

AMENDED IN SENATE APRIL 18, 2012

SENATE BILL

No. 1401

Introduced by Senator Lieu

February 24, 2012

An act to amend Sections 14000, 14005, 14010, 14013, and 14020 of the Unemployment Insurance Code, relating to unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1401, as amended, Lieu. Unemployment insurance: education and workforce investment systems.

Existing law provides that the California Workforce Investment Board is responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. Existing law further provides that the board must assist the Governor in targeting resources to specified high-wage industry sectors and providing guidance to ensure that services reflect the needs of those sectors.

This bill would provide that the board is also responsible for assisting the Governor in the alignment of the education and workforce investment systems to the needs of the 21st century workforce and the promotion and development of a well-educated and highly skilled 21st century *economy and* workforce. This bill would require the board to assist the Governor in targeting resources to specified high-wage industry clusters and leverage state and federal funds to ensure that resources are invested in activities that meet the needs of specified industry sectors and advance the education and employment of students and workers so they can meet the specified needs of the state, its regional economies, and leading industry sectors.

Existing law requires the board, in collaboration with specified state and local partners, and the local workforce investment boards to develop a specified strategic workforce plan, updated at least every 5 years, to address the state’s economic, demographic, and workplace needs and to meet the single state plan requirement of the Workforce Investment Act of 1998.

This bill would require, as part of the strategic workforce plan, the creation of a California Industry Sector Initiative that will accomplish specified tasks, including aligning and leveraging *federal*, state, and local Workforce Investment Act funding streams, identifying specified industry sectors and clusters, providing skills-gap analysis, and establishing specified eligibility criteria for the Workforce Investment Act eligible training provider list.

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. Section 14000 of the Unemployment Insurance
 2 Code is amended to read:
 3 14000. (a) The Legislature finds and declares that, in order
 4 for California to remain prosperous and globally competitive, it
 5 needs to have a *well-educated and* highly skilled workforce.
 6 ~~(b) The Legislature recognizes all of the following:~~
 7 ~~(1) California must transform its current job training, job~~
 8 ~~placement, and vocational education programs into an integrated,~~
 9 ~~accessible, and accountable workforce investment system that can~~
 10 ~~effectively serve job seekers, students, and employers.~~
 11 ~~(2) California’s workforce investment system must provide~~
 12 ~~lifelong learning for all Californians, promote self-sufficiency,~~
 13 ~~link education and training to economic development, and prepare~~
 14 ~~California to successfully compete in the global economy.~~
 15 ~~(3) The programs described in paragraphs (1) and (2) must be~~
 16 ~~accessible to all Californians, including persons with economic,~~
 17 ~~physical, or other barriers to employment.~~
 18 **(b) The Legislature finds and declares that the following**
 19 **principles shall guide the state’s workforce investment system:**
 20 **(1) Workforce investment programs and services shall be**
 21 **responsive to the needs of employers, workers, and students by**
 22 **accomplishing the following:**

1 (A) *Preparing California’s students and workers with the skills*
2 *necessary to successfully compete in the global economy.*

3 (B) *Producing greater numbers of individuals who obtain*
4 *industry-recognized certificates and degrees in competitive and*
5 *emerging industry sectors and filling critical labor market skills*
6 *gaps.*

7 (C) *Adapting to rapidly changing local and regional labor*
8 *markets as specific workforce skill requirements change over time.*

9 (D) *Preparing workers for good-paying jobs that foster*
10 *economic security and upward mobility.*

11 (2) *State and local workforce investment boards are encouraged*
12 *to collaborate with other public and private institutions, including*
13 *businesses, unions, nonprofit organizations, kindergarten and*
14 *grades 1 to 12, inclusive, career technical education programs,*
15 *adult basic education programs, community college career*
16 *technical education and basic skills programs, the California*
17 *Community Colleges Economic and Workforce Development*
18 *Program, and the Employment Training Panel, to better align*
19 *resources across workforce education and training service delivery*
20 *systems and build a well-articulated workforce investment system*
21 *by accomplishing the following:*

22 (A) *Adopting local and regional training and education*
23 *strategies that build on the strengths and fill the gaps in the*
24 *education and workforce development pipeline in order to address*
25 *the needs of job seekers, workers, and employers within regional*
26 *labor markets by supporting sector strategies.*

27 (B) *Leveraging resources across education and workforce*
28 *training delivery systems to build career pathways and fill critical*
29 *skills gaps.*

