

Date of Hearing: April 25, 2023

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 377 (Muratsuchi and McCarty) – As Amended March 1, 2023

SUBJECT: Career technical education: California Career Technical Education Incentive Grant Program: Strong Workforce Program

SUMMARY: Combines the California Career Technical Education Incentive Grant (CTEIG) Program and the K-12 Strong Workforce Program into the CTEIG program administered by the California Department of Education (CDE). Increases the funding for the CTEIG program to \$450 million, requires the CDE to provide staff at the state and regional level for technical assistance to local education agencies (LEAs) applying for the CTEIG program, and establishes a stakeholder workgroup to provide programmatic improvements to the CTEIG program. Specifically, **this bill:**

- 1) Increases the budget allocation for the CTEIG Program to \$450,000,000 upon approval by the Legislature in the annual Budget Act, beginning in the 2024-2025 fiscal year, and each fiscal year thereafter. Permits funding not used to be carried over to the next fiscal year.
- 2) Authorizes the CDE, beginning in the 2024-2025 fiscal year, to permit an applicant for the CTEIG program to provide a dollar-for-dollar match as follows:
 - a) Regional occupational centers, programs operated by joint power authority, and programs operated by a county office of education, will match one dollar for every dollar received from the CCTEI program; and,
 - b) LEAs will match one dollar and fifty cents for every one dollar received from the CTEIG program.
- 3) Modifies the minimum eligibility requirements for the CTEIG program to include a reporting requirement of the number of pupils completing career technical education coursework and the number of pupils completing a career technical education pathway consisting of a sequence of two or more career technical education courses in the same career technical education subject matter discipline, to be submitted as part of the annual report to the Superintendent of Public Instruction (SPI) by November 1 of each year.
- 4) Adds to the administrative duties of the SPI with regards to the CTEIG program the following requirements:
 - a) Collaborate with the California Board of Education's Executive Director to establish a stakeholder workgroup by June 30, 2024. The stakeholder group may include, but is not limited to, LEAs which offer high-quality career technical education programs, regional career technical education centers or programs offered by joint powers authorities or county offices of education, labor organization involved in K-12 career technical education programs, and business and industry organizations. The purpose of the workgroup is to provide recommendations on maximizing career technical education opportunities for pupils including the following:

- i) Methods to simplify the allocation of funding, including utilizing the positive considerations to score the applications to determine eligibility and priority, while funding eligible applicants on the basis of the average daily attendance of the LEA or the number of pupils enrolled in career technical education courses;
 - ii) Setting aside a percentage of the funding for career technical education programs at alternative schools, as defined, and providing recommended eligibility and outcome metrics for those programs;
 - iii) Setting aside a percentage of the funding for career technical education programs at middle schools, as specified, and providing recommended eligibility and outcome metrics for those programs;
 - iv) Evaluating the effectiveness of regional career technical education programs offered by joint powers authorities or county offices of education in terms of economies of scale and the quality of opportunities provided to students, and identifying ways to support and stabilize funding for high-quality programs at those locations;
 - v) Providing greater stability of funding by streamlining renewal of grants or establishing multiyear contracts; and,
 - vi) Streamlining reporting requirements for K-12 career technical education funding streams.
- b) Report the outcome of the workgroup recommendations pursuant to (a) to the policy and fiscal committees of the Legislature, the Department of Finance, and the Governor by January 1, 2025.
 - c) Provide a level of professional staffing within the CDE that is dedicated to career technical education and is able to effectively administer the CTEIG program and any other federal and state career technical education programs. The staffing selected will include state-level subject matter experts in key industry sectors who are responsible for liaising with regional career technical education coordinators, and providing support to local LEAs to assist in establishing or improving career technical education programs.
- 5) Allocates \$12,000,000 to the CDE for the purpose of providing regional career technical coordinators for technical assistance and support to local education agencies in implementing their career technical education courses, programs, and/or pathways. Funding for the regional coordinators will be provided by the SPI on the basis of the average daily attendance of the K-12 public schools in the county. To the extent possible, the SPI will have equitable geographical distributions of technical assistance coordinators throughout the state. Permits any funds not used for the regional career technical coordinators to be added either by the Budget Act or other statutes to the CTEIG program. The duties of the regional career technical education coordinators are as follows, but can be expanded:
- a) Provide technical assistance and support to LEAs in implementing their career technical education programs, and to integrate available local, state, and nonpublic resources to help pupils achieve successful outcomes;

