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COMMITTEE ON BUDGET AND FISCAL REVIEW

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Agenda

February 26, 2015

**9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 4203**

Investing in California's Workforce Adult Education and Career Technical Education

- I. Overview of California's Workforce Needs and the Governor's Vision**
Brian McMahon, Undersecretary, California Labor and Workforce Development Agency
Tim Rainey, Executive Director, California Workforce Investment Board
- II. Overview of Current Programs and Governor's Proposals**
Christian Osmena, Department of Finance
Ian Johnson, Department of Finance
Natasha Collins, Legislative Analyst's Office
Judy Heiman, Legislative Analyst's Office
- III. Current Efforts to Develop California's Workforce**
Dr. Debra Jones, Dean of Workforce and Economic Development Division,
California Community College Chancellor's Office
Monique Ramos, Government Affairs, Department of Education
Russ Weikle, Director, Career and College Transition Division, Department of Education
Anette Smith-Dohring, Workforce Development Program Manager, Sutter Health
- IV. Public Comment**

Workforce Initiatives: Adult Education and Career Technical Education

BACKGROUND

As the state's economic recovery continues, many Californians are entering and returning to the workforce. It is estimated that there will be 6.3 million job openings in California between 2010 and 2020. By 2020, more than thirty percent of California's jobs will require a postsecondary career education credential, certificate, or associate degree. Education has been shown to significantly increase regional prosperity. Increasing the education of the average worker by one year is associated with a 10.5 percent increase in regional gross domestic product (GDP) per capita.

In addition to more traditional secondary and postsecondary education, the state, through school districts and community colleges, has also historically provided education for students, including adults, to gain the basic knowledge and skills necessary to actively participate as citizens and to enter the workforce. Two of the largest areas for the provision of these services are adult education and career technical education. Both areas are primarily state-funded, but also supported with federal funds under federal workforce and education initiatives. Services and funding for both adult education and career technical education have been in flux for the past two years, as the state explores ways to improve both the provision of services and outcomes for students.

Five state agencies offer the bulk of workforce services in the state. The California Community Colleges (CCC) and the California Department of Education (CDE) are the state's main providers of workforce education and training, which they typically refer to as adult education and career technical education (CTE). Three other state agencies—the Department of Social Services (DSS), the Employment Development Department (EDD), and the Department of Rehabilitation (DOR)—provide various workforce services that tend to focus on reducing barriers to employment for various specific populations, and can include connecting participants to workforce education and training provided by public and private entities. The Legislative Analyst's Office (LAO) estimates that more than 2 million Californians receive some form of state-supported workforce education annually.

ADULT EDUCATION

Background. Adult education has been delivered by a variety of different providers in different areas of the state. These providers primarily include community colleges and adult schools operated by school districts, but other local providers such as libraries participate in some areas. The LAO estimates that there are approximately 281 adult schools and 112 community colleges that provide adult education. These numbers are estimates, since data collection for adult

education lacks coordination and data is particularly weak from adult schools. Adult school offerings began declining after the introduction of categorical flexibility in 2008-09 (discussed below) and updated data on services provided has not been collected comprehensively since. Recent enrollment counts from the Cabinet report, required by AB 86 (Committee on Budget), Chapter 43, Statutes of 2013, estimate that close to 1.5 million students are being served by various adult education providers.

Historically, adult education has lacked a clear definition and core mission and covered everything from learning English to completing secondary education to personal enrichment. Adult schools operated by school districts generally provide more of the literacy, high school diploma, English as a second language, and citizenship-related instruction, while community colleges have focused more on remedial instruction to prepare a student for college-level coursework and vocational education. However this school district and community college divide in education offerings is not consistent across the state, and local regions split adult education offerings in a variety of ways.

Funding. Prior to 2008-09, school districts operating adult schools received Proposition 98 funding based on average daily attendance (ADA) at a specified rate for services through a categorical block grant (approximately \$635 million annually). However under the policy of categorical flexibility (enacted in 2008-09), school districts' categorical funds, including those for adult education, were reduced but categorical dollars could be used for any purpose through 2014-15. This new flexibility was intended to help soften the significant cuts made to education funding as a result of the recession. The Department of Finance (DOF) estimates that roughly \$300 to \$350 million Proposition 98 is spent on adult education by school districts. Commencing with the 2013-14 fiscal year, the state transitioned to funding K-12 education under a new Local Control Funding Formula (LCFF). This new formula eliminated most categorical programs, including adult education, and instead provided school districts with a grade span adjusted per ADA amount based on the number and type (low income, English learner and foster youth students generate additional funds) of K-12 students. In order to protect adult education programs as the state transitioned to LCFF, the Legislature and the Governor enacted a maintenance-of-effort requirement to ensure school districts continued to expend, from their LCFF allocation, the same amount of funds on adult education as they had in 2012-13 through the 2014-15 fiscal years.

