



Arizona State Senate Issue Brief

August 27, 2008

Note to Reader:

The Senate Research Staff provides nonpartisan, objective legislative research, policy analysis and related assistance to the members of the Arizona State Senate. The *Research Briefs* series, which includes the *Issue Brief*, *Background Brief* and *Issue Paper*, is intended to introduce a reader to various legislatively related issues and provide useful resources to assist the reader in learning more on a given topic. Because of frequent legislative and executive activity, topics may undergo frequent changes. Additionally, nothing in the *Brief* should be used to draw conclusions on the legality of an issue.

JOINT TECHNOLOGICAL EDUCATION DISTRICTS

INTRODUCTION

Created in 1990, Joint Technological Education Districts (JTEDs) act as “cooperatives” for public school districts to cost-effectively deliver specialized vocational and career and technical education course offerings for students to attain sufficient skills to enter into occupations that normally do not require a baccalaureate or advanced degree. Currently, 11 JTEDs operate career and vocational education programs in Arizona:

- East Valley Institute of Technology (EVIT).
- Northern Arizona Vocational Institute of Technology (NAVIT).
- Northeastern Arizona Technological Institute of Vocational Education (NATIVE).
- Gila Institute of Technology (GIFT).
- Valley Academy for Career and Technology Education (VACTE).
- Central Arizona Valley Institute of Technology (CAVIT).
- Cobre Valley Institute of Technology (CVIT).
- Coconino Association for Vocation, Industry and Technology (CAVIAT).
- Western Maricopa Education Consortium (West-MEC).
- Cochise Technology District (CTD).
- Pima County Joint Technological Education District.

FORMATION OF A JTED

Two or more school districts proposing to form a JTED must first conduct a needs-assessment for the particular geographic area. The school districts must then submit a plan for the establishment and operation of the JTED, including a proposed budget and estimated student enrollment, to the governing board of each school district included in the plan. Should each governing board approve the plan, the study and the plan are submitted to the State Board of Education (SBE) for consideration and approval.

Once the plan is approved by the SBE, the question of the JTED formation is submitted to the voters in each of the school districts included in the plan at the next general election. The ballot question includes a description of the potential tax rate (set at a maximum rate of .05 cents per state law) and the fiscal impact of that tax rate on a single family home valued at \$100,000. If the voters of a school district agree, the JTED may become operational on July 1 following the election.

A school district that elects to join an existing JTED must first receive approval from the JTED governing board. In addition, the question of joining the JTED must be placed on the ballot during a general election for voter approval in the school district proposing to join the JTED. A school district may also withdraw from a JTED with the majority vote of the majority of the governing boards of the school districts included in the JTED and the majority affirmative vote of the JTED governing board.

A two-year moratorium was placed on the establishment or expansion of JTEDs for FY 2002-2003 and FY 2003-2004, except for the two JTEDs that were in the midst of forming when the law was enacted. However, enrollment at the two new JTEDs was capped at 450 average daily membership (ADM) pupils. The limitations were modified for FY 2004-2005. The 450 ADM pupil cap was eliminated and instead the new JTEDs were allowed to receive additional funding through local monies only. A moratorium was continued on new JTED formation or joining through FY 2005-2006 and FY 2006-2007, with the exception of Pima County. The moratorium on the formation of new JTEDs or the joining of existing JTEDs was lifted beginning in FY 2007-2008.

JTED GOVERNANCE

JTEDs are governed by a joint board consisting of five members elected from five single member districts formed within the joint district. The boundaries of these single member districts are set so that the districts are approximately equal in population and generally follow election precinct lines. Members serve a term of office of four years.

Any registered voter and resident of a single member district may serve as an elected governing board member of a JTED. Beginning in FY 2005-2006, employees of the JTED or their spouses are prohibited from serving on the governing board of the JTED in which they are employed. New JTED governing board members are also prohibited from serving on other school or JTED governing boards, unless the member is serving in the last year of the member's term. (Laws 2006, Chapter 341, reforms are discussed in greater detail below.)

The Career and Technical Education (CTE) Division, at the Arizona Department of Education (ADE), reviews and monitors career and technical education programs that utilize state and federal monies. Beginning in FY 2006-2007, each JTED must submit each course to be offered for school year 2007-2008 and beyond for approval by CTE. (Laws 2006, Chapter 341, reforms are discussed in greater detail below.)

JTED OPERATIONAL MODELS

A JTED operates under one of the following organizational models: central, satellite or a combination. In a JTED that uses the central model, the member school districts send students to a centralized facility for instruction. Prior to FY 2008-2009, under this central campus model, the member district and the JTED were both allowed to claim, for funding purposes, up to 1.0 ADM, or enrollment, for a total of up to 2.0 ADM per student. However, the ADE is currently reviewing this funding structure to ensure that statute supports this distribution of funding. EVIT is the only JTED currently operating under the central campus model.

Under the satellite model, the member school districts provide the instruction and facilities for a JTED authorized vocational course. The member school district and the JTED share a combined 1.25 ADM per student, only if the school district either owns or operates the facility in which the courses are taught. The manner in which the 1.25 ADM is shared is determined by the member school district and the JTED through an intergovernmental agreement. Satellite courses account for the

majority of the enrollment growth experienced by JTEDs in the last five years.

JTEDs also collaborate with community college districts to allow for dual or concurrent enrollment courses for community college credit. In this case, the school district, the JTED and the community college all receive funding.

High school students enrolled in a JTED may attend a JTED program part-time and attend academic courses in core subject areas at another school during the school day. Students over age 22 may not attend a vocational program during regular school hours. The students over the age of 22 are not included in the student count for school funding purposes and ADE is prohibited from distributing money for students attending a JTED who have graduated from high school or who have received a General Educational Development diploma.

