

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 "I" Street

Coastal Hearing Room, 2nd Floor

Sacramento, CA 95814

January 27, 2006

PANEL MEMBERS

Barry Broad
Acting Chair

Bob Giroux
Member

Janice Roberts
Acting Vice-Chair

Tyrone Freeman
Member

Scott Gordon
Member

Executive Staff

Ada Carrillo
Acting Executive Director

Maureen Reilly
Acting General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Acting Chair, called the public Panel meeting to order at 9:30 a.m.

II. ROLL CALL

Members Present

Barry Broad, Acting Chair
Janice Roberts, Acting Vice Chair
Scott Gordon
Bob Giroux (arrived at 9:50 a.m.)

Members Absent

Tyrone Freeman

Executive Staff Present

Ada Carrillo, Acting Executive Director
Maureen Reilly, Acting General Counsel

III. REPORT OF THE CHAIRPERSON/PANEL MEMBERS

Mr. Broad announced that with the momentary absence of a quorum, the Panel would move to items in the Agenda that did not require a quorum, until another Panel member was present.

IV. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Ada Carrillo reported on the current year budget and proposed FY 2006-07 budget.

Ms. Carrillo stated that there would be sufficient program funds available for the remainder of the fiscal year. She said that if all projects were approved that day, there would be

approximately \$9.6 million available to encumber for the remainder of the fiscal year. Due to incremental encumbrance, this amount will result in approximately \$27 million dollars in contracts.

Ms. Carrillo referred the Panel to the Memo regarding the Budget/Legislative Update handed out to Panel members prior to the meeting. She noted that the Governor's proposed budget submitted to the Legislature for FY06-07 provides an appropriation of \$40.3 million for ETP which represents a \$2.5 million increase over the current year appropriation. She said the Administration approved a \$5 million augmentation, but due to a shortfall in the Employment Training Fund, the proposed budget augmentation is \$2.5 million. ETP will appear before Senate Budget Subcommittee #3 chaired by Senator Denise Ducheny, and Assembly Budget Subcommittee #4 chaired by Assemblyman Ruby Bermudez. If the Legislature approves ETP's proposed budget, the \$40.3 million will be supplemented by an estimated \$14 million in disencumbrances resulting in a \$54 million budget for the year. Based on this amount, it is estimated that the Panel will be able to approve about \$92 million in new training contracts in the budget year.

Legislation

Ms. Carrillo said no legislation has been introduced to date affecting ETP. She said that AB 234 (Haynes) was introduced February 7, 2005, as a spot bill which proposed to eliminate ETP. She stated that according to the author's office, there was no intention to move the bill in its current form.

V. REPORT OF ACTING GENERAL COUNSEL

Ms. Reilly reported that the revised regulation regarding Audits, Title 22, California Code of Regulations Section 4448, was approved by the Office of Administrative Law and would go into effect February 20, 2006. She stated that pending regulation revisions may be accessed on the ETP website under the "What's New" link.

VI. GENERAL PUBLIC COMMENT

Rocio Leon, from California Manufacturing Technology Consulting (CMTC), stated that they recently hosted a graduation for one of the training classes where Legislative members were invited to attend. She said three members of the California Legislature were present, and that CMTC made it a point for them to recognize that ETP was the source of funding. Ms. Leon offered her continued support in educating the Legislature about ETP.

Mr. Broad stated the Panel would act as a subcommittee and would begin hearing projects and defer voting until a quorum was present.

Single Employer Contractors

Pacific Bell Directory

Diana Torres, Manager of the San Diego Office, presented a One-Step Agreement for Pacific Bell Directory (Directory) in the amount of \$1,169,605. Directory is a subsidiary of American Telephone and Telegraph, Inc. (AT&T) which performs integrated publishing functions including advertising, telephone directory printing and publishing, electronic internet directory publishing.

Ms. Torres introduced Curt Crandall, Senior Manager of Training and Organizational Development for Directory.

