

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****ASSEMBLYMEMBER AL MURATSUCHI, CHAIR****TUESDAY, APRIL 8, 2014****9 A.M. - STATE CAPITOL ROOM 444**

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ITEMS TO BE HEARD

6110 DEPARTMENT OF EDUCATION

ISSUE 1: GOVERNOR'S 2014-15 BUDGET PROPOSALS: SPECIALIZED SECONDARY PROGRAMS AND AGRICULTURAL EDUCATION INCENTIVE GRANTS

The Subcommittee will consider the Governor's budget proposal to consolidate two CTE categorical programs – Specialized Secondary Programs and Agricultural Education Incentive Grants – into the Local Control Funding Formula.

PANELISTS:

- Ed Hanson, Department of Finance
- Natasha Collins, Legislative Analyst's Office
- Monique Ramos, Department of Education

BACKGROUND

The 2013-14 budget consolidated approximately two-thirds of all categorical programs with the discretionary revenue limit funding to create the more simplified Local Control Funding Formula (LCFF). However, 13 categorical programs continue to be funded outside of the LCFF. These programs include:

- Adults in Correctional Facilities
- After School Education and Safety
- Agricultural Education Incentive Grants
- American Indian Education Centers and Early Childhood Education Program
- Assessments
- Child Nutrition
- Foster Youth Services
- Mandates Block Grant
- Partnership Academies
- Quality Education Improvement Act
- Special Education
- Specialized Secondary Programs
- State Preschool

These 13 categorical programs were left outside of the LCFF for various reasons. Some programs were maintained outside the formula in order to comply with federal requirements, while others remain a high state priority.

Governor's 2014-15 Budget

The Governor's Budget proposes to eliminate two additional categorical programs – Specialized Secondary Programs (SSPs) and Agricultural Education Incentive Grants. Under the Governor's proposal, school districts that received this categorical funding in 2013-14 would

continue to receive funding, however, those funds would count towards their LCFF targets beginning in 2014-15 and the use of the funds would become entirely discretionary.

Specialized Secondary Programs (SSPs)

SSPs were created in 1984 in order to provide students with advanced instruction and training in specialized fields, such as technology, science and the performing arts. SSPs provide funding for two purposes: competitive grants provided for start-up costs and ongoing funding for two specialized high schools. The intent of the Legislature in establishing SSPs was to benefit the state economy by providing opportunities to talented pupils to obtain enhanced learning opportunities in specialized fields in areas of the state where these industries are located. The Legislature also recognized that SSPs will allow for faculty to develop model curriculum, in turn, benefiting schools throughout the state.

In 2013-14, the state provided \$4.9 million in Proposition 98 General Fund for SSP. The majority of this funding is used to award competitive grants for high schools to plan and institute specialized programs. Since the inception of SSP, the CDE has awarded over 200 competitive grants for specialized programs throughout the state. SSP competitive grants are distributed over four years. School districts can apply for a one-year planning grant followed by a three-year implementation grant. The funds can be used for equipment, supplies, and staff compensation, including additional time for developing curriculum. In 2013-14 CDE awarded 67 SSP competitive grants, totaling \$3.4 million. These grant recipients are shown below.

**Specialized Secondary Programs
2013-14 Grants Awarded**

County	Local Educational Agency	Grant Amount
Alameda	Berkeley Unified School District	\$ 50,000
Alameda	Oakland Unified School District	\$ 50,000
Butte	Chico Unified School District	\$ 50,000
Butte	Chico Unified School District	\$ 50,000
Contra Costa	John Swett Unified School District	\$ 50,000
Contra Costa	Liberty Union High School District	\$ 50,000
Contra Costa	West Contra Costa Unified School District	\$ 50,000
Fresno	Fresno Unified School District	\$ 50,000
Fresno	Kings Canyon Joint Unified School District	\$ 50,000
Fresno	Parlier Unified School District	\$ 50,000
Humboldt	Northern Humboldt Union High School District	\$ 50,000
Imperial	Calexico Unified School District	\$ 50,000
Kern	Tehachapi Unified School District	\$ 50,000
Lake	Konocti Unified School District	\$ 50,000
Lake	Middletown Unified School District	\$ 50,000
Los Angeles	Centinela Valley Union High School District	\$ 50,000
Los Angeles	Glendale Unified School District	\$ 50,000
Los Angeles	Las Virgenes Unified School District	\$ 50,000
Los Angeles	Long Beach Unified School District	\$ 50,000
Los Angeles	Long Beach Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
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Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000
Los Angeles	Los Angeles Unified School District	\$ 50,000

