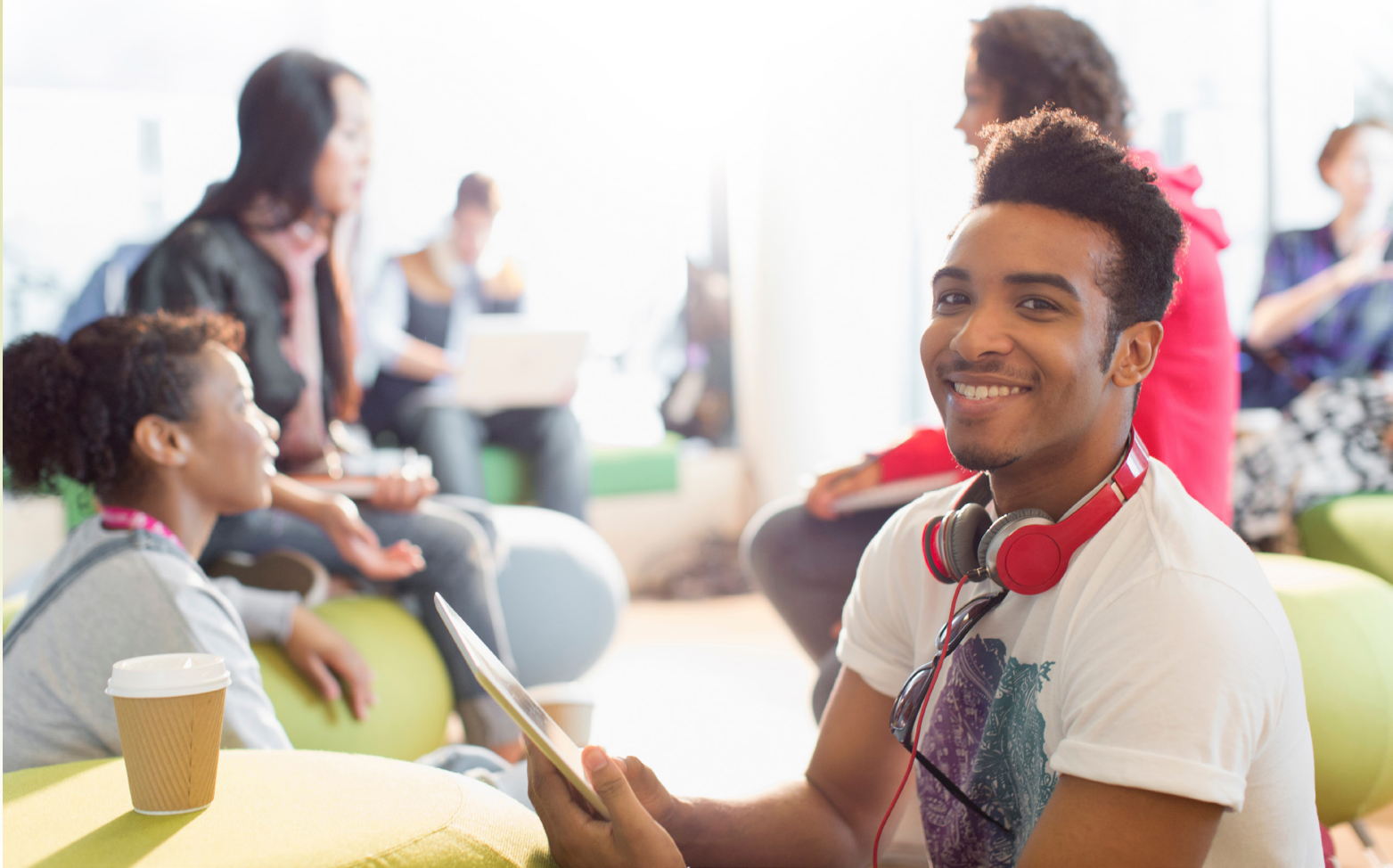
SOVA

THE NEW LEARNING CONTRACT

California's Path to Direct Assessment Competency-Based Education



California's Moment to Lead

TODAY'S ECONOMY DEMANDS continuous skill development throughout careers, not single degrees earned at age 22. California has the chance to build the first public higher education system designed for this reality, one where students can validate their capabilities as they develop them, where learning and employment flow seamlessly together rather than operating as separate worlds, and where the infrastructure itself enables workers to build skills, prove competencies, and advance careers throughout their working lives. California can build this system first, creating the model that will define how public colleges serve learners and regional economies for the next generation.

What is DA-CBE?

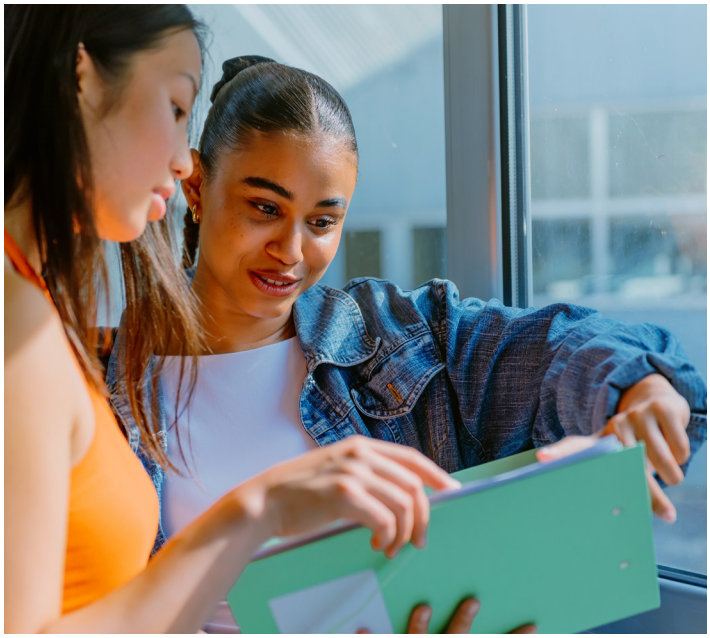
Direct Assessment Competency-Based Education (DA-CBE) is a fundamentally different way to structure higher education. Instead of organizing learning around fixed semester schedules and credit hours, DA-CBE organizes around the full range of competencies that enable people to navigate successful lives and careers, including technical capabilities like data analysis or patient care to essential skills like critical thinking, cross-cultural communication, and adaptive problem-solving. Students progress by demonstrating they can apply these competencies in real-world contexts, whether that means managing a project team, navigating complex family finances, mediating community conflicts, or solving technical challenges in the workplace.

This moment isn't about incremental reform. It's about whether California will lead American higher education into an era where learning, skill development, and career advancement operate as one integrated system or whether the state will watch its 2.2 million community college students navigate a disconnected landscape built for a different economy and a different century.

For California, Direct Assessment Competency Based Education represents more than a new instructional approach. It is the foundation for reimagining what public community colleges can be. In a world where individuals will navigate multiple career transitions, evolving family responsibilities, and constant technological change throughout their lives, colleges must learn to continuously validate capabilities, recognize learning from all contexts, and create pathways for people to build on what they already know. DA-CBE provides the architecture to make this transformation possible, enabling community colleges to serve not just as gateways to first careers, but as lifelong partners in continuous capability development and economic mobility.