Ms. Roberts asked about the substantial contribution. Mr. Crandall stated that since Directory was a subsidiary of the larger company, the previous funding was derived from other departments. He stated they are the yellow page division, a completely separate entity. Ms. Roberts asked if they worked from the same location. Mr. Crandall said they did at times. Ms. Roberts commended Mr. Crandall on the positive contract and excellent wages.

Mr. Broad asked how many employees were included in the high training cost group, out of the 1,451 employees covered by this proposal. He said the cost variances were between \$312 and \$2,600 per trainee. Mr. Crandall said there were approximately 20 employees to be trained at the \$2,600 rate.

Mr. Gordon asked if the trainees were employees of the International Brotherhood of Electrical Workers (IBEW) Union. Mr. Crandall explained that AT&T had several unions. He stated the employees which were part of the yellow page division were members of the IBEW Local Unions 1269 and 2139. He said that some employees were represented by Communication Workers of America.

The Panel deferred voting until a quorum was present with the arrival of Bob Giroux at 9:50 a.m.

Power Paragon, Inc.

Ms. Torres presented a One-Step Agreement for Power Paragon, Inc. (Power Paragon) in the amount of \$200,772. Power Paragon is a manufacturer of power conversion/distribution systems and high power transformers for the military, aerospace, defense contracting, telecommunications, and cellular markets. It is a wholly owned subsidiary of L3 Communications with two separate business entities in Southern California operating under the same California Employer Account Number. Power Systems Group is located in Anaheim and Power Magnetics, Inc. is located in Gardena, California.

Ms. Torres introduced Todd M. Gellerman, Director of Human Resources for Power Paragon. Mr. Broad asked for clarification regarding the "Spaghetti Diagram" referred to in the menu curriculum. Mr. Gellerman said the diagram was a process to assist manufacturing skilled

employees to ensure there was not failure. He said this was a quality protection system and a new technique. Mr. Broad asked if the company competed with both out-of-state and foreign manufacturers. Mr. Gellerman stated the company also had a facility in Germany, and faced out-of-state and international competition.

Mr. Gordon asked about the outline curriculum and competencies. Mr. Gellerman said they complied with the International Organization for Standardization (ISO) in which various policies were followed to ensure qualification levels are met. Mr. Gordon asked if the instructors were frontline managers. Mr. Gellerman said a number of them were. He said occasionally they had to recruit from outside and that they had train-the-trainer programs which have been most effective for the company.

The Panel deferred voting until a quorum was present with the arrival of Bob Giroux at 9:50 a.m. At that time, Mr. Broad asked if he had the opportunity to review the Directory and Power Paragon proposals in the Panel Packet. Mr. Giroux answered in the affirmative. Mr. Broad stated that with a quorum now present, Tab #8, Pacific Bell Directory, could now be voted on. He also asked the Panel members for a vote on Tab #9, Power Paragon, Inc.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for Directory in the amount of \$1,169,605.

Motion carried, 4 – 0.

ACTION: Ms. Roberts moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for Power Paragon, Inc., in the amount of \$200,772.

Motion carried, 4 – 0.

VII. APPROVAL OF AGENDA

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

Motion carried, 4 – 0.

VIII. APPROVAL OF MINUTES

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the Panel Minutes of December 8, 2005.

Motion carried, 4 – 0.

Consent Calendar Projects

Ms. Carrillo asked for a motion to approve the single employer contracts placed on Consent that are less than \$200,000 and do not appear to have any controversial issues.

ACTION: Ms. Roberts moved and Mr. Giroux seconded the Panel approve the following proposals:

BEMA Electronics, Inc.	\$38,500
Designed Metal Connections	\$166,465
Dynacast, Inc.	\$28,210
E-3 Systems	\$15,600
Redwood Children's Services	\$7,200
Redwood Empire Electrical Training Trust.....	\$69,500
Southland Credit Union.....	\$49,980

Motion carried, 4 – 0.

