



Sacramento
Employment and
Training
Agency

925 Del Paso Blvd.
Sacramento, CA 95815

Main Office (916) 263-3800
Head Start (916) 263-3804

**REGULAR MEETING OF THE
SETA GOVERNING BOARD**

DATE: Thursday, August 19, 2004

TIME: 10:00 a.m.

LOCATION: SETA Board Room
925 Del Paso Blvd.
Sacramento, CA 95815

GOVERNING BOARD

ILLA COLLIN
Board of Supervisors
County of Sacramento

DON NOTTOLI
Board of Supervisors
County of Sacramento

BONNIE PANNELL
Councilmember
City of Sacramento

SOPHIA SCHERMAN
Public Representative

ROBBIE WATERS
Councilmember
City of Sacramento

KATHY KOSSICK
Executive Director

Website: <http://www.seta.net>

While the SETA Governing Board welcomes and encourages participation in the Governing Board meetings, it would be appreciated if you would limit your comments to five minutes so that everyone may be heard. Matters under jurisdiction of the SETA Governing Board and not on the posted agenda or any off-agenda matters may be addressed by the general public following completion of the regular agenda. The SETA Governing Board limits testimony on matters not on the agenda to five minutes per person and not more than fifteen minutes for a particular subject. Meeting facilities are accessible to persons with disabilities. Requests for Assisted Listening Devices or other considerations should be made through the Clerk's office at (916) 263-3827. This document and other Board meeting information may be accessed through the Internet by accessing the SETA home page: www.seta.net.

A G E N D A

- I. Call to Order/Roll Call/Pledge of Allegiance**
- II. Consent Items**
 - A. Minutes of the August 5, 2004 Regular Board Meeting
 - B. Approval of Claims and Warrants
- III. Action Items**
 - A. GENERAL ADMINISTRATION/SETA**
 - 1. Approval of SETA Retiree Medical Participation Agreement (Kathy Kossick)
 - 2. Approval of 2004-2005 Compensation Recommendations For Unrepresented Confidential and Management Personnel (Kathy Kossick)
 - 3. Approval to Adjust Salary Ranges of Established Zones Under The Broadbanding Policy (Kathy Kossick)

4. Adoption of Resolution Modifying the Salary Range for the Classifications of Program Coordinator and Purchasing Analyst (Kathy Kossick)

B. WORKFORCE INVESTMENT ACT – No items.

C. HEAD START- No items.

D. COMMUNITY SERVICES BLOCK GRANT – No items.

E. REFUGEE PROGRAMS – No items.

IV. Information Items

A. Jumpstart Presentation (Norma Johnson)

B. Head Start Quarterly Report (Norma Johnson)

C. Evaluation of California's Workforce Investment System (Kathy Kossick)

D. 'Boot Camp' at Hillsdale Career Center (Robin Purdy)

E. California Performance Review (Kathy Kossick)

V. Reports to the Board

A. Chair

B. Executive Director

C. Counsel

D. Members of the Board

E. Public

VI. Adjournment

DISTRIBUTION DATE: THURSDAY, AUGUST 12, 2004

ITEM II-A - CONSENT

MINUTES OF THE AUGUST 5, 2004 REGULAR BOARD MEETING

BACKGROUND:

Attached are the minutes of the August 5, 2004 regular SETA Governing Board meeting for your review.

RECOMMENDATION:

That your Board review, modify if necessary, and approve the attached minutes.

**REGULAR MEETING OF THE SACRAMENTO EMPLOYMENT AND TRAINING
AGENCY GOVERNING BOARD**

Minutes/Synopsis

(The minutes reflect the actual progression of the meeting.)

SETA Board Room
925 Del Paso Blvd.
Sacramento, CA 95815

Thursday, August 5, 2004
10:00 a.m.

- I. **Call to Order/Roll Call/Pledge of Allegiance:** Mr. Nottoli called the meeting to order at 10:13 a.m.

Members Present:

Don Nottoli, Chairperson, SETA Governing Board; Member, Board of Supervisors
Robbie Waters, Vice Chairperson, Councilmember, City of Sacramento
Sophia Scherman, SETA Governing Board; Public Representative
Bonnie Pannell, Councilmember, City of Sacramento
Illa Collin, Member, Board of Supervisors

II. **Consent Items**

The consent calendar included approval of the minutes of the July 1, 2004 regular board meeting, and approval of claims and warrants for the period 6/25/04 through 7/29/04. There were no questions or comments.

Moved/Scherman, second/Waters, to approve the consent calendar as distributed.

Voice Vote: Unanimous approval.

III. **Action Items**

A. **GENERAL ADMINISTRATION/SETA**

2. Approval to Enter into a Cooperative Agreement with the California Department of Rehabilitation

Ms. Robin Purdy reviewed this item. This agreement was approved last year and the program was successful. Staff is requesting approval to extend this contract for an additional three-year term.

Moved/Pannell, second/Scherman, to authorize the Executive Director to execute a Cooperative Agreement with the California Department of Rehabilitation and allocate \$20,000 in Casey Family Program funds as a local match.

Voice Vote: Unanimous approval.

3. Approval of Faith-Based Foster Youth Letter of Agreement: This item was dropped from the agenda; no action taken.

B. WORKFORCE INVESTMENT ACT

1. Appointment of Sacramento Works, Inc. Board Members

Ms. Kossick stated that there are six applicants for two private sector slots. WIB chairperson Mike Dourgarian has been recruiting board members in the critical industries. Two of the applicants are from our critical industries. Ms. Kossick stated that under the Workforce Investment Act, a business organization must recommend the private sector applicants. Ms. Pannell asked for a recommendation from the Executive Committee. This will be presented at the first September meeting.

Moved/Pannell, second/Scherman, to continue this item to September 2.
Voice vote: Unanimous approval.

A. GENERAL ADMINISTRATION/SETA (Continued)

1. Approval of Labor Agreement

Ms. Jackie Sanders presented this item and asked that the board approve the labor contract with AFSCME. Ms. Sanders reviewed the highlights of the labor agreement. Ms. Scherman and Ms. Pannell thanked Ms. Sanders and the negotiating team for their hard work.

Ms. Judy Steinke, AFSCME, spoke to the board.

Ms. Collin arrived at 10:28 a.m.

Ms. Steinke thanked the labor team that worked on the contract. The labor team requests approval of this labor agreement.

Moved/Pannell, second/Scherman, to approve the SETA labor agreement that is effective August 8, 2004 through June 30, 2007.
Voice Vote: Unanimous approval.

B. WORKFORCE INVESTMENT ACT (Continued)

2. Approval to Accept CalWORKS Funds from the County Department of Human Assistance and Augment On-the-Job Training Under the Workforce Investment Act, PY 2004-2005

Mr. Roy Kim reviewed this item. This is an extension of contracts that were procured under an RFP.

Moved/Pannell, second/Scherman, to approve staff recommendations to augment WIA OJT providers as shown in the chart included in the board packet.
Roll Call Vote: Aye: 5, Nay: 0, Abstentions: 0

3. Concurrence with Sacramento Works on Board Initiative Funding Recommendations

Ms. Purdy reviewed this item. The Employer Outreach Committee met several times and the Sacramento Works board approved the recommendations at their July 28 meeting. The Employer Outreach Committee will meet in August and September to develop recommendations for the remaining board initiative funds.

Ms. Collin stated that the County is having a Teen Fair through the County Youth Commission. Ms. Collin hopes that the County Youth Commission will be working with the SETA programs. Ms. Purdy stated that staff will connect up with the Youth Commission to see if SETA could have a booth at the Teen Fair.

Moved/Collin, second/Scherman, to concur with the action taken by Sacramento Works, Inc. to allocate \$42,000 of the Sacramento Works board initiative funds for:

1. Printing and design of additional pages to be included in the SACTO Economic Profile/State of the Regional Economy. The insert will market the one stop career centers and the workforce investment boards in the region.
2. Contracting with LEED Sacramento for \$15,000 to fund staff for the Youth Services Provider Network to continue promoting youth development and training staff and youth providers.
3. Sole source contract with LEED Sacramento for \$15,000 to fund staff to develop the Construction Business Plan. The sole source contract is based on the finding that LEED is the fiscal entity of the Construction Consortium, a 52 member industry consortium made up of local employers, business associations, labor organization, educational entities and governmental agencies for the purpose of planning and implementing initiatives to meet the needs of local employers.

