



**ANNUAL REPORT FY 06-07**

**Employment Training Panel**

# **THE EMPLOYMENT TRAINING PANEL**

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## **Vision Statement**

***The Employment Training Panel will support economic development in California, through strategic partnerships with business, labor, and government.***

## **Mission Statement**

***The Employment Training Panel provides financial assistance to California businesses to support customized worker training to:***

- ***Attract and retain businesses that contribute to a healthy California economy;***
- ***Provide workers with secure jobs that pay good wages and have opportunities for advancement;***
- ***Assist employers to successfully compete in the global economy; and***
- ***Promote the benefits and ongoing investment in employee training among employers.***

# TABLE OF CONTENTS

## I. PREFACE

The Employment Training Panel	1
A Brief History	1
Special Funding	1
Why ETP Works	1
Return on Investment	2
The Annual Report	2

## II. THE YEAR IN REVIEW

Challenges and Opportunities	3
Contract Activity	3
Key Actions and Accomplishments	5
Key Initiatives & Priorities	5
Regulatory Actions	7
Administrative Improvements	8
Planning for the Future	8

## APPENDICES:

A) New Funding Approval Data	
A-1) Appropriations and Expenditures	
A-2) Contracts Approved in High Unemployment Areas in FY 2006-07	
B) Completed Contract Data	
B-1) FY 2006-07 Completed Contract Data	
B-2) Trainee Characteristics	
B-3) List of FY 2006-07 Completed Contracts	
B) Terminated Contracts	
C-1) List of FY 2006-07 Terminated Contracts	

## **PREFACE**

**The Employment Training Panel** - ETP is a statewide economic development program that supports the California economy by funding training to ensure employers have the skilled workers they need to compete globally. ETP is recognized nationally as a model training program. The Panel is the nation's premier state-funded program for retraining incumbent workers, and California's sole discretionary economic incentive for business attraction, expansion and retention. The Panel<sup>1</sup> fulfills this role by collaborating with business, labor, and other public entities.

The Panel board consists of seven appointed members representing the interests of labor and management. The Panel board meets monthly to review and approve contracts for training projects, against statutory standards for eligibility and performance. Training contracts are written for 24 months, and performance is monitored throughout the contract period.

**A Brief History** - ETP was created in 1982 with the mandate of addressing the large displacement of workers resulting from plant closures, by moving the unemployed quickly into jobs, or by saving jobs of workers threatened with displacement. Though the program has expanded to benefit the overall California economy, the Panel continues to operate under its legislative mandate to promote a healthy labor market, with emphasis on helping businesses overcome the challenge of out-of-state competition. The program effectively adjusts to changes in economic conditions and workforce needs. For more than two decades, the Panel has supported California's workers and employers, providing more than \$1 billion for the successful training and employment retention of over 700,000 trainees for thousands of California businesses.

**Special Funding** - ETP is not funded by general taxpayer dollars. The program is funded through the Employment Training Tax (ETT) levied on California employers who participate in the Unemployment Insurance (UI) system. This tax provides revenues for the Employment Training Fund (ETF) established solely to fund ETP.

**Why ETP Works** - The program's success is the result of unique features:

- Employers Fund the Program – Businesses pay the tax that funds the program. No General Fund monies support the program.
- Labor/Management Collaboration – Training provides increased wages and job security for labor, and increased production and profits for businesses.
- Customized Training – Employers identify their training needs, decide which workers need training, and select their own trainers. ETP funds primarily training for frontline workers who are often overlooked in corporate training programs.

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<sup>1</sup> Throughout this report, the terms ETP and Panel will be used interchangeably

- Matching Contributions – ETP does not fund the full cost of workforce training for employers. Employers match at least one dollar of private money for every ETP training dollar. Repeat contractors make a substantial contribution to training.
- Catalyst for Employer-Provided Training – Employers who participate in ETP-funded training recognize the value of training and increase their own investment in training workers.
- Pay-for-Performance – ETP’s performance-based contracting requirement ensures that training is tied to a real job. Contractors earn funds only if training results in a trainee working at least 90 days after training in a training related job, at a required wage.

***Return on Investment*** - Independent research finds that ETP funded training yields a return of \$5 for each \$1 invested in training in terms of benefits to workers, businesses, and the California economy.

***The Annual Report*** - This Annual Report describes the Panel’s actions and accomplishments for FY 2006-07 (July 1, 2006 through June 30, 2007). Because contracts cover a span of 24 months, the Report covers (1) last fiscal year’s activities and funding approvals; (2) contracts approved in prior years but completed during the fiscal year; and, (3) contracts approved prior to the report year, but still ongoing at the end of the fiscal year. Appendices provide detail on appropriations and expenditures, completed contract data, demographic data on program participants, and information on contracts that terminated in the report year, prior to their completion.

# ***The Year In Review***

## **CHALLENGES AND OPPORTUNITIES**

In FY 2006-07, the Panel, effectively fulfilled its mission and continued to play a key role in supporting business attraction and retention, resulting in the creation of thousands of new California jobs, while supporting employers' needs for a trained workforce to compete in the global economy – all with the challenge of a limited program budget.

ETP took steps to maximize its limited training funds by applying moratoria on certain types of training proposals and incrementally encumbering funds in new training projects (i.e., encumbering a minimal portion of contract total funding in first year of contract, with additional encumbrances later, based on project success). The Panel also refined its program requirements and streamlined the contracting process –improving program operations and service to customers.

ETP is unique in that it can respond immediately to the needs of the economy, within the scope of its legislative mandate. As one of the few discretionary economic incentives for business in California, the Panel supported the Administration's key economic priorities, including training to address the statewide nurse shortage; Career Technical Education (CTE), to support training for careers in construction and the trades; Clean Technology for a better environment; and new and emerging technologies, such as nanotechnology. The Panel collaborated with its workforce partners, funding projects that retain and attract new businesses to the State.

In funding training, the Panel targets priority industries in order to achieve the greatest "return on investment" to the State economy. These industries include manufacturing, high technology, multi-media/entertainment, and construction. The Panel also targeted high unemployment areas to assist firms and employees in lagging economies; supported training and jobs for CalWORKs recipients; and reached out to small businesses. Driven by its mission, the Panel successfully met its challenges and seized opportunities to better serve California businesses and workers in FY 2006-07.

## **CONTRACT ACTIVITY**

During the report year, ETP staff administered 683 training contracts. These included: 318 new agreements approved; b) 177 contracts approved in prior years, which were completed; and c) 188 contracts approved prior to FY 2006-07, which were still active at the end of the fiscal year. The following table illustrates this activity.

	<b>APPROVED CONTRACTS</b>	<b>COMPLETED CONTRACTS</b>	<b>ONGOING CONTRACTS</b>	<b>TOTAL</b>
<b>CONTRACTS</b>	318	177	188	683
<b>ALL TRAINEES</b>	92,115	31,001	75,706	198,822

### ***a) New Approved Contracts***

The Panel encumbered all of its \$41.8 million in available new program funds, which, through incremental funding, enabled it to approve \$112.6 million for 318 new training contracts, as well as amendments to prior contracts, for the training and employment retention of 92,115 workers. (See Appendix A, “Appropriations and Expenditures”.)

A majority of funds was targeted to the combination of manufacturing and high technology services. These key industries have a multiplier effect in the State’s economy, increasing the return on the investment in training, as they positively affect other industries that rely on them, such as services, trade, and transportation.

An important priority for the Panel is supporting special economic development initiatives that create new jobs and keep jobs in California. Approximately \$32 million was approved for 52 new economic development projects that support business retention and expansion, and the creation of almost 21,000 new, high-paying jobs.

### ***b) Completed Contracts***

A total of 177 contracts, approved in prior years, were completed, providing assistance to 1,774 employers for the training and employment retention of 31,001 workers, at an average cost of \$1,011 per trainee. Data from these completed contracts reflect the Panel’s continuing emphasis on funding training for high-wage, high-skilled workers in industries that positively impact California’s economy:

- Businesses in all major industries in California received assistance, with 60 percent of funds going to manufacturing and eight percent to high-technology sectors.
- Of all businesses served, 72 percent were small (i.e., employed 250 or fewer workers); 56 percent employed 100 or fewer workers; and 42 percent employed 20 or fewer workers.
- The average post-training and employment retention wage for workers who were unemployed at the beginning of training was \$13.22 an hour; retrainees averaged \$28.08 an hour.
- The training emphasis was on frontline workers in occupations such as design, production, delivery and warehousing, clerical and office support, technical support, sales, machinists and machine operators, nurse assistants, construction, and hospitality.

(See Appendix B-1: “Completed Contract Data”; Appendix B-2: “Trainee Characteristics”; and Appendix B-3: “Complete Contracts in FY 2006-07”.)

### ***c) Ongoing Contracts***

A total of 188 contracts approved prior to FY 2006-07 were still active at the end of the fiscal year.



## **KEY ACTIONS AND ACCOMPLISHMENTS**

During the report year, the Panel's key actions and accomplishments included:

- ***Strategic Planning/Targeted Marketing***

The Panel took steps to increase funding for the State's key industries, increasing training reimbursement rates for industries prioritized in its Strategic Plan, and targeting its marketing efforts to businesses in those sectors. These strategies were highly successful – in the report year, 76 percent of all newly approved training funds went to manufacturing and high-technology companies – compared to 53 percent in FY 2005-06. Further, 80 percent of all funding was for priority industries such as manufacturing, high technology, biotechnology, multimedia entertainment, construction, logistics, research & development, and healthcare.

