



# C A L I F O R N I A

## Labor & Workforce Development Agency

*Governor  
Arnold  
Schwarzenegger*

*Acting Secretary  
Douglas Hoffner*

Agricultural  
Labor  
Relations  
Board

California  
Business  
Investment  
Services

California  
Unemployment  
Insurance  
Appeals  
Board

California  
Workforce  
Investment  
Board

Department of  
Industrial  
Relations

Economic  
Strategy  
Panel

Employment  
Development  
Department

Employment  
Training  
Panel

### **Labor and Workforce Development Agency Workforce and Economic Development Testimony – Little Hoover Commission October 22, 2009**

#### **Background**

The California Labor and Workforce Development Agency (LWDA) is an essential partner in California's economic development activities. Working in collaboration with the Business, Transportation and Housing Agency as well as the Department of Food and Agriculture, one of our main priorities is to foster and advance the state's objective to retain, expand and attract jobs in California. A key component that businesses look for when determining whether to invest in California is the availability of a skilled workforce. As such, workforce development is an integral part of California's economic development policy. The programs under the jurisdiction of the LWDA provide this vital role for growing California's economy

As many of you know, prior to the creation of the California Labor and Workforce Development Agency in 2003, California was one of two states that did not have an "agency" patterned after the United States Department of Labor. For the most part, prior to 2003 and the creation of LWDA, programs relating to workforce training, labor law enforcement and employee benefits generally operated independently of each other. For example, the Department of Industrial Relations which oversees labor law enforcement, apprenticeship standards, worker health and safety, and workers' compensation reported directly to the Governor as did the California Workforce Investment Board and the Agricultural Labor Relations Board. Whereas the Employment Development Department who is responsible for administering unemployment and disability insurance programs, managing the state's payroll tax enforcement and collections system and administering the Workforce Investment Act resided in and reported to the Health and Human Services Agency. Given the independent structure of these Departments/Boards, it comes as no surprise that throughout the years many legislative attempts were made to bring all of California's labor and employment services under one lead agency.

In 2002, that desire resulted in the Legislature approving then Governor Gray Davis' Reorganization Plan which created the Labor and Workforce Development Agency. Whereas on January 1, 2003, the LWDA brought together under one umbrella the Department of Industrial Relations, the Employment Development Department, the Employment Training Panel, the California Workforce Investment Board and the Agricultural Labor Relations Board. The primary goal of this reorganization was to provide coordinated administrative oversight over all of the

various Departments, Divisions, Boards, and Commissions that interacted and affected employees, employers and the workplace. Specifically, all the Departments, Divisions, Boards and Commissions under LWDA protect, train, and provide essential benefits to all of California's workforce. The LWDA provides oversight and guidance to a wide array of programs that help provide a safe workplace for workers, a level playing field for all businesses and a skilled workforce for employers to access. Its programs also provide a safety net which translates into economic stability for workers who have lost their jobs, who have been injured on the job or have become temporarily disabled or ill outside of work.

LWDA's mission is to protect and improve the well-being of California's current and future workforce by providing leadership and guidance to the Departments and Boards it oversees. Efforts to support this mission include:

- Strict and fair enforcement of labor laws which helps to provide a level playing field for all businesses.
- The creation of the Employment and Economic Enforcement Coalition (EEEC) which targets industries and occupations that have been identified as high-risk for labor law violations.
- Providing the California Workforce Investment Board, the Workforce Services Branch and the Local workforce investment areas with guidance and policy oversight in order to better coordinate statewide training efforts.
- Coordinating the use and distribution of labor market and economic data between the Labor Market Information Division (LMID), the California Economic Strategy Panel, the California Workforce Investment Board and the Employment Training Panel.

