



Arizona State Senate Issue Brief

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Note to Reader:

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CAREER TECHNICAL EDUCATION DISTRICTS

INTRODUCTION

Established in 1990, Career Technical Education Districts (CTEDs), formerly called Joint Technical Education Districts, are specialized school districts designed to deliver career and technical education (CTE) course offerings to secondary students in cooperation with school districts and charter schools. Course offerings range from welding to emergency medical services. Currently, 14 CTEDs operate in Arizona:

- Central Arizona Valley Institute of Technology (CAVIT)
- Cobre Valley Institute of Technology
- Cochise Technology District
- Coconino Association for Vocation, Industry and Technology
- East Valley Institute of Technology (EVIT)
- Gila Institute for Technology
- Mountain Institute JTED
- Northeastern Arizona Technological Institute of Vocational Education (NATIVE)
- Northern Arizona Vocational Institute of Technology (NAVIT)
- Pima County JTED
- Southwest Technical Education District of Yuma (STEDY)
- Valley Academy for Career and Technology Education
- Western Arizona Vocational Education (WAVE)
- Western Maricopa Education Consortium (West-MEC)

FORMATION

School districts interested in forming a CTED must first conduct a study to determine the need of a CTED for a particular geographic area. The participating districts are required to develop and submit a plan for the establishment and operation of the CTED, including a proposed budget and estimated student enrollment, to the governing boards of each school district involved in the formation of the CTED.

If each governing board approves the plan, the results of the conducted study and the approved plan are submitted to the State Board of Education (SBE)¹ for consideration and approval. Once the proposal is approved by the SBE, the question of CTED formation is submitted to the voters in each of the school districts included in the formation of the CTED at the next general election. The ballot question includes a description of the potential tax rate (set at a maximum secondary rate of .05 cents per \$100 of net assessed valuation) and the fiscal impact of that tax rate on a single-family home valued at \$100,000. If the electors of a school district approve the formation of the CTED that school district is authorized to participate in the CTED and it becomes operational beginning July 1 following the election.² The governing boards of the participating school districts may initially pay for administrative, clerical and other necessary expenses for the establishment and operation of the CTED on a proportional basis until monies are provided.

A school district that elects to join an existing CTED must first receive approval from the CTED governing board. In addition, the question of joining the CTED must be placed on the ballot during a general election for voter approval in that school district.³ A school district may also withdraw from a CTED if both a majority of the school district governing boards participating in the CTED approve and the withdrawing school district receives a majority affirmative vote of the CTED governing board. Following approval to withdraw, the question of the withdrawal is submitted to voters for approval.⁴

GOVERNANCE

CTEDs are governed by an elected board consisting of five members elected from five single member districts formed within the CTED.

The boundaries of these single member districts are set so that the districts are approximately equal in population and generally follow election precinct lines. Members serve a four-year term on the CTED governing board. Any registered voter and resident of a single member district may serve as an elected governing board member of a CTED. Employees of the CTED or their spouses are prohibited from serving on the governing board of the CTED in which they are employed. New CTED governing board members are also prohibited from serving on other school district or CTED governing boards, unless the member is serving in the last year of their term.⁵

School district governing boards participating in the formation of the CTED may vote to implement an alternative election system for the election of CTED governing board members. The selection of an alternative election system for CTED governing board members is required to be submitted as part of the plan that is approved during the CTED formation process.⁶

CTEDs are further governed and regulated by the CTE Division at the Arizona Department of Education (ADE). The CTE Division within ADE reviews and monitors CTE programs that utilize state and federal monies. Each CTED must submit CTE course offerings for approval.⁷

OPERATIONAL MODELS

CTEDs have the ability to operate and provide programs in various organizational models, each of which serve a distinct purpose and have corresponding regulations and funding attached to those models.

Centralized Campus – A CTED may choose to own and operate a central facility.⁸ Under this model, a CTED operates its own facility, hires their own faculty and students attend this central campus apart from their regular institution of learning. Students may receive transportation to

¹ The SBE also serves as the State Board for Vocational and Technological Education (A.R.S. § 15-203).

² A.R.S. § 15-392

³ A.R.S. § 15-395

⁴ A.R.S. § 15-395.01

⁵ A.R.S. § 15-393 (A)

⁶ A.R.S. § 15-393 (B)

⁷ A.R.S. § 15-391 (3), (5)

⁸ A.R.S. § 15-393 (Q)

the central campus from their member school district, charter school or transport themselves depending on intergovernmental agreements, scheduling of courses or other logistics. A student participating in a CTED program or course at a centralized campus may generate up to 1.75 ADM, apportioned between the student’s corresponding school district and CTED. However, neither the CTED nor the member school district may claim more than 1.0 ADM for the student. In order to qualify for funding, a centralized campus must offer courses and programs to all eligible students in the school districts located within the CTED.

