



From: Maureen Reilly, General Counsel

Date: August 28, 2015

To: Panel Members

Subject: **No More Barriers**

The Panel is invited to consider a new program for ETP funding that fosters job creation and retention in full-time employment for persons with disabilities: **No More Barriers**. This program will confer the equivalent of Critical Proposal status, and offer the full array of Job Creation incentives, for training persons with disabilities. In essence, this will expand the current Job Creation Pilot in order to achieve three central policy goals:

1. Pay It Forward whereby ETP funds will foster full employment for disabled workers as an economic generator for the State of California.
2. Paying Back the many ETP-eligible employers that must now meet Section 503 Compliance goals to hire Individuals With Disabilities (IWD) at 7% of each "job group" working on a federal contract.
3. Forward Looking to increase ETP visibility among the 20,000 California employers holding federal contracts.

1. PAY IT FORWARD - Critical Proposal Status

No More Barriers will reward the employer's investment in human resources in the same manner as their purchase of new equipment, by conferring the equivalent of Critical Proposal status, for purposes of ETP funding.

As such, No More Barriers will recognize value-added to both employer and community when persons with disabilities workers are hired into permanent full-time jobs. Critical Proposal status will allow the highest funding priority for expedited eligibility determination and development. This status will be applied to the full proposal. However, it will not alter the funding cap or allocation. This means funding will be capped and allocated as pertinent to contract type per Fiscal Year.

Staff expects that the majority of this training will be \leq \$100,000, at least in the first year. This would allow No More Barriers proposals to be approved by Delegation Order with expedited processing.

So long as there is a No More Barriers Job Number, Critical Proposal priority status will apply to the full proposal.

Job Creation

No More Barriers will recognize that employers may encounter significant costs related to training and retaining workers with disabilities, and frequently create or adapt positions as needed to accommodate the disabling condition. This concept allows ETP to “piggyback” onto the successful Job Creation program. Consistent with Job Creation, the new program will only apply to a Single Employer Contract (SEC). The key Job Creation incentives are:

- New Hire Reimbursement Rate (\$20 per hour)
- New Hire Wage (ETP Minimum Wage, county-by-county)
- HUA wage modification available (by county or region)
- Up to 260 hours per-trainee (justification presumed)
- No Substantial Contribution
- No Turnover Rate Penalty
- Temp-to-Perm Hiring (also Part-time to Full-time and Seasonal)
- Literacy and Job Readiness at 50% total hours per-trainee

Since the Job Creation Pilot launched in January 2011, ETP has served some 93 employers training 3,415 workers with payment earned averaging 75%.

2. PAYING BACK - Employer Commitment

The new program will focus on employers that have already made a commitment to hire workers with disabilities, whether or not they need Section 503 Compliance. (See Rehabilitation Act of 1973 as amended in 2013. 41 CFR Part 60-741.) This will eliminate the risk associated with training unemployed workers who must be placed into permanent full-time positions and meet retention requirements for payment earned.

Most employers that hold federal contracts are in ETP priority industry sectors. For Section 503 Compliance these employers must recruit, hire, promote and retain Individuals With Disabilities (IWD) at 7% of the “job group” assigned to the federal project that is under contract. By way of example, for an engineering firm this would mean 7% of the Engineers assigned to the project must be IWD. For a Small Business holding a federal contractor or subcontract, the 7% hiring goal is applied across-the-board to the employer’s full workforce. The Small Business reimbursement rate will apply even though these trainees will otherwise be considered Job Creation.

ETP eligible employers that hire disabled workers will qualify for funding under the new program regardless of whether they hold federal contracts.

Individuals With Disabilities (IWD)

As stated earlier, No More Barriers will mirror Job Creation, recognizing that employers create or adapt jobs as needed to support their commitment to hire persons with disabilities. The type of disability will vary from one employer to another, although the 7% hiring goal remains the same for Section 503 Compliance. The employer will be tasked with documenting eligibility.

For purposes of Section 503 outreach, the federal Office of Management and Budget (OMB) allows workers to “self-certify” using a simple online form that identifies 18 qualifying disabilities. This includes Veterans suffering from Post-Traumatic Stress Disorder. (OMB Form CC-305, *Voluntary Self-Identification of Disability*.) ETP will accept this certification.

Funding may be under Special Employment Training (SET) for employers that do not face out-of-state competition. If so, then eligibility may also be based on the “multiple barriers” standard for SET at Title 22, California Code of Regulations Section 4409(a)(7). These trainees will be funded under SET, but will qualify for Job Creation incentives if hired within the three-month window period.

Human Resources staff, and managers/supervisors overseeing disabled workers, will also be eligible for training under a separate Job Number. This training may include courses in Section 503 Compliance and related subjects. These trainees will not qualify for Job Creation incentives unless they also have disabilities and are hired within the window period. The managers/supervisors must be “frontline” if funding is under SET.

In keeping with the commitment to hiring disabled workers, employers must pay wages during all hours of ETP-funded training as a full In-Kind Contribution.

3. FORWARD LOOKING: Partners

Several other government programs offer financial incentives to employers for hiring and training persons with disabilities. They include:

- ✓ Workforce Innovation and Opportunity Act (WIOA) funding for adult education, flowing through the Employment Development Department (EDD)
- ✓ Tax credits for business expansion, administered by the Governor’s Office of Business & Economic Development (GOBiz).
- ✓ Multiple programs to aid disabled worker recruitment and training, administered by the Department of Rehabilitation (DOR)

Supplemental Funding

ETP funding cannot be used to displace another government programs, pursuant to the requirement for Supplemental Funding at Unemployment Insurance Code Section 10200(a)(c). Traditionally, the Panel would require an employer's representation that ETP funding will not displace another such program. However, in keeping with the overarching policy interest in full employment for persons with disabilities, the Panel could acknowledge that the various programs supplement each other.