Roll Call Vote: Aye: 5, Nay: 0, Abstentions: 0

C. HEAD START

1. Approval to Modify Head Start Child Care Teacher Job Specification to Associate Teacher and Reallocate Incumbent Head Start Teacher Assistants to Associate Teacher

Mr. Rod Nishi reviewed this item and explained that two changes presented are in the context of upgrading classroom staff jobs and salaries. The Policy Council

reviewed and approved these four items. The intent is to meet with State Department of Education standards.

There was discussion regarding the number of staff that would be affected by this modification.

2. Adoption of Resolution Establishing the Salary Range for the Classification of Associate Teacher

The board had no questions regarding this particular item.

Moved/Collin, second/Scherman, to approve the modification to the Head Start Child Care Site Teacher job classification to that of the Associate Teacher and reallocate incumbent Teacher Assistants to the Associate Teacher job classification, and approve a resolution establishing the salary range for the Associate Teacher classification.

Voice Vote: Unanimous approval.

3. Approval to Modify Head Start Child Care Site Director Job Specification to Site Supervisor and Reallocate Incumbent Head Start Head Teachers to the Site Supervisors

Mr. Nishi reviewed the modification to this job specification and answered questions.

4. Adoption of Resolution Establishing the Salary Range for the Classification of Site Supervisor

No questions or comments on this item.

Moved/Collin, second/Pannell, to approve the modification to the Head Start Child Care Site Director job classification as Site Supervisor, and reallocate Head Start Head Teachers to Site Supervisor, and approve a resolution establishing the salary range for the Site Supervisor classification.

Voice Vote: Unanimous approval.

Mr. Nishi acknowledged Margie Mitchell and Hasan McWhorter from the Head Start Policy Council. Ms. Mitchell addressed the Board and commended the Policy Council for a great job.

D. COMMUNITY SERVICES BLOCK GRANT – No items.

E. REFUGEE PROGRAMS – No items.

IV. Information Items

- A. Slavic Community Scholarships: No comments.
- B. Exemplary Performance Award: Ms. Collin congratulated the staff for the performance award. Ms. Kossick acknowledged staff and program operators.
- C. Summary of Worker Compensation Claims Examiner's Project: Ms. Collin asked how many class participants are employed; Mr. Walker replied that two people so far have received jobs from the training. Ms. Pannell asked for a listing of new companies coming into town. Ms. Kossick stated that staff will check with SACTO or the county that keep track of this information.
- D. Fiscal Monitoring Reports: Ms. Collin asked about Bach Viet and when this will be rectified. Ms. Kossick explained how money is paid back: either by check or a withholding of funds.
- E. Presentation of the 2004/2005 Regional Healthcare Careers Study: Mr. John Harden provided an oral report on the healthcare careers. Eighteen of the larger, more popular occupations were selected to study. This report represents data from over 200 employers representing 14,000 employees in the industry. Staff is currently in the process of studying the Construction industry.
- F. Dislocated Worker Update: Mr. Walker reported that one recent significant layoff is Citibank in West Sacramento. They are consolidating their services and moving to San Antonio.
- G. Outstanding Achievement Award from Mark Sanders Career Center: Ms. Pattie Espinosa, manager at the Mark Sanders Career Center, spoke of this award.

V. Reports to the Board

- A. Chair: No report.
- B. Executive Director: Ms. Kossick discussed the California Performance Review. The state is recommending that we have 20-30 workforce investment areas. A summary will be provided at the next meeting about how this will affect SETA.

SETA was recently visited by the California State Auditor. They are in the process of doing a report for the legislature studying California job training programs that assist white-collar workers that are dislocated due to the outsourcing of their jobs overseas.

Ms. Kossick stated that the SETA Head Start program will be reviewed by the Administration for Children and Families April 11-15, 2005. This is the standard review done every three years.

- C. Counsel: No report.

- D. Members of the Board: Ms. Scherman spoke of appreciation for the Sacramento Critical Industries newsletter. Her daughter is training to be a forklift driver and the section regarding women in non-traditional jobs was of particular interest.
- E. Public: Ms. Juanita Sendejas Lopez, spoke before the board and distributed information on a recruitment for Joann stores (fabric). This store is coming in to the South County Career Center to talk with youth for part-time jobs.

Mr. Kim Peck reported that 58 teacher assistants will be affected by the recent board items.

- VI. **Adjournment**: Meeting adjourned at 11:19 a.m.

ITEM II-B - CONSENT

APPROVAL OF CLAIMS AND WARRANTS

BACKGROUND:

Kathy Kossick, Executive Director, has reviewed the claims for the period 7/30/04 through 8/12/04, and all expenses appear to be appropriate.

RECOMMENDATION:

That the board approve the expenditures as appropriate.

ITEM III-A – 1- ACTION

APPROVAL OF SETA RETIREE MEDICAL PARTICIPATION AGREEMENT

BACKGROUND:

SETA executed a Special District Agreement with the County of Sacramento regarding participation in the County Employee Benefit programs in 1987. The Employee Benefits Office of the County of Sacramento is now requesting that SETA execute a SETA Retiree Medical Participation Agreement. This attached agreement addresses SETA's participation in the County sponsored health and dental programs for retirees. This agreement requires that participation in the retiree health plan be directly linked to participation in the active employee health and dental insurance plans. This agreement anticipates an annual revision to Exhibit A to address the employer contribution rate for retiree health and dental premiums.

RECOMMENDATION:

Approve the attached Retiree Medical Participation Agreement with the County of Sacramento.

EXHIBIT A

- I. For the period of this Agreement, SETA shall pay the full cost of the retiree-only dental premium. No SETA contribution shall be payable toward the cost of spouse dental coverage. It is understood by SETA that the cost of the dental premium is 11 months at \$23.64 commencing July 2004 (for August 2004 retiree dental coverage), and 1 payment (to be determined by April 2005) for the month of June 2005 (for July 2005 retiree dental coverage).
- II. For the period of this Agreement, SETA shall contribute toward the cost of retiree medical insurance the following amounts based on a retiree's credited years of SCERS service:

Years of Service	District Pays per Month
less than 10	\$122
more than 10, less than 15	\$152
more than 15, less than 20	\$182
more than 20, less than 25	\$212
more than 25	\$244

- SETA's medical contribution shall be applied first toward the cost of a retiree's (or beneficiary's) medical coverage and the balance shall be applied toward the cost of coverage for dependent(s), if any. If the amount of medical contribution made available by SETA on behalf of any retiree or beneficiary exceeds the cost of the medical coverage option selected, SETA's contribution shall be reduced to the amount required to pay for the option selected. Under no circumstances shall any part of SETA's medical contribution be paid in cash to any annuitant.
- III. For the period of this Agreement, the administrative service fee shall be **\$0**. COUNTY reserves the right in its sole discretion to change the administrative fee by providing SETA with 60 days advance written notice of any change to the administrative fee.
 - IV. All newly eligible SETA retirees shall be offered the same opportunity to participate in the retiree health insurance program on an equal basis and with equal contribution from SETA.
 - V. COUNTY shall directly charge SETA for premiums, medical contributions, and/or administrative fees due on a monthly basis, and shall provide SETA with a detailed statement of any amounts so charged. SETA agrees to pay such charges.

SETA Retiree Medical Participation Agreement

THIS AGREEMENT is made and entered into by and between the County of Sacramento ("COUNTY"), a political subdivision of the State of California, and the Sacramento Employment and Training Agency ("SETA"), a joint powers authority.

WHEREAS, COUNTY and SETA desire to provide a retiree health insurance program to SETA retirees and beneficiaries for the period July 1, 2004 through June 30, 2005; and

WHEREAS, COUNTY and SETA have reached agreement as to the terms and conditions of SETA's participation in the COUNTY retiree health insurance program; and

WHEREAS, COUNTY and SETA have agreed as to the plans that will be made available to SETA retirees and beneficiaries, and the level of contribution that SETA shall provide toward the purchase of medical and/or dental insurance coverage.