Request Motion to Delegate in Event of Loss of Quorum

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

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

Motion carried, 4 – 0.

Spa Builders Support Group, Inc.

Ms. Torres presented a One-Step Agreement for Spa Builders Support Group, Inc., (SBSG), in the amount of \$116,800. SBSG manufactures and supplies electronic and electro-mechanical spa control equipment for both the hot tub and jetted bathtub markets. The company also supplies replacement parts to original equipment manufacturers (OEMs), industry dealers, and spa service professionals.

Ms. Torres introduced Dave Stokes, President of Spa Builders and Michael Khaled, representing Ocean Consulting Group (Ocean Consulting).

Ms. Roberts asked about the subcontractor's cost in the previous contract and asked if any training could be done internally. Mr. Stokes said part of the program included a train-the-trainer process. He said the company did not have sufficient in-house expertise and planned to receive assistance from Ocean Consulting in this area. Ms. Roberts asked about the computer skills training and if the software would be provided by Mr. Khaled. Mr. Stokes agreed that the software was going to be provided by Mr. Khaled. He stated English as Second Language (ESL) skills were needed by long-term employees who were not advancing in the company, due to the lack of English communication skills.

Mr. Broad asked if Ocean Consulting had consulted on prior ETP agreements. Mr. Khaled said Ocean Consulting had been involved in numerous ETP agreements. Mr. Broad asked about the \$680-\$3,240 range of cost-per-trainee, and which class of employees would require the highest cost of training. Mr. Stokes said the trainees in the highest cost training classification were the 15 employees under the Lead Workers classification. Mr. Broad asked if all of the trainees in the Lead Workers classification would receive 180 hours of instruction. Mr. Stokes agreed they would receive 180 hours of instruction and said it was primarily to further their English skills. Mr. Broad expressed his concern over the high cost of training for ESL skills as opposed to customized manufacturing training. He said the costs appeared high for this type of training. Mr. Broad asked what percentage of the training was in literacy skills. Mr. Stokes said the percentage of training in literacy skills was one-third. Ms. Torres stated ETP imposed a cap of no more than 45 percent of the total vocational skills for literacy training. Mr. Broad asked if reimbursement was at the same rate as any other type of training. Ms. Torres said he was correct. Mr. Broad asked if Lead Workers could further advance to another classification once they received the literacy skills training. Mr. Stokes said the trainees could possibly advance into a Manager/Supervisor position. Mr. Broad suggested that if SBSG applies for funding from ETP in the future, the Panel would like to see more in-house training and not only consultant provided training.

ACTION: Mr. Giroux moved and Mr. Broad seconded the Panel approve the One-Step Agreement for SBSG in the amount of \$116,800.

Motion carried, 4 – 0.

Kim Lighting, Inc.

Dolores Kendrick, Manager of the North Hollywood Office, presented a One-Step Agreement for Kim Lighting, Inc. (Kim Lighting), in the amount of \$157,248. Kim Lighting is a manufacturer of architectural and landscape lighting fixtures.

Ms. Kendrick introduced James Valade, Production Engineering Manager and James V. Grasso, Vice President of Operations

Ms. Roberts asked about the 40 percent earned in the prior contract and what prevented the company from earning a larger percentage. Mr. Valade said they were more ambitious in their abilities to execute the training and were not able to get everyone through the training at that time. Ms. Roberts asked if the proposed contract would provide training to the same employees who did not receive the training, or to a different set of employees. Mr. Valade said they proposed to train a different group of employees through the processes in LEAN manufacturing and some of the employees who already received this training would advance into additional training. Ms. Roberts asked if an internal system was in place for tracking. Mr. Grasso said he monitored all of the tracking and training and had a complete list of all employees who completed training in the first contract. He said approximately one third of those employees would receive training at an advanced level and the remainder of employees would receive the training for the first time. Mr. Grasso

stated they had a total of approximately 511 employees. He stated that in the first contract approximately 120 employees completed training.

