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U.S. Department of Education

**State Strategies for  
Financing Career and Technical  
Education**

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# State Strategies for Financing Career and Technical Education

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Prepared for the  
U.S. Department of Education  
Office of Career, Technical, and Adult Education

**NATIONAL CENTER FOR INNOVATION  
IN CAREER AND TECHNICAL EDUCATION**

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October 2014

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## ABBREVIATIONS

<b>AY</b>	academic year
<b>ADM</b>	average daily membership
<b>BOCES</b>	Boards of Cooperative Educational Services
<b>CEPDs</b>	Career Education Planning Districts
<b>CTE</b>	career and technical education
<b>CTSO</b>	career technical student organization
<b>FY</b>	fiscal year
<b>FTE</b>	full-time equivalent
<b>IHE</b>	institution of higher education
<b>ISD</b>	intermediate school district
<b>LEA</b>	local educational agency
<b>NASDCTEc</b>	National Association of State Directors of Career Technical Education Consortium
<b>NCICTE</b>	National Center for Innovation in Career and Technical Education
<b>OCTAE</b>	Office of Career, Technical, and Adult Education
<b>PBF</b>	performance-based funding
<b>PY</b>	program year
<b><i>Perkins IV or Act</i></b>	<i>Carl D. Perkins Career and Technical Education Act of 2006</i>

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## EXECUTIVE SUMMARY

The *Carl D. Perkins Career and Technical Education Act of 2006* (*Perkins IV* or *Act*) authorizes federal funding for career and technical education (CTE) and specifies a formula for distributing those funds. Allocations at the secondary level are based on the number of youths ages 5–17 who reside within a local educational agency’s (LEAs) boundaries and who live in poverty. Funds for institutions of higher education (IHEs) are distributed proportionate to the number of students who receive Pell grants or aid from the Bureau of Indian Affairs.

To offset the higher cost of providing technical instruction, some states choose to allocate categorical funding for CTE programs. To assess the operation of state CTE resource distribution formulas, in August 2013 the National Association of State Directors of Career Technical Education Consortium (NASDCTEc) surveyed CTE directors responsible for administering their state’s federal *Perkins IV* grants.<sup>1</sup> The survey asked CTE directors to report whether their states provided categorical funds for CTE during academic year (AY) 2011–12 and, if so, how they were distributed to LEAs and IHEs. Directors also were asked about their states’ uses and perceptions of performance-based funding (PBF)—a competitive resource distribution strategy that rewards local programs for achieving state-identified performance outcomes.

This study draws on data collected from the NASDCTEc survey and a review of state educational agency websites and statutory language to identify whether, and if so, how states distribute categorical funds for CTE programs. It also documents states’ PBF strategies and their interest in integrating competitive funding into their state education resource distribution formulas.

## STATE APPROACHES TO FUNDING CTE PROGRAMS

State approaches to funding CTE programs vary in their emphasis and complexity. Some states provide no dedicated funding for CTE, while others allocate state funds to area CTE centers<sup>2</sup> or on a formula basis to all service providers in the state. State approaches fall into one of three categories:

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<sup>1</sup> A copy of the survey may be found in Appendix A.

<sup>2</sup> “Area CTE centers,” as defined elsewhere in this report, are stand-alone schools or facilities that deliver CTE services to part-time students—drawn from surrounding high schools and/or LEAs—who receive all or a majority of their academic instruction at their home school.

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- *Foundational Funding<sup>3</sup> Only* – Local CTE programs are financed out of general state aid formulas that provide no earmark for CTE. Because allocations to LEAs and IHEs are independent of student participation in CTE, local administrators must decide how funds should be distributed across instructional priorities.
- *Funding for Area CTE Centers* – Dedicated funds are provided to support programming at area CTE centers that deliver CTE services to part-time students. CTE services offered in other locations in these states, such as at comprehensive high schools<sup>4</sup> or community or technical colleges, are supported through a state’s foundational funding formula.
- *Categorical Funding* – Dedicated funding for CTE programs that is distributed to LEAs and IHEs to support career-related instructional services. These approaches—which may include student-based, cost-based, and/or unit-based formulas—typically target state funding for the exclusive use of CTE programming.

### ***Categorical Funding for CTE Programs Using State K–12 Funding Formulas***

For those states that used the k–12 funding formula to support CTE programs, eight states did not provide categorical funding for CTE and seven states allocated categorical funding just to area CTE centers in AY 2011–12. The majority of states (37) did earmark state funds for CTE in AY 2011–12, using the following methods to distribute funds to local programs:<sup>5</sup>

- *Student-based formula (21 states)*—Funds are distributed relative to the number of CTE students enrolled in an LEA. States typically use one of three approaches: (1) proportional allocations, in which LEAs or programs receive a funding allocation relative to the number of students enrolled; (2) weighted student funding, which provides supplemental funding for CTE students in state basic aid formulas; and (3) differential weighting, which allocates funding for CTE students based on the program type in which they participate or to align with state instructional priorities.

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<sup>3</sup> State “foundational funding” as used in this report means “general state funding” or “basic state aid funding.”

<sup>4</sup> Comprehensive high schools describe schools that typically have an academic focus, but also offer CTE either on or off site, the latter often at an area CTE center.

<sup>5</sup> Information on k–12 allocations (primarily from the survey, augmented by online research) was available for 50 states, the District of Columbia, and the U.S. territory of the Republic of Palau.



- Unit-based formulas (7 states)—Allocations are based on a set of educational inputs used to deliver CTE services, such as the number of instructors or administrators employed by an LEA or the equipment used to deliver instruction.
- Cost-based formulas (9 states)—LEAs are compensated for CTE services based on their actual reported costs from the prior academic year. States may cap or limit the rate at which eligible expenses are reimbursed, meaning that only a portion of an LEA's expenditures may be covered.

### ***Categorical Funding for CTE Programs at the Postsecondary Level***

Survey results indicate that just five of the 37 states for which information was available provided categorical funding for CTE at the postsecondary level in AY 2011–12, with the majority (30 states) relying on foundational funding to support instructional programming at IHEs. Two states reported directing some categorical funds to area CTE centers.<sup>6</sup> The absence of categorical funding for CTE does not mean that technical training is not valued within states; but rather, that funding for CTE at the postsecondary level is simply not differentiated from the state's basic aid for community and technical colleges. Within the categorical funding group, states used one of two approaches at the postsecondary level to distribute funds:

- Student-based formulas (two states)—As in secondary education, states use this approach to distribute funds based on the number of students enrolled in CTE programs. Both states weight CTE student participation according to program type.
- Unit-based formulas (three states)—Three states tie state funding to CTE instructional units as a way to fund the differential costs of course delivery. An instructional unit is defined as the ratio of CTE instructors to student credit hours.

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<sup>6</sup> Information on postsecondary allocations was available for 37 states based on survey data and online research. Postsecondary allocation data were unavailable for 15 states or territories: Alabama, Delaware, District of Columbia, Florida, Kentucky, Louisiana, Massachusetts, Montana, Nevada, New Hampshire, North Carolina, Republic of Palau, Vermont, Washington, and Wyoming.

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## STATES' USES AND PERCEPTIONS OF PERFORMANCE-BASED FUNDING

### *Use of PBF at the Secondary- and Postsecondary- Levels*

Two states (Texas and South Carolina) reported using PBF to allocate *federal Perkins IV* funds, with five states (Arizona, Florida, Kansas, Missouri, and West Virginia) using PBF to allocate *state* CTE funds. These seven states condition funding for CTE programs based on LEA performance on federal or other performance measures, such as placement of CTE students into postsecondary education or employment; attainment of industry-recognized credentials; or CTE completion rates.

At the postsecondary level, no state reported using PBF to allocate *federal Perkins IV* funds, while four states (Arkansas, Georgia, Minnesota, and North Dakota) reported using PBF to allocate *state* funds. Some states making use of PBF reported its application to the performance of the entire community or technical college system, rather than tying it specifically to CTE participation rates or outcomes. Instead, they use PBF at the system level as a strategy for improving community or technical college performance. Examples of the performance measures used to distribute postsecondary PBF funds include graduation rates and credential or degree attainment.

The NASDCTEc survey collected additional information from states on their interest in adopting PBF and related training needs. Findings indicate:

- States' reasons for not adopting PBF vary, with the most common reason among secondary respondents reported as a lack of interest among state leaders. Postsecondary respondents also selected this reason as the most common reason for not adopting PBF to allocate their *federal Perkins IV* funds. However, postsecondary respondents selected "other" as the most common reason for not adopting PBF to allocate their *state* funds, with their write-in responses indicating that many states were currently exploring the use of PBF.
- Almost half of state respondents at the secondary (46 percent) and postsecondary (43 percent) levels expressed an interest in adopting PBF to allocate a portion of their *federal Perkins IV* funds. Approximately two-thirds of secondary (68 percent) and postsecondary (65 percent) respondents expressed a need for training on PBF formula development and implementation if PBF were to be required by the legislation.



- States have limited to no experience with pay-for-success or social impact bond programs, which provide an incentive for private investment in public programs. While no state reported currently using a pay-for-success model for CTE, two state respondents from secondary and one from postsecondary education were aware of pay-for-success models in other educational contexts within their state. No states are currently using pay-for-success to promote investment in CTE programs, although about a third of respondents at both the secondary and postsecondary educational levels expressed interest in learning more about the potential applications of these models.

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## INTRODUCTION

Federal and state government leaders have long recognized the contribution that career and technical education (CTE) can make in preparing students for college and careers. Federal support for CTE is authorized by the *Carl D. Perkins Career and Technical Education Act of 2006* (*Perkins IV* or *Act*), which provides states with categorical funding to deliver CTE programming at the secondary and postsecondary levels. A statutory formula stipulates how grants to local educational agencies (LEAs) and institutions of higher education (IHEs) are to be distributed, with funding at the secondary level<sup>7</sup> based on the number of youths ages 5–17 who reside within an LEA’s boundaries and who are living in poverty. Postsecondary grants<sup>8</sup> are conditioned on the number of students who receive Pell grants or aid from the Bureau of Indian Affairs.

Many states also allocate their own funding for CTE, which is distributed using secondary or postsecondary education funding formulas that earmark funds for CTE services. The rationale for providing separate funding is that CTE programming is more expensive to deliver than other types of instruction (Klein 2001). Costs are higher for CTE programs, on average, because instruction typically occurs in settings that accommodate fewer students than traditional classrooms. As a result, LEAs must hire additional instructors to generate a similar number of student contact hours for CTE programs. The need for specialized equipment and supplies also increases CTE instructional costs relative to academic classrooms. While the magnitude of these added expenses has yet to be conclusively documented, it is estimated that CTE costs may be 20–40 percent higher than those for academic instruction, with expenditures varying by program area and level of training (Klein 2001).

State approaches to financing CTE vary in their emphasis and complexity. Many states employ per-pupil formulas that allocate funds according to the number of students participating in CTE coursework. Other states use cost-based approaches that compensate providers for the number of courses offered or instructors employed. Some offer no dedicated funding. Unfortunately, the literature on state CTE financing is dated, and little is known about the current level and type of state investments in CTE at the secondary and postsecondary education levels and how funding approaches have changed over time.

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<sup>7</sup> See Sec. 131 of *Perkins IV*

<sup>8</sup> See Sec. 132 of *Perkins IV*



This report details the methods that states used to fund CTE in academic year 2011–12. It also reviews performance-based funding (PBF) strategies for those states using PBF to incentivize local performance, and documents states' interest in integrating PBF into their existing funding systems.

Descriptions of state approaches draw on data gathered from a survey of state CTE directors conducted by the National Association of State Directors of Career Technical Education Consortium (NASDCTEc) in August 2013. The NASDCTEc survey asked directors to indicate whether their state provided categorical funding for CTE and, if so, to upload documentation or supply links to state legislative language and administrative policies.<sup>9</sup> Survey questions also gathered data on directors' attitudes toward PBF, their states' interest in providing performance incentives, and the technical assistance they would need to implement this strategy. Copies of the survey documents are included in Appendix A.

Researchers from the National Center for Innovation in Career and Technical Education (NCICTE) analyzed survey responses and reference documents, visiting state websites to supplement survey information. Internet searches were performed to locate information for states that did not respond to the survey request. A handful of states also were contacted to clarify their survey responses and gather additional information on their formula approaches.

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<sup>9</sup> Information on k–12 allocations (primarily from the survey, augmented by online research) was available for 50 states, the District of Columbia, and the U.S. territory of the Republic of Palau. Information on postsecondary allocations was available for 37 states based on survey data and online research. Postsecondary allocation data were unavailable for Alabama, Delaware, District of Columbia, Florida, Kentucky, Louisiana, Massachusetts, Montana, Nevada, New Hampshire, North Carolina, Republic of Palau, Vermont, Washington, and Wyoming.

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## FINANCING CAREER AND TECHNICAL EDUCATION AT THE SECONDARY LEVEL

Fiscal support for CTE at LEAs and IHEs can be traced to various sources. The federal government offers categorical funding to states through its *Perkins IV* legislation. Annual contributions, which totaled \$1.1 billion in fiscal year (FY) 2013, have been at roughly 4–7 percent of total spending for CTE services.<sup>10</sup> In addition to federal funds, all states provide funds to support the delivery of educational services at the secondary and postsecondary levels, some of which are earmarked for the provision of CTE instruction. Finally, many local CTE programs generate their own funds to support classroom instruction, which may be monetary contributions, gifts of equipment and supplies, or in-kind donations from business, industry, and labor representatives.

States have developed a range of approaches to help LEAs offset the increased costs of CTE services. In the NASDCTEc survey, states were asked whether they provide categorical funding for CTE and, if so, to describe their funding approach or upload relevant documentation. NCICTE researchers conducted a review of state websites to supplement survey responses and gather additional information. This section presents the approaches that states used to finance CTE with state funds in academic year (AY) 2011–12 based on the survey and website review results.

As shown in exhibit 1, five approaches are identified: no categorical funding (used by 8 states), funding for area CTE centers<sup>11</sup> (7 states), student-based formulas (21 states), unit-based formulas (7 states), and cost reimbursement (9 states).

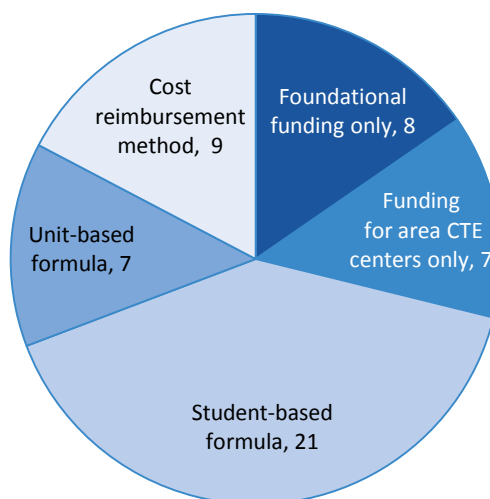
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<sup>10</sup> States also are required to provide a state match of federal funds used for grant administration totaling either 5 percent of the state grant or \$250,000, whichever is greater.

<sup>11</sup> “Area CTE centers,” defined elsewhere in this report, are stand-alone facilities that deliver CTE services to part-time students—drawn from surrounding high schools and/or districts—who receive all or a majority of their academic instruction at their home school.

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**Exhibit 1: State approaches to funding secondary CTE programs using K–12 funding options and number of states using each approach**



NOTE: CTE means career and technical education.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis. Supplemental information from state websites.

States that earmark funding for CTE use a variety of criteria for allocating those funds, with some employing a combination of strategies. To simplify the analysis, this report shows how states are classified based on how they allocate the majority of their state CTE funds for instruction within both comprehensive high schools<sup>12</sup> and area career centers, noting other allocation strategies where appropriate.

A number of states have established competitive grant programs that target state funds for specific programmatic purposes. This form of funding, which may be in place of or in addition to dedicated state funding for CTE, is distributed through periodic, legislatively established authorizations that are contingent on the availability of funds. Conditions frequently are placed on grant expenditures, for example, that they must be used to promote specific state CTE priorities or workforce development goals. An advantage of this type of funding is that it does not obligate states to make an ongoing commitment to financing CTE programs and allows them to target funds towards pressing issues or identified needs related to CTE. Because the focus of this study is on documenting state finance formulas used to allocate categorical funding on a recurring basis, information on these one-time grant opportunities was not solicited. Nevertheless, several examples of competitive grant programs surfaced as part of the project collection activities, and illustrative examples of these programs are included in Appendix B.

<sup>12</sup> Comprehensive high schools describe schools that typically have an academic focus, but also offer CTE either on- or off-site, the latter often at an area CTE center.

## FOUNDATIONAL FUNDING

All states distribute foundational funding<sup>13</sup> (also referred to as “general funding” or “basic state aid funding”) to finance secondary educational programming offered within LEAs. LEAs in states that do not offer categorical funding for CTE programs must rely on their foundational funding to support CTE services, in addition to other educational programming. Foundational funding is typically conditioned on an LEA’s total student enrollment, with resource allocations determined by a count of full-time equivalent (FTE) students on a specific date or an LEA’s average daily membership (ADM) over a specified period of time.<sup>14</sup> Funding is usually adjusted for various LEA or student characteristics to promote the equitable distribution of funds.

The low enrollments for small or rural LEAs generally result in class sizes below the state average and generally result in higher costs for CTE secondary programs. States may have foundational funding formulas for allocations to these LEAs to compensate them for their higher per pupil costs. In addition, states may have other supplemental funding allocations for students who are more expensive to educate. For example, they may have: (1) weighted funding formulas for high-cost students, such as those with disabilities or limited English proficiency; (2) differentiated funding formulas by grade levels; and/or (3) transportation allowances to aid in busing students.

Seven states and jurisdictions and one territory—the **District of Columbia, Maryland, Nebraska, New Mexico, Oregon, Republic of Palau, South Dakota, and Wisconsin**—do not provide categorical funding for CTE and therefore rely exclusively on state foundational funding formulas to determine LEA allocations.<sup>15</sup> States using foundational funding, do so with the assumption that funding is sufficient, on average, to enable LEAs to offer a comprehensive set of educational services. Because state grants to LEAs are independent of student participation in CTE programs, the LEA leadership must decide whether to offer CTE programming and, if so, how funds should be distributed among CTE programs.

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<sup>13</sup> State “foundational funding” as used in this report means “general state funding” or “basic state aid funding.”

<sup>14</sup> An FTE student is one enrolled in an educational program, with the designation “full-time” usually determined by a minimum number of courses or instructional hours, in some cases, averaged over multiple years. Part-time students are factored into the FTE count at a rate proportional to their enrollment levels. ADM is the total days of attendance of a student divided by the number of days of instruction.

<sup>15</sup> Two of these seven entities, and one with categorical funding, reported use of competitive grants to allocate funding for CTE programs. See Appendix B for a description and state examples.

