

Senate Bill No. 1402

CHAPTER 361

An act to add and repeal Part 52.5 (commencing with Section 88600) of Division 7 of Title 3 of the Education Code, relating to economic development.

[Approved by Governor September 17, 2012. Filed with
Secretary of State September 17, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1402, Lieu. Economic development: California Community Colleges Economic and Workforce Development Program.

Existing law, until January 1, 2013, establishes the California Community Colleges Economic and Workforce Development Program. Existing law provides for the awarding of grants for this program, and provides that this program shall only be implemented during fiscal years for which funds are appropriated for these purposes. Existing law requires the Board of Governors of the California Community Colleges, as part of the program, to assist economic and workforce regional development centers and consortia to improve linkages and career-technical education pathways between high schools and community colleges, in a manner that, among other things, improves the quality of career exploration and career outreach materials. Existing law also requires the Chancellor of the California Community Colleges to develop an implementation strategy for achieving this goal, as specified.

The program also includes a job development incentive training component and provisions requiring the implementation of accountability measures and an independent evaluation relating to the program.

This bill would generally recast and revise the provisions governing the California Community Colleges Economic and Workforce Development Program that would be repealed by existing law on January 1, 2013, excluding the provisions relating to the economic and workforce regional development centers and consortia, and would establish a revised program that would operate until January 1, 2018.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

- (a) It is the intent of the Legislature to reauthorize the California Community Colleges Economic Workforce Development Program.
- (b) It is the intent of the Legislature in reauthorizing the California Community Colleges Economic Workforce Development Program that the

program work in coordination with California's other workforce and economic development programs and activities. In the event that there can only be one applicant for federal economic development funds in each state, the Legislature encourages the California Community Colleges Economic and Workforce Development Program to consult and coordinate with the Governor.

(c) It is the intent of the Legislature in reauthorizing the California Community Colleges Economic and Workforce Development Program to encourage continued coordination between schools that maintain kindergarten and grades 1 to 12, inclusive, and higher education systems to advance career technical education.

SEC. 2. Part 52.5 (commencing with Section 88600) is added to Division 7 of Title 3 of the Education Code, to read:

PART 52.5. CALIFORNIA COMMUNITY COLLEGES ECONOMIC AND WORKFORCE DEVELOPMENT PROGRAM

CHAPTER 1. MISSION STATEMENT

88600. (a) The economic and workforce development program shall operate according to all of the following principles:

(1) The program shall be responsive to the needs of employers, workers, and students.

(2) The program shall collaborate with other public institutions, aligning resources to foster cooperation across workforce education and service delivery systems, and building well-articulated career pathways.

(3) Program decisions shall be data driven and evidence based, investing resources and adopting practices on the basis of what works.

(4) The program shall develop strong partnerships with the private sector, ensuring industry involvement in needs assessment, planning, and program evaluation.

(5) The program shall be outcome oriented and accountable, measuring results for program participants, including students, employers, and workers.

(6) The program shall be accessible to employers, workers, and students who may benefit from its operation.

(b) The mission of the economic and workforce development program is to do all of the following:

(1) To advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement.

(2) To advance California's economic and jobs recovery and sustain economic growth through labor market-aligned education workforce training services, and sector strategies focusing on continuous workforce improvement, technology deployment, and business development, to meet the needs of California's competitive and emerging industry sectors and industry clusters.

(3) To use labor market information to advise the chancellor's office and regional community college bodies on the workforce needs of California's competitive and emerging industry sectors and industry clusters, in accordance with both of the following:

(A) To the extent possible, the economic and workforce development program shall work with, share information with, and consider the labor market analyses produced by, the Employment Development Department's Labor Market Information Division and the California Workforce Investment Board.

(B) The economic and workforce development program may also use its own resources to bolster and refine these labor market and industry sector and industry cluster analyses to fulfill its mission.

(4) To provide technical assistance and logistical, technical, and communications infrastructure support that engenders alignment between the career technical education programs of the community college system and the needs of California's competitive and emerging industry sectors and industry clusters.