### **Programs**

Of the entities within the LWDA, The California Economic Strategy Panel, the Labor Market Information Division in the Employment Development Department, the California Workforce Investment Board and the Employment Training Panel provide economic information and workforce training to support economic development activities. The Agriculture Labor Relations Board, Employment Development Department, California Unemployment Insurance Appeals Board and Department of Industrial Relations provide services that protect employees, ensure a safe workplace for workers, provide benefits and enforce laws that help level the playing field for employers. The Employment Training Panel serves as California's premier economic development tool by providing job training funds to employers and thus helping businesses locate or expand in this state. The California Business Investment Services unit is the only entity within the LWDA that is directly involved in the more traditional economic development activities such as attracting businesses and working with companies to invest and grow in our state.

## **Workforce Development**

The Workforce Investment Act of 1998 (WIA) provided the framework for a national workforce preparation and employment system designed to meet the needs of businesses, job seekers and those who want to further their careers. The WIA required the establishment of a state workforce investment board with the responsibility of developing a five-year strategic plan. Requirements of this plan include a description of statewide workforce development activities, an explanation of how the WIA will be implemented and an outline of how special populations will be served. The WIA also required the Governor to designate local workforce investment areas and to provide state oversight of the local workforce investment boards. The WIA system is based on a “one-stop” concept where information about and access to a wide array of job training, education, and employment services is available at a single neighborhood location.

The WIA also allocates funding to the states and the local areas in three funding streams: adults, dislocated workers and youth. Of these funds, 85% of the adult and youth funds and 60% of the dislocated worker funds go directly to the 49 local workforce investment boards. Twenty percent of the dislocated worker funds are reserved for state’s rapid response efforts for job loss associated with mass layoffs. The outstanding 15% remains within the Governor’s Discretionary Fund to be used for statewide workforce development activities. In the past several years, the Governor has used these discretionary funds to implement initiatives to address workforce shortages in nursing and allied healthcare as well as fund grants to implement green job training programs, veterans’ programs and help youth at-risk of gang violence.

In response to the requirements set forth in the WIA, the California Workforce Investment Board (CWIB) was established by executive order and later in statute. The Board currently consists of 40 members that are appointed by the Governor and represent the many facets of workforce development - business, labor, public education, higher education, economic development, youth activities, employment and training, as well as the Legislature. The Secretary of the LWDA also serves as a member of the CWIB. The CWIB assists the Governor in the development and oversight of California’s workforce investment system. Additionally, the CWIB provides policy guidance for training programs administered by the state’s 49 local workforce investment boards.

Furthermore, the CWIB oversees special committees such as the Green Collar Jobs Council (GCJC) and the State Youth Vision Team. The GCJC is tasked with understanding the current and future workforce needs of the Green/Clean economy, developing a comprehensive strategy to prepare California’s workforce to meet the needs of businesses supporting the economy and to ensure that efforts aimed at improving worker’s skills are coordinated and effective. The State

Youth Vision Team coordinates resources with its member agencies and organizations, exchanging information, and developing shared goals in order to empower its members to better serve disconnected youth, to include: Foster Youth, Juvenile Justice Youth, Youth of Incarcerated Parents, Youth with Disabilities, Migrant Youth, Native American and American Indian Youth, Out of School Youth, high school dropouts, runaway and homeless youth.

The Employment Training Panel (ETP) is a business and labor supported state agency that assists employers in strengthening their competitive edge by providing funds to partially off-set costs of job skills training necessary to maintain high-performance workplaces. ETP is governed by an 8 member panel, seven are appointed by the Governor and the Assembly and Senate leadership. The eighth member is the Secretary of Business, Transportation and Housing, or his/her designee, who serves as an ex officio, voting member.

The ETP is California's leading economic development tool. With the assistance of ETP job training funds, companies are encouraged to locate or expand within our state. Not only does this program attract and retain businesses that contribute to a healthy California economy, it also assists employers to successfully compete in the global economy. This program also greatly benefits workers by providing secure jobs that pay good wages and have opportunities for advancement.

The program is funded by the Employment Training Tax paid by California employers and targets firms threatened by out-of-state and international competition, as well as other barriers. The program is performance-based, providing funds for trainees who successfully complete approved training programs and are retained in well-paying jobs for a specific period of time. The ETP also funds training for unemployed workers and prioritizes small businesses and employers in high unemployment areas of California.