NOW, THEREFORE, in consideration of the mutual promises, conditions and covenants hereinafter set forth, COUNTY and SETA agree as follows:

1. Terms and Conditions of Participation. SETA shall be eligible to participate in the COUNTY Retiree Health Insurance Program under all of the following terms and conditions:

a. Effective July 1, 2004, SETA retirees and beneficiaries shall be eligible to participate in both the retiree medical and dental insurance plans.

b. All newly eligible SETA retirees shall be offered the same opportunity to participate in the retiree health insurance program on an equal basis and with equal contribution from SETA.

c. SETA and all of its retirees shall be subject to the same eligibility requirements and all other rules governing COUNTY Retiree Health Insurance Program (Program), which includes group medical and dental insurance plans, for each of the plans made available to SETA retirees. The plans available to SETA retirees are set forth in Exhibit A.

d. SETA agrees to pay an employer contribution for medical and dental coverage on behalf of each eligible SETA annuitant as set forth in Exhibit A. COUNTY shall directly charge SETA for premiums, medical contributions, and/or administrative fees due on a monthly basis, and shall provide SETA with a detailed statement of any amounts so charged. SETA agrees to pay such charges

e. It is recognized and acknowledged by SETA that COUNTY's retiree medical or dental premiums, contribution levels, and eligibility and participation rules are reviewed and approved annually and at other times as needed, and it may not be practical or possible to consult with SETA in advance of COUNTY's annual determination. COUNTY shall provide SETA with advance notice of any hearing date on which the Board of Supervisors considers the annual retiree medical or dental premiums or contribution levels, and/or retiree health insurance program eligibility or participation rules, and shall provide SETA with COUNTY staff's recommendation(s) for such matters.

f. SETA and its retirees shall be entitled to participate in only those plans, options and arrangements that are established for COUNTY retirees as determined by the Board of Supervisors annually or otherwise.

g. SETA shall be a member of the Sacramento County Employee's Retirement System (SCERS) in order to be eligible to participate in the COUNTY's retiree medical insurance programs.

h. Except as otherwise provided in Exhibit A, SETA retirees shall be offered all lines of COUNTY retiree medical and dental coverage that are offered to COUNTY retirees. If SETA withdraws from any of COUNTY's medical and dental retiree programs, SETA shall no longer be entitled to participate in any of the remaining programs. Coverage of SETA retirees shall be cancelled as of the date on which SETA withdraws from any COUNTY medical and/or dental retiree program and COUNTY shall have no further responsibility to offer or provide SETA retirees any lines of COUNTY coverage.

i. SETA shall be eligible to participate in COUNTY retiree medical and dental coverage programs only if SETA keeps its funds in the County Treasury and pays for any contributions and/or premiums through the County Auditor.

j. SETA shall not sponsor any other retiree group health or dental insurance plan which is in competition with the plans offered under the COUNTY program.

k. Should SETA withdraw from participation in COUNTY's retiree health insurance programs, it shall not be eligible to participate in any subsequent COUNTY retiree health insurance program for a period of 10 years from the withdrawal date.

l. SETA shall participate in the COUNTY's active employee medical insurance programs in order for new SETA retirees to be eligible to participate in the retiree medical and dental insurance plans.

m. Should SETA withdraw from COUNTY's active employee medical and dental insurance programs, it shall not be eligible to participate in COUNTY's retiree medical and dental insurance programs. SETA's withdrawal from COUNTY's active employee medical and dental insurance programs shall result in an automatic withdrawal from the retiree medical and dental insurance program as of the same date.

n. SETA shall be responsible for paying its proportionate share of COUNTY's actual costs to administer the retiree benefit programs upon billing by COUNTY. Any such administrative charge shall be set forth in Exhibit A.

o. Except as otherwise provided in subsections k. and m. above, this Agreement may be terminated by either SETA or COUNTY upon thirty days' advance written notice served by the terminating party upon the non-terminating party.

p. SETA understands that all SCERS qualifying service shall be used in the calculation of medical or dental contribution amounts, whether or not such service was rendered to SETA. For purposes of coverage under the retiree medical care program, a retiree shall remain affiliated with his/her last SCERS-contributing employer of record. An annuitant who is not a retiree shall remain affiliated with the last SCERS-contributing employer of the retiree from whom the annuitant's benefits originated.

q. County reserves unto itself in its sole discretion the right to modify, amend or cancel, in whole or in part, the Retiree Medical and Dental Insurance Program or any terms or conditions under which health benefits are made available to County and/or SETA employees and/or retirees, with or without advance notice to SETA. Nothing herein permitted shall serve to modify or abridge any SETA right to withdraw from the program as provided in subsection o. of this Participation Agreement.

2. **Term.** The term of this agreement shall be from July 1, 2004 through June 30, 2005.

3. **Assignment.** Neither party hereto shall assign, subcontract, or transfer any interest in this Agreement, or any duty hereunder, without the prior written consent of the other party, and no assignment shall be of any force or effect whatsoever unless and until the other party furnishes such written consent.

4. **Amendments.** This Agreement may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties hereto.

5. **Entire Agreement.** This Agreement and any attachments hereto constitute the sole, final, complete, exclusive and integrated expression and statement of the terms and conditions of this Agreement among the parties hereto concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, oral or written, that may be related to the subject matter of this Agreement.

6. **Construction and Interpretation.** It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

7. **Waiver.** The waiver at any time by any party of any of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

8. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal, provided that such invalidity does not materially affect the respective rights and obligations of the parties.

9. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, provided that the required consent has been obtained pursuant to Section 3 above.

10. Notices. Any notice, demand, request, consent, or approval that either party hereto may, or is required to, give the other shall be in writing and shall be deemed to have been received three (3) days after being deposited in the United States mail, first class postage prepaid, and addressed as follows:

TO COUNTY:
David Devine, Director
Department of Personnel Services
700 H Street, Rm. 6750
Sacramento, CA 95814

TO SETA:
Kathy Kossick
Executive Director
925 Del Paso Blvd.
Sacramento, CA 95815

Cc to:
Law Offices of Gregory D. Thatch
1730 I Street, Suite 220
Sacramento, CA 95814

Either party hereto shall have the right to serve any notice by personal delivery, and change the address at which it will receive such communications by giving fifteen (15) days advance notice to the other party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day of the year first written above.

SETA, a joint powers authority

Dated:

By _____
Chairperson, SETA Governing Board

COUNTY OF SACRAMENTO, a political
subdivision of the State of California

Dated:

By _____
David Devine, Director
Personnel Services Department

ITEM III-A – 2- ACTION

APPROVAL OF 2004-2005 COMPENSATION RECOMMENDATIONS FOR
UNREPRESENTED CONFIDENTIAL AND MANAGEMENT PERSONNEL

BACKGROUND:

On a periodic basis, the Governing Board reviews a report containing recommendations of the Executive Director for salary and benefit improvements for unrepresented confidential and management personnel. The board last acted on July 17, 2003. The current report is being sent under separate cover.

RECOMMENDATION:

Review and approve the report, and adopt the resolution to authorize the implementation of the proposed 2004-2005 salary and benefit increases for unrepresented confidential and management employees on the effective date given in the report.

ITEM III-A – 3- ACTION

APPROVAL TO ADJUST SALARY RANGES OF ESTABLISHED ZONES UNDER
THE BROADBANDING POLICY

BACKGROUND:

On October 1, 1998 the SETA Governing Board approved a general broadband pay structure. Also adopted was “Broadbanding Pay and Performance Management Manual: Guidelines, Policies, and Procedures.”

The Executive Director was given increased authority to add, change or move management positions. Broadbanded pay structures and a pay-for-performance program have been in place for exempt management classifications only.

Each exempt management position was placed in one of two salary zones. The Zone 1 salary range was established at \$45,000 to \$99,000. The Zone 2 salary range was established at \$35,000 to \$70,000. The salary ranges in these zones have not been adjusted since 1998.

In order to move the band structure and subsequent salary movements within the zones, the “ Broadbanding Pay & Performance Management Manual” includes the prescribed process of pricing the broadband structure. Following this process, the change for the Western Region of the United States as reported by the American Compensation Association would be to increase the salary range by .1215723.

RECOMMENDATION:

Staff is recommending that the Board approve a modification to the salary ranges of Zone 1 to be \$61,000-\$110,000 and Zone 2 to be \$40,000-\$79,000.

