

Senate Bill No. 734

Passed the Senate September 9, 2011

Secretary of the Senate

Passed the Assembly September 9, 2011

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2011, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 14211 to the Unemployment Insurance Code, relating to workforce development.

LEGISLATIVE COUNSEL'S DIGEST

SB 734, DeSaulnier. State and local workforce investment boards: funding.

The federal Workforce Investment Act of 1998 provides for workforce investment activities, including activities in which states may participate. Existing law establishes the California Workforce Investment Board (CWIB), and specifies that the CWIB is responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. Existing law contains various programs for job training and employment investment, including work incentive programs, as specified, and establishes local workforce investment boards to perform various duties related to the implementation and coordination of local workforce investment activities.

This bill would require local workforce investment boards to spend a certain percentage of available federal funds for adults and dislocated workers on workforce training programs in a manner consistent with federal law, as prescribed, and would allow the boards to leverage specified funds to meet the funding requirements, as specified.

Existing law prescribes the duties of the CWIB with regard to the development and implementation of local workforce investment plans, as specified.

This bill would require a local workforce investment board that does not meet the expenditure requirements described above to provide the Employment Development Department with a corrective action plan regarding those expenditures.

Because the bill imposes new duties on local government workforce investment boards, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the

state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement shall be made pursuant to these statutory provisions for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.

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

SECTION 1. Section 14211 is added to the Unemployment Insurance Code, to read:

14211. (a) (1) Beginning program year 2012, an amount equal to at least 25 percent of funds available under Title I of the federal Workforce Investment Act of 1998 (Public Law 105-220) provided to local workforce investment boards for adults and dislocated workers shall be spent on workforce training programs. This minimum may be met either by spending 25 percent of those base formula funds on training or by combining a portion of those base formula funds with leveraged funds as specified in subdivision (b).

(2) Beginning program year 2016, an amount equal to at least 30 percent of funds available under Title I of the federal Workforce Investment Act of 1998 (Public Law 105-220) provided to local workforce investment boards for adults and dislocated workers shall be spent on workforce training programs. This minimum may be met either by spending 30 percent of those base formula funds on training or by combining a portion of those base formula funds with leveraged funds as specified in subdivision (b).

(3) Expenditures that shall count toward the minimum percentage of funds shall include only training services as defined in Section 2864(d)(4)(D) of Title 29 of the United States Code and Sections 663.300 and 663.508 of Title 20 of the Code of Federal Regulations, including all of the following:

(A) Occupational skills training, including training for nontraditional employment.

(B) On-the-job training.

(C) Programs that combine workplace training with related instruction, which may include cooperative education programs.

(D) Training programs operated by the private sector.

(E) Skill upgrading and retraining.

(F) Entrepreneurial training.

(G) Job readiness training.

(H) Adult education and literacy activities provided in combination with services described in any of subparagraphs (A) to (G), inclusive.

(I) Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

(b) (1) Local workforce investment boards may receive a credit of up to 10 percent of their adult and dislocated worker formula fund base allocations for public education and training funds and private resources from industry and from joint labor-management trusts that are leveraged by a local workforce investment board for training services described in paragraph (3) of subdivision (a). This credit may be applied toward the minimum training requirements in paragraphs (1) and (2) of subdivision (a).

(A) Leveraged funds that may be applied toward the credit allowed by this subdivision shall only include the following:

(i) Federal Pell Grants established under Title IV of the Higher Education Act of 1965 (20 U.S.C. Sec. 1070 et seq.).

(ii) Programs authorized by the Workforce Investment Act of 1998 (Public Law 105-220).

(iii) Trade adjustment assistance.

(iv) Department of Labor National Emergency Grants.

(v) Match funds from employers, industry, and industry associations.

(vi) Match funds from joint labor-management trusts.

(vii) Employment training panel grants.

(B) Credit for leveraged funds shall only be given if the local workforce investment board keeps records of all training expenditures it chooses to apply to the credit. Training expenditures may only be applied to the credit if the relevant training costs can be independently verified by the Employment Development Department and training participants must be coenrolled in the federal Workforce Investment Act of 1998 performance monitoring system.

(2) The use of leveraged funds to partially meet the training requirements specified in paragraphs (1) and (2) of subdivision (a) is the prerogative of a local workforce investment board. Costs

arising from the recordkeeping required to demonstrate compliance with the leveraging requirements of this subdivision are the responsibility of the board.

(c) Beginning program year 2012, the Employment Development Department shall calculate for each local workforce investment board, within six months after the end of the second program year of the two-year period of availability for expenditure of federal Workforce Investment Act of 1998 funds, whether the local workforce investment board met the requirements of subdivision (a). The Employment Development Department shall provide to each local workforce investment board its individual calculations with respect to the expenditure requirements of subdivision (a).

(d) A local workforce investment area that does not meet the requirements of subdivision (a) shall submit a corrective action plan to the Employment Development Department that provides reasons for not meeting the requirements and describes actions taken to address the identified expenditure deficiencies. A local workforce investment area shall provide a corrective action plan to the Employment Development Department pursuant to this section within 90 days of receiving the calculations described in subdivision (c).

(e) For the purpose of this section, “program year” has the same meaning as provided in Section 667.100 of Title 20 of the Code of Federal Regulations.

SEC. 2. No reimbursement shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code for costs mandated by the state pursuant to this act. It is recognized, however, that a local agency or school district may pursue any remedies to obtain reimbursement available to it under Part 7 (commencing with Section 17500) and any other provisions of law.

Approved _____, 2011

Governor