Los Angeles	Pasadena Unified School District	\$ 50,000
Los Angeles	Pasadena Unified School District	\$ 50,000
Merced	Hilmar Unified School District	\$ 31,000
Monterey	Soledad Unified School District	\$ 50,000
Nevada	Nevada Joint Union High School District	\$ 50,000
Orange	Anaheim Union High School District	\$ 50,000
Orange	Huntington Beach Union High School District	\$ 50,000
Orange	Irvine Unified School District	\$ 50,000
Orange	Orange County Department of Education	\$ 50,000
Orange	Placentia-Yorba Linda Unified School District	\$ 50,000
Orange	Placentia-Yorba Linda Unified School District	\$ 50,000
Placer	Western Placer Unified School District	\$ 50,000
Riverside	Riverside County Office of Education	\$ 50,000
Riverside	Riverside Unified School District	\$ 50,000
Sacramento	Elk Grove Unified School District	\$ 50,000
Sacramento	Folsom-Cordova Unified School District	\$ 50,000
Sacramento	Folsom-Cordova Unified School District	\$ 20,000
Sacramento	Twin Rivers Unified School District	\$ 50,000
San Bernardino	Chino Valley Unified School District	\$ 50,000
San Bernardino	San Bernardino City Unified School District	\$ 50,000
San Bernardino	Apple Valley Unified School District	\$ 50,000
San Bernardino	Apple Valley Unified School District	\$ 50,000
San Diego	Coronado Unified School District	\$ 50,000
San Diego	Grossmont Union High School District	\$ 50,000
San Diego	Valley Center-Pauma Unified School District	\$ 50,000
San Joaquin	Manteca Unified School District	\$ 50,000
San Joaquin	Manteca Unified School District	\$ 50,000
San Mateo	Cabrillo Unified School District	\$ 50,000
Santa Barbara	Santa Barbara Unified School District	\$ 50,000
Santa Clara	East Side Union High School District	\$ 50,000
Santa Clara	East Side Union High School District	\$ 50,000
Santa Clara	East Side Union High School District	\$ 50,000
Shasta	Anderson Union High School District	\$ 50,000
Sonoma	Sonoma Valley Unified School District	\$ 50,000
Sonoma	Windsor Unified School District	\$ 50,000
Tulare	Porterville Unified School District	\$ 50,000
Tulare	Tulare Joint Union High School District	\$ 50,000
Ventura	Simi Valley Unified School District	\$ 50,000
Ventura	Ventura County Office of Education	\$ 50,000
Total:		\$ 3,351,000

Source: California Department of Education

In addition to competitive grants, SSP provides \$1.5 million in ongoing funding for two high schools that have partnered with the California State University (CSU) system in offering specialized programs. These high schools include the RFK Community Schools-Los Angeles High School of the Arts within the Los Angeles County Office of Education (affiliated with CSU Los Angeles) and the California Academy of Mathematics and Science in the Long Beach Unified School District (affiliated with CSU Dominguez Hills). These two schools each receive \$750,000 per year in ongoing SSP funding, in addition to their LCFF funding. The SSP funds are primarily used for specialized instructors, who are not required to be credentialed.

According to data collected by the CDE from 2012-13, the RFK Community Schools-Los Angeles High School of the Arts received a growth API score of 708 and a graduation rate of 61.7 percent. The California Academy of Mathematics and Science received a growth API score of 961 and a graduation rate of 98.7 percent. This is compared to the statewide average growth API of 757 and graduation rate of 78.7 percent.

Agricultural Education Incentive Grants

Agricultural Education Incentive Grants provide ongoing grant funding to high schools with approved agricultural programs. The purpose of the grant program is to maintain a high-quality agricultural vocational program in California's high schools in order to ensure a trained and skilled workforce within the agricultural sector. Approved agricultural programs include the following components: classroom instruction, leadership activities, and a project-based occupational experience.

In 2013-14 CDE has granted 303 Agricultural Education Incentive Grants to 222 school districts, totaling \$4.1 million. The grant funding can be used for non-salaried purposes, such as agricultural supplies and equipment, as well as field trips and conferences. Grant recipients also must provide matching funds. In order to receive ongoing funding, grant recipients are evaluated annually on the quality of their program, which includes on-site reviews and technical assistance.

Future Farmers of America. An integral part of each school's agricultural education program is the California Association of Future Farmers of America (FFA). FFA is a student organization for grades 9-12 that coordinates and administers leadership activities related to agricultural education. The FFA was established in 1928 and is administered through the Agricultural Education Unit of the CDE. The mission of the FFA is to make a positive difference in the lives of students by developing their potential for premier leadership, personal growth and career success through agricultural education. There are approximately 70,523 FFA members in California, within 305 high schools.