- b) Collaborate with the local community college Strong Workforce Program consortia, industry partners, local workforce investment boards, and other relevant agencies or organizations to support and align K-12 career technical education programs;
 - c) Be the first point of contact for LEAs, industry organizations, and employers to help the LEAs respond to industry needs and facilitate industry connections with K-12 career technical education programs;
 - d) Assist in cultivating collaborative communities with key industry sectors so the LEA and the industry organizations can collaborate to provide peer-to-peer knowledge exchanges; and,
 - e) Provide the necessary assistance to ensure the career technical education programs established by the LEAs meet the requirements, as defined.
- 6) Removes the funding from the K-12 Strong Workforce Program from the jurisdiction of the Chancellor's Office of the California Community Colleges and provides the remaining funds to the California Department of Education for distribution through the CTEIG program beginning on July 1, 2024.
- 7) Removes references of K-12 Strong Workforce Program from the Education Code beginning on July 1, 2024 and repeals the sections of code referencing K-12 Strong Workforce Program beginning on January 1, 2025.

EXISTING LAW:

- 1) Establishes the California Community Colleges (CCC) under the administration of the Board of Governors of the CCC, as one of the segments of public postsecondary education in this state. The CCC shall be comprised of community college districts (Education Code (EDC) Section 70900).
- 2) Establishes the CTEIG program administered by the California Department of Education (CDE) as a state education, economic, and workforce development initiative with the goal of providing K-12 students with the knowledge and skills necessary to transition to employment and postsecondary education. Establishes the minimum standards for eligibility including, but not limited a two-dollar matching fund requirement and reporting requirement for the use of funds. Allocates in the funds provided in the annual budget act, as of 2022, \$300,000,000 to districts based on their average daily attendance. Stipulates the technical supports for the CCTEIG will be the same technical support coordinators as provided in the K-12 Strong Workforce Program (EDC Section 53070 et seq).
- 3) Establishes the Strong Workforce Program as a K-14 state education, economic, and workforce development initiative for the purpose of expanding the availability of high-quality, industry-valued career technical education and workforce development courses. Establishes the Strong Workforce Program Consortia comprised of LEAs, community college districts, and other entities who collaborate with local and regional governments, and industry partners to meet the career technical educational workforce needs of a given region. Funds are allocated to consortia members with a specified amount to community college districts and a specified amount to K-12 partners. The funding for K-12 consortia members is divided amongst districts based on their average daily attendance. LEAs are required to

provide matching funds for the Strong Workforce Program with LEAs providing two-dollars match for every dollar of funding and regional occupational centers providing one dollar for every dollar received. Funding must be used as specified for career technical education programs. (EDC Section 88820 et seq).

FISCAL EFFECT: Unknown

COMMENTS: *Double-referral.* AB 377 (Muratsuchi) was heard in the Assembly Committee on Education on March 22, 2023, where it passed with a 7-0 vote. A review of the impact the measure would have on the K-12 system is addressed in the Committee on Education analysis.

Purpose. As expressed by the author, “career technical education (CTE) ensures that students are better prepared for life after graduation, whether that includes college or leads straight to a career. Students need multiple paths to success, not a one-size fits all model as not every quality job requires a four-year university degree. CTE programs that provide quality career exploration and guidance, and appropriate student supports prepare students to transition smoothly into ongoing education and/or directly into the workforce. The bifurcation of the K-12 CTE funding into two separate programs under the jurisdiction of the CDE and the Chancellor’s office creates unnecessary administrative burdens at the state level and additional complications at the local level. Schools are currently required to apply to two separate programs for funding of CTE programs, each with unique eligibility and reporting requirements, and are not receiving adequate technical assistance. A 2022 report by the State Auditor noted that administrative shortcomings in the K-12 Strong Workforce Program limits its effectiveness supporting grant applicants, including inherent risks of conflicts of interest, as well as a lack of equal access to local support staff. AB 377 will reduce administrative burdens at the state and local levels by consolidating the CTEIG and K-12 SWP programs and will ensure that effective CTE technical assistance is readily available to support high-quality CTE programs at the local level.”