ITEM III-A – 4 - ACTION

ADOPTION OF RESOLUTION MODIFYING THE SALARY RANGE FOR THE CLASSIFICATIONS OF PROGRAM COORDINATOR AND PURCHASING ANALYST

BACKGROUND:

The Executive Director is requesting Board approval to modify the salary range for the Program Coordinator and Purchasing Analyst job classifications. The purpose is to adjust the salary range so that the internal relationship is maintained with other supervisors with similar duties, responsibilities, and span of control. These positions and the three incumbents are unrepresented confidential employees.

The Program Coordinator job classification was created in August 1997. There are currently two incumbents. One Program Coordinator is responsible for non-Head Start facilities, courier staff, mailroom operations, copier operations at the Agency central office, and the supervision of staff. The other is responsible for the Head Start central office, receptionists, federal/state grant applications, and bilingual aides.

The Purchasing Analyst job classification was created in June 1998. The incumbent is responsible for the purchasing function of the Agency and the supervision of staff.

Fiscal Impact: Five (5) per cent increase in the salary range; annual fiscal impact of \$6,900.

RECOMMENDATION:

Approve the attached resolution modifying the salary range for the Program Coordinator and Purchasing Analyst classifications.

RESOLUTION NO. 2004-8

WHEREAS, it is necessary to adjust the salary for the classifications of Program Coordinator and Purchasing Analyst;

NOW THEREFORE, IT IS RESOLVED, that in accordance with Section 3.01 of the SETA Personnel Policies and Procedures, the following salary range is established for these classifications:

<u>STEP A</u>	<u>STEP B</u>	<u>STEP C</u>	<u>STEP D</u>	<u>STEP E</u>
\$19.90	\$20.90	\$21.94	\$23.04	\$24.19

NOW BE IT FUTHER RESOLVED AND ORDERED, that the SETA Governing Board authorizes the Sacrament Employment and Training Agency (SETA) to establish this salary range in accordance with Sections 3.01 of the SETA Personnel Policies and Procedures.

On a motion made by Member _____, seconded by Member _____, the foregoing resolution was passed and adopted by the SETA Governing Board of the Sacramento Employment and Training Agency, State of California, this nineteenth day of August, 2004, by the following vote, to wit:

AYES: _____

NOES: _____

ABSENT: _____

Chair, SETA Governing Board

Attest:

Clerk of the Boards
Nancy L. Hogan

ITEM IV-A – INFORMATION

JUMPSTART SACRAMENTO PRESENTATION

BACKGROUND:

Ms. Michelle Schultz from Jumpstart Sacramento will provide an oral report on this program.

Staff will be available to answer questions.

ITEM IV-B – INFORMATION

HEAD START QUARTERLY REPORT

BACKGROUND:

A quarterly report for the months of April, May and June will be provided under separate cover. Ms. Norma Johnson will be present at the meeting to answer questions.

ITEM IV-C – INFORMATION

EVALUATION OF CALIFORNIA'S WORKFORCE INVESTMENT SYSTEM

BACKGROUND:

Attached is information regarding a study done of California's workforce investment system.

Staff will be available to answer questions.



EVALUATION OF CALIFORNIA'S WORKFORCE INVESTMENT SYSTEM

The California Workforce Investment Board has contracted with an independent research team from UC Davis to conduct an evaluation of the California workforce investment system, as required by the Department of Labor under the terms of the Workforce Investment Act (WIA). The evaluation will be conducted from May 2004 through April 2006. This brief summarizes the goals of the evaluation and key features of the research design.

An Invitation

The Workforce Investment Act provides an opportunity to support California workers and industries during a period of rapid economic change. Many state and local actors have roles in the workforce investment system including government, private, and nonprofit organizations. The scope of this evaluation is broad and we welcome your ideas, suggestions and reflections. Moreover, we need your assistance to provide the information and data that will help us to present a full and insightful story of the California WIA effort. With your help we can provide an analysis that will help state and local workforce systems better prepare for current and future challenges.

Overall Purpose

The purpose of the evaluation is to describe, assess and explain how the Workforce Investment Act is being implemented at the state and local levels in California. *This evaluation is not a performance audit to identify program-level findings.* The goal is to better understand the opportunities and challenges created by WIA for public and private stakeholders throughout the workforce development system. The research will use a combination of implementation and outcomes analysis:

- to better understand the various ways in which particular state and local actors have interpreted WIA guidelines and principles,
- to encourage honest learning and disciplined reflection about the strengths and weaknesses of the evolving system, and
- to inform policy and programmatic decisions at the federal, state, and local levels.

Key Research Questions

The evaluation will identify and document how the WIA system takes shape in particular local contexts. Throughout the evaluation, we will be focusing on the lessons that are emerging from local WIA implementation. For example, each of the 50

local WIA boards has implemented state and federal programs in different ways to better reflect local economic conditions, but we know little about the nature and consequences of these decisions. Moreover, how do WIB and One-Stop relationships with the local network of workforce development institutions contribute to achieving local goals?

The evaluation will also focus on WIA results - including both intended and unintended outcomes. What are the most important factors that lead to success and what can be learned from implementation challenges?

The following questions will guide the collection of data:

1. **Mission definition:** How is the WIA mission understood and put into practice at the local level? How are local areas meeting the challenge of serving the needs of both employers and low-skilled workers and job seekers?
2. **Network partners:** What is the nature, extent, and effectiveness of local partner relationships? To what degree are local WIBs contributing to the goal of integrating funding and services more effectively?
3. **Investment of resources:** How are WIA funds used for various purposes? How have these investment patterns changed over time?
4. **One-Stop organization and management:** What administrative structures and managerial relationships exist? What is being learned about the relative strengths and weaknesses of public, private, and nonprofit providers?
5. **Service design and delivery:** What is the mix of services, programs and program participants? What is being learned about the tradeoffs between serving more or less advantaged participants with more or less intensive training programs?
6. **Organizational learning:** What processes are in place to help WIB and One-Stop leaders and staff learn from experience and documented results? How effective are these learning processes in contributing to specific organizational changes?

Research Process

Multiple sources of information will be collected and analyzed. The first phase of the project includes a survey of Executive Directors from all 50 Local Workforce Investment Boards as well as interviews with a wide variety of state-level workforce development experts. The second and most extensive phase of

the project is centered on a series of case studies examining 10 local workforce investment areas selected from geographic regions throughout the state. Information for these case studies will be collected through on-site observations, semi-structured interviews, and review of documents. Finally, a second statewide survey of local WIB and One-Stop administrators will be conducted near the completion of the project. The entire evaluation process will be supported by administrative data analysis conducted by the California Employment Development Department.

The analysis is conducted on behalf of the State WIB, but it will provide information of value to multiple audiences, including

- Federal Department of Labor officials who require the evaluation;
- Workforce development leaders at the state level, including the state WIB, Labor Agency, EDD, Governor's office, Community College Chancellor's office, and Department of Education officials;
- Local WIB officials, One-Stop managers, and their local partners;
- The California Workforce Association and other organizations, institutions, and individuals interested in this policy arena;
- The research community.

Tentative Timeline

August - October 2004:	Initial WIB Survey, state stakeholder interviews
September 2004 - October 2005:	Field work for case studies
October - November 2005:	Final WIB and One-Stop survey
April 2006:	Final report

Technical Advisory Committee

A Technical Advisory Committee (TAC) appointed by the California WIB supports the UC Davis team. That committee, including specialists in economic development, workforce development, research and education, will advise the research team on issues of evaluation design, sampling, data collection and analysis. The Executive Directors of two local Workforce Investment Boards (Sacramento, Southeast Los Angeles County) are members of the TAC.

UC Davis Research Team

The project is designed and conducted by a team of community research specialists housed in the Department of Human and Community Development at UC Davis, including:

Dave Campbell, Principal Investigator
Ted Bradshaw, Co-Principal Investigator
Cathy Lemp
Bob Pence
Bernadette Tarallo
Jeff Woled
Jeanette Treiber

For more information, contact:

David Campbell
Department of Human and Community Development
University of California
One Shields Avenue
Davis, CA 95616
530-754-4328
dave.c.campbell@ucdavis.edu

ITEM IV-D – INFORMATION

'BOOT CAMP' AT HILLSDALE CAREER CENTER

BACKGROUND:

Attached is an article from the Sacramento Bee regarding a 'boot camp' held at the Hillsdale Career Center.