## FINANCING AREA CTE CENTERS

Area CTE centers are stand-alone facilities that deliver CTE services to part-time students—drawn from surrounding high schools and/or LEAs—who receive all or a majority of their academic instruction at their home school. Centralizing CTE offerings can be a cost-effective strategy for delivering advanced training because centers can enroll sufficient numbers of students to generate economies of scale. Housing CTE instruction within a single building also allows for the purchase of more expensive, cutting-edge equipment and for classrooms and labs to be sized to address program-specific training needs.

Seven states—**Arkansas, California, Connecticut, New Hampshire, New Jersey, New York, and Vermont**—have established separate state funding to support CTE services for secondary students offered in area CTE centers (see Appendix C, exhibit C.1).<sup>16</sup> These states target funds exclusively to area CTE centers, relying on foundational funding to support CTE services in other settings.<sup>17</sup> For example, **Arkansas** channels funding to area CTE centers that serve students from multiple schools within a 25-mile range. The state's foundational funding formula allocates a fixed per-student rate (\$3,250) to centers based on the number of students enrolled there during the previous school year. An area CTE center's allocation is capped at 60 percent of the per-student amount if more than 60 percent of students come from a single sending school. The cap is intended to encourage area CTE centers to reach out to numerous schools within a region so that all students have an opportunity to participate in center programming.

**New Jersey** distributes aid to 21 county-based vocational school districts that support area CTE centers. The state uses a weighted formula that provides an additional 31 percent of the foundation amount for students attending area CTE centers (compared to an additional 17 percent for students in grades nine to 12 attending comprehensive high schools). Area CTE centers also receive adequacy aid to adjust for district wealth.


**Vermont** requires sending LEAs to transfer 87 percent of the state's foundational funding per FTE student to the receiving area CTE center, and contributes an additional 35 percent of the foundational amount per FTE student to centers to pay for supplemental services given to students. This funding translates to a 22 percent premium for CTE students who enroll at area CTE centers.

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<sup>16</sup> Summary information about a select number of states is provided under each funding approach. See the information for each funding approach in the corresponding referenced exhibit in Appendix C.

<sup>17</sup> Other states provide separate funding to support all CTE services, including services offered in comprehensive school districts and area CTE centers. These states are detailed in the categorical funding section.

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**New York** relies on area CTE centers, called Boards of Cooperative Educational Services (BOCES), to provide the majority of LEAs with access to CTE services. State aid is distributed to BOCES via a three-part formula that accounts for services, administrative, and facilities costs. The state also provides CTE funds to five LEAs that are not members of a BOCES—New York City, Buffalo, Rochester, Yonkers, and Syracuse—using a student-based formula that adjusts for relative LEA wealth. The CTE formula weights student enrollment according to program type: students in grades 10–12 who are enrolled in career education sequences in trade, industrial, technical, agricultural, or health fields generate an additional 36 percent above the formula foundational aid per student amount, with those enrolled in a sequence in business and marketing providing an additional 16 percent.

## CATEGORICAL FUNDING

Roughly three-fourths of states earmark state education funds to support CTE programming. This does not necessarily mean that funds are always spent on CTE or distributed equally across programs. Although state education formulas are used to calculate LEA allocations, local administrators frequently retain discretion over how funds are spent. While this flexibility helps to preserve local control, it can cause CTE dollars to be redirected into academic programming (although some states set limitations on fungible amounts). Alternatively, local administrators may cycle funding across CTE programs to allow instructors to purchase specialized, high-end equipment and supplies, update curricula, or create new instructional programs. One caveat is that LEAs that choose to spend CTE funds in support of other educational services risk reducing their eligibility for future funds if student enrollments or expenditures decline.

Below are descriptions of each of the methods that states are using to distribute categorical funds in turn—student-based, unit-based, and cost reimbursement—offering illustrative examples of each. Summary information about the states using each of these approaches is provided in Appendix C, exhibits C.2, C.3, and C.4, respectively.<sup>18</sup>

### *Student-Based Funding Approaches*

The most commonly used approach for distributing state CTE funds is to condition allocations on the number of students enrolling in CTE programs. A total of 21 states used

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<sup>18</sup> This section focuses on state approaches to allocating categorical resources in support of CTE services provided by LEAs or comprehensive high schools. Many states also fund area centers using categorical resources and do so through a variety of means, most often by transferring funds from sending to receiving districts. These approaches to funding area centers, in addition to comprehensive high schools, are not profiled in this section. States that provide categorical resources just to area CTE centers are profiled in the previous section.

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one of three student-based approaches: making pro-rata distributions based on levels of student participation, weighting CTE participants more heavily in state k–12 education formula allocations, or establishing differential weights for students based on their type or level of program involvement.

### Proportional Allocations

Nine states—**Hawaii, Illinois, Montana, Nevada, North Carolina, South Carolina, Utah, Washington, and West Virginia**—condition all or part of their CTE allocations on the number of students enrolled in technical coursework on an FTE or ADM basis.

Although state approaches vary and may include multiple criteria, the basic premise is similar: States set aside a pool of funds for pro-rata distribution, meaning that an LEA's fund eligibility is proportionate to its relative share of the state's total CTE population. For example, an LEA serving 10 percent of a state's CTE students would receive 10 percent of the funds earmarked for this purpose.


**West Virginia's** approach is illustrative of this model. The state incorporates student participation in and completion of CTE programs into its secondary block grant formula, allocating funds to local providers in an amount proportional to their relative share of the state's total CTE student population and total number of completers. For example, an LEA accounting for 2 percent of the state's total CTE enrollment would qualify for an equivalent percentage of the funds reserved for this purpose. The state allocates just over two-thirds (68 percent) of its CTE funds using this approach, with the remaining funds reserved for equipment replacement (20 percent) and reimbursement for staff travel (12 percent). Funds for equipment replacement are distributed based on an LEA's pro-rata share of the state's total CTE population and completers. Staff travel funds are based on the share of the total adjusted staff FTE, which includes the total number of instructors and staff employed, student enrollment in career technical student organizations (CTSOs), and a distance factor. State funds are intended to offset the additional costs of providing CTE services, which West Virginia defines as extended employment for instructional and administrative staff, supplies, instructional materials, equipment, and placement services.<sup>19</sup> To be eligible for block grant funds, providers must assign sufficient administrative oversight of technical programs, with those offering more than five CTE programs required to appoint a state-certified program administrator.

States may combine proportional allocations with flat grants to ensure that all LEAs receive a funding floor that allows them to offer CTE services. For example, **North Carolina** awards each LEA a staffing base equaling 50 months of salary for a CTE instructor (as

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<sup>19</sup> Extended employment covers additional time for CTE instructors that may be related to additional instructional duties for work over the summer months.





determined by the state's salary schedule). This means that regardless of its size, every LEA receives the funding equivalent to five full-time staff members.<sup>20</sup> Any remaining funds in the category are allotted based on an LEA's total ADM in grades eight to 12. The state uses a similar approach for allocating "program support" funding (distributed in addition to the "months of employment" funding), which can be used for expanding, improving, modernizing, or developing CTE programs. Each LEA receives a flat amount of \$10,000 for program support, with the remaining funds allocated based on the LEA's relative share of the state's total ADM in grades eight to 12. The state gives LEAs the option of transferring funds from the months of employment source into program support without limitation, but it restricts the transfer of CTE funds for other purposes to 7 percent of the LEA's categorical allocation.

### Weighted Student Funding

A second approach to student-based funding entails applying a supplemental weight within state foundational funding formulas to account for students participating in CTE programs, expressed on an FTE or ADM basis. These weights mathematically inflate the number of students participating in CTE coursework, effectively increasing an LEA's fund allocation. Seven states— **Alaska, Florida, Georgia, Kansas, Pennsylvania, Texas, and Wyoming**—used this approach, with varying sizes and applications of supplemental weights.

**Wyoming** provides a good example of how weighted funding for CTE students operates. The state limits LEA eligibility for funding to those students in grades nine to 12 who participate in CTE programs consisting of at least three courses in a state-recognized sequence. Enrollments are converted into an FTE basis, with each FTE CTE student generating an additional 29 percent weight in the state funding formula. Restricting CTE funding eligibility to students in state-approved coursework offers incentives to LEAs to provide instruction that is aligned with the state's policy goals, which in this case includes promoting programs of study that prepare students for employment and/or further postsecondary CTE education or training. While LEAs are not precluded from offering stand-alone courses, such coursework is not eligible for state compensation.

Wyoming also provides additional funds for CTE equipment and supplies, which are distributed based on the number of full-time certified CTE instructors employed by each LEA. Linking funding to the number of instructors, rather than students, avoids overcompensating LEAs for equipment purchases because once a CTE classroom is outfitted, materials can be used by students attending different classes throughout the day.

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<sup>20</sup> For example, a LEA allotted 100 months of employment can hire 10 career technical education teachers for 10 months; or eight teachers for 12 months and one teacher for four months, or any other combination, so long as it equals 100 months.



Financing in **Texas** is also weighted, with each FTE CTE student in grades nine to 12 (defined as a student that generates at least 30 contact hours per week in a state-approved program) generating an annual allocation of 35 percent more than 1.35 times the adjusted state base. Since AY 2009–10, programs can earn an additional \$50 per student who enrolls in two or more state-designated advanced CTE classes for a minimum of three credits.

**Georgia** applies a weight of 18.31 percent to CTE students, recalculated annually.

**Kansas** applies an add-on weight equivalent to 50 percent of annual per-student funding to FTE students enrolling in junior and senior level CTE programs that meet the state's definition of "high cost." A high-cost program in Kansas is one that requires specialized facilities, equipment, and teacher training and that maintains low student–teacher ratios. This approach is intended to help LEAs offer programs that might otherwise be priced out of their budgets.

**Alaska** takes a somewhat different approach in that it applies an additional weight of 1.5 percent to an LEA's adjusted ADM, irrespective of student participation in CTE. As such, the state's lower weighting in relation to other states may be because funding is calculated based on an LEA's overall enrollment, rather than on its actual rates of student participation in CTE.

**Pennsylvania** offers an example of how add-on funding can be applied to provide for the equitable distribution of funds. Pennsylvania's Secondary Career and Technical Education Subsidy component provides supplemental funding for all students enrolling in CTE programs. However, LEA allocations are adjusted to account for relative wealth, so that poorer LEAs generate a higher adjusted weight. Add-on weighting is capped at 37.5 percent of the foundational funding amount per FTE CTE student.

### Differential Weighting

States that establish a single weight for CTE account for the increased cost of offering all programs, without differentiating as to how coursework is offered. The rationale for differential weighting is that some CTE programs are more expensive to administer than others, either because of differences in class size or the need to purchase specialized equipment and materials.

Five states—**Arizona, Indiana, Kentucky, Michigan, and Ohio**—seek to address the differential cost of providing CTE by assigning unique weights to programs. These weights are used to distinguish among high- and low-cost programs or to target funds to areas of high priority identified by the state.



**Michigan** employs a complicated added-cost formula that allocates 60 percent of state funds to programs that are ranked by the state as high priority. The remaining funds are distributed to 54 Career Education Planning Districts (CEPDs) to fund other programs as approved by the state.<sup>21</sup> Each year, the state ranks CTE programs based on a review of state employment openings, placement of CTE students into employment in fields related to their programs of study, and wages. Differential added-cost reimbursement rates are calculated for each of the programs on the state's ranked list. Actual reported expenditures for each program are used to determine the reimbursement rate, with rates set at up to 40 percent of the median program expenditures. In this way, the majority of state funding is directed to programs that prepare students for high priority occupations, with funding rates associated with the extra costs of providing instruction in these areas.

Other states align their funding approaches with state workforce development goals, for example, by targeting funds to programs that lead to careers that offer high wages and/or are in high demand in the state. **Indiana** reviews labor market projections and wage data to classify CTE programs based on the state's level of demand for future employees in a career cluster (i.e., more than moderate, moderate, or less than moderate) and their future earnings potential (i.e., high or moderate). The highest category—programs that prepare students for jobs in clusters requiring more than a moderate number of employees and offering high wages—receive a rate of \$450 per credit hour and per student enrolled. Other program category rates range from \$225 to \$370 per credit hour, with CTE students enrolled in all other programs receiving a rate of \$250 each. CTE programs operated at area CTE centers receive an additional \$150 per student, along with funds for the specific program category. Districts' allocations are calculated by summing the weighted per-student amount across all of the program categories.

### ***Unit-Based Funding***

Unit- or program-based formulas allocate funds based on a set of educational inputs used to deliver CTE services. States using these approaches often build in formula adjustments to account for programmatic factors that may contribute to making some CTE programs relatively more expensive to provide than other educational programming. Breaking programming down into discrete instructional components permits states to shift funds to areas of need or adjust for changes in programmatic costs. On the downside, these approaches can be quite complicated and require states to reassess formula operations on a regular basis to ensure that each component is operating effectively. Seven states—

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<sup>21</sup> CTE services in Michigan are provided through LEAs, intermediate school districts (ISDs), and area CTE centers. The state is divided into 54 Career Education Planning Districts (CEPDs), which mostly follow the ISD boundaries. The CEPDs are intended to facilitate regional planning and collaboration to ensure the effective delivery of CTE services at the secondary level.



**Alabama, Delaware, Idaho, Louisiana, Massachusetts, Mississippi, and Tennessee**—allocate funding in this way (see Appendix C, exhibit C.5).

**Massachusetts** employs a complex formula to allocate funding to LEAs. District allocations are determined by comparing various educational items and services, including instructional staff, books and equipment, and facility maintenance costs, to an adjusted cost-per-student rate. Costs for students enrolled in a state-approved vocational and occupational program are inflated, relative to other students, across most factors. For example, the number of instructional staff allotted for an LEA's high school foundational allocation is calculated by dividing high school enrollments by 17, as compared to dividing CTE enrollments by 10. This means that CTE students will generate 70 percent more positions than an equivalent number of high school students. Similarly, budgets for books and equipment are calculated by multiplying an LEA's high school enrollment by \$400, as compared to \$700 times CTE enrollment.

The **Mississippi** Adequate Education Program formula is used to calculate a base per-student allocation that accounts for a number of educational inputs, including instructional and administrative staffing, facility operations and plant maintenance, and ancillary costs deemed essential to offering an adequate level of educational services. The formula provides different rates of reimbursement for CTE students. For example, the instructional component, which is used to fund instructional services for regular students, provides an additional one-half teacher unit per state-approved CTE program.

The formula used by **Tennessee** provides a clear example of how unit-based fund allocations can be adjusted. The state allocates funds through its Basic Education Program, which includes three funding categories: instructional, classroom, and non-classroom (unrelated to CTE). The instructional component funds LEAs using a pupil/teacher ratio to determine the number of teaching positions for which an LEA qualifies (exhibit 2).

**Exhibit 2: Instructional funding unit allocations in Tennessee, by grade level, student-to-teacher ratio, average class size requirement, and maximum class size**

Grade level	Funding level based on student to teacher ratio	Average class size requirement <sup>1</sup>	Maximum class size
K–3	20:1	20	25
4–6	25:1	25	30
7–9	30:1	30	35
10–12	26.5:1	30	35
CTE	20:1	20	25

<sup>1</sup> Average class size requirements are established by the state and refer to the number of students per class across the entire school for the designated grade levels or program. A class may exceed the average requirement as long as other classes in the school fall below it.

SOURCE: Tennessee Department of Education. (2012). Tennessee Basic Education Program 2.0. [http://www.tn.gov/sbe/BEP/2012%20BEP/BEPHandbook\\_revised\\_Oct%202012.pdf](http://www.tn.gov/sbe/BEP/2012%20BEP/BEPHandbook_revised_Oct%202012.pdf)

For example, a regular high school teacher position is funded for every 26.5 ADM in grades 10–12, as compared to one CTE position for every 20 CTE ADM. Districts may offer class sizes that exceed the funded level, but they may not exceed 35 students in regular classes or 25 students in CTE. Schools may not exceed a formula-specified average class size, meaning that large classes in some subjects must be offset by smaller classes elsewhere. Material and supply costs are accounted for by the classroom factor, with regular high school classes provided with \$74.50 per ADM, compared to \$157.75 for each CTE ADM. Other factors relating to instructional supplies and transportation operate in a similar fashion.

### **Cost Reimbursement Funding**

Cost reimbursement approaches compensate LEAs for providing CTE services, with compensation rates calculated based on their prior year's expenditures. Districts report their actual costs for CTE programs each year with the expectation that they will be reimbursed for all or a portion of these expenses, as determined by state policies. Cost-reimbursement funding is dependent on the availability of state funds, meaning that most states reimburse LEAs for only a percentage of their prior year's expenditures.

Nine states—**Colorado, Iowa, Maine, Minnesota, Missouri, North Dakota, Oklahoma, Rhode Island, and Virginia**—provide categorical state funding to reimburse LEAs for their program costs (see Appendix C, exhibit C.6). Reimbursement approaches vary by state in terms of the rate at which states compensate LEAs and the expenses deemed eligible for reimbursement. Eligible expenditures range from equipment and materials to instructional salaries, transportation, curriculum development, and student support services.

In AY 2011–12, each of these nine states compensated LEAs for only a portion of their total CTE expenses. Because available state funding is often not sufficient to fund the full costs



of CTE programming, states often establish reimbursement limits that provide a ceiling for LEA expenditures.

Rather than establishing flat reimbursement rates, five states in this category set different limits by program type or other criteria, such as expense type or student enrollment. This approach accounts for differential costs of CTE programming, with three states providing greater reimbursements for higher-cost programs. To illustrate, **Rhode Island** reviewed historical data on LEA expenditures to establish a “benchmark” level at which a program is considered “high cost.” The state then reimburses programs for expenses above the benchmark, with additional funds targeted to programs that align with state economic development priorities. These include programs in advanced health care, manufacturing, and engineering, which were identified by the state’s Workforce Investment Board.

**North Dakota** reimburses LEAs for only those programs that meet state criteria for program approval. The criteria address course credits, class size, teacher certification, curriculum alignment to state, national, and industry standards, quality of equipment and facilities, and the presence of an active advisory committee. Approved programs are reimbursed at different rates depending on program type, including secondary comprehensive occupational programs, exploratory programs, career development, and adult CTE programs. Within each program category, LEAs are reimbursed at different percentages established by the state board. For example, secondary occupational programs are reimbursed at 27 percent for instructional salaries and contracts, 30 percent for approved travel, and 40 percent for all approved costs at an area CTE center. No state reimbursement is provided for equipment.

One advantage of tying funding to LEA expenditures is that it can compensate LEAs for the cost of relatively more expensive instructional inputs, because more capital-intensive coursework will generate proportionally greater funding. One obvious drawback is that, in the absence of clear guidelines on what constitutes an appropriate level of spending, expenditures may vary across LEAs. Conversations with state staff reveal that state reimbursement levels also can vary across years depending upon state revenues. This variation can inject some level of instability into local budgeting since LEAs are not assured that their eligible costs will be covered. Cost reimbursement can require that LEA staff provide significant documentation of their expenditures to ensure that funds are being spent appropriately.