LAO Recommendation

The LAO recommends the Legislature approve the Governor's budget proposal to consolidate SSP and Agricultural Education Grants into the LCFF. The LAO argues that districts would have the option of using these funds exactly as they do now, or they would have the flexibility to use the funds in a different way to meet students' needs. The LAO believes this approach is consistent with the principles of the LCFF. The LAO recommends adopting an overall approach to CTE that relies on student outcomes, instead of specific programmatic requirements.

STAFF COMMENTS/QUESTIONS:**Specialized Secondary Programs**

The purpose of SSPs is to encourage innovation and allow for instructors to develop model curriculum in specialized subject areas. The SSP competitive grant has provided the necessary seed funding for districts to develop high quality programs in specialized fields. Additionally, the SSP funded high schools have served as a model for other schools in providing innovative programs in partnership with their local institutions of higher education. Without this dedicated funding, it is unknown whether these unique programs would continue.

Agricultural Education Incentive Grants

California is the leading agricultural producing state in the nation. According to the California Department of Food and Agriculture, California ranked first in the nation in agricultural cash receipts in 2012. California produces more than 350 agricultural commodities, representing 11 percent of the U.S. total. California's leading crops include fruits, nuts and vegetables. Over a third of the country's vegetables and nearly two-thirds of the country's fruits and nuts are produced in California.

Top 5 Agricultural States in Cash Receipts (2012)

State	Rank	Total Value (In Billions)
California	1	\$44.7
Iowa	2	\$31.9
Nebraska	3	\$24.4
Texas	4	\$22.7
Minnesota	5	\$20.5

Source: California Department of Food and Agriculture

Given the importance of agriculture on California's economy, it is essential that California's education system adequately prepares students to enter this field. The Agricultural Education Incentive Grant is a small investment to incentivize schools to offer quality agricultural education programs. These agricultural education programs provide the necessary hands-on training to better prepare students for a career in agriculture and will help ensure that California remains the leading agricultural producer in the nation.

Suggested Questions:

- Why is the Governor proposing to consolidate SSP and Agricultural Education Incentive Grants into the LCFF after the Legislature deemed them a high statewide priority just a year ago? Why is the Governor proposing to eliminate these two CTE programs, but not Partnership Academies?
- How has SSP inspired innovation in California's high schools?
- Given that California is the leading agricultural state in the nation, should the Legislature provide local school districts with discretion in offering agricultural education? What incentives would districts have in maintaining agricultural education?
- Without dedicated funding for SSPs and Agricultural Education Incentive Grants, will schools maintain these programs? What are the potential impacts on California's economy and workforce if districts choose to direct this funding elsewhere? Specifically, how will this impact industry sectors such as agriculture, technology and the arts?

**6110 DEPARTMENT OF EDUCATION
6870 CALIFORNIA COMMUNITY COLLEGES****ISSUE 2: CAREER TECHNICAL EDUCATION**

The Subcommittee will discuss the importance of career technical education (CTE) and the current programs that exist. The Subcommittee will also consider options for increasing regional collaboration with California's high schools, community colleges and industry leaders in delivering CTE throughout the state.

PANEL 1:

- Paul Steenhausen, Legislative Analyst's Office
- Monique Ramos, Department of Education
- Van Ton-Quinlivan, Vice Chancellor of Workforce and Economic Development, Community College Chancellor's Office
- Chris Ferguson, Department of Finance

PANEL 2:

- Valerie Vuicich, ROP/CTE Administrator, Fresno County Office of Education
- Dr. Donald Stabler, Deputy Superintendent, Torrance Unified School District
- Jeff Cummings, Executive Dean of Academic Affairs and Career and Technical Education, College of the Redwoods
- Luis Barrera Castañón, Manager of Education Policy and Programs, Los Angeles Area Chamber of Commerce

BACKGROUND

Career technical education (CTE) is coursework in 15 industry sectors that provides students with hands-on learning to better prepare them for higher education and a career. Traditionally, CTE has been thought of as an alternative to college preparatory classes. However, the state has increasingly encouraged the career pathways model, which offers a sequence of CTE classes aligned to a specific industry sector that provides both college and career options upon completion of high school. The purpose of CTE is to both improve student outcomes and better prepare students to fill industry needs.

High School CTE Programs

According to the California Department of Education (CDE), 850,227 high school students enrolled in CTE in 2011-12, the most recent data available. The CDE allows for CTE coursework in 15 industry sectors. Specifically, these industry sectors include:

- Agriculture

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

High school CTE programs are funded in a variety of ways, including categorical programs, one-time competitive grants, foundation contributions, federal funding, and general purpose funding. The chart below outlines the various CTE programs that serve California’s high school students.

