



Memorandum

To: Panel Members

Date: 1/22/16

From: Stewart Knox
Executive Director

File: Panel Memo

Subject: Temp-to-Perm Program

This memorandum presents options for the Panel's consideration of a revision to the current Temporary-to Permanent Program.

Background

ETP currently allows training to begin for Temporary Agency staff while on assignment to a contracting employer or participating employer. Under the Temp-to-Perm Program, trainees must be hired on a permanent full-time basis before they can be enrolled in the ETP-funded project, and before any invoicing may begin.

The current program is expressed in regulation Section 4427, as amended March 2011. That amendment is shown below, with emphasis added:

4427. Temporary Agency

(e) On a case-by-case basis, Temporary Workers may be trained so long as they are hired by a single employer under a single-employer contract, or by a participating employer under a multiple-employer contract, for purposes of full-time retention and related requirements. The Panel may approve this type of "temporary to permanent" hiring model based on the extent to which the training is designed to further overall goals and objectives of the ETP program.

The reason for amendment was to recognize a shift in workforce practices, whereby employers recruit staff from Temporary Agencies with the goal of eventually hiring them into full-time permanent employment. The decision to "convert" Temporary Agency staff may not take place until after orientation and training, although the time period differs by employer.

Issue

In recent months, the Panel has expressed concern over the Temp-to-Perm hiring model, as to whether employers are retaining staff from Temporary Agencies on an indefinite basis.

As a result of this concern, the Panel asked staff to research a possible revision to the current program. *The purpose of the proposed revision is to further incentivize employers to “convert” trainees from temporary to permanent full-time status as a condition of ETP funding.*

Analysis

As noted earlier, under the current program, Temp-to-Perm workers must be hired into full-time permanent employment prior to enrollment or invoicing. Put another way, ETP funds cannot be earned while a trainee is still on payroll with the Temporary Agency. The period of time for training would be further limited under the proposed policy revision.

There are two key factors for analysis:

1. Time Period for Training

The time period for all training is limited by the term of contract. Typically, this is two years for a standard-size business and one year for a Small Business. The employment retention imposes another limitation. In general, this is 90 consecutive days, regardless of business size. Both training and retention must be completed within the term. This leaves two “window periods” to complete training: 21-months for a standard-size business and 9 months for a Small Business.

Any further limitation should be based on facts and circumstances unique to each proposal, in keeping with case-by-case analysis per regulation Section 4427. However, it is customary to establish a guideline or benchmark in such matters, for purposes of administrative feasibility. [Note: Temp-to-Perm Program guidelines will be posted on the ETP website, as revised.]

Staff invites the Panel to consider a six-month (180-day) time period, as a reasonable benchmark for the use of ETP funds under the Temp-to-Perm program. This is because less than three months does not give sufficient time for recruitment and training, and more than 21 months (nine months for Small Business) does not leave time for retention.

Furthermore, based on knowledge and experience in monitoring training projects, staff believes six-months is sufficient time for the employer’s recruitment and training prior to deciding whether to convert Temporary Agency staff into full-time permanent status.

Although a shorter time period could be used as a benchmark for one-year contracts, this would run counter to the goal of fostering access to ETP funds for Small Business. (See UI Code Section 10205(b)(4).)

2. Measurement of Time Period

Measurement could begin at any of three different checkpoints: 1) Start of Contract, 2) Start of Training, and 3) Date of Hire. However, the first one may be too limiting for employers, given their need to schedule and complete training with adjustment for business needs. And, the second checkpoint would be difficult for staff to monitor on a per-trainee basis.

In comparison, Date of Hire by the contracting employer (or participating employer) directly correlates to the completion of training. As such, it shows the value-added by ETP funds insofar as the training leads to full-time permanent employment. Moreover, Date of Hire is tied to enrollment in the ETP database; it can be retrieved by ETP on a per-trainee basis prior to the first payment, and monitored at each point in the “progress payment” cycle.

Of necessity, the six-month (180 day) time period would be measured on a retroactive basis within the term of contract. In other words, ETP would “look back” from Date of Hire, allowing employers to schedule training on a rolling basis when workers are retained through a Temporary Agency. In this scenario, the potential for earning ETP funds would act as an ongoing incentive for conversion into full-time permanent employment.

Monitoring

The ETP Fiscal Unit would measure the first day of training against the Date-of-Hire benchmark, for all trainees enrolled under the Temp-to-Perm Program. This measurement would be made after enrollment and prior to the first payment, per-trainee. Only those hours delivered and reported within that time period would be eligible for reimbursement. Invoices for training hours delivered outside that period would be denied payment.

Effective Date

Changes in ETP policy or programs that restrict funding are usually implemented on a prospective basis, in keeping with the need for advance planning in the proposal development cycle. This cycle is ordinarily 90 days (60 days for a Small Business).

Recommendation

Staff recommends adopting a six-month (180-day) time period for the use of ETP funds under the Temp-to-Perm Program. As a guideline or benchmark, that time period would be measured from Date of Hire into a full-time permanent position, looking back to the first day of training, per-trainee. The same time period and measurement process would apply to one-year and two year terms of contract. Staff recommends that this revision should be implemented as a guideline, allowing for case-by-case analysis based on the facts and circumstances of each individual proposal.

Staff recommends a prospective effective date for this revision, such that it would only apply to proposals approved on and after April 1, 2016. The same effective date would apply to approval by Delegation Order, as by the full Panel.

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