

SB 755 (2022) Expanding Workforce Performance Analysis and Employer Quarterly Wage Reports

Final Report to Legislature

Jointly submitted by:

Employment Development Department (EDD)

California Workforce Development Board (CWDB)

Labor and Workforce Development Agency (LWDA)

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Acronyms

| | |
|-------------|---|
| AB | Assembly Bill |
| BLS | Bureau of Labor Statistics |
| CAAL-Skills | Cross-Systems Analytics and Assessment for Learning and Skills Attainment |
| CalJOBSSM | California Job Opening Browse System |
| CPL | California Policy Lab |
| CUIC | California Unemployment Insurance Code |
| CWDB | California Workforce Development Board |
| DAS | Division of Apprenticeship Standards |
| DIR | Department of Industrial Relations |
| DOR | Department of Rehabilitation |
| EDD | Employment Development Department |
| EIN | Employer Identification Number |
| ETP | Employment Training Panel |
| HRCC | High Road Construction Careers |
| HRTTP | High Road Training Partnership |
| JEDx | Jobs and Employment Data Exchange |
| LMID | Labor Market Information Division |
| LWDA | Labor and Workforce Development Agency |
| MOU | Memorandum of Understanding |
| NASWA | National Association of State Workforce Agencies |
| P2E | Prison to Employment |
| PIT | Personal Income Tax |
| PY | Program Year |
| SB | Senate Bill |
| SGDS | State Grant Data System |
| SOC | Standard Occupational Codes |
| UI | Unemployment Insurance |
| WIOA | Workforce Innovation and Opportunity Act |

January 1, 2024

The Honorable Members of the California State Legislature
California State Senate and Assembly
State Capitol
Sacramento, CA 95814

Dear Members of the California State Legislature:

Senate Bill (SB) 755 (Chapter 815, Statutes of 2022) requires the Employment Development Department (EDD) and the California Workforce Development Board (CWDB) to work collaboratively to create a plan for how to measure, analyze, and report on employment and earning outcomes for individuals receiving job training services provided through the workforce system, whether funds for these services derive from the CWDB managed programs or through EDD managed Title I of the federal Workforce Innovation and Opportunity Act.

To that end, SB 755 requires EDD and CWDB to create a plan to use the existing workforce participant data systems and Unemployment Insurance (UI) tax data collection infrastructure for employer quarterly wage data to match persons who enroll in job training services with their relevant occupational data, place of employment data, and hours worked data. The plan includes how to provide potential job training service participants information on the likelihood of training related job placement at or above a regional living wage and potential wage gains up to 12 quarters from exiting a program.

To create the plan required under SB 755, including corresponding timelines, resources, and statutory changes needed (if relevant), the EDD and CWDB established the following actions: (1) Define the scope of workforce program performance analysis and evaluation needs and assess the existing workforce participant data systems infrastructure to identify required changes and costs to align with SB 755; (2) Define data enhancements to the existing UI wage data collection infrastructure and legislative changes and estimated costs to align with SB 755; (3) Assess the existing workforce evaluation strategy under the Cross-Systems Analytics and Assessment for Learning and Skills Attainment (CAAL-Skills) data sharing and program evaluation initiative and steps to define participant earnings targets by region and to align with SB 755; and (4) Assess the existing workforce participant data governance, analysis, and reporting system under CAAL-Skills and identify steps to align with SB 755.

Printed copies of this report are available to any legislative member upon request.

Sincerely,

/s/ NANCY FARIAS
Director

Executive Summary

SB 755 (Statutes of 2022, Chapter 815 [codified at Unemployment Insurance Code Section 14017.1]¹) requires the Employment Development Department (EDD) and California Workforce Development Board (CWDB) to work collaboratively to create a plan, that identifies the costs and implementation timelines, to measure, analyze, and report on employment and earnings outcomes for individuals who received job training services through specific programs: Workforce Innovation and Opportunity Act (WIOA) Title 1 managed by EDD and all programs managed by CWDB. For these programs, SB 755 requires CWDB and EDD to create a plan to respond to modifications to existing performance analysis and reporting specifications (see UI code 14013(i))². SB 755 introduces UI Code 14017.1 which defines the requirements of the plan, including: 1) expanding the scope of programs included in existing performance analysis and evaluation system to include CWDB programs, 2) expanding the timeframe for analyzing participant employment and earnings outcomes, 3) defining new outcome disaggregation requirements, and 4) defining specific audiences for the reporting including the California State Legislature, workforce development boards, and participants.

The SB 755 legislation was signed at a time of historic investments for California workforce and career pathway development. Workforce programs include a range of services delivered to Californians, including job training for unemployed and incumbent workers, apprenticeship and pre-apprenticeship, supportive services, and building employer partnerships. These programs aim to build workers' skills and meet industry needs to support workers with entering career pathways where employment and earnings outcomes increase over time.

There is an evidence base that suggests participants in labor market programs experience increases of employment by 3-5 percentage points within one-two years

¹ See [Bill Text - SB-755 Workforce development: training-related job placement: reporting. \(ca.gov\)](#)

² See [AB 2148 \(Mullin 2014\) for UI Code 14013\(i\)](#); The development and updating of comprehensive state performance accountability measures, including state-adjusted levels of performance, to assess the effectiveness of the core programs in the state as required under Section 3141(b) of Title 29 of the United States Code.

post-program and increases of 5-12 percentage points more than two years post-program³. Other evidence suggests job training programs can increase earnings 2-6 years after training by 14-30% (Per Scholas) and up to 34% (Year Up)⁴.

Through their commitments to evidence-based policy, the Governor and Legislature have dedicated funding to EDD, CWDB, and other workforce program performance analysis and evaluation efforts. As a result of these investments, LWDA and its departments know more about the impacts of workforce and job training programs in California than just a few years ago.

One such investment in evidence generation includes CWDB's CAAL-Skills data governance, analysis, and evaluation system. In 2022, CWDB's independent academic partner for CAAL-Skills evaluation activities – California Policy Lab (CPL)⁵ – published the first impact evaluation analysis of 10 job training programs included in the initial CAAL-Skills program inventory⁶. For the WIOA Title 1-Adult program, the CPL study team estimated impacts of job training on participants who enrolled in job training services. For context, about 40% of WIOA Title 1-Adult participants are enrolled in job training while 60% remain in non-training related career services.⁷ For the job training participants, the study team used existing participant data and the California base wage file (**See Chapter 2**) to establish a strong comparison group and estimate the causal impact on employment and earnings outcomes up to three years post-training. The following summarizes the results for the 2014-2015/2015-2016 WIOA Title 1-Adults job training cohorts:

- Employment impacts: The percentage of individuals employed increased by 9.6 percentage points from 62.3% to 71.8% for job training participants compared to similar individuals who did not receive job training. There were stronger impacts for female participants with a 10 percentage point increase.
- Earnings impacts: Quarterly earnings increased by 29.2% from \$4,541 to \$5,867 for job training participants compared to similar individuals who did not receive job training. There were stronger impacts for female participants with a 30.8% increase.

³ David Card & Jochen Kluge & Andrea Weber, 2018. "[What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations](#)," Journal of the European Economic Association, vol 16(3), pages 894-931.

⁴ Evidence briefs available here - <https://www.ncsl.org/labor-and-employment/scale-evidence-based-workforce-development-solutions> - and summarized from Social Programs that Work - https://evidencebasedprograms.org/policy_area/employment-welfare/

⁵ <https://www.capolicylab.org/>

⁶ [Identifying the impacts of job training programs in California - California Policy Lab \(capolicylab.org\)](#)

⁷ See [Reports | CWDB \(ca.gov\)](#). These percentages vary by program. For example, in WIOA Title 1-Youth, job training services are delivered to about 20% of the participants and in WIOA Title 1-Dislocated Worker, job training services are delivered to about 45% of participants.

In addition to the evaluation analysis of 10 job training programs, several interim and final evaluations of EDD and CWDB workforce programs were published publicly, including the evaluations for [America's Job Centers of California](#), [Breaking Barriers](#), and [Prison to Employment](#) programs. Based on evidence produced by EDD and CWDB performance analysis and evaluation activities, some programs demonstrate improvements in participants' employment and earnings over time. For others, more time and more data and evaluation analysis are needed to measure impacts.

SB 755 asks LWDA, EDD, and CWDB to establish a Plan (See Box 1). As a part of this work, the following objectives were established:

- Objective 1: Define workforce performance analysis and evaluation needs by defining expanded workforce performance metrics defined in UI Code 14017.1. Assess existing workforce participant data systems infrastructure for alignment with performance metrics and data requirements to identify what analysis is already feasible, feasible with some modifications, or not feasible unless modifications are made to meet SB 755's plan requirements stated in UI Code 14017.1.
- Objective 2: Assess existing unemployment insurance tax data collection infrastructure (base wage file) to identify what analysis is already feasible or not feasible unless modifications are made to meet SB 755's plan requirements stated in UI Code 14017.1.
- Objective 3: Assess the existing job training program evaluation strategy for alignment with expanded workforce performance metrics. Assess feasibility and relevance of existing living wage tools to provide analysis benchmarks for participant earnings. Identify resources that would be required to meet SB 755's plan requirements stated in UI Code 14017.1.
- Objective 4: Assess the existing performance data analysis and reporting system to align with workforce performance metrics. Assess appropriateness of existing analysis and reporting to meet needs of key audiences. Identify resources that would be required to meet SB 755 reporting and plan requirements stated in UI Code 14017.1.

Box 1: SB 755 - Plan Description

UI Code 14017.1.

(a) To ensure that job training services investments are linked to regional labor market demand and provide opportunities for upward mobility, the board and the Employment Development Department shall work collaboratively to measure and report on training-related job placement outcomes for individuals receiving job training services provided through the workforce system, including all job training services funded by Title I of the federal Workforce Innovation and Opportunity Act (Pub. L. 113-128) and through grants administered by the board, regardless of the source of the moneys.

(b) For purposes of measuring training-related job placement outcomes, gathering data to report, and otherwise fulfilling subdivision (a), the board and the Employment Development Department shall work collaboratively to create a plan to use the existing unemployment insurance tax data collection infrastructure used to secure quarterly wage data from employers, to match relevant employee occupational data, employee place of employment data, and employee hours worked data, to persons who enroll in job training services. The plan shall include timelines, budget, funding constraints, and an outline of any additional recommended or necessary statutory changes to collect relevant data.