Staff will be available to answer questions.

ITEM IV-E-INFORMATION

CALIFORNIA PERFORMANCE REVIEW

BACKGROUND:

On August 3, 2004 the California Performance Review (CPR) presented its 2,500 plus page report to Governor Schwarzenegger. The report proposes more than 1,200 recommendations aimed at increasing the efficiency of government and restructuring state agencies and departments as well as a variety of policy changes affecting a wide array of state programs. Attached, for your review are:

1. A summary developed by staff using the California Performance Review and Summaries developed by the Child Development Policy Institute and California Workforce Association
2. A chart which includes the CPR recommendations that might affect partners in the one stop career center system in Sacramento.
3. Soup to Nuts: An Analysis of Selected Recommendations of the California Performance Review developed by the California Budget Project.



California Performance Review

The California Performance Review Panel has released its long-awaited report that would "restructure, reorganize, and reform state government to make it more responsive to the needs of its citizens and business community." Compiled over the last five months, using over 275 consultants, the final document is 2,547 pages of sweeping recommendations. The CPR recommends that 118 of 339 boards and commissions be abolished and that the State's 11 agencies and 66 departments turn into 11 departments with 63 subdivisions.

EXHIBIT 1 CALIFORNIA PERFORMANCE REVIEW Major Review Areas Functional Teams Cross Cutting Teams

Health and Human Services
Education, Training and Volunteerism
Public Safety
Resource Conservation and Protection
General Government
Infrastructure
Corrections
Information Technology
Procurement
Personnel Management
Customer Service
Budget and Revenue Maximization
Intergovernmental Relations
Financial Audit

In total, the CPR is making more than 1,200 recommendations for the Governor's consideration covering 280 issue areas. A full listing of the findings and recommendations can be found at www.report.cpr.ca.gov

The recommendations of the 14 CPR teams were combined into seven topical areas (General Government, Health and Human Services, Education, Training and Volunteerism, Infrastructure, Resource Conservation and Environmental Protection, Public Safety, and Statewide Operations). Total savings found by the Performance Review teams amount to \$32 billion over five years.

The report is being presented to the Governor. The first hearing is scheduled for August 13th on Infrastructure, Resource Conservation and Environmental Protection. The Little Hoover Commission will then make recommendations to the Governor and Legislature. A final version of the plan by the Administration will not be presented until next year. However, there are some recommendations that can be done by Executive Order and it is anticipated that other recommendations will be put into the FY 2005-06 Budget.

The Review has four major components:

1. Executive Branch Reorganization;
2. Program Performance Assessment and Budgeting;
3. Improved Services and Productivity; and
4. Acquisition Reform.

1. Executive Branch Reorganization

The CPR makes the case that the organization of California's state government today does not facilitate rational decision-making in the public's interest. It maintains that the number of Agencies and departments, the existence of so many boards and commissions that have little or no direct accountability to the public and the distribution of departments in the existing cabinet-level Agencies has made efficient and transparent governance of the Executive Branch virtually impossible.

The California Performance Review recommends consolidating common functions and responsibilities in single departments, ensure departments with analogous subject matter responsibilities are grouped together for efficient and effective leadership by cabinet secretaries, eliminate and or restructure many boards and commissions, reduce the total number of departments and Agencies to facilitate more transparent and effective governance.

2. Program Performance Assessment and Budgeting

The CPR found that California state government's annual baseline budget process and its complicated organizational structure, make it difficult to engage in routine evaluation of program performance where the results of those evaluations can, in turn, be properly reflected in decisions about program elimination or modification or in decisions about program budgeting. CPR recommends instituting Performance-Based Budgeting, where the various activities of a program are actually "costed out" and those costs are then linked to the actual services provided and results achieved. This approach to budgeting transforms the budget process into a management tool.

3. Improved Services and Productivity

CPR recommends that California pursue a customer-focused transformation in government operations to provide timely, convenient, responsive and cost-effective services, benefits and information to the public. CPR recommends that

the state meet this challenge by making a smarter use of current and future technologies to provide services to the public. E-government, appropriately designed, enables government to better meet its business needs as a whole by delivering timely and efficient services, greater transparency and better access to information needed.

In addition to smarter services, CPR recommends that California replace the duplicative and conflicting financial, human resources and procurement systems with a common set of management tools that are interoperable across state government. California has multiple accounting and financial systems across the departments and there are duplicative, conflicting legacy systems supporting the major back office operations of the state. Additionally, the payroll system is nearing the end of its useful life

4. Acquisition Reform

CPR finds that the state's acquisition is in desperate need of a complete overhaul. CPR found the procurement process - a major part of acquisitions – to be so fragmented, complex, opaque and confused, that not even the most sophisticated vendor who routinely deals with the state can claim to have a clear understanding of how all the processes work.

CRP Recommendation relating to Workforce and Education:

Report recommendations of particular interest and concern for workforce and education advocates include:

1. Shifting virtually all kindergarten-to-12th grade education policy decisions from the state Board of Education to the Governor's education secretary
2. Amending the constitution to abolish the 58 county superintendents, 53 of whom are elected
3. Letting community colleges award four-year bachelor's degrees
4. Creating an Education and Workforce Council, made up of key Agency Secretaries, to develop a blueprint of how California will synchronize its education and workforce systems with economic development plans
5. Reducing the number of local Workforce Investment Areas from 50 to between 20 and 30
6. Establishing an Education and Workforce Preparation Department that will house the State Board of Education, an Education and Workforce Council, and higher education programs and policy making
7. Establishing a Labor and Economic Development Department that will house economic development, workforce development, workforce protection, and employment relations
8. Creating a new deputy secretary of higher education who would run a new department, the Higher Education Division, within the proposed Education and Workforce Development Department. The Division would assume authority over the Community College Chancellor's Office and its 109 community colleges and other lesser-known agencies

This summary was developed using the California Performance Review website and CPR summaries developed by the Child Development Policy Institute and the California Workforce Association.

Staff has reviewed the CPR and identified recommendations that would specifically affect SETA's Workforce Development programs or agencies that are significant partners in the Sacramento Works One Stop Career Center system. These recommendations are attached for your review.

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
Restructure the Role of the Secretary for Education	More than twenty state level entities currently set policy or administer programs for education and work force preparation in California. These efforts are not well coordinated, and lead to confusion, duplication and conflict within these two critical areas of policy and programs.	Create a new Secretary for Education and Workforce Preparation position charged with synchronizing education and workforce preparation and managing a new Department of Education and Workforce Preparation that consolidates several existing state level agencies and commissions. (ETV 01)	\$0	\$0
Create an Education and Workforce Council	The lack of alignment between the State's education system and its economic development efforts has become a critical issue that must be addressed to retain California's economic competitiveness.	Establish a cabinet-level Education and Workforce Council to serve as a forum for the discussion and resolution of cross-cutting policy issues affecting the coordination of education, work force preparation, and economic development. Council should be responsible for recommending which programs receive WIA Discretionary funding. (ETV 02)	\$0	\$0

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
Consolidate Selected Higher Education Agencies	Having four separate state agencies with higher education responsibilities results in a lack of coordination, a lack of accountability, disjointed state higher education policies, duplicative information and data bases, overlapping responsibilities, and inefficient use of limited state resources.	Restructure and consolidate the California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education into a single, unified Higher Education Division within the proposed Department of Education and Workforce Preparation. (ETV 03)	\$0	\$10,500,000
Balance Career Technical Education and College Preparation in High Schools	High schools students enrolled in career technical education go on to higher education at least as often as other students, are less likely to drop out of high school, and have better employment potential than comparison groups. Despite these advantages, CTE course offerings and enrollment have declined over the past decade as California's high schools have focused increasingly on college preparation.	Offer rigorous, challenging career technical coursework integrated with academic education to prepare high school students for both higher education and the workplace. Provide alternative paths to high school graduation – one that prepares students for university admission, another for either employment or college-level study in a skilled occupation. (ETV 25)	(100,000)	(\$1,682,000)

