

Good morning. My name is Jackie Cullen. I am the Executive Director of the Pennsylvania Association of Career and Technical Administrators (PACTA). Our membership is comprised of the administrative staff of career and technical schools as well as the career and technical directors of school districts with large career and technical education programs. Thank you for the opportunity to present PACTA's recommendations to the Basic Education Funding Commission. We believe that the current method of funding Career and Technical Centers (CTCs) provides a disincentive for school districts to send to students to CTCs. Our organization has been studying this issue for the last several years and welcomes the opportunity to present you with our recommendation for reducing the disincentive in the current funding method.

CTCs in Pennsylvania (PA) receive the majority of their funding from three primary sources. Approximately 5% of a CTC's budget comes from Carl D. Perkins federal funds (the amount varies regionally due to demographics), 10% or less comes from State Career and Technical Education Subsidy, and 85% or more comes from member school districts.

PA receives \$40M from Carl D. Perkins funding, a decrease of \$5M over the past few years due to population and demographic changes among states. Unfortunately, the reduction in Perkins funds has reduced the amount of federal dollars available to PA CTCs for career and technical education (CTE) program improvement. Many of PA's CTCs use the majority of their Perkins allocation to support the high enrollment of special education students in CTE and academic subjects. Typical special needs participation at the CTC is 35 – 45% or higher; which is 2 – 3 times the special needs enrollment at member school districts. School districts receive IDEA federal funding in support of special education students; however, the money does not follow the students when they enroll part time or full time at the CTC. The excess cost of providing support for special education students increases the overall cost of CTE and the amount of federal dollars available for CTE equipment and program improvements is reduced.

State CTE Subsidy provides approximately \$700 annually for each student enrolled in a PDE approved CTE program. The amount of subsidy is determined by the sum of money appropriated in the state budget, which has been level funded for several years. CTE Subsidy is allocated based on a formula that includes CTE average daily memberships, school district proportionate wealth, and a reduction factor determined by the Secretary of Education when CTE enrollments exceed the monies allocated in the State budget. This method scales the payment of subsidy so poorer districts receive more subsidy than districts with a strong tax base. Once again, State CTE Subsidy has not been increased for several years.

CTCs' member school districts pay the vast majority of the CTCs' general fund budgets. The current method of funding CTE at area CTCs was determined in the mid 1960s by guidelines from PDE. The state provided a template for the articles of agreement to establish and govern AVTSS, now CTCs. The template identified two costs incurred by CTCs: **capital costs** which are

typically funded by the member school districts based on their tax assessed value as determined by the State Tax Equalization Board and annual **operating costs** which are determined by average daily membership (ADMs) at the CTC. The operating cost calculation created a “pay for use” concept. Unfortunately, it has had a devastating impact on CTE enrollments. Many school districts reduce or restrict CTE enrollments, believing they reduce their costs. In reality, they are denying students a right to an education that ultimately leads to college and a family sustaining career. In addition, reducing CTE enrollments increases the cost per student for all participating school districts and seldom results in savings for any one school district.

Career and technical school budgets are based on the cost of delivering quality CTE programs (program based) and fixed costs. CTE costs more than basic education and that is the primary reason it is offered on a consortium basis at a CTC. The consortia approach enables the CTC to offer a greater number and variety of CTE courses, far more than any single school district could afford. Many school districts falsely believe that per student cost equates to tuition and reducing CTE enrollments result in direct savings.

The gross cost per student is calculated by dividing the total enrollment into the total general fund budget. The **net cost per student** (district cost) is reduced by Perkins funds and State CTE Subsidy. Cost per student is important and it is an effective management tool for programmatic decision making. In reality, the career and technology center’s CTE enrollment capacity vs. the actual enrollment is the most critical factor in determining cost. When enrollments are reduced to 50% of the capacity; the cost per student is nearly double, because member school districts are paying for empty seats as they are only at half capacity.

The “pay for use” concept is flawed in that ADMs from each school district represent a percentage of the total enrollment and school districts pay a proportionate share of the CTC’s general fund budget based on their annual participation in relationship to the other member school districts. The current method of calculating member district cost is unfair to school districts that experience an increase in enrollment at the CTC. Schools that increase CTE enrollments pay for any savings realized by districts that limit or reduce CTE enrollments. Once again, the current method of cost proration encourages reduced enrollments.

Recommendation

The quality of career and technical education and its ability to support Pennsylvania’s workforce and economic development has been greatly diminished due to a loss of State and Federal funding and the increased cost of career and technical education, driven by industry standard instructional equipment and supplies. The method of funding career and technical education in Pennsylvania places the majority of costs on school districts and the lack of

adequate Career and Technical Education Subsidy has caused many school districts to reduce enrollments at area career and technology centers. The cost of providing a high quality CTE program to member school districts and the current level of state subsidy for CTE has become a disincentive to increasing enrollment in career and technical education. Increasing the amount of Basic Education Subsidy by \$4,000 for every student that is enrolled in CTE at an area CTC would address the excess cost experienced by member school districts. Providing a \$4,000 subsidy directly to the school district would support higher CTE enrollments and the member district cost per student would decrease. As a result of the additional subsidy, CTE program quality will improve and a greater number of graduates would be available to sustain workforce and economic development in Pennsylvania.