

Date of Hearing: April 25, 2017

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sharon Quirk-Silva, Chair

AB 1336 (Mullin) – As Amended April 4, 2017

SUBJECT: California Workforce Development Board

SUMMARY: Expands the duties and authorities for the California Workforce Development Board (CWDB) relative to the development and oversight of the workforce metrics dashboard. Specifically, **this bill:**

- 1) Requires the CWDB, in developing the workforce metrics dashboard, to determine the approach for measuring labor market impacts, provided that, to the extent feasible, the board uses statistically rigorous methodologies to estimate, assess, and isolate the impact of programs on participant outcomes.
- 2) Authorizes the CWDB to use data other than that which is currently collected and accessible to state agencies when developing and operating the workforce metrics dashboard.
- 3) Expands the requirement that participant data be provided in a standardized format from a specific and finite list of workforce programs and funding streams, to any program and related information the CWDB determines is appropriate for inclusion in the workforce metrics dashboard.
- 4) Authorizes the CWDB and its designees to join with the Employment Development Department in establishing the standardized format that participating workforce programs are required to use when submitting participant data.
- 5) Authorizes CWDB and their designees to have access to social security numbers collected by the State Department of Education of adults participating in adult education programs. Current law limits access to this information to the Employment Development Department.
- 6) Authorizes the use of social security numbers of individuals participating in adult education programs for tracking outcomes related to credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. Existing law limits the use of these social security numbers to only tracking labor market outcomes.
- 7) Authorizes the CWDB and their designees to aggregate data provided by participating workforce programs. Existing law assigns this responsibility exclusively to the Employment Development Department.

EXISTING STATE LAW:

- 1) Requires the CWDB to assist the Governor by developing and updating comprehensive state performance accountability measures, which will be used to assess the effectiveness of core Workforce Innovation and Opportunity Act of 2014 (WIOA) workforce programs, as specified. These performance measures include the state-adjusted levels of performance, authorized under WIOA. Elements of these accountability measures are required to include the workforce metrics dashboard.

- 2) Requires the workforce metrics dashboard to measure the state's human capital investments into workforce development. Among other requirements, the workforce metrics dashboard is required to be:
 - a) Used to better understand the collective impact of certain workforce investments on the labor market;
 - b) Developed and operated using existing available data and resources that are currently collected and accessible to state agencies; and
 - c) Updated annually.
- 3) Requires the CWDB to convene workforce program partners for the purpose of developing a standardized set of inputs and outputs for the workforce metrics dashboard.
- 4) Requires the workforce metrics dashboard to do all of the following:
 - a) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. CWDB is required to publish and distribute the final report;
 - b) Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors;
 - c) Measure, at a minimum and to the extent feasible with existing resources, the performance of: Community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998, Trade Adjustment Assistance, and state apprenticeship programs; and
 - d) Measure participant earnings in California, and to the extent feasible, in other states. The Employment Development Department is required to assist the board by calculating aggregated participant earnings using unemployment insurance wage records, without violating any applicable confidentiality requirements.
- 5) Authorizes the State Department of Education to collect the social security numbers of adults participating in adult education programs so that accurate participation in those programs can be represented in the report card.
 - a) Prohibits an individual from being denied program participation if he or she refuses to provide a social security number;
 - b) Requires the State Department of Education to keep this information confidential, except where the Education Department is authorized to share this information, unless prohibited by federal law, with the Employment Development Department;
 - c) The Employment Development Department is required to keep the social security information confidential and use it only to track the labor market outcomes of program participants in compliance with all applicable state and federal laws and mandates, as specified.
- 6) Defines "participating workforce programs," for the purposes of providing participant data on a standardized form to exclusively mean community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998, Trade Adjustment Assistance, and state apprenticeship programs.

- 7) Requires the Employment Development Department to aggregate the data provided by the participating workforce programs and provide it to the CWDB for inclusion in the annual workforce metrics dashboard.

EXISTING FEDERAL LAW:

- 1) Authorizes WIOA for the purpose of, among other things:
 - a) Increasing access to the employment, education, training, and support services that individuals need to succeed in the labor market, especially individuals who face barriers to employment;
 - b) Supporting the alignment of workforce investment, education, and economic development systems in support of a comprehensive, accessible, and high-quality workforce development system in the U.S.;
 - c) Improving the quality and labor market relevance of workforce investment, education, and economic development efforts to provide America's workers with the skills and credentials necessary to secure and advance in employment with family-sustaining wages and to provide America's employers with the skilled workers the employers need to succeed in a global economy; and
 - d) To provide workforce investment activities, through statewide and local workforce development systems, that increase the employment, retention, and earnings of participants, and increase attainment of recognized postsecondary credentials by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation.
- 2) Sets primary indicators of performance for activities provided under the adult and dislocated worker programs, as specified, the program of adult education and literacy activities, as specified, and the employment services program, as specified. These performance measurements include:
 - a) The percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program;
 - b) The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;
 - c) The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
 - d) The percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent, during participation in or within 1 year after exit from the program;
 - e) The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains toward such a credential or employment; and
 - f) The indicators of effectiveness in serving employers, as specified.
- 3) Sets primary indicators of performance for activities provided under the youth program, as specified, as follows:

