

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency  
1001 I Street, Coastal Room  
Sacramento, California 95814  
October 29, 2004

**PANEL MEMBERS**

Marsha Kwalwasser  
Chairperson

Aram Hodess  
Vice Chair

Barry Broad  
Member

Tyrone Freeman  
Member

Paul Kiesel  
Member

Robert Lennox  
Member

Tom Rankin  
Member

**Executive Staff**

Peter DeMauro  
Acting Executive Director

Ada Carrillo  
Acting Assistant Executive Director

Susan Bobrow  
Acting General Counsel

**STATE OF CALIFORNIA**  
**EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 I Street, Coastal Room  
Sacramento, California 95814  
October 29, 2004

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

Marsha Kwalwasser, Chair, called the public Panel meeting to order at 9:35 a.m. Ms. Kwalwasser congratulated the staff on a job well done preparing this month's Panel packet.

**II. ROLL CALL**

Members Present

Marsha Kwalwasser, Chair  
Barry Broad  
Paul Kiesel  
Robert Lennox  
Tom Rankin

Members Absent

Aram Hodess, Vice Chair  
Tyrone Freeman

Executive Staff Present

Ada Carrillo, Acting Assistant Executive Director  
Susan Bobrow, Acting General Counsel

**III. APPROVAL OF AGENDA**

Ms. Kwalwasser announced that there will be time allowed for public comment regarding new-hire training prior to the Panel discussion and action on the funding of new-hire training by multiple employer contractors.

ACTION: Mr. Rankin moved and Mr. Kiesel seconded the Panel approve the Agenda.

Motion carried, 5 – 1.

**IV. APPROVAL OF MINUTES**

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the Panel Minutes of August 27, 2004.

Motion carried, 5 – 1.

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

Ms. Kwalwasser reported on testimony given before the California Performance Review Committee. Panel members stated the decision to eliminate any of the Commissions under review is still unclear.

**VI. REPORT OF THE ACTING ASSISTANT DIRECTOR**

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

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

Motion carried, 5 – 1.

Ms. Kwalwasser stated there are two projects from which she will have to recuse herself and if there is a quorum issue, she will need to recuse herself from consultation.

Ms. Carrillo asked for a motion to approve those single employer contracts that have been placed on Consent that are less than \$500,000 and do not have any issues. Mr. Broad requested Radio Korea Inc., d.b.a. Korea Radio be considered separately.

Consent Calendar Projects

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel delegate authority to the Executive Director or his designee to approve those proposals in funding amounts of less than \$500,000 which have not been identified for particular consideration with the exception of Radio Korea Inc., d.b.a. Korea Radio. The following projects were subject to this motion to approve:

Applied Metering Technologies (SET) .....	\$43,200
Avail Medical Products, Inc. ....	\$174,317

Bowsmith, Inc. (SBP) .....	\$24,420
Century Electronics, Incorporated (Perillo Industries d.b.a. Century Electronics (SBP) .....	\$24,000
CornerStone Title Company (SET) (SBP).....	\$25,520
Crest Coating, Inc. (SBP).....	\$20,000
Crystal Cream and Butter Company .....	\$236,600
Decade Software Company, LLC (SBP) .....	\$17,160
Delta Dental of California .....	\$298,350
Docu Source, LLC .....	\$90,000
EcoTerra Global California, LLC .....	\$242,000
Holly Yashi, Inc. (SBP).....	\$25,080
Hunter Paine Enterprises (SBP) .....	\$25,000
Imporex Davao (USA) (SBP) .....	\$27,000
Joong Ang d.b.a. The Korea Daily .....	\$414,700
Kiewit Industrial Company.....	\$441,610
Lasco Bathware, Inc. ....	\$115,050
Mass. Electric Construction Co. ....	\$472,500
Pantronix Corporation (SBP).....	\$18,000
Paulson Manufacturing Corporation (SBP) .....	\$44,000
Polycomp Administrative Services .....	\$35,880
Straub Distributing Company LTD (SET) .....	\$45,942
Toshiba America Information Systems, Inc. ....	\$148,200
Uniti Bank.....	\$163,200

Motion carried, 5 – 1.

**Korea Radio, Inc., d.b.a. Radio Korea**

Mr. Broad voiced concern regarding the ownership of Korea Radio. He questioned whether it would be appropriate to fund an entity that was owned substantially by a foreign government.

**ACTION:** Mr. Broad moved and Mr. Rankin seconded the Panel approve Korea Radio, Inc., d.b.a. Radio Korea in the amount of \$256,000 contingent upon the finding that the Company has no government ownership.

