



The State of Career Technical Education: An Analysis of State Secondary CTE Funding Models

EXECUTIVE SUMMARY

Providing high-quality Career Technical Education (CTE) requires robust, sustained funding designed to be responsive to both the rapidly evolving needs of industry and the diverse needs of learners.

With generous support from the Walton Family Foundation, Advance CTE embarked on an analysis of states' secondary Career Technical Education (CTE) funding models. The findings in *The State of Career Technical Education: An Analysis of State Secondary CTE Funding Models* build on baseline research conducted in 2014 by RTI International, with the support of Advance CTE, on behalf of the U.S. Department of Education and provide insights into current national trends on state secondary CTE funding.¹ To categorize state funding models for fiscal year (FY) 2022, Advance CTE used the definitions of foundational and categorical funding and the respective approaches found in *State Strategies for Financing Career and Technical Education*²; additionally, a new definition of hybrid funding was included. Read the website, research report and state case studies to learn more about state secondary CTE funding models in all states and the District of Columbia.

KEY TAKEAWAYS

1

State secondary CTE funding models are varied and complex.

2

States have increased their funding of secondary CTE over the past 10 years.

3

States are making changes to secondary CTE models to be more responsive to stakeholder needs, including learners.



State secondary CTE funding models are varied and complex.

States rely on a mix of federal, state and local policies to provide funding sources for secondary CTE.³ CTE programs can be costly to run because of the need for specialized equipment and facilities, smaller class sizes and additional staffing.⁴ Federal funding through Carl D. Perkins Career and Technical Education Act, as amended by the Strengthening Career and Technical Education for the 21st Century Act (Perkins V), cannot meet those costs alone, although local and philanthropic partners may also support CTE at the local level. States allocate secondary CTE funding to Local Education Agencies (LEAs) in various ways, often driven by differing education funding calculations, historical practices, governance and state-level priorities. States use the following models and approaches to fund secondary CTE.

State Funding Models



FOUNDATIONAL

Foundational funding finances programs out of general state aid formulas. Local administrators must decide how funds should be distributed across educational priorities (which may or may not include CTE).⁵



CATEGORICAL

Categorical funding is dedicated funding for CTE programs that is distributed to LEAs to support CTE. These approaches – which may include cost-based, student-based and/or unit-based formulas – typically target state funding for the use of CTE programming.⁶



HYBRID

Hybrid funding is a new funding model formulated by Advance CTE that reflects states that implement components of multiple categorical funding approaches or an optional categorical funding approach with a foundational funding model.

CATEGORICAL Funding Approaches



Cost-based approach

LEAs are compensated for CTE services based on their actual reported costs from the prior academic year. States may cap or limit the rate at which eligible expenses are reimbursed.⁷



Student-based approach

States distribute funds relative to the number of CTE learners enrolled based on the FTE* or average daily membership calculation in an LEA.⁸



Unit-based approach

States distribute funds based on a set of educational units (and their related costs) used to deliver CTE. Units may include pupils, instructors, equipment or materials.⁹

* An FTE learner is enrolled in an education program. Full-time status is typically determined by number of courses or instructional hours.

FUNDING MODEL / APPROACH (FY 2022)	STATES
FOUNDATIONAL Funding Model (6 states and the District of Columbia)	Alaska, District of Columbia, Maryland, Nebraska, Oregon, South Dakota, Wisconsin
CATEGORICAL Funding Model Cost-Based Funding Approach (8 states)	Colorado, Maine, New Hampshire, New Jersey, North Dakota, Oklahoma, Rhode Island, Virginia
CATEGORICAL Funding Model Student-Based Approach (23 states)	Arizona, Arkansas, Connecticut, Florida, Georgia, Hawai'i, Indiana, Iowa, Kansas, Kentucky, Michigan, Montana, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, West Virginia, Wyoming
CATEGORICAL Funding Model: Unit-Based Funding Approach (7 states)	Alabama, Delaware, Idaho, Massachusetts, Mississippi, Missouri, Washington
HYBRID Funding Model (6 states)	California, Illinois, Louisiana, Minnesota, Nevada, Utah

TAKEAWAY

2

States have increased their funding of secondary CTE over the past 10 years.

