A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Special Study

Joint Technological Education Districts:

Analysis of an Urban and a Rural JTED

DECEMBER • 2004

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

Debra K. Davenport
Auditor General

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December 15, 2004

Members of the Joint Legislative Audit Committee

The Honorable Janet Napolitano, Governor

Transmitted herewith is a report of the Auditor General, A Special Study of the *Joint Technological Education Districts: Analysis of an Urban and a Rural JTED.* This report specifically addresses a legislative request approved by the Joint Legislative Audit Committee and was conducted under the authority vested in the Auditor General by Arizona Revised Statutes §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this special study to provide a quick summary for your convenience.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on December 16, 2004.

Sincerely,

Debbie Davenport
Auditor General

DD/lg

Enclosures

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SUMMARY

As directed by the Joint Legislative Audit Committee, the Office of the Auditor General has conducted an analysis of an urban and a rural joint technological education district (JTED), specifically the East Valley Institute of Technology (EVIT) and the Northern Arizona Vocational Institute of Technology (NAVIT). Chapters 1 and 2 of the report provide information on the structure, funding, and courses of the two JTEDs as requested by the Committee. Chapter 3 addresses the JTEDs' state-wide educational and fiscal impact.

In 1990, the Arizona Legislature enacted laws[1] allowing the State's public school districts to form JTEDs for the purposes of improving vocational education offerings and serving students more cost-efficiently. In 2002, the Legislature placed a moratorium[2] on the formation of new JTEDs and limited the ability of nonmember school districts to join the existing JTEDs. Despite these limits, average daily membership (ADM) at JTEDs has grown significantly in recent years, nearly doubling in the 2 years since the moratorium was established.

JTEDs operate under two organizational models, Central and Satellite. Under the Central model, the JTED operates a centralized campus to provide instruction facilities and services to students from its member districts. For each student attending its Central courses, the JTED can receive up to a full 1.0 ADM, and the member district can also claim up to 1.0 ADM per student, depending on the amount of instruction minutes they each provided the student. Thus, Central classes allow a potential 2.0 ADM to be claimed for each participating student. Four of the 10 JTEDs operating in fiscal year 2004 offered Central courses, with the majority of these at EVIT and NAVIT. Under the Satellite model, the member school districts continue to provide the instruction and facilities, and the JTED authorizes the member's specific vocational class to be reflected as the JTED's class and includes these students in the JTED's ADM. For each student enrolled in a JTED Satellite class taught at a member district, the JTED and its member district together receive up to 1.25 ADM, depending on the amount of instruction minutes provided. The JTED and its member district determine how the funding for each student will be shared between the two districts. Of the 10 JTEDs operating in fiscal year 2004, 4 operated using both

1 Arizona Revised Statutes (A.R.S.) §15-391, et seq.

2 Laws 2002, Chapter 330, Section 51 established a 2-year moratorium, and Laws 2004, Chapter 278, Section 7, extended it another year.

models, while 6 operated solely under the Satellite model. In fact, Satellite growth has accounted for 92 percent of the four-fold increase in JTED ADM between fiscal years 2001 and 2004.

JTEDs are funded through a mix of local, county, state, and federal monies, similar to conventional school districts. However, JTEDs receive a larger proportion of their ADM-driven funding from the State. School districts receive state equalization assistance when they levy at least a minimum property tax rate and still do not generate enough revenue to meet their expenditure limits. While conventional school districts must levy approximately $2 per $100 of primary assessed value to qualify for state equalization assistance, JTEDs need only levy at a rate of 5 cents per $100 of secondary assessed valuation. The lower qualifying tax rate often results in a smaller percentage of JTED funding coming from local property taxes when compared to conventional school districts.

Nine of the ten JTEDs that were operational in fiscal year 2004 passed the majority of their funding through to their member districts. The remaining expenditures were similar to those of a conventional school district, such as instruction and administration, except that JTEDs do not have transportation or food service expenditures.

The Arizona Department of Education (ADE), Career and Technical Education (CTE) Division reviews descriptive information submitted by each school district to determine which classes qualify as career and technical education. JTED classes are not required to be submitted to ADE for approval as career and technical education courses unless they are used to receive state or federal grants.

Analysis of Structure, Funding, and Expenditures of Established Urban and Rural JTEDs (pages 9 through 18)

EVIT and NAVIT operate using both the Central and Satellite models. EVIT owns and maintains facilities for its Central classes, while NAVIT partners with local colleges to provide its Central classes. Both EVIT and NAVIT have experienced significant growth in recent years, primarily in their Satellite programs rather than their Central programs. By fiscal year 2004, NAVIT's 11 member districts had converted all of their high school vocational education courses to NAVIT Satellite classes, contributing 77 percent of NAVIT's total ADM. Similarly, EVIT's 10 member districts had converted 238 of their 377 high school vocational classes to EVIT Satellite classes, providing 66 percent of EVIT's total ADM. Both districts, but especially NAVIT, received the majority of their funding from the State, and both districts passed a portion of their funding to their member districts for Satellite classes. However, member districts did not spend

all of this money on vocational education and, unlike Central JTED classes, the member district Satellite classes were generally no more extensive than the typical high school vocational classes. In fiscal year 2004, both EVIT and NAVIT overstated their ADM, and received approximately $2 million and $320,000, respectively, more funding than they otherwise would have. Additionally, to provide the college-level general education requirements for its nursing students, NAVIT offers a nursing prerequisites[3] program through Northland Pioneer College. This program included ten general education courses in science, math, English, and psychology, and NAVIT included the students enrolled in these classes in its ADM for JTED funding.

Due to the nature of their operations, EVIT's and NAVIT's expenditure patterns are not easily compared to conventional school districts'. For example, they provide neither food service nor transportation for their students. While this would be expected to increase their classroom dollar percentages, the JTEDs incur other costs that offset this advantage. For example, EVIT's extensive facilities and specialized equipment cause it to incur high plant maintenance and equipment repair costs. Additionally, EVIT and NAVIT have high administrative costs, partly due to activities such as recruiting students, working with businesses in the community, and tracking and funding Satellite classes.

Analysis of Vocational Courses Provided by Established Urban and Rural JTEDs (pages 19 through 24)

Vocational education courses that EVIT and NAVIT offer centrally do not duplicate courses offered by their member districts. Unlike central courses, member district courses, including their Satellite courses, were typically no more extensive than usual high school classes. Also, these JTEDs offer courses not available from surrounding, nonparticipating districts. Because the JTEDs sometimes partner with community college districts, some courses qualify for community college credit and result in increased funding for the community college districts in addition to the JTED and member district funding.

Educational and Fiscal Impacts of Central and Satellite Models (pages 25 through 31)

While the Central model provides enhanced vocational education through resource pooling, the Satellite model appears to provide only an additional funding stream for the JTED and its member districts. The Central JTED model has provided new courses at more advanced levels, in better facilities with more state-of-the-art equipment, that are taught by instructors with advanced certifications or more

3 Prerequisite classes are required before enrolling in other more advanced or technical courses.

extensive industry experience. These centralized classes also tend to include more instructional time per course. Satellite courses appear to be no more extensive than the typical high school vocational education courses taught by surrounding, nonmember districts. These courses are generally taught at the high school level, for a shorter instructional time, with more limited facilities and equipment. Additionally, member districts do not appear to be spending all of the additional monies received for Satellite courses on vocational education, and JTEDs exercise little or no oversight of these Satellite courses, providing almost no input for course content or other improvements.

Given current and potential JTED and member district practices, continued ADM growth may have substantial fiscal impacts on the State. These include conversion of all remaining vocational education courses to JTED Satellite classes, conversion of Satellite classes to Central classes, inclusion of general education classes as vocational prerequisite classes, expansion of community college district participation, and expansion of elementary school district participation. In addition, removing the state funding cap on the two newest JTEDs would also result in an immediate increase in state funding.

Currently, the factor with the most potential impact is conversion of all remaining vocational education classes to Satellite classes. Between fiscal years 2001 and 2004, JTED Satellite ADM grew 698 percent, while Central membership remained comparatively stable. This Satellite growth cost an additional $28 million in state aid and local property tax funding in fiscal year 2004. If all existing vocational education courses had been converted to JTED Satellite classes in fiscal year 2004, the related state aid and local property taxes would have increased from $31.7 million to approximately $138.3 million.

Lastly, as a method of funding vocational education, the JTED Satellite model is inequitable and less efficient than funding districts directly.

- Because Satellite monies are passed through the JTED, which retains a portion of the monies for administrative and other expenses, this method of funding is less efficient than directly funding the districts' vocational education courses.

- Unlike the state block grant for vocational education, which helps fund all school districts' high school vocational education programs that meet performance requirements, the JTED Satellite funding is available only to JTED member districts. And, in further contrast, these state block grant monies are restricted to being used for vocational education purposes while the JTED Satellite monies are not.

- The statutory moratorium prohibiting the formation of new JTEDs and limiting districts' ability to join existing JTEDs further compounds the inequity of Satellite

funding. For example, school districts in La Paz, Mohave, Pima, Santa Cruz, and Yuma Counties had not yet formed a JTED at the time the moratorium was established. As a consequence, most school districts in those counties are not currently eligible to form or join a JTED and satellite their existing vocational education classes to receive the added state funding.

TABLE OF CONTENTS

◆ continued

TABLE OF CONTENTS

continued

TABLE OF CONTENTS

Tables:

◆ continued

TABLE OF CONTENTS

Figures:

concluded ◆

INTRODUCTION & BACKGROUND

The Office of the Auditor General has conducted a special study of two joint technological education districts (JTEDs). As directed by the Joint Legislative Audit Committee (JLAC), our study centered on one urban and one rural JTED that had each been in operation for at least 3 years, the East Valley Institute of Technology (EVIT), and the Northern Arizona Vocational Institute of Technology (NAVIT). JLAC requested that auditors review the following:

- All sources of revenue, including monies coming to JTEDs either directly or indirectly through community colleges or school districts
- The major categories of JTED expenditures, including direct JTED expenditures and payments to school districts or community colleges. For payments to school districts and /or community colleges, determine if their use of the monies is discretionary or limited to vocational and technical education costs.
- Summary of any intergovernmental agreements
- List of participating high schools
- Description of the vocational classes or courses offered by the participating districts and the JTED
- Duplicative courses that are offered at both the participating high schools and the JTED, and the reason for both locations
- Courses provided by a JTED that surrounding, nonparticipating school districts do not provide
- The location where each course is taught
- The number of students enrolled in each course
- The courses, if any, for which the student received community college credit
- The courses, if any, for which a community college may include the instructional hours toward the college's full-time student equivalent count

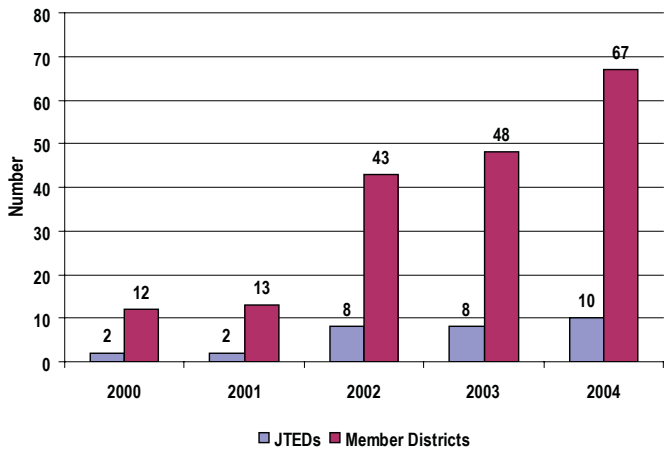
In compiling this requested information, auditors identified significant differences in the educational and fiscal impacts of the JTEDs' different operational models. Therefore, this information and the calculated potential impacts on state funding are also reported (see Chapter 3).

