



City of Carson Report to Mayor and City Council

July 5, 2011
New Business Consent

**SUBJECT: CONSIDER OPPOSITION TO SB 776 RELATING TO THE ALLOCATION OF
WORKFORCE INVESTMENT ACT FUNDS**

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

Senate Bill 776 (DeSaulnier) (Exhibit No. 1) threatens to dramatically reduce the ability of local workforce investment boards and their one-stop career centers like Carson's to help California's workers and employers. The bill would dictate that half of the funds be directed exclusively to training in addition to the amount already going to training. The net impact would be no money left to administer the programs or provide other services.

II. RECOMMENDATION

TAKE the following actions:

1. OPPOSE SB 776.
2. AUTHORIZE the Mayor to send a letter expressing the city's opposition.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The Carson Career Center is part of the South Bay Workforce Investment Board (WIB), which is asking for Carson to oppose the proposed legislation. As described in the legislation, the requirement for training programs would rise to half of the total funds, almost double the current amount. The result would be to greatly reduce the number of people the Career Center could assist. In May alone, 1,394 people visited the center, many being repeat visitors but still a large number of people.

In the last year, city staff has been directing more people to make use of community colleges instead of expensive training programs. The city's allocation for training can only assist a few dozen people. Raising the portion dedicated to training would still not assist a large number of people, but it would take away from case management, assessment, and job placement services, all of which are vital to Carson job seekers. Ironically, increasing the training budget would decrease the total number of people served and decrease the availability of

counselors to ensure trainees are even learning a trade in demand or can find jobs.

There are discussions happening to address the issues raised against the bill. The WIB is asking that Carson's voice be added to help those discussions move forward. At this point in time, the shift of allocations takes place over a few years, culminating in the 50% mark in 2016.

V. FISCAL IMPACT

Passage of SB 776 would eliminate most of the funding for the city's Career Center, potentially reducing services by hundreds of thousands of dollars annually. There would be no change in the formula until the 2012/2013 fiscal year.

VI. EXHIBITS

1. Text of SB 776. (pgs. 3-8)

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TO:Rev032811

Reviewed by:

<u>City Clerk</u>	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____

AMENDED IN ASSEMBLY JUNE 15, 2011

SENATE BILL

No. 776

Introduced by Senator DeSaulnier

February 18, 2011

An act to add Section 14211 to the Unemployment Insurance Code, relating to workforce development.

LEGISLATIVE COUNSEL'S DIGEST

SB 776, as amended, DeSaulnier. Local workforce investment boards: funding.

The federal Workforce Investment Act of 1998 provides for workforce investment activities, including activities in which states may participate. Existing law establishes the California Workforce Investment Board (CWIB), and specifies that the CWIB is responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. 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 various duties related to the implementation and coordination of local workforce investment activities.

This bill would require local workforce investment boards to spend a certain ~~percent~~ *percentage* of available federal funds for adults and dislocated workers on direct client services, workforce training programs, ~~and~~ supportive services, *and other specified services* in a manner consistent with federal law, as prescribed.

Existing law prescribes the duties of the board with regard to the development and implementation of local workforce investment plans, as specified.

This bill would require a local workforce investment board that does not meet the expenditure requirements described above to provide the Employment Development Department with a corrective action plan regarding those expenditures.

Because the bill imposes new duties on local government workforce investment boards, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement shall be made pursuant to these statutory provisions for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~-yes.

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

1 SECTION 1. Section 14211 is added to the Unemployment
2 Insurance Code, to read:

3 ~~14211. (a) At least 75 percent of funds available under Title~~
4 ~~I of the federal Workforce Investment Act of 1998 provided to~~
5 ~~local workforce investment boards for adults and dislocated~~
6 ~~workers shall be spent on direct client services, as defined in~~
7 ~~Sections 2864(d)(2), 2864(d)(3)(C), and 2864(d)(4)(D) of Title~~
8 ~~29 of the United States Code. Available funds include all annually~~
9 ~~allocated moneys plus any unspent funds carried over from prior~~
10 ~~years.~~

