

Representative Mike Schultz proposes the following substitute bill:

EMPLOYABILITY TO CAREERS PROGRAM

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Mike Schultz

Senate Sponsor: Allen M. Christensen

6	Cosponsors:	Lynn N. Hemingway	Dixon M. Pitcher
7	Carl R. Albrecht	Eric K. Hutchings	Tim Quinn
8	Bruce R. Cutler	John Knotwell	Paul Ray
9	Brad M. Daw	A. Cory Maloy	Norman K Thurston
10	Steve Eliason	Kelly B. Miles	Logan Wilde
11	Gage Froerer	Derrin R. Owens	Brad R. Wilson
12	Adam Gardiner	Lee B. Perry	Mike Winder
13	Francis D. Gibson	Jeremy A. Peterson	
	Timothy D. Hawkes		

LONG TITLE

General Description:

This bill creates the Employability to Careers Program within the Governor's Office of Management and Budget.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates a restricted account called the Employability to Careers Program Restricted Account;



- 24 ▶ creates the Employability to Careers Program Board within the Governor's Office of
- 25 Management and Budget;
- 26 ▶ authorizes the board to enter into a results-based contract with a fiscal intermediary;
- 27 ▶ requires the Governor's Office of Management and Budget to staff the board;
- 28 ▶ describes the components of an education, employability training, and workforce
- 29 placement program that may be funded by money from the restricted account;
- 30 ▶ authorizes the board to obtain the services of a programmatic intermediary to assist
- 31 the board with validating the feasibility of entering into a results-based contract;
- 32 ▶ requires an independent evaluation of the performance outcomes of the
- 33 Employability to Careers Program; and
- 34 ▶ authorizes payments from the restricted account to the fiscal intermediary if certain
- 35 benchmarks are met by a service provider.

36 **Money Appropriated in this Bill:**

37 This bill appropriates:

- 38 ▶ to the General Fund Restricted -- Employability to Careers Program Restricted
- 39 Account, as a one-time appropriation:
 - 40 • from the General Fund, $\hat{\$} \rightarrow [\text{\$10,000,000}] \text{\$1,000,000} \leftarrow \hat{\$}$;
- 41 ▶ to the Governor's Office of Management and Budget, as a one-time appropriation:
 - 42 • from the General Fund Restricted -- Employability to Careers Program
 - 43 Restricted Account, $\hat{\$} \rightarrow [\text{\$10,000,000}] \text{\$1,000,000} \leftarrow \hat{\$}$.

44 **Other Special Clauses:**

45 None

46 **Utah Code Sections Affected:**

47 AMENDS:

48 **63J-1-602.4**, as last amended by Laws of Utah 2016, Chapters 193 and 240

49 ENACTS:

- 50 **63J-4-701**, Utah Code Annotated 1953
- 51 **63J-4-702**, Utah Code Annotated 1953
- 52 **63J-4-703**, Utah Code Annotated 1953
- 53 **63J-4-704**, Utah Code Annotated 1953
- 54 **63J-4-705**, Utah Code Annotated 1953

55 [63J-4-706](#), Utah Code Annotated 1953
56 [63J-4-707](#), Utah Code Annotated 1953
57 [63J-4-708](#), Utah Code Annotated 1953



59 *Be it enacted by the Legislature of the state of Utah:*

60 Section 1. Section [63J-1-602.4](#) is amended to read:

61 **[63J-1-602.4. List of nonlapsing funds and accounts -- Title 61 through Title 63N.](#)**

62 (1) Funds paid to the Division of Real Estate for the cost of a criminal background
63 check for a mortgage loan license, as provided in Section [61-2c-202](#).

64 (2) Funds paid to the Division of Real Estate for the cost of a criminal background
65 check for principal broker, associate broker, and sales agent licenses, as provided in Section
66 [61-2f-204](#).

67 (3) Certain funds donated to the Department of Human Services, as provided in
68 Section [62A-1-111](#).

69 (4) Appropriations from the National Professional Men's Basketball Team Support of
70 Women and Children Issues Restricted Account created in Section [62A-1-202](#).

71 (5) Certain funds donated to the Division of Child and Family Services, as provided in
72 Section [62A-4a-110](#).

73 (6) Appropriations from the Choose Life Adoption Support Restricted Account created
74 in Section [62A-4a-608](#).

75 (7) Appropriations to the Division of Services for People with Disabilities, as provided
76 in Section [62A-5-102](#).

