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AB-2342 Community Economic Resilience Fund Program. (2021-2022)

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Assembly Bill No. 2342

CHAPTER 568

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

[Approved by Governor September 27, 2022. Filed with Secretary of State September 27, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2342, 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 requires that implementation grants be awarded 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, and connect, in each of those sectors, to any existing or emerging high road training partnerships, state and federal recognized apprenticeship and preapprenticeship programs, and high road construction career training programs, in addition to 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. The bill would also require representation on the collaboratives to reflect the people and economy of the region. The bill would also authorize a portion of grant funding to be reserved for making planning and implementation grants to Native American tribes, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14531 of the Unemployment Insurance Code is amended to read:

14531. (a) (1) There is hereby established within the Workforce Services Branch of the Employment Development Department, the Community Economic Resilience Fund Program, to build an equitable and sustainable economic recovery from the impacts of COVID-19 on California's industries, workers, and communities, and to provide for the durability of that recovery by fostering long-term economic resilience in the overall transition to a carbon-neutral economy.

(2) The branch shall administer the Community Economic Resilience Fund Program. The program shall be governed by the provisions of this chapter.

(b) (1) The program shall be administered by the Labor and Workforce Development Agency, the Office of Planning and Research, and the Governor's Office of Business and Economic Development. These three agencies shall be referred to as the Inter-Agency Leadership Team and shall jointly be responsible for planning, oversight, and decisionmaking, including, but not limited to, all of the following:

(A) Identifying the geographic boundaries of regions in a way that prioritizes economic recovery and transition strategies and is consistent with other state definitions of regional economic and labor markets.

(B) Creating program guidelines and evaluation metrics.

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

(D) Developing technical assistance and evaluation infrastructure.

(E) Tracking and reporting progress and deliverables.

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

(3) The Inter-Agency Leadership Team, as established in paragraph (1), shall develop policies for grant funds distributed in this chapter to fund regional programs and economic development strategies that directly complement state and federal infrastructure, business, and workforce investments in multiple sectors, including, but not limited to, housing, transportation, advanced energy, broadband, and natural resources, and connect, in each of those sectors, to any existing or emerging high road training partnerships, state and federal recognized apprenticeship and preapprenticeship programs, and high road construction career training programs, in addition to other workforce programs that support career pathways to high road jobs. Policies and guidelines developed under this provision shall be made publicly available on the Labor and Workforce Development Agency's internet website.

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

(B) The Inter-Agency Leadership Team shall be supported administratively by the Office of Planning and Research. Administrative support shall include support for convenings, meetings, agendas, gathering, analyzing and communicating stakeholder input, and summarizing guidelines for solicitations and providing this policy guidance to the Workforce Services Branch. The Labor and Workforce Development Agency, the Office of Planning and Research, and the Governor's Office of Business and Economic Development shall sign memoranda of understanding or interagency agreements for purposes of confirming each of their roles and responsibilities in the Inter-Agency Leadership Team.

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

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

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

(4) The representation on the collaboratives shall reflect the people and economy of the region and include balanced representation from labor, business, community, government, and other stakeholders, including, but not limited to, economic development, philanthropy, education, and workforce partners to be designated in the program guidelines.

(d) Planning grants shall be awarded on a competitive basis to establish and support at least one high road transition collaborative per region in areas that have had disproportionate impacts due to COVID-19. The Inter-Agency Leadership Team shall establish evaluation criteria consistent with the state planning priorities established pursuant to Section 65041.1 of the Government Code. The Inter-Agency Leadership Team shall establish additional criteria and detailed metrics in the program guidelines, consistent with the goals of the program outlined in subdivisions (b) and (c), including the following core activities:

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

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

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

(e) (1) Implementation grants shall be awarded on a rolling and competitive basis. This grant program shall be structured to provide a small initial tranche of funding for economic diversification pilots with demonstrable high road elements in those regions already engaged in economic recovery and transition planning. The majority of funds shall be used to provide, through June 30, 2024, economic development grants on a rolling basis, informed by the work of high road transition collaboratives.

(2) The implementation grant recipients shall demonstrate a plan to fully spend or obligate by December 31, 2025, all funds received pursuant to this subdivision, and shall pay all obligations by December 31, 2026.

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

(A) Support work identified as a priority in the economic recovery and transition plan with the high road intent of this program.

(B) Demonstrate support of the regional intermediary and alignment with the economic recovery and transition plan.

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

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

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

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

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

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

(f) The Labor and Workforce Development Agency, working with the Office of Planning and Research, and the Governor's Office of Business and Economic Development, shall manage the design and operation of all program solicitation and award processes, including the administration of and accountability for both the planning and implementation grants. The Workforce Services

Branch shall manage funds and contracts under direction of the Inter-Agency Leadership Team. This includes, but is not limited to, all of the following:

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

(2) Oversight and monitoring for fiscal integrity.

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

(4) Beginning December 31, 2022, annual reporting to the Joint Legislative Budget Committee and the applicable Senate and Assembly budget subcommittees. The report shall include a detailed summary of grants awarded, fiscal compliance, and progress on individual program objectives and related high road metrics, including equity, inclusivity, job quality, and sustainability, as designated in program guidelines and determined by interagency program staff.

(5) Commencing June 30, 2023, supplemental annual reporting to the Legislature, in accordance with Section 9795 of the Government Code, that includes a concise written discussion, based on the experience and expertise of the Inter-Agency Leadership Team and program staff, describing key findings on regional trends in sustainable economic recovery, and common challenges in the development and implementation of high road transition strategies. A copy of the report made pursuant to paragraph (4) shall be submitted in accordance with Section 9795 of the Government Code. Within 30 days of a report being submitted, pursuant to this subdivision, a copy of the report shall be available for public review through the internet websites of each agency of the Inter-Agency Leadership Team.

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

(g) All CERF grantees shall fulfill the outcome and reporting requirements required by this chapter as established by the Inter-Agency Leadership Team and fiscal oversight by the Employment Development Department. Within 30 days of a report being submitted, pursuant to this subdivision, a copy of the report shall be available for public review through the internet websites of each agency of the Inter-Agency Leadership Team. In addition to and in alignment with paragraphs (4) and (5) of subdivision (f), these reporting requirements shall include:

(1) A detailed analysis of grantee challenges and achievements, whether relating to convening an inclusive regional planning process, developing a comprehensive high road recovery plan, or implementing a strategy to promote long-term economic resilience within the region and to create high road jobs, while transitioning to a carbon-neutral economy. This shall include measurable progress toward target outcomes, including job creation, increase in number of jobs per region, average increases in hourly wages of entered employed individuals placed in jobs, job retention, number of individuals impacted through services, such as training, supportive services, or job placement, as enumerated in CERF guidelines and individual contracts in accord with each of the above jurisdictions.

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

(h) A portion of grant funding may be reserved for making planning and implementation grants to Native American tribes under criteria and conditions determined by the Inter-Agency Leadership Team and consistent with the purposes of the program. Tribes are intended to have maximum flexibility in the use of the funds and to use the funds to support tribe-led economic development projects. Applying for funds awarded pursuant to this subdivision does not preclude a tribal government or group of tribal governments from applying for implementation grants awarded pursuant to this section.

(i) For the purposes of this chapter, the following definitions apply:

(1) "CERF" shall mean the Community Economic Resilience Fund Program.

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

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

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

(5) "High road training partnerships" has the same meaning as used in subdivision (s) in Section 14005.

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

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