

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 638 (Padilla) – As Amended July 7, 2025

Policy Committee:	Education	Vote:	7 - 0
	Higher Education		6 - 3

Urgency: No      State Mandated Local Program: No      Reimbursable: No

**SUMMARY:**

This bill establishes the California Education and Workforce Development Coordinating Entity (Coordinating Entity) within the Government Operations Agency (GovOps) to oversee statewide career technical education (CTE), career pathways, and workforce development efforts. The bill also makes several modifications to the California Career Technical Education Incentive Grant (CTEIG) Program.

**FISCAL EFFECT:**

- 1) The bill incorporates a \$150 million investment for CTE in the Budget Act of 2025 into the CTEIG.
- 2) Ongoing General Fund costs of \$187,000 for the CDE to hire one additional staff member to implement the additional requirements the bill adds to the CTEIG.
- 3) Ongoing General Fund costs ranging from \$2 million to \$5 million for GovOps to operate the new California Education and Workforce Development Coordinating Entity. However, AB 102 (Gabriel), Chapter 5, Statutes of 2025, included \$1.5 million within GovOps' budget to support the Education Workforce Development Coordinating Council to improve planning and coordination aligned to recommendations of the Master Plan for Career Education. The Legislature could leverage these funds to support the Coordinating Entity established by this bill.
- 4) Ongoing General Fund costs of \$150,000 for the UC to hire one additional staff necessary to support additional administrative workload associated with UC's membership in the Coordinating Entity.
- 5) The Chancellor's Office estimates General Fund costs of up to \$20,000 each year to participate in the California Education and Workforce Development Coordinating Entity.

**COMMENTS:**

- 1) **Purpose.** According to the author:

Although the need for more education and training is clear, accessing education and training is difficult because of California's complex workforce development and career educational training programming.

California spends billions of dollars on workforce development but many of these programs are administered by multiple agencies and postsecondary institutions with various goals, eligibility criteria, spending rules, and administrative and implementation complexities. There are multiple programs, funding streams, and state and federal requirements. In order to improve outcomes for Californians, more coordination and alignment between our education and workforce system is needed to ensure Californians are getting the education and training necessary to meet the workforce needs of our economy.

In order to improve outcomes for Californians and meet the need of our rapidly changing economy, California needs to break down silos, improve efficiencies, and address bureaucratic hurdles.

- 2) **Background. *Limited State Funding Earmarked for CTE.*** Originally established in 2015 as a one-time investment of \$900 million to cover a three-year span, CTEIG is a state education, economic, and workforce development initiative providing students in kindergarten through grade twelve with the knowledge and skills necessary to transition from secondary education to postsecondary education and living-wage employment. The CDE administers the program, in consultation with the SBE. LEAs submit applications outlining the ways in which they meet the statutorily defined requirements, including a two-to-one match of local to state funding. In 2018, the Legislature appropriated ongoing funding of \$150 million for CTEIG and increased the annual funding amount to \$300 million, effective 2021. Additionally, the California Community Colleges Chancellor's Office administers the Strong Workforce Program, with \$150 million appropriated annually for K-12 LEAs to compete for regionally across eight regional consortia to fund CTE programs and pathways aligned with industry needs.

Budget trailer bill legislation enacted as part of the 2025 Budget Act included a one-time \$150 million Proposition 98 General Fund investment in CTE, either for allocation subject to pending legislation or, if no such legislation occurs, to support a one-time increase for the CTEIG. The bill specifies that said funding is to be made available to the CDE to support the CTEIG. The bill then makes various changes to the CTEIG including updating minimum eligibility standards to specify that programs must (a) offer high-quality curriculum and instruction aligned with the California CTE Model Curriculum Standards, (b) allow students to attain employment upon high school graduation (using certifications, preapprenticeships, or apprenticeships, and (c) provide CTE opportunities to students from historically underrepresented communities, such as foster youth.

***Previous Coordination Efforts.*** Prior to 2011, the California Postsecondary Education Commission (CPEC) included representatives from the higher education segments, the SBE, the Governor, the Legislature, and public, independent, and private postsecondary institutions. However, the CPEC's budget and responsibilities diminished overtime and in the Budget Act of 2011, Governor Brown vetoed its funding, citing the agency's ineffectiveness in higher education oversight. In his veto message, the Governor acknowledged the well-established need for coordinating and guiding state higher education policy and requested that stakeholders explore alternative ways these functions could be fulfilled. The CPEC transferred its federal Teacher Quality Improvement grant program to the California Department of Education (CDE) and extensive data resources to the CCC Chancellor's

Office. Currently no coordinating entity for higher education in California exists. The bill creates the Coordinating Entity and charges it with supporting implementation of the Master Plan for Career Education (described below) by facilitating strategic alignment across education, workforce, and economic development systems.

***Master Plan for Career Education.*** In April of 2025, the Governor’s Office published “California’s Master Plan for Career Education,” a work that began with a Governor’s executive order in 2023. The report noted the following:

In the 1960s, California’s Master Plan for Higher Education created a strong foundation for learning by delineating roles across various postsecondary education segments, including the [CCC], [CSU], and [UC] systems. This plan was predicated on a labor market that predominantly featured jobs requiring minimal formal education. Yet, as the 21st century unfolds, California’s economy and workforce have transformed. Schools, colleges, and workforce training providers need to create new strategies that allow systems to evolve and be more responsive to rapidly changing workforce needs, particularly with the advent of artificial intelligence and the recognition that learners should have the ability to upskill throughout their careers.

The master plan contained six major courses of action, the first of which is to create a state planning and coordinating body, and recommended that this new statewide planning and coordinating body bring together the state’s education segments, workforce training providers, and employers. The master plan recommended the coordinating body evaluate changing economic needs and demand for skills, develop sector-based and cross-sector strategies, create statewide goals, align federal and state plans, coordinate efforts to maximize funding, coordinate implementation of specific federal and state programs, co-design programs to address workforce opportunities, and connect with regions.

- 3) **Related Legislation.** AB 401 (Muratsuchi), of the current legislative session, provides a total of four years’ eligibility to CTEIG grant recipients, subject to specified conditions, and requires the SPI to designate 90% of the CTEIG funds for renewal grants and 10% for new applicants. The bill also adds an annual cost-of-living adjustment (COLA) to the CTEIG appropriation and removes a limitation on grant awards above a specified level. The bill was held in this committee on the suspense file.

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