77 (8) Appropriations to the Division of Fleet Operations for the purpose of upgrading
78 underground storage tanks under Section [63A-9-401](#).

79 (9) A portion of the funds appropriated to the Utah Seismic Safety Commission, as
80 provided in Section [63C-6-104](#).

81 (10) Funds appropriated or collected for publishing the Office of Administrative Rules'
82 publications, as provided in Section [63G-3-402](#).

83 (11) The Immigration Act Restricted Account created in Section [63G-12-103](#).

84 (12) Money received by the military installation development authority, as provided in
85 Section [63H-1-504](#).

86 (13) The Employability to Careers Program Restricted Account created in Section
87 63J-4-703.

88 [~~13~~] (14) Appropriations to the Utah Science Technology and Research Initiative
89 created in Section 63M-2-301.

90 [~~14~~] (15) Appropriations to fund the Governor's Office of Economic Development's
91 Enterprise Zone Act, as provided in Title 63N, Chapter 2, Part 2, Enterprise Zone Act.

92 [~~15~~] (16) The Motion Picture Incentive Account created in Section 63N-8-103.

93 [~~16~~] (17) Certain money payable for commission expenses of the Pete Suazo Utah
94 Athletic Commission, as provided under Section 63N-10-301.

95 Section 2. Section **63J-4-701** is enacted to read:

96 **Part 7. Employability to Careers Program**

97 **63J-4-701. Definitions.**

98 As used in this chapter:

99 (1) "Board" means the Employability to Careers Program Board created in Section
100 35A-14-201.

101 (2) "Education, employability training, and workforce placement program" means a
102 pay-for-success program that helps adults earn a high school diploma and obtain a full-time job
103 with benefits in a career path through integrated employability skills development.

104 (3) (a) "Eligible participant" means an individual who at the time of enrollment in an
105 education, employability training, and workforce placement program:

106 (i) is between 18 and 50 years of age;

107 (ii) does not have a high school diploma or the equivalent; and

108 (iii) (A) is enrolled in a public assistance program; ~~is~~ and ~~is~~

109 (B) is unemployed ~~is~~ or underemployed ~~is~~ .

110 (4) "Eligible program provider" means an organization or group of organizations with
111 the demonstrated capability of operating an education, employability training, and workforce
112 placement program.

113 (5) "Employability programs and services" means programs that assist adults in
114 developing job skills, attaining education, obtaining employment, increasing income, and
115 realizing self-sufficiency.

116 (6) "Employability skills" means technical, professional, and life skills that are

117 necessary for success in the labor market, which may include verbal and written
 118 communication, time management, problem solving, professionalism, and teamwork.

119 (7) "Fiscal intermediary" means a nonprofit community foundation located in the state
 120 that establishes and manages charitable funds and that has the necessary experience to
 121 coordinate the funding and management of a results-based contract and related program.

122 (8) "Multitiered system of supports" means a systemic, continuous improvement
 123 framework in which data-based problem solving and decision making is practiced for
 124 supporting participants.

125 (9) "Performance outcome measure" means an education or workforce placement
 126 outcome for an eligible participant, including earning an accredited high school diploma,
 127 employment placement, job retention, and wage advancement within a career path, which
 128 results in a demonstrated benefit to the state through increased tax revenue or lower state
 129 expenditures for public assistance programs.

130 (10) "Programmatic intermediary" means a nonprofit entity or academic institution that
 131 has the necessary experience in results-based financing and evidence-based policy to:

132 (a) validate a feasibility analysis of an eligible program provider;

133 (b) structure the terms and conditions of results-based contracts by developing
 134 cost-benefit financial models, performance outcome measures, payment schedules, and
 135 performance thresholds; and

136 (c) raise the private investment capital necessary to fund program services related to a
 137 results-based contract.

138 (11) "Restricted account" means the Employability to Careers Program Restricted
 139 Account created in Section [63J-4-703](#).

140 (12) "Results-based contract" means a contract entered into between the board, a fiscal
 141 intermediary, and an eligible program provider that will result in repayment to the fiscal
 142 intermediary if certain performance outcome measures are achieved.

