



Employment Training Panel

# Memorandum

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

Date: November 29,  
2022

CC: Executive Staff  
Reg Javier, Executive Director  
Peter Cooper, Assistant Director  
Jaime Gutierrez, Chief Deputy Director

From: Lis Testa, Policy Manager

Subject: ETP Policy Committee Meeting Agenda Item 5.a.  
Proposal Regarding Retrainee Job Creation Wage

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I. Brief Issue Statement:

Each year in October, ETP calculates the required minimum wages for all of our trainee categories for the following calendar year. ETP has just recently calculated the new required minimum wages for all trainee categories for calendar year 2023, and during this process, we noted an issue with the Retrainee Job Creation (RJC) wage, which is what we are here today to address.

II. Background Information:

As a reminder:

RJC trainees are 'newly hired', meaning, they are new employees who have been hired anywhere from 90 days before the ETP contract term begins, through any time during the contract, as long as they can meet their minimum training and retention requirements during the contract term.

Historically, RJC trainees have been held to the New Hire required minimum wages, which in general, are our lowest required wage levels.

In 2018, Panel expressed concern that we were potentially incentivizing companies to pay the lowest wages possible, and asked for a review of the RJC wage in particular. This item came to the December, 2018 Policy Committee meeting for discussion.

At the February, 2019 Panel meeting, Panel voted to institute a new RJC specific wage, which they set at a hard \$15/hour.

For 2023, the statewide minimum wage for all companies regardless of business size is \$15.50/hour. Therefore, the pre-set RJC wage of \$15 has now fallen below the statewide minimum wage. Hence, we are here today to obtain Committee's direction on how they would like the RJC wage to be handled from this point on.

### III. Options

Option 1: Set the RJC wage to the New Hire wage. This is how the RJC wage was historically handled.

Option 2: Set the RJC wage to the Retrainee wage. This is a slightly higher wage level, however, this would most likely discourage contractors from utilizing the RJC program.

Option 3: To set a new RJC wage, somewhere above the New Hire wage but below the Retrainee wage. This approach is parallel to the approach Panel took in 2019. If Committee recommends this option, it is staff's request that we set the RJC wage to a set dollar amount above the statewide minimum wage – for example, \$1.50 more than the statewide minimum wage. This will then eliminate the need for us to return to Panel for additional action on the RJC wage as the statewide minimum wages increase. For example, for 2023, the statewide minimum wage is \$15.50. Using this approach would set the RJC wage to \$17.00 for 2023.

### IV. Recommendation

Staff is requesting Committee's feedback on which option they would prefer for the RJC wage, and once decided, we are requesting an action item to forward the new RJC wage on to Panel for full approval.