per direction of the Panel at the last meeting. Staff has contacted companies to validate their participation in the projects. Mr. Broad said that was terrific to hear.

First Software USA, Inc. dba Oxford Institute of Technology

Mr. Aguilar presented a proposal for First Software USA, Inc. dba Oxford Institute of Technology (OIT), in the amount of \$398,683. OIT is a school that provides technical training and services to Information Technology professionals and individuals entering the industry.

Mr. Aguilar introduced Naved Nizami, Vice President.

Mr. Broad said it appears that this project includes sophisticated computer training, rather than basic computer training, which the Panel sees frequently.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the proposal for OIT in the amount of \$398,683.

Motion carried, 5 – 0.

Mr. Broad asked the Panel to return to Tab #24, Southern California Aviation, LLC, for consideration as the company representative had arrived.

Southern California Aviation, LLC (Presented Out-of-Order)

Ms. Torres presented a proposal for Southern California Aviation, LLC (SCA), in the amount of \$219,420. SCA provides transitional aircraft maintenance, engine maintenance (on/off wing), aircraft disassembly, inventory and storage for aircrafts brought to SCA from all over the world. The company's customers include major airlines, leasing companies, and private owners.

Ms. Torres introduced Brian Austin, Assistant General Manager.

Mr. Broad asked Mr. Austin if this training is required by the Government. He asked, as an aircraft maintenance company, is there a legal obligation to provide this training? Mr. Austin

answered that training is a requirement mandated by the airlines and they want to ensure that qualified individuals are working on their aircraft. He said they are required as an aircraft repairs station, to have maintained training records and are required to uphold particular obligations. He said that since they offer a training program they are subject to periodic audits by the FAA. The FAA generally does not require that they have certain specific training for the aircraft, but that they offer the training program and have qualified the individuals that sign off on the work papers. Mr. Broad asked if a person must obtain an FAA license if they wish to be a pilot, requiring a specific number of hours of training. Mr. Austin answered no, they do not and there are various levels of training. He said they like to utilize the students because they are eager and committed to learning and advancement. He said they start the individuals at an apprentice level where they receive on-the-job training by skilled professionals and keep OJT training logs and records of their training. He said the airlines do not require that everyone touching the aircraft be in these programs, but that is part of the career advancement and the retention process. He said approximately 40% of their employees have been there since the company's inception and they are very proud of that.

Mr. Broad asked Mr. Austin, if when he is referring to the term "apprentice", is he implying an apprentice in an approved division of apprenticeship standards. Mr. Austin answered no, that he is referring to an entry-level position where they would receive additional training and on-the-job training. Mr. Broad asked, they are not literally apprentices, such as an apprentice tile setter or an apprentice carpenter? Because the Panel is legally precluded from approving a project where there is a formal apprenticeship program in the industry. Mr. Austin said no, they are not apprentices but rather entry-level trainees. Mr. Broad asked ETP staff if there is a formal apprenticeship program available for aircraft maintenance. Ms. Torres answered no, not that she is aware of. Mr. Broad said that if the Panel approves this proposal, it would be conditional that there is no aircraft maintenance apprenticeship program available. Mr. Broad said if there is a machinist union or there are non-union programs, then apprenticeship is possible; but if there is a formal apprenticeship for this in the industry, then the Panel cannot fund this project. Mr. Austin said he understood, and that he misused the term "apprentice". He said they are a private employer, and not a union shop. Mr. Broad said even if they are a private employer, the Panel still cannot fund it if an apprenticeship program exists. He said this is included in ETP's statute, so he wanted to be clear that it is not about whether your particular company is union or not, but whether such a program exists in the industry.

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the proposal for SCA, in the amount of \$219,420, with the condition that an aircraft maintenance formal apprenticeship program does not exist in the industry.

Motion carried, 5 – 0.

Academy X, Inc.

Mr. Chan presented a proposal for Academy X, Inc. (Academy X), in the amount of \$399,992. Academy X is a center-based private vocational training agency which provides classroom/laboratory training in Adobe graphic design, web design, Microsoft technologies, open-source programming languages, and varied server applications.

Mr. Chan noted that there should be a correction to Page 3 of 6 on the ETP 130, where it states that Academy X proposes to train 790 incumbent workers; it should be 591 incumbent workers.

Mr. Chan introduced Stephen Fraga, CEO.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the proposal for Academy X in the amount of \$399,992.

Motion carried, 5 – 0.

City and County of San Francisco

Mr. Chan presented a proposal for City and County of San Francisco (City), in the amount of \$387,240. The Workforce Development Division of the City's Office of Economic and Workforce Development (OEWD) operates Workforce Investment Act (WIA) programs in the City and County of San Francisco. The Division also supports Workforce investment San Francisco, the City's Workforce Investment Board. Together, the Division and the Board are partners in overseeing and setting the direction for San Francisco's workforce system.