LWDA coordinates efforts across departments to strengthen the overall workforce performance analysis and evaluation systems. While SB 755 focuses on WIOA Title 1 and CWDB programs, with particular emphasis on the smaller sub-sample of job training program participants only, LWDA oversees the full workforce system. For this reason, LWDA worked with EDD and CWDB to ensure the SB 755 Plan was developed while considering existing workforce performance analysis and evaluation mandates and infrastructure to properly leverage and build from existing systems. Existing resources are based on known resources as of December 2023. If the existing resources listed below are reduced, there will be a gap between what is presented in this Plan and required resources to achieve SB 755 requirements.

Existing activities relevant to SB 755's requirements

| Activities | Estimated costs |
|---|---|
| LWDA created a centralized workforce program inventory, common metrics, and participant data standards | Done for 2023-2024 |
| LWDA created a map across data systems to identify alignment with and gaps between existing data systems and standards | Done for 2023-2024 |
| ETP and CWDB will ensure Cal-E-Grants data systems align with established data requirements | Ongoing |
| <p>CWDB align CAAL-Skills evaluation analysis with expanded outcomes and disaggregation and establish 3-year contract for existing entities defined in UI Code 14013 <i>(does not include CWDB programs in scope)</i></p> <p>CWDB and academic partner review existing living wage standards for potential CAAL-Skills evaluation analysis <i>(does not include CWDB programs in evaluation scope)</i></p> <p>CWDB and academic partner present CAAL-Skills evaluation analysis for legislature, workforce boards, and participants <i>(does not include CWDB programs in evaluation scope)</i></p> | Existing one-time funding of estimated \$700K-\$1.2 million (WIOA 15% discretionary) and publication of updated evaluation analysis |
| CWDB complete CAAL-Skills modernization effort to move from Phase 1 pilot to Phase 2, including secure cloud-based environment and public-facing interactive analysis dashboard <i>(does not align with expanded outcomes and disaggregation requirements and does not include CWDB programs in dashboard scope)</i> | Existing annual funding of \$2.5 million (WIOA 15% discretionary fund) and launch of new system planned for December 2024 |

SB 755 directs EDD and CWDB to create a plan to identify the additional costs and timelines to implement any required changes to existing systems. To align with SB 755 requirements, the additional activities and their estimated costs as of December 2023 are summarized in the following table. These cost estimates and others included in this Plan are point-in-time and subject to change; the final cost estimates will be contingent upon future statutory changes.

Additional activities and resources required to achieve SB 755's goals (estimated)

| Activities | Estimated costs |
|--|--|
| Modify existing unemployment insurance tax data infrastructure to expand data collection to include hours worked, occupation, and region. | \$24.58 million one-time and \$4.82-\$8.52 million annually and deploy 3-5 years upon appropriation |
| Expand the scope of the CWDB CAAL-Skills evaluation to include CWDB programs. | \$0.5 million one-time and complete by 4 years upon appropriation |
| Conduct systems assessment to align Phase 2 CAAL-Skills environment and dashboard with expanded outcomes and disaggregation requirements. | \$0.3 million one-time cost and 12-18 months upon appropriation |
| Expand the scope of the CWDB CAAL-Skills data system to include CWDB programs. | \$0.5 million annually and deploy 18-24 months upon appropriation |
| Annual reports for Legislature, workforce development boards, and participants that align with expanded outcomes and disaggregation requirements (as feasible) (CWDB and EDD). | \$0.15 million annually for additional LMID base wage merge requirements \$0.085- \$0.255 million annually for additional staff time for reporting |
| Total additional resource requirements | \$5.6-\$9.4 million annually \$25.4 million one-time |

Details on how LWDA, EDD, and CWDB arrived at this list of potential activities, and their required costs and timelines are provided in the chapters below.

Chapter 1: Workforce Metrics and Data Needs

Summary of Current State

Multiple California state government agencies, departments, boards, and panels aim to improve California worker economic security, economic mobility, and equity by improving career pathways. Programs aimed at improving career pathways include career services for unemployed and underemployed workers, job training, apprenticeship and pre-apprenticeship, supportive services (such as support for childcare and transportation) and building employer partnerships. These programs aim to build workers' skills to meet the needs of industry and support workers to enter career pathways that improve employment and earnings outcomes for Californians.

California has recently made significant state investments in workforce programs managed by LWDA departments. There is an evidence base that suggests participants in labor market programs experience increases in the probability of employment by 3-5 percentage points within one-two years post-program and increases of 5-12 percentage points more than two years post-program⁸. Other evidence suggests job training programs can increase earnings 2-6 years after training by 20-30% (Per Scholas) and up to 34% (Year Up)⁹.

Federally-funded programs – such as WIOA Title 1 - have specific performance metrics, data standards, and reporting requirements¹⁰. In addition, California UI code 14013(i)¹¹ defines existing state performance analysis and evaluation performance metrics. Workforce performance metrics center around several elements:

1. **Program analysis** – Program analysis allows results to be presented by program-features such as priority industries (Healthcare, Infrastructure, etc.) and program name (WIOA Title 1-Adult, WIOA Title 1-Youth, HRTP, Breaking Barriers, etc.).

⁸ David Card & Jochen Kluge & Andrea Weber, 2018. "[What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations.](#)" Journal of the European Economic Association, vol 16(3), pages 894-931. NBER 2015 working paper available here - <https://www.nber.org/papers/w21431>

⁹ Evidence briefs available here - <https://www.ncsl.org/labor-and-employment/scale-evidence-based-workforce-development-solutions> - and summarized from Social Programs that Work - https://evidencebasedprograms.org/policy_area/employment-welfare/

¹⁰ For example, see <https://www.dol.gov/agencies/eta/performance/reporting>

¹¹ See https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=UIC§ionNum=14013

2. **Equity analysis** – Equity analysis enables the examination of outcomes to ascertain if certain groups disproportionately benefit from programs, necessitating adjustments to ensure equal opportunity. Equity may encompass factors such as age, gender, race and ethnicity, and location.¹²
3. **Implementation or ‘output’ analysis** – An ‘output’ is defined as the direct product of funding. For example, job training outputs include the number of participants trained, type of training, duration of training, etc. There is often both a quantity element (number of participants) and a quality element (were the participants the program’s target population) in the results.
4. **Outcome analysis** – An ‘outcome’ is defined as the change in behavior, knowledge, or other result that is expected to result from the outputs produced. For example, job training and career service program outcomes can include employment status and earnings. There is often a quantity element (is there an increase in the earnings) and a quality element (did the increase in earnings meet planned targets). A key challenge to any outcome analysis is the difficulty with attribution – what changes in outcomes are a result of the funded activities (job training program) compared to changes that result from many other factors (for example, a strong economy compared to a weak economy). Tracking changes in outcomes for participants is important but it is insufficient for understanding attribution unless these changes can be compared to similar populations who did not participate in the program (comparison or control groups). Therefore, there is emphasis in SB 755 and this Plan on both evaluation analysis to measure attribution when feasible (**Chapter 3**) and performance analysis and reporting (**Chapter 4**).

SB 755 requires a plan that considers an expansion of outcome timing and disaggregation requirements onto existing mandates defined in UI Code 14013 (See **Box 2**).

¹² Aligns with EXECUTIVE ORDER N-16-22 - [Governor Newsom Strengthens State's Commitment to a California For All | California Governor](#)

Box 2: SB 755 – Metrics and Data Requirements Description

UI Code § 14013 (i)

The development and updating of comprehensive state performance accountability measures, including state-adjusted levels of performance, to assess the effectiveness of the core programs in the state as required under Section 3141 (b) of Title 29 of the United States Code. As part of this process the board shall do all of the following:

- (1) Develop a workforce metrics dashboard, to be updated annually, that measures the state's human capital investments in workforce development to better understand the collective impact of these investments on the labor market. The board shall determine the approach for measuring labor market impacts, provided that, to the extent feasible, the board uses statistically rigorous methodologies to estimate, assess, and isolate the impact of programs on participant outcomes. The workforce metrics dashboard shall be produced, to the extent feasible, using existing available data and resources that are currently collected and accessible to state agencies. The board shall convene workforce program partners to develop a standardized set of inputs and outputs for the workforce metrics dashboard. The workforce metrics dashboard shall do all of the following:
 - a. Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report.
 - b. Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors.
 - c. Measure, at a minimum and to the extent feasible with existing resources, the performance of the following workforce programs: community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998 (Public Law 105-220), Title I and Title II of the federal Workforce Innovation and Opportunity Act of 2014 (Public Law 113-128), Trade Adjustment Assistance, and state apprenticeship programs.
 - d. Measure participant earnings in California, and to the extent feasible, in other states. The Employment Development Department shall assist the board by calculating aggregated participant earnings using unemployment insurance wage records, without violating any applicable confidentiality requirements.

SB 755 - UI Code § 14017.1(b)

- (1) Requiring local workforce development boards and grantees of board-administered grants to collect and report industry and occupation-specific data for all persons who enroll in job training services, including through the use of case management and performance reporting systems deployed for state and federal data collection and reporting.
- (2) Developing and implementing a method to measure the second- and fourth-quarter prior earnings of a person, who is enrolled in a job training service, for purposes of measuring the person's increase in earnings following their participation in and exit from a program.
- (3) Developing and implementing a means to measure wage and employment outcomes for a person following that person's participation in a job training service during the second, fourth, eighth, and twelfth quarters following participation in and exit from a program for purposes of measuring the person's increase in earnings over time.
- (4) Calculating, by region, industry, occupation, and job training service provider, the wages, wage gains, employment rates, and training-related job placement rates at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program.
- (5) Calculating, by region, industry, occupation, and job training service provider, the rate of persons who participated in a job training service and who became employed at a wage at or above a living wage for the region. This calculation shall take into account the cost of living in the regional labor market where the person works or lives. The employment rate calculation shall be calculated at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program.
- (6) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region.
- (7) Determining, by region, industry, occupation, and job training service provider, whether participation in a job training service, completion of a job training service, credential attainment, and measurable skills gains have an empirically verifiable impact on assisting persons in achieving employment, training-related job placement, wages, and wage gain that places those persons at or above a living wage for the region. This determination shall take into account the cost of living in the regional labor market where the person works or lives.

