California Department of Education

Executive Office

SBE-002 (REV. 11/2017)

memo-eab-cctd-feb20item01

# **MEMORANDUM**

DATE: March 2, 2020

TO: MEMBERS, State Board of Education

FROM: TONY THURMOND, State Superintendent of Public Instruction

SUBJECT: Career Technical Education Incentive Grant Fiscal Year 2019–20 Awards

## Summary of Key Issues

California *Education Code* (*EC*) Section 53076 requires that the California Department of Education (CDE), in collaboration with the Executive Director of the State Board of Education (SBE), determine and make public at a regularly scheduled meeting of the SBE, the allocation formula used to allocate grant awards for the Career Technical Education Incentive Grant (CTEIG). In addition to the formula used for this competitive grant, the CDE must present preliminary grant award amounts; the number of grants to be awarded; the purposes for which grant funds may be used; and allowable and non-allowable expenditures.

The total amount of CTEIG funds available for allocation to school districts is $150 million for the fiscal year (FY) 2019–20. An item was originally posted for the January 2020 SBE meeting, but was pulled by the CDE and was not heard by the SBE. This memo will seek to address the CTEIG program and concerns posed by stakeholders.

## Background

The CTEIG is a competitive grant for which State funding has decreased from $400 million one-time funds in 2015–16 to $150 million ongoing funds starting in 2018–19. The 2019-20 funding cycle is the second year of ongoing funds, and there is not a cap on the number of LEAs that can apply or the amount that each LEA may request. LEAs are required to apply for this grant annually and must meet a 2 to 1 match requirement. The number of applicants has remained steady, however, the funding amount requested by LEAs has increased from $300 million in 2018–19 to $900 million in 2019–20. This reflects an increase in demand of 2.65 times the amount that was requested last year. All applicants may not be eligible to be funded, and due to demand, applicants who satisfy the eligibility and funding requirements may not be funded in full.

Statute requires three size distribution categories for funding based on Average Daily Attendance (ADA):

* Small: LEAs with an ADA of less than or equal to 140
* Medium: LEAs with an ADA of 141 to 550
* Large: LEAs with an ADA of more than 550

In 2018–19, after all applicants were reviewed and there was a determination of eligible applicants, there was $17 million in unallocated funds out of the $150 million appropriated because of the applicants’ inability to meet the match requirements. In order to distribute the funds in full, a determination was made to add to the amounts allocated for the large LEAs by creating three subcategories within the Large LEA category. Thus, a total of five categories were funded in 2018–19: Small, Medium, and three Large subcategories: Large A, Large B, and Large C. Using the five categories, all grant funds were awarded. This adjustment resulted in an increase of funds as compared to prior years for districts with ADA of 551–1100.

## Fiscal Year 2019–20

A total of 378 applications were submitted, requesting over $900 million in funding. Three standards were set to evaluate applications per *EC* Sections 53071 and 53073:

* The evaluation of high-quality CTE programs using a self-evaluation and reviewers’ scores,
* Evaluation of application narrative including budget narrative and three-year budget plan, and
* The relationship between the grant proposal and goals, actions, and services in the LEA’s adopted Local Control and Accountability Plan (LCAP).

All applicants were reviewed and evaluated by a team of scorers using the criteria set forth in the rubric (Attachment 1: High Quality CTE Program Evaluation).

The application review process was used to determine whether applications for renewal grants met the requirements of *EC* Section 53071 and 53073, which state that the Superintendent, in collaboration with the state board, must determine if a renewal grant is eligible for funding based on the metrics specified in the legislation.

Attachment 2 shows the metrics for the CTEIG program that must be reviewed for determining the eligibility of a renewal grant. The metrics are defined in the *EC* Section 53071 (c)(11)(B), and are listed in the attachment. These metrics were initially aligned to the metrics identified in the Perkins IV federal legislation and have been updated to include the new Perkins V accountability indicators.

Of the 378 total applications received in FY 2019–20, there were 288 that had applied in the previous year. The CDE reviewed the applications for the elements set forth in EC Section 53071(c)(1)-(10), and verified that all LEAs submitting a renewal application submitted the data required by 53071(c)(11). This data will be considered the base year data, and next year the CDE will be able to review 2 years of data for purposes of evaluating the efficacy of the LEAs program or whether different or additional data is needed for this purpose. Data for the FY 2017–18 applicants was collected by way of a survey, and was shared with the California Workforce Pathways Joint Advisory Committee (CWPJAC) in the fall of 2019. Data for FY 2018–19 is currently being collected, a significant portion of which is being directly submitted through the California Longitudinal Pupil Accountability Data System (CALPADS). Using CALPADS will provide a more comprehensive data set to review prior to awarding future funds.

For FY 2019–20, CDE staff, in collaboration with SBE staff and the CWPJAC decided to utilize the allocation method used in FYs 2015–16, 2016–17, and 2017–18, with the belief that the three funding categories (Small, Medium, Large) used in all years except the anomaly year, 2018–19, provides the most equitable distribution of these funds, especially in years, like this year, in which the program is oversubscribed. Changing the allocation methodology in 2018–19 was necessary to fully allocate the $150 million appropriated. However, by doing so, an anomaly was created and LEAs in one category received a disproportionate amount as compared with previous years. Moving forward, CDE will ensure that LEAs, CWPJAC, the SBE, and stakeholders are fully informed about the funding formula methodology for 2019–20 and beyond, through stakeholder and LEA engagement via email, webinars, and other communications.

