
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT**Senator Dave Cortese, Chair****2021 - 2022 Regular**

Bill No:	AB 1106	Hearing Date:	July 5, 2021
Author:	Cervantes		
Version:	June 28, 2021		
Urgency:	No	Fiscal:	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Employment Training Panel: pilot program: employment training needs

KEY ISSUE

Should the Employment Training Panel be required to establish a pilot project to serve the employment training needs of small businesses and ensure that workforce training meets the job demands and needs of small businesses?

ANALYSIS**Existing law:**

- 1) Establishes the Employment Training Panel within the Employment Development Department (EDD). (Unemployment Insurance Code (UIC) § 10202(a))
- 2) Charges the panel with performing 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. (UIC § 10205(a))
- 3) 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 (EDC) §§ 88600 et seq.)
- 4) 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)
- 5) 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))

- 6) 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))
- 7) Establishes the GO-Biz within the Governor’s Office for the purpose of serving as the lead state agency for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth. (Government Code (GOV) §§ 12096-12098.5)
- 8) Requires GO-Biz to serve as the Governor’s lead entity for economic strategy and the marketing of California on issues related to business development, private sector investment, and economic growth. (GOV § 12096.3)
- 9) Establishes the Office of the Small Business Advocate (OSBA) within the GO-Biz and outlines the duties and functions of the Director of OSBA including representing the views and interests of small businesses before other state agencies whose policies and activities may affect small businesses. (GOV §§ 12098-12098.9)

This bill:

- 1) Requires the Employment Training Panel to establish a pilot project to serve the employment training needs of small businesses, leveraging the capacity of the existing statewide network of community college contract education centers operating with multiple employer contracts.
- 2) States that the purpose of the pilot project is to:
 - a. 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. strengthen the linkages between higher education institutions and employers;
 - c. enhance the linkages between regional education and training system partners and the regional small business financial and technical assistance centers;
 - d. gain real-time information on the coursework small businesses are requesting and accessing to meet their workforce development needs. Requires that this information be used to help inform community college districts and local workforce development boards in their development of career pathways and development, including the selection of not-for-credit and noncredit coursework that can be applied towards credit course requirements for a certificate, degree or professional certification.
 - e. test innovative solutions to advancing the competitiveness of the small business, while also providing career advancement of the new and incumbent workers. This may include, but is not limited to, career pathways and stackable credentials leading to a longer term credential for workers who traditional programs may not have sufficiently served, including women, people of color, veterans, lower skill workers, the rural workforce, and residents of lower income neighborhoods.
- 3) Requires the Employment Training Panel (ETP) to consult with key workforce and economic development partners, including, but not limited to, the Chancellor’s Office of

the California Community Colleges, GO-Biz, the Labor and Workforce Development Agency, and the California Workforce Development Board.

- 4) Authorizes the ETP to establish one or more ad hoc advisory groups of stakeholders, including, but not limited to, businesses, workers, economic developers, chambers of commerce, local workforce boards, small business technical assistance centers, and public entities.
- 5) Requires ETP, its partners, and stakeholders to discuss how:
 - a. Demand-driven coursework can be used to propel workers along a career pathway that allows them to stack their learnings and credentials to help them further their progress to a degree or higher skilled credentials;
 - b. Demand-driven workforce training course data can better inform the development of new and modification of existing career pathways, including development of not-for-credit and noncredit pathways to be applied towards credit certificate or degree program attainment; and
 - c. Where known, a worker shall be informed as to how the training offered through the pilot is aligned with one or more career pathways and what, if any, additional steps are necessary for the worker to earn a certificate or credential, or receive academic credit, where applicable.
 - d. All data collected from the pilot program shall be inputted into the ETP's data tracking system.
- 6) Requires that the ETP submit two reports: a progress report on the implementation of the program, six months from initial funding; a report on program activities since the prior report, on or before October 1, 2022.
- 7) Specifies that the reports outlined above shall include:
 - a. A description of how the funding complemented the work of, and integrated the employers and individuals being served with, the broader workforce, education, and employment system.
 - b. A description of how the funding complemented the work of, and, where appropriate, introduced the employers to the services available through the network of small business technical and financial assistance centers and other local and regional business development partners.
 - c. A description of how the training influenced the development of career pathways within the region and discussion of not-for-credit and noncredit coursework to longer term career pathways in credit certificate and degree programs, where applicable.
 - d. A profile on businesses and workers participating in the pilot, which shall include all of the following:

- i. The number and percentage of workers who enroll and complete course and program training by race, gender, region, and age.
 - ii. Outcomes of training participants, including employment, wages, and industry of employment. Industry sector shall be based on information reported by the employer.
 - iii. Participation of small businesses, including size, region, and sector of business, as reported by the business.
 - e. An evaluation on the effectiveness of the pilot project in meeting small business rapid reemployment training needs, upskilling of workers, and assisting workers in accessing longer-term career pathways. The evaluation shall also include specific recommendations for strategies to improve the effectiveness of the program.
- 8) Specifies that these provisions shall become operative only upon the Legislature making an appropriation to implement the provisions of this bill.
- 9) Requires the statute shall remain in effect only until January 1, 2026, and as of that date is repealed.
- 10) Makes findings and declarations reinforcing the fact that supporting small business development has shown to be a successful inclusive economic growth strategy advantaging businesses throughout the state and states the legislature's intent to build upon existing coordination efforts between successful programs at the Employment Training Panel, the California Community Colleges, and California's local workforce development boards.