**Fund Status**

Ms. Carrillo stated all available training funds will be encumbered with the approval of projects being brought before the Panel today and future funding for training projects is contingent upon savings received from the Workers’ Compensation reform. She stated the Department of Finance anticipates a projection of savings within the next couple of weeks.

Ms. Carrillo reported a Budget Change Proposal has been submitted to the Department of Finance requesting an augmentation to the ETP budget for the next fiscal year of \$56 million (capturing the monies allocated to the Department of Social Services).

## **VII. REPORT OF THE ACTING GENERAL COUNSEL**

Ms. Bobrow reported that at the June 2004 Panel meeting, the Panel approved an amendment to Title 22, California Code of Regulations, Section 4402.2 for Critical Proposals as an emergency regulation. The emergency amendment was approved by the Office of Administrative Law (OAL) in August and the 45 day public comment period required by OAL ended on October 17. She stated since no comments were received, staff can now move forward in the final process to move the amended Critical Proposal Emergency Regulation into a permanent regulation.

**ACTION:** Tom Rankin moved and Robert Lennox seconded the Panel approve the proposed amendment to Title 22, California Code of Regulations, Section 4402.2 for Critical Proposals, and direct staff to proceed with the process to move this amended regulation into a permanent regulation.

Motion carried, 5 – 0.

Ms. Bobrow announced that Deanna Fong, ETP's Staff Counsel for several years, is leaving ETP and joining the Labor and Workforce Agency's legal staff.

## **VIII. AGREEMENTS AND AMENDMENTS**

### **Critical Proposals**

#### **Abbott Diabetes Care**

Creighton Chan, manager of ETP's San Mateo field office, presented a Proposed Agreement for Abbott Diabetes Care in the amount of \$660,000. This project is part of an economic development effort that involved State and local entities assisting Abbott Laboratories to expand its facilities in California. Abbott Diabetes Care manufactures blood glucose monitoring device for diabetics. Abbott Diabetes Care had recently expanded its operations. Based on incentives offered by California and other factors, Abbott selected Alameda, California as the location for its headquarters. In order to continue its employment growth, meet market demands, and produce the most advanced glucose monitoring technology in the future, Abbott is requesting the Panel's assistance in providing classroom/laboratory training to 550 current and expanding workforce.

Mr. Chan introduced Brenda Gough, H.R. Manager, and Erica Nicolai, Training Section Manager. Ms. Kwalwasser asked about the Company's recruitment process. Ms. Gough stated that some of the trainees come from other Abbott facilities and others are from the local population.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Proposed Agreement for Abbott Diabetes Care in the amount of

\$660,000 contingent upon the submission and approval of a final curriculum, including justification for any Advanced Technology training, and submission of any other Agreement details, including the number of trainees and wages by occupation.

Motion carried, 5 - 0.

### **Dreyer's Grand Ice Cream Holdings, Inc.**

Dolores Kendrick, manager of ETP's North Hollywood field office, presented a One-Step Agreement for Dreyer's Grand Ice Cream Holdings, Inc., in the amount of \$1,872,090. Dreyer's manufactures and distributes a full spectrum of ice cream and frozen dessert products. Dreyer's recently expanded its California facility and is planning to increase the size of its workforce. Dreyer's proposed to retrain 671 current and newly hired employees in the skill necessary to expand its operations within the State while becoming a high performance workplace. Dreyer's requested the following modifications:

1) modify the definition of laboratory training to include 10 percent productive laboratory hours for manufacturing skills training only; 2) modify the ETP training recordkeeping requirements to permit weekly signatures; and 3) increase the 200-hour cap on total allowable training hours to accommodate Dreyer's training requirements for expansion.

Ms. Kendrick introduced Buttons Coleman, Vice President, and Steve Duscha, Consultant. Ms. Kwalwasser questioned the waiver for the 200-hour cap.

Mr. Coleman replied that Dreyer's is presenting new technology, processes, and products to the Bakersfield facility which will require between 400 and 600 hours of training. Mr. Rankin questioned weekly reporting. Mr. Coleman stated that Dreyer's will be doing a magnitude of training and the Company would like to simplify recordkeeping to facilitate the process more efficiently. Panel members stated that the daily sign-in of trainees is assurance to ETP that the trainees have received the training that the Company is being paid for. Mr. Coleman agreed to drop the 200-hour cap waiver request. Mr. Broad stated concern regarding employment of previous displaced workers. Mr. Coleman stated all displaced employees were offered positions in other Dreyer's locations.