30 (3) *Workforce investment programs and services shall be data*
31 *driven and evidence based when setting priorities, investing*
32 *resources, and adopting practices.*

33 (4) *Workforce investment programs and services shall develop*
34 *strong partnerships with the private sector, ensuring industry*
35 *involvement in needs assessment, planning, and program*
36 *evaluation, and by encouraging industry involvement by developing*
37 *strong partnerships with an industry’s employers and the unions*
38 *that represent the industry’s workers.*

39 (5) *Workforce investment programs and services shall be*
40 *outcome oriented and accountable, measuring results for program*

1 participants, including, but not limited to, outcomes related to
2 program completion, employment, and earnings.

3 (6) Programs and services shall be accessible to employers,
4 workers, and students who may benefit from their operation,
5 including individuals with employment barriers, such as persons
6 with economic, physical, or other barriers to employment.

7 SECTION 1. Section 14000 of the Unemployment Insurance
8 Code is amended to read:

9 14000. (a) ~~The Legislature finds and declares that, in order~~
10 ~~for California to remain prosperous and globally competitive, it~~
11 ~~needs to have a well-educated and highly skilled workforce.~~

12 ~~(b) The Legislature finds and declares that the following~~
13 ~~principles shall guide the state’s workforce investment system:~~

14 ~~(1) Workforce investment programs and services shall be~~
15 ~~responsive to the needs of employers, workers, and students by~~
16 ~~accomplishing the following:~~

17 ~~(A) Preparing California’s students and workers with the skills~~
18 ~~necessary to successfully compete in the global economy.~~

19 ~~(B) Producing greater numbers of individuals who obtain~~
20 ~~industry recognized certificates and degrees in competitive and~~
21 ~~emerging industry sectors and filling critical labor market skills~~
22 ~~gaps.~~

23 ~~(C) Adapting to the rapidly changing labor market as specific~~
24 ~~workforce skill requirements change over time.~~

25 ~~(D) Preparing workers for good paying jobs that foster economic~~
26 ~~self-sufficiency and upward mobility.~~

27 ~~(2) Workforce investment programs and services shall~~
28 ~~collaborate with other public institutions, including K-12 career~~
29 ~~technical education and adult basic education programs, community~~
30 ~~college career technical education and basic skills programs, the~~
31 ~~Economic and Workforce Development program of the~~
32 ~~Chancellor’s office, and the Employment Training Panel, to better~~
33 ~~align resources across workforce education and training service~~
34 ~~delivery systems and build a well-articulated workforce investment~~
35 ~~system by accomplishing the following:~~

36 ~~(A) Adopting local and regional training and education strategies~~
37 ~~that build on the strengths and fill the gaps in the education and~~
38 ~~workforce development pipeline.~~

1 ~~(B) Leveraging resources across education and workforce~~
2 ~~training delivery systems to build career pathways and fill critical~~
3 ~~skills gaps.~~

4 ~~(3) Workforce investment programs and services shall be~~
5 ~~data-driven and evidence-based, setting priorities, investing~~
6 ~~resources, and adopting practices on the basis of what works.~~

7 ~~(4) Workforce investment programs and services shall develop~~
8 ~~strong partnerships with the private sector, ensuring industry~~
9 ~~involvement in needs assessment, planning, and program~~
10 ~~evaluation.~~

11 ~~(5) Workforce investment programs and services shall be~~
12 ~~outcome-oriented and accountable, measuring results for program~~
13 ~~participants, including, but not limited to, outcomes related to~~
14 ~~program completion, employment, and earnings.~~

15 ~~(6) Programs and services shall be accessible to employers,~~
16 ~~workers, and students who may benefit from their operation,~~
17 ~~including persons with economic, physical, or other barriers to~~
18 ~~employment.~~

19 SEC. 2. Section 14005 of the Unemployment Insurance Code
20 is amended to read:

21 14005. For purposes of this division:

22 (a) “Board” shall mean the California Workforce Investment
23 Board.

24 (b) “Agency” means the Labor and Workforce Development
25 Agency.

26 (c) “Career pathways,” “career ladders,” or “career lattices”
27 mean an identified series of positions, work experiences, or
28 educational benchmarks or credentials *with multiple access points*
29 that offer occupational and financial advancement within a
30 specified career field or related fields over time.

31 (d) “Cluster-based sector strategies” means methods of focusing
32 workforce and economic development on those sectors that have
33 demonstrated a capacity for economic growth and job creation in
34 a particular geographic area.