## FINANCING CAREER AND TECHNICAL EDUCATION AT THE POSTSECONDARY LEVEL

Significantly fewer states earmark funds for postsecondary CTE than for secondary education, with 30 states reporting that they do not have categorical postsecondary funding. In general, states provide postsecondary institutions with “block grants” that afford administrators considerable flexibility in allocating state funds. Moreover, survey respondents generally did not distinguish between CTE and other forms of instruction. This was aptly captured in the comments of one state director who described the mission of her state’s technical college system as very much aligned with—if not duplicating—the goals associated with delivering CTE. This sentiment was echoed by other respondents. Of the 37 states for which information is available, seven allocate categorical state funding for CTE at the postsecondary level.<sup>22</sup>

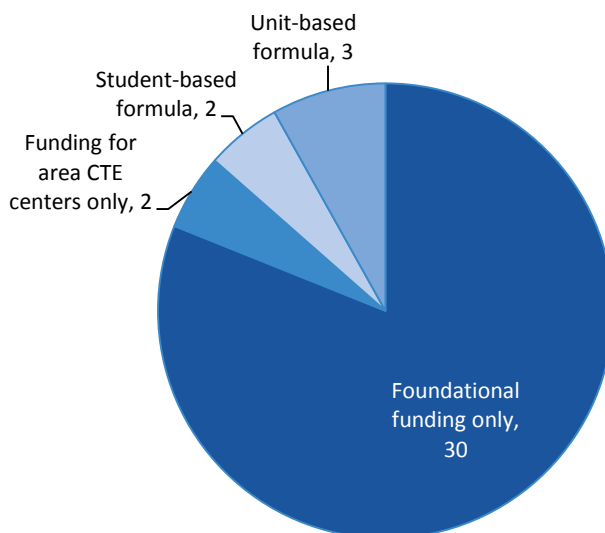
States allocate categorical funds for postsecondary CTE using different approaches, including student- or unit-based funding formulas (exhibit 3). States also reported maintaining competitive grant programs to support statewide CTE initiatives, with some grants available to secondary and postsecondary recipients (see Appendix B). No state was found to use a cost-reimbursement approach at the postsecondary level. Summary information about the states using each of these approaches is provided in Appendix C, exhibit C.7.

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<sup>22</sup> Information for 15 states/jurisdictions or territories is unavailable (Alabama, Delaware, District of Columbia, Florida, Kentucky, Louisiana, Massachusetts, Montana, Nevada, New Hampshire, North Carolina, Republic of Palau, Vermont, Washington, and Wyoming).

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**Exhibit 3: State approaches to funding postsecondary CTE programs and the number of states using each approach**



NOTE: CTE means career and technical education.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (August 2013). Survey of State CTE Directors. Secondary Data Analysis. Supplemental information from state websites. Information for 15 states is unavailable.

## FOUNDATIONAL FUNDING

A majority of states allocate state funds through institutional block grants to support general postsecondary education services. Among the states for which information is available, 30 do not target separate funds to CTE when funding institutions. These states are **Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Maine, Maryland, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New Mexico, New York, North Dakota, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, and Wisconsin.**<sup>23</sup>

State formulas for postsecondary education can be complex and varied. In general, most states base allocations on student enrollment, with local budgets also supported by student tuition and, in some places, local taxes (State Higher Education Executive Officers 2013). As in secondary education, states may provide formula adjustments to promote equity; address the needs of students with special needs; offset high-cost programs; and address

<sup>23</sup> While these states do not allocate separate funding for CTE, some do operate competitive grant programs that target resources to postsecondary CTE programs. See Appendix B for examples of state grant programs.



state, system, or campus-wide issues (SRI International 2012). States increasingly are incorporating incentives to motivate institutional improvement (Friedel et al. 2013).

## FINANCING AREA CTE CENTERS

Two states—**Ohio** and **Oklahoma**—provide categorical funds to support postsecondary CTE instruction at adult workforce development centers or area CTE centers, respectively.<sup>24</sup> Neither state distributes categorical CTE funding to community or technical colleges beyond the general state aid for postsecondary education. Both states allocate CTE postsecondary funds on a per-student basis. **Ohio** directs state categorical CTE funds to adult workforce development centers through a formula that weights FTE students by the number of CTE course hours completed and assigns different rates for career development (\$910 per FTE student) and career enhancement programs (\$400 per FTE student). These rates were established by the state to recognize the differential costs of providing instruction per FTE student. Career development programs, which are longer term and lead to a credential or degree (unlike career enhancement programs), are compensated at a higher rate to account for the additional costs of testing and reporting. **Oklahoma's** formula for area CTE centers, which serve secondary students and full-time adults pursuing career majors, is based on enrollment, along with other programmatic factors, such as the number of sites, number of instructors, transportation costs, and student services available.

## CATEGORICAL FUNDING

### *Student-Based Funding*

Student-based formulas are driven by the student enrollment in postsecondary CTE. Two states—**Pennsylvania** and **Mississippi**—allocate CTE funds based on the number of FTE students enrolled. Formulas are designed to distribute funds based on an institution's pro rata share of the state's total FTE CTE enrollment or by employing a supplemental weight for CTE students or courses. **Pennsylvania** and **Mississippi** assign differential weights to FTE funding according to program type. **Mississippi** distributes funds via a formula that incorporates a base and weighted component. Under base funding, each of the state's 15 college districts receives an equal flat amount accounting for approximately 7 percent of the previous year's postsecondary CTE allocation. Remaining funds are distributed based on FTE enrollment in CTE, which is defined as the attainment of 24 credit hours over a 12-month period. FTE calculations are weighted by program cost across three levels: level one programs receive an additional 25 percent weight (e.g., practical nursing and truck driving);

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<sup>24</sup> Area CTE centers in Oklahoma may serve secondary students and adults pursuing a career major.



level two programs receive an additional 50 percent weight (e.g., aviation and cardiovascular technology); and level three programs receive an additional 75 percent weight (e.g., dental hygiene and physical therapy technology). This weighted structure is intended to offset the additional costs of offering high-cost instruction.

Similarly, **Pennsylvania** allocates weighted FTE funds through its Economic Development Stipend, which identifies programs that are “high cost,” “high priority,” or both. High-cost programs are those with expenditures of more than 130 percent of the average costs of community college courses, with costs calculated based on personnel, instructional supplies, and academic/instructional equipment. High-priority programs are those that prepare students for occupations aligned with state or regional economic development priorities, as identified by the state Department of Labor and Industry or approved by the Pennsylvania Department of Education. Students enrolled in high-cost and high-priority programs receive the greatest formula weight—1.5 times the state’s per FTE student allocation. In this way, the state targets funds to programs that both meet the economic development goals of the state and are more expensive to provide.

### ***Unit-Based Funding***

Three states—**Kansas**, **Texas** and **West Virginia**—tie state funding to CTE instructional units as a way to fund the differential costs of course delivery. Units are calculated based on the ratio of CTE instructors to student credit hours. **Texas’s** formula for community and technical colleges is designed to offset the differential costs of providing instructional programs. Institutions are funded through a weighted contact hour formula that differs by program type, which the state determines by calculating the median cost per contact hour based on data from 26 programs offered across all institutions. That cost is used as the program “rate,” which is multiplied by each college’s total contact hours for the program. The rates per-hour range from \$4.58 for psychology, social services, and history to \$21.51 for aviation (career pilots). The second highest rate is for dental hygiene (\$11.96). In this way, the state incorporates actual cost information into its formula to differentiate between high- and low-cost programs.

**Kansas** is currently refining a new credit-hour-based funding formula for technical education under its tiered cost model for funding technical education. The formula will allocate funding to community and technical colleges to support CTE instruction based on the number of technical credit hours offered, with credit hours assigned differential rates according to the cost of various instructional inputs. In 2009, the state analyzed the actual costs of providing technical instruction in three cost categories: instructional costs, extraordinary costs, and indirect costs.



Instructional costs are based on a comparison of average faculty salaries across programs and include six tiers for classifying instructor costs. The proposed rates range from \$105 per credit hour for tier 1 to \$223 per credit hour for tier 6. Extraordinary costs account for expenditures related to supplies, materials, and equipment, and they are grouped into high-, medium-, or low-cost categories with differential rates assigned to each. Indirect costs include institutional and institutional support costs, such as overhead expenses related to program administration, facilities, maintenance, and student support services. The state has proposed a flat indirect rate of \$53.50 per credit hour offered. Overall funding for an individual course is calculated by summing rates across the instructional, extraordinary, and indirect cost categories and then multiplying them by the number of credit hours delivered.

**West Virginia** distributes funds in support of postsecondary CTE in the form of adult block grants to fund adult preparatory and adult occupational part-time programs. These funds can be used to cover instructor salaries, fixed costs (adds eight percent to salaries), and part-time personnel salaries (up to \$12 an hour). Adult block grants are distributed to LEAs through a formula that factors in costs related to professional services salaries for supervisors and teachers; service personnel salaries; salaries of temporary, part-time professional personnel; benefits; contracted services; accreditation; and faculty senate participation.

## PERFORMANCE-BASED FUNDING

Performance-based funding (PBF) is an approach to distributing funds that is conditioned on student or program performance. Fiscal awards are given to providers that meet state-established benchmarks or targets, allowing states to direct funds to high-performing programs. Most of the existing literature on PBF focuses on its use in postsecondary systems, particularly community colleges. Evidence of PBF use in higher education dates back to the late 1970s (Dougherty et al. 2013), with a recent resurgence in response to increased attention to institutional accountability and a national focus on improving college completion rates. Currently, 22 states have adopted PBF at the postsecondary level, with several other states in the process of either adopting or exploring it (Friedel et al. 2013).

According to a study of three states that were early adopters of PBF in adult education, the overall benefits of PBF include increased system effectiveness and accountability (Klein 2007). An effective PBF formula is closely linked to state policy goals in order to focus on systemic improvement and increase local programs' attention to these goals. For example, states dedicated to improving the alignment between their education and workforce systems might direct PBF funds to programs that successfully produce program completers and place them into relevant employment. Related to system effectiveness and accountability, the three study states also found PBF to have a positive impact on state and local data quality. By linking provider allocations to local performance data, PBF offers a fiscal incentive for local programs to improve the accuracy and reliability of data.

PBF formulas function differently across states and in various educational and workforce program contexts. States' performance criteria might include both student and program performance outcomes and quality or process measures. Student performance is usually measured by a count of the number of students who achieve a particular outcome, thus directing more funds to programs that generate more outcomes. Program performance is measured in relation to a target or benchmark, such as the ratio of students achieving a particular outcome to the overall eligible student population. The latter approach allows all programs, regardless of size or other characteristics, to achieve the target, as performance is expressed as a percentage rather than a number. States are increasingly incorporating quality or process measures into PBF formulas to address qualitative factors related to program performance (Altstadt 2012).

The CTE community is increasingly considering the use of PBF to incentivize local provider performance. The U.S. Department of Education's *Blueprint for Transforming Career and*

*Technical Education* calls for establishing common performance metrics and providing incentives for high-performing programs as part of the *Perkins IV* reauthorization (U.S. Department of Education 2012). As part of the NASDCTEc survey, directors were asked whether their states used PBF strategies in AY 2011–12 and, if so, to upload documentation that describes their PBF approach. This section summarizes states’ use of PBF, at the secondary and postsecondary levels, to allocate federal and state CTE funding.

## PBF DISTRIBUTION STRATEGIES: SECONDARY LEVEL

At the secondary level, two states—**Texas** and **South Carolina**—reported using PBF to allocate *federal Perkins IV* funds, with five states—**Arizona**, **Florida**, **Kansas**, **Missouri**, and **West Virginia**—using PBF to allocate *state* CTE funds.<sup>25</sup> Allocations are determined by a variety of performance criteria, including CTE completion rates, the attainment of industry-recognized credentials, and placement into postsecondary education or employment. Exhibit 4 provides a summary of these allocations.

**Exhibit 4: Secondary-level performance-based funding for CTE programs, by state, funding source, and performance criteria**

State	Funding source	Performance criteria
Arizona	State	Placement of secondary CTE completers into related postsecondary programs or employment
Florida	State	Number of students who complete an industry-certified career or professional academy program and attain industry certification and a high school diploma
Kansas	State	Industry-recognized credential attainment
Missouri	State	Placement of secondary CTE completers into related postsecondary programs or employment
South Carolina	Federal	Number of CTE completers
Texas	Federal	Attainment of state performance targets for five measures: Academic attainment in reading/language arts, academic attainment in mathematics, completion rates, graduation rates, and placement rates
West Virginia	State	Programs’ pro rata share of the three-year average number of CTE completers

NOTE: CTE means career and technical education.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis. Supplemental information from state websites.

<sup>25</sup> We did not identify any states that rely solely on PBF. The seven states described here are also listed in earlier sections, under the approach they use to allocate the majority of their state CTE resources.

### ***States' PBF Approaches for Awarding Federal Funds***

Both Texas and South Carolina dedicate a portion of their federal *Perkins IV* reserve funds to reward programs for their performance. **South Carolina** allocates federal PBF dollars to eligible LEAs and area CTE centers based on CTE completion rates, with amounts determined by the LEA's or center's pro rata share of the state's total CTE completers for the previous school year. These additional funds are intended to be used by local programs to increase enrollment in and completion of CTE programs.

**Texas** distributes performance funding using its *Perkins IV* funds to LEAs that meet or exceed state performance targets on specified measures. LEAs that achieve state targets for five measures (academic attainment in reading/language arts and math, completion, student graduation rates, and placement) receive a full incentive award. Partial incentive awards are available for LEAs that meet or exceed four of the five measures. LEAs that show continual improvement on these measures, but do not necessarily meet the performance targets, may be eligible for a limited incentive allocation as well. The size of the incentive allocation is determined by an LEA's proportional share of the total *Perkins IV* grant allocations. Therefore, an LEA that receives a grant amount equivalent to 10 percent of the state's total *Perkins IV* funding would be eligible for an incentive allocation of up to 10 percent of the total amount of incentive funds available.

### ***States' PBF Approaches for Awarding State Funds***

**Missouri** allocates state PBF funds through an Effectiveness Index Formula (in addition to the state's categorical funding for CTE), which rewards programs for the successful placement of secondary CTE program completers into related postsecondary programs of study, employment in the field of study, or enlistment in the military. A secondary CTE program completer is defined as a student who takes at least three credits in a state-approved CTE course sequence. Funds are distributed based on each provider's relative share of the total completers in the state, meaning that providers placing a higher than average number of completers will receive a larger allocation.

**Florida** and **West Virginia** integrate performance criteria into their regular state categorical CTE funding formulas, rather than allocating PBF through a separate formula or using a different funding source. In Florida, industry-certified career and professional academy programs can generate additional FTE weights for students who complete a program and earn the highest-level industry certification and a high school diploma. The state maintains an annual list of industry certifications with designated weights that vary by career cluster. Programs can earn an additional weight of 0.1, 0.2, or 0.3 per student depending on the cluster. The weight is then added to the total FTE student enrollment in secondary CTE in the following year multiplied by the state per-FTE allocation. In this way, student

performance is factored into the overall state funding for CTE, providing LEAs with an incentive to effectively prepare students for industry certification exams and rewarding them for the potential extra costs of doing so.

**West Virginia** includes performance as one of two components of its secondary block grant formula for CTE (the other is enrollment). LEAs receive state funding proportionate to their share of the state's average total number of completers over a three-year period. In AY 2011–12, \$660,000 was distributed to LEAs based on their average completion rates. The other portion of the block grant formula (approximately \$2,035,000) was distributed based on each LEA's average enrollment in occupational and non-occupational courses over three years, as compared to the state's total enrollment. In this way, the state formula funds LEAs to serve enrolled students and rewards them for helping students achieve outcomes.

## PBF DISTRIBUTION STRATEGIES: POSTSECONDARY LEVEL

At the postsecondary level, four states—**Arkansas, Georgia, Minnesota, and North Dakota**—report integrating performance criteria into their *state* postsecondary funding formulas. A fifth state, **Idaho**, has used performance criteria to distribute surplus funds to its postsecondary system in years when funds were available. No state currently distributes *federal* postsecondary funds using PBF, though **Kansas** is exploring the possibility of using an incentive-based approach to allocate a portion of its *Perkins IV* reserve fund, and **Montana** developed, though did not implement, a PBF formula as part of a technical assistance effort supported by the Office of Career, Technical, and Adult Education (OCTAE). Exhibit 5 provides a summary of the four states using PBF.

**Exhibit 5: Postsecondary-level performance-based funding for CTE programs, by state, funding source, and performance criteria**

State	Funding source	Performance criteria in formula
Arkansas	State	End-of-course enrollment, student retention, progression toward degree completion, credential attainment, transfer activity, research activity, and graduation rates for underserved populations
Georgia	State	Graduation rates
Minnesota	State	Increased credential or degree attainment, increased completion rates, increased employment placement in a related field, and process measures related to decreasing instructional costs and reallocating funds from previous years
North Dakota	State	Weighted credit hours according to course level and instructional program classification

NOTES: CTE means career and technical education. PBF means performance based funding.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis. Supplemental survey information from state websites.

In many of these cases, states' PBF formulas apply to the overall postsecondary system and are not directly tied to CTE outcomes.<sup>26</sup> In **Georgia**, for example, graduation rates are included in the state's overall funding formula for postsecondary institutions. Students enrolled in CTE programs can contribute to the overall graduation rate at an institution but are not necessarily treated differently in the formula (e.g., CTE-specific outcomes are not rewarded in the formula).

Similarly, in **Minnesota**, a portion of state funding is conditioned on the postsecondary system's performance. According to the state legislature, the Minnesota State College and University System must meet at least three of five annual performance goals before the legislature will release the final 5 percent of the state appropriation for postsecondary education. For FY 2015, the system's performance goals are related to institutional outcomes, such as credential and degree attainment, student persistence, and employment placement, and process measures related to per-student instructional costs and the use of carryover funds from the previous fiscal year. Again, CTE students are included in the overall counts of these outcomes in the same way as other students.

**North Dakota's** PBF approach applies to the entire postsecondary system but includes CTE-specific measures. In the 2013 biennium, the state legislature approved a new funding formula for the state university system based primarily on credit-hour attainment. To earn a credit hour, a student must obtain a passing grade in a course. Credit hours are weighted by course level and instructional program classification. CTE credits are weighted at twice the weight of a lower-division course in core disciplines (i.e., a CTE student generates twice the amount of resources as a non-CTE student). The formula is then adjusted by a credit completion factor, an institutional size factor, and a base funding amount for each institution. This approach is performance-based in that an institution's future allocation is based on the past performances of its students.

