

KENTUCKY CAREER AND TECHNICAL EDUCATION TASK FORCE

Minutes of the 3rd Meeting of the 2019 Interim

August 21, 2019

Call to Order and Roll Call

The 3rd meeting of the Kentucky Career and Technical Education Task Force was held on Wednesday, August 21, 2019, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Bobby McCool, Co-Chair; Senators David P. Givens, Jimmy Higdon, and Johnny Ray Turner; Representatives Kevin D. Bratcher, C. Ed Massey, and Reginald Meeks; and Steven Thomas.

Guests: David Meinschein and Casey Allen, Ballard County Schools; Chris Riley and Sabrina Cummins, OEA.

LRC Staff: Jo Carole Ellis, Yvette Perry, Lauren Busch, Seth Dawson, Chuck Truesdell, and Christal White.

Senator Wilson said that today's meeting is focused on the funding system for Career and Technical Education (CTEs) Centers and Kentucky Department of Education (KDE)-funded Area Technology Centers (ATCs). He reminded members that some issues for the task force include disparity in funding, lack of a structured pay scale, and equal access for all students.

On a motion by Representative McCool and a second by Representative Meeks, the minutes of the July 10, 2019, meeting were adopted.

Representatives for KDE were David Horseman, Associate Commissioner, and Kiley Whitaker, Assistant Director, Office of Career and Technical Education and Student Transition; Deanna Durrett, General Counsel; and Charlie Harman, Director, Division of Budgets and Financial Management.

Mr. Horseman explained district SEEK funds differ from CTE SEEK funds. CTE SEEK funds are a budget line item used solely for CTE secondary students and amounts to \$61.7 million. ATCs receive \$45 million in funding for support of 53 state-operated technical centers governed by KDE, with \$22.8 million in SEEK funds, \$39.2 million in General Funds; and \$53,500 in agency funds. Local Area Vocational Education Center

(LAVEC) funds support 42 locally-operated schools with \$11.8 million from the General Fund but receive no SEEK or agency funds. The Kentucky Community and Technical College System (KCTCS) receives \$1.4 million, all from SEEK funding. Mr. Horseman provided a breakdown of operating expenses for each entity, available in detail on the LRC website accessible online at <https://apps.legislature.ky.gov/Committee Documents/329>.

Ninety-four percent of state CTE funds are distributed to schools and 6 percent are distributed to KDE.

The ATC statewide total budget, minus 20 percent SEEK dollars of the \$4.1 million that goes to district-owned facilities amounted to \$40.9 million; the current full-time equivalent (FTE) average value is a \$5,068; the current total weighted FTE is \$8,094; and the current total unweighted FTE is \$6,139.

Mr. Horseman referred to regulations and statutes addressing categories of programs, with Category III programs such as welding and machining having higher operating costs. These areas have a higher weighted FTE which takes those values into consideration. Sixty-seven percent of higher cost categories are found within the ATCs.

ATCs are divided into multi-feeder district centers and single-feeder district centers. Forty-two centers serve multiple districts while 11 centers serve single districts. Budgetary, total weighted and unweighted FTEs, pathways, and staff count are similar in number. The number of students attending multiple feeders is almost 200 students fewer than single-district feeders. Exact figures can be accessed online at <https://apps.legislature.ky.gov/Committee Documents/329>.

Mr. Horseman said there are no specific statutes or regulations on how ATCs receive funds, only broad provisions in KRS 156.802 as to the responsibility of management, control, and operation. Additionally, KRS 156.842 has similar language giving board authority to CTE but providing little or no expenditure formulas.

ATC funding expends six percent for utilities, two percent for operations, and 92 percent for personnel.

Mr. Horseman said KRS 156.184 allows a process for local boards of education to assume control of state-operated secondary ATCs. The board petitions the commissioner and, if approved, the ATC receives 100 percent of district funds the next year. In subsequent years, funds would go to LAVECs as part of the fixed \$11.8 million budget. Without extra funding, the current LAVEC per pupil value of \$1,451 would drop to \$1,426 for all LAVEC-funded schools due to it being split among a larger number of centers. Larger districts have a higher FTE percentage, impacting the amount other centers receive.

