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FISCAL IMPACT REPORT

SPONSOR Cates/Herndon/Roybal Caballero LAST UPDATED _____
ORIGINAL DATE 1/25/23
SHORT TITLE Apprenticeship Programs BILL NUMBER House Bill 114
ANALYST Chenier

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$1,962.1	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Higher Education Department (HED)
Workforce Solutions Department (WSD)
a request for analysis.

SUMMARY

Synopsis of House Bill 114

House Bill 114 appropriates nearly \$2 million from the general fund to WSD to support apprenticeship programs pursuant to the Apprenticeship Assistance Act.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of nearly \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

WSD said it has budget and accounting processes in place to ensure disbursement of funds follow the Apprenticeship Assistance Act. No additional FTE are required.

SIGNIFICANT ISSUES

WSD said the appropriation would aid registered apprenticeship programs in providing quality training for apprentices. Currently state funding for apprenticeship is minimal and sponsors incur most of the costs in the delivery of apprenticeship training. Procedures are in place to ensure compliance with the act and disbursement of funds; therefore, there would not be an impact on the agency's ability to continue with successful administration of the act.

HED said registered apprenticeships are an evidence-based model for both workforce development and adult learning that provides apprentices with a job, structured wage increases, systematic opportunities for mentored hands-on learning and accompanying related technical instruction. Registered apprenticeships are one strategy for building and scaling career pathways for in-demand industries. Though registered apprenticeship programs are notably cost-effective, and usually free, for apprentices, they can be very costly for sponsors, who take on all or the majority of costs.

TECHNICAL ISSUES

HED said one issue to note is that HB114 does not specify that apprenticeship programs that receive support should be registered apprenticeship programs. Registered apprenticeship programs are regulated by the federal and state governments, incorporate rigorous requirements that protect the health, safety, and wages of apprentices. Nonregistered apprenticeships exist and are not regulated in this way. Another issue is the short length of the bill, which does not include detail on what types of support may be provided to apprenticeship programs with these funds.

EC/rl/hg