

Date of Hearing: April 5, 2016

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Eduardo Garcia, Chair

AB 2105 (Rodriguez) – As Introduced February 17, 2016

SUBJECT: Workforce development

SUMMARY: Provides a one-year extension on the operable date of a code section that required a December 2015 report to the Legislature relating to "earn and learn" job training programs in the allied health professions. The bill would make the section inoperable on January 1, 2020, rather than January 1, 2019.

EXISTING LAW:

- 1) Establishes the California Workforce Development Board (CWD), comprised of members appointed by the Governor and the appropriate presiding officer(s) of each house of the Legislature, and specifies that the executive director of the CWD report to the Secretary of the California Labor and Workforce Development Agency.
- 2) Assigns the CWD the responsibility for assisting the state in meeting the requirements of the federal Workforce Innovation and Opportunity Act 2014 (WIOA), as well as assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system.
- 3) Requires the CWD, in consultation with the Division of Apprenticeship Standards, to undertake a review of allied health professions, which includes the following:
 - a) Identification of "earn and learn" job training opportunities that meet the industry's workforce demands and that are in high-wage, high-demand jobs;
 - b) Identification of specific requirements and qualifications for entry into "earn and learn" job training models;
 - c) Establishment of standards for "earn and learn" job training programs that are outcome oriented and accountable. The standards are required to measure the results from program participation, including a measurement of how many individuals complete the program with an industry-recognized credential, as specified;
 - d) Development of the means to identify, assess, and prepare a pool of qualified candidates seeking to enter "earn and learn" job training models.
- 4) Requires the CWD to provide a report to the Legislature on the findings and recommendations of the specified "earn and learn" job training programs by December 1, 2015. The bill provides that this review and single report requirement is inoperable on January 1, 2019.
- 5) Defines "earn and learn" to include, but not be limited to, a program that does either of the following:
 - a) Combines applied learning in a workplace setting with compensation allowing workers or students to gain work experience and secure a wage as they develop skills and competencies directly relevant to the occupation or career for which they are preparing; or

- b) Brings together classroom instruction with on-the-job training to combine both formal instruction and actual paid work experience.
- 6) Defines “earn and learn” programs to include, but not be limited to, all of the following:
- a) Apprenticeships;
 - b) Pre-apprenticeships;
 - c) Incumbent worker training;
 - d) Transitional and subsidized employment, particularly for individuals with barriers to employment;
 - e) Paid internships and externships; and
 - f) Project-based compensated learning.

FISCAL EFFECT: None

POLICY ISSUE FRAME

Health care is one of the largest and growing industries in California. By 2025, there is demand for an additional 250,000 workers in related health care fields, as well as 200,000 workers to replace those that will be retiring. Allied health professions encompass over 70 areas of expertise.

This need for health professionals is not new. For more than a decade, hospitals and other health care providers have expressed concerns regarding the limited supply of skilled health care professionals. One study by the California Hospital Association, projects a workforce gap of over one million workers by 2030. Numerous other studies validate this need to address the state's critical shortage of health care professionals. Key recommendations among many of these reports is the lack of clear career pathways for healthcare workers and the need to develop collaborative solutions involving health employers, workers, educators, and other essential partners.

In 2014, the Legislature passed and the Governor signed AB 1797 (Rodríguez), Chapter 157, Statutes of 2014, which called on the WDB to lead a coordinated examination of how "earn and learn" strategies can be used to enrich workforce development activities in the allied health fields. A summary of findings and recommendations from those proceedings was provided to the Legislature in December 2015.

The author intends to use this measure to follow-up on those recommendations. Specific amendments are discussed in Comment #4. The analysis also includes background on WDB's allied health analysis and other related workforce issues.

COMMENTS:

- 1) **2015 Earn and Learn Report:** In December 2015, the WDB and the California State Division of Apprenticeship Standards released the study, *Expanding Earn and Learn Models in the California Health Care Industry*, pursuant to the requirements of AB 1797. Key steps in the development of the report include:
 - The review of relevant literature, including reports on apprenticeships in the health care industry and the needs of the future health care workforce;

- One-on-one interviews with key leaders in the health care industry, related fields in education and workforce development, and operators of "earn and learn" models in the health care industry; and
- The convening of two round tables by a coalition of industry, labor, education, and government.

