

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/06/2012
POSITION: Oppose

BILL NUMBER: SB 1402
AUTHOR: Lieu, Ted

BILL SUMMARY: Economic development: California Community Colleges Economic and Workforce Development Program.

This bill would reauthorize the California Community Colleges (CCC) Economic and Workforce Development (EWD) Program and would extend the sunset date from January 1, 2013, to January 1, 2018. Additionally, the bill would revise the program to: (1) reflect updated program expectations for workforce development and training; (2) focus on outcomes by requiring the California Community Colleges Chancellor's Office (Chancellor's Office) to collect and report specified program and student outcome-based data annually to the Legislature and the Governor; and (3) require grantees to meet specified performance expectations and demonstrate achievement of stated objectives for grant renewal. Finally, the bill would require the Chancellor's Office to contract for an independent program evaluation and report to the Legislature by March 1, 2016.

FISCAL SUMMARY

This bill could create a \$23 million Proposition 98 General Fund cost pressure beginning in 2013-14 by extending the sunset date of the EWD to January 1, 2018. According to the Chancellor's Office, the bill would result in new state operations costs of \$80,000 General Fund in 2014-15 to contract for the independent evaluation while the state operations cost of administering the revised EWD would be absorbable within existing resources that support the current program.

COMMENTS

Notwithstanding the merits of the EWD, the Department of Finance opposes this bill because it could create a \$23 million Proposition 98 General Fund cost pressure beginning in 2013-14 by extending the sunset date of the EWD to January 1, 2018.

The EWD was established within the CCC system, codified in statute in 1991, and was reauthorized in 2002 and again in 2006. The mission of EWD is to advance California's economic growth and global competitiveness through high-quality education and services focusing on economic and workforce improvement, technology deployment, and business development consistent with the state's regional economies and key industry sectors. The EWD serves employees needing to upgrade skills, serves small businesses seeking to move into international markets, and assists colleges with contract education, professional development, and revenue generation. This program is currently supported by an annual Budget Act appropriation of \$23 million Proposition 98 General Fund.

According to a 2011 report by the Chancellor's Office, in 2009-10 the EWD helped over 3,000 California workers find jobs, trained nearly 122,000 people to help them stay employed, and served nearly 7,500 California businesses. The EWD also fostered 108 regional centers in strategic economic priority areas such as California biotechnology and advanced transportation technology and energy.

Analyst/Principal (0332) E.Hanson	Date	Program Budget Manager Nicolas Schweizer	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Lieu, Ted

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COMMENTS (continued)

According to the author's office, the bill would extend the sunset date on the EWD, make the program more responsive to labor market needs, require program accountability for continued grantee funding, and encourage integration between training entities in the state.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
6870/Comm College	SO	No	A	0	A	0	A	80 0001
6870/Comm College	LA	Yes	A	0	A	23,000	A	23,000 0001