

1.1 Senator moves to amend S.F. No. 2434 as follows:

1.2 Delete everything after the enacting clause and insert:

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

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

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

1.8 (b) The board ~~shall regularly~~ may allocate additional funds to ~~provide services to~~
1.9 ~~individual dislocated workers or small groups~~ local workforce development boards to
1.10 supplement activities outlined under section 116L.20, subdivision 2, paragraph (d), clause
1.11 (1). The initial allocation for this purpose must be 50 percent of the deposits and transfers
1.12 into the workforce development fund, less any collection costs paid out of the fund and any
1.13 amounts appropriated by the legislature from the workforce development fund for programs
1.14 other than the state dislocated worker program.

1.15 (c) ~~Following the initial allocation, the board may consider additional allocations to~~
1.16 ~~provide services to individual dislocated workers.~~ The board's decision to allocate additional
1.17 funds shall be based on relevant economic indicators including: the ~~number of substantial~~
1.18 ~~layoffs to date, notices of substantial layoffs for the remainder of the fiscal year, evidence~~
1.19 ~~of declining industries, the number of permanently separated individuals applying for~~
1.20 ~~unemployment benefits by workforce development area, and the number of individuals~~
1.21 ~~exhausting unemployment benefits by workforce development area.~~ The board ~~must also~~
1.22 ~~consider expenditures of allocations to workforce development areas under paragraph (b)~~
1.23 ~~made during the first two quarters of the fiscal year~~ demand for adult services, funds allocated
1.24 by regional workforce entities and local workforce development boards, and federal resources
1.25 that have been or are likely to be allocated to Minnesota for the purposes of serving
1.26 workers affected by substantial layoffs or plant closings; except that this sentence does not
1.27 apply in fiscal year 2011 adults as outlined under section 116L.20, subdivision 2, paragraph
1.28 (d), clause (1).

1.29 (d) The board may, in its discretion, allocate funds carried forward from previous years
1.30 under subdivision 9 for large, small, or individual layoffs, or other services outlined under
1.31 section 116L.20, subdivision 2, paragraph (d), clause (1).

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

2.3 Subd. 1a. **Career pathways training strategies.** "Career pathways training strategies"
2.4 means a combination of rigorous and high-quality education, training, and other services
2.5 that:

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

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

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

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

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

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

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

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

2.23 Subd. 5a. **Integrated education and training strategies.** "Integrated education and
2.24 training strategies" means a service approach that provides adult education and literacy
2.25 activities concurrently and contextually with workforce preparation activities and workforce
2.26 training for a specific occupation or occupational cluster for the purpose of educational and
2.27 career advancement.

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

2.30 Subd. 8a. **Regional workforce entity.** "Regional workforce entity" means the body
2.31 responsible for developing the regional plan required by the federal Workforce Innovation

3.1 and Opportunity Act (WIOA) and directing the use of regional funding outlined in this
3.2 chapter.

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

3.5 Subd. 8b. **Sector partnership.** "Sector partnership" means a workforce collaborative,
3.6 convened by or acting in partnership with a regional workforce entity or local workforce
3.7 development board, that organizes key stakeholders in an industry cluster into a working
3.8 group that focuses on the shared goals and human resources needs of the industry cluster
3.9 and that includes the participation of the following individuals at the appropriate stage of
3.10 development of the partnership:

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

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

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

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

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

3.25 Sec. 7. Minnesota Statutes 2016, section 116L.20, subdivision 2, is amended to read:

3.26 Subd. 2. **Disbursement of special assessment funds.** (a) The money collected under
3.27 this section shall be deposited in the state treasury and credited to the workforce development
3.28 fund to provide for ~~employment and training programs~~ investments to meet workforce needs
3.29 of local and regional economies. The workforce development fund is created as a special
3.30 account in the state treasury.