## Proposed Grant Awards for FY 2019–20

Preliminary allocations for the CTEIG grant awards will be presented at the March 2020 SBE meeting. In preparation for presenting the item, the CDE staff undertook steps to ensure accuracy in the allocation formula; recalculated the CTEIG allocations based on the five categories used in FY 2018–19; and analyzed the resultant changes in allocations between the two fiscal years. Attached is a chart comparing allocations using three categories and using five categories (Attachment 3: Comparison of Categories and Allocation Runs).

Insights into the CTEIG funding and allocations over the past five cycles of funding are salient. One, when the initial CTEIG funding was first authorized, the funding was for a total of $900 million in one-time funds, spread out over three fiscal years.[[1]](#footnote-1) The last two funding cycles (FY 2018–19 and FY2019–20) were for $150 million each year. In contrast, the number of applicants stayed about the same, ranging between 330 and 400.

Two, the total CTEIG funds requested for 2018–19 was $353 million, while the total request for CTEIG funds in 2019–20 was $934 million. Given a fixed funding amount of $150 million, the FY 2019–20 request for funds from school districts was 2.65 times greater than in FY 2018–19. However, the total number of applicants for the two years (FY 2018–19 and FY 2019–20) stayed exactly the same at 378.

Three, in FY 2018–19 the LEAs in categories Large A and Large B received additional dollars, but would not receive those additional dollars pursuant to the proposed allocation for FY 2019–20. It was also the case, that prior to FY 2018–19, on average, the LEAs in Large A and Large B received about the same amount as they would in proposed FY 2019–20. Further, the much higher request in funds in FY 2019–20 only exacerbates the difference that the LEAs from prior category Large A and Large B realized.

On January 29, 2020, the California State Assembly held a hearing for the purposes of updating the Committee on Education on the CTEIG, and kindergarten through grade twelve Strong Workforce Program. During this hearing, it was requested by a member of the Assembly that both options of allocations (three categories and five categories) be shared with the SBE for full transparency. Additionally, on February 25, 2020, the CDE staff will hold two webinars to explain the CTEIG allocation methodology.

## Attachment(s)

Attachment 1: High-Quality CTE Program Evaluation (15 Pages)

Attachment 2: Metric Recommendations (8 Pages)

Attachment 3: Comparison of Categories and Allocation Runs (2 Pages)

# **Attachment 3: Comparison of Categories and Allocation Runs**

**Award Categories for Fiscal Year (FY) 2015–16, 2016–17, 2017–18, and 2019–20.**

| **FY** | **Small** | **Medium** | **Large** |
| --- | --- | --- | --- |
| ***2015–16***  ***2016–17***  ***2017–18***  ***2019–20*** | <140 ADA | 141-549 ADA | 550+ ADA |

**Award Categories for FY 2018–19**

| **FY** | **Small** | **Medium** | **Large A** | **Large B** | **Large C** |
| --- | --- | --- | --- | --- | --- |
| ***2018–19*** | <140 ADA | 141-549 ADA | 550-1000 ADA | 1001-2500 ADA | 2500+ ADA |

**Number of Awardees Potential Awardees and the Amount Allocated and Proposed to be Allocated by Category**

| **Categories** | **FY 2018–19  No. of Awards** | **FY 2018–19  Total Allocated**  **Using Five Categories** | **Proposed FY 2019–20 No. of Awards** | **Proposed**  **FY 2019–20 Total Allocated If Five Categories Were Used** |
| --- | --- | --- | --- | --- |
| Small:  <140 ADA | **22** | **$2,000,160** | 20 | $2,445,576 |
| Medium:  141-549 ADA | **45** | **$6,010,502** | 52 | $10,108,579 |
| Large A:  550 – 1,000 ADA | **49** | **$10,493,459** | 46 | $  15,583,823 |
| Large B:  1,001 – 2,500 ADA | **54** | **$8,983,421** | 52 | $  $24,022,346 |
| Large C:  2501 + ADA | **167** | **$122,512,448** | 166 | $  $97,839,676 |
| TOTAL | **337** | **$149,999,990** | 336 | $  $150,000,000 |

**Number of Potential Awardees and the Amount Allocated by Category**

The table below shows the number of awardees and the amount allocated by category if three categories were used for FY 2018–19 instead of the five categories that were actually used. The table below also shows the proposed number of awardees and the amount allocated by category for FY 2019–20.

| **Categories** | **FY 2018–19 Potential**  **No. of Awards** | **FY 2018–19 Potential Total Allocated If Three Categories Were Used** | **FY 2019–20**  **Proposed No. of Awards** | **FY 2019–20 Proposed Total Allocated Using Three Categories** |
| --- | --- | --- | --- | --- |
| Small:  <140 ADA | 22 | $ 2,000,160 | **20** | **$2,445,576** |
| Medium:  141-549 ADA | 45 | $6,010,501 | **52** | **$10,108,579** |
| Large A:  550< ADA | 270 | $141,989,339 | **264** | **$**  **137,445,845** |
| TOTAL | 337 | $150,000,000 | **336** | **$**  **150,000,000** |

The information below refers to FY 2019–20:

* With five categories, 157 LEAs might receive less funds and 95 LEAs will receive more funds. 85 LEAs would receive the same amount of funds.
* The LEA with the highest loss might have their funding reduced by $ 902,370
* The LEA with the highest gain might have an increase of funds of $ 4,706,154

1. . The $900 million funding was for FY 2015–16 ($400 million), FY 2016–17 ($300 million), and FY 2017–18 ($200 million). [↑](#footnote-ref-1)