COMMENTS

1. Background: Employment Training Panel

The Employment Training Panel was established in 1982 and is charged with performing various duties, including the establishment of a 3-year plan based on 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. The mission of the ETP is to provide financial assistance to California businesses to support customized worker training to:

- Attract and retain businesses that contribute to a healthy California economy;
- Provide workers with secure jobs that pay good wages and have opportunities for advancement;
- Assist employers to successfully compete in the global economy; and
- Promote the benefits and ongoing investment of training among employers.

ETP is funded by a special tax on California employers and differs from other workforce development organizations whose emphasis is 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.

According to ETP's website, 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.

According to the Senate Business, Professions and Economic Development Committee, "Community College Contract Education Centers are currently partnering with ETP. They provide consulting and not-for-credit customized upskill training services for employers and have entered into contracts with the state's ETP to help retrain employed (incumbent) workers. During the COVID-19 pandemic, Community College Contract Education Centers through various colleges utilized existing partnerships to: 1) create new online not-for-credit transportation courses and adapted its tracking management system for Bay Area Rapid Transit (BART) and Long Beach Transit, and launched a new transit workers safety course, *Safety Training for Frontline Workers & Supervisors in a COVID-19 World*; 2) deliver 88 virtual employer training courses, serving 1,125 employees on various topics, including COVID-19 updates to attorney labor law, remote working business skills, excel computer skills, and OSHA10 safety; and 3) deliver 164 days of training through 21 different courses and serving 3,500 unique participants."

2. Need for this bill?

According to the author, the Assembly Committee on Jobs, Economic Development, and the Economy, "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 percent in February 2020 to a record high of 16.4% in the following months. Over 26.5 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 skill 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, administered by ETP, to immediately fund short-term training courses for new and incumbent workers. The Governor is including \$42 million in the May Revision Budget. We are awaiting a final workout of the specific workforce provisions in the Budget Act and trailer bills being approved by the Senate and Assembly."

3. Proponent Arguments:

According to NextGen California, a proponent of the measure, "Small businesses play a vital role in California's \$3.1 trillion economy and are a key driver of its growth. A recent U.S. Census Bureau study found that net job growth was the strongest among businesses with fewer than 20 employees. To strengthen the economic development capability of California's

small business sector, the state must provide additional training opportunities to improve the skills of small business workers to compete in the post-COVID-19 economic environment. This program will also help unemployed and underemployed workers in industries hit hard by the pandemic transition into other economic sectors with high job demand.

Supporting small business development is key to the growth of a strong and inclusive California economy. Investing in training opportunities for our state's small business workforce will strengthen California's small business sector and speed our state's recovery from the effects of the COVID-19 pandemic."

4. Opponent Arguments:

None received.

5. Double Referral:

This bill has been double referred and prior to today's hearing, was heard and passed by the Senate Business, Professions and Economic Development Committee.

6. Prior Legislation:

AB 1457 (Cervantes, 2020) would have required the 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, GO-Biz, and the Labor and Workforce Development Agency in response to COVID-19. AB 1457 was vetoed by Governor Newsom who stated:

"While I am highly supportive of training programs that lead to quality jobs and support businesses, particularly in the midst of our current economic climate, this bill does not have the dedicated funding to support the pilot program and could divert funding from other core workforce training programs.

Moreover, this bill is duplicative of current planning efforts by the California Community Colleges and Workforce Development Boards to create a better integrated workforce development system. I look forward to working with these partners, and the Legislature, on achieving that shared goal."

SUPPORT

Butte College the Training Place
California Association for Micro Enterprise Opportunity
California Network for Manufacturing Innovation
California Organization of Associate Degree Nursing Programs
Cameo - California Association for Micro Enterprise Opportunity
CESMII-the Smart Manufacturing Institute
El Camino Community College
Greater Riverside Chambers of Commerce
Nextgen California
Professional Development Center of Glendale Community College
Riverside Community College District

San Bernardino Community College District
San Bernardino Community College District Economic Development and Corporate Training
Steve Harrison and Linda Zorn Foundation
Upskill California

OPPOSITION

None received

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