



Memorandum

9/22/09

To: Employment Training Panel
Alternative Funding Subcommittee

From: Brian McMahon
Executive Director

Subject: Clean Energy Workforce Training Program

Clean Energy Workforce Training Program Guidelines

This is to present guidelines for review and approval prior to implementing a new Clean Energy Workforce Training Program to be administered by ETP using a source of funds other than the Employment Training Tax.

Background

ETP and the California Energy Commission (Energy Commission) have entered a partnership to promote skills development and career advancement in the state's emerging green economy. By the terms of this partnership, ETP will develop and administer a new Clean Energy Workforce Training Program, using the existing "core program" infrastructure to the extent possible.

For this purpose, ETP will receive an additional \$5 million in federal funds under the American Recovery and Reinvestment Act (ARRA) federal funds. From this appropriation, ETP will retain \$500,000 for administrative costs. There will be no expenditure of Employment Training Tax funds for the new program.

The expenditure of ARRA funds is authorized under the state Budget Act for FY2009/10. A new provision in ETP's enabling law conveys authority to disburse funds from a source other than the Employment Training Tax, and exempts the Panel from rulemaking in setting program guidelines. ([UI Code](#) Section 10214.6. AB12 X4, Stats. 2009.)

The ARRA funds will be disbursed through two-year performance-based contracts over the next two state Fiscal Years. Proposed guidelines for the Clean Energy Workforce Training Program are outlined below with reference to the "core program" infrastructure and performance standards.

The differences in performance standards are, for the most part, consistent with the approach used for developing Critical Proposals under the core program. (See Title 22, California Code of Regulations Section 4402.2.) However, some differences are based on the objectives of ARRA, and the green training goals of the Energy Commission.

Project Targeting

The Energy Commission has identified project criteria that include funding training programs to advance workers' job skills in energy efficiency, water efficiency, and renewable energy. Projects funded should support California efforts to lead in the development of clean, renewable, and alternative energy sources. Projects should contribute to a well-trained workforce to design, construct, install, retrofit, operate, service, and maintain needed energy infrastructure, systems, and applications. Targeted employers will be those principally engaged in the clean/green sector, employers with only ancillary or secondary sector involvement will not be the focus of these funds.

Performance Standards

Approved Amount: Projects would be funded at no less than \$75,000 so as to make the most effective use of staff time in administering this new program. Green training projects at less than this amount would be referred to a Multiple Employer Contract (MEC) whenever possible. No project would be funded at more than \$1,000,000. It is expected that most projects would fall within the same range as the core program at \$500,000 for Single Employers and \$750,000 for MECs.

Post-Retention Wages: Trainees would be subject to the standard ETP Minimum Wage for Retraining and New Hire training, county-by-county with High Unemployment Area modification.

Panel Review: Proposals would be presented to the Panel using a slightly modified ETP130 format. Panel approval would be required for all projects.

ETP Agreement: Contracts would follow the ETP100 model with revised performance standards as applicable. Contracts would include additional provisions for federal reporting and accountability, as required by ARRA.

Turnover Rate: Employers would be required to provide turnover rate information for data-gathering. Employers with greater than 20% turnover in the preceding year would be required to provide a justification, consistent with the core program. However, given the recession and attendant volatility in the current workplace, and overall goals of federal funding, a turnover penalty would not be assessed. This approach is consistent with turnover rate modifications for Critical Proposals under the core program.

Training Hours Cap: Cost-per-trainee would be contained by a cap on hours, consistent with the core program. Greater flexibility would be used in setting the cap for a hard-to-serve population. However, hours over 300 would be subject to greater scrutiny, for both Retraining and New Hire training.

Placement/Retention: There would be new patterns for placement and retention, commensurate with the emphasis on green workforce development in the building trades. For New Hire training, there would be an option of placement and retention using a portfolio model. For both Retraining and New Hire (new skills) training at the pre-apprentice or journey level, there would be an option for retention at 200 hours within a period of 365 days (as compared to building trades in the core program where there is an option for retention at 500 hours within 272 days). These options would be made available for good cause shown on a case-by-case basis.

Under the New Hire Portfolio model, the contractor would earn 70% of cost-per-trainee upon completion of training. These earnings would not be subject to reimbursement should placement fail, although the contractor may be required to provide evidence of training value (e.g., an industry-recognized certificate of completion or competency). After placement and completion of the

appropriate retention period, the contractor would earn the final 30% of cost-per-trainee. This model is consistent with placement and retention requirements for dislocated worker training funded under the federal Workforce Investment Act.

Eligible Employer: Employers whose companies are not green in their primary core or business will not be considered as candidates for these funds. No exclusion for non-profit employers and no requirement for out-of-state competition (as compared to the core program where funding is tied to collection of the Employment Training Tax). Public and private schools, and training agencies, must satisfy certification standards in accordance with the core program. Additional reporting and recordkeeping requirements may apply for ARRA purposes.

Eligible Trainee: No history of employment or Unemployment Insurance eligibility required. Payroll must be reported in California for all trainees.

Eligibility for Placement: New Hire trainees could be placed with any employer, regardless of whether they are subject to the Unemployment Insurance Tax.

Productive Lab (On-the-Job): Employers would be required to justify the need for productive lab training, whether simulated or on-the-job. There would be no limitation on productive lab hours, consistent with turnover rate modifications for Critical Proposals under the core program. Reimbursement will match current class/lab levels.

Employer Contributions: An In-Kind Contribution would be required, consistent with the core program. There would not be a Substantial Contribution, in recognition that this is a new funding source from prior projects. Also, the modification of a Substantial Contribution requirement is consistent with Critical Proposals under the core program.

Other Areas: The Clean Energy Workforce Training Program would follow core program procedures and standards in other areas, as in the examples below:

- Marketing
- Eligibility determination
- Reimbursement rate table
- Support costs for MECs
- Variable reimbursement methodology
- Minimum and maximum range of training hours
- Cap on literacy and safety training as % of total hours
- Trainer-to-trainee ratios
- Proposal development and monitoring
- Progress payments invoiced through Online Tracking System

Please let me know if you have any questions or comments.