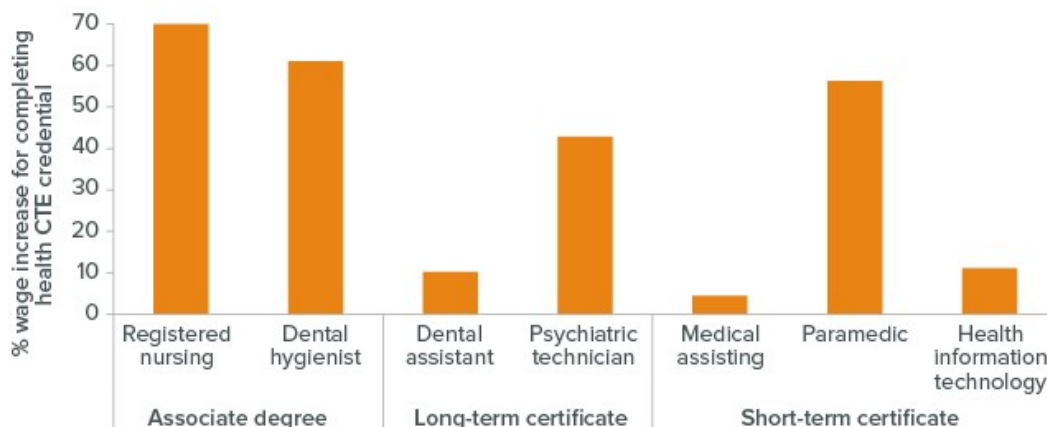
What does the measure do? AB 377 (Muratsuchi) combines two funding sources or grant programs that currently provide funding to K-12 schools for expanding career technical education. This bill is a clean-up measure that eliminates duplication and would eliminate confusion for LEAs on whom they consult with when seeking additional funds for career technical education programs.

Career technical education (CTE). According to the California’s 2020-23 Unified Strategic Workforce Development Plan published by the California Workforce Development Board, middle-skill occupations or jobs which require more than a high school education but less than a four-year degree are expected to generate 162,460 average annual job openings between 2016 and 2026. Middle-skilled occupations include bookkeepers, truck drivers, nursing assistances, automotive mechanics, telecommunications equipment installers, computer network support specialists, and medical assistants. A 2018 publication by the Public Policy Institute of California (PPIC), determined should workforce data trends continue, 1/3 of new jobs in California would require some form of CTE.

CCCs are the California public higher education institution tasked with offering vocational education in the Education Code as well as the 1960 Master Plan for Higher Education. The CCC offers CTE programs to prepare students for professional-level employment opportunities in an array of fields including courses in fire technology, mechatronics, fashion, and welding. In

the 2021-22 academic year, the CCC awarded 125,286 vocational certificates according to the Chancellor’s Office Management Information Systems Data Mart.

While four-year diplomas are often heralded as the ticket out of poverty, many CTE credentials lead to wage gains and benefits as highlighted by the PPIC in the chart below:



Source: PPIC report on Career Technical Education in California Fact Sheet, 2018

Recognizing the value of short-term certificates and CTE, the state and federal governments have provided funding for increased CTE programs at both the K-12 and higher education levels. As indicated by the Legislative Analyst Office in their February 23, 2022 publication entitled, “College and Career Proposals,” the State has two main programs for providing funding for CTE: the CTEIG and the K-12/CCC California Strong Workforce Program.

