

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 2434**

(SENATE AUTHORS: ANDERSON, P.)

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Jobs and Economic Growth Finance and Policy

1.1 A bill for an act  
1.2 relating to workforce development; modifying the use of workforce development  
1.3 funds; requiring a report; amending Minnesota Statutes 2016, sections 116L.17,  
1.4 subdivision 2; 116L.19, by adding subdivisions; 116L.20, subdivision 2, by adding  
1.5 a subdivision; 116L.98, subdivisions 1, 3, 4, 5, 7; proposing coding for new law  
1.6 in Minnesota Statutes, chapter 116L.

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

1.8 Section 1. Minnesota Statutes 2016, section 116L.17, subdivision 2, is amended to read:

1.9 Subd. 2. **Grants.** The board shall make grants to workforce development areas or other  
1.10 eligible organizations to provide services to dislocated workers as follows:

1.11 (a) The board shall allocate funds available for the purposes of this section in its discretion  
1.12 to respond to substantial layoffs and plant closings.

1.13 (b) The board ~~shall~~ may regularly allocate funds to provide services to individual  
1.14 dislocated workers or small groups. ~~The initial allocation for this purpose must be 50 percent~~  
1.15 ~~of the deposits and transfers into the workforce development fund, less any collection costs~~  
1.16 ~~paid out of the fund and any amounts appropriated by the legislature from the workforce~~  
1.17 ~~development fund for programs other than the state dislocated worker program.~~

1.18 (c) ~~Following the initial allocation, the board may consider additional allocations to~~  
1.19 ~~provide services to individual dislocated workers.~~ The board's decision to allocate additional  
1.20 funds shall be based on relevant economic indicators including: the number of substantial  
1.21 layoffs to date, notices of substantial layoffs for the remainder of the fiscal year, evidence  
1.22 of declining industries, the number of permanently separated individuals applying for  
1.23 unemployment benefits by workforce development area, and the number of individuals  
1.24 exhausting unemployment benefits by workforce development area. The board must also

2.1 consider ~~expenditures of allocations to workforce development areas under paragraph (b)~~  
 2.2 ~~made during the first two quarters of the fiscal year~~ funds allocated by regional and local  
 2.3 workforce development boards and federal resources that have been or are likely to be  
 2.4 allocated to Minnesota for the purposes of serving dislocated workers affected by substantial  
 2.5 layoffs or plant closings; ~~except that this sentence does not apply in fiscal year 2011.~~

2.6 ~~(d)~~ (c) The board may, in its discretion, allocate funds carried forward from previous  
 2.7 years under subdivision 9 for large, small, or individual layoffs.

2.8 Sec. 2. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
 2.9 read:

2.10 Subd. 1a. Career pathways training strategies. "Career pathways training strategies"  
 2.11 means a combination of rigorous and high-quality education, training, and other services  
 2.12 that:

2.13 (1) aligns with the skill needs of industries in the regional or local economy;

2.14 (2) prepares an individual to be successful in any of a full range of secondary or  
 2.15 postsecondary education options;

2.16 (3) includes counseling and to support an individual in achieving the individual's  
 2.17 education and career goals;

2.18 (4) includes, as appropriate, education offered concurrently with and in the same context  
 2.19 as workforce preparation activities and training for a specific occupation or occupational  
 2.20 cluster;

2.21 (5) organizes education, training, and other services to meet the particular needs of an  
 2.22 individual in a manner that accelerates the educational and career advancement of the  
 2.23 individual to the extent practicable;

2.24 (6) enables an individual to attain a secondary school diploma or its recognized equivalent  
 2.25 and at least one recognized postsecondary credential; and

2.26 (7) helps an individual enter or advance within a specific occupation or occupational  
 2.27 cluster.

2.28 Sec. 3. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
 2.29 read:

2.30 Subd. 5a. Integrated education and training strategies. "Integrated education and  
 2.31 training strategies" means a service approach that provides adult education and literacy

3.1 activities concurrently and contextually with workforce preparation activities and workforce  
3.2 training for a specific occupation or occupational cluster for the purpose of educational and  
3.3 career advancement.

3.4 Sec. 4. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
3.5 read:

3.6 Subd. 8a. **Regional workforce development board.** "Regional workforce development  
3.7 board" means the governance body for a regional workforce development area responsible  
3.8 for distribution of the region's workforce development funds, as identified in the strategic  
3.9 plan required by the federal Workforce Innovation and Opportunity Act.

