

**ASSEMBLY BILL**

**No. 2342**

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**Introduced by Assembly Member Cervantes**

February 16, 2022

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An act to amend Section 14531 of the Unemployment Insurance Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2342, as introduced, Cervantes. Community Economic Resilience Fund Program.

Existing law establishes the Community Economic Resilience Fund Program within the Workforce Services Branch of the Employment Development Department within the Labor and Workforce Development Agency. Existing law requires the branch and the Inter-Agency Leadership Team, comprised of the Labor and Workforce Development Agency, the Office of Planning and Research, and the Governor's Office of Business and Economic Development, to administer the program. Existing law makes the team jointly responsible for planning, oversight, and decisionmaking, as specified, and sets forth the specifics of the team's composition and duties.

Existing law requires the program to provide financial support to establish and support high road transition collaboratives, as specified, and sets forth requirements for the program and collaboratives. Existing law provides planning grants to establish and support at least one collaborative per region in areas that have had disproportionate impacts due to COVID-19 and would provide implementation grants on a rolling and competitive basis to fund economic recovery, as specified. Existing law requires the Labor and Workforce Development Agency, working with the Office of Planning and Research, and the Governor's Office

of Business and Economic Development to manage the design and operation of the program solicitation and award processes. Existing law also sets forth outcome and reporting requirements for program grantees.

This bill would, among other things, require the Inter-Agency Leadership Team to include policies for grant funds to fund business and workforce investments in multiple sectors, state and federal recognized apprenticeship and preapprenticeship programs, and other workforce programs that support career pathways to high road jobs, require collaboratives to engage local and regional planning efforts, and require the Workforce Services Branch to make available copies of the reports on the internet websites of each agency of the Inter-Agency Leadership Team within 30 days of submitting the reports.

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 14531 of the Unemployment Insurance
- 2 Code is amended to read:
- 3 14531. (a) (1) There is hereby established within the
- 4 Workforce Services Branch of the Employment Development
- 5 Department, the Community Economic Resilience Fund Program,
- 6 to build an equitable and sustainable economic recovery from the
- 7 impacts of COVID-19 on California’s industries, workers, and
- 8 communities, and to provide for the durability of that recovery by
- 9 fostering long-term economic resilience in the overall transition
- 10 to a carbon-neutral economy.
- 11 (2) The branch shall administer the Community Economic
- 12 Resilience Fund Program. The program shall be governed by the
- 13 provisions of this chapter.
- 14 (b) (1) The program shall be administered by the Labor and
- 15 Workforce Development Agency, the Office of Planning and
- 16 Research, and the Governor’s Office of Business and Economic
- 17 Development. These three agencies shall be referred to as the
- 18 Inter-Agency Leadership Team and shall jointly be responsible
- 19 for planning, oversight, and decision-making, including, but not
- 20 limited to all of the following:
- 21 (A) Identifying the geographic boundaries of regions in a way
- 22 that prioritizes economic recovery and transition strategies and is

1 consistent with other state definition of regional economic and  
2 labor markets.

3 (B) Creating program guidelines and evaluation metrics that,  
4 at a minimum, support federal reporting.

5 (C) Designing a competitive grant structure for CERF  
6 investments.

7 (D) Developing technical assistance and evaluation  
8 infrastructure.

9 (E) Tracking and reporting progress and deliverables.

10 (2) Program implementation shall be undertaken by the  
11 Workforce Services Branch of the Employment Development  
12 Department under the direction of the Inter-Agency Leadership  
13 Team. It is the intent of the Legislature that CERF be designed to  
14 build a more robust, sustainable, and equitable recovery across all  
15 sectors of California's ~~economy~~ *economy and to provide for the*  
16 *durability of that recovery by fostering long-term economic*  
17 *resilience in the overall transition to a carbon-neutral economy.*

18 (3) The Inter-Agency Leadership Team, as established in  
19 paragraph (1), shall develop policies for grant funds distributed in  
20 this chapter to fund regional programs and economic development  
21 strategies that directly complement state and federal ~~infrastructure~~  
22 *infrastructure, business, and workforce* investments in multiple  
23 sectors, including housing, transportation, advanced energy,  
24 broadband, and natural resources, and connect, in each of those  
25 sectors, to any existing or emerging high road training ~~partnerships~~  
26 *partnerships, state and federal recognized apprenticeship and*  
27 *preapprenticeship programs, and other workforce programs that*  
28 *support career pathways to high road jobs.* Policies and guidelines  
29 developed under this provision shall be made publicly available  
30 on the Labor and Workforce Development Agency's internet  
31 website.