11 ~~(b) (1) At least 50~~

12 ~~14211. (a) (1) Beginning federal program year 2012, at least~~
13 ~~20 percent of funds available under Title I of the federal Workforce~~
14 ~~Investment Act of 1998 (Public Law 105-220) provided to local~~
15 ~~workforce investment boards for adults and dislocated workers~~
16 ~~shall be spent on workforce training programs and supportive~~
17 ~~services for persons enrolled in training. Only expenditures on~~
18 ~~those programs and services defined as training services under~~
19 ~~Section 2864(d)(4)(D) of Title 29 of the United States Code and~~
20 ~~Section 663.508 of Title 20 of the Code of Federal Regulations~~



1 ~~and supportive services defined in Sections 2801(46) and~~
2 ~~2864(e)(2)-(3) of Title 29 of the United States Code, and provided~~
3 ~~in accordance with the relevant federal regulations (20 C.F.R.~~
4 ~~663.800 to 20 C.F.R. 663.840, inclusive), shall count toward this~~
5 ~~minimum. Supportive services shall count toward this minimum~~
6 ~~only if the individuals receiving these services are enrolled in~~
7 ~~training or qualify under Section 663.830 of Title 20 of the Code~~
8 ~~of Federal Regulations. Available funds include all annually~~
9 ~~allocated moncys plus any unspent funds carried over from prior~~
10 ~~years., support services for those enrolled in training, and specified~~
11 ~~bridge services such as academic remediation services that prepare~~
12 ~~clients for training. Only expenditures enumerated in paragraphs~~
13 ~~(4) to (6), inclusive, shall count toward this minimum.~~

14 (2) *Beginning federal program year 2014, at least 30 percent*
15 *of funds available under Title I of the federal Workforce Investment*
16 *Act of 1998 (Public Law 105-220) provided to local workforce*
17 *investment boards for adults and dislocated workers shall be spent*
18 *on workforce training programs, support services for those*
19 *enrolled in training, and specified bridge services such as academic*
20 *remediation services that prepare clients for training. Only*
21 *expenditures enumerated in paragraphs (4) to (6), inclusive, shall*
22 *count toward this minimum.*

23 (3) *Beginning federal program year 2016, at least 40 percent*
24 *of funds available under Title I of the federal Workforce Investment*
25 *Act of 1998 (Public Law 105-220) provided to local workforce*
26 *investment boards for adults and dislocated workers shall be spent*
27 *on workforce training programs, support services for those*
28 *enrolled in training, and specified bridge services such as academic*
29 *remediation services that prepare clients for training. Only*
30 *expenditures enumerated in paragraphs (4) to (6), inclusive, shall*
31 *count toward this minimum.*

32 (4) (A) *Expenditures that shall count toward the minimum*
33 *required by paragraphs (1) to (3), inclusive, include:*

34 (i) *Services defined as training under Section 2864(d)(4)(D) of*
35 *Title 29 of the United States Code and Section 663.508 of Title 20*
36 *of the Code of Federal Regulations.*

37 (ii) *Supportive services, as defined in Sections 2801(46) and*
38 *2864(e)(2)-(3) of Title 29 of the United States Code, including*
39 *needs-related payments for books, training materials, and tuition*
40 *relevant to training programs.*



1 (iii) Academic remediation and English-as-a-second-language
2 services.

3 (iv) Prevocational services offered in combination with
4 occupational skills, including occupational bridge programs that
5 blend workplace competencies, career exploration, and basic
6 literacy in an occupational context.

7 (v) Work experience and internships.

8 (vi) The amount paid from Workforce Investment Act dislocated
9 worker and adult formula funds for competitively bid contracts
10 for innovative industry sector training initiative involving multiple
11 partners, including, but not limited to, business, labor, and public
12 education entities.

13 (B) All monetary amounts paid for innovative industry sector
14 training contracts allowed as a permissible training expenditure
15 under subparagraph (A), must be reasonable and necessary for
16 the training of those persons enrolled in the training program
17 funded by the contract.

