

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 career and technical education (CTE) programs. The Michigan Department of Education's Office of Career and Technical Education (MDE-OCTE) administers these funds, commonly referred to as "Added Cost." 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 state-approved CTE programs (above the cost of non-vocational programs). Most state-approved CTE programs cost more to operate than non-vocational programs due to factors such as:

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

SECTION 61A(1) FUNDING FORMULA EXPLANATION

The information below describes the 61a(1) funding formula that was first applied to the 2021-2022 enrollment data to generate 61a(1) funding for the 2022-2023 school year.

The Section 61a(1) funding formula is based on the following three variables:

- Student advancement through the CTE program (Student Advancement)
- 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 (.5, 1, 5, 10): The program standards for each state-approved CTE program are grouped into 12 segments of instruction or Perkins Course Competencies (PCCs) defined by groups of 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 PCCs successfully completed in each program.

Program Cost Factor (1, 5, 10) – Takes into account the cost of operating different CTE programs. The program cost factors are based on a three-year average of the total expenditures per student, reported for each Classification of Instructional Program (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 factors weighted as follows: job openings (*2), placements (*1), and wages (*1).

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 employment demand (job openings), wages, and related placement data, which are weighted as follows to determine the overall rank for each program:

- Job Openings (*2)
- Placements (*1)
- Wages (*1)

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

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