3.10 Sec. 5. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
3.11 read:

3.12 Subd. 8b. **Sector partnership.** "Sector partnership" means a workforce collaborative,  
3.13 convened by or acting in partnership with a regional or local workforce development board,  
3.14 that organizes key stakeholders in an industry cluster into a working group that focuses on  
3.15 the shared goals and human resources needs of the industry cluster and that includes the  
3.16 participation of the following individuals at the appropriate stage of development of the  
3.17 partnership:

3.18 (1) representatives of multiple businesses or other employers in the industry cluster,  
3.19 including small and medium-sized employers when practicable;

3.20 (2) one or more representatives of a recognized state labor organization or central labor  
3.21 council, or another labor representative, as appropriate; and

3.22 (3) one or more representatives of an institution of higher education with, or another  
3.23 provider of, education or training programs that support the industry cluster.

3.24 Sec. 6. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
3.25 read:

3.26 Subd. 10. **Strategic plan.** "Strategic plan" is a summary of strategies to address a regional  
3.27 area's workforce challenges, consistent with the requirements of the federal Workforce  
3.28 Innovation and Opportunity Act. It includes identifying top in-demand sectors, mapping  
3.29 occupational progressions in these sectors along with related labor market information,  
3.30 conducting demographic analyses of the region's workforce, identifying priority service  
3.31 populations, and any supportive data.

4.1 Sec. 7. Minnesota Statutes 2016, section 116L.19, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 11. **Training.** "Training" means occupational skills training and does not include  
4.4 job search and related services.

4.5 Sec. 8. Minnesota Statutes 2016, section 116L.20, subdivision 2, is amended to read:

4.6 Subd. 2. **Disbursement and oversight of special assessment funds.** (a) The money  
4.7 collected under this section shall be deposited in the state treasury and credited to the  
4.8 workforce development fund to provide for ~~employment and training programs~~ investments  
4.9 to meet workforce needs of regional economies. The workforce development fund is created  
4.10 as a special account in the state treasury.

4.11 ~~(b) All money in the fund not otherwise appropriated or transferred is appropriated to~~  
4.12 ~~the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in~~  
4.13 ~~paragraph (d). The board must act as the fiscal agent for the money and must disburse that~~  
4.14 ~~money for the purposes of section 116L.17, not allowing the money to be used for any other~~  
4.15 ~~obligation of the state.~~ Of the money collected under this section, ..... percent shall be  
4.16 allocated to the commissioner for the following purposes:

4.17 (1) administration, oversight, and support of regional workforce development fund  
4.18 investments, including establishing criteria, requirements, and outcome measures for local  
4.19 and regional sector partnerships and career pathways training strategies; strategic planning,  
4.20 professional development, and providing technical assistance;

4.21 (2) conducting rapid response activities as outlined in section 116L.17, subdivision 5;

4.22 (3) administering youth programs; and

4.23 (4) administering vocational rehabilitation programs.

4.24 Remaining funds after the allocation in clauses (1) to (4) shall be distributed annually  
4.25 to regional workforce development areas, as designated by the federal Workforce Innovation  
4.26 and Opportunity Act, by a formula calculated by the commissioner in consultation with  
4.27 local elected officials and workforce development boards. The commissioner shall enter  
4.28 into contracts with each regional workforce development board to fulfill the requirements  
4.29 in this chapter. When determining the distribution formula, the commissioner must consider  
4.30 current economic and demographic conditions and trends in each area, including  
4.31 unemployment rates and the number of low-skilled workers. The commissioner, in  
4.32 consultation with local elected officials and workforce development boards, shall evaluate  
4.33 the formula every two years and make adjustments when necessary.

5.1 (c) All money in the workforce development fund shall be deposited, administered, and  
 5.2 disbursed in the same manner and under the same conditions and requirements as are  
 5.3 provided by law for the other special accounts in the state treasury, except that all interest  
 5.4 or net income resulting from the investment or deposit of money in the fund shall accrue  
 5.5 to the fund for the purposes of the fund.

5.6 ~~(e)~~ (d) Reimbursement for costs related to collection of the special assessment shall be  
 5.7 in an amount negotiated between the commissioner and the United States Department of  
 5.8 Labor.

5.9 ~~(d) If the board determines that the conditions of section 116L.05, subdivision 5, have~~  
 5.10 ~~been met, the board may use funds for the purposes outlined in section 116L.04, or to provide~~  
 5.11 ~~incumbent worker training services under section 116L.18.~~

5.12 Sec. 9. Minnesota Statutes 2016, section 116L.20, is amended by adding a subdivision to  
 5.13 read:

5.14 Subd. 3. **Regional allocation of workforce development funds.** (a) Distribution of  
 5.15 workforce development funds to regional workforce development boards are contingent  
 5.16 upon submission and approval by the commissioner of strategic plans required by the federal  
 5.17 Workforce Innovation and Opportunity Act.