CALIFORNIA'S TRANSFORMATION MOMENT

Why This Moment Matters: The Converging Forces



Four forces are converging to make the transformation of public higher education both urgent and achievable:

The Skills Revolution is Here: Close to two-thirds of employers now use skills-based hiring practices for entry-level positions, with more than half using these practices always or most of the time in their hiring process (NACE, 2024). Companies including Google, Tesla, Netflix, and Costco have eliminated degree requirements for most positions, prioritizing skills verification over educational credentials. California is leading this shift in the public sector too. In December 2024, the state removed degree requirements from nearly 30,000 government positions, with plans to expand this to approximately 32,000 additional roles in 2025 (Office of Governor Gavin Newsom, 2024). California employers are increasingly relying less on traditional transcripts and degrees, instead adopting technology platforms that generate an inferred skills profile based on an applicant's full resume content.

Adult Learners Drive the Market: Adult learners represent the fastest-growing segment of higher education enrollment, with students over 25 growing 13% nationally since 2019, while traditional-age enrollment declined (National Student Clearinghouse, 2024). California reflects this trend, with over 40% of its community

college students aged 25 or older and about half of all learners working while enrolled and supporting families (California Community Colleges Chancellor's Office, n.d.; Public Policy Institute of California, 2024). These students bring capabilities that represent real value in the expanding skills marketplace. As employers increasingly validate specific competencies rather than degrees alone, the ability to recognize, document, and build upon workers' existing knowledge becomes essential infrastructure for serving this growing market and enabling both individual advancement and regional economic development.

Technology Enables Personalization: Digital technology now enables personalization at scale. The same approaches that tailor music and movie recommendations, banking services, and healthcare can create customized learning pathways, track competency development in real-time, and connect learners directly with employers seeking their verified skills. This digital scale makes sophisticated personalization cost-effective across entire college systems rather than prohibitively expensive. For students who experience personalized, responsive technology in every other aspect of their lives, adaptive learning is becoming an expected standard rather than a premium feature, making competency-based education both educationally effective and increasingly necessary to meet learner expectations.

The Demographic Cliff Demands Action: California is projected to lose over 600,000 K-12 students in the next decade (Campaign for College Opportunity, 2025; California Department of Finance, n.d.). As these declining numbers reach college age, enrollment-based funding models for community colleges will continue to erode. Declining enrollment isn't a future threat; it's happening now. Colleges nationwide have been closing at a rate of one per week, with dozens shuttering in 2025 (Marcus, 2024; 2aDays, 2025). Community colleges must transform or become part of this pattern of decline.

California's Winning Hand

California possesses a unique combination of advantages that no other state can match, including over five years of pioneering investment in DA-CBE, regulatory approvals other states are still pursuing, proven digital infrastructure, and the scale to demonstrate that transformation works across diverse contexts.

Federal Regulatory Success: California established its direct assessment competency-based education leadership in 2018 when the legislature created Calbright College as the nation's first fully online, tuition-free competency-based public community college (California State Auditor, 2021). This pioneering investment has provided California with almost seven years of competency based education experience as well as regulatory navigation, positioning the state well for next steps. Building on this foundation, in 2024 Coastline College successfully

completed a complex federal approval process, becoming the first community college in the California system approved for a direct assessment competency-based education degree program (Competency-Based Education Network, 2025). Mt. San Antonio College, Southwestern College, and Shasta College are also nearing completion of the federal approval process.

Proven Digital Infrastructure: California's Digital Driver's License project, with over 500,000 participants in the pilot program as of 2024, (California Governor's Office, 2024), demonstrates privacy-protecting, interoperable digital wallet implementation that could serve as a foundation for educational credential integration. Unlike other states starting from scratch, California can build DA-CBE credential systems on a tested technology infrastructure that already operates at scale. In addition, the state's Silicon Valley innovation ecosystem provides significant advantages for developing the most advanced competency-based credentialing systems in the nation.

Policy Innovation Foundation: The California Community Colleges Board of Governors has proactively engaged in updating regulations and policies to support competency-based education innovation, including establishing the DA-CBE Collaborative in 2021 and working with colleges to navigate federal approval processes. In addition, California's Student-Centered Funding Formula (SCFF) demonstrates the state and system's willingness to move beyond pure enrollment-based funding toward outcome-based approaches that align with DA-CBE principles. This regulatory modernization framework, combined with Calbright's ongoing innovation capabilities, provides California with both the policy flexibility and implementation experience needed to scale DA-CBE across traditional institutions.

Scale and Diversity: California's 116 community colleges (serving 2.2 million learners across multiple geographic regions and economic contexts) reflect the diversity of experience and demographics needed to fully test the educational innovation and institutional transformation offered by DA-CBE. This scale enables development of competency-based approaches that work across different institutional settings, from rural agricultural regions to urban technology centers, while the colleges' diversity provides proof-of-concept for serving varied student populations, including working adults, immigrants, and first-generation college students who most benefit from flexible, competency-based pathways.

The four converging forces (skills-based hiring, adult learner growth, scalable technology, and demographic shifts) and the unique advantages California provides create the conditions for California to build an entirely new infrastructure connecting education and employment throughout individuals' working lives. DA-CBE provides the organizing framework that makes this possible: students demonstrate mastery when ready rather than progressing on fixed schedules, credentials document evolving capabilities rather than one-time degree completion, and institutions validate learning from work and life experience as well as classroom

hours. This shift enables colleges to serve not as episodic degree providers, but as continuous partners in workforce development, validating skills as they develop, recognizing capabilities from all contexts, and creating pathways that adapt as careers and economies evolve.

How DA-CBE is Different

DA-CBE is not tied to traditional course structures; student learning pathways are individualized, generally based on prior knowledge and competency gaps. Direct assessment occurs through rigorously pre-validated methods (often involving alignment to industry standards, subject matter expert and faculty review, and more), with a student needing to demonstrate mastery of a competency regardless of the assessment format. With DA-CBE, student progression and achievement (degree, credential, or otherwise) is exclusively based on assessments that often use real-world projects and applied learning tasks, with guidance, feedback, and support from faculty reviewers conducting the student evaluations.

If successfully implemented at scale within public higher education systems, this model could fundamentally reshape how Americans access economic mobility across their lifespans. However, genuine DA-CBE implementation is complex and requires navigating federal financial aid regulations, building sophisticated competency-tracking technology, and transforming institutional culture from semester-based to continuous enrollment models, barriers that have prevented national adoption despite widespread interest. California's years of investment and unique combination of advantages positions the state to overcome these implementation challenges where others have stalled.

We have everything needed. Now is the time to act.

CALIFORNIA'S DA-CBE OPPORTUNITY

What Comprehensive DA-CBE Development Could Achieve

Focused investment in the continued development and testing of Direct Assessment Competency-Based Education across a small number of institutions would generate significant evidence about competency-based approaches and their ability to address persistent challenges in workforce development and educational accessibility in California. This development and testing approach recognizes that while Coastline College has achieved initial federal approval for DA-CBE programs and several pilot colleges have begun limited program rollout, current efforts are nascent and do not yet sufficiently validate whether direct assessment competency-based education can work at scale.

Focused, continued investment would create the conditions for systematic testing across integrated DA-CBE components such as formative learning assessment, variable-pace learning, employer integration, technology infrastructure, and alternative financing, providing the evidence needed to inform strategic decisions about broader adoption. At the same time, these investments would advance the identification of the policy frameworks, regulatory adjustments, and specialized workforce capabilities required to operate direct assessment competency-based programs effectively at scale within California's public higher education system. Without significant investment in scale and coordination, current DA-CBE efforts might remain small, niche initiatives that generate insufficient data to answer fundamental questions about viability, effectiveness, and scalability within California's public higher education context.