4.1 (b) ~~All of the money in the fund not otherwise appropriated or transferred is appropriated~~
4.2 ~~to the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for~~
4.3 ~~in paragraph (d). The board must act as the fiscal agent for the money and must disburse~~
4.4 ~~that money for the purposes of section 116L.17, not allowing the money to be used for any~~
4.5 ~~other obligation of the state. All money in the workforce development fund shall be deposited,~~
4.6 ~~administered, and disbursed in the same manner and under the same conditions and~~
4.7 ~~requirements as are provided by law for the other special accounts in the state treasury,~~
4.8 ~~except that all interest or net income resulting from the investment or deposit of money in~~
4.9 ~~the fund shall accrue to the fund for the purposes of the fund deposited in the workforce~~
4.10 ~~development fund shall be appropriated to the commissioner for the purposes of this section~~
4.11 ~~and allocated as designated in paragraphs (c), (d), and (e).~~

4.12 (c) The commissioner shall retain 35 percent of the funds for the following purposes:

4.13 (1) administration, oversight, and support of regional and local workforce development
4.14 fund investments, including establishing criteria, requirements, and outcome measures for
4.15 local and regional sector partnerships and career pathways training strategies and maintaining
4.16 the outcome report card and net impact analysis as required by section 116L.98;

4.17 (2) strategic planning, professional development, and providing technical assistance to
4.18 local workforce development boards and regional workforce entities;

4.19 (3) conducting sustainable layoff activities as outlined in section 116L.17, subdivision
4.20 2, paragraph (a);

4.21 (4) administering grants for the Youthbuild program as outlined in sections 116L.361
4.22 to 116L.366;

4.23 (5) administering vocational rehabilitation programs; and

4.24 (6) distribution of small layoff independent grants.

4.25 The commissioner shall transfer three percent of the funds under paragraph (c) to the
4.26 commissioner of labor and industry for the PIPELINE program, youth skills training program,
4.27 labor education and advancement program, prevailing wage enforcement, and apprenticeship
4.28 programs.

4.29 (d) Remaining funds after the allocation in paragraph (c) shall be distributed to local
4.30 workforce development areas for designated purposes as follows:

4.31 (1) 26 percent to fund and operate adult training programs, including, but not limited
4.32 to, services for dislocated workers. These dollars shall be distributed to each workforce
4.33 development board according to a formula calculated by the commissioner in consultation

5.1 with local elected officials and workforce development boards. When calculating this
5.2 formula, the commissioner must consider current economic and demographic conditions
5.3 and trends in each area, including number of unemployed persons, regional job density,
5.4 poverty rate, and number of permanently separated unemployed persons. Local workforce
5.5 development area investments should align with state, regional, and local workforce priorities
5.6 and ensure nonduplication of services;

5.7 (2) 11 percent to fund and operate youth training programs and related activities,
5.8 distributed to each local workforce development board according to a formula calculated
5.9 by the commissioner in consultation with local elected officials and workforce development
5.10 boards. When calculating this formula, the commissioner shall consider current economic
5.11 and demographic conditions and trends in each area, including graduation rates, and the
5.12 allocation formula provided in section 116L.561, subdivision 5. Local workforce development
5.13 board investments should align with state, regional, and local workforce priorities and ensure
5.14 nonduplication of services;

5.15 (3) 44 percent for regional adult career pathways competitive grants, distributed to each
5.16 local workforce development board according to a formula calculated by the commissioner,
5.17 in consultation with local elected officials and local workforce development boards. When
5.18 calculating this formula, the commissioner must consider current economic and demographic
5.19 conditions and trends in each area, including unemployment rates, number of job openings,
5.20 number of recipients of public assistance, and number of low-skilled workers in each area.
5.21 All local workforce development boards within a Workforce Innovation and Opportunity
5.22 Act (WIOA)-designated region shall coordinate so these funds may be used by the regional
5.23 workforce entity to fund career pathway training strategies and adult-integrated education
5.24 and training strategies that align with the goals of the regional plan, including training within
5.25 priority industry sectors. The grant processes shall be determined by the regional workforce
5.26 entity and distributed on a competitive basis, with service priority given to recipients of
5.27 public assistance, other low-income individuals, and individuals who are deficient in basic
5.28 skills. Up to ten percent of the grants may be allocated to support pay-for-performance
5.29 outcome payments under section 116J.8747. Training programs should support regional
5.30 goals, but may be operated locally.