- a) The percentage of program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from the program;
- b) The percentage of program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from the program;
- c) Median earnings of participants in unsubsidized employment during the second quarter after exist;
- d) Percentage of participants who obtain recognized postsecondary credential, secondary school diploma, or equivalent during participation or within 1 year after program exist.
- e) Percentage of participants who during the program year are in education that leads to a recognized postsecondary credential or employment and who are achieving measurable gains toward those goals.
- f) The indicators of effectiveness in serving employers, as specified

FISCAL EFFECT: Unknown

POLICY FRAME:

One of the significant aspects of WIOA is the accountability measures, which are designed to carefully track outcomes for training and other employment investments. Tracking outcomes is not new to California, for even as WIOA was being written, California was adopting its own mandate for establishing an internet-based tracking system that would have the capability of reporting outcomes across programs and among different workforce partners, *AB 2148 (Mullin) Workforce Metrics Dashboard, Chapter 385, Statutes of 2014*. The workforce metrics dashboard bill was supported by a broad cross-section of business and labor organizations who believed that consolidated reporting would lead to better, data-driven decisions.

This bill, sponsored by the CWDB, updates the original framework to reflect WIOA requirements and the real-world issues that arise when developing complex and integrated data reporting platforms. More specifically, the bill:

- 1) Clarifies that data collection and assessments should include both program outcomes and labor market impacts;
- 2) Sets a process for analyzing labor markets impacts;
- 3) Authorizes the CWDB and its designee to play a more central role in several of the collection and assessment processes which were previously assigned exclusively to the Employment Development Department. This includes providing access to certain individuals' social security numbers for tracking program outcomes and labor market impacts; and
- 4) Allows other training and education programs and partner data to be included within the dashboard.

The analysis includes information on the CWDB, WIOA, and related legislation. In addition, one amendment is discussed in Comment 3 relating to privacy issues and CWDB designees

COMMENTS:

- 1) **Workforce Innovation Opportunity Act and California Workforce Board:** Enacted in 2014, WIOA provides states with federal funding for job training and employment investment activities and programs, including work incentive and employment training outreach programs. Distribution of the

funds is based on a set formula which includes specified economic and demographic data and flows to the state through three primary programs: Adult, Youth, and Dislocated Worker.

California's workforce development funding from the U.S. Department of Labor has declined over the years from a high of \$630 million in 2000-01 to \$411 million in 2012-13. Federal law dictates that 85% of Adult and Youth formula funds, and 60% of Dislocated Worker formula funds, are distributed to local workforce development boards. Funding for the state's discretionary activities is derived from the 15% discretionary funds.

California received approximately \$421.6 million for program year 2016-17, with \$358.4 million being allocated to local workforce development boards to provide services for adults, laid-off workers, and youth, and \$63.2 million remaining at the state-level for program oversight and discretionary programs.

California's WIOA dollars are overseen by the 49-member CWDB, of which 51% of the members represent the private sector, as required by federal law. The CWDB has 22.9 authorized positions and is currently led by Executive Director Tim Rainey. In 2008, a Green Collar Jobs Council was established to address the workforce development needs of the emerging clean and green economy.

Among its primary duties, the CWD provides guidance to local workforce boards and is responsible for the development of a unified, strategic plan to coordinate various education, training, and employment programs that result in an integrated workforce development system that supports economic development. The plan is required to be updated at least every 2 years in order to address the state's changing economic, demographic, and workplace needs.

The CWD submitted its first plan under WIOA to the U.S. Labor Department in 2016, which set three policy objectives: Fostering "demand-driven skills attainment"; enabling upward mobility for all Californians; and aligning, coordinating, and integrating programs and services. These objectives support the accomplishment of the state goals (2017 to 2027) of producing a million "middle-skill" industry-valued and recognized postsecondary credentials, while also doubling the number of people enrolled in apprenticeship programs.

There are 46 local workforce development boards that plan for and oversee the workforce system at the local and regional levels. Local workforce boards are comprised of a range of workforce stakeholders, a majority of which are required to be representatives from business. Each local workforce development board has one or more One-Stop Career Centers, called American Job Centers under WIOA, which provide access to career information, counseling, and funding for education, training, and supportive services.

On March 15, 2017, the local workforce boards submitted regional plans that brought together local and regional level data on the workforce needs, skills gaps, and initiatives that are designed to address those needs, including benchmarks. A priority for the state, regional, and local plans is serving individuals who face employment barriers. In the following years, state funding through WIOA will be modified by the U.S. Department of Labor, based on the ability of the state to meet these goals.

- 2) **The Relationship between Performance Metrics and Quality Programs:** In a state as geographically large and demographically diverse as California, understanding workforce needs of business and workers is challenging. Tools such as the workforce metrics dashboard help to set a clear process for collecting, analyzing, and applying data, to key decisions about resource deployment.