(5) To collaborate and coordinate investment with other state, regional, or local agencies involved in education and workforce training in California, including, but not necessarily limited to, the California Workforce Investment Board, local workforce investment boards, the Employment Training Panel, the State Department of Education, and the Employment Development Department.

(6) To identify, acquire, and leverage community college and other financial and in-kind public and private resources to support economic and workforce development and the career technical education programs of the state's community colleges.

(7) To work with representatives of business, labor, and professional trade associations to explore and develop alternatives for assisting incumbent workers in the state's competitive and emerging industry sectors. A key objective is to enable incumbent workers to become more competitive in their region's labor market, increase competency, and identify career pathways to economic self-sufficiency, economic security, and lifelong access to good-paying jobs.

CHAPTER 2. GENERAL PROVISIONS

88610. (a) The board of governors may award grants and project funds to districts for leadership in accomplishing the mission and goals of the program, provided that funds are appropriated for this purpose in the annual Budget Act. Grants under this section shall be awarded on a competitive basis, as determined by the board of governors and authorized in the annual Budget Act.

(b) (1) The board of governors shall establish an advisory committee for the program and determine the membership pursuant to paragraph (2). The advisory committee shall advise on overall program development,

recommend resource deployment, including whether projects should be funded at existing levels, increased, decreased, or terminated, and recommend strategies for regional coordination.

(2) The membership of the advisory committee shall include all of the following: representatives from labor, business, and appropriate state agencies; a faculty representative; a classified employee representative; and one community college chief executive officer representative from each of the regions of the program.

(c) At a minimum, the decision criteria for allocating funds to colleges shall be based on each of the following:

(1) An evaluation of the relevance of the grant to the labor market needs of the state and relevant region's competitive and emerging industry sectors and industry clusters, or to the state's need to fill skills gaps and skills shortages in the economy, including skills gaps and shortages at the state and regional level.

(2) An assessment of the past performance of the grantee if the grantee has been awarded other economic and workforce development grants or other state grants, including an assessment of whether the grantee's previous awards produced project deliverables specified in prior grant applications.

(3) For grants providing direct services to an employer, a group of employers, or an industry sector or industry cluster, an assessment of the purported beneficial impacts of the grant on the relevant businesses, which may include a review of the grant's purported impacts on any of the following: increased profitability, increased labor productivity, reductions in worker injuries, employer cost savings resulting from improved business processes, improved customer satisfaction, increased employee retention, estimates of new revenue to be generated, sales increases, or new market penetration, as well as information on new products or services developed.

(4) For grants involving direct education and training services provided to workers and students, an assessment of the educational and training goals of the grant, the projected numbers of students and workers served and the projected rates of course and program completion or transfer-readiness, the projected rate of skills attainment for certificates and degrees, and the projected wages and rate of employment placement for those entering the labor market.

(5) For technical assistance and logistical support projects, a concrete enumeration of the ways the project will collaborate with the chancellor's office to advance sector strategies, regional development, accountability based on performance data, and the adoption of effective workforce and economic development practices.

(d) The chancellor's office shall provide systemwide oversight and evaluation of the economic and workforce development program, and shall evaluate grant projects and programs to assess whether grantees achieved their stated objectives. The chancellor's office has the authority to terminate programs for nonperformance.

(e) The chancellor may establish program requirements and performance standards in the administration of the economic and workforce development program, and distribute funds as appropriate to implement the program.

(f) The chancellor may provide technical assistance to community colleges for the purpose of improving the competitiveness of their proposals.

(g) Grant funds shall be awarded for the program on a competitive basis.

(h) The chancellor, in awarding short-term competitive funds, shall take into account colleges in economically distressed urban and rural areas, and colleges that have not previously been successful in the competitive bid process.

88615. This part shall be implemented only during those fiscal years for which funds are appropriated for purposes of this part in the annual Budget Act.

CHAPTER 3. DEFINITIONS

88620. The following definitions govern the construction of this part:

(a) “Board of governors” means the Board of Governors of the California Community Colleges.

(b) “Business Resource Assistance and Innovation Network” means the network of projects and programs that comprise the California Community Colleges Economic and Workforce Development Program.