Originally, LAVECs established after June 2001 were not eligible for funding. A change in budget language in 2006 specified LAVEC established after 2001 were eligible for supplemental funding if approved by the Commissioner of Education. Mr. Horseman said that language places the decision in the hands of KDE or the commissioner as to who the “haves or have nots” are and said it is not a place anyone wishes to be.

In 2004, LAVEC funding began with \$10 million, dropped minimally in 2005, rose to \$11.8 million in 2008, peaked at \$12.4 million in 2012, and has remained consistent at \$11.8 million since 2013.

Mr. Horseman said there is an error in the statutory formula for determining the LAVEC. KDE does not distribute funds based on the statutory formula but under the regulatory formula.

LAVEC per pupil funding in 2016-2017 was \$1,553; in 2017-2018 the amount decreased to \$1,475; and in 2018-2019 again decreased to \$1451. Sixty additional high-demand top-support pathways were introduced in 2018-2019 without funding, creating open funding requests estimated at \$1.3 million. The goal of transitioning ATCs from workforce development to KDE was to maintain the stability of funded programs; however, the addition of LAVEC-funded schools and programs has a negative impact on funding to operating districts. Other districts who have opened or are in the process of starting locally-operated centers receive no funding.

Responding to a question from Senator Givens, Mr. Whitaker said figures for the multi-feeder and single-feeder centers were specific to ATCs. Being a larger district, the example of the single-feeder center is not representative of the entire state since single feeders in rural districts have a lower budget with fewer teachers. Ballard County was chosen because of a partnership that led KDE to some recommendations. The example of the multi-feeder district, Jessamine Career and Technology Center, is representation of an average district. Responding to a follow-up question, Mr. Whitaker said no statute exists that specifically addresses the flow of ATC money to an individual school. Mr. Horseman said although no regulatory action has been taken, KDE studied population, geography, and economic development changes relating to inconsistencies in per-pupil public funding in an effort to modify and gain more efficiency within the policy and procedures in place for ATC operations. Senator Givens said pain and anxiety come with needed change, and Mr. Horseman said that was one of KDE’s biggest considerations regarding KDE’s recommendations. Responding to another follow-up question regarding the interpretation of erroneous statutes, Ms. Durrett said HB 502 directed KDE to create a funding formula and promulgate a regulation, giving KDE legal authority to recognize legislative intent. Because the statutory formula created perverse results, KDE continued to operate funding according to the regulation. Senator Givens asked for the record to reflect that KDE counsel read the regulation and was guided by legislative intent and not the statute itself. Mr. Horseman said addressing this issue is a courageous effort for the benefit of students. Ms.

Durrett said attention to this matter is being brought before the task force because KDE wants to operate in complete conformance with statute and regulation. Mr. Horseman indicated KDE will seek legislation on this matter.

In response to a question by Senator Wilson, Mr. Horseman said \$1.4 million of SEEK funding is part of the 94 percent the budget allocated to schools. The two percent from these funds are distributed to 16 KCTCS' campuses that provide career and technical education to students enrolled in classes that are not offered in their home school. In response to a follow-up question, Ms. Durrett said the budget bill language has been renewed each year since 2006. Senator Wilson said the various categories under review are the ATCs, funded LAVECs, unfunded LAVECs, unfunded programs, and funded local centers. Mr. Whitaker said another category includes centers who would qualify under the current law and language but have not requested funding. In response to a follow-up question, Mr. Whitaker said the number of students in each category will be provided in the next part of the presentation. Mr. Horseman said helping students find the right pathway is crucial, and CTE desires to add pathway exploratory programs as early as elementary and middle school.

Dexter Knight, Principal, Jessamine Career and Technology Center (JCTC), and David Meinschein, Assistant Superintendent, Ballard County Career and Technology Center, shared programs offered by their respective centers, enrollment data, funding usage, and gaps and concerns with funding. Mr. Horseman said these districts were chosen due to one being a large center and the other being a smaller district with limited resources.