35 (e) “Economic security” means, with respect to a worker,
36 *earning a wage sufficient to support a family adequately, and over*
37 *time, to save for emergency expenses and adequate retirement*
38 *income, based on factors such as household size, the cost of living*
39 *in the worker’s community, and other factors that may vary by*
40 *region.*

- 1 (e)
- 2 (f) “High-priority occupations” mean occupations that have a
- 3 significant presence in a targeted industry sector or industry cluster,
- 4 are in demand by employers, and pay or lead to payment of high
- 5 wage.
- 6 (g) *“Individual with employment barriers” means an individual*
- 7 *with any characteristic that substantially limits an individual’s*
- 8 *ability to obtain employment, including indicators of poor work*
- 9 *history, lack of work experience, or access to employment in*
- 10 *nontraditional occupations, long-term unemployment, lack of*
- 11 *educational, or occupational skills attainment, dislocation from*
- 12 *high-wage and high-benefit employment, low levels of literacy or*
- 13 *English proficiency, disability status, or welfare dependency.*
- 14 (f)
- 15 (h) “Industry cluster” means a geographic concentration or
- 16 emerging concentration of interdependent industries with direct
- 17 service, supplier, and research relationships, or independent
- 18 industries that share common resources in a given regional
- 19 economy or labor market. An industry cluster is a group of
- 20 employers closely linked by common product or services,
- 21 workforce needs, similar technologies, and supply chains in a given
- 22 regional economy or labor market.
- 23 (g)
- 24 (i) “Industry sector” means those firms that produce similar
- 25 products or provide similar services using somewhat similar
- 26 business processes, *and are closely linked by workforce needs,*
- 27 *within a regional labor market.*
- 28 (h)
- 29 (j) “Local labor federation” means a central labor council that
- 30 is an organization of local unions affiliated with the California
- 31 Labor Federation or a local building and construction trades council
- 32 affiliated with the State Building and Construction Trades Council.
- 33 (i)
- 34 (k) “Sector strategies” means methods of prioritizing investments
- 35 in competitive and emerging industry sectors and industry clusters
- 36 on the basis of labor market and other economic data indicating
- 37 strategic growth potential, especially with regard to jobs and
- 38 income, and exhibit the following characteristics:
- 39 (1) Focus workforce investment in education and workforce
- 40 training programs that are likely to lead to high-wage jobs or to

1 an entry-level job with a well-articulated career pathway into a
2 high-wage job.

3 (2) Effectively boost labor productivity or reduce business
4 barriers to growth and expansion stemming from workforce supply
5 problems, including skills gaps, and occupational shortages by
6 directing resources and making investments to plug skills gaps
7 and provide education and training programs for high-priority
8 occupations.

9 (3) May be implemented using articulated career pathways or
10 lattices and a system of stackable credentials.

11 (4) May target underserved communities, disconnected youths,
12 incumbent workers, and recently separated military veterans.

13 (j)

14 (l) “Workforce Investment Act of 1998” means the federal act
15 enacted as Public Law 105-220.

16 SEC. 3. Section 14010 of the Unemployment Insurance Code
17 is amended to read:

18 14010. The California Workforce Investment Board is the body
19 responsible for assisting the Governor in the development,
20 oversight, and continuous improvement of California’s workforce
21 investment system and the alignment of the education and
22 workforce investment systems to the needs of the 21st century
23 *economy and workforce*.

24 SEC. 4. Section 14013 of the Unemployment Insurance Code
25 is amended to read:

26 14013. The board shall assist the Governor in the following:

27 (a) Promoting the development of a well-educated and highly
28 skilled 21st century workforce.

29 (b) Developing the State Workforce Investment Plan.

30 (c) Developing guidelines for the continuous improvement and
31 operation of the workforce investment system, including:

32 (1) Developing policies to guide the one-stop system.

33 (2) Providing technical assistance for the continuous
34 improvement of the one-stop system.

35 (3) Recommending state investments in the one-stop system.

36 (4) Targeting resources to high-wage competitive and emerging
37 industry sectors and industry clusters that are either high-growth
38 sectors or critical to California’s economy, or both. These industry
39 sectors and clusters shall have significant economic impacts on
40 the state and its regional and local areas, have immediate education

1 and workforce development needs, and have documented career
2 opportunities.