**ACTION:** Mr. Lennox moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for Dreyer's Grand Ice Cream Holdings, Inc., in the amount of \$1,872,090 with the exception of the waiver of weekly signatures.

Motion carried, 5 - 1.

## **Genentech, Inc.**

Mr. Broad recused himself from review, discussion, and action on the Genentech, Inc., proposal.

Mr. Chan presented a One-Step Agreement for Genentech, Inc., in the amount of \$420,000. Genentech is an international biotechnology company manufacturing and distributing protein-based biotherapeutics for serious or life-threatening medical conditions. Genentech is planning to expand its biotechnology manufacturing site in Vacaville, California. Based on the Company's projections to support and operate the expanded facility, Genentech will need to hire and train 500 new employees over a five-year period. The Company anticipates that it will require possibly three training contracts spread over several fiscal years to ensure the Company will have adequate time to successfully complete the training of new employees. Under this Agreement, Genentech proposes to train 100 newly hired individuals to test with ETP an electronic recordkeeping system.

Mr. Chan introduced Alan Van Buskirk, Director Production Services.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Genentech, Inc., in the amount of \$420,000.

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

## **Multiple Employer Contractor (MEC) Proposals**

### **College of Oceaneering d.b.a. Advanced College of Technology**

Diana Torres, manager of San Diego's field office, presented a One-Step Agreement for College of Oceaneering (COO) d.b.a. Advanced College of Technology (ACT) in the amount of \$224,880. COO is an affiliate of the National University system and is accredited by the Accrediting Commission for the Community and Junior Colleges of the Western Association of Schools and Colleges. ACT proposes to train and place 60 new hires and 30 incumbent workers in the manufacturing, information technology, and electronic/ telecommunications industries in San Diego County. ACT requested the ETP fixed-fee, new hire rate of \$15 per training hour for an average cost of \$3,192 per trainee. ACT representatives report that an average of 200 class/lab training hours provide the optimum training hours necessary for trainees to obtain the competencies required by participating employers. Act representatives state that new-hire trainees will be placed into jobs paying at least \$10 per hour (exclusive of health benefits).

Ms. Torres introduced Kevin Casey, President, College of Oceaneering, Fred Carini, Vice President, and Jim Durbin, Program Development, Advanced College of Technology. Mr. Rankin questioned which participating employers were manufacturers. Mr. Durbin replied the participating employers were manufacturers in the software and telecommunications industry. Mr. Rankin questioned the percentage

of placement of new hires with participating employers in prior project. Mr. Durbin stated approximately 4-5 of the initial 13 new-hire trainees were placed with participating companies.

**ACTION:** Mr. Lennox moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for College of Oceaneering d.b.a. Advanced College of Technology in the amount of \$224,880.

Motion carried, 5 – 0.

### **Franklin Career College, Inc.**

Ms. Torres presented a Proposed Amendment for Franklin Career College, Inc., in the amount of \$99,576. Franklin Career College is a training agency approved by the Bureau of Private Post Secondary and Vocational Education for Office Machine Repairer and Medical/Dental Biller training. The original Agreement was approved at the June 26, 2003, Panel meeting to provide new-hire Office Machine Repairer training to 50 unemployed individuals. Subsequent to Panel approval, Franklin submitted a revision to add the Medical/Dental Biller training to the Agreement. The Contractor has used all 50 currently approved training slots. Franklin is requesting an Amendment to add 24 new-hire trainees who are being dropped from another ETP-funded training agency that went bankrupt and ceased operations. The cost per trainee is an average of \$4,149 per trainee. Franklin staff state that the cost per trainee is directly related to the complexity of the work for which trainees are prepared and their lack of background/experience in this work prior to training. The Contractor states that the training will prepare the 24 trainees for long-term careers as Medical/Dental Billers.

Mr. Broad questioned the training that was previously provided by the bankrupt training agency. Ms. Torres stated Franklin Career College, Inc., is continuing the training for trainees that the bankrupt agency did not complete. ETP is not encumbering any additional funds. The balance of funding would have been encumbered if the training agency had not ceased operations.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Franklin Career College, Inc. in the amount of \$99,576.

Motion carried, 5 – 0.

### **Foundation College, LLC**

Ms. Torres presented a Proposed Amendment for Foundation College, LLC, in the amount of \$600,492. Foundation College is a for-profit training agency serving primarily small to medium-sized companies. Foundation College proposes to train an additional 251 incumbent workers from various participating employers in business skills, computer skills, and continuous improvement skills. The College also proposes



to train and place an additional 112 Unemployment Insurance recipients or recent exhaustees in new skills to return them to the workforce.