(c) “California Community Colleges Economic and Workforce Development Program” and “economic and workforce development program” mean the program.

(d) “Career pathways,” and “career ladders,” or “career lattices” mean an identified series of positions, work experiences, or educational benchmarks or credentials that offer occupational and financial advancement within a specified career field or related fields over time.

(e) (1) “Center” means a comprehensive program of services offered by one or more community colleges to an economic region of the state in accordance with criteria established by the chancellor’s office for designation as an economic and workforce development program center. Center services shall be designed to respond to the statewide strategic priorities pursuant to the mission of the community colleges’ economic and workforce development program, and to be consistent with programmatic priorities, competitive and emerging industry sectors and industry clusters, identified economic development, career technical education, business development, and continuous workforce training needs of a region. Centers shall provide a foundation for the long-term, sustained relationship with businesses, labor, colleges, and other workforce education and training delivery systems, such as local workforce investment boards, in the region.

(2) A center shall support, develop, and deliver direct services to students, businesses, colleges, labor organizations, employees, and employers. For purposes of this subdivision, direct services include, but are not necessarily limited to, data analysis both of labor market information and college

performance; intraregion and multiregion sector coordination and logistics; inventory of community college and other assets relevant to meeting a labor market need; curriculum development, curriculum model development, or job task analysis development; articulation of curriculum in a career pathway or career lattice or in a system of stackable credentials; faculty training; calibration to a career readiness or other assessment; assessment administration; career guidance module development or counseling; convenings, such as seminars, workshops, conferences, and training; facilitating collaboration between faculty working in related disciplines and sectors; upgrading, leveraging, and developing technology; and other educational services. The establishment and maintenance of the centers is under the sole authority of the chancellor's office in order to preserve the flexibility of the system to adapt to labor market needs and to integrate resources.

(f) "Chancellor" means the Chancellor of the California Community Colleges.

(g) "High-priority occupation" means an occupation that has a significant presence in a targeted industry sector or industry cluster, is in demand by employers, and pays or leads to payment of high wages.

(h) "Industry cluster" means a geographic concentration or emerging concentration of interdependent industries with direct service, supplier, and research relationships, or independent industries that share common resources in a given regional economy or labor market. An industry cluster is a group of employers closely linked by a common product or services, workforce needs, similar technologies, and supply chains in a given regional economy or labor market.

(i) "Industry-driven regional collaborative" means a regional public, private, or other community organizational structure that jointly defines priorities, delivers services across programs, sectors, and in response to, or driven by, industry needs. The industry-driven regional collaborative projects meet the needs and fill gaps in services that respond to regional business, employee, and labor needs. These service-delivery structures offer flexibility to local communities and partners to meet the identified needs in an economic development region. Industry-driven regional collaboratives are broadly defined to allow maximum local autonomy in developing projects responding to the needs of business, industry, and labor.

(j) "Industry sector" means those firms that produce similar products or provide similar services using somewhat similar business processes.

(k) "Initiative" is an identified strategic priority area that is organized statewide, but is a regionally based effort to develop and implement innovative solutions designed to facilitate the development, implementation, and coordination of community college economic development and related programs and services. Each initiative shall be workforce and business development driven by a statewide committee made up of community college faculty and administrators and practitioners and managers from business, labor, and industry. Centers, industry-driven regional collaboratives, and other economic and workforce development programs performing services

as a part of the implementation of an initiative shall coordinate services statewide and within regions of the state, as appropriate.

(l) “Job development incentive training” means programs that provide incentives to employers to create entry-level positions in their businesses, or through their suppliers or prime customers, for welfare recipients and the working poor.

(m) “Economic security” means, with respect to a worker, earning a wage sufficient to adequately support a family and to, over time, save money for emergency expenses and adequate retirement income, the sufficiency of which is determined considering a variety of factors including household size, the cost of living in the worker’s community, and other factors that may vary by region.

