

REPORT HIGHLIGHTS SPECIAL STUDY

Subject

A joint technological education district (JTED) is intended to improve vocational education offerings and serve students more cost-efficiently. This report focuses on the operations of an established urban and rural JTED.

Our Conclusion

Courses taught by JTEDs at their central campuses are more extensive than other vocational courses. However, most JTED courses are actually “satellite courses” taught at high schools. Although these courses receive additional funding as JTED courses, they are essentially the same as other high school vocational courses. Further, a growing number of vocational courses are being converted to JTED Satellite courses, with significant cost implications for the State.

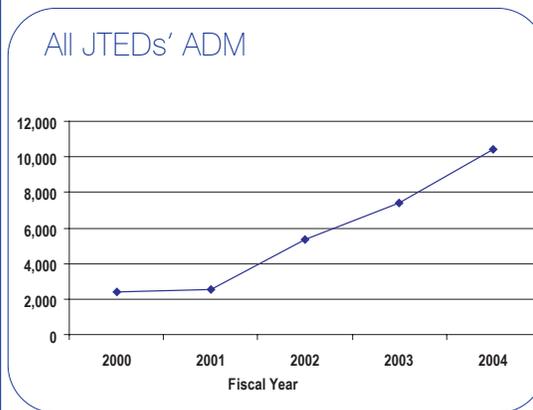


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State-wide Growth in JTEDs Despite Moratorium

First authorized in 1990, there are currently 10 JTEDs with a combined student attendance, known as average



daily membership (ADM), of over 10,000 ADM. Although in FY 2002 a moratorium was placed on the formation of new JTEDs, the ADM at JTEDs has almost doubled since the moratorium was imposed.

EVIT and NAVIT—An Urban and a Rural JTED

The urban East Valley Institute of Technology (EVIT) began operating in 1991 and has a central campus in Mesa offering 60 courses in 17 different programs, including information technology, automotive technology, nursing services, and culinary arts. Classes count as elective credit toward high school graduation, and one-half of the classes qualify for college credit. On average, about 2,000 students attend morning or afternoon classes at EVIT's Central campus.

The rural Northern Arizona Vocational Institute of Technology (NAVIT) began operating in 1999, and its offices are located on the Northland Pioneer College

campus in Snowflake. It offers 57 courses in 7 programs, including cosmetology, nursing, welding, and fire science. These programs provide high school and community college credit. About 340 students attend morning or afternoon classes at NAVIT's Central campuses.

Students in EVIT and NAVIT come from their member school districts. EVIT has 10 member districts; NAVIT has 11.

Central courses offered on JTED campuses— EVIT owns and operates its campus and directly employs teachers. The campus has over 359,000 square feet housing such facilities as

automotive shops, welding booths, and kitchens that give students hands-on experience.

In contrast, NAVIT partners with Northland Pioneer College (NPC) to provide facilities and teachers. NAVIT serves students in a 13,000-square mile area and its centralized classes are taught at NPC's four campuses and two educational centers. NAVIT also partners with Gila Community College to provide classes for students in the Payson Unified School District.

Satellite courses provided at member school districts—JTEDs also offer Satellite courses, which are

taught at the member districts by high school teachers. As described later, there is a financial incentive for the districts to offer Satellite courses rather than their own vocational courses. As a result, by FY 2004, EVIT's member districts had converted most of their vocational courses into EVIT Satellite courses, and NAVIT member districts had converted all of their vocational courses into Satellite courses.

Satellite students now represent 66 percent of EVIT's total ADM and 77 percent of NAVIT's total ADM.

EVIT and NAVIT are mostly state funded—In FY 2004, EVIT received 47 percent of its revenue from state equalization assistance and another 32 percent from local property taxes. The rest came from other local revenues, federal and state programs, summer school, and Proposition 301 monies. For NAVIT, 86 percent of its revenue came from state equalization and about 9 percent from local property taxes.

Students may count as more than 1 ADM—By law, a JTED student may be counted for up to 2.0 ADM. A student who attends 4 hours of classes at a JTED central campus and 4 hours at the member district's high school may be counted for 1.0 ADM by both the JTED and the member school district.

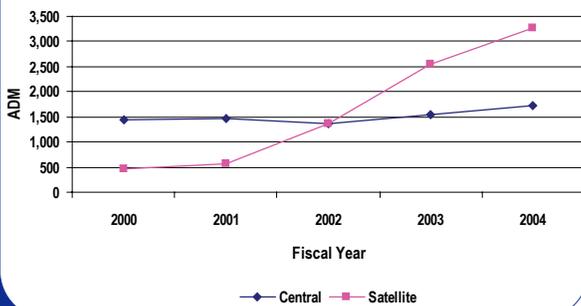
A JTED may also partner with a community college district (CCD), giving the students an opportunity to earn college credit while at the same time earning high school credit. Similar to ADM, a college may count a full-time student equivalent (FTSE). This can potentially triple the state funding. For example, for one student enrolled in a JTED Central class, the JTED may receive 1.0 ADM, its member district may receive 1.0 ADM, and the CCD may receive 1.0 FTSE.

ADM for Satellite students is limited to an additional .25 ADM. That is, if the student attends 5 or more hours of regular and Satellite classes at the member district's school, the law permits the JTED and the member district together to count 1.25 ADM for that student.

