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SB-162 Community Economic Resilience Fund Program. (2021-2022)

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Date Published: 09/24/2021 02:00 PM

Senate Bill No. 162

CHAPTER 259

An act to add Chapter 5.1 (commencing with Section 14531) to Division 7 of the Unemployment Insurance Code, relating to economic development, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor September 23, 2021. Filed with Secretary of State September 23, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 162, Committee on Budget and Fiscal Review. Community Economic Resilience Fund Program.

Existing law establishes the Employment Development Department (EDD) within the Labor and Workforce Development Agency. Existing law grants the Director of Employment Development duties, purposes, responsibilities, and jurisdiction exercised by the Director of Benefit Payments relating to job creation activities, among other things. The California Workforce Innovation and Opportunity Act establishes the California Workforce Development Board as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. The act also provides for training partnerships that are overseen by the board, including the High Road Training Partnerships initiative, a demonstration project to model partnership strategies for the state among various industry sectors, and that is industry based and worker focused in order to build skills for California employers that, among other things, generate family-supporting jobs.

This bill would establish, within the Workforce Services Branch of the EDD, the Community Economic Resilience Fund Program (program). The bill would require the branch to administer the program. The bill would require the Inter-Agency Leadership Team (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. The bill would make the team jointly responsible for planning, oversight, and decision-making, as specified. The bill would set forth the specifics of the team's composition and duties.

This bill would require the program to provide financial support to establish and support high road transition collaboratives, as specified, and would set forth requirements for the program and collaboratives. The bill would provide 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. The bill would require 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. The bill would also set forth outcome and reporting requirements for program grantees. The bill would make these provisions operative when an appropriation is made by the Legislature for the purposes of these provisions and would require the Workforce Services Branch to post notice of the appropriation on the home page of its internet website and send notice of the appropriation to the Legislative Counsel.

This bill would appropriate the sum of \$600,000,000 from the Coronavirus Fiscal Recovery Fund of 2021 to the Workforce Services Branch to administer the program, as detailed in the bill. The bill would authorize up to 3% of the funds to be transferred to specified state agencies to support the program.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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

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

SECTION 1. Chapter 5.1 (commencing with Section 14531) is added to Division 7 of the Unemployment Insurance Code, to read:

CHAPTER 5.1. Community Economic Resilience Fund Program

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 decision-making, 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 definition of regional economic and labor markets.

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

(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.

(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 investments in multiple sectors, including housing, transportation, advanced energy, broadband, and natural resources, and connect, in each of those sectors, to any existing or emerging high road training partnerships. 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 inter-agency agreements for purposes of confirming each of their roles and responsibilities in the Interagency 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, as authorized in federal guidance, 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.

(4) The collaboratives shall 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 and, if necessary, with any applicable guidelines for evaluation set out in the federal American Rescue Plan Act of 2021 (Public Law 117-2) and Department of the United States Treasury guidance and regulations. 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) Identify a skilled and impartial convener to build an inclusive planning table, as described in paragraph (4) of subdivision (h), and facilitate and collaborate with each designated partner entity to develop the 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, 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 grant recipients shall demonstrate a plan to fully spend or obligate by December 31, 2024, 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 prioritized through the high road transition collaborative planning process with the high road intent of this program.

(B) Demonstrate support of the regional intermediary and alignment with the high road transition collaborative 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 or high road construction careers training programs 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) If necessary and as applicable, federal reporting and compliance consistent with the federal American Rescue Plan Act of 2021 (Public Law 117-2) and Department of the United States Treasury guidance and regulations.

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

(5) 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 and federal 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 assessed by inter-agency program staff.

(6) Commencing June 31, 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.

(7) 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, if applicable, as required by the federal American Rescue Plan Act of 2021, United States Department of the U.S. Treasury guidance and regulations, and fiscal oversight by the Employment Development Department. In addition to and in alignment with paragraphs (5) and (6) 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 create high road jobs. 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 investing, the nature and extent of their participation, and related efforts to build capacity among community, labor, local government, or other key stakeholder groups.

(h) 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 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.

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

(j) 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.

SEC. 2. (a) The sum of six hundred million dollars (\$600,000,000) is hereby appropriated from the Coronavirus Fiscal Recovery Fund of 2021 to the Workforce Services Branch of the Employment Development Department to administer the Community Economic Resilience Fund Program as described in Chapter 5.1 (commencing with Section 14531) of Division 7 of the Unemployment Insurance Code, as added by this act.

(b) Notwithstanding any other law, up to 3 percent of funds appropriated pursuant to subdivision (a) may be transferred to the Governor's Office of Business and Economic Development, Labor and Workforce Development Agency, Office of Planning and Research, Employment Development Department, California Workforce Development Board, and Department of Finance, upon order of the Department of Finance, to support the Community Economic Resilience Fund Program.

SEC. 3. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.