

## Your Question:

You asked how states fund career and technical education. Specifically, how do states calculate and distribute funds to support secondary career and technical education?

## Our Response:

The funding landscape for CTE programs in states is a web of both federal and state policies, intersecting on many fronts. These policies are constantly shifting and evolving as states create and refine their CTE programs.

In 2018, [42 states carried out a total of 146 policy actions](#) relevant to CTE — including laws, executive orders, board of education actions, budget provisions and ballot initiatives. The action of 30 of those 42 states included enacting policy relating to how CTE programs are funded.

### Overlap With Federal Funding

There are two main federal initiatives for CTE programs: Perkins and the Workforce Innovation and Opportunity Act (WIOA). Under Perkins IV, [Basic State Grants](#) comprise over [90 percent of Perkins appropriated funds](#). With the 2018 reauthorization of Perkins, it is possible that federal funding to states will shift.

WIOA offers states opportunities to align workforce programming and funding sources with secondary and postsecondary CTE delivery systems. Specifically, WIOA encourages states to use common performance measures across core programs and to share data, coordinate career pathway development and leverage workforce development boards to set the workforce development and training agenda at the state level.

### State Funding Action in 2018

In 2018, at least [30 states](#) took action to financially support CTE activities, including new sources of funding, redirected funds, scholarships and incentives. For example, **California** appropriated \$150 million and made the Career Technical Education Incentive Grant program permanent. Additionally, new grant programs supporting underrepresented, low-income and disadvantaged populations in CTE were established in several states, including **California, Iowa, Maryland, Michigan, Missouri, New Jersey and North Carolina**.

### Funding for CTE Programs Using State K-12 Funding Formulas

In a 2014 [report](#), the U.S. Department of Education provides an overview of the various methods states use to fund CTE programs.

#### **Additional Resources**

[State Policies Impacting CTE: 2018 Year in Review](#)

[State Strategies for Financing Career and Technical Education, U.S. Department of Education](#)

[Advance CTE 50 state profiles on CTE programs](#)

[ECS Career and Technical Education Policy Snapshot](#)

There are [three ways](#) that states fund CTE at the K-12 level:

1. Student-based formula (21 states)—Funds are distributed relative to the number of CTE students enrolled in an LEA.<sup>1</sup> States typically use one of three approaches:
  - a. Proportional allocations, in which LEAs or programs receive a funding allocation relative to the number of students enrolled;
  - b. Weighted student funding, which provides supplemental funding for CTE students in state basic aid formulas; and
  - c. Differential weighting, which allocates funding for CTE students based on the program type in which they participate or to align with state instructional priorities.
2. Unit-based formulas (7 states)—Allocations are based on a set of educational inputs used to deliver CTE services, such as the number of instructors or administrators employed by an LEA or the equipment used to deliver instruction.<sup>2</sup>
3. Cost-based formulas (9 states)—LEAs are compensated for CTE services based on their actual reported costs from the prior academic year.<sup>3</sup> States may cap or limit the rate at which eligible expenses are reimbursed, meaning that only a portion of an LEA’s expenditures may be covered.

## State Examples

### STUDENT-BASED FORMULA

#### *WEST VIRGINIA- PROPORTIONAL ALLOCATION*

The state is one of nine states that uses a proportional allocation model. The state’s [model](#) (pg. 8) incorporates student participation in and completion of CTE programs into its secondary block grant formula, allocating funds to local providers in an amount proportional to their relative share of the state’s total CTE student population and the total number of completers. The state allocates just over two-thirds (68 percent) of its CTE funds using this approach, with the remaining funds reserved for equipment replacement (20 percent) and reimbursement for staff travel (12 percent). Additional information on how the criteria and distribution process can be found on the West Virginia Department of Education’s [policy and procedures manual](#).

#### *TEXAS- WEIGHTED STUDENT FUNDING*

[Texas](#) is one of seven states that uses a weighted student funding model to fund CTE students at the secondary level. Specifically, Texas uses a weighted funding system for CTE students, which provides supplemental funding for CTE students in state basic aid formulas. Each FTE CTE student in grades 9-12 generates an annual allocation of [35 percent](#) more than the FTE base amount. Districts are also eligible to receive \$50 for each FTE student enrolled in two or more advance CTE courses for three or more credits.

#### *INDIANA- DIFFERENTIAL WEIGHTING*

[Indiana](#) is one of five states that uses a differential weighting model to fund secondary CTE (p.10-11). Each year the state is [required to review](#) labor market projections and wage data to classify CTE programs based on the state’s level of demand for future employees in a career cluster (i.e., more than moderate, moderate, or less than moderate) and

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<sup>1</sup> [Proportional Allocation States](#): Hawaii, Illinois, Montana, Nevada, North Carolina, South Carolina, Utah, Washington and West Virginia

[Weighted Student Funding States](#): Alaska, Florida, Georgia, Kansas, Pennsylvania, Texas and Wyoming

[Differential Weighted States](#): Arizona, Indiana, Kentucky, Michigan and Ohio

<sup>2</sup> [Unit-Based Formula States](#): Alabama, Delaware, Idaho, Louisiana, Massachusetts, Mississippi and Tennessee

<sup>3</sup> [Cost-Based Formula States](#): Colorado, Iowa, Maine, Minnesota, Missouri, North Dakota, Oklahoma, Rhode Island and Virginia

their future earnings potential (i.e., high or moderate). For the 2019-20 school year the funding for CTE courses is as follows:

Advanced CTE Course Funding Levels – Enrollment Reimbursement Rates Per Credit Hour	
High Value Program	\$680
Moderate Value Program	\$400
Less than Moderate Value Program	\$200

Other CTE Course Funding Levels – Enrollment Reimbursement Rates Per Pupil	
Introductory	\$300
Apprenticeship	\$150
Cooperative Education Course	\$150
Foundational	\$150
Work-Based Learning	\$150
Area Participation Program	\$150

**Source:** Indiana Workforce Development, SY 19/20 Career & Technical Education Program Categorization and Funding Recommendations

### UNIT-BASED FORMULA

#### ALABAMA

The state [distributes](#) K–12 funding to LEAs based on the number of foundation program units assigned to each district (p.11-12, 81). For grades nine to 12, foundation program units are based on a 1-to-20 teacher-to-student ratio. Vocational education is weighted in the formula to reflect increased programmatic costs. The [adjustment for vocational education](#) (Ala. Code § 16-13-232) includes an added 16.5 percent to the overall average daily membership (ADM) and a weight for vocational ADM of 2.0 for grades nine to 12. The weighted vocational ADM is then divided by the grade level divisor for grades nine to 12 (18.45) to calculate the foundation program units, which are summed with other foundation program units for grades nine to 12 to determine an LEA’s total allocation.

### COST-BASED FORMULA

#### MINNESOTA

[Minnesota](#) reimburses local LEAs for their CTE expenses from the prior year. Districts report their actual costs for CTE programs each year with the expectation that they will be reimbursed for all or a portion of these expenses. Minnesota provides categorical state funding to reimburse LEAs for their program costs. Cost-reimbursement funding is dependent on the availability of state funds, meaning that most states reimburse LEAs for only a percentage of their prior year’s expenditures.

In Minnesota, programs are eligible for reimbursement of up to 35 percent of approved expenditures from the previous school year. Approved expenditures include instructional salaries, contracted services, travel, curriculum development, and instructional supplies.