

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1106 (Cervantes) – As Amended April 29, 2021

Policy Committee: Jobs, Economic Development, and the Economy Vote: 6 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires, subject to appropriation, the Employment Training Panel (ETP) to establish a pilot program to serve the employment training needs of small businesses. The pilot is to work with existing community college ETP programs. The bill also requires the ETP to develop the program with certain workforce development entities including the Chancellor's Office of the California Community Colleges, the Governor's Office of Business and Economic Development, the Labor and Workforce Development Agency and the California Workforce Development Board. The bill requires the ETP to submit reports to the Legislature about the pilot. The bill also repeals the provisions of the pilot program on January 1, 2026.

FISCAL EFFECT:

- 1) Ongoing General Fund (GF) costs of an unknown amount to fund the pilot program. If the pilot program provided 25% of the funding currently provided to the current ETP program, costs would be about \$1.6 million annually.
- 2) Ongoing GF costs in the low hundreds of thousands of dollar annually to ETP, housed within the California Labor and Workforce Development Agency, to hire several staff to administer the pilot program.
- 3) Minor GF costs to various workforce development entities to collaborate with ETP in developing the program.

COMMENTS:

- 1) **Background.** ETP is a state program that provides funding directly to employers to help them pay to upgrade their workers' skills. ETP is funded by a special payroll tax on California employers called the Employment Training Tax. Only those employers who pay the tax may benefit from the program. Employers can contract with various entities to provide workforce training to their workers, including Community College Contract Education Centers. In the 2017-18 fiscal year, 11 centers received a total of \$6.4 million from ETP.
- 2) **Related Legislation:** AB 1457 (Cervantes and Reyes), of the 2019-20 Legislative Session, was substantially similar to this bill, though it specified the bill would create 10 pilot sites. The bill was vetoed by the Governor.

Analysis Prepared by: Natasha Collins / APPR. / (916) 319-2081