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Special Call CAC Committee Meeting Summary

March 6, 2013

DISCUSSION SUMMARY

On March 6, 2013, a special joint meeting of the California Apprenticeship Council's (CAC) Legislative and Related and Supplemental Instruction (RSI) committees was held in Sacramento. The call for this meeting was made in response to the Governor's proposal to shift all adult education programs that are currently part of the California Department of Education (CDE) to the California Community College Chancellor's Office (CCCCO) beginning in fiscal year 2013-14.

Apprenticeship is one of the ten authorized programs included in the Adult Education laws. The Governor's proposal would shift funding for apprenticeship from CDE to the CCCCCO. Approximately two-thirds of California's apprenticeship programs have an LEA that is part of the K-12 system with \$15.7 million in funding. One-third of apprenticeship programs are with the community college system with \$7.2 million in funding.

In addition to committee members, over 80 individuals representing apprenticeship sponsors, local education agencies and other individuals from the apprenticeship community gathered to discuss specific issues and concerns with this proposal. Many expressed a variety of concerns relating to the implementation of the proposed transfer of apprenticeship funding from the CDE to the CCCCCO as well as a multitude of administrative issues.

Perhaps one of the most significant points addressed by the audience was the call to first resolve all of the identified issues and concerns before implementing the Governor's proposal. There was consensus among those in attendance that the fiscal and administrative points identified in the meeting are the issues that require immediate attention. Resolution of all of these issues will require statutory and/or regulatory changes. If this proposal, as written, is implemented for fiscal year 2013-14 without addressing and resolving these issues, there will be a number of unintended consequences that will severely disrupt the apprenticeship process.

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SUMMARY OF RECOMMENDATIONS

Below is a summary of recommendations to resolve the issues and concerns raised at the meeting, categorized into two areas: Administrative and Fiscal.

ADMINISTRATIVE

1. **BOUNDARIES:** Change current community college Title 5 regulations to exempt apprenticeship programs from requiring local permission before hosting classes in an area outside of their home region.
2. **INDIRECT COSTS:** Change current community college Title 5 regulations to require standardized contracts between sponsors and the community colleges to, at a minimum, cap indirect cost rates.
3. **CURRICULUM:** Change current community college Title 5 regulations to grandfather in existing curriculum used by programs currently with CDE providers, eliminating the requirement to re-apply for program approval if a program moves to a community college.
4. **INSTRUCTORS:** Change current community college Title 5 regulations Section 53413 for Minimum Qualifications for Apprenticeship Instructor. Qualifications should allow for a journey-level person's experience and knowledge of the trade and recognition of the importance of real-world experience.
5. **CURRENT CDE LEA'S:** Amend the Education Code to authorize CDE programs to continue their relationship with their current LEA's, by allowing direct contracts between the State Chancellor's Office and participating CDE LEA's.

FISCAL

6. **FLEXIBILITY:** Amend Education Code Section 84043 to remove RSI funding in the community college system out of flexibility and into a protected funding stream specifically for apprenticeship programs.
7. **ALLOCATION OF FUNDING TO CDE LEA'S:** Amend the Education Code to require the State Chancellor to allocate RSI funding directly to CDE LEA's.
8. **ALLOCATION OF FUNDING TO CCCC SPONSORS:** Amend the Education Code to change how reported RSI hours that exceed the initial allocations are funded by CCCC.
9. **TRANSFER BETWEEN LINE ITEMS:** Amend the Education Code to authorize transferring funds between the two apprenticeship line items only to prevent any unused balances from reverting when their period of availability expires (three fiscal years) to ensure that all apprenticeship RSI hours are fully funded.
10. **FUTURE CONSOLIDATION:** **Do not** consolidate the proposed two Budget Act line items for apprenticeship so that they are to remain as two separate line items.
11. **RESTORATION OF FUNDS:** Amend the Budget Act to restore the appropriation for apprenticeship to the 2007-08 levels. Augment the CDE's current funding of \$15.7 million by \$3.8 million which would take the funding back to its 2007-08 level of \$19.5 million. Augment the CCCC's current funding of \$7.2 million by \$7.3 million which would take the funding back to its 2007-08 level of \$14.5 million.

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12. **ALLOCATION OF NEW DOLLARS:** Amend the Education Code to require any new funding for apprenticeship to be allocated proportionally to community colleges and school districts which participate in the apprenticeship program.