Mr. Torres introduced Rand Stallings, Finance Director, and Charlene Dackerman, President. Mr. Broad had concerns regarding retention of trainees. Mr. Stallings assured the Panel that trainees are placed into technical entry-level jobs and do advance through a definite career path.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the Proposed Amendment for Foundation College, LLC, in the amount of \$600,492.

Motion carried, 5 – 0.

### **Project Employment Program, Inc. DBA San Diego Hospitality Institute**

Ms. Torres presented a One-Step Agreement for Project Employment Program, Inc., d.b.a. San Diego Hospitality Institute in the amount of \$84,260. Project Employment Program, Inc., d.b.a. San Diego Hospitality Institute (SDHI) is a non-profit training agency that specialized in hotel hospitality industry training for San Diego County hotel employers. SDHI proposes to train 22 new hires in Front Desk Administration, and Hotel Security Officer. SDHI justified the high cost of training per new hire trainee of \$3,830 is based on the potential upward mobility that the training leads to in the hospitality industry, and the potential wage progressions in the industry within two years after completion of training.

Ms. Torres introduced Marlene Whiteside, Founder and Administrator. Mr. Broad voiced concerns regarding curriculum and number of training hours. He stated the participating employers are large companies and have previously received training funds from ETP for the same occupations.

**ACTION:** Ms. Kwalwasser moved the Panel approve the One-Step Agreement for Project Employment Program, Inc., d.b.a. San Diego Hospitality Institute in the amount of \$84,260. There was no second.

Motion did not pass due to lack of a second.

Mr. Lennox stated that with ETP's limited funds, the Panel needs to prioritize where the money is spent. Mr. Broad noted his concerns with the number of hours of training for entry-level jobs

### **Rands Systems, Inc.**

Ms. Torres presented a One-Step Agreement for Rands Systems, Inc., in the amount of \$1,312,939. Rands Systems, Inc., is a privately-held, for-profit California corporation that provides training and placement services specializing in Computer Numerical Control Machine Operator training for parts manufacturing companies in various industries in Southern California. Rands has trained more than 3,850

workers in the machining, tooling, and manufacturing industries since 1984. Rands is requesting ETP funds to train 175 new-hire trainees and 91 retrainees in manufacturing skills, and 71 of the 91 retrainees in advanced technology manufacturing skills. Ms. Torres stated that there was no conflict with duplicative apprenticeship training for the retrainees but the Division of Apprenticeship Standards did find duplication and overlap between the curriculum for new hire training and the program offered by the Southern California Tool & Die, Mold, Machinist and Metal Working Trades Apprenticeship Committee. Rands disagrees with the duplication and stated that the program offered by the Southern California Tool & Die, Mold, Machinist and Metal Working Trades Apprenticeship Committee is only available to applicants who are employed with a signatory employer at the time of enrollment. The program offered by Rands does not duplicate the program offered by Southern California Tool & Die because the outcome of each program is distinctly different and targeted to different occupational groups and is designed to prepare unemployed individuals for jobs as machine operators within 404 hours of training. The apprenticeship training is offered only to individuals who are employed at the time of application, and the duration of the program is four years.

Ms. Torres introduced Robert Rapkin, President, and Dennis Jones. Panel members had concerns regarding the new-hire training being duplicative of apprenticeship training and suggested the Panel approve the retrainee training and eliminate the new-hire portion. Mr. Rapkin assured the Panel that the training proposed is for production in the manufacturing industry and not for an apprenticeable trade. Staff stated that the prior proposal from Rands included the exact same curriculum and was approved by the Panel following extensive discussion.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Rands Systems, Inc., in the amount of \$1,312,939, including the new hire portion.

Motion carried, 5 – 0.

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

Ms. Torres presented a One-Step Agreement for Santa Ana Chamber of Commerce (SACC) in the amount of \$554,724. Santa Ana is a non-profit voluntary membership organization dedicated to fostering business growth, career training, research and development, permit processing reform, and youth employment for its membership and the Santa Ana community at large. Santa Ana Chamber of Commerce proposes to train 228 incumbent workers from eligible participating employers in advanced technology skills. SACC staff projects that approximately 20 percent of the trainee population will need between 154-200 hours of advanced technology training at a cost of \$3,080-\$4,000. The high cost of training is driven by the number of advanced technology training hours needed for the network, database, and system administrators who work in the information technology units of the participating employers.