5.18 (b) Upon approval by the commissioner of the strategic plans, each regional workforce  
 5.19 development board shall be awarded its share of funds as designated by subdivision 2, and  
 5.20 shall work in consultation with the local workforce boards within the regional area to  
 5.21 distribute workforce development funds within the following guidelines:

5.22 (1) at least ..... percent for adult career pathways training strategies and adult integrated  
 5.23 education and training strategies, distributed through competitive grant processes, with  
 5.24 service priority given to recipients of public assistance, other low-income individuals, and  
 5.25 individuals who are deficient in basic skills. Training programs should support regional  
 5.26 strategic goals but may be operated locally. Local workforce boards are eligible to compete  
 5.27 for these grant dollars;

5.28 (2) up to ..... percent for coordinating and staffing sector partnerships, as identified in  
 5.29 the strategic plan;

5.30 (3) remaining funds may be used at the discretion of the regional and local boards;

5.31 (4) the regional board may distribute funds to local boards to operate training programs  
 5.32 and conduct activities related to the goals set out in the region's strategic plan. Local

6.1 investments should align with state and regional workforce priorities and ensure  
6.2 nonduplication of state and federal workforce development services; and

6.3 (5) workforce development funds may not be used for infrastructure or capital expenses.

6.4 (c) Any funds not allocated, obligated, or expended in a fiscal year shall be available  
6.5 for allocation, obligation, and expenditure in the following fiscal year.

6.6 (d) Each regional board must report to the commissioner on the performance of the  
6.7 board's investments by December 31 of every even-numbered year. Reporting data should  
6.8 be in line with the requirements in section 116L.98. Regional boards shall share information  
6.9 with the commissioner necessary to fulfill the reporting and evaluation requirements under  
6.10 this chapter.

6.11 Sec. 10. **[116L.21] DUTIES OF THE COMMISSIONER.**

6.12 In addition to the duties outlined in this chapter, the commissioner shall perform the  
6.13 following duties related to the workforce development fund:

6.14 (1) establish program requirements, in consultation with Adult Basic Education, for  
6.15 multiple types of career pathways training strategies aimed at adults of various skill levels,  
6.16 including on-ramps and bridge programs. These requirements shall be shared with local  
6.17 and regional workforce development boards;

6.18 (2) monitor the investments made by local and regional workforce development boards  
6.19 for fiscal soundness; and

6.20 (3) track the outcomes and evaluate the performance of all regional workforce  
6.21 development fund grants, awards, and investments. This includes issuing a report, in  
6.22 consultation with the governor's workforce development board, on each regional area's  
6.23 performance every two years. The report shall include: an accounting of all workforce  
6.24 development fund allocations made by each regional board, recommendations for how  
6.25 future local investments could be most effective, the total amount of workforce development  
6.26 dollars disbursed, and the projected fund balance for the next biennium. By January 15,  
6.27 2019, and each odd-numbered year thereafter, the commissioner shall present these evaluation  
6.28 reports to the senate and house of representatives committees with jurisdiction over workforce  
6.29 development and make the reports available on the department's Web site.

6.30 Sec. 11. Minnesota Statutes 2016, section 116L.98, subdivision 1, is amended to read:

6.31 Subdivision 1. **Requirements.** The commissioner shall develop and implement a uniform  
6.32 outcome measurement and reporting system for adult workforce-related programs funded

7.1 in whole or in part by state funds. For the purpose of this section, "workforce-related  
7.2 programs" means all education and training programs administered by the commissioner  
7.3 and includes programs and services administered by the commissioner or funded by  
7.4 workforce development fund dollars and provided to individuals enrolled in adult basic  
7.5 education under section 124D.52 and the Minnesota family investment program under  
7.6 chapter 256J.

7.7 Sec. 12. Minnesota Statutes 2016, section 116L.98, subdivision 3, is amended to read:

7.8 Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December  
7.9 31 of each even-numbered year, the commissioner must report to the chairs and ranking  
7.10 minority members of the committees of the house of representatives and the senate having  
7.11 jurisdiction over economic development and workforce policy and finance the following  
7.12 information separately for each of the previous two fiscal or calendar years, for each program  
7.13 subject to the requirements of subdivision 1:

7.14 (1) the total number of participants enrolled;

7.15 (2) the median pre-enrollment wages based on participant wages for the second through  
7.16 the fifth calendar quarters immediately preceding the quarter of enrollment excluding those  
7.17 with zero income;

7.18 (3) the total number of participants with zero income in the second through fifth calendar  
7.19 quarters immediately preceding the quarter of enrollment;

7.20 (4) the total number of participants enrolled in training;

7.21 (5) the total number of participants enrolled in training by occupational group;