Leased Centralized Campus – CTEDs have the ability to lease and operate a central facility, which is still centrally controlled and operated like a centralized campus.⁹ Under the lease centralized campus model, a CTED may still generate up to 1.75 ADM for students attending a CTED course or program provided all of the following conditions are met:

- courses are approved by the CTE Division and meet requirements set by statute;
- courses are offered to all eligible students in each member district and enrolls students from multiple member high schools;
- the CTED program is targeted at a specific industry need and has been developed in cooperation with that industry; or the leased facility is state or federal asset that would otherwise be unused or underutilized; and
- the lease is established at fair market value if the lease is executed for a facility on the site of a member district and approved by the Joint Committee on Capital Review (JCCR).¹⁰

Satellite Campus – Lastly, a CTED may operate as multiple satellite facilities that are owned or operated by member school districts for the purpose of offering CTE programs or courses.¹¹ Under this operational model, faculty

and program costs are covered by the school district. A student participating in a CTE program or course at a satellite campus may generate up to 1.25 ADM which is apportioned between the school district and the CTED.

Students attending a charter school that also reside in the boundaries of a CTED member school district are eligible to attend CTED programs and generate the same ADM as students enrolled in their member school district. In 2015, charter schools were permitted to offer CTED programs and courses as a satellite campus.¹²

CTEDs may also collaborate with community college districts to allow for dual or concurrent enrollment courses for community college credit. In this case, the school district, the CTED and the community college all receive funding. For students enrolled in both a school district and CTED program provided at a community college, the generated ADM is the same as the ADM of a student participating at a centralized campus. Program logistics and specifications are outlined as part of intergovernmental agreements.¹³

ELIGIBLE STUDENTS

CTEDs and member school districts may allow any student to enroll in a CTED course or program without regard for age or high school graduation status; however, students in grades ten through twelve who are enrolled in approved courses are only eligible to be included in the student count for the purposes of basic state aid funding. Although only students in approved courses in grades ten through twelve are included in student counts for basic state aid funding, students in grades eight or nine may be funded with local tax revenues. Furthermore, students over 21 years of age or students who have graduated high school or received a GED are excluded from the student count for the purposes of calculating state aid.¹⁴

⁹ A.R.S. § 15-393 (R)

¹⁰ Leases executed or renewed prior to December 31, 2012 are not subject to approval from JCCR.

¹¹ A.R.S. § 15-393 (P)

¹² Laws 2015, Chapter 309

¹³ A.R.S. § 15-393 (L)

¹⁴ A.R.S. § 15-393 (D)(4)

Students over the age of 22 may not attend a CTED program during regular school hours unless vacant seats that have not been filled by traditional students are available. Students over the age of 22 cannot enroll in massage therapy classes or gain college credit for their participation in CTED courses. CTEDs admitting students over the age of 22 must notify parents of students under the age of 18 of the presence of these students in their children's class. Students over the age of 22 are also required to obtain fingerprint clearance cards at their own cost prior to enrollment.

PROGRAM AND COURSE REQUIREMENTS

Statute establishes certain requirements for CTED programs and courses. For example, CTED courses must be taught by an instructor who is certified to teach CTE, and CTED programs must meet certain academic standards and have a defined pathway to career and postsecondary education. In 2016, the Legislature expanded these requirements by requiring CTED courses to: 1) require students to score at least 60 percent on the assessment that demonstrates the competency necessary to be successful in the designated vocation or industry; 2) require a majority of instructional time to be conducted in a lab, field-based or work-based learning environment; 3) demonstrate a need for extra funding; and 4) not be courses that are required under the minimum course of study to graduate from high school.

The legislation added requirements for CTED programs as well, including requiring programs to: 1) fill a high-need vocational or industry need; 2) have an industry or vocation provide financial or technical support; and 3) require a single or stackable credential or a skill that will allow a student to obtain work on graduation without a postsecondary degree.¹⁵

ACCOUNTABILITY

In addition to expanding CTED course and program requirements, Laws 2016, Chapter 4, contained several accountability measures:

Includes CTEDs in the: 1) annual achievement profile and letter grade classification system; and 2) in the Auditor General's (OAG) performance audits;

Directs the OAG to conduct a special audit;

Requires ADE to immediately start reviewing CTED programs and courses and submit quarterly progress reports through the end of 2018;

Beginning in 2020 and every five years thereafter, requires the CTE Division to review CTED programs and courses to ensure compliance, quality and eligibility. If programs or courses are not meeting statutory requirements, ADE will withhold funding and remove the programs and courses from the approved list; and

Establishes a 13-member CTE Task Force to study CTED practices and funding and annually report its findings to the Legislature and the Governor through 2018.

FUNDING

CTEDs receive funding through local, state and federal monies. The formula for funding CTEDs is similar to the formula used by traditional school districts except CTEDs are not eligible to receive transportation dollars from the state.¹⁶ Funding is based on student enrollment and the costs are shared between state and local resources. As mentioned previously, CTEDs have restrictions on the students eligible to be included in their student counts for the purposes of basic state aid funding. Furthermore, students enrolled in CTED programs are able to generate funds above 1.0 ADM. Students that are solely enrolled in a traditional district school or charter school can only generate a maximum of 1.0 ADM.