Advance CTE found that 27 states have increased their funding of secondary CTE since FY 2012. The increases in funding ranged from \$76,300 to \$2,888,959,549 with a state average of \$182 million. These investments reflect the growing focus and attention on CTE by policymakers across the country.¹⁰



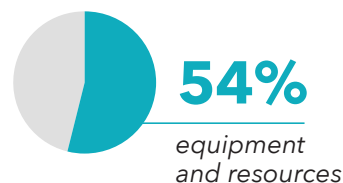
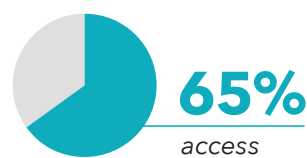
TAKEAWAY

3

States are making changes to secondary CTE models to be more responsive to stakeholder needs, including learners.

Advance CTE's vision for the future of CTE calls on states to design equitable funding models that direct funding to where it is needed most.¹¹ Realizing this vision means evaluating how funding structures perpetuate gaps among communities with different levels of available resources. Largely, states consider their categorical funding models for secondary CTE equitable because they provide funding to approved CTE programs that are available to all learners. When surveyed in 2022, **65 percent** of State CTE Directors reported state funds were used to support equitable access to secondary CTE programs of study, and **56 percent** reported state funds supported equitable completion of secondary CTE programs of study. Additionally, **54 percent** reported state funds supported equitable access to *equipment and resources in CTE classrooms*. Certain states have designed elements of their funding models to address CTE program quality, equitable funding across districts, and access to and completion of specific CTE courses or programs.

In secondary CTE programs of study state funds were used to support



Recommendations and Considerations

There remains significant room for innovation in states' funding models for secondary CTE to ensure that all learners have access to, feel welcome in and find success through CTE. State leaders and policymakers should consider the following recommendations and considerations to improve state funding models:

INNOVATION AND INCENTIVES



Evaluate the extent to which the use of state funds aligns with and reinforces the state's Perkins V plan and program quality indicators.¹²

Consider a performance-based add-on to foundational funding to focus on learner outcomes.

Offer state secondary CTE competitive grants to encourage innovation and exploration.

Incentivize success for special populations and subgroups.

FORMULA DESIGN



Acknowledge that each learner has unique experiences, backgrounds and needs by using learner markers (e.g., low-income, disability and English language learner status) to direct additional state funding where it is needed most.

Consider how to provide CTE beyond geographic borders, incentivizing schools or districts offering virtual learning opportunities or access to publicly funded CTE programs not offered in learners' home LEA.¹³

Differentiate funding by CTE program type in formulas, as some programs may have higher costs due to equipment needs or are aligned with high-priority sectors.

ONGOING POLICY AND PRACTICE



Periodically review and update funding approaches to meet evolving state priorities and workforce goals.

Introduce or strengthen state accountability frameworks to ensure that LEAs are using state funding to close equity gaps.

Tell the story of state investment in CTE at the local level so LEAs can best leverage resources across funding streams.

Visit our report [website](#) for a state-by-state exploration of the different models states use to provide funding for secondary CTE.

End Notes

- ¹ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>
- ² U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>
- ³ Center for Public Education. (2016, December). *Career and technical education: Building new pathways into the labor market*. <https://files.eric.ed.gov/fulltext/ED608870.pdf>
- ⁴ Klein, S. (2001). *Financing vocational education: A state policymaker's guide*. MPR Associates.
- ⁵ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>, x.
- ⁶ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>, x.
- ⁷ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>, xi.
- ⁸ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>, x.
- ⁹ U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>, xi.
- ¹⁰ Advance CTE. (2023, February). *State policies impacting CTE: 2022 year in review*. https://careertech.org/resource/2022_Year_in_Review
- ¹¹ Advance CTE. (2021, March). *Without limits: A shared vision for the future of Career Technical Education*. <https://careertech.org/without-limits>
- ¹² Perkins Collaborative Resource Network. (n.d.). *Indicators of performance*. <https://cte.ed.gov/accountability/core-indicators>
- ¹³ Advance CTE, Western Interstate Commission for Higher Education & Southern Regional Education Board. (2023, May). *CTE without borders policy playbook*. https://careertech.org/resource/cte_without_borders

