

AMENDED IN SENATE AUGUST 10, 2016  
AMENDED IN ASSEMBLY MARCH 26, 2015  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1508**

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**Introduced by Assembly Member ~~Roger Hernández Mullin~~**

March 4, 2015

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An act to to add Article 3.5 (commencing with Section 12035) of Chapter 1 of Part 2 of Division 3 of Title 2 of, and to repeal the heading of Article 3.5 (commencing with Section 12035) of Chapter 1 of Part 2 of Division 3 of Title 2 of, the Government Code, relating to the ~~underground economy~~; amend Section 14211 of the Unemployment Insurance Code, relating to workforce development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1508, as amended, ~~Assembly Member Roger Hernández Mullin. Underground economy: policy adviser. Workforce investment boards: funding.~~

*The federal Workforce Innovation and Opportunity Act of 2014 provides for workforce investment activities, including activities in which states may participate. 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 duties related to the implementation and coordination of local workforce investment activities. Existing law requires local workforce investment boards to spend a minimum percentage of specified funds for adults and dislocated workers on federally identified workforce training programs and allows the boards to leverage specified funds to meet the funding requirements, as specified. Existing law*

*authorizes a credit of up to 10% of that funding minimum for leveraged funds, which include Pell Grants and employment training panel grants.*

*This bill would expand the types of services to which leveraged funds may be applied to include supportive services and would expand the types of leveraged funds that may be applied to the 10% credit, described above, to include specified federal, local, state, and private funds.*

~~The Joint Enforcement Strike Force on the Underground Economy, created pursuant to executive order, includes the Employment Development Department, the Department of Consumer Affairs, the Department of Industrial Relations, the Department of Insurance, and the Office of Criminal Justice Planning. Existing law prescribes the duties of the strike force, which include facilitating and encourage the development and sharing of information by the participating agencies necessary to combat the underground economy.~~

~~This bill would require the Governor to designate an independent chief policy adviser for the underground economy. The bill would prescribe the adviser's duties, which would include monitoring the state's existing underground economy task forces and interagency partnerships to ensure that they are organized efficiently and evaluating whether any task forces and partnerships should be eliminated or restructured to improve effectiveness. The bill would require the adviser, on or before January 1, 2017, to submit a report to the Governor and the Legislature that summarizes the adviser's findings and recommendations, with a focus on recommended administrative or legislative changes.~~

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 14211 of the Unemployment Insurance*
- 2     *Code is amended to read:*
- 3     14211. (a) (1) Beginning program year 2012, an amount equal
- 4     to at least 25 percent of funds available under Title I of the federal
- 5     Workforce Innovation and Opportunity Act of 2014 (Public Law
- 6     113-128) provided to local workforce investment boards for adults
- 7     and dislocated workers shall be spent on workforce training
- 8     programs. This minimum may be met either by spending 25 percent
- 9     of those base formula funds on training or by combining a portion

1 of those base formula funds with leveraged funds as specified in  
2 subdivision (b).

3 (2) Beginning program year 2016, an amount equal to at least  
4 30 percent of funds available under Title I of the federal Workforce  
5 Innovation and Opportunity Act of 2014 (Public Law 113-128)  
6 provided to local workforce development boards for adults and  
7 dislocated workers shall be spent on workforce training programs.  
8 This minimum may be met either by spending 30 percent of those  
9 base formula funds on training or by combining a portion of those  
10 base formula funds with leveraged funds as specified in subdivision  
11 (b).

12 (3) ~~Expenditures~~—*Except as provided in subdivision (b),*  
13 *expenditures* that shall count toward the minimum percentage of  
14 funds shall include only training services as defined in Section  
15 3174(c)(3)(D) of Title 29 of the United States Code and the  
16 corresponding sections of the Code of Federal Regulations,  
17 including all of the following:

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

20 (B) On-the-job training.

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

23 (D) Training programs operated by the private sector.

24 (E) Skill upgrading and retraining.

25 (F) Entrepreneurial training.

26 (G) Incumbent worker training in accordance with Section  
27 3174(d)(4) of Title 29 of the United States Code.

28 (H) Transitional jobs in accordance with Section 3174(d)(5) of  
29 Title 29 of the United States Code.

30 (I) Job readiness training provided in combination with any of  
31 the services described in subparagraphs (A) to (H), inclusive.

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

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

38 (b) (1) Local workforce development boards may receive a  
39 credit of up to 10 percent of their adult and dislocated worker  
40 formula fund base allocations for public education and training

1 funds and private resources from industry and from joint  
2 labor-management trusts that are leveraged by a local workforce  
3 development board for training services described in paragraph  
4 (3) of subdivision (a). This credit may be applied toward the  
5 minimum training requirements in paragraphs (1) and (2) of  
6 subdivision (a).

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

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

11 (ii) Programs authorized by the federal Workforce Innovation  
12 and Opportunity Act of 2014 (Public Law 113-128).

13 (iii) Trade adjustment assistance.

14 (iv) Department of Labor National Emergency Grants.

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

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

18 (vii) Employment training panel grants.