**California's High School Career Technical Education Programs
(2013-14, Unless Otherwise Specified)**

State-Funded Programs	Description	Funding (In Millions)
Regional Occupational Centers and Programs (ROCP)	Regionally focused CTE offered during the school day, after school, and in the evening at high schools and regional centers. Primarily serves high school students ages 16 through 18.	\$384.0 ^a
Career Pathways Trust	One-time competitive grants intended to improve linkages between CTE programs at schools, community colleges, and local businesses. Authorizes several types of activities, such as creating new CTE programs and curriculum. These funds are available for expenditure through 2015-16.	250.0
CTE Pathways Initiative	Funding intended to improve linkages between CTE programs at schools, community colleges, universities, and local businesses. This program sunsets at the end of 2014-15. Of these funds, \$8.2 million supports California Partnership Academies and \$5.2 million supports Linked Learning (both reflected below).	48.0
California Partnership Academies	Small learning cohorts that integrate a career theme with academic education in grades 10 through 12. Considered a form of Linked Learning (see below).	29.6
Linked Learning	One-time funding to support small, career-themed learning cohorts within comprehensive high schools that tie academic coursework to technical content and work-based learning.	5.2 ^b
Specialized Secondary Programs	Competitive grants that provide seed money to pilot programs that prepare students for college and careers in specialized fields (\$3.4 million). Funding also supports two high schools specializing in math, science, and the arts (\$1.5 million).	4.9
Agricultural CTE Incentive Program	Ongoing funding that can be used for the purchase of nonsalary items for agricultural education. Funds are commonly used to purchase equipment and pay for student field trips. Districts are required to provide matching funds.	4.1
Federally Funded Programs		

Carl D. Perkins	Ongoing funding that can be used for a number of CTE purposes, including curriculum and professional development and the acquisition of equipment and supplies for the classroom. Of these monies, 85 percent directly funds local CTE programs and the other 15 percent supports statewide administration and leadership activities.	\$56.3
Youth Career Connect Grant	One-time competitive grants available for the 2014-15 school year that are intended to improve career options for high school students by facilitating partnerships with businesses, high schools, and higher education. Grant recipients are required to provide a 25 percent match.	12.0 ^c
<p>^a Due to categorical flexibility allowed between 2008-09 and 2012-13, this amount is likely higher than the actual amount spent by providers on ROCP. In 2013-14 and 2014-15, providers must spend on ROCP at least as much as in 2012-13.</p> <p>^b In addition, since 2008, the James Irvine Foundation has contributed more than \$100 million to Linked Learning.</p> <p>^c Assumes California receives an amount proportional to its population (12 percent). Total federal appropriation is \$100 million.</p>		

Source: Legislative Analyst's Office

Regional Occupational Centers and Programs

The state's largest high school CTE program is the Regional Occupational Centers and Programs (ROCPs), which provides regionally focused CTE in a variety of disciplines. ROCPs offer high school students (16 years of age and older) and adult students, with career and technical education so students can (1) enter the workforce with the necessary skills to be successful, (2) pursue advanced training in postsecondary education, or (3) upgrade existing skills and knowledge. ROCPs can be operated through county offices of education, school districts, or a consortium of districts through a Joint Powers Authority (JPA). Students receive training at a variety of venues, such as regular classrooms on high school campuses, businesses and industry facilities or regional centers. ROCP courses can be offered during the school day, after school and in the evenings. Some ROCPs also offer courses for adult students, typically for a fee.

According to the California Department of Education (CDE), there are approximately 74 ROCPs in California, serving approximately 470,000 students annually. The CDE argues that, ROCPs help to close the achievement gap by motivating students to learn both academic and occupational skills for future success in a career of the student's choosing. A 2007 longitudinal study done by Douglas E. Mitchell of the University of California, Riverside found that student participation in ROCPs resulted in improved grade point averages, increased post-secondary education enrollment and higher wages later on, when compared to similar students. This study also found that students preferred ROCP courses over other subjects and even questioned the value and relevance of other high school courses.

Prior to the 2008-09 fiscal year, the state provided dedicated funding for ROCPs through a categorical program totaling approximately \$486 million. In 2008-09, due to budget cuts, the Legislature provided LEAs with "categorical flexibility" for many categorical programs (including ROCPs), meaning that LEAs could use the categorical funding for any educational purpose. In addition to categorical flexibility, many programs were cut by approximately 20 percent in 2009-10. During this time, LEAs received approximately \$384 million in ROCP funding, but were not required to use this funding on ROCPs.

ROCPs Under LCFF.