Community colleges receive funding for adult education through Proposition 98 apportionments and receive different rates per student, based on the type of course and whether it is credit or non-credit instruction. According to the LAO, in 2014-15, community colleges received \$6.9 billion in Proposition 98 funding (both General Fund and property taxes) to serve 2.3 million students (1.1 million full-time equivalent students). Of this \$5.8 billion in apportionments, \$5.6 billion is for credit instruction (1.1 million full time equivalent students) and about \$230 million is for non-credit instruction (70,000 full time equivalent students). The remainder includes categorical funding. The LAO estimates that 25 percent to 30 percent of credit instruction, and about half of noncredit instruction, is related to adult education, at a cost of up to approximately \$1.8 billion.

While adult education is funded primarily through Proposition 98 resources that are allocated for adult schools and community colleges, as discussed above, there are other funds sources as well. Some providers also receive federal funds through the former Workforce Investment Act (WIA) and the newly passed Workforce Innovation and Opportunity Act (WIOA); in 2014-15 a total of \$86 million supported providers, including 139 adult schools and 19 community colleges, according to the LAO. Finally, adult education providers have some authority to charge fees: community colleges can charge fees for credit instruction and adult schools can charge fees for English as a second language, citizenship, vocational courses and other instructional areas. Fee revenue according to the LAO, is in the low tens of millions for school districts and approximately \$120 million for community colleges.

A New Vision. At the same time LCFF was enacted to change the funding structure of K-12 education, the 2013 Budget Act and accompanying legislation in AB 86 set up a new structure for adult education that included:

- \$25 million in planning grants for regional consortia that consist of school districts and community colleges and could include other local providers of adult education services. These funds could be used to examine existing adult education services, determine regional needs, and create a program plan to address adult education needs.
- Reporting on the planning from the California Department of Education and the Community Colleges Chancellor's Office, referred to as the AB 86 Cabinet, due to the Legislature and Governor in March of 2014, and again in March of 2015.
- Intent language to continue to develop common policies for adult education and to fund an adult education program based on the consortia plans, commencing in 2015-16.

The March 2014 report from the AB 86 Cabinet detailed the organizational structure for the consortia, the initial planning process and the participants; 70 consortia (281 school districts and 72 community college districts) formed and received planning grants. These include all community college districts and all school districts operating adult education programs.

The March 2015 Cabinet report will detail the following, as required under LCFF statutes and additional legislation enacted in SB 173 (Liu), Chapter 545, Statutes of 2014:

- Current adult education services in each consortia region and any gaps in service.
- Plans to create linkages between services.
- Strategies to accelerate student progress towards academic and career goals.
- Plans for collaboration on professional development for providers.
- Plans to leverage existing regional structures such as local workforce investment boards.

- Recommendations on creating common assessment and placement policies for adult education students at adult schools and community colleges, linked data systems, consistent fee policies, and a comprehensive accountability system.

CAREER TECHNICAL EDUCATION

Background. The California Department of Education defines career technical education as a “...program of study that involves a multiyear sequence of courses that integrates core academic knowledge with technical and occupational knowledge to provide students with a pathway to postsecondary education and careers.” It further defines 15 industry fields for career technical education as noted in the table below:

Industry Sectors	
Agriculture	Health Science and Medical Technology
Arts, Media, and Entertainment	Hospitality, Tourism, and Recreation
Building Trades and Construction	Information Technology
Business and Finance	Manufacturing and Product Development
Child Development and Family Services	Marketing, Sales, and Services
Energy and Utilities	Public Services
Engineering and Design	Transportation
Fashion and Interior Design	

Career technical education has been provided through a variety of programs in California:

- **Regional Occupational Centers and Programs (ROCPs).** ROCPs provide services for high school students over 16 and some adult students. According to the California Department of Education, approximately 470,000 students enroll in ROCPs each year. Students may receive training at schools or regional centers. The provision of career technical education services by ROCPs varies across the state and services are provided under the following organizational structures: 1) county office of education operates an ROCP in which school districts participate, 2) school districts participate in a joint powers agreement that operates an ROCP, or 3) a single school district operates an ROCP. Funding for ROCPs historically was on a hourly attendance basis, but is now provided under the LCFF.