The following details are the existing (UI Code 14013) and expanded (UI Code 14017.1) outcomes and disaggregation for workforce performance metrics:

Table 1: Workforce Performance Metrics – Existing and Expanded

| Category | Metric | Statutory Requirements |
|------------------|---|--|
| Program lens 1.1 | Summarize and disaggregate analysis by Programs | SB 755 - UI Code § 14017.1(b) Key Results require reporting by specific Programs |
| Program lens 1.2 | Summarize and disaggregate analysis by Training-related Region, industry, occupation, and job training service provider | SB 755 - UI Code § 14017.1(b) Key Results require reporting by specific Region, Industry, Occupation, and Job Training Service Provider (<i>modifications required to disaggregate by job training service providers.</i>) |
| Equity lens 2.1 | Summarize and disaggregate by % of participants by gender identity at Program Entry | UI Code 14013(j)(B) Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors. AB 677 (2017) - (f) It is the intent of the Legislature that the state entities specified in Section 8310.8 of the Government Code utilize existing work and research, including, but not limited to, referencing research on promising and community-defined practices and stakeholders when developing questions to collect voluntary self-identified information pertaining to sexual orientation and gender identity. |
| Equity lens 2.2 | Summarize and disaggregate by % of participants by race and ethnicity | UI Code 14013 (j)(B) Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors. Government Code sec. 8310.5 - 8310.7 requires data elements allow data at sub- population level for Asian participants: Each major Asian group, including, but not limited to Chinese, Japanese, Filipino, Korean, Vietnamese, Asian Indian, Laotian, and Cambodian. Each major Pacific Islander group, including, but not limited to Hawaiian, Guamanian, and Samoan. |

| Category | Metric | Statutory Requirements |
|----------------------|--|--|
| Equity lens 2.3 | Summarize and disaggregate by % of participants identify in specific target population (disability, veteran, ELL, Agriculture, Youth-at-Risk, Justice-involved, other) | UI Code 14013 (i)(B) Provide demographic breakdowns, including, to the extent possible, race, ethnicity, age, gender, veteran status, wage and credential or degree outcomes, and information on workforce outcomes in different industry sectors. |
| Equity lens 2.4 | Summarize and disaggregate by % of participants by Location | SB 755 - UI Code § 14017.1(b) Requires 'regional analyses' - The most appropriate is likely disaggregation by County |
| Inputs & Outputs 3.1 | Total number of participants served (total, career services, job training) per Fiscal Year | SB 755 - UI Code § 14017.1(b) Collect and report industry and occupation-specific data for all persons who enroll in job training services |
| Inputs & Outputs 3.2 | Total number of participants trained and placed (total, career services, job training) per Fiscal Year | SB 755 - UI Code § 14017.1(b) Collect and report industry and occupation-specific data for all persons who enroll in job training services |
| Outcomes 4.1 | % of total training participants who completed training | UI Code 14013 (i)(A) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report. SB 755 - UI Code § 14017.1(b) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region. |

| Category | Metric | Statutory Requirements |
|--------------|--|--|
| Outcomes 4.1 | % of total training participants who completed training | <p>UI Code 14013 (i)(A) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report.</p> <p>SB 755 - UI Code § 14017.1(b) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region.</p> |
| Outcomes 4.2 | Number of training participants with a Credential Attainment; % of participants with a credential attainment within 1 year of program exit | <p>UI Code 14013(j)(A) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report.</p> <p>SB 755 - UI Code § 14017.1(b) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region. <i>(modifications required to disaggregate by job training service providers and employment occupations.)</i></p> |
| Outcomes 4.3 | % of training project graduates with measurable skill gains (training/sector specific) | <p>SB 755 - UI Code § 14017.1(b) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region. <i>(modifications required to disaggregate by job training service providers and employment occupations.)</i></p> |
| Outcomes 4.4 | % of training project graduates employed (post 2 nd , 4 th , 8 th , 12 th quarters) | <p>SB 755 - UI Code § 14017.1(b) Measure wage and employment outcomes for a person following that person's participation in a job training service during the second, fourth, eighth, and twelfth quarters following participation in and exit from a program by job training service provider, industry, occupation, and region. <i>(modifications required to disaggregate by job training service providers and employment occupations.)</i></p> |

| Category | Metric | Statutory Requirements |
|--------------|---|---|
| Outcomes 4.6 | Median quarterly earnings over time and compared to regional living wage targets (prior 2 nd and 4 th quarters) | <p>UI Code 14013(i)(A) Provide a status report on credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. The board shall publish and distribute the final report.</p> <p>SB 755 - UI Code § 14017.1(b) Measure the second- and fourth-quarter prior earnings of a person by job training service provider, industry, occupation, and region. <i>(modifications required to disaggregate by job training service providers and employment occupations. See Chapter 2)</i></p> |
| Outcomes 4.7 | Median quarterly earnings over time and compared to regional living wage targets (post 2 nd , 4 th , 8 th , 12 th quarters) | <p>SB 755 - UI Code § 14017.1(b) Measure wage and employment outcomes for a person following that person's participation in a job training service during the second, fourth, eighth, and twelfth quarters following participation in and exit from a program</p> <p>SB 755 - UI Code § 14017.1(b) Calculating, by region, industry, occupation, and job training service provider, the wages, wage gains, employment rates, and training- related job placement rates</p> <p>SB 755 - UI Code § 14017.1(b) Calculating, by region, industry, occupation, and job training service provider, the rate of persons who participated in a job training service and who became employed at a wage at or above a living wage for the region. <i>(modifications required to disaggregate by job training service providers and employment occupations. See Chapter 2)</i></p> |
| Outcomes 4.8 | Total annual earnings (post 2 nd , 4 th , 8 th , 12 th quarters) | <p>SB 755 - UI Code § 14017.1(b) Measure by job training service provider, industry, occupation, and region. <i>(modifications required to disaggregate by job training service providers and employment occupations. See Chapter 2)</i></p> |
| Outcomes 4.9 | Percent change of post earnings (2 nd , 4 th , 8 th , 12 th quarters) over prior earnings (2 nd quarter) | <p>SB 755 - UI Code § 14017.1(b) Calculating by job training service provider, industry, occupation, and region. <i>(Modifications required to disaggregate by job training service providers and employment occupations. See Chapter 2)</i></p> |

Under LWDA, entities implementing workforce programs use different data systems to provide data for performance analysis and evaluation (See EDD and CWDB data systems detailed in Table 2).

Table 2: EDD and CWDB Workforce Data Systems

| Department | Data System |
|---|--|
| Employment Development Department (EDD) | CalJOBS (https://www.caljobs.ca.gov/vosnet/Default.aspx) was fully implemented in 2014. It relies on proprietary software built to respond to WIOA federal reporting requirements and is used by EDD and CWDB. |
| California Workforce Development Board (CWDB) | State Grant Data System (SGDS) was built in 2022-2023. SGDS is an excel-based data reporting system built by CWDB for grantees who do not use CalJOBS. CWDB aims to transition fully to Cal-E-Grants for participant data collection when available. In 2024, CWDB will shift to use of the Cal-E-Grants data system, led by ETP. |
| Employment Training Panel (ETP) | <p>ETP's Cal-E-Force system is on the government cloud-based Salesforce platform and has 2 components:</p> <p>Cal-E-Program (https://etp.ca.gov/cefhub/) was launched in 2019 and is a complete contract management system for the Employment Training Panel (ETP) program.</p> <p>Cal-E-Grants (https://caetp.my.site.com/calegrants/s/) was launched in 2022. It is a grant application and grant management system used by ETP, CWDB, and DAS. Cal-E- Grants will soon include a participant data module and expected to deploy by April 2024.</p> |

As part of the SB 755 Plan process, LWDA, EDD, and CWDB led a review of the existing workforce data systems and their alignment with the expanded performance metrics. This assessment is summarized in **Table 3** below and defines which data elements exist in the current data systems, which existing data systems would require modifications, which data elements are based on the existing base wage file, and which data elements rely on enhancements to the base wage file discussed in **Chapter 2**.

Any data element marked by a (*) notes a data element for which analysis can take place, but the data element is not yet collected consistently across data systems and results in some variation in reporting. Any data element marked by a (+) notes a data element included in the SB 755 analysis requirements.

Table 3: Existing Workforce Participant Data Systems Alignment with Performance Metric Data Requirements

| Element | Required Data | CalJOBS | Cal-E-Grants | SGDS |
|--------------------|---|-----------------------|-----------------------|-----------------------|
| Program and Inputs | Funding Amount Allocated and Expended (\$) | Yes | Yes | Yes |
| Program and Inputs | Program – Program, Grant Code, Grant Type | Yes | Yes | Yes |
| Program and Inputs | Initiative – <i>Healthcare, Infrastructure, Manufacturing, Agriculture, Public Services</i> | Yes | Yes | Yes |
| Program and Inputs | Funding Source (State/Federal) | Yes | Yes | Yes |
| Equity | Target populations (Disability, Veteran, Youth, Agriculture Worker) (*) | Yes | Yes | Yes |
| Equity | Age (*) | Yes | Yes | Yes |
| Equity | Gender Identity (*) | Needs modification | Yes | Yes |
| Equity | Race & Ethnicity (*) | Needs modification | Yes | Yes |
| Equity | Region – Home Zip Code (+*) | Yes | Yes | Yes |
| Equity | Region – Employment Zip Code (+) | Base Wage Enhancement | Base Wage Enhancement | Base Wage Enhancement |
| Output | Industry – Training (CIP map to NAICS) (+*) | Yes | Yes | Yes |
| Output | Industry – Employment (NAICS) ¹³ (+) | QCEW | QCEW | QCEW |
| Output | Occupation – Training (BLS) (+*) | Yes | Yes | Yes |
| Output | Occupation – Employment (BLS) (+) | Base Wage Enhancement | Base Wage Enhancement | Base Wage Enhancement |
| Output | Training Provider – Name, FEIN , and SEIN (+*) | Yes, but not SEIN | Yes | Yes |
| Output | Defining training service delivered by Skill Type – Basic, Cross-functional, Knowledge- based (+) | Needs modification | Yes | Yes |
| Outcome | Program Completion | Yes | Yes | Yes |
| Outcome | Credential Attainment (+) | Yes | Yes | Yes |
| Outcome | Measurable Skill Gains (+) | Yes | Yes | Yes |
| Outcome | Employment Rate (prior 2 nd , 4 th quarters) (+) | Base Wage | Base Wage | Base Wage |
| Outcome | Hours Worked (prior 2 nd , 4 th quarters) (+) | Base Wage Enhancement | Base Wage Enhancement | Base Wage Enhancement |
| Outcome | Quarterly Earnings (prior 2 nd , 4 th quarters) (+) | Base Wage | Base Wage | Base Wage |
| Outcome | Employment Rate (post 2 nd , 4 th , 8 th , 12 th quarters) (+) | Base Wage | Base Wage | Base Wage |
| Outcome | Hours Worked (post 2 nd , 4 th , 8 th , 12 th quarters) (+) | Base Wage Enhancement | Base Wage Enhancement | Base Wage Enhancement |
| Outcome | Quarterly Earnings (post 2 nd , 4 th , 8 th , 12 th quarters) (+) | Base Wage | Base Wage | Base Wage |

¹³ EDD obtains the Industry NAICS code by linking the Employer Account Number in the base wage file with the available Employer Account Number in the Quarterly Census of Employment and Wages ([QCEW](#)).