The 2013-14 budget consolidated most categorical programs into the base funding within the Local Control Funding Formula (LCFF), including funding for ROCPs. In order to ensure ROCPs continued to operate, the 2013-14 budget also required LEAs that operated ROCPs in 2012-13 to continue to spend the same amount of funding on ROCPs in 2013-14 and 2014-15. However, after the 2014-15 school year, LEAs are not required to offer CTE and can spend this ROCP funding on any purpose.

CTE Pathways Initiative

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. This bill allocated \$20 million from the Community College reversion account to be specifically used for improving CTE at both the community college and secondary level. Subsequent legislation extended funding for this program until the 2014-15 fiscal year.

The CTE Pathways Initiative has 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. In 2013-14, the state allocated \$48 million Proposition 98 General Fund for the CTE Pathways Initiative, including approximately \$15 million to the CDE and \$33 million to be distributed to community college-school district partnerships. The Community College Chancellor's office is required to work with CDE annually to develop a spending plan for these funds.

California Partnership Academies

The California Partnership Academies (CPAs) were created through legislation in 1984 in order to encourage the use of career focused academies in California's high schools. The career academy model integrates core subject areas and CTE, aligned to the academy's career theme. These career themes can be in any of the 15 industry sectors approved by the CDE. CPAs are required to partner with local employers, who help to provide internships and other opportunities for students to gain hands-on experience. Employers also benefit by having a more experienced and knowledgeable workforce upon graduation. Each CPA is required to provide matching funds from the host school district and their employer partner(s) equal to the CPA grant amount from the state. By law, at least 50 percent of the students entering the CPA program must be considered "at risk" of dropping out of school. At risk students must meet certain criteria, such as low test scores, poor attendance, and being economically disadvantaged, among other indicators.

According to data collected by the CDE in 2009-10, students enrolled in CPAs performed above average on statewide tests and were more likely to graduate high school. Data shows that CPA tenth graders scored higher on the California High School Exit Exam (CAHSEE) than the statewide average. Specifically, 82 percent of CPA students passed the English language arts section, compared with 81 percent statewide. On the mathematics portion of the exam, 83 percent of CPA students passed, compared to 81 percent statewide. With respect to graduation rates, 95 percent of academy seniors graduated at the end of the 2009-10 year, compared with 85 percent statewide.

Currently, there are 450 CPAs in California's high schools, which receive funding through the CPA categorical program or the CTE Pathways Initiative. The state provides \$29.6 million in CPA categorical funding. Although many other categorical programs were consolidated into the LCFF in 2013-14, CPAs were maintained outside of the LCFF.

Linked Learning Programs

Linked Learning programs, which include CPAs, use coursework, technical training, and work-based learning to provide real connections between high school and a career. AB 790 (Furutani), Chapter 616, Statutes of 2011, established the Linked Learning Pilot Program to be administered by CDE for the purposes of implementing districtwide Linked Learning pathways (referred to as "multiple pathways" prior to this legislation). This bill was in response to a report released by CDE in 2010 that made recommendations for improving and expanding Linked Learning in California's high schools.

Funding for Linked Learning programs is provided through a combination of state and private funds. The state originally did not provide funding for AB 790. However, in October 2013, one-time state funding of \$5.2 million was directed to the Linked Learning pilot sites from the CTE Pathways Initiative funding. In addition to state funding, the James Irvine Foundation has indicated that they have dedicated \$100 million for Linked Learning programs since 2008.

Federally Funded CTE Programs

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.

The federal Youth Career Connect Grant program is a one-time competitive grant available to LEAs, public or non-profit local workforce entities, or non-profits with education reform experience for the 2014-15 school year. The program is designed to encourage school districts, institutions of higher education, the workforce investment system, and their partners to scale up evidence-based high school models that combine academic and career-focused curriculum to better prepare students for post-secondary education and the workforce. The U.S. Department of Labor will provide up to \$100 million for CTE related projects. All grantees must demonstrate a partnership with a LEA, a local workforce investment entity, an employer, and an institution of higher education. Grant recipients will also be required to provide a match of 25 percent of the grant award.

Other High School CTE Programs

Other CTE programs that serve high school students include the California Career Pathways Trust (\$250 million in one-time grant funding), Specialized Secondary Programs (\$4.9 million) and Agricultural Education Incentive Grants (\$4.1 million). These programs are discussed in greater detail in issues one and three of this agenda.

High School Accountability Measures

The Academic Performance Index (API) is one indicator for holding districts accountable for student outcomes. Historically, the API has been based almost solely on student test scores. Through SB 1458 (Steinberg), Chapter 577, Statutes of 2012, the state is moving toward a more comprehensive accountability system that includes multiple measures of student performance, including college and career readiness. Specifically, the bill requires the Superintendent of Public Instruction (SPI) to update the API for high schools that takes into account graduation rates and college and career readiness by 2015-16. The SPI is currently gathering feedback on possible components of the new API.

