

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency
Sierra Hearing Room, 2nd Floor
1001 "I" Street
Sacramento, CA 95814
August 24, 2007

PANEL MEMBERS

Barry Broad
Acting Chair

Barton Florence
Member

Bob Giroux
Member

Scott Gordon
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Johnathan St. John
Member

Executive Staff

Michael Saragosa
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Chairperson, called the public Panel meeting to order at 9:43 a.m.

II. ROLL CALL

Members Present

Barry Broad
Janice Roberts
Scott Gordon
John St. John
Edward Rendon
Bob Giroux (arrived at 9:50 a.m.)

Members Absent

Barton Florence

Executive Staff Present

Ada Carrillo, Deputy Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

ACTION: Ms. Roberts moved and Mr. St. John seconded the Panel approve the Agenda with the removal of the Executive Session.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the Panel Minutes of July 27, 2007.

Motion carried, 5 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Ada Carrillo, Deputy Director, presented the Report of the Executive Director, in the absence of Michael Saragosa, Executive Director.

Legislative/Budget Report

Ms. Carrillo said it was expected the Governor would sign the Budget today, which includes a \$46.3 million appropriation for the Employment Training Panel which represents a \$10 million decrease from what was proposed in the Governor's Budget in January 2007. She said the reduction to ETP's Budget was an increase to the DSS Budget, as they will now receive \$45 million. She said staff continues to work with the administration and Legislature to seek a remedy to the \$10 million decrease.

Ms. Carrillo referred the Panel to the Fund Status Tab in the Panel Packet. She said until the remedy is accomplished, ETP will be operating with the \$46.3 million. She said we will supplement the appropriation with the \$14 million in dis-encumbrances, bringing the total amount available for the Fiscal Year to \$60.3 million. She said \$9 million will be budgeted for administration expenses, which is within the 15 percent cap allowed, and \$50 million will go to the program of which \$16.5 million is set aside for prior year contracts. She said this results in \$33.5 million for the year, translating to approximately \$95 million in contract value. Ms. Carrillo said if the Panel approves all contracts included on the Agenda, then \$23.2 million remains for the year, resulting in approximately \$62 million in contracts. She said based on current year funding approvals, it is expected that we will exhaust available monies by the March 2008 Panel Meeting. She said that over nine years including 2007-08, the Department of Social Services will have received \$351 million from the Employment Training Fund, or 40 percent of the available monies in the Fund while the program which it was established for, is only receiving 50 percent.

Mr. Broad suggested that due to the Budget reduction that proposals requesting above \$1 million be reduced by half, with the opportunity for the companies to return for an amendment next year, assuming that Panel Members are agreeable.

Ms. Carrillo referred the Panel to the Meeting Sites Tab in the Panel Packet and noted the September meeting is now scheduled for September 28, the October 19 meeting is cancelled, and the October and November meetings will be compressed into a November 9 meeting.

Request Motion to Delegate in Event of Loss of Quorum

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

ACTION: Ms. Roberts moved and Mr. Rendon seconded the Panel delegate to the 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, 6 – 0. (Bob Giroux arrived at 9:50 a.m.)

Request Motion to Adopt Consent Calendar Projects/Action

Ms. Carrillo asked for a motion to adopt Consent Calendar items #1 through #8. Ms. Roberts asked if Tab #12 could be moved to the Consent Calendar, as it was a small contract amount and no representative was present for this proposal. Ms. Carrillo agreed to move Tab #12, The Evans Group, to the Consent Calendar.

Brys Architectural Metal and Glass.....	\$17,680
Burdge, Inc.	\$24,882
Canyon Plastics, Inc.	\$49,920
Chromatic Inc. Lithographers.....	\$35,568
Del Amo Construction, Inc.	\$40,920
Gorko Industries, Inc.	\$49,400
Kern Federal Credit Union.....	\$49,764
Label Technology, Inc.	\$15,600
The Evans Group	\$70,200

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of Consent Calendar Items #1 through #8 with the addition of Tab #12, The Evans Group.

Motion carried, 6 – 0.

VI. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, said there is a proposed regulation amendment on the Agenda for action by the Panel. She said due to interest already expressed on the proposed amendment, that after her presentation, she will go over the Memorandum and proposed text with the Panel and there will be an opportunity for public comment before the Panel takes action. She said the action is not to effectuate the proposed amendment, but to begin the public comment period for the actual rulemaking process.

VII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Single Employer Contractors

Crossbow Technology, Inc.

Creighton Chan, Manager of the Foster City Office, presented a funding proposal for Crossbow Technology, Inc. (Crossbow), in the amount of \$112,840. Crossbow is a small business that manufactures and supplies two product and component lines: 1) inertial sensors, and 2) wireless sensor components. The products are used in the manufacturing of aviation, land, and marine products. Crossbow also makes navigational components used in the primary flight display of aircrafts; a simpler version is used in the navigational system in tractors.

Mr. Chan introduced Vijay Sajja, Director of Manufacturing.

There were no questions from the Panel.

ACTION: Mr. Giroux moved and Mr. Rendon seconded approval of the funding proposal for Crossbow in the amount of \$112,840.

Motion carried, 6 – 0.

Crystal Technology, Inc.

Mr. Chan presented a funding proposal for Crystal Technology, Inc. (CTI), in the amount of \$69,120. He said that CTI manufactures single oxide crystals and selected optical components based on these crystals. Products include crystal wafers used in tuners, transistors and filters in electronic equipment. Applications include optical scanning, wave length filtering, and radio frequency control electronics used by customers in various manufacturing, defense, and medical industries.

Mr. Chan introduced Martin Smith, Quality Manager and Pam Davis, Human Resources Representative.

Mr. Rendon asked about the pension program offered. Ms. Davis said the pension program is not a 401K but a regular pension where the company contributes funds for employees. Mr. Rendon asked if a 401K is also offered. Ms. Davis answered in the affirmative. Mr. St. John asked about the process of growing crystals. Mr. Smith said that CTI manufactures wafers and products based on optic devices using laser applications. He said the growth of the crystals is very similar to silicon and explained the properties of the materials grown have different applications.

Mr. St. John asked how CTI is preparing the next generation of leaders. Mr. Smith said CTI has a history of developing from within rather than from the outside at the top levels. He said they realized that the expertise that exists is not easily transferred. He said they want to ensure that the employees they bring up through the ranks are able to carry on the successes they have had.

