



Employment Training Panel

Memorandum

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

Date: December 2,
2021

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

From: Lis Testa, Policy Manager

Subject: ETP Policy Committee Meeting Agenda Item 5.a.
Proposal/Action Item Re: Net New Job Requirement

I. Brief Issue Statement:

ETP's Retrainee Job Creation (RJC) Guidelines stipulate that the RJC trainees who are newly hired must be hired into a 'net new job' – meaning, these trainees cannot simply backfill into current empty positions, but must be hired into newly created positions.

The new alternatively funded CA Community College and Expansion Fund projects have removed this net new job requirement from RJC job numbers in these contracts.

ETP would like to place the net new job requirement of the RJC program on hold indefinitely for Employment Training Fund (ETF)/Core funded projects as well. ETP will review this requirement occasionally to determine if and when it should be re-activated.

II. Background:

The Retrainee Job Creation (RJC) Guidelines were implemented in 2011 in order to encourage hiring by Single Employers to help offset the then still elevated unemployment levels that came about during and after the last recession.

MECs already were encouraged to hire new employees through the New Hire program. In this program, New Hire trainees are unemployed when training begins, but must be employed at some point during the MEC's contract term in order to complete their retention periods in the contract.

Single Employers could not utilize the New Hire program, because by definition, no Single Employer trainee would be unemployed when training began. However, ETP wanted to help incentivize the hiring of new employees among Single Employers as well, to have a greater impact on lessening the effects of the high unemployment rate at the time.

The RJC program was developed to fit this need. Under this program, Single Employers could hire new employees (hiring to occur anywhere from 90 days before the contract term start-date, through anytime during the contract term, as long as the RJC trainee could also complete their retention period during the contract term). Since the overarching goal of the RJC program was not to just incentivize hiring, but to help in actually reducing the overall unemployment rate, the net new jobs requirement was added into the RJC program. ETP wanted to ensure that new jobs were being created to help the overall economic situation, and also wanted to ensure that one person was not being let go simply to hire a replacement.

This FY, ETP received additional alternative funds to start two new programs: the CA Community College Fund and the Expansion Fund programs. Under the guidelines for these programs, which were approved by the Panel at their October 1, 2021 meeting, the net new jobs requirement for RJC job numbers was suspended.

ETP would like to expand the suspension of the net new jobs requirement to all projects, both alternatively and Core (ETF) funded, on a temporary basis, with this requirement to be reviewed occasionally.

III. Recommendation:

Staff would like to know if Committee or stakeholders have any feedback or desire for more discussion on these items. Staff also requests approval to bring to Panel for consideration suspending the net new jobs requirement for all projects on a temporary basis, until a review of this requirement shows a necessity to reinstate it.