What California's DA-CBE Development Phase Must Prove

Testing Comprehensive DA-CBE Implementation to Address Critical Challenges

DA-CBE has shown promise as a model for addressing persistent challenges in higher education, national results have been mixed due to existing institutional and state regulatory and policy frameworks that constrain high-fidelity implementation. California's comprehensive, systemic implementation would address these regulatory and policy constraints and be the first of its kind to validate whether DA-CBE within public higher education systems can effectively address *three* critical challenge areas:

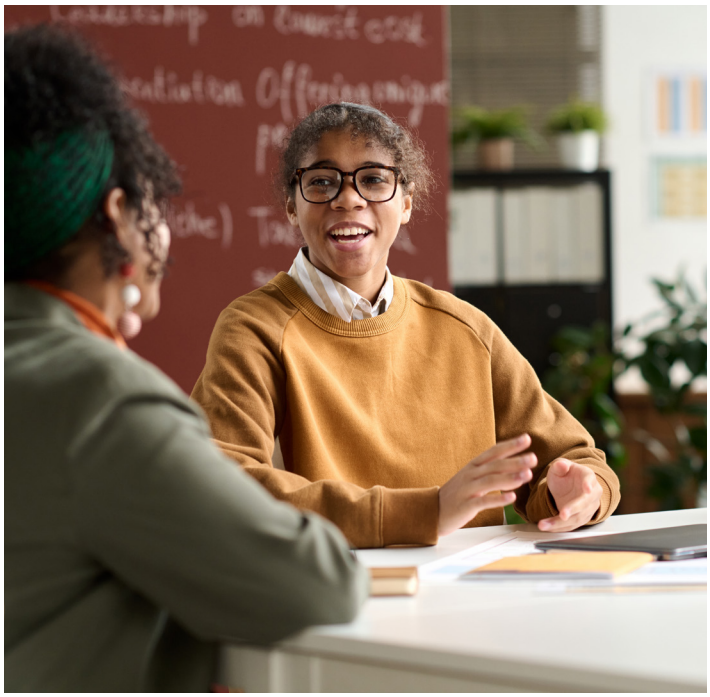
Educational innovation challenges include delivering variable-pace completion that enables personalization based on prior knowledge; implementing competency validation across diverse contexts including work, family, and community experiences; and establishing student-controlled credential management that provides portable documentation learners own and employers recognize. *Achieving high-fidelity implementation requires regulatory flexibility, integrated technology platforms, and comprehensive competency frameworks.*

Risk reversal challenges include reducing student financial and time investment through competency-based acceleration and employer partnerships, holding institutions accountable for employment outcomes rather than simply collecting revenue regardless of student success, and securing employer investment in educational programs based on demonstrated graduate capabilities. *Achieving high-fidelity implementation requires alternative financing models, employer integration throughout learning, and performance-based institutional accountability.*

Economic and social impact challenges include creating workforce durability in an economy where skills and competencies acquired outside formal classrooms go unrecognized and unvalidated. Traditional adult learner approaches, like credit for prior learning, remain limiting because they require retrofitting real-world capabilities into the structure of academic courses, forcing students to prove they've mastered content based on how a college designed a class rather than simply validating the skills they actually possess. *Achieving high-fidelity implementation requires comprehensive adult learning system integration that recognizes learning from all contexts and employment-focused program design that connects skill validation directly to hiring and advancement opportunities.*

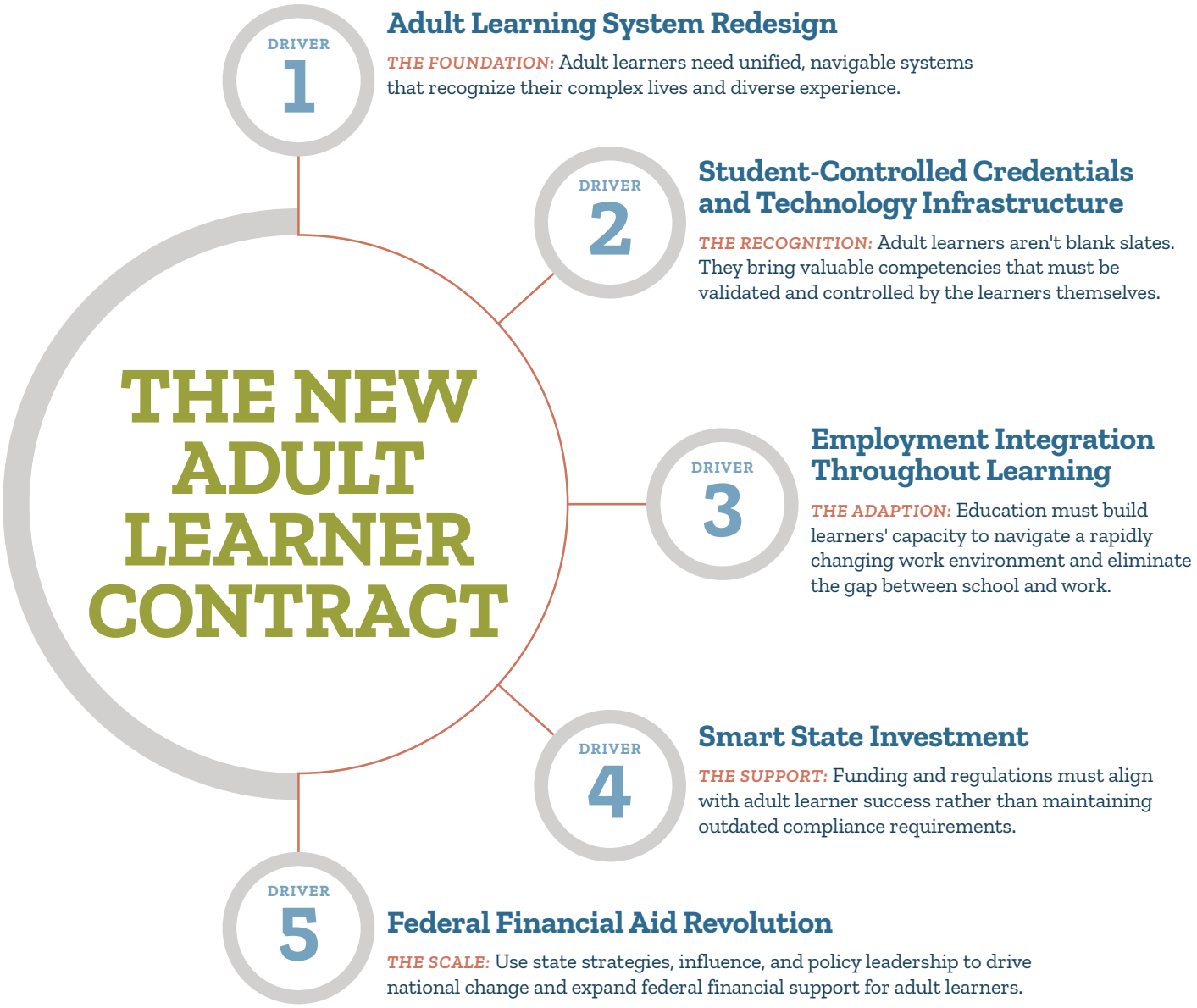
DRIVING SYSTEMIC CHANGE

From Vision to Action



Making direct assessment competency-based education work at scale in California requires dismantling five structural barriers that currently confine students in time-based models. These models reinforce higher education's disconnect from employment systems that directly impact student employment outcomes.