The new Local Control Accountability Plans (LCAP) is an additional measurement for holding LEAs accountable under the new LCFF. LEAs are required to adopt a LCAP that specifies the goals and actions an LEA plans to take in meeting the eight state priority areas. One of the eight state priority areas includes student achievement. Under the LCAP, student achievement is measured by a number of components, including the percentage of students who have successfully completed courses that satisfy the requirements for college entrance or career technical education sequences.

Community College CTE Programs

About 29 percent of course enrollments at California community colleges are in Career Technical Education classes, according to data from the 2012-13 school year. According to an inventory of CTE courses published in 2012 by the Institute for Higher Education Leadership and Policy at Sacramento State University, 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

CTE courses are funded through apportionment in the same manner, and at the same rate, that colleges are funded for other credit and noncredit courses.

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 is a categorical program that provides grant funding to develop programs aimed at specific workforce needs for regions 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 will be explained further below. This program received \$22.9 million Proposition 98 General Fund in 2013-14, and the Governor proposes the same amount for 2014-15. At its peak, this categorical received \$46.8 million.

CTE Pathways Initiative

This program also was explained in the high school CTE section. This program requires the community colleges to work with K-12 programs to improve links between high school and community college CTE programs. This program received \$48 million in 2013-14 and is proposed to receive the same in 2014-15. About \$33 million of this funding goes to community college-K-12 partnerships; the other \$15 million to the K-12 system.

Carl D. Perkins Career Technical Education Program

This program also was explained in the high school CTE section. The Carl D. Perkins Career Technical Education program provides \$113 million in ongoing federal funding for CTE programs. 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 2013-14 was \$13.4 million Proposition 98 General Fund and is proposed for the same amount in 2014-15.

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 that funds K-12 apprenticeship programs, and one that funds community college apprenticeship systems. Funding in 2013-14 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 for the same amounts in 2014-15.

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 has launched a new 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. 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

The 11 economic regions are working to develop plans to better support programs for the sectors they have selected. The Chancellor's Office is using funding from the Economic and Workforce Development categorical to hire "sector navigators" and "deputy sector navigators" to act as a liaison between industry and colleges as these plans are implemented. There are 10 sector navigators and 66 deputy sector navigators.

STAFF COMMENTS/QUESTIONS:

High School Issues

The 2013-14 budget consolidated the largest CTE categorical program, ROCPs, into the LCFF. Other smaller CTE programs were left outside of the LCFF, including California Partnership Academies, Specialized Secondary Programs and Agricultural Education Incentive Grants (the Governor has proposed to fold Specialized Secondary Programs and Agricultural Education Incentive Grants into the LCFF in 2014-15). Under the LCFF, LEAs will receive a grade span adjustment equal to 2.6 percent of the base grant for grades 9-12 to account for the higher cost of educating high school students, including the higher cost of providing CTE. However, until full implementation of LCFF, LEAs will only receive a portion of this grade span adjustment, depending on the percentage of their gap funding provided. It is estimated that school districts will not reach full implementation of the LCFF until 2020-21, while the maintenance of effort (MOE) for ROCPs expires in 2014-15. Therefore, districts are not receiving sufficient funding to provide CTE and will no longer be required to offer CTE courses after the 2014-15 fiscal year.

The LAO recommends that the Legislature adopt an overall approach for high school CTE that relies more heavily on student outcomes and less on specific educational strategies educators use to achieve those outcomes. The LAO argues that with this approach, the Legislature could eliminate programmatic requirements for CTE programs, and instead evaluate and hold districts and high schools accountable for student outcomes.

Staff agrees with the LAO's recommendation to adopt a broader policy to address high school CTE that focuses on student outcomes. However, staff also recommends preserving successful CTE programs, such as ROCPs, until adequate statewide outcome measures are established that recognize college and career readiness. Without the necessary outcome measures in place, the state's current CTE infrastructure could be further diminished.

Regional Occupational Centers and Programs

Many ROCPs have been effective in preparing students for a career through hands-on learning for over 40 years. Once the MOE requirement expires, the future of these programs is unknown. Presumably, some districts and COEs will continue to fund ROCPs because they realize the value of the program. However, without dedicated funding or stronger CTE related accountability measures, these programs will be unstable and susceptible to budget cuts or elimination in the event of another economic downturn.

Additionally, ROCPs serve as a model for providing regionally appropriate CTE. Although some decisions are best made at the local level, when it comes to addressing statewide and regional industry needs, the state should intervene and provide incentives for regional collaboration.

