
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 61 (Hurtado) - Workforce training programs: supportive services

Version: March 1, 2021

Urgency: No

Hearing Date: March 22, 2021

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

Mandate: No

Consultant: Robert Ingenito

Bill Summary: SB 61 would (1) authorize the California Workforce Development Board (CWDB) to increase availability of supportive service programs to assist low-income workers complete employment training programs, and (2) establish an additional High Road Training Partnership, as specified.

Fiscal Impact:

- This bill would result in a one-time cost pressure of \$50 million, likely from the General Fund, to provide grants as specified. This bill specifies that the \$50 million would be upon appropriation of the Legislature.
- Additionally, CWDB indicates that it would incur annual General Fund costs of \$880,000 to implement the provisions of the bill.

Background: Current law establishes the Labor and Workforce Development Agency (LWDA) for the purpose of addressing issues relating to the State's workers and employers. LWDA is responsible for labor law enforcement, workforce development, and benefit payment and adjudication. LWDA works to combat the underground economy and help legitimate businesses and workers in California through a combination of enforcement and education activities. Multiple departments are under the agency's umbrella, including CWDB, the Employment Development Department, and the Employment Training Panel. CWDB is required to assist the Governor in developing strategies to support the use of career pathways for the purpose of providing individuals, including low-skilled adults, youth, and other individuals with barriers to employment, and including individuals with disabilities and out-of-school youth, with workforce investment activities, education, and supportive services to enter or retain employment.

One such program overseen by CWDB is the High Road Training Partnerships (H RTP) program. The H RTP initiative is a \$10 million demonstration project designed to model partnership strategies for the State. The H RTPs offer training in a variety of industries, from transportation to health care to hospitality, and accomplish their mandate primarily by industry partnerships. Currently, there are eight H RTPs in the State. Four of them are in the Los Angeles Area, while the other four are in the San Francisco Bay Area. Thus, there is a coverage gap in the Central Valley.

Research indicates that significant demographic shifts in terms of age, race, and geography impact the State's economic growth. Research further indicates that one of the most important economic development actions the State could make in supporting economic growth, overall, is to make greater investments in California's low-income

families. This is particularly true for proposals that provide assistance to those individuals who face employment barriers to obtain the remedial and entry-level skills necessary to begin training within career pathways that led to economic security and financial independence.

AB 1520 (Burke) established the “Lifting Children and Families Out of Poverty Task Force” in order to recommend strategies for addressing deep child poverty and reducing child poverty in the state. The Task Force released its report and recommendations in 2018. One of the Task Force recommendations was that the state fund supportive services for low-income workforce and education participants. The Task Force’s report cites one reason why workforce development program participants fail to complete their program is because of issues such as a lack of child care or affordable transportation.

Proposed Law: This bill would, among other things, do the following:

- Define “Consortium” to mean an entity that may be composed of any combination of a local workforce development board, community college, California Adult Education Program Consortium, or Adult Education Program, or other local stakeholders working in partnership to enroll and support individuals in poverty in workforce training programs aligned with regional labor market needs. Requires that every consortium include the local workforce development board that corresponds to its geographical area.
- Define “Supportive Services” to mean childcare, transportation, or other services identified by the state or local workforce development board or outlined in the federal Workforce Innovation and Opportunity Act (WIOA).
- Require CWDB to establish and administer the Lifting Families Out of Poverty Supportive Services Program. Upon appropriation of the Legislature, CWDB shall make \$50 million available in grants to consortia that apply for funding and are approved. The Board may use up to five percent of the funding appropriated to design and administer the program.
- Require CWDB to develop criteria, policies, and guidelines for the award of supportive services, as defined, which shall consider, but are not limited to (1) the ability of the consortium to leverage additional funds, (2) the availability and likelihood of full-time employment in the regional labor market based on successful completion of the HRPT Program or other similar workforce training program, (3) the process through which a consortium of local partners will assess the needs of participants and determine the most cost effective manner possible for the provision of supportive services, and (4) the list of designated Qualified Opportunity Zones (QOZ) that meet the criteria for a low-income community, as defined in the Internal Revenue Code.
- Require CWDB to make the criteria, guidelines and policies available to the public, as specified.
- Require that a consortium, as defined, apply for a grant by submitting a plan that includes specified information.

- Require any consortium which receives a grant to report annually to CWDB regarding how it used supportive service funds, which services it provided which qualify as supportive services and how much funding went to each category of service.
- Require CWDB to develop High Road Training Partnerships or other similar training programs to address the displacement of workers, including, but not limited to, farmworkers in the southern central valley of the state, and youth who are in or out of school and who are individuals with a barrier to employment.
- Define “High Road Training Partnerships” to mean the programs administered or overseen by the board to model strategies for the state to develop industry-based, worker-focused training partnerships that deliver equity, sustainability, and job quality and address questions of income inequality, economic competitiveness, and climate change through regional skills development designed to support communities across the state. To be similar to the High Road Training Partnership, another workforce training program must have similar objectives and employ similar strategies to achieve those objectives. This may also include a focus on the health care industry.

Related Legislation:

- AB 721 (Grayson, 2019) was substantially similar same to this bill, and was held under submission on the Suspense File of the Assembly Appropriations Committee.
- AB 1520 (Burke, Chapter 415, Statutes of 2017) required the Department of Social Services to invite and convene the Lifting Children and Families Out of Poverty Task Force, as established by the Lifting Children and Families Out of Poverty Act, for the purpose of recommending future comprehensive strategies aimed at addressing deep child poverty and reducing child poverty in California.
- AB 1111 (Garcia, Chapter 824, Statutes of 2017) enacted the Removing Barriers to Employment Act in order to establish the Breaking Barriers to Employment Initiative which created a grant program to service individuals with barriers to employment.

Staff Comments: As noted above, this bill would result in annual costs to CWDB of \$880,000. Specifically, CWDB would incur annual staffing costs of \$660,000 to administer the Lifting Families out of Poverty Supportive Services Program. Cost drivers include establishing the criteria, policies, and guidelines for awarding grants, cross agency coordination, policy development, programmatic leadership, implementation, technical assistance, and post program evaluation of the \$50 million grant program. CWDB assume a multi-year timeline and around 40 awardees.

Additionally, CWDB assumes a multi-year timeline to administer the one H RTP project included in the bill. To provide this coordination and support for a locally driven H RTP in the Central Valley, the Board estimates annual, ongoing staffing costs of \$220,000.

As noted above, the bill caps administrative costs at no more than five percent of the amount of grant funding. CWDB notes that if the grant program is sized at \$50 million, a 5 percent carve off would be enough to cover its costs. However, if less than \$50 million dollars in grant funding is provided, a 5 percent carve off may not cover CWDB's administrative costs.

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