- ***Support For Economic Development***

As the State's sole discretionary economic development incentive, ETP continued its essential role in statewide job creation and employment retention efforts. In the report year, the Panel approved \$32 million, aimed at business expansion and retention, resulting in the creation and retention of an estimated 21,000 new jobs. This includes efforts involving Edwards Lifesciences, ExpressJet Airlines, Phenomenex, Space Systems/Loral, Western Digital, Williams Furnace Co., and New United Motor Manufacturing, Inc.

- ***Addressing The Needs Of Small Business***

During the report year, the Panel strengthened its focus on serving small business directly through its fast-track agreement process with modifications to standard requirements, and by increased training reimbursement rates. As a result, the Panel approved 99 direct small business contracts to provide training for close to 3000 workers – more than double the number of direct small business contracts approved in the prior fiscal year.

## **KEY INITIATIVES & PRIORITIES**

The Panel also supported many key Administration initiatives and priorities, including:

- ***Support For Healthcare And Nurse Training***

In order to help alleviate the State's nursing shortage, the Panel continued its support for nurse training, approving \$5.3 million for the training of close to 3,800 nurses. This included projects to upgrade certified nurse assistants and health caregivers to become licensed nurses, as well as capacity building for current nurses, through funding of specialty training programs including cardiovascular care, neonatal intensive care, autism, hospice care, labor/delivery and trauma care. In addition, another \$3 million was approved for the training of an additional 1,900 workers in healthcare-related fields.

- ***Clean Technology***

In support of the Governor’s focus on the environment, the Panel targeted training for firms employing “clean technology” methods, including environmental protection and other green business practices. The Panel approved funding for projects with identified activities to protect the environment and prevent energy waste. These projects total \$4 million for the training of over 2,200 workers. Examples of such green practices include: Dunn Edwards conducting research and development to produce environmentally friendly paint products; General Atomics harnessing nuclear power and providing systems for hazardous materials destruction; Irwin Industries providing services at their refineries in response to the demand for cleaner burning petroleum products; and U.S. Farm Systems, a leader in dairy waste handling, allowing dairies to comply with environmental regulations and protect communities.

- ***Career Technical Education***

The Panel supports the statewide emphasis on Career Technical Education (CTE) and related programs, such as pre-apprentice and apprenticeship training to meet the growing demand for employment in occupations requiring vocational education, including nurses, carpenters, electricians, welders, and production workers. In the report year, the Panel approved approximately \$7.5 million for CTE related projects to support 3,300 workers for manufacturing, healthcare, and construction (building trades).

- ***Nanotechnology***

Nanotechnology is the enabling platform technology for a wide range of applications, including the chemical industry, electronics, biotechnology, aerospace, and homeland security. During the report year, the Panel funded training for nanotechnology businesses, suppliers of nanotechnology components, and businesses with nanotechnology-related products. These projects include Nanosolar, Inc., National Semiconductor Corp, Cadence Design Systems, Altera Corp, Applied Materials, Precision Swiss Products, and KLA-Tencor.

In addition to supporting these initiatives and priorities, the Panel also focused on the following workforce needs:

- ***High Unemployment Areas***

The Panel targets high unemployment areas (HUA)<sup>2</sup> of the State, to ensure training support for workers in regions with lagging economies, focusing on the “working poor”. During the report year, \$20 million in training funds were approved for 109 contracts serving HUAs, providing training for 15,000 workers in 36 county or sub-county areas. (See Appendix A-2.)

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<sup>2</sup> . HUAs are defined as counties or sub-county areas with unemployment rates at least 25 percent higher than the State average, based on data from the Employment Development Department’s (EDD) Labor Market Information Division.

- ***Welfare to Work Training***

To support the State's welfare to work efforts, the Panel implemented a Welfare to Work (W2W) pilot program for CalWORKS recipients, targeting \$2 million for the pilot in the report year. By December 2006, the goal was exceeded, and the Panel placed a moratorium on funding solely W2W projects, while continuing funding for this population within ETP's traditional new hire projects. A total of \$2.8 million was eventually approved to train 652 W2W trainees in 26 training projects.

- ***Seasonal Worker Training***

The Panel implemented a pilot program to fund training for workers in major seasonal industries under its SET program. The pilot focuses on the agricultural crop production industry, and training designed to increase employment retention and productivity in all cycles of crop production including harvesting, packing, processing and transportation. The pilot serves employers in seasonal industries and workers engaged in cyclical employment related to crop production seasons. Under this pilot, the Panel funded training for Western Growers, an agricultural trade association comprised of small farms, ranches, and packers (many significantly impacted by the damaging January 2007 freeze) that grow, pack, and ship 90 percent of the fresh produce in California. Training provided workers the skills necessary to adapt to new manufacturing and management techniques, and thereby improve growing, packing, storage, safe handling, shipping and other aspects of food production.

- ***Professional Employee Organizations (PEO) and Payroll Companies***

As the California economy has evolved with new technologies and workplace demands, an employment services industry has emerged with temporary agencies placing workers, and PEOs or payroll companies providing services. In its continuous effort to be flexible and meet the needs of California business, the Panel adopted guidelines to test a new training model for employers who utilize PEO and payroll services companies. The new guidelines will enable some employers who otherwise would not be eligible, to participate in and benefit from ETP-funded training.

## ***REGULATORY ACTIONS***

Due to the dynamic nature of the ETP program, the Panel systematically reviews its Regulations to simplify, clarify, and eliminate unnecessary requirements. Key regulatory actions this report year resulted in simplified/standardized subcontracting requirements for ETP customers; and, the elimination of unnecessary requirements and procedures for contractors filing appeals and terminating contracts.

## ***ADMINISTRATIVE IMPROVEMENTS***

The Panel significantly improved its contracting process for its customers:

- ***Fast Track Contracting***

Based on the success of the small business “fast track” contracting process with modifications to standard program requirements, the Panel expedited this process for all direct training projects \$50,000 or less, and for multiple employer contracts providing entrepreneurial training for small business owners, for \$50,000 or less. Eligibility determination and formal training proposals may be completed in a week – allowing employers to quickly and simply enjoy the benefits of ETP-funded training in a small, easy-to-administer training project.

- ***Simplified Amendment Process***

The Amendment process has also been simplified and automated. Contractors may now request changes to their training contracts on-line – resulting in an expedited, paperless, cost-saving process. Other process improvements have minimized the need for formal contract Amendments, simplifying contract administration for ETP customers and staff.

## ***PLANNING FOR THE FUTURE***

To maximize its limited funding in FY 2007-08, the Panel will continue funding projects at minimal incremental levels, continue a number of funding moratoriums, and limit initial contract amounts. The Panel will also continue efforts to increase its budget appropriation. This will enable ETP to better support the training needs of California businesses and workers, with emphasis on key economic development initiatives, small business, nurse upgrade training, CTE, clean technology, and training for ex-offenders and at-risk youth.

# **APPENDICES**

## **A) NEW FUNDING APPROVAL DATA**

**A-1) APPROPRIATIONS AND EXPENDITURES**

**A-2) CONTRACTS APPROVED IN HIGH  
UNEMPLOYMENT AREAS IN FY 2006-07**

## **B) COMPLETED CONTRACT DATA**

**B-1) COMPLETED CONTRACT DATA**

**B-2) TRAINEE CHARACTERISTICS**

**B-3) LIST OF COMPLETED CONTRACTS**

## **C) TERMINATED CONTRACTS**

**C-1) LIST OF TERMINATED CONTRACTS**

## APPROPRIATIONS AND EXPENDITURES

In FY 2006-07, ETP received a Budget Act appropriation of \$53.4 million. (Other departments also received appropriations from the Employment Training Fund totaling \$28,688,000.) In addition to its appropriation, the reinvestment of \$14 million in disencumbered funds brought ETP's total funding to \$67.4 million.

<b>A. Appropriation and Expenditure Report</b>	<b>FY 2006-07</b>
<b><u>Appropriations from the Employment Training Fund (ETF)</u></b>	<b>\$ 82,074,000</b>
<b><u>Other Programs:</u></b>	
Department of Social Services/CalWORKS	(20,000,000)
Dept of Industrial Relations/Div Apprenticeship Stds	(3,129,000)
EDD Tax Branch (ETT Collection)	(5,405,000)
State Controllers Office & ProRata	<u>(154,000)</u>
<b>Total</b>	<b>(\$28,688,000)</b>
<b><u>ETP:</u></b>	
Appropriation to ETP	53,386,000
Reinvested Funds	<u>14,000,000</u>
<b>Total</b>	<b>\$ 67,386,000</b>
<b><u>ETP Expenditures:</u></b>	
Program Administration	(8,500,000)
Other ProRata	(693,009)
Marketing and Research	(425,000)
EDD Support	(500,000)
Program Funds:	
Prior Year Liabilities	(15,500,000)
New Training Contracts	<u>(41,767,991)</u>
<b>Total</b>	<b>\$ 67,386,000</b>

The resulting total of \$67.4 million available for FY 2006-07 was allocated by the Panel as follows:

- **Program Funds:** The Panel encumbered all \$57.3 million of available program funds for training. Of this amount, \$15.5 million was for prior year contract liabilities, incurred as a result of incremental funding, and \$41.8 million was for new training contracts. (In order to maximize its limited funds, ETP incrementally encumbers training funds, initially encumbering about 35 percent of the contract amount to cover first year costs and mitigate second year liabilities. Funding is disbursed over a two-year term per project.)
- **Program Administration:** \$9 million was spent for program operational costs, including EDD support.
- **MARKETING AND RESEARCH:** \$425,000 was spent on strategic marketing conducted by outside consultants under contract to the Panel. Expenditure of marketing funds included marketing agreements with the California Manufacturers and Technology Association, and the California Labor Federation, which were awarded through a request for proposal process.