The report noted that while there were many advantages to expanding apprenticeship programs in the allied health industries, there were also barriers, including, but not limited to, the following:

- a) No clear career ladders for entry-level workers to advance into clinical roles, or for lateral movement from one health care role into another;
 - b) Few residency programs or even commitments to hire prior to completion of the license or credential;
 - c) Misalignment of time-based standards used for registered apprenticeships and the competency-based training models commonly used in health care fields. As an example, many entry level positions do not require as much classroom or on-the-job training as is normally necessary to meet current construction-based apprenticeship models;
 - d) No funding available for public health care employers to invest in program development, outreach, administration (e.g., record-keeping and journey-level supervision of apprentices), or, more fundamentally, the industry model of wage progression;
 - e) Limited flexibility or agility by public education institutions to adopt and implement new curricula. As an example, it can take more than a year to approve new curricula by a community college and longer if an existing course must be modified to include apprenticeship indicators;
 - f) Licensing boards have traditionally acted as gatekeepers to their professions and have not been open to expanding entry into some of the skilled health care professions for fear of diminishing wages. There is also evidence that accreditation boards can be reluctant to create flexible or alternative pathways to entry over concerns that this will lower quality standards;
 - g) Misaligned funding incentives for community college participation. In this example, the reimbursement rate for a general education credit is approximately \$8.50 per hour, as compared to \$5.46 per hour for students taking apprenticeship classes. This creates a structural disincentive for colleges to partner with employers and unions on allied health-related programs;
 - h) Poor track record in maintaining funding levels for public apprenticeship programs. Funding issues may be deterring potential employers and partners from participating in a new round of program development; and
 - i) Lack of cross-sector collaboration on the development of new apprenticeship programs, especially from the federal entities which administer the Medicare and Medicaid programs.
- 2) **California Employment:** California's labor force is comprised of approximately 19 million people with an estimated 17.8 million people being employed. **Chart 1** shows 2014 employment by industry sector (2015 data is not available). Based on total employment, the trade, transportation, and utilities sector is largest, employing 2.8 million (18.4% of California jobs). Jobs in this sector also support employment in other industry sectors including Manufacturing (8.1%), Professional Services (15.6%),

and Financial Activities (5.0%). The Education and Health Services sector is the third highest industry sector in California, representing 15.4% of the state's workforce.

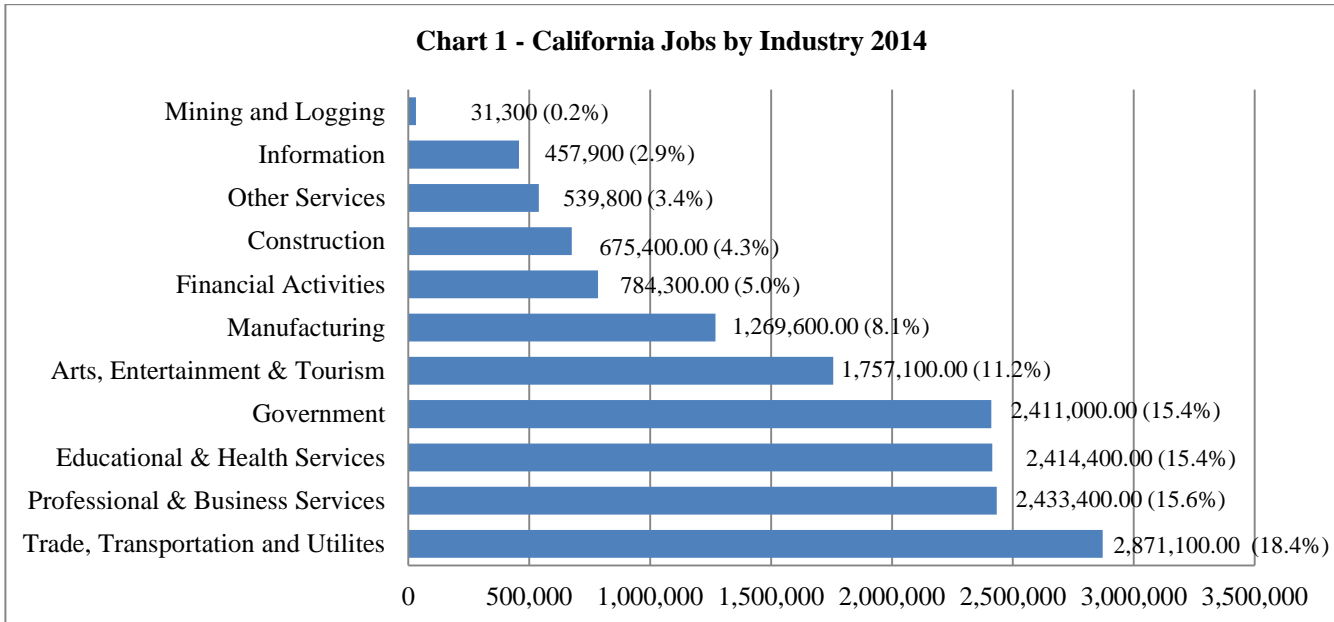
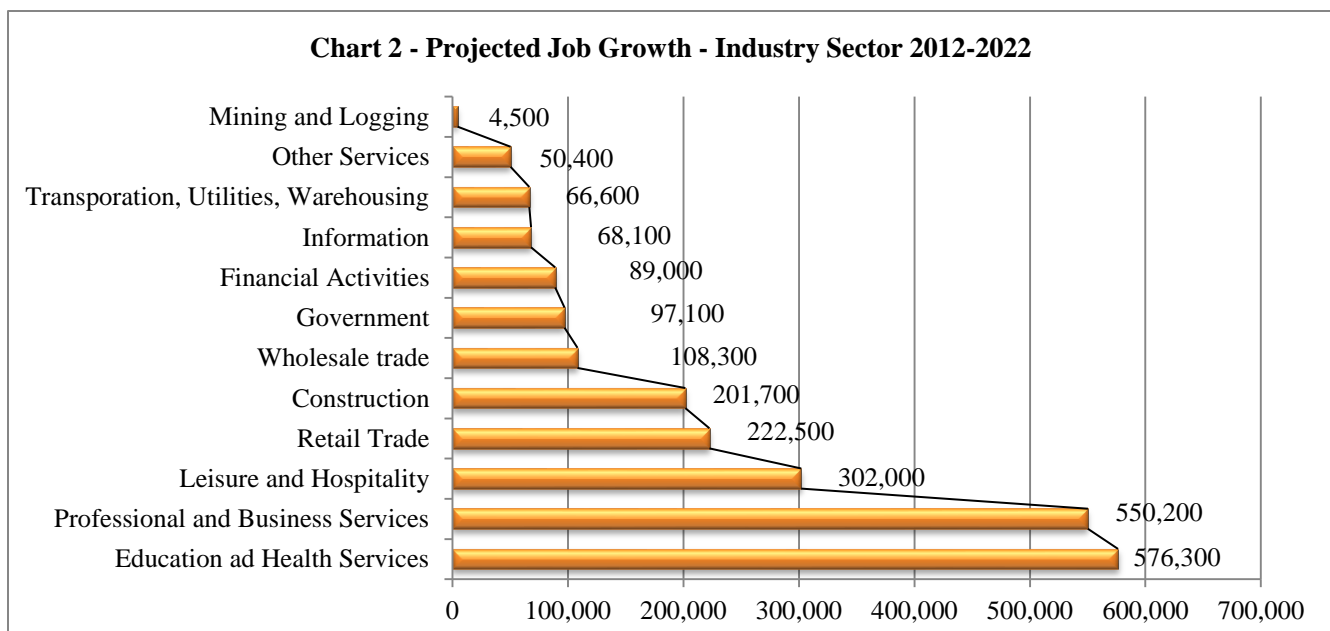