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the funding proposal for CTI in the amount of \$69,120.

Motion carried, 6 – 0.

Litton Systems Inc., a Subsidiary of Northrop Grumman Corporation, Navigation Systems Division

Dolores Kendrick, Manager of the North Hollywood Office, presented a funding proposal for Litton Systems Inc., a Subsidiary of Northrop Grumman Corporation, Navigation Systems Division (Litton), in the amount of \$1,910,250. She said that Litton develops, designs and manufactures situational awareness electronic systems and products for defense, civil and commercial markets.

Ms. Kendrick introduced Carol Armstrong, Director of Mission Assurance/Navigation System Division and Bob Woolsey, Manager of Workforce Development & Division Services.

Ms. Roberts asked when the bulk of training would take place during the two year contract. Ms. Armstrong said they are anxious to start training right away. Mr. Woolsey said it is a phased program with an emphasis on process awareness and process improvement for 2007 and the first half of 2008. He said they have found that employees have a questionable grasp on the processes to perform.

Mr. Broad asked how the company proposed to deliver training with a reduction in funding so that ETP would not encumber \$1.9 million in the current budget year. He said if circumstances change in the budget year, they could return to request the full amount originally requested. Ms. Armstrong said Litton is interested in working with ETP and the Panel and they represent a large employment base in California. Ms. Armstrong was concerned about the 90-day retention requirement and the 24 hour training requirement. Ms. Carrillo said there is some latitude to add additional training hours and dollars provided Litton did not invoice for trainees as having completed training.

Mr. Giroux proposed moving onto the next proposal so that Litton and staff could caucus and return to the Panel in order to reach an agreement today. Mr. Broad asked if Litton was agreeable. Ms. Armstrong agreed and said it is a very important initiative for their business, they are very anxious to get started and begin delivering training, and would like to reach an agreement today. Mr. Broad said action on the Litton proposal would be delayed until an agreement has been reached prior to the end of the meeting.

Action on the Litton proposal was delayed until later in the meeting.

The Evans Group

The Evans Group was added to the Consent Calendar and approved earlier in the meeting.

Yahoo! Inc.

Ms. Kendrick presented a funding proposal for Yahoo! Inc. (Yahoo), in the amount of \$2,356,200. She said Yahoo is a global Internet company that provides online products and services to many users.

Ms. Kendrick introduced Irene Henderson, Senior Manager of Sales Enrichment.

Ms. Roberts asked how many employees were trained in the previous contract. Ms. Henderson said approximately 300 employees were trained in the previous contract. Ms. Roberts asked if trainees received any technical training. Ms. Henderson answered in the affirmative. Ms. Roberts said the menu curriculum appeared inadequate as technical training was not included. She said soft skills and computer training was not substantial training for the dollar amount of the contract. Ms. Henderson said that approximately 1,000 of the total

number of trainees are in sales and would receive training on how to cross-sell, which is the reason the curriculum states soft skills. Ms. Roberts asked if the sales staff would undergo soft skills training for better customer focus and understanding values. Ms. Henderson said they would receive product training.

Mr. Broad asked what Yahoo is selling. Ms. Henderson said they are selling advertising space within Yahoo. She said they also sell memberships for expanded email or expanded photos. With these services, there is a small membership fee, but most revenue comes from advertising. Mr. Broad asked if someone buys the right to show up on a search before everyone else and if this is how revenue dollars are generated. Ms. Henderson said that was one of the ways and another is through banner ads. She said when someone clicks on a banner ad, Yahoo receives revenue from the advertiser. She explained that any click on Yahoo pages, whether it is a listing for a search or banner ads, all constitute revenue.

Mr. Giroux asked if the browser's privacy is protected when clicking on banner ads and asked if the browser's email data is transferred to the vendor. Ms. Henderson said no information is transferred and it does not specify the name or location of the browser.

Mr. Broad asked how Yahoo would divide training due to the proposed reduction of funds. Ms. Henderson said training is evenly spaced out over two years so they propose receiving \$1 million and then returning for an amendment. She wanted to ensure the 90-day and 24 hour requirements would not have to be met when returning for an amendment. Mr. Broad was agreeable to the proposal.

Mr. St. John asked if Yahoo is dedicating \$10 million for overall training. Ms. Henderson said \$10 million includes training for all of Yahoo. Mr. St. John was concerned about the high proposed dollar amount and only training in soft skills. Ms. Henderson said soft skills include product training, sales skills and some analysis. She said it is not technical training, but how to interpret the data they may get from an advertiser to explain how they need to perform their business or advertising more efficiently online. She said that product and analytical skills should have been included in the curriculum. Mr. St. John asked how much of the training is being done internally. Ms. Henderson said all training is done internally. Mr. St. John suggested the amount of employees to be trained should be a smaller number. Mr. Broad said Mr. St. John's concern is that there are too many soft skills for the price. Ms. Henderson said the menu curriculum listed business skills such as sales and marketing techniques, competitive product marketing, market and technology knowledge, strategic and innovative thinking. She said they would like to see how they could bring in other vendors to assist with some of these skills. She said they would like to use ETP funds in order to bring in more resources to train so that seniors on the sales force would not have to be displaced.

Mr. Giroux noted the low turnover rate, the benefits offered to employees and the overall success of Yahoo. He agreed the dollar amount was high, but said we should strive to have more employers in California that have that kind of employee retention on a long-term basis. Mr. Broad said he was prepared to vote for the project at \$1 million in the first year and then return for an amendment the second year. We would then have a chance to review their

performance. Mr. Broad asked if this would cover Mr. St. John's concern. Mr. St. John answered in the affirmative.

Mr. Giroux asked if the Panel would establish a \$1 million cap for any high cost proposals. Mr. Broad disagreed, and so no cap establishment would be made. He said they would try to get them as close as possible to \$1 million but did not wish to establish a cap. He said if a critical proposal arises where people need training, he does not want to bind the Panel to something, but in the ordinary course of business high-cost proposals we are going to try and space it out. Mr. Giroux agreed to Mr. Broad's recommendation and he proposed to approve the proposal at 50 percent of the requested amount of approximately \$1.15 million.

