



Memorandum

Employment Training Panel

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

Date: June 10, 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.c.
Discussion Item Re: New Hires and RJC

I. Brief Issue Statement:

Panel has requested an exploration into how we can incentivize and better serve ETP contractors who have a New Hire (NH) or Retrainee Job Creation (RJC) component to their contracts.

Both New Hire and RJC projects are geared towards helping to decrease the statewide unemployment rate by encouraging ETP contractors to add these populations into their contracts.

New Hires are codified in ETP's Legislation, and this term refers to individuals who were unemployed when they begin training in an ETP contract. These trainees must be hired by an eligible CA business and complete their retention periods at their new place of employment in order to be considered as successfully completing the requirements of the ETP contract they are enrolled in. New Hires are required to meet a lower wage than standard retrainees, and this requirement is also set out in our Legislation. Since they are unemployed when ETP training begins, New Hires can only appear in MEC contracts.

Retrainee Job Creation trainees are 'newly hired', meaning that they have been hired anywhere from 90 days before their contract term begins, through anytime during the contract term, as long as they can finish their training and retention requirements within the contract term. RJC trainees have a minimum \$15 wage requirement. RJC trainees also must constitute a 'net new job' for the company where they were recently hired, meaning that, except for select instances, the company must have created new positions in the same number as the number of RJC trainees they include in their

contract – they cannot simply backfill into pre-existing positions. RJC trainees can be found in both SE and MEC contracts.

II. Potential Options:

While some could say that simply having the option to include NH or RJC trainees in an ETP contract is itself an incentive to ETP applicants to consider expanding their workforce, Panel has expressed the desire to find additional ways to serve this population. Here are some potential options:

- Give expedited processing for eligibility and development for either contracts with a NH/RJC component, or to contracts that are fully NH/RJC (with no retrainees included);
- Give NH/RJC trainees a higher reimbursement rate. Currently, they receive the highest \$23 rate. They could be given a higher rate of approximately \$25.
- We could consider loosening the net new jobs requirement for the RJC population, on a temporary basis or more permanently.

Just as with the previous discussion on Small Businesses, many of our program elements are laid out in our Legislation or Regulations, and are unable to be altered.

III. Recommendation:

Staff would like to know if Committee or stakeholders have any feedback or desire for more discussion on these items. No action is needed.