



Employment Training Panel

Memorandum

To: ETP Policy Committee
Gretchen Newsom, Chairperson
Janice Roberts, Member
Rick Smiles, Member

Date: June 18, 2020

CC: Executive Staff
Peter Cooper, Assistant Director

From: Lis Testa, Policy Manager

Subject: ETP Policy Committee Meeting Agenda Item 4.b.
Proposal to Policy Committee Re: New Paid Family Leave Small Business Grant Project

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- I. Brief Issue Statement: In February, 2020, the Policy Committee discussed the proposed “ETP Small Business Paid Family Leave Pilot Training Program”. This item is still in the May Revise version of the state budget, and passed through Senate Budget Subcommittee No. 4 on State Administration and General Government on 5/21/2020.

There have been a few changes to the proposed program, including:

- Program name is now “Paid Family Leave Small Business Grant”;
- The requirement for ETP matching funds has been removed;
- The number of awardees has been set at three (3)

As a quick summary, the current proposed state budget for FY 20-21, grants ETP \$1M, and for each following FY, to institute the “Paid Family Leave Small Business Grant”. This new grant, which will be initiated as a pilot program through ETP, will take the form of grants to what could be considered MECs, to provide up to \$500 each for any small business with 10 or fewer employees who has been affected by the Paid Family Leave (PFL) program.

- II. Background Information: The PFL program allows California workers to take paid leave to bond with a new child or to care for a seriously ill family member. Beginning July 1, 2020, this leave has been expanded from six to eight weeks. The current proposed budget also expands the 12 week non-paid protected leave to all businesses, regardless of business size.

Businesses that are impacted by the PFL program will have increased costs such as: training and upskilling existing staff to cover the duties of the employee on PFL, hiring and training additional staff to cover the duties of the employee on PFL, and the marketing, recruitment, and training costs to cover these activities.

The Paid Family Leave Small Business Grant, as indicated by the Governor's Office, will take the form of grants to three entities who will then distribute and administer the grant funding to small California businesses with less than 10 employees who have at least one employee utilizing the PFL Program. Each business may receive up to \$500 to help cover any of the costs resulting from the impact of the PFL Program.

ETP has the authority to enter into this process through Legislation codes:

10205(b)(4): which directs the Panel to develop strategies "that may include ... pilot demonstration projects designed to identify potential barriers that small businesses may experience in accessing Panel programs and workforce training resources, including barriers that may exist within small businesses."

10215: which states that "the funding of individual project grants by the Panel may take the form of... direct grants to the employer...".

10214.6: which states that the Panel may implement "...one or more alternative fund programs to reimburse the cost of training consistent with the purposes of this part, using funds from a source other than the employment training tax. The alternative funds may be from any federal, state, or local governmental entity, as appropriated in statute or other means...."

In developing the guidelines and Solicitation for Proposals (SFP) for this grant, ETP will be considering such items as: a scoring rubric for the SFP, the required data that must be collected by the awardees, the reporting requirements of the awardees, the administration % that should be allowed for the awardees, the way funding will be distributed to the awardees (lump sum, installments, etc), and the content of any documents and/or templates that will be needed to develop, award, and administer this grant.

Draft Guidelines for the Paid Family Leave Small Business Grant are attached.

III. Recommendation

Request approval of the draft Guidelines for the Paid Family Leave Small Business Grant, to be moved to Panel for full approval in July, assuming passage of the state budget as-is, and approval for ETP staff to create and issue the SFP for this grant as outlined above and in the attached guidelines.