Career technical education incentive grant program (CTEIG) vs. the Strong Workforce Program. In 2015, as part of the annual Education Finance Omnibus Trailer Bill, the CTEIG was established for the purpose of providing funding to K-12 schools to help onboard and sustain high-quality CTE programs for K-12 students. Five years after transitioning from categorical type funding to the local control funding formula (LCFF), K-12 LEAs were struggling to maintain their career technical programs due to the loss of a designated funding source. With so many demands on LCFF funds, the Legislature infused K-12 LEAs with three years of funding for CTE programs with the hopes this would protect and insulate the programs from local budget reductions. After the three-year period, the Legislature approved an annual apportionment of \$150 million beginning in 2018-2019, and in 2021 the annual CTEIG appropriation was increased to \$300 million. The CTEIG is administered by the CDE and funding is allocated to qualifying LEAs based on their average daily attendance or the number of students within their district. In the 2018-2019 school year, according to the CDE Data Quest, there were 57,236 CTE courses offered throughout the state. In the current fiscal year 2022-2023, the CDE has allocated CTEIG funds to 375 LEAs throughout the state.

The Strong Workforce Program was established in the annual Budget Act in 2016. The program was originally a recommendation from the CCC Board of Governors and was adopted by the Legislature and the Governor in order to create one million more middle-skill or CTE workers to meet workforce demands. The original allocation for the Strong Workforce Program was \$248 million and was reserved for student success, career pathways, workforce data outcomes, CTE faculty, and regional coordination. Funding for community colleges is dispersed with 60% being given to each community college district, and 40% to regional consortia for distribution in order

to focus on the workforce needs of the state’s eight regions: Far North, Bay Area, Central/Motherlode, South Central Coast, Los Angeles, Orange County, Inland Empire/Desert, and San Diego/Imperial. In 2018, the annual Budget Act expanded the Strong Workforce Program to include a K-12 LEAs. As explained by the State Auditor, in a 2022 report on K-12 Strong Workforce Program, the program is divided as follows:

K-12 Component	Community College Component
<ul style="list-style-type: none"> Competitive grant process to create, support, or expand K-12 CTE programs. \$150 million in grants and \$14 million for technical assistance. Requires grant applicants to align K-12 CTE programs with regional plans that the regional consortia must submit. 	<ul style="list-style-type: none"> Funds allocated to improve and implement community college CTE programs \$248 million in grants and administrative costs. Requires each regional consortium to submit a regional plan, updated each year, that analyzes labor market needs, including wage data, and prioritizes projects and programs that close relevant labor market and employment gaps.

Source: State Auditor’s report, February 2022, “K-12 Strong Workforce Program”.

Both the Strong Workforce Program and the CTEIG provide funding for K-12 CTE programs, but Strong Workforce Program is administered by the Chancellor’s Office and the CTEIG is administered by the CDE. Strong Workforce Program has a regional component that examines the regional workforce needs; whereas, CTEIG provides direct funding to LEAs and allows the LEAs to determine the type of CTE programs offered. A comparison of the CTEIG and the K-12 Strong Workforce program was completed by the Legislative Analyst Office in a report entitled “2022-2023 Budget College and Career Proposals”:

Name	Ongoing Funding	Description
CTE Incentive Grants	\$300 million	Allocated on a competitive basis. Funds are disbursed based on a formula that considers the size of the CTE program. Priority given in eight different categories, including whether the program is in a rural area and whether it already uses other CTE funding, such as federal grants. Requires \$2 local match for every \$1 in state funding.
K-12 Strong Workforce Program	\$150 million	Allocated to regional consortia based on a formula considering grades 7 through 12 attendance and regional workforce needs. Each consortium, in turn, awards grants to school districts, charter schools, and county offices of education on a competitive basis. Requires that grantees partner with a community college develop CTE opportunities and career pathways. Requires \$2 local match for every \$1 in state funding.