143 Section 3. Section **63J-4-702** is enacted to read:

144 **63J-4-702. Employability to Careers Program Board.**

145 (1) There is created within the office the Employability to Careers Program Board
 146 composed of the following members:

147 §→ ~~(a) two members appointed by the governor;~~

- 148 ~~⊖(b) two members appointed by the speaker of the House of Representatives; and~~
 149 ~~—— (c) two members appointed by the president of the Senate.]~~
- 149a (a) the executive director of the Department of Workforce Services or the executive
 149b director's designee;
- 149c (b) the executive director of the Department of Human Services or the executive
 149d director's designee; and
- 149e (c) three members appointed by the governor with the consent of the Senate as follows:
 149f (i) one member from the private or nonprofit sector with expertise in finance;
 149g (ii) one member from the private or nonprofit sector chosen from among two
 149h individuals recommended by the president of the Senate; and
 149i (iii) one member from the private or nonprofit sector chosen from among two
 149j individuals recommended by the speaker of the House of Representatives. ←Ŝ
- 150 (2) (a) Ŝ→ [A] An appointed ←Ŝ member of the board shall serve for a term of three years,
 150a but may be
 151 reappointed for one additional term.
- 152 (b) If a vacancy occurs in the board for any reason, the Ŝ→ [person appointing the board
 153 member] governor with the consent of the Senate ←Ŝ shall appoint a replacement to serve the
 153a remainder of the board member's term.
- 154 (3) The Ŝ→ [governor shall appoint a] board shall elect a ←Ŝ chair from among the
 154a board's membership.
- 155 (4) The board shall meet at least quarterly upon the call of the chair.
 156 (5) Four members of the board constitute a quorum.
 157 (6) Action by a majority present constitutes the action of the board.
 158 (7) A board member may not receive compensation or benefits for the member's
 159 service, but a member Ŝ→ [who is not a legislator] ←Ŝ may receive per diem and travel expenses in
 160 accordance with:
- 161 (a) Section [63A-3-106](#);
 162 (b) Section [63A-3-107](#); and
 163 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
 164 [63A-3-107](#).
- 165 (8) The office shall provide staff support to the board.
- 166 Section 4. Section **63J-4-703** is enacted to read:
- 167 **63J-4-703. Employability to Careers Program Restricted Account.**
- 168 (1) There is created in the General Fund a restricted account known as the

169 "Employability to Careers Program Restricted Account."

170 (2) The restricted account consists of:

171 (a) money appropriated to the restricted account by the Legislature;

172 (b) income and interest derived from the deposit and investment of money in the

173 account; and

174 (c) private donations.

175 (3) Subject to legislative appropriations, money in the restricted account may be used

176 for the following purposes:

177 (a) to contract with a fiscal intermediary for the management of a results-based

178 contract;

179 (b) to contract with a programmatic intermediary to validate a feasibility analysis and
180 structure the terms and conditions of a results-based contract, including developing cost-benefit
181 financial models, performance outcome measures, payment schedules, and success thresholds;

182 (c) to contract with an independent evaluator as described in Section 63J-4-704;

183 (d) to pay for office expenses related to administering the Employability to Careers
184 Program and providing staff support to the board;

185 (e) to make payments to a fiscal intermediary that has entered into a results-based
186 contract with the board as described in Section 63J-4-704, if the independent evaluator selected
187 by the board determines that the performance-based results have been met; and

188 (f) to contract for other services as necessary to implement the Employability to
189 Careers Program.

190 Section 5. Section 63J-4-704 is enacted to read:

191 **63J-4-704. Results-based contracts -- Board duties.**

192 (1) (a) The board may negotiate and enter into a results-based contract with a fiscal
193 intermediary to provide payments to the fiscal intermediary upon the successful achievement of
194 specific outcome measures in accordance with Subsection 63J-4-706(2)(i) and the other
195 requirements of this part.

196 (b) The board may not issue a results-based contract that would cause the total
197 outstanding obligations under this part to exceed \$15,000,000.

198 (2) A results-based contract shall include:

199 (a) a requirement that the repayment to the fiscal intermediary be conditioned on
200 specific performance outcome measures described in the results-based contract and in
201 accordance with this part;

202 (b) a requirement for an independent evaluator to determine whether the performance
203 outcome measures have been achieved; and

204 (c) a provision that payment to the program intermediary is:

205 (i) based upon available money in the restricted account at the time of payment; and

206 (ii) subject to legislative appropriation.

207 (3) The board shall select an independent program evaluator that:

208 (a) is a research organization;

209 (b) has experience conducting research in labor economics;

210 (c) has experience in conducting experimental or quasi-experimental design or other
211 research methodologies as described in Subsection 63J-4-706(2)(j) that allow for the strongest
212 possible causal inferences to determine whether the initiative has met the initiative's proposed
213 outcomes; and

214 (d) has access to state data required to implement the evaluation design.

