



Employment Training Panel

# Memorandum

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

Date: January 28,  
2021

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: FY 21/22 Funding Priorities

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I. Brief Issue Statement:

Each year in spring, ETP reviews and sets the funding priorities for the next Fiscal Year, including funding allocations, project caps, reimbursement rates, and moratoriums. This year, given the continuing pandemic, strain on the economy, our high levels of demand, and our projected reduced funding for the next few years, we would like to begin discussions on our funding priorities for the next fiscal year earlier than normal – and would like feedback from Committee on their goals and priorities for ETP for the next fiscal year.

II. Current Levels:

Currently, our allocations, caps, reimbursement rates, and moratoriums are as follows:

**Allocations:**

<b>Contract Category</b>	<b>Allocation</b>
Single Employer	\$30 M
Small Business	\$5 M
Critical Proposals	\$5 M
MECs	\$20 M
Apprenticeships (including non-traditional)	\$20 M
COVID Pilot*	\$30 M*
<b>Total</b>	<b>\$80 M</b>

\* COVID Pilot is limited to using half of the allocations set for SEs, SBs, CPs, and MECs.

## Caps:

Contract Type	FY 20/21 Cap
Single Employers (includes Small Business)	\$500 K
Critical Proposals*	\$600 K*
MECs (Includes Apprenticeships)**	\$600 K**
COVID Pilot***	\$200 K***
Non-Priority Industry	N/A
Delegation Orders	\$75 K
Consent Calendar	\$200 K

\* Critical Proposals may exceed this cap for good cause, as determined case-by-case.

\*\* All MECs are limited to one contract per FY.

\*\*\* The COVID Pilot ceased accepting applications on 12/31/2020. All COVID Pilot projects should be developed before the end of this current FY. If any remain to be developed next FY, the cap will remain \$200 K, as per the COVID Pilot Guidelines.

## Reimbursement Rates:

Category	Reimbursement Rate
CBT	\$9
Apprenticeship	\$18
Non-Priority Industry	\$20
Everything Else	\$23

## Moratoriums:

- Adult Entertainment
- Commission Sales Occupations in the Retail Trade
- Gambling
- Mortgage Banking
- Multi-level Marketing
- Training for Employees of Training Agencies
- Truck Driving Schools
- Partners & Principals in Professional Firms (legal, architectural, engineering, accounting, tax advising)
- Car Dealerships – Limited to training mechanics only under CORE Funds
- Non-Priority Industry Companies (excepting non-priority industry companies in the COVID Response Plan, COVID Pilot, Critical Proposals, and RESPOND programs)
- Funding Increase Amendments

### III. Items for Consideration:

Our projected budget for FY 21/22 will be reduced as compared to this and prior FYs. Please note that this is only projected at this time, and we will not be able to fully finalize it until after the Budget is passed by June 30, 2021.

Should allocations be set via a percentage or via a dollar amount? In other words, should a certain contractor type always receive 20% of the budget as their allocation, or \$25 M as their allocation, regardless of what the total budget is?

Should SET funding be given an allocation of 15%, per Legislation, leaving 85% for non-SET (OSC) projects?

Should allocations be set per industry sector, rather than per contractor type? And if so, how to approach it?

Should caps be lowered substantially to accommodate more contracts, or should caps be kept at relatively the same levels, which will result in fewer contracts?

If caps are kept at relatively the same levels, are there other program characteristics that should be given more weight or required to be a part of a proposed project?

Should reimbursement rates be adjusted, and if so, how, and for which populations?

Should we reduce the # of total hours a trainee can be trained, down from 200 to a lower amount, to help project total funding to be more 'right-sized'?

Should we consider emphasizing funding New Hire and Retrainee Job Creation, either solely, or as a required minimum percentage of the trainee population in any one contract?

Are there other trainee populations that we want to prioritize?

Are there other contract or trainee types that should be added to a moratorium list?

What about repeat contracts – should they be allowed this next FY? Or, should we allow repeat contracts, but not repeat trainees?

Should more emphasis be placed on higher wages, either by limiting the percentage of trainees on a contract that can be paid at a lower wage, or by raising the minimum wage floor that we will accept this coming FY?

Should we develop a scoring matrix for applications of a similar type, funding only those with resulting high scores?

Should we move to a system where we have few Panel meetings, and each meeting awards contracts on applications that were received in that application periods?

How should Preliminary Applications be prioritized within AAU and the ROs?

What about support costs and administration fees? Should any action be taken to place caps or to develop a stronger justification system for them?

IV. Recommendation:

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