Background

In 1990, the Arizona Legislature enacted statutes[4] that allowed the State's public school districts to form JTEDs for the purpose of improving vocational education offerings and serving students more cost-efficiently. A 1990 Senate fact sheet for the proposed JTED legislation noted that, at that time, school districts in the State offered vocational education courses in varying degrees depending on their budget capacities, and that these courses cost from 20 to 115 percent more to operate than general education courses. Fact sheets and minutes from Senate education committee meetings in the early 1990s indicate that there was an expectation that the JTED legislation would be budget-neutral to the State, as the additional state aid to the JTEDs would be offset by reductions in state aid to the member school districts. Additionally, fiscal impact notes from a fact sheet indicated that the lower qualifying tax rate established for the JTEDs would reduce state aid for vocational education.

Statutes allow school districts to form a JTED upon voters' approval in each of their districts and prescribe that the forming districts appoint the initial governing board members, from individuals not currently members of any school board, to serve until the next general election. The related laws allow a JTED to offer vocational education courses at a Central facility separate from its members or in Satellite facilities at its member school districts' campuses.

Figure 1: Number of Operating JTEDs and Member Districts Fiscal Years 2000 Through 2004 (Unaudited)



Source: Auditor General staff analysis of information obtained from the Arizona Department of Education and the various JTEDs.

As shown in Figure 1, the number of operating JTEDs increased from 2 to 8 during fiscal year 2002, and an additional 30 school districts became members. Thus, due to concern over rapid JTED growth and the resulting fiscal impact on the State's budget, in fiscal year 2002 the Legislature placed a moratorium[5] on the formation of new JTEDs and limited the ability of nonmember school districts to join the existing JTEDs. This legislation allowed JTEDs that had already been approved[6] to begin operation, and allowed certain

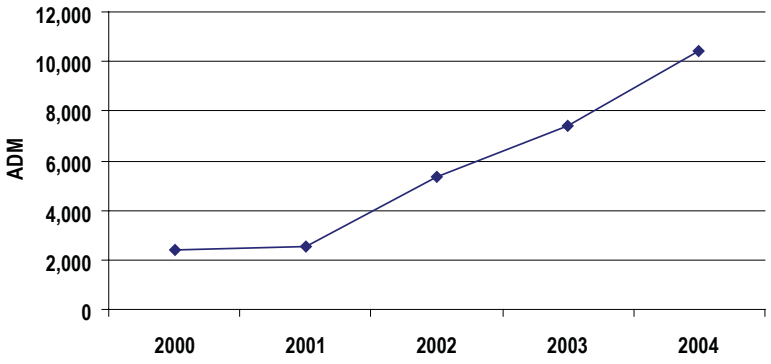
4 Arizona Revised Statutes (A.R.S.) §15-391, et seq.

5 Laws 2002, Chapter 330, Section 51 established a moratorium effective November 30, 2002 through June 30, 2004. Laws 2004, Chapter 278, Section 7, extended the moratorium through June 30, 2005.

6 School district boards must have voted to form the JTED before February 1, 2002, and obtained voter approval prior to November 30, 2002.

nonmember school districts[7] to join existing JTEDs. Unlike existing JTEDs, any newly formed JTED was limited to a maximum 450 average daily membership (ADM). In its 2004 session, the Legislature extended the moratorium for a third year. However, the ADM limitation for newly formed JTEDs was replaced by a requirement that state aid for fiscal year 2005 not exceed the amount from fiscal year 2004.[8] As a result, the newest JTEDs were able to increase their budget capacities in fiscal year 2005, but the additional funding must come from other sources, such as property taxes, and not from state aid.

Figure 2: Total JTED Average Daily Membership (ADM) Fiscal Years 2000 Through 2004 (Unaudited)



Source: Auditor General staff analysis of average daily membership counts obtained from the Arizona Department of Education.

Even with these limits, increased numbers of Satellite vocational classes at member districts (described below) and the addition of new member school districts have contributed to JTED ADM counts quickly escalating over the past couple of years. As Figure 2 illustrates, JTEDs' total ADM counts have nearly doubled since the moratorium was established in fiscal year 2002 as more school districts have become aware that JTED membership provides added funding.

Structure and Funding

JTEDs operate using two organizational models, Central and Satellite. These models affect the JTED's delivery of instruction and its funding, of which more than 90 percent comes from state aid and local property taxes.

Central versus Satellite courses—In some cases, the JTED operates a centralized campus to provide instruction facilities and services to students from its several member districts; this method is typically referred to as a "Central" campus. In the second method, the member school district continues to provide the instruction and facilities, the JTED authorizes the member's specific vocational or technical class to be reflected as the JTED's class, and the students in this class are included as the JTED's ADM. This alternative is commonly referred to as a "Satellite" class. JTEDs may also operate using a combination of these two models.

7 A school district that shares a border with a member district, or whose board voted to join the JTED at a public meeting before March 7, 2002, and obtained the district's voters' approval prior to November 30, 2002.

8 Laws 2004, Chapter 341, Section 10.

- **Central classes**—For each student attending a JTED course taught at the JTED's central location(s), the JTED can receive up to a full 1.0 membership. In the same manner as required for all school districts, the student is counted as 0.25 in membership for each 60 minutes of enrolled time per day. In addition to the potential 1.0 ADM for the JTEDs, the member districts could also claim up to a 1.0 ADM per student depending on the amount of instruction minutes they provided each student. Thus, Central classes allow a potential 2.0 ADM to be claimed for each participating student if the student is attending 4 hours of instruction per day at the JTED and at the member district. Four of the 10 JTEDs operating in fiscal year 2004 offered Central courses, with the majority of these at EVIT and NAVIT.

- **Satellite classes**—Based on A.R.S. §15-393, a JTED and its member district receive up to a combined 1.25 membership for each student enrolled in the JTED Satellite classes taught at the member district. Again, the membership is based on 0.25 ADM for each hour of instruction per day, not to exceed 1.25 ADM. The JTED and its member district determine how the funding for each student will be shared between the two districts.

The JTED receives the funding for all JTED Central and Satellite courses, although the member district is providing the facilities and instructor for the Satellite class. Consequently, intergovernmental agreements (IGAs) are used to specify how the JTED will share this funding with the member districts. The agreements, which typically have consistent terms for each member of a specific JTED, often provide for a stated portion of the maintenance and operation funding and the capital funding received for Satellite classes to be retained by the JTED and the remainder passed on to the member district. Two of the State's 10 JTEDs also share with their members a portion of the funding they receive for Central courses.

Generally, the JTEDs require their member districts to use these pass-through monies for vocational education. Although member districts are required to account separately for monies received from the JTED, some districts do not and the JTEDs typically do not adequately monitor use of the monies. Without such monitoring, there is currently no assurance that the pass-through JTED funding is being used for vocational education and for operational or capital purposes as appropriate.

JTED funding sources—As shown in Table 1 on page 5, JTEDs are funded through a mix of local, county, state, and federal monies, similar to conventional school districts.

Local monies—Approximately 30 percent of total JTED revenues in fiscal year 2004 were from local sources, primarily property taxes. Less than 15 percent of the local revenues came from other local sources, such as earnings on investments, payments from community college districts, and tuition for adult students.

County monies—Almost 4 percent of total JTED funding in fiscal year 2004 came from county equalization.

State monies—More than half of total JTED funding came from state sources including state equalization assistance, based on ADM and the JTED's qualifying property tax levy; state grants for vocational education; summer school monies; and Proposition 301 monies.

Table 1: Revenues by General Source for All JTEDs
Fiscal Year 2004
(Unaudited)

	Revenues				
JTED	Local	County	State	Federal	Total
Coconino Association for Vocation, Industry and Technology (CAVIAT)	$146,985	$138,118	$1,005,385		$1,290,488
Central Arizona Valley Institute of Technology (CAVIT)	277,582	141,858	3,081,613		3,501,053
Cobre Valley Institute of Technology (CVIT)	43,770	32,706	536,292		612,768
Cochise Technology District (CTD)	93,070	42,844	1,140,626		1,276,540
East Valley Institute of Technology (EVIT)	13,235,760	1,308,259	20,782,772	$ 725,671	36,052,462
Gila Institute for Technology (GIFT)	53,922	19,755	1,454,313	13	1,528,003
Northeastern Arizona Technological Institute of Vocational Education (NATIVE)	9,327		308659		317,986
Northern Arizona Vocational Institute of Technology (NAVIT)	624,184	163,624	5,719,407		6,507,215
Valley Academy for Career and Technology Education (VACTE)	365,641	195,059	1,101,293	339,136	2,001,129
Western Maricopa Education Consortium (West-MEC)	1,930,599		4,306		1,934,905
Total by Source	$16,780,840	$2,042,223	$35,134,666	$1,064,820	$55,022,549
Percentage of Total	30.5%	3.7%	63.9%	1.9%	100.0%

Source: Auditor General staff analysis of district-reported fiscal year 2004 accounting data.

- **State Equalization Assistance**—JTEDs receive a larger proportion of their ADM-driven funding from the State than other school districts. Districts receive state equalization assistance when they levy at least a minimum property tax rate, called the Qualifying Tax Rate (QTR), and still do not generate enough revenue to meet their expenditure limits. While conventional school districts must levy approximately $2 per $100 of primary assessed value to qualify for state equalization assistance, JTEDs, which always encompass more than one school district, need only levy at a rate of 5 cents per $100 of secondary assessed valuation. The difference in the qualifying tax rate for JTEDs often results in a smaller percentage of JTED funding coming from local property taxes when compared to the percentages at its member districts. For example, in fiscal year 2004, EVIT received 26 percent of its basic ADM-driven funding from property taxes and NAVIT received 9 percent from property taxes. However, EVIT's and NAVIT's member districts averaged 49 percent and 44 percent, respectively, of their ADM-driven funding from property taxes. Consequently, state equalization assistance is a larger percentage of the ADM-driven funding for JTEDs than it is for the member school districts.

- **Vocational education block grant**—While JTED funding is available only to JTEDs and their members, the State provides other funding for vocational education classes to all school districts through a state block grant for

vocational education. Under the block grant, school districts submit course information to the Arizona Department of Education (ADE) for approval as Career and Technical Education (CTE) courses and annually provide information to ADE regarding enrollment. ADE uses this information to allocate the available block grant monies to the districts, including JTEDs and/or their members that provide career and technical education.

- **Summer school**—JTEDs receive $26 for every day that a full-time student attends the program and $13 for every day that a part-time student attends. The districts do not receive monies for students who have already graduated from high school, obtained a general education diploma, or reached the age of 22.

- **Proposition 301**—JTEDs that employ teachers can receive Proposition 301 monies. These monies are generated by the sales tax voters approved in November 2000.

Table 2: Expenditures—Direct and Pass-Through for All JTEDs
Fiscal Year 2004
(Unaudited)

	Direct		Pass-Through		
	Amount	Percentage	Amount	Percentage	Total
Coconino Association for Vocation, Industry and Technology (CAVIAT)	$ 210,612	15.3%	$1,166,828	84.7%	$1,377,440
Central Arizona Valley Institute of Technology (CAVIT)	759,862	27.3	2,027,165	72.7	2,787,027
Cobre Valley Institute of Technology (CVIT)	228,942	39.4	352,189	60.6	581,131
Cochise Technology District (CTD)	105,852	8.3	1,165,046	91.7	1,270,898
East Valley Institute of Technology (EVIT)	18,239,069	67.3	8,869,907	32.7	27,108,976
Gila Institute for Technology (GIFT)	332,147	29.6	791,709	70.4	1,123,856
Northeastern Arizona Technological Institute of Vocational Education (NATIVE)	292,507	30.0	682,477	70.0	974,984
Northern Arizona Vocational Institute of Technology (NAVIT)	1,497,769	25.7	4,319,070	74.3	5,816,839
Valley Academy for Career and Technology Education (VACTE)	926,870	48.5	984,435	51.5	1,911,305
Western Maricopa Education Consortium (West-MEC)	537,877	29.2	1,305,890	70.8	1,843,767
Total	$23,131,507	51.6%	$21,664,716	48.4%	$44,796,223

Source: Auditor General staff analysis of district-reported fiscal year 2004 data.

