

**ASSEMBLY BILL**

**No. 923**

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**Introduced by Assembly Member Fong**

February 18, 2011

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An act to add Chapter 6 (commencing with Section 14550) to Division 7 of the Unemployment Insurance Code, relating to workforce development.

LEGISLATIVE COUNSEL'S DIGEST

AB 923, as introduced, Fong. Workforce development: Lifelong Learning Accounts Initiative Program.

The federal Workforce Investment Act of 1998 provides for workforce investment activities, including activities in which states may participate. Existing law authorizes the Employment Development Department to administer the state unemployment insurance and the disability compensation programs.

This bill would, beginning January 1, 2014, create the Lifelong Learning Accounts Initiative Program, for the purpose of providing grants to employers and employees to be used to establish individual lifelong learning accounts, as defined, for the deposit of funds to be used by those employees and employers for purposes related to lifelong education and training. The bill would require the department to establish a grant program and implement and administer the program, as specified. The bill would establish in the State Treasury a Lifelong Learning Program Fund to receive contributions to be used in the program. The bill would require the department to prepare and submit a report to specified legislative fiscal and policy committees, evaluating the effectiveness of the program, as prescribed. The bill would provide that its provisions shall only be implemented if the Director of Finance

makes a written determination that there are sufficient funds from sources other than the General Fund available for that purpose.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 6 (commencing with Section 14550) is  
2 added to Division 7 of the Unemployment Insurance Code, to read:

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4 CHAPTER 6. LIFELONG LEARNING ACCOUNTS INITIATIVE  
5 PROGRAM  
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7 14550. The Lifelong Learning Accounts Initiative Program is  
8 hereby created in the department for the purpose of providing  
9 grants to employers and employees to be used to establish  
10 individual lifelong learning accounts for the deposit of funds to  
11 be used by those employers and employees for purposes related  
12 to lifelong education and training.

13 14550.1. For purposes of this chapter, the following terms have  
14 the following meanings:

15 (a) "Department" means the California Employment  
16 Development Department.

17 (b) "Employee" means a California resident who works at least  
18 20 hours or more a week, on average, for an employer in this state.

19 (c) "Employer" means a person, partnership, corporation, limited  
20 partnership, or limited liability company that retains at least one  
21 eligible employee for six months.

22 (d) "Grant funds" means any award, donation, or gift from an  
23 individual, foundation, business, or any assistance provided to this  
24 state by the federal government.

25 (e) "Lifelong Learning Account" means an account held by a  
26 trustee, custodian, fiduciary, or other person approved by the  
27 department to be used for the deposit of funds to pay for qualified  
28 expenses such as fees, tuition, or other materials relating to career  
29 training and education.

30 (f) "Match" means moneys that will be supplied in an amount  
31 up to the total contributed by the employee and employer.

1 (g) “Qualified expense” means “qualified higher education  
2 expenses” as defined in Section 529(e) of the Internal Revenue  
3 Code.

4 14550.2. (a) The department shall establish a grant program  
5 to provide grants to employees and employers to encourage those  
6 employees and employers to save for lifelong education and  
7 training. Under this program, an employee shall be eligible to  
8 receive a grant fund match of up to 50 percent of the first five  
9 hundred dollars (\$500) that the employee contributes into his or  
10 her Lifelong Learning Account for a maximum amount not to  
11 exceed two hundred fifty dollars (\$250). An employee may also  
12 be eligible for a match of up to 50 percent of the first five hundred  
13 dollars (\$500) contributed, on the employee’s behalf, by his or her  
14 employer, for a maximum not to exceed two hundred fifty dollars  
15 (\$250). The maximum total amount of the grant fund match that  
16 could be received by an individual employee, during a single tax  
17 year, is five hundred dollars (\$500). Matching funds will be  
18 available based upon the determination by the department that  
19 there are sufficient funds to cover program costs.

20 (b) The department may contract with an individual, nonprofit  
21 organization, or other business to administer and implement the  
22 grant program.

23 (c) Any employer or employee who enters into an agreement  
24 with the department under this program may designate the account  
25 established, pursuant to the agreement, as a Lifelong Learning  
26 Account. The department shall ensure that the grant program  
27 complies with the applicable requirements of Article 19  
28 (commencing with Section 69980) of Chapter 2 of Division 5 of  
29 Part 42 of the Education Code.

30 (d) The department shall make education and career advising  
31 and other support services available to employees under the  
32 program, and shall provide technical assistance to employers to  
33 implement the grant program. The department may use grant funds  
34 to offset the costs of support services, technical assistance, and  
35 program administration. The department may limit the number of  
36 available accounts based upon the amount of grant funds received.

37 (e) There shall be established in the State Treasury, a Lifelong  
38 Learning Program Fund to receive contributions from individuals,  
39 foundations, nonprofit organizations, businesses, and the federal  
40 government to be used for the program.

1 (f) The department shall prepare and submit a report to the  
2 Assembly Committee on Budget and the Senate Committee on  
3 Budget and Fiscal Review, and the appropriate legislative policy  
4 committees evaluating the effectiveness of this chapter. The report  
5 shall be submitted to those committees at least 20 days prior to the  
6 date that the Legislature convenes the second year of the 2015–16  
7 Regular Session.

8 (g) The department shall, after consultation with the Treasurer  
9 and the Scholarshare Investment Board, adopt rules and regulations  
10 that are necessary or appropriate to ensure the proper  
11 implementation and administration of the program.

12 14550.3. This chapter shall become operative on January 1,  
13 2014.

14 14550.4. The Lifelong Learning Accounts Initiative Program  
15 shall only be implemented if the Director of Finance makes a  
16 written determination that there are sufficient funds available from  
17 sources other than the General Fund for that purpose.