32 (4) (A) The Inter-Agency Leadership Team shall consist of the  
33 senior cabinet-level appointees, or their designees, representing  
34 the Labor and Workforce Development Agency, the Office of  
35 Planning and Research, and the Governor's Office of Business  
36 and Economic Development, with policy guidance from subject  
37 matter experts within those state entities.

38 (B) The Inter-Agency Leadership Team shall be supported  
39 administratively by the Office of Planning and Research.  
40 Administrative support shall include support for convenings,

1 meetings, agendas, gathering, analyzing and communicating  
2 stakeholder input, and summarizing guidelines for solicitations  
3 and providing this policy guidance to the Workforce Services  
4 Branch. The Labor and Workforce Development Agency, the  
5 Office of Planning and Research, and the Governor’s Office of  
6 Business and Economic Development shall sign memoranda of  
7 understanding or inter-agency agreements for purposes of  
8 confirming each of their roles and responsibilities in the  
9 Interagency Leadership Team.

10 (c) (1) The program shall provide financial support to establish  
11 and support high road transition collaboratives in designing region-  
12 and industry-specific economic recovery and transition strategies.  
13 The program shall include a focus on those regions and  
14 communities most affected by the economic impact of COVID-19,  
15 as authorized in federal guidance, and whose economic distress  
16 has been exacerbated by COVID-19 and compounded by  
17 macroeconomic impacts, such as the global transition to carbon  
18 neutrality or the western region of the United States’ acute  
19 vulnerability to climate change impacts.

20 (2) The program, through these collaboratives, shall support  
21 transparent and inclusive processes for shared problem solving to  
22 advance long-term prosperity and equity.

23 (3) The collaboratives shall work directly with the community  
24 capacity-building programs initially established by Chapter 377  
25 of the Statutes of 2018, pursuant to Part 3.6 (commencing with  
26 Section 71130) of Division 34 of the Public Resources Code, to  
27 support active and equitable community ~~engagement~~. *engagement*  
28 *and other similar state-supported local and regional economic,*  
29 *workforce, and community development programs and initiatives.*  
30 *The collaboratives shall also seek out and invite into the*  
31 *engagement process local and regional planning efforts whose*  
32 *mission is aligned with the purposes of this chapter.*

33 (4) The collaboratives shall include balanced representation  
34 from labor, business, community, government, and other  
35 stakeholders, including, but not limited to, economic development,  
36 philanthropy, education, and workforce partners to be designated  
37 in the program guidelines.

38 (d) Planning grants shall be awarded on a competitive basis to  
39 establish and support at least one High Road Transition  
40 Collaborative per region in areas that have had disproportionate

1 impacts due to COVID-19. The Inter-Agency Leadership Team  
2 shall establish evaluation criteria consistent with the state planning  
3 priorities established pursuant to Section 65041.1 of the  
4 Government Code and, if necessary, with any applicable guidelines  
5 for evaluation set out in the federal American Rescue Plan Act of  
6 2021 (Public Law 117-2) and Department of the United States  
7 Treasury guidance and regulations. The Inter-Agency Leadership  
8 Team shall establish additional criteria and detailed metrics in the  
9 program guidelines, consistent with the goals of the program  
10 outlined in subdivisions (b) and (c), including the following core  
11 activities:

12 (1) Identify a skilled and impartial convener to build an inclusive  
13 planning table, as described in paragraph (4) of subdivision (h),  
14 and facilitate and collaborate with each designated partner entity  
15 to develop the *economic recovery and transition plans*, to solicit,  
16 consider, and respond to comments from collaborative members,  
17 and to provide equitable public participation and input.