**B. New Training Contract Approvals**

As described above, \$41.8 million was encumbered in the report year for new training contracts. Since the Panel incrementally encumbers about 35 percent of the total approved amount of contracts in their first year, this enabled the Panel to approve \$112.6 million in FY 2006-07 for new projects. These training funds were approved under (a) the regular economic development category, primarily for the retraining of incumbent workers in businesses threatened by out-of-state competition, as well as training for unemployed workers; and (b) the Special Employment Training (SET) category for businesses and workers not eligible under regular program criteria. Approximately 94 percent of funds were targeted for retraining, with 6 percent going for the training of unemployed workers. (Retraitees represent 98 percent of the trainee population, and new hires 2 percent.)

**FY 2006-07 FUNDING COMMITMENTS**

	<b>Total</b>
<b>Approved Training Projects</b>	318
<b>Total Approved Funding* (in millions)</b>	\$112.6
<b>Workers Targeted for Training</b>	92,115
<b>Average Cost per Trainee**</b>	\$1,222

\*\$41.8 million was encumbered for new training, with the remaining liability to be covered in future fiscal years' funds, based on project performance.

\*\*Overall average cost per trainee for new hires was \$3,556; for retrainees it was \$1,174.

Training was targeted to the State's basic industries, primarily the manufacturing and high-technology sectors. Sixty-eight percent went to manufacturing and another 8 percent was approved for high technology, such as software development, computer programming, and multimedia/ entertainment. This was an increase in funding for manufacturing from the prior fiscal year, when 45 percent of funds went to manufacturing businesses. The increase in funding for manufacturing businesses was accompanied by a decrease in funding for trade, services and other industries (e.g., finance, agriculture, transportation, communication, and construction).



**Contracts Approved In High Unemployment Areas (HUA)  
FY 2006-07**

**APPENDIX A-2**

<b>Contractor</b>	<b>County</b>	<b>Industry</b>	<b>Portion of Contract Approved in HUAs</b>	<b># of Trainees in HUAs</b>
AAA Plating & Inspection, Inc.	Los Angeles	Aerospace	\$20,280	30
Adams Rite Manufacturing Company	Los Angeles	Manufacturing	\$387,828	162
Aero Turbine, Inc.	San Joaquin	Aerospace	\$67,340	35
Aisin Mfg. California, LLC	San Joaquin	Manufacturing	\$370,500	65
American Incorporated	Tulare	Construction	\$199,584	264
Andrew Furuseth School of Seamanship Training Plan Trust	Alameda, Contra Costa	Water Transportation	\$114,700	50
Applied Materials, Inc	Fresno	High Tech Mfg	95,940	130
Automobile Club of Southern California	Los Angeles, Kern, Tulare, Riverside, San Bernardino	Service	\$252,806	468
Bank of America	Kings	Finance	\$93,750	125
Bay Alarm Company	Alameda, Sacramento, San Joaquin	Services	\$45,510	82
Bay Area Video Coalition	Alameda	Multimedia Entertainment/Communications, etc.	\$56,521	36
Beacon Management Inc.	Los Angeles	Services	\$8,712	9
California Pretzel Company, Inc.	Tulare	Manufacturing	\$260,100	170
California State University Dominguez Hills Foundation	Los Angeles, Riverside, San Bernardino	Mfg/Variou	\$196,262	178
Care Options, Management Plans & Support	Shasta	Healthcare Services	\$56,000	20
Century Housing Corporation	Los Angeles, Riverside, San Bernardino, Ventura	Construction	\$127,596	25
Certified Stainless Service, Inc	Kern, Merced, Stanislaus	Manufacturing	\$405,000	180
CHARO Community Development Corporation	Los Angeles, Riverside, San Bernardino	Service	\$50,025	38
Chevron Products Company	Contra Costa	Manufacturing	\$1,777,575	685
Clorox Company	Alameda	Manufacturing	\$382,320	405
Communities in Schools of SouthBay, Inc	Los Angeles	Finance, Service, etc.	\$108,525	25
Community Business College, Inc.	Fresno, Merced, Madera, San Joaquin, Stanislaus	Finance, Service, Healthcare etc.	\$245,900	50
Community Career Development Inc. (W2W)	Los Angeles	Various Industries	\$118,483	25
Comprehensive Training Systems, Inc	San Diego	Various Industries	\$95,532	20
Conrad Corporation dba Conquest Imaging Corporation for Manufacturing Excellence dba MANEX	San Joaquin Stanislaus, Los Angeles, etc.	Medical Equipment Services Manufacturing, Service, etc.	\$47,520 \$109,976	36 105
Cottage Bakery, Inc.	San Joaquin	Manufacturing	\$819,000	525
Crown Valley Precision Machining	Los Angeles	Aerospace	\$46,800	30
Cypress Surgery Center	Tulare	Healthcare Services	\$77,000	25
Dentex Group, Inc. dba Dentex Dental	Los Angeles	Dental Services	\$61,607	13
Domino Plastics Manufacturing, Inc	Kern	Manufacturing	\$183,456	36
Dreyer's Grand Ice Cream, Inc	Tulare	Manufacturing	\$304,720	293
East Los Angeles Doctors Hospital	Los Angeles	Healthcare Services	\$298,080	144
East San Gabriel Valley Regional Occupational Program & Technical Center	Los Angeles, Riverside, San Bernardino, Ventura	Communications/Services	\$79,954	59
El Camino Community College CACT	Los Angeles	Manufacturing	\$42,030	37
El Camino Community College CACT	Los Angeles Area	Manufacturing	\$296,714	217
Elder Options, Inc.	El Dorado	Service	\$8,800	20
Emerald Bay Custom Built Houseboats, Inc.	Butte	Manufacturing	\$20,280	13
Employers Group	Los Angeles	Manufacturing, etc.	\$95,637	106
Empower RF Systems, Inc.	Los Angeles	Manufacturing	\$36,400	35
Eureka Fabrication	San Joaquin	Manufacturing	\$49,280	40
ExpressJet Airlines, Inc.	Fresno, Kern	Air Transportation	\$462,150	237
Franklin Career College, Inc	Los Angeles, San Bernardino	Services	\$72,086	17
Franklin Career College, Inc	Los Angeles, Riverside, San Bernardino	Healthcare, Service, etc.	\$265,410	60
Fresenius Medical Care North America	Statewide	Healthcare Services	\$231,075	195
Frito-Lay, Inc	Fresno, Kern, Los Angeles, San Joaquin, Tulare	Manufacturing	\$275,625	625
Gnomon School of Visual Effects	Los Angeles Area	Multimedia Entertainment	\$20,761	13
Goodwill Industries of Santa Clara Co.	Los Angeles, Ventura	Various Industries	\$54,255	15
Goodwill Industries of Santa Clara Co. W2W	Santa Clara, San Benito	Various Industries	\$105,250	25

