

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7296

BILL NUMBER: HB 1372

DATE PREPARED: Feb 22, 2000

BILL AMENDED: Feb 21, 2000

SUBJECT: Vocational education funding.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill for purposes of the vocational education formula that becomes effective in 2002, requires the Department of Workforce Development to provide the Department of Education with a report listing whether the Indiana average wage level for each generally recognized labor category is a high wage, a moderate wage, or a less than moderate wage. It uses this wage report (along with the reports categorizing vocational education programs by employment demand) in determining the amount of the vocational education grants.

The bill eliminates the vocational education funding component for pupils receiving a certificate of achievement. The bill also provides vocational education funding of \$150 per pupil for pupils participating in a vocational education program in which pupils from multiple schools are served at a common location. This bill also changes the expiration date of the law governing vocational education grants from January 1, 2002, to January 1, 2004.

Effective Date: December 31, 2001; January 1, 2002.

Explanation of State Expenditures: (Revised) The bill establishes a new vocational tuition support formula for CY 2002. The formula is substantially different from the 1999 CY formula. The current vocational education formula is based on the additional cost of providing the vocational education program. The program categories and additional weights for cost were initially established in 1975. The following table shows the program and the additional pupil funding for the program.

Vocational Education Program	Additional Funding per Pupil
Agriculture A (½ day)	\$608
Agriculture A (1 period per day)	\$304
Distributive Education	\$528
Health Occupation (laboratory)	\$528
Consumer and Homemaking (1 period per day)	\$224
Occupational Home Economics (laboratory)	\$528
Business Education (laboratory)	\$528
Industrial Education A (½ day)	\$768
Industrial Education B (2 periods per day)	\$528
Cooperative Education (all areas)	\$448
Area School Participation	\$144

The bill would change the formula to be based on project demand for individuals in labor market categories and wages paid in the market categories. The following table shows the new categories and the dollar amount of the grant for a one credit class. The dollar amounts are multiples by the number of credit hours of the class up to 3 credit hours.

Vocational Education Program	Grant Amount	Less than Moderate Wage	Moderate Wage	High Wage
Need of more than moderate number of individuals		\$360	\$450	\$540
Need of moderate number of individuals		\$270	\$360	\$450
Need of less than moderate number of individuals		\$180	\$270	\$360
All other programs	\$230			
Area Coordination	\$150			
Certificate of Achievement	\$0			

Using 1999 school year information provided by the Department of Workforce Development, the bill would distribute \$53.8 M. If the formula had been used for CY 1999, the formula in this bill would have distributed an additional \$0.8 M over the CY 1999 actual distributions, 143 schools would have received less revenue and 151 schools would have received more revenue. The changes in enrollments in specific vocational education programs could significantly impact the 2002 vocational education tuition support distribution. Schools that would lose revenue in CY 1999 might gain revenue when the new formula is applied in CY 2002.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Some schools will receive more revenue and some will receive less revenue than under the 1999 formula as noted above.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local Schools.

Information Sources: Department of Education Databases.