Federal monies—Only about 2 percent of total JTED funding in fiscal year 2004 came from federal sources, such as the Perkins grant, which supplements instruction for students in vocational and technical programs, and Title I, which supplements instruction for economically disadvantaged students.

Expenditures

As shown in Table 2, in fiscal year 2004, nine of the State's ten operating JTEDs passed through most of their revenues to their member districts. However, EVIT, the largest JTED and the only one with its own campus, directly spent about 67 percent and passed through about 33 percent. The JTEDs' direct expenditures were for functions similar to those of a conventional district, such as instruction and administration, except that JTEDs do not have transportation or food service expenditures.

Career, Technical, and Vocational Courses

The Arizona Department of Education, Career and Technical Education (CTE) Division reviews course information submitted by each school district to determine which of its classes qualify as career and technical education within one of CTE's 30 approved programs. These classes are then eligible for state and federal grant monies for vocational education, such as the state vocational education block grant and the federal Carl Perkins grant. JTED classes are required to be submitted to ADE for approval as CTE courses only if they are used to receive state or federal grants.

Scope and methodology

JLAC requested that auditors review specific matters regarding two JTEDs in Arizona (see page 1). To provide this information, auditors used a variety of methods including examining various records, such as available fiscal year 2003 and 2004 summary accounting data and annual financial reports for all JTEDs and their member school districts, and EVIT and NAVIT detailed fiscal year 2004 accounting data, intergovernmental agreements, course descriptions, and other documents; reviewing EVIT and NAVIT policies and procedures; reviewing applicable statutes and Attorney General Opinions; observing various district classrooms and facilities, and interviewing EVIT, NAVIT, and their member and nonmember districts' administrators and staff. Additionally:

- To provide background on JTED operations throughout the State, auditors analyzed enrollment and ADM information for fiscal years 2000 through 2004, provided by the Arizona Department of Education. The ADM amounts for EVIT and NAVIT were also compared to attendance records. Additionally, auditors reviewed the summary accounting data for fiscal year 2003 and 2004, submitted by all ten JTEDs for the annual Classroom Dollars reports and the ten JTEDs' intergovernmental agreements with their member districts.

- To prepare listings of vocational courses with their description, location taught, and the number of students enrolled at each location, auditors reviewed vocational education enrollment data from EVIT, NAVIT, their member districts, and ADE. Auditors compared the districts' enrollment information to ADE's reports for reasonableness and used ADE's standard classifications and program descriptions to summarize each program area.

- To identify any courses offered by EVIT or NAVIT that were duplicative of those offered by one or more of their respective member districts, auditors reviewed ADE's vocational education course listings for the JTEDs and all of their member districts. Auditors then observed facilities and reviewed instructor qualifications

and amount of instructional time at the JTEDs and their member districts for a sample of vocational programs where duplication appeared possible based on the course listings.

- To identify the courses offered by EVIT or NAVIT that were not offered by surrounding nonmember districts, auditors developed a list of school districts that were not members of a JTED in fiscal year 2004, but were adjacent to a member district based on Arizona State Land Department's maps showing school district boundaries. Auditors then selected districts that were similar in size to the member districts and offered high school vocational education courses. Auditors reviewed the JTED and nonmember district course listings and identified courses offered only by the JTED. Finally, auditors reviewed the facilities, instructor qualifications, and amount of instructional time at the JTEDs and these nonmember districts for a sample of the vocational programs where duplication appeared possible based on the course listings.

- To identify the number of students receiving college credit for JTED courses, auditors reviewed student enrollment information provided by EVIT, NAVIT, and their member districts for students that participated in a JTED dual or concurrent enrollment course in fiscal year 2004. Auditors also reviewed full-time student equivalents (FTSE) information that was obtained as part of the Auditor General's audit of community college districts' fiscal year 2003 and 2004 FTSE. Due to the nature of articulation agreements, as described on page 23, information on the number of students receiving college credit in this manner was not available.

- To estimate the fiscal impact of continued growth in JTED satellite enrollment, auditors reviewed state-wide enrollment in high school vocational education courses as reported to ADE's Career and Technical Education Division for state and federal grant funding.

The Auditor General and her staff express their appreciation to the Superintendent of Public Instruction, the staff of the Arizona Department of Education, EVIT and NAVIT, the other eight JTEDs, the member and nonmember school districts, and Northland Pioneer College for their cooperation and assistance during this study.

CHAPTER 1

Analysis of Structure, Funding, and Expenditures of Established Urban and Rural JTEDs

As directed by the Joint Legislative Audit Committee, our study centered on one urban and one rural joint technological education district (JTED) that had each been in operation for at least 3 years, the East Valley Institute of Technology (EVIT) and the Northern Arizona Vocational Institute of Technology (NAVIT). Both EVIT and NAVIT operate using both the Central and Satellite models. EVIT has built and maintains its own facilities for its Central classes, while NAVIT partners with local community colleges to provide its Central classes. Both districts, but especially NAVIT, received the majority of their funding from the State, and both districts passed a portion of their funding to their member districts for Satellite classes. However, member districts did not spend all of this money on vocational education.

Background

East Valley Institute of Technology

EVIT began operating in August 1991 to provide vocational education for its members' high school students. As shown in the text box, all of the high schools in EVIT's ten member districts[9] participate in the JTED program.

At its Central campus in Mesa, EVIT offers 60 courses in 17 different programs, including cosmetology, health careers, automotive technology, and others. On average, approximately 2,000 students attended either morning or afternoon sessions in fiscal year 2004. One-half of its courses qualified for community college credit through the

EVIT member districts and their participating schools

Member Districts	Participating High Schools
Apache Junction Unified	Apache Junction
Chandler Unified	Basha, Chandler, Hamilton
Fountain Hills Unified	Fountain Hills
Gilbert Unified	Desert Ridge, Gilbert, Highland, Mesquite
Higley Unified	Higley
J.O. Combs Elementary	No participating schools
Mesa Unified	Boulder Canyon, Dobson, East Valley Academy, Mesa, Mesa Vista, Mountain View, Red Mountain, Skyline, Sundown, Westwood
Queen Creek Unified	Queen Creek
Scottsdale Unified	Arcadia, Chaparral, Coronado, Saguaro, Desert Mountain
Tempe Union High	Compadre, Corona del Sol, Desert Vista, Marcos de Niza, McClintock, Mountain Pointe, Tempe
Total Member Districts: 10	**Total Participating Member Schools: 33**

Source: Auditor General staff analysis of information obtained from the Arizona Department of Education and EVIT.

9 While the J.O. Combs Elementary School District has joined EVIT, the District does not have any high schools and is not currently participating in EVIT classes. Statutes do not specify the school district types or grade levels that can participate in JTED programs.

Maricopa or Pinal County Community College Districts. Many of its Central courses also offered the potential for students to earn an industry certification or licensing upon program completion. Among others, these included certified nurse assistant, licensed practical nurse, automotive service excellence certification, A+ and Net+ computer repair certifications, licensed cosmetologist, and various Microsoft certifications. EVIT's courses also count as elective credit toward graduation at the student's "home" district.

Any high school student from EVIT's ten member districts can enroll in classes on the central campus if he or she meets the admission requirements. Generally, the student must be a junior or senior, submit his/her SAT-9 scores and high school transcript, and take a placement test. Some courses, such as the dental assistant course, have additional general education prerequisites. Once enrolled, the student's transportation is provided by the student or the student's home district.

Northern Arizona Vocational Institute of Technology

NAVIT began operating in July 1999, but spent its first year offering Satellite classes and establishing its Central programs in cooperation with Northland Pioneer College (NPC). As shown in the text box, all of the high schools in NAVIT's 11 member districts participate in the JTED program.

NAVIT offers 57 courses in 7 programs, including cosmetology, nursing, welding, and fire science. Approximately 340 students attended NAVIT's Central classes in either the morning or afternoon session in fiscal year 2004. By partnering with the college, all of NAVIT's Central courses provide college credit to its students. Some of its Central courses also offered the potential for students to earn an industry certification or licensing upon program completion, such as certified nurse assistant, licensed cosmetologist, and National Center for Construction Education and Research certification in welding or industrial maintenance and operations. NAVIT's courses also count as elective credit toward graduation at the student's home district.

Any high school student from NAVIT's 11 member districts can enroll in classes on one of the central campuses if he or she meets the admission requirements. Generally, the student must be a junior or senior and take a placement test. Transportation is provided by the student or the student's home district. The classes last 3 hours and are offered in the morning and afternoon to allow students from the member districts to attend classes at their home high school in addition to NAVIT classes.

NAVIT member districts and their participating schools

Member Districts	Participating High Schools
Blue Ridge Unified	Blue Ridge
Heber-Overgaard Unified	Mogollon
Holbrook Unified	Holbrook
Joseph City Unified	Joseph City
Payson Unified	Payson, Payson Center for Success
Round Valley Unified	Round Valley
Show Low Unified	Show Low
Snowflake Unified	Snowflake
St. Johns Unified	St. Johns
Whiteriver Unified	Alchesay
Winslow Unified	Winslow
Total Members Districts: 11	**Total Participating Member Schools: 12**

Source: Auditor General staff analysis of information obtained from the Arizona Department of Education and NAVIT.

EVIT and NAVIT Use a Combination of the Central and Satellite Models

JTEDs can operate using either a Central model, a Satellite model, or a combination of both. Under the Central model, a JTED offers classes on a centralized campus. Under the Satellite model, the member districts' classes, taught on their own campuses, become JTED Satellite classes.

Central Campus

While both EVIT and NAVIT offer Central classes, their methods of providing these classes differ. While EVIT owns and operates its facilities and directly employs teachers, NAVIT partners with community colleges to provide its facilities and teachers.

EVIT—In 1998, EVIT completed construction of its current campus on Main Street in Mesa. This campus provides over 359,000 square feet for EVIT's Central classes, an average of 290 square feet per student, based on average daily membership (ADM). This compares favorably with the state School Facilities Board minimum requirements of 112 square feet per high school ADM. EVIT's greater square footage is related to the nature of vocational education classes, which often involve the use of large equipment, such as automotive lifts, welding booths, and industrial-sized kitchen equipment, and thus require larger facilities.