**Kansas** is piloting an "outcomes metrics" project, an incentive-based program for postsecondary CTE, in approximately 12 technical colleges that were allocated using *Perkins IV* funds. Performance measures will be refined after the pilot, with initial measures selected with input from state business and industry groups. These measures include the attainment of an industry-recognized credential and student employment numbers and rates as well as wages of employed students after program exit. Institutions will be eligible for an

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<sup>26</sup> As previously noted, 22 states are using PBF approaches at the postsecondary level. The NASDCTEc survey asked states about their use of PBF specifically for CTE funding and not for postsecondary funding in general. Therefore, this study does not catalog every state's PBF approach for postsecondary education, except for the few states that reported use of PBF on the survey.

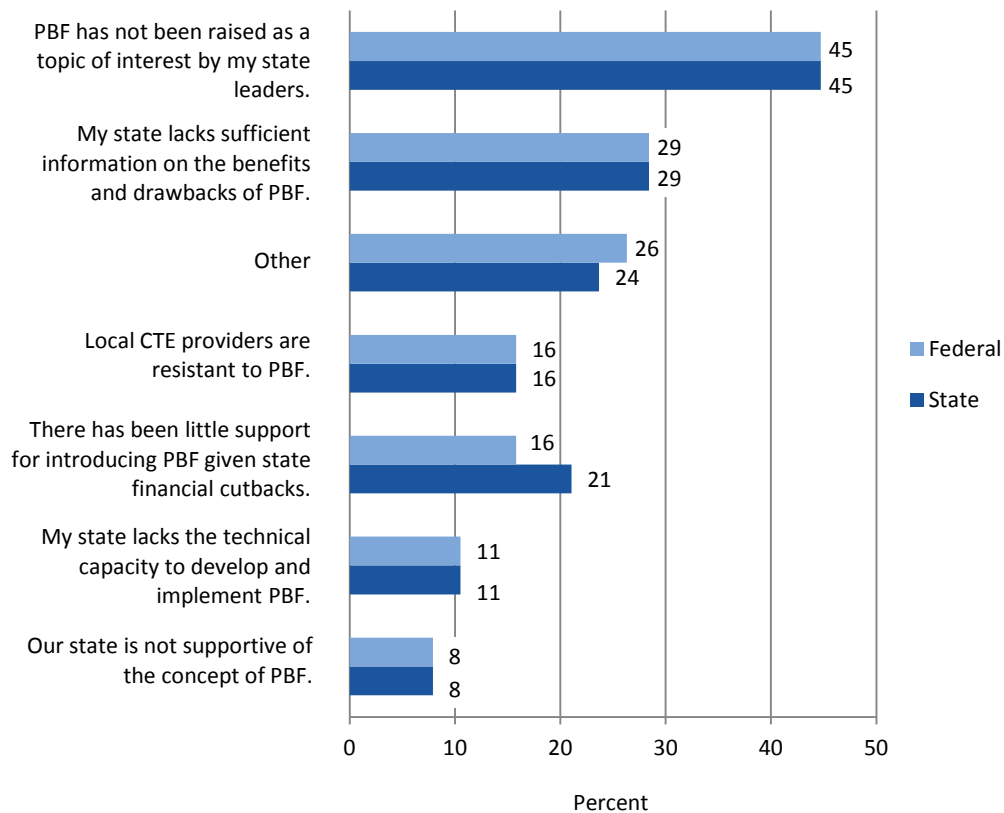


incentive award (in an amount to be determined) based on their performance on the selected measures.

## STATES' PERCEPTIONS OF PBF AND TRAINING NEEDS

Survey respondents who indicated that their states had not yet adopted PBF were asked to select or write in their reasons for not using PBF to allocate either state or federal funds. State CTE directors offered a range of reasons for not yet adopting PBF (exhibit 6). At the secondary level, the most frequently cited explanation was that “PBF has not been raised as a topic of interest by my state leaders.” State directors providing oversight at the secondary level also were concerned that they lacked “... sufficient information on the benefits and drawbacks” of PBF formula adoption. Nearly 29 percent indicated that they did not have enough information to evaluate the potential impact of PBF on local providers.

**Exhibit 6: State CTE directors' reasons for not adopting secondary-level performance-based funding, by percentage of responses and source of funding**



N=38 (38 states responded to the survey; states could mark multiple responses).

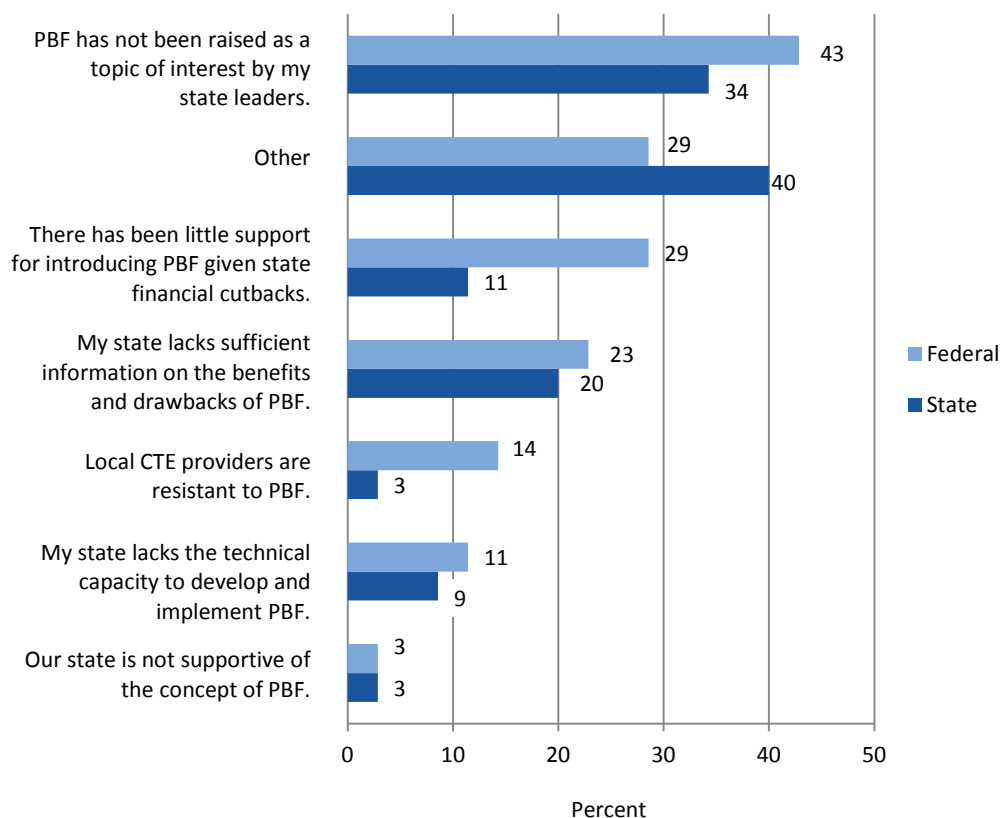
NOTE: PBF means performance-based funding.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis.

Write-in answers ranged from a lack of reliable data on which to base PBF allocations to the perception that there was insufficient funding to justify introducing PBF to the field. Some respondents also expressed interest in preserving local program flexibility by not directing local providers to focus on a set of state-identified outcomes. Three respondents volunteered that their states were in the process of exploring PBF adoption.

At the postsecondary level, states' reasons for not adopting PBF varied depending on the source of funding (exhibit 7). With respect to their uses of *federal* funding, 43 percent of respondents noted that "PBF has not been raised as a topic of interest by my state leaders." Postsecondary respondents also cited "financial cutbacks" and various other reasons for not adopting PBF; for example, they mentioned a lack of sufficient data to determine PBF awards.


**Exhibit 7: State CTE directors' reasons for not adopting postsecondary-level performance-based funding, by percentage of responses and source of funding**



N=35 (35 states responded to the survey; states could mark multiple responses).

NOTE: PBF means performance-based funding.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis.



While PBF is not widely used within CTE, its strategies are routinely employed within postsecondary and adult education to reward providers who outperform their peers. For this reason, postsecondary educators may have relatively greater familiarity with the use of these strategies for allocating state funds. With respect to their use of *state* funds, 40 percent of postsecondary respondents entered “other” reasons for not adopting PBF, with seven states reporting that they were currently exploring PBF, and four noting that competitive funding was used at the secondary level. The next two popular explanations included: “PBF has not been raised as a topic of interest by my state leaders,” and “my state lacks sufficient information on the drawbacks and benefits of PBF.”

### **Training Needs**

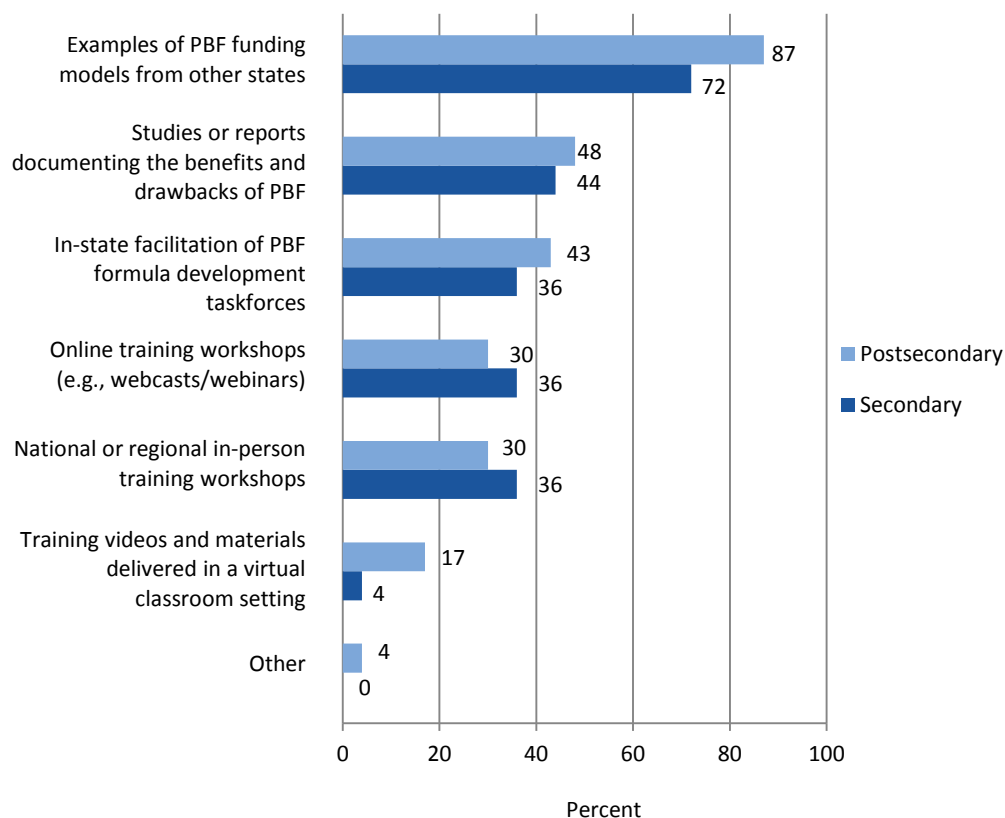
Integrating PBF into state secondary or postsecondary resource distribution formulas can be a complex process, and state CTE directors recognize the importance of taking a thoughtful approach to it. The NASDCTEc survey asked state directors whether they would be interested in using PBF to allocate a portion of their federal *Perkins IV* funds. More than two-fifths of respondents from both the secondary (46 percent) and postsecondary (43 percent) levels responded yes to this question. Due to the way the legislation’s allocation formulas currently operate, the funds most likely to be used for this purpose would come from states’ leadership funds or the special reserve.<sup>27</sup>

The survey also asked whether states would require assistance in developing a PBF formula if PBF adoption were required following *Perkins* reauthorization. States that responded “yes” to this question were asked to indicate all of their preferred, as well as their top three, training methods. Sixty-eight percent of secondary state respondents and 65 percent of postsecondary state respondents indicated that they would require training and support to develop and implement a PBF formula if PBF adoption were to be required. Irrespective of level (secondary or postsecondary), states requiring assistance identified their preferred training methods as having access to examples of state PBF formulas and being provided with studies or reports documenting the benefits and drawbacks of PBF (exhibit 8). Secondary state respondents also expressed interest in participating in either online or in-person workshops, with postsecondary state respondents preferring in-person assistance in formula design.

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<sup>27</sup> See Sec. 124 of *Perkins IV*.

**Exhibit 8: Percentage of the preferred secondary and postsecondary training needs of those states that would require assistance in developing performance-based funding formulas if it is required following *Perkins IV* reauthorization**



N=25 (based on those states that indicated they would need assistance in a previous question).

NOTE: PBF means performance-based funding. *Perkins IV* means the *Carl D. Perkins Career and Technical Education Act of 2006*.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis.

## Pay for Success

The survey also included a series of questions about “pay-for-success” models, which offer a market-driven approach for capitalizing on educational programs and social services that offer a positive return for society. Referred to by a variety of names, including “social investment bonds” and “social impact investing,” these financing vehicles draw upon funds contributed by private and philanthropic investors to offset the start-up and operating costs of innovative, research-backed programs proven to improve the economic outcomes of individuals and families (Callanan, Law, and Mendonca 2012; Social Finance 2012).<sup>28</sup>

<sup>28</sup> <http://www.goldmansachs.com/what-we-do/investing-and-lending/urban-investments/case-studies/social-impact-bonds.html>.

Investors are offered a financial return, paid by government agencies, if programs achieve a measureable set of performance goals that reduce the future demand for public services.

The approach has been used with some success in the United Kingdom to reduce recidivism rates among the formerly incarcerated, and efforts are under way to replicate the practice in the United States.<sup>29</sup> In August 2012, the New York City introduced a social investment bond program, financed by Goldman Sachs and the Bloomberg Philanthropies, to deliver cognitive behavioral therapy to young adults incarcerated on Rikers Island. In September 2013, the U.S. Department of Labor awarded nearly \$24 million in Workforce Innovation Funds to assist New York and Massachusetts in developing programming to reduce recidivism and increase employment for adults recently released from prison.<sup>30</sup>

While the effectiveness of pay-for-success models in education has yet to be fully explored, the approach may be transferable to CTE, which offers quantifiable programmatic benefits—such as increased employment—that can benefit taxpayers. The NASDCTEc survey asked state directors whether their states use pay-for-success models to promote investments in CTE and in other educational contexts, and about their interest in learning more about the potential use of these models in CTE. Survey results indicate that most states lack experience with such models, with no states experimenting with pay-for-success to promote private investment in CTE. Two respondents from secondary and one from postsecondary education were aware of pay-for-success models in other educational contexts within their state, although no details were provided.

Regardless of their limited use of funds for pay-for-success models, 37 percent of both secondary and postsecondary respondents were interested in learning more about the impact of pay-for-success models and their potential applications to CTE (exhibit 9).

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<sup>29</sup> Social impact bonds are a relatively new strategy. The first pay-for-success models were piloted in the United Kingdom in 2010 (Callanan, Law, and Mendonca 2012).

<sup>30</sup> <http://www.dol.gov/opa/media/press/eta/ETA20131936.htm>.



**Exhibit 9: Percentage of states using performance-based funding models in CTE and other educational contexts, by level of schooling and percentage of interest**

	Secondary		Postsecondary	
	Yes	No/missing	Yes	No/missing
Currently using a “pay-for-success” model for CTE.	3%	97%	3%	97%
State is using “pay-for-success” models in other educational contexts.	5%	95%	3%	97%
State is interested in exploring the use of “pay-for-success” for CTE.	37%	63%	37%	63%

For secondary, N=38; for postsecondary, N=35 (based on the number of states that responded to the surveys)

NOTE: CTE means career and technical education.

SOURCE: National Association of State Directors of Career Technical Education Consortium (NASDCTEc). (2013, August). Survey of State CTE Directors. Secondary Data Analysis.

Several issues will need to be addressed if pay-for-success models are to prove viable in CTE. The first will be quantifying the net present value of the future returns that CTE can offer. This will require developing valid and reliable measures of student outcomes that will permit economic benefits to be estimated. Next, policymakers will need to identify programmatic interventions that are backed by rigorous statistical evidence substantiating their success. Then, individuals and organizations willing to invest in CTE programs must be recruited, and funds must be found to compensate them if and when programs prove successful. Finally outcomes must be sufficiently robust to offset the financial costs associated with establishing pay-for-success financing arrangements.

While additional research is needed before pay-for-success models achieve widespread use, survey results indicate that at least some states are interested in learning more about the potential application of these models. Information from states that report using pay-for-success models in other educational contexts may help provide a benchmark for future work.

## CONCLUSION

Career and technical education is more expensive to provide than academic instruction. This is primarily due to the smaller class sizes used to deliver services and the higher capital costs of equipping and supplying classrooms. Some states choose not to address this cost differential in their funding formula. Instead, LEAs and IHEs are expected to fund programs out of their state foundational or basic aid grant, balancing academic and technical offerings to address their communities' demand for services. Most states provide categorical funding for CTE. Such funding is relatively more common at the secondary than postsecondary level. For example, 37 states supplied categorical funding for CTE offered within LEAs in AY 2011–12, as compared to just five states at the postsecondary level.

A review of state education funding formulas indicates that there is considerable variation in how states distribute categorical funds across LEAs and IHEs. Funds are typically allocated using one of three approaches: (1) the number of students participating in CTE coursework; (2) inputs related to delivering instruction; or (3) cost reimbursement for a percentage of the eligible expenditures that programs incur. In some instances, states may target funds to CTE programs that either qualify as high cost or that promote state economic development priorities. A handful of states link a portion of their state and/or federal funding to local program performance.

State CTE directors are interested in further exploring the use of PBF to allocate funds. Respondents from both the secondary and postsecondary education levels indicate that a lack of interest by state leaders is a primary reason for not adopting PBF to reward CTE program performance. They also noted a need for additional training on developing and implementing PBF approaches if it is required by the legislation. Directors expressed interest in obtaining information on the operation of PBF formulas, their benefits and drawbacks, and their potential for improving program performance.

More research is needed to understand the impact of state funding approaches on program and student outcomes. In the meantime, state policymakers should consider the benefits and drawbacks of the various approaches and assess the extent to which each aligns with and supports state goals for CTE programming. As evidenced by the range of funding approaches used by states, as well as their specific formulas for distributing funds within each, no one approach will meet the needs of every state. Likewise, an evolving educational policy environment calls for states to periodically review and, where necessary, update their funding formulas to ensure that fund distribution addresses current state priorities and



program costs. The upcoming reauthorization of the *Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV)* offers an opportunity for states to assess and update their current funding approaches. To help inform this effort, the U.S. Department of Education's *Blueprint for Transforming Career and Technical Education* calls for establishing common performance metrics and providing incentives for high-performing programs as part of the *Perkins IV* reauthorization (U.S. Department of Education 2012).