Mr. Chan introduced Erik Ward, Business Services Manager and Ken Nim, Workforce Compliance Officer.

Ms. Stevens asked if there are certain trades that need the most training and if they have a specific target. Mr. Ward said most graduates enter the carpenters and laborers unions in the trades, and that there are opportunities for individuals in other trades.

Ms. Montoya asked if the trainees are employed by private contractors. Mr. Ward said yes, that is correct. Mr. Nim, the other company representative present, added that many private contractors bid on Public Works in San Francisco and that Public Works has specific requirements they must meet to hire San Francisco residents. Therefore, many private contractors are sourced from the large San Francisco contractors, and some companies from outside areas such as Concord and Sacramento bid on work in San Francisco. Ms. Montoya asked if they become employees of that company. Mr. Nim said yes, they become employees of the company. Ms. Montoya asked if other cities also do this. Mr. Nim said yes, Oakland, Richmond, and many companies around the Bay Area have their own legislation to keep local residents working there, so contractors that work in those areas have some local residents and, they become their employees and keep on working. Ms. Montoya said she has never heard of cities providing the training. Mr. Broad said they are not providing the training, they are facilitating the training. He said that, for example, when a city is going to construct an office building that it will own, it may have an ordinance that states if you are a contractor and you bid on the project, you must follow specific requirements. He said one of the requirements is to hire people who live in the community. He said these requirements started because some contractors would hire people from out-of-state who would be there for the life of the construction project, and there would be local unemployed people. It didn't make sense why the taxpayers wouldn't get the benefit of the money that the taxpayers are spending on the project. He said there are similar local-hire ordinances all over the country. He said, for example, there

may be a large number of students finishing high school that need jobs, and some of them may have an interest in working in the construction industry. He said a program would be set up, and the city would pay their skilled workers to provide the training. The city would discharge their obligation under the local hire ordinance, and then the city helps the students enter the workforce. It is pre-apprenticeship training, which helps the students go from the training into jobs.

Mr. McMahon added that the legal contractor is the City and County of San Francisco, but he believed that the Office of Economic Development functions as the Workforce Investment Board for the City and County. Mr. Ward agreed.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the proposal for City in the amount of \$387,240.

Motion carried, 5 – 0.

X. HEALTHCARE INITIATIVE PROJECTS

David Guzman, Chief of Program Operations, previewed the 2010-11 ETP Healthcare Initiative. This will be an alternative funded initiative with Governor's 15% Workforce Investment Act discretionary funds in partnership with the Employment Development Department. The Healthcare Initiative will focus on training nurses and other skilled medical professionals. The current allocation for funding under this program is approximately \$1 million. Tabs #A through #E include five projects with planned funding for 629 nurses and other healthcare occupations. The total funding requested in the five proposals is \$898,632 out of a total \$1 million allocation.

Mr. Guzman said the proposals are "for-profit" healthcare facilities that come from the 2009 pipeline which we were unable to fund as we depleted funds in the previous year and were unable to fund under the non-profit nursing guidelines. This is a little pent up demand, and we have a limited amount of funds for these five proposals.

Mr. Guzman summarized some of the key features and said there will be a funding cap of \$250,000 on each of these proposals; the training hours will be capped at 200 hours per trainee; and the curriculum will be modeled after ETP's medical skills training program with a primary focus on clinical didactic and clinical preceptor training for Licensed Vocational Nurses and Registered Nurses. Other training will be available for computer skills and continuous improvement for other skilled healthcare professionals. The training will be for Registered Nurses, Licensed Vocational Nurses, and other professions such as physician assistants, nursing administrators, hospital administrators, and a limited number of technicians, such as imaging and respiratory therapists.

The post-retention wages will follow the 2010 model that was applied to pipeline proposals. The fixed-fee rates are modeled after the medical skills training program, with a blended rate of \$22 per hour for the medical skills training, including clinical didactic and clinical preceptor training, and \$18 per hour for the other training topics. Reporting requirements under this program will be WIA individual participant reporting requirements similar to the nursing program. This program is similar and modeled after the core program requirements.

Mr. Broad asked if all of the Healthcare Initiative projects included “for-profit” hospitals only. Mr. Guzman said that yes, they include only for-profit hospitals because when the pipeline was frozen during previous medical skills training, ETP was limited to funding for-profit hospitals. He said a previous Healthcare Initiative involved non-profits specifically, with the federal funds. Mr. Broad asked if it was coincidental, that all of the projects included today are for for-profit hospitals only. Mr. Guzman said correct, but these funds are not limited to for-profit hospitals only; it just so happens that they were in the remaining pipeline. Mr. McMahon said part of the recommendation from the October meeting, was to move all of these projects into the available WIA funding. Mr. Broad asked if the potential 15% discretionary funds that would be dedicated to future healthcare proposals would be unrestricted. Mr. McMahon answered that is correct, and they would include both non-profit and for-profit hospitals. Mr. Broad asked if staff has received applications for future healthcare proposals. Mr. McMahon answered no, not yet.