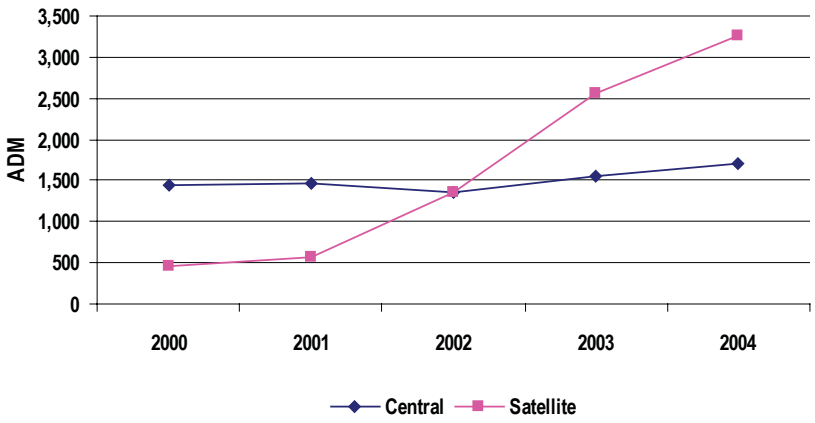
NAVIT—NAVIT's central office is located on Northland Pioneer College's (NPC) Silver Creek Campus in Snowflake. NAVIT serves an area of approximately 13,000 square miles, so operating a single central campus, like EVIT, would be impractical. Therefore, NAVIT has partnered with area community college districts (CCDs) rather than building its own campus, and works closely with the colleges to develop its programs. NAVIT's centralized classes are taught at all four of NPC's campuses and two of its educational centers. The majority of NAVIT students attend NPC's White Mountain Campus, located in Show Low. NAVIT also partners with Gila Community College to offer courses on its campus for Payson Unified School District students. NAVIT pays NPC one-half of the regular tuition for each NAVIT student in its classes and also pays half of the operating costs for the courses, proportionate to the number of NAVIT students in each course. Similarly, NAVIT pays Gila Community College for student fees and tuition plus the proportionate instructor cost.

EVIT and NAVIT both have agreements with community colleges to provide classes cooperatively, which allow both the JTED and the colleges to receive state funding (see page 22).

Satellite Courses

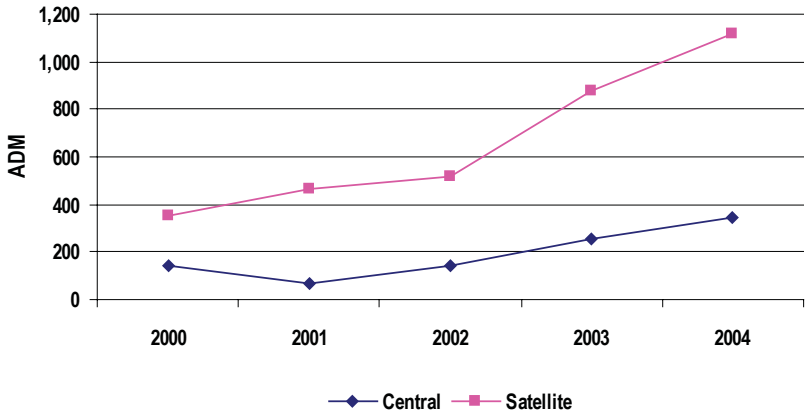
EVIT and NAVIT both allow member districts to satellite their vocational education classes. Both EVIT and NAVIT Satellite classes are taught by the member high schools on their own campuses, using member district instructors and curriculum. They have no special enrollment requirements for the Satellite classes, other than those for any elective course at the high school.

Figure 3: Growth of EVIT Satellite and Central Campus ADM Fiscal Years 2000 Through 2004 (Unaudited)



Source: Auditor General staff analysis of average daily membership information obtained from the Arizona Department of Education.

Figure 4: Growth of NAVIT Satellite and Central Campus ADM Fiscal Years 2000 Through 2004 (Unaudited)



Source: Auditor General staff analysis of average daily membership information obtained from the Arizona Department of Education.

EVIT—As of fiscal year 2004, EVIT member districts had converted 238 of their 377 vocational classes to EVIT Satellite courses, and Satellite students contributed 3,269 ADM, or 66 percent, of EVIT's total ADM. As shown in Figure 3, EVIT's growth in ADM since fiscal year 2001 has been almost entirely due to student enrollment in Satellite rather than Central classes.

NAVIT— NAVIT's 11 member districts have converted all of their vocational education courses to JTED Satellite classes, contributing 1,120 ADM, or 77 percent, of NAVIT's total ADM. Like EVIT, NAVIT's ADM growth in recent years, as shown in Figure 4, has been primarily due to student enrollment in Satellite rather than Central classes.

EVIT and NAVIT Are Mostly State Funded

As described in the Introduction and Background of this report, JTEDs receive state, local, county, and federal monies, similar to conventional school districts.

EVIT's and NAVIT's Revenues

As Table 3 on page 13 illustrates, both EVIT and NAVIT received a substantial portion of their total revenues from the State, and the amounts received increased significantly from fiscal year 2003 to 2004. In fact, EVIT's

state revenues more than doubled during this time, primarily due to state equalization assistance.

Table 3: EVIT and NAVIT
Total Revenues by Source
Fiscal Years 2003 and 2004
(Unaudited)

Source	EVIT		NAVIT	
Local Revenues:	**2003**	**2004**	**2003**	**2004**
Property taxes	$11,895,896	$11,696,302	$398,410	$571,647
Community services	175,583	171,132		
Investment earnings	340,186	416,036	32,478	46,482
Other	1,193,053	952,290	9,734	6,055
Total Local Revenues	**13,604,718**	**13,235,760**	**440,622**	**624,184**
County Revenues:				
County equalization	**1,010,599**	**1,308,259**	**82,723**	**163,624**
State Revenues:				
State equalization	7,048,234	16,784,974	4,065,534	5,593,800
Vocational education grant	789,958	3,018,013	0	0
Vocational summer school	243,048	333,850	61,740	40,122
Proposition 301 monies	482,328	510,513	44,563	79,487
Other	54,943	135,422	125	5,998
Total State Revenues	**8,618,511**	**20,782,772**	**4,171,962**	**5,719,407**
Federal Revenues:				
Federal programs	485,469	725,671		
Total Revenues	**$23,719,297**	**$36,052,462**	**$4,695,307**	**$6,507,215**

Source: Auditor General staff analysis of district-reported accounting data for fiscal years 2003 and 2004.

State monies provided about 58 percent of EVIT's funding but almost 88 percent of NAVIT's in fiscal year 2004. This is largely due to the smaller amount of property tax revenue NAVIT received because of its lower assessed valuation. State monies primarily include state equalization assistance and state grants for vocational education. EVIT and NAVIT also received summer school monies, which are available only to JTEDs, and Proposition 301 allocations from the State.

Local monies, which provided almost 37 percent of total EVIT revenues but only 10 percent of NAVIT revenues in fiscal year 2004, were primarily composed of property taxes. While their qualifying tax rates are identical, this difference is due in part to EVIT

increasing its actual tax rate to cover excess utilities and bond payments, and in part to NAVIT's lower assessed valuation. EVIT also received other local revenues, including payments from community college districts and tuition for adult students, as described below.

- Through its intergovernmental agreement with Maricopa County Community College District (MCCCD), EVIT receives an additional $1,000 to $1,300 per full-time student equivalent enrolled in a MCCCD course taught on the EVIT campus. EVIT uses this money to pay MCCCD for the related students' tuition costs.

- For several years, EVIT has offered vocational education classes for adults after the regular school day and charged tuition for those classes. During the 2004 legislative session, EVIT received authorization to enroll adult students in its regular daytime classes when seats are available and to charge tuition to the adult students. In fiscal year 2005, EVIT is charging adult students a tuition of $4 or $5.50 per instructional hour, depending on the program, and has 167 adult students enrolled in either day or evening classes.

County monies consist of county equalization assistance and, in fiscal year 2004, comprised only about 4 percent of EVIT's revenues and less than 3 percent of NAVIT's.

Federal monies provided only about 2 percent of EVIT's revenues and none of NAVIT's. This is due to how EVIT's and NAVIT's intergovernmental agreements (IGAs) with their member districts differ. EVIT receives a portion of the federal Perkins money that its member districts receive for their vocational education programs. EVIT's share is based on a formula that considers the proportion of students enrolled in vocational education courses at EVIT and each member district. NAVIT allows its member districts to submit information on both Central and Satellite vocational classes, for determination of state block grant and federal Perkins funding, and retain all monies received.

EVIT and NAVIT Overstated Average Daily Membership (ADM)

Both EVIT and NAVIT have overstated the ADM related to their Central classes. As a result, in fiscal year 2004, EVIT and NAVIT inappropriately inflated their funding by approximately $2 million and $320,000, respectively. In addition, NAVIT claimed ADM for courses that do not appear to fall within the intent of the JTED statutes.

EVIT—Most EVIT Central classes lasted 2.5 hours each day and were offered in the morning and afternoon to allow students from the member districts to attend classes at their home high school in addition to EVIT classes. However, the 0.75 membership EVIT reported for these central campus students was not in line with statutory requirements.[10] Since EVIT provided only 2.5 hours, or 150 minutes, of instructional time each day for the majority of its students, these students should have been counted as 0.50 membership each. The ADM number affects a district's state funding and budget limits. As a result, in fiscal year 2004, EVIT overstated its Central ADM by about 475, which inflated its funding by approximately $2 million. Further, EVIT has traditionally provided 2.5 hours of instruction and reported 0.75 membership. Therefore, EVIT has likely overreported its Central membership in fiscal year 2003 and prior years as well.

NAVIT—Similarly, NAVIT also miscalculated the membership of its Central classes. NAVIT reported 1.0 membership for all Central campus students. However, since NAVIT provided 3 hours of instructional time each day rather than 4 hours, each of these students should have been counted as 0.75 membership.[10] As a result, in fiscal year 2004, NAVIT overstated its Central ADM by about 85, which inflated its funding by approximately $320,000. Traditionally, NAVIT has provided 3 hours of instruction in its Central classes and has reported 1.0 membership. Therefore, NAVIT has likely overreported its ADM in prior years as well.

NAVIT has also claimed ADM for courses that do not appear to fall within the intent of the JTED statutes. To provide the college-level general education requirements for its nursing students, NAVIT offers a nursing prerequisites program through NPC that prepares students to take the certified nursing assistant exam. In fiscal year 2004, this four-semester program included ten general education courses in the areas of science, math, English, and psychology, as well as two vocational classes in nurse assisting and medical terminology. In March and December 2003, the Arizona Department of Education informed NAVIT that the general education courses should not be included as part of any program submitted for state or federal vocational grant funding. NAVIT does not receive state or federal grant funding for these courses. However, while JTED-related statutes refer to career, technical, and vocational education, they do not specifically define which courses would qualify. Therefore, NAVIT continues to report ADM for these classes and receive JTED funding for them although general education classes do not appear to be within the intent of the JTED statutes.

10 A.R.S. §15-901 allows school districts to calculate fractional membership for students enrolled in a less-than-full-time instructional program (less than 4 hours per day, or the equivalent number of hours if taught in fewer than 5 days per week). Statute allows 0.25 in membership for each 60 minutes of instructional time daily, not including lunch or recess periods.

EVIT and NAVIT Expenditures Differ from Conventional School Districts

Due to the differences in the services provided by JTEDs versus conventional school districts, EVIT's and NAVIT's expenditures differ from those of typical school districts. Both EVIT and NAVIT also pass through a substantial amount of their revenues to their member districts. However, the member districts have not used all of these monies for vocational education.

Direct expenditures vary from conventional districts—Due to the types of services they provide, EVIT and NAVIT differ from typical school districts in the areas in which they spend their monies. Due to the differences in how EVIT and NAVIT deliver vocational services, they also differ from each other in their expenditures.

Table 4: EVIT and NAVIT
Summary of Expenditures by Functional Category
Fiscal Year 2004
(Unaudited)

	EVIT		NAVIT		State
Functional Category	Expenditures	Percentage	Expenditures	Percentage	FY03 Percentage
Direct Expenditures					
Current Expenditures					
Instruction	$5,625,472	56.5%	$730,369	53.5%	58.6%
Student support	853,722	8.6	30,330	2.2	6.8
Instructional staff support	100,501	1.0	95		4.3
Administration	1,693,710	17.0	476,943	35.0	9.9
Plant operations	1,650,311	16.5	126,413	9.3	11.7
Other	40,116	0.4			0.2
Total Current Expenditures	**9,963,832**	100.0%	**1,364,150**	100.0%	
Noncurrent Expenditures					
Facilities acquisition and construction	715,772		89,380		
Debt service	6,410,254				
Capital equipment	820,724		42,826		
Enterprise activities	219,561				
Other	108,926		1,413		
Total Noncurrent Expenditures	**8,275,237**		**133,619**		
Total Direct	**18,239,069**	**67.3%**	**1,497,769**	**25.7%**	
Additional Pass-Through to Members	**8,869,907**	**32.7%**	**4,319,070**	**74.3%**	
Total Expenditures	**$27,108,976**	**100.0%**	**$5,816,839**	**100.0%**	

Source: Auditor General staff analysis of district-reported fiscal year 2004 accounting data.