Chart 2 displays projected job growth by industry sectors for the period of 2012 to 2022. As discussed in more detail below, future growth of the California economy is highly linked to the state's adaptation to globalization, including the state's ability to link goods and services across state and regional boundaries, as well as to prepare a rapidly changing workforce for the 21st Century economy.

The Employment Development Department's (EDD's) 2012 to 2022 forecast estimates that California's labor force employment will reach 18.7 million, including self-employment, unpaid family workers, private household workers, and farm and nonfarm workers. This estimate represents a 14.9% increase over the 10 year period with an additional 2,296,700 being added to nonfarm employment. As shown in **Chart 2**, 72% of the increase in jobs is expected in four industry sectors: education and health care services; professional and business services; leisure and hospitality; and



retail trade.

Approximately 25% of the project job growth will be in the educational services (private), health care, and social assistance sector, accounting for 576,300 jobs during the 10-year period. EDD estimates that as the population grows and demographics change, the demand for workers in this sector will remain high.

The greatest concentration of job gains is projected to occur in the following subsectors: Social assistance (201,300); Ambulatory health care services (181,900); Educational services (private) (79,200).

- 3) **Suggested Amendments:** As noted earlier in the analysis, the author's intent in introducing this measure is to continue advancing policies that encourage the use of "earn and learn" strategies in the allied health fields. Staff understands the author will be offering amendments at the hearing to require the WDB to consider follow-up actions to the report, including contacting Medicare and the Medicaid Services to determine how these federal entities could become engaged in a cross-sector collaboration on expanding the use of apprenticeship programs to help prepare allied health care professionals to meet the needs of California businesses and the public.
- 4) **Related Legislation:** Below is a list of the related bills.
 - 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 1797 (Rodriguez) Earn and Lean Models in Allied Health:** The bill requires the CWD, in consultation with the Division of Apprenticeship Standards, to undertake a review of allied health professions for the purpose of identifying "earn and learn" job training opportunities; isolating the specific requirements and qualifications for entry into "earn and learn" job training models; and establishing standards for "earn and learn" job training programs. Findings and recommendations from this review are required to be reported to the Legislature by December 1, 2015. Status: Signed by the Governor, Chapter 157, Statutes of 2014.

REGISTERED SUPPORT / OPPOSITION:

Support

None Received

Opposition

None Received

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