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
Expand Training Partnerships with Private Industry	The Economic and Workforce Development Program of the California Community Colleges is positioned to play a vital role in the California's economic recovery. Its network of 150 centers is a model for the role California state government can play in fostering public-private partnerships for work force development and economic growth.	Reinforce the priority of the economic and workforce development role of the community colleges. When funding comes available from the President's Jobs for the 21 st Century Initiative, obtain funding to expand the Community Colleges' Economic and Workforce Development Program. (ETV 26)	\$0	\$19,008,000
Reduce the Administrative Burden on Small Business in California by Allowing Self-Certification of Sole Proprietorships and Micro businesses	The application process to qualify sole proprietorships and micro businesses to contract with the state is too time consuming.	State law should be amended to allow micro businesses and sole proprietorships to complete a simplified application form online. The Governor should repeal Executive Order D-37-01 and issue a new executive order which emphasizes the importance of small businesses to the California economy and announces the changes to the state's small business certification process. (GG 20)	\$950,000	\$8,550,000

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
Reduce Administrative Overhead Costs for Local Workforce Investment Areas	Local Workforce Investment Areas overlap and are not structured to administer a cost-efficient program.	The state should develop a plan to realign and consolidate Local Workforce Investment Areas based on the consortium model. The consolidation plan must be submitted in the state's five-year strategic workforce investment plan. Consolidation of the Areas should begin in 2005. A state policy should be developed that requires savings generated from the consolidation to be redirected to employment and training services. (GG 23)	\$0	\$0
Transform Eligibility Processing	Med-Cal, CalWORKs, and Food Stamp eligibility processing performed by counties is not efficient, does not provide the appropriate level of service, and lacks accuracy.	The Governor should pursue legislation to centralize and consolidate eligibility process and reporting requirements for Medi-Cal, CalWORKs, and Food Stamps at the state level. Public health agreements should be simplified and emphasize public health outcomes. Information technology should be used to facilitate timely review of local health department funding application, invoices and reports. (HHS 01)	(\$1,000,000)	\$4,018,243,000
Relocate the Vocational Rehabilitation Program to Improve Employment Outcomes of People with Disabilities	California's Vocational Rehabilitation Program is not doing as well as other state's programs in obtaining jobs for people with disabilities.	Move the Vocation Rehabilitation Program to the new Department of Labor and Economic Development. This would move the state toward the goal of integrating employment and training opportunities for individuals with disabilities. (HHS 18)	\$0	\$10,948,000

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
<p>Establish a Labor & Economic Development Department</p>	<p>California's Economic Development and job training programs are not coordinated, and multiple entities are responsible for resolving workplace disputes.</p>	<p>Move oversight for the Employment Development Department, the Department of Industrial Relations, the Department of Fair Employment and Housing, and the Voc. Rehab. Program to the new Labor & Workforce Development Department. Authority over labor and economic development boards and commissions, including the California Workforce Investment Board, Employment Training Panel, California Unemployment Insurance Appeals Board, Workers' Compensation Appeals Board and Industrial Welfare Commission. Create the following divisions: Economic Development Division, Workforce Development Division, Workplace Protection Division, Benefits Division and Office of Appeals.</p>		



August 6, 2004

Soup to Nuts: An Analysis of Selected Recommendations of the California Performance Review

On Tuesday, August 3, the California Performance Review (CPR) presented its 2,500- plus page report to Governor Schwarzenegger. The report proposes more than 1,000 recommendations aimed at increasing the efficiency of government and restructuring state agencies and departments, as well as a variety of policy changes affecting a wide array of state programs.

The CPR's recommendations range from the specific, such as increasing the sale of surplus state property, to broad statements of vision, such as urging adoption of principles aimed at improving the relationship between the state and local governments. Overall, the report fails to prioritize its recommendations and fails to distinguish proposals that largely affect the structure of government from those that could be implemented independently.

The CPR recommends replacing the current organizational structure of state government, based on agency secretaries and departments, with 11 "mega-agencies," with assistant secretaries responsible for overseeing program and service delivery. A Governor's Office of Management and Budget would replace the current Department of Finance, Department of Personnel Administration, most of the Department of General Services, and a number of other offices and programs. The CPR also recommends shifting responsibility for determining eligibility for a number of health and human services programs from counties to the state and includes a sweeping realignment of responsibility for health and human services programs, including transfer of financial responsibility for indigent health care to the state.

Next Steps

A 21-member commission will hold five hearings, beginning later this month, to consider public comment on the recommendations. The first hearing, scheduled for August 13 on the campus of UC Riverside, will examine proposals in the areas of Infrastructure, Resource Conservation, and Environmental Protection. Commission members were not identified on the CPR's website (cpr.ca.gov).

Overview

Specifically, the CPR includes:

- A major centralization of responsibility for delivery of state services in 11 "mega-agencies" and a new Office of Management and Budget. While some aspects of this proposed reorganization may have merit, the report offers little evidence to support the premise that "bigger is always better."

- A number of relatively modest “good government” changes that could be implemented, after evaluation, with little controversy.
- Significant policy proposals that may or may not have merit. In many instances – such as the proposed realignment of health and human services programs between the state and county governments – the devil will be in the details of the implementation and funding strategies.
- Recycled budget reductions and policy proposals. These include eliminating the Homeowners and Renters Property Tax Assistance Program, weakening environmental regulations, and modifying the requirement that 75 percent of community college faculty should be full-time instructors.
- Repeated calls for privatization of public services. However, the report does not provide independent evidence that private contractors could provide services more efficiently or cost-effectively. In fact, the report notes in one instance that, “State entities can sometimes provide a lower cost for...services than private sector vendors.”
- Questionable claims of cost savings or added revenues, including claims of higher revenues from reinstating the Manufacturers’ Investment Tax Credit and reducing the share of lottery proceeds that go to education.

The recommendations of the CPR are too extensive to review in their entirety. This analysis examines examples of the range of recommendations contained in the report.

A Sweeping Reorganization of State Government

The report proposes eliminating departments and replacing them with “mega-agencies,” with divisions headed by assistant secretaries responsible for overseeing program and service delivery. Many boards and commissions would be eliminated. The proposed changes include:

- **Health and Human Services:** Creating a new Department of Health and Human Services.
- **K-12 and Higher Education:** Expanding the role of the appointed Secretary of Education, consolidate selected higher education entities into a new Higher Education Division (the University of California and the California State University would remain independent), and eliminate county boards of education and offices of education and create a regional K-12 governance structure instead.
- **Workforce and Economic Development:** Integrating the state’s workforce and economic development programs into a new Department of Labor and Economic Development.

- **Infrastructure:** Consolidating the infrastructure operations of more than two dozen state entities into a new Infrastructure Department with six divisions, including water, energy, transportation, and telecommunications.
- **Commerce and Consumer Protection:** Consolidating the state’s business licensing system and consumer protection activities into a new Department of Commerce and Consumer Protection.
- **Public Safety:** Reorganizing a number of entities that provide law enforcement, disaster relief, and victim compensation into a new Department of Public Safety and Homeland Security.
- **Environmental Protection and Natural Resources:** Creating a new Environmental Protection Department to focus on air and water quality and other issues, and a new Natural Resources Department to focus on parks, forestry and land management, and other issues.

Proposals to Increase the Efficiency and/or “User Friendliness” of State Government

Many of the report’s proposals are modest improvements that make sense and could be implemented without restructuring state government or making major policy changes. These recommendations should be considered apart from the major policy proposals that demand more thorough evaluation and debate. Some of the modest proposals include:

- Redesigning the state’s home page to make it easier for users to locate programs and services.
- Increasing the number of tax auditors and collection staff to boost state revenues.