19 (viii) *Supportive services as defined by the federal Workforce*  
20 *Innovation and Opportunity Act of 2014 (Public Law 113-128)*  
21 *and the corresponding sections of the Code of Federal Regulations,*  
22 *but only for those individuals enrolled in training services, as*  
23 *defined in Section 3174(c)(3)(D) of Title 29 of the United States*  
24 *Code and the corresponding sections of the Code of Federal*  
25 *Regulations.*

26 (ix) *Temporary Assistance for Needy Families (TANF) funds*  
27 *spent on supportive services, as defined by the federal Workforce*  
28 *Innovation and Opportunity Act of 2014 (Public Law 113-128)*  
29 *and the corresponding sections of the Code of Federal Regulations,*  
30 *for TANF enrolled individuals coenrolled in and receiving training*  
31 *services through the federal Workforce Innovation and Opportunity*  
32 *Act of 2014.*

33 (x) *Temporary Assistance for Needy Families (TANF) funds*  
34 *spent on transitional and subsidized employment for TANF enrolled*  
35 *individuals coenrolled in and receiving training services through*  
36 *the federal Workforce Innovation and Opportunity Act of 2014.*

37 (xi) *Any other local, state, or federal funds spent on training or*  
38 *supportive services for individuals enrolled in training provided*  
39 *the individuals receiving the training are enrolled in the federal*

1 *Workforce Innovation and Opportunity Act of 2014 for*  
2 *performance reporting and tracking purposes.*

3 (xii) *With the approval of the state board, any other public or*  
4 *private funds source not identified in this subparagraph that is*  
5 *used to provide training or supportive services for individuals who*  
6 *are also enrolled in training provided the individuals receiving*  
7 *the relevant services are enrolled in the federal Workforce*  
8 *Innovation and Opportunity Act of 2014 for performance reporting*  
9 *and tracking purposes.*

10 (B) Credit for leveraged funds shall only be given if the local  
11 workforce development board keeps records of all training *and*  
12 *supportive services* expenditures it chooses to apply to the credit.  
13 Training *and supportive services* expenditures may only be applied  
14 to the credit if the relevant ~~training~~ costs can be independently  
15 verified by the Employment Development Department ~~and~~ *and*,  
16 *without exception*, training participants must be coenrolled in the  
17 federal Workforce Innovation and Opportunity Act of 2014  
18 performance monitoring system.

19 (2) The use of leveraged funds to partially meet the training  
20 requirements specified in paragraphs (1) and (2) of subdivision  
21 (a) is the prerogative of a local workforce development board.  
22 Costs arising from the recordkeeping required to demonstrate  
23 compliance with the leveraging requirements of this subdivision  
24 are the responsibility of the local board.

25 (c) Beginning program year 2012, the Employment Development  
26 Department shall calculate for each local workforce development  
27 board, within six months after the end of the second program year  
28 of the two-year period of availability for expenditure of federal  
29 Workforce Innovation and Opportunity Act of 2014 funds, whether  
30 the local workforce development board met the requirements of  
31 subdivision (a). The Employment Development Department shall  
32 provide to each local workforce development board its individual  
33 calculations with respect to the expenditure requirements of  
34 subdivision (a).

35 (d) A local workforce development area that does not meet the  
36 requirements of subdivision (a) shall submit a corrective action  
37 plan to the Employment Development Department that provides  
38 reasons for not meeting the requirements and describes actions  
39 taken to address the identified expenditure deficiencies. A local  
40 workforce development area shall provide a corrective action plan

1 to the Employment Development Department pursuant to this  
2 section within 90 days of receiving the calculations described in  
3 subdivision (c).

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

7 ~~SECTION 1. The heading of Article 3.5 (commencing with~~  
8 ~~Section 12035) of Chapter 1 of Part 2 of Division 3 of Title 2 of~~  
9 ~~the Government Code is repealed.~~

10 ~~SEC. 2. Article 3.5 (commencing with Section 12035) is added~~  
11 ~~to Chapter 1 of Part 2 of Division 3 of Title 2 of the Government~~  
12 ~~Code, to read:~~

13  
14 ~~Article 3.5. The Underground Economy~~

15  
16 ~~12035. (a) The Governor shall designate an independent chief~~  
17 ~~policy adviser for the underground economy.~~

18 ~~(b) The adviser’s responsibilities shall include, but not be limited~~  
19 ~~to, the following:~~

20 ~~(1) Monitoring the state’s existing underground economy task~~  
21 ~~forces and interagency partnerships to ensure that they are~~  
22 ~~organized efficiently.~~

23 ~~(2) Evaluating whether any task forces and partnerships should~~  
24 ~~be eliminated or restructured to improve effectiveness.~~

25 ~~(3) Evaluating whether existing task forces and partnerships~~  
26 ~~have sufficient resources and whether gaps or overlaps exist in~~  
27 ~~combating the underground economy.~~

28 ~~(4) Reviewing enforcement staffing and funding levels and~~  
29 ~~developing recommendations to adequately fund enforcement.~~

30 ~~(5) Developing recommendations to eliminate barriers that~~  
31 ~~prevent task forces and partnerships from being fully effective.~~

32 ~~(6) Leading a strategic planning process to develop performance~~  
33 ~~outcomes for combating the underground economy.~~

34 ~~(c) (1) On or before than January 1, 2017, the adviser shall~~  
35 ~~submit a report to the Governor and the Legislature that~~  
36 ~~summarizes the adviser’s findings and recommendations, with a~~  
37 ~~particular emphasis on any recommended administrative or~~  
38 ~~legislative changes.~~

- 1     ~~(2) The report to be submitted pursuant to paragraph (1) shall~~
- 2     ~~be submitted in compliance with Section 9795.~~

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