As required by SB 755, this report identifies 1) the statutory/regulatory considerations, 2) the potential implementation tasks, and 3) the estimated costs and timelines for the potential tasks, pending additional legislation and an appropriation.

Statutory/Regulatory Considerations

None as of December 2023.

Requires Legislation and an Appropriation

*Additional tasks could be considered if authority and resources are provided that aligns with performance analysis and evaluation requirements defined by SB 755. This includes ensuring **alignment of new data systems with established performance metrics**. For example, EDD is leading and overseeing the CalJOBS modernization effort and would coordinate any new system development with established performance metrics¹⁴.*

Potential Timeline Pending Legislation and an Appropriation

| Potential Tasks | Timeline |
|---|--|
| CalJOBS Modernization incorporates additional data elements | 3 years after appropriation – Estimated Deployment |

Potential Additional Resource Requirements Contingent Upon Future Legislation and Funding

If legislation is passed and an appropriation is provided that aligns with performance analysis and evaluation requirements defined by SB 755, the following additional resources are required. Based on the workload required to adjust the existing CalJOBS data collection functionality to incorporate participant training-related data, EDD estimates the costs can potentially be absorbed by the existing CalJOBS modernization and maintenance costs.

However, this cost estimate is point-in-time and subject to change; the final cost estimate will be contingent upon future statutory changes and the vendor identified for the CalJOBS modernization effort.

¹⁴ For reference, see announcement - https://edd.ca.gov/en/jobs_and_training/Information_Notices/wsin22-41/

Chapter 2: Unemployment Insurance Tax Data (Base Wage File)

Summary of Current State

SB 755 requires EDD and CWDB to create a plan to use the existing unemployment insurance (UI) tax data collection infrastructure used to secure quarterly wage data from employers to match relevant employee occupational data, employee place of employment data, and employee hours worked to persons who enroll in job training services (See **Box 3**).

Box 3: SB 755 – UI tax data collection infrastructure

SB 755 - UI Code § 14017.1(b)

For purposes of measuring training-related job placement outcomes, gathering data to report, and otherwise fulfilling subdivision (a), the board and the Employment Development Department shall work collaboratively to create a plan to use the existing unemployment insurance tax data collection infrastructure used to secure quarterly wage data from employers, to match relevant employee occupational data, employee place of employment data, and employee hours worked data, to persons who enroll in job training services.

The existing UI tax infrastructure - also known as the **base wage file** - is an administrative data source for workforce program performance analysis and evaluation. The base wage file contains employment and earnings data for the time before and after workforce programs. The base wage file allows analysts to compare employment and earnings for participants to individuals who are similar but did not participate in workforce programs (**See Chapter 3**). The base wage data is also valuable for broader labor market research beyond workforce program evaluation.

As part of the UI, DI, and PFL benefit program administration, the EDD is responsible for gathering and maintaining information in the base wage file, which assists in determining benefit program eligibility, distributing benefits, and minimizing fraud in the distribution of benefits. In California, the base wage file includes **employee first and last name, social security number, total subject wages, wage plan code, total PIT wages, and total PIT withheld of each employee in California recorded separately for each employer on a quarterly basis**. Base wage file data is reported from employers to EDD's Tax Branch on a quarterly basis and stored securely by EDD to protect confidentiality. In California, there are approximately 1.6 million employers reporting 22.5 million wage lines per quarter on behalf of approximately 18.5 million California wage earners. Of the 1.6 million employers, there are approximately

608,000 In-Home Supportive Services (IHSS) employer accounts, for which the Department of Social Services (DSS) submits the base wage data.

To manage this system, EDD relies on the following:

1. **Documents and Forms** – EDD manages multiple forms¹⁵ that align with the base wage file data intake infrastructure. The base wage system relies on at least six forms: DE 9C - Quarterly Contribution Return and Report of Wages, DE 3BHW – Employer of Household Worker(s) Quarterly Report of Wages and Withholdings, DE 678 - Tax and Wage Adjustment Form, DE 9ADJ – Quarterly Contribution and Wage Adjustment Form, DE 938 – Voluntary Plan for Disability Insurance Quarterly Adjustment Form, and DE 938SEF – Quarterly Return Adjustment Form for School Employers.
2. **Data Intake Infrastructure** – The systems used by EDD to capture, edit, and transfer the wage data in the Base Wage System include at least the following 11 systems: Base Wage System, Accounting and Compliance Enterprise System (ACES), Federal State Employment Taxes (FSET), ACES e- Services for Business direct entry and XML, Mag Media (MMREF/ICESA forms), Infolmage, Import/Export Module (IEM), Business Intelligence Competency Center (BICC), Electronic Data Interchange (EDI)/Interfaces, Contracts, ABS and Expo/Quest-feeds into LMID. Some of these intake processes have a standardized method for reporting wage information which is overseen by the state tax e-Standards Group, which would require coordination.
3. **Electronic Filing Mandate Waiver Process** – Under AB 1245 (2016)¹⁶, EDD successfully established the electronic filing requirement for the base wage file data. Recognizing that some employers face significant burdens complying with certain quarterly wage report mandates, state law established a relatively narrow waiver provision¹⁷. To obtain a waiver, employers must follow the instructions provided on the E-File and E-Pay Mandated for Employers form (DE 231EM) and submit an E-File and E-Pay Mandate Waiver Request (DE 1245W) annually.

¹⁵ See https://edd.ca.gov/en/payroll_taxes/forms_and_publications

¹⁶ See https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB1245

¹⁷ CUIIC Sections 1088(h)(3); Cal. Code Regs. tit. 22 § 1088-1(c)(7) ("The department may approve the waiver request if the employer establishes to the satisfaction of the director that there is a lack of automation, a severe economic hardship, a current exemption from submitting magnetic media information returns for federal purposes, or other good cause for not complying with the provisions of this paragraph.")

4. **Marketing and Outreach** – To manage the base wage data system, EDD must conduct:
 - 4.1. **Training for staff** – EDD staff must be trained on the data elements required to provide support to employers and lead data quality process.
 - 4.2. **Marketing and outreach for employers** – EDD staff lead marketing and outreach efforts to engage with employers and communicate data element requirements, data submission, waiver, audit, and penalty processes and procedures. Efforts include updating the annual employer guides, creating a new information sheet, mailing information letters, updating webpages, sending informational emails, and updating payroll tax seminars, social media posts, and call center resources to support the employer community.
5. **Audits and Penalty Process** – Base wage earnings data is validated during the claims process for unemployment, disability insurance, and paid family leave. During this process, claimants are provided their base period earnings used to calculate their claim awards. If a claimant believes EDD does not have the correct base period earnings, the claimant can dispute the award amount and request that the claim be recomputed to add missing wages. This may require an investigation of the original data submission. Base wage earnings data is also validated through the payroll tax audit process. EDD currently performs between 4,000-6,000 audits per year with existing staff and resources. The California Unemployment Insurance Code contains certain penalties to promote voluntary compliance with the EDD's quarterly reporting requirements. While some penalties are mandatory, for instance, if an employer fails to file a required return, other penalties are based upon a determination of good cause, negligence, or intentional disregard. As of December 2023, a penalty is applied:
 - 5.1. For failure to file a quarterly return or a wage report, there is a mandatory penalty assessed against the unreported contributions and withholdings due (Section 1126).
 - 5.2. For failure to file a quarterly return and wage report within 60 days of the time required, without good cause. A penalty is assessed against the unreported contributions and withholdings due (Section 1112.5(a)).

5.3. For failure to file a wage report within the time required after a demand is issued, without good cause. A penalty is assessed based on the missing wage items at \$20 per missing item (Section 1114(a)).

5.4. For failure to electronically submit the quarterly return and wage report, without good cause. The penalty is assessed based on the type of deficiency (Sections 1112.1 \$50 per quarterly return and 1114(b) \$20 per wage item).

5.5. For failing to include all workers and wages on the quarterly return or wage report due to negligence or intentional disregard. The penalty is assessed against the unreported contributions and withholdings due (Section 1127).

5.6. There is currently no penalty for missing data elements in the report of wages.

To provide the requested data required by SB 755, the following employer issues must be considered:

1. **Cost to Employers** – The ability of an employer to report base wage data is directly tied to their payroll system and the ability of the payroll system to report requested data. Any changes to the EDD base wage data intake system – whether one new data element or twenty - require alignment with the employer payroll and reporting system, including state and local governmental agencies. This burden on employers informs the justifiable waiver process alongside a phased approach to implementation for any changes to the existing base wage system. In addition, any proposed data enhancements need to consider the data standards that already exist in payroll systems and align with those standards as feasible and relevant.
2. **Size** – There are significant differences between employers with less than 10 employees and employers with 10 or more employees, which is also codified in state law¹⁸. For this reason, employers are often phased into new systems based on their classification into these two groups, with the larger employers in a first phase and the smaller employers in a second phase.