18 (2) Develop one or more regional and subregional economic  
19 recovery and transition plans addressing essential elements of a  
20 high road strategy, including economic diversification, industry  
21 planning, workforce development, *including career pathways for*  
22 *individuals with formal education totaling less than a two-degree*  
23 *that leads to high road jobs*, and the identification and integration  
24 of current or supplemental safety net programs. This plan shall  
25 include industry cluster and labor market analysis, with actionable  
26 research and consultation from the University of California or  
27 other expert institutions, and focus on economic recovery, growth,  
28 and resilience across multiple sectors. The plans shall prioritize  
29 the creation of high-quality jobs and equitable access to them, and  
30 emphasize where possible the development of sustainable and  
31 resilient industries, such as renewable energy, energy efficiency,  
32 carbon removal, and zero-emission vehicles, advanced  
33 manufacturing, agriculture and forestry, and climate restoration  
34 and resilience.

35 (3) Disseminate these transition plans to all interested parties.  
36 The plan or plans provided by each high road transition  
37 collaborative shall be made publicly available on the Labor and  
38 Workforce Development Agency's internet website.

39 (e) (1) Implementation grants shall be awarded on a rolling and  
40 competitive basis. This grant program shall be structured to provide

1 a small initial tranche of funding for economic diversification  
 2 pilots with demonstrable high road elements in those regions  
 3 already engaged in economic recovery and transition planning.  
 4 The majority of funds shall be used to provide, through June 30,  
 5 2024, economic development grants on a rolling basis, informed  
 6 by the work of high road transition collaboratives.

7 (2) The grant recipients shall demonstrate a plan to fully spend  
 8 or obligate by December 31, 2024, all funds received pursuant to  
 9 this subdivision, and shall pay all obligations by December 31,  
 10 2026.

11 (3) The implementation grants shall also meet all of the  
 12 following requirements:

13 (A) Support work prioritized through the high road transition  
 14 collaborative planning process with the high road intent of this  
 15 program.

16 (B) Demonstrate support of the regional intermediary and  
 17 alignment with the high road transition collaborative plan.

18 (C) Support labor standards where applicable, such as prevailing  
 19 wage, project labor agreements, or community workforce  
 20 agreements.

21 (D) Address geographic equity, accounting for differences in  
 22 urban, suburban, rural, and tribal communities, and emphasize  
 23 investment in underserved jurisdictions.

24 (E) Organize strategies by industry or geography, or both, within  
 25 and across regions, with the potential to focus on regionwide  
 26 strategies or on one or more specific priority projects within a  
 27 region.

28 (F) Include a range of activities related to economic  
 29 diversification, including, but not limited to, creating innovation  
 30 hubs for key growth industries, expanding incubator or accelerator  
 31 programs that provide technical assistance for small business  
 32 owners to connect to larger industry clusters, and other projects  
 33 and activities that advance a high road economy.

34 (G) Coordinate with, advance, and complement, without  
 35 supplanting, state and federal infrastructure investments.

36 (H) Align with regional workforce needs by linking directly to  
 37 high road training ~~partnerships~~ or *partnerships*, high road  
 38 construction careers training ~~programs~~ *programs*, and other  
 39 *workforce training initiatives that support career pathways to high*  
 40 *road jobs*, wherever such partnerships exist or emerge in the region.

1 (f) The Labor and Workforce Development Agency, working  
2 with the Office of Planning and Research, and the Governor's  
3 Office of Business and Economic Development, shall manage the  
4 design and operation of all program solicitation and award  
5 processes, including the administration of and accountability for  
6 both the planning and implementation grants. The Workforce  
7 Services Branch shall manage funds and contracts under direction  
8 of the Inter-Agency Leadership Team. This includes, but is not  
9 limited to, all of the following:

10 (1) Solicitation, management and execution of all grants and  
11 contracts, based on guidelines developed by the Inter-Agency  
12 Leadership Team.

13 (2) Oversight and monitoring for fiscal integrity.

14 (3) If necessary and as applicable, federal reporting and  
15 compliance consistent with the federal American Rescue Plan Act  
16 of 2021 (Public Law 117-2) and Department of the United States  
17 Treasury guidance and regulations.

18 (4) Quarterly reporting to the Inter-Agency Leadership Team.

19 (5) Beginning December 31, 2022, annual reporting to the Joint  
20 Legislative Budget Committee and the applicable Senate and  
21 Assembly budget subcommittees. The report shall include a  
22 detailed summary of grants awarded, fiscal and federal compliance,  
23 and progress on individual program objectives and related high  
24 road metrics, including equity, inclusivity, job quality, and  
25 sustainability, as designated in program guidelines and assessed  
26 by inter-agency program staff.