Mr. Gordon asked if the company assessed new employees for competency in language skills. Mr. Grasso said they did not assess the new employees and stated that 80 to 85 percent of their workforce was Hispanic. He said that interpreters assisted him with employee training. Mr. Gordon encouraged Mr. Grasso to assess new employees upon hiring to better estimate their individual training needs.

Mr. Giroux noted the number of employees worldwide (13,000) and the amount of employees based in California (511) and asked about the products produced by Kim Lighting. Mr. Valade said Hubbell, Incorporated, was a large corporation that produced wire and power systems. He said Kim Lighting consisted of approximately 6 locations and that 2 of the locations were in California. Mr. Giroux reiterated that the 511 employees were in a specialty craft and the remaining 13,000 employees were under the umbrella company. Mr. Valade agreed with Mr. Giroux.

ACTION: Mr. Gordon moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for Kim Lighting in the amount of \$157,248.

Motion carried, 4 – 0.

Medtronic Minimed, Inc.

Ms. Kendrick presented a One-Step Agreement for Medtronic Minimed, Inc. (MiniMed) in the amount of \$218,400. MiniMed manufactures diabetes management medical equipment and instruments such as: infusion pumps for controlled dispensing of insulin; continuous glucose monitoring systems; and software that transmit data through the Internet for viewing and printing reports to adjust insulin therapy.

Ms. Kendrick introduced Jeff Ireland, Vice President of Revenue Cycle and Customer Service for MiniMed.

Mr. Giroux asked about the 16 percent turnover rate. Mr. Ireland said MiniMed had been in a high-growth phase, had numerous new-hires, and experienced a level of turnover as additional hirings occurred. Ms. Roberts asked if the active project only involved the Goleta facility. Mr. Ireland agreed and said that MiniMed was a conglomerate of multiple businesses acquired over the years. He said the Goleta facility was separate from the Northridge business. Ms. Roberts asked if this was the first contract for the Northridge facility. Mr. Ireland agreed it was the first contract. Ms. Roberts asked how many years the company had been in business. Mr. Ireland said MiniMed was founded in 1983 and moved into the Northridge facility in approximately 1999.

ACTION: Mr. Broad moved and Mr. Gordon seconded the Panel approve the One-Step Agreement for MiniMed in the amount of \$218,400.

(Because a quorum was not present, action on this proposal was deferred to Ms. Carrillo pursuant to the earlier delegation of authority)

Norman Krieger, Inc.

Ms. Kendrick presented a One-Step Agreement for Norman Krieger, Inc. (NK), in the amount of \$198,900. NK is a licensed air and ocean freight forwarder; Non-Vessel Operating Common Carrier (consolidate small shipments into container loads that move under one bill of lading); and a licensed customs broker. NK provides full supply chain solutions such as freight transportation arrangement (raw material receiving/processing and consolidation and finished goods distribution); and cargo insurance and bonds under its trademark KRIEGER worldwide to its customers.

Ms. Kendrick introduced Gary Stratton, Vice President & General Manager for NK.

Ms. Roberts asked about the NK business. Mr. Stratton said NK moved cargo internationally between points. He said this included customs clearance, arranging bookings, and coordinating shipments.

Mr. Broad asked if any of the proposed trainees were warehouse workers. Mr. Stratton said approximately 11 warehouse workers would receive training. Mr. Broad asked if NK was brokering freight coming into California ports from the Far East and Mr. Stratton said they did. Mr. Stratton also explained that NK “engaged” motor carriers to pull the loads from the dock to a warehouse facility. Mr. Broad asked if NK directly employed the drivers and Mr. Stratton said that NK did not employ any drivers. Mr. Broad asked Mr. Stratton to explain how NK faced out-of-state competition. Mr. Stratton gave an example of one of their customers, Pumpkin Patch Originals Ltd., located in New Zealand. He said the company was opening stores in California and recently made the decision to take their distribution away from the NK warehouse and move it to Seattle due to lower costs.