Mr. Knight said Jessamine County Schools (JCS) created a strategic plan to introduce career pathways to the elementary and middle schools. JCTC is one of 42 locally-operated centers and provides equitable access to CTE. Enrollment during the 2006-07 school year consisted of 700 duplicated students, six program areas, and 12 teachers. In 2018-19, JCTC grew to 2,866 duplicated students, 10 program areas with 60 pathways, and 35 teachers. Funding during the first year was \$300,000 compared to \$618,197 during the 2019-20 school year. Certified and classified staff salary and benefits amount to 66 percent of JCTC's LAVEC budget, a 743 percent increase over the 14-year period. With a very progressive and forward-thinking board, the Jessamine County Board of Education (JCBE) pays the full-time equivalent for 19.3 teachers with an average salary of \$48,698, amounting to \$939,871. JBCE also pays auxiliary costs associated with operating expenses amounting to \$269,857. JCTC has 28.38 FTE for 35 full and part-time teachers; however, JCTS is unable to extend their facilities to other districts due to lack of physical space.

Mr. Knight said JCTC transferred funds to the Fayette County LAVEC centers in 2018-2019 since they have traditionally sent students to Fayette County locally-operated centers for programs not offered in Jessamine County; however, health science, auto body, diesel, and welding are now offered in JCTC. Federal Perkins dollars of \$109,799 are primarily used to enhance programs, professional development, and travel. JCTCs addition

of the high-demand diesel program was included in LAVEC funding but JCS absorbed much of the cost. Mr. Knight said JCS plans to add CTE hubs for advanced manufacturing and construction over the next two years and has chosen to invest over \$28 million of new construction in existing and new programs and pathways. Mr. Knight said when these programs come to fruition, JCS will be stretched in terms of program funding.

In summary, Mr. Knight said in order to provide high-demand, high-wage CTE programs to all Kentucky students, funding models for both locally and state-operated CTE centers should be reviewed for equity and access to high school students across the Commonwealth. Additionally, as locally-operated centers continue to increase, funding for expansion of local districts will continue to decrease. He commended the CTE Task Force for working on ways to provide equity and access to all students through funding models for both locally and state-operated suitors.

In response to a question from Senator Wilson, Mr. Knight said JCS has close to 8,100 students. In a follow-up statement, Senator Wilson said local control rather than state-dictated control is important since high-demand pathways differ in certain areas.

Senator Givens questioned JCTC's slide regarding income and expenses and the duplication of auxiliary expenses of \$269,857. Mr. Knight said the Perkins money was omitted because it is specific to teacher travel and professional development. The correction of the Perkins dollars and duplication make income and expenses more equal. In a follow-up question, Mr. Horseman said an ATC space within a typical high school could pay teachers on loan from a company who needs employees trained in a specific area. Employees with a vast amount of experience can teach on a provisional, part-time certificate. Mr. Horseman said KDE now has an occupation-based program requiring four years of experience during the past five years in a specific area to qualify. Additionally, they must be part of KDE's professional learning 10-day program. A teacher could have a full certificate after two years with an associate's degree. Mr. Horseman said, in his opinion, accepting money from a company or other entity to provide additional salary above the pay scale for a particular teaching area would not be acceptable.

David Meinschein, Ballard County Assistant Superintendent said that between 2011 and 2016 the two largest area employers in Ballard County closed and unemployment jumped to 9.2 percent. The community, work force, and school system suffered from the economic devastation.

Mr. Meinschein said CTE and Ballard Memorial High School (BMHS) are critical to the success of their community. He said all students at BMHS attend CTE. BMHS was the first high school to receive 100 percent for college and career readiness in the state's accountability system. In 2018-19, over 80 percent of BMHS students were transition ready, and the CTE program contributed to the community's economic viability. Industry

sectors targeted at BCHS include industrial maintenance, health science, welding, agriculture, computer science, business, and family consumer science.

Mr. Meinschein said BMHS's success is due to partnerships with West Kentucky Community and Technical College, Four Rivers Foundation, and Murray State University. With their help, BMHS has a robust dual-credit program, receives help with funding for college prep and CTE programs, instituted the New Skills for Youth program, and is planning to offer remote CTE courses in Carlisle, Hickman, and Fulton Counties. He said partnerships are important for this geographically isolated area.

