

SENATE THIRD READING  
SB 638 (Padilla)  
As Amended August 29, 2025  
Majority vote

## SUMMARY

Makes changes to the Career Technical Education Incentive Grant (CTEIG) program and establishes the California Education and Workforce Development Coordinating Entity (Entity) within the Government Operations Agency (GovOps) to serve as the statewide planning and coordinating body for career technical education (CTE), career pathways, and workforce development. Specifically, *this bill*:

### Major Provisions

- 1) Expresses the intent of the Legislature to allocate any one-time funds for CTE appropriated in the 2024-25 Budget Act to the CTEIG program.
- 2) Authorizes CTEIG grants to fund the establishment of new or expanded career pathways in the following industries, including, but not limited to, green technology, health care, information technology, education and artificial intelligence.
- 3) Authorizes CTEIG grants to support collaboration with labor and business entities to place pupils in apprenticeships, pre-apprenticeships, dual enrollment, service learning, and work-based learning activities.
- 4) Requires that CTEIG grants provide opportunities for pupils from historically underrepresented communities that struggle to access CTE and career pathway programs.
- 5) Adds to data elements on CTE programs to be reported annually to the Superintendent of Public Instruction (SPI) the number of pupils earning dual credit through CTE courses and the number of pupils participating in work-based learning or service learning linked to CTE courses.
- 6) Requires that successful applicants to the CTEIG program to demonstrate a holistic approach to providing CTE courses and pathways, including the involvement of employers, providing wraparound services for pupils, and aligning with current and projected labor market demand.
- 7) Removes a prohibition on an applicant receiving an award higher than the allocation formula specified under the CTEIG program.
- 8) Requires the California Department of Education (CDE) to consult with the coordinating entity established by this bill, in addition to the State Board of Education, in awarding grants under the CTEIG program.
- 9) Defines "high unemployment rate" and "high poverty rate" for purposes of determining priority for applicants to the CTEIG program.
- 10) Establishes the Entity in the GovOps agency to serve as the statewide career technical education (CTE) planning and coordinating entity and requires the Entity to support

implementation of the Master Plan for Career Education by facilitating strategic alignment across education, workforce, and economic development systems.

- 11) Requires the Entity's membership to include specified members, or their designees who report directly to them, and to serve without compensation.
- 12) Requires the Entity to perform the following duties, among others:
  - a) Streamlining rules, allocations, and reporting requirements of CTE, career pathways, and workforce development programs administered by statewide or local economic, workforce development programs, or LEAs, including career exploration, work-based learning, dual enrollment, postsecondary transition, or job placement;
  - b) Evaluating the feasibility of adopting regulations for intersegmental programs, such as dual enrollment, dual admission, and cross-enrollment programs;
  - c) Providing recommendations to the Legislature that encourage streamlining application processes for financial aid, housing, campus support programs, or other public benefit programs;
  - d) Coordinating learning opportunities across elementary, secondary, and postsecondary systems to enhance access to postsecondary education and workforce training opportunities for traditional students and adult workers seeking to upskill or reskill;
  - e) Developing a state plan regarding CTE, career pathways, and workforce development aligned with the Master Plan for Career Education and which includes segmental plans and other pertinent plans, including those of the California Workforce Development Board;
  - f) Differentiating the functions of the segments of public postsecondary education, the role of the workforce development systems in the state, and regional needs across the state;
  - g) Advising the Legislature, Governor, and state agencies on segmental program compatibility during budget processes;
  - h) Establishing processes, adopting regulations, and seeking statutory changes to streamline CTE, career pathways, and workforce development programs;
  - i) Identifying and projecting evolving societal, regional, educational, and workforce needs, and stimulating adaptability of the TK-12 and postsecondary education systems;
  - j) Assessing the accessibility of CTE, career pathways, and workforce development programs for adult learners, student parents, first-generation students, and other nontraditional students;
  - k) Developing a strategic plan to guide the performance of its duties within three months of its first meeting;
  - l) Establishing a diversity, equity, and inclusion standing subcommittee to develop, promote, and guide the implementation of strategic and operational goals regarding

underserved populations, and requires the subcommittee to perform all of the following duties:

- m) Evaluate the development and delivery of CTE, career pathways, and workforce development programs, and provide recommendations to the entity to ensure reporting requirements are aligned across those programs, including reporting on specific populations served;
- 13) Authorizes the Entity to submit a report to the Governor and the Legislature, if sufficient resources are available, to report on any matter consistent with the Entity's purpose, including recommendations related to the functions, policies, and programs of the segments of public, independent, and private postsecondary education.