Ms. Roberts asked about employee wage differences. Mr. Stratton said the factors that determined employee wages was knowledge of the business, customer service skills, and the ability to anticipate customer problems. Ms. Roberts asked how many employees out of the 57 Customer Service Staff received the \$11.83 wage and how many employees received the high-end wage of \$47.12. Mr. Stratton stated that the majority of staff received between \$16.00 and \$23.00 per hour.

ACTION: Ms. Roberts moved and Mr. Gordon seconded the Panel approve the One-Step Agreement for NK in the amount of \$198,900.

Motion carried, 4 – 0.

Tejon Ranch

Ms. Kendrick presented a One-Step Agreement for Tejon Ranch in the amount of \$233,740. Tejon Ranch is a ranching and farming operation that includes raising cattle and

growing almonds, pistachios, walnuts and grapes. Tejon Ranch is located in Kern County, which has been designated by the Employment Development Department, as a high-unemployment area. Tejon Ranch is requesting a waiver to the ETP minimum wage of \$11.83 for Kern County to allow the training for 29 production workers and administrative staff. These trainees have limited education or literacy skills and lack the essential job skills necessary to improve their opportunities for advancement. The training wage will be at least \$8.87 during training and they will receive a 7 percent increase after retention.

Ms. Kendrick introduced Elizabeth R. Grodewald, Director of Human Resources for Tejon Ranch.

Ms. Roberts commended Tejon Ranch on their excellent turnover rate. She asked about the Production Worker occupation outlined in the training plan table and asked if it could also be considered a farmer, ranch worker or a field worker. Ms. Grodewald said the occupation was a combination of field laborers and ranch maintenance workers. Ms. Roberts noticed the high wage differential that supervisors received. She asked if there was a possibility that Production Workers who completed the training could advance in the company. Ms. Grodewald said it was possible that the trained employees could advance and that it depended on the individual's role within the company. She stated that in some instances, it was to become more knowledgeable and to perform at a higher level. Ms. Roberts asked if all employees at Tejon Ranch were documented workers. Ms. Grodewald said all of their employees were documented.

Mr. Broad asked if health benefits were offered to the Production Worker occupation and if the benefits covered the family or only the individual. Ms. Grodewald said the benefits were available to the individual as well as their family. Mr. Broad asked if Tejon Ranch paid for the benefits in full, for families requesting coverage. Ms. Grodewald stated that employees must pay a portion of the dollar amount for family health benefits.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for Tejon Ranch in the amount of \$233,740.

Motion carried, 4 – 0.

Micrel, Inc.

Creighton Chan, Manager of the Bay Area Office, presented a One-Step Agreement for Micrel, Inc., (Micrel), in the amount of \$309,400. Micrel designs, manufactures, tests, and assembles integrated circuits (IC's). The company's products include advanced mixed-signal, analog and power semiconductors; and high performance communication, clock management, Ethernet switch, and physical layer transceiver integrated circuits.

Mr. Chan introduced Tatsuo D. Morimoto, Corporate EHS and Training Manager of Micrel.

Mr. Giroux asked about the 14 percent turnover rate. Mr. Morimoto said they commonly faced out-of-state competition and recently had to close a manufacturing facility 2 years

ago. He said many employees had job security concerns and several employees had moved on to other industries such as the medical and biotech fields. Ms. Roberts asked about the absence of a subcontractor to administer the contract. She asked if there were internal processes in place to ensure the funds provided by ETP would be utilized. Mr. Morimoto said they would have subcontractors available to help provide the training for Micrel. Ms. Roberts said that the agreement did not identify any subcontractors. Mr. Morimoto said they were in the process of selecting subcontractors and that in the previous agreement, the vice president of the company at that time did not support the training, and for that reason, training was delayed. He said there is now a new vice president who supports the training. Ms. Roberts asked if there was an internal mechanism in place to ensure that they will conduct the training, have the right trainers in place, and an adequate tracking system. Mr. Morimoto said there were procedures in place.

