

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 17, 2007
POSITION: Oppose

BILL NUMBER: SB 21
AUTHOR: T. Torlakson

BILL SUMMARY: CTE: Regional Education and Economic Integration

This bill would establish the Regional Education and Economic Integration Initiative (REEII), which would be administered by the Superintendent of Public Instruction (SPI), for the purpose of awarding 10 grants of \$300,000 each to county offices of education and nonprofit organizations to create regional collaboratives to develop regional career technical education (CTE), staff development programs, and increase collaborative communication with a wide variety of stakeholders including businesses, community colleges, higher education entities, K-12 schools, Regional Occupation Programs, community and parent organizations. Additionally, the bill would establish an evaluation and assessment component to help ensure accountability for grant expenditures under this program.

FISCAL SUMMARY

This bill would require the SPI to award 10 grants of \$300,000 each to county offices and nonprofit organizations. The bill specifics that federal Carl D. Perkins (Perkins) funds may be used as the source for these grants, and would specifically prohibit General Fund dollars from being used to support nonprofit organizations participating in this program. Thus, this bill could result in Proposition 98 General Fund costs pressures of up to \$3,000,000 to fund these grants, to the extent that Perkins funds are insufficient to support this program. It is noted that Proposition 98 funds cannot be awarded to a non-profit agency under any circumstances, due to constitutional restrictions. Thus, in the absence of Perkins funds, costs to award a grant to a non-profit would be a true General Fund cost.

Additionally, there will be administrative cost for the Department of Education (SDE) to organize, implement, and administer the new grant process, potentially resulting in the need for an additional position and at least \$70,000 in annual General Fund to support that position. Furthermore, SDE would incur other General Fund costs of from \$100,000 to \$500,000 to contract with a third party to perform an evaluation of this program.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill would create Proposition 98 General Fund cost pressures of up to \$3 million to support this new program, to the extent that Perkins funding is insufficient. Additionally, it would impose General Fund costs of at least \$170,000 or more for SDE to organize, implement, and evaluate the new grant process. Of this amount, \$70,000 would be ongoing. None of these costs are supported in the proposed 2007-08 budget or the Governor's current Career Technical Education (CTE) Initiative (initiative). Given the state's recent efforts to align expenditures with revenues, costly new programs are not advisable.
This bill substantially duplicates, and may even conflict with, the Governor's CTE initiative which already proposes significant investments to improve CTE opportunities for students that align with the state's economic development and industry needs. This program would appear to establish a regional structure involving many stakeholders to potentially guide the state's investments in CTE

Analyst/Principal Date Program Budget Manager Date
(0344) T. Todd Jeannie Oropeza

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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programs. This differs with the methods used in the current Governor's CTE initiative which utilizes a joint departmental approach between the Chancellor's Office and the State Department of Education to offer a variety of grant programs for cooperating local education agencies that share this bill's goals to increase collaboration of local stakeholders with respect to improving CTE programs.

ANALYSIS

A. Programmatic Analysis

Under the Governor's CTE initiative, also referred to as the SB 70 initiative, a framework has been created for the purpose of expanding opportunities for middle and high school students to receive quality vocational and career technical education, by better linking these programs to the industry-driven programs at community colleges.

This bill expresses the intent of the Legislature concerning career and college pathways and their importance in engaging students and allowing for their success in the business world as adults. The bill also expresses the Legislature's intent to direct additional resources to nonprofit organizations and county offices of education for the purpose of developing regional partnerships which would engage local businesses, community interests, parents, and local institutions of postsecondary education in the expansion of CTE.

Specifically, this bill:

- Establishes the REEII, which would be administered by the SPI, for the purpose of awarding 10, grants of \$300,000 each to county offices of education and nonprofit organizations for the purpose of creating regional collaboratives to expand CTE career and college pathways. It would also establish an evaluation and assessment component to help ensure accountability for grant expenditures under this program.
- Defines regional collaborative as a system created to design and deliver career and college pathway programs, which may include collaborative efforts among educators, employers, local government entities, community organizations and the public.
- Specifies that grant funds may be drawn from current and future Perkins allocations and that the SPI would be prohibited from using General Fund to support grants awarded to nonprofit organizations participating in this program.

This bill also requires that when submitting a grant application to the SPI, a detailed plan for the use of the grant must be incorporated. The plan needs to include a highly competent regional collaborative which would be responsible for the development of a local or regional strategy to expand and enhance career and college pathways.

The regional collaborative would need to:

- Coordinate education, business, and labor to establish increased communication between middle and high schools, community colleges, postsecondary institutions and regional employers and labor organizations.
- Work with teachers, counseling staff, business, industry, labor representatives, and parents for the purpose of understanding issues specific to pupils, the regional economy, and the educational institutions.
- Create and implement a regional plan for career and college preparation for all pupils.

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- Create teacher and staff development plans, aligning instructional and economic objectives for the specific region.
- Contain at least 1 representative from each of 14 different categories of stakeholders.

The local program evaluation would need to:

- Create a process where the recipients of the grant may be held accountable for the use of the grant.
- Include a comprehensive assessment and evaluation mechanism that has a broad range of indicators related to school and pupil success.
- Evaluate the success of grant recipients, including but not limited to, postsecondary enrollment in educational institutions, job training, and apprenticeships with regards to dropout rates, rates of appropriate work experience placement, as well as parent and employer satisfaction.

Additionally, the SPI would be required to contract with an independent party to conduct an evaluation of the REEII. After the evaluation is completed the SPI would then need to submit a report to the Legislature regarding the effectiveness of the initiative in expanding the availability of CTE and postsecondary education options for high school pupils and its coordination efforts amongst local entities involved in CTE.

The intent of this bill is to expand CTE and to help increase regional partnerships with the goal of opening new pathway options for students while achieving greater levels of pupil achievement and ultimately to career success. However, this is duplicative of efforts already underway within the Governor's CTE initiative. The initiative makes substantial investments in the creation of pathways that would provide options to help students transition into meaningful careers or higher education. Specifically, the Career Pathways and Articulation program would engage CTE faculty from all segments of education for the purpose of developing articulated career pathways. These programs would in turn be linked to specific businesses and industry job sectors, thus ensuring that students are prepared for specific careers in traditional and emerging fields, as well as prepared to engage in higher levels of postsecondary education.

This bill appears to have been inspired by the Legislative Analyst's observations that a regional approach is necessary to improve career technical education programs. This bill would appear to establish a series of regional coordinating bodies to establish that approach in order to guide expenditures to improve CTE opportunities for K-12 students.

B. Fiscal Analysis

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
6110/Dept of Educ	LA	Yes		-----	See Fiscal Summary	-----			0001
6110/Dept of Educ	LA	No		-----	See Fiscal Summary	-----			0890
6110/Dept of Educ	SO	No		-----	See Fiscal Summary	-----			0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0890	Trust Fund, Federal								