

Date of Hearing: July 3, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Marty Block, Chair

SB 1402 (Lieu) – As Amended: June 26, 2012

SENATE VOTE: 38-0

SUBJECT: Economic development: California Community Colleges Economic and Workforce Development Program.

SUMMARY: Recasts and revises provisions of the Education Code governing the California Community Colleges (CCC) Economic and Workforce Development Program (EWDP) and extends the program's sunset date from January 1, 2013, to January 1, 2018. Specifically, this bill:

- 1) Establishes the program under a new Part of the Education Code, moving the EWDP from § 88500 et seq. to § 88600 et seq.
- 2) Extends the sunset on the EWDP from January 1, 2013, to January 1, 2018.
- 3) Adds six principles to the mission of the EWD Program. Specifically, the bill requires the EWDP 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, investing resources and adopting practices on the basis of what works.
 - 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.
 - f) Be accessible to employers, workers, and students who may benefit from its operation.
- 4) Updates the mission of the EWDP to reflect the need to implement sector strategies that align with labor markets.
- 5) Updates the General Provisions to strengthen decision criteria for allocating funds to ensure that education and services are responsive to changing local markets and to improve accountability of regional programs. Requires funding to be based on each of the following:

- a) An evaluation of the relevance of the grant to the labor market needs of the state and relevant region's competitive and emerging industry sectors and industry cluster, or to the state's need to plug skills gaps and skills shortages in the economy, including skills gaps and shortages at the state and regional level.
 - b) An assessment of the past performance of the grant recipient.
 - c) For grants providing direct services to employers and industry, an assessment of the purported beneficial impacts of the grant on the relevant businesses, which may include a review of the grant's purported impacts as specified.
 - d) For grants involving direct education and training services provided to workers and students, an assessment of the educational and training goals of the grant, the projected numbers of the students and workers served and projected rates of course and program completion or transfer-readiness, the projected rate of skills attainment for certificates and degrees, and the projected wages and rate of employment placement for those entering the labor market.
 - e) For technical assistance and logistical support projects, a concrete enumeration of the ways the project will collaborate with the Chancellor's office to advance sector strategies, regional development, accountability based on performance data, and the adoption of effective workforce and economic development practices.
 - f) Authorizes the Chancellor's office to terminate programs for nonperformance.
- 6) Updates definitions to reflect current practices:
- a) Defines career pathways and career ladders or career lattices to mean an identified series of positions, work experiences, or educational benchmarks or credentials that offer occupational and financial advancement within a specific career field or related field over time.
 - b) Defines high-priority occupation to mean an occupation that has a significant presence in a targeted industry or sector or industry cluster, as specified.
 - c) Defines industry cluster as a group of employers closely linked by a common product or services, workforce needs, similar technologies, and supply chains in a given regional economy or labor market.
 - d) Defines industry sector to mean those firms that produce similar products or provide similar services using a somewhat similar business process.
 - e) Defines sector strategies to mean prioritizing investments in competitive and emerging industry sectors and industry clusters as specified.
 - f) Defines stackable credentials to mean a sequence of modularized training or credentials, progression of modularized training and-certificates that build on one another and are linked to educational and career advancement where each progression or stack has

employment or industry value.

EXISTING LAW:

Current state law:

- 1) Establishes the EWDP as a primary CCC mission and specifies the program's mission and goals and an administrative structure for the program that includes:
 - a) The California Community Colleges Business Resource Assistance and Innovation Network Trust Fund.
 - b) Centers and Regional Collaboratives.
 - c) The Job Development Incentive Training Program.
- 2) EWDP is administered through the CCC Chancellor's office which is required under current law to implement accountability measures and annually report specified information to the Governor and the Legislature. (Education Code § 88500 et. seq)
- 3) Requires the CCC Board of Governors to assist economic and workforce regional development centers and consortia to improve linkages and career technical education (CTE) pathways between high schools and CCCs in a manner that improves the quality of career exploration. (EC § 88532)

Current federal law, the Workforce Investment Act, provides funding for workforce investment activities, including training, access to career information, counseling, and other support services.

FISCAL EFFECT: According to the Senate Appropriations Committee, the sunset extension will result in state costs of \$22.9 million to \$46.7 million annually, subject to an appropriation in the Budget Act.

By reauthorizing EWDP, this bill allows existing programs and services that are already funded through the Budget Act to continue and maintains language in current law that specifies the Act will only be implemented during those fiscal years for which funds are appropriated for that purpose in the annual Budget Act.

COMMENTS: This bill is double referred to the Jobs, Economic Development, and the Economy Committee, which is scheduled to hear the bill on the morning of July 3, 2012.

EWDP background. The purpose of the EWDP is to advance California's economic growth and global competitiveness through education and services that contribute to continuous workforce improvement, technology deployment, and business development and are consistent with the current needs of the state's regional economies. CCCs and business partners form consortia to identify regional workforce needs and priorities, provide assistance to small businesses in the region through local Economic and Workforce Development Centers, and train workers. The partnerships enable CCCs to develop curricula that address the training needs of local industry.

