



# Issues Update

October 11, 2023

*Issues Update* is a report from the Kentucky Association for Career and Technical Education (KACTE) written by Executive Director Michael R. Stone and shared with members. As needed, *Issues Update* will report on state and federal Career and Technical Education (CTE) policy and legislative developments. KACTE and Stone can be reached at [kmstone1951@gmail.com](mailto:kmstone1951@gmail.com) or 502-223-1823.

## KACTE Supports New CTE Funding Model

The Kentucky Association for Career and Technical Education (KACTE) advocacy priority for the 2024 Kentucky General Assembly session will be to maintain current state funding for Career and Technical Education (CTE) programs and support a funding model developed and presented by the Kentucky Department of Education Office of Career and Technical Education (OCTE). A summary of the OCTE proposal is attached as the last page of this *Issues Update*.

OCTE Policy Adviser Regan Satterwhite reviewed the proposal with KACTE Officers, KACTE Advocacy Committee Chair Mike Miller, and KACTE contract Legislative Agent Jeff Busick on Aug. 22. The funding model targets programs, not schools. The KACTE Board adopted the Committee recommendations at its Sept. 8 meeting.

With both Gubernatorial candidates expressing support for education, and one proposing \$100 million for CTE school construction, the Advocacy Committee will prepare a statement pointing out the need for updated or new school construction and recommending inclusion of funding in the 2024-26 biennial budget.

A statement on the importance of adequately compensating teacher will be written prior to the General Assembly session. It will compare teacher salaries in nearby states and note the loss experienced by Kentucky teachers due to inflation and the absence of raises in the past.

**KACTE IS PARTNERING** with OCTE in development of a teacher recruitment and retention initiative. KACTE paid for two representatives to attend the national *Teach CTE Summit* in June. A possible advocacy statement may be one result that may be supportive of legislation House Education Committee Chair Rep. James Tipton is considering to address recruitment and retention.

It was reported that a "clean-up bill" will be introduced to address controversial elements of *Senate Bill 150* that passed in the 2023 session, in part regarding instruction and practices involving sex education and identity. The Advocacy Committee determined there was insufficient information on which to base a policy position.

The 2024 General Assembly session will begin Jan. 2. It will be a 60-day session, with the most important business passage of a 2024-26 biennial budget. The session will adjourn April 15. It will not meet on Martin Luther King Day or Presidents' Day. The veto recess is March 29-April 9.

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### KACTE Advocates More Perkins Appropriations

Although the United States House of Representatives is at a standstill as this is written due to the absence of a Speaker, and the government is operating on a temporary Continuing Resolution that keeps funding at the Fiscal Year 2023 level, KACTE's Advocacy Committee communicated with all eight members of Kentucky's Congressional delegation urging increased appropriations for Perkins Act programs.

In its appropriation legislation for Labor-Health and Human Services-Education programs, the House held the Perkins Act, which is the federal funding for Career and Technical Education (CTE), at the same level. However, the Senate version of the legislation increased Perkins Act funding by \$40 million.

KACTE's request for increased funding cited CTE's impact on:

- **The Economy** — CTE is the educational pathway for two-thirds of all jobs, including the critical middle skill jobs on which the United States economy is built.
- **Society** — CTE concentration leads to employment opportunities helping to lower unemployment and reduce transfer payments and social costs.
- **The Individual** — CTE guides students toward career opportunities and an improved standard of living.

"The federal oversight and funding of CTE is critical in providing accountability and incentives spurring CTE's accomplishments. CTE is working in Kentucky. Please help maintain strong federal support for CTE through Perkins Act appropriations. Please recognize this demonstrated, positive return on investment," KACTE wrote in the communication.

Staff for Senators McConnell and Paul, and Representatives Barr, Guthrie and McGarvey responded with appreciation for the information. KACTE advises all members to actively communicate with their legislators.

# Good News for CTE Continues in 2023

## **KCTCS Sees Year of Changes, Achievements**

In September, current Kentucky Commissioner of Agriculture Ryan Quarles, Ed.D., J.D., was named the fourth president of the Kentucky Community and Technical College System (KCTCS). He succeeds Paul Czarapata, Ed.D., who resigned in February.

Quarles holds seven postsecondary degrees, and at one time was a community college student. The Scott County native is a farmer and previously served as a state representative. He was selected after a nationwide search.

Also new to KCTCS leadership is Acting Chancellor Renee Waggoner, Ed.D. She succeeded Kris Williams, Ph.D., who retired in June. Waggoner, who earned her postsecondary degrees at Kentucky universities, began her academic career at Jefferson Community and Technical College and progressed through KCTCS administration. The Chancellor serves as the chief academic officer for KCTCS' statewide system of 16 community and technical colleges.

KCTCS announced a fall 2023 enrollment of 78,245, which is a 5.8 percent increase.

**KCTCS WAS RECOGNIZED** as the top two-year public college in the United States for credentials awarded per capita. In February testimony before the Kentucky House of Representatives Budget Review Subcommittee on Postsecondary Education, Kentucky Council on Postsecondary Education President Aaron Thompson, Ph.D., said Kentucky is second in the nation in building out credentials that matter, with half the state population holding a postsecondary credential. KCTCS' goal is 60 percent of the state population holding a postsecondary credential by 2030.