Mr. Broad said it appeared that all five Healthcare Initiative proposals were very similar and asked the Panel if they had any questions on any of the proposals, prior to requesting a motion that would include all five proposals.

Ms. Stevens said two of the Healthcare Initiative Proposals, Tab #C East Los Angeles Doctors Hospital L.P. and Tab #E PAMC, Ltd. dba Pacific Alliance Medical Center, only used about 33% of the funding amount previously requested. She said she would like to hear from their company representatives to find out what has changed, and if the companies are confident that they can meet the contract specifications this time around.

Araceli Lonergan, CEO of East Los Angeles Doctors Hospital L.P., said she believed they had difficulties in the first project since it was the first time they had worked with ETP. She said there was a learning curve to realize the administrative portion of it, and they now have infrastructure in place that includes educators and two coordinators who will be dedicated to this proposal.

Linda Lopez, Director of Human Resources for PAMC, Ltd. dba Pacific Alliance Medical Center, said one of the reasons they were unable to utilize all of the funding they received was that they were impacted in the industry by how the economy had dropped. The financial constraints led to furloughs in 2009 which impacted their ability to conduct educational activities. She said they made a conscientious decision strategically, to position themselves so they would be worthy of the funds, if the project was approved. They have hired three clinical educators and also have started some initiatives that would utilize the funds. She said they would like to become certified in acute rehabilitation and also stroke certified, so they can better handle the stroke patients they receive. She said they have a large population of patients who are 66 and older and many of them are stroke patients. She said these are reasons they did not apply for grant funds as large as their original 2008 contract, and they wanted to prove their worthiness to utilize the funds.

As there were no further questions from the Panel, Mr. Broad asked for a motion to approve all five Nursing Initiative proposals.

ACTION: Ms. Montoya moved and Ms. Stevens seconded approval of the following five Healthcare Initiative Projects:

- A) Rancho Cucamonga Community Hospital, LLC dba Rancho Specialty Hospital in the amount of \$198,720
- B) Bakersfield Heart Hospital in the amount of \$194,580
- C) East Los Angeles Doctors Hospital L.P. in the amount of \$151,200
- D) Gardena Hospital, LP, dba Memorial Hospital of Gardena in the amount of \$168,912
- E) PAMC, Ltd. dba Pacific Alliance Medical Center in the amount of \$185,220

Motion carried, 5 – 0.

XI. REVIEW AND ACTION ON STRATEGIC PLAN 2010-11

Jill McAloon, Chief of Administration, said that with the delay of the budget this year ETP's Strategic Plan is also very late. She said that typically the Plan would have been presented to the Panel in June and submitted to the Governor's office by June 30. Staff incorporated all of the priorities and limitations that the Panel approved at the October 29 Panel meeting. In addition to an overview of the Panel and the Organization, the Plan includes an economic overview; priority industries; workforce trends; ETP initiatives and alliances; updated goals and objectives; and a summary of the budget.

ETP's Priority Industries include those that are most vital to California's economic growth and in the current climate, economic recovery. Employers in identified priority industries receive a higher reimbursement rate for ETP-funded training, and ETP concentrates much of its marketing effort on those industries. While ETP's priority industries have not changed from what they were in the previous Strategic Plan, ETP's designation of them for FY 2010-11 took into account changes in the overall economy and two other factors that are integral to California's economic recovery: ARRA funding and investment, and the emphasis on green technology. The Priority Industries are green/clean technology, manufacturing, allied healthcare, construction, goods movement and transportation logistics, information technology services, biotechnology and life sciences, multimedia/entertainment, and agriculture.

The Plan identifies the following Program Strategies: alternative funding; economic stimulus; green/clean technology; alternative and renewable fuel and vehicle technology program; nursing and allied healthcare; Career Technical Education (CTE); support for veterans; and serving small business. It also includes specific Partnership Strategies such as job creation and retention; enhancing the role of MECs, revitalizing High Unemployment Areas (including rural and agricultural areas such as the Central Valley). Administrative strategies include case management system; information technology modernization mandates; and maximizing funds.

Caps will be applied to projects as follows:

- Critical Proposals including Job Creation - \$300,000
- Small Business - \$50,000
- Single Employer, Priority Industry - \$250,000
- Single Employer, Non-Priority Industry - \$200,000
- Multiple Employer - \$400,000

A moratorium is imposed on first-time training agencies and Welfare-to-Work training (CalWorks recipients may be funded under Special Employment Training).