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## APPENDIX A: SURVEY DOCUMENTS

CTE SURVEY, FINAL K-12

CTE SURVEY, FINAL POSTSECONDARY

# CTE Survey, Final K-12

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This survey solicits your feedback on whether, and if so, how your state allocates fiscal resources to support Career Technical Education (CTE) programs offered at the K-12 level. Findings from the survey will help NASDCTEc identify how states direct funding to CTE and the relative amount of their investment.

Your participation in this survey is voluntary and all responses will remain confidential. The survey will take approximately 30 minutes to complete. You may save your work and return to complete the survey at a later time by clicking on the "Save and continue" link at the top of each page. When you are finished with the survey, click the "Submit" button.

A red asterisk (\*) indicates that the question is required and must be answered before continuing with the survey.

Please contact Kara Herbertson, Research and Policy Manager at NASDCTEc, if you have any questions about the survey or encounter any technical difficulties while completing it. You may reach Kara at 301-588-9630 or [kherbertson@careertech.org](mailto:kherbertson@careertech.org).

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1. Select your state: \*

Alabama  
Alaska  
American Samoa  
Arizona  
Arkansas  
California  
Colorado  
Connecticut  
Delaware  
District of Columbia  
Federated States of Micronesia  
Florida  
Georgia  
Guam  
Hawaii  
Idaho  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Marshall Islands  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Mississippi  
Missouri  
Montana  
Nebraska  
Nevada  
New Hampshire  
New Jersey  
New Mexico  
New York  
North Carolina  
North Dakota  
Northern Mariana Islands  
Ohio  
Oklahoma  
Oregon  
Palau  
Pennsylvania  
Puerto Rico  
Rhode Island  
South Carolina

South Carolina  
South Dakota  
Tennessee  
Texas  
Utah  
Vermont  
Virgin Islands  
Virginia  
Washington  
West Virginia  
Wisconsin  
Wyoming



2. We would like to follow-up with you if we have any questions about your responses. Please enter your name and contact information in the space provided.

Name

Email

Helpful definitions for the following question:

**Basic grant:** State funding that is provided to local education agencies, often on a full-time equivalent (FTE) or student basis. Note that this funding is intended to support all instructional programs, and not just CTE.

**Categorical funding for CTE:** Includes restricted state funding that can only be spent on programs or services for secondary students participating in CTE. This may include resources allocated using a state funding formula that is conditioned on the number of CTE students or teachers, the type of CTE programs offered, or some other state-established criteria.

3. In addition to its **basic grant** for K-12 education, did your state provide any **categorical funding for CTE** in the 2011–12 academic year? (*exclude federal or local resources*)

☐ Yes

☐ No

Please provide information about how your state allocates categorical funding for CTE. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL. Use the comments box to explain your entry if necessary and/or provide contact information for the appropriate person in your state who can respond if you are unable to answer this question.

Please upload a copy of your state legislation or administrative policies describing your state allocation approach.

Browse...

Choose File

No file selected

Upload

If your legislation or policies are available online, please enter the URL where the documents may be accessed.

Enter

URL:

Enter

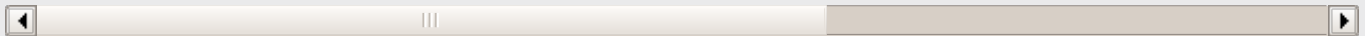
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Comments

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4. Do you have sufficient information to enter the dollar amount of the **categorical funding for CTE** that your state allocated in the 2011-12 academic year (*excluding federal, general state education, and local sources*)?

☐ Yes

☐ No



Enter the dollar amount of the **categorical funding for CTE** that your state allocated in the 2011–12 academic year (*exclude federal, general state education, and local sources*). If your state authorizes resources for specific purposes, please detail the amount and its intended use in the "Comments" box below.

State funding for CTE in 2011–12:

Comments

---

Helpful definition for the following question:

**In-kind donation:** Contributions of goods and services in lieu of cash. These may include donations of equipment and supplies, as well as the time volunteered by local business owners and professional groups.

5. Local providers often obtain additional CTE resources from state or local business and industry, labor, and community organizations. These contributions may take the form of financial or **in-kind donations**. Does your state require local providers to obtain additional, or matching, resources to support the provision of local CTE services?

☐ Yes

☐ No

6. Regardless of whether your state requires local matching resources, how important do you think financial contributions and in-kind donations are to local program operation?

	Not important	Somewhat important	Very important	Don't know
Financial contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-kind donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Helpful definition for the following question:

**Performance-based funding (PBF):** Payments to local providers based on the results they achieve on a set of state-established measures.

7. **Performance-based funding (PBF)** is used to reward local recipients that exceed identified performance targets. Does your state currently use some form of PBF to allocate *state* funds to local CTE providers?

Note: A subsequent question asks about your use of PBF to allocate *federal* funds. Please be sure that your answer to this question refers to *state* funds.

- ☐ Yes
- ☐ No

Is information about your state's approach for allocating PBF described in the state legislation and/or administrative policies that you previously uploaded?

- ☐ Yes
- ☐ No

Please provide information about your state allocation approach. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL.

**Please upload a copy of your state legislation or administrative policies describing your state allocation approach**

Browse...

Choose File

No file selected

Upload

If your legislation or policies are available online, please enter the URL where the documents may be accessed.

Enter

URL:

Enter

URL:

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|||

Comments

Please indicate why your state has not adopted some form of **PBF** to allocate your state resources.

Mark all that apply.

- ☐ PBF has not been raised as a topic of interest by my state leaders.
- ☐ Local CTE providers are resistant to PBF.
- ☐ There has been little support for introducing PBF given state financial cutbacks.
- ☐ My state lacks sufficient information on the benefits and drawbacks of PBF.
- ☐ My state lacks the technical capacity to develop and implement PBF.
- ☐ Our state is not supportive of the concept of PBF.
- ☐ Other

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8. Does your state currently use PBF to allocate federal funds to local CTE providers?

Note: A previous question asked about your use of PBF to allocate state funds. Please be sure that your answer to this question refers to federal funds.

- ☐ Yes
- ☐ No

Is information about your state's approach for allocating PBF described in the state legislation and/or administrative policies that you previously uploaded?

- ☐ Yes
- ☐ No

Please provide information about your approach for allocating federal resources using PBF. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL.

**Please upload a copy of any documents describing your PBF allocation approach.**

Browse...

Choose File

No file selected

Upload

If your legislation or policies are available online, please enter the URL where the documents may be accessed.

Enter

URL:

Enter

URL:

Enter

URL:

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URL:

|||

Comments

Please indicate why your state has not adopted some form of **PBF** to allocate your federal resources. Please mark all that apply.

- ☐ PBF has not been raised as a topic of interest by my state leaders.
- ☐ Local CTE providers are resistant to PBF.
- ☐ There has been little support for introducing PBF given federal and/or state financial cutbacks.
- ☐ My state lacks sufficient information on the benefits and drawbacks of PBF.
- ☐ My state lacks the technical capacity to develop and implement PBF.
- ☐ Our state is not supportive of the concept of PBF.
- ☐ Other

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9. Would your state be interested in using PBF to allocate a portion of its federal Perkins resources?

- ☐ Yes
- ☐ No

**(untitled)**

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10. If your state was required to adopt PBF to allocate a portion of its Perkins grant following re-authorization would you require assistance in developing an allocation formula?

- ☐ Yes
  - ☐ No
-

11. You indicated that your state would require assistance in developing PBF if it is required following Perkins reauthorization.

Please mark the box corresponding to the types of support your state would need to implement PBF and your top three preferred options.

	Support needed <i>Mark all that apply</i>	Preferred option <i>Mark top 3</i>
Studies or reports documenting the benefits and drawbacks of PBF.	<input type="checkbox"/>	<input type="checkbox"/>
Examples of PBF funding models from other states.	<input type="checkbox"/>	<input type="checkbox"/>
National or regional in-person training workshops.	<input type="checkbox"/>	<input type="checkbox"/>
On-line training workshops (e.g., webcasts/webinars).	<input type="checkbox"/>	<input type="checkbox"/>
Training videos and materials delivered in a virtual classroom setting.	<input type="checkbox"/>	<input type="checkbox"/>
In-state facilitation of PBF formula development taskforces.	<input type="checkbox"/>	<input type="checkbox"/>
Other: <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

Helpful definition for the following question:

**Pay for Success or Social Impact Bonds:** A performance-based investment model in which third party investors provide upfront financing to cover the costs of innovative public sector programs that produce societal cost savings. Investors are repaid using government funding if anticipated social outcomes are achieved.

12. **Pay for Success or Social Impact Bonds** have been proposed as one means to promote private investment in educational programs. Please respond to the following questions about your state's interest in these new investment strategies.

	Yes	No
Is your state currently using a "Pay for Success" model to incentivize CTE providers?	<input type="radio"/>	<input type="radio"/>
Are "Pay for Success" models currently being used in other educational contexts in your state?	<input type="radio"/>	<input type="radio"/>
Would your state be interested in exploring the use of a "Pay for Success"—model to incentivize CTE providers?	<input type="radio"/>	<input type="radio"/>

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13. Thank you for your participation in this survey. Please use the comment box to provide any comments or feedback that have not been addressed in the survey.

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### Thank You!

Thank you for your participation in this survey.



# CTE Survey, Final Postsecondary

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This survey solicits your feedback on whether, and if so, how your state allocates fiscal resources to support Career Technical Education (CTE) programs offered at the postsecondary level. Findings from the survey will help NASDCTEc identify how states direct funding to CTE and the relative amount of their investment.

Your participation in this survey is voluntary and all responses will remain confidential. The survey will take approximately 30 minutes to complete. You may save your work and return to complete the survey at a later time by clicking on the "Save and continue" link at the top of each page. When you are finished with the survey, click the "Submit" button.

A red asterisk (\*) indicates that the question is required and must be answered before continuing with the survey.

Please contact Kara Herbertson, Research and Policy Manager at NASDCTEc, if you have any questions about the survey or encounter any technical difficulties while completing it. You may reach Kara at 301-588-9630 or [kherbertson@careertech.org](mailto:kherbertson@careertech.org).

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1. Select your state: \*

Alabama  
Alaska  
American Samoa  
Arizona  
Arkansas  
California  
Colorado  
Connecticut  
Delaware  
District of Columbia  
Federated States of Micronesia  
Florida  
Georgia  
Guam  
Hawaii  
Idaho  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Marshall Islands  
Maryland  
Massachusetts  
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Minnesota  
Mississippi  
Missouri  
Montana  
Nebraska  
Nevada  
New Hampshire  
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Palau  
Pennsylvania  
Puerto Rico  
Rhode Island  
South Carolina

South Carolina  
South Dakota  
Tennessee  
Texas  
Utah  
Vermont  
Virgin Islands  
Virginia  
Washington  
West Virginia  
Wisconsin  
Wyoming



2. We would like to follow-up with you if we have any questions about your responses. Please enter your name and contact information in the space provided.

Name

Email

Helpful definitions for the following question:

**Basic grant:** State funding that is provided to postsecondary institutions, often on a full-time equivalent (FTE) or student basis. Note that this funding is intended to support all instructional programs, and not just CTE.

**Categorical funding for CTE:** Includes restricted state funding that can only be spent on programs or services for postsecondary students participating in CTE. This may include resources allocated using a state funding formula that is conditioned on the number of CTE students or faculty, the type of CTE programs offered, or some other state-established criteria.

3. In addition to its **basic grant** for postsecondary education, did your state provide any **categorical funding for CTE** in the 2011–12 academic year? (*exclude federal or local resources*)

☐ Yes

☐ No

If you are unable to answer this question, please direct us to the appropriate person in your state who can respond. Use the comments box to provide this individual's name and contact information.

Please provide information about how your state allocates categorical funding for CTE. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL. Use the comments box to explain your entry if necessary and/or provide contact information for the appropriate person in your state who can respond if you are unable to answer this question.

**Please upload a copy of your state legislation or administrative policies describing your state allocation approach.**

Browse...

Choose File

No file selected

Upload




If your legislation or policies are available online, please enter the URL where the documents may be accessed.

Enter  
URL:

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Comments

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4. Do you have sufficient information to enter the dollar amount of the **categorical funding for CTE** that your state allocated in the 2011-12 academic year (*excluding federal, general state education, and local sources*)?

☐ Yes

☐ No

Enter the dollar amount of the **categorical funding for CTE** that your state allocated in the 2011–12 academic year (*exclude federal, general state education, and local sources*). If your state authorizes resources for specific purposes, please detail the amount and its intended use in the "Comments" box below.

State funding for CTE in 2011–12:

Comments

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Helpful definition for the following question:

**In-kind donation:** Contributions of goods and services in lieu of cash. These may include donations of equipment and supplies, as well as the time volunteered by local business owners and professional groups.

5. Local providers often obtain additional CTE resources from state or local business and industry, labor, and community organizations. These contributions may take the form of financial or **in-kind donations**. Does your state require local providers to obtain additional, or matching, resources to support the provision of local CTE services?

☐ Yes

☐ No

6. Regardless of whether your state requires local matching resources, how important do you think financial contributions and in-kind donations are to local program operation?

	Not important	Somewhat important	Very important	Don't know
Financial contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-kind donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Helpful definition for the following question:

**Performance-based funding (PBF):** Payments to local providers based on the results they achieve on a set of state-established measures.

7. **Performance-based funding (PBF)** is used to reward local recipients that exceed identified performance targets. Does your state currently use some form of PBF to allocate *state* funds to local CTE providers?

Note: A subsequent question asks about your use of PBF to allocate *federal* funds. Please be sure that your answer to this question refers to *state* funds.

- ☐ Yes
- ☐ No

Is information about your state's approach for allocating PBF described in the state legislation and/or administrative policies that you previously uploaded?

- ☐ Yes
- ☐ No

Please provide information about your approach for allocating state resources using PBF. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL.

**Please upload a copy of any documents describing your PBF allocation approach.**

Browse...

Choose File

No file selected

Upload

If your legislation or policies are available online, please enter the URL where the documents may be accessed.

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URL:

Comments



Please indicate why your state has not adopted some form of **PBF** to allocate your state resources.

Please mark all that apply.

- ☐ PBF has not been raised as a topic of interest by my state leaders.
- ☐ Local CTE providers are resistant to PBF.
- ☐ There has been little support for introducing PBF given state financial cutbacks.
- ☐ My state lacks sufficient information on the benefits and drawbacks of PBF.
- ☐ My state lacks the technical capacity to develop and implement PBF.
- ☐ Our state is not supportive of the concept of PBF.
- ☐ Other

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8. Does your state currently use PBF to allocate federal funds to local CTE providers?

Note: A previous question asked about your use of PBF to allocate *state* funds. Please be sure that your answer to this question refers to federal funds.

- ☐ Yes
- ☐ No

Is information about your approach for allocating PBF described in the files that you previously uploaded?

- ☐ Yes
- ☐ No

Please provide information about your approach for allocating federal resources using PBF. You can either upload a copy of your state legislation or administrative policies or direct us to an URL where these documents may be accessed online. See prompts below for uploading and/or providing the URL.

**Please upload a copy of any documents describing your PBF allocation approach.**

Browse...

Choose File

No file selected

Upload

If your legislation or policies are available online, please enter the URL where the documents may be accessed.

Enter

URL:

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URL:

## Comments

[illegible]

Please indicate why your state has not adopted some form of **PBF** to allocate your federal resources. Please mark all that apply.

- ☐ PBF has not been raised as a topic of interest by my state leaders.
- ☐ Local CTE providers are resistant to PBF.
- ☐ There has been little support for introducing PBF given federal and/or state financial cutbacks.
- ☐ My state lacks sufficient information on the benefits and drawbacks of PBF.
- ☐ My state lacks the technical capacity to develop and implement PBF.
- ☐ Our state is not supportive of the concept of PBF.
- ☐ Other

**(untitled)**

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9. Would your state be interested in using PBF to allocate a portion of its federal Perkins resources?

- ☐ Yes
- ☐ No

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10. If your state was required to adopt PBF to allocate a portion of its Perkins grant following re-authorization would you require assistance in developing an allocation formula?

- ☐ Yes
  - ☐ No
-

11. You indicated that your state would require assistance in developing PBF if it is required following Perkins reauthorization.

Please mark the box corresponding to the types of support your state would need to implement PBF and your top three preferred options.

	Support needed <i>Mark all that apply</i>	Preferred option <i>Mark top 3</i>
Studies or reports documenting the benefits and drawbacks of PBF.	<input type="checkbox"/>	<input type="checkbox"/>
Examples of PBF funding models from other states.	<input type="checkbox"/>	<input type="checkbox"/>
National or regional in-person training workshops.	<input type="checkbox"/>	<input type="checkbox"/>
On-line training workshops (e.g., webcasts/webinars).	<input type="checkbox"/>	<input type="checkbox"/>
Training videos and materials delivered in a virtual classroom setting.	<input type="checkbox"/>	<input type="checkbox"/>
In-state facilitation of PBF formula development taskforces.	<input type="checkbox"/>	<input type="checkbox"/>
Other: <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

Helpful definition for the following question:

**Pay for Success or Social Impact Bonds:** A performance-based investment model in which third party investors provide upfront financing to cover the costs of innovative public sector programs that produce societal cost savings. Investors are repaid using government funding if anticipated social outcomes are achieved.

12. **Pay for Success or Social Impact Bonds** have been proposed as one means to promote private investment in educational programs. Please respond to the following questions about your state's interest in these new investment strategies.

	Yes	No
Is the "Pay for Success" funding model currently being used to promote investment in CTE within your state?	<input type="radio"/>	<input type="radio"/>
Are "Pay for Success" models currently being used in other educational contexts in your state?	<input type="radio"/>	<input type="radio"/>
Would your state be interested in exploring the use of a "Pay for Success" model to incentivize private investment in CTE?	<input type="radio"/>	<input type="radio"/>

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13. **Thank you for your participation in this survey. Please use the comment box to provide any comments or feedback that have not been addressed in the survey.**

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**Thank You!**

Thank you for your participation in this survey.

## APPENDIX B: EXAMPLES OF STATE COMPETITIVE GRANT PROGRAMS

### COMPETITIVE GRANTS

Some states use one-time or ongoing competitive grants to direct funds to help CTE providers give services that are not addressed through their state funding formula or to motivate them to pursue state CTE policy initiatives. While it was not the intent of this study to collect information on state competitive grant practices, several examples were nevertheless identified and are profiled below. These examples are not intended to represent all states that use this approach or to capture the range of approaches that states are using, but rather to offer insight into states' strategies to award funds in lieu of formula allocations.