Ms. Torres introduced Dale Ward, Executive Vice President, and A.K. Thakore, President of Saisoft, Inc. There were no questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Ranked seconded the Panel approve the One-Step Agreement for Santa Ana Chamber of Commerce in the amount of \$554,724.

Motion carried, 4 – 0 (Mr. Broad was absent during the vote).

### **Westech College**

Westech College was withdrawn from consideration at this month's Panel meeting.

### **Reisgen Inc., DBA Contracted Computer Training Learning Solutions**

Ms. Kendrick presented a Proposed Amendment for Reisgen Inc., d.b.a. Contracted Computer Training Learning Solutions (CCT). CCT is a for-profit, private, post-secondary school providing training to employers throughout Southern California. CCT proposes adding a second phase to the original Agreement, approved at the June 2004 Panel meeting. The Amendment will increase the number of retrainees from 150 to 700 and increase the Agreement amount by \$241,310. CCT states that the addition is necessary because all of the 150 trainees in Phase 1 will have completed all training by the end of this year.

Ms. Kendrick introduced Winny Ho, Vice President. Ms. Kwalwasser questioned the cost per trainee. Ms. Ho answered that the job hours vary and do not require more than 40 hours. There were no other questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Kiesel seconded the Panel approved the Proposed Amendment for Reisgen, Inc., d.b.a. Contracted Computer Training Learning Solutions in the amount of \$241,310.

Motion carried, 4 – 0 (Mr. Broad absent during the vote).

### **West San Gabriel Valley Consortium d.b.a. Career Partners**

Ms. Kendrick presented a One-Step Agreement for West San Gabriel Valley Consortium d.b.a. Career Partners in the amount of \$133,440. West San Gabriel Valley Consortium is a One-Stop Center that provides services to employers and job seekers under the Workforce Investment Act. West San Gabriel Valley Consortium proposes to retrain 240 incumbent workers from various participating employers so they may move to a high-performance workplace and promote California's manufacturing workforce.

Ms. Kendrick introduced Nadine Gomez, Business Services & Marketing Coordinator, and Martha Cerda, Business Outreach Specialist. There were no questions from Panel members.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement for West San Gabriel Valley Consortium d.b.a. Career Partners in the amount of \$133,440.

Motion carried, 5 – 0.

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

Ms. Kwalwasser recused herself from review, discussion, and action on the UAW Labor Employment and Training Corporation proposal. Mr. Rankin acted as Chair.

Mr. Chan presented a One-Step Agreement of UAW Labor Employment and Training Corporation (UAW LETC) in the amount of \$1,070,300. UAW LETC is a labor-centered workforce development corporation that operated customized training programs for businesses and unions. In August 2003, the Panel approved an ETP Agreement with UAW LETC to provide training to multiple employers in conjunction with the Supplier Excellence Alliance (SEA), a non-profit corporation comprised of the leading aerospace, defense, and space prime contractors. UAW LETC reports that funds from the August Agreement are all committed. To serve additional participating employers identified in this proposal and to expand the training program, UAW LETC is requesting a new contract to serve an additional 770 workers.

Mr. Chan introduced Nelson, President/CEO, Michael G. Beason, Chairman of SEA, and Hilda Pacheco-Taylor, Vice President, Government Funding of L5 Performance Systems. There were no questions from Panel members.

ACTION: Mr. Kiesel moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for UAW Labor Employment and Training Corporation in the amount of \$1,070,300.

Motion carried, 4 – 0 – 1 (Ms. Kwalwasser recused).

Ms. Kwalwasser resumed as Chair.

### **Sacramento Employment and Training Agency**

Mr. Chan presented a One-Step Agreement for Sacramento Employment and Training Agency (SETA) in the amount of \$872,107. SETA is a joint-powers agency of the City and County of Sacramento under the auspices of the Sacramento works, Inc. Workforce Investment Board. SETA is proposing to train 490 individuals in information technology skills. SETA representatives state that the primary goal for the proposed ETP-funded training program is to meet the information technology needs of employers with fewer than 250 employees.

Mr. Chan introduced William Walker II, Workforce Development Manager. There were no questions from Panel members.

ACTION: Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement for Sacramento Employment and Training Agency in the amount of \$872,107.

Motion carried, 5 – 0.

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

#### **SYSCO Food Services of Los Angeles, Inc.**

SYSCO Food Service of Los Angeles, Inc., was withdrawn from consideration at this month's Panel meeting.