Prior to 2008-09, ROCPs received funding through a categorical block grant (approximately \$384 million Proposition 98 annually). However, similar to adult education, under the policy of categorical flexibility, school districts could use ROCP funds for any purpose through 2014-15. Commencing with the 2013-14 fiscal year, the state transitioned to funding K-12 education under a new LCFF. This new formula eliminated most categorical programs including separate ROCP funding and instead provided school districts with a grade span adjusted per ADA amount based on the number and type (low income, English learner and foster youth students generate additional funds) of K-12 students. The high school grade span rate included an additional 2.6 percent increase over the base grant to represent the cost of career technical

education in high schools; however, school districts are not required to spend this funding on career technical education. In order to protect career technical education programs as the state transitioned to LCFF, the Legislature and the Governor enacted a maintenance-of-effort requirement to ensure local educational agencies continued to expend, from their LCFF allocation, the same amount of funds on career technical education as they had in 2012-13 through the 2014-15 fiscal year. According to the California Department of Education, prior to this new flexibility there were 75 ROCP programs in the state and approximately six have closed or are planning to close since categorical flexibility was enacted.

- **Other Career Technical Education Categorical Programs.** Three additional high school career technical education categorical programs exist outside of LCFF. The Specialized Secondary Program provides seed funds for pilot programs in specialized fields and supports two high schools with special programs in math, science, and the arts. The Agricultural Career Technical Education Incentive Program provides funds to support non-salary expenses for agriculture education. Finally, the California Partnership Academies support smaller scale instruction cohorts in career-related fields. Combined these categorical programs receive approximately \$39 million in Proposition 98 funds. The Governor proposed folding the Specialized Secondary Program and the Agricultural Career Technical Education Incentive Program into LCFF in 2014-15; however, the Legislature rejected the proposal and retained separate funding to support these programs which are particularly important in specific regions of the state.
- **Career Pathways Trust and Career Technical Education Pathways Initiative.** Two grant programs provide funding to support building collaboration between career technical education programs in LEAs, postsecondary education institutions and the business community. The Career Pathways Trust is a one-time competitive grant program that provided \$250 million in one-time Proposition 98 funding (available for expenditure for the 2014-15 and 2015-16).

An additional \$48 million in Proposition 98 funding has been provided for the Career Technical Education Pathways Initiative through 2014-15. SB 70 (Scott), Chapter 352, Statutes of 2005, established the CTE Pathways Initiative, which directed the Board of Governors of the California Community Colleges to work with the CDE to improve linkages and career-technical education pathways between high schools and community colleges in order to create opportunities for students in both education systems. SB 1070 (Steinberg), Chapter 433, Statutes of 2013, reauthorized the initiative. The initiative helped build 5,792 partnerships, developed over 1,000 courses, provided trainings or externships to 36,000 staff at high schools and community colleges, and served approximately 750,000 students.

COMMUNITY COLLEGES

According to an inventory of CTE courses published in 2012 by the Institute for Higher Education Leadership and Policy at Sacramento State University, community colleges collectively offered about 8,000 CTE certificate programs and 4,500 associate degree programs. Despite this diversity of courses, enrollment and completions are concentrated in a few fields, as the table below indicates.

Field	Share of Enrollment	Share of Completions
Administration of Justice	8%	9%
Nursing	8%	13%
Child Development/Early Care and Education	7%	10%
Accounting	6%	4%
Fire Technology	5%	5%
Office Technology/Office Computer Application	4%	2%
Information Technology, General	3%	<1%
Nutrition, Foods, and Culinary Arts	3%	2%
Cosmetology and Barbering	3%	2%
Automotive Technology	3%	3%

Source: Institute for Higher Education Leadership and Policy

The Division of Workforce and Economic Development within the Chancellor's Office provides support and manages grants for CTE programs across the state. The division manages other sources of CTE funding aside from apportionment funding, including the following:

Economic and Workforce Development Program. This categorical grant program funds the development of programs that address regional workforce needs and supports regional centers, hubs, or advisory bodies, among other things. The Chancellor's Office has recently used this funding to hire statewide and regional experts in specific industries to help improve and coordinate programs to benefit local economies. This program received \$72.9 million in 2014-15, which includes a \$50 million one-time grant program. For 2015-16 the Governor proposes \$22.9 million, the same as its 2013-14 level.