ACTION: Mr. Gordon moved and Mr. St. John seconded the recommendation to approve the Yahoo! proposal at the reduced amount of \$1,000,000 with the understanding that Yahoo! may propose additional funds, up to the originally requested amount, based on performance and funding availability. In making this recommendation, it is agreed that the company would be eligible for reimbursement for trainees who continue to receive additional hours of ETP-funded training under the same standards for 24-hours of minimum training and 90 days of employment retention, as when they were originally enrolled.

Motion carried, 6 – 0.

SUTI Holdings, LP

Diana Torres, Manager of the San Diego Office, presented a funding proposal for SUTI Holdings, LP (SUTI), in the amount of \$99,000. She explained that SUTI researches, develops and launches new technologies into individual business enterprises. SUTI works with research universities and colleges throughout the United States to develop viable enterprises from multiple disciplines, including the physical, engineering and life sciences.

Ms. Torres introduced Shari Selnick, Manager of Training and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked about SUTI functioning as the employer of record. Mr. Duscha said this is a contract for SUTI and subsidiaries. He said it qualifies as a Multiple Employer Contractor (MEC) under ETP rules but the company thinks of it as one company with subsidiaries. Mr. Broad said they are not subsidiaries because the company does not own them. Mr. Duscha disagreed, and said the subsidiaries are owned by SUTI. Mr. Broad asked if IntelliStick Inc. is a subsidiary of SUTI. Ms. Selnick answered in the affirmative. Mr. Duscha said IntelliStick Inc. has a separate employer number which defines them as a separate employer. Ms. Torres said ETP defines employers by the California Employer Account Number (CEAN). She said if it is a different CEAN it is a separate employer, although it is a subsidiary. Mr. Broad asked for further clarification from SUTI and said they must exist for some purpose beyond providing this training. Ms. Selnick said they are a for-profit incubator. She said SUTI has 35 employees and is constantly expanding as portfolios develop. She said they approach universities and find technology that fit their plan, and form companies based on

that technology. She said they find the venture capitalists, and train those new employees to make businesses. She said that once the businesses are viable, they sell them. She said they are trying to create businesses in California based on technology from different universities. Mr. Broad said there must be a core group of employees who remain with the company, and then there are the employees of the subsidiaries that either stay or get spun off. Ms. Selnick said employees can get spun off or they can stay and go with the next subsidiary that comes in. Mr. Broad asked if they can move from subsidiary to subsidiary. Ms. Selnick agreed. Mr. Broad asked if they maintain a core group of people with expertise in specific areas that are dedicated to that company, but may flow back into the main company, so they receive a paycheck from a subsidiary while they are working for the subsidiary. Ms. Selnick said, yes, because the venture capitalists are paying SUTI to maintain the payroll for the subsidiaries. Mr. Broad asked if employees may follow the subsidiary to its point of future destination. Ms. Selnick agreed.

Mr. Broad asked who is receiving training in this contract; the employees of the subsidiary or the employees that do the core business of running around at the universities. Ms. Selnick said everyone will receive training. Mr. Broad asked if they all worked together. Ms. Selnick said they all work together on one floor.

Mr. Broad asked if they are new-hires. Ms. Selnick agreed. Ms. Roberts was concerned about the 71 employees and asked if they have been hired. Ms. Selnick said they have not yet been hired. She said they have an aggressive hiring plan with currently 24 requisitions to hire. She said as the product moves along and the development continues, they hire as needed, therefore, they have constant need for retraining. Mr. Broad asked if new-hires would be skilled or un-skilled. Ms. Selnick said it depends on the individuals' position within the company and that most are hired for their skills. Mr. Broad said this resembled a new-hire contract. He said that with a new-hire contract we are asking companies that fall under a MEC to do 20 percent welfare-to-work people. Ms. Torres said this is not a new-hire contract. She said the new-hire would be if the individuals are being trained while unemployed. She said these individuals will be hired first and then trained and would be eligible re-trainees. Ms. Roberts said it is not a large dollar amount contract. Mr. Broad said that fortunately the proposed amount is under \$100,000 and that the risk is not that high. He asked if there are other companies with multiple subsidiaries. Ms. Selnick said she was unaware of any other companies that have multiple subsidiaries at one time. Ms. Roberts asked where the 71 employees are coming from. Ms. Selnick said they are placing ads to recruit biochemists.

Mr. Gordon said when you spin these companies off, some of the employees go with them and asked if they need to replenish the staff. Ms. Selnick agreed. Mr. Gordon said that fits with our business plan and we are creating business.

ACTION: Mr. Gordon moved and Mr. Rendon seconded approval of the funding proposal for SUTI in the amount of \$99,000.

Motion carried, 6 – 0.

Mr. Giroux asked if staff follows up with the success of the projects being funded. He said he would like to have some knowledge that this type of experimental project and others that we fund succeed or fail so that we know what to do or not to do in the future. Mr. Broad said that when companies return for funding the Panel can see the results of their performance. He said the Panel can ask staff for an update on specific projects and that the Executive Director could report to the Panel in his report. Mr. Broad asked staff for a progress report on the proposal in six months and if the report could be in the form of an email. Ms. Carrillo agreed that staff will provide the Panel a status report in six months.

Hanson Aggregates, Permanente Plant

Ms. Cohen presented a funding proposal for Hanson Aggregates, Permanente Plant (Hanson), in the amount of \$262,080. She said Hanson manufactures crushed rock, sand gravel, concrete products, clay bricks, and ready-mixed concrete. Hanson distributes its products to retailers, wholesales, and home improvement centers throughout the United States and internationally. Ms. Cohen noted that there are seven different unions identified in this project and that only three union support letters were received. She explained that one of the unions has opted to be excluded from this training; Operating Engineers – Local #3. Based on the fact that there are three support letters missing, staff is revising their recommendation and are asking the Panel to delegate authority to the Executive Director to either approve the proposal as shown once the three additional support letters are submitted, or approve it as revised to the extent necessary if any of the three missing letters are not submitted. She said they also recommend setting a two-week deadline to receive the letters by no later than September 10, 2007. If the proposal would need to be revised, staff would make the necessary adjustments to the agreement in order to remove trainees for whom there are no letters of support from their collective bargaining unit. Either way, based on the delegation of authority, this proposal would not have to be brought back to the Panel but we will advise the Panel of the final status of this proposal at the next meeting in September.