¹⁵ Laws 2016, Chapter 4

¹⁶ For more information read the Senate Issue Brief on Arizona's School Finance System.

Because of the increased ADM above 1.0, the ADM is apportioned based on course enrollment and intergovernmental agreements between a CTED and member school district, charter school or community college. School districts and charter schools are prohibited from requiring students to generate a full 1.0 ADM or enrolling in more courses than are needed for a student to graduate before attending a CTED.

Similar to school districts, CTEDs levy a property tax rate in order to fund the local contribution towards their formula entitlement. CTEDs may levy a maximum of .05 cents per \$100 of secondary net assessed property valuation to generate the local contribution. Any amount needed to fund the required formula above the amount generated through the local tax is funded using state resources (basic state aid).

Member school districts that offer satellite CTE courses also receive payment from their CTED in the form of allocations. These amounts are established through intergovernmental agreements between the CTED and the member school district. Allocations are portions of the funding that were received by the CTED for the student participating in the satellite course and are intended to provide member school districts that offer satellite courses with funding for the added expenses of offering these specialized courses. Prior to FY 2006, school districts were not required to use allocation monies for CTE education. However, school districts were given three years to reallocate all of these monies to supplement vocational and CTE program funding.¹⁷

FUNDING HISTORY

There have been multiple CTED funding formula changes or suspensions that have occurred in the last 10 years. In FY 2006, state aid funding for CTEDs was capped at the greater amount the CTED received in FY 2005 or twice the amount that the local tax levy would generate.

The cap was continued in FY 2007, although allowing for a two percent increase over FY 2006. In FY 2008, the cap on state aid funding was removed; however, state aid funding was reduced to 91.8 percent of the full formula amount provided in law to CTEDs. A “hold harmless” provision was attached stipulating that a CTED would not receive less funding in the form of state aid in FY 2008 than it received in FY 2007, apart from changes in student counts and property valuations.

In FY 2009, state aid funding was further reduced to 91 percent, with the same hold harmless provision attached to maintain, at a minimum, the same level of funding received by the CTED in FY 2008. FY 2010 and FY 2011 funding for CTEDs was continued at 91 percent with the hold harmless provision attached. The FY 2012 budget also maintained the 91 percent funding level but removed the hold harmless provision. As stated previously, in FY 2012 CTEDs were prohibited from including ninth grade students in their student counts used to determine state aid funding but are permitted CTEDs to fund ninth grade students using monies generated from local property tax collections.¹⁸

In FY 2015 through FY 2018, state aid for CTEDs with student counts greater than 2,000 (EVIT, West-MEC and Pima) were funded at 95.5 percent.

The FY 2019 budget increased state aid for large CTEDs to 100 percent. All CTEDs currently receive 100 percent of state aid funding.

CAPITAL FINANCING

Similar to school districts, CTEDs are permitted to bond for specific purposes outlined in statute. However, there are CTED specific regulations pertaining to indebtedness limits as well as the expenditure of bond proceeds.¹⁹ A CTED may issue Class B bonds to finance the construction of new or existing

¹⁷ Laws 2005, Chapter 294

¹⁸ Laws 2011, Chapter 258

¹⁹ A.R.S. § 15-393 (D)(1)

facilities at a central campus. However, a CTED may not issue Class B bonds to finance a facility operated and maintained by a CTED (leased facility) unless certain requirements are met. If the leased facility is located on a member school district campus, the CTED must enter into an intergovernmental agreement with the school district for ten years or the bond term, whichever is greater, with specific conditions related to the usage of the facility and compensation to the CTED if the facility is no longer used for CTED purposes.²⁰ A building that is leased from a member school district by a CTED is included in the school district's square footage calculation for the purposes of new construction.²¹

ADDITIONAL RESOURCES

- Joint Technical Education Districts Statutes: Arizona Revised Statutes, Title 15, Chapter 3, Article 6
- “K-12 Joint Technical Education Funding Since 1992,” prepared by the Joint Legislative Budget Committee, July 2016
<http://www.azleg.gov/jlbc/CTEDFunding.pdf>
- “Fiscal Year 2016 Appropriations Report: Department of Education,” prepared by the Joint Legislative Budget Committee, June 2016
<http://www.azleg.gov/jlbc/17AR/ade.pdf>
- State Board for Vocational and Technological Education
<https://azsbe.az.gov/>
- “Joint Technological Education District (CTED): Analysis of an Urban and a Rural CTED,” published by the Arizona Auditor General, December 2004
<http://www.azauditor.gov/sites/default/files/CTED.pdf>
- 18-month follow up report on “Joint Technological Education Districts: Analysis of an Urban and a Rural CTED,” published by the Arizona Auditor General, July 2006
http://www.azauditor.gov/sites/default/files/CTED_followup_18mo.pdf
- Arizona Department of Education: Career and Technical Education
<http://www.azed.gov/career-technical-education/>
- Arizona Department of Education: Joint Technical Districts
<http://www.azed.gov/career-technical-education/joint-technical-education-districts/>

²⁰ A.R.S. § 15-1021 (G)

²¹ A.R.S. § 15-2041 (D)(5)