Community College Issues

Regarding community college CTE, the Governor has proposed no significant changes in policy or funding levels for 2014-15. However, staff notes there is growing concern from industry and other CTE stakeholders that community college CTE is not doing enough to help students or employers. Among the concerns:

- **CTE funding is inadequate.** Because colleges are provided per-student funding that is the same amount, regardless of the cost of the class, colleges are financially disincentivized to increase CTE courses, which are often more expensive than liberal arts offerings. For example, a study by the National Higher Education Benchmarking Institute found that nationally, humanities courses offered at community colleges cost about \$52 per student credit hour, while allied health and medical assisting services classes cost \$131 per hour. This may explain why CTE courses were reduced during the previous recession: data indicates that CTE accounted for 32% of total FTES at community colleges in 2002, compared to 29% in 2012.
- **Insufficient Focus on Programs and Outcomes.** The Institute for Higher Education Leadership and Policy noted in a series of reports that colleges too often have many CTE courses, but are less focused on programs that lead to employment. In addition, the Institute noted that there was not enough focus or data on program outcomes.
- **There is Too Much Variance Among Similar CTE Programs.** The Institute also found that too many colleges have created courses and programs in isolation from industry and other area colleges. This is troubling for employers, as they are unsure what types of skills potential employees have learned in similar-sounding programs. The Doing What Matters project is attempting to address this issue by requiring better regional collaboration on curricula.

Suggested Questions:

- Under categorical flexibility, what has been the impact on CTE enrollment in California's high schools?
- What are the incentives for school districts in providing CTE? How has this changed with the implementation of the LCFF?
- How are school districts, community colleges and industry leaders currently working together to provide regionally appropriate CTE? How can the state further encourage this collaboration?
- Are the LCAP requirements and changes to the API enough in ensuring that CTE will be offered in our high schools?
- Are local school districts best equipped to make decisions regarding state and regional workforce needs?
- What are strategies for addressing the high-cost of CTE courses in community colleges? How can the state better incentivize colleges to expand CTE?
- What are community colleges doing to ensure that CTE courses and programs are better aligned with regional workforce needs? Are there examples of colleges eliminating programs that are not relevant to regional workforce needs?

ISSUE 3: UPDATE ON THE CALIFORNIA CAREER PATHWAYS TRUST

The Department of Education and the Community College Chancellor's Office will provide the Subcommittee with an update on the California Career Pathways Trust. Funding for this program was provided through the 2013-14 budget.

PANELISTS:

- Monique Ramos, Department of Education
- Debra Jones, Dean of Career Education Practices, Workforce and Economic Development Division, California Community Colleges Chancellor's Office

BACKGROUND

AB 86, Chapter 48, Statutes of 2013, created the California Career Pathways Trust, which provided \$250 million in one-time competitive grant funding for the development of career pathway programs. The grant funding will be made available to school districts, county superintendents of school, charter schools, and community college districts beginning in the 2014-15 fiscal year through the 2017-18 fiscal year. The purpose of the Career Pathways Trust is to establish regional partnerships with business, K-12 schools and community colleges in order to better prepare students for college and the workforce. The SPI is required to consult with the Chancellor of the California Community Colleges and business organizations in considering grant applications. Grant recipients are required to report outcome measures by December 1, 2016. These outcome measures include academic indicators, graduation rates, employment or apprenticeship placements, and attainment of certificates, transfer, or postsecondary enrollment.

Applicants were required to submit a letter of intent to apply for the grant funding by February 14, 2014. The CDE reported receiving 275 letters of intent from LEAs and community college districts. Applications were due on March 28, 2014. The applications are in the process of being scored and CDE anticipates that applicants will be notified of the results in late May 2014. The first year of the grant period begins on July 1, 2014, and the first grant payment is expected to be distributed in September 2014. Grant recipients will receive 50 percent of the award amount in 2014-15, 35 percent in 2015-16 and 15 percent in 2016-17. There are three categories of funding available based on the size of the program and number of postsecondary and industry partners. These categories include:

- Regional Consortium Grants: 10 grants will be awarded for up to \$15 million.
- Regional or Local Consortium Grants: 15 grants will be awarded for up to \$6 million.
- Local Consortium Grants: 15 grants will be awarded for up to \$600,000.

The CDE is in the process of collecting data on the Career Pathways Trust applications. This data was not available at the time of writing this agenda. The CDE will provide the Subcommittee with this information at the hearing, if available.

SUGGESTED QUESTIONS:

- How will LEAs and community colleges use this one-time grant funding to create sustainable career pathway programs? How will these programs be maintained after the grant funding expires?
- Given the high demand for Career Pathways Trust funding, how will the CDE and the Chancellor's office determine who will receive the approximately 40 one-time grants?
- How has the Community College Chancellor's office been involved in the Career Pathways Trust program and application process? Has this been a collaborative effort between the CDE and the Chancellor's office?
- What has been the interest of LEAs and community college districts in applying for the Career Pathways Trust? How many applications has the CDE received?