### **Single Employer Proposals**

#### **Jacuzzi Brands, Inc.**

Ms. Torres presented a One-Step Agreement for Jacuzzi Brands, Inc., in the amount of \$507,000. Jacuzzi manufactures baths, spas, shower systems, toilets, bidets, lavatories and kitchen sinks. Jacuzzi management staff conducted an internal audit of the Company's operations and found that they needed to implement a lean manufacturing process to remain competitive in the bath and spa industry. Jacuzzi training staff developed a 40-200 hour menu curriculum that includes business skills, computer skills, continuous improvement, management skills and literacy skills training for the proposed 750 retrainees.

Ms. Torres introduced Jim Barry, Vice President North American Operations, and Joseph Gomez, Manager, Employee Development Chino Operations. There were no questions from Panel members.

ACTION: Mr. Rankin moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement for Jacuzzi Brands, Inc., in the amount of \$507,000.

Motion carried, 5 – 0.

#### **Marquez Brothers International**

Ms. Kendrick presented a One-Step Agreement for Marquez Brothers International in the amount of \$780,000. Marquez Brothers International is a family owned corporation manufacturing and distributing Mexican style dairy products, meat items, and canned goods to customers in the West and Midwest United States, Canada, and Europe. The Company is a major importer of national leading brand grocery items from Mexico, Central America, and other Latin American countries. Marquez Brothers proposes to retrain 600 workers in new production machinery and in the skills necessary for the Company to transition to a high performance workplace. Marquez Brothers is expanding in California by opening another manufacturing and

distribution plant in Hanford, where it plans to hire approximately 175 to 200 new workers.

Ms. Kendrick introduced Jose Areas, Controller, and David Villanueva, CPA, Chief Operations Officer, Chief Financial Officer. There were no questions from Panel members.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement for Marquez Brothers International in the amount of \$780,000.

Motion carried, 5 – 0.

**Northrop Grumman Space Technology, a Business Unit of Northrop Grumman Space and Mission Systems Corp.**

Ms. Kwalwasser recused herself from review, discussion, and action on the Northrop Grumman Space Technology, A Business Unit of Northrop Grumman Space and Mission Systems Corp. proposal. Mr. Rankin acted as Chair.

Ms. Kendrick presented a Proposed Amendment for Northrop Grumman Space Technology, a business unit of Northrop Grumman Space and Mission Systems Corp., in the amount of \$1,012,700. Northrop Grumman Space Technology provides advanced-technology products and services for space, defense, and electronics technology to the aerospace, information systems, and automotive markets worldwide. The Panel approved the initial ETP Agreement with Northrop Grumman in September 2003 to train 1,100 workers in continuous improvement. It was the Company's original intent to submit a proposal for 2,050 trainees; however, due to limited ETP funding for the 2004-05 fiscal year, the original proposal was reduced. The Company is now requesting additional Panel funds in order to train 950 additional workers, which will help the Company continue its transition to a high performance workplace.

Ms. Kendrick introduced Brian Massey, Business Manager Six Sigma. There were no questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the Proposed Amendment for Northrop Grumman Space Technology, a business unit of Northrop Grumman Space and Mission Systems Corp., in the amount of \$1,012,700.

Motion carried, 5 – 0.

Ms. Kwalwasser resumed as Chair.

## **GNP Computers, Inc.**

GNP Computers, Inc., was withdrawn from consideration at this month's Panel meeting.

## **WMC Mortgage Corporation**

Ms. Kendrick presented a One-Step Agreement for WMC Mortgage Corporation in the amount of \$574,158. WMC is a wholesale mortgage lender and provider of internet-based loan origination services to mortgage brokers. The Company proposes to retrain 866 workers in the skills necessary for the Company to transition to a high performance workplace.

Ms. Kendrick introduced Andi Harris, Training and Development, Amy Brandt, President and CEO, and Steve Abbott, Vice President of the IM Group. There were no questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Kiesel seconded the Panel approve the One-Step Agreement for WMC Mortgage Corporation in the amount of \$574,158.

Motion carried, 4 – 0 (Ms. Kwalwasser absent during the vote).

## **Maxtor Corporation**

Mr. Chan presented a One-Step Agreement for Maxtor Corporation in the amount of \$633,750. Maxtor Corporation is a supplier of hard disk drive products, offering lines of high performance and high capacity drives designed to today's intense desktop and consumer electronic applications such as digital video and desktop publishing systems. Maxtor products are found in homes, at work, and in large enterprise businesses, and serve three market segments – client computing, digital entertainment, and enterprise computing. Maxtor is requesting ETP funding to assist in providing training to 650 incumbent workers to move to a high performance workplace.