Carl D. Perkins Career Technical Education Program. The Carl D. Perkins Career Technical Education program provides \$113 million in ongoing federal funding for CTE programs, with half going to the K-12 system and half going to community colleges. Of these funds, 85 percent goes directly to LEAs and community colleges to be used for CTE purposes, including curriculum, professional development, and purchasing equipment and supplies. The remaining 15 percent is provided to the CDE and the Community College Chancellor's Office for administration of various CTE programs.

Nursing Program Support. This is a categorical program that provides grants to colleges to increase nursing program enrollment and completion rates. The grants are distributed on a two-

year basis. Funding in 2014-15 was \$13.4 million Proposition 98 General Fund and is proposed for the same amount in 2015-16.

Apprenticeship. This is a categorical program that allows apprentices in industries such as firefighting and building trades to receive on-the-job training through an employer and classroom instruction through K-12 or community college partners. State funding is used for industry-approved related and supplemental instruction. The 2013 Budget Act moved the apprenticeship program previously administered by the Department of Education into the community college budget. Thus there are now two apprenticeship categorical programs administered by the Chancellor's Office: one originally administered by CCC and the one transferred from CDE. Funding in 2014-15 was \$7.2 million Proposition 98 General Fund for the community college program and \$15.7 million Proposition 98 General Fund for the K-12 program; funding levels are proposed to be \$31.4 million and \$20.5 million in 2015-16, respectively.

Doing What Matters for Jobs and the Economy. In an effort to better align CTE and workforce development programs with regional employer needs, the Chancellor's Office launched an initiative requiring regional collaboration between colleges and industry. Colleges are working to ensure their programs have similar curricula so that employers have a better sense of what skills a graduate has as he or she leaves college. Regions also are required to select from specific industry sectors to focus programs on regional workforce needs. The 11 economic regions are working to develop plans to better support programs for the sectors they have selected. Among the sectors are:

- Advanced Manufacturing
- Advanced Transportation and Renewables
- Agriculture, Water and Environmental Technologies
- Energy Efficiency and Utilities
- Global Trade and Logistics
- Health
- Information and Communication Technologies/Digital Media
- Life Sciences/Biotech
- Retail/Hospitality/Tourism
- Small Business

On November 17, 2014, the California Community Colleges Board of Governors commissioned the Task Force on Workforce, Job Creation and a Strong Economy to consider strategies and

recommend policies and practices on how the community college system can improve workforce training. Specifically, the task force will explore strategies to:

- Increase the completion of quality industry-valued credentials by regional economies.
- Increase Science Technology Engineering and Math (STEM) and Science Technology Engineering, Art and Math (STEAM) skills that matter to employers.
- Better aligning K-14 and K-16 career pathways to the quality and quantity needed by regional economies.
- Increase employer co-investment in developing their talent pool via apprenticeship, work-based learning, internships and other forms of participation.
- Evolve structures intended to respond to changing skills needs, making them more inclusive of competencies, online delivery, employer-customized education, and work-based learning.
- Braid collaboration, resources, and outcomes among California's state agencies active in workforce and economic development.
- Create on-line tools to access the jobs infrastructure for: at-risk youth (ages 16-24); adults needing training or retraining; businesses that need the talent; and partners who want to co-invest.

The Task Force is comprised of leaders from across the community college system, the business community, labor, public agencies involved in workforce training, community-based organizations, K-12 policy, and other groups. The task force will present recommendations to the Board of Governors in September, 2015.

Other State and Federal Workforce Efforts. The California Workforce Investment Board (CWIB), created to implement the provisions of WIA, is responsible for setting statewide policy for workforce development. The CWIB consists of 53 members appointed by the Governor. The members represent a broad group of stakeholders, including the Legislature, business, labor, education, and corrections.

WIA offers workforce development activities provided in local communities that benefit job seekers, laid-off workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. California will receive approximately \$391 million from the federal government in Program Year 2014-15, \$356.3 million is allocated to the local investment boards to provide services for adults, laid-off workers, and youth, and \$34.5 million for program oversight and discretionary programs. Discretionary funding in 2015-16 is expected to increase and will be detailed in the May Revision.