Mr. Broad said if Operating Engineers – Local #3 is not included in this proposal, then the total amount of training should be reduced. Ms. Cohen said the Operating Engineers – Local #3 was included in error. She said staff had previously adjusted the total number of trainees and dollar amounts. Mr. Broad asked if \$262,080 covers the six remaining unions and if the proposal will be reduced proportionately if they do not submit the other letters. Ms. Cohen agreed.

Ms. Cohen introduced Melissa Gerhard, HR Generalist/Employee Relations Specialist; Donna Ashabranner, Employee Relations Director; and Reza Saffari, Planning Manager.

Ms. Gerhard said the Operating Engineers – Local #3 may be able to provide some training which is why they have opted out. She said they wanted an opportunity to see what kind of training it is and if they can provide it. Mr. Broad asked if they have the equipment operation. Ms. Gerhard agreed. Mr. Broad asked if the Teamsters do the driving. Ms. Gerhard disagreed. Mr. Saffari said they have several different areas in the plant where they have Teamsters. They have them at the quarry, pack house and in the yard. He said the machinists are primarily the mechanics.

Mr. Gordon asked how many unions are supporting this project. Ms. Cohen said they received union support letters from Machinists Local Lodge #93 and the UCLG & AW Local #100. She said that unfortunately, these letters were not received in-hand when the panel packet was printed, which is why they were not included in the panel packet. Mr. Gordon asked if the Operating Engineers – Local #3 submitted a response letter stating the reason for not participating in this contract. Ms. Gerhard said neither a letter of approval or denial was received because the union would like to determine if they can provide the training. Mr. Gordon said that does not assume that they are necessarily against you providing the training. Ms. Gerhard said they are not against Hanson providing it, they may be another provider of the training. She said there may be a point in the next two weeks that they seek their approval for this training. Ms. Gerhard said they have verbal permission from all seven unions except for the Operating Engineers – Local #3 and it is not that they disagree, they think they may be able to provide training at some point. Mr. Broad said some of the union letters were not submitted on letterhead.

Ms. Roberts asked who will provide the training. Mr. Saffari said they decided against using General Physics Corporation to develop the training because they were too costly. He said they have talked with local colleges and the colleges have expressed interest in building the curriculum. Ms. Gerhard said they are currently seeking three bids from the colleges. Mr. Saffari said colleges are working together to meet their needs.

ACTION: Mr. Gordon moved and Ms. Roberts seconded approval of the funding proposal for Hanson in the amount of \$262,080 and delegated authority to the Executive Director to reduce the proposal proportionately or to fund it fully if all unions participate in the contract.

Motion carried, 6 – 0.

Mr. Broad said if the Operating Engineers – Local #3 supports this project, that the contract could be adjusted to request the originally requested dollar amount. He asked staff to arrive at a dollar amount. Ms. Cohen said she would research the amount and report back to Mr. Broad later in the meeting.

Mr. Broad said the Hanson proposal now required a motion to rescind the prior approval.

ACTION: Mr. Rendon moved and Ms. Roberts seconded to rescind the motion for approval of the Hanson funding proposal.

Motion carried, 6 – 0.

Mr. Broad said that with the motion to rescind, there is no proposal. He suggested caucusing to determine the dollar amount. He said once a dollar amount is determined, the Panel will re-visit the Hanson proposal. Ms. Carrillo suggested raising the contract amount to \$350,000 given the cost-per-trainee.

Action on the SUTI proposal was delayed until later in the meeting.

Ms. Carrillo asked to revisit the Litton proposal, as they have reached an agreement.

Litton Systems Inc., a Subsidiary of Northrop Grumman Corporation, Navigation Systems Division (presented out-of order and re-visited)

Ms. Carrillo said that Litton has reached an agreement for a contract amount of \$1.2 million and will adjust the training numbers accordingly. Ms. Armstrong asked if the 24 hours per week training requirement and the 90-day retention period could be waived. Mr. Broad answered in the affirmative. She asked if they could have priority when returning for an amendment due to the Budget reduction. Mr. Broad said there is typically a built-in priority because staff has already reviewed the proposal. Mr. Broad said the company would be eligible to return for an amendment in July 2008. He said when the company returns for an amendment, performance will be considered.

ACTION: Mr. Broad moved and Ms. Roberts seconded the recommendation to approve the Litton proposal at the reduced amount of \$1,200,000 with the understanding that Litton may propose additional funds, up to the originally requested amount, based on performance and funding availability. In making this recommendation, it is agreed that the company would be eligible for reimbursement for trainees who continue to receive additional hours of ETP-funded training under the same standards for 24-hours of minimum training and 90 days of employment retention, as when they were originally enrolled.

Motion carried, 6 – 0.

Ms. Carrillo asked to re-visit Tab #15, Hanson.

Hanson Aggregates, Permanente Plant (presented out-of-order and re-visited)

Ms. Cohen said in answer to Mr. Broad's question posed earlier, if Operating Engineers – Local #3 participates in this training proposal that 20 trainees would be added, resulting in a total of 150 trainees, and the dollar amount would be increased to \$302,400.

There were no questions from the Panel.

ACTION: Mr. St. John moved and Ms. Roberts seconded the funding proposal for Hanson in the amount of \$302,400 and delegated to the Executive Director the ability to reduce the contract amount proportionately by the number of labor organizations that participate in the training.

Motion carried, 5 – 0 (Bob Giroux absent for vote)

Special Employment Training (SET) Projects

Alvarado Hospital, LLC

Ms. Torres presented a funding proposal for Alvarado Hospital, LLC (Alvarado Hospital), in the amount of \$338,400. She said Alvarado Hospital is a fully accredited, acute care hospital in San Diego with a licensed bed capacity of 306. She said this project is designed to address the shortage of specialty nursing jobs and to upgrade the skills of its Registered Nurses (RNs) through specialized training.

Ms. Torres noted that since Alvarado Hospital was recently acquired from a previous ownership they do not have a 2006 turnover rate. She said they have a 13.5 percent turnover for RNs in 2007 and an 18 percent overall turnover for the entire facility. She said the Panel had requested staff to break down the turnover rate for the RNs. She said Alvarado Hospital is also asking for the advanced technology reimbursement rate of \$26.00 for the clinical training that will take place in a specialized setting under close supervision of a preceptor and a 1:2 class/lab and a 1:1 in clinical skills. She said they are asking for \$26.00 for training which amounts to approximately \$40.00 per trainee, per hour.