215 (4) (a) In accordance with timelines established in a results-based contract, the
216 independent evaluator shall implement an experimental or quasi-experimental evaluation
217 design to determine whether the performance outcome measures set in the results-based
218 contract have been met.

219 (b) If the independent evaluator determines under Subsection (4)(a) that the
220 performance outcome measures have been met, the board shall pay the fiscal intermediary
221 according to the terms of a results-based contract.

222 (5) (a) The eligible program provider described in Section 63J-4-705 shall ensure that
223 each participant in a program funded in a results-based contract has given written permission
224 and signed an acknowledgment that the participant's data may be shared with a fiscal
225 intermediary, an independent evaluator, and the office for evaluation and reporting purposes.

226 (b) The board shall maintain a record of each written permission and signed
227 acknowledgment described in Subsection (5)(a).

228 (6) As further described in Section 63J-4-705, for an education, employability training,
229 and workforce placement program funded under this part, the board shall:

230 (a) select an eligible program provider;

231 (b) consider the recommendations of the programmatic intermediary in selecting an
232 eligible program provider; and

233 (c) engage the services of the programmatic intermediary to complete a feasibility
234 analysis in accordance with Section 63J-4-706 to assess the viability of the board entering into
235 a results-based contract with the selected eligible program provider.

236 (7) The board, with the assistance of the office and other state agencies that provide
237 services to eligible participants, may cooperate with an eligible program provider to identify
238 and refer eligible participants for the program.

239 Section 6. Section **63J-4-705** is enacted to read:

240 **63J-4-705. Employability to Careers Program.**

241 (1) There is created the Employability to Careers Program to provide funding for the
242 implementation of a results-based education, employability training, and workforce placement
243 program for eligible participants.

244 (2) With the assistance of the programmatic intermediary, the board shall establish
245 evaluation criteria for selecting an eligible program provider and shall consider
246 recommendations from the programmatic intermediary in evaluating and selecting an eligible
247 program provider.

248 (3) The board and the programmatic intermediary shall consider the following
249 requirements and criteria for selecting an eligible program provider:

250 (a) the potential eligible program provider's capacity to effectively implement the
251 components of an education, employability training, and workforce placement program as
252 described in Section [63J-4-707](#);

253 (b) the potential eligible program provider's experience in enrolling and serving the
254 eligible participants the program intends to serve, including participants who are economically
255 disadvantaged;

256 (c) the potential eligible program provider's ability to access state collaborative partner
257 networks and community resources;

258 (d) the potential eligible program provider's ability to address labor market needs and
259 workforce demands;

260 (e) the potential eligible program provider's ability to demonstrate that performance
261 outcome measures for the education, employability training, and workforce placement program
262 can be measured through an experimental or quasi-experimental design;

263 (f) the potential eligible program provider's ability to attract private or philanthropic
264 investors;

265 (g) the potential eligible program provider's strategy to implement the components of
266 an education, employability skills, and workforce placement program; and

267 (h) the potential eligible program provider's ability to provide the necessary data to a
268 programmatic intermediary for the feasibility analysis described in Section [63J-4-706](#).

269 (4) To be selected as an eligible program provider under this chapter, the eligible
270 program provider shall agree to:

271 (a) allow the evaluator, chosen in accordance with Section [63J-4-704](#), to review data

272 from the provider to ensure that the components described in Section 63J-4-707 are
273 implemented; and

274 (b) assign a unique identifier to each eligible participant enrolled in an education,
275 employability training, and workforce placement program with the eligible program provider
276 and maintain records of the performance outcome measures achieved by each eligible
277 participant.

278 Section 7. Section **63J-4-706** is enacted to read:

279 **63J-4-706. Feasibility analysis.**

280 (1) The board shall engage a programmatic intermediary to complete, within two
281 months of selecting an eligible program provider in accordance with Section 63J-4-705, a
282 feasibility analysis that assesses the ability of the potential eligible program provider to provide
283 a program that will successfully achieve performance outcome measures that are cost effective
284 and will result in cost savings or increased tax revenue to the state.

