

Date of Hearing: April 19, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2412 (Chang) – As Amended March 17, 2016

**SUBJECT:** Community colleges: incentive grant program for completion of industry-recognized credentials.

**SUMMARY:** Establishes an incentive grant program for the completion of industry-recognized credentials, as defined, commencing with the 2017-18 academic year. Specifically, **this bill:**

- 1) Establishes an incentive grant program to be by the California Community Colleges (CCC) Chancellor's Office (CCCCO), for the completion of industry-recognized credentials in specified occupational areas by students enrolled at participating campuses of the CCC.
- 2) Specifies that said grants shall be awarded by the CCCCCO beginning in the 2017–18 academic year and for each academic year thereafter.
- 3) Requires the CCCCCO to provide each participating CCC campus with \$1,000 in grants for each eligible industry-recognized credential in specified occupational areas earned by a CCC student.
- 4) Defines "industry-recognized credential" as a certification that a student receives from an independent, third-party, certifying entity using predetermined standards for knowledge, skills, and competencies, resulting in the award of a credential that is nationally recognized and addresses a critical local or statewide economic need.
- 5) Specifies that each campus of the CCC that participates in the program shall maintain documentation of student attainment of industry-recognized credentials that are eligible for incentive grants, and report that data to the CCC Chancellor.
- 6) Requires the CCCCCO to verify compliance on an annual basis. If it is found that a participating campus failed to comply with the documentation requirement or intentionally provided incorrect data regarding the amount of credentials earned, all incentive grant funds received by that campus for that academic year shall be refunded to the state.
- 7) Requires the CCCCCO to distribute the grants and establish procedures and timelines for participating campuses to report earned credentials.
- 8) Specifies that a CCC campus that receives incentive grants shall use those funds to improve its workforce development and career technical education programs. Funds may be used for equipment upgrades, supply purchases, program expansion, or any other use that would improve campus workforce education and career technical education programs.
- 9) Specifies that incentive grant funds shall not be used to fund the salaries or benefits of personnel in these departments in which students are earning industry-recognized credentials.
- 10) Requires the CCCCCO to work with local workforce boards, businesses, industry, the Employment Development Department, and the California Workforce Development Board to

identify industry-recognized credentials that are in high demand based on regional and statewide needs and employment projections.

- 11) Requires the CCCCCO and said working group to prioritize all of the following criteria when selecting industry-recognized credentials that shall be eligible for funding, as specified:
  - a) The relevance of the certificate to the labor market needs of the state and relevant region's competitive industry sectors and industry clusters;
  - b) The relevance to the state's need to fill skills gaps and skills shortages in the economy, including those at the state and regional level; and,
  - c) The projected wages and rates of employment placement for students entering the labor market.
- 12) Requires that the criteria referenced in 11 (b) above, shall be prioritized by the CCCCCO annually and updated each year thereafter to reflect changing and new workforce needs.
- 13) Specifies that the updated criteria shall be posted on the Internet Web site of the CCCCCO and distributed to instructors and students in career technical education classes.
- 14) Requires the CCCCCO to submit a report to the Legislature on or before December 1, 2018, and on or before December 1 every three years thereafter.
- 15) Specifies that the report required shall include, but not necessarily be limited to, the amount of funds allocated, as specified, and a list of the industries for which the funds were allocated.

**EXISTING LAW:** Establishes the CCC and specifies that the CCC Board of Governors shall prescribe minimum standards or the formation and operation of the CCC (Education Code Sections 66770 and 70900).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background.* California Community Colleges lead the state and nation in providing postsecondary career technical education and training. Serving more than 2.1 million students, the 113 community colleges provide workforce training, basic skills education, and transfer preparation. Students can enroll in associate degree and certificate programs in 350 fields of study. The colleges also offer apprenticeship programs, short-term training aligned to third-party credentials, and incumbent worker training to upgrade skill sets in various industry sectors.

According to the CCCCCO, employers currently struggle to find workers who possess the necessary skills to fill job openings, and this skills gap is projected to grow. By 2025, 30 percent of all job openings in California – or a total of 1.9 million jobs – will require some form of postsecondary education short of a four-year degree. California's education pipeline is not keeping pace with the higher levels of skills and education required by employers and must significantly increase the number of individuals with industry-valued, middle-skill degrees, certificates and credentials.

*Purpose of this measure.* According to the author, as of February of this year, California's unemployment rate was at 5.7 percent, 0.8 percent higher than the national unemployment rate. Additionally, by the year 2025, the Public Policy Institute projects that the state will face a significant skilled workforce gap; failing to provide the workforce with enough qualified individuals that have received some college education, but not having earned a 4-year degree.

The author argues that, "enactment of this legislation will prompt important change within the community college system to put greater emphasis on career technical education and workforce development."

*Task Force on Workforce, Job Creation, and a Strong Economy.* California's community colleges have a strong career technical education mission and, with added emphasis and prioritization, are well positioned to close this impending skills gap. The CCC Board of Governors launched the Task Force on Workforce, Job Creation and a Strong Economy to address the projected shortfall in middle-skill workers. The task force, comprised of both internal and external stakeholders, was convened to recommend a series of policies and practices to increase the production of industry-valued degrees and credentials.

The 25 recommendations in the task force's report, released in August 2015, build upon current college efforts and address barriers to enhancing the capacity of the CCC to prepare students for high-value jobs in regions throughout the state. The recommendations are the culmination of extensive input from more than 1,200 stakeholders during a nine-month period to identify actions that can be taken to provide policy guidance, regulatory review, and legislative and budgetary actions with the goal of increasing the number of students obtaining career technical education degrees and certificates – crucial for closing California's skills gap. The importance of creating incentives, streamlining processes, and identifying and showcasing best practices was an overarching theme of the deliberations and the final recommendations.

This measure calls for the creation of an incentive grant program for the completion of industry-recognized career technical education credentials.

*Governor's budget proposal.* The Governor's 2016-17 Budget Proposal creates the Strong Workforce Program, which is designed to allow CCC campuses to expand access to career technical education courses and programs and to implement a regional planning and accountability structure to meet regional workforce needs. The Administration proposes \$200 million to support this program.

*Policy consideration.* As drafted, it is unclear as to the funding structure of this measure and how the incentive grant will be funded.

*Moving forward, the author may wish to clarify what funding source is intended to be used in order for the CCCCO to implement this measure.*

If the author intends on drawing from some of the Strong Workforce Program dollars, *the author may wish to take note that Committee staff understands that said funding for the program may not be available for the said purposes describe within this measure.*

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

Academic Senate for California Community Colleges

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