Ms. Torres introduced Darlene Wetton, Chief Operating Officer and William Parker, representing National Training Systems Inc.

Mr. Broad asked if Plymouth Health, the owner of Alvarado Hospital, owns any other hospitals. Ms. Wetton said they do not and that Plymouth Health was formed to purchase Alvarado Hospital. Mr. Broad asked if it is a for-profit hospital. Ms. Wetton agreed. Mr. Broad asked why the turnover rate is high in 2007. Ms. Wetton said turnover has improved and there is stability amongst the employees. She said the State turnover for RNs is approximately 14 percent, which exceeds the State average for turnover. She said RNs are in flux and will look for an employer that treats them well and invests in their training.

Mr. Broad said they are half-way through 2007 and currently have a 13.5 percent turnover rate. He said there is a 20 percent turnover requirement that is waiveable and said if the company gets to the 20 percent turnover then a waiver could be requested if appropriate. Ms. Roberts said the number is pro-rated on hours, the number could go down. Ms. Wetton said through August it is at 11 percent.

Ms. Torres said that typically when a company falls under the 20 percent threshold that there is no need for a waiver. She said that if the threshold is exceeded, it is not necessary to return to the Panel for a waiver because the company has already met the secure employment requirement.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for Alvarado Hospital in the amount of \$338,400.

Motion carried, 6 – 0.

Multiple Employer Contractor

Goodwill Industries of Santa Clara County

Mr. Chan presented a funding proposal for Goodwill Industries of Santa Clara County (Santa Clara Goodwill), in the amount of \$235,100. Mr. Chan explained that Santa Clara Goodwill created a separate division, the Institute of Career Development (ICD) to provide training and job placement services for the unemployed and under-employed. ICD is a fully-licensed, private, post-secondary school specializing in providing vocational services that meet the current needs of local employers. The center's facilities include a state-of-the-art computer laboratory, and it provides expert staff offering a full range of vocational training and support services to ensure positive employment outcomes for program graduates.

Mr. Chan introduced Trish Dorsey, Managing Director of Workforce Development.

Mr. Broad asked about the difficulties with the welfare-to-work program. Ms. Dorsey said that they want to work with them but the problem is with their system. She said, as an example, a mailing list of individuals eligible for training took a tremendous amount of time due to the County Department of Social Services approval processes. She said a flyer they developed was re-written approximately five times before they would accept it. She said progress is very slow even after six months and they are struggling with attracting welfare-to-work recipients in making the commitment to enter the training program. She said many are eligible and that 50 percent of those who have made appointments for the intake process do not show up and another 30 percent do not return after they complete the intake process. She said they are not giving up and are working with a new contact person at the County Department of Social Services.

Mr. Broad said it seems in talking to staff that we've looked at welfare-to-work in two different ways. As a 20 percent benchmark requirement for new-hire Multiple Employer Contractors and a pilot program with welfare-to-work only programs. He said the welfare-to-work only programs are not successful, but the 20 percent benchmark requirement is working well. Ms. Carrillo said there have been mixed results. Mr. Broad said there appears to be a lack of interest or lack of follow-through with the welfare-to-work population. He asked what could be changed to peak their interest in the program. Ms. Dorsey suggested a monetary incentive to enter into the program. Mr. Broad said a monetary incentive is not acceptable and that the reward is their paycheck. Ms. Roberts said welfare-to-work recipients are currently receiving welfare and are probably weighing the benefits of entering the program. Mr. Broad said eventually welfare-to-work recipients will no longer receive assistance and that perhaps they are getting the recipients too early in the process. Ms. Dorsey said they struggle with the County CalWORKs division understanding that this contract covers individuals who have been in and are now out of the CalWORKs system as well as those currently in the system. Mr. Broad said perhaps the individuals should be in their last six months of receiving CalWORKs. Mr. Broad suggested meeting with the county welfare directors to educate them on the program. Ms. Carrillo said staff has begun meeting with the welfare directors to educate them about the ETP program and also the requirements to assist

contractors with the outreach. Mr. Broad said the county welfare association should be able to select motivated individuals who would be interested in the potential to obtain a job earning more than minimum wage and that has a career track. Mr. Broad asked how many welfare-to-work recipients are currently enrolled in their program. Ms. Dorsey said there are six currently enrolled. Mr. Chan said the welfare-to-work portion of the contract does not end until April 2008. Mr. Broad asked, since Santa Clara Goodwill is doing the 100 percent project, if they do not wish to simultaneously run a 20 percent project. Ms. Dorsey agreed they do not wish to simultaneously run a 20 percent project. Mr. Broad asked if staff is agreeable. Ms. Carrillo said that they are a good contractor based on the efforts shown.

Mr. St. John asked if anything has been done to determine from the welfare-to-work recipients' perspective what their barriers are. He asked if a survey has been conducted. Ms. Dorsey said they have not conducted a formal survey. Ms. Dorsey said that theoretically, conducting a survey is a great idea, but could be difficult. Mr. St. John said he often hears that the welfare-to-work crowd is a tough group. He encouraged Ms. Dorsey to factor in the shift that we are asking these individuals to make in their lives. He said if we are inviting them to be a better performer, a contributor, we need to meet them where they are. He said that barriers need to be considered; not from what we perceive the barriers to be or what our data tell us. Mr. St. John strongly encouraged Ms. Dorsey to create a mechanism whether at the point of intake or through the County by way of surveys or telephone polls, something to determine what your target audience is saying about your services or services like yours.

Mr. Broad said if our Budget appropriation is returned from the Department of Social Services there will have to be a component of welfare-to-work training and we will have to figure out a way to make it work. He said we'll never get the funds back if we say that welfare-to-work recipients are un-trainable and the money will forever be supplementing the general fund operations of the welfare agencies. He said, in other words, they are not training welfare-to-work either and are trying to find someone else to provide the training. Mr. Broad said, perhaps there is a criteria for the kind of person that is most likely to succeed in this type of program and that maybe they should focus on welfare-to-work recipients who will be removed from receiving CalWORKs in six months or have recently stopped receiving the benefits. He said we do not want a CalWORKs recipient who has two years to go because we are asking them to take on a level of personal responsibility in their lives that they have not had to take on because of the barriers that they have. He said we must try to figure out how to successfully train CalWORKS recipients because the Legislature was very receptive to this idea. Mr. Broad said he was willing to contact the Legislator for Ms. Dorsey in order to communicate with the county welfare director. Ms. Dorsey said that would be very helpful because the struggle is in working with the County since they do not understand how the program works.