Since its inception in 1983, the ETP program has provided close to \$1.2 billion for the training and employment retention of 720,000 workers for approximately 75,000 California companies. Employers match training funds awarded through ETP contracts, making these projects true public-private partnerships. The ETP recently awarded \$10.5 million to fund 58 projects that would enhance workers' skills to meet the demands of the changing marketplace in California, nationally and globally. Companies such as Avid Technology, Limoniera Company and Jazz Semiconductor demonstrate the diversity of projects and the importance of ETP's job-training funds in helping businesses attain their goals.

Under the Governor's Veteran's Initiative and in coordination with its sister agencies, the LWDA has made services for veterans a top priority. The LWDA is a partner with the California Department of Veterans Affairs, University of California, California State University, California Community Colleges and

California's military leaders to provide a united effort in assisting veterans and active duty military and their families attain higher educational opportunities. Additionally, the EDD has hosted the "Honor a Hero, Hire a Vet" Job and Resources Fairs regularly throughout the state in order to provide information to veterans regarding available services, career and employment guidance and employment opportunities. Our "One-Stop" centers are also staffed with trained veteran's specialists that can help provide information and resources to California's nearly 2.5 million veterans. All of the programs within the LWDA work together to provide our veterans with the services and benefits needed to find well-paying jobs in our state.

### **California Economic Strategy Panel**

In 1993, the California Economic Strategy Panel (CESP) was established within the now-defunct Technology, Trade and Commerce Agency (TTCA). The 15-member panel was tasked to lead the preparation of a biennial economic strategic plan. The founding members in the mid-1990's, including the author of the legislation, adopted a role to study the changing economy by regions, industry sectors and industry clusters, population-driven employment and emerging sectors. The CESP's seminal work *Collaborating to Compete in the New Economy: An Economic Strategy for California* and its two Addenda *Key Policy Issues for Nine Industry Clusters* and *Results of the Economic Base Reports and Industry Cluster Studies* ([www.labor.ca.gov/panel](http://www.labor.ca.gov/panel) under Publications Archives) was widely received.

In 2004, upon abolishment of the TTCA, the CESP was transferred by statute to the LWDA. Also included in the legislation that placed the CESP within the LWDA was a mandate to conduct studies related to the economic development sections of the state budget, develop a system of accountability in the annual state budget and legislative process and measure the performance of all state policies, programs and tax expenditures intended to stimulate the economy.

The LWDA redirected two staff positions to support the CESP. The two staff members are also assigned economic research, analyses and writing for the LWDA. At this time, the LWDA does not have the staffing to complete the studies that were added in statute in 2004.

Over the years, the CESP has worked diligently to develop an economic vision and strategy to guide public policy. Specifically, this panel is the source of economic information and a conduit for economic policy recommendations for the Governor, Legislature and the public. With its direct relationship to the LMID within EDD, the CESP has been able to use data for analysis and recommendations about what drives California's economy. From its beginning, emphasis was placed on data-driven, quantitative economic analyses and not anecdotal information.

Consequently, the official, confidential Quarterly Census of Employment and Wages (QCEW) reported by employers and collected by the Tax Branch and maintained by the Labor Market Information Division (LMID) has been its primary data source.

The report noted above, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network (March 2008)* is an example of the application of this methodology. All reports are reviewed and discussed in forum-style settings with industry cluster representatives. This method, developed by the founding panel members, provides "qualitative analyses" to validate or challenge the findings and recommendations from the quantitative analyses.