**Contracts Approved In High Unemployment Areas (HUA)  
FY 2006-07**

**APPENDIX A-2**

<b>Contractor</b>	<b>County</b>	<b>Industry</b>	<b>Portion of Contract Approved in HUAs</b>	<b># of Trainees in HUAs</b>
HCM Health Care Inc.	Lassen,Madera,Merced,Placer, Plumas, Stanislaus, Santa Cruz	Services/Healthcare	\$257,040	46
Hitchcock and Holcombe, Inc. dba Continental Training Center	Fresno, Los Angeles, San Joaquin, Tulare, Yuba	Communications, Construction, Finance, Healthcare, Service, Manufacturing, etc.	\$154,903	180
Hospira, Inc	Santa Clara	Manufacturing	\$342,720	297
Ingomar Packing Company, LLC	Merced, Stanislaus, Fresno	Food Production	\$11,220	17
Integrated Management Systems Marketing, Inc	Contra Costa, San Joaquin, Stanislaus	Various Industries	\$239,740	111
Irwin Industries, Inc.	Los Angeles, Ventura	Construction	\$312,120	204
Keller Lumber Sales, Inc.	Shasta	Trade	\$18,480	14
Kern Community College District - Bakersfield College	Fresno, Kern, Madera, Merced, San Joaquin, Stanislaus, Tulare	Construction, Manufacturing, Warehousing etc.	\$464,310	402
Kruger Foods, Inc.	San Joaquin	Food Production	\$39,000	75
Land O'Lakes, Inc.	Glenn, Tulare	Mfg/Agriculture	\$347,616	568
Lockheed Martin Aeronautics Company	Los Angeles	Aerospace	\$1,261,008	1,251
Los Angeles Pacific College	Los Angeles	Various Industries	\$39,767	17
Marquez Brothers International	Fresno, Kings	Food Production	\$112,460	47
McLellan Equipment, Inc.	Kings	Manufacturing	\$214,200	140
Mellano Enterprises, Inc.	San Bernardino	Agriculture	\$38,988	19
Merced County Department of Commerce, Aviation & Economic Development	Merced, Fresno	Mfg, Service, Finance, Communication, etc.	\$48,880	65
Millipore, Inc.	Shasta	Biotechnology	\$180,360	60
Monterey Mushrooms, Inc.	Santa Clara, Santa Cruz	Agriculture	\$519,300	577
National RV, Inc.	Riverside	Manufacturing	\$749,412	771
New Horizons Computer Learning Centers, Inc	Los Angeles, Riverside, San Bernardino	Various Industries	\$68,271	49
New Technology Training Institute	Statewide	Service	\$17,073	5
NL&A Collections, Inc. dba Nova Lighting	Los Angeles	Manufacturing	\$50,000	20
NTMA Training Centers of Southern California	Los Angeles, San Bernardino	Manufacturing	\$220,094	68
Oasis Air Conditioning, Inc.	Kern	Service	\$43,680	28
Pacific Asian Consortium in Employment	Los Angeles	Transportation	\$65,106	18
Praxair Distribution, Inc	Contra Costa, Fresno, Kern, Los Angeles, Sacramento, Stanislaus	Manufacturing	\$393,529	315
Quinn Group, Inc.	Fresno, Kern, Tulare, Los Angeles, Monterey, Ventura	Equipment Mfg & Rental	\$372,519	372
Raytheon Company	Kern	Manufacturing	\$10,395	17
Refrigerating Engineers & Technicians Assoc	Fresno, Kings, Madera, Merced, Monterey, San Bernardino, San Joaquin, Stanislaus, Tulare	Manufacturing	\$80,125	125
Regional Technical Training Center	Alameda	Various Industries	\$166,382	46
Rocker Bros. Meat & Provisions Inc.	Los Angeles	Trade	\$34,320	26
Sacramento Employment & Training Agency	Sacramento, El Dorado, Placer, San Joaquin, Solano, Sutter, Yolo	Various Industries	\$234,863	114
Safety-Kleen Systems, Inc.	Fresno, San Bernardino, Santa Barbara, Stanislaus, San Diego, Sacramento, Alameda, Los Angeles, Santa Clara	Manufacturing	\$313,614	133
Sealy Inc.	Contra Costa, Los Angeles	Manufacturing	\$324,000	360
Siegried Engineering, Inc.	San Joaquin, Stanislaus	Engineer Services	\$8,448	16
Sierra Pacific Orthopaedic & Spine Center Medical Group, Inc.	Fresno	Healthcare	\$187,500	125
So. Cal. Painting & Drywall Industries	Los Angeles	Construction	\$53,353	33
Sonoma County Junior College District, Santa Rosa Junior College District	Lake	Manufacturing	\$52,687	72
Southeast Area Social Services Funding Authority	Los Angeles, Orange, Riverside, San Bernardino, Ventura	Manufacturing	\$28,936	8
Southeast Los Angeles County Workforce Investment Board	Los Angeles	Mfg, Hi Tech, Transport, Construction, etc.	\$206,585	169
Sterling Alliance Inc.	Shasta, Tehama, Trinity	Various Industries	\$172,872	98
Tanfield Engineering Systems (US), Inc.	Fresno	Manufacturing	\$14,976	26
The Kroger Co.	Los Angeles	Manufacturing	\$232,375	275
Toys "R" Us	San Joaquin	Retail	\$174,960	243

**Contracts Approved In High Unemployment Areas (HUA)  
FY 2006-07**

APPENDIX A-2

<b>Contractor</b>	<b>County</b>	<b>Industry</b>	<b>Portion of Contract Approved in HUAs</b>	<b># of Trainees in HUAs</b>
Trav-L-World College	Los Angeles, Riverside, San Bernardino	Service	\$49,910	23
Turn Around Communications, Inc	Los Angeles	Telecommunications	\$48,906	57
U.S. Farm Systems, Inc	Tulare	Manufacturing	\$211,200	64
UAW Labor Employment & Training Corporation	Los Angeles	Aerospace	\$68,805	45
Verdegaal Brothers, Inc	Kings	Agriculture	\$10,560	12
Vince's Office Supply, Inc.	San Joaquin	Trade	\$65,780	0
Visalia Medical Clinic, Inc	Tulare	Healthcare Services	\$270,000	225
Visions Painting, Inc.	Sacramento	Construction - Paint	\$49,324	38
Visions Recycling, Inc.	Sacramento	Manufacturing	\$15,840	12
West Covina Chamber of Commerce	Los Angeles, Santa Clara, San Bernardino, Riverside, Tulare, Siskiyou, San Diego	Various Industries	\$102,600	100
West San Gabriel Valley Consortium dba Career Partners	Los Angeles	Mfg/Variou	\$53,251	74
Westech College	Los Angeles, Riverside, San Bernardino, San Diego	Construction Engineering	\$166,814	96
Western Growers	Fresno, Imperial, Kern, Monterey, Santa Cruz, Stanislaus	Agriculture	\$90,259	131
Western Growers	Fresno, Imperial, Kern, Monterey, Riverside, Santa Cruz, Stanislaus, Ventura	Agriculture	\$291,785	385
Wiebe and Associates CPA	Fresno	Finance	\$34,320	26
Windsor House Investments, Inc. dba Colortone Graphics	Los Angeles	Manufacturing	\$23,760	18
<b>TOTAL - 109 contracts</b>			<b>\$20,031,954</b>	<b>15,121</b>

## COMPLETED CONTRACT DATA

Of contracts approved in prior fiscal years, 177 completed during the report year. Training funded by these contracts focused on skills to assist employers in implementing technological innovations, diversifying goods and services, and transitioning to high-performance workplaces. The training was designed to provide workers with the skills required for long-term employment at good wages, and helped California employers remain competitive in the international economy.

### A. SUMMARY OF COMPLETED CONTRACTS\*

The following table illustrates FY 2006-07 completed contracts by funding category. The Panel funded training in high-wage, high-skill jobs for a total of 31,001 trainees at an average cost of \$1,011 per trainee.

	<b>Total</b>
<b>Number of Contracts</b>	177
<b>Amount Earned (in millions)</b>	\$31.3
<b>Retained in Employment</b>	31,001
<b>Cost per Trainee</b>	\$1,011

\* See Appendix B-3, "Completed Contracts" for a listing of the year's completed contracts.

The average cost per trainee increased in the report year from the prior fiscal year, from \$951 to \$1,011 per trainee. The average cost per trainee was \$4,854 for new hires, and \$983 for retrainees.) Approximately 96.5 percent of funds were earned for successful retraining, with 3.5 percent going for the training of unemployed workers. (Retrainees represented 99 percent of the trainee population; and new hires one percent.)

### B. TRAINEES SERVED BY SIZE OF BUSINESS

The following table provides numbers of trainees by size of business served. With a slight increase from last year, twenty-three percent of all retrainees were employed by small businesses (i.e., 250 or fewer employees); however, new hires employed by small firms increased to 75 percent, compared to 62 percent in FY 05/06.

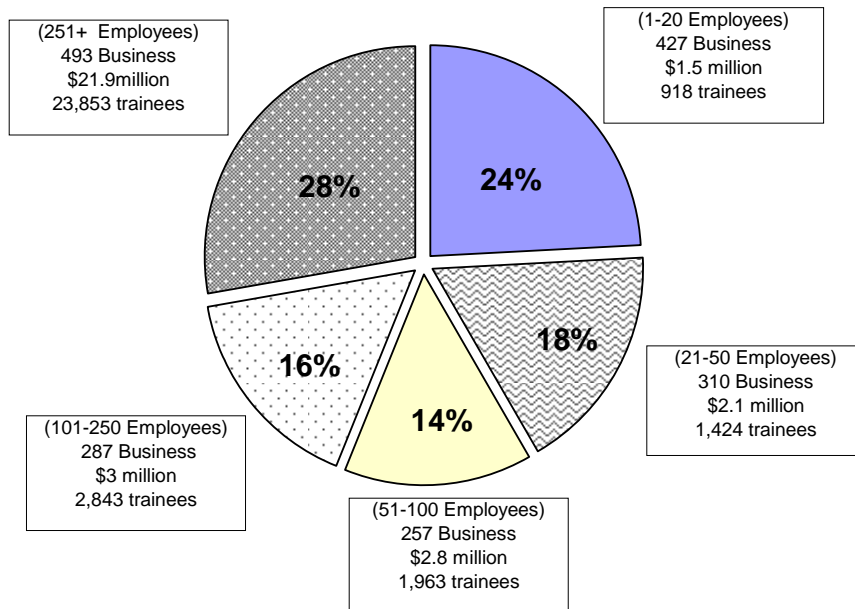
<b>Bus. Size</b>	<b>Retrainees</b>	<b>New Hires</b>	<b>Rtrees \$ Earned</b>	<b>NH \$ Earned</b>	<b>\$ Earned Amount</b>
<b>1-20</b>	871	47	\$1,229,298	\$236,031	\$1,465,329
<b>21-50</b>	1,381	43	\$1,877,531	\$185,450	\$2,062,981
<b>51-100</b>	1,924	39	\$2,619,828	\$184,969	\$2,804,797
<b>101-250</b>	2,802	41	\$2,844,479	\$185,489	\$3,029,968
<b>251+</b>	23,796	57	\$21,684,248	\$292,274	\$21,976,522
<b>Totals</b>	<b>30,774</b>	<b>227</b>	<b>\$30,255,384.00</b>	<b>\$1,084,213</b>	<b>\$31,339,597.00</b>

**C. BUSINESSES SERVED BY SIZE**

1,774 businesses were served in last year's completed contracts. While approving some limited training for unemployed workers, the Panel primarily funds the retraining of incumbent workers in California businesses, especially small firms, to help those employers become or remain competitive. A review of businesses served in completed contracts shows that 72 percent of all firms served were small (i.e., employed 250 or fewer workers), which was an increase of about 4 percent over last fiscal year. Further, of all businesses served in completed contracts, 56 percent employed 100 or fewer workers; 42 percent employed 50 or fewer workers; and those with 20 or fewer employees represented 24 percent of all businesses served. (See chart below.)

