
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1106 (Cervantes) - Employment Training Panel: pilot program: employment training needs

Version: June 28, 2021

Policy Vote: B., P. & E.D. 11 - 0, L., P.E.
& R. 5 - 0

Urgency: No

Mandate: No

Hearing Date: July 15, 2021

Consultant: Janelle Miyashiro

Bill Summary: AB 1106 requires the Employment Training Panel to establish a pilot program to serve the employment training needs of small businesses.

Fiscal Impact: Unknown, likely significant General Fund cost pressures to fund the pilot program.

Unknown costs, likely in the hundreds of thousands to millions of dollars, for the Employment Training Panel (ETP) to administer the pilot program. Expenses to run the program include developing, deploying, monitoring, and auditing the program, as well as providing statutory reports, coordinating with and conducting outreach to stakeholders, and collecting data. The ETP would also need a new information technology system to manage contacts and assist in data collection. The ETP estimates the need for approximately 7.5% of the total amount appropriated for the pilot program to cover its administrative costs. Actual costs to the ETP would depend on the scope of the pilot and the amount appropriated for the program.

Background: Established in 1982 by the Legislature, the Employment Training Panel 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. 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.

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 the Employment Development Department and the California Energy Commission. According to its website, ETP anticipates ongoing commitments for additional funding.

Proposed Law:

- Requires the ETP to establish a pilot program to serve the employment training needs of small businesses. Requires the pilot program to leverage the capacity of the existing statewide network of community college contract education centers operating with multiple employer contracts.
- Requires the ETP to develop the pilot program to support the upskilling of the regional workforce to meet the demand for jobs in essential industry sectors during the COVID-19 pandemic, strengthen the linkages between higher education institutions and employers, enhance the linkages between regional education and training system partners, gain real-time information on the coursework small businesses are requesting and accessing, and test innovation solutions to advancing the competitiveness of small businesses.
- Requires the ETP to consult with key workforce and economic development partners, and authorizes the ETP to establish one or more ad hoc advisory groups of stakeholders.
- Requires the ETP to submit a report to the appropriate legislative committees on the progress on the implementation of the program.
- Repeals the pilot program January 1, 2026.
- Specifies the pilot program is dependent upon an appropriation by the Legislature.
- States legislative findings and intent.

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