In 2003, the CESP initiated a new project that produced a series of studies under the *California Regional Economies Project (CREP)* ([www.labor.ca.gov/panel/espcrepindex.htm](http://www.labor.ca.gov/panel/espcrepindex.htm)). CREP refined and institutionalized a research methodology to conduct on-going industry cluster studies. This provided information for workforce and economic development planning, investment decisions, policy changes and connected economic and workforce policies and programs at the state and regional levels. Examples of studies ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/) under Publications) include:

- *California's Role in the Global Economy: New Context, New Opportunity (2008)*;
- *California's Food Chain At Work: Agriculture Production, Processing, Distribution and Support (2006)*;
- *California's Golden Opportunity: Building A World Class Infrastructure Through Innovation and Collaboration (2006)*;
- *Logistics and Manufacturing Value Chains: Meeting the Workforce and Infrastructure Demands of a "Real Time" Economy (2005)*;
- *Patterns of Entrepreneurship in Rural California (2005)*; and,
- *The Impact of Immigration on the California Economy (2005)*.

In 2005, the CESP recommended that the research methodology and access to non-confidential QCEW employment and wage information (<http://www.labormarketinfo.edd.ca.gov/?pageid=173>) be shared with the public. The objective was to provide local and regional organizations with knowledge and tools needed to complete their own economic research and analyses at the most disaggregated level possible for data-driven planning, investment decisions and

policy changes. The *Industry Clusters of Opportunity User Guide (September 2008 Current Edition)* ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/) under Publications) was released to provide a step-by-step quantitative and qualitative methodology to complete industry cluster studies. Beginning in 2007, twelve training sessions were conducted throughout California. Participants included representatives, among others, from Local Workforce Investment Boards, California Community Colleges and Districts, California Regional Occupation Program, and local governments.

Additionally, the CESP produces the yearly *Economic Profiles* which evolved from the original *Economic Base Reports*. The *2009 California and Regional Economic Profiles* provide information on key economic indicators and major industry sectors statewide and for the nine economic regions that make up California. ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/) under Publications).

### **Aligning Workforce and Economic Development**

The LWDA has been involved in several efforts to align and coordinate workforce and economic development activities. One example is the California Economic Development Partnership established by the Governor on November 29, 2005. This Partnership is an inter-agency Cabinet Team consisting of the Secretaries of LWDA, BTH and the Department of Food and Agriculture that brings together administration resources in collaboration with regional and local economic development organizations and other public and private resources in order to retain, expand and attract jobs in California. The development of this partnership was the result of a series of 17 Economic Vitality Conversations sponsored by the Governor's Cabinet team that discussed strategies and policy recommendations in order to facilitate state and regional economic growth opportunities from December 2003 through April, 2005.

Among the initiatives undertaken by the California Economic Development Partnership, the LWDA developed and maintains several sources of information that supports economic development activities. These include:

- *The California Business Portal* ([www.calbusiness.ca.gov/](http://www.calbusiness.ca.gov/)) which provides links to a number of resources for starting, growing, financing, expanding or locating a business in California;
- *Setting Up Business in California: A Guide for Investors (July 2009 Current Edition)* ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/)) which provides information on the general procedures and issues involved in establishing a business in California, with access to forms, for legally operating a business and links to organizations that a business may contact in the establishment process; and,

- *The California Facts (July 2009 Current Edition)* ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/)) which provides economic and demographic snapshots of California's 58 Counties and a comprehensive Statewide snapshot.

Another example is the *Memorandum of Understanding (August 1, 2007)* between the California Community Colleges Chancellor's Office, California Employment Development Department, California Employment Training Panel, California Workforce Investment Board and the California Economic Strategy Panel (Attachment I). The two-fold purpose of the Memorandum of Understanding is defined as follows:

"First, this agreement defines roles and responsibilities to support the on-going data driven analyses of the changing California economy in identifying the economic and workforce development demands and trends. Secondly, this agreement will assist in the empowerment of local and regional organizations to conduct analyses at the county and multi-county level. This data will help local and regional organizations with strategic planning and policy development and investment decisions to meet the demands of their growing regional economies."

This collaboration evolved into other areas, most notably, the "Green Team." In part, in response to AB 32 and the California Economic Strategy Panel report entitled *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network (March 2008)* ([www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/) under Publications) and a series of forums based on this report, the group has been defining the "green economy" (<http://www.labormarketinfo.edd.ca.gov/?pageid=1032>). A survey is currently being conducted of over 51,000 business establishments to collect information on jobs, occupations, business practices and estimated growth in the green economy.