Each driver below addresses a specific barrier preventing DA-CBE from achieving its transformational potential, including federal financial aid systems that force competency programs into semester structures, state funding formulas that penalize efficient pathways, employment systems that operate separately from learning, technology platforms designed for credit-hour tracking, credentialing systems that institutions control rather than students, and adult learning networks fragmented by administrative silos.



These aren't separate reform initiatives to tackle sequentially. Together, they represent the interconnected architecture of modern higher education, where progress in each area enables and amplifies change in the others.

Driver 1: Adult Learning System Redesign

The Foundation: Adult learners need unified, navigable systems that recognize their complex lives and diverse experience.

The Crisis Reality

Mario, a single father working two jobs, discovers that California's community colleges actually offer multiple pathways designed for working adults: noncredit career programs with flexible scheduling, online certificate programs he can complete at home, competency-based programs with accelerated formats, and learning assessments that could recognize his prior work experience. However, these solutions exist as isolated options rather than integrated systems, each with unclear costs (ranging from free noncredit programs to full tuition certificates), uncertain outcomes where credit for prior learning might or might not be awarded, extended waiting periods for assessment decisions that leave him in limbo, and availability that varies by the college he happens to contact.

The scenario above directly affects the nearly 73% of community college students who work while enrolled (New America, 2023). Adult-serving innovations exist across the system, but students must research which colleges offer what programs, navigate uncertain assessment processes with no guarantee of credit recognition, compare costs across program types without clear pathway information, and wait weeks or months for decisions while their economic situations remain precarious. Students often miss opportunities that could transform their economic prospects simply because they can't find or access them.

The credit-matching game particularly fails the populations California's economy depends on. Immigrants with professional experience must force their competencies into arbitrary course structures rather than documenting actual proficiency. Working parents can't transcript their project management and problem-solving skills because they don't match predetermined course designs. Career changers see their diverse knowledge base ignored when institutions focus on credit accumulation rather than competency mastery. These adults need to build upon the skills, credentials, and knowledge they already possess, but current systems force them to play institutional matching games rather than demonstrating what they can do.

The Urgency

As noted above, California will lose over half a million K-12 students over the next decade (Campaign for College Opportunity, 2025; California Department of Finance, n.d.; Public Policy Institute of California, 2024), deeply impacting the traditional high school to college pipeline. Adult learners represent the growth market institutions need, but these students have options. Private training providers and corporate-backed certificate programs like Google Career Certificates, IBM SkillsBuild, and Amazon Web Services training offer clear pathways with predictable costs, direct employer connections, and immediate job relevance that California's fragmented system can't match. Every month that Mario spends researching scattered options and waiting for uncertain assessment decisions, these competitors gain market share serving the students California institutions should be supporting.

Meanwhile, employers' rapid adoption of skills-based hiring threatens traditional degree programs that cannot document actual capabilities. Institutions that are singularly focused on moving learners through credit-accumulation instead of competency demonstration risk future viability and relevance as the employment and consumer markets shift. Adult learners seeking economic advancement are increasingly choosing providers that accelerate their time to completion and validate what they can do.

The state's innovation economy requires continuous workforce development, but when adult-serving solutions remain institutional afterthoughts rather than systemic priorities, California loses both individual talent and regional competitive advantage. Capable workers trapped in economic insecurity due to navigation complexity represent untapped human capital, while employers seeking skilled workers turn to alternative providers who can deliver competency-validated graduates efficiently.

The Bold Move

DA-CBE provides the architectural framework to transform scattered adult-serving solutions into coherent institutional approaches by reframing education around competencies rather than courses. Instead of assessing whether Mario's customer service experience fits predetermined course requirements, DA-CBE documents the actual competencies he has mastered, such as conflict resolution, problem-solving under pressure, multilingual communication, and customer relationship management. This approach creates a complete competency profile that employers can understand and value, while Mario gets a personalized learning experience that validates and builds on his existing capabilities.

Variable-pace progression allows Mario to accelerate through competencies he can actively demonstrate while focusing time on acquiring new skills. Student-controlled credentials give him portable documentation of all his competencies (from work experience, family coordination, and formal education) that he can share across employers and educational contexts without institutional gatekeeping.

However, building full DA-CBE infrastructure requires structural shifts across the educational system. Learners need control over digital credentials that document their competencies in real-time rather than waiting for institutional transcript services. Faculty need technology platforms and professional development to assess competencies across diverse contexts rather than grading traditional assignments. Institutions need regulatory flexibility to invest in comprehensive student support and employer partnerships rather than compliance with outdated spending categories. And the system needs sustainable financing that rewards competency achievement and employment outcomes rather than dependence on federal aid designed for semester-based credit accumulation.

Beyond structural changes, this transformation demands cultural change across institutions where current programs, processes, personnel, and revenue streams are built around the existing course-based system. Faculty who have spent careers designing curriculum around credit hours must learn to validate competencies. Staff who manage separate noncredit and credit systems must coordinate unified student pathways. Administrators who budget around enrollment projections must shift to outcome-based accountability.

Without the right investment strategy that addresses all these interconnected requirements simultaneously, the lift to transform will be too heavy for individual institutions to manage. Success means that students like Mario discover coherent pathways where existing competencies are immediately recognized and documented, learning builds authentically from existing capabilities, and a complete competency profile connects directly to employment opportunities, while California creates the coordinated infrastructure and cultural transformation that makes direct assessment competency-based education possible rather than merely aspirational.

Driver 2: Student-Controlled Credentials and Technology Infrastructure

The Recognition: Adult learners aren't blank slates. They bring valuable competencies that must be validated and controlled by the learners themselves.

The Crisis Reality

James, a veteran with logistics and leadership experience, completes a data analytics program but discovers that institutional systems treat his new learning as completely separate from his existing capabilities. His transcript shows "Data Analytics I" with no indication that this coursework built upon his military experience in interpreting operational data and making evidence-based decisions under pressure. The college's system can't document how his analytics skills integrate with his existing supply chain knowledge and pattern recognition competencies; it only records the title and grade for the courses he took each semester.

Meanwhile, employers like the tech startup that wants to hire him see fragmented documentation that obscures his actual value. They can't understand how James's military logistics experience enhances his data analytics capabilities, or how his operational decision-making skills make him uniquely qualified for business intelligence roles. His transcript provides no pathway to connect his diverse competencies into a coherent professional profile, forcing interested employers to guess at his real capabilities while James remains unable to present his integrated skill set effectively.

This institutional fragmentation particularly harms California's diverse workforce, many of whom develop competencies across multiple contexts throughout their lives. Sofia, an immigrant engineer, can't show how her professional experience in another country connects with her community college coursework and workplace learning because each exists in separate institutional silos. Marcus, a working father, builds project management skills through family coordination and customer service expertise through retail work, but no system can document how these competencies combine with his technical learning to create unique professional capabilities. Current technology treats each learning experience as isolated rather than recognizing how adult learners continuously build upon and integrate their existing knowledge to develop more sophisticated competency profiles.

