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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2976**

03/12/2014 Authored by Mahoney; Norton; Gunther; Ward, J.E., and Lohmer

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to workforce development; modifying program accountability
1.3 requirements for economic development programs; requiring measurement
1.4 standards for workforce program outcomes; requiring reports; appropriating
1.5 money; amending Minnesota Statutes 2012, sections 116J.997; 116L.98.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 116J.997, is amended to read:

1.8 **116J.997 PROGRAM ACCOUNTABILITY REQUIREMENTS.**

1.9 Subdivision 1. **Accountability measurement.** ~~By October 1, 2009, The~~
1.10 commissioner of employment and economic development shall develop and implement a
1.11 uniform accountability report outcome measurement and reporting system for economic
1.12 development ~~or workforce-related~~ programs under the jurisdiction of the commissioner,
1.13 funded in whole or in part by state or federal funds. The commissioner shall also develop
1.14 a formula for measuring the return on investment for each program and a comparison of
1.15 the return on investment of all programs funded in whole or in part by state or federal
1.16 funds. The requirements of this section apply to programs administered directly by the
1.17 commissioner or administered by other ~~employment~~ organizations under a grant made by
1.18 the department. ~~The report and formula required by this subdivision shall be submitted to~~
1.19 ~~the chairs and ranking minority members of the committees of the house of representatives~~
1.20 ~~and senate having jurisdiction over economic development and workforce policy and~~
1.21 ~~finance by October 15, 2009, for review and comment.~~

1.22 Subd. 2. **Report to the legislature.** By December 31 of each even-numbered
1.23 year the commissioner must report to the chairs and the ranking minority members of
1.24 the committees of the house of representatives and the senate having jurisdiction over

2.1 economic development and workforce policy and finance the following information for
 2.2 each program subject to the requirements of subdivision 1:

2.3 (1) the target population impact on state and local tax revenue as a result of economic
 2.4 activity occurring as a result of the program;

2.5 (2) the number of business creations or business expansions occurring as a result
 2.6 of the program;

2.7 (3) the number of jobs affected by the program, including the number of net new
 2.8 jobs created in the state and the average annual wage per job;

2.9 ~~(3)~~ (4) the number of individuals leaving the unemployment compensation program
 2.10 as a result of the program;

2.11 ~~(4)~~ (5) the number of individuals leaving the Minnesota family investment program
 2.12 support as a result of the program;

2.13 ~~(5)~~ (6) the region of the state in which the program operated;

2.14 ~~(6)~~ (7) the amount of state or federal funds allocated to the program;

2.15 ~~(7)~~ (8) the return on investment as calculated by the formula developed by the
 2.16 commissioner; and

2.17 ~~(8)~~ (9) the dollar amount and percentage of the total grant used for administrative
 2.18 expenses.

2.19 Subd. 3. **Report to the commissioner.** A recipient of a grant made by or through
 2.20 the department must report to the commissioner by September 1 of each even-numbered
 2.21 year on each of the items in subdivision 2 for each program it administers. The report
 2.22 must be in a format prescribed by the commissioner.

2.23 ~~Beginning November 1, 2009,~~ The commissioner shall provide notice to grant
 2.24 applicants and recipients regarding the data collection and reporting requirements under
 2.25 this subdivision and must provide technical assistance to applicants and recipients to assist
 2.26 in complying with the requirements of this subdivision.

2.27 Subd. 4. **Biennial budget request.** (a) The information collected and reported
 2.28 under subdivisions 2 and 3 shall be included in budgets submitted to the legislature under
 2.29 section 16A.11.

2.30 (b) A program that is a recipient of public funds and subject to the requirements of
 2.31 this section as of May 1, 2014, is not eligible for additional state appropriations for any
 2.32 fiscal year beginning after June 30, 2015, unless all of the reporting requirements under
 2.33 subdivision 3 have been satisfied.

2.34 (c) A program with an initial request for funds on or after the effective date of this
 2.35 section may be considered for receipt of public funds for the first two fiscal years only
 2.36 if a plan that demonstrates how the data collection and reporting requirements under

3.1 subdivision 3 will be met has been submitted and approved by the commissioner. Any
 3.2 subsequent request for funds after an initial request is subject to the requirements of
 3.3 paragraph (b).