18 (5) Supportive services must be provided in accordance with
19 the relevant federal regulations (20 C.F.R. 663.800 to 663.840,
20 inclusive). Supportive services shall only count toward the
21 minimum required by paragraphs (1) to (3), inclusive, if the
22 individuals receiving these services are enrolled in training or
23 qualify under Section 663.830 of Title 20 of the Code of Federal
24 Regulations.

25 (6) Prevocational services and occupational bridge programs
26 qualifying under paragraph (4) must target one or more of the
27 following for consideration as an allowable training expenditure:
28 low-skilled low-income adults unprepared to enter postsecondary
29 occupational programs; adult education students who do not score
30 high enough to enter postsecondary occupational programs; career
31 development content, if the focus of the program is on academic
32 remediation and occupational skills development.

33 ~~(2) Services defined as intensive services under Section~~

34 ~~(7) Intensive services, as defined under Section 2964(d)(3)(C)~~
35 ~~of Title 29 of the United States Code and Section 663.200 of Title~~
36 ~~20 of the Code of Federal Regulations and other applicable~~
37 ~~regulations, shall not be counted toward the minimum training~~
38 ~~expenditure. Supportive services as defined in Sections 2801(46)~~
39 ~~and 2864(e)(2)-(3) of Title 29 of the United States Code, and~~
40 ~~provided in accordance with relevant federal regulations (20 C.F.R.~~



1 ~~663.800 to 20 C.F.R. 663.840, inclusive), to persons receiving~~
2 ~~intensive services shall count toward the mandatory training~~
3 ~~minimum only if the individuals receiving these services are also~~
4 ~~enrolled in training as defined in Sections 2864(d)(4)(D) of Title~~
5 ~~29 of the United States Code and 663.508 of Title 20 of the Code~~
6 ~~of Federal Regulations or who qualify under 663.830 of Title 20~~
7 ~~of the Code of Federal Regulations. training expenditure, except~~
8 ~~for those provided for in paragraphs (4) to (6), inclusive.~~

9 (3)

10 (8) ~~Services defined as core services under Section 2864(d)(2)~~
11 ~~of Title 29 of the United States Code and Section 663.150 or~~
12 ~~663.165 of Title 20 of the Code of Federal Regulations and other~~
13 ~~applicable regulations shall not be counted toward the minimum~~
14 ~~training expenditures. Supportive services, as defined by Section~~
15 ~~2801(46) and 2864(c)(2)-(3) of Title 29 of the United States Code~~
16 ~~and provided in accordance with relevant federal regulations (20~~
17 ~~C.F.R. 663.800 to 20 C.F.R. 663.840, inclusive) to persons~~
18 ~~receiving core services shall count toward the mandatory training~~
19 ~~minimum only if the individuals receiving these services are also~~
20 ~~enrolled in training as defined in Section 2864(d)(4)(D) of Title~~
21 ~~29 of the United States Code and 663.508 of Title 20 of the Code~~
22 ~~of Federal Regulations or who qualify under 663.830 of Title 20~~
23 ~~of the Code of Federal Regulations. training expenditures.~~

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

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



1 section within 90 days of receiving the calculations described in
2 subdivision (b).

3 (d) In federal program year 2015, the California Workforce
4 Investment Board shall use existing resources to evaluate the
5 effectiveness of the training expenditure mandates contained in
6 this section, including the increase in the number of individuals
7 receiving some training services, as defined, and training-related
8 placements.

9 (e) For the purpose of this section, "program year" has the
10 same meaning as provided in the Section 667.100 of Title 20 of
11 the Code of Federal Regulations.

12 SEC. 2. No reimbursement shall be made pursuant to Part 7
13 (commencing with Section 17500) of Division 4 of Title 2 of the
14 Government Code for costs mandated by the state pursuant to this
15 act. It is recognized, however, that a local agency or school district
16 may pursue any remedies to obtain reimbursement available to it
17 under Part 7 (commencing with Section 17500) and any other
18 provisions of law.

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