



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FACT SHEET FOR S.B. 1525

JTED restoration and reforms

Purpose

An emergency measure that makes various reforms to Joint Technical Education Districts (JTEDs) and retroactively reverses a 7.5 percent reduction in JTED Funding.

Background

JTEDs were established in 1990 to deliver specialized vocational career and technical education (CTE) courses to high school students. Currently, 14 JTEDs operate in the state.

JTEDs operate and provide programs in one of three organizational models: centralized campus, leased centralized campus and satellite campus. Centralized campus JTEDs own and operate a central facility and may generate up to 1.75 average daily membership (ADM) between the JTED and the student's corresponding school district for the purposes of determining funding. Under the leased centralized campus model, JTEDs lease and operate a central facility and may generate up to 1.75 ADM under certain conditions between the JTED and member school district. Finally, satellite campuses are owned or operated by member school districts. Satellite campuses may generate up to 1.25 ADM between the member school district and the JTED (A.R.S. § 15-393). Approximately 90 percent of JTED students in the state are enrolled through satellite campuses.

JTEDs receive funding through local, state and federal monies similar to school districts. Funding is based on student enrollment and the costs are shared between state and local resources. JTEDs may levy a property tax of no more than .05 cents per \$100 of secondary net assessed property valuation. If the amount needed to fund the required formula is above the amount generated through the local tax, the JTED is entitled to state funds referred to as basic state aid. Member school districts that offer satellite CTE courses also receive payments from their JTED in the form of allocations, also known as pass-through monies. These amounts are established through intergovernmental agreements between the JTED and the school district.

Beginning in FY 2017 base support level funding for JTEDs is reduced to 92.5 percent. Additionally, base support level funding for school district and charter schools receiving satellite students is reduced to 92.5 percent. According to the Joint Legislative Budget Committee (JLBC), this reduction is estimated to reduce state aid funding by \$30 million in FY 2017.

There is an estimated fiscal impact of \$30 million to the state General Fund in FY 2017 as a result of funding JTEDs and satellite students at 100 percent instead of 92.5 percent. However, the fiscal impact may be less due to policy changes in this legislation.

Provisions

JTED Funding

1. Reverses, retroactive to July 1, 2017, a 7.5 percent reduction in funding for JTEDs, and funding for school districts and charter schools receiving satellite students, set to begin in FY 2017.
2. Removes, for the purposes of calculating student count for state aid, the following:
 - a) students who have graduated from high school or received a general equivalency diploma; and
 - b) students who are enrolled in an internship course as a part of a JTED program.
3. Prohibits school districts and charter schools from requiring students to generate a full 1.0 ADM or enrolling in more courses than are needed to graduate before enrolling and attending JTED programs or courses.
4. Includes charter schools, in addition to school districts, in the prohibition against barring or discouraging students from attending courses offered by a JTED.
5. Extends permanently the Joint Committee on Capital Review's authority to approve leases of leased centralized campuses.

JTED Programs and Courses

6. Requires JTED courses to:
 - a) require a majority of instructional time to be conducted in a laboratory environment, field-based environment or work-based learning environment;
 - b) demonstrate a need for extra funding; and
 - c) require specialized equipment in order to provide instruction to students that exceeds the cost of a standard educational course.
7. Prohibits a JTED course from being a course or any variation of a course, including honors, that is required under the minimum course of study to graduate from high school.
8. Requires JTED programs to:
 - a) fill a high-need vocational or industry need as determined by the CTE Division of ADE (CTE Division);
 - b) not require a student to obtain a bachelor's degree or more than two semesters of postsecondary education in order to work in the designated vocation or industry after graduation from high school and completion of the JTED program;
 - c) lead to certification or licensure in the designated vocation or industry that has been verified and accepted by that vocation or industry and that qualifies the recipient for employment for which the student would not otherwise qualify;
 - d) require instruction and instructional materials in courses that are substantially different from and exceed the scope of standard instruction and that include vocational skills, competencies and knowledge to be successful in the JTED program, vocation or industry;

- e) have an industry or vocation agree to provide financial or technical support to the JTED for a specific program; and
 - f) demonstrate a need for extra funding in order to provide the JTED program.
9. Specifies if there is no certification or licensure that is accepted by the vocation or industry then completion of the program must qualify the student for employment for which the student would not otherwise qualify.
10. Specifies *financial support* from an industry or vocation includes in-kind contributions and donations.
11. Specifies students must obtain a passing score of at least 60 percent on assessments for JTED education courses and programs and specifies those assessments must demonstrate knowledge in addition to skills or competencies in the designated vocation or industry.
12. Removes the requirement for JTED programs to be approved within 120 days of the submission of application.
13. Specifies JTED programs must demonstrate alignment through a curriculum, instructional model and course sequence to meet CTE prep program standards.
14. Specifies the defined pathway to career and postsecondary education must be in a specific vocation or industry as determined by the CTE Division.

Achievement Profile and Letter Grade

15. Requires ADE to include each JTED in the annual achievement profiles.
16. Requires ADE, subject to the State Board of Education (SBE) approval, to develop specific criteria applicable to JTEDs and include JTEDs in the letter grade classification system.
17. Directs ADE to include all of the following in the annual achievement profiles and letter grade classification:
- a) the graduation rate of all students enrolled in a CTE program or course;
 - b) the completion rate for each JTED program;
 - c) performance on assessments that demonstrate the level of skills, knowledge and competencies necessary to be successful in the designated vocation or industry; and
 - d) postgraduation employment rates for students who complete a CTE program.
18. Includes JTEDs in the Auditor General's (OAG) performance audits and directs the OAG to consider the differences and applicable laws for JTEDs.