Restructuring Health and Human Services

The CPR recommends creating six divisions within a new Department of Health and Human Services:

- **Health Purchasing:** Includes fraud prevention; Medi-Cal; Early Periodic Screening, Diagnosis, and Treatment (EPSDT); California Children’s Services; Child Health and Disability Prevention; Genetically Handicapped Persons Program; In-Home Supportive Services; Access for Infants and Mothers Program; Healthy Families; and the County Medical Services Program.
- **Public Health:** Includes all public health activities, in addition to functions currently under the Office of Statewide Health Planning. The functions of the Office of Environmental Health Hazards Assessment would be transferred from the California Environmental Protection Agency.
- **Quality Assurance:** Includes all health and human services licensing and oversight activities for businesses and consumers. The authority of the health professions licensing boards would be transferred from the Department of Consumer Affairs. In addition, the programs under the Department of Managed Care would be transferred to this new division.
- **Behavioral Health:** Includes programs under the Department of Mental Health and the Department of Alcohol and Drug Programs.
- **Services to the Disabled:** Includes programs under the Department of Developmental Services and the Department of Rehabilitation.
- **Social Services:** Includes CalWORKs; child support; Food Stamps; Women, Infants and Children Supplemental Nutrition Program (WIC); Supplemental Security Income/State Supplementary Payment (SSI/SSP); and community services.

- Exempting federally-funded programs from state hiring freezes and staffing reductions.
- Allowing applicants for Medi-Cal, CalWORKs, and Food Stamps to “self-certify” their assets. Currently, applicants must provide documentation of their assets. Allowing applicants to self-certify their assets would simplify the application process and reduce administrative costs. The proposal would not allow applicants who are aged, blind, or disabled to self-certify their assets.
- Improving recruitment of prospective adoptive parents of foster children through a media campaign, including the use of public service announcements.
- Passing federal bonus payments through to county adoption programs. The federal government provides bonus funding to states that increase adoptions. In the past, California has used the funds to supplant, rather than supplement, state funds for county adoption programs. This proposal would allow counties to keep any future federal bonus funds without reducing state support in order to expand adoption services.
- Reducing the cost of K-12 and higher education textbooks through measures such as negotiating with publishers, asking instructors to consider the cost of a textbook when selecting books, and using e-books, where appropriate.
- Creating single points of contact for certain governmental functions. Examples include a one-stop business licensing center and a single point of contact for the California Environmental Protection Agency. Currently, licensing and consumer protection responsibilities are split among numerous independent departments, bureaus, and commissions.
- Establishing parameters for redirecting special funds. The state periodically borrows from “special funds” – such as the Traffic Congestion Relief Fund or the Employment Development Department Contingent Fund – to help balance the General Fund. The CPR recommends creating uniform procedures to ensure that loans from special funds to the General Fund include specific repayment requirements and are made easy to understand in the annual budget.
- Improving management of the state vehicle fleet. The CPR reports that the state cannot identify the agencies responsible for over 25 percent of the state’s vehicle fleet and does not have an accurate inventory of state vehicles. Also, the state does not maintain records on reports of abuse of state vehicles. The CPR recommends reducing the cost of new vehicle purchases through an inventory of all state vehicles and procedures for tracking public complaints, motor vehicle violations, accident reports, fuel card misuse, and home storage permits.
- Reducing state video production costs. The CPR suggests that the state’s video production costs could be reduced by making better use of state agencies that have video production capabilities, rather than the current practice of contracting with private vendors.

Proposals That Deserve Consideration

The CPR also makes a number of significant policy proposals that appear to have merit, but which require evaluation and, potentially, modification before being implemented. These proposals deserve to be considered before the more problematic and controversial recommendations of the CPR. Examples include:

- Making it easier for students to transfer from community colleges to the University of California (UC) or the California State University (CSU) by developing lower division and major requirements that are recognized and accepted by all California public universities.
- Increasing college and university tuition for all non-resident students by 45 percent above 2003-04 rates. A 20 percent non-resident fee increase was included in the 2004-05 Budget. The CPR estimates an increase in revenues from the total fee hike of more than \$1 billion over five years.
- Providing fee waivers, rather than Cal Grant awards, for financially needy students at UC and CSU. Fee waivers are currently provided to financially needy students at the community colleges, for projected savings of \$32 million over five years.
- “Realigning” the funding and program responsibility for various health and human services programs. Specifically, the proposal would shift entire responsibility for the Medically Indigent Adult Program and the In-Home Supportive Services Program to the state. The proposal would also shift entire responsibility for Medi-Cal mental health services and Child Welfare Services to the counties. There may be some merit in realigning certain programs. However, key details, such as funding mechanisms and changes to service delivery, require careful evaluation.

Proposals That Require Careful Scrutiny

Most of the major policy proposals of the CPR demand considerable scrutiny. Many would significantly change the delivery of services and/or have a major impact on program beneficiaries. Examples include:

- Eliminating the 58 county boards of education, county offices of education, and county superintendents of education in favor of a regional governance structure for K-12. This proposal would consolidate the current 58 districts into 11 regions of similar size.
- Merging CalWORKs Stages 1 and 2 child care under county welfare departments. Currently, California administers a three-stage CalWORKs child care system. County welfare departments administer Stage 1 and the Department of Education administers Stages 2 and 3.
- Eliminating the requirement that the first \$50 of child support collected on behalf of CalWORKs families be passed through to the family. Instead, the state would retain the first \$50 currently directed to families, generating annual General Fund savings of \$29.5

million. This proposal would remove an incentive for non-custodial parents to pay child support and reduce financial support for low-income families.

- Changing the enrollment birth date for entering kindergarten from December 2 to September 1. The CPR argues that slightly older children perform more successfully both in kindergarten and in the future. However, a one-size-fits-all approach may not work for some children. In addition, increasing the age at which children can enter public kindergarten could raise the cost of child care for some working parents.
- Consolidating law enforcement into one agency. The CPR does not address the problem of parceling out pieces of an agency's mission. For example, park rangers have dual missions involving both law enforcement and non-law enforcement functions. Similarly, the CPR's recommendation fails to address the problem of melding together very different law enforcement functions.
- Transferring responsibility for 6,500 miles of state highway lanes to local government. This proposal would shift an estimated \$108 million in annual costs to local governments.

Recycled Budget Cuts and Policy Proposals

Other CPR proposals have been considered and rejected in prior budget and policy debates. Examples of recycled proposals include:

- Consolidating the Franchise Tax Board (FTB) and Board of Equalization (BOE) under the direction of the BOE. There may be merit in consolidating the functions of the two organizations, as well as the tax collector functions of the Employment Development Department. However, the proposal would dismantle the FTB, one of the state's most highly regarded departments, which is cited repeatedly in the CPR for innovative practices.
- Eliminating the Homeowners and Renters Property Tax Assistance Program, a program that provides tax relief to low-income seniors and people with disabilities, for savings of \$696.5 million over five years. At the same time, the CPR recommends new tax breaks for businesses.
- Reducing the reimbursement rates for child care providers who are exempt from state licensure from 90 percent to 50 percent of the regional market rate. The reimbursement rate would increase to 60 percent for providers who complete health and safety training. The Governor proposed to reduce the 2004-05 reimbursement rates to 40 percent of the regional market rate for license-exempt providers and to increase the rate to 50 percent if providers completed health and safety training. These proposals were rejected by the Legislature.
- Weakening California's environmental regulations, including: eliminating regulations that currently restrict unlimited oil refining; weakening California's pesticide regulation laws, which are stronger than federal law; and eliminating the permitting functions of the San Francisco Bay Conservation and Development Commission in areas such as sand mining, maintenance dredging, and routine repairs on docks.

- Transferring responsibility for assessing commercial aircraft for property tax purposes from county assessors to the Board of Equalization. This change was proposed in SB 593 (Ackerman), sponsored by the airline industry, and held in the Senate Appropriations Committee earlier this year. If enacted, this proposal would likely reduce local government property tax revenues and increase the state's costs for education.
- Modifying the requirement that 75 percent of community college faculty be full-time instructors. The CPR argues that this state requirement interferes with the colleges' ability to recruit appropriate instructors for technical courses. However, community colleges are currently allowed to fill 25 percent of their faculty positions with part-timers, who are generally paid less than full-timers and often lack employee benefits.
- Allowing name-based HIV reporting. California currently uses a code-based system for reporting HIV cases and a name-based system for reporting AIDS cases to encourage individuals to come forward for testing and treatment.