The Urgency

California's innovation economy demands workers who can continuously adapt and learn throughout their careers, but traditional credentialing systems trap learners in years-long programs while the job market evolves around them. By the time James completes a data analytics program, the tools he learned may be outdated, and his transcript still only shows he completed "Data Analytics II" in 2023, providing no indication of his current capabilities or readiness for emerging technologies.

Learning Evolution Timeline

From Industrial to AI/Automation Era

Industrial Era *1900-1970*
LEARNING MODEL Front-loaded education
CREDENTIAL TYPE Degree-based
SKILLS HALF-LIFE 25+ years
WORKFORCE CHARACTERISTICS Stable careers, single employer

Information Era *1970-2000*
LEARNING MODEL Periodic training
CREDENTIAL TYPE Certification supplements
SKILLS HALF-LIFE 10-15 years
WORKFORCE CHARACTERISTICS Career advancement, multiple employers

Digital Era *2000-2020*
LEARNING MODEL Continuous learning
CREDENTIAL TYPE Skills-based validation
SKILLS HALF-LIFE 5-7 years
WORKFORCE CHARACTERISTICS Portfolio careers, rapid change

AI/Automation Era *2020-Present*
LEARNING MODEL Just-in-time learning
CREDENTIAL TYPE Competency verification
SKILLS HALF-LIFE 2.5-4 years
WORKFORCE CHARACTERISTICS Adaptive expertise, constant upskilling

This mismatch between educational timelines and economic reality has accelerated dramatically. Technical skills now become half as valuable in just 2.5 years, while broader professional skills have a half-life of approximately 5 years, compared to 10-15 years in previous decades (IBM Institute for Business Value, 2019). For working adults like James who need to balance education with employment and family responsibilities, traditional degree programs that take 2-5 years to complete essentially guarantee that much of their learning will be outdated by graduation. Meanwhile, employers facing rapid technological change need workers who can demonstrate current competencies, not historical course completion.

The challenge operates at multiple levels: California's state-funded community colleges face enrollment losses as learners choose more responsive alternatives, the state's workforce development investment becomes less effective when educational outcomes don't match economic needs, and capable workers remain trapped in systems that can't serve

their advancement goals. In addition, traditional transcripts become less valuable as employers shift toward skills-based evaluation, yet learners remain trapped in credentialing systems designed for a different labor market. This mismatch creates a vicious cycle where institutions continue producing credentials that employers increasingly ignore, while learners accumulate debt for documentation that doesn't necessarily translate to employment opportunities in a rapidly evolving workforce environment.

What We Must Build

DA-CBE's shift from courses to competencies enables authentic documentation of James's full capability profile as it develops. Instead of transcripts listing "Data Analytics II," his competency record highlights specific validated skills such as statistical analysis, data visualization, and pattern recognition for operational decision-making that build upon and integrate with his military logistics experience. Each new competency connects to and strengthens his existing knowledge.

California's opportunity is to establish comprehensive competency frameworks that define the universe of skills learners can obtain and validate. Rather than each institution creating separate course catalogs, California can contribute to developing standardized competency taxonomies that span industries, regions, and career pathways, creating a shared language for documenting human capability development.

In addition, student-controlled digital credentials become more valuable when learners can package competencies from this comprehensive universe for specific opportunities. James already brings these integrated capabilities to his work, but without institutional validation, employers must spend time and resources discovering this value themselves. Instead, James could control a verified profile spanning military logistics, operational decision-making, pattern recognition, and statistical analysis that he can reconfigure for different employers or career transitions. Today's technology makes this comprehensive approach feasible. Digital platforms can document competency development across all learning environments, reveal how skills build toward career pathways, and give learners control over packaging their validated capabilities for different opportunities.

This infrastructure demands California's leadership in developing not just institutional technology, but contributing to the broader competency standards that will define how human capability gets documented and recognized. Success means James owns comprehensive documentation of his evolving competency profile, can package relevant combinations for any opportunity, and contributes to a system where all learning, formal and informal, builds toward meaningful career advancement. Meanwhile, California helps establish the national framework for competency-based credentialing.

Driver 3: Employment Integration Throughout Learning

The Adaption: Education must build learners' capacity to navigate a rapidly changing work environment and eliminate the gap between school and work.

The Crisis Reality

Aisha completes a healthcare administration program with excellent grades but discovers that her education did not reflect the day to day skills needed in actual healthcare workplaces. She learned administrative theory, but she never managed real patient scheduling systems, coordinated with medical staff during crises, or practiced and refined competencies in authentic professional contexts. Her "career services" consisted of optional resume workshops and job placement assistance available as she was graduating, her college preparing her for work only after her education was complete and treating employment readiness as a final add-on rather than essential to her learning.

Meanwhile, her potential employers see academic credentials that provide little insight into her differentiated workplace capabilities. Healthcare administrators need someone who can handle patient flow during emergencies, coordinate complex scheduling across multiple departments, and manage staff relationships under pressure. Instead, Aisha's transcript notes that she has earned an A in Communications 100, for example, leaving the employer to make assumptions about what the course was about, what she actually learned, and how it connects to the workplace. Employers must guess whether her academic knowledge translates to workplace effectiveness, creating hiring uncertainty that delays her employment, limits their confidence in her capabilities, and encourages them to rely on existing networks and professional connections when hiring.

This separation between education and employment places all risk on learners like Aisha to independently bridge the gap between academic achievement and career readiness. Students graduate hoping their degrees will lead to employment, while institutions face little to no accountability for actual employment outcomes or career advancement success.

The Urgency

As noted in the previous section, California's digital economy demands workers who can adapt continuously throughout their careers. Average workers hold 12 different jobs over their lifetime, while the value and relevance of professional skills is now declining by half every 2.5-4 years, requiring constant updating and expansion rather than one-time mastery (Bureau of Labor Statistics, as cited in Thomasnet, 2022). Yet educational institutions still operate as if students learn first and work later, rather than supporting the continuous skill development that modern careers require. This outdated institutional model fails when learners need to advance in their current jobs while simultaneously developing new capabilities, when employers need workers who can demonstrate applied skills developed through integrated theoretical understanding, and when economic transitions require rapid reskilling through engaged learning rather than extended classroom programs.

With 39% of existing skill sets expected to be transformed over the next five years and 44% of all skills facing disruption by 2028 (World Economic Forum, 2023, 2025), educational frameworks must enable theoretical knowledge to develop through workplace engagement and scaffolded practice rather than solely through abstract coursework followed by separate application. Current career services have proven insufficient for translating employer relationships into meaningful employment outcomes at scale, which is particularly problematic given California's competitive labor market and rapid skill evolution demands.

The failure to integrate employment throughout learning as the consistent standard creates multiple risks: students face unemployment despite educational completion, employers struggle to identify qualified candidates from traditional programs, and California's workforce development investment becomes less effective when education doesn't connect directly to employment outcomes. The broader challenge is structural. Institutions aren't incentivized or equipped to manage employer relationships effectively or consistently, while employers face fragmented outreach from dozens of colleges with no standardized way to validate competencies. California needs a new approach built on employer-validated competency frameworks rather than expecting institutions to somehow bridge this gap.