¹⁸ CUIIC Sections 1088(h).

To access and use the base wage data for workforce program performance analysis and reporting, the following should be considered:

1. **How procedures to protect base wage data confidentiality inform data access for program research and evaluation** - There are several key issues to consider regarding access to the base wage file for the purpose of program research and evaluation:
 - a. **The data is confidential** - The data is considered confidential (Title 20 Code of Federal Regulations, Part 603; UI Code, Section 1094).
 - b. **Access can be granted by EDD for specific purposes** - Under UI Code Section 1095, subdivision (aj), *the EDD director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred.* Below is a summary of such purposes:
 - i. UI Code Section 1094 subdivision (c) *The information may be tabulated and published in statistical form for use by federal, state, and local governmental departments and agencies, and the public, except that the name of the employing unit or of any worker shall never be divulged during the tabulation or publication;*
 - ii. UI Code Section 1095 subdivision (r) *To enable city and county planning agencies to develop economic forecasts for planning purposes;*
 - iii. UI Code Section 1095 subdivision (ab) *To enable the State Department of Education, the University of California, the California State University, and the Chancellor of the California Community Colleges to assess the impact of education on the employment and earnings of those students, to conduct the annual analysis of district-level and individual district or postsecondary education system performance in achieving priority educational outcomes; and*
 - iv. UI Code Section 1095 subdivision (ai) *To enable federal, state, or local government departments or agencies, or their contracted agencies, subject to federal law to evaluate, research, or forecast the effectiveness of public social services programs when the evaluation, research, or forecast is directly connected with, and limited to, the administration of the public social services programs.*

- c. **Access can be granted through informed consent** - AB 593 (2019)¹⁹ added local workforce development boards and city and county departments that administer public workforce development programs to the list of entities permitted to use information obtained in the administration of the UI Code. It also added the following language to UI Code Section 1095 subdivision (aj): *“Disclosures under this subdivision shall comply with federal and state privacy laws that require the informed consent from program participants of city and county departments or agencies that administer public workforce development programs for the evaluation, research, or forecast of their programs regardless of local, state, or federal funding source.”*
- d. **Limited third-party access to the base wage file** - Those entities who are eligible and listed under UI Code Section 1095 may submit third-party requests to EDD to access the base wage file. Third-party requests to access the base wage file can be made through the EDD Third-Party Request process and submission of the Data Disclosure Questionnaire (DE-667)²⁰. Access to the data for this purpose includes a specific data disclosure cost that must be paid to EDD to cover specific data management costs. If policymakers wish to expand access to base wage data for purposes beyond those stated in UI Code Section 1095, new legislation would be required to update UI Code Section 1095.
- e. **Access to base wage file to merge with workforce program participant data for workforce program analysis and evaluation is built into CWDB’s CAAL-Skills** - In addition to third-party requests to entities identified in CUIC Section 1095 as detailed above, CWDB works with EDD to lead the CAAL-Skills program. As detailed in **Chapter 3 and Chapter 4**, CAAL-Skills is a data governance and infrastructure environment that pools together workforce participant data across departments and agencies and allows for a merge with the base wage file before using de-identified data for analysis and evaluation. The original MOU and Authorized Use Case agreements established a one-way data sharing agreement where specific

¹⁹ See <https://legiscan.com/CA/text/AB593/2019>

²⁰ See https://edd.ca.gov/en/about_edd/third-party-requests/

data providers (EDD, ETP, DAS, DOR, California Community Colleges Chancellor's Office) provide specific participant data elements from their data systems to CWDB. CWDB provides this participant data to EDD for merging with the base wage file to obtain participant employment and earnings outcomes. EDD sends this confidential, individual-level data back to CWDB for the CAAL-Skills performance analysis and evaluation activities. As the MOU is currently written, data providers are unable to receive back their participant data merged to the base wage file and must enact separate MOUs. This is discussed further in **Chapter 4**.

2. **Understand how current data content limitations limit analysis scope - Many** discussions at federal²¹ and state levels have identified the limitations within existing base wage files if the data is to be used for program evaluation and research. For example, only 'quarterly earnings are available on employees. Without understanding **hours paid** and total compensation to arrive at an hourly wage, it can be challenging to understand variation in earnings across employees. When earnings are particularly low, it is not clear if this is driven by low wages, low hours worked, or both. It is also not feasible to compare earnings to a regional living wage when the quarterly earnings are not accompanied with location data, such as **employee's region (residence or work site)**²². In addition, it is not possible to determine if job training participants are placed in a 'training-related job' when there is no data related to **occupation** in the base wage file and limited information regarding the **training services delivered** in the participant data system. These limitations affect the type of performance analysis and evaluation, as well as broader research, that is feasible when relying on the base wage file, as discussed in the CAAL-Skills 2022 evaluation analysis publication (**See Chapter 3**).

To inform this Plan, EDD, CWDB, and LWDA consulted the literature and other state UI and Labor Market Information entities to learn from efforts to enhance other states' base wage files. Sources include reports issued by national stakeholder groups, such as the U.S. Chamber of Commerce Foundation, a survey of state practices

²¹ For example, see here – [WIAC](#) and [JEDx](#) initiatives

²² For example, see the MIT Living Wage Calculator - <https://livingwage.mit.edu/states/06/locations>

developed for this report, and consultations with the CPL. Several important lessons learned inform this report:

1. **Many states have experience with base wage data enhancements, particularly hours worked, job site location, and occupation.** A growing number of states have implemented data enhancements to their base wage file systems. The most common data elements collected by other states are hours worked (eight states, plus the District of Columbia), occupation or job title (seven states, plus the U.S. Virgin Islands), and job location (eight states). Some states (Connecticut, Indiana, Nebraska, Mississippi) have recently adopted three or more data elements, which are in various phases of planning or implementation. Connecticut's law authorizing the collection of occupation, hours worked and job location, which takes effect in 2026, replaces prior legislation that was scheduled to take effect in 2024 requiring the reporting of 15 data elements. Texas enacted legislation in 2023 requiring its state agency to develop a plan by September 2024 to consider the costs associated with collecting enhanced data elements. Two of the states surveyed collect limited demographic data, and none collect data on the benefits afforded to employees.
2. **Several states collect base wage data documenting employee hours worked.** At least six states (Massachusetts, Minnesota, Nebraska, Oregon, Rhode Island, Washington) in addition to the District of Columbia have collected data on the hours worked by their employees. Washington and Oregon started collecting the data decades ago to determine eligibility for unemployment benefits. Implementation is pending in South Carolina (2024) and Connecticut (2026).
3. **Employers require technical support to respond to some new data elements, particularly occupation Standard Occupational Classification (SOC) codes, otherwise low submission rates and poor data quality may reduce benefits of data enhancements.** Five states (Alaska, Indiana, Mississippi, Nebraska, Washington) are collecting employee occupation and/or job title from the employer's quarterly wage reports. Implementation is pending in South Carolina (2024), Connecticut (2026) and the U.S. Virgin Islands (2024). Although many employers and third-party payroll firms are familiar with the BLS SOC codes, most employers require assistance to accurately report the occupation or job title information on their quarterly wage reports. Thus, some states have invested additional resources in employer outreach, education, and technical support to help employers make the necessary transition.

4. **Some states collect data from employers on the primary work location of their employees.** At least six states (Alaska, Indiana, Massachusetts, Minnesota, Mississippi, New Mexico) collect data on the primary work location, which is typically reported as a plant code or the zip code of the primary work location. Implementation is pending in Connecticut (2026). None of the states surveyed collect data on the location of the individual's residence.
5. **National stakeholders have contributed guidance to support the collection of enhanced data elements.** BLS, the U.S. Chamber of Commerce Foundation, NASWA, and other national stakeholders are actively studying and developing national guidance on the issue.²³ Most recently, the U.S. Chamber of Commerce Foundation established JEDx, a public-private partnership formed to develop standardized and streamlined reporting of employer data across state and federal agencies.²⁴ This resource also serves as a base for standardizing data elements for data enhancements.
6. **Advancements in technology and expanded payroll service offerings may contribute to the collection of enhanced wage records data.** A 2015 report prepared by the Administrative Wage Record Enhancement Study Group found that advancements in electronic reporting of wage record information, which occurred in California in 2015 with the passage of AB 1245, may contribute to state efforts to enhance their wage record data²⁵. In addition, the study found that employers increasingly maintain much of the data that could be shared in their quarterly wage record reports, and they are routinely relying on commercial payroll services that can accommodate enhanced wage records variables.

²³ "Workforce Information Advisory Council, "An Inventory of Employee-Specific Data Collected on Unemployment Insurance Wage Records: A Study Conducted for the Bureau of Labor Statistics' Labor Market Information Oversight Council" (January 2022) (<https://www.bls.gov/advisory/bloc/ui-wage-records-report-january-2022.pdf>); Chamber of Commerce Foundation, T3 Innovation Network, "Developing and Using Public-Private Data Standards for Employment and Earnings Records" (February 2021) (<https://www.uschamberfoundation.org/reports/developing-and-using-public-private-data-standards-employment-and-earnings-records-0>); Prepared for the Workforce Information Council by the Administrative Wage Record Enhancement Study Group, "Enhancing Unemployment Insurance Wage Records: Final Observations and Recommendations" (September 2015) (<https://www.bls.gov/advisory/bloc/enhancing-unemployment-insurance-wage-records.pdf>); Prepared for the Workforce Information Council by the Administrative Wage Record Enhancement Study Group, "Enhancing Unemployment Insurance Wage Records: Employer Perspectives, The Results of Surveys in Five States" (September 2015) (<https://www.bls.gov/advisory/bloc/enhancing-unemployment-insurance-wage-records-potential-benefits-barriers-and-opportunities-employer-perspectives.pdf>).

²⁴ Jobs and Employment Data Exchange (JEDx), U.S. Chamber of Commerce Foundation, "The Potential of JEDx to Reduce Employer Burden by Consolidating Reporting to Government: Initial Observations" (May 2023) (https://www.uschamberfoundation.org/sites/default/files/JEDx_ReportingConsolidation_May2023.pdf); Presentation by Jason A. Tyszko, Senior Vice President, U.S. Chamber of Commerce Foundation, "Jobs and Employment Data Exchange" (UWC Conference, June 23, 2023).