#### *Secondary*

The **Oregon** Legislature has established a CTE Revitalization Grant program to strengthen partnerships between local CTE providers and employers. Grant funds are used to establish or expand programs of study and promote increased employer involvement in CTE. In January 2014, the state awarded competitive grants totaling nearly \$8.9 million to 24 LEAs seeking to enhance their CTE programming in high-wage, high-growth fields, including health care, advanced manufacturing, construction, engineering, agriculture, and renewable energy technology. Grant recipients leveraged more than \$2.6 million in matching funds from community and business partners.<sup>31</sup>

**California's** CTE Pathways Grant program takes a regional approach to CTE financing. The state distributes grants to partnerships made up of secondary schools, community colleges, labor agencies, and employers and industry representatives that commit to building career pathways leading to jobs in high-demand industries that offer "stackable" credentials (i.e., a sequence of credentials that can be accumulated over time). Created in 2005, the CTE Pathways Grant program has been continuously refunded over time, with the most recent reauthorization providing funding through 2015. Current grant activities are directed toward improving student transitions from secondary to postsecondary education, strengthening coordination among local education and workforce entities, and preparing students for

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<sup>31</sup> <http://www.ode.state.or.us/search/page/?id=3389>.



careers in emerging regional economic sectors. Between 2005 and 2010, the state has awarded grants of nearly \$188 million.<sup>32</sup>

## *Postsecondary*

In 2011, the **Illinois** Community College Board (ICCB) ran a competitive grant program to support colleges in aligning their CTE programs with current workforce needs and to support local instructional improvement efforts. Grant funds could be spent on personnel, instructional equipment, materials and supplies, curriculum development, staff development, and other approved expenditures. In 2013, the state supported regional professional development activities in CTE through its FY 2013 CTE Regional Network Grant program. Each of the CTE four regions, which were identified by the ICCB, were eligible to apply for a grant of up to \$50,000 to offer up to eight professional development workshops in the region.

The **Wisconsin** Technical College System provides competitive grant funds through its General Purpose Revenue (GPR) initiative, which directs funds to support programs for at-risk student populations, including displaced homemakers, minority students, and adult learners. Funds are targeted to specific programs, such as health care education and training for new and expanding occupations. Each grant has its own application procedures and funding requirements. All postsecondary and adult education programs in the state can apply for GPR funds. Therefore, while GPR funds are not specific to CTE programs, they do provide a form of additional support to institutions offering CTE instruction.

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<sup>32</sup>

[http://www.ssrc.cc/uploads\\_news/CTE%20Career%20Pathways%20Initiative%20Report%202010%20CA%20Comm%20Colleges.pdf](http://www.ssrc.cc/uploads_news/CTE%20Career%20Pathways%20Initiative%20Report%202010%20CA%20Comm%20Colleges.pdf)



## APPENDIX C: CATEGORICAL GRANTS: SECONDARY EDUCATION LEVEL



**Exhibit C.1. Financing of secondary-level CTE, by state, funding methods, and total amounts of categorical funding**

Note: Information is for Academic Year (AY) 2011–12 unless otherwise indicated

State	Funding Method	Total Amount of Categorical Funding for CTE
Arkansas	Funds are allocated to area CTE centers based on the number of students served during the previous school year. Funding is based on a fixed per-student rate (\$3,250), with allocations capped at 60 percent if more than 60 percent of students come from a single sending school.	\$20,136,383
California	From 2009 to 2013, regional occupational centers and programs (ROCPs) were funded under a set of state programs eligible for “categorical flexibility.” Previously funded based on average daily attendance units, ROCPs were funded during this four-year period based on the operating LEA’s total FY 08 funding as a percentage of the state’s total ROCP funding. Therefore, an LEA receiving 5 percent of the state’s total ROCP funding in FY 08 would receive 5 percent of total funding in subsequent years. These funds are considered unrestricted and can be used for any purpose. In 2013, the governor reinstated categorical funding for ROCPs operated by multiple LEAs and receiving county funding. ROCPs will be funded at 2012–13 expenditure levels through FY15.	\$4,000,000 (FY 14)
Connecticut	The state provides funding for the Connecticut Technical High School System (CTHSS), a state-run system that provides academic and CTE instruction at 16 technical high schools and awards both high school diplomas and industry-recognized certificates in 36 occupational areas. The state maintains a separate budget line item for the CTHSS. Allocations for technical high schools are determined by the state board of education and based on the proposed operating budgets submitted by each school for the next academic year. The state also provides vocational education grants to local or regional boards of education, regional educational service centers (RESCs) or school LEAs for equipment purchases in years in which funds are made available. Grants are limited to not less than 40 percent and not more than 80 percent of the net purchase price of equipment and are conditioned on organizational type (e.g., RESC, LEA, or board of education) and ranking based on LEA wealth and size. Individual school LEAs are only eligible to receive a grant once every three years.	\$143,700,000 for the CTHSS (FY 13)
New Hampshire	Districts are eligible for tuition and transportation reimbursements from the state associated with the costs of sending full- or part-time students to participate in approved CTE programs at designated vocational centers. Tuition rates are based on the actual cost-per-student rate for the receiving LEA. The cost-per-student rate is calculated by subtracting tuition and transportation costs from the LEA’s overall operating costs and then dividing the remaining amount by the LEA’s ADM. The state will reimburse a sending LEA for up to 75 percent of the receiving LEA’s cost per student.	\$39,914,187

**Exhibit C.1. Financing of secondary-level CTE, by state, funding methods, and total amounts of categorical funding (continued)**

State	Funding Method	Total Amount of Categorical Funding for CTE
New Jersey	New Jersey's foundational funding formula for k–12 includes a supplemental weight (1.31) for students that attend county vocational schools. The state's formula establishes a base per student amount that is adjusted by grade level, student characteristics, and LEA wealth. Students that attend county vocational schools receive this weight to account for the higher costs of providing services at a county school compared to a traditional high school.	Not available
New York	<p>State aid is allocated to Boards of Cooperative Educational Services (BOCES) via a three-part formula that accounts for services, administration, and facilities costs. CTE services are factored into the services aid funding, which reimburses BOCES for the costs of providing CTE instruction and other services. Services aid funding is calculated by multiplying approved service costs (administrative costs and employee salaries up to \$30,000) by the highest of three aid ratios determined by the state—millage ratio (based on a region's tax rate), aid ratio (e.g., a per pupil wealth measure based on the LEA's full value and attendance of resident pupils), or a minimum ratio of 0.36 (maximum is 0.90).</p> <p>The state's five largest school LEAs (serving 125,000 students or more) and LEAs that are not part of a BOCES are funded by the state using a weighted formula for special services, including career education that adjusts for the relative LEA wealth. The weighted formula is based on student enrollment for grades 10–12 in career education sequences in trade, industrial, technical, agricultural, or health programs (weighted at 1.0) and career education sequences in business and marketing (weighted at 0.16). Therefore, students enrolled in the first set of career education sequences (trade, industrial, technical, agricultural, or health programs) generate a higher rate than students enrolled in business and marketing sequences. Per-student funding is calculated by multiplying the state's base per student amount (\$3,900) by a career education ratio (determined by a comparative value of LEA wealth) and by the weighted LEA CTE FTE.</p>	<p>\$728,540,000 (FY 14) for total BOCES aid</p> <p>\$204,480,000 (FY 14) for Special Services, including career education and computer services in non-BOCES LEAs</p>
Vermont	The state requires sending LEAs to transfer 87 percent of the state's foundation funding to receiving area CTE centers and provides an additional 35 percent of the foundation amount per FTE student to pay for supplemental services provided to students. To adjust for growth, center enrollments that increase by 20 percent or more over the previous fall semester receive, in addition to other aid, a supplemental assistance grant equal to two-thirds of the 35 percent of the base education amount for that year, multiplied by the actual FTE increase. If the increase in fall semester FTE enrollment is less than 20 percent in the following year, in addition to other aid, the technical center receives a supplemental assistance grant equal to one-third of the 35 percent of the base education amount for the year multiplied by the actual FTE increase of the previous fall semester. Assistance is paid to LEAs to provide transportation to and from technical education programs, regardless of where the program is offered. Funding is set at \$1.50 per mile for the actual number of miles traveled, in 1998 dollars adjusted annually by the annual price index for state and local government purchases of goods and services. Salary assistance is also paid to area CTE centers to offset the cost of administrators.	Not available



**Exhibit C.1. Financing of secondary-level CTE, by state, funding methods, and total amounts of categorical funding (continued)**

**SOURCES:**

Arkansas:	NASDCTEc membership survey <a href="http://ace.arkansas.gov/cte/secondaryAreaCareerCenters/Pages/POLICIES%20PROCEDURES%20approved%20June%2011%20for%20website.pdf">http://ace.arkansas.gov/cte/secondaryAreaCareerCenters/Pages/POLICIES%20PROCEDURES%20approved%20June%2011%20for%20website.pdf</a>
California:	<a href="http://www.cde.ca.gov/ci/ct/rp/">http://www.cde.ca.gov/ci/ct/rp/</a>
Connecticut:	NASDCTEc membership survey <a href="http://www.cga.ct.gov/2013/pub/chap_172.htm#sec_10-262g">http://www.cga.ct.gov/2013/pub/chap_172.htm#sec_10-262g</a> ; <a href="http://www.cga.ct.gov/2012/ACT/Pa/pdf/2012PA-00116-R00SB-00458-PA.pdf">http://www.cga.ct.gov/2012/ACT/Pa/pdf/2012PA-00116-R00SB-00458-PA.pdf</a>
New Hampshire:	<a href="http://www.education.nh.gov/standards/documents/alt_ed.pdf">http://www.education.nh.gov/standards/documents/alt_ed.pdf</a>
New Jersey:	NASDCTEc membership survey <a href="http://schoolfinancesdav.files.wordpress.com/2011/06/newjersey2011.pdf">http://schoolfinancesdav.files.wordpress.com/2011/06/newjersey2011.pdf</a>
New York:	NASDCTEc membership survey <a href="http://sap.questar.org/publications/guidebooks/state_aid_formulas_guidebook.pdf">http://sap.questar.org/publications/guidebooks/state_aid_formulas_guidebook.pdf</a>
Vermont:	<a href="http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01561">http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01561</a> <a href="http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01563">http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01563</a> <a href="http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01565">http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&amp;Chapter=037&amp;Section=01565</a>

**Exhibit C.2. Financing of secondary-level CTE, by state, proportional and base allocations, student-based component, and total amount of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

State	Proportional Allocation Method	Base Allocation Included	Student-Based Component of Formula	Total Amount of Categorical Funding for CTE
Hawaii	Districts receive a base allocation of \$7,000–7,500, with additional funds distributed based on the number of CTE participants.	Yes (\$7,000–\$7,500)	Number of CTE participants in LEA	\$5,574,875
Illinois	Programs are guaranteed at least 90 percent of their previous year's allocation. The remaining 10 percent of funds are allocated based on CTE courses, split evenly between the number of CTE courses taken by students in the previous year and the number of CTE credits earned by students in the previous year. Programs can receive no more than 110 percent of their previous year's allocation.	Yes (90 percent of prior year's funding)	Number of CTE students based on credits or contact hours	\$38,562,100
Montana	Funds are allocated based on four categories:  (1) Student enrollment: pro rata share of prior year state CTE student enrollment funding (nearly 75 percent of funds);  (2) \$200 for each approved career technical student organization (CTSO) plus a pro rata share of prior year CTSO enrollment;  (3) Pro rata share of extended days funding; and  (4) Weighted adjustment for LEA expenditures (excluding salaries and benefits) for CTE two years prior to the grant.	Yes (\$200 for each approved CTSO)	CTE enrollment	\$1,000,000
Nevada	Funds are allocated based on two categories:  (1) Student counts: duplicated counts of CTE enrollments at each high school for use in ongoing program improvement and maintenance; and  (2) Competitive grants to drive change at the school or LEA level through the development and expansion of high school CTE programs.  Additional state funds are available to support student organizations and professional development.	No	CTE enrollment (duplicated)	\$4,129,670

**Exhibit C.2. Financing of secondary-level CTE, by state, proportional and base allocations, student-based component, and total amount of categorical funding (continued)**

State	Proportional Allocation Method	Base Allocation Included	Student-Based Component of Formula	Total Amount of Categorical Funding for CTE
North Carolina	<p>Funds are allocated based on two categories:</p> <p>(1) Program support funds: Each LEA receives a base amount of \$10,000, with remaining funds distributed as a pro rata share of LEA's ADM in grades eight to 12. Funds can be used for expanding, improving, modernizing, or developing CTE programs.</p> <p>(2) Months of Employment (MOEs) to support employment of CTE personnel, which are allocated by distributing a base equivalent to 50 months' salary with any remaining funds allocated based on ADM in grades eight to 12.</p> <p>State gives LEAs the option of transferring funds from MOEs to program support without limitation but restricts the transfer of CTE funds for other purposes to 7 percent of the LEA's categorical allocation.</p>	<p>Yes</p> <p>(\$10,000 program support and 50 months' salary for months of employment)</p>	District's pro rata share of total ADM in grades eight to 12	\$369,630,815
South Carolina	<p>State funds are allocated in support of CTE to reimburse programs for the cost of equipment and the provision of work-based learning activities. Equipment funds can be used to implement new courses or upgrade technology for existing courses. Each LEA and area CTE center receives a base allocation of \$20,000 for equipment purchases, with any remaining funds distributed to LEAs based on their pro rata share of the state's total CTE enrollment for the prior year.</p> <p>Work-based learning funds are intended to support specific career exploration activities, including job shadowing, service learning, mentoring, school-based enterprise, cooperative education, internship, youth apprenticeship, and registered apprenticeship. These funds are distributed to LEAs through a formula that weights student FTE from two years prior and adjusts for LEA wealth.</p> <p>The state also offers incentive awards to programs based on the number of CTE completers.</p>	<p>Yes</p> <p>(\$20,000 base per LEA for equipment purchases)</p>	District's pro rata share of CTE enrollment	\$3,736,110

**Exhibit C.2. Financing of secondary-level CTE, by state, proportional and base allocations, student-based component, and total amount of categorical funding (continued)**

State	Proportional Allocation Method	Base Allocation Included	Student-Based Component of Formula	Total Amount of Categorical Funding for CTE
Utah	<p>Funds are distributed in three categories:</p> <p>(1) Added cost funds distributed proportional to prior year CTE ADM plus growth. Growth is added only if CTE ADM has grown in each of the two prior years up to a maximum of 10 percent; if CTE ADM declines, the LEA is held harmless (growth is set equal to 0 percent).</p> <p>(2) Equipment set aside, with each LEA receiving a flat base allocation of \$10,000. Remaining set-aside funds are distributed in two ways: a) 50 percent are distributed based on an LEA's prior year CTE ADM and b) 50 percent are distributed through a request for proposal process.</p> <p>(3) CTE leadership organization funds, with up to 1 percent of appropriation allocated based on prior year student membership in approved organizations.</p>	Yes  (\$10,000 for equipment)	CTE ADM plus growth	\$71,916,339
Washington	CTE programs are offered in approximately 228 Washington LEAs, 10 Skills Centers and 15 branch and satellite centers across the state. Local LEAs receive an enhancement to their basic education apportionment based on the number of CTE FTEs reported by the LEA. To claim the funds, a program and its instructor must be approved according to state regulations and/or state policy.	No	Pro rata share of state CTE enrollment	\$384,824,002

**Exhibit C.2. Financing of secondary-level CTE, by state, proportional and base allocations, student-based component, and total amount of categorical funding (continued)**

State	Proportional Allocation Method	Base Allocation Included	Student-Based Component of Formula	Total Amount of Categorical Funding for CTE
West Virginia	<p>Secondary CTE funds are distributed in four categories:</p> <p>(1) Secondary Block Grant: Pro rata share of prior year state CTE enrollment in occupational and non-occupational courses and three year average of CTE completers.</p> <p>(2) Travel covers any travel costs incurred by teachers and support staff related to CTE programming (e.g., attendance at in-service workshops, participation in career technical student organization (CTSO) activities, or program administration at non-school sites, such as at an employment site). Funds are distributed based on each LEA's pro rata share of the total adjusted staff FTE, which takes into account the total number of instructors and staff employed, student enrollment in CTSOs, and a distance factor.</p> <p>(3) Equipment replacement: prorata share of prior year state CTE enrollment in occupational and non-occupational courses and three year average of CTE completers; and</p> <p>(4) Multi-county grant funding: For seven area CTE centers that serve multiple counties. Multi-county centers (MCCs) qualify for funds to cover indirect costs based on a pro rata share of their total funding.</p> <p>State funds are intended to offset the additional costs of providing CTE services, which it defines as extended employment for instructional and administrative staff, supplies, instructional materials, equipment, and placement services. To be eligible for block funds, providers must assign sufficient administrative oversight of technical programs, with those offering more than five CTE programs required to appoint a state-certified program administrator.</p>	No	Pro rata share of state CTE enrollment and three-year average number of completers to allocate secondary block grant and equipment	\$13,721,241



**Exhibit C.2. Financing of secondary-level CTE, by state, proportional and base allocations, student-based component, and total amount of categorical funding (continued)**

**SOURCES:**

Hawaii:	<a href="http://cte.k12.hi.us/STATE/OIS/CTE/cte.nsf/197a61ffa1593b760a25719200503b86/60240a338169c13c0a2576c600558cbe?OpenDocument">http://cte.k12.hi.us/STATE/OIS/CTE/cte.nsf/197a61ffa1593b760a25719200503b86/60240a338169c13c0a2576c600558cbe?OpenDocument</a> (password required)
Illinois:	NASDCTEc membership survey <a href="ftp://help.isbe.net/webapps/eGMS/2009/CTE/Expenditures.pdf">ftp://help.isbe.net/webapps/eGMS/2009/CTE/Expenditures.pdf</a>
Montana:	<a href="http://leg.mt.gov/bills/mca/20/7/20-7-306.htm">http://leg.mt.gov/bills/mca/20/7/20-7-306.htm</a> <a href="http://opi.mt.gov/pdf/Payments/12FinalVoEd_LEA.pdf">http://opi.mt.gov/pdf/Payments/12FinalVoEd_LEA.pdf</a>
Nevada:	NASDCTEc membership survey <a href="http://cteae.nv.gov/Career_and_Technical_Education/CTE_Grants_Home/">http://cteae.nv.gov/Career_and_Technical_Education/CTE_Grants_Home/</a> ; Note: Information on website describes 2014 fund allocations. Amounts included in table from NASDCTEc survey responses.
North Carolina:	NASDCTEc membership survey <a href="http://www.ncpublicschools.org/docs/fbs/allotments/general/2011-12policymanual.pdf">http://www.ncpublicschools.org/docs/fbs/allotments/general/2011-12policymanual.pdf</a>
South Carolina:	NASDCTEc membership survey <a href="http://www.scstatehouse.gov/sess119_2011-2012/appropriations2011/tas1.htm">http://www.scstatehouse.gov/sess119_2011-2012/appropriations2011/tas1.htm</a> <a href="https://ed.sc.gov/agency/programs-services/137/documents/FY14GuidelinesforExpenditureofCATEFunds.pdf">https://ed.sc.gov/agency/programs-services/137/documents/FY14GuidelinesforExpenditureofCATEFunds.pdf</a> <a href="http://www.scsela.org/Documents/20122013FundingManual.pdf">http://www.scsela.org/Documents/20122013FundingManual.pdf</a>
Utah:	<a href="http://www.rules.utah.gov/publicat/code/r277/r277-911.htm#T4">http://www.rules.utah.gov/publicat/code/r277/r277-911.htm#T4</a> <a href="http://le.utah.gov/lfa/reports/cobi2010/LI_PSQ.htm">http://le.utah.gov/lfa/reports/cobi2010/LI_PSQ.htm</a>
Washington:	<a href="http://www.wtb.wa.gov/SecondaryCTE.asp">http://www.wtb.wa.gov/SecondaryCTE.asp</a>
West Virginia:	NASDCTEc membership survey <a href="http://careertech.k12.wv.us/filecabinet%20stuff/Administrator%27s%20Meeting%20(July%202013)/FY14%20Finances%20Summer%20Conference.ppt">http://careertech.k12.wv.us/filecabinet%20stuff/Administrator%27s%20Meeting%20(July%202013)/FY14%20Finances%20Summer%20Conference.ppt</a> ; Note: includes CTE adult block grant funds distributed to LEAs.