3.4 Sec. 2. Minnesota Statutes 2012, section 116L.98, is amended to read:

3.5 **116L.98 WORKFORCE PROGRAM OUTCOMES.**

3.6 Subdivision 1. **Requirements.** (a) The commissioner shall develop and implement a
 3.7 set of standard approaches for assessing the outcomes of uniform outcome measurement
 3.8 and reporting system for workforce programs under this chapter the jurisdiction of the
 3.9 commissioner. The outcomes assessed must include, but are not limited to, periodic
 3.10 comparisons of workforce program participants and nonparticipants.

3.11 Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in
 3.12 this subdivision have the meanings given.

3.13 (b) "Credential" means an attestation of qualification or competence issued to an
 3.14 individual by a third party with the relevant authority or assumed competence to issue
 3.15 the credential.

3.16 (c) "Exit" means to have not received service under a workforce program for 90
 3.17 consecutive calendar days. The exit date is the last date of service.

3.18 (d) "Net impact" means the use of matched control groups and regression analysis to
 3.19 estimate the impacts attributable to program participation net of other factors, including
 3.20 observable personal characteristics and economic conditions.

3.21 (e) "Pre-enrollment" means the period of time before an individual was enrolled
 3.22 in a workforce program.

3.23 Subd. 3. **Uniform outcome report card; reporting by commissioner.** The
 3.24 commissioner shall also monitor the activities and outcomes of programs and services
 3.25 funded by legislative appropriations and administered by the department on a pass-through
 3.26 basis and develop a consistent and equitable method of assessing recipients for the costs
 3.27 of its monitoring activities. (a) By December 31 of each even-numbered year, the
 3.28 commissioner must report to the chairs and ranking minority members of the committees
 3.29 of the house of representatives and the senate having jurisdiction over economic
 3.30 development and workforce policy and finance the following information from the
 3.31 previous calendar year, for each program subject to the requirements of subdivision 1:

3.32 (1) the total number of participants;

3.33 (2) the average pre-enrollment wages based on participant wages for the second
 3.34 through the fifth calendar quarters immediately preceding the quarter of enrollment;

3.35 (3) the total number of participants enrolled in occupational skills training;

- 4.1 (4) the total number of participants enrolled in occupational skills training by industry;
 4.2 (5) the total number of participants that exited the program and the average
 4.3 enrollment duration of participants that have exited the program during the calendar year;
 4.4 (6) the total number of exited participants who completed occupational skills training;
 4.5 (7) the total number of exited participants who attained a credential;
 4.6 (8) the total number of participants employed during four consecutive calendar
 4.7 quarters immediately following the date of exit, by industry;
 4.8 (9) the average wages of participants employed during four consecutive calendar
 4.9 quarters immediately following the date of exit;
 4.10 (10) the total number of participants employed during eight consecutive calendar
 4.11 quarters immediately following the date of exit, by industry; and
 4.12 (11) the average wages of participants employed during eight consecutive calendar
 4.13 quarters immediately following the date of exit.
- 4.14 (b) Notwithstanding the requirements in paragraph (a), the commissioner must
 4.15 report information on youth workforce programs and workforce programs exclusively
 4.16 for persons with disabilities, to the extent possible and in a manner that most closely
 4.17 resembles the outcome measures of paragraph (a), taking into account the unique
 4.18 characteristics of the populations served.
- 4.19 (c) The report to the legislature must contain participant information by education
 4.20 level, race and ethnicity, gender, and geography, and a comparison of exited participants
 4.21 who completed occupational skills training and those who did not. The report must also
 4.22 contain information from participants who submitted narrative information.
- 4.23 (d) The requirements of this section apply to programs administered directly by the
 4.24 commissioner or administered by other organizations under a grant made by the department.
- 4.25 **Subd. 4. Report to commissioner; uniform report card.** (a) A recipient of a
 4.26 grant made by or through the department must report to the commissioner by September
 4.27 1 of each even-numbered year on each of the items in subdivision 3 for each program it
 4.28 administers. The report must be in a format prescribed by the commissioner.
- 4.29 (b) Notwithstanding the requirements in paragraph (a), a recipient of a grant must
 4.30 report information on youth workforce programs and workforce programs exclusively
 4.31 for persons with disabilities, to the extent possible and in a manner that most closely
 4.32 resembles the outcome measures of subdivision 3, taking into account the unique
 4.33 characteristics of the populations served.
- 4.34 (c) Beginning November 1, 2014, the commissioner shall provide notice to grant
 4.35 applicants and recipients regarding the data collection and reporting requirements under

5.1 this subdivision and must provide technical assistance to applicants and recipients to assist
5.2 in complying with the requirements of this subdivision.