Mr. Chan introduced Ron O'Brien, Director. There were no questions from Panel members.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement for Maxtor Corporation in the amount of \$633,750.

Motion carried, 5 – 0.

## **JDS Uniphase**

Mr. Chan presented a One-Step Agreement for JDS Uniphase in the amount of \$794,235. JDS designs and manufactures products for fiber optic communications, as for markets where core optics technologies provide innovative solutions for industrial,

commercial, and consumer applications. In order for the Company to remain competitive, respond to rapid changes in technology, improve existing products, and meet customer requirements, it must retrain 1,705 workers.

Mr. Chan introduced David Vice, President MDDV Inc., and Angel Graves, Employment Counselor. There were no questions from Panel members.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement for JDS Uniphase in the amount of \$794,235.

Motion carried, 5 – 0.

## **IX. PUBLIC COMMENT**

Steve Duscha, Alliance for ETP, offered assistance in collecting additional data for the new hire training by multiple employer contractors. He stated new hire training represents approximately 10 percent of the ETP program but is very important. He stated that ETP should not be funding training for low paying, high turnover jobs. Mr. Kiesel asked if there should be a ratio between the amount of money spent on training and the income expected. Mr. Duscha stated that you need to look at what the actual wages are, not the minimum wage listed for ETP requirements. Ms. Kwalwasser stated the Panel's concern is retention. Mr. Duscha replied that new-hire training is a long-term benefit for the trainee. He suggested monitoring the activity of the trainee. Panel members stated concern regarding staff time spent in tracking individuals on an on-going basis. Mr. Broad stated the ETP program is not a program that has millions of dollars to train unemployed individuals who could get the same job through classified ads.

Linda Blair-Forth, Comprehensive Training Systems in San Diego, stated that there are no other funding sources for new hire training. She stated the Workforce Investment Act (WIA) has an extremely limited of training slots for San Diego County for this year. She stated the individuals who cannot get training through WIA go through the multiple employer contractors such as Comprehensive Training Systems. She stated that unemployed individuals need jobs immediately and education through community colleges is too lengthy and have long waiting lists for enrollment.

Dan Guerra, Community Business College, stated that the ETP program serves a constituency (employers) that no other program serves. The ETP program focuses on the needs of employers and trains and places new hires to fill that need. The multiple employer contractor also trains a population of unemployed persons who have barriers to employment. He stated that Community Colleges teach a set curriculum which does not necessarily meet the employers' needs. He stated the multiple employer contractor works with the employer to customize the curriculum to meet their requirements.



## **X. FUNDING OF NEW HIRE TRAINING BY MULTIPLE EMPLOYER CONTRACTORS**

Mike Rice, manager of ETP's Planning and Research Unit, presented an overview on new-hire training in MECs. The Panel has had ongoing concerns regarding MEC training. Several years ago the Panel made it a policy to fund only new-hire training that is industry specific or is for specialized occupations. Cross-industry, generic training available to the general public and funded by many other sources would not be funded by ETP. The new policy also required contractors to provide justification for the high-cost of training for new hires. Although research has confirmed the value of new-hire training in improving trainees' wages and job security, Panel members continue to have concerns: Is the training meeting a real employer demand? Is it resulting in job creation? Is the high cost of the training justified, given low trainee wages? Are there better, more strategic ways to invest ETP's limited training dollars to foster job creation?

Mr. Rice highlighted the key issues associated with ETP new-hire training. He stated: 1) the cost of training new hires is more than four times that of retrainees mainly because of the number of training hours needed. Thus, the cost of training unemployed workers is high, relative to the return on the investment. 2) ETP-funded new-hire training is intended to be industry specific, or for specialized occupations. However, it does not appear this is always the case. Researchers indicated that, all too often, ETP training seems to simply fund training that is readily available in community colleges and private vocational schools and could be funded from other sources. 3) Staff have found that, in some cases, trainees from other programs are in the same training class as ETP trainees. This would suggest that training is not specifically customized to employers participating in the ETP contract. 4) New-hire training proposals are submitted to the Panel with a "core group" of identified employers to demonstrate demand for the training and hiring of successful trainees. However, research on new-hire placements indicates that only about 3 percent of new-hire trainees were placed with original core group employers, and of the original core group of employers, only 5 percent eventually hired any new-hire trainees. Lack of true employer demand can lead to further difficulties in training agreements that are already high risk to contractors. 5) ETP MEC new-hire training, as it currently exists, does not ensure that new jobs are created because the ETP agreement is not directly with the employers who are creating new jobs.