**Exhibit C.3. Financing of secondary-level CTE by state, weighted method, weight, and total amount of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

State	Weighted Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Alaska	The state applies a supplemental weight to LEA weighted ADM for all students (not just CTE students).	All students in grades seven to 12	1.015	Not available
Florida (AY 2012–13)	<p>The state allocates funding based on an add-on weight of 0.999 per CTE student to adjust for the additional costs of providing CTE services. Cost factors are determined by the legislature. Of funds generated, 80 percent must be spent on career education programs in grades nine to 12.</p> <p>An additional value of 0.1, 0.2, or 0.3 FTE is calculated for each student who completes an industry-certified career or professional academy program and who is issued the highest level of industry certification and a high school diploma.</p>	All FTE CTE students	Program cost factor for Grade nine to 12 career workforce education of 0.999	\$22,484,521 (FY 14)
Georgia	General and career education funds are allocated through the state's Quality Basic Education Funding Formula, which weights student FTE for 19 different instructional programs. Rates are based on the cost of providing instruction at an established teacher-to-student ratio. At the high school level, general and career education instruction are included under the same instructional program, with student FTE weighted at 1.0 based on a 1:23 teacher-to-student ratio. Vocational laboratory programs, or those CTE programs requiring specialty equipment or facilities, generate an additional FTE weight of 1.1841 and assume a teacher-to-student ratio of 1:20.	All FTE CTE students enrolled in career education or vocational laboratory programs	<p>1.0 for general and career education in grades nine to 12</p> <p>1.1841 for vocational laboratory programs</p>	\$188,524,878
Kansas	<p>The state's foundational formula provides an additional weight of 0.5 for each FTE CTE student. Extra weighting applies only to those junior and senior level CTE courses determined to be "high cost" by the state, according to the following criteria: 1) requiring special facilities; 2) requiring special equipment; 3) having a lower pupil/teacher ratio; and 4) requiring specialized teacher training to remain current in the field of instruction.</p> <p>In 2012, the state began to offer performance incentives. High schools can earn \$1,000 per secondary student that graduates with an industry-recognized credential (from a state-approved list).</p>	Each FTE CTE student in junior and senior level "high-cost" courses	0.5	\$12,000,000 (FY 12)

**Exhibit C.3. Financing of secondary-level CTE by state, weighted method, weight, and total amount of categorical funding (continued)**

State	Weighted Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Pennsylvania	The state distributes funds through the Secondary Career and Technical Education Subsidy program, which provides an add-on weight of 0.17 to the student ADM for CTE programs operated by LEAs and charter schools, and an add-on weight of 0.21 to the ADM at area CTE centers. This weighted ADM is then multiplied by the lesser of the state's average instructional expense per student or an LEA wealth factor. Add-on weighted funding is capped at 0.375 times the weighted CTE ADM.	CTE ADM in LEAs or charter schools and area CTE centers	0.21 for CTE students at area CTE centers  0.17 for CTE students in LEAs or charter schools	\$49,639,000 \$62,000,000
Texas	The state's basic grant formula applies a weight for CTE students. Each FTE CTE student in grades nine to 12 generates an annual allotment of 1.35 times the adjusted state base. Programs also receive an additional \$50 per student who enrolls in two or more advanced CTE courses for a minimum of three credits.	Each enrolled FTE CTE student	1.35	\$210,341.00
Wyoming	The state's foundational formula provides a 1.29 weight for FTE CTE enrollments. Additional funds are allocated for equipment expenses based on the number of full-time CTE instructors. CTE programs are defined in the formula as those comprised of up to three or more courses in a sequence in a particular industry or occupational area that lead to increased skills, knowledge, or proficiencies. The state also provides demonstration grants to partnerships of secondary and postsecondary institutions to develop new or expand existing CTE programs. In 2014, demonstration grants were awarded to STEM-focused projects.	FTE CTE enrollment	1.29	\$250,000 (for demonstration grants only)



**Exhibit C.3. Financing of secondary-level CTE by state, weighted method, weight, and total amount of categorical funding (continued)**

**SOURCES:**

Alaska:	NASDCTEc membership survey <a href="http://www.google.com/url?sa=t&amp;rct=j&amp;q=&amp;esrc=s&amp;source=web&amp;cd=4&amp;ved=0CElQFjAD&amp;url=http%3A%2F%2Fwww.legis.state.ak.us%2Fbasis%2Fget_documents.asp%3Fsession%3D28%26docid%3D14285&amp;ei=2rfMUveVCInhoASiw4KgCA&amp;usg=AFQjCNHJKeGTcauBVB64rRIbLA2ZqzUrUg&amp;bvm=bv.58187178,d.cGU">http://www.google.com/url?sa=t&amp;rct=j&amp;q=&amp;esrc=s&amp;source=web&amp;cd=4&amp;ved=0CElQFjAD&amp;url=http%3A%2F%2Fwww.legis.state.ak.us%2Fbasis%2Fget_documents.asp%3Fsession%3D28%26docid%3D14285&amp;ei=2rfMUveVCInhoASiw4KgCA&amp;usg=AFQjCNHJKeGTcauBVB64rRIbLA2ZqzUrUg&amp;bvm=bv.58187178,d.cGU</a>
Florida:	NASDCTEc Membership Survey <a href="http://www.fldoe.org/fefp/pdf/fefpdist.pdf">http://www.fldoe.org/fefp/pdf/fefpdist.pdf</a> <a href="http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&amp;SubMenu=1&amp;App_mode=Display_Statute&amp;Search_String=career+education&amp;URL=1000-1099/1010/Sections/1010.20.html">http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&amp;SubMenu=1&amp;App_mode=Display_Statute&amp;Search_String=career+education&amp;URL=1000-1099/1010/Sections/1010.20.html</a>
Georgia:	<a href="http://archives.gadoe.org/_documents/fbo_financial/7-25-2011%20DOE%20QBE%20Overview.pdf">http://archives.gadoe.org/_documents/fbo_financial/7-25-2011%20DOE%20QBE%20Overview.pdf</a> <a href="http://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000">http://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000</a> <a href="http://archives.gadoe.org/DMGetDocument.aspx/20-2-133%20RTF%20law.pdf?p=6CC6799F8C1371F657F813DE4302B21F5A853ED3D6E70F4FF150EECC5B6135B&amp;Type=D">http://archives.gadoe.org/DMGetDocument.aspx/20-2-133%20RTF%20law.pdf?p=6CC6799F8C1371F657F813DE4302B21F5A853ED3D6E70F4FF150EECC5B6135B&amp;Type=D</a>
Kansas:	<a href="http://www.ksde.org/LinkClick.aspx?fileticket=KNQUfVwwlmM%3d&amp;tabid=678&amp;portalid=0&amp;mid=1918">http://www.ksde.org/LinkClick.aspx?fileticket=KNQUfVwwlmM%3d&amp;tabid=678&amp;portalid=0&amp;mid=1918</a> <a href="http://www.ksde.org/Portals/0/School%20Finance/budget/Legal_Max/sdfandqpa_2013-14.pdf">http://www.ksde.org/Portals/0/School%20Finance/budget/Legal_Max/sdfandqpa_2013-14.pdf</a>
Pennsylvania:	NASDCTEc membership survey <a href="http://www.portal.state.pa.us/portal/server.pt/community/education_budget/8699/secondary_career_and_technical_education_subsidy/539280">http://www.portal.state.pa.us/portal/server.pt/community/education_budget/8699/secondary_career_and_technical_education_subsidy/539280</a>
Texas:	NASDCTEc membership survey <a href="http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.42.htm#42.154">http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.42.htm#42.154</a>
Wyoming:	NASDCTEc membership survey

**Exhibit C.4. Financing secondary-level CTE by state, differential method, weight, and total amount of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

State	Differential Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Arizona	75 percent of funds are allocated based on average student counts for 11th and 12th grade students enrolled in CTE programs on the 40th and 100th days of school. Each state-approved CTE program is given a funding weight, ranging from 0.80 to 1.25, based on labor market information, which is multiplied by the ADM CTE. The remaining 25 percent of funds are allocated based on program performance related to student placement in postsecondary education or employment. Districts operating joint CTE centers are eligible for additional weighted ADM funds (weight = 0.142 per ADM enrolled from the district).	Student enrollment in state-approved CTE programs	0.80–1.25, based on labor market information  Districts operating joint CTE centers are eligible for additional weighted ADM funds (weight = 0.142)	\$11,500,000

Exhibit C.4. Financing secondary-level CTE by state, differential method, weight, and total amount of categorical funding (continued)

State	Differential Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Indiana	Additional Pupil Count funding for CTE is distributed through a weighted formula based on credit hours and student enrollment in state-approved CTE programs. Programs are differentially weighted based on labor market demand and wages, with those programs preparing students for careers in industries that require a more than moderate number of future employees and pay high wages receiving the largest weight.	Credit hours and student enrollment in state-approved CTE programs	<p>\$450 per credit hour for students enrolled in programs that prepare them for jobs requiring more than a moderate number of employees and offering high wages;</p> <p>\$375 per credit hour for students enrolled in programs that prepare them for jobs requiring more than a moderate number of employees and offering moderate wages;</p> <p>\$375 per credit hour for students enrolled in programs that prepare them for jobs requiring a moderate number of employees and offering high wages;</p> <p>\$300 per credit hour for students enrolled in programs that prepare them for jobs requiring a moderate number of employees and offering moderate wages;</p> <p>\$300 per credit hour for students enrolled in programs that prepare them for jobs requiring less than a moderate number of employees and offering high wages;</p> <p>\$225 per credit hour for students enrolled in programs that prepare them for jobs requiring less than a moderate number of employees and offering moderate wages;</p> <p>\$250 per student enrolled in all other CTE programs; and</p> <p>\$150 per student enrolled in an area vocational center.</p>	Not available

Exhibit C.4. Financing secondary-level CTE by state, differential method, weight, and total amount of categorical funding (continued)

State	Differential Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Kentucky	Student FTE is weighted according to program type and cost. Programs are classified into three types: (1) Career orientation and exploration; (2) technical skill program; and (3) high-cost technical skill program. High-cost technical skill programs, as defined by the state, are those CTE programs in which students develop highly technical skills and that require high-cost equipment. Technical skill programs are eligible for a weight of 1.0, with high-cost technical skill programs receiving a weight of 1.5.	Student FTE in CTE programs	1.0 for technical skill programs, 1.5 for high-cost technical skill programs.	\$52,644,796
Michigan	<p>The state targets 60 percent of funds to LEAs to cover the costs of providing instruction for programs on the state's ranked list. The ranked list takes into account projected job openings, wages, and placement of CTE students into jobs in their field of study. The remaining 40 percent of funds is distributed to 54 Career Education Planning Districts (CEPDs) to fund other programs as approved by the state.</p> <p>Added-cost reimbursement rates are set by the state for each program on the ranked list. These rates are limited to 40 percent of the median reported expenditures from prior years.</p> <p>Funds for the CEPDs are allocated based on the CEPD's proportional share of the state's total contact hours and total enrollment in grades nine to 12.</p>	Student enrollment in CTE programs on the state's ranked list based on employment demand, wages, and placement rates (60 percent of funds)	Added cost reimbursements vary for each of the programs on the state's ranked list, with rates limited to no more than 40 percent of the reported actual costs of program delivery.	\$26,600,000

Exhibit C.4. Financing secondary-level CTE by state, differential method, weight, and total amount of categorical funding (continued)

State	Differential Method	Weight Assigned To	Weight	Total Amount of Categorical Funding for CTE
Ohio FY (2014 rates)	The state provides additional funds for FTE CTE students participating in CTE programs identified in five categories.	Each FTE CTE student enrolled in approved CTE programs	<p>\$4,750 for each FTE CTE student in agricultural and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technologies.</p> <p>\$4,500 for each FTE CTE student in workforce development programs in business and administration, hospitality and tourism, human services, law and public safety, transportation systems, and arts and communications.</p> <p>\$1,650 for each FTE CTE student in career-based intervention programs, which offer work-based learning opportunities and academic support services for at-risk students in grades 7–12.</p> <p>\$1,400 for each FTE CTE student in education and training, marketing, workforce development academics, public administration, and career development.</p> <p>\$1,200 for each FTE CTE student in family and consumer sciences.</p> <p>\$225 for each FTE CTE student for CTE associated services, which includes non-administrative expenditures related to apprenticeship coordination, program development (e.g., career pathways), placement coordination, and CTE evaluation.</p>	\$290,782,399



**Exhibit C.4. Financing secondary-level CTE by state, differential method, weight, and total amount of categorical funding (continued)**

**SOURCES:**

Arizona: NASDCTEc membership survey  
Indiana: NASDCTEc membership survey  
<http://www.in.gov/icsb/files/public-sch-digest-2011-2013-final.pdf>  
Kentucky: NASDCTEc membership survey;  
<http://www.lrc.ky.gov/kar/705/002/140.htm>  
<http://www.lrc.ky.gov/record/06rs/hb494/hcs1.doc>  
Michigan: NASDCTEc Membership Survey; Rates: [http://www.michigan.gov/documents/mde/Added\\_Cost\\_Factors-by\\_Cluster\\_435078\\_7.pdf](http://www.michigan.gov/documents/mde/Added_Cost_Factors-by_Cluster_435078_7.pdf)  
[http://www.michigan.gov/documents/mde/Added\\_Cost\\_Guide\\_2012\\_408602\\_7.pdf](http://www.michigan.gov/documents/mde/Added_Cost_Guide_2012_408602_7.pdf)  
Ohio: NASDCTEc Membership Survey  
<http://codes.ohio.gov/orc/3317.014v2>



**Exhibit C.5. Financing secondary-level CTE, by state, unit-based method, and total amount of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

State	Unit-based Method	Total Amount of Categorical Funding for CTE
Alabama	The state distributes k–12 funding to LEAs based on the number of “foundation program units” assigned to each. Foundation program units are calculated by dividing the ADM for each grade level by a grade divisor established by the state, and then multiplying it by various cost factors to account for teacher salaries, fringe benefits, classroom materials, and related expenses for support personnel. For grades nine to 12, foundation program units are based on a one-to-20 teacher to student ratio. Vocational education is weighted in the formula to reflect increased programmatic costs. The adjustment for vocational education includes an added 16.5 percent to the overall ADM and a weight for vocational ADM of 2.0 for grades nine to 12 (voc ADM x 1.165 x 2.0). The weighted vocational ADM is then divided by the grade level divisor for grades nine to 12 (18.45) to calculate the foundation program units, which are summed with other foundation program units for grades nine to 12 to determine an LEA’s total allocation. Additionally, all LEAs with a career tech center currently receive state funding for one CTE administrator (principal) and one CTE (school) counselor on site. Some LEAs receive funding for a career coach based on a formula that factors in local needs and funds.	\$5,000,000 (FY 13)
Delaware	Delaware allocates k–12 foundational funding based on pupil units, which are calculated by dividing the number of students enrolled on the last school day in September by a class size factor established by the state. Pupil units are adjusted for grade level and special programs, including CTE. One CTE pupil unit is equivalent to 30 students receiving 180 minutes of instruction in approved CTE courses per day for five days a week (or 27,000 instructional minutes). CTE pupil units are weighted at one, two, or three times the regular pupil units, depending on funding rates established by the state for different types of CTE programs. CTE funds are intended to cover the cost of staffing, textbooks, furniture, and classroom equipment.	Not available
Idaho	Idaho’s Division of Professional-Technical Education (PTE) allocates added-cost funds to comprehensive high schools and professional-technical schools using two different unit-based formulas. For high schools, funding is distributed according to program support units, which are based on teacher FTE and calculated by dividing the number of approved PTE classes taught by a teacher by the total number of class periods offered by that teacher in a school year. Program support units are then weighted by program area to determine added-cost funding, which can be spent on salaries and benefits, travel, instructional materials and supplies, instructional equipment, and other expenses. For professional-technical schools, funding is distributed according to added cost support units, which are calculated by dividing the ADA by 18.5 (the average class size) and weighted at 0.33.	\$8,477,048
Louisiana	The state’s Minimum Foundation Program distributes k–12 education funds to LEAs by multiplying a base per pupil amount by the total weighted membership and/or units for a number of student factors or programs. CTE participation is given an additional 6 percent weight in the formula, with funding based on CTE units, which are defined as the number of CTE courses per CTE student. The weighted CTE units are incorporated into an LEA’s total weighted membership and unit count for funding purposes.	\$30,133,658

**Exhibit C.5. Financing secondary-level CTE, by state, unit-based method, and total amount of categorical funding (continued)**

State	Unit-based Method	Total Amount of Categorical Funding for CTE
Massachusetts	The state's funding formula for public education consists of multiple components that address various educational items and services, including instructional staff, books and equipment, and facility maintenance costs, among others. For each formula component, LEA student enrollment is multiplied by a state-established weight for grade level, student characteristics (e.g., at-risk), and program type (including CTE). For many components, CTE program enrollment, which is defined as the number of students enrolled in vocational and occupational education programs or an agricultural school in an LEA, is factored in at a different (and often higher) rate than high school enrollment, which is defined as the number of students in grades nine to 12 and not enrolled in bilingual or vocational programs in an LEA. For example, CTE participation is given a differential weight in formula calculations for books and equipment, employee benefits, central office professional staff, teaching staff, and utility and maintenance expenses.	Not available
Mississippi	Programs receive "minimum program support funds" to support CTE instruction according to the number of instructional units per student. Approved CTE programs receive an additional 1/2 instructor or counselor position. Additional funds are allocated based on cost reimbursements, with approved costs including salaries and equipment.	\$229,684 (FY 14)
Tennessee	Tennessee's Basic Education Program funds k–12 education through a formula that consists of 45 components in three categories: Instructional, classroom, and non-classroom. CTE participation factors into the instructional and classroom components, with separate allocations for CTE established for CTE teachers, supervisors, materials and supplies, instructional equipment, travel and CTE center transportation. For the instructional components (CTE teachers and supervisors), funds are distributed based on weighted CTE units, which are calculated by dividing the CTE ADM by an average class size of 20 students (for teachers) and by 1,000 students (for supervisors). These units are then multiplied by the state's instructional salary unit cost to determine an LEA's allocation. Funding for the classroom components (materials and supplies, equipment, travel, and transportation) is determined by multiplying the CTE ADM by state-established rates for each component. The rates are based on the average expenditures for each component in previous years, plus an adjustment for inflation.	\$117,782,890