(n) “Matching resources” means any combination of public or private resources, either cash or in-kind, derived from sources other than the economic and workforce development program funds appropriated by the annual Budget Act, that are determined to be necessary for the success of the project to which they are applied. The criteria for in-kind resources shall be developed by the board of governors, with advice from the chancellor and the California Community Colleges Economic and Workforce Development Program Advisory Committee, and shall be consistent with generally accepted accounting practices for state and federal matching requirements. The ratio of matching resources to economic and workforce development program funding shall be determined by the board of governors.

(o) “Performance improvement training” means training delivered by a community college that includes all of the following:

(1) An initial needs assessment process that identifies both training and nontraining issues that need to be addressed to improve individual and organizational performance.

(2) Consultation with employers to develop action plans that address business or nonprofit performance improvements.

(3) Training programs that link individual performance requirements with quantifiable business measures, resulting in demonstrable productivity gains, and, as appropriate, job retention, job creation, improvement in wages, or attainment of wages that provide economic security.

(p) “Program” means the California Community Colleges Economic and Workforce Development Program established under this part.

(q) “Region” means a geographic area of the state defined by economic and labor market factors containing at least one industry cluster and the cities, counties, or community college districts, or all of them, in the industry cluster’s geographic area. For the purposes of this chapter, “California Community College economic development regions” shall be designated by the board of governors based on factors, including, but not necessarily limited to, all of the following:

(1) Regional economic development and training needs of business and industry.

(2) Regional collaboration, as appropriate, among community colleges and districts, and existing economic development, continuous workforce improvement, technology deployment, and business development.

(3) Other state economic development definitions of regions.

(r) “Sector strategies” means prioritizing investments in competitive and emerging industry sectors and industry clusters on the basis of labor market and other economic data that indicate strategic growth potential, especially with regard to jobs and income. Sector strategies focus workforce investment in education and workforce training programs that are likely to lead to high-wage jobs or to entry-level jobs with well-articulated career pathways into high-wage jobs. Sector strategies effectively boost labor productivity or reduce business barriers to growth and expansion stemming from workforce supply problems, including skills gaps, and occupational shortages by directing resources and making investments to plug skills gaps and provide education and training programs for high-priority occupations. Sector strategies may be implemented using articulated career pathways or career lattices and a system of stackable credentials. Sector strategies often target underserved communities, disconnected youth, incumbent workers, and recently separated military veterans. Cluster-based sector strategies focus workforce and economic development on those sectors that have demonstrated a capacity for economic growth and job creation in a particular geographic area. Industry clusters are similar to industry sectors, but the focus is on a geographic concentration of interdependent industries.

(s) “Skills panel” means a collaboration which brings together multiple employers from an industry sector or industry cluster with career technical educators, including, but not limited to, community college career technical education faculty, and other stakeholders which may include workers and organized labor to address common workforce needs. Skills panels assess workforce training and education needs through the identification of assets relevant to industry need, produce curricula models, perform job task analysis, define how curricula articulate into career pathways or career lattices or a system of stackable credentials, calibrate career readiness, develop other assessment tools, and produce career guidance tools.

(t) “Stackable credentials” means a progression of training modules, credentials, or certificates that build on one another and are linked to educational and career advancement.

CHAPTER 4. CALIFORNIA COMMUNITY COLLEGES BUSINESS RESOURCE ASSISTANCE AND INNOVATION NETWORK TRUST FUND

88625. The California Community Colleges Business Resource Assistance and Innovation Network Trust Fund is hereby established in the State Treasury as a special fund administered by the board of governors. The board of governors may solicit direct contributions for deposit in the fund from various nonstate public and private sources for the purpose of funding the program. Special funds in the trust shall be placed in a surplus

money investment account to earn interest. Interest generated by funds deposited in this trust fund shall be reinvested in the fund, and may only be used to fund eligible projects and activities of the program and related board of governors initiatives. Upon appropriation by the Legislature, the fund may be expended for purposes of administering grants and contracts for providing services, through the program, to public and private entities.