### **CalBIS**

California Business Investment Services (CalBIS) also originated in the TTCA. CalBIS currently provides its critical business services under the direction of the LWDA. In 2003, CalBIS was moved from the Technology, Trade and Commerce Agency in anticipation of its elimination and, under a Memorandum of Understanding, moved to the Employment Development Department. In 2005, CalBIS was moved to the LWDA where funds and four staff positions were redirected to support CalBIS' activities.

As many of you know, the CalBIS unit is involved directly in economic development activities including working with companies to invest, grow and locate in the state. CalBIS is the key contact in California government that serves employers, corporate real estate executives and site location consultants

considering California for business investment and expansion. A wide array of consultation services are offered that includes information on financial and loan programs; Enterprise Zones; Local Agency Military Base Recovery Areas; Manufacturing Enhancement Areas; Targeted Tax Areas; labor; transportation and infrastructure; and, tax credits and incentive programs. CalBIS works with hundreds of local economic development organization and serves as a one-stop source of information and contacts for investors. In FY 2007-08, CalBIS brought in over \$1.3 billion in investments. Attachment II includes letters of recommendation received by CalBIS from companies they have worked with.

In the 2005-2006 Legislative session, attempts were made to codify the existence of CalBIS in state law under the purview of the LWDA. However, the legislation eventually failed to pass out of committee. The LWDA is currently working with the Business, Transportation and Housing Agency (BTH) on a Memorandum of Understanding that would move CalBIS under that agency's jurisdiction. The move of CalBIS to BTH would more closely align them with other programs and incentives that are used to attract and retain businesses in California.



**Memorandum of Understanding**

**Between the**

**California Community Colleges – Office of the Chancellor  
&  
California Economic Strategy Panel  
&  
California Employment Development Department  
&  
California Employment Training Panel  
&  
California Labor & Workforce Development Agency  
&  
California Workforce Investment Board**

This agreement is entered into by California Community Colleges Office of the Chancellor and the California Labor & Workforce Development Agency's California Economic Strategy Panel, California Employment Development Department, California Employment Training Panel and the California Workforce Investment Board. The purpose of this agreement is twofold. First, this agreement defines roles and responsibilities to support the on-going data driven analyses of the changing California economy in identifying the economic and workforce development demands and trends. Secondly, this agreement will assist in the empowerment of local and regional organizations to conduct analyses at the county and multi-county level. This data will help local and regional organizations with strategic planning and policy development and investment decisions to meet the demands of their growing regional economies.

**I. Commitment to Workforce Development**

The California Economic Strategy Panel, California Employment Development Department, California Employment Training Panel, California Workforce Investment Board, and California Community Colleges share the goals of workforce development to ensure that California workers possess the education, skills and experience to meet the needs of California businesses. California is the birthplace of innovation and technology and California's businesses rapidly change their business practices to take advantage of the most recent technology. Therefore, California business' demand for worker skills, training and experience progresses rapidly as well.

Since 2002, the California Economic Strategy Panel and California Workforce Investment Board have been partnering to produce the California Regional

Economies Project. This project provided California's state economic and workforce development systems with data and analyses on the state's regional economies and labor markets. The data source for the analyses is from the official employment and wage information submitted by California businesses to the California Employment Development Department. Now that the Project has standardized the methodology for the use and application of the non-confidential data and analyses, this methodology and the non-confidential data is available via the Internet. The next phase for this project is to train local and regional economic and workforce development professionals on the methodology to use and apply the data and analyses at their local or regional level to identify structural economic changes and long-term trends that may assist them with program planning, decision-making and investments.

Through a collaborative training experience, the multi-discipline teams will be able to better understand the interrelationship of their programs and policy areas in responding to businesses' workforce needs. The team members will work together to analyze the data, validate findings and explore solutions that may incorporate multi-agency strategies and resources. This team approach will allow the members to benefit from each member's unique perspective and expertise. By working collectively, the team will have the greatest opportunity to effectively design a coordinated response to the workforce needs of key industries and industry clusters.