The Panel funds training for small business through both direct contracts with single employers, and multiple-employer contractors (MEC) such as employer consortia, or training agencies that train workers of multiple employers. The Panel served 70 small businesses through direct contracts to provide training for 1,575 workers. This was a 49 percent increase from the prior fiscal year, due principally to the Panels implementation of the Small Business Program several years ago. Another 1,211 small businesses were served through 32 multiple employer contracts, which provided training for 5,403 workers.

**NUMBER & SIZE OF BUSINESSES SERVED  
IN 2006-07 COMPLETED CONTRACTS**



**D. TRAINING BY INDUSTRY**

The Panel funded training in all major industries in California, with a majority of contracts and funds going to the manufacturing and high-technology sectors. Businesses in the high technology sector include software development, biotechnology, telecommunications, engineering and multi-media/entertainment.

<p><b><u>Manufacturing</u></b> 18,348 trainees                  \$18.8 million                  (60% dollars earned)                  38% businesses served</p>	<p><b><u>Services</u></b> 5,181 trainees                  \$4.3 million                  (14% dollars earned)                  16% businesses served</p>
<p><b><u>High Technology*</u></b> 2,055 trainees                  \$2.4 million                  (8% dollars earned)                  18% businesses served  <small>*includes software development, multimedia/                  entertainment, computer programming and                  systems design, engineering and telecommunications.</small></p>	
<p><b><u>Trade</u></b> 1,528 trainees                  \$1.7 million                  (5% dollars earned)                  11% businesses served</p>	<p><b><u>Other**</u></b> 3,889 trainees                  \$4.2 million                  (13% dollars earned)                  17% businesses served  <small>**Includes agriculture, construction,                  transportation, and finance.</small></p>

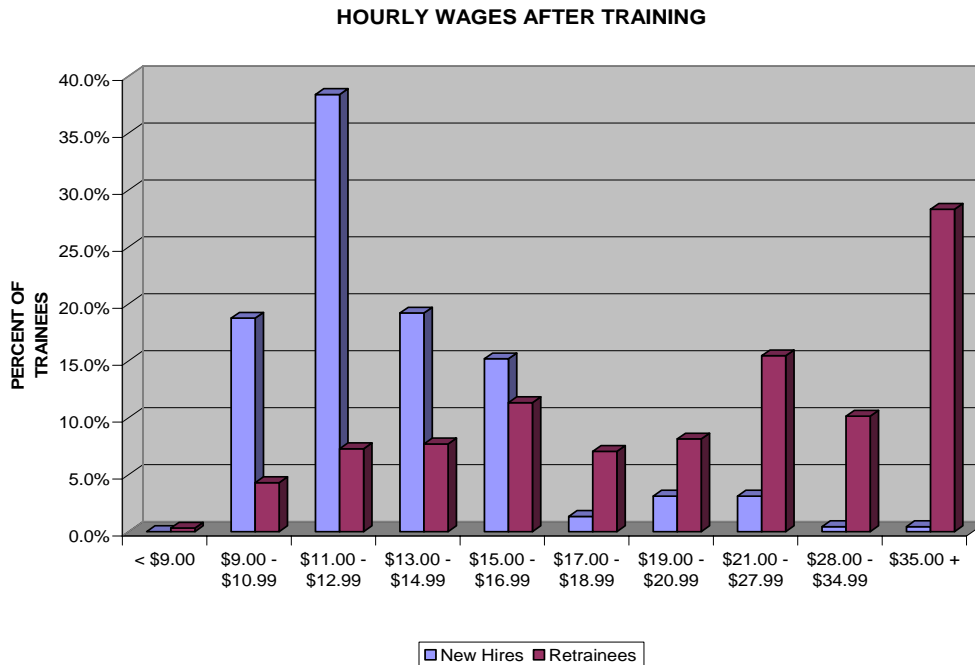
These industry data show that the percentage of funds earned by manufacturing firms in completed contracts remained essentially unchanged from the previous fiscal year. The percentage of businesses served in those industries was 38 percent, compared to 44 percent in FY 2005-06. However, the businesses served in high-technology contracts increased to 18 percent from 6 percent the previous year. Also, funds earned by businesses in high technology services increased to 8 percent compared to 6 percent in FY 2005-06. This increase in funding for high-technology firms was the result of the Panel's increasing support for the State's high-technology sector.

**E. TRAINEE WAGES**

The average post-training and retention wages for workers who were unemployed at the start of training (new hires) was \$13.22 an hour; for retrainees, it was \$28.08 per hour. Wages were up 19 percent for new hires, compared to last fiscal year. Although the retrainees' wages went down slightly from the prior year, the wages earned by ETP trainees were substantially higher than standard ETP-required minimum wages in effect

when these contracts were approved - \$9.68 to \$11.26 for new hires, and \$11.83 to \$13.51 for retrainees.

It is important to note that while ETP primarily funds training for high-wage, high-skill jobs, it also funds training for lower wage workers to assist them in advancing to better paying, more secure jobs. In the report year, 12 percent of ETP trainees earned less than \$13 per hour. This is consistent with prior fiscal years' data, and reflects ETP's ability to assist workers at both ends of the wage spectrum.



**F. LITERACY TRAINING**

The Panel supports literacy training (writing, reading, language comprehension, math, and Vocational English as a Second Language) where training has a demonstrated link to job skills training. The majority of literacy training was for frontline workers in manufacturing, many whom were in high unemployment areas. Twenty of the completed contracts included literacy components for approximately 2,200 participants, at a cost of \$2.8 million for total training hours for those participants.

**G. TRAINEE DEMOGRAPHICS**

Demographic data indicates that 65 percent of retrainees were male and 65 percent of new hires were male. The male representation of both retrainees and new hires was much higher than in the California labor force, with only 57 percent of unemployed and 55 percent of employed workers being male. The percentage of males served in new hire training projects has gone up since last fiscal year. These results are primarily due to training provided in male-dominated occupations, such as computer numerical control operators, machinists, automobile

assembly workers, engineers, warehouse workers, computer programmers and construction workers. For both new hires and retrainees, the biggest percentage of age groups served were in the 35-44 years age range, more concentrated than in the labor force. Since the prior fiscal year, the average age of retrainees and new hires has become slightly younger.

Retrainees consisted of more high school and college graduates, but fewer post-graduates than in the overall California labor force. New hires had more high school graduates (40 percent) and high school dropouts (21 percent) versus other levels of education than the overall labor force. Both new hires and retrainees were generally more diverse than the California labor force, with the largest percentage being Hispanic for new hires, and white for retrainees. (See Appendix B-2 for trainee characteristics data.)

#### **H. DISENCUMBRANCES/REINVESTMENT OF FUNDS**

Since ETP contracts are “performance based”, funds are not earned by a contractor until a trainee has completed training and a subsequent employment retention period, at a specified minimum wage. Therefore, funds encumbered in a training contract that are not earned, are subsequently disencumbered, and then reinvested in new training projects.

The overall disencumbrance rate of the 177 contracts completing in the report year, as well as the 9 contracts terminating in the report year, was 16 percent. \$37.3 million was encumbered in these contracts, of which \$31.3 million was earned for successful completion of training and employment retention, and \$6 million was disencumbered and reinvested in new training.

Research conducted by the University of California Los Angeles indicates that disencumbrances are an integral bi-product of performance-based contracting – assuring that funds not earned by contractors are disencumbered and reinvested in new training projects. Further, disencumbrances are caused largely by changes in economic and business conditions that force firms to reduce or forego training – conditions out of ETP’s control. Nonetheless, the Panel has taken steps to reduce and minimize disencumbrances, including the use of incremental funding, where contract funds are encumbered in phases at minimal levels, with additional funds encumbered only as the contractor demonstrates performance.

Other Panel actions in recent years to reduce disencumbrances have included: limiting the number of training hours in projects; requiring top management involvement in the contract process; and, early intervention in poorly performing projects through increased technical assistance to help contractors be successful. If intervention is unsuccessful, the project is terminated, and funds are disencumbered and reinvested in new training projects.

In its earlier years, ETP incurred disencumbrance rates at levels averaging 40 percent annually. However, by taking the administrative actions described above, the Panel has significantly reduced its disencumbrances, as evidenced by the low rate of 16 percent in contracts completing and terminating in the report year.



