



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 723

PRINTERS NO. 1312

PRIME SPONSOR: Mizgorski

### COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	\$0	\$0

**SUMMARY:** Amends the state Workforce Development Act of 2001 (WDA) to bring it into compliance with federal requirements in the Workforce Innovation and Opportunity Act of 2014 (WIOA). This legislation would take effect in 60 days.

**ANALYSIS:** The WDA enabled Pennsylvania to participate in the federal program under the Workforce Investment Act of 1998 (WIA). In 2014, WIOA superseded WIA as the federal standard for workforce development systems and their operations. This legislation makes several structural and technical changes to the WDA so that our state law is in conformity with WIOA.

### **Section 102. Declaration of Policy**

- Removes reference to “Workforce Investment Act of 1998” and replaces it with “Workforce Innovation and Opportunity Act.”

### **Section 301. Establishment**

- Removes reference to “Workforce Investment Act of 1998” and replaces it with “Workforce Innovation and Opportunity Act.”

### **Section 302. Membership**

- Updates the make-up of the state workforce development board to comply with WIOA requirements, including:
  - Clarifies majority of members need to be representatives of business, including representatives of small business.
  - At least 20% of the board members need to be representatives of the workforce in the Commonwealth, including:
    - Representatives of labor organizations, joint labor-management apprenticeship programs, or apprenticeship programs.
- Replaces references to “the private sector” with simply “business.”

**Section 304. Plan, functions and responsibilities**

- Updates evaluation criteria to take into consideration strategies described by the State plan.
- Updates criteria for developing a systemwide outreach program that is permitted by WIOA.
- Updates criteria for the state workforce development board to recommend certification or recertification of a local workforce development board to take into consideration whether the local workforce development board met the corresponding WIOA performance accountability measures.
- Updates criteria for the state workforce development board to recommend necessary action, including decertification, if a local workforce development board fails to carry out its functions, engages in fraud or abuse, or if they fail to meet the performance accountability measures for two consecutive program years.
- Updates requirements for contents of annual report to include an explanation of performance measures, how they were developed, and the process to achieve continuous improvement as is required by WIOA in state plans.

**Section 305.1 Commonwealth fiscal management accountability information system**

- Section renamed (as appears above) from “State performance management system.”
- Removes language regarding responsibilities of previous system and performance indicators.
- Tasks the system with administering money authorized to carry out the performance accountability required by WIOA.

**Section 305.2 Performance Accountability System**

- Amends WDA by inserting this section.
- Provides for performance measures required by WIOA.
- Provides for additional indicators of performance that were previously included in Section 305.1 of the WDA. This change reflects structure of WIOA, differentiating between required indicators and additional indicators the state can include in their own state plan.
- Section 305.2 (c) was former Section 305.1(d)(5) “Other requirements established by the board” and is renamed “Additional education and training.”

**Section 501 Establishment**

- In the title of section 501(a), “Local workforce investment boards” is replaced with simply “regions” to reflect WIOA structure.
- Updates criteria for designating a local workforce development area to comply with WIOA requirements.
- Clarifies that the term “local workforce development area” in a provision includes a planning region, for the purposes of implementing the provision by the corresponding local workforce development areas in the region, except in the development of formulas

for allocating certain funds. This a clarification made in WIOA in regard to regional coordination (Section 106(c)(3)(A)).

- Updates requirements to establish a local workforce development board in a local workforce development area to comply with WIOA requirements.
- Updates the administrative duties of the chief elected officer of a local workforce development board and the governor to comply with the grant recipient requirements included in the functions of a local board, spelled out in WIOA (Section 107(d)(12)(B)).

### **Section 502 Membership**

- Updates local board membership requirements to comply with WIOA requirements, including:
  - Inclusion of representatives of small businesses with business representatives.
  - Representatives of Adult Education and Literacy programs under Title II of WIOA, as well as institutions of higher education.
  - Clarifies membership of local school boards and other similar entities must be those who administer education and training activities.
  - At least 20% of the board members need to be representatives of the workforce in the area.
    - In an area that has organized labor organizations, there needs to be a representative of organized labor, a member of a labor organization, or a training director from a joint labor-management apprenticeship program.
    - In an area that has no organized labor, if there is an apprenticeship program, a representative of the program.
    - May include representatives of community-based programs, including organizations with expertise in addressing needs of individuals with barriers to employment, organizations that serve veterans, organizations that integrated employment services to individuals with disabilities, and organizations that help eligible youth.
  - Representatives of governmental, economic, and community development entities.
  - Representatives of the one-stop delivery system (not otherwise specified.)
- Clarifies the manner of appointments for local workforce development areas that have one political subdivision, those who have more than one, and areas that were designated as a workforce investment area under the Workforce Investment Act of 1998 to comply with WIOA requirements.

### **Section 503 Conflicts of Interest**

- Replaces reference to a “unified system” with “state plan”, as states now submit plans under WIOA.

### **Section 504 Plan, functions and responsibilities**

- Clarifies that the local plan must be consistent with the strategies of the state plan, as

required by WIOA.

- Updates requirements for making the plan available to the public and others as required in the “sunshine” provisions of WIOA. Allows for comment from the public, and comments which express disagreement with the plan must be submitted to the governor when submitting the local plan.
- Updates the requirements of a local plan to comply with WIOA requirements and deletes from statute any outdated requirements no longer required by federal law.
- Updates the requirements of a local board’s functions and responsibilities to comply with WIOA requirements and deletes from statute any outdated requirements no longer required by federal law.
- Inserts requirements for Regional Planning which are required in WIOA.

**Section 505 Local performance measures**

- Updates local performance measures to comply with requirements of WIOA.
- Clarifies that no WIOA funds can be used to develop or continue programs created under the outdated School-to-Work Opportunity Act.

**Chapter 7-A Critical job training grants**

- Replaces “investment” with “development” in several places.

**Section 1304 Grant program operation**

- Replaces “investment” with “development.”

**Section 1307 Interdepartmental cooperation**

- Replaces Department of “Public Welfare” with “Human Services.”

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** May 4, 2021

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*