At the conclusion of each training workshop, attendees will complete a survey to evaluate the value and usefulness of the data, information, methodology, regional community partnerships and the application of the findings in developing business plans, making program decisions and identifying investment priorities. As a part of the training workshop, the attendees will develop regional community action plans for their respective geographic areas to further apply the methodology and findings and continue their working relationships.

## **II. Roles & Responsibilities**

The partnering agencies enter into this agreement to work towards matching program investments to employment and economic growth and help meet the demands of California's ever-changing economies. This agreement will provide local and regional economic and workforce development organizations, specifically the California Community Colleges, California Employment Training Panel Regional Offices and the Local Workforce Investment Boards, with a standardized methodology and non-confidential data to help identify the local economic and business demands in their service areas.

The partnering agencies agree to provide six training workshops to regional and local economic and workforce development professionals in six areas of the state. The purpose of the training workshops will be threefold.

1. Regional and local economic and workforce development professionals and policymakers will learn the significance of the data and analyses in policy development and program investment decisions.
2. The training workshops will also provide step-by-step instructions on how to obtain, manage and analyze the non-confidential economic and employment data that is customized for their region or local area. This information may be used to identify growing industry sectors and help target program investments to meet changing workforce demands in their areas.
3. In addition, the workshops will serve to enhance the working relationships between the regional and local economic and workforce organizations and business and industry standards.

An oversight group of the partnering agencies shall oversee and administer the six training workshops. The oversight group will include:

<b>California Community Colleges</b>	Vice Chancellor Jose Millan Economic Development & Workforce Preparation
<b>California Economic Strategy Panel</b>	Edward Kawahara, Ph.D. Principal Consultant
<b>California Employment Development Department Labor Market Information Division</b>	Steve Saxton, Division Chief
<b>California Employment Training Panel</b>	Michael Saragosa Executive Director
<b>California Labor &amp; Workforce Development Agency</b>	Jaime Fall Deputy Secretary
<b>California Workforce Investment Board</b>	Barbara Halsey Executive Officer

The oversight group has prioritized six geographical training regions as:

Orange	Rancho Santiago Community College District
Inland Empire	San Bernardino Community College District
San Joaquin/Stanislaus	Modesto Junior College
Merced/Madera/Fresno	Reedley College - Madera Center
Kern/Tulare/Kings	Bakersfield College
Shasta/Tehama/Butte	Butte College – Chico Center

The partnering agencies' roles and responsibilities to fulfill this agreement include:

### **California Community Colleges**

The California Community College System is the largest higher educational system in the world with 72 districts, 109 campuses, 64 educational centers, and more than 2.5 million students. California Community Colleges plays a critical role in training and preparing tomorrow's workers with the skills and education that California businesses will need to gain a competitive edge in the global economy.

The California Community Colleges will:

- Utilize the California Regional Economies studies and data to prioritize policy, programmatic and investment decisions, including the implementation of their system strategic plan.
- Provide community college campus personal computer laboratories and Internet access for the six workshops. Primarily, the laboratories will be located at Centers for Excellence to facilitate logistical coordination.
- Provide \$72,000 in funding for the training facilitators, curriculum, and workshop materials during the 2007 calendar year.
- Serve as the contract manager, fiscal agent and co-project manager in procuring the vendor services for these training workshops.
- Centers of Excellence staff and campus economic development professionals will be granted priority status for participation at each of the workshops.

### **California Economic Strategy Panel**

The California Economic Strategy Panel continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness. The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways at looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The staff of the California Economic Strategy Panel will:

- Serve as co-project manager over the training workshops as well as, provide the training facilitators, *Clusters of Opportunity User Guides*, and instruction on how to apply the standard methodology to access, manage, and analyze local economic and employment data.
- Provide logistical planning support to coordinate the six workshops with all partners.
- At the conclusion of each workshop, survey attendees to assess the qualitative value of the data, information, methodology, regional

community partnerships, and the post-application of the findings in developing business plans, making program decisions, and identifying investment priorities in the regional/local area.