Proposals for the Privatization of State Services

The CPR report includes a number of proposals to permit the "contracting out" of state services and administrative activities, without providing evidence that private contractors would improve the efficiency or effectiveness of service delivery. These proposals include:

- Allowing public elementary and secondary schools to contract with independent, non-state vendors for transportation, construction, maintenance, and food services. SB 1419 (Alarcon), passed in 2003, restricted school districts' ability to contract out for non-academic services. The CPR recommends repealing these restrictions.
- Consolidating and contracting out the eligibility functions of the Medi-Cal, CalWORKs, and Food Stamps programs, for annual General Fund savings of \$453.1 million and a reduction of 16,921 county workers who currently perform the eligibility functions for these programs. The state would have to seek federal waivers to allow non-public employees to conduct the eligibility function in the Medi-Cal and Food Stamps Programs. The proposal provides no evidence that contracting out eligibility functions would generate the level of assumed savings.
The proposal compares the eligibility costs in the three programs to lower costs in the Healthy Families Program, which contracts out the eligibility function. However, this comparison is misleading because the Medi-Cal, CalWORKs, and Food Stamps programs have more complex eligibility rules than the Healthy Families Program. Medi-Cal, for instance, includes more than 100 eligibility categories. The proposal could also affect service delivery. In CalWORKs, for example, county welfare departments also provide case management and employment services for participants. Separating the eligibility function could affect how counties deliver CalWORKs services.
- Contracting out child support services at the local level, for annual General Fund savings of \$12.2 million. By 2002, all local child support programs were transferred from local district attorneys' offices to new county child support departments in order to improve child support collections and service delivery. The CPR would make significant changes to a new

system, even though child support collections have improved and new county offices have already been established.

- Requiring state departments to use “pay station” contractors to process certain transactions, including vehicle registration payments, at retail sites located primarily in low-income neighborhoods. Pay station sites could be selected through “demographic analysis revealing low-income, cash-based neighborhoods where residents are unlikely to have bank accounts or credit cards.” Customers would be charged a transaction fee to fund this service. In contrast, the CPR recommends waiving the \$4 credit card transaction fee for online payment of vehicle registration fees.
- Allowing state departments to choose their own real estate service providers. This proposal would remove real estate services, such as leasing and facility management, from the Department of General Services. These functions would be delegated to state departments, which would be allowed to contract with private sector firms that provide these services, such as “qualified brokerage and space planning firms.” Delegating real estate service functions could create a more complex system and would require additional state oversight to ensure compliance with statewide policies. In addition, this proposal appears to conflict with the CPR’s recommendation to centralize management of the state’s real property assets in a new public corporation.
- Developing guidelines to help state departments determine when and how to employ “competitive sourcing,” including paying private firms to provide public services and allowing private firms to finance and operate public infrastructure, such as airports and roads.

Proposals That Contradict Prior Administration Policy

Some CPR proposals appear to contradict prior policy initiatives by the Schwarzenegger Administration. These proposals include:

- Requiring multi-county special districts to shift more of their property tax revenues to schools in order to reduce state costs for education. This proposal is inconsistent with the 2004-05 budget agreement between the Governor and local governments and would be prohibited by Proposition 1A, the constitutional amendment placed on the November 2004 ballot by the Legislature as part of the budget agreement.
- Requiring tribes entering into new gaming compacts with the state to negotiate judicially enforceable agreements with affected local governments to mitigate the impact of casinos on local communities. The Governor’s recent agreements with several tribes appear to contain no such requirement.
- Adopting principles to improve the partnership between state and local governments. The report offers seven principles for California governments: act as partners, communicate effectively, have predictable funding, be performance-based and accountable, have clear roles and responsibilities, be streamlined, and be flexible and innovative. The local government agreement contained in the 2004-05 budget agreement would limit the state's

ability to reform fiscal policies, make it more difficult to address future budget crises, and contribute to the state's structural deficit in 2006-07.

Questionable Revenue and Savings Assumptions

The CPR report claims state savings of \$32.2 billion over a five-year period from implementing the report's recommendations. However, evidence suggests that this estimate is substantially overstated. Moreover, not all of the estimated savings would accrue to the state budget.

Examples include:

- Assuming that the state will gain \$343.2 million from reinstating the Manufacturers' Investment Tax Credit (MIC). In fact, the MIC cost the state \$333.5 million in 2001. The MIC was allowed to sunset in 2003 for failure to achieve the performance target established at the time the credit was enacted.
- Assuming that schools will gain about \$1 billion from reducing the share of lottery proceeds allocated to education and increasing the amount allocated to prizes. The initiative authorizing the California State Lottery allocated a minimum of 34 percent of lottery proceeds to support public education. The CPR recommends reducing this share to boost lottery ticket sales. Whether the shift of lottery proceeds from schools to prizes will increase ticket sales is unknown. This change would, however, reduce the share of each lottery dollar that goes to education. A similar proposal, AB 2938 (Plescia), has not passed out of its first policy committee in the Legislature this year.
- Identifying \$317.1 million in five-year savings from increasing the State Compensation Insurance Fund's (SCIF) recoveries from other insurers. Increased recoveries would benefit employers that purchase workers' compensation coverage from the SCIF. While this recommendation may be worthy, cost savings would go to employers that purchase coverage from the SCIF, not the state budget.

Proposals That Have Already Been Implemented and/or Savings That Have Already Been Scored

The CPR report also contains proposals that have already been implemented, with savings or revenues already included in state budget estimates. For example, the CPR proposes:

- Increasing revenues by \$399.1 million by implementing a tax amnesty program. The 2004-05 Budget assumes \$333 million in additional revenues attributable to amnesty programs for personal income, corporate, and sales taxes.
- Using a portion of the Student Loan Operating Fund surplus to fund Cal Grant awards. The 2004-05 Budget uses \$146.5 million from the surplus to offset General Fund costs for the Cal Grant program. Thus, these funds are no longer available for transfer.
- Identifying permanent sources of revenue for local governments that are not subject to redirection to the state. The CPR recommends that the Governor and Legislature eliminate the uncertainty faced by local governments as a result of the allocation of local revenues.

The 2004-05 budget agreement places a constitutional amendment on the November 2004 ballot that prevents the state from reallocating certain local revenues and requires the state to reimburse counties and cities for revenues lost as a result of the 1998 Vehicle License Fee reduction.

Conclusion

The CPR's recommendations are too varied and broad to warrant action as a whole. Prior to seeking legislative review, the Administration should:

- Identify recommendations that would generate little, if any, controversy. These should be reviewed by the public and the Legislature and implemented as warranted.
- Separate major proposals that are primarily structural (e.g., reorganizing agencies and departments) from those that are primarily policy-related (e.g., reinstating the Manufacturers' Investment Tax Credit or changing the kindergarten start date) and submit proposals as individual bills for legislative consideration.
- Expand the number of public hearings on the CPR's recommendations and hold individual hearings on major policy proposals, allowing sufficient time for public review to promote informed debate.

The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions.

ITEM V - REPORTS TO THE BOARD

- A. CHAIR'S REPORT: The Chair of the SETA Governing Board, on a regular basis, receives numerous items of information concerning employment and training legislation, current programs, agency activities, and miscellaneous articles about human service programs throughout the nation, and attends meetings pertinent to SETA business.

The important information from the material received and meetings attended will be shared with the entire Board and the method proposed by the Chair is to give a verbal report at each regular meeting. It will also allow time for the Board to provide input on items that may require future action.

- B. EXECUTIVE DIRECTOR'S REPORT: This item is set aside to allow the SETA Executive Director to report to the Board on any items of important information or to deal with special requests which need to be addressed but, because of time constraints, were not included in the formal SETA Governing Board Packet. The Executive Director's Report also allows the opportunity for the SETA Executive Director to apprise the Board of upcoming events, significant agency activities, or conferences.

- C. COUNSEL REPORT: The SETA Legal Counsel is the firm of Gregory D. Thatch, Attorney at Law. This item provides the opportunity for Agency Counsel to provide the SETA Governing Board with an oral or written report on legal activities

- D. MEMBERS OF THE BOARD: This item provides the opportunity for SETA Governing Board members to raise any items for consideration not covered under the formal agenda. It also provides the opportunity for Board members to request or to ask that certain items be placed on the next Governing Board agenda.

- E. PUBLIC PARTICIPATION: Participation of the general public at SETA Governing Board meetings is encouraged. The SETA Governing Board has decided to incorporate participants of the audience as part of its agenda for all meetings. Members of the audience are asked to address their requests to the Chairperson, if they wish to speak.