27 (6) Commencing June 31, 2023, supplemental annual reporting  
28 to the Legislature, in accordance with Section 9795 of the  
29 Government Code, that includes a concise written discussion,  
30 based on the experience and expertise of the Inter-Agency  
31 Leadership Team and program staff, describing key findings on  
32 regional trends in sustainable economic recovery, and common  
33 challenges in the development and implementation of high road  
34 transition strategies. *A copy of the report made pursuant to*  
35 *paragraph (5) shall be submitted in accordance with Section 9795*  
36 *of the Government Code. Within 30 days of a report being*  
37 *submitted, pursuant to this subdivision, a copy of the report shall*  
38 *be available for public review through the internet websites of*  
39 *each agency of the Inter-Agency Leadership Team.*

1 (7) Procurement of a comprehensive third-party evaluation to  
2 be completed, with guidance and oversight from the Inter-Agency  
3 Leadership Team, no less than six months after all available  
4 outcome data is available.

5 (g) All CERF grantees shall fulfill the outcome and reporting  
6 requirements required by this chapter as established by the  
7 Inter-Agency Leadership Team and, if applicable, as required by  
8 the federal American Rescue Plan Act of 2021, United States  
9 Department of the U.S. Treasury guidance and regulations, and  
10 fiscal oversight by the Employment Development Department.  
11 *Within 30 days of a report being submitted, pursuant to this*  
12 *subdivision, a copy of the report shall be available for public*  
13 *review through the internet websites of each agency of the*  
14 *Inter-Agency Leadership Team.* In addition to and in alignment  
15 with paragraphs (5) and (6) of subdivision (f), these reporting  
16 requirements shall include:

17 (1) A detailed analysis of grantee challenges and achievements,  
18 whether relating to convening an inclusive regional planning  
19 process, developing a comprehensive high road recovery plan, or  
20 implementing a strategy to create high road jobs. This shall include  
21 measurable progress toward target outcomes, including job  
22 creation, increase in number of jobs per region, average increases  
23 in hourly wages of entered employed individuals placed in jobs,  
24 job retention, number of individuals impacted through services,  
25 such as training, supportive services, or job placement, as  
26 enumerated in CERF guidelines and individual contracts in accord  
27 with each of the above jurisdictions.

28 (2) A more general discussion of the challenges and  
29 opportunities of designing and implementing a high road transition  
30 vision in a particular place or industry. At a minimum, grantees  
31 shall report the number and types of stakeholders directly involved  
32 in CERF planning or investing, the nature and extent of their  
33 participation, and related efforts to build capacity among  
34 community, labor, local government, or other key stakeholder  
35 groups.

36 (h) For the purposes of this chapter, the following definitions  
37 apply:

38 (1) “CERF” shall mean the Community Economic Resilience  
39 Fund Program.



1 (2) “High road” has the same meaning as used in subdivision  
2 (r) of Section 14005.

3 (3) “High road construction careers” has the same meaning as  
4 used in subdivision (t) of Section 14005.

5 (4) “High road transition collaboratives” or “collaboratives” are  
6 broad-based regional groups convened by a skilled and impartial  
7 intermediary to plan for economic recovery and *transition to* a  
8 sustainable and equitable economic future. These collaboratives  
9 shall prioritize equity, sustainability, and job quality, and advance  
10 a shared prosperity where workers and communities across  
11 California’s diverse regions share equally in the benefits of a  
12 carbon-neutral future. Minimum membership and representation  
13 shall be as described in subdivision (c).

14 (5) “High road training partnerships” has the same meaning as  
15 used in subdivision (s) in Section 14005.

16 (i) All criteria, guidelines, and policies developed for the  
17 administration of the program shall be exempt from the rulemaking  
18 provisions of the Administrative Procedures Act (Chapter 3.5  
19 (commencing with Section 11340) of Part 1 of Division 3 of Title  
20 2 of the Government Code).

21 (j) This chapter shall become operative when an appropriation  
22 is made by the Legislature for the purposes of carrying out the  
23 provisions of this chapter. The branch shall post notice of the  
24 appropriation on the home page of its internet website and send  
25 notice of the appropriation to the Legislative Counsel.