285 (2) The feasibility analysis shall include:

286 (a) assessing the size and characteristics of the eligible population in the state that
287 could benefit from the employment programs and services funded through the Employability to
288 Careers Program;

289 (b) assessing the eligible program provider's capacity to make effective use of funding
290 supplied through the Employability to Careers Program and with the likelihood to meet
291 predefined and measurable outcomes based on the following factors:

292 (i) the economic feasibility of the programs and services provided;

293 (ii) the capacity of the program to serve an increased customer base; and

294 (iii) the degree to which the program and services will help individuals attain
295 self-sufficiency;

296 (c) developing a viable expansion plan and determining how much the expansion plan
297 will cost;

298 (d) projecting the impact of the expansion plan on outcomes to the community;

299 (e) projecting the financial value of the improvements that may result from the
300 Employability to Careers Program investment, including projected public sector savings and
301 projected returns to investors;

302 (f) developing a cost-benefit analysis of the program;

303 (g) determining feasible results-based contract terms and financing structures;

304 (h) determining the potential pool of investors likely to invest both in and outside the
305 state;

306 (i) developing performance measures to project and measure financial and social
307 outcomes;

308 (j) ensuring an experimental or quasi-experimental research design can be used to
309 measure the attained performance measures attributable to the intervention;

310 (k) estimating how many eligible participants the potential eligible program provider
311 plans to serve;

312 (l) preparing a financial model, including the proposed payment terms, the
313 methodology used to calculate outcome payments, the payment schedule, and performance
314 thresholds; and

315 (m) reviewing the project budget and timeline.

316 Section 8. Section **63J-4-707** is enacted to read:

317 **63J-4-707. Components of an education, employability training, and workforce**
318 **placement program.**

319 (1) In addition to the other requirements of this part, an education, employability
320 training, and workforce placement program approved under this part may include the following
321 components:

322 (a) an employability skills certification program;

323 (b) resilience intervention for eligible participants;

324 (c) a multitiered system of supports for eligible participants; and

325 (d) a learning and employability plan for each eligible participant.

326 (2) Subject to ~~§~~ → [§ → ~~money in the restricted account~~] ~~legislative appropriations from the~~
326a ~~restricted account~~ ← ~~§~~] **legislative appropriations** ← ~~§~~ , and in accordance with the contract
327 between the board and the fiscal intermediary, a separate payment shall be made by the board
328 from the restricted account to the fiscal intermediary in a specific amount for each successful
329 result in accordance with the terms and conditions of the results-based contract.

330 Section 9. Section **63J-4-708** is enacted to read:

331 **63J-4-708. Reporting.**

332 (1) On or before October 1, the board shall provide an annual written report to the
333 Social Services Appropriations Subcommittee and the Economic Development and Workforce

334 Services Interim Committee.

335 (2) The written report shall include:

336 (a) information regarding the fiscal intermediary, the programmatic intermediary, the
337 eligible program provider, and the independent evaluator that have been selected;

338 (b) the results of the feasibility analysis conducted in accordance with Section
339 63J-4-706;

340 (c) information regarding how many eligible participants have been served by the
341 education, employability training, and workforce placement program;

342 (d) a description of program expenses, including what payments have been made to the
343 intermediary and the cost to the state for each successful eligible participant outcome; and

344 (e) recommendations to the Legislature on any potential improvements to the
345 Employability to Careers Program, including whether the program should continue to receive
346 funding from the state.

347 Section 10. **Appropriation.**

348 The following sums of money are appropriated for the fiscal year beginning July 1,
349 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for
350 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
351 Act, the Legislature appropriates the following sums of money from the funds or accounts
352 indicated for the use and support of the government of the state of Utah.

353 ITEM 1

354 To Restricted Fund and Account Transfers -- General Fund Restricted --
355 Employability to Careers Program Restricted Account

356 From General Fund, One-time $\hat{\$} \rightarrow [$ ~~\$10,000,000~~ \$1,000,000 $\leftarrow \hat{\$}$

357 Schedule of Programs:

358 General Fund Restricted -- Employability to

359 Careers Program Restricted Account $\hat{\$} \rightarrow [$ ~~\$10,000,000~~

359a \$1,000,000 $\leftarrow \hat{\$}$

360 ITEM 2

361 To Governor's Office of Management and Budget -- Operations and Policy

362 From General Fund Restricted -- Employability to Careers Program

363 Restricted Account, One-time $\hat{\$} \rightarrow [$ ~~\$10,000,000~~ \$1,000,000 $\leftarrow \hat{\$}$

364 Schedule of Programs:

365 Employability to Careers Program

Ŝ→ ~~[\$10,000,000]~~ \$1,000,000

365a ←Ŝ

366 The Legislature intends that:

367 (1) under Subsection [63J-1-601](#)(2), appropriations provided under this section not

368 lapse; and

369 (2) the use of any nonlapsing funds be limited to the purposes described in Section

370 [63J-4-703](#).