In FY 2011 to FY 2013, the Ballard County LAVEC was funded with \$200,000. 2013 brought significant budget cuts; however, through strong leadership and strong CTE teachers, BMHS became a distinguished school and was recognized by the Southern Regional Education Board as the top CTE in the state for career and academic readiness. The level of funding dipped over the years but has now leveled off to around \$96,000. Mr. Meinschein did not include Perkins money and grant monies received in the fund totals.

Mr. Meinschein said several years ago, BMHS received a \$250,000 Work Ready Skills Grant and used the money to purchase new equipment for the center's industrial maintenance program. Ballard County Schools spent over \$1.5 million for facilities improvement in FY 2018. In FY 2019, \$307,806 funded 7 teachers and the CTE administrator salaries.

The current CTE has the flexibility to make changes to serve students and the community; however the current funding model is not sustainable. Mr. Meinschein said any lost funding in the next fiscal year will result in a job loss and adversely affect the economy, the community, the Commonwealth, and will negatively impact a viable product that could go immediately into the workplace. LAVEC spends about \$400,000 per year and last year produced 130 certifications for graduating seniors and a total of 296 certifications, including OSHA 10 certifications. Mr. Meinschein believes the program is well worth the funding.

In response to a question from Representative Bratcher, Mr. Meinschein said the mechanics of changing a curriculum or a field of study is accomplished by looking at a community's viable needs, forward thinking, community meetings, and final approval by a panel inclusive of the superintendent, assistant superintendent, school counsel, and CTE teachers. Mr. Horseman said locally-operated centers are approved internally, usually after consulting with KDE data experts. ATCs operate with similar constraints regarding staff and the ability to close programs; however, KDE has more difficulty with staffing due to geography. Mr. Horseman said program or leadership changes in a multi-district requires the leadership of the districts to evaluate the data, make a joint decision with KDE, and follow a process. Mr. Meinschein praised the level of expertise within the KDE's CTE Division.

Responding to a question from Representative McCool, Mr. Horseman said to add or change programs, community needs and balances are reviewed and advisory boards are utilized locally. Each program has an advisory committee for teachers on curriculum matters in the ATCs and KDE recommends all locally- and state-operated centers have one as well. Mr. Horseman said ATCs have a steering level represented by administrative leadership of feeder districts who make decisions and recommendations. Programming changes are made through KDE's program viability analysis. Three supervisors facilitate the process between districts, review the data, and make programming changes with KDE approval. Once approved, staff can move forward with changes.

Mr. McKnight said many local companies reach out to schools to review data. They review Kentucky Center for Statistics data and projected jobs over the next five to ten years and rely on business and industry for updates on their needs.

Mr. Horseman gave an overview of KCTCS funding for secondary students. The total budget is \$1.4 million with a current FTE value of \$2,480, current total weighted FTEs of \$561, and current total unweighted FTEs of \$442.

He said there may be 78 more schools in Kentucky that meet the statutory definition of being classified as a locally operated CTE center but who have never requested status or funding. Two hundred locations serve 95,000 students that currently receive no state funding. In response to Senator Wilson's earlier question, Mr. Horseman said there are 31,000 students in LAVEC schools and roughly 22,000 in ATCs being served. Data also says there are 183 high schools offering one or more unfunded, high-demand CTE pathways with an estimated FTE of 12,611.

KDE recommends a phased approach for funding and governance for consideration by the CTE Task Force. Mr. Horseman said Kentucky is highly respected in the country due to paths taken with dual credit programs, ESSA, Senate Bill 1, industry certifications, and career and transition readiness.

Mr. Horseman said while Kentucky is struggling to figure out budget demands, KDE is taking a modest approach for equalization without adding more funding with a goal to reach a reasonable midpoint to fund pathways. He said a broad estimate of \$2.8 million would provide funding to programs and currently unfunded centers. He said although it is important not to disturb the successful programs in place, the disparity in the funding formulas for LAVECS and transitioning ATCs require immediate attention.