### **California Employment Development Department (EDD)**

One of the largest state government agencies, EDD employees are located at hundreds of service points throughout the state. For more than 60 years, EDD has connected millions of job seekers and employers in an effort to build California's dynamic economy. EDD also provides Unemployment Insurance, Disability Insurance and payroll tax reporting and collection processing.

The EDD will:

- Utilize the California Regional Economies studies and data to help prioritize policy, programmatic and investment decisions, including the development and implementation of their strategic plan.
- Provide non-confidential economic and employment data via the Labor Market Information Division. Data will be aggregated for the workshop use to comply with information security standards.
- The respective Local Labor market Consultants will attend each training workshop to serve as technical advisors and to build working relationships with the workshop attendees.

### **California Employment Training Panel**

A business and labor supported state agency, the California Employment Training Panel assists employers in strengthening their competitive edge by providing funds to off-set the costs of job skills training necessary to maintain high-performance workplaces. Since its inception, the program has provided over \$1 billion to train more than 660,000 workers in over 60,000 California companies. The program is governed by a seven-member Panel, appointed by the Governor and the California Senate and Assembly leadership.

The California Employment Training Panel will:

- Utilize the California Regional Economies studies and data to help prioritize policy, programmatic and investment decisions, including the development and implementation of their strategic plan.
- Serve as the information contact to the Employment Training Panel regional offices and coordinate logistics for their local professionals for the training workshops.

### **California Workforce Investment Board**

The California Workforce Investment Board assists the Governor in setting and guiding policy in the area of workforce development in compliance with the federal Workforce Investment Act.

The California Workforce Investment Board (CalWIB) will:

- Provide funding for the continuation of the California Regional Economies Project.
- Utilize the California Regional Economies studies and data to help prioritize policy, programmatic and investment decisions, including the development and implementation of their strategic plan.
- Oversee the administrative activities for the California Regional Economies Project vendor.
- Serve as the information contact to the Local Workforce Investment Boards and coordinate logistics for their local professionals.

### **III. Term of Memorandum of Understanding**

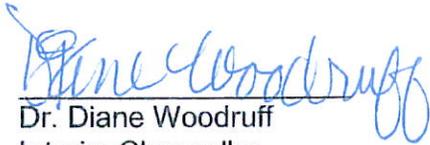
This Memorandum of Understanding shall commence on the date upon which it is fully executed by the parties and shall remain in effect through December 31, 2008. This MOU will automatically renew upon the termination date unless terminated pursuant to Paragraph V.

### **IV. Modifications & Amendments**

Any modification of this Memorandum of Understanding must be in writing and executed by duly authorized representatives of the parties specifically indicating the intent of the parties to modify this MOU.

### **V. Termination**

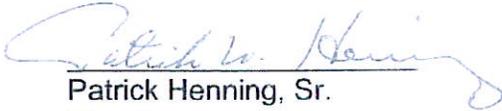
Any party to this Memorandum of Understanding shall have the discretion to terminate this MOU with or without cause, upon 60 days written notice to the other parties. If any party fails to comply with any of the terms of this MOU, any party may terminate the agreement upon written notice of at least 30 days.



Dr. Diane Woodruff  
Interim Chancellor  
CA Community Colleges



Victoria L. Bradshaw  
Secretary  
CA Labor & Workforce Development Agency



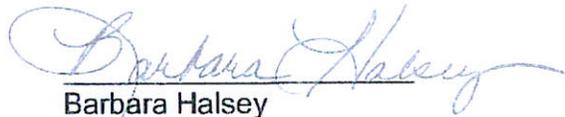
Patrick Henning, Sr.  
Director  
CA Employment Development Department



Michael Saragosa  
Executive Director  
CA Employment Training Panel



Edward Kawahara, Ph.D.  
Principal Consultant  
CA Economic Strategy Panel



Barbara Halsey  
Executive Officer  
CA Workforce Investment Board

# Bayer HealthCare



September 30, 2009

Doug Hoffner, Acting Secretary  
Labor & Workforce Development Agency  
801 K Street, Suite 2101  
Sacramento, CA 95814

Dear Secretary Hoffner:

On behalf of Bayer HealthCare, I would like to extend sincere thanks for the significant assistance provided to us surrounding our recent decision to maintain manufacturing processes in the East Bay, investing over \$100 million in our Berkeley campus.