CTE Division Review

19. Requires, beginning in 2020 and every five years thereafter, the CTE Division to review JTED programs and JTED courses to ensure compliance, quality and eligibility.

20. Withholds funding for the preceding school year for any JTED program or JTED course deemed to not meet statutory requirements.
21. Removes JTED programs and JTED courses that do not meet statutory requirements from the approved program and course list.
22. Allows the CTE Division to establish a staggered schedule to conduct the five year reviews of each JTED.
23. Modifies the annual CTE JTED report by removing a requirement for JTEDs to submit data to the CTE Division and modifies the contents of the report to include the following:
 - a) ADM and the actual student count delineated by centralized campus, satellite campus and leased satellite campus;
 - b) programs and corresponding courses by the location at which they are offered;
 - c) the enrollment of each program and course based on location;
 - d) a listing of programs and courses continued and discontinued as a result of the 5 year CTE Division review; and
 - e) a listing of programs and courses that were added by the CTE Division.
24. Retains the following from the annual CTE JTED report:
 - a) the costs associated with each program offered by the JTED; and
 - b) any other data or information deemed necessary by ADE.
25. Removes the following from the annual CTE JTED report:
 - a) the completion rate for each JTED program;
 - b) the graduation rate from the school district of residence of students who have completed a JTED program; and
 - c) a detailed list of career opportunities available to students after completion of a JTED program.

CTE Task Force

26. Establishes a 13 member CTE Task Force (Task Force).
27. Requires the Task Force to study and analyze the following:
 - a) uniformity in CTE course offerings and titles across all JTEDS;
 - b) uniformity in course sequencing for completing CTE programs across all JTEDs;
 - c) uniformity in certifications and licensure issued on completion of CTE programs across all JTEDs;
 - d) the establishment of open enrollment and school choice across all JTEDs;
 - e) JTED financing and allocation of monies to member districts and charter schools for students enrolled at satellite campuses;
 - f) the reduction of duplicative CTE programs and courses based on locations of other satellite campus, centralized campus, leased centralized campus and community college CTE program and course offerings; and
 - g) any other issues to reform, promote and enhance CTE.

28. Outlines the Task Force's membership as follows:
 - a) three members of the Senate, one of whom is designated the cochairperson, appointed by the President of the Senate, and not more than two of whom are members of the same political party;
 - b) three members of the House of Representatives, one of whom is designated the cochairperson, appointed by the Speaker of the House of Representatives, and not more than two of whom are members of the same political party;
 - c) one member who is affiliated with a statewide policy and research organization that has a background in school finance, school choice and education policy and appointed by the Governor;
 - d) one member who is affiliated with a major taxpayer organization appointed by the Governor;
 - e) one member who represents a high-need vocation or industry in this state appointed by the Governor;
 - f) two members who each represent a different JTED appointed by the President of the Senate, one of whom shall be from a JTED that has a majority of students enrolled in a centralized campus and the other member shall be from a JTED with a majority of students enrolled at satellite campuses; and
 - g) two members who each represent a different JTED appointed by the Speaker of the House of Representatives, one of whom shall be from a JTED with more than 2,000 students and the other member shall be from a JTED with less than 1,100 students.
29. Requires the CTE Division to lend technical support to the Task Force and provide any data, research or information the Task Force may request.
30. States Task Force members are not eligible to receive compensation but are eligible to receive reimbursement of expenses.
31. Directs the Task Force to submit an annual report of its findings and recommendations for administrative and legislative action by December 15 to the Governor, the President of the Senate and the Speaker of the House of Representatives and requires the Task Force to provide a copy to the Secretary of State.
32. Repeals the Task Force on January 1, 2019.

ADE Review of JTEDs

33. Requires, as session law, ADE to immediately start reviewing the compliance and eligibility of all JTED programs and JTED courses currently in effect with the new requirements of this act.
34. Directs ADE to submit quarterly progress reports through December 31, 2018, to JLBC for:
 - a) review on ADE's progress; and
 - b) the subsequent approval or rejection of currently eligible JTED programs and JTED courses.

35. Withholds funding from any JTED program or JTED course that is deemed to have not met the requirements of this act.

OAG Special Audit

36. Directs, as session law, the OAG to conduct a special audit of JTEDs, as scheduled by the Joint Legislative Audit Committee, that includes the following:
- a) the delivery of CTE for schools that are not included in a JTED compared to the delivery of CTE in a JTED;
 - b) the delivery of CTE at a centralized campus compared to the delivery of CTE at a satellite campus;
 - c) the growth in satellite campus programs compared to centralized campus programs;
 - d) the spending habits of JTEDs;
 - e) the efficiency of JTED practices and administrative spending;
 - f) the relationship between JTEDs and member districts and services provided to member districts;
 - g) the variety, scope and duplication of JTED program and course offerings; and
 - h) any follow-up issues arising since the previous audit or any other issues necessary for the completion of the audit as determined by the OAG.

Miscellaneous

37. Requires, beginning July 1, 2016, the intergovernmental agreement between a JTED and another JTED, school district, charter school or community college district to include the following:
- a) that JTEDs provide the following minimum services:
 - i. professional development of CTE teachers at a satellite campus; and
 - ii. ongoing evaluation and support of satellite campus programs and courses to ensure quality and compliance; and
 - b) an itemized listing of other goods and services that are provided to the member district and that are paid for by the retention of satellite campus student funding.
38. Requires the OAG, in consultation with ADE, to develop and establish uniform cost reporting guidelines, policies and procedures for JTED programs and requires any guideline, policy or procedure to allow for the effective comparison of cost between JTED programs.
39. Makes technical and conforming changes.
40. Becomes effective on signature of the Governor, if the emergency clause is enacted, with a retroactive provision as noted.