²⁵ Enhancing Unemployment Insurance Wage Records: Final Observations and Recommendations," *supra*, at pages 12-13.

7. **Employers and payroll service firms surveyed in 2015 provided insights into the implementation challenges states may face when expanding wage records data elements.**
- a. **Elevating awareness of the enhanced wage records may address employer skepticism and implementation challenges.** In contrast to the business associations and human resources staff that were surveyed, employer payroll staff expressed skepticism regarding the purported benefits of expanding the wage record information, which reflects the need for robust employer outreach and education to address their concerns. Of special note, SOC codes were considered “very difficult” to implement by more employers given the definitional distinctions and a lack of occupational coding skills and tools, while job location and hours worked ranked “moderately difficult” to implement according to the 2015 survey.
 - b. **Base wage enhancements need to align payroll services and software with new data elements:** A significant share of employers use commercial payroll software or contract providers to prepare and report payroll. Employers that use commercially available software to prepare their payroll expressed concern that changes to the software necessary to comply with the wage record reporting requirements were outside their control. According to the 2015 report, the payroll service providers surveyed indicated that they collected most of the enhanced data elements in their technology systems, and for those that are not, the payroll firms indicated that adding the new data elements would not be a high cost. In addition, the payroll firms indicated that handling more wage variables did not impact the price they charged their clients. Thus, the capability and support of payroll services and software to respond to data enhancements is critical to successful wage record enhancement.
 - c. **Large and small employers reported distinct challenges in their ability to implement data enhancements.** Larger firms that prepare their own payroll (as opposed to those that contract with a payroll services firm) tended to find it more difficult than smaller firms to add more data items to their wage reports, which they attributed to lack of staff time, commercial software limitations, and other factors. However, smaller firms expressed concern that they would be at a disadvantage in seeking to access the resources necessary to adopt additional data elements, which again highlights the need for robust outreach and technical assistance to address employer concerns.

Policymakers wishing to expand the base wage file may consider the following:

1. Consider costs and benefits of additional data elements. After reviewing the information above, policymakers seeking to expand the base wage file may wish to consider three points. First, the collection of new data elements must not affect wage reporting codes or the benefit charge rating process or any other existing data element in the existing base wage system that could affect the timely processing of claims. Second, all employers, both public and private, will incur costs to upgrade their payroll systems to report any data enhancements. Future proposals must attempt to balance costs for both EDD and employers to enhance existing systems while maximizing benefits for improved performance analysis, evaluation, and research to drive learning and accountability. Third, changes to the base wage file result in significant IT project costs for EDD. If any changes outside the scope of UI Code 14017.1 are proposed, they should be considered concurrently with those included in UI Code 14017.1 to prevent separate and significant IT projects. The data elements included in UI Code 14017.1 are summarized in **Table 4**.

Table 4: SB 755 Base Wage File Enhancements and their definitions

| | |
|---|---|
| Total Quarterly Hours Paid | Total hours paid for the full quarter per employee. Report 'paid hours' which includes work, vacation, other paid leave. Report hours in whole numbers. Round up to the next full hour. Report salaried employees as 40 hours per week. |
| Employee Occupation | Occupation reported by Bureau of Labor Statistics https://www.bls.gov/oes/current/oes_stru.htm Primary occupation at the end of the Quarter. |
| Employee Region – Work Site / Residence | Work Site: Location is Reported as <u>ZIP Code</u> for Primary Work Location: The zip code where the worker spent the most work hours during the covered period. If the employee spent less than one- half of her/his work time during the period at any individual address, enter 'MOBILE' to indicate the employee had a mobile work status. Residence: Location at end of Quarter reported by <u>ZIP Code</u> . |

2. **Consider mandatory vs. voluntary data elements.** Policymakers might consider if new data elements should be made mandatory or allow employers to submit the data voluntarily, or a combination.
3. **Consider a Penalty vs. No Penalty Process.** EDD currently operates the base wage system as a voluntary reporting system and has no reason to believe employers would not report or would incorrectly report information to EDD. Beyond the payroll tax audit program, EDD cannot verify compliance with new reporting requirements at the time of employer data submission. The primary focus of the payroll tax audit program remains to identify worker misclassification so that California workers receive the Unemployment Insurance, Disability Insurance, and Paid Family Leave benefits to which workers are entitled and to promote a level playing field for all California employers. Any additional audit tests necessary for penalty enforcement would require ongoing funding from the General Fund; implementing SB 755 cannot be paid for with federal Unemployment Compensation (UC) grants. This plan considers a 'No Penalties' approach and the costs presented in this plan are for the 'No Penalties' approach. This approach could make employer reporting mandatory, without additional penalties for not reporting enhanced data elements. If the Legislature favors imposing a penalty for missing data elements instead, the costs for this plan will increase. In addition, the Legislature may consider making enforcement of penalties contingent upon the Department's discretion based on an initial evaluation of employer compliance with the new mandates.

For policymakers' consideration, this report identifies 1) the statutory considerations, 2) the potential implementation tasks, and 3) the estimated costs and timelines for the potential tasks, pending legislation and an appropriation.

For this purpose, EDD assessed the existing base wage system to estimate the time and resources needed to respond to the potential priority data enhancements listed in **Table 4**. This assessment was governed by a specific mandate to ensure new employer data reporting requirements will not delay the payment of unemployment benefits. EDD considered the following in the assessment: assumptions, legislation and regulations, forms redesign, impacted IT systems, marketing and outreach, auditing processes, penalty processes, waiver processes, constraints, risks, staff training, and any additional staffing requirements required to process the incoming data elements. The summary of potential actions, timing, and resources presented below is based on this assessment and any modifications by policymakers on these assumptions may modify the actions, timing, and resources required.

Statutory Considerations

- Policymakers seeking to collect enhanced data elements from employers must provide EDD with the required appropriation for the costs associated with implementation and change state law to require employers to report SB 755's enhanced data elements to EDD, and create a penalty/waiver process for those who do not comply, if desired.
- Section 1095 of the CUIA may require amendments to share the enhanced data if a proposal includes certain performance analysis and evaluation.

Requires Legislation and an Appropriation

Contingent upon future legislation and with a sufficient appropriation that aligns with the assumptions presented in this Chapter and the 'No Penalties' approach, the following tasks would be required to implement the SB 755 plan:

- 1. Revise the base wage file data system to adjust for data enhancements.** This significant effort requires coordination across multiple workstreams with data intake forms and data infrastructure development dependent on final data content requirements defined by legislation:
 - 1.1. Revise documentation and forms** – As described above, all forms associated with the base wage system will require revision, testing, and finalization to capture the new data. Proposals likely require EDD to include an 'Informed Notice' to employees regarding the collection of new data elements and reporting from employer to state for research and evaluation purposes.
 - 1.2. Revise data infrastructure** – As described above, multiple infrastructure systems associated with the base wage system will require significant revisions, testing, and finalization. This process will require an estimated 36- 48 months to complete.
 - 1.3. Define the penalty process** – Policymakers have two primary options: 1) No changes to the existing penalty process and 2) Adding a new penalty for missing data elements instituted at the Department's discretion based on an evaluation of employer compliance with the new mandates. Most states have not adopted a penalty option, which may be the preferred approach. However, if policymakers determine a new penalty for missing data elements should be added, this will require changes to existing law as detailed below and require a new waiver process.

1.4. **Define a new waiver process** – If the enhanced data elements are mandatory, a new waiver process would need to be developed for employers unable to comply with the new data requirements by the due date. Employers may encounter significant costs to update their current payroll tax reporting software to capture and report the added data elements. Employers may also encounter increased costs if they use a third-party payroll provider, due to the requirements to report additional data elements. A new waiver process may offer a hardship waiver specific to reporting the additional data elements, as the current electronic filing mandate would not be changed, renewed annually.

1.5. **Data quality support mechanisms** – Based on lessons learned from other states, additional technical support could be established to support data quality efforts including:

1.5.1. **Technical assistance** to employers prior to or after data submission - Several states have hired multiple additional staff to provide on-demand support to employers who call for technical assistance, often related to assignment of occupational codes.

1.5.2. **Automated data detection and validation** during data submission – There are multiple means by which employers can submit data into the base wage system. For each system that EDD controls, EDD could explore how to integrate an alert for employers to improve data quality. This alert will not stop data submission.

1.5.3. **Manual data detection and validation** after data submission – The cost estimates included in this report assume EDD would lead the review and analysis of data after submission to conduct data quality review and consistency check. This information can provide a feedback loop for employers on data quality to improve data quality in future submissions.

2. Conduct employer marketing and outreach regarding data enhancements. In line with the assessment detailed above, expanding the base wage file would require EDD to lead staff training and employer marketing and outreach efforts necessary to build an understanding of the new data elements, waiver, and other processes. EDD has led similar efforts in the past and is confident the proposed costs and timelines will meet requirements.

- 3. Consider implementing a phased approach to data intake from employers that allows sufficient time for employer payroll and data reporting mechanisms to align with data enhancements.** In line with the assessment detailed above, policymakers may consider a phased approach to rolling out the data enhancements intake, beginning with employers with 10 or more employees and moving to employers with less than 10 employees the following year.

Potential Timeline Pending Legislation and an Appropriation

This report presents implementation options to expand the base wage file as required by SB 755. The remainder of this chapter summarizes the potential tasks and timelines for adopting the data elements described in **Table 4** and the “No Penalties” option provided above.

| Potential Tasks | Potential Timeline |
|--|--|
| Update data intake forms and data infrastructure | 36-48 months contingent upon future legislation and an appropriation |
| Conduct employer outreach and staff training | 36-48 months contingent upon future legislation and an appropriation |
| Execute phased approach to data intake, with waivers | 38-50 months contingent upon future legislation and an appropriation |

Potential Additional Resource Requirements Contingent Upon Future Legislation and Funding

The administration of the additional data elements proposed in SB 755 cannot be paid for with federal UI grants. Thus, any efforts would require a General Fund appropriation as well as confirmation by the federal government that the administrative costs associated with these activities are accounted for separately from the state's federal administrative grant.