As shown in Table 4, the functional purposes of EVIT's and NAVIT's direct expenditures differ from state averages. However, due to the nature of their operations, they are not easily compared to conventional school districts. For example, they provide neither food service nor transportation for the students. While this would be expected to increase their classroom dollar percentages, they incur other costs that offset this advantage. For example, EVIT's extensive facilities and specialized equipment cause it to incur high plant maintenance and equipment repair costs. Additionally, EVIT and NAVIT have high administrative costs, partly due to activities such as recruiting students, working with businesses in the community, and tracking and funding Satellite classes.

EVIT's and NAVIT's expenditures also differ from each other in some functional areas due in part to their respective educational delivery methods. EVIT hires instructors and provides facilities for its Central classes, while NAVIT uses IGAs with local community college districts to provide instruction on college campuses. Therefore, EVIT's expenditures for plant maintenance and related expenditures such as facilities acquisition, equipment, and debt service are higher than NAVIT's. This also results in EVIT passing a smaller percentage of its total dollars through to its member districts than NAVIT (32.7 percent compared to 74.3 percent).

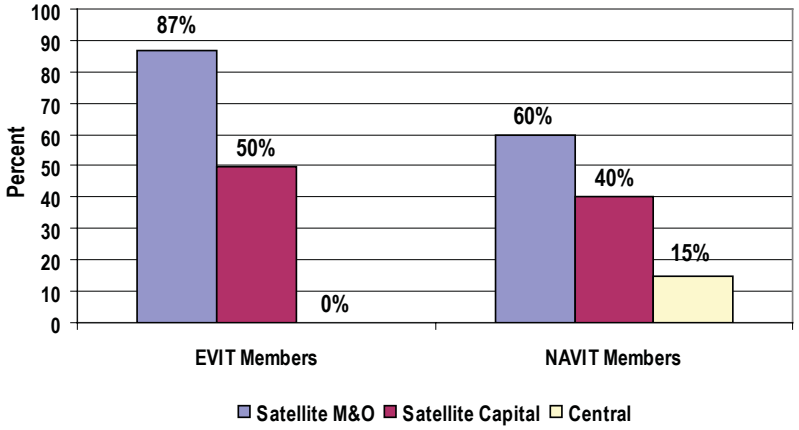
Pass-Through Monies—EVIT and NAVIT pass through a significant portion of their revenues to their member districts, in particular revenues received for Satellite courses. However, the member districts have not used all of these monies for vocational education.

EVIT and NAVIT have IGAs with their member school districts and with community college districts (see Appendix Table 12). The member IGAs are largely to specify how Satellite class funding will be shared by the JTED and the member district. Based on the terms of the IGAs, EVIT paid its member districts nearly $8.9 million, or about one-third of its total expenditures, as shown in Table 4 on page 16. NAVIT passed through just over $4.3 million, which represented about 74 percent of its total expenditures, to members. NAVIT's pass-through percentage was higher because a larger proportion of its member districts' students attended Satellite classes than did EVIT's. Also, NAVIT's Central expenditures for facilities acquisition and equipment were less significant than EVIT's, and unlike EVIT, NAVIT did not incur debt service costs.

As shown in Figure 5, EVIT shared 87 percent of its maintenance and operation monies and 50 percent of its capital funding received for Satellite classes with its member districts. In contrast, NAVIT shared 60 percent of the maintenance and operation monies and 40 percent of the capital funding received for its Satellite classes. In addition, NAVIT shared 15 percent of the funding it received for Central campus students with its member districts in proportion to their students in the Central campus classes.

While both NAVIT and EVIT have passed through significant amounts of money to their member districts for Satellite operations, the members have not spent all of these monies on vocational

Figure 5: EVIT and NAVIT
Central- and Satellite-Generated Funding Passed Through to Member Districts
Fiscal Year 2004
(Unaudited)



Source: Auditor General staff analysis of districts' intergovernmental agreements with member districts.

education. Although not required by law, EVIT and NAVIT require their member districts to use the pass-through monies for vocational education; however, neither JTED adequately monitored the use of these monies to ensure that actually occurred. Satellite ADM has grown significantly in the last 3 years, at both EVIT and NAVIT member districts; however, the members have not increased vocational education spending proportionately. NAVIT member districts that were members in both fiscal years 2001 and 2004, spent only about 62 percent of their additional funding on vocational education. By placing the monies in their Maintenance and Operation Funds, most EVIT member districts did not separately report the uses of their Satellite monies. Of these, the members who participated in fiscal year 2001 through 2004 identified spending 7 percent less on vocational education even though they were receiving added Satellite funding.

CHAPTER 2

Analysis of Vocational Courses Provided by Established Urban and Rural JTEDs

As directed by the Joint Legislative Audit Committee (JLAC), this study also analyzed the vocational courses provided by an established urban and rural joint technological education district (JTED). We found that the courses offered centrally by EVIT and NAVIT do not duplicate courses offered by their member districts. Member district courses, including their Satellite courses, were typically no more extensive than usual high school vocational education classes. Also, these JTEDs offer courses not available from surrounding, nonmember districts. Because the JTEDs sometimes partner with community college districts, some courses qualify for community college credit and result in increased funding for the community college districts in addition to the JTED and member district funding.

Vocational Courses, Locations, and Enrolled Students

In response to the JLAC resolution, the appendix contains three tables which together describe the courses at a program level, with the number of students enrolled, at EVIT, NAVIT, and their member districts.

- Table 9—provides a general description of each vocational program that ADE uses to determine the classes included in each program.
- Table 10—provides enrollment numbers for EVIT and its member districts by vocational program. As shown in the table, EVIT had 2,230 students enrolled in its Central campus classes. Another 36,978 students were enrolled in vocational education classes at member district schools.
- Table 11— provides enrollment numbers for NAVIT and its member districts by vocational program. NAVIT had 439 students enrolled in its Central classes on college campuses. Another 6,962 students were enrolled in vocational education classes at member district schools.

EVIT and NAVIT Courses Did Not Duplicate Member Districts' Courses

The JLAC resolution also asked for an analysis of any duplicative courses offered by these JTEDs and their member districts. Classes that EVIT and NAVIT offer centrally do not duplicate the vocational education classes offered by their respective member districts. Although some courses offered by the JTEDs and their member districts fall within the same titles and general program descriptions ADE uses to approve and classify career and technical education courses, auditors determined that these courses were not actually duplicative, as they were substantially different in facilities, teachers, and/or instructional time. Member districts' classes were generally held in facilities that were not as well-equipped, were taught by high school-certified teachers with limited industry experience, and consisted of 1 hour of instruction per day. Conversely, EVIT's and NAVIT's Central classes were held in better-equipped facilities, taught by experienced industry professionals and/or college-level instructors, and included 2.5 to 3 hours of instruction per day.

EVIT Culinary Program

To illustrate further, two of the programs taught at both EVIT and some of its member districts include culinary and automotive. However, as described below, these classes were not equal.

Culinary Programs—EVIT's facilities and equipment were designed for commercial operations, while the member districts' facilities resembled home kitchens. EVIT had multiple workstations that could accommodate all of the students in the class at one time, while students at member districts took turns or observed other students working. EVIT also maintained a cold room where temperatures could be kept low enough to allow students the necessary time to master the skills of working with meat or fish. None of the member districts had such a facility. In addition, EVIT students spent 2.5 hours per day in class and participated in catering events in the evenings and on weekends, compared to the average 1 hour per day of instruction received by member districts' students. Finally, while the culinary instructors at the member districts were qualified teachers, all of the instructors at EVIT also had culinary industry experience.

Member District Culinary Program

Automotive Programs—Only 2 of the 10 EVIT member districts had automotive courses. However, their classes averaged only 1 hour per day in length, while the EVIT program met for 2.5 hours per day. One of the visited member districts had some equipment similar to that at EVIT, but EVIT's Central campus was still better equipped. For instance, the member district did not have a dynamic brake tester or electronic headlight alignment machine. This member district used lectures, videos, and field trips to local technical schools or community colleges to expose students to skills that EVIT's students could learn interactively at its Central campus.

Also, EVIT had 14 engine diagnostic scanners, while one member district had 4 and another district had only 1. Based on the number of enrolled students and instructional time, EVIT students had more than three times the access to this particular piece of equipment than students at these member districts.

NAVIT's Central courses also exceeded those taught at its member districts. The NAVIT courses were college-level courses taught by college instructors. The facilities used were the same facilities that the community college students used. Additionally, the courses provided 3 hours of instruction per day, generally 2 hours longer than the courses taught at member districts.

EVIT and NAVIT Offer Courses That Surrounding, Nonparticipating Districts Did Not Offer

Although nonmember districts occasionally offer courses similar to those offered by the JTEDs, both EVIT and NAVIT offer a number of courses that are not available at these districts. To find these surrounding nonmember districts, auditors developed a list of school districts that were not members in a JTED, but were adjacent to a member district. Auditors then identified districts for each JTED that were similar in size to its members and offered high school vocational education courses. For EVIT, although additional nonmember districts were available in the metropolitan Phoenix area, auditors selected for comparison two school districts, one that has centralized some of its own vocational programs in a special campus and one that has not. For NAVIT, auditors selected the only two districts that met the above stated criteria. As shown in Table 5, the two nonmember Maricopa County school districts did not have Cosmetology; Law, Public Safety and Security; Construction Technologies; Heating, Ventilation and Air Conditioning (HVAC); Allied Health Services, and Business Management and Administrative Services programs that EVIT had in

Table 5: Comparison of EVIT's and Surrounding Districts' Programs
Fiscal Year 2004
(Unaudited)

CIP #	Program Title	EVIT	Glendale Union	Paradise Valley Unified
10.0200	Radio/Television Technology	X		X
10.0300	Graphic Communications	X		X
12.0400	**Cosmetology**	X		
15.1200	Business Information Technology Services			
	Desktop Publishing	X		X
	Repair	X		X
	Programming	X		X
43.0100	**Law, Public Safety and Security**	X		
43.0200	Fire Sciences	X	X	
46.0400	**Construction Technologies**	X		
47.0200	**Heating, Ventilation and Air Conditioning**	X		
51.0800	**Allied Health Services**	X		
52.0200	**Business Management and Administrative Services**	X		

Note: Programs shown in bold were not offered at either nonmember district.

Source: Auditor General staff analysis of district reported course information and data obtained from the Arizona Department of Education.

fiscal year 2004. Additionally, EVIT also offered programs that only one or the other of these districts provided.

For the programs that both EVIT and the nonmember districts provided, the nonmember districts' programs were generally more comparable to the member districts' than to EVIT's programs. For example, in the automotive and culinary programs, the equipment and facilities at EVIT surpassed those at the area nonmember districts. Also, for these two programs, EVIT's instructors had more industry experience overall than the instructors at the nonmember districts. Further, while EVIT's students received an average of 150 minutes of instruction per day, students at the nonmember districts received only 50 to 85 minutes of program instruction each day.