5.31 (4) 12 percent for regional youth training and related services competitive grants,
5.32 distributed to each local workforce development board according to a formula calculated
5.33 by the commissioner in consultation with local elected officials and local workforce
5.34 development boards. When calculating this formula, the commissioner must consider current
5.35 economic and demographic conditions and trends in each area, including graduation rates.

6.1 All local workforce boards within a WIOA-designated region shall coordinate so these
6.2 funds may be used by the regional workforce entity to fund youth training and related
6.3 services that align with the goals of the regional plan. The grant processes and awards shall
6.4 be determined by the regional workforce entity and distributed on a competitive basis.
6.5 Training programs should support regional goals, but may be operated locally; and

6.6 (5) seven percent to fund and operate sector partnerships and regional efforts, distributed
6.7 to each local workforce development board according to a formula calculated by the
6.8 commissioner in consultation with local elected officials and local workforce development
6.9 boards. When calculating this formula, the commissioner must consider population and
6.10 number of local areas within a WIOA-designated region. All local workforce development
6.11 boards within a WIOA-designated region shall coordinate so these funds may be used by
6.12 the regional entity to fund sector partnerships and efforts that align with the goals of the
6.13 regional plan.

6.14 (e) Up to ten percent of funding under paragraph (d) may be used for administrative
6.15 costs.

6.16 (f) The commissioner shall evaluate the formulas in paragraph (d) every two years and
6.17 make adjustments when necessary in consultation with local elected officials and local
6.18 workforce development boards. The formulas shall be made publicly available.

6.19 (g) The commissioner shall enter into contracts with each local workforce development
6.20 board to fulfill the requirements in this chapter. Funds shall be spent for both local and
6.21 regional purposes in accordance with the requirements in paragraph (d).

6.22 (h) Reimbursement for costs related to collection of the special assessment shall be in
6.23 an amount negotiated between the commissioner and the United States Department of Labor.

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

6.27 Sec. 8. Minnesota Statutes 2016, section 116L.20, is amended by adding a subdivision to
6.28 read:

6.29 **Subd. 3. Local and regional requirements for receipt and allocation of workforce**
6.30 **development funds. (a) Distribution of workforce development funds to local workforce**
6.31 **development boards as designated by subdivision 2 are contingent upon submission and**
6.32 **approval by the commissioner of local and regional plans required by the federal Workforce**

7.1 Innovation and Opportunity Act (WIOA). The commissioner must make a determination
7.2 on a plan within 30 days of the date of submission.

7.3 (b) Upon approval of the regional plan, a local workforce development board shall be
7.4 awarded its share of funds as designated by subdivision 2, and shall work in consultation
7.5 with the regional workforce entity to distribute workforce development funds within the
7.6 guidelines of subdivision 2.

7.7 (c) Any funding used in subdivision 2, paragraph (d), clauses (3), (4), and (5), must be
7.8 aligned with the goals of, and approved by, the regional workforce entity.

7.9 (d) A person serving on a regional workforce entity may not participate in or vote on a
7.10 decision to award an adult or youth competitive grant under subdivision 2, paragraph (c)
7.11 or (d), to an organization in which the individual has either a direct or indirect financial
7.12 interest. This includes staff persons of local workforce development areas and any person
7.13 whose employer would directly benefit from a grant.

7.14 (e) Any funds not allocated, obligated, or expended in a fiscal year shall be available
7.15 for allocation, obligation, and expenditure in the following fiscal year within a biennium.

7.16 (f) Each regional workforce entity and local workforce development board must report
7.17 to the commissioner on the performance of all workforce development fund investments
7.18 by December 31 of every even-numbered year. Reporting data should align with the
7.19 requirements in section 116L.98. Regional workforce entities and local workforce
7.20 development boards shall share information with the commissioner necessary to fulfill the
7.21 reporting and evaluation requirements under this chapter.