ACTION: Mr. Gordon moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for Micrel in the amount of \$309,400.

Motion carried, 4 – 0.

Fante Inc., dba Casa Sanchez Foods

Ruby Cohen, Manager of the Sacramento Office, presented a One-Step Agreement for Fante Inc., dba Casa Sanchez Foods (Casa Sanchez Foods) in the amount of \$94,800. Casa Sanchez Foods is a family owned business that started out as San Francisco's first merchandized tortilla factory in 1924. The company manufactures and distributes food products such as fresh salsa, tortilla chips, guacamole, and Mexican pastries.

Ms. Cohen introduced Robert C. Sanchez, President of Casa Sanchez Foods.

Ms. Roberts asked about employee growth as a result of previous ETP contracts. Mr. Sanchez said that the current level of training proposed was advanced training in various different areas. Ms. Roberts asked if there were any plans for company expansion. Mr. Sanchez said they were a wholesale company whose primary goal was to distribute from more stores and to train their workers to become more efficient in their skills.

ACTION: Mr. Gordon moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for Casa Sanchez Foods in the amount of \$94,800.

Motion carried, 4 – 0.

Frontier Dental Laboratories, Inc.

Ms. Cohen presented a One-Step Agreement for Frontier Dental Laboratories, Inc., (FDL), in the amount of 96,720. FDL is a full-service, state-of-the-art dental laboratory creating dental prosthetics. Currently, at least 2000 licensed dentists in California and throughout the United States are FDL customers.

Ms. Cohen noted that there was a correction to page 3 of the Panel Memo. The Turnover Rate currently states 18 percent and the correct rate is 16 percent.

Ms. Cohen introduced Garrett Caldwell, Vice President/General Manager and Cynthia Miller, Director of Human Resources.

There were no questions from Panel Members.

ACTION: Mr. Gordon moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for FDL in the amount of \$96,720.

Motion carried, 4 – 0.

Multiple Employer Contractors

UAW Labor Employment and Training Corporation

Ms. Kendrick presented a One-Step Agreement for UAW Labor Employment and Training Corporation (UAW LETC) in the amount of \$152,640. UAW LETC is a labor-centered workforce development corporation that operates customized training programs for businesses and unions.

The 180 trainees identified in this proposal are currently working at six different motion picture production companies. Forty of these trainees were hired by Cartoon Network Studios which uses Axium Hollywood Services, a payroll company, as the employer-of-record. Axium is a signatory to the pertinent collective bargaining agreement with International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada (IATSE). By virtue of this fact, the trainees hired by Cartoon Network receive the same wages and benefits as other workers in the same job classifications.

In this proposal, Axium or another similarly-situated payroll company would be the employer-of-record, and Cartoon Network or other hiring company would be the participating employer.

Ms. Kendrick introduced Robert Nelson, the UAW-LETC President and CEO.

Ms. Roberts asked about how employees were recruited for training. Mr. Nelson said they were incumbent workers and that it was a retraining program. Ms. Roberts asked who the proposed trainees were currently employed with. Mr. Nelson said they are working for a production company. He said they interview the individuals to ensure there are a sufficient number of employees which required training in order to justify their request for ETP funds.

Mr. Broad commented on the poor performance in previous contracts and stated the need to improve the performance of the active project as well as the proposed project. Mr. Nelson said they would work diligently to improve the performance in the contracts.

ACTION: Mr. Broad moved and Mr. Giroux seconded the Panel approve the One-Step Agreement for UAW LETC in the amount of \$152,640.

Motion carried, 4 – 0.

West Covina Chamber of Commerce

Ms. Kendrick presented a One-Step Agreement for West Covina Chamber of Commerce (WCCC) in the amount of \$200,199. The WCCC has approximately 375 business members from a wide variety of industries, including manufacturing, financial services, healthcare, insurance, communications, hospitality, printing and publishing, food processing and many others.