Table 6: Comparison of NAVIT's and Surrounding Districts' Programs
Fiscal Year 2004
(Unaudited)

CIP #	Program Title	NAVIT	Mayer Unified	San Carlos Unified
10.0300	**Graphic Communications**	X		
12.0400	**Cosmetology**	X		
43.0200	**Fire Sciences**	X		
46.0400	**Construction Technologies**	X		
48.0500	**Precision Metal Working**	X		
51.0800	**Allied Health Services**	X		
51.1600	Nursing Services	X		X

Note: Programs shown in bold were not offered at either nonmember district.

Source: Auditor General staff analysis of district-reported course information and data obtained from the Arizona Department of Education.

As shown in Table 6, the two nonmember school districts in NAVIT's surrounding area provided only one course that NAVIT also provided. The San Carlos Unified School District offered a nursing program that was somewhat comparable to NAVIT's. While the NAVIT course offered more instruction time and the college credit option, other aspects of the San Carlos program, such as facilities and the possibility of attaining certification upon program completion, were comparable.

Therefore, EVIT and NAVIT both offer vocational education courses that area nonparticipating school districts do not have.

Some Central Courses Result in College Credit and/or Full-Time Student Equivalent Funding

JTED classes can provide college credit for students through dual enrollment, concurrent enrollment, or articulation. Dual and concurrent enrollments provide state funding to the college based on full-time student equivalents (FTSE), while articulation does not.

Dual or concurrent enrollment—The classes offered in cooperation with a community college may be offered on the JTED central campus as dual enrollment or at the community college campus as concurrent enrollment. An intergovernmental

agreement (IGA) generally specifies which entity provides the facilities and instructor, and how monies will be paid or shared for the attending students. Both dual and concurrent classes meet the necessary criteria to be included in the JTED's average daily membership (ADM) and in the community college's FTSE student counts for state funding. Therefore, these JTED students have the potential of generating triple funding. That is, they may be counted for up to 1.0 ADM for the member district and 1.0 ADM for the JTED, depending on their instructional minutes, and up to 1.0 FTSE for the community college depending on the number of college credits in which the student is enrolled. Based on fiscal year 2004 dual enrollment, applicable EVIT students were counted as about 0.15 FTSE each by the participating CCD and, therefore, triple funding did not occur. However, NAVIT's concurrently enrolled students in fiscal year 2004 were each counted, on average, as a full 1.0 ADM by both NAVIT and the member school district and as 0.62 FTSE by the participating CCD, and thereby approached triple funding. To date, JTED-CCD enrollment has been less than three-tenths of 1 percent of state-wide FTSE.

Articulation—Unlike dual or concurrent enrollment, under articulation agreements, students are not counted in the community college FTSE count. EVIT offers students the possibility of earning college credit in 14 of its programs. Of these, 7 offer this credit through articulation agreements with the area community colleges. The articulation agreements provide that students will take the course on the EVIT central campus, and upon completing the course, the students can take their transcripts to specific colleges and request college credit. It is up to the specific college to award the student credit. Therefore, given the nature of these agreements, EVIT is not able to accurately track the number of its students who receive college credit in this manner. EVIT has articulation agreements for its Photo Imaging, Early Childhood Development, Electronics, Law Enforcement, Fire Fighting, HVAC, and Interior Design programs.

Table 7 (see page 24) lists all EVIT courses offered during fiscal year 2004 that were eligible for community college credit through the Maricopa County Community College District with the related FTSE reported by the CCD.

Table 8 (see page 24) lists all NAVIT courses offered during fiscal year 2004 that were eligible for community college credit through Northland Pioneer College or Gila Community College with approximate FTSE amounts reported by the colleges.

Table 7: EVIT Classes Eligible for Community College Credit and the Reported Full-Time Student Equivalents (FTSE)
Fiscal Year 2004
(Unaudited)

CIP #	ADE Program	EVIT Course Title	FTSE
10.0300	Graphic Communications	Photo Imaging I and II	0
13.1200	Early Childhood Professions	Early Childhood I and II	0
15.0300	Electronics Technology	Electronics I and II	0
		Avionics/Electronics	0
		Aviation Maintenance	0
		Engineering Technology	0
15.1200	Business Information Technology Services	Computer Programming I and II	1.1
		MCSA	0
		Networking Fundamentals	9.7
15.1300	Drafting/Design Technology	Drafting I and II	0.5
43.0100	Law, Public Safety and Security	Law Enforcement I and II	0
43.0200	Fire Sciences	Fire Fighting I and II	0
47.0200	Heating, Ventilation and Air Conditioning	Heating, Ventilation and Air Conditioning	0
47.0600	Automotive Technologies	Auto Engine Repair	9.4
		Auto Occupations Specialties	0
48.0500	Precision Metal Working	Precision Machining I and II	4.7
51.0800	Allied Health Services	Medical Careers	8
51.1600	Nursing Services	Practical Nursing	12.5
		Certified Nursing	10.7
52.0200	Business Management and Administrative Services	Business Management and Administrative Services I and II	0.7
N/A	N/A	Interior Design I and II	0
Total			**57.3**

Source: Auditor General staff analysis of information provided by EVIT and the Maricopa County Community College District.

Table 8: NAVIT Classes Eligible for Community College Credit and the Reported Full-Time Student Equivalent (FTSE)
Fiscal Year 2004
(Unaudited)

CIP #	ADE Program	NAVIT Course Title	FTSE
10.0300	Graphic Communications	Photo Imaging	8
12.0400	Cosmetology	Cosmetology, Nail Technician	80.8
43.0200	Fire Sciences	Fire Science	7.8
46.0400	Construction Technologies	Industrial Maintenance	12
48.0500	Precision Metal Working	Welding	55.3
51.0800	Allied Health Services	Medical Assistant	1.5
		Nursing Prerequisites	39.4
51.1600	Nursing Services	Certified Nurse Assistant	8.5
Total			**213.3**

Source: Auditor General staff analysis of information provided by NAVIT and billing invoices from Northland Pioneer and Gila County Community College Districts.

CHAPTER 3

Educational and Fiscal Impacts of Central and Satellite Models

Based on the information developed for this study, it is apparent that the Central model and the Satellite model each have different educational and fiscal impacts. The Central model provides enhanced vocational education through resource pooling, while the Satellite model appears to provide only a stream of additional funding for the JTED and its member districts. However, 92 percent of the recent growth in JTED enrollment is in Satellite courses, as school districts have converted their existing vocational courses to JTED Satellite courses. This trend, if extended state-wide, could eventually increase vocational education costs by over $100 million. Other increases in funding are likely as JTEDs increase partnering with CCDs, and possibly expand course offerings to include general education classes and elementary-level vocational classes. The JTED Satellite model, as a method of funding vocational education, is inequitable and less efficient than funding districts directly. Additionally, Satellite classes appear to be no more extensive than the usual high school vocational education classes.

Background

Under the Central model, a JTED offers classes on a centralized campus. Under the Satellite model, a JTED allows its member districts' classes taught on their own campuses to be classified as JTED classes. Four of the ten JTEDs operate using a combination of these two models, while the remaining six JTEDs use the Satellite model only.

Central Model Provides Greater Educational Impact

By providing more experienced instructors, better facilities, and more instructional time, the Central JTED model appears to have a greater impact on improving vocational education classes than the Satellite model.

Central

The Central JTED model allows resource pooling to provide higher-quality vocational education. This model has provided new courses at more advanced academic levels, in better facilities with more state-of-the-art equipment, and taught by instructors with advanced certifications or more extensive industry experience. These centralized classes also tend to include more instructional time per course.

Under the Central JTED model, students from the member districts attend courses at a Central campus. As described in Chapter 1, this can be in a building owned by the JTED, such as EVIT's Central campus in Mesa, or can be achieved through a partnership with another entity, such as NAVIT's partnerships with Northland Pioneer and Gila Community Colleges. Either way, by centralizing facilities, JTEDs are able to pool limited resources to provide better facilities with more state-of-the-art equipment. Central courses bring member districts' students together, allowing the JTED to offer courses that any one member may not be able to offer due to low enrollment, lack of funding, or limited availability of instructors with advanced certifications or experience. However, some students may not be interested in such extensive coursework, but will take a single introductory vocational or technological course at their "home" high school. Therefore, Satellite courses are also provided.

Satellite

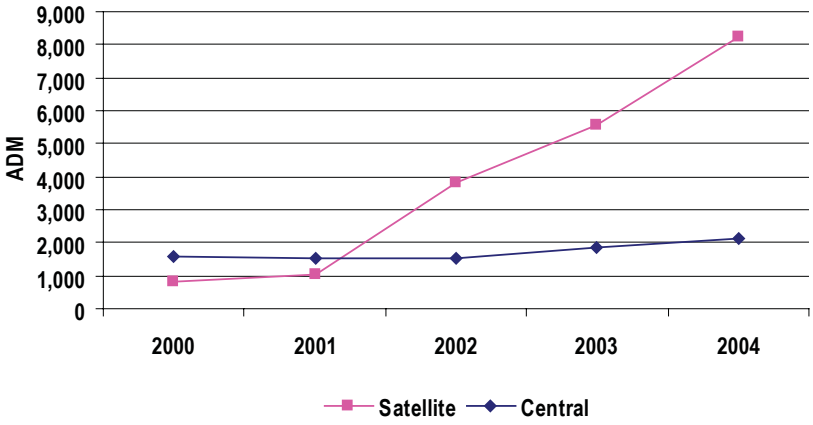
Although member districts receive additional JTED funding for Satellite courses, the Satellite model does not result in higher-quality vocational education courses than those offered at nonmember districts. Instead, the Satellite courses appear to have no more extensive content than the usual high school vocational education courses taught by surrounding non-JTED member districts. These courses are generally taught at the high school level, for a shorter length of instructional time, with limited facilities and equipment. As described in Chapter 1, member districts do not appear to be spending all of the additional monies received for Satellite courses on vocational education. Additionally, JTEDs exercise little or no oversight of these Satellite courses, providing almost no input for course content or other improvements. As previously described, the Career and Technical Education (CTE) Division of ADE reviews and approves most vocational and technical classes. Although many of the JTEDs require the courses to be CTE-approved, they rely on member district assertion and generally do not verify the approval.

Growth and Fiscal Impacts Are Primarily in Satellite Model

While Central courses appear to offer higher-quality vocational education, the major growth in JTED enrollment is in Satellite courses. As school districts have converted more of their vocational courses to JTED satellite courses, the growth in the JTEDs' ADM has already resulted in a $28 million increase in vocational education funding. If all remaining vocational courses had been converted to Satellite courses, costs would have exceeded $138 million.

Satellite growth—As shown in Figure 6, between fiscal years 2001 and 2004, JTED Satellite membership grew 698 percent, while Central membership remained comparatively stable.

Figure 6: All JTEDs
Growth in Central and Satellite Average Daily Membership
Fiscal Years 2000 Through 2004
(Unaudited)



Source: Auditor General staff analysis of average daily membership information obtained from the Arizona Department of Education.

Membership growth for Central classes is slower, likely due to the need to build and equip facilities, and the limited resources available for this purpose. While JTEDs can issue bonds for construction needs, their bonding capacity is restricted by statute to 1 percent of secondary assessed valuations. Conventional school districts are allowed to bond up to 10 percent of their secondary assessed valuations. Additionally, unlike conventional school districts, JTEDs are not eligible for budget overrides or School Facilities Board monies to construct or maintain facilities. Therefore, JTEDs in areas with low assessed property valuations that can generate only limited bond monies do not have access to monies from overrides or the School Facilities Board as alternate means of funding construction.

As an alternative to constructing their own facilities, in fiscal year 2004, 3 of the 10 JTEDs (NAVIT, CAVIT, and GIFT) offered nearly all of their centralized classes through partnerships with one or more community college districts (CCDs). About 480 students participated in JTED Central courses taught at CCDs. While these students were counted for funding by their member school district and the JTED, they were also reported by the CCDs as nearly 250 full-time student equivalents for funding purposes.