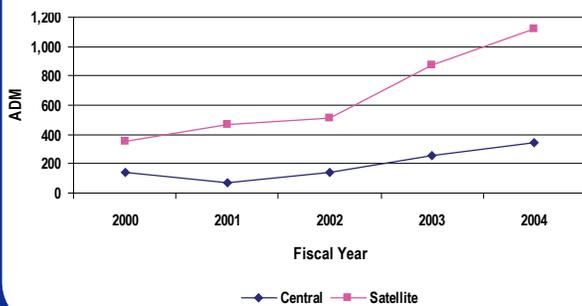
EVIT and NAVIT have overstated ADM—Students attending EVIT Central classes received 2.5 hours of instruction. According to state law, these students should be counted as .50 ADM. However, EVIT counted them at 3 hours, or .75 ADM. Similarly, NAVIT students attended Central classes for 3 hours (.75 ADM), but NAVIT counted them at 1.0 ADM. As a result, EVIT and NAVIT overstated their related funding by about \$2 million and \$320,000, respectively, in FY 2004 alone.

Significant revenues passed through to member districts—EVIT paid member districts about \$8.9 million, which represented about one-third of its expenditures. NAVIT paid members \$4.3 million, or about 74 percent of its total expenditures. Most of these monies are to pay for Satellite courses that districts provided.

Growth of EVIT Satellite and Central Campus ADM



Growth of NAVIT Satellite and Central Campus ADM



Monies not used for vocational education— While EVIT and NAVIT specify that pass-through monies are to be used for vocational education, the member districts have not increased their vocational education spending in proportion to the monies they have received. NAVIT members have spent

only about 62 percent of the additional funding received on vocational education; EVIT members' total maintenance and operational spending on vocational education has actually declined by 7 percent.

EVIT and NAVIT Central Courses Are More Extensive Than Other Vocational Courses

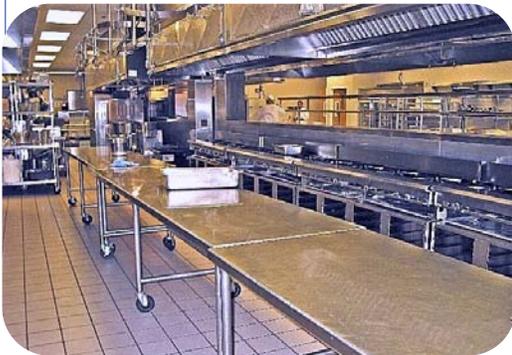
The Central classes offered by EVIT and NAVIT do not duplicate vocational education courses offered at other districts. Rather, the Central campus classes are more extensive, the instructors have higher qualifications, and the facilities are better. For example,

culinary courses at EVIT were conducted for 2.5 hours per day and were taught by teachers with culinary industry experience. Culinary courses taught at the member districts were conducted for 1 hour per day and teachers did not have culinary industry experience. Further, the EVIT facilities were designed for commercial operations, while member districts' kitchens resembled home kitchens.

Member District Culinary Program



EVIT Culinary Program



EVIT and NAVIT both offered a number of courses that were not available from surrounding districts that are not JTED members.

Need to Examine Educational and Fiscal Impacts of Central and Satellite Classes

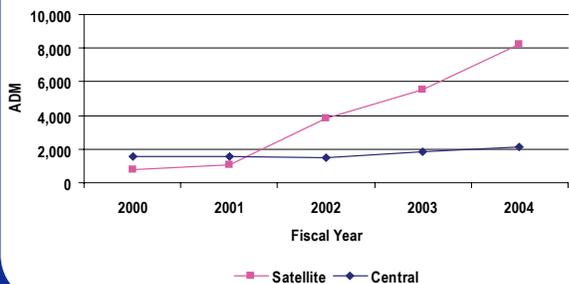
Although Central classes appear to offer the greatest educational impact, most JTED growth is in Satellite courses, which may have significant fiscal impacts for the State.

Greatest educational impact from Central courses— Four JTEDs offer a combination of Central and

Satellite classes, while the other six offer only Satellite classes. The Central classes appear to provide a more advanced level of study and greater educational impact. Central class instruction time is two to three times longer, instructors generally have industry experience and professional certifications, and the facilities are more state-of-the-art.

Major growth is in Satellite courses—Between FY 2001 and 2004, Satellite membership grew 698 percent.

All JTEDs' Growth in Central and Satellite ADM



Central classes had more students until FY 2002. Then districts recognized the added .25 ADM for Satellite classes as a financial incentive to convert their vocational education classes to Satellite classes. As a result, funding for JTED Satellite courses

grew from about \$3.8 million to \$31.7 million between FY 2001 and 2004.

If the trend to convert regular vocational classes to Satellite courses is extended to all high school vocational courses in the State, the additional cost increases would exceed \$100 million.

Other issues that may increase costs—

- In conjunction with establishing the moratorium on forming additional JTEDs, a funding cap was placed on the two newest

JTEDs. Removing the funding cap on these two JTEDs will immediately increase state funding by about \$3.5 million.

- An Attorney General Opinion issued this year may permit Satellite courses to be converted to Central courses—allowing current Satellite students to potentially be counted for up to 2.0 ADM.
- Expansion of JTED payments to students in 7th and 8th-grade vocational classes. Four JTEDs have elementary school districts as members.
- Increased classification of general education classes—such as English and math—as vocational courses when considered prerequisites for vocational programs. NAVIT currently includes such classes in its ADM.
- Increased community college participation, resulting in higher FTSE counts.

Satellite funding is inequitable and less efficient—Satellite funding is inequitable as the funding is only available to JTED members, even though nonmember districts provide similar classes. It is also less efficient than directly funding school districts for vocational education classes because the JTEDs retain a portion of Satellite funding for administration.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling **(602) 553-0333**



or by visiting our Web site at: www.auditorgen.state.az.us

Contact person for this report: Ross Ehrick

Recommendations

The Legislature should:

- Determine the best method to fund vocational education throughout the State.
- Consider whether resource limits are needed for vocational education funding.
- Consider whether all funding provided for vocational education must be spent for vocational education.
- Consider clarifying the type and level of courses that may be included for JTED funding.