**CHARACTERISTICS OF PANEL TRAINEES  
COMPARED TO CALIFORNIA LABOR FORCE**

Characteristic	<u>Employment Training Panel</u>		<u>California Labor Force</u>	
	<u>New Hire</u> <u>Percent</u>	<u>Retrainee</u> <u>Percent</u>	<u>Unemployed</u> <u>2006</u>	<u>Employed</u> <u>2006</u>
<u>SEX:</u>				
Female	35.3%	35.2%	45.8% a/	44.3% a/
Male	64.7%	64.8%	54.2% a/	55.7% a/
<u>AGE: a/</u>				
<25	18.8%	7.3%	31.2% a/	13.5% a/
25-34	26.8%	29.0%	21.6% a/	23.0% a/
35-44	32.1%	31.2%	20.5% a/	25.2% a/
45-54	16.1%	23.0%	16.1% a/	22.6% a/
55-64	6.2%	8.0%	8.6% a/	12.4% a/
65+	0.0%	1.5%	2.0% a/	3.3% a/
<u>EDUCATION:</u>				
Less than H.S. Grad.	21.4%	6.2%	19.2% b,c,d/	19.2% b,c,d/
H.S. Graduate	39.7%	31.6%	24.0% b,c,d/	24.0% b,c,d/
Some College	26.8%	21.2%	27.1% b,c,d/	27.1% b,c,d/
College Graduate	11.2%	34.3%	20.0% b,c,d/	20.0% b,c,d/
Post Graduate	0.9%	6.7%	9.7% b,c,d/	9.7% b,c,d/
<u>MARITAL STATUS:</u>				
Married	35.5%	53.0%	53.1% c,d/	53.1% c,d/
Single	64.5%	47.0%	46.9% c,d/	46.9% c,d/
<u>ETHNICITY:</u>				
White	21.9%	43.9%	35.1% d/	47.4% d/
African-American	22.3%	5.5%	11.2% d/	5.7% d/
Hispanic	40.2%	25.2%	41.4% d/	32.4% d/
Asian	8.0%	17.6%	10.3% d/	12.3% d/
Native American	0.9%	0.8%		
Other	6.7%	7.0%	2.0% d/	2.2% d/
<u>VETERAN:</u>				
Yes	4.9%	2.9%	2.9%	10.7%
No	95.1%	97.1%	97.1%	89.3%

a/ Based on 2006 annual averages from Employment Status Report.

b/ Percentages are for total population 25 years and older.

c/ Data is not separated by individual category of employed or unemployed.

d/ Civilian Labor Force data are based on the March 2006 census provided by the Bureau of Labor Statistics in the Current Population Survey conducted by the Bureau of the Census.

COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
21ST CENTURY INSURANCE GROUP	MULTI COUNTIES	5	Finance	716	0	\$607,319	34%
A&D ENGINEERING, INC.	MULTI COUNTIES	5	Services	17	0	\$26,754	67%
A. P. C-2000, INC.	FRESNO	1	Manufacturing	0	0	\$0	0%
AAA PLATING & INSPECTION, INC.	LOS ANGELES	2	Manufacturing	25	0	\$15,886	48%
ABBOTT DIABETES CARE	ALAMEDA	5	Manufacturing	308	0	\$359,454	54%
ACCENTURE LLP*	MULTI COUNTIES	5	Services	659	0	\$572,507	50%
ACRO ELECTRIC, INC.	STANISLAUS	1	Services	0	0	\$0	0%
ALAMEDA COUNTY JATC*	MULTI COUNTIES	6	Construction	145	0	\$89,582	42%
ALDIK ARTIFICIAL FLOWER COMPANY, INC.	VENTURA	5	Services	39	0	\$17,570	21%
APPLIED METERING TECHNOLOGIES	LOS ANGELES	1	Services	13	0	\$23,225	54%
ARLON INCORPORATED	ORANGE	5	Manufacturing	76	0	\$74,100	100%
ASSOCIATED CALIBRATION, INC.	ORANGE	1	High Technology	7	0	\$4,440	22%
ASYMPTOTIC TECHNOLOGIES, INC. DBA ASYMTEK	SAN DIEGO	3	Manufacturing	45	0	\$20,101	15%
AURIDENT, INC.	ORANGE	1	Manufacturing	18	0	\$9,530	45%
AUTOLAND, INCORPORATED	MULTI COUNTIES	3	Services	105	0	\$139,835	81%
AVAIL MEDICAL PRODUCTS, INC.	SAN DIEGO	5	Manufacturing	118	0	\$69,745	40%
A-W ENGINEERING CO. , INC.	LOS ANGELES	1	Manufacturing	0	0	\$0	0%
BALBOA INSTRUMENTS INCORPORATED	ORANGE	4	Manufacturing	81	0	\$52,125	37%
BALL CORPORATION	LOS ANGELES	5	Manufacturing	29	0	\$28,435	13%
BAUMBACH AND PIAZZA, INC.*	SAN JOAQUIN	1	High Technology	5	0	\$2,710	21%
BAXTER HEALTHCARE CORPORATION	LOS ANGELES	5	Manufacturing	71	0	\$214,117	17%
BAY AREA VIDEO COALITION	MULTI COUNTIES	6	High Technology	846	0	\$1,253,292	100%
BEMA ELECTRONICS, INC.	ALAMEDA	2	Manufacturing	31	0	\$35,360	92%
BIOGENEX LABORATORIES, INC.	CONTRA COSTA	3	High Technology	2	0	\$624	1%
BORDIERS NURSERY, INC.	ORANGE	5	Agriculture	118	0	\$168,650	73%
CADENCE DESIGN SYSTEMS, INC.	MULTI COUNTIES	5	Manufacturing	696	0	\$533,918	54%
CALIBRATION AND PRECISION MEASUREMENT LABORATORIES	SACRAMENTO	1	High Technology	2	0	\$2,400	67%
CALIFORNIA CHASSIS, INC.	ORANGE	2	Manufacturing	13	0	\$22,880	23%
CALIFORNIA COMMUNITY COLLEGES CANCELLOR'S OFFICE	MULTI COUNTIES	6	Various	0	0	\$0	0%
CALIFORNIA DISTRIBUTION	LOS ANGELES	2	Services	0	0	\$0	0%
CALIFORNIA MANUFACTURING TECHNOLOGY CONSULTING	MULTI COUNTIES	6	Manufacturing	1,767	0	\$1,652,622	79%
CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION	LOS ANGELES	6	Various	99	0	\$46,329	70%
CALIPER LIFE SCIENCES	SANTA CLARA	4	Manufacturing	16	0	\$8,482	5%
CARABELLA CORPORATION	ORANGE	2	Manufacturing	14	0	\$12,160	29%

\* Special Employment Training (SET) Category

\*\* (1) 1-50, (2) 51-100, (3) 101-250  
 (4) 251-500, (5) 501+, (6) Multiple Employers

COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
CENTURY HOUSING CORPORATION*	MULTI COUNTIES	6	Construction	0	86	\$421,324	82%
CF TRAINING CENTER, LLC*	MADERA	6	Services	46	0	\$42,673	9%
CLOROX COMPANY	MULTI COUNTIES	5	Manufacturing	1,634	0	\$1,440,847	95%
COHERENT, INC.	SANTA CLARA	5	Manufacturing	67	0	\$8,112	100%
COMMUNITY BUSINESS COLLEGE, INC.	STANISLAUS	6	Various	0	37	\$212,565	34%
CONTRA COSTA NEWSPAPERS, INC.	ALAMEDA	5	Manufacturing	9	0	\$3,354	5%
CORPORATE EXPRESS OFFICE PRODUCTS, INC.*	MULTI COUNTIES	5	Services	0	0	\$0	0%
CRITERION CATALYSTS AND TECHNOLOGIES, L.P.	CONTRA COSTA	5	Manufacturing	39	0	\$18,499	21%
CRYSTAL CREAM & BUTTER COMPANY	SACRAMENTO	5	Manufacturing	60	0	\$44,883	19%
CYTEC ENGINEERED MATERIALS INC.	ORANGE	5	Manufacturing	12	0	\$4,862	2%
CYVEX NUTRITION, INC.	ORANGE	1	High Technology	8	0	\$7,690	92%
DEKING SCREW PRODUCTS, INC.	LOS ANGELES	1	Manufacturing	18	0	\$13,680	90%
DEL MAR OFFICE PRODUCTS	SAN DIEGO	1	Trade	21	0	\$12,540	25%
DELTA DENTAL OF CALIFORNIA	SACRAMENTO	5	Services	231	0	\$238,871	80%
DOCUSOURCE, LLC	ORANGE	2	Services	67	0	\$48,235	54%
DREYER'S GRAND ICE CREAM HOLDINGS, INC.	LOS ANGELES	5	Manufacturing	666	0	\$1,286,990	69%
E-3 SYSTEMS*	ALAMEDA	1	Other/Communication	9	0	\$5,200	33%
EDWARD APFFEL COMPANY	LOS ANGELES	2	Manufacturing	18	0	\$13,315	33%
EDWARDS LIFESCIENCES LLC	ORANGE	5	Manufacturing	385	0	\$848,184	69%
E-GATE COLLEGE, INC.	ORANGE	6	Various	0	0	\$0	0%
EKISTICS DESIGN STUDIO*	SACRAMENTO	1	Services	4	0	\$3,200	67%
ELGAR ELECTRONICS CORPORATION	SAN DIEGO	4	Manufacturing	122	0	\$86,866	27%
EVOLUTION MANUFACTURING TRADE ASSOCIATION	MULTI COUNTIES	6	Manufacturing	744	0	\$1,455,877	100%
FISHER ASSET MANAGEMENT LLC DBA FISHER INVESTMENTS	SAN MATEO	5	Finance	190	0	\$127,679	28%
FLUIDMASTER INC.	ORANGE	5	Manufacturing	38	0	\$18,675	11%
FRITO LAY, INC.	STANISLAUS	5	Manufacturing	648	0	\$509,888	47%
GALAXIE UNIVERSAL CORP. INC. DBA GAMCO INDUSTRIES	LOS ANGELES	1	Manufacturing	0	0	\$0	0%
GENENTECH, INC.	MULTI COUNTIES	5	Manufacturing	211	0	\$602,758	100%
GKN AEROSPACE TRANSPARENCY SYSTEMS INC.	ORANGE	5	Manufacturing	60	0	\$64,240	29%
GLENDALE COMMUNITY COLLEGE PROFESSIONAL DEVELOPMENT CENTER*	MULTI COUNTIES	6	Various	1,275	0	\$1,160,864	56%
GREENHECK FAN CORPORATION	PLACER	5	Manufacturing	29	0	\$17,349	30%
H. HENDY ASSOCIATES	ORANGE	1	Services	22	0	\$5,690	27%