3 (d) Developing and continuously improving the statewide
4 workforce investment system as delivered via the one-stop delivery
5 system *and via other programs and services supported by funding*
6 *from the federal Workforce Investment Act of 1998*, including:

7 (1) Developing linkages in order to assure coordination and
8 nonduplication among workforce programs and activities.

9 (2) Reviewing local workforce investment plans.

10 (3) Leveraging state and federal funds to ensure that resources
11 are invested in activities that meet the needs of the state's
12 competitive and emerging industry sectors and advance the
13 education and employment needs of students and workers so they
14 can keep pace with the education and skill needs of the state, its
15 regional economies, and leading industry sectors.

16 (e) Commenting, at least once annually, on the measures taken
17 pursuant to the Carl D. Perkins Vocational and Applied Technology
18 Education Act Amendments of 1990 (Public Law 101-392; 20
19 U.S.C. Sec. 2301 et seq.).

20 (f) Designating local workforce investment areas within the
21 state based on information derived from all of the following:

22 (1) Consultations with the Governor.

23 (2) Consultations with the chief local elected officials.

24 (3) Consideration of comments received through the public
25 comment process, as described in Section 112(b)(9) of the federal
26 Workforce Investment Act of 1998.

27 (g) Developing and modifying allocation formulas, as necessary,
28 for the distribution of funds for adult employment and training
29 activities, for youth activities to local workforce investment areas,
30 and dislocated worker employment and training activities, as
31 permitted by federal law.

32 (h) Coordinating the development and continuous improvement
33 of comprehensive state performance measures, including state
34 adjusted levels of performance, to assess the effectiveness of the
35 workforce investment activities in the state.

36 (i) Preparing the annual report to the United States Secretary of
37 Labor.

38 (j) Recommending policy for the development of the statewide
39 employment statistics system, including workforce and economic
40 data, as described in Section 15 of Title 29 of the United States

1 Code, and using, to the fullest extent possible, the Employment
2 Development Department’s existing labor market information
3 systems.

4 (k) Recommending strategies to the Governor for strategic
5 training investments of the Governor’s 15-percent discretionary
6 funds.

7 (l) Developing and recommending waivers, in conjunction with
8 local workforce investment boards, to the Governor as provided
9 for in the federal Workforce Investment Act of 1998.

10 (m) Recommending policy to the Governor for the use of the
11 25-percent rapid response funds, as authorized under the federal
12 Workforce Investment Act of 1998.

13 (n) Developing an application to the United States Department
14 of Labor for an incentive grant under Section 9273 of Title 20 of
15 the United States Code.

16 SEC. 5. Section 14020 of the Unemployment Insurance Code
17 is amended to read:

18 14020. (a) The California Workforce Investment Board, in
19 collaboration with state and local partners, including the Chancellor
20 of the California Community Colleges, the State Department of
21 Education, other appropriate state agencies, and local workforce
22 investment boards, shall develop a strategic workforce plan to
23 serve as a framework for the development of public policy, fiscal
24 investment, and operation of all state labor exchange, workforce
25 education, and training programs to address the state’s economic,
26 demographic, and workforce needs. The strategic workforce plan
27 shall also serve as the framework for the single state plan required
28 by the *federal* Workforce Investment Act of 1998. The plan shall
29 be updated at least every five years.

30 (b) The state shall develop a California Industry Sector Initiative
31 that will serve as the cornerstone of the state plan and provide a
32 framework for state workforce investments *and support for sector*
33 *strategies*.

34 (c) The California Workforce Investment Board shall work
35 collaboratively with state and local partners to identify ways to
36 eliminate systemwide barriers and better align and leverage *federal*,
37 state, and local Workforce Investment Act funding streams and
38 policies to develop, support, and sustain regional alliances of
39 employers and workforce and education professionals who are
40 working to improve the educational pipeline, establish

1 well-articulated career pathways, provide industry-recognized
2 credentials and certificates, and address the career advancement
3 needs of current and future workers in competitive and emergent
4 industry sectors and clusters. The California Workforce Investment
5 Board and its partners shall work collaboratively to maximize state
6 and local investments and pursue other resources to address the
7 skills-gap needs identified pursuant to paragraph (3) of subdivision
8 (d).