RECOMMENDATION DETAILS

1. **BOUNDARIES:** Regulatory boundary limitations in the community college system are in conflict with existing Labor Code 3078, section (d) as well as K-12 Education Code 8151, which exempt requirements of any inter-district attendance agreements for apprenticeship. A number of apprenticeship sponsors have been approved by the Division of Apprenticeship Standards to operate on a statewide basis. Placing programmatic boundary limitations on sponsors unnecessarily complicates how RSI is provided on a larger geographical scale. For example, the California Fire Fighter Joint Apprenticeship Committee (CFFJAC) is approved by the DAS to operate statewide. The CFFJAC currently contracts with 13 LEA's. Restrictions under community college boundary regulations would needlessly require the CFFJAC to essentially contract with every community college in the state while only 26 of the 106 colleges currently participate in the apprenticeship program.
2. **INDIRECT COSTS:** Currently, community colleges charge apprenticeship sponsors for both direct and indirect costs through negotiated contracts. The indirect cost rates are not predetermined by the Chancellor's Office and vary between colleges. Anecdotally, these costs approach 25 percent versus about 10 - 15 percent in the K-12 system. Some sponsors have contracts with several colleges and these disparate rates and charges complicate the process. The result is fewer dollars spent on educating and training apprentices. For purposes of consistency between colleges, standardizing indirect cost rates for apprenticeship sponsors will result in a more equitable treatment of sponsors and injects more funding into the classroom.
3. **CURRICULUM:** Some apprenticeship sponsors participate in both education systems and utilize the identical curriculum. The California Apprenticeship Council/Division of Apprenticeship Standards approves Apprenticeship Standards for all approved sponsors as does the U.S. Department of Labor. Most trades utilize curriculum that meets or exceeds state and national standards. Recognition of approved curriculum prevents duplicate and unnecessary workload and costs for no apparent benefit.
4. **INSTRUCTORS:** RSI instructors are highly skilled, experienced journey-level individuals with in-depth knowledge of their trade. In the CDE, most are also credentialed by the California's Commission on Teacher Credentialing. In addition, many apprenticeship instructors have earned nationally recognized industry certifications. Almost all of these instructors are employees of the sponsor and are not employees of a school district. Instructors for sponsors in the community college system fall into two categories: those who teach non-credit courses and those who teach credit courses. Instructors often have difficulty meeting community college non-credit instructor standards which require 60 clock hours or four semester units. Their high skills, experience and in-depth knowledge of the trade is not taken into consideration in the current process. The standards for credit courses are even more difficult to reach, requiring 18 semester units in addition to work experience. Bottom line, there is no apparent need for existing credentialed or certified apprenticeship instructors in the K-12 system to be required to go through an additional evaluative process in order to determine if they meet the community college Qualification for Apprenticeship Instructors under Title 5, Section 53413 (a) and (b). Exempt apprenticeship instructors from this process.