\* Special Employment Training (SET) Category

\*\* (1) 1-50, (2) 51-100, (3) 101-250  
 (4) 251-500, (5) 501+, (6) Multiple Employers

COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
HERC PRODUCTS, INC.	SAN DIEGO	2	Services	0	0	\$0	0%
HITCHCOCK & HOLCOMBE, INC.	MULTI COUNTIES	6	Various	544	0	\$423,771	78%
HOLLY YASHI, INC.	HUMBOLDT	2	Manufacturing	18	0	\$5,569	22%
HUNTER PAINE ENTERPRISES	CONTRA COSTA	1	Manufacturing	0	0	\$0	0%
IMPOREX DAVAO (USA)	PLACER	1	Manufacturing	2	0	\$2,400	9%
IMTEC ACCULINE, INC.	SANTA CLARA	1	Manufacturing	0	0	\$0	0%
INDYME ELECTRONICS, INC.	SAN DIEGO	2	Manufacturing	15	0	\$7,320	30%
INNOVATIVE MICRO TECHNOLOGY	SANTA BARBARA	2	Manufacturing	20	0	\$10,273	21%
INTA TECHNOLOGIES	SANTA CLARA	1	Manufacturing	21	0	\$13,280	100%
INTERNATIONAL BUSINESS MACHINES CORPORATION	MULTI COUNTIES	5	Manufacturing	957	0	\$642,699	58%
INTERNATIONAL NETWORK SERVICES, INC.	SANTA CLARA	5	Services	0	0	\$0	0%
J & R FILM CO. INC. D.B.A. MOVIOLA EDUCATION CENTER	LOS ANGELES	6	High Technology	464	0	\$515,585	94%
JACUZZI BRANDS, INC.	SAN BERNARDINO	5	Manufacturing	388	0	\$396,318	78%
JAI PULNIX, INC.	SANTA CLARA	3	Manufacturing	22	0	\$9,685	24%
JDS UNIPHASE	MULTI COUNTIES	5	Manufacturing	581	0	\$322,192	41%
JOONG ANG DAILY NEWS CALIFORNIA/DBA THE KOREA DAILY	LOS ANGELES	5	Manufacturing	185	0	\$195,813	47%
KEISER CORPORATION	FRESNO	1	Manufacturing	14	0	\$4,800	74%
KENDALL FINANCIAL SERVICES*	CONTRA COSTA	1	Finance	2	0	\$1,818	63%
KOMBAT SOCCER, INC.	SACRAMENTO	1	Trade	0	0	\$0	0%
KONOIKE PACIFIC CALIFORNIA, INC.	LOS ANGELES	2	Transportation	18	0	\$7,878	13%
KOREA RADIO, INC., DBA RADIO KOREA	LOS ANGELES	2	Other/Communication	109	0	\$381,500	100%
LAKIM INDUSTRIES, INC. DBA QUALI-TECH MANUFACTURING	LOS ANGELES	2	Manufacturing	6	0	\$5,431	27%
LASCO BATHWARE, INC.	ORANGE	5	Manufacturing	52	0	\$44,152	38%
LEVI STRAUSS & COMPANY	SAN FRANCISCO	5	Manufacturing	138	0	\$62,839	29%
LOS ANGELES PACIFIC COLLEGE*	LOS ANGELES	6	Various	53	10	\$112,996	22%
MAGNELL ASSOCIATES DBA ABS COMPUTER TECHNOLOGIES, INC.	LOS ANGELES	5	Manufacturing	40	0	\$18,668	18%
MARQUEZ BROTHERS INTERNATIONAL	LOS ANGELES	5	Manufacturing	689	0	\$1,698,307	100%
MASS. ELECTRIC CONSTRUCTION CO.*	MULTI COUNTIES	6	Construction	118	0	\$70,231	15%
MEDICALERT FOUNDATION	STANISLAUS	3	Services	21	0	\$54,600	58%
MEDLINE INDUSTRIES, INC.	SAN BERNARDINO	5	Manufacturing	32	0	\$21,258	21%
MEDTRONIC NEUROSURGERY	SANTA BARBARA	5	Manufacturing	12	0	\$5,493	6%
MENLO LOGISTICS, INC.	SANTA CLARA	5	Services	83	0	\$65,082	51%
MICRO TECHNICAL LABORATORIES, INC. DBA MICROTEK	ORANGE	1	High Technology	12	0	\$4,770	24%
MONTEREY MUSHROOMS, INC.	MONTEREY	5	Agriculture	512	0	\$242,424	100%

\* Special Employment Training (SET) Category

\*\* (1) 1-50, (2) 51-100, (3) 101-250  
 (4) 251-500, (5) 501+, (6) Multiple Employers

COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
NATIONAL MARKETING SERVICES	ORANGE	1	Finance	16	0	\$22,967	30%
NATIONAL UNIVERSITY, DIVISION OF EXTENDED LEARNING	SAN DIEGO	6	Manufacturing	0	10	\$32,654	15%
NORTHERN CALIFORNIA CONSTRUCTION AND TRAINING, INC.*	MULTI COUNTIES	6	Construction	0	24	\$80,424	75%
NORTHROP GRUMMAN MISSION SYSTEMS, A BUSINESS UNIT OF NORTHROP GRUMMAN SPACE & MISSION SYSTEMS CORP	MULTI COUNTIES	5	Manufacturing	288	0	\$174,388	49%
PACIFIC AQUASCAPE, INC.	ORANGE	2	High Technology	4	0	\$1,045	4%
PACIFICARE, A UNITEDHEALTHCARE COMPANY	ORANGE	5	Services	790	0	\$486,094	83%
PACTIV CORPORATION	KERN	5	Manufacturing	32	0	\$29,536	12%
PAUL EVERT'S RV COUNTRY, INC.	FRESNO	3	Trade	84	0	\$42,536	15%
PAULSON MANUFACTURING CORPORATION	RIVERSIDE	2	Manufacturing	25	0	\$15,965	36%
PHOTON DYNAMICS, INC.	SANTA CLARA	4	Manufacturing	43	0	\$55,034	15%
PLASTIKON INDUSTRIES, INC.	ALAMEDA	3	Manufacturing	15	0	\$5,997	3%
POLYCOMP ADMINISTRATIVE SERVICES, INC.	PLACER	3	Finance	52	0	\$25,083	70%
PROGRESSIVE CASUALTY INSURANCE COMPANY	SACRAMENTO	5	Finance	397	0	\$333,555	48%
QUEBECOR WORLD (USA), INC.	MERCED	5	Manufacturing	38	0	\$24,420	69%
QUEBECOR WORLD, INC.	RIVERSIDE	3	Manufacturing	125	0	\$109,629	30%
RAYTHEON COMPANY	LOS ANGELES	5	Manufacturing	1,992	0	\$1,176,588	100%
REBORNE, INC.	LOS ANGELES	2	Services	40	0	\$103,180	68%
REDWOOD REGIONAL MEDICAL GROUP, INC.*	SONOMA	4	Services	13	0	\$14,430	22%
REPROGRAPHICS FAX GROUP DBA COPIER PRODUCTS GROUP	ORANGE	1	Services	17	0	\$41,080	25%
RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY	RIVERSIDE	6	Manufacturing	116	0	\$54,561	27%
ROCKY ROAD DBA GROVE OFFICE SUPPLY & EQUIPMENT	SAN DIEGO	1	Trade	43	0	\$10,890	25%
RUSZEL WOODWORKS, INC.	SOLANO	1	Manufacturing	17	0	\$17,680	94%
RWM FIBER OPTICS, INC	MULTI COUNTIES	6	Various	0	18	\$103,410	51%
SACRAMENTO EMPLOYMENT AND TRAINING AGENCY (SETA)*	SACRAMENTO	6	Various	415	0	\$726,028	83%
SAFEWAY MERCED GROCERY PLANT	MERCED	5	Manufacturing	0	0	\$0	0%
SAGE SOFTWARE, INC.	MULTI COUNTIES	5	Manufacturing	286	0	\$251,439	57%
SANMINA-SCI CABLE DIVISION	SANTA CLARA	5	Manufacturing	18	0	\$7,363	3%

