

# Fiscal Note

**BILL #** SB 1456

**TITLE:** CTEs; in-demand programs; funding

**SPONSOR:** Bennett

**STATUS:** Senate Engrossed

**PREPARED BY:** Gordon Robertson

## Description

The bill would require the Office of Economic Opportunity (OEO) to develop a state-wide in-demand education list for the purposes of Career and Technical Education District (CTED) funding for 9<sup>th</sup> grade students and students enrolled in the year immediately following high school graduation. OEO currently develops multiple regional in-demand lists for the same purpose. The bill would modify the enrollment requirements for 9<sup>th</sup> grade CTED students such that these students would be included in Average Daily Membership (ADM) counts if they are enrolled in a statewide in-demand program in 9<sup>th</sup> grade and continue in the CTED in 10<sup>th</sup> grade.

## Estimated Impact

Based on data from the Department of Education (ADE), we estimate the bill would increase General Fund K-12 Basic State Aid expenses by \$7.7 million annually beginning in FY 2025. The actual impact could be higher or lower than our estimate depending on the share of 9<sup>th</sup> grade students and students enrolled after graduation who would be counted in ADM under a statewide in-demand list, the contents of which are uncertain.

## Analysis

ADE reports that in FY 2024, there are 33,270 9<sup>th</sup> grade students enrolled in a CTED. Given that these students generally attend a CTED on a part-time basis, these 33,270 students would only generate ADM of 6,732. Under current law, however, the actual 9<sup>th</sup> grade ADM included in Basic State Aid calculations is lower than 6,732 due to 2 additional statutory limitations that apply to funding such students. To be included in ADM counts, ADE interprets current statute to require a 9<sup>th</sup> grader to:

- Be enrolled in a CTED program that, at the time they enroll, is included in the "in-demand education" list for their region that is published by OEO.
- Continue in the CTED until at least the 40<sup>th</sup> day of their 11<sup>th</sup> grade year.

When factoring in these requirements, CTED students who reached their 40<sup>th</sup> day of 11<sup>th</sup> grade this year and were enrolled in an in-demand program in 9<sup>th</sup> grade generated fundable ADM of 1,551 during the current school year, for a total cost of \$6.9 million. Under the bill, to be included in ADM counts, 9<sup>th</sup> grade students would instead be required to:

- Be enrolled in a CTED program that, at the time they enroll, is included in a statewide "in-demand education" list.
- Continue in the CTED until their 10<sup>th</sup> grade year.

ADE estimates that funding students under these new requirements would cost \$14.6M beginning in FY 2024, or \$7.7M above current law. The department's estimates assume that total 9<sup>th</sup> grade ADM would increase from 1,159 under current law to 2,451 under the bill, or an increase of 1,292, including:

(Continued)



- An increase of 193 ADM, or \$1.2 million, to require that 9<sup>th</sup> graders only continue in a CTED until 10<sup>th</sup> grade instead of 11<sup>th</sup> grade.
- An increase of 1,099 ADM, or \$6.5 million, to expand the list of fundable 9<sup>th</sup> grade CTED programs to include programs on a statewide list developed by OEO instead of a regional list.

ADE's estimate assumes that the new statewide in-demand list would include all regional in-demand programs. Should a statewide in-demand list exclude some programs otherwise found on a regional in-demand list, the actual impact of the change to a statewide in-demand list could be lower than estimated.

The bill would also allow students enrolled in a CTED in the year after graduation to generate ADM only if they are enrolled in a program on the statewide "in-demand education" list. We lack sufficient information to estimate the cost of this relatively small population being funded under a statewide list instead of regional lists.

**Local Government Impact**

None

3/13/24