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5. **CURRENT CDE LEA'S:** Put in place language that authorizes K-12 LEA's to participate in the apprenticeship program under the administration of the Chancellor's Office. The larger the number of potential LEA's that apprenticeship sponsors contract with, the greater the access is to California's education system. It also enhances a sponsors' ability to meet the statutory requirement to be affiliated with an LEA. The 35 LEA's currently participating in the apprenticeship program have experienced staff and long term relationships with approximately 65 sponsors. To prevent decimating a superior apprenticeship education and training system as we know it and throwing the entire system into turmoil, K-12 LEA's must be authorized to be stand-alone LEA's for the purposes of overseeing apprenticeship at the local level. Further develop language that grandfathers existing contracts and all future amendments between K-12 LEA's and apprenticeship sponsors. Grandfathering K-12 sponsor apprenticeship contracts eliminates the need for unnecessary workload and additional costs for the Chancellor's Office to review and reprocess these existing legal contracts.
6. **FLEXIBILITY:** Un-flex apprenticeship in the community college system. Apprenticeship is a "critical jobs" program with an important education component that is designed to supplement on-the-job (OJT) training (aka work processes) through Related and Supplemental Instruction (RSI). Depending on the specific trade, an apprentice may be required to successfully complete, in addition to RSI, up to 8,000 hours of OJT before they earn journey-level status. Apprenticeship is a unique pathway to California's economic recovery. It provides a highly-skilled, highly-paid, taxpaying workforce that is, and has been, a high priority of the Governor and the Legislature. Flexibility allows individual colleges to redirect funds intended for apprenticeship to what might be a lower legislative priority.
7. **ALLOCATION OF FUNDING TO CDE LEA'S:** Currently, the Chancellor's Office allocates its RSI funds to participating community colleges and CDE allocates its RSI funds to participating K-12 districts. There does not appear to be an existing mechanism for the Chancellor to allocate RSI funding directly to a K-12 school district. Without language authorizing the Chancellor to allocate directly to an LEA, there are no assurances funds will flow where intended. Put language in place that requires the Chancellor's Office to directly fund K-12 LEA's that participate in the apprenticeship program. This will simplify the cash flow process and minimize any unintended consequences of directing funding through local colleges.
8. **ALLOCATION OF FUNDING TO CCCC SPONSORS:** Currently both CDE and the Chancellor's Office fund allocated RSI hours at the beginning of the fiscal year at the rate specified in the Budget Act. Reported hours that exceed the allocation at the end of the fiscal year are reimbursed by CDE at an hourly rate calculated based only on available funds after the initial allocation is paid. The hours allocated at the beginning of the fiscal year are funded at the same rate at the end of the fiscal year. The current principal apportionment system in the Chancellor's Office does not ensure that RSI hours allocated to LEA's at the beginning of the fiscal year will be funded at the same rate at the end of the fiscal year. The Chancellor's Office recalculates the hourly rate to account for all RSI hours at the end of the year to account for all reported hours. The result is that all RSI hours are funded at a lesser rate. CDE fully funds reported hours up to the initial allocation and funds all excess hours at an hourly rate based on funds available at the end of the fiscal year. This process ensures fiscal certainty for LEA's and program sponsors. Put in place fiscal procedures that ensure that RSI hours reported at the end of the fiscal year are funded at the Budget Act hourly rate as initially allocated at the beginning of the fiscal year for reported hours up to the initial allocation. Fund reported hours that exceed the initial allocation based on funds available at the end of the fiscal year.

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9. **TRANSFER BETWEEN LINE ITEMS:** Put in place language that prohibits the Chancellor's Office from redirecting any apprenticeship funding away from K-12 LEA's who participated in the apprenticeship program in fiscal year 2012-13. Without controls, there could be a tendency to expand the community college apprenticeship system at the expense of K-12 LEA's. However, in order to ensure all reported RSI hours are funded, transferring funds between the two systems must be authorized only for the purpose of preventing any unused balances from reverting when their period of availability, or three fiscal years, expires.
10. **FUTURE CONSOLIDATION:** In shifting apprenticeship from CDE to the Chancellor's Office, the Governor proposed a separate appropriation item for the \$14.5 million transfer from CDE. The Community College appropriation remains as a separate appropriation. It is critically important to maintain this distinction since the two educational delivery systems have incompatible processes, procedures, and regulations.
11. **RESTORATION OF FUNDS:** Funding for apprenticeship in both CDE and the Chancellor's Office has been significantly reduced over the past five years, but in a dissimilar fashion. Reductions were made to all components of California's education systems brought on by the serious economic downturn during this time period. The CDE appropriation was reduced by approximately 20 percent as were almost all K-12 categorical programs. The reduction changed the appropriation from \$19.5 million to \$15.7 million or a reduction of approximately \$3.8 million. Community College funding was reduced by 50 percent from \$14.5 million to \$7.2 million. It also lost its categorical designation and was put under flexibility. Combined, apprenticeship was reduced by approximately \$11 million. The proposal to shift CDE apprenticeship to the Community College system makes these cuts permanent. Restoring these reductions will allow an additional 2.2 million hours of RSI, at \$5.04 per hour to be provided to apprentices. The economy is recovering and revenues are increasing. Apprenticeship is the fuel that drives California's economic development and it would be a mistake not to restore this critical funding. There are currently sponsors providing RSI without reimbursement, placing fiscal hardship on them. Current funding is insufficient to provide the required hours of RSI for all California's apprentices.
12. **ALLOCATION OF NEW DOLLARS:** There are no procedures to provide assurance that any additional funds will be allocated proportionally by the Chancellor's Office within the two apprenticeship Budget Act line items. There is the potential the Chancellor's Office will favor allocating new funding for apprenticeship to community college apprenticeship programs. The rationale for this potential is the current disparity in funding between the two systems. A system is required to ensure any new funds appropriated in future years are added proportionally to the appropriations for each system as they existed in fiscal year 2012-13.