

The New Learning Contract: Executive Summary

California's Transformation Moment

Over 60% of California's 2.2 million community college students are working adults. The system, created in 1960 for full-time students with few competing demands, was not built for them. That's not a performance problem. It's a design problem. And the distance between California's current model and the learners it serves is accelerating. Direct Assessment Competency-Based Education offers a genuine path forward, and California has the DA-CBE pilot experience, infrastructure, and scale to lead it. Working adults are already choosing more responsive options. **Without strategic action, California risks forfeiting its first-mover advantage among public institutions while private providers continue to attract market share.**

Outdated Structures, Modern Learners

The disconnect everyone sees: Working adults come with experience managing teams and families, coordinating operations, and solving real-world problems, capabilities developed outside classrooms that should accelerate their progress, not be sidelined. They need education that adapts to complex schedules, recognizes workplace competencies, and provides credentials employers can actually assess.

The system we continue to offer: Instead, we provide structures designed for a different student: fixed semester schedules that conflict with work shifts and variable family demands, seat-time requirements that ignore demonstrated capabilities, two- to four-year degree programs designed for completion (when skills are increasingly becoming outdated in 2.5 years), and credential systems that document credit hours rather than validated competencies employers can assess.

Why the mismatch is accelerating:

- 600,000+ fewer California students entering the higher education pipeline over the next decade makes enrollment-based funding unsustainable
- Employers are increasingly adopting skills-based hiring, making traditional transcripts less relevant
- Technical skills now have a half-life of 2.5-4 years, requiring continuous learning throughout careers, not static, one-time degrees

The competition isn't waiting: Google Career Certificates, Amazon and Apple training programs, and private providers offer 6-12 month pathways with clear employment connections. These aren't peripheral options; the alternative credentials market is growing at 17% annually and is projected to quadruple by 2033, demonstrating that responsive, competency-focused education increasingly resonates with adult learners.

The disconnect is getting worse, not better. And it's accelerating.

Market Signals We Can't Ignore

Students are making rational decisions: Why spend 2-4 years on uncertain outcomes when alternative providers offer 6-12 month pathways with employer guarantees?

Employers are making rational decisions: Why require degrees that tell you nothing about capabilities when you can hire based on verified skills and open up a new pool of applicants?

Administrators see it coming: Enrollment-based revenue models create misaligned incentives, focused on sustaining enrollment rather than completion and successful transition to employment.

The system is trapped: Federal regulations privilege time-based structures. State rules prevent strategic resource allocation. Institutional inertia resists fundamental change. Meanwhile, the market is already moving.

The New Learning Contract in Practice

The transformation Direct Assessment Competency-Based Education makes possible replaces higher education's broken business model with one that meets what learners and the economy actually need.

Broken Business Model

Revenue from enrollment numbers

Students pay upfront for uncertain outcomes

Credentials controlled by institutions

Prior experience ignored (everyone starts from zero)

Career services separate from learning, often at end of education path

Degree model designed for completion

Fixed pathways for everyone

DA-CBE's New Learning Contract

Revenue from competency achievement + employment outcomes (incentive: help students succeed faster)

Institutions + employers share accountability for results

Students own portable digital credentials

All learning recognized and validated

Employment integrated throughout

Continuous capability development throughout careers

Personalized progression based on demonstrated competencies

DA-CBE doesn't fix California's current system. It builds a new one, designed from the start for today's learners. The question is whether California's community colleges will lead the public sector transformation or remain trapped in structures that continue failing working adults.

Why Read the Full Report

This summary presents the strategic case for transformation. The full report provides the implementation framework for serving today's learners through Direct Assessment Competency-Based Education:

- **Strategic actions** ranging from building innovation coalitions to transforming federal financial aid policy
- **Five interconnected drivers** requiring simultaneous transformation: adult learning system redesign, student-controlled credentials and technology, employment integration, state investment reform, and federal financial aid revolution
- **Real scenarios** showing how current systems fail working adults and how DA-CBE would serve them differently
- **California's unique advantages** including federal approvals for DA-CBE, pilot experience, digital infrastructure, and scale that position the state to lead nationally

Funders will find the case for innovation fund development, alternative financing models, and why concentrated investment in cohorts produces better outcomes than system-wide distribution.

Policy makers will find specific regulatory barriers, federal advocacy strategies through multi-state consortia, and WIOA integration pathways.

System leaders will find initial considerations for institutional transformation and faculty professional development. More importantly, they'll understand why this moment demands comprehensive change rather than incremental reform.

Most critically, the full report reveals who pays the price of inaction: California's students and its economy. A majority of California's community college students are working adults over 22 disadvantaged by current structures, impacting the skilled workforce California needs. Strategic investment in direct assessment competency-based transformation poses far less risk than preserving systems that fail both.

*Executive summary and full report prepared by: Marty Alvarado, Partner, Sova Solutions;
Co-author and Project Director: Kelley Evans, PhD; Project Team Member: Matthew Longo*