
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 1457 (Cervantes) - Regional business training center network: pilot project

Version: August 4, 2020

Policy Vote: TRANS. 11 - 0, B., P. & E.D.
9 - 0

Urgency: No

Mandate: No

Hearing Date: August 17, 2020

Consultant: Robert Ingenito

Bill Summary: AB 1457 would require the Employment Training Panel (ETP) to establish a pilot project to create a regional business training center network of at least 10 sites through a partnership with the California Community Colleges (CCC), the Governor's Office of Business and Economic Development (GO-Biz), and the Labor and Workforce Development Agency (LWDA) in response to COVID-19.

Fiscal Impact:

- ETP and LWDA's fiscal impacts from the bill are still to be determined; however, these costs would likely be significant (Employment Training Fund), especially for ETP as the lead agency on the pilot project.
- CCC would require two half-time positions, for a total annual General Fund cost of \$120,000, to implement its provisions in the bill.
- GO-Biz and EDD would incur minor and absorbable costs.

Background: ETP is a state program that has provided support in job creation and retention through training for over 30 years. Unlike other programs that focus on pre-employment training, ETP reimburses the cost of employer-driven training for incumbent workers and funding the type of training needed by unemployed workers to re-enter the workforce, particularly for those workers on the frontlines, rather than highly technical or professional occupations. The program is structured so that employers make decisions about the training program and are involved in every aspect of the training. Today, the program focuses on supporting job creation and business attraction, retention, and expansion, as well as the re-employment and retention of workers.

ETP is funded by a special tax on California employers called the Employment Training Tax (ETT), and only those employers who pay the tax may benefit from the program. Those employers include single employers subject to the unemployment tax insurance, groups of employers, such as the chambers of commerce, joint apprenticeship training committees, trade associations, or economic development corporations, training agencies, such as community colleges and community college districts, workforce development boards, and Workforce Innovation and Opportunity Act recipients. In the last few years, however, ETP has received additional funding for alternative programs designed to train unemployed workers for jobs in the recovering economy. Additional funding primarily comes through distributions from EDD and the California Energy Commission (CEC).

Proposed Law: This bill would, among other things, do the following:

- Require ETP to establish a pilot project to create a regional business training center network of at least 10 sites through a partnership with the CCCs, GO-Biz, and the LWDA.
- State that the purpose of the pilot project is to support the establishment of a statewide network of regional business training centers, based on the existing California Community Colleges Economic and Workforce Development Program, as specified, and to support the upskilling of the regional workforce to meet the demand for jobs in essential industry sectors during the COVID-19 pandemic and in the emerging and dominant industry sectors in the post COVID-19 economy.
- Require community colleges participating in the pilot project to offer short-term training programs that assist displaced and incumbent workers in obtaining the skills necessary to work within essential, emerging, and dominant industry sectors, as specified.
- Require ETP to establish an advisory board of businesses, workforces, and economic development stakeholders to provide guidance to the pilot project.
- Require ETP to submit two annual reports on the activities of the pilot project and a final report that includes an overall summary of the activities of the pilot project and an assessment of the effectiveness of the pilot project, as specified.

Staff Comments: Even though ETP would be the lead agency, CCC anticipates that it would incur additional workload costs to support the bill's pilot project and associated activities. Specifically CCC estimates needing one half-time position, costing \$60,000 annually (1) to coordinate with ETP, GO-Biz, LWDA, and the regional business training network, and (2) perform the bill's various required duties. Additionally, CCC would need a second half-time position for ten colleges to perform various functions, including outreach and engagement with prospective students and industry partners to participate in the pilot project. CCC further anticipates that colleges would incur additional indirect workload costs related to the development of short-term training program curriculum and recruitment and hiring of course instructors.

LWDA indicates that the bill's fiscal drivers include a higher demand of increased contracts for job training, and preparation of the annual reports and overall summary. It is likely that additional staff and resources would be needed to handle the influx, and for preparation of the annual reports and overall summary; the specifics are still being determined.

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