

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/03/2012
POSITION: Oppose

BILL NUMBER: SB 275
AUTHOR: Hancock, Loni

BILL SUMMARY: Career Technical Education: Funding

Beginning in 2015-16 after the sunset of the current K-12 categorical program flexibility, this bill would effectively facilitate a Career Technical Education (CTE) block grant by authorizing local educational agencies (LEAs) that receive specified CTE categorical program funding to enter into partnership agreements to share in the costs of developing and maintaining CTE programs. In the absence of such an agreement, the bill would require that the funds appropriated for Regional Occupational Center Programs (ROCPs), Specialized Secondary Program Grants, Partnership Academies, and the Agricultural CTE Incentive Program be expended only for the purpose of the specified program. The bill would require the State Department of Education (SDE) to develop a metric and collect program and student-outcome data to measure the quality and effectiveness of the programs receiving funding. Finally, the bill would require that funding for ROCPs be allocated in the same relative proportion of funding that was allocated in 2014-15.

FISCAL SUMMARY

According to the SDE, the bill would result in new ongoing state operations costs ranging from \$284,000 to \$426,000 General Fund annually and require up to 4.0 permanent positions to support metric development and maintenance, data collection, and program monitoring.

Notwithstanding the sunset of the current categorical program flexibility at the end of 2014-15, the bill could limit LEA flexibility by restricting funding to specified CTE programs, which could create a cost pressure to address the reduction in discretionary funding.

COMMENTS

The Department of Finance opposes this bill for the following reasons:

- The bill would conflict with the Administration's effort to reform school district finance as a whole and to provide districts with the flexibility to utilize funding based on locally-determined educational needs and priorities.
- The bill would set an undesirable precedent to protect specific categorical programs during this period of uncertain and limited resources.
- This bill would result in new ongoing state operations costs in the hundreds of thousands of dollars General Fund for the SDE to implement a new CTE accountability system.

Current law establishes various CTE programs, including ROCPs, Partnership Academies, Specialized Secondary Programs, Apprenticeship Programs, and the Agricultural CTE Incentive Program. Beginning in 2009, statute removed programmatic and spending requirements for most categorical programs and provided school districts with the flexibility to use categorical program funds for any locally-determined educational purpose. The ROCPs and Specialized Secondary Programs are included in the flexibility;

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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

Hancock, Loni

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COMMENTS (continued)

however, Partnership Academies, Apprenticeship Programs, and the Agricultural CTE Incentive Program are not. While the categorical funding flexibility expires at the end of the 2014-15 fiscal year, the Administration is currently pursuing K-12 funding reform that would include most categorical programs.

According to the LAO, categorical flexibility continues to be important for districts in facilitating their budget process. While most districts reported redirecting funding away from most flexed categorical programs to other local purposes, less than 30 percent of school districts shifted funding away from ROCPs. Moreover, while the funding for partnership academies is not currently flexed, the LAO reports that districts were more likely to recommend eliminating categorical programs such as partnership academies because only a small number of districts participate.

According to the author's office, this bill would provide authority for CTE partnerships, sharing of funding and costs across partnerships, and provide for a CTE accountability system.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
6110/Dept of Educ	SO	No		-----	See Fiscal Summary	-----		0001
6110/Dept of Educ	LA	Yes		-----	See Fiscal Summary	-----		0001