Mr. Broad said that given the situation and Goodwill's positive record, he was in favor of voting on the project and granting a pass on the 20 percent requirement provided they keep trying on the 100 percent project. Mr. Broad questioned whether it makes sense to have the welfare-to-work population segregated from everyone else. He suggested that maybe they should be in the same class together and begin to get a sense that they are part of the general population and not a separate segregated group that is dealt with differently than

everyone else. Ms. Dorsey said she does not have any intention of giving up on the welfare-to-work portion of their proposal.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for Santa Clara Goodwill in the amount of \$235,100.

Motion carried, 5 – 0. (Mr. Giroux was absent for the remainder of votes)

Goodwill Industries of Santa Cruz, Monterey & San Luis Obispo, Inc., dba Shoreline Workforce Development Services

Mr. Chan presented a funding proposal for Goodwill Industries of Santa Cruz, Monterey & San Luis Obispo, Inc., dba Shoreline Workforce Development Services (Shoreline Goodwill), in the amount of \$307,607. He said that Shoreline Goodwill provides employment and training services for adults as well as workshops and work experience programs, job placement, vocational counseling and evaluation, and on-the-job training. Shoreline Goodwill is a fully-licensed, private, post-secondary school specializing in providing vocational services that meet the current needs of employers.

Mr. Chan introduced John Collins, Senior Vice President and William Moore, Manager of Vocational Counseling and OJT Placement.

Ms. Roberts suggested that Shoreline Goodwill assist Ms. Dorsey at Goodwill in Santa Clara since they have such a great work model and planning model with welfare-to-work. Mr. Collins said they are sister Goodwills, all autonomous, but are shared. He said Ms. Dorsey was helpful in putting together this proposal and they collaborate and cooperate on a continual basis within the Goodwill movement. There are 170 affiliates that communicate with each other and they would be happy to work with her.

Mr. St. John asked about their marketing and recruitment program. Mr. Collins said they use a variety of marketing and recruitment resources and have staff in all of the career centers in Santa Cruz and Monterey County. He said that in San Luis Obispo County they have connections to the welfare-to-work population through direct interaction with Department of Social Services workers. He said the most important thing they do is relationship building. He said they have sound relationships with all of the social service directors and staff.

ACTION: Mr. Rendon moved and Mr. St. John seconded approval of the funding proposal for Shoreline Goodwill in the amount of \$307,607.

Motion carried, 5 – 0.

Lexicon Training Services, LLC

This project was withdrawn from consideration at this month's meeting.

California Manufacturers & Technology Association

Ruby Cohen, Manager of the ETP Sacramento Office, presented a funding proposal for California Manufacturers & Technology Association (CMTA), in the amount of \$1,503,100. She explained that CMTA is a trade association representing manufacturers as well as some service businesses in the state. In addition to promoting California businesses, CMTA provides training and other services to member companies.

Mr. Cohen introduced Jack Stewart, President and Robert Sanger, Manager of Training Services. Mr. Stewart said CMTA and ETP staff reached an agreement to reduce the contract amount to \$1 million.

Mr. Gordon asked about CMTA's infrastructure. Mr. Sanger said CMTA would not perform any of the training. Mr. Gordon asked if the association they are partnered with has 50 employers. Mr. Sanger said 50 employers are interested in partnering with them. Mr. Gordon asked if the associations perform their own training. Mr. Sanger said sometimes they do their own training and sometimes they use outside vendors. He said it is up to the individual companies as to how they want to deliver training.

Ms. Roberts asked about the nearly \$1.2 million in subcontractor fees and wondered if the employers were going to do some of their own training as well as the contractors. She asked if the subcontractor fees would be reduced if the contract amount is reduced. Mr. Sanger said they would have to inform the subcontractors that they cannot commit to this level and that companies may not want to use external vendors. He said approximately \$1.2 million is what they requested but they know it will be less than that. Ms. Roberts asked if the number of subcontractors could vary depending on technical training needs. Mr. Sanger agreed and said the number of subcontractors will most likely increase.

ACTION: Ms. Roberts moved and Mr. St. John seconded the recommendation to approve the CMTA proposal at the reduced amount of \$1,000,000 with the understanding that CMTA may propose additional funds, up to the originally requested amount, based on performance and funding availability. In making this recommendation, it is agreed that the company would be eligible for reimbursement for trainees who continue to receive additional hours of ETP-funded training under the same standards for 24-hours of minimum training and 90 days of employment retention, as when they were originally enrolled.

Motion carried, 5 – 0.

District Council 16 Northern California Journeymen and Apprentice Training Trust Fund

Ms. Cohen presented a funding proposal for District Council 16 Northern California Journeymen and Apprentice Training Trust Fund (DC 16 Training Trust), in the amount of \$232,685. She said DC 16 Training Trust is a full affiliate of the International Union of

Painters and Allied Trades and represents over 10,000 tapers, painters, glaziers, and floor coverers from 18 different locals in Northern California.

Ms. Cohen introduced Paul Nahm, Director of Training and Mark Watcher, Executive Director of DC 16 Training Trust.

Mr. Gordon asked, what is the contribution per hour that your employers are paying for your training. Mr. Nahm said it varies by individual trade but is upward from .25 cents per hour to as high as .45 cents in the glazier trade which is less populated. Mr. Gordon asked if the funds are for training all of their facilities. Mr. Nahm answered in the affirmative. Mr. Gordon asked about the annual income. Mr. Nahm said the annual income varies because of construction and the number of man hours but is approximately \$3 to \$4 million. Mr. Gordon asked if they receive any other grants. Mr. Nahm said they receive LEA funds. He said they are affiliated with Chabot Community College which makes them unique in the construction trades because apprentices receive college credit for time that they are in class. He said that not all apprentice programs offer college credit, most are in K-12, and their program is in the community college district. He said that those that may not have been successful in high school are told when they enter their program that it is not vocational education; it is college. He said they are receiving college credits.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the funding proposal for DC 16 Training Trust in the amount of \$232,685.