**Exhibit C.5. Financing secondary-level CTE, by state, unit-based method, and total amount of categorical funding (continued)**

**SOURCES:**

Alabama:	<a href="http://alisondb.legislature.state.al.us/acas/CodeOfAlabama/1975/16-13-232.htm">http://alisondb.legislature.state.al.us/acas/CodeOfAlabama/1975/16-13-232.htm</a> <a href="https://connect.alsde.edu/sites/memos/Memoranda/FY12-1014.pdf">https://connect.alsde.edu/sites/memos/Memoranda/FY12-1014.pdf</a>
Delaware:	<a href="http://delcode.delaware.gov/title14/c017/index.shtml">http://delcode.delaware.gov/title14/c017/index.shtml</a>
Idaho:	NASDCTEc Membership Survey <a href="http://www.ptc.idaho.gov/pdf/Final_Added_Cost_Funds_FY14_3_2013.pdf">http://www.ptc.idaho.gov/pdf/Final_Added_Cost_Funds_FY14_3_2013.pdf</a> <a href="http://adminrules.idaho.gov/rules/current/55/0103.pdf">http://adminrules.idaho.gov/rules/current/55/0103.pdf</a>
Louisiana:	<a href="http://www.louisianabelieves.com/docs/minimum-foundation-program/2011-2012-minimum-foundation-program-handbook.pdf?sfvrsn=2">http://www.louisianabelieves.com/docs/minimum-foundation-program/2011-2012-minimum-foundation-program-handbook.pdf?sfvrsn=2</a>
Massachusetts:	<a href="https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXII/Chapter70/Section2">https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXII/Chapter70/Section2</a>
Mississippi:	NASDCTEc Membership Survey
Tennessee:	NASDCTEc Membership Survey <a href="http://www.tn.gov/sbe/BEP/2013%20BEP/BEP_Blue_Book_FY13-14.pdf">http://www.tn.gov/sbe/BEP/2013%20BEP/BEP_Blue_Book_FY13-14.pdf</a> <a href="http://www.tn.gov/sbe/BEP/2012%20BEP/BEPHandbook_revised_Oct%202012.pdf">http://www.tn.gov/sbe/BEP/2012%20BEP/BEPHandbook_revised_Oct%202012.pdf</a>

**Exhibit C.6. Financing secondary-level CTE, by state, cost and reimbursement method and rate, eligible expenses, and total amount of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

\*Information is for Fiscal Year 2010

\*\*Information is for FY 2012

State	Cost Reimbursement Method	Reimbursement Rate (if applicable)	Expenses Eligible for Reimbursement (if applicable)	Total Amount of Categorical Funding for CTE
Colorado	Funds are dispersed to LEAs as a reimbursement based on the previous year's financial report. The state partially reimburses LEAs for costs that exceed the state-established per-pupil operating costs. Total costs for CTE programs are divided by the CTE FTE (with FTE defined as 1,080 student/teacher contact hours).	CTE costs are compared to the state's per-pupil operating costs, with the state covering up to 80 percent of the first \$1,250 above the per-pupil operating costs and 50 percent thereafter.	Eligible costs include equipment, books and supplies, contracted programs, instructional personnel and other employees, and administrative costs associated with CTSOs.	\$24,218,018
Iowa	The state reimburses programs at the end of the school year for eligible costs.	Schools are eligible for reimbursement for program costs of up to one-half of the total cost of a particular program. Funds are prorated if sufficient funds are not available.	Programs are reimbursed for costs associated with instructional salaries and authorized travel.	\$2,630,134
Maine	The state reimburses schools for the cost of providing CTE instruction for any expenses that exceed the state's foundation funding allocation.	Reimbursements are calculated on a two-year lag and are controlled for LEA valuation and student enrollment.	Expenses that exceed the state's foundation funding allocation are prorated.	\$43,788,496
Minnesota*	Programs are eligible for reimbursement of up to 35 percent of approved expenditures from the previous school year.	35 percent of approved expenditures. Rate is reduced if reimbursements exceed available funding.	Approved expenditures include instructional salaries, contracted services, travel, curriculum development, and instructional supplies.	\$15,520,000

**Exhibit C.6. Financing secondary-level CTE, by state, cost and reimbursement method and rate, eligible expenses, and total amount of categorical funding (continued)**

State	Cost Reimbursement Method	Reimbursement Rate (if applicable)	Expenses Eligible for Reimbursement (if applicable)	Total Amount of Categorical Funding for CTE
Missouri	<p>Missouri reimburses LEAs for costs associated with starting new or improving existing programs through the CTE Enhancement Grant Program. The state requires LEAs to match 25 percent of instructional equipment costs and 50 percent of other costs; 75 percent of the grant funds must be spent on new programs, curriculum development, or instructional equipment for the state's high demand occupations.</p> <p>Additional funds are allocated based on local program performance through the effectiveness index formula, which provides incentive funds to programs based on their enrollment and postsecondary and employment placement rates.</p>	<p>Instructional equipment (75 percent).</p> <p>Other, including computer software, network or internet connections, installation costs, and service contracts/maintenance costs for program specific software (50 percent).</p> <p>Curriculum enhancement, including purchased curriculum materials (50 percent).</p> <p>Facility improvement (50 percent).</p>	Instructional and other equipment, curriculum enhancement, and facility improvements.	\$50,069,028
North Dakota	Districts are reimbursed based on costs associated with approved CTE programs. Approved programs must meet certain criteria related to the number of credits offered; a minimum class size; teacher certification; alignment of curriculum to state, national, and industry standards; quality of equipment and facilities; and advisory committee formation.	<p>Approved programs are reimbursed at various rates depending on program type (i.e., secondary comprehensive occupational programs, exploratory programs, career development, and adult CTE programs).</p> <p>For FY 14, reimbursement rates for secondary comprehensive occupational programs were at 27 percent for salary reimbursement, 30 percent for travel, and 40 percent for area technical centers.</p>	Salary, travel, and operation of area technical centers.	\$8,922,016

**Exhibit C.6. Financing secondary-level CTE, by state, cost and reimbursement method and rate, eligible expenses, and total amount of categorical funding (continued)**

State	Cost Reimbursement Method	Reimbursement Rate (if applicable)	Expenses Eligible for Reimbursement (if applicable)	Total Amount of Categorical Funding for CTE
Oklahoma	<p>The state supports CTE programs in comprehensive high schools through the allocation of Program Assistance Grants, which take into account the relative cost of various CTE programs and instructor salaries. The state reimburses program costs at established rates for each program.</p> <p>District technology centers are funded through a separate formula which takes into account a center's enrollment, number of sites, number of instructors, transportation costs, and student services. This formula is intended to support the added costs for LEAs in operating CTE programs at technology centers.</p>	Varies by program type. For example, an agriculture education program receives \$12,180 plus \$2,400 in secondary salary assistance.	Equipment, books and supplies, contracted programs, instructional personnel, and administrative costs .	\$18,534,377 (FY 13)
Rhode Island	<p>State funds were available for the first time in the 2012–13 school year. Funds were allocated to offset expenses associated with high-cost programs, compared to general education program costs. Programs are reimbursed for any costs above a state-identified "benchmark." A portion of funds (approximately \$500,000) was distributed to CTE programs in the advanced health care, advanced manufacturing, and advanced engineering fields—areas identified by the state Workforce Investment Board as priorities for economic development.</p>	Any costs above the state "benchmark" level at which a program is considered high cost. Funds are prorated if costs exceed available funds.	Not available	\$3,000,000**

**Exhibit C.6. Financing secondary-level CTE, by state, cost and reimbursement method and rate, eligible expenses, and total amount of categorical funding (continued)**

State	Cost Reimbursement Method	Reimbursement Rate (if applicable)	Expenses Eligible for Reimbursement (if applicable)	Total Amount of Categorical Funding for CTE
Virginia	<p>State funds are distributed to eligible LEAs and regional CTE centers to reimburse them for equipment and CTE occupational and adult education program costs.</p> <p>(1) Equipment: Programs receive a base allocation of \$2,000, with the remainder of funds distributed based on an LEA or center's relative share of the state's total CTE enrollment. Districts and centers are eligible to be reimbursed for 100 percent of local equipment costs up to their established allocation levels, as calculated by a base + enrollment formula.</p> <p>(2) Occupational preparation and adult CTE programs: The state determines a reimbursement percentage by dividing total state funding by the total related expenditures for the previous school year. For FY 12, LEAs and centers were reimbursed for 31.29 percent of CTE occupational preparation costs and 30.44 percent of adult CTE program costs.</p>	<p>Equipment: Reimbursement limits are calculated by providing a \$2,000 base plus pro rata share of the state's total CTE enrollment.</p> <p>CTE occupational preparation programs: 31.29 percent (FY 12)</p> <p>Adult CTE programs: 30.44 percent (FY 12)</p>	Equipment included in state's list of approved equipment for CTE	\$5,700,680 for occupational preparation entitlement + \$8,070,680 for adult CTE + \$1,800,000 for equipment

**Exhibit C.6. Financing secondary-level CTE, by state, cost and reimbursement method and rate, eligible expenses, and total amount of categorical funding (continued)****SOURCES:**

Colorado:	NASDCTEc Membership Survey <a href="http://www.google.com/url?sa=t&amp;rct=j&amp;q=&amp;esrc=s&amp;source=web&amp;cd=2&amp;ved=0CDAQFjAB&amp;url=http%3A%2F%2Fwww.sos.state.co.us%2FCCR%2FUpload%2FAGORrequest%2FAdoptedRules02008-00365.DOC&amp;ei=ebHQUp73Doz2oAT9plGwAw&amp;usg=AFQjCNEIXETgduPUq9pY3CUf72z6z4Q6dw&amp;bvm=bv.59026428,d.cGU&amp;cad=rja">http://www.google.com/url?sa=t&amp;rct=j&amp;q=&amp;esrc=s&amp;source=web&amp;cd=2&amp;ved=0CDAQFjAB&amp;url=http%3A%2F%2Fwww.sos.state.co.us%2FCCR%2FUpload%2FAGORrequest%2FAdoptedRules02008-00365.DOC&amp;ei=ebHQUp73Doz2oAT9plGwAw&amp;usg=AFQjCNEIXETgduPUq9pY3CUf72z6z4Q6dw&amp;bvm=bv.59026428,d.cGU&amp;cad=rja</a>
Iowa:	NASDCTEc membership survey <a href="https://www.legis.iowa.gov/DOCS/LSA/Fiscal_Topics/2012/FTRKM006.PDF">https://www.legis.iowa.gov/DOCS/LSA/Fiscal_Topics/2012/FTRKM006.PDF</a> <a href="http://search.legis.state.ia.us/nxt/gateway.dll/ic?f=templates&amp;fn=default.htm">http://search.legis.state.ia.us/nxt/gateway.dll/ic?f=templates&amp;fn=default.htm</a>
Maine:	NASDCTEc membership survey
Minnesota:	NASDCTEc membership survey <a href="https://www.revisor.mn.gov/statutes/?id=124D.4531">https://www.revisor.mn.gov/statutes/?id=124D.4531</a> . Note that the state revised statutes in 2013 to permit LEAs to have taxing authority beginning in 2014. See: <a href="https://www.revisor.mn.gov/bills/text.php?number=HF630&amp;version=0&amp;session=ls88&amp;session_year=2013&amp;session_number=0&amp;type=ccr">https://www.revisor.mn.gov/bills/text.php?number=HF630&amp;version=0&amp;session=ls88&amp;session_year=2013&amp;session_number=0&amp;type=ccr</a>
Missouri:	NASDCTEc Membership Survey <a href="http://dese.mo.gov/sites/default/files/am/documents/CCR-14-003.pdf">http://dese.mo.gov/sites/default/files/am/documents/CCR-14-003.pdf</a>
North Dakota:	NASDCTEc membership survey <a href="http://www.nd.gov/cte/forms/docs/StateReimbursementPolicy.pdf">http://www.nd.gov/cte/forms/docs/StateReimbursementPolicy.pdf</a> <a href="http://www.nd.gov/cte/forms/docs/ProgramApprovalPolicy.pdf">http://www.nd.gov/cte/forms/docs/ProgramApprovalPolicy.pdf</a>
Oklahoma:	NASDCTEc membership survey <a href="http://www.okcareertech.org/about/state-agency/rules-for-careertech/ct-rules-2013">http://www.okcareertech.org/about/state-agency/rules-for-careertech/ct-rules-2013</a>
Rhode Island:	NASDCTEc membership survey <a href="http://www.ride.ri.gov/Portals/0/Uploads/Documents/inside-ride/Laws-Regulations/Career-Technical-Education-Regulations.pdf">http://www.ride.ri.gov/Portals/0/Uploads/Documents/inside-ride/Laws-Regulations/Career-Technical-Education-Regulations.pdf</a>
Virginia:	NASDCTEc membership survey <a href="http://www.doe.virginia.gov/administrators/superintendents_memos/2012/155-12.shtml">http://www.doe.virginia.gov/administrators/superintendents_memos/2012/155-12.shtml</a> <a href="http://www.doe.virginia.gov/administrators/superintendents_memos/2012/169-12.shtml">http://www.doe.virginia.gov/administrators/superintendents_memos/2012/169-12.shtml</a>



**Exhibit C.7. Financing of postsecondary-level CTE, by state, funding methods, and total amounts of categorical funding**

Note: Information is for AY 2011–12 unless otherwise indicated

State	Funding Method	Description of Method	Total Amount of Categorical Funding for CTE
Kansas	Unit-based	The state provides weighted funding to technical colleges based on the number of tiered technical course credit hours offered. Tiered technical courses are state-approved courses that are part of a technical skill instructional program designed to prepare students for careers in a specific industry sector. The state has established differential credit hour rates for tiered technical courses to account for the relative added costs of delivering technical skill instruction.	\$58,460,96
Mississippi	Student-based (differential)	The state's postsecondary CTE funding formula consists of two components: Base funding and weighted FTE funding. Under the base funding, each of the state's 15 college LEAs receives an equal, flat amount (approximately 7 percent of the previous year's total postsecondary CTE allocation). The remaining funds are distributed based on FTE (or 24 semester credit hours). FTE calculations are weighted by program cost across three levels: Level one programs receive an additional 25 percent weight (e.g., practical nursing and truck driving); level two programs receive an additional 50 percent weight (e.g., aviation and cardiovascular technology); and level three programs receive an additional 75 percent weight (e.g., dental hygiene and physical therapy technology).	Not available
Ohio	Area CTE centers: Student-based (proportional)	The state funds postsecondary CTE by distributing weighted FTE funds to adult workforce development centers. The formula multiplies the number of participants by total contact hours completed and applies different rates based on program or service type (e.g., career enhancement programs receive \$910 per adjusted FTE and career development programs receive \$400 per adjusted FTE). Career enhancement programs provide short-term instruction for skill upgrades, while career development programs provide instruction leading to an industry-recognized credential.	\$15,632,347
Oklahoma	Area CTE centers: Student-based (proportional)	The state funds LEA technology centers, which serve secondary students and adults pursuing career majors, through a formula based on enrollment, number of sites, number of instructors, transportation costs, and student services.	Not available

**Exhibit C.7. Funding methods and total amounts of categorical funding for secondary CTE centers, by state (continued)**

State	Funding Method	Description of Method	Total Amount of Categorical Funding for CTE
Pennsylvania	Student-based (differential)	The Economic Development Stipend weights FTE allocations according to program cost and type. High-priority and high-cost programs receive an additional 1.5 weight per FTE, with high priority programs being those that prepare students for careers in the state's high demand occupations. High-cost programs are programs that cost more than 130 percent of the average costs of community college courses, with costs calculated based on personnel, instructional supplies, and academic/instructional equipment. Programs that are both high priority and high cost receive the full weight, with programs that are just high priority (and not high cost) receiving a reduced weight. Noncredit courses in high-priority fields receive the smallest weight.	Not available
Texas	Unit-based	The state allocates funds to community colleges based on weighted contact hours according to instructional program type. Programs are assigned a differential rate by the state to account for the relative differential costs of instruction.	Not available
West Virginia	Unit-based	West Virginia distributes funds in support of postsecondary CTE in the form of adult block grants to fund adult preparatory and adult occupational part-time programs. These funds can be used to cover instructor salaries, fixed costs (adds 8 percent to salaries), and part-time personnel salaries (up to \$12 an hour). Adult block grants are distributed to LEAs through a formula that factors in costs related to professional services salaries for supervisors and teachers, service personnel salaries, salaries of temporary, part-time professional personnel, benefits, contracted services, accreditation, and faculty senate participation.	\$9,631,241



**Exhibit C.7. Funding methods and total amounts of categorical funding for secondary CTE centers, by state (continued)**

**SOURCES:**

Kansas:	NASDCTEc Membership Survey <a href="http://kslegislature.org/li_2012/b2011_12/statute/071_000_0000_chapter/071_018_0000_article/071_018_0002_section/071_018_0002_k">http://kslegislature.org/li_2012/b2011_12/statute/071_000_0000_chapter/071_018_0000_article/071_018_0002_section/071_018_0002_k</a>
Mississippi:	<a href="http://www.mccb.edu/pdfs/ct/psctdirectorstrainingmanual.pdf">http://www.mccb.edu/pdfs/ct/psctdirectorstrainingmanual.pdf</a>
Ohio:	NASDCTEc Membership Survey
Oklahoma:	NASDCTEc Membership Survey <a href="http://www.okcareertech.org/about/state-agency/rules-for-careertech/ct-rules-2013">http://www.okcareertech.org/about/state-agency/rules-for-careertech/ct-rules-2013</a>
Pennsylvania:	NASDCTEc Membership Survey <a href="http://www.education.state.pa.us/portal/server.pt/community/higher_education/8684/community_college_economic_development_stipend/522380">http://www.education.state.pa.us/portal/server.pt/community/higher_education/8684/community_college_economic_development_stipend/522380</a>
Texas:	NASDCTEc Membership Survey <a href="http://www.lbb.state.tx.us/Documents/GAA/General_Appropriations_Act_2014-15.pdf">http://www.lbb.state.tx.us/Documents/GAA/General_Appropriations_Act_2014-15.pdf</a>
West Virginia:	NASDCTEc Membership Survey



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