As you know, Bayer's Board of Management faced a decision-point this past August surrounding the locating of manufacturing upgrades for production of future versions of Kogenate FS, our biologic drug for treatment of hemophilia. The Board weighed the option of moving this process to an out-of-state, contract manufacturing organization, versus investing locally at our existing Berkeley site.

An analysis of very competitive proposals was conducted and, as we were pleased to announce with you at our side, the decision was ultimately made to keep this manufacturing in Berkeley. The investment, the largest by Bayer HealthCare in Berkeley to date, will be made over the course of the next four years on facility upgrades, new equipment and state-of-the-art technologies.

Early on in the deliberations, your office – through California Business Investment Services – played a significant role in identifying and facilitating all potential avenues for the extension of economic incentives to make the "California" proposal as competitive as possible. Specifically, your Agency worked to identify opportunities for expansion of Oakland's existing Enterprise Zone into West Berkeley and Emeryville, serving as a "pivot point" for all discussions and activity. Such expansion will not only benefit Bayer, but will also be a stimulus for growth of biotechnology and other green technology business in the region. Further, other incentives which will have a profound impact on our business, such as job training and "economic development" utility rates were identified and secured.

In short, the efforts of your office – combined with the help and enthusiasm of Governor Schwarzenegger and other state agencies such as Housing and Community Development – were a vital component of this initiative and Bayer's ultimate decision to keep this investment in California. The role that your Agency played, coordinating with amazing skill and alacrity the efforts of several local governments, private interests and economic development agencies, resulted in a positive outcome for which we are extremely grateful.

Finally, I would be remiss to not specifically mention both David Freitas and Mather Kearney of CalBIS. Special kudos to them for their tireless work on this issue; they represent your office and the interests of the State of California extremely well.

Again, we sincerely appreciate your assistance in this endeavor.

Regards,

A handwritten signature in blue ink, appearing to read "D. Naten".

**Derek Naten**  
Director, State Government Affairs

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September 25, 2009

Mr. Doug Hoffner, Acting Secretary  
Labor and Workforce Development Agency  
State of California  
801 K Street, Suite 2101  
Sacramento, CA 95814

Dear Mr. Hoffner,

We are one of the few companies currently expanding our operations and hiring employees in California. We manufacture light rail vehicles for North America, are the market leader, and we have been operating in South Sacramento for 25 years.

The California Business Investment Services (CalBIS) agency played an important role in our recent \$26 million expansion. This expansion allowed us not only to in-source a critical component to our light rail vehicles, it also positions us well to address emerging needs in the transit market – namely, high speed rail.

CalBIS was the catalyst in our establishing a strong and ongoing relationship with Governor Schwarzenegger and Business, Transportation & Housing Secretary Dale Bonner. CalBIS helped us set up a meeting between Governor Schwarzenegger and our Siemens AG CEO Peter Löscher and a meeting with Secretary Bonner and head of global high speed rail, Edzard Lübben, in Germany in March.

Since then, we have hosted both Governor Schwarzenegger and Secretary Bonner at our plant in Sacramento, and we are a resource on high speed rail to both the Governor's office and the BT&H agency.

This is mutually beneficial, as we can showcase our proven high speed rail technology, and California officials can easily learn about what is proposed to be one of the largest public works projects in history.

We look forward to continuing our relationship with CalBIS.

Best regards,



Oliver Hauck, President & CEO  
Siemens Transportation Systems, Inc.  
A Siemens Industry Business, Mobility Division