The New Approach

DA-CBE can eliminate the false divide between school and work by embedding workplace assessment throughout the learning process. For example, instead of Aisha reading about healthcare administration theory in isolation, she learns by practicing relevant competencies through real-world scenarios that mirror actual workplace challenges. These challenges include managing patient scheduling systems under pressure, coordinating with medical staff during simulated crises, and solving authentic administrative problems that healthcare employers immediately recognize and value.

Workplace-integrated competency assessment transforms evaluation into professional practice where learners build portfolios with work products rather than completing a series of theoretical academic assignments. Healthcare students demonstrate patient care competencies through clinical simulations, technology students solve real cybersecurity challenges, and business students manage actual client projects. The assessment process itself becomes workplace preparation, developing professional skills while validating academic competencies that industry partners can easily recognize and value.

This approach must also support learners in building professional networks as measurable learning outcomes through structured mentorship programs connecting students with industry practitioners and employer partnership projects that create value for both students and industry partners. Learners would then graduate with verified workplace competencies and professional relationships rather than hoping that their degrees translate to employment opportunities.

To achieve these stronger education and professional practice connections, sustainable employer partnerships must evolve beyond traditional advisory committees. Employer partnerships must be designed to create ongoing, shared investments in student success through skills-based credential recognition in hiring practices, just-in-time training relationships for rapid workforce development, and outcome-based partnership agreements where employers invest based on job placement and wage progression outcomes. Subsidized employment programs with cost-sharing arrangements (75/25 or 50/50) reduce risk for both students and employers while creating supported transitions into professional contexts.

Success means Aisha graduates with verified workplace competencies that are demonstrated through authentic professional scenarios and relationships with healthcare employers built throughout her program. She moves directly into career advancement, not months of job searching. At the same time, California builds something bigger: employment-integrated education infrastructure that fundamentally shifts who bears the risk. No longer do students shoulder all the uncertainty about whether their degree leads to work. Instead, institutions and employers share responsibility for career success and economic mobility.

Driver 4:
Smart State Investment

The Support: Funding and regulations must align with adult learner success rather than maintaining outdated compliance requirements.

The Crisis Reality

Dr. Patel, a community college president, faces an impossible trap that prevents her from serving the adult learners her institution desperately needs. Enrollment-based funding forces her to chase FTE numbers through strategies that work against adult learner success: marketing to 18-year-olds who can take full course loads, scheduling courses during traditional daytime hours, offering only classes large enough to meet efficiency ratings and labor cost targets, and creating program sequences that maximize seat time rather than recognizing learners' existing competencies. Both the state and colleges assume the only solution is traditional scale, more faculty, more counselors, more facilities, rather than exploring digital strategies that use technology-enabled solutions to provide personalized support without proportionally increasing staffing demands.

The traditional funding model creates incentives that directly contradict what adult learners need for success. When Maria, a working mother, needs accelerated pathways that recognize her existing skills and accommodate her complex schedule, Dr. Patel's institution instead offers semester-based courses designed to maximize seat time and FTE generation. The faster Maria completes her competencies, the less revenue the college receives, creating financial disincentives for the efficient, personalized education that competency-based approaches enable.

Meanwhile, existing California regulations prevent Dr. Patel from investing in what could best serve working adults such as personalized competency coaching through adaptive platforms, flexible assessment that responds to individual learning speeds, and technology-enabled wraparound services that don't require traditional staffing ratios. The regulatory framework rewards traditional classroom instruction while treating the digital infrastructure that enables efficient personalization as "non-instructional overhead." This regulatory and funding straitjacket requires institutional leaders to choose between financial sustainability and educational effectiveness, pursuing enrollment strategies they know provide only temporary fixes while being prevented from developing the adaptive models that could serve California's adult learners effectively and sustainably.

The Urgency

California's projected loss of over half a million students over the next decade (Campaign for College Opportunity, 2025; California Department of Finance, n.d.) makes enrollment-based funding models not just outdated but actively destructive for institutions that need to proactively adjust to the new population and market realities. Community colleges depend on state appropriations for approximately 90% of their core operational revenue (Public Policy Institute of California, 2025), creating vulnerability when demographic decline eliminates the enrollment growth that current funding models require.

The state attempted to mitigate some harm from enrollment declines by moving to the Student-Centered Funding Formula (SCFF) in 2018, incorporating performance-based metrics alongside enrollment (California Community Colleges Chancellor's Office, n.d.-c). However, implementation across the system has been slow, with many institutions still operating primarily under enrollment-driven incentives while lacking the regulatory flexibility to fully realize SCFF's outcome-focused potential.

The perfect storm intensifies as regulatory constraints prevent adaptation precisely when institutions need maximum flexibility. While demographic pressures demand innovative approaches to serve adult learners efficiently, California's 50% law, which requires half of operational budgets go to traditional instructional salaries, forces continued investment in traditional classroom models that don't serve working students effectively. The Community College League found that 92% of CEOs reported the 50% law restricts spending on necessary student support services (Community College League of California, 2025), creating impossible choices between regulatory compliance and student success during a period when institutional survival depends on serving all learners better.

Private providers and corporate training programs gain competitive advantage by operating without these constraints. They offer adaptive learning models tailored to serve working adults while California's state-funded colleges remain trapped in funding and regulatory frameworks that prevent effective competition. This mismatch creates cascading risks: institutions lose relevance as adult learners choose more responsive alternatives, the state's workforce development investment becomes less effective when education doesn't match economic needs, and capable workers remain underserved despite California's substantial public investment in community college infrastructure.

The Opportunity

DA-CBE can enable California to break free from both enrollment-dependency and regulatory constraints through coordinated funding and regulatory transformation that aligns institutional incentives with student success. Instead of rewarding institutions

for extending Maria's time-to-completion, progress-based funding models can reward competency achievement, employment placement, and wage progression, creating financial incentives for the efficient, personalized education that working adults need.

Building on California's Student-Centered Funding Formula success, DA-CBE programs can integrate progress-based metrics that incorporate competency achievement and employment outcomes alongside traditional completion measures. The SCFF's existing structure already recognizes student characteristics that align with DA-CBE populations, including working adults, first-generation students, and low-income students, providing a proven foundation for extending outcome-based principles to reward institutions for competency-based effectiveness rather than just enrollment maintenance.

This transformation requires California to invest in approaches that move beyond the familiar territory of FTE funding and traditional classroom-based instruction. The challenge is real: progress-based funding models and specialized faculty teams represent uncharted territory for most institutions, demanding new accountability measures, different staff expertise, and technology infrastructure that many colleges have never implemented. The realities of maintaining status quo approaches, however, including continued enrollment decline, inability to serve adult learners effectively, and competition from more adaptive providers, far exceeds the risk of strategic investment in competency-based alternatives.

Regulatory modernization that alleviates these constraints for DA-CBE programs is necessary, specifically through 50% law exemption pilots that enable strategic resource allocation beyond traditional classroom instruction. DA-CBE programs require modified instructional and classroom definitions that allow comprehensive instructional teams (including subject matter experts, assessment specialists, learning coaches, and instructional designers) and instructional technology to count toward the 50% target. DA-CBE models fundamentally change the traditional one-faculty-per-classroom structure, instead requiring specialized faculty teams providing the comprehensive support that direct assessment competency-based education demands. Expanded definitions of "instruction" should recognize these instructional team roles alongside technology support enabling adaptive assessment.