ETP funding flows relatively quickly and No More Barriers can be administered alongside other incumbent worker training. These factors should encourage eligible employers to contract with ETP and still be free to seek other sources of government funding to offset the high cost of recruiting, hiring training and retaining persons with disabilities.

The supplemental nature of ETP funding should be recognized as intrinsic to No More Barriers, without the need for employer certification or rate adjustment.

DOR Partnership

No More Barriers will be implemented in partnership with DOR. With more than 100 specialized staff statewide, DOR is assisting California employers in their efforts to reach federal hiring goals as required for Section 503 Compliance.

Of the Top 100 Federal Contractors, approximately 30% have previously received funding from ETP (14% direct contracts, 16% MEC participants). These are among the largest firms nationwide, and are a natural focal point for marketing the new program.

It should be noted that the OMB recently launched an initiative whereby federal entities are encouraged to contract directly with Small Business (rather than reaching this sector as subcontractors). Whether as a contractor or subcontractor, the ETP Small Business community will also have Section 503 Compliance training needs.

According to DOR, some 20,000 employers in the State of California hold federal contracts. These companies range in size from <100 employees to multinational. They must all reach Section 503 Compliance goals.

State Directive for WIOA

Employers may also benefit from career and training services funded by WIOA for adult participants. These services are prioritized to reach recipients of public assistance; other low-income individuals, and persons who are deficient in basic skills.

For purposes of administering WIOA funds, the Employment Development Department (EDD) has defined “priority” to mean at least 51% of participants must be either low-income, recipients of public assistance, or basic skills deficient. This does not negate WIOA priorities for serving Veterans.

ETP and DOR will coordinate with the California Workforce Development Board and local boards to fund training for employers that hire persons with disabilities. As such, the goals of No More Barriers are consistent with State of California directives under the Workforce Innovation & Opportunity Act (WIOA).

Marketing

The ETP Economic Development Unit will work closely with DOR to create a focused marketing campaign for the new program. ETP will also support development by other marketing partners and consultants. For example, ETP will make its logo available for print and electronic materials.

The features of this program are designed to be “unbundled” in order to fit the hiring interests of a particular employer. Eventually, No More Barriers should elevate the ETP profile in general, and eventually become a marketing tool for the core program.

Launching

If approved by the Panel today, this new program could take effect as early as October 1, 2015 with the possibility of retroactive amendment for contracts funded earlier this Fiscal Year and approved on or after July 1, 2015. The features of this program may be adjusted by the Panel going forward based on experience.

Guidelines for No More Barriers will be posted on the ETP website, along with links to other government programs that provide funding or assistance for hiring and training persons with disabilities. These guidelines will mirror the Job Creation Pilot.

RECOMMENDATION

Staff recommends adopting the No More Barriers program with the features outlined in this memorandum effective October 1, 2015. It is also recommended that No More Barriers be allowed as an amendment for contracts funded as of July 1, 2015 as may be applicable, on a retroactive basis.

No More Barriers

A New Program Proposal

Maureen Reilly, General Counsel

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Three Central Policies

PAY IT FORWARD

PAYING BACK

FORWARD LOOKING

Critical Proposal Status

“No More Barriers will reward the employer’s investment in human resources in the same manner as their purchase of new equipment, for purposes of ETP funding.”

- Highest Funding Priority
- Reflects WIOA 51% Goal
- Supports GoBIZ Policies

Job Creation Incentives

- Create or Adapt a Job as Needed
- Single Employer Contract Only
- Key Incentives
 - New Hire Wage/Rate
 - No Substantial Contribution
 - No Turnover Rate Penalty

Job Creation Performance

- “Since the Job Creation Pilot launched in January 2011, ETP has served some 93 employers training 3,415 workers with payment earned averaging 75%.”

Employer Commitment

- Section 503 Compliance
 - Individuals With Disabilities (IWD)
 - Other Incumbent Workers
- Community Service
 - Disabled Workers
 - Other Incumbent Workers
- All Industry Sectors
 - Largely Priority Industries
 - Includes Small Business

Follow Employer's Program



- Employer determines/documents eligibility
 - OMB Form CC-305
 - SET/Multiple Barriers
 - Other similar self-certification
- Encourage training for other staff
 - Human Resources Personnel
 - Managers/Supervisors

Partners

- Array of Other Government Programs
- Supplemental Funding
- Work with Partners
 - DOR (Section 503)
 - EDD (WIOA)
 - GoBIZ (Critical Proposals)
- Focused Marketing

DOR Partnership



- Department of Rehabilitation (DOR) will introduce employers to ETP as a funding source for Section 503 Compliance
 - Multiple Regional Offices
 - DOR staff will learn about ETP
- 20,000 companies in CA hold federal contracts, including the Top 100 Contractors.

Grow the Program



- Increase Capacity in Second Year
 - Full Training Plans beyond Section 503
 - Bundled with Related ETP Pilots
- Possible Revisions in Third Year
 - Expand Job Creation Hiring Window
 - Other Revisions Based on Experience
 - Possibly Open to MECs

Launching

- New Proposals as of October 1, 2015
 - Begin Training with DOR
 - Begin Outreach to Top 100 Companies
 - Other Focused Marketing
- Retroactive to July 1, 2015
 - By Modification or Amendment
 - Add Job Number for IWD/Disabled Trainees