9 (d) In order to support the requirement of the plans in
10 subdivision (a), the California Workforce Investment Board shall
11 do the following:

12 (1) Annually identify industry sectors and industry clusters that
13 have a competitive economic advantage and demonstrated
14 economic importance to the state; ~~and its regional economies; and~~
15 ~~local workforce investment areas.~~ *In developing this analysis, the*
16 *California Workforce Investment Board shall consider the expertise*
17 *of local workforce investment boards in the state's respective*
18 *regional economies and shall encourage the local workforce*
19 *investment boards to identify industry sectors and industry clusters*
20 *that have a competitive economic advantage and demonstrated*
21 *economic importance in their respective local workforce investment*
22 *areas.*

23 (2) Annually identify new dynamic emergent industry sectors
24 and industry clusters with substantial potential to generate new
25 jobs and income growth for the state; ~~and its regional economies;~~
26 ~~and local workforce investment areas.~~ *In developing this analysis,*
27 *the California Workforce Investment Board shall consider the*
28 *expertise of local workforce investment boards in the state's*
29 *respective regional economies and shall encourage the local*
30 *workforce investment boards to identify new dynamic emergent*
31 *industry sectors and industry clusters with substantial potential*
32 *to generate new jobs and income growth in their respective local*
33 *workforce investment areas.*

34 (3) Provide an annual skills-gap analysis enumerating
35 occupational and skills shortages in the industry sectors and
36 industry clusters identified as having strategic importance to the
37 state's economy; ~~and its regional economies; and local workforce~~
38 ~~investment areas.~~ ~~This skills-gap.~~ *In developing this analysis, the*
39 *California Workforce Investment Board shall consider the expertise*
40 *of local workforce investment boards in the state's respective*

1 *regional economies and shall encourage the local workforce*
2 *investment boards to conduct skills-gap analysis for their respective*
3 *local workforce investment areas. Skills-gap analysis for the state*
4 *and its regional economies shall use labor market data to specify*
5 *a list of high-priority, in-demand occupations for the state, and its*
6 *regional economies, and its local workforce investment areas. This*
7 *list shall be used to inform investment decisions and eligible*
8 *training provider policies.*

9 (4) *Establish, with input from local workforce investment boards*
10 *and other stakeholders, initial and subsequent eligibility criteria*
11 *for the Workforce Investment Act eligible training provider list*
12 *that effectively directs training resources into training programs*
13 *leading to employment in high-demand, high-priority, and*
14 *high-wage occupations, particularly those facing a shortage of*
15 *skilled workers. The subsequent eligibility criteria, to the extent*
16 *feasible, shall use performance and outcome measures to determine*
17 *whether a provider is qualified to remain on the list. At a minimum*
18 ~~*these, initial and subsequent eligibility*~~ *criteria shall consider the*
19 *following:*

20 (A) *The relevance of the training program to the workforce*
21 *needs of the state’s strategic industry sectors and industry clusters.*

22 (B) *The need to plug skills gaps and skills shortages in the*
23 *economy, including skills gaps and skills shortages at the state and*
24 *regional level.*

25 (C) *The need to plug skills gaps and skills shortages in local*
26 *workforce investment areas.*

27 (D) *The likelihood that the training program will lead to job*
28 *placement in a high-wage job or job placement in an entry-level*
29 *job that has a well-articulated career pathway or career ladder to*
30 *a high-wage job.*

31 (E) *The need for basic skills and bridge training programs that*
32 *provide access to occupational skills training for individuals with*
33 *barriers to employment and those who would otherwise be unable*
34 *to enter occupational skills training.*

35 (F) *To the extent feasible, utilize criteria that measure training*
36 *and education provider performance, including, but not limited*
37 *to, the following:*

38 (i) *Measures of skills or competency attainment.*

- 1 (ii) *Measures relevant to program completion, including*
- 2 *measures of course, certificate, degree, licensure, and program*
- 3 *of study rate of completion.*
- 4 (iii) *For those entering the labor market, measures of*
- 5 *employment placement and retention.*
- 6 (iv) *For those continuing in training or education, measures of*
- 7 *educational or training progression.*
- 8 (v) *For those who have entered the labor market, measures of*
- 9 *income, including wage measures.*
- 10 ~~(F)~~
- 11 (G) *If the state receives a waiver from the federal subsequent*
- 12 *eligibility provisions specified in the federal Workforce Investment*
- 13 *Act of 1998, the state workforce investment board shall establish*
- 14 *its own subsequent eligibility criteria that take into account all of*
- 15 *the criteria specified in subparagraphs (A), (B), (C), (D), and (E),*
- 16 *and (F).*

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