The transformation must also consider alternative revenue models that align with DA-CBE outcomes. Subscription-based financing models have the potential to create more predictable revenue streams that support intensive, personalized education while reducing student financial burden through flat-rate pricing that doesn't penalize slower progress or charge extra for acceleration. Employer partnerships represent another revenue approach aligned with competency-based principles, providing direct investment in programs with clearly defined skill outcomes and shared accountability for employment results, creating sustainable funding streams that serve workforce development needs while supporting institutional capacity to deliver competency-based education.

Success means Dr. Patel can allocate resources strategically toward progress-based programming that serves adult learners effectively, measuring success through competency achievement and employment outcomes rather than enrollment numbers that benefit from student credit accumulation. Success also means that California can demonstrate how coordinated funding and regulatory transformation enables public institutions to compete effectively for adult learners while building the skilled workforce required for the state's innovation economy, creating replicable models for states facing similar demographic and economic pressures.

Driver 5: Federal Financial Aid Revolution

The Scale: Use state strategies, influence, and policy leadership to drive national change and expand federal financial support for adult learners.

The Crisis Reality

Sarah, a financial aid director at a California community college, watched her institution spend two years navigating federal approvals for their first DA-CBE program, only to discover that regulatory requirements undermine everything the program is trying to achieve. Federal regulations require her office to "establish a methodology to reasonably equate each module to either credit hours or clock hours", essentially forcing her to retrofit the flexible, competency-based program back into the time-based framework it was designed to escape.

The separate regulatory processes for traditional courses and DA-CBE demand she maintain two administrative systems with no additional resources: tracking semester-based aid alongside competency-based disbursements that must still comply with time-based satisfactory academic progress requirements. When learners master competencies quickly, she can't distribute aid until artificial semester-linked boundaries are met. When learners need additional time for complex skills, calendar-based cutoffs often trigger aid termination regardless of learning progress.

Sarah knows the credit conversion requirements make the entire competency-based approach feel moot. Vulnerable students for whom financial aid should be providing access and support still get trapped in semester structures, faculty still must map flexible learning to time based courses, and her office still must administer financial aid as if learning happens in predetermined chunks rather than through authentic competency development. The regulatory stranglehold forces her to operate systems that actively undermine the educational innovation her institution invested years developing.

The Urgency

Federal financial aid regulations designed for 1960s educational models prevent the rapid reskilling that California's innovation economy demands. These outdated rules create systemic barriers so that even successful pilot programs struggle to scale their programs effectively. As a result, thousands of capable workers remain trapped in economic insecurity while California regions lose potential skilled workers who could drive economic development.

Sarah's experience illustrates the broader institutional paralysis: colleges invest significant resources into developing innovative programs to serve adult learners, but federal compliance requirements turn what should be a six-month program approval process into a two-to-three-year timeline that encourages institutions to return to traditional models.

The state's investment in direct assessment competency-based education thus risks producing successful demonstration projects that cannot effectively serve the adult learner populations who need them most, while federal bureaucracy prevents the transformation that California's public education system and state workforce requires.

Making the Shift

Rather than waiting for the federal bureaucracy to resolve regulatory contradictions that may take years to address, California must pursue a dual strategy: immediately leveraging current state funding and alternative workforce development funding streams while building multi-state advocacy for systematic federal reform.

Workforce Development Pathway: The most promising immediate approach involves systematic WIOA integration through advocating for both expanded Individual Training Account (ITA) approaches and placement of DA-CBE programs on state Eligible Training Provider Lists (ETPL), creating multiple pathways for learners to access workforce development funding without federal financial aid compliance barriers. This dual strategy requires advocating for ITA policy modernization that recognizes competency-based approaches as eligible workforce training while simultaneously advocating for and securing a streamlined ETPL placement process that validates DA-CBE programs as approved workforce development options through local workforce development boards.

The current ETPL approval process can take over a year when including performance data requirements and processing delays, creating the same institutional delays these reforms aim to solve (Jobs for the Future, 2024). This makes advocacy for an expedited ETPL approval pathway specifically for DA-CBE programs essential to ensure timely access to workforce funding for adult learners.

Department of Labor competitive grants could also support workforce development and apprenticeship expansion that naturally align with competency-based assessment, while comprehensive employer partnership integration enables industry to directly invest in student education through outcome-based contracts. State innovation financing might supplement workforce funding with grants to learners participating in competency-based education, though this demands legislative approval for new funding categories.

Multi-State Consortium Leadership: Simultaneously, California should work with national organizations to lead a multi-state consortium targeting states with demographic decline, competency-based education initiatives and/or skills-based hiring adoption to coordinate advocacy for federal financial aid policy change. California would serve as the lead coordinator with participating states sharing costs for educational advocacy, policy research development, and congressional relationship building needed to advance competency-based education priorities at the federal level.

This approach enables broader political support across diverse constituencies while distributing advocacy costs among states facing similar challenges, demonstrating that competency-based education serves regional economic needs beyond California alone and building the coalition strength necessary to influence federal policy development. Consortium efforts should focus on statutory and regulatory reform fully eliminating credit hour conversion requirements, regulatory modernization to streamline approval processes with clear timelines, and bipartisan coalition building and education about the role of framing competency-based education as a workforce development solution that serves economic competitiveness priorities.

Success would mean Sarah could focus her office's resources on streamlined workforce-based financing through multiple pathways that eliminate dual system maintenance while learners access competency-based education through employment-focused funding that connects directly to career advancement. Success also means that California can lead national advocacy for systematic federal reform that positions the state to influence policy development through both immediate workforce success and coordinated policy action.

Recommendations: Building California's DA-CBE Infrastructure

The five drivers above identify the systemic barriers preventing DA-CBE from achieving transformational impact in California. Addressing these barriers requires coordinated action across multiple fronts simultaneously. The following recommendations provide California's roadmap for dismantling these structural obstacles and building the comprehensive DA-CBE infrastructure the state needs.

Build Innovation Fund and Strategic Investment Coalition: Establish a diverse coalition of investors, including philanthropy, private investors, corporate partners, and public funding, to create an innovation fund supporting a small cohort of public higher education institutions in their development and delivery of comprehensive DA-CBE programs. These programs will test digital scale approaches using technology-enabled personalization and adaptive learning to serve more learners effectively without proportionally increasing traditional cost models.

Create Regulatory Environment for DA-CBE Testing: Create a differentiated state apportionment model, including exemption pilots for California's existing 50% law (which requires that 50% of district budgets go to classroom instruction) for DA-CBE colleges to enable investment in a modernized learning experience.

Develop DA-CBE Core Infrastructure: Build and test integrated systems for competency tracking, assessment across multiple contexts, variable-pace learning, and student-controlled digital credentialing that demonstrate DA-CBE's potential for adult learners.

Implement Student-Controlled Credential Pilots: Test digital credentialing systems that give learners ownership of and control over their competency documentation, building on California's existing digital wallet infrastructure.

Create Statewide Competency Framework Standards: Develop unified competency taxonomies that span industries and regions, enabling portability and employer recognition while maintaining quality standards across participating institutions.

Test Employment-Integrated Learning Models: Embed workplace competency assessment and employer partnerships within DA-CBE programs to validate the connection between competency-based learning and employment outcomes.

Build Regional Employer Validation Networks: Leverage regional industry partnerships across California's diverse economic regions to co-develop competency standards and assessment protocols.