The EDD's Workforce Services Branch provides a comprehensive range of employment and training services for adults and laid-off workers, in partnership with state and local agencies,

such as CWIB, and organizations through the America's Job Center of California, formerly known as One-Stop Career Centers. Federal law requires each Local Workforce Investment Area (local areas) to have at least one comprehensive center. While the WIA requires these centers to provide specific services, local areas may design programs and provide services that reflect the unique needs of their area. At a minimum, centers are required to provide three general tiers of services. These tiers are divided into categories according to how prepared a person may be for a new job. The three tiers are known as:

- **Core Services** include labor market information, initial assessment of skill levels, and job search and placement assistance.
- **Intensive Services** are available to eligible unemployed individuals who have completed at least one core service, but who have not been able to obtain employment, or to employed individuals needing additional services to obtain or keep employment that will lead to personal self-sufficiency.
- **Training Services** are available to eligible individuals who have met the requirements for intensive services and who have not been able to obtain or keep employment. Individual Training Accounts are established to finance training based upon the individual's choice of selected training programs.

Additionally as a condition of receiving federal WIA funding, the CWIB must prepare a strategic workforce plan every five years. California state law requires the CWIB to collaborate with the CCC, CDE, other appropriate state agencies, and local workforce investment boards to develop the plan. The plan is intended to serve as a framework for the development of policy, spending, and operation of all workforce development programs in the state—both federally and state funded—including workforce education and training.

The state's strategic workforce plan lays out goals in four key areas to guide the activities of the workforce system:

- **Business and Industry**. Meet the workforce needs of high demand sectors of the state and regional economies.
- **Adults**. Increase the number of Californians who obtain a marketable and industry-recognized credential or degree.
- **Youth**. Increase the number of high school students who graduate prepared for postsecondary vocational training, further education, and/or a career, with emphasis on at-risk youth and those from low-income communities.
- **System Alignment and Accountability**. Support system alignment, service integration, and continuous improvement using data to support evidence-based policymaking.

The state's current workforce plan for the period of July 1, 2013 to June 30, 2017, takes significant steps by laying out a comprehensive strategy for the state's workforce programs based on economic regions and industry sectors.

WIOA was signed into law in July of 2014 and supersedes previous federal workforce investment legislation. Under WIOA, federal investments in employment, education, and training services for adults, youth, dislocated workers and individuals with disabilities are authorized. While the detailed regulations and requirements of WIOA are still under development, WIAO places greater emphasis on integration of the state's workforce services to break down silos among providers of workforce services.

Some of the areas of focus include the use of evidence-based, data-driven practices, regional collaboration that includes service providers and employers, and increased pathways from systems of education and training to employment. WIOA also requires a 4-year combined state plan for 2016-2020 for all WIOA programs, including adult education, vocational rehabilitation, and employment services. WIOA requires the new combined state plan to be submitted to DOL and DOE in March 2016, and approval is expected by July 1, 2016. The CWIB has convened a workgroup on WIOA implementation and will begin revising the state's workforce plan to meet the new requirements. The Governor notes that the programs he proposes in adult education and career technical education are aligned with the new WIOA requirements.

The state has also encouraged increased collaboration through the Slingshot Initiative. This initiative is a grant program that encourages employers and industry, government, workforce and economic development, and education stakeholders within a region to identify and then work to solve employment challenges within the region. The EDD in conjunction with the CWIB, has dedicated \$5.2 million (federal WIA funds in 2014-15) for grants to support the regional alignment of job seekers with labor market demand. A Slingshot coalition must develop an Action Plan and meet certain benchmarks in order to receive initial funding and implementation grants.

GOVERNOR'S PROPOSAL

The Governor's budget contains several proposals designed to enhance the workforce. The proposals integrate requirements of the federal WIOA and indicates intent to continuing work with the Labor and Workforce Development Agency and other entities to develop a Unified State Workforce Investment Plan over the next year.

Specifically, the proposed budget includes over \$800 million in additional funding that builds on existing state and federal funding to support adult education and career technical education programs to improve access to, and the quality of, the state's workforce. The proposals are as follows:

- **New Adult Education Block Grant.** The Governor's budget proposes to provide \$500 million in Proposition 98 funding on an ongoing basis for a new Adult Education Block Grant. This Governor's budget proposal is intended to build off of the last two years of planning and fund adult education programs through regional consortia.

