

Date of Hearing:

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1731 (Committee on Jobs, Economic Development, and the Economy) – As Introduced
March 23, 2017

SUBJECT: Apprenticeships: training funds: audits

SUMMARY: Requires the California Community Colleges Chancellor's Office (CCCCO) to provide guidance to local educational agencies (LEAs) on the allocation and oversight of apprenticeship training funds. Specifically, **this bill:**

- 1) Makes the following findings and declarations, including, but not limited to:
 - a) The California State Auditor (CSA) issued an audit of the apprenticeship program, California State Auditor Report 2016-110, which examined the programs offered through the Air Conditioning Trade Association;
 - b) As part of its examination, the CSA found a number of areas where existing law could be strengthened to ensure greater accountability for state program dollars and increase oversight practices to be consistent and more effective; and,
 - c) Among other recommendations, the CSA recommended that the Legislature amend state law to clarify that the CCCCCO has the authority to provide accounting guidance and to conduct audits of the K-12 local educational agencies' oversight of apprenticeship training funds.
- 2) Requires the economic and workforce development program at the CCCCCO to provide guidance to LEAs on the allocation and oversight of apprenticeship training funds, consistent with the rules set by the California Apprenticeship Council.

EXISTING LAW: Establishes the Economic and Workforce Development Program within the CCCCCO and assigns it the mission of:

- a) Advancing California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement;
- b) Advancing California's economic and jobs recovery and sustaining economic growth through labor market-aligned education workforce training services, and sector strategies focusing on continuous workforce improvement, technology deployment, and business development, to meet the needs of California's competitive and emerging industry sectors and industry clusters;
- c) Using labor market information to advise the chancellor's office and regional community college bodies on the workforce needs of California's competitive and emerging industry sectors and industry clusters, as specified;
- d) Providing technical assistance and logistical, technical, and communications infrastructure support that engenders alignment between the career technical education

programs of the community college system and the needs of California's competitive and emerging industry sectors and industry clusters;

- e) Collaborating and coordinating investment with other state, regional, or local agencies involved in education and workforce training in California, including, but not necessarily limited to, the California Workforce Investment Board, local workforce investment boards, the Employment Training Panel, the California Department of Education, and the Employment Development Department;
- f) Identifying and leveraging community college and other financial and in-kind public and private resources to support economic and workforce development and the career technical education programs of the state's community colleges; and,
- g) Working with representatives of business, labor, and professional trade associations to explore and develop alternatives for assisting incumbent workers in the state's competitive and emerging industry sectors. A key objective is to enable incumbent workers to become more competitive in their region's labor market, increase competency, and identify career pathways to economic self-sufficiency, economic security, and lifelong access to good-paying jobs.

Requires the Economic and Workforce Development Program to:

- a) Be responsive to the needs of employers, workers, and students;
- b) Collaborate with other public institutions, aligning resources to foster cooperation across workforce education and service delivery systems, and building well-articulated career pathways;
- c) Make data driven and evidence based decisions;
- d) Develop strong partnerships with the private sector, ensuring industry involvement in needs assessment, planning, and program evaluation;
- e) Be outcome oriented and accountable, measuring results for program participants, including students, employers, and workers; and,
- f) Be accessible to employers, workers, and students who may benefit from its operation (Education Code Section 88600).

FISCAL EFFECT: Unknown

COMMENTS: *Double referral.* This measure was heard by the Assembly Jobs, Economic Development, and the Economy Committee on the morning of April 25, 2017; due to legislative deadlines, it will be heard by this Committee this afternoon, as it relates to issues within the Committee's jurisdiction.

Apprenticeship programs. Apprenticeships are a core component of "earn and learn" workforce training models. State registered apprenticeships have very specific standards, which have been reviewed to ensure participants are obtaining the appropriate skills and knowledge.

Training periods vary from one to six years, depending on the trade and the number of specific processes on which the participant needs to become proficient. To note, Committee understands that most programs are four years.

Apprentices receive both on-the-job training at a worksite and classroom instruction, which is most commonly conducted in public schools. Apprentices attend classes at night four hours each week, for at least 108 hours per year. The classroom instruction includes such subjects as safety laws and regulations, mathematics, drafting, blueprint reading and other sciences connected with the trade; and, apprentices work daily under the supervision of skilled workers to gain the hands on experience within their trade.

This dual instruction method is designed to provide apprentices with a comprehensive understanding of the practical and theoretical aspects of their work. Upon successful completion of training, the apprentice is issued a "Certificate of Completion" by the State of California.

California State Auditor report. The CSA issued Report 2016-110 in November of 2016, which, in part, reviewed the CCCCCO's oversight of a specific commercial sheet metal apprenticeship program provided through the Air Conditioning Trade Association. The audit, in part, found the following:

- 1) Relative to the CCCCCO and Central Unified School District, neither was aware that the Air Conditioning Trade Association had claimed over 10,000 hours, over a five-year period, for homework assignments at a cost of nearly \$51,000 for reimbursement; and,
- 2) The CCCCCO does not provide guidance to K-12 LEAs offices relative to the need and process for verifying attendance in order to ensure program guidelines and standards are being met.

The CSA found a number of areas where existing law could be strengthened to ensure greater accountability for state program dollars and to increase oversight practices to be consistent and more effective. To note, the CSA recommended that the Legislature should amend state law to provide the apprenticeship division with explicit authority to verify that as a condition of receiving future grant funds, apprenticeship programs are using state funds solely for training apprentices.

This measure is in response to the CSA audit.

CCCCCO response to audit. The CCCCCO, in responding to the audit, stated that it would support any legislative proposals or amendments to state law to clarify that the CCCCCO has authority to provide accounting guidance to and conduct audits of LEAs. The CCCCCO opined that such authority would improve oversight of apprenticeship training funds.

The audit also recommended that the CCCCCO develop a model contract agreement to outline the types of information, roles, and responsibilities for both parties, and make the model contract available to K-12 LEAs by April 2017.

To note, the CCCCCO is currently developing a model contract agreement and anticipates its release this spring. The model contract agreement will specify that K-12 LEAs will verify that

apprentices attended instructional courses by collecting supporting documentation, such as sign-in sheets or rosters.

Related legislation. AB 581 (McCarty), which is pending a hearing in the Assembly Appropriations Committee, would, in part, require an apprenticeship program, to be eligible to receive grant funds from the California Apprenticeship Council (council), to agree to keep adequate records that document the expenditure of those grant funds; and, to make all records available to the Department of Industrial Relations (DIR) so that DIR is able to verify that grants made by the council were used solely for training apprentices.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Jeanice Warden / HIGHER ED. / (916) 319-3960