KDE divided the recommendations into phases. Phase 1 relates to LAVECs and ATCs. For LAVECs, KDE recommends identifying funded pathways and re-examining the levels of funding by category; increasing funding for LAVECs to include unfunded center requests and unfunded programs within funded centers; establishing policies and

procedures for requesting, approving, and closing programs that receive state funding; and correcting existing conflict between statute and regulation. Relating to ATCs, KDE recommends classifying which ATCs will move to local control during Phase 1 by determining districts that have the will and ability to operate a center; creating a process for transition of ATCs to local control that moves to long-term access and equity of funding; and incentivizing district collaboration and utilization of regional offerings for efficiency.

Phase 2 recommendations include designing and passing legislation supporting equitable CTE program implementation by creating a system for locating and funding programs and future centers; continuing to transition ATCs to local or shared governance; adding a funding mechanism for equipment upgrades; and finalizing a structure for continuous improvement and expansion of CTE in Kentucky.

Mr. Horseman raised several considerations and concerns for using the phased approach including the readiness of districts to transition to ATCs, the need for new and/or revised legislation, charging tuition and fees to feeder districts, requiring shared governance of LAVECs using inter-local agreements, and incentives for regional collaborations and shared resources. Mr. Horseman said if funded and appropriately governed, one equitable system of CTE could be created.

KDE presented a proposal on the impact of transitioning 10 ATCs to local districts using current data under state governance and projected data after transition to the local districts, based on new legislation. KDE's calculations indicated the current LAVEC FTE value of \$1,451 would rise to \$1,759 for all LAVEC-funded schools under this proposal.

Relating to LAVECs, KDE recommends correcting conflicting statutory and regulatory language; establishing policies, procedures, and guidelines for requesting, approving, and closing programs that receive funding; and providing additional funding for more pathways within currently-funded LAVEC schools. For ATC transitioning to local districts, the current statute only allows the ATC budget to follow for one year from state to local before the LAVEC formula applies, drastically reducing budgets for those who make the transition. Mr. Horseman said for all centers action must be taken to accomplish an equitable system and provide sustainability for the existing system.

In response to a question from Senator Wilson regarding KCTCS funds once being a line item in the budget, Mr. Harman said KDE's role is to submit the agency request to the Governor's Office, who in turn determines the budget proposal. Mr. Harman said KDE prefers fewer line items allowing the department more flexibility within districts.

Senator Higdon said KDE needs a better funding mechanism similar to the SEEK formula to fund ATCs and locally-controlled technical centers, allowing young people to get adequate training and education that meets the needs in each individual community.

Change is needed to accomplish these goals for technical education. Mr. Horseman said every district is passionate about its CTE program, especially in smaller districts, and his office must make decisions that are not always welcomed. He said CTE employees' lives are impacted by KDE decisions and is the reason he suggests taking time, being thoughtful, keeping students' best interests in mind, understanding and addressing local needs, and providing support for all centers through a long-range plan. In response to a follow-up question, Mr. Horseman said SEEK money stays with the district and the conversation for SEEK money to follow students has not been addressed since his time in KDE. Mr. Harman said some districts choose to support their CTE program with their SEEK money and local tax dollars. He said no statute or regulation exists to dictate the transfer of the funds and no specific legislation or formula exists but progressive districts realize the benefit provided.

In response to a question from Representative McCool regarding multiple schools serving different districts and also different counties, Mr. Horseman has estimated it would take between \$2-3 million to cover the unfunded LAVECs and funding all programs would require about \$20 million per year.

Senator Givens highlighted some phrases used in the presentation: 1) "Establish policies and procedures for requesting, improving, and closing programs that receive state funding."; 2) "Incentivize district collaboration and utilization of regional offerings for efficiency."; 3) "Continuing transitioning ATCs to local or shared governments." Senator Givens said the money as well as the long-term, difficult process by which we approve or deny a particular program. He suggested avoiding the tribalism, parochialism, fragmentation of learning, and duplication of services is vital to get it right. He said legislators will need very strong backbones to take tough votes that may not satisfy a lot of their constituents. Mr. Horseman said the General Assembly must be the authority on funding the top occupations in certain areas with limited funds. He said partnering is a positive step and will contribute to financial management.

There being no further business before the committee, the meeting adjourned at 12:00 p.m.