Ms. McAloon listed the six key goals with specific objectives, to be addressed in FY 2010-11:

- Goal #1: Expand the scope of the ETP program through partnerships
- Goal #2: Target California's key and emerging industries
- Goal #3: Continue support for small businesses
- Goal #4: Support hard-to-serve populations through pilots and initiatives
- Goal #5: Finalize the ETP economic stimulus initiative
- Goal #6: Increase the efficiency and effectiveness of the ETP program

She said the first goal, expand the scope of the ETP program through partnerships, is different from the handout the Panel received and staff would make the change before printing the Plan for review.

In conclusion, staff recommends that the Panel approve the FY 2010-11 Strategic Plan, with direction to staff to incorporate any requested changes, and with Delegation of Authority to the Executive Director for final approval, prior to submitting it to the Administration and Legislature. Ms. McAloon asked the Panel if there were any questions.

Ms. Stevens thanked the Executive Director and staff for the Strategic Plan and said it is very well thought out. She said she had a question, and wanted to be sure it was intrinsic in the priority industries identified by Ms. McAloon. She said the Agency that she works for, the Business, Transportation & Housing Agency, as well as the Health & Human Services Agency, has been very involved in Health IT. I want to make sure that that is intrinsic in either the healthcare priority or the IT area as far as ETP's Strategic Plan. Mr. McMahon thanked Ms. Stevens for her suggestion.

Mr. Broad referred to Page 5 of the Strategic Plan handout, regarding the moratorium on Welfare-to-Work training. He said the Panel had originally imposed that moratorium essentially as a consequence, as funds being diverted to the Department of Social Services for many years. In the current budget year, funds have not been moved to the Department of Social Services, and he would be in favor of eliminating the Welfare-to-Work moratorium. He said he believed the Panel can already fund Welfare-to-Work training as individuals with multiple barriers entering the workforce; but nonetheless, if a company comes to the Panel with a great Welfare-to-Work program and there are funds remaining in the current budget year, it is only fair and right that the Panel be open to funding the Welfare-to-Work projects as opposed to categorically rejecting them as not a funding priority. He suggested approving the Strategic Plan with the modification to remove the Welfare-to-Work training moratorium unless there was objection by the Panel.

Ms. Montoya said it would take years to make up for the funds that have been diverted to the Department of Social Services in the past. She said the Panel has much more control and authority to ensure that specific companies are doing what they say they are doing, which has been an issue in the past. She said her concern and objection to the diversion of funds is that while Welfare-to-Work training is a productive program and she has hired individuals from the program, it doesn't have the standards that ETP requires of the grants the Panel approves. Mr.

Broad said he is familiar with it, since the Teamsters has a truck driving training program. Mr. Broad asked Mr. Rendon how long the truck driver training program takes. Mr. Rendon answered it is a four-week training program. Mr. Broad said someone with a clean driving record could go from Welfare to a \$50,000 per year job in only four weeks of training and obtain a commercial license. He said he agreed with Ms. Montoya, in that ETP's training programs have a great deal more accountability built into them compared to other programs. He said many of the other non-job specific, soft training Welfare-to-Work programs likely do not give people all that many skills for the money. The Panel is more-or-less insisting on hard skills. He said if an individual could enter an LVN program or another entry-level position, they have a chance to advance in education, income, and society.

Mr. McMahon said that a practical consequence of deleting the Moratorium is that it would put ETP, more or less, working with community-based organizations that work with Welfare recipients. As part of a new-hire project, you may apply multiple barriers to add wage flexibility to those types of trainees, but there is no reservation specifically of funds for Welfare-to-Work. Mr. Broad said that is correct, there is no reservation of funds; it simply means that a proposal could include a Welfare-to-Work component and can compete for funds like any other company. Ms. Stevens said she agreed with Chairman Broad and believes it is a semantical issue. She said there may be a very good program that comes to the Panel that might appear to have those specifications. Ms. Montoya was in agreement.

Mr. Broad asked, with the modification to remove the Welfare-to-Work training moratorium, do I hear a motion to approve the Strategic Plan?

ACTION: Ms. Stevens moved and Ms. Montoya seconded approval of the FY 2010-11 Strategic Plan, with the modification to remove the Welfare-to-Work training moratorium, with direction to staff to incorporate any requested changes, and with Delegation of Authority to the Executive Director for final approval, prior to submitting it to the Administration and Legislature.

Motion carried, 5 – 0.

XII. PUBLIC COMMENTS

There were no public comments.

XIII. PUBLIC MEETING ADJOURNS

ACTION: Ms. Montoya moved and Ms. Stevens seconded meeting adjournment at 11:34 a.m.

Motion carried, 5 – 0.