Mr. Rice introduced representatives from the contractor community to provide feedback on ETP-funded new-hire training: Neil Barth, Director for Worldwide Educational Services; Carlos Lopez, Corporate Director for Center for Employment Training; and Rand Stallings, Director of Finance for Foundation College.

Ms. Barth stated that Worldwide Educational Services exclusively trains new hires. She stated that the training is more employer-focused than participant-focused. She stated that the new hires do benefit from the training which offers them new options. Ms. Barth said that MECs offers training to areas of California not exposed to ETP funding and to employers that normally cannot take advantage of ETP funding because they do not have the number of staff that would allow them to go directly to the Panel. She stated that Worldwide Educational Services' research has shown that, after the first year of completing training, trainees have experienced a 25 -

35 percent wage increase and upward mobility. Ms. Kwalwasser asked Ms. Barth what Worldwide Educational Services' criterion is for recruiting unemployed workers. Ms. Barth replied that it has to be true to the existing local labor market. Worldwide assesses the level of training that is required for each unemployed trainee and the return of investment. She stated the MEC new-hire program is a window to the unemployed who need employment and could benefit from a career ladder.

Mr. Stallings stated that Foundation College in San Diego has been providing new-hire, technical training for secure, high-paying jobs in the IT industry. He expressed concerns regarding the new-hire program not coming back, if it is placed under a moratorium. Mr. Stallings said that employers have stated that ETP-funded new-hire trainees start at higher entry-level wages, require less entry-level training, and receive wage increases and promotions faster.

Carlos Lopez stated that the Workforce Investment Act has extremely limited funds for training. He stated that ETP is one of the few remaining programs that provides for organized, customized training. He stated other programs are individual, customer choice programs. He stated there is no way to measure the importance of new-hire training. He stated center-based training is a way of working with many small companies. Small companies do not have the administrative ability to work directly with ETP.

Mr. Rice presented the following options for Panel consideration:

**Option 1:** No change – maintain the status quo. Continue funding of new-hire training projects as is currently done, addressing cost, wage, and other issues on a case by case basis (e.g., limit the total number of training hours for new-hire trainees, or limit the maximum allowable cost per new-hire trainee).

**Option 2:** Immediately place a moratorium on MEC new-hire training.

**Option 3:** Revise criteria for the funding of new-hire training, allowing only the following types of new-hire training projects:

- Job creation through economic development teams, for businesses locating or expanding in California, per ETP's "Critical Proposal" regulation, and
- Training for identified "bottleneck" occupations, defined as a shortage of available workers on a statewide basis, according to labor market research (such as healthcare and machining occupations), with a required wage upon placement that meets the standard ETP minimum wage requirements.

**Option 4:** Fund only projects supporting job creation, per ETP's "Critical Proposal" regulation.

**Option 5:** Fund only projects serving "bottleneck" occupations, defined as a shortage of available workers on a statewide basis, according to

labor market research (such as healthcare and machining occupations), with a required wage upon placement that meets the standard ETP minimum wage requirements.

Mr. Rice requested the Panel adopt a proposed Option that best reflects funding priorities and direct staff to revise the MEC Policy and applicable regulations, if necessary.

Ms. Kwalwasser asked how many new-hire projects the Panel has approved in the last 4-5 years. Mr. Rice answered that in the last four years the Panel has approved \$47 million (10 percent of funding), for 75 projects to train 9,000 new-hire workers. Mr. Kiesel stated that, with budget constraints and for the best return of ETP training funds, the Panel needs a more structured criteria for MECs. Mr. Lennox agreed that the MEC program should continue but the criteria needs to be revised and strengthened. Mr. Rankin had concerns regarding the low percentage of new-hire trainees being hired by employers within a core group of participating employers in MECs. He stated it appears the new-hire program is driven more by training agencies than by employers. Mr. Broad stated new-hire training is not creating new jobs. He stated his concerns regarding number of training hours, cost of training, and wage level associated with new-hires. Panel members discussed the several options. Panel members requested further in-depth study.

**ACTION:** Panel members' general consensus was to direct staff to continue funding new-hire training projects as is currently done, addressing cost, wage, and other issues on a case-by-case basis, and to perform further in-depth studies and present suggested changes for Panel consideration by the next fiscal year.

## **XI. EXECUTIVE SESSION**

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

## **XII. ADJOURN**

There being no further business and no objection, the Public Panel meeting was adjourned at 2:30 p.m.