
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

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Bill No: AB 1731 **Hearing Date:** June 14, 2017
Author: Committee on Jobs, Economic Development, and the Economy
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Urgency: No **Fiscal:** Yes
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Subject: Apprenticeships: training funds: audits

SUMMARY

This bill requires the California Community Colleges Chancellor's Office (CCCCO) to provide guidance to local educational agencies (LEAs) on the allocation and oversight of apprenticeship training funds.

BACKGROUND

Existing law:

- 1) Establishes the Economic and Workforce Development Program within the CCCCCO and assigns it the mission of:
 - a) Advancing California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement.
 - b) Advancing California's economic and jobs recovery and sustaining 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.
 - c) Using 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, as specified.
 - d) Providing 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.
 - e) Collaborating and coordinating 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 California Department of Education, and the Employment Development Department.

- f) Identifying and leveraging 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.
 - g) Working 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. (Education Code § 88600)
- 2) Requires the Economic and Workforce Development Program to:
- a) Be responsive to the needs of employers, workers, and students.
 - b) Collaborate with other public institutions, aligning resources to foster cooperation across workforce education and service delivery systems, and building well-articulated career pathways.
 - c) Make data driven and evidence based decisions.
 - d) Develop strong partnerships with the private sector, ensuring industry involvement in needs assessment, planning, and program evaluation.
 - e) Be outcome oriented and accountable, measuring results for program participants, including students, employers, and workers.
 - f) Be accessible to employers, workers, and students who may benefit from its operation. (EC § 88600)
- 3) Authorizes the California Community Colleges Board of Governors (CCCBOG) to award grants and project funds to districts for leadership in accomplishing the mission and goals of the program, provided that funds are appropriated in the annual Budget Act, on a competitive basis, as determined by the BOG and authorized in the annual Budget Act. (EC § 88610)
- 4) Economic and Workforce Development Program is administered through the California Community Colleges Chancellor's Office which is required under current law to implement accountability measures and annually report specified information to the Governor and the Legislature. (EC § 88650 et seq.)
- 5) Requires the CCCBOG to assist economic and workforce regional development centers and consortia to improve linkages and career technical education (CTE) pathways between high schools and California Community Colleges in a manner that improves the quality of career exploration. (EC § 88532)

ANALYSIS

This bill requires the California Community Colleges Chancellor's Office (CCCCO) to provide guidance to local educational agencies (LEAs) on the allocation and oversight of apprenticeship training funds. Specifically, this bill:

- 1) Makes the following findings and declarations, including, but not limited to:
 - a) The California State Auditor (CSA) issued an audit of the apprenticeship program, California State Auditor Report 2016-110, which examined the programs offered through the Air Conditioning Trade Association;
 - b) As part of its examination, the CSA found a number of areas where existing law could be strengthened to ensure greater accountability for state program dollars and increase oversight practices to be consistent and more effective; and,
 - c) Among other recommendations, the CSA recommended that the Legislature amend state law to clarify that the CCCCCO has the authority to provide accounting guidance and to conduct audits of the K-12 LEAs' oversight of apprenticeship training funds.
- 2) Requires the economic and workforce development program at the CCCCCO to provide guidance to LEAs on the allocation and oversight of apprenticeship training funds, consistent with the rules set by the California Apprenticeship Council.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the Assembly Committee on Jobs, Economic Development, and the Economy, "Domestic and global economic conditions are undergoing significant changes since the peak of the recession. Maintaining competitiveness requires, among other things, better integrated and well-articulated career pathways between K-12, the state's higher education systems, and workforce training providers. Earn-and-learn strategies, including apprenticeships, are proven models on which the state plans to continue to commit significant workforce resources.

With this investment, however, comes the responsibility to ensure that training programs are managed and overseen in a manner that ensures accountability. AB 1731 codifies recommendations from a 2016 audit of the DAS and the Chancellor's Office and their oversight of the Air Conditioning Trade Association and its Commercial Sheet Metal Apprenticeships program. The analysis includes background on the state apprenticeship programs, the state audit, and the importance of apprenticeship programs in meeting state workforce demands."

- 2) ***California State Auditor report.*** The CSA issued Report 2016-110 in November of 2016, which, in part, reviewed the CCCCCO's oversight of a specific commercial sheet metal apprenticeship program provided through the Air Conditioning Trade Association. The audit, in part, found the following:

- a) Relative to the California Community Colleges Chancellor's Office (CCCCO) and Central Unified School District, neither was aware that the Air Conditioning Trade Association had claimed over 10,000 hours, over a five-year period, for homework assignments at a cost of nearly \$51,000 for reimbursement; and,
- b) The CCCCCO does not provide guidance to K-12 local educational agencies (LEAs) offices relative to the need and process for verifying attendance in order to ensure program guidelines and standards are being met.