If future legislation is passed and funding provided that aligns with the assumptions presented in this chapter, and no penalties were required, **EDD would require at least an additional \$24.58 million in one-time funding and \$4.82-\$8.52 million annually** to update forms and systems, conduct employer outreach and marketing, and establish and maintain data quality mechanisms.

If the Legislature wishes to impose a penalty for missing data elements, there would be additional one-time costs for EDD to develop and implement the additional penalty process and annual costs to manage the additional penalty process.

Chapter 3: Workforce Evaluation Strategy

Summary of Current State

In accordance with AB 2148 (2014) and UI Code 14013²⁶, CWDB initiated a pilot in 2017 to establish an inter-agency and multi-department data-sharing and job training program evaluation initiative called CAAL-Skills²⁷. CAAL-Skills obtains and centralizes participant data from federal and state-funded workforce programs to measure participation and participant outcomes.

Through investments in CAAL-Skills, CPL published an evaluation report in August 2022²⁸ that provides estimates of causal impact for six out of ten job training programs included in the CAAL-Skills system. Analysis suggests that three years post-training, these programs:

1. Increased employment and earnings for participants who received job training.

The WIOA Title 1 – Adult program demonstrated a statistically significant increase in quarterly employment by 9.6 percentage points (pp) (62.3% for comparison compared to 71.8% for participants) and a statistically significant increase in quarterly earnings by 29.8% (\$4,541 for comparison compared to \$5,867 for participants). Impacts on both outcomes were stronger for female participants. For the WIOA Title 1 – Dislocated Worker program, there was a statistically significant increase in quarterly employment by 11.6 pp (62.3% for comparison compared to 74% for participants) and a statistically significant increase in quarterly earnings by 20.2% (\$6,438 for comparison compared to \$7,745 for participants). Again, impacts on both outcomes were stronger for female participants. The State Certified Apprenticeship program demonstrated a statistically significant increase in quarterly employment by 6.2 pp (77.7% for comparison compared to 84.1% for participants) and a statistically significant increase in quarterly earnings of 32.7% (\$9,458 for comparison compared to \$12,607 for participants). 94% of traditional trades apprenticeship participants in the study sample were male which limits gender analysis.

²⁶ See https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2148

²⁷ See <https://cwdb.ca.gov/caal-skills/>

²⁸ See <https://www.capolicylab.org/identifying-the-impacts-of-job-training-programs-in-california/>

2. **Increased employment but not earnings for participants who received job training.**

The Trade Adjustment Assistance program demonstrated a statistically significant increase in quarterly employment by 8.8 pp (56.6% for comparison compared to 65.3% for participants), but quarterly earnings were not statistically different between groups (\$6,956). Gender analysis was unavailable. Career and Technical Education had a minor increase of 2.7 pp on quarterly employment (73.5% for comparison compared to 76.4% for participants) and no impacts on quarterly earnings (\$10,289 for comparison and participants). Gender analysis was unavailable.

Of the remaining four programs included in the CAAL-Skills 2022 analysis, two (Incumbent Worker Training and WIOA Title 1 –Youth) provided suggestive evidence of an impact on both employment and earnings, and two (WIOA Title 2– Adult Basic Education and WIOA Title 4 – Vocational Rehabilitation) could not provide estimates of impact due to incomparability between the participants and the comparison group.

The 2022 CAAL-Skills evaluation analysis sets a strong foundation for communicating empirically verifiable impacts of job training programs on participant outcomes to the Legislature, workforce development boards, and participants, following standards established in UI Code 14013, with some alignment with requirements stated in SB 755 (See **Box 4**).

Box 4: SB 755 – Empirically verifiable impacts

SB 755 - UI Code § 14017.1(b)

(7) Determining, by region, industry, occupation, and job training service provider, whether participation in a job training service, completion of a job training service, credential attainment, and measurable skills gains have an empirically verifiable impact on assisting persons in achieving employment, training-related job placement, wages, and wage gain that places those persons at or above a living wage for the region. This determination shall take into account the cost of living in the regional labor market where the person works or lives.

As part of the next phase of the CAAL-Skills evaluation, CWDB can leverage existing resources to align with expanded outcomes defined in SB 755:

1. **Define an updated Scope of Work and establish a contract with an independent academic partner to lead evaluation analysis based on the common metrics.**

There is existing funding programmed from WIOA 15% discretionary to extend this evaluation strategy for the current scope of programs included in CAAL-Skills (does not include CWDB programs). This scope defines a focus on examining

results through an equity lens, updating cohorts to more recent cohorts to observe effects through the COVID-19 pandemic, and disaggregate results by region, training provider, and occupation as feasible (based on data availability and sample sizes).

- 2. Review existing living wage standards for potential evaluation analysis.** The continuing increase in cost of living across various counties and metropolitan areas has created new challenges for millions of Californians. There are various tools available to define a 'living wage' in California, including the [MIT Living Wage Calculator](#), [University of Washington Self-Sufficiency Standard](#), and [United Ways of California Real Cost Measure](#). Each tool determines the living wage standard through methodologies that include calculating the costs of living: food, transportation, housing, healthcare, and childcare. While the annual earnings of an individual working full time at the state minimum wage is \$32,240, living wage tools suggest that in some regions of California, an individual must make between \$32,301 and \$40,546 to make ends meet. The average annual living wage for families is significantly higher and varies by region and family composition.

For policymakers' consideration, this report identifies 1) the statutory/regulatory considerations, 2) the potential implementation tasks, and 3) the estimated costs and timelines for the potential tasks, contingent upon future legislation and funding for these purposes.

Statutory/Regulatory Considerations

CAAL-Skills is governed by UI Code 14013(i), which defines the scope of programs as: community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998 (Public Law 105-220), Title I and Title II of the federal Workforce Innovation and Opportunity Act of 2014 (Public Law 113-128), Trade Adjustment Assistance, and state apprenticeship programs. UI Code 14013(i) does not currently include CWDB programs in the workforce metrics dashboard.

Requires Legislation and an Appropriation

The following tasks would require additional legislation as well as additional funding:

1. Expand scope of CAAL-Skills evaluation analysis to include CWDB programs.

CAAL-Skills legislation and original planning began prior to the increase in investments specifically to CWDB to implement and manage workforce programs, including HRTP, HRCC, Breaking Barriers, Prison to Employment, and Regional Equity and Recovery Partnerships. The Legislature may consider adding CWDB programs or 'all state-funded workforce programs' to related legislation. If this is done, the Legislature may consider allocating state- funding for expanding the CAAL-Skills evaluation strategy to include all state- funded programs.

2. An updated CAAL-Skills evaluation analysis to meet various audience needs:

Legislature, workforce development boards, participants. An analysis could be presented in an evaluation report, as well as in Policy Briefs and other materials that are developed for specific needs of workforce development boards, and participants to facilitate learning and use of results.

Potential Timeline Pending Legislation and an Appropriation

| Potential tasks | Timeline |
|---|----------------------------------|
| Expand CAAL-Skills evaluation to include CWDB programs | 12 months after appropriation |
| Publish updated evaluation analysis for three key audiences | 35-40 months from contract start |

Potential Additional Resource Requirements Contingent Upon Future Legislation and Funding

The estimated \$700K-\$1.2 million budget for the second phase CAAL-Skills evaluation is funded through WIOA 15% discretionary for the current scope of CAAL-Skills programs.

If future legislation is enacted and an appropriation is provided that aligns with performance analysis and evaluation requirements defined by SB 755 the following additional resources are required to implement the SB 755 plan:

CWDB would require **\$500K in one-time costs** to expand the scope of the evaluation analysis to include CWDB programs and ensure reports and briefs are written for specific audiences.

Chapter 4: Workforce Performance Analysis and Reporting

Summary of Current State

Table 6 summarizes examples of existing department and program-level workforce performance analysis and reporting efforts underway as of December 2023:

Table 6: EDD and CWDB Workforce Performance Analysis and Reporting

| Departments | Analysis and Reporting Products |
|---|---|
| Employment Development Department | EDD and CWDB publish the Annual Reports for WIOA on the CWDB website - Reports CWDB (ca.gov) |
| California Workforce Development Board (CWDB) | In addition to Annual Reports described above, CWDB managed programs present performance analysis and reporting through independent program evaluation reports, such as: H RTP - High Road Training Partnerships CWDB (ca.gov) Prison-to-Employment - Corrections – Workforce Partnership & Prison to Employment Initiative CWDB (ca.gov) Breaking Barriers - Breaking Barriers CWDB (ca.gov) RPI - Regional Plan Implementation CWDB (ca.gov) |

The CAAL-Skills program initiated a data governance, analysis, and reporting system for producing both the evaluation analysis discussed in **Chapter 3** and the performance analysis and reporting presented in the two Workforce Metrics Dashboard Reports presented on the CWDB website²⁹. Several points must be considered before assessing how to address the needs of the audiences identified in SB 755 – including workforce development boards, participants, and the Legislature:

- 1. There is a justifiable one-year lag in reporting on participant outcomes – specifically credential rates, employment, and earnings.** Three key factors affect when participant outcomes can be reported: when the participant starts and completes the program, when the program is able to obtain outcome data (such as employment, earnings from merges with base wage file), and when the program is able to update and provide analysis and reporting. This point is captured well in the DOL reporting requirements for WIOA in the Appendix V of Training and Employment Guidance Letter (TEGL) 14-18³⁰. For example, the WIOA

²⁹ See https://cwdb.ca.gov/resources_reports/

³⁰ See [WorkforceGPS - Performance Reporting Cohorts Tools](#)

program is expected to report fourth quarter employment and earnings for PY2017 participants in the October 2020 report. This is to accommodate the time needed for participants to complete programs, allow the required time to pass (two, four, eight, twelve quarters), and obtain employment and earnings data from a merge with the base wage file. Similar lags will be present in the CAAL-Skills system, though the system is built to maintain no more than a one-year lag on outcome reporting.

- 2. CAAL-Skills analysis and reporting was built for an annual reporting cycle.** The existing CAAL-Skills system and staffing is built to align with previously stated annual reporting requirements, including annual reporting requirements defined under SB 755. Therefore, there is currently no need to introduce more frequent updates and reporting from the CAAL-Skills system.
- 3. CWDB will complete CAAL-Skills modernization effort to move from Phase 1 (pilot) to Phase 2 using existing resources.** Phase 2 will modernize the centralized data system to migrate to secure, cloud-based management and produce a public facing, interactive dashboard that aligns with UI Code 14013 requirements.

