



Employment Training Panel

Memorandum

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

Date: December 17,
2020

CC: Executive Staff
Reg Javier, Executive Director
Peter Cooper, Assistant Director

From: Lis Testa, Policy Manager

Subject: ETP Policy Committee Meeting Agenda Item 4.a.
Discussion Item Re: Wages

I. Brief Issue Statement:

Policy Committee began its review of how wages are presented and tracked in ETP contracts at the October Policy Committee meeting. At that time, the Committee heard information on three wage related topics: the use of the actual wages being paid to trainees as the contractual post-retention wage, rather than using the ETP Required Minimum Wages in the contracts; wage progression; and revisions that materially change ETP contracts.

This memo is an update to the items discussed at the last meeting.

II. Actual Wages:

At the October Policy Committee meeting, it was agreed, with enthusiasm from both Committee members and stakeholders, to no longer use the ETP Required Minimum Wages as the contractual wage, but rather to use the actual post-retention wages being paid to trainees as the contractual wage, which will be checked to verify successful completion of retention.

To accomplish this, for projects appearing at the December Panel meeting and onwards, the actual paid post-retention wages are the wages that appear in the contracts. The contract language in the templates has been adjusted to capture this. Also, in the Panel Proposals, the last column of the Training Plan Table has had an asterisk added, with a statement that the "Post-Retention Wage is the Contractual Wage". Here is a screen shot of the new table clarifications:

Job No.	Job Description <i>Contract Attributes specific to each Job Number</i>	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage*
				Class / Lab	CBT		
	Select from drop-down						
				Weighted Avg:			
	Select from drop-down						
				Weighted Avg:			

*Post-Retention Wage is the Contractual Wage.
 If the base wage is \$15 or less, please add the following; otherwise, delete: **It will be made a condition of contract that trainees will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Additionally, the wage range column of the Wage Range by Occupation Table has been renamed to the “Post-Retention Wage Range”, to clarify that the wages that appear in the wage range area will also be used in the contract for post-retention verification. Here is a screen shot showing both the new column header and the wage ranges broken down into smaller ranges:

Wage Range by Occupation		
Occupation Titles	Post- Retention Wage Range	Estimated # of Trainees
Culinary Staff	\$15.75 - \$18.33	3
	\$21.50 - \$23.42	37
	\$26.00 - \$37.75	20
Barista	\$13.25 - \$14.97	3
	\$15.05 - \$16.30	2
Hospitality/LAX Worker	\$13.00 - \$14.50	9
	\$16.25 - \$18.00	26

Additional edits to both the Panel Proposals and to the Applications, that will further help to clarify the use of the actual paid, contractual post-retention wage will be incorporated in the coming months, as well.

III. Revisions that Materially Change the Contract:

At the October Policy Committee meeting, we discussed revisions that materially change the contract; in other words, revisions that change the essence of the contract so that when the contract term is complete, the training and other contract elements that occurred during the contract do not match the contract that Panel originally approved. For example, Panel approves a project with a Veterans job number, and the contractor requests a revision which moves funding completely out of the Veterans job number, so that no Veterans appear in the contract.

At the December Panel meeting during the action item request to put a moratorium on amendments that increase funding for the rest of this FY, we discussed the fact that any revision to the contract can only occur when both parties (ETP and the contractor) agree on the changes; in other words, contract revisions are not an entitlement.

After listening to all of the comments from both Committee members, stakeholders, and staff, staff is in the process of operationalizing a method to guarantee that the project that Panel approves is substantially the same project once the contract term ends. We will be ensuring that all contract language reflects this practice, and will be able to show, at the end of the contract, that the contract remained true to its original scope. We will also be able to show this in the Prior Project Performance area of the Panel Proposals, so that when a contractor comes for a repeat contract, Panel will have more information available from the prior project to aid their decisions on the repeat contract.

As we finalize the operational procedures for this item, we will send out stakeholder notifications for information and guidance. Some things we are looking at include limiting revisions in the last 90 days of the contract (when only retention is taking place); requiring revision requests that have gone to our Fiscal unit, especially at the P4 invoices or later, to be processed as actual revisions – in other words, to go through the official revision request process; and instituting a stronger review of revision requests to ensure that these requests do not materially change the contract, or that if they do, that they go through a stronger vetting and approval process.

IV. Wage Progression:

Another topic discussed at the October Policy Committee meeting was wage progression – how we can collect it, display it in proposals, the benefits of including this information in the proposals, how it can help to judge the strength of a proposal, and how it can contribute to prior performance when deciding to award a repeat contract or not. While the Committee members spoke favorably of including some sort of information on wage progression in the proposals, stakeholders voiced concerns over the difficulty of obtaining this information, especially for MECs.

After listening to all opinions, staff will be implementing the following – for all contracts (MEC or SE), for occupations who are earning less than whatever the current minimum wage is plus \$2.50 (so, for 2021: \$16.50), we will be adding an additional narrative area to the Panel proposals where the wage progression practices for these low wage earners will be explained. Information to include here will be things like: how long does it take for the low wage earner to achieve at least \$16.50/hour, what are the salary steps they must go through in order to reach the \$1.506/hour level, and what sort of benefits do the low wage earners receive. Panel members often ask exactly these questions of presenting contractors when they include low wage occupations in their proposals. We will be providing a narrative area in the proposals to address these items. Additionally, the wage ranges in the Wage Range by Occupation table of the Panel Proposals will be revised to show the lowest wage range as “\$16.50 or below”, then “\$16.51 - \$20.00”, “\$20.01 - \$25.00”, and “Above \$25.00”.

Wage progression is ideally tied to skills progression – as the worker’s skills increase, their wages should also increase. ETP contracts provide training which lead to skill gains for the trainees. This enhances the impact of the ETP contract on the trainees who participate, and on their families and larger communities. Wage progression information can be included as well in the Impact/Outcome area of the proposals. Contractors can show a stronger impact, and then stronger prior performance, by highlighting the benefits to workers that their ETP training contracts have provided.

These edits to the Panel proposal templates, and to the applications, will be made over the course of the next few months.

V. Recommendation:

Staff would like to know if Committee or stakeholders have any feedback or desire for more discussion on these items.