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To: CEOs, CIOs, CSSOs, CBOs, CTE Deans, CTE Regional Consortia & Other DWM Grantees

From: Mario Rodriguez, Acting Vice Chancellor of Finance & Facilities
Van Ton-Quinlivan, Vice Chancellor of Workforce & Economic Development

Subject: Draft Guidance to the Field on the Administration of the
\$200M Strong Workforce Program

The 2016-17 Governor's Budget proposes \$200 million in ongoing resources for a Strong Workforce program within the Economic and Workforce Development program. These funds are to be used to close California's middle-skills gap by increasing the amount, and improving the quality, of CTE offered at community colleges. The proposed trailer bill language can be found at (<http://goo.gl/RmrxJ7>). In an effort to provide guidance to the colleges on the disbursement and implementation of these funds, the Chancellor's Office drafted this document outlining key provisions of the Governor's proposal and highlighting areas that are being actively deliberated in the legislative process. It is being shared with the understanding that the 2016-17 Governor's Budget proposal is still working its way through the legislative budget process and resulting amendments will impact the content. Once the final details of the 2016-17 State Budget have been determined, we will distribute additional guidance to the field.

Goal Identified in Trailer Bill Language:

Increase *number* of students in *quality* CTE (courses, programs, pathways, credentials, certificates, degrees) that lead to successful workforce outcomes; OR invest in new or emerging CTE that is likely to lead to successful workforce outcomes

Flow of Funds:

The language requires the funding to be allocated to CTE Regional Consortia (link: <http://goo.gl/W1Kzjm>) that will allocate the funding to colleges through a regional plan. The CCCCO will look to the consortia infrastructure to engage colleges in regional planning – amongst themselves but also with regional partners – rather than build new infrastructure. Colleges must participate in regional planning to be eligible recipients for these funds.

All seven existing CTE Regional Consortia will be asked to submit to the CCCCO, after consultation with their colleges, the following decisions by October 1, 2016:

- 1) Description of its formal decision-making structure. This decision-making structure should include at least one level of escalation for the handling of unresolved conflicts. These documents should also be posted to the web by each CTE Regional Consortia.
- 2) Selection of a district to serve as fiscal agent on behalf of the region. Careful consideration should be given to the efficacy of business processes when a region selects its fiscal agent. More on the roles and responsibilities of the fiscal agent can be found in Appendix A.
- 3) Selection of the ratio of Regional Share to Local Share (only one of the following is allowed):
 - a. 40% regional : 60% local
 - b. 30% regional : 70% local

The Chancellor's Office will model and publish the allocations to every region, including Local Shares available to each college, no later than November 1, 2016.

Allowable Uses of Local Shares:

Local colleges shall use the planning template provided in Appendix B to commit its use of Local Shares and submit these plans to the region by January 31st of each year for consolidation.

Carry-over: Local Shares can fund multi-year programming up to 3 years. Local Shares uncommitted after 18 months shall revert to the region for reallocation.

Types of CTE: Local Shares must be used on CTE that meet labor market needs such as:

- CTE with labor market need in the region's priority and emerging industry sectors.
- CTE with labor market need and proven "student success with labor market outcomes."
- CTE with labor market need and public benefit.
- CTE with labor market need and completes a structured pathway, either from secondary to post-secondary, adult education to post-secondary, or to satisfy a community college baccalaureate degree.

Suggested Expenditures: This program focuses on 'student success with workforce outcomes', and provides broad authority for colleges to expend resources in line with a plan to meet their region's middle-skills gap. The trailer bill language does not explicitly articulate what these funds can be spent on, however, during discussions over the past year with faculty and administrators, we have identified some broad areas that these restricted funds should focus in order to increase the number of students in quality CTE program or invest in new or emerging CTE programs likely to lead to successful workforce outcomes:

- Low student-to-instructor courses as required by standard setting or safety bodies
- High cost equipment and consumables
- Minor improvements to facilities
- Professional development, including cost to certify instructor to teach and backfill so that instructor can attend the training
- Regional analysis
- Work-based learning and job placement support; student internships
- Curriculum development and instructional redesign
- New program start-up cost
- Employer and workforce partner engagement that result in internships, job placement and/or co-investments
- No more than 2% of the Local Share can be used as indirect.