CHAPTER 5. CENTERS AND REGIONAL COLLABORATIVES

88630. (a) It is the intent of the Legislature that the programs and services provided through the program shall be flexible and responsive to the needs identified through the statewide and regional planning process. Services shall be demand driven, and delivery structures shall be agile, performance oriented, cost effective, and contribute to regional economic growth and competitiveness. The use of economic and workforce development program centers, local economic development corporations, industry-driven regional collaboratives, and business networks, employers, and service providers shall provide a stable and flexible response mechanism for the identification of training priorities and to focus resources on intensive projects for competitive and emerging industry sectors. These networks shall have the flexibility to meet the demand for new and emerging growth sectors and be formed, modified, eliminated, and reformed for short- or long-term responses customized to the duration of the need. Programs and projects developed and implemented at centers and industry-driven regional collaborative projects shall act as catalysts for future career technical education programs in the system.

(b) It is the intent of the Legislature that centers shall be established as the long-term structure of the network's service delivery system. Centers shall provide regional sites to efficiently respond to employer and worker needs, and shall deliver services for the strategic initiative areas pursuant to the mission of the community colleges economic and workforce development program.

(c) It is the intent of the Legislature that industry-driven regional collaboratives perform services as participants of regional networks. Grants by industry-driven regional collaboratives shall provide flexibility for local projects to assess and define their individual project needs. New local programs and equipment shall be key components of these grants. Funding shall not be limited per project, but shall be based on the merit and reasonable cost for the anticipated outcomes and performance of the project. Funding for industry-driven regional collaboratives shall be limited to two consecutive fiscal years.

88631. Economic and workforce development program centers and California Community Colleges participation in industry-driven regional collaboratives may provide any or all of the following services and perform the following functions as participants of networks, including, but not necessarily limited to, all of the following:

(a) Convening skill panels to produce deliverables, such as curriculum models, that contribute to workforce skill development common to competitive and emerging industry sectors and industry clusters within a region.

(b) Development of instructional packages focusing on the technical skill specific to emerging or changing occupations in targeted industry sectors and industry clusters.

(c) Support student or worker evaluation of, and fit for, career paths by articulating how a curriculum model fits within a career pathway or career lattice or system of stackable credentials, relevant career readiness battery scores, and career guidance tools.

(d) Faculty mentorships, faculty and staff development, in-service training, and worksite experience supporting the new curriculum and instructional modes responding to identified regional needs.

(e) Institutional support, professional development, and transformational activities focused on removing systemic barriers to the development of new methods, transition to a flexible and more responsive administration of programs, and the timely and cost-effective delivery of services.

(f) The deployment of new methodologies, modes, and technologies that enhance performance and outcomes and improve cost-effectiveness of service delivery or create new college programs.

(g) One-on-one counseling, seminars, workshops, and conferences that contribute to the achievement of the success of existing businesses and foster the growth of new businesses and jobs in emerging industry clusters.

(h) The delivery of performance-improvement training, which shall be provided on a matching basis to employers to benefit workforce participants. This will promote continuous workforce improvement in identified strategic priority areas, identified industry clusters, or areas targeted in the regional business resource assistance and innovation network plans.

(i) Credit, not-for-credit, and noncredit programs and courses that contribute to workforce skill development for competitive and emerging industry sectors and industry clusters within a region or that focus on addressing a workforce skills gap or occupational shortage.

(j) Subsidized student internships or work-based learning on a cash or in-kind matching basis for program participants in occupational categories identified in competitive and emerging industry sectors and industry clusters.

(k) Acquisition of equipment to support the eligible activities and the limited renovation of facilities to accommodate the delivery of eligible services.

(l) Submission of performance data for aggregation by the chancellor's office.

CHAPTER 6. JOB DEVELOPMENT INCENTIVE TRAINING PROGRAM

88640. (a) (1) Programs and activities of the Job Development Incentive Training Program shall include a strong partnership with state and local

economic development entities, workforce development agencies, community-based organizations, and the private sector. It is the intent of the Legislature that this program provide training on a no-cost or low-cost basis to participating employers who create employment opportunities at an acceptable wage level for the attainment of self-sufficiency by both of the following groups:

(A) Recipients of aid under Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code.

(B) Clients determined to be eligible because they are employed at a wage too low to attain self-sufficiency.

(2) Guidelines for the determination of eligibility under this subdivision shall be developed by the chancellor's office in consultation with the appropriate agencies responsible for collecting appropriate data. A structured career ladder methodology may be implemented in this program area.