Ms. Kendrick introduced Gary Lawson, WCCC Executive Director and Karah McCormies, Director of California Training Associates.

Mr. Giroux moved but the second was delayed due to a Panel question.

Ms. Roberts asked if WCCC or the California Training Associates would provide the training. Mr. Lawson said the California Training Associates were providing the training. Ms. Roberts asked how the training benefited the WCCC. Mr. Lawson stated that the partnership had enormous potential and that the proposal opened up other cities and territories to partnership with larger companies that are located outside the city of West Covina. He said it opened up staff development activities that they had not previously been able to take part in. Mr. Broad stressed the importance of the Chamber's awareness of all contract compliance issues and ensuring that the subcontractor meets the ETP standards.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for WCCC in the amount of \$200,199.

Motion carried, 4 – 0.

Goodwill Industries of San Joaquin Valley

Ms. Cohen presented a One-Step Agreement for Goodwill Industries of San Joaquin Valley (Goodwill Industries) in the amount of \$402,875. Goodwill Industries is a non-profit company that provides job training and placement services to individuals with multiple barriers to employment. These barriers include chronic unemployment, physical disabilities, limitation and/or learning disabilities, limited English speaking skills, lack of a stable work history, chemical dependency, or a criminal history.

Ms. Cohen introduced William D. Carmichael, Director of Workforce Development for Goodwill.

Ms. Roberts asked if employees were trained for hire at a Goodwill facility. Mr. Carmichael said they were trained for standard placement and received job placement after completion of training. Ms. Roberts was concerned with the average cost-per-trainee and the low

wage range earned upon completion of training. Mr. Carmichael stated the amounts in this contract were lower than in the last contract and that the costs had been reduced. He stated that ETP had helped Goodwill Industries to take a credentialed program from the Bureau of Private Post-Secondary education and make the curriculum work. Ms. Carrillo clarified that the average cost-per-trainee for new hires in the previous year was \$4,700 and that in the proposed contract, the cost-per-trainee was much lower and that Goodwill Industries was a hard-to-serve population. She also stated that Goodwill agreed that only 10 percent of their trainee population could be placed at a wage 25 percent less than the ETP minimum wage. Mr. Broad asked about the demographics of the group of proposed trainees. Mr. Carmichael said they had multiple barriers such as no work history, a lack of work history, re-entering the workforce, recovering from substance abuse and felons.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for Goodwill Industries in the amount of \$402,875.

Motion carried, 4 – 0.

Hitchcock & Holcombe, Inc., dba Continental Training Center

Ms. Cohen presented a One-Step Agreement for Hitchcock & Holcombe, Inc., dba Continental Training Center (H & H), in the amount of \$553,080. H & H is an established private training agency which has for over six years been providing computer training for corporations, county and state agencies, and non-profit organizations.

Ms. Cohen introduced Darin Holcombe.

Mr. Giroux asked about the 20 percent turnover rate. Ms. Carrillo said that this contract fell under the multiple employer contracts and that we do not know the specific turnover rate for each individual employer, however, per regulations, they cannot exceed 20 percent, which is the reason for the inclusion. Mr. Holcombe said that the average turnover rate usually averaged from 5 to 11 percent.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the One-Step Agreement for H & H in the amount of \$553,080.

Motion carried, 4 – 0.

IX. ACTION ON REGULATIONS

Call Centers at Title 22, California Code of Regulations Section 4416

Ms. Reilly directed the Panel's attention to the first page of the Panel Memo on Section 4416. She stated this was the revised text of an amendment that was originally noticed for public comment in June 2005. She said that a revision was made to the proposed amendment based on public comments received during the 45-day comment period.

Ms. Reilly said the revised text was presented to the Panel in December 2005. However, in order to let the full 15-day period run its course it had to be held over into January.