Allowable Uses of Regional Shares:

- No less than 85% of the Regional Shares shall be used to create a Regional CTE Incentive Fund 1) to incentivize multi-college programming of quality CTE to solve acute regional middle-skills gap and 2) to incentivize high value workforce outcomes.
- Collectively market CTE programs to employers in order to secure internships, and job placements for students and/or co-investment
- Collectively build awareness and early career exploration amongst potential students (and their families) on the value of CTE as a postsecondary option
- Work on region-wide instructional design/redesign and curricular alignment, and professional development of faculty and staff thereof, in furtherance of structured

pathways, such as between secondary to post-secondary and adult education to post-secondary

- Provide region-wide analytics and data support
- Provide capacity for and conduct the coordination activities outlined in, but not limited to, Strong Workforce recommendation #17
- Develop regional initiatives and pilots that respond to industry training/workforce needs.
- No more than 4% of the Regional Share can be used as indirect.

Allocation Formula:

The language requires the regional formula to consider CTE FTES, job openings, and unemployment in the first year of the program (2016-17), and includes improvements in workforce metrics for the out years. We plan to also include total FTES as a factor in the formula to ensure colleges and regions with a low CTE portfolio is given a chance to increase their offerings with these funds and have a baseline starting point. In addition, we plan to implement a gradual phased-in approach to the workforce metrics component of the allocation formula (no more than 5% in year two) to reflect our understanding that these funds won't make dramatic improvements overnight.

We understand that there is concern by some colleges of the reference to student success with workforce outcomes "as aligned to WIOA metrics" given that the federal Workforce Investment & Opportunities Act is new and some regions find the collaboration with their local workforce entities challenging. Be assured that the newly revised CCCCO Scorecard and CTE Launchboard 2.0 already display WIOA-aligned metrics and so our own system's data will be the source for this metric.

Maintenance of Effort:

The language requires maintenance of effort for CTE at the college. In our opinion, the current proposal does not provide enough flexibility for colleges to operate given our volatile funding system, which can result in sharp cuts during economic contractions. In an effort to ensure our colleges are not held to a standard that may cause harm to their fiscal health, while also ensuring appropriate fiscal accountability, we are advocating for a maintenance of the same percentage of CTE FTES to total FTES at each college with the 2015-16 being the base year.

Background on 25 Strong Workforce Recommendations:

The California Community Colleges Task Force on Workforce, Job Creation and a Strong Economy (to be referred to as 'Strong Workforce' Task Force) put forth 25 recommendations to strengthen workforce education throughout the 113 college system with the goal of closing the skills gap that is a barrier to filling existing jobs and fueling job creation. The Task Force goal was to identify and recommend policies and practices to meet California's anticipated shortage of one million industry-valued middle skill credentials. The 25 recommendations built upon the groundwork established under the Student Success Initiative and Doing What MATTERS for Jobs and the Economy, and represent the culmination of extensive input from more than 1,200 stakeholders during a nine-month period to identify recommended actions. In September 2015, these recommendations were presented to the Board of Governors as an informational item. At its November 2015 meeting, the Board adopted all 25 recommendations. The resulting \$200M Strong Workforce Program in the Governor's proposed 2016-17 budget is a direct result of these recommendations.

The Report & Recommendations of the Task Force can be found at <http://bit.ly/TaskForcereport>. The

expert background papers informing Task Force deliberations can be found at:

1. Workforce Data & Outcomes <http://bit.ly/onboardingoutcomes>
2. Curriculum & Instruction <http://bit.ly/onboardingcurriculum>
3. Structured Career Pathways & Student Support Part 1 <http://bit.ly/onboardingpathway1>
4. Structured Career Pathways & Student Support Part 2 <http://bit.ly/onboardingpathway2>
5. Regional Coordination <http://bit.ly/onboardingregionalcoord>
6. Funding <http://bit.ly/onboardingfunding>

Appendix A and B are still under development.