For policymakers' consideration, consistent with the SB 755, this report identifies 1) the statutory/regulatory considerations, 2) the potential implementation tasks, and 3) the estimated costs and timelines for the potential tasks, pending legislation and an appropriation.

Statutory/Regulatory Considerations

CAAL-Skills is governed by UI Code 14013(i), which defines the scope of programs as: community college career technical education, the Employment Training Panel, Title I and Title II of the federal Workforce Investment Act of 1998 (Public Law 105-220), Title I and Title II of the federal Workforce Innovation and Opportunity Act of 2014 (Public Law 113-128), Trade Adjustment Assistance, and state apprenticeship programs. UI Code 14013(i) does not currently include CWDB programs in the workforce metrics dashboard.

Requires Legislation and an Appropriation

Contingent upon future legislation and an appropriation is provided, the following tasks would meet the SB 755 plan requirements:

1. **Conduct a systems assessment to recommend Phase 3 system improvements to align with SB 755 requirements.** It is not feasible or appropriate to conduct any modifications to CAAL-Skills until Phase 2 is complete and CWDB has delivered on its existing commitments to achieve original CAAL-Skills and performance analysis reporting objectives (anticipated for December 2024). For Phase 1 and Phase 2, CWDB was solely responsible for developing and managing the CAAL-Skills data system, establishing MOUs with partners, establishing, and managing contracts with independent academic partners, and leading performance analysis and reporting in the Dashboard. This requires partnership with EDD to establish agreements for merging participant data with the base wage file and ensure appropriate management of confidential data and de-identification of the data prior to analysis. However, the overall role of CWDB in the workforce system has evolved since CAAL-Skills was established. Since 2019, CWDB became responsible for executing dozens of programs and hundreds of millions of dollars in state funding. An additional assessment, contingent upon a future appropriation legislation and funding, could include:
 - a. **Roles and responsibilities for an independent performance analysis and evaluation system** – A systems assessment could survey the existing roles and responsibilities across LWDA, EDD, CWDB, and other workforce partners to assess where the CAAL-Skills system is best placed and maintained to ensure independent performance analysis and evaluation for all CAAL-Skills workforce programs.
 - b. **Facilitating access to individual-level participant data merged to base wage file for data providers with legal authority to that access.** As discussed in **Chapter 2**, CAAL-Skills MOU is a one-way data sharing agreement where data providers send participant data, EDD merges to base wage, and CWDB CAAL-Skills staff manages and aggregates the merged data to produce the annual workforce metrics dashboard as required by statute (Unemployment Insurance Code section 14013). Existing statute (Unemployment Insurance Code section 1095(aj)) enables EDD to provide relevant quarterly wage data to CAAL-Skills data providers

for the evaluation of their program outcomes as required by relevant law. However, to allow data providers to access this merged data, a revision to the MOU would likely be required or each CAAL-Skills data provider needs to establish their own data sharing agreement with EDD.

2. Annual reporting for the Legislature that aligns with SB 755 requirements.

Depending on the policymakers' decisions related to potential tasks, timing, and resources outlined in this Report, EDD and CWDB may need to produce the following reports for the specified committees of the Legislature upon appropriation of funding to implement the plan:

- a. Within two years of appropriation prepare a report on the status of Potential Tasks, Timing, and Resources presented in this plan.
- b. **Annually starting November 30 three years after appropriation** – In accordance with AB 1149 (2017), Section 14211 of the CUIIC requires, in part, the EDD to provide an annual report of federal *Workforce Innovation and Opportunity Act* training expenditures to the Governor, Legislature, and the California Workforce Development Board by November 30 of each year. This report is prepared using financial data as of August 15 for the previous fiscal year. Because WIOA and other participant data is not certified until October 1 of each year, the participant data can only include data for the prior program year's participants. Depending on the Legislature's decisions related to potential tasks, timing, and resources presented in this Report, EDD may need to include new SB 755-related findings in this annual report once an appropriation is provided.

3. Producing annual reporting for workforce development boards that aligns with SB 755 requirements.

Using existing resources, the first iteration of the CAAL-Skills public, interactive dashboard will be released by CWDB in December 2024 and will include employment and earnings data for program participants from FY2014-2015 – FY2022-2023 dates. Depending on the Legislature's decisions related to potential tasks, timing, and resources presented in this Report, CWDB may need to include new SB 755-related findings in this dashboard once an appropriation is provided.

a. **Annual updates to dashboard for workforce development boards:**

CAAL-Skills reporting is built to meet original legislative requirements for annual reporting (AB 2148 (2014)). Any revisions to the dashboard in terms of audience, analysis, metrics, or frequency of reporting would be dependent on the Legislature's decisions regarding potential tasks, timing, and resources. For example, the dashboard analysis cannot expand to include training-related placement if occupation data is not made available in the base wage file. Revisions to the dashboard to align with SB 755 requirements would depend on the Legislature's decisions related to potential tasks, timing, and resources for topics discussed in **Chapter 1 and 2** and would require additional resources described in this chapter.

4. Annual reporting for participants that aligns with SB 755 requirements. SB 755 requires this plan to include developing and implementing a means of working with the local workforce development boards to notify, prior to their enrollment in a job training service, a person seeking to enroll in those services of the board's and EDD's findings on the efficacy of those services, particularly with respect to the likelihood of training related job placement, the likelihood of job placement at or above a regional living wage, and the likelihood of wage gains at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program. One option for policymakers to consider for communicating evaluation analysis results with potential participants is at the point of informed consent for assessing program eligibility. All potential workforce participants must undergo an informed consent process where they are informed on the data that needs to be collected both for eligibility for program participation and for performance analysis and reporting. It may be feasible to build awareness of the empirically verifiable impact of the relevant workforce programs into the program participant informed consent process. This could allow for a greater understanding by program participants of the data collected, why this data is collected, and how this data is used to estimate verifiable impacts of job training programs. The result of any available analysis for relevant job training programs could support participants to understand if the benefits of participating in the job training program outweigh the burden. Revisions to the informed consent process to align with SB 755 requirements would depend on the Legislature's decisions related to potential tasks, timing, and resources for topics discussed in **Chapter 1 and 2** and would require additional resources described in this chapter.

The analysis and reporting requirements defined above align with SB 755 (See **Box 5**).

Box 5: SB 755 – Analysis Reporting Requirements

[SB 755 - UI Code § 14017.1\(b\)](#)

(1) Requiring local workforce development boards and grantees of board-administered grants to collect and report industry and occupation-specific data for all persons who enroll in job training services, including through the use of case management and performance reporting systems deployed for state and federal data collection and reporting.

(2) Developing and implementing a method to measure the second- and fourth-quarter prior earnings of a person, who is enrolled in a job training service, for purposes of measuring the person's increase in earnings following their participation in and exit from a program.

(3) Developing and implementing a means to measure wage and employment outcomes for a person following that person's participation in a job training service during the second, fourth, eighth, and twelfth quarters following participation in and exit from a program for purposes of measuring the person's increase in earnings over time.

(4) Calculating, by region, industry, occupation, and job training service provider, the wages, wage gains, employment rates, and training-related job placement rates at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program.

(5) Calculating, by region, industry, occupation, and job training service provider, the rate of persons who participated in a job training service and who became employed at a wage at or above a living wage for the region. This calculation shall take into account the cost of living in the regional labor market where the person works or lives. The employment rate calculation shall be calculated at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program.

(6) Calculating program completion, credential attainment, and measurable skills gains rates by job training service provider, industry, occupation, and region.

(7) Determining, by region, industry, occupation, and job training service provider, whether participation in a job training service, completion of a job training service, credential attainment, and measurable skills gains have an empirically verifiable impact on assisting persons in achieving employment, training-related job placement, wages, and wage gain that places those persons at or above a living wage for the region. This determination shall take into account the cost of living in the regional labor market where the person works or lives.

(8) Developing and implementing a means of working with the local workforce development boards to notify, prior to their enrollment in a job training service, a person seeking to enroll in those services of the board's and Employment Development Department's findings on the efficacy of those services, particularly with respect to the likelihood of training related job placement, the likelihood of job placement at or above a regional living wage, and the likelihood of wage gains at the second, fourth, eighth, and twelfth quarters following a person's participation in and exit from a program. Those findings shall be disaggregated by region, job training services provider, industry, and occupation.

Potential Timeline Pending Legislation and Appropriation

| Potential Tasks | Potential Timeline |
|---|--|
| Scenario planning for CAAL-Skills Phase 3 | Pending - 12-18 months |
| Annual reporting to Legislature | Pending – within 2 years of appropriation and annually thereafter |
| Annual reporting to workforce boards | Pending - 12 months for initial updates to dashboard Pending - 50-62 months to expand with base wage enhancements |
| Reporting to participants | Pending - periodic updates to dashboard Pending - 50-62 months to expand with base wage enhancements |

Potential Additional Resource Requirements Contingent Upon Future Legislation and Funding

CAAL-Skills currently has an annual operating budget of \$2.5 million, funded by WIOA 15% discretionary funds. **The sustainability of this funding will need to be considered if CAAL-Skills is used to achieve objectives of performance analysis and evaluation activities defined by the SB 755 plan.**

If legislation is passed and an appropriation is provided that aligns with performance analysis and evaluation requirements defined by SB 755, the following additional resources are required:

- **Scenario planning technical consultant** –An independent consultant to review the existing CAAL-Skills data infrastructure, system, MOUs, and existing resources in EDD, CWDB and across LWDA to assess appropriate and recommended actions for a potential Phase 3.
- **CWDB CAAL-Skills additional staffing** – CWDB would require additional staffing resources for one Business Analyst (ITA), one Database programmer analyst (ITS-1), and one Data analysis Lead (IT-Supervisor-II).

- **EDD additional staffing** – EDD would require additional staffing hours to facilitate the expanded scope of the base wage file merging.
- **Department additional staffing** – Departments would require resources for additional staff time to manage expanded data intake, review, and clearance for data sharing, analysis, and reporting under CAAL-Skills.

These activities are estimated to be a **\$300K one-time cost and \$750-\$910K annual cost.**