Develop Faculty Professional Development Infrastructure: Create comprehensive DA-CBE credential programs for faculty transitioning from traditional instruction to competency coaching, including assessment design, workplace integration, and technology platform utilization.

Eliminate Administrative Barriers for Adult Learners: Remove credit/noncredit divisions within DA-CBE regulations to test seamless competency-based pathways that recognize adult learners' diverse experiences and skill sets.

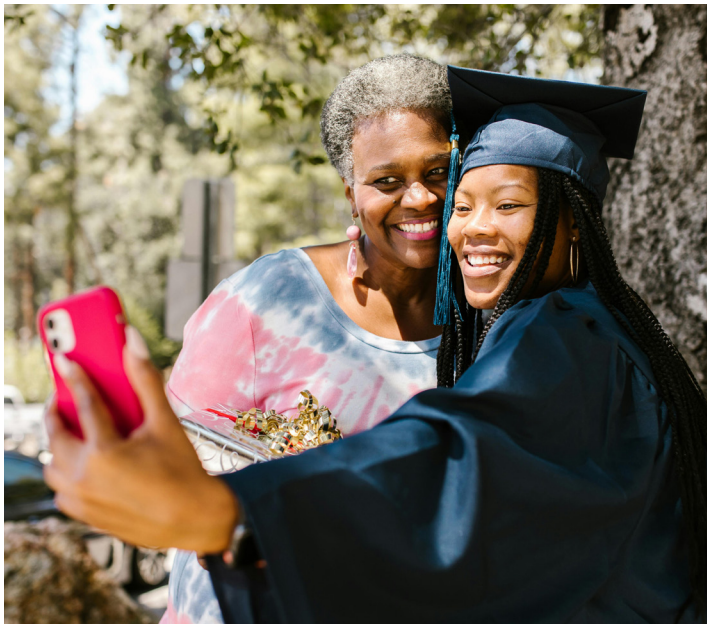
Transform Noncredit-Credit Program Boundaries: Convert existing noncredit workforce programs into direct assessment models where learners demonstrate competencies through performance-based evaluation, creating expedited pathways between credit and non-credit program types.

Develop Alternative Financing for DA-CBE: Test integration of WIOA workforce funding, employer investment, and subscription-based models to reduce barriers created by federal financial aid constraints.

Build Multi-State DA-CBE Advocacy: Lead a consortium with states that have competency-based education initiatives and workforce development priorities to advocate for federal policy changes that strengthen support for competency-based approaches. Coordinate advocacy for regulatory modernization that enables direct assessment competency-based financial aid disbursement, streamlines approval processes, and recognizes skill validation across diverse learning contexts. Build bipartisan support by demonstrating how DA-CBE serves workforce development needs across different regional economies and political contexts, creating a national movement for federal policy alignment with skills-based education and employment.

CHOOSING THE RIGHT PATH

In order to implement the strategic actions necessary for successful DA-CBE implementation, California's path forward requires choosing transformation over scaled, incremental improvement across three strategic dimensions outlined below:



New Architecture Over Program Tweaks

Invest in educational infrastructure that changes institutional incentives and student risk exposure. Traditional reforms operate within time-based models that maintain student risk while preserving institutional revenue structures regardless of outcomes. DA-CBE creates a new set of technical, financial, and regulatory structures: competency-based financial aid, student-controlled credentials, personalized learning platforms, and employer-integrated assessment. Without this foundational shift, improvements remain trapped within existing structures that allocate risk to students while keeping institutions disconnected from employment outcomes.

Innovation Cohorts Over System Dilution

Concentrate substantial, sustained investment in a small number of public higher education institutions rather than distributing limited resources across the entire system. Meaningful DA-CBE implementation requires comprehensive transformation across all five drivers simultaneously. Innovation cohort concentration enables deep institutional change, shared platform development, coordinated employer partnerships, and research infrastructure that builds evidence for scaling decisions. System-wide distribution, by contrast, dilutes the scope of support for any one institution, making it insufficient for genuine transformation.

National Leadership Over Reactive Following

Position California as the national model for direct assessment competency-based public higher education transformation. Federal financial aid policy currently blocks innovation while economic and market trends threaten institutional survival. California's unique advantages provide an opportunity to create the future of public higher education by influencing federal policy development, attracting employer investment, and demonstrating educational evolution without abandoning social mission. Waiting for federal leadership to provide permission for this evolution leaves California vulnerable and dependent on bureaucracy, while economic changes and demographic declines proceed regardless.

The Call to Action

This transformation demands more than policy changes, it requires a coalition of bold leaders willing to step outside conventional approaches and take calculated risks to build something genuinely new.

For Funders

This investment in a new infrastructure will serve millions of learners for generations. Like the interstate highway system or internet, direct assessment competency-based education represents a foundational architecture that addresses current and future needs and capabilities. The risk of inaction, watching California's community colleges decline and become increasingly disconnected from student and workforce needs, far exceeds the risk of strategic investment.

For Bold Leaders Across Sectors

Pilot colleges have demonstrated competency-based education is possible, but ongoing viability and sustainability requires continued support to build and test at greater scale. Political leaders must champion regulatory modernization, state leaders must invest in new infrastructure, board members must measure success through progress and employment outcomes, and college presidents must commit to comprehensive transformation.

For Skilled Educators and Their Unions

Faculty and staff possess professional expertise to design authentic assessments and create learning experiences that serve working adults effectively. DA-CBE builds on this foundation while requiring new competencies: mastery of technology-enabled learning platforms, expertise in competency-based assessment design, and adaptation to collaborative instructional team models where specialized roles, including subject matter experts, assessment specialists, learning coaches, and instructional designers, work in coordination rather than isolation. This evolution demands investment in professional development: training in adaptive learning technologies, experience with competency validation methods, and opportunities to develop expertise in learner-centered coaching and mentorship that extends beyond traditional course structures. Labor unions face a crucial choice to lead this transformation by advocating for the resources and support faculty need to develop these competencies while protecting members' careers long-term or defend systems that may not survive current economic realities. The greatest risk to job security isn't change; it is institutions losing ground to more adaptive providers while enrollment continues to decline and traditional funding models prove inadequate.

The Calculated Risk

California's higher education system faces a decisive moment driven by converging forces, including technological transformation, demographic shifts, and evolving workforce demands. The choice is clear: lead the transformation to serve modern learners effectively or watch capable institutions decline while alternative providers capture the adult learner market California's economy depends upon.

The risk of inaction far exceeds the risk of strategic investment. Without DA-CBE transformation, California's community colleges face enrollment-driven budget cuts as demographics shift, students continue bearing full risk for uncertain outcomes,institutions maintain models disconnected from employment reality, and skills gaps persist while regulatory constraints block the innovation that could address them.

DA-CBE offers a proven alternative. Over five years of strategic investment have created implementation knowledge that positions California ahead of competitors. This isn't untested theory, it's evidence-based transformation building on demonstrated success.

California has the foundational infrastructure, pilot experience, and policy momentum for transformational success. The time is now for the state to acknowledge the demographic and economic forces driving an imperative for change. The only question remaining is whether California will seize this moment to lead the evolution of higher education.

About the Authors

Sova focuses on improving the quality and accelerating the pace of complex problem solving in the areas of higher education and workforce development. Animated by a core commitment to advancing socioeconomic mobility for more Americans, Sova pursues its mission through distinctive approaches with strategic planning, will-building, implementation support, and program design and improvement.

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