

SENATE THIRD READING  
SB 638 (Padilla and Fong)  
As Amended September 5, 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.

### 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) Requires the CDE to give positive consideration to applicants in areas of high poverty and defines both "high unemployment rate" and "high poverty rate" for purposes of determining priority for applicants to the CTEIG program.
- 8) Requires the California Education Interagency Council (Council), as proposed to be established by AB 1098 (Fong and Padilla) of the 2025-26 Session, to develop recommendations regarding CTE, college and career pathways, and workforce development recognizing existing segmental plans; provide advice on supporting students across their educational careers; and serve as a central planning and coordinating hub for statewide education-to-career efforts by providing accessible information about strategic plans, alignment efforts, and available resources.

- 9) Requires the managing entity to support the Council by, among other things, supporting and staffing meetings of the Council, gathering necessary research, and developing and maintaining a website providing access to the Council's agendas, reports, work products, and resources.
- 10) Authorizes the managing entity to hire staff or enter into contracts for professional services to support the Council.
- 11) Requires the Council to operate in an advisory capacity.
- 12) Includes double-jointing language with AB 1098 of the 2025-26 Session.

## COMMENTS

*The Career Technical Education Incentive Grant Program* was originally established in 2015 as a one-time investment of \$900 million to cover a three-year span, and acted as a bridge for LEAs to support CTE programs until the Local Control Funding Formula (LCFF) was fully funded. It was created as a state education, economic, and workforce development initiative to provide 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 purpose of the program is to encourage, maintain, and strengthen the delivery of high-quality CTE programs. The program is administered by the CDE. In 2018, ongoing funding of \$150 million for CTEIG was appropriated. In 2021, the annual funding for CTEIG was increased to \$300 million.

*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 California Community Colleges, the California State University, and the University of California 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.

**According to the Author**

"Too many Californians are struggling to access a high quality job. 70% of Californians think that when children in California today grow up, they will be worse off financially than their parents. At the same time, if current trends continue, about 40% of jobs in California will require at least a bachelor's degree by 2030. It is expected that one out of every three jobs in California will require some college but less than a bachelor's degree, a trend expected to hold steady in the future. There is an enormous need for an educated workforce that can meet the needs of California's economy."

**Arguments in Support**

California Competes wrote in support, stating that "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.

In order to improve outcomes for Californians and meet the needs 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 the effectiveness of programming by reducing inefficiencies, increasing access by reducing bureaucratic 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, based upon an earlier version of the bill:

- 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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