Ms. Reilly said the Panel heard comments by Steve Duscha on behalf of the Alliance for ETP at the December Panel meeting. She also stated that written comments were received by Mr. Duscha on behalf of the Alliance for ETP. She said that the text of the revision that Mr. Duscha was currently requesting was an Attachment to the Panel Memo. Ms. Reilly explained that Mr. Duscha submitted additional comments that were not included in the Panel packet by inadvertence, but were delivered to the Panel prior to the meeting.

Ms. Reilly informed the Panel that staff had considered all public comments and had reviewed the comments with management, and now recommends against further revision. She explained that what remained today was consideration of the revised text itself. She said the revision would alter the standard for determining whether or not an employer Call Center qualifies for funding. As revised, the definitional standard would be reduced from a 50 percent volume of incoming calls to a 25 percent volume, which favors the applicant for funding. She said this was the only revision which remained for consideration.

Ms. Reilly said if the proposed amendment of Section 4416 was approved as revised, then staff would prepare the regulation for filing with the Office of Administrative Law. At that time, all public comments and the Panel's response would be included in the Final Statement of Reasons and made part of the rulemaking record. She asked the Panel if there were any questions. There were no questions.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the revision to the Call Center definition at Title 22, California Code of Regulations Section 4416 and adopt the proposed amendment as revised.

Motion carried, 4 – 0.

Implementation of Panel's Policies on Multiple Employer Contracts (MEC) and Employer In-Kind Contributions

Ms. Reilly stated that the proposed regulatory action would implement Panel's policy on various aspects of the MEC new-hire training program as presented to the Panel originally at the October 2005 meeting. She said staff formatted the policy as a regulatory action for adoption, amendment and repeal as set forth in the Panel Memo. Ms. Reilly clarified that the only item unrelated to the MEC new-hire program was the amendment of Section 4440.3, which was a clarifying amendment needed to eliminate some unnecessary procedures. She said that the Panel's decision to cap the average cost-per-trainee would be implemented in new Section 4406, not as a fixed cap, but as the average cost-per-trainee for new-hire training based on data from the prior Fiscal Year. She said the cap was explained on page 2 of the Memo, especially with reference to footnote six. Ms. Reilly said that the text of this proposed regulatory action and the others could be seen at Attachment B of the Memo. She pointed out a typographical error at Section 4401.1(e) on line 2 and said the word "order" should be deleted.

Ms. Reilly asked the Panel if they had any questions. Ms. Roberts asked if there was a correlation factor in paying a cap and also looking at the wages provided once trained. Ms. Carrillo stated if the cost-per-trainee requested exceeds the average cost-per-trainee new-hire for the prior year, then the wage had to proportionately increase as to the same cost requesting to increase the cost-per-trainee.

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the MEC New Hire and In-Kind Contributions Regulations with the modification to strike the word order on Attachment B, under Section 4401.1, In-Kind Contributions, under (e), line 2.

Motion carried, 4 – 0.

X. GENERAL PUBLIC COMMENT

Steve Duscha, on behalf of the Alliance for ETP, stated that in regards to the Out-of-State Competition Regulation the Alliance submitted a written comment that was not included in the Panel Packet. He said he recognized that the Panel did not have to adopt the comment, but had to follow procedures in considering it. Mr. Duscha stated that the representations made about the Alliance's comments earlier were not entirely accurate.

Mr. Broad asked Ms. Reilly if the Administrative Procedures Act required the Panel to respond in the Final Statement of Reasons. Ms. Reilly said this was correct and added that all of the Alliance's written comments were considered and, although the last one was omitted from the packet by inadvertence, it was delivered to the Panel prior to the meeting. Mr. Duscha said that the writing contained in the Panel Packet was not an "official comment". Mr. Broad said the Panel had taken action and respectfully disagreed with Mr. Duscha's position, but said he was always willing to listen to his suggestions.

XI. EXECUTIVE SESSION

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

XII. ADJOURNMENT

ACTION: Ms. Roberts moved and Mr. Gordon seconded to adjourn the meeting at 11:45 p.m.

Motion carried, 4 – 0.