Twenty-eight million dollar increase—Although the Satellite model has been allowed by law since the first JTED was formed in 1990, Satellite classes had fewer students than Central classes until a spike in fiscal year 2002. The sudden growth shows that districts have recently recognized the financial incentive of Satellite classes. By converting the district's existing vocational and technical courses to JTED Satellite courses, the district and its JTED share the added 0.25 ADM funding that would otherwise not be available. As a result, state aid and local property taxes for JTED Satellite courses grew from nearly $3.8 million to $31.7 million between fiscal years 2001 and 2004.

Future cost increases could exceed $100 million—If the trend to convert regular vocational classes to Satellite classes is ultimately extended to all vocational courses state-wide, the cost increases could exceed $100 million. The following scenarios describe what the state-wide financial impact could have been in fiscal year 2004.

- If all JTED member districts had converted all of their CTE-approved vocational education courses to Satellite courses, JTED student counts would have increased by approximately 7,100 ADM, resulting in additional funding of just over $30.4 million for a total of $62.1 million in state aid and property taxes.

- If all nonmember Arizona school districts had become members of a JTED and these new member districts' CTE-approved vocational education courses were also converted to Satellite courses, then JTED student counts would have increased by about another 18,000 ADM. This would have added approximately $76.2 million, for a total of $138.3 million in state aid and property taxes.

Other Future Financial Impacts May Be Costly

Several potential or existing JTED practices may have substantial fiscal impacts in future years. These include removal of the state funding cap on the two newest JTEDs, conversion of Satellite classes to Central classes, expansion of elementary school district participation, inclusion of general education classes as vocational prerequisite classes, and expansion of community college district participation.

Removal of state funding cap will increase JTED funding—As part of the moratorium, the newest JTEDs, WestMEC and NATIVE, are currently capped at their fiscal year 2004 levels for state funding purposes. At that time, these two JTEDs were more specifically capped to a maximum of 450 ADM. However, both WestMEC and NATIVE reported having student counts in 2004 that would approximately double the ADM caps. Therefore, when the state funding caps expire and these 2 JTEDs can claim their full ADM, their state funding levels will immediately increase. If ADM

remains at the fiscal year 2004 level, state funding for these 2 JTEDs will increase by over $3.5 million.

Satellite courses converted to Central courses—Based on Attorney General Opinion I04-002, a JTED could potentially increase its funding even more. That opinion, issued May 24, 2004, would allow a JTED to convert Satellite classes to Central classes by either owning or operating the member district's facility. To illustrate, if a student attended four regular education classes and two Satellite vocational classes on the member district's campus, the student currently would be counted as 1.25 ADM between the JTED and the member district. However, if the JTED and member district agree to designate these Satellite classes as Central classes, as potentially allowed by the AG Opinion, the student would be counted as 1.5 ADM between the JTED and the member, based on the instructional minutes for each. Because this opinion is fairly recent, auditors are aware that it is being considered, but were not aware of any JTED having yet implemented this guidance. Therefore, it is difficult to estimate to what extent the JTEDs may attempt to convert Satellite classes to Central classes in this manner. Further, the potential number of students that could be affected and the range of 1.25 to 2.0 ADM counts cannot be estimated at this time. With this many variables still existing, auditors were not able to calculate the potential future impact of this opinion.

Expansion to elementary districts—Four JTEDs currently have elementary school district members. The elementary district that belongs to EVIT was an elementary district not within a high school district, and its membership in EVIT ensures that its high school students can attend EVIT Central classes regardless of the high school they later attend. However, the other three JTEDs have IGAs that specify payment for 8th-grade students in vocational education classes. Current law does not provide any restrictions on the grade levels or district types that can participate in JTEDs. ADE does not collect data on attendance in 7th- and 8th-grade vocational education courses as the vocational education block grant does not fund these classes. Therefore, auditors did not have sufficient data to estimate the potential impact of this practice.

Nontechnical classes included as "prerequisites"—NAVIT currently includes in its ADM the hours spent in certain general education classes, such as English and math. Enrollment in these courses generated 38 ADM resulting in revenues of $161,000 in fiscal year 2004. NAVIT indicated that it considers these classes to be prerequisites in certain vocational programs, such as its nursing program. This practice does not appear to be within the intent of the JTED legislation, which was to improve vocational education. Further, if all JTEDs and member districts begin classifying general education classes as JTED classes, the financial impact to the State could be significant.

Increase in community college district participation—Three JTEDs currently offer nearly all of their Central classes in conjunction with CCDs, and these enrollments

have nearly tripled over the last 3 years. In fiscal year 2004, students attending college classes through these three JTEDs represented nearly 250 FTSE and generated over $700,000 in funding for the CCDs. If these JTEDs continue their growth in Central ADM, or if other JTEDs adopt this model for Central classes, FTSE claimed by CCDs and the related funding would also increase.

The fiscal impact calculations are based solely on fiscal year 2004 student counts and do not reflect any JTED enrollment growth that may result from the general student population increases that are expected over the next several years. For future years, these fiscal impacts would be compounded by any increases in vocational education enrollment as well as any changes in funding levels.

Satellite Funding Is Inequitable and Less Efficient

As a method of funding vocational education, the JTED Satellite model is inequitable and less efficient than funding districts directly.

- Because Satellite monies are passed through the JTED, which retains a portion of the monies for administrative and other expenses, this method of funding is less efficient than directly funding the districts for offering vocational education courses.

- Unlike the state block grant for vocational education, which is used to fund all school districts that offer high school vocational education programs that meet performance requirements, the JTED Satellite funding is available only to JTED member districts. And, in further contrast, these state block grant monies are restricted to being used for vocational education purposes while the JTED Satellite monies are not.

- The statutory moratorium prohibiting the formation of new JTEDs and limiting districts' ability to join existing JTEDs further compounds the inequity of funding vocational education through the Satellite model. For example, school districts in La Paz, Mohave, Pima, Santa Cruz, and Yuma Counties had not yet formed a JTED at the time the moratorium was established. As a consequence, most school districts in those counties are not currently eligible to form or join a JTED and satellite their existing vocational education classes to receive the added 0.25 state funding.

Recommendations

1. The Legislature should determine the best method to fund vocational education throughout the State. The models currently in use include Central, Satellite, and direct funding through the vocational education block grant. In addition, the Legislature should consider whether resource limits are needed for vocational education funding.

2. The Legislature should consider whether additional funds provided for vocational education should be restricted to vocational education purposes.

3. The Legislature should consider revising A.R.S. §§15-391 through 15-393 to clarify the type and level of classes that may be included as vocational and technical education classes for JTED funding. Such clarification could specify whether general education classes, such as math or English, and elementary level vocational classes, such as 7th- and 8th-grade classes, are eligible to be included in JTED ADM.

APPENDIX

Appendix

Table 9: Summary of ADE's Vocational Education Program Descriptions Fiscal Year 2004 (Unaudited)

CIP[1]	Program Title	Description
01.0300	Agriscience	This program is designed to prepare students for employment in various production, sales, and supplier positions related to the agriculture industry. Students completing this program will possess the technical knowledge and skills associated with agricultural science, production, health, marketing, and sales positions. In addition to the required technical skills, students will also develop leadership, advanced employability, critical thinking, and applied academic and life management skills. The program utilizes a delivery system made up of three essential components: formal instruction, experiential education, and leadership and personal development through the Career and Technical Student Organization, Future Farmers of America (FFA).
01.0600	Horticulture	This program is designed to prepare students for employment in various production, sales, and supplier positions related to the horticulture industry. Students completing this program will possess the technical knowledge and skills associated with nursery production, marketing and sales, landscape design, and installation and maintenance positions. In addition to the required technical skills, students will also develop leadership, advanced employability, critical thinking, and applied academic and life management skills. The program utilizes a delivery system made up of three essential components: formal instruction, experiential education, and leadership and personal development through the Career and Technical Student Organization, FFA.
03.0200	Renewable Natural Sources	This program is designed to prepare students for employment in various production, supplier, and service positions related to the renewable natural resources industry. Students completing this program will possess the technical knowledge and skills associated with fisheries/wildlife and forest/range production and management positions. In addition to the required technical skills, students will also develop leadership, advanced employability, critical thinking, and applied academic and life management skills. The program utilizes a delivery system made up of three essential components: formal instruction, experiential education, and leadership and personal development though the Career and Technical Student Organization, FFA.
10.0200	Radio/Television Technology	This program is designed to prepare students for employment in various audio development, production, installation, and delivery occupations. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for radio/television technology occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and leadership and personal development though the Career and Technical Student Organization, SkillsUSA-VICA.

1 Classification of Instructional Program.

Appendix

Table 9: (Continued)

CIP	Program Title	Description
10.0300	Graphic Communications	This program is designed to prepare the individual to apply technical knowledge and skills in the manufacture and distribution or transmission of graphic communications products. The program includes instruction in the prepress, press, and post-press phases of production operations and processes such as offset lithography, flexography, gravure, letterpress, screen-printing, foil stamping, digital imaging, and other reproductive methods. The program consists of a core curriculum and three options: Graphic Arts, Commercial Art, and Commercial Photography. In addition to technical skills, students completing this program will also develop advanced critical thinking, career development, applied academic, life management, business, economic, and leadership skills required for graphic communications occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, SkillsUSA-VICA.
12.0400	Cosmetology	This program prepares students to perform technical services involved with planning, organizing, researching, directing, and controlling functions and processes related to the provision of cosmetology services. An integrated approach to teaching and learning is provided as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with careers in this field. Students completing this program will be prepared to participate in teams, solve problems, think critically, and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, academic foundations, experiential learning, supervised occupational experience and leadership, and personal development through the Career and Technical Student Organization, SkillsUSA-VICA.
12.0500	Food Production/Culinary Arts	This program is designed to prepare students to apply technical knowledge and skills required for food production and service occupations in institutional and commercial food establishments. Students completing this program will possess the technical knowledge and skills required for planning, selecting, storing, purchasing, preparing, and serving quality food products. Nutritive values, safety/sanitation precautions, use of commercial equipment, serving techniques, special diets, and management of food establishments will also be studied. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for entry into culinary arts occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organizations, Family Career and Community Leaders of America (FCCLA) or SkillsUSA-VICA.
13.1200	Early Childhood Professions	This program is designed to prepare students for employment in residential, institutional, and early childhood settings. The program includes instruction in child growth and development, child health, nutrition, safety, and planning and supervision of developmentally appropriate play and learning activities. Child guidance, family relationships, and applicable legal and administrative requirements are addressed as well. Preparation for the development and management of effective child care programs and facilities is included. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for entry into early childhood professions occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, FCCLA.