(3) Funds received from other eligible programs, including, but not necessarily limited to, programs under the federal Workforce Investment Act of 1998 (Public Law 105-220) and other applicable programs selected by the chancellor, or a combination of programs, may be used to provide funds to match job development incentive training funds.

(b) It is the intent of the Legislature that the expenditure of funds under this section should lead measurably to the upgrading of highly skilled and technical workers, upgrade opportunities for those who are employed at a wage too low to attain self-sufficiency, and the creation of jobs for new entrants into the workforce.

88641. Annual appropriations for the Job Development Incentive Training Program may be allocated for the purposes of supporting eligible activities if, as a result of the workforce improvement services provided to employers, entry-level positions are created within the industry cluster. Participating employers may receive eligible services such as performance-based training, and other eligible services that stimulate productivity and growth in targeted industrial clusters on a matching basis. Any annual savings from this section shall be available for expenditure for purposes of the Industry-Driven Regional Collaborative Program.

88642. Matching fund requirements shall be waived for employers who receive training services through the Job Development Incentive Training Program and who accomplish either of the following:

(a) Create employment opportunities for recipients of aid under Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code at an acceptable wage level to attain self-sufficiency.

(b) Create opportunities for individuals working at a low wage to upgrade to a wage adequate to attain self-sufficiency.

88643. Each community college that participates in the Job Development Incentive Training Program shall inventory its local or regional business community, including nonprofit organizations, and identify industry-driven needs and employment opportunities with a goal of attaining self-sufficiency through workforce reentry, continuous employee training, and skills upgrades.

CHAPTER 7. REPORTING

88650. (a) The chancellor shall implement performance accountability outcome measures for the economic and workplace development program that provide the Governor, Legislature, and general public with information that quantifies employer and student outcomes for those participating in the program. At a minimum, these performance measures shall include all of the following:

(1) Measures of skills or competency attainment by students and workers receiving educational or workforce training services under the program.

(2) Measures relevant to program completion, including measures of course, certificate, degree, and program of study rates of completion for students or workers receiving education or workforce training services under the program.

(3) Measures of employment placement or measures of educational progression, such as transfer readiness, for students or workers receiving education or workforce training services under the program, depending on whether the client is entering the labor market or continuing in education.

(4) For those who have entered the labor market following completion of the education or workforce training services offered under the program, measures of income, including wage measures.

(5) A quantitative assessment of impacts on businesses receiving services under the program. These may include data pertaining to profitability, labor productivity, workplace injuries, employer cost savings resulting from improved business processes, levels of customer satisfaction, employee retention rates, estimates of new revenue generated, sales, and market penetration, as well as information pertaining to new products or services developed.

(b) The chancellor shall submit a report to the Governor and Legislature on or about March 1 of each year. This report shall include, but not necessarily be limited to, all of the following:

(1) Sufficient information to ensure the understanding of the magnitude of expenditures, by type of expenditure, including those specified in Section 88625, disaggregated by industry sector or cluster, region, and type of grant.

(2) Information pertaining to the type of services provided to colleges and employers, and the number of businesses, students, and employees served, including information to identify the benchmarks and indicators used to demonstrate the results achieved.

(3) Data summarizing outcome accountability performance measures enumerated and required by this section.

88650.5. Prior to January 1, 2015, the chancellor shall contract for an independent evaluation of the effectiveness of the program in achieving the specific program goals and objectives set forth in this part. This performance evaluation shall include, but not necessarily be limited to, specific conclusions about the strengths and weaknesses of the program, as well as specific recommendations for strategies to improve the effectiveness of the program. The evaluation shall include an analysis of available outcome

accountability performance measures and data for program participants. To the extent feasible, the analysis shall use experimental, quasi-experimental, or controlled case comparison methodology to compare outcome measures for program participants with a suitable control group to assess and isolate the impact of the program on program participants. The chancellor shall provide the findings of the study to the Legislature no later than March 1, 2016. This report shall be submitted in compliance with Section 9795 of the Government Code.

CHAPTER 8. REPEAL

88651. This part shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

O