Testimony for House Education Committee
by
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Good Morning, I am Scott Farr, Superintendent/Director for the River Valley Technical Center School District in Springfield, VT. We serve approximately 300 students primarily from three Vermont high schools and a New Hampshire high school. The COVID-19 pandemic has had a significant and unique impact on the career and technical education centers in Vermont. For us I estimate we are down 50 to 60 students due to the challenges created by the pandemic. We, the Vermont Association of Career and Technical Education Directors, believe a hold harmless provision for CTE FTE counts is necessary as the CTE funding is uniquely dependent on student FTE counts. The impacts of the pandemic on enrollment will affect the funding stream until at least 2025. Additionally, outreach activities we use to recruit students to enroll in our centers are also impacted because we aren't allowed due to the distancing and "pod" requirements to host any large numbers of students in our centers. The impacts have shown themselves in the following ways:

Outreach and Recruitment – The window of what we in CTE call "recruitment season" runs from December through April. For instance, you have probably noticed the television ads on WCAX and Fox 44 when you are getting ready in the morning. Many CTE centers were unable to finish recruitment efforts in the spring of 2020. I estimate that we will not be able to be fully back on track until March of 2025, maybe longer as far as student FTE counts calculated over a six semester average; with the first normal "recruitment season" being in the spring of 2022.

Student Scheduling – Scheduling of high school students for the upcoming school year typically happens in late spring. This was, in some situations, put off until August. Many students in high school chose to not follow through on their plans to enroll in a CTE program due to apprehension about COVID-19 and going to a school where students would be mixing with students from multiple communities served by the technical center.

Alignment of Regional Schedules - A lack of coordination of daily school schedules has impacted the students' abilities to take a CTE program and their sending school classes. Additionally, sending districts may need to, or choose to, go to remote instruction when the CTE center is open for in-person instruction or vice versa. This lack of coordination has led to frustration for the students and their families. Leading to much higher than normal student attrition rates.

Competitive Funding System – We have talked about the current competitive nature of the funding system in the past and COVID-19 compounded a funding system where the money follows the student and will continue to exacerbate the situation six-semester/three-years after we are fully clear of the pandemic.

To maintain the continuity for CTE students, a stabilization of funding is quickly needed. CTE centers operate within very tight budget constraints; personnel is usually the way to reduce expenses. This is particularly worrisome given the workforce need in Vermont, which existed before the start of the pandemic a year ago. To stabilize the funding, a solution would be to create a temporary "hold harmless provision" for FTEs. This would be for the timeframe of July 2020 through June 2025 which would be held at a level no lower than the March 15, 2020 FTE counts. Centers that have realized increases in student FTE counts in that timeframe would be able to use those higher FTEs to determine funding; but again, the levels would go no lower than March 25, 2020.

Hopefully, we can move to a funding model which does not place us in competition with the high schools we serve and creates equity for access for all of Vermont's middle and high school aged students. Movement to a funding model developed from the Act 189 Workgroup, which included representatives from the Vermont Agency of Education, three technical centers, Bill Talbott former Agency of Education Chief Financial Officer and Deb Brighton, Consultant for the Joint Fiscal Office could also be a solution to the current and ongoing competitive funding model which has existed for years. This is a conversation for another time but I am bringing it up to put it on the radar.

Here are some Vermont CTE Directors statements regarding the impact of the pandemic:

- Our center has lost over 50 students this year mostly due to COVID. One sending high school made students pick between attending CTE or virtual or attend the high school in person, so we lost a few of those students as well, and they tended to be second years. The bigger impact will be on next year's enrollment if funding does not get at least to the legislature floor this winter.

- Our Center actually lost 54 students from acceptance until the start of the year; 30 of them between July and the start of September. The main reasons offered by those students included that they had not passed their academic classes in the spring semester and could not fit tech in their schedule to graduate on time (10), their home high school was going to be fully remote for the fall (16), and specific COVID concerns (4).

- Our center lost 5 New Hampshire and 10 Sophomore Vermont students. Ouch! Directly related to COVID. Parents called saying that during this virus, and trying

to keep exposure to a minimum, they wanted their child to only attend ONE school campus.

- We have had 55 students leave since the beginning of the year. That is a 13% attrition rate when I usually experience a 5% attrition rate in an entire year. Our center is at least 30% behind in applications. I usually process about 450 by the end of April. The count so far is 185. I expect more but not the 260 to make up the difference.

- We are not getting any students from one sending high school who is 100% remote due to building HVAC issues, with some parents expressing they didn't want to send their students to a school where students are mixing with students from other communities.

- We had a difficult time with coordinating scheduling and we had to agree to have no mid year enrollments this year due to maintaining a POD system. This resulted in 20+ fewer enrollments.