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COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
SANTA ANA CHAMBER OF COMMERCE	MULTI COUNTIES	6	Manufacturing	174	0	\$302,149	54%
SANTA CLARITA COMMUNITY COLLEGE DISTRICT	LOS ANGELES	6	Manufacturing	144	0	\$88,894	18%
SANTA MONICA COLLEGE	LOS ANGELES	6	Manufacturing	327	0	\$245,843	60%
SHELL OIL PRODUCTS	LOS ANGELES	5	Manufacturing	207	0	\$132,806	12%
SILICON SPACE, INC.	SAN DIEGO	1	Manufacturing	3	0	\$1,940	9%
SKY ONC, INC. DBA VERTEX CHINA	LOS ANGELES	1	Manufacturing	6	0	\$6,390	33%
SOLATUBE INTERNATIONAL, INC.	SAN DIEGO	3	Manufacturing	16	0	\$8,608	12%
SONY PICTURES ENTERTAINMENT INC.	LOS ANGELES	5	Manufacturing	120	0	\$50,118	2%
SOUTHLAND CREDIT UNION*	LOS ANGELES	2	Finance	52	0	\$49,697	99%
SPIRENT COMMUNICATIONS, INC.	LOS ANGELES	5	Manufacturing	259	0	\$322,091	64%
SPRINT CORPORATION*	MULTI COUNTIES	5	High Technology	0	0	\$0	0%
STANDARD PACIFIC HOMES - SAN DIEGO DIVISION	SAN DIEGO	5	Construction	56	0	\$41,613	36%
STERLING ALLIANCE, INC. DBA CCT COMPUTER LEARNING CENTER	TRINITY	6	Various	133	0	\$180,997	87%
SVC MANUFACTURING, INC.	ALAMEDA	5	Manufacturing	122	0	\$84,554	44%
SVENDSEN'S BOAT WORKS, INC.	ALAMEDA	2	Manufacturing	28	0	\$19,040	55%
SWINERTON BUILDERS*	MULTI COUNTIES	5	Construction	165	0	\$91,962	18%
SYMBOLIC DISPLAYS INC.	ORANGE	2	Manufacturing	21	0	\$15,680	65%
SYSCO FOOD SERVICES OF LOS ANGELES, INC.*	LOS ANGELES	6	Trade	252	0	\$213,855	31%
TAIT & ASSOCIATES, INC.	ORANGE	4	High Technology	145	0	\$114,685	34%
TAYDEN ENTERPRISES LP DBA DIRECTBUY SAN DIEGO NORTH	SAN DIEGO	1	Services	26	0	\$26,660	60%
TEAM KEISER, INC.	FRESNO	1	Manufacturing	1	0	\$305	3%
TELECOMMUNICATIONS MANAGEMENT SOLUTIONS, INC.	SANTA CLARA	1	Services	7	0	\$7,280	59%
TEXTRON FASTENING SYSTEMS - SANTA ANA	ORANGE	5	Manufacturing	96	0	\$68,095	81%
THERMIONICS METAL PROCESSING, INC.	ALAMEDA	2	Manufacturing	36	0	\$43,200	94%
TOSHIBA AMERICA INFORMATION SYSTEMS, INC.	ORANGE	5	Manufacturing	95	0	\$66,841	45%
TRAVIDIA INC.	BUTTE	2	High Technology	15	0	\$11,140	14%
TRINET NETWORKING & TRAINING, INC.	MULTI COUNTIES	6	High Technology	153	0	\$167,509	17%
TST, INC.	SAN BERNARDINO	3	Manufacturing	119	0	\$144,976	100%
TUSTIN CHAMBER OF COMMERCE	ORANGE	6	High Technology	215	0	\$312,570	53%
UAW LABOR EMPLOYMENT AND TRAINING CORPORATION	LOS ANGELES	6	Manufacturing	1,140	0	\$1,408,121	100%
ULTIMA CIRCUITS, LLC	SACRAMENTO	1	Manufacturing	15	0	\$12,360	100%
UNILEVER SUPPLY CHAIN, INC.	SAN JOAQUIN	5	Manufacturing	37	0	\$25,287	95%

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COMPLETED CONTRACTS IN FY 06/07

APPENDIX B-3

Contractor Name	County	Business Size**	Industry	Retrainees	New Hires	Contract Earned	Percent Earned
UNITED PARCEL SERVICE, INC.*	ORANGE	5	Services	2,070	0	\$1,220,698	63%
UNITI BANK*	LOS ANGELES	2	Services	40	0	\$24,020	15%
VALLEJO BOAT WORKS	SOLANO	1	Services	3	0	\$1,760	55%
VARIAN, INC.	CONTRA COSTA	5	Manufacturing	0	0	\$0	0%
VBN CORPORATION*	ALAMEDA	1	Services	10	0	\$4,860	21%
VERDEGAAL BROTHERS, INC.*	KINGS	1	Agriculture	12	0	\$6,240	61%
VIASAT, INC.	SAN DIEGO	5	Manufacturing	83	0	\$41,305	14%
VIDEO SYMPHONY ENTERTRAINING, INC.	MULTI COUNTIES	6	High Technology	152	0	\$141,097	29%
VOLT INFORMATION SCIENCES, INC.	ORANGE	5	Services	63	0	\$41,712	7%
WACHOVIA CORPORATION	SACRAMENTO	5	Finance	137	0	\$152,100	100%
WEST SAN GABRIEL VALLEY CONSORTIUM CAREER PARTNERS	MULTI COUNTIES	6	Manufacturing	156	0	\$74,082	56%
WESTECH COLLEGE*	MULTI COUNTIES	6	Various	431	0	\$564,960	74%
WILBUR CURTIS COMPANY INC.	LOS ANGELES	4	Manufacturing	171	0	\$108,318	84%
WIMBERLY ALLISON TONG & GOO (WATG)	ORANGE	4	Services	103	0	\$64,747	49%
WMC MORTGAGE CORPORATION	LOS ANGELES	5	Finance	63	0	\$31,310	5%
WORLDWIDE EDUCATIONAL SERVICES*	MULTI COUNTIES	6	Various	0	42	\$211,520	82%
XICOM TECHNOLOGY	SANTA CLARA	4	Manufacturing	102	0	\$77,651	38%
YAHOO SEARCH MARKETING	LOS ANGELES	5	High Technology	285	0	\$225,762	96%
				30,774	227	\$31,339,594	

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## TERMINATED CONTRACTS

Nine contracts terminated this fiscal year, prior to completion of the contract term. In several cases, some training occurred, but in others, training never began. While the Panel initially approved \$2,001,385 in funding for these projects, it only encumbered, and subsequently disencumbered in the Report year, approximately \$1 million. Most of the contracts were terminated due to changes in the company's economic conditions, including plant closure or sale of the company, increase in business, turnover and staff reductions, and changes in priorities.

The number of terminated contacts has decreased significantly in recent years -- by 59 percent over the past three years, and by 68 percent over the past five years. This has been the result of early ETP intervention in projects where problems were occurring, as well as the implementation, several years ago, of increased flexibility for contractors in implementing their training plans.

The table below provides a list of the report year's terminated contracts.

<b>Contractor Name</b>	<b>County</b>	<b>Funding Amount</b>	<b>Planned No. of Trainees</b>	<b>Industry</b>
ADVANCED ELECTROMAGNETICS, INC.	SAN DIEGO	\$14,400	12	Manufacturing
WOLFE ENGINEERING	SANTA CLARA	\$375,505	265	Manufacturing
CRENSHAW DIE AND MANUFACTURING CORPORATION	ORANGE	\$96,600	46	Manufacturing
BORBA LLC	LOS ANGELES	\$33,120	9	Wholesale Trade
PRACTICEXPERT INC.	LOS ANGELES	\$29,120	28	Service
JOHN H. HARLAND COMPANY	VENTURA	\$133,380	54	Manufacturing
JABIL CIRCUIT, INC.	SAN DIEGO	\$24,700	50	Manufacturing
FIBERTECH POLYMERS, INC.	SAN BERNARDINO	\$45,000	45	Manufacturing
MARQUEZ BROTHERS INTERNATIONAL/DBA MARQUEZ BROTHERS	MULTI COUNTIES	\$1,249,560	534	Manufacturing
		<b>\$2,001,385</b>	<b>1,043</b>	



The Annual Report was prepared by the Planning and Research Unit staff: Mike Rice, Jill McAloon, Elizabeth Slape, Ann Preston, and Tara Armstrong.

Additional copies of the Annual Report may be obtained by contacting the Employment Training Panel at 1100 J Street, 4<sup>th</sup> Floor, Sacramento, CA 95814, (916) 327-5640.

The Employment Training Panel (ETP), as a recipient of state funds, is an equal opportunity employer/program and is also subject to Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA).

Individuals with disabilities who would like to receive the information in the publication in an alternate format may contact ETP at (916) 327-5640.



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