7.22 (g) Should a regional workforce entity elect to directly receive funds designated under
7.23 this section, the local workforce development boards within their WIOA-designated region
7.24 shall enter into a memorandum of understanding with the regional workforce entity to
7.25 transfer those funds to the regional workforce entity.

7.26 **Sec. 9. [116L.21] DUTIES OF THE COMMISSIONER.**

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

7.29 (1) develop program guidelines for multiple types of career pathway training strategies,
7.30 including on-ramps, bridges, and integrated programs, that will be shared with local
7.31 workforce development boards and regional workforce entities to help guide the competitive
7.32 grant process used to distribute career pathways and youth training dollars as required in
7.33 section 116L.20, subdivision (2), paragraphs (c) and (d). The commissioner shall consult

8.1 with the local workforce development boards, regional workforce entities, and other providers
8.2 in developing these program guidelines;

8.3 (2) monitor the investments made by local workforce development boards and regional
8.4 workforce entities for fiscal soundness; and

8.5 (3) track the outcomes and evaluate the performance of all workforce development fund
8.6 grants, awards, and investments. This includes issuing a report, in consultation with the
8.7 governor's workforce development board, on each area's performance every two years. The
8.8 report shall include: an accounting of all workforce development fund allocations made by
8.9 each workforce development board and regional workforce entity, recommendations for
8.10 how future local and regional investments could be most effective, the total amount of
8.11 workforce development dollars disbursed, and the projected fund balance for the next
8.12 biennium. By January 15, 2021, and each odd-numbered year thereafter, the commissioner
8.13 shall present these evaluation reports to the chairs and ranking minority members of the
8.14 house of representatives and senate committees with jurisdiction over workforce development
8.15 and make the reports available on the department's Web site.

8.16 Sec. 10. Minnesota Statutes 2016, section 116L.98, subdivision 1, is amended to read:

8.17 Subdivision 1. **Requirements.** The commissioner shall develop and implement a uniform
8.18 outcome measurement and reporting system for adult workforce-related programs funded
8.19 in whole or in part by state funds. For the purpose of this section, "workforce-related
8.20 programs" means all education and training programs administered by the commissioner
8.21 and includes programs and services administered by the commissioner or funded by
8.22 workforce development fund dollars and provided to individuals enrolled in adult basic
8.23 education under section 124D.52 and the Minnesota family investment program under
8.24 chapter 256J.

8.25 Sec. 11. Minnesota Statutes 2016, section 116L.98, subdivision 3, is amended to read:

8.26 Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December
8.27 31 of each even-numbered year, the commissioner must report to the chairs and ranking
8.28 minority members of the committees of the house of representatives and the senate having
8.29 jurisdiction over economic development and workforce policy and finance the following
8.30 information separately for each of the previous two fiscal or calendar years, for each program
8.31 subject to the requirements of subdivision 1:

8.32 (1) the total number of participants enrolled;

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

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

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

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

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

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

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

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

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

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

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

9.20 (13) the total cost of the program;

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

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

9.23 (16) the administrative cost of the program.

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

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

10.1 Sec. 12. Minnesota Statutes 2016, section 116L.98, subdivision 4, is amended to read:

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

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

10.12 Sec. 13. Minnesota Statutes 2016, section 116L.98, subdivision 5, is amended to read:

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

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

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

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

10.22 Sec. 14. Minnesota Statutes 2016, section 116L.98, subdivision 7, is amended to read:

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

10.28 (b) The commissioner shall contract with an independent entity to conduct an ongoing
10.29 net impact analysis of the programs included in the net impact pilot project under paragraph
10.30 (a), career pathways programs, any program funded by the workforce development fund,
10.31 and any other programs deemed appropriate by the commissioner. The net impact
10.32 methodology used by the independent entity under this paragraph must be based on the

11.1 methodology and evaluation design used in the net impact pilot project under paragraph
11.2 (a).

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

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

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

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

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

11.18 Sec. 15. **REPEALER.**

11.19 Minnesota Statutes 2016, section 116L.05, subdivision 5, is repealed."