**Senate Joint Resolution 98**, passed by the 2023 General Assembly, requested a review of KCTCS to include recommendations on changes needed to its governance structure. Huron Consulting Group was hired to assess physical resources, academic programs and administrative support structures.

Implementation of prioritized opportunities began in August. They included space utilization, capital construction process, academic programming, organizational structure and services, strategic sourcing, data strategy, and project management.

The next steps will include more in-depth work on academic programming, organizational structure and service design, and project management. The work is to be completed by April 2024.

## **Teachers' Retirement**

The Kentucky Teachers' Retirement System (KTRS) reported investment gains in the last fiscal year of 10.61 percent in the Retirement Annuity Trust and 11.94 percent in the Health Insurance Trust. The KTRS assets are more than \$26 billion. KTRS has about 140,000 members. It pays benefits of about \$2.7 billion annually.

At a September meeting of the General Assembly's Interim Joint Committee on Appropriation and Revenue, KTRS pointed out a negative cash-flow position, but indicated it was manageable for a pension plan of its size. The system is funded at 58.8 percent of its target, with full funding anticipated in 30 years. KTRS will ask the legislature for appropriations of \$1.341 billion in Fiscal Year 2025 and \$1.455 billion in Fiscal Year 2026.

## **Positive Support for CTE**

CTE in Kentucky continues to report positive numbers. At the August meeting of the General Assembly's Interim Joint Committee on Economic Development and Workforce Investment, Associate Commissioner Beth Harris, Ed.D., reported more than 140,000 secondary students, approximately 70 percent of all Kentucky public secondary students, enrolled in at least one CTE course. Industry certifications totaled 20,696, and end-of-program assessments totaled 20,596.

At the Committee's September meeting, Sen. Gary Boswell suggested more students need to be enrolled in CTE. Rep. Kim King commented on Kentucky Work Ready Scholarships and was advised they are underutilized.

CTE concentrators continue to graduate high school at a higher percentage (more than 98 percent) compared to all graduates (89 percent). The increased CTE funding passed by the Kentucky General Assembly allowed an increase in the number of schools/locations receiving funding from 96 in 2021 to 316 in 2022.

CTE remains a focus in the Kentucky Chamber of Commerce's 2024 Legislative Agenda:

"The Chamber commends the 2023 General Assembly for investing in Career and Technical Education (CTE) and directing the flow of funding to enhance secondary instruction across the Commonwealth. With the passage of **SB 54**, Kentucky students will now be able to use their KEES dollars to pursue more careers within the CTE field. Employers are encouraged to participate on local CTE advisory boards to help shape the coursework needed to support their businesses and the local economy. . . Education officials, legislators, and businesses must work to address the shortage of teachers who can impart the skills education required to meet the job demands of economic development."

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## Background

In 2022, the Kentucky General Assembly (KGA) awarded Career and Technical Education (CTE) programming with a \$58 million increase to its Local Area Vocational Education Center (LAVEC) funding for secondary schools. This substantial increase allowed for the expansion of the “LAVEC pot,” which previously funded 42 LAVECS, to include all CTE programs in the state (316 schools). As a result, the 2022 biennium state budget funded CTE programming to 220 schools that had never received state funding before.

## Future Funding Goals

- Build upon the historic investment in CTE during the 2022 session of the KGA by sustaining adequate funding for all programs.
- Create an equitable funding system for Area Technology Centers (ATCs), LAVECs, and local CTE programs by codifying a new funding formula.
- Encourage schools to do the right things for students by incentivizing nationally recognized and research-based indicators of [high-quality CTE](#).

## Proposal

- ATC operational funds (salaries, utilities, etc.) will remain in the KDE budget-- approximately \$48.5 million.
- The new funding formula (previously called the LAVEC formula) will provide funding for equipment, consumables, teacher training, student organization events, etc., and will include all CTE programs in ATCs, LAVECs, and local programs.
- Programs must maintain eligibility for federal Perkins funding to qualify for state funding.
- The funding appropriation will be divided into two (2) categories for distribution:
  1. Sixty percent (60%) of the funding will be based on the value of weighted full-time equivalents (FTEs) for each program.
  2. Forty percent (40%) of the funding will be based on the following four (4) incentives:
    - Concentrators (students taking 2 or more credits in a pathway to gain marketable skills and knowledge related to a career path).
    - Technical skill attainment (passing an industry certification or end-of-program exam).
    - Work-based learning
    - Approved CTE dual credit
- School districts starting new programs may request to be added to the funding distribution and will undergo an approval process to identify the need for and viability of their new program.
- The mid-year adjustment will be eliminated.

## Benefits

- Creates equity in funding for all CTE programs. A welding student will equal the same value at a state-operated center, as he/she does in a locally operated center or program.
- Incentivizes indicators of high-quality CTE that are important to workforce development.
- Leverages federal dollars and simplifies reporting procedures and data management by requiring Perkins eligibility.
- Allows schools to budget appropriately by eliminating the mid-year adjustment.