
THIRD READING

Bill No: AB 1457
Author: Cervantes (D) and Reyes (D)
Amended: 8/20/20 in Senate
Vote: 21

PRIOR VOTES NOT RELEVANT

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 9-0, 8/8/20
AYES: Glazer, Chang, Archuleta, Dodd, Galgiani, Hill, Leyva, Pan, Wilk

SENATE APPROPRIATIONS COMMITTEE: 6-0, 8/20/20
AYES: Portantino, Bates, Bradford, Hill, Leyva, Wieckowski
NO VOTE RECORDED: Jones

SUBJECT: Regional business training center network: pilot project

SOURCE: Authors

DIGEST: This bill requires the Employment Training Panel (ETP) to establish a pilot project to enhance a regional business training center network of community college contract education centers to partner with other assistance providers serving small businesses and authorizes the pilot program to be guided through a partnership with the ETP, including California Community Colleges (CCCs), the Governor's Office of Business and Economic Development (GO-Biz), and the Labor and Workforce Development Agency (LWDA), and the California Workforce Development Board (WDB) in response to COVID-19.

ANALYSIS:

Existing law:

- 1) Establishes the ETP within the Employment Development Department. (Unemployment Insurance Code (UIC) § 10202(a)) and tasks the panel with various duties, including establishing a 3-year plan based on the demand of employers for trained workers, changes in the state's economy and labor

markets, and continuous reviews of the effectiveness of panel training contracts. (Unemployment Insurance Code §§ 10202(a)) and 10205(a))

- 2) Establishes the California Community Colleges Economic and Workforce Development Program with the purpose of, among other things, using labor market information to advise the chancellor's office and regional community college bodies on the workforce needs of the state's competitive and emerging industry sectors, and collaborating and coordinating investment with other state, regional, or local agencies involved in education and workforce training in California. (Education Code §§ 88600 et seq.)
- 3) Authorizes the governing board of any community college district to contract education programs by agreement with any public or private agency, corporation, association, or any other person or body, to provide specific educational programs or training to meet the specific needs of those bodies. (EDC § 78021)
- 4) States that community college districts are encouraged to expedite the development of targeted credit or noncredit short-term workforce training programs as specified, including short-term workforce training programs that focus on economic recovery and result in job placement and short-term workforce training programs that focus on reskilling and upskilling of individuals. (EDC § 88821(g))
- 5) Defines "short-term workforce training program" to mean a 4-12 week program with a proven employer partner designated for targeted reskilling and upskilling that results in job placement. (EDC § 88822(q))

This bill:

- 1) Requires, until January 1, 2025, upon appropriation by the Legislature, the ETP to establish a pilot project to enhance a regional business training center network of community college contract education centers to partner with other assistance providers serving small businesses, and 2) authorizes the pilot program to be guided through a partnership with the ETP, including CCCs, GO-Biz, and LWDA, and WDB in response to COVID-19. Authorizes the ETP, and its partners, to establish an advisory board of businesses, workforces, and economic development stakeholders to provide advice to and to review the pilot project.

- 2) Requires 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.
- 3) Requires the 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.

Background

Established in 1982 by the Legislature, the ETP is a California 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 fulfills its mission by reimbursing 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. ETP has also strengthened its relationship with GO-Biz over the years, given that GO-Biz offers a range of services to business owners including but not limited to attraction, retention and expansion services, site selection, and small business assistance. ETP also maintains a partnership with California Workforce Development Board (CWDB) (formerly CWIB) and the California Workforce Association. 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, trade associations, or economic development corporations, and training agencies. 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 the Employment Development Department and the California Energy Commission. Community College Contract Education Centers are currently partnering with ETP, even during the COVID-19. They provide consulting and not-for-credit customized upskill training services for employers and entered into contracts with the state's ETP to help retrain employed (incumbent) workers.

COVID-19 and its Economic Impact. According to the Authors, “Over 7.6 million Californians filed for some form of unemployment assistance between March 14 and July 25, 2020....Currently unemployed and underemployed individuals need

immediate training opportunities if they are going to successfully transition to employment in business sectors that do require workers.” Additionally, it is worth noting that this pandemic has stressed low-income households in high-income areas most, unlike in recessions of the past.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, this bill will result in likely significant, although still not determined, fiscal impacts to ETP and LWDA; \$120,000 for CCC to implement its provisions in the bill, and minor and absorbable costs to GO-Biz and EDD.

SUPPORT: (Verified 8/21/20)

ABM Building Value
Analytik Jena
Arrowhead Products
Berry Global
BFMC
Braun
Building Industry Association of Southern California, Inc.
Butte County Administration
California Construction & Industrial Materials Association
California Steel Industries, Inc.
Calplant 1
CAMEO - California Association for Micro Enterprise Opportunity
Carriere Family Farms
CCL Tubing
Cerritos Community College District
Chabin Concepts
Chaffey College
City of Mission Viejo
City of Torrance
City of Visalia
Cleanrite-buildrite
Clockshark
CMTC
College of The Sequoias
Community College ETP Collaborative
County of Butte
CSUB Small Business Development Center

Culver City Bus
Dalton Trucking
Dimic Steel Tech
El Camino Community College District
Epic Engineers
Greater Riverside Chambers of Commerce
Growing Inland Achievement
Horizon Hobby
Hyatt Die Cast
Impresa Aerospace
Inland Empire Economic Partnership
Inland Empire United Way
Kern Community College District
Kern Economic Development Corporation
Lisi Aerospace
Lundberg Family Farms
Lynam Industries, Inc.
Magnetika
Manufacturer's Council of the Inland Empire
Midpoint Bearing
NN, Inc.
Norco Area Chamber of Commerce
North State SHRM
Onesource
Orange County Business Council
Paton Group
Pheonix Motorcars
Pyramid Mold & Tool
Reliable Source Inc.
Rockport Healthcare Services
Rounds Miller and Associates
Sacramento Municipal Utility District
San Bernardino Community College District
San Diego Continuing Education
Santa Clarita Community College District - College of the Canyons
SBCCD EDCT
Small Business California
Smucker's Natural Foods
South Valley Industrial Collaborative
Southern California Regional Transit Training Consortium

Spectra Premium
States Logistics Services
Tasteful Selections
Teletrac Navman
Valley Contractors Exchange
VEDC
Visalia Economic Development Corporation
Vital Link
Weiss McNair

OPPOSITION:(Verified 8/21/20)

California Workforce Association

ARGUMENTS IN SUPPORT: Generally, the 80 supporters of this bill maintain that the “network will provide short-term training programs that will help workers displaced due to COVID- 19 obtain the skills necessary to succeed in essential and emerging industries.”

ARGUMENTS IN OPPOSITION: The California Workforce Association writes in opposition: “this bill...may result in fiscal pressures on existing workforce development and Employment Training Program programs. AB 1457’s regional skills mapping provision implements a duplicative planning processes that unnecessarily replicates existing LWDB initiatives and publications, and wastes valuable time and resources during an unprecedented budget situation.”

Prepared by: Dana Shaker / B., P. & E.D. /
8/25/20 16:15:06

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