

SECTION 3

STATE SCHOOL AID ACT

CTE FUNDING THROUGH THE STATE SCHOOL AID ACT SECTION 61A(1) (ADDED COST)

The State Legislature has appropriated categorical funds through the State School Aid Act (Section 61a(1)) for support of secondary CTE programs. The MDE administers these funds, commonly referred to as "Added Cost," through the OCTE. The State Board of Education has approved the allocation and distribution policies. A CTE program must meet certain state standards to be eligible for Section 61a(1) funds.

The purpose of these funds is to provide partial reimbursement to school districts and area centers for the extra costs associated with the operation of SA CTE programs (above the cost of non-vocational programs). Most SA CTE programs cost more to operate than non-vocational programs due to such factors as:

- Smaller classes
- Specialized equipment
- Supplies
- Specialized supportive services
- High quality instructors with specialized certifications

SECTION 61A(1) FUNDING FORMULA EXPLANATION

The information below applies to the 61a(1) funding formula applied to the 2020-2021 enrollment data to generate 61a(1) funding for the 2021-2022 school year. Due to changes in the definition of CTE Participant and CTE Concentrator in the Carl D. Perkins Legislation, the measure of student advancement is under review by OCTE and the CTE State Aid Referent Group and will be adjusted to account for the new definitions as they relate to the student advancement factor. The weights applied to the factors in the legislation will also be reviewed to ensure the formula continues to align with the section 61a(1) legislation.

Beginning with the 2015-16 school year, the Section 61a(1) funding formula was significantly changed, and is now based on the following three variables:

- Student advancement through the CTE program
- Program costs associated with each CTE program (Program Cost Factor)

- Rank assigned to each CTE program on the State Rank List (State Rank Factor)

Student **Advancement:** The curriculum for each state-approved CTE program is broken down into 12 segments of instruction or into Perkins Course Competencies (PCCs) defined by competencies. The advancement of each student through the program is determined at the end of the school year, based on the total number of segments or competencies successfully completed in each program. Because of changes in Perkins V Legislation, OCTE began the process of revising CTE programs to measure student advancement by Perkins Course Competencies (PCCs) defined by the competencies required to successfully complete a CTE program or earn an industry-recognized credential. Beginning in 2021-22, student advancement for the following seven CTE programs will be measured based on competencies completed by the end of the school year:

CIP Code 12.0400 – Cosmetology
CIP Code 13.0000 – Education, General
CIP Code 46.0000 – Construction Trades
CIP Code 46.0301 – Electrical & Power Transmission Installer
CIP Code 47.0604 – Automobile Technician
CIP Code 51.0000 – Therapeutic Services
CIP Code 52.0299 – Business Administration

Note: The remaining CTE programs will be transitioned to competencies in the future. For programs that have not yet been transitioned to competencies, student advancement will continue to be measured based on segments completed.

Program Cost Factor (1, 5, 10) – Takes into account the cost of operating different kinds of CTE programs. The program cost factors (**M**) are based on a 3-year average of the total expenditures per student, reported for each CIP Code – ranked from most expensive to least expensive.

State Rank List Factor (1, 2.5, 5, 10) – The State Rank List of CTE programs is based on three weighted factors: job openings, placements, and wages.

DISTRIBUTION OF SECTION 61A(1) ADDED COST FUNDS (60% AND 40%)

Distribution of Section 61a(1) funds takes into account state priorities, as well as Local priorities. Sixty percent of the total Section 61a(1) allocation is distributed based on state priorities, and 40% of the allocation is distributed based on local priorities.

State priority for program funding is based on the State Rank List. The State Rank List is updated every four years and provides a priority ranking of CTE programs based on high employment demand (job openings), wages, and related placement data, which are weighted equally in determining the overall rank for each program.

Local priority for program funding is determined at the CEPD level via the CEPD Options report. Each CEPD receives a portion (CEPD Share) of the 40% funds and selects individual programs to support with their CEPD Share dollars.

60% Funds (Based on State Rank List)

Sixty percent of the Section 61a(1) funds are generated, based on the State Rank List.

40% Funds (Based on CEPD Option Selections)

Forty percent of the Section 61a(1) funds are distributed based on individual programs selected by each CEPD. Each CEPD receives a percentage of the 40% funds (CEPD Share).

Each CEPD then selects individual programs (via CEPD Options) to receive a portion of their CEPD Share dollars.