JTED FUNDING

The JTEDs receive funding through local, state, county and federal monies. The JTED's state funding formula is similar to the formula used by traditional school districts. Funding is based on student enrollment and the costs are shared between the state and local funds. A JTED may levy a rate of five cents per \$100 of secondary net assessed property valuation to generate the local contribution. Any amount needed to fund the required formula above the amount generated through the local tax is funded through state funds.

The JTEDs pass through a portion of the funding received for satellite courses to their member districts. These amounts are established through intergovernmental agreements between the JTED and the member school district. Prior to FY 2005-2006, school districts were not required to use these pass-through monies for vocational education. However, beginning in FY 2005-2006, member school districts were given three years to reallocate all pass-through monies received to vocational programs. (Laws 2005, Chapter 294, is discussed in greater detail below.)

Tuition may be collected for adult students and pupils who are residents of school districts that are not participating members of the JTED.

In FY 2005-2006, state aid funding for JTEDs was capped at the greater of the amount the JTED received in FY 2004-2005 or twice the amount that the \$.05 tax levy would generate. A modified cap was continued in FY 2006-2007, allowing for a two percent increase over FY 2005-2006. In FY 2007-2008, the cap on state aid funding was removed; however, state funding was reduced to 91.8 percent of the full formula amount provided in law to JTEDs. A "hold harmless" provision was attached stipulating that a JTED shall not receive less equalization funding in FY 2007-2008 than it received in FY 2006-2007, apart from changes in student counts and property valuations. In FY 2008-2009, state aid funding was further reduced to 91 percent, with the same hold harmless provision attached to maintain, at a minimum, the same level of funding received by the JTED in FY 2007-2008.

JTED CAPITAL FINANCING

Prior to FY 2008-2009, a JTED was allowed only to issue Class B bonds to construct new facilities at a central campus. In addition, Class B bonds could also be issued, at an amount not to exceed 30 percent of the cost of the new facilities, for soft capital items, computer hardware, furniture or other equipment, only if the bonds are issued for a period of no more than five years. The JTEDs are not eligible to receive capital funding through the Students FIRST legislation.

However, Laws 2008, Chapter 202, further allows a JTED to issue Class B bonds to finance a facility operated and maintained by a JTED (leased facility). If the leased facility is located on a school district campus, the JTED must enter into an intergovernmental agreement with the school district for ten years or the bond term, whichever is greater, with specific conditions related to the usage of the facility and compensation to the JTED if the facility is no longer used for JTED purposes. The leased facility is exempted from school building renewal funding and included as part of a school

district's square footage capacity for new school construction determination.

JTED REFORMS

In 2004, the Auditor General completed an analysis of two JTEDs: EVIT and NAVIT. The report found that each had converted a majority of the high school courses offered in their member districts to satellite courses without making substantive changes, resulting in higher state aid funding. Additionally, the Auditor General found that in some cases, student enrollment figures had been overstated and the other potential state fiscal impacts could occur if: 1) the state funding cap was removed; 2) JTEDs expanded to elementary schools; 3) nontechnical courses are included as prerequisites; and 4) the number of dual enrollment courses with community colleges increased. Additionally, in the report, the Auditor General recommended a review of the central and satellite models, restricting of vocational funds for vocational purposes and defining of the type and level of classes that should be included for JTED funding.

As a result of the findings, the Legislature approved Laws 2005, Chapter 294, which made several changes to JTED statutes intended to address a number of the issues raised in the Auditor General's report. Notable changes include the: 1) prohibition of JTEDs from receiving funding for courses attended by K-8 students; 2) requirement that school districts use JTED pass-through funding exclusively for vocational programs; 3) elimination of the calculation student enrollment for funding purposes for students engaged in general education coursework; and 4) enrollment caps that a JTED, community college and school district may claim for dual enrollment students. Additionally, a legislative task force was established to make more specific recommendations on JTED governance and funding.

Although the Task Force on Joint Education Districts did not make specific recommendations, certain issues discussed by the Task Force were proposed and approved during the 2006 legislative session. Laws 2006,

Chapter 341, made the following reforms: 1) the continuation of a state aid funding cap with a two percent increase and no expansion for JTEDs for FY 2006-2007, except for Pima County; 2) a specific definition for JTED courses with required course approval by the CTE; 3) property tax levy limitations for JTED districts; 4) uniform, standardized format for JTED intergovernmental agreements with member school districts; 5) additional reporting requirements for the JTEDs and the CTE; and 6) the elimination of funding for career exploration courses for grade 9 pupils.

• **ADDITIONAL RESOURCES** •

- Joint Technological Education Districts Statutes: Arizona Revised Statutes, Title 15, Chapter 3, Article 6
- State Board for Vocational and Technological Education
602-542-5057
www.azed.gov/stateboard/
- “Joint Technological Education District (JTED): Analysis of an Urban and a Rural JTED,” published by the Arizona Auditor General, December 2004
www.azauditor.gov/Reports/School_Districts/Statewide/JTED/JTED.htm
- “Arizona’s Joint Technological Education Districts (JTEDs),” published by WestED, August 2005
- East Valley Institute of Technology
www.evit.com
- Northern Arizona Vocational Institute of Technology
www.navit.k12.az.us
- Western Maricopa Education Center
www.west-mec.org
- Gila Institute of Technology
www.gift-tech.org
- Valley Academy for Career and Technology Education
www.vacte.com
- Central Arizona Valley Institute of Technology
www.cavitschools.com
- Coconino Association for Vocation, Industry and Technology
www.caviat.org
- Cochise Technology District
www.ctsd.k12.az.us
- Pima County Joint Technological Education District
www.pimajted.org