

APPENDIX D: EQUITABLE WORKFORCE AND ECONOMIC DEVELOPMENT BUDGET REQUEST

California's economic future depends on expanding opportunity and connecting more residents to quality careers. Community colleges are uniquely positioned to connect learners with high-quality careers and creating pathways to family-sustaining jobs. At the same time, continued investment in workforce programs will position more Californians to participate in and benefit from the state's economic growth.

Strong Workforce Program Restoration

The Strong Workforce Program is California Community Colleges' primary investment in workforce education, providing the foundation for career technical education, employer partnerships, regional workforce planning, and work-based learning aligned with regional labor market needs. As California continues to strengthen its talent pipeline for high-demand industries, colleges must have the capacity to not only prepare students for employment but also connect them to meaningful careers through coordinated employer engagement, career navigation, and paid work-based learning experiences. While the Strong Workforce Program is a significant workforce investment in our students, recent funding shifts have reduced the program's flexibility to respond to regional workforce priorities.

We request **\$60 million one-time Proposition 98 General Fund** over the next two fiscal years to fully restore the Strong Workforce Program to its base funding level from the 2023-24 State Budget. While the Rebuilding Nursing Infrastructure (RNI) Grant Program will help address California's severe nursing shortage, the reduced level of resources available for the core Strong Workforce Program creates some geographic and demographic inequities due to the distributional effects associated with program resource availability in different regions of the state. Each college has received approximately a 20% reduction in Strong Workforce grant funding, despite rising costs and varying regional workforce demands. Restoring the Strong Workforce Program to its current level and separately funding the RNI program will empower colleges to be agile and responsive to their communities and learners, support equitable workforce development across the state, and foster the collaboration necessary to advance the state's workforce goals.

Employer Tax Credit Pilot Program

The Board of Governors has identified paid, high-quality work-based learning as an important strategy for improving student success and economic mobility, but our experience is that expanding internships at scale requires substantially greater employer incentives to further participation. Research indicates that structured work experiences are associated with stronger academic engagement, clearer career goals, persistence, and employment outcomes, while internships also help students build professional networks and social capital that can be especially valuable for first-generation and historically underserved students. At the same time, employers increasingly place a premium on prior work experience, making employer partnerships and meaningful workplace experiences critical as the nature of work evolves.

We request **\$1.5 million one-time General Fund per year for three years** for the California Community Colleges to establish an Employer Tax Credit Pilot Program. This proposal requests the tax credit be structured in such a manner that it would not impact the computation of the Proposition 98 minimum guarantee. The three-year pilot would test whether a targeted employer incentive can expand access to paid, credit-bearing internships, particularly among small and midsize employers that may otherwise lack the capacity to participate. Beginning with 10 colleges, the pilot would target at least 50 employers and 100 paid internships annually and would be evaluated to determine whether the credit attracts new employers, creates internships that would not otherwise exist, encourages future student and employer participation, and improves student completion and employment outcomes. The results of this pilot would establish an evidence base for determining whether future investments should be pursued to create a broader employer tax credit and inform what level of incentive is necessary to sustain employer participation.

The pilot is intended to provide participating employers with a tax credit equal to 50% of eligible student wages, while employers would continue to fund no less than the remaining half.

Internship Demonstration Project

California's community colleges offer work-based learning through a range of programs and employer partnerships, but these opportunities are not consistently integrated into academic and career pathways. A planned internship demonstration model will test the establishment of a model for how colleges can better connect academic programs, career services, and regional employer partnerships to create more consistent access to paid, career-aligned internships. This pilot will build on existing work-based learning efforts while strengthening institutional structures to expand student participation and align internships with career education pathways.

We request **\$5 million one-time Proposition 98 General Fund** to scale the recently established Internship Demonstration Project across roughly 10 districts throughout the system. This investment would provide pilot colleges with dedicated resources to strengthen student participation, deepen employer partnerships, and develop sustainable approaches for integrating paid internships into career education pathways. Funding would also support pilot colleges in examining the data, technology, and institutional structures needed to coordinate opportunities and understand student and employer outcomes, ensuring work-based learning become an intentional part of the college experience.

Apprenticeship Degree Pathways Demonstration Project

Registered apprenticeships are one of California's most effective workforce strategies, combining paid employment with classroom instruction to prepare students for high-demand careers. Yet apprenticeship and higher education often operate as separate systems, limiting opportunities for apprentices to earn college degrees that recognize their learning and support long-term career advancement. As California expands apprenticeship opportunities across healthcare, transportation, construction, clean energy, public service, and other critical industries, stronger alignment between apprenticeship and community college degree pathways will enable more working learners to earn stackable credentials that translate into greater economic mobility and educational attainment.

We request **\$25 million one-time Proposition 98 General Fund** to establish the Apprenticeship Degree Pathways Demonstration Project. This demonstration project would support the development and validation of statewide models that align registered apprenticeship programs with community college associate degrees while identifying pathways into baccalaureate attainment. Through regional partnerships with apprenticeship sponsors, employers, labor organizations, colleges, and state agencies, the pilot will support curriculum alignment, credit for prior learning, degree mapping, and technical assistance that recognize apprenticeship learning, align on-the-job training with academic credit, and create stackable educational pathways for working learners.

By connecting education and employment through an integrated earn-and-learn pathway, the initiative is designed to produce scalable models that can be replicated across California's high-demand industries. It will establish a blueprint for strengthening educational mobility while preparing a highly skilled workforce that meets California's evolving economic needs.