

ASSEMBLY THIRD READING
AB 1106 (Cervantes and Reyes)
As Amended April 29, 2021
Majority vote

SUMMARY

This bill establishes a pilot project, administered through the Employment Training Panel (ETP), to leverage the expertise of the state's regionally-focused statewide network of Community College Contract Education Centers to provide training to new and incumbent workers.

Major Provisions

- 1) Requires ETP to develop the pilot program to achieve all of the following purposes:
 - a) 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.
 - b) To strengthen the linkages between higher education institutions and employers.
 - c) To enhance the linkages between regional education and training system partners and the regional small business financial and technical assistance centers.
- 2) Requires ETP to consult with key workforce and economic development partners in the development of the pilot program, including, but not limited to, the Chancellor's Office of the California Community Colleges, the Governor's Office of Business and Economic Development (GO-Biz), the Labor and Workforce Development Agency, and the California Workforce Development Board. The ETP is also authorized to establish one or more ad hoc advisory groups to help guide the pilot program.
- 3) Requires ETP to submit an initial and final report to the Legislature regarding the activities and outcomes of the pilot program. At a minimum, these reports shall include:
 - a) A description of how the funding complemented the work of and integrated the employers and individuals being served within the broader workforce, education, and employment system.
 - b) A description of how the funding complemented the work of and, where appropriate, introduced the employers into the services available through the small business technical and financial assistance centers and other local and regional business development partners.
- 4) Provides that the implementation of the program is contingent upon an appropriation, as specified.

COMMENTS

In addressing the significant health risk of the COVID-19 pandemic, governments placed restrictions on a wide range of business activities. In California, unemployment went from a record low of 3.9% in February 2020 to a record high of 16.4% in the following months. Over

12.1 million initial claims have been filed for Unemployment Insurance and Pandemic Unemployment Assistance since mid-March 2020. A significant number of these individuals are women and people of color with limited education and training beyond high school.

Many of the industry sectors hardest impacted during the pandemic are not expected to return to the same level of economic activity as pre-COVID-19 for several years, including businesses in the hospitality, accommodation, and tourism sectors. Even in those industry sectors that are anticipated to recover quickly, many lower wage jobs will be permanently replaced through automation and ecommerce business solutions.

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. AB 1106 establishes a pilot project to immediately fund short-term training courses for new and incumbent workers.

Background Community College Contract Education Centers and the ETP

Since 2014, Community College Contract Education Centers have been active users of ETP, receiving \$5 to \$7 million annually through multiple employer contracts (MECs). The MEC program has allowed Contract Education Centers to work directly with employers to serve the unique needs of the business and the individual worker. The ETP currently contracts with 10 Contract Education Centers, which in turn partner and subcontract with 18 to 25 additional community colleges.

Together, they contribute to regional networks comprised of other workforce partners, such as local workforce boards, business development partners, such as chambers of commerce and Small Business Development Centers, and other small business technical assistance centers. The Contract Education Centers play a unique part in building and strengthening regional capacity to train and reskill new and incumbent workers.

Due to funding limitations and program requirements of the ETP core program, the Contract Education Centers, like other MECs, are unable to meet the state's current training and reemployment needs. With the core program limited to only those business who have paid the special payroll tax, many health care organizations, such as nonprofit clinics, are unable to access training for their new and incumbent workers.

Further, the Community College Contract Education Centers report that the current program's priority industry sectors do not always align with current local and regional employment and training needs. AB 1106 proposes the establishment of a separately funded pilot project to provide employer-driven training to unemployed and underemployed workers in essential industry sectors during the COVID-19 pandemic and in the emerging and dominant industry sectors in the post COVID-19 economy

The policy committee analysis includes additional information on the impact of COVID-19 pandemic on small businesses, examples of workforce training opportunities during COVID-19, the ETP. Funding for the bill is proposed in the Governor's May Revise. There is no known opposition to the bill.

According to the Author

"Economic developers, finance professionals, and even the Office of the Legislative Analyst agree that small businesses have been particularly impacted by the coronavirus pandemic. According to a national survey and separate report on the impacts of COVID-19 on small and medium size businesses, both published by the McKinsey Institute, 60% of the jobs expected to be lost do not require a four-year degree, meaning that displaced workers will likely not have formally recognized skills to help them get their next job. Further, the McKinsey report ranks California among the top states in which small businesses are and will be most impacted by the COVID-19 emergency.

"AB 1106 enhances an existing program by allowing other businesses and nonprofits to participate in training activities, as well as, expanding the types of training available, industry sectors served, and number of businesses and workers who can receive training.

"By building on the existing ETP program, AB 1106 will further support small businesses that have been especially hard hit in this pandemic by strengthening the relationship between the Contract Education Centers and the state's network of 80+ small business technical assistance centers, including Small Business Development Centers, Women's Business Centers, and Minority Business Development Centers, among others."

Arguments in Support

According to the Riverside Community College District (RCCD):

"This pilot project will 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.

RCCD began providing ETP classes in 2002. Since March 2019, the Riverside Community College District delivered over 13,000 training hours to 700 workers in skill areas including: Lean Manufacturing, Six Sigma, Supervisory Leadership, Geometric Dimensions and Tolerances, Leadership, ISO Auditor, Literacy Skills, Business Skills, Management Skills, Excel, MS Office and Strategic Planning and Execution.

RCCD appreciates the authors' intention to support the community colleges contract education services throughout the state by encouraging the ETP to strengthen the linkages between higher education institutions, employers, workforce and economic development partners, GO-Biz, the Labor and Workforce Development Agency and the California Workforce Development Board.

Arguments in Opposition

There is no opposition on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 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.

VOTES**ASM JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY: 6-0-1****YES:** Cunningham, Boerner Horvath, Chau, Petrie-Norris, Ramos, Smith**ABS, ABST OR NV:** Cervantes**ASM APPROPRIATIONS: 16-0-0****YES:** Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas**UPDATED**

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