According to the director of the adult school at Central Unified, his staff never requested documentation from the Air Conditioning Trade Association, such as class sign-in sheets, to verify that the reported attendance hours were only for classroom instruction. No guidance documentation was also ever provided by the Chancellor's Office to Central Unified on how to oversee the apprenticeship program.

The California State Auditor (CSA) found a number of areas where existing law could be strengthened to ensure greater accountability for state program dollars and to increase oversight practices to be consistent and more effective.

This measure is in response to the CSA audit.

- 3) **CCCCO response to audit.** The CCCCCO, in responding to the audit, stated that it would support any legislative proposals or amendments to state law to clarify that the CCCCCO has authority to provide accounting guidance to and conduct audits of LEAs. The CCCCCO opined that such authority would improve oversight of apprenticeship training funds.

The audit also recommended that the CCCCCO develop a model contract agreement to outline the types of information, roles, and responsibilities for both parties, and make the model contract available to K-12 LEAs by April 2017.

To note, the CCCCCO is currently developing a model contract agreement and anticipates its release this spring. The model contract agreement will specify that K-12 LEAs will verify that apprentices attended instructional courses by collecting supporting documentation, such as sign-in sheets or rosters.

- 4) **2017 annual report.** According to the EWD Program's annual report (<http://californiacommunitycolleges.cccco.edu/Portals/0/Reports/2017-EWD-Report-ADA-Reduced.pdf>), the Economic and Workforce Development Program awarded \$24.8 million to initiatives to fund 95 grants statewide and Economic and Workforce Development Program investments, when braided with funds from other sources like the federal Carl D. Perkins Career and Technical Education Act and the state Career Technical Education Pathways Act, have yielded impressive results, including:
 - a) 61,056 students served.

- b) 19,624 employees served.
 - c) 55,521 total people trained (as of December 2016).
 - d) 3,114 students enrolled in work-based learning (i.e., internships and apprenticeships).
 - e) 19,233 completions of workshops and training.
 - f) 1,433 students placed in jobs.
 - g) 9,414 employees retaining jobs.
 - h) 12,159 businesses served.
 - i) 1,584 people hired by businesses served by the Economic and Workforce Development (EWD) Program.
 - j) 149 new products and services created by businesses across California with the support of EWD Program services.
- 5) ***Related and previous legislation.*** SB 317 (Roth, 2017) would extend the Economic and Workforce Development Program's sunset date from January 1, 2018, to January 1, 2023. SB 317 is pending in the Assembly.

AB 581 (McCarty, 2017) would require, in part, an apprenticeship program, to be eligible to receive grant funds from the California Apprenticeship Council (council), to agree to keep adequate records that document the expenditure of those grant funds; and, to make all records available to the Department of Industrial Relations (DIR) so that DIR is able to verify that grants made by the council were used solely for training apprentices. AB 581 is pending referral in the Senate.

AB 669 (Berman, 2017) would extend the California Community Colleges EWD Program sunset date from January 1, 2018, to July 1, 2023. AB 669 is pending this committee.

SB 1402 (Lieu, Chapter 361, Statutes of 2012) extended the Economic and Workforce Development Program's sunset through January 1, 2018, and made several changes to the EWD Program, which included:

- a) Adding six principles to the program's mission, including collaboration with other institutions, making data driven and evidenced-based funding decisions, and developing strong partnerships with the private sector.
- b) Updating the mission of the EWD Program to reflect the need to implement sector strategies that align with labor markets.
- c) Enhancing the role of the program's advisory committee to ensure that funding is responsive to changing local market needs.

- d) Specifying minimum program outcome measures to be implemented by the California Community Colleges Chancellor's Office (CCCCO).
- e) Requiring the CCCCCO, by January 1, 2015, to contract for an independent evaluation of the program's effectiveness, the findings of which shall be provided to the Legislature by March 1, 2016.

SB 1809 (Polanco, Chapter 1057, Statutes of 1996) further clarified the Economic and Workforce Development Program's legislative intent, defined regional planning, priority setting, and coordination, added accountability and audit requirements, and made economic development and continuous workforce improvement a primary mission of the California Community Colleges.

SUPPORT

California Community Colleges Chancellor's Office

OPPOSITION

None received

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