Under the proposal, the Chancellor of the Community Colleges (chancellor) and the Superintendent of Public Instruction (superintendent) shall approve one adult education consortium in each region based on the current planning effort. The consortium shall provide for adult education in the region, based on the regional plan developed under the AB 86 planning process for 2015-16, and shall update and approve a plan annually thereafter that includes the following:

- o An evaluation of the adult education needs.
- o An evaluation of the current adult education services.
- o An evaluation of the funds available for adult education, including from fund sources than the adult education block grant.
- o Actions that can be taken to address adult education needs.
- o Actions that can be taken to improve the delivery of services.
- o Actions that can be taken to better transition adult education recipients into postsecondary education and/or the workforce.
- o A description of alignment of adult education services with other plans from all providers, including those pursuant to the federal WIOA.

The governance structure of the adult education consortium would include all community college districts, school districts, or county offices of education that wished to join as members within the region. The consortium would be required to consult with other adult education and service providers in the region when developing their annual plans.

The chancellor and the superintendent would jointly approve the allocation of funds to consortia on an annual basis and shall consider prior year funding, share of statewide adult education need, and effectiveness of the consortium at meeting adult education needs, when determining the distribution of funds. Each consortium shall establish an allocation board that will approve the allocation schedule for funds in their region

consistent with their annual plan and select a fiscal administrator for the distribution of the funds. The allocation board would consist of seven members, representing: community colleges, K-12 school districts, other adult education providers, local workforce investment boards, county social services departments, correctional rehabilitation programs, and a public member. Funds may be used for the following purposes, with up to five percent reserved for administration of the consortium:

- o Elementary and secondary basic education
- o Citizenship, English as a second language, and workforce preparation for immigrants
- o Education for adults with disabilities
- o Career technical education
- o Apprenticeship and pre-apprenticeship programs subject to some conditions.

In 2015-16, the funds would first be allocated to K-12 school districts in the amount of their MOE requirements in previous years, and remaining funds would be allocated to regional consortia. In future years, all block grant funding would be allocated to regional consortia under the structure described above.

Annual reporting to the Legislature on consortium expenditures, activities, and outcomes would be provided by September 30 of each year.

The Governor's budget notes that the details of the proposal will be further informed by the AB 86 Cabinet report, which will be available in March of 2015.

- **New Career Technical Education Competitive Grant Program.** The Governor's budget proposes to provide \$250 million in one-time Proposition 98 funding for each of the next three years for a career technical education incentive grant program. This program would provide funding for school districts, charter schools, and county offices of education to develop and expand career technical education programs. Grantees would be required to provide dollar-for-dollar matching funds, sources of which may include apportionments under the Local Control Funding Formula, federal Perkins Grant, California Partnership Academies, the Agricultural Incentive Grant, and the California Career Pathways Trust. Grantees must also provide a plan for continued support of the program after the expiration of the three year grant and provide the following at a minimum:
 - o Curriculum and instruction aligned with the California Career Technical Education Model Curriculum Standards
 - o Quality career exploration and guidance for students
 - o Pupil support and leadership development
 - o System alignment and coherence
 - o Opportunities for after-school, extended day, and out-of-school work based learning
 - o Reflect regional or local labor market demands, and focus on high skill, high wage, or high demand occupations

- o Lead to an industry recognized credential, certificate, or appropriate post-secondary training or employment
- o Skilled teachers or faculty with professional development opportunities
- o Data reporting

The California Department of Education in conjunction with the California State Board of Education shall determine whether a grantee continues to receive funds after the initial year based on the grantee's success in achieving positive outcomes in the following areas:

- o Number of pupils graduating high school
- o Number of pupils completing career technical education coursework
- o Number of pupils obtaining an industry-recognized credential, certificate, license, or other measure of technical skill attainment.
- o Number of former pupils employed and types of employment
- o Number of former pupils enrolled in postsecondary education, apprenticeships, or other job training.

Priority for funding would be given to regional partnerships and those that effectively leverage existing federal and state resources.