5.3 Subd. 5. **Biennial budget request.** (a) The information collected and reported
5.4 under subdivisions 2 and 3 shall be included in budgets submitted to the legislature under
5.5 section 16A.11.

5.6 (b) A program that is a recipient of public funds and subject to the requirements of
5.7 this section as of May 1, 2014, is not eligible for additional state appropriations for any
5.8 fiscal year beginning after June 30, 2015, unless all of the reporting requirements under
5.9 subdivision 4 have been satisfied.

5.10 (c) A program with an initial request for funds on or after the effective date of this
5.11 section may be considered for receipt of public funds for the first two fiscal years only
5.12 if a plan that demonstrates how the data collection and reporting requirements under
5.13 subdivision 4 will be met has been submitted and approved by the commissioner. Any
5.14 subsequent request for funds after an initial request is subject to the requirements of
5.15 paragraph (b).

5.16 Subd. 6. **Workforce program net impact study.** (a) The commissioner, in
5.17 partnership with a committee of the Governor's Workforce Development Council that
5.18 oversees net impact analysis, shall by December 1, 2014, conduct a net impact study
5.19 for adult workforce-related programs funded in whole or in part by the workforce
5.20 development fund. The requirements of this section apply to programs administered
5.21 directly by the commissioner or administered by other employment organizations under a
5.22 grant made by the department. The net impact methodology must include:

5.23 (1) standardized statistical methods for estimating the net impacts of workforce
5.24 services on individual employment, earnings, and public benefits usage outcomes; and

5.25 (2) standardized cost-benefit analyses for understanding the monetary impacts of
5.26 workforce services from the participant and taxpayer points of view.

5.27 (b) By January 15 of each odd-numbered year beginning in 2015, the commissioner,
5.28 in partnership with a committee of the Governor's Workforce Development Council that
5.29 oversees net impact analysis, must report to the chairs and the ranking minority members
5.30 of the committees of the house of representatives and the senate having jurisdiction over
5.31 economic development and workforce policy and finance, the following information for
5.32 each program subject to this subdivision:

5.33 (1) the net impact of workforce services on individual employment, earnings, and
5.34 public benefits usage outcomes; and

5.35 (2) cost-benefit analyses for understanding the monetary impacts of workforce
5.36 services from the participant and taxpayer points of view.

6.1 (c) By January 15, 2015, the commissioner, in partnership with the Governor's
6.2 Workforce Development Council, must report to the chairs and ranking minority members
6.3 of the committees of the house of representatives and the senate having jurisdiction over
6.4 economic development and workforce policy and finance the results of the net impact
6.5 pilot project already underway.

6.6 Subd. 7. **Independent evaluation.** By February 1 of each odd-numbered year, the
6.7 commissioner of administration, in consultation with the commissioner of employment
6.8 and economic development, shall contract with an independent entity qualified to conduct
6.9 labor market analyses to audit information included in the report required under this
6.10 section. The audit must include analysis of the validity of the statistical methods for
6.11 estimating net impact analysis and cost benefit analysis, and an analysis of net impact and
6.12 cost benefit results. The commissioner shall report the results of the analysis to the chairs
6.13 and ranking minority members of the committees of the house of representatives and the
6.14 senate having jurisdiction over economic development and workforce policy and finance
6.15 when it is completed. The audit must be made available to the public in an electronic
6.16 format on the department of employment and economic development's Web site.

6.17 Sec. 3. **APPROPRIATION.**

6.18 \$..... in fiscal year 2015 is appropriated from the general fund to the commissioner
6.19 of employment and economic development for the purposes of sections 1 and 2.