Source: The Legislative Analyst Office

California State Auditor’s Report. At the request of then-Chair of the Assembly Committee on Education, Assemblymember Patrick O’Donnell, the State Auditor conducted an audit of the K-12 portion of the Strong Workforce Program to ascertain the efficacies of the program in expanding and enhancing K-12 CTE programs. The original audit request highlighted concerns

that had been raised with regard to fair and equitable access to funds provided by the K-12 Strong Workforce Program, and the lack of technical assistance provided by the Strong Workforce Program to LEAs. Key findings from the Auditor's report included:

- 1) The Chancellor's Office had not disclosed to applicants all the factors that the regional selection committees consider when evaluating applications for grant funding;
- 2) Most regional consortia had not adopted safeguards to prevent unfair decisions based on conflicts of interest;
- 3) School districts in each community college district were served by one support member even though the number of school districts varies across the state, leaving some LEAs with limited access to technical assistance; and,
- 4) The CDE had reported the demand for CTE incentive grant program was three times higher than what was actually requested.

Some of the key recommendations by the State Auditor for the Chancellor's Office to improve the K-12 Strong Workforce Program include:

- 1) Providing detailed information to applicants on the criteria used by committees in advancing applications for funds; and,
- 2) Establish and implement a process for modifying the areas support staff are assigned to serve.

Neither of these has been completed by the Chancellor's Office according to the State Auditor's office. This bill provides a streamlined application process for two of the largest K-12 CTE funding sources by consolidating the Strong Workforce and the CTEIG program into one and also provides state-level and regional assistance to all LEAs; thereby, fulfilling the intentions of the State Auditor's report.

Arguments in support. As explained Los Angeles Unified School District, "the bifurcation of the K-12 CTE funding into two separate programs under the jurisdiction of the California Department of Education and the Chancellor's office creates unnecessary administrative burdens at the state level and the local level. Local educational agencies (LEAs) are currently required to apply to two or more separate programs for funding of CTE programs, each with unique eligibility and reporting requirements. Since the regional CTE technical assistance was shifted to the Chancellor's Office, LEAs do not receive sufficient or effective support in the development and growth of high-quality K-12 career pathways. AB 377 consolidates and streamlines the key K-12 CTE programs by shifting the K-12 Strong Workforce Program ongoing funding into the CTEIG program, beginning with the 2023-24 fiscal year. This will reduce the number of applications and reports that LEAs will have to produce, and will ensure that the selection criteria are consistent throughout the state. AB 377 provides a long-term, stable funding stream for high-quality CTE programs in California's K-12 schools at \$450 million per year for CTEIG grants. Matching allows local educational agencies to maximize the funding and opportunities for Career Technical Education pathways."

REGISTERED SUPPORT / OPPOSITION:

Support

Automotive Service Councils of California
Baldy View Regional Occupational Program
Calaveras County Office of Education
California Association of Sheet Metal & Air Conditioning Contractors National Association
California Autobody Association
California Automotive Business Coalition
California Manufacturers and Technology Association
Campbell Union High School District
CAROCP - the Association of Career and College Readiness Organizations
Coalition for Career Technical Education
Colton-Redlands-Yucaipa Regional Occupational Program
Desert Sands Unified School District
Edvoice
El Dorado County Chamber of Commerce
Elk Grove Chamber of Commerce
Folsom Chamber of Commerce
Lake County Office of Education
Lincoln Area Chamber of Commerce
Los Angeles County Office of Education
Los Gatos- Saratoga Union High School District
Madera County Superintendent of Schools
Merced County Office of Education
Metropolitan Education District
Milpitas Unified School District
Modesto City Schools District
Mountain View Los Altos Union High School District
Murrieta Valley Unified School District
Napa County Office of Education
Office of The Riverside County Superintendent of Schools
Orange County Department of Education
Oxnard Union High School District
Plumas County Office of Education/unified School District
Project Lead the Way INC.
Rancho Cordova Chamber of Commerce
Riverside County Public K-12 School District Superintendents
Rocklin Area Chamber of Commerce
Rocklin Unified School District
Roseville Chamber of Commerce
San Bernardino County District Advocates for Better Schools (SANDABS)
Santa Clara County Office of Education
Santa Clara County School Boards Association
Santa Clara Unified School District
Sonoma County Office of Education
State Building & Construction Trades Council of California
Technet-technology Network
United Chamber Advocacy Network

Ventura County Office of Education
Yuba Sutter Chamber of Commerce

Opposition

None on file.

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