Movement to the funding model developed by the Act 189 Workgroup could also be a solution to the ongoing competitive funding model which has existed for years. I have included a presentation that Bill Talbott and Deb Brighton did last month for the Vermont Association of Career and Technical Education Directors. The use of a held harmless provision could be a way to transition the Vermont CTE FTE based funding stream to the Talbott/Brighton model.

Below is the text from a slide presentation made by Secretary French to the Vermont Superintendents Association in January, stating the Agency's support of movement to a different funding model for Career and Technical Education in the State of Vermont.

*January 2021 - Secretary Dan French - Education Policy Proposals*

- *Pathways Between Schools and CTEs*
    - *Restructure CTE financing based on modelings done by Bill Talbott and Deb Brighton*
        - *Removes CTE tuition from school districts budget*
        - *CTE centers have their own tax rate*
        - *Increase CTE block grant*
        - *Regional assessment based on overall regional population*

# Proposal to Equalize CTE Funding

# General Education Funding system

1. Funding education is a state responsibility
2. District spending amount remains a local decision but is state funded
3. Local education tax rate is based on spending per equalized pupil
4. All district with the same spending per pupil have the same tax rate (assumes CLA of 100%)

# Current CTE Funding System

1. CTE shall be equally available to all students
2. CTE is funded by tuition
3. Sending districts pay the tuition
4. CTE tuition payments raise the sending district tax rate
5. Districts where students do not choose CTE don't pay

# Proposal to equalize CTE funding

## Applies to Technical Center School Districts

1. Replace tuition funding with direct Education Fund payment

2. Raise the money with a regional tax rate

3. Tax rate to be based on CTE district spending per equalized pupil

# Proposal to equalize CTE funding

## Applies to Hosted Technical Center Regions

1. Replace tuition funding with assessment to all sending districts within a region

2. Assessment to be based on equalized pupils in the sending district

3. All districts in region would participate in funding the CTE center

# Option to Reduce Regional Tax Rate and Assessment

1. Provide a state block grant to each technical center based on equalized pupils at the tech center

2. Block grant would reduce the amount to be taxed or assessed

3. Funding for the grant would be shared statewide

4. Legislature would determine the amount of the grant

Proposal for Equalizing Technical Center Funding

Current career and technical education (CTE) funding is provided by tuition payments, so that the cost to each district is directly related to the number of students choosing to enroll in a career and technical education program. The tuition causes an increase in the homestead tax rate for those districts and can make budgeting for those districts more challenging. The only way a district can reduce the increased tax rate for CTE funding is to reduce the number of students attending the CTE center from that district. Doing so is counter to Vermont CTE policy where all students are entitled to access to the career and technical education.

Vermont has two types of governance structures for CTE. The first provides for a single "host" school district within a technical center region to provide the governance. The technical center budget becomes part of that district's budget and only the voters of that district cast a ballot for the center's budget. The second was established by Act 33 of 2001 permitting the school districts within a technical center region to create a Career and Technical Center School District and was codified in Chapter 37, Subchapter 5A of Title 16. In these districts there is no longer a host district and all residents of the regional district vote on the CTE center budget. Three CTE districts have been formed under this provision since it was added: River Valley Technical Center School District (Springfield), Southwest Vermont Regional Technical School District (Bennington), and the Patricia A. Hannaford Career Center (Middlebury).

The two proposed models described below are designed to eliminate tax rate spikes in districts where there is disproportionately high participation in CTE and to ensure equal access for all students.

Model 1 was developed specifically for the three CTE school districts. In this model, the CTE center budget is approved by all voters in the region and supported by a separate regional CTE homestead tax rate. The CTE rate is calculated the same way district rates are calculated: dividing the approved CTE center budget by the number of equalized pupils in the region and dividing that amount by the Education Fund Yield.

The tax bill would show two school tax rates: the CTE region tax rate, and the school district tax rate (which would be lower in districts where students had enrolled in CTE because it would no longer include CTE costs). The regional CTE tax rate appearing on the local tax bill would be adjusted by the town's common level of appraisal as is done with the school district tax rate.

This model is not applicable to CTE centers governed by a hosting district since all the voters in those regions cannot vote on the budget and therefore would not have a say in the tax rate.

Model 2 is preferred and can be applied statewide with some modifications to technical center regions where the center is governed by a hosting school district board. In this model a block grant is provided to each technical center in addition to the state grant funding already provided. Remaining funds would be provided in one of two ways. In regions where the center is hosted by a district the balance of

funding would be assessed to each district in the region whether or not students chose to attend the CTE center . The assessment would be based on the percentage of equalized pupils in a district compared to the total equalized pupils in the region. The assessment would be part of the district's education spending for purposes of determining its education homestead tax rate. This would distribute CTE costs across the region evenly without spikes resulting from students from any particular district participating in technical education.