Under WIOA, local workforce boards will be reporting on outcomes for up to a year following training or accessing services. The tracking will include key information, such as, the number of individuals who are in unsubsidized employment, median earnings of those individuals, and the percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or equivalency.

This measure will not only align the workforce metrics dashboard with WIOA, it also sets the foundation for reporting and monitoring of other workforce development programs, including the \$200 million approved in last year's budget to assist the California Community Colleges Chancellor's Office implement the Strong Workforce Task Force recommendations.

Beyond tracking and program evaluation, the workforce metrics dashboard assists the CWDB in its work as the Governor's lead advisor on workforce issues and the task of continually improving the state's workforce system.

- 3) **Amendment:** The Committee may wish to consider whether specific language should be added to require the CWDB to take all necessary actions to ensure designees has a technical and operational capability of meeting appropriate privacy and security requirements. While the intent and commitment may be clear in this Administration, these designees may be authorized to access and manipulate databases that include social security numbers. In order to preserve the current standard of confidentiality and prevent possible future security breaches it may be prudent to emphasize the sensitivity of the designation process.
- 4) **Related Legislation:** Below is a list of bills from the current and prior sessions.
 - a) **AB 1270 (E. Garcia) California Workforce Innovation and Opportunity Act:** This bill aligns California statute with the new requirements of the federal Workforce Innovation and Opportunity Act of 2014. The bill sets the foundation for policy changes in 2016 through SB 45 (Mendoza). Status: Signed by the Governor, Chapter 94, Statutes of 2015.
 - b) **AB 2148 (Mullen) Workforce Metrics Dashboard:** This bill requires the California Workforce Investment Board to, among other duties, assist the Governor in the development of an annual workforce metrics dashboard to measure investment in workforce development. Status: Signed by the Governor, Chapter 385, Statutes of 2014.
 - c) **SB 81 (Senate Budget Committee) Post-Secondary Education Budget:** This bill provides guidance and makes modifications to the states three systems of higher education, including but not limited to:
 - i) Amends the Middle Class Scholarship program to exclude students with family assets over \$150,000, sets a four- or five-year time limit for the program similar to limits imposed in the Cal Grant program, and allows income and asset limits to increase with the Consumer Price Index.
 - ii) Creates the Basic Skills Partnership Pilot Program, which will provide five community college districts with \$2-million grants to develop partnerships among schools districts, community colleges and California State University campuses to develop improved strategies to provide remedial education for underprepared college students.
 - iii) Requires the California Community Colleges or California State University to exempt students from nonresident tuition starting on July 1, 2015, if they the meet all of the following

requirements: a) student resides in California; b) student meets the definition of "covered individual," as defined under United States Code Title 38, federal statute; c) student is eligible for education benefits under either the federal Montgomery GI Bill or Post 9/11 GI Bill program, and are continuously enrolled at the campus they attend.

- iv) Extends the sunset date for the Career Technical Education Pathways Program from June 30, 2015, to July 1, 2016, and appropriates \$48 million one-time Proposition 98 funds for the program.
- v) Requires the Community College Chancellor's Office to report to the California Apprenticeship Council within 30 days of each apportionment period information regarding the hourly rate paid to local educational agencies and community colleges, and the number of instruction hours allocated to and reported by each local educational agency and community college.
- vi) Allows the Community College Chancellor's Office to work with the Division of Apprenticeship Standards to develop and implement innovative apprenticeship programs in high-growth industries.
- vii) Creates the Basic Skills and Student Outcomes Transformation Program, which will provide \$60 million Proposition 98 General Fund to assist community college districts in improving the delivery of basic skills instruction.

Status: Signed by the Governor, Chapter 22, Statutes of 2015.

- d) ***SB 45 (Mendoza) Workforce Innovation and Opportunity Act:*** This bill was initially introduced as the vehicle to make policy changes that were necessary and appropriate for implementing the federal Workforce Innovation and Opportunity Act in California. The bill was sponsored by the California Labor Agency. Status: Died in Assembly Rules, 2016.
 - e) ***SB 118 (Lieu) Alignment of Workforce and Education Systems:*** This bill requires the California Workforce Investment Board to incorporate specific principles into the state's strategic plan that align the education and workforce investment systems to the needs of the 21st century economy. Additionally, the bill encouraged state and local workforce boards to collaborate with other public and private institutions in adopting local and regional training and education strategies across all delivery systems and making investments outcome oriented and accountable, measuring results through program completion, employment, and earnings. Status: Signed by the Governor, Chapter 562, Statutes of 2013.
- 5) **Double Referral:** The Assembly Rules Committee has referred this measure to the Assembly Committee on Labor (Labor) and the Assembly Committee on Jobs, Economic Development and the Economy. This measure passed Labor on a 7 to 0 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

California Workforce Development Board (sponsor)
California Edge Coalition

Opposition

None on File

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