

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/06/2012
POSITION: Oppose
SPONSOR: Community Colleges Chancellor's Office and State Department of Education

BILL NUMBER: SB 1070
AUTHOR: Steinberg, Darrell

BILL SUMMARY: Career Technical Education Pathways Program.

This bill would reauthorize the Career Technical Education Pathways Initiative (Initiative) and extend the sunset date from January 1, 2013 to January 1, 2018. Additionally, the bill would revise the program to include: (1) a focus on outcomes by requiring the California Community Colleges Chancellor's Office (Chancellor's Office) and the State Department of Education (SDE) to collect and report specified program and student outcome-based data to the Legislature and the Governor; (2) a focus on preparing students for high-growth, or emerging regional economic sectors and increasing student attainment of industry-recognized certificates; and (3) specified conditions and expectations for awarding priority grants. Finally, the bill would require the Chancellor's Office and the SDE to submit an implementation and annual expenditure plan to the Legislature and the Department of Finance prior to implementing the new Initiative.

FISCAL SUMMARY

This bill could create a \$48 million Proposition 98 General Fund cost pressure beginning in 2015-16 by extending the sunset date of the Initiative to January 1, 2018.

According to the Chancellor's Office and the SDE, the state operations cost of delivering the revised Initiative would be absorbable within existing resources presently supporting the existing program. However, these agencies have typically expressed concern and have had difficulty with absorbing additional program related activities without additional funding.

COMMENTS

Notwithstanding the merits of the Initiative, the Department of Finance opposes this bill because it could create a \$48 million Proposition 98 General Fund cost pressure beginning in 2015-16 by extending the sunset date of the Initiative to January 1, 2018.

Chapter 352, Statutes of 2005, (SB 70, Scott) established the Career Technical Education Pathways Initiative (as known as the SB 70 CTE Program). The Initiative utilizes the infrastructure of the community college Economic Development Program to create new articulated courses between K-12 and community colleges by building on the Economic Development program's integration with business and emerging industries. Since the Initiative was implemented in 2005-06, the major source of funding has been the Quality Education Investment Act (QEIA) (Chapter 751, Statutes of 2006), which codified the CTA et al. v. Schwarzenegger et al. settlement agreement by requiring the state to provide K-14 education with approximately \$2.7 billion General Fund to meet Proposition 98 "settle up" obligations for the 2004-05 and 2005-06 fiscal years. The total K-14 annual payments have typically been \$450 million and the community college share has typically been \$48 million annually, which has largely been dedicated to the Initiative. Although QEIA Proposition 98 "settle up" funding has been the cornerstone of Initiative funding, the program has received Proposition 98 General Fund as well as Proposition 98 Reversion Account. Annual funding for the Initiative has ranged from \$20 million in 2005-06 to \$68 million in 2010-11. The Budget Act

Table with 4 columns: Analyst/Principal, Date, Program Budget Manager, Date. Includes rows for E. Hanson, Department Deputy Director, Governor's Office, and BILL ANALYSIS.

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COMMENTS (continued)

of 2012 provides \$48 million Proposition 98 General Fund and current law authorizes \$48 million for 2013-14 and 2014-15; however, these amounts may be modified to align to available resources when the final QEIA payment is made and other budget priorities become apparent. Currently, \$410 million of the QEIA settlement is still outstanding, which would provide the Initiative approximately \$44 million assuming the historical funding split between K-12 and community colleges.

Although program funding is budgeted to the California community colleges, a portion of program funding is allocated to the SDE through an interagency agreement to support K-12 CTE programs. The funds are allocated to community colleges and K-12 school districts to foster partnerships between education and businesses and industries that provide students in middle grades and beyond with a seamless career technical education. The Initiative is organized into six themes: (1) career pathways and articulation including Regional Occupational Centers and Programs, (2) career planning and development connected with industry and business that offer intern, apprenticeship and work-based learning, (3) programs for underserved children, (4) business and industry engagement that link business and economic development with CTE, (5) CTE teacher recruitment and professional development, and (6) capacity building, research and evaluation of the CTE system.

According to a 2011 report prepared by WestEd, the Initiative has helped build 5,792 partnerships, developed or revised over 1,000 courses, provided training or externships to over 36,000 staff at high schools and community colleges, and served hundreds of thousands of students. The Initiative includes, but is not limited to, Regional Occupational Centers and Programs, California Partnership Academies, CTE Student Organizations such as Future Business Leaders of America, distance learning programs, Career Advancement Academies, school-to-college articulations, and a CTE teacher preparation pipeline.

According to the author's office, addressing the statutory sunset of the Initiative provides an opportunity to strengthen and focus the program on high priority sectors of regional economies. Specifically, the bill would focus on increasing the readiness of middle and high school students for college/training leading to careers in high need, high-growth, or emerging economic sectors and increasing student success in college/training for careers in those sectors.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP	FC	2012-2013 FC	2013-2014 FC	2014-2015	
	RV	98	FC				
6110/Dept of Educ	LA	No		-----	See Fiscal Summary	-----	0001