- **Extends Career Technical Education Pathways Initiative for One Year.** The Governor's budget proposes to extend the CTE Pathways Initiative Program for community colleges through 2015-16 by providing \$48 million in 2014-15 Proposition 98 funds.
- **Apprenticeship Programs.** The Governor's budget proposes an additional \$29 million Proposition 98 General Fund for the expansion of apprenticeship programs. This proposal includes \$14.1 million to grow existing programs and \$15 million in new ongoing support to create and innovative apprenticeships in high-demand occupations.
- **Enhanced Non-Credit Rate Change.** The Governor's budget proposes to provide \$49 million in Proposition 98 funds to reflect an increase adopted with 2014 Budget in the funding rate for career development and college preparation non-credit courses to equal the rate provided for credit courses.

ISSUES TO CONSIDER

Adult Education Funding. The Governor's proposal builds on the planning work done over the past two years. The Legislature may wish to consider the AB 86 Cabinet report, to be released in March of 2015, to inform their discussion. Several outstanding questions around funding remain. In the initial year of the program, should school districts receive an amount equal to the MOE requirement as proposed or would an alternate distribution of funds allow school districts to better transition to a new adult education program? Is \$500 million an appropriate amount of funding and will it meet adult education needs? Will the allocation boards ensure funding is provided evenly for all adult education needs in a region or will various needs be prioritized?

Adult Education Program. There are still many complex issues around the provision of adult education. The Legislature may wish to consider recommendations from the AB 86 Cabinet report to inform their discussion of potential solutions. Some key policy questions that remain are: how will data on services and outcomes be collected; what type of accountability does the state need over a new program; how can programs be aligned to provide consistent skills assessment, course placements, and efficient pathways to help adult students meet their goals?

Career Technical Education. Under LCFF, school districts and county offices of education no longer receive separate career technical education categorical funds. Similar to other programs previously funded with categorical funding, school districts could choose to continue to support programs that met the needs of their students at funding levels they deemed appropriate locally. The intention is that school districts would retain their most successful programs and use the flexibility to amend, strengthen, or eliminate other programs, based on local needs. The Governor and Legislature agreed to an MOE requirement on career technical education programs for two years to ensure LEAs had time to transition. In addition, some school districts participated in county office of education programs or other regional programs and the MOE allows participants time to examine these program relationships in light of the new funding requirements. The new Career Technical Education Incentive Grant Program would allow school districts and county offices of education an additional three years to transition to funding of career technical education under LCFF. The Legislature may wish to consider this option and review the following questions to ensure high quality career technical education programs are not dismantled due to LCFF. Will the new program structure and timing appropriately incentivize local school districts to retain and improve current programs and create new innovative programs? Does this new program fit within the long-term vision for LCFF? Are the outcome-based requirements of the program realistic and aligned with accountability under LCFF?

Workforce Development. Coordinating state workforce efforts may help maximize systems value and can help policy makers consider the system as a whole and develop policies and budgets that encourage greater efficiency. However, according to the LAO, the state has a long way to go to achieve the vision of a well-coordinated system. The state's current strategic workforce plan identifies several shortcomings with the system, including operating in silos by program, provider and funding source.

State workforce leaders have been working toward a common workforce accountability system so that the state can comparatively evaluate the success of its various workforce efforts. This requires the state to adopt standard performance measures that can be aggregated across providers, as well as methods to track participants' progress through the system and into the workforce. Currently, various agencies collect information differently and, as a result, data collection is fragmented. For example; workforce education and training programs tend to report participation in terms of annual enrollment; whereas, others report participation in terms of per average monthly enrollment. Additionally, some individuals may access services from multiple agencies at the same time, and unduplicated counts are not always available. This makes it difficult to measure the results from workforce investments. The LAO recommends the Legislature require all recipients of workforce-related funding to use common performance measures and regularly share standardized data so that areas of success, as well as duplication of effort and other systemic problems, can be more easily identified.

With 49 local WIBs, 70 regional adult education consortia, the CCC's 15 economic regions, various CTE networks, and other workforce regions, overlapping regional structures often results in confusion and duplication of efforts. Overlapping boundaries make it difficult for stakeholders to participate and collaborate in regions where a provider may straddle several local workforce investment areas, adult education regions, and CTE programs. The state's workforce programs comprise a complex network that has multiple funding streams and providers. LAO suggests the Legislature may wish to consider all investments against the state's strategic workforce plan and prioritize those spending commitments that are most likely to advance its goals. How do the different workforce initiatives work together? How are resources and programs coordinated and connected?