Motion carried, 5 – 0.

National Glass Association

Ms. Cohen presented a funding proposal for National Glass Association (NGA), in the amount of \$200,000. She explained that NGA is a member organization representing approximately 4000 member companies of varying size in the flat glass and auto glass replacement sectors of the glass industry.

Ms. Cohen introduced David Walker, Vice President of Association Services and Lisa Bitterman, Executive Assistant of Association Services.

Ms. Roberts asked where the schools are located. Mr. Walker said they have relationships with tech schools and private individual parties that provide them the opportunity and platform in which to teach. He said their training is week-long instructor-led programs coupled with computer based training. Mr. Walker said the locations listed in the proposal are alliances they have to offer out the training. As a result of this program, they have already scheduled 7-8 courses and new programs that they will initiate. He said this gives them more access to the small to mid-size companies with training that they otherwise may not be able to secure.

ACTION: Mr. St. John moved and Ms. Roberts seconded approval of the funding proposal for NGA in the amount of \$200,000.

Motion carried, 5 – 0.

Sacramento Asian Pacific Chamber of Commerce

Mr. Broad suggested this proposal should have been included in the Consent Calendar. There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the funding proposal for SACC in the amount of \$45,168.

Motion carried, 5 – 0.

VIII. DISCUSSION/ACTION ITEM

Proposed Regulatory Amendment: T.22, CCR Section 4410, Substantial Contributions

Proposed Regulatory Repeal: T.22, CCR Section 4410.5 Exemption from Substantial Contributions

Ms. Reilly addressed the proposed regulatory actions. She said there is an action to amend Section 4410 on Substantial Contributions, and to repeal related Section 4410.5. She said the proposed amendment has been brought forward based on concerns the Panel has expressed for several months about repeat contractors and are about to enter into rulemaking. She said neither action would take effect immediately, and could, in fact, take several months or even a year to complete. She said if the Panel approves the actions to go forward, that would allow staff to proceed with a 45-day notice and comment period. She said if there are comments, then staff would return to the Panel for their consideration, and a decision on whether to accept or reject. She explained that to “accept or reject” means to make revisions based on the comments, or explain why they will not result in revisions. If there are revisions, another 15-day notice period is required. Assuming that one notice period is sufficient, she said, staff would then prepare the final version of the proposed actions and submit it to the Office of Administrative Law (OAL) for review. She said OAL has a 30-working day time period that translates into approximately 40 calendar days. If OAL approves everything, there is another 30-day time period before the final regulations could be effective. She said this full process could continue up to the next Fiscal Year.

Ms. Reilly commented on the basis of the necessity for one of the particular changes in Section 4410, which would be to apply the substantial contribution to the second-in-time contract instead of the third-in-time contract as it stands now.

She said Section 4410 was originally enacted early in 1996 and the purpose was to implement Unemployment Insurance Code Section 1020(d). She said the original version of Section 4410 was almost exactly as it is now.

Ms. Reilly said Section 4410 was amended two years later in early 1998. At that time, the second-in-time application of the substantial contribution became third-in-time. The basis of necessity, as set forth in the rulemaking record for the 1998 action, was to allow phased training in several small programs through subsequent contracts on the premise that

contractors would otherwise “load up” their request for funding in their first contract. This rationale, she said, did not take into account the pattern of repeat single employers that are also participating in multiple employer contracts, so that in fact there are opportunities for phased program funding. She said, the rationale rested on a somewhat faulty premise that whatever a funding applicant requests is what staff recommends, which was not true then and is not true now. Furthermore, even the staff recommendation may be reduced by the Panel, as seen today.

Ms. Reilly referred the Panel to the Memorandum located under the Regulation Tab in the Panel Packet. She said the Memorandum shows the statutory language that Section 4410 was designed to implement, which is to encourage the broad and equitable distribution of funds. She emphasized that this statutory goal is not tied to any particular Budget Act appropriation or Fiscal Year, but is an ongoing concept.

Ms. Reilly said most of the existing regulation standards would not change. She said it continues to be payment earned at the same facility; in fact, that standard is statutory and cannot be changed absent legislation. She said it continues to be a \$250,000 trigger for the first contribution, a 30 percent rate for the first-in-time contract, and a 50 percent rate for the second-in-time contract, within a five-year period. She said there continues to be a waiver for small businesses of 100 or fewer employees.

Ms. Reilly said the proposed amendment to Section 4410 would change the date for application of the substantial contribution from the third-in-time contract back to the second-in-time contract, as it had been in 1996. She said this amendment would clarify that payment earned is aggregated within the five-year period; currently, the regulation uses language to that effect in the phrase “benefits directly or indirectly”. She said, by this phrase, staff has always included reimbursement of training cost to the employer through a Multiple Employer Contractor (MEC) as well as through a single contract, and aggregated said payments.

Ms. Reilly said the proposed amendment would also define ETP terminology and make other language clarifications. She said it would close what has been characterized as a “loophole” insofar as now an applicant can request funding for a second contract while the first contract is still active regardless of what could reasonably be projected as payment earned. She said this amendment includes standards for projecting payment earned on the active contract, including a “make whole” provision so that if the projection is incorrect there could be an adjustment. The amendment would also include discretionary language for the Panel to use in determining whether or not to modify or waive the substantial contribution at the 50 percent level, with a list of factors to give the public an idea of what to anticipate. She said the amendment also cross-references to an existing modification process for Critical Proposals, for clarity.

Ms. Reilly said staff had collected data to determine whether or not the proposal change from second-in-time to third-in-time would be significant, in terms of funding preserved in that Fiscal Year. She said it appears it would be significant because, in looking at single-employer contracts only, over a period of three Fiscal Years, a substantial contribution could have been applied to another 21 contracts, almost the same number that actually had a

substantial contribution. She said, those additional 21 contracts only represent another seven percent of the single-employer contracts or about \$5 million dollars preserved for other training projects.

Ms. Reilly emphasized that this data does not include multiple employer contracts but, given that the Panel does aggregate earnings, the backwards projection would have been actually more.

She said staff had also collected data concerning whether or not there would have been any significant preservation of funding if there had been no waiver for small businesses, in that same three-year time period. She said the figures showed the preservation of funds would have been insignificant.