ISSUE 4: ADULT EDUCATION

The Subcommittee will hear an update on the Adult Education planning process created by the 2013 Budget Act.

PANEL 1:

- Paul Steenhausen, Legislative Analyst's Office
- Mario Rodriguez, Department of Finance
- Debra Jones, Dean of Career Education Practices, Workforce and Economic Development Division, California Community Colleges Chancellor's Office
- Monique Ramos, Department of Education

PANEL 2:

- Dr. Bob Harper, Director of Campbell Adult and Community Education, Campbell Union High School District
- Jarek Janio, Faculty Coordinator, Santa Ana College Centennial Education Center

BACKGROUND

Adult education provides adults with precollegiate level education as well as other enrichment classes. Adult schools, run by school districts, and community colleges are the main providers of adult education in California. The chart below, created by the LAO, shows the type of adult education classes offered in California and where and how they are offered.

Instructional Area	Adult Schools	CCC Noncredit	CCC Credit
Adults with Disabilities	Yes	Yes	Yes
Apprenticeship	Yes	Yes	Yes
CTE	Yes	Yes	Yes
Citizenship	Yes	Yes	No
Elementary and Secondary Education	Yes	Yes	Yes
English as a Second Language	Yes	Yes	Yes
Health and Safety	Yes	Yes	Yes
Home Economics	Yes	Yes	No
Older Adults	Yes	Yes	No
Parenting	Yes	Yes	No

Adult schools historically were funded through a categorical program. The program, however, was flexed in 2009 during the budget crisis, allowing districts to use the \$635 million previously earmarked for this program for any educational purpose. The LAO estimates about 40 to 50 percent of this funding was actually used for adult education in recent years.

Community college adult education is funded through the apportionment process. The LAO estimates that community colleges spent about \$1.4 billion on adult education courses in 2012-13.

Several reports, including reviews and proposals written by the LAO, CDE and the California Budget Project, have pointed out numerous shortcomings in the current system.

The 2013 Budget Act began a process to make significant changes to adult education. The budget took the following actions:

- The K-12 Adult Education categorical was eliminated, although districts were required to maintain the same level of spending on adult education in 2013-14 and 2014-15 as they had in 2012-13. The Legislature noted its commitment to improve and expand adult education in future years, and to support adult education provided by regionally-coordinated K-12 and community college systems.
- The budget provided \$25 million in planning grants, requiring regional consortia to use the funds to document existing services, identify unmet needs, and develop a plan to provide adult education services going forward. The Department of Education and the Community College Chancellor's Office were charged with distributing the funding. Regional consortia must include at least one community college district and one school district.
- The Department of Education and the Chancellor's Office are required to provide a progress report on the planning process by March 2014 and March 2015. The March 2015 report also will include recommendations regarding how the state should proceed with adult education programs and funding.

Applications for the planning funding have been submitted by 70 regional consortia, and funding is being distributed this month.

While the Governor has no new adult education proposals for 2014-15, the Governor's Budget Summary notes administrative support for adult education and states that the 2015-16 budget will include a proposal for investment in adult education through a single, restricted categorical program. The Department of Finance has indicated to staff that it intends to fund the program through the community college budget.

STAFF COMMENTS/QUESTIONS

The planning process underway has several benefits: it will allow a regional approach to adult education that could provide a more efficient way to better meet local needs, and it will allow local adult education leaders to provide input to the Legislature as to the best ways to design and fund the adult education system.

Staff notes one concern regarding the timing of the process. The March 2015 report will come two months after the Department of Finance releases its 2015-16 budget proposal, allowing a shortened time period for the Legislature to discuss both the Governor's proposal and recommendations by the Chancellor's Office and Department of Education before determining 2015-16 funding levels and policy changes. In addition, because the maintenance of effort for K-12 districts will end at the end of the 2014-15 fiscal year, local districts may have difficulty planning for the 2015-16 school year without a clear picture of adult education funding and program requirements.

Suggested Questions:

- How is the regional collaboration process functioning thus far? Has there been any preliminary information collected?
- Are all regions of the state participating in the planning process?
- Are all K-12 districts maintaining their current adult education programs this year?
- What are the obstacles in improving regional collaboration in adult education?
- Given that the CDE and Chancellor's office will not be submitting their joint report to the Legislature until March 2015, is this enough time for the Legislature to decide how to structure and fund Adult Education? How will this timing impact local adult education programs?