Codified in 1991, the EWDP formalized earlier efforts to coordinate statewide technical training and programs for small businesses and economic development. SB 1809 (Polanco), Chapter 1057, Statutes of 1996, further clarified the EWDP's legislative intent, defined regional planning, priority setting and coordination, added accountability and audit requirements, and made economic development and continuous workforce improvement a primary CCC mission.

The 2010-11 EWDP Annual Report shows that CCCs play an integral role in helping California build its workforce despite budget cuts and stagnant economic growth. The report noted that during the reporting period, 929 people received a job through EWDP, while an additional 9,475 people were able to retain their job through EWDP services. A one-time return-on-investment report conducted by Time Structures, Inc. found that from 2002-2009, EWDP assisted an average of 41,000 businesses, 107,000 students and trainees, and placed 4,300 individuals in jobs. The report revealed that it cost the state of California an average of \$589 to train each worker in a highly concentrated one-time course. Each newly trained worker earned a higher wage, subsequently paying an additional \$450 in state and local taxes over the next three years. The report indicated that the workers' higher tax payments returned almost 80% of the state's costs for the training.

Need for this bill. According to the author, this bill is necessary to extend the sunset for EWDP from January 1, 2013, to January 2, 2018, and to improve its ability to respond to changing economic conditions, accountability for investments and performance, integration with CTE programs.

Changes to EWDP. This bill will create a new code section for EWDP, allowing the previous code section to sunset on January 1, 2013, and effectively separating EWDP from the Career Technical Education Pathways Initiative [whose provisions are recast and sunset extended in SB 1070 (Steinberg), approved by this Committee on June 19]. This bill would recast EWDP's provisions to emphasize the importance of aligning activities with changing labor market needs to ensure that workers are being trained for jobs that are likely to exist and strengthen the evaluation of EWDP, as follows:

- 1) Adds six workforce principles as part of an overall strategy to align all of the state's workforce programs.
- 2) Redefines EWDP's mission to implement sector strategies that align with the labor market and ensure that resources are used to keep programs current on information and training techniques to keep incumbent workers more competitive in their regional markets.
- 3) Enhances the role of the EWDP advisory committee to ensure that funding can adapt to changing local markets.
- 4) Increases the accountability of regional programs.
- 5) Adds CTE to prompt more cooperation between CTE and EWDP for career building and sector strategies and updates the definitions in the programs.

Author's amendment. The author has agreed to the following amendment to further refine the definition of stackable credential:

On page 11, line 4: (t) “Stackable credentials” means a ~~sequence of modularized training or credentials, progression of modularized training modules, credentials or and certificates that build on one another and are linked to educational and career advancement where each progression or stack has employment or industry value.~~

Related and prior legislation. A companion bill, SB 1070 (Steinberg), approved by this Committee on June 19, extends the sunset date for the Career Technical Education Pathways Initiative component of the current EWDP. SB 1401 (Lieu), pending in the Jobs, Economic Development and the Economy Committee, requires the state’s Workforce Investment Board to assist the Governor in the alignment of the education and workforce investment systems and creates a California Industry Sector Initiative that will accomplish specified tasks, including aligning and leveraging state and local Workforce Investment Act funding streams.

REGISTERED SUPPORT / OPPOSITION:

Support

Aerospace Defense Coalition
Aerospace Dynamics International, Inc.
Barstow Community College
Bayless Engineering, Inc. President
Biotechnology Initiative of the California Community Colleges
Board of Governors of the California Community Colleges
Boston Scientific Neuromodulation Manager
Business & Entrepreneurship Center Director, Cuesta College
California Asian Pacific Chamber of Commerce
California Association for Local Economic Development
California Chapters of the National Electrical Contractors Association
California Community College Association of Occupational Education
California Hospital Association
California Chamber of Commerce
California Manufacturers & Technology Association
California State Association of Electrical Workers
California Workforce Association
Center of Excellence at Mt. San Antonio College Director
Cerritos College
Coachella Valley Economic Partnership
Coast Community College District
College of the Canyons
Community College League of California
Council of Goodwill Industries
Desert Community College District
Economic Workforce Development Training & Development Director, Butte College
El Camino College
Envision Education
Faculty Association of California Community Colleges
Industry Advisory Board of the Southern California Biotechnology Center, San Diego Miramar College
Long Beach City College
Los Angeles/Orange County Biotechnology Center

Los Rios Community College District
Mendocino College Nursing Program Director
Montclair Hospital Medical Center Chief Nursing Officer
Palomar Community College District
Palomar Health Chief Nurse Executive
Prosperity Research Institute
Regional Economic Association Leaders of California
Saddleback College
San Bernardino Community College District
Santa Clarita City Council
Santa Clarita Valley Economic Development Corporation President
Shasta-Tehama-Trinity Joint Community College District
Sierra College President
Silicon Valley Leadership Group
South Orange County Community College District
Southern California Regional Transit Training Consortium
State Building and Construction Trades Council of California
State Center Community College District
Valley Industry Association of Santa Clarita
Ventura County Community College District
Workplace Learning Resource Center Director
Yosemite Community College District
1 Individual

Opposition

None on file.

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