



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.c.
Proposal to Policy Committee Re: Non-Priority Participating Employers in MECs

- I. Brief Issue Statement: At the May, 2020 Panel meeting, Panel enacted a moratorium on non-Priority Industry Single Employer contracts for FY 20/21. Single Employers (including Small Businesses) whose EDD assigned NAICS (North American Industry Classification System) code does not appear on ETP's listing of Priority Industry NAICS codes will not be granted contracts for this FY. The listing of Priority Industry NAICS codes can be found in our Regulations, code 4416(i), and on our website.

An exception to this moratorium was granted to non-Priority NAICS code Industry companies who do appear on the COVID-19 Response Plan (including the COVID Pilot) as a Governor Declared essential industry for expedited processing during eligibility and development. These companies will not be subject to the moratorium, for as long as the COVID Response Plan and Pilot are active.

Committee and Panel members have expressed interest in looking at the non-Priority Industry Participating Employers in MEC contracts, to consider if this population should be added to the existing moratorium.

- II. Data:

Out of 231 MEC contracts approved over the last three years, approximately 12,500 Participating Employers were served, earning a total of \$60.8M by training 50,500 trainees.

Close to 11,000 of these Participating Employers were in Priority Industries (88% of PEs), earning \$53M in funding (87% of funding) on over 43,000 trainees (86% of trainees).

There were approximately 1,500 non-Priority Industry Participating Employers (12% of PEs) who earned \$7.2M in funding (13% of funding) on nearly 7,000 trainees (14% of trainees).

Panel has the authority to set priorities for funding based on industry through statute 10205(b)(2).

III. Analysis:

If ETP adds the non-Priority Industry Participating Employers into the existing moratorium, this will affect a relatively small number of Participating Employers (12%), and a similarly small amount of trainees (7,000). This has the potential of also freeing up approximately \$7M in funding over the next few years, which could fund either Single Employer contractors or other Priority Industry Participating Employers in MECs.

Given the current economic recession, heightened level of demand for ETP's program, and reduced budgetary resources, expanding the existing moratorium to include non-Priority Industry Participating Employers, and further aligning our program with the priorities set by Panel, may be prudent.

IV. Recommendation:

Request Committee's thoughts on this matter.

Staff's recommendation is to add the non-Priority Industry Participating Employers for all FY 20/21 (ET21-) contracts into the non-Priority moratorium, and we request a motion and vote to move the consideration of extending the moratorium to non-Priority Industry Participating Employers this FY to the July Panel for a vote. Moratoriums can be reconsidered each year at the start of the FY, or at any time Panel sees a need for adjustment.

If Committee would like to continue to allow non-Priority Participating Employers in MECs, then no action is needed today.