## COMMENTS

*Need for a statewide higher education coordinating body?* According to the March 2019, California Competes report, *The Case for a Statewide Higher Education Coordinating Entity*, California is one of two states without a central organizing body to guide the unique challenges the postsecondary institutions of higher education face. The report finds that in the absence of coordination, each of the state's public higher education segments (the CCC, CSU, and UC) function in siloes. Further, the report finds that the lack of a statewide coordinating body for higher education has resulted in no authority for statewide goal-setting, no comprehensive strategic planning, no longitudinal education data system, and inadequate mechanisms to assist students' progress as they matriculate through and between systems.

Finally, the report finds that California needs an independent, statewide coordinating entity to uphold a public agenda for higher education that links the needs of the state's economy to experiences and outcomes of California's students.

*Governor's 2025-26 Budget.* AB 101 (Gabriel), Chapter 5, Statutes of 2025, appropriated \$1.5 million dollars to the Secretary of Government Operations for an Education and Workforce Development Coordinating Council. This funding was originally proposed as \$5 million dollars in the Governor's January 2025 Budget proposal, and was subsequently removed in the May Budget Revise. Trailer bill language had been proposed in conjunction with the original budget proposal, but there is not currently trailer bill language associated with this \$1.5 million dollar appropriation.

### According to the Author

According to the author, "The California Dream shouldn't be limited to narrow paths to achieve the knowledge and skills needed to contribute to California's economy. Too many young people are channeled into low-wage service jobs while thousands of skilled, high-wage jobs go unfilled. Our economy is reliant upon those skilled tradespeople, but our educational system isn't designed for those demands. That must change. Senate Bill 638 will finally focus and broaden state efforts to ensure Californians have access to the training and opportunities they need to succeed."

### Arguments in Support

California Competes writes, "Our state is at a critical juncture – more Californians need access to a pathway that leads to a quality job, and our economy needs a workforce ready to meet the needs of a rapidly changing labor market. In the 1960s, California developed the Master Plan for Higher Education, which provided an inter-segmental roadmap for our higher education system.

Similarly, California's workforce development system historically has focused on training that leads to quick job placement. Today's needs are vastly different. Californians need more education and training to access jobs that provide a decent standard of living with minimal formal education.

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. The California Master Plan for Career Education calls for the development of a state planning and coordinating body to bring together the state's education segments, workforce training providers, and employers. Similarly, the California Youth Apprenticeship Committee calls for "statewide system and resource alignments to make work-based learning and youth apprentice opportunities widely available for in-school and out-of-school youth." California Competes also calls for the reestablishment of a higher education coordinating entity. Improving coordination can improve effectiveness of programming by reducing inefficiencies, increasing access by reducing hurdles, increasing the number of career pathways, and improving the evaluation of education and workforce development programming."

### **Arguments in Opposition**

None on file

### **FISCAL COMMENTS**

According to the Assembly Appropriations Committee:

- 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.

## VOTES

### SENATE FLOOR: 30-3-7

**YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

**NO:** Alvarado-Gil, Jones, Niello

**ABS, ABST OR NV:** Choi, Dahle, Ochoa Bogh, Reyes, Seyarto, Strickland, Valladares

### ASM EDUCATION: 7-0-2

**YES:** Muratsuchi, Addis, Alvarez, Bonta, Garcia, Lowenthal, Patel

**ABS, ABST OR NV:** Hoover, Castillo

### ASM HIGHER EDUCATION: 6-3-1

**YES:** Fong, Boerner, Jackson, Muratsuchi, Aguiar-Curry, Haney

**NO:** DeMaio, Jeff Gonzalez, Tangipa

**ABS, ABST OR NV:** Celeste Rodriguez

### ASM APPROPRIATIONS: 11-4-0

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

**NO:** Sanchez, Dixon, Ta, Tangipa

## UPDATED

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