For a technical center school district, the amount of funding needed beyond the block grant would be provided by a regional rate based on a CTE budget approved by the region's voters. That rate would be set as in Model 1 but would be smaller than in that model because of the block grant funding.

The amount of the per pupil block grant is determined by dividing the block grant total by the number of equalized pupils in the state. Each CTE center would then receive its block grant based on the per pupil amount multiplied by the number of equalized pupils in the region. In modeling this proposal, the block grant total was determined by using the amount of state on-behalf payments it makes to each CTE center. However, any amount deemed appropriate could be used.

Providing a block grant would not increase the bottom-line spending of the Education Fund. Some of the CTE funding that is now part of local education spending would be shifted to a block grant. This would lower the locally voted Education Spending for districts that before paid a tuition to a technical center. In order to raise the same amount for the Education Fund, the yield would drop slightly. The end result is to spread out the funding burden to all districts, not just those districts with students partaking in CTE programs.

Outlines of the current system and the models are provided below.

Current CTE Funding System

Determining CTE Assessment (Tuition)

1. Determine Total CTE Budget

2. Subtract Expected Revenues

a. Perkins

b. State Tuition Assistance

c. State Tuition Reduction (35%)

d. Etc.

3. Divide Result by Full Time Equivalent enrollment averaged over the most recent 6 semesters (FTE).

4. Result Is Tuition Paid to CTE by Sending District based on the FTE in Two Parts

a. State Makes On-behalf Payment from Money It Owes District

b. District Pays Remainder

Determining Local District Tax Rate

1. Determine Education Spending

a. Determine Total Expenditure Budget

b. Subtract Expected Revenues

i. State categorical grants

ii. Federal grants

iii. Tuition Revenue

iv. Prior Year Surplus

v. Etc.

c. Difference is Education Spending

i. Paid to District from Education Fund

ii. CTE Assessment is Part of Education Spending and Composed of

1. State on-behalf Payment

2. Local Payment

2. Divide Education Spending by Equalized Pupils

3. Divide the Result by The Yield

4. Result is Homestead Property Tax Rate before any local CLA adjustment

CTE Funding Proposals

Model 1

Applies to Technical Center School Districts

1. Determine Total CTE Budget (voter approved)

2. Subtract Expected Revenues

a. Perkins

b. State Tuition Assistance

c. State Tuition Reduction (35%)

d. Etc.

3. Divide Resulting net budget by the number of equalized pupils in the region

4. Result Is the Per Pupil Amount Used to determine the Regional Tax Rate

5. Divide the Per Pupil Amount by the Yield

6. Result is the Regional CTE Tax Rate

7. Regional CTE Tax Rate Appears as a Separate Education Tax on all Town Tax Bills in the Region (Adjusted by Town CLA)

8. The CTE Center net budget is Paid Directly from the Education Fund with no assessment from any district.

Model 2 – Preferred

Technical Center Hosted by a School District

1. Block Grant (Same as Block Grant for Technical Center School District)

a. Divide State Total Block Grant Amount by Total State Equalized Pupils

b. Multiply Resulting Per Pupil by Number of Equalized Pupils in CTE Region

c. Resulting Amount is Sent to Regional CTE Center from the Education Fund as a Categorical Grant

d. Block Grant Funds Are Raised by Adjusting (Lowering) the Yield

2. Determine Total CTE Budget (Voter Approved)

3. Subtract Expected Revenues to Determine Assessment

a. Perkins

b. State Tuition Assistance

c. State Tuition Reduction (35%)

d. Block Grant

e. Etc.

4. Divide Resulting Assessment by The Number of Equalized Pupils in The Region

5. Assess Each District in The Region by Multiplying the Per Pupil Amount in Step 4 Times the Number of Equalized Pupils in the District.

Technical Center School District

1. Block Grant

a. Divide State Total Block Grant Amount by Total State Equalized Pupils

b. Multiply Resulting Per Pupil Amount by Number of Equalized Pupils in CTE Region

c. Result is Sent to Regional CTE from the Education Fund as a Categorical Grant

d. Block Grant Funds Are Raised by Adjusting (Lowering) the Yield

2. Determine Total CTE Budget (Voter Approved)

3. Subtract Expected Revenues

a. Perkins

b. State Tuition Assistance

c. State Tuition Reduction (35%)

d. Block Grant

e. Etc.

4. Divide Result by the Number of Equalized Pupils in The Region

5. Result Is The Per Pupil Amount Used to Determine the Regional Tax Rate

6. Divide the Per Pupil Amount by the Yield

7. Result is the Regional CTE Tax Rate

8. Regional CTE Tax Rate Appears Separately on Each Town Tax Bill in the Region (Adjusted by Town CLA)