7.22 (6) the total number of participants that exited the program and the average enrollment  
7.23 duration of participants that have exited the program during the year;

7.24 (7) the total number of exited participants who completed training;

7.25 (8) the total number of exited participants who attained a credential;

7.26 (9) the total number of participants employed during three consecutive quarters  
7.27 immediately following the quarter of exit, by industry;

7.28 (10) the median wages of participants employed during three consecutive quarters  
7.29 immediately following the quarter of exit;

7.30 (11) the total number of participants employed during eight consecutive quarters  
7.31 immediately following the quarter of exit, by industry;

8.1 (12) the median wages of participants employed during eight consecutive quarters  
8.2 immediately following the quarter of exit;

8.3 (13) the total cost of the program;

8.4 (14) the total cost of the program per participant;

8.5 (15) the cost per credential received by a participant; and

8.6 (16) the administrative cost of the program.

8.7 (b) The report to the legislature must contain participant information by education level,  
8.8 race and ethnicity, gender, and geography, and a comparison of exited participants who  
8.9 completed training and those who did not.

8.10 (c) The requirements of this section apply to programs administered directly by the  
8.11 commissioner, funded by the workforce development fund, or administered by other  
8.12 organizations under a grant made by the department.

8.13 Sec. 13. Minnesota Statutes 2016, section 116L.98, subdivision 4, is amended to read:

8.14 Subd. 4. **Data to commissioner; uniform report card.** (a) A recipient of a future or  
8.15 past grant or direct appropriation made by or through the department, including all recipients  
8.16 of workforce development funds, must report data to the commissioner by September 1 of  
8.17 each even-numbered year on each of the items in subdivision 3 for each program it  
8.18 administers except wages and number employed, which the department shall provide. The  
8.19 data must be in a format prescribed by the commissioner.

8.20 (b) Beginning July 1, 2014, the commissioner shall provide notice to grant applicants  
8.21 and recipients regarding the data collection and reporting requirements under this subdivision  
8.22 and must provide technical assistance to applicants and recipients to assist in complying  
8.23 with the requirements of this subdivision.

8.24 Sec. 14. Minnesota Statutes 2016, section 116L.98, subdivision 5, is amended to read:

8.25 Subd. 5. **Information.** (a) The information collected and reported under subdivisions 3  
8.26 and 4 shall be made available on the department's Web site.

8.27 (b) The commissioner must provide analysis of the data required under subdivision 3.

8.28 (c) The analysis under paragraph (b) must also include an executive summary of program  
8.29 outcomes, including but not limited to enrollment, training, credentials, pre- and post-program  
8.30 employment and wages, and a comparison of program outcomes by participant characteristics.  
8.31 The analysis must be broken down by regional workforce development areas.

9.1 (d) The data required in the comparative analysis under paragraph (c) must be presented  
9.2 in both written and graphic format.

9.3 Sec. 15. Minnesota Statutes 2016, section 116L.98, subdivision 7, is amended to read:

9.4 Subd. 7. **Workforce program net impact analysis.** (a) By January 15, 2015, the  
9.5 commissioner must report to the committees of the house of representatives and the senate  
9.6 having jurisdiction over economic development and workforce policy and finance on the  
9.7 results of the net impact pilot project already underway as of the date of enactment of this  
9.8 section.

9.9 (b) The commissioner shall contract with an independent entity to conduct an ongoing  
9.10 net impact analysis of the programs included in the net impact pilot project under paragraph  
9.11 (a), career pathways programs, any program funded by the workforce development fund,  
9.12 and any other programs deemed appropriate by the commissioner. The net impact  
9.13 methodology used by the independent entity under this paragraph must be based on the  
9.14 methodology and evaluation design used in the net impact pilot project under paragraph  
9.15 (a).

9.16 (c) By January 15, 2017, and every four years thereafter, the commissioner must report  
9.17 to the committees of the house of representatives and the senate having jurisdiction over  
9.18 economic development and workforce policy and finance the following information for  
9.19 each program subject to paragraph (b):

9.20 (1) the net impact of workforce services on individual employment, earnings, and public  
9.21 benefit usage outcomes; and

9.22 (2) a cost-benefit analysis for understanding the monetary impacts of workforce services  
9.23 from the participant and taxpayer points of view.

9.24 The report under this paragraph must be made available to the public in an electronic  
9.25 format on the Department of Employment and Economic Development's Web site.

9.26 (d) The department is authorized to create and maintain data-sharing agreements with  
9.27 other departments, including corrections, human services, and any other department that  
9.28 are necessary to complete the analysis. The department shall supply the information collected  
9.29 for use by the independent entity conducting net impact analysis pursuant to the data practices  
9.30 requirements under chapters 13, 13A, 13B, and 13C.