In addition, Ms. Reilly said, staff had collected data on the “loophole” whereby funding proposals are made while a contract is still active. She said it appears there would have been relatively significant savings because another seven single employer contractors would have had a substantial contribution in that same three-year time period.

Ms. Reilly said there had been a suggestion at a prior Panel meeting that the substantial contribution requirement be applied at the time the contractor comes in for Phase II funding, by way of a contract amendment. She explained that staff did not recommend this approach, for reasons set forth in the Memorandum.

Ms. Reilly directed the Panel’s attention to the Memorandum for more detail about the necessity for the proposed amendment to Section 4410, and repeal of Section 4410.5. She said the proposed revisions were shown as an attachment, in strike-out-and-underline format, which is how they would be noticed for comment.

Ms. Roberts was concerned about voting today. Mr. Broad said the Panel would be voting to put the proposal out to public comment, and not voting to implement the proposed action directly. Ms. Roberts expressed her understanding.

IX. PUBLIC COMMENT

Steve Duscha, representing the Alliance for ETP, said the Panel should not vote to send this regulation action out for public comment because it had a very effective policy over the years of discussing with its constituency matters of importance, before taking action on them. He said the Panel also has a history that once proposed regulations are sent down the “regulatory path” they do not get called back. He said he realizes it is technically possible, but it has not happened. The regulatory process is a very structured formal process. He said the Panel needs to look not only at these specific proposals, but at other ideas for preserving limited funds. Mr. Duscha said if the proposed regulations must be discussed in the context of the regulatory process, the commenters will be told they cannot bring up alternatives. Mr. Broad disagreed and said alternatives could be brought up freely. He said since he has been on the Panel, the Panel has modified regulations based on public comment. He said he realizes this is a controversial subject with the contracting community and previously spoke

with the Executive Director and Deputy Director and that they are amenable to holding a workshop during the public comment period to address concerns, if requested to do so by the commenters. He said there will be a public hearing and if one is not enough, there will be two hearings so that everyone has the opportunity to comment. Mr. Broad said he was prepared to vote to send the notice of the proposed regulatory action. Mr. Broad observed that the proposed amendment means the Panel could simply be returning to the policy set in 1998 on the same matter. Mr. Duscha did not agree that the Panel would be returning to an original policy. He said the policy never took effect because the substantial contribution for the second contract was changed within two years, before anyone could have a second contract.

Mr. Broad said that if his schedule allows for him to attend the hearing or workshop, he will commit to being there. He said other Panel members could also attend as long as there is not a Panel majority.

Mr. Duscha said he does not believe the proposal before the Panel addresses the problems as intended, but simply imposes a financial penalty at an earlier stage. Mr. Broad disagreed and said it is not a penalty, that companies have to pay for more of their training so employers that have not received ETP funding, have the opportunity to do so. He said funding needs to be evenly distributed, and that a substantial contribution was a requirement that would effectuate the policy of dispersing the limited funds throughout the State while applicants took on a greater financial responsibility. He said he would not view it as a penalty because a penalty means they have done something wrong, which is not the case.

Mr. Duscha argued that there are many different methods in resolving this problem and that to make decisions based on the number of contracts after a certain threshold is not as useful as looking at the value of a contract, or using a measure that looks at the number of employees a company has in California or the payroll. He said there may be a more rational method for limiting funds to a company. Mr. Broad said he is open to other alternatives. Mr. Duscha said he requested the data from the study conducted, but has not yet received it. He also suggested waiting on the Budget outcome in order to see what the program is going to look like because there are interactions between limiting funding and the budget and things we can do to improve over the next year.

The next public speaker, Cynthia Leon, the Policy Advocate for California Manufacturer and Technology Association (CMTA), said she appreciates the Chair's position to encourage a vote that would engage in a formal process. She said CMTA has some concerns with the Panel voting today and encouraged a postponement because they would like to see a discussion amongst the Panel and stakeholders as to the goal and objectives of the regulatory process. She asked for clarification as to whether the amendment would be filed directly with the Office of Administrative Law if there is no public comment. If so, she said, it was a fast track, and she is still unsure of what objectives the Panel is looking at. Mr. Broad said, let me clarify something for you, this is a normal regulatory process. The only fast-tracking regulatory process is by emergency rulemaking, and we are not doing that. He emphasized that the Panel would not file with the Office of Administrative Law without first having public hearings and another vote. That way, he said, if you come back with a very compelling argument, we can simply vote not to approve it and not move forward; or modify it

and put it back out for another comment period based on the changes that we have, and we can keep changing the proposed amendment until we think we've got it right. At the end of the day, he said, when we file with the Office of Administrative Law, this amendment may look very different that what it looks like today.

Ms. Leon said they understand that the process can take months, possibly up to a year, and that alternatives can be proposed. But she did not want a situation where the Panel would be going back and forth on something. She also expressed concern over why the Panel could not use its discretion to take some of these steps.

Ms. Reilly asked if she thought the Panel had discretion right now to say that it was not going to apply a substantial contribution. Ms. Leon agreed, and said that was her meaning, because the Panel used its discretion today in reducing the amount of funding for large contracts. Ms. Reilly explained that regulation Section 4410 does not affect the Panel's discretion to negotiate the amount to be funded. She said it implements a statute encouraging the Panel to require employers to make a substantial contribution when they come back for repeat contractors in order to have a broad and equitable distribution of funds. She said the regulation only affects the substantial contribution issue, not funding in general. Mr. Broad said if an applicant were to come forward requesting a second contract, the Panel does not have the discretion to impose a 50 percent requirement, because of the existing regulation. Ms. Leon said they appreciate the formal process, but suggested postponing a decision until the Panel has further discussion.

Ms. Roberts she would like more time to review and understand the proposed amendment, but as long as she has time to review it before taking final action, she was in support of voting to notice it for public comment. Mr. Broad said the language would go out as a proposal that could be accepted, rejected or modified.

ACTION: Mr. Gordon moved and Mr. Rendon seconded approval of the proposed amendment of Title 22, CCR Section 4410 and repeal of Title 22, CCR Section 4410.5 to be noticed for public comment.

Motion carried, 5 – 0.

X. ADJOURNMENT

ACTION: Ms. Roberts moved and Mr. St. John seconded adjournment of the meeting at 12:53 p.m.

Motion carried, 5 – 0.