Appendix

Table 9: (Continued)

CIP	Program Title	Description
13.1500	Education Professions	This program is designed to prepare students for employment or post-secondary opportunities in the education field. The program provides instruction in education career choices, education structure and systems, theory, pedagogy, developmental stages, learning styles, and methodology. The program also provides interactive experiences with students at different age levels, in a variety of content areas in educational environments. Education Professions is designed to articulate with the Introduction to Education courses at the community college and paraprofessional preparation programs. In addition to technical skills, students completing this program will develop advanced critical thinking skills, and enhanced academic skills, develop civic responsibility, understand education as a consumer, and develop employability and leadership skills. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential/service learning, supervised work-based learning, and the student organization, Future Educators of America (FEA).
15.0300	Electronics Technology	This program is designed to prepare students to apply basic engineering principles and technical skills in support of electrical, electronics, and communication engineers. Includes instruction in electrical circuitry, prototype development and testing, systems analysis and testing, systems maintenance, instrument calibration, and report preparation. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for electronics technology occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, SkillsUSA-VICA.
15.1200	Business Information Technology Services	This program is designed to prepare students for employment related to the information technology industry. Instruction provides an integrated approach for teaching skills in information technology. The program options are: a) Computer Maintenance, b) Network Technology, c) Software Development, and d) Information Support and Services. An integrated approach to teaching and learning is recommended as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with functions essential for employees in business information technology services occupations. The program uses a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, FBLA or SkillsUSA-VICA.
15.1300	Drafting/Design Technology	This program is designed to prepare students to plan scale interpretations of engineering, design, and architectural drafting applications in industry. Instruction includes the use of precision drawing instruments, computer-assisted design and drafting (CADD), sketching and illustration, and specification interpretation. In addition to technical skills, the student completing this program will possess advanced critical thinking, employability, applied academic, life management, and the business, economic, and leadership skills required for drafting occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, SkillsUSA-VICA.

Appendix

Table 9: (Continued)

CIP	Program Title	Description
43.0100	Law, Public Safety and Security	This program prepares students to perform technical services involved with planning, organizing, researching, directing and controlling functions and processes related to the provision of law, public safety and security services. An integrated approach to teaching and learning is provided as students develop interpersonal relations, career development skills and technical knowledge and skills associated with careers in this growing field. Students completing this program will be prepared to participate in teams, solve problems, think critically and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, academic foundations, experiential learning, supervised occupational experience and leadership, and personal development through the Career and Technical Student Organization, SkillsUSA-VICA.
43.0200	Fire Sciences	This program prepares students to perform technical services involved with planning, organizing, researching, directing and controlling functions and processes related to the provision of fire science services. An integrated approach to teaching and learning is provided as students develop interpersonal relations, career development skills and technical knowledge and skills associated with careers in this field. Students completing this program will be prepared to participate in teams, solve problems, think critically and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, academic foundations, experiential learning, supervised occupational experience and leadership and personal development through the Career and Technical Student Organization, SkillsUSA-VICA.
46.0400	Construction Technologies	This program is designed to prepare students for careers in the Construction Industries. The program comprises a core curriculum and two options: Construction Technology and Industrial Maintenance. The occupational competencies for both options are aligned with the National Center for Construction Education and Research (NCCER) standards. Construction Technology I includes units of instruction in electrical, masonry, concrete finishing, and plumbing. Construction Technology II includes units of instruction in floor systems, wall and ceiling framing, roof framing, site layout, exterior finish, and roofing applications. Industrial Maintenance I includes units of instruction in electrical safety, conduit bending, fasteners and anchors, electrical theory one and two, test equipment, national electric code, conductors, reading blueprints, and oxyfuel cutting. Industrial Maintenance II includes units of instruction in commercial and industrial wiring, alternating current, motor theory and applications, grounding, boxes and fittings, cabling, conductor terminations and splices, circuit breakers and fuses, contactors and relays, lubrication, bearings, copper and plastic piping, and shielded metal arc welding.
47.0200	Heating, Ventilation and Air Conditioning	The Heating, Ventilation and Air Conditioning program prepares individuals to install, repair, and maintain heating, ventilating, and air conditioning/refrigeration systems using equipment necessary on the actual job and/or industry trainers. Information on the scientific principles of heat transfer, electrical, ventilation, hydronics, and control systems is basic to the course. In addition to the required technical skills, students will possess advanced employability skills including critical and conceptual thinking skills, applied academics, and life management skills.

Appendix

Table 9: (Continued)

CIP	Program Title	Description
47.0600	Automotive Technologies	This program is designed to prepare individuals for jobs in maintenance and mechanical repair or autobody/collision repair of cars and light trucks. The program comprises a core curriculum and two options: option A is Automotive Technology and option B is Autobody/Collision Repair. The occupational competencies for both options are aligned with National Automotive Technicians Education Foundation (NATEF) Standards. Students completing the options should be prepared to pass the Automotive Service Excellence (ASE) exams in the respective areas.
48.0500	Precision Metal Working	This program is designed to prepare students for employment in machining or welding jobs. The program comprises a core curriculum and two specialty options: Welding Technology and Machining Technology. The core curriculum provides individuals with critical thinking, career development, life management, business, economic, and leadership skills required for precision metal working occupations. The Welding Technology option prepares individuals to apply technical knowledge and skills to join or cut metal surfaces. Includes instruction in arc welding, resistance welding, brazing and soldering, cutting, high-energy beam welding and cutting, solid state welding, ferrous and nonferrous materials, oxidation-reduction reactions, welding metallurgy, welding processes and heat treating, structural design, and safety and applicable codes and standards. The Machining Technology option prepares individuals to apply technical knowledge and skills to plan, manufacture, assemble, test and repair parts, mechanisms, machines, and structures in which materials are cast, formed, shaped, molded, heat treated, cut, twisted, pressed, fused, stamped, or worked.
48.0700	Woodworking	This program is designed to prepare students for employment in the field of millwork and woodworking. Instruction includes job planning, drafting, material layout, cutting, shaping, assembling, finishing of wood pieces, and installing hardware. It also contains information related to drafting, production, and installation. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for woodworking occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, SkillsUSA-VICA.
49.0200	Heavy Equipment Operation	This program is designed to prepare students for employment operating a variety of heavy equipment, such as a crawler tractor, paving machine, trench digging machine, conveyor, bulldozer, dredge, pump, compressor, pneumatic tool, motor grader, scraper, power shovel, dragline, and crane. It also contains information relating to current technology in construction equipment operating systems. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for entry into construction equipment operation occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organization, SkillsUSA-VICA.

Table 9: (Continued)

CIP	Program Title	Description
51.0800	Allied Health Services	This program prepares students to perform technical services involved with planning, organizing, researching, directing and controlling functions and processes related to the provision of select healthcare services. An integrated approach to teaching and learning is provided as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with a core curriculum and pathway options of Pharmacy Support Services, Laboratory Assisting, Medical Imaging Support Services, and Sports Medicine and Rehabilitation Therapies. Students completing this program will be prepared to participate in teams, solve problems, think critically, and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, academic foundations, experiential learning, supervised occupational experience and leadership, and personal development through the Career and Technical Student Organization, SkillsUSA-VICA.
51.1600	Nursing Services	This program prepares students to perform technical services involved with planning, organizing, researching, and directing and controlling functions and processes related to the provision of nursing assisting services. The Arizona State Board of Nursing must approve Nursing Assistant programs. An integrated approach to teaching and learning is provided as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with nursing assisting and the pathway into other careers in nursing. Students completing this program will have the opportunity to take the Arizona examination to become a Certified Nursing Assistant (CNA), and be prepared to participate in teams, solve problems, think critically, and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, academic foundations, experiential learning, supervised occupational experience and leadership, and personal development through the Career and Technical Student Organization, SkillsUSA-VICA.
52.0200	Business Management and Administrative Services	This program prepares students to perform technical support services involved with planning, organizing, researching, and directing and controlling functions and processes related to the production, buying and selling of goods and services. An integrated approach to teaching and learning is recommended as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with functions essential for any business operation. Students completing this program will be prepared to participate in teams to solve problems and think critically about business-related issues and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, experiential learning, supervised occupational experience Cooperative Office Educational Education (COE) and leadership, and personal development through the career and technical student organization, Future Business Leaders of America (FBLA) or DECA.
52.0300	Accounting and Related Services	This program prepares students to provide technical support to professional accountants and other financial management personnel. Instruction includes general accounting principles and practices, posting transactions to accounts, record keeping systems, and accounting software operation. An integrated approach to teaching and learning is recommended as students develop interpersonal relations, career development skills, and technical knowledge and skills associated with functions essential for a business operation. Students completing this program will be prepared to participate in teams to solve problems and think critically about business-related issues and implement effective solutions. The program is designed and delivered as a coherent sequence of experiences using technical instruction, experiential learning, supervised occupational experience Cooperative Office Education (COE) and leadership development through the Career and Technical Student Organization, Future Business Leaders of America (FBLA).

Appendix

Table 9: (Continued)

CIP	Program Title	Description
52.0400	Administrative Information Services	This instructional program is designed to prepare students for employment in a variety of secretarial and administrative support positions requiring skill with various computer software applications, data-analysis, decision-making, communications skills, and knowledge of cost-effective business operations. The instruction is designed, planned, and delivered as a coherent sequence, utilizing a delivery system that includes formal technical instruction, experiential learning, supervised cooperative work experience, Cooperative Office Education (COE) and leadership development through the Career and Technical Student Organization, Future Business Leaders of America (FBLA). The student completing this program will also develop advanced critical thinking, career development, applied academic, life management, business, economic and leadership skills required for employees in administrative information services occupations.
52.0800	Financial Services	This program is designed to prepare students with skills and knowledge for employment and continuing education in business and personal finance. Instruction includes financial investment and planning, insurance, banking, and related services. Students, who successfully complete this program of instruction, will be adequately prepared to understand personal business-economic issues and solve problems, and enter the labor market with skills that are transferable across financial institutions. Instruction is designed, planned, and delivered as a coherent sequence utilizing formal, technical instruction, experiential learning, supervised cooperative work experience, Cooperative Office Education (COE) and leadership development through the Career and Technical Student Organizations, Future Business Leaders of America (FBLA) and DECA. Students completing this program will possess critical thinking, career development, applied academics, life management, business, economic, and leadership skills required for advanced training and employment in financial services-related occupations.
52.0900	Hospitality Management	This program is designed to prepare students for employment in positions that provide customer-focused services in such facilities as hotels, resorts, convention centers, national parks, RV parks, travel agencies, and cruise lines. A student completing this program will possess the knowledge and skills associated with reservations and front desk operations, meeting and banquet room support services, food and beverage support services, housekeeping, laundry operations, supervisory functions, and environmental functions. In addition to these skills, students will possess advanced employability skills including critical and conceptual thinking, communications, applied academics, life management, and technology. This program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organizations, FCCLA or DECA.
52.1800	Marketing, Management, and Entrepreneurship	This program is designed to prepare students for employment in various sales, customer service, advertising, and promotion and first-line supervisory positions in wholesale, retail, and service establishments. A student completing this program will possess the knowledge and develop technical skills associated with meeting occupational objectives in the fields of marketing, management, and entrepreneurship. In addition to technical skills, students completing this program will also develop advanced critical thinking, applied academic, career development, life management, business, economic, and leadership skills required for entry into marketing, management, and entrepreneurial occupations. The program is designed and delivered as a coherent sequence of experiences made up of technical instruction, experiential learning, supervised occupational experience and leadership, and personal development through the Career and Technical Student Organization, DECA.

Appendix

Table 9: (Concluded)

CIP	Program Title	Description
52.1900	Fashion Design and Merchandising	This program is designed to prepare students for employment in various fashion design, production, apparel sales, customer service, and first-line supervisory positions in apparel manufacturing, wholesale, and retail establishments. A student completing this program will possess the technical knowledge and skills associated with fashion design/production and apparel selection, purchase, sales, and promotion. In addition to technical skills, students completing this program will also develop advanced critical thinking, career development, applied academic, life management, business, economic, and leadership skills required for entry into fashion design and merchandising occupations. The program utilizes a delivery system made up of four integral parts: formal/technical instruction, experiential learning, supervised occupational experience, and the Career and Technical Student Organizations, FCCLA or DECA.
99.0100	Information Technology	This program is defined as an instructional experience that provides students with an understanding of and orientation to occupations involved in communications, design of systems and processes, and information management.
99.0200	Industrial Technology	This program is defined as an instructional experience that provides students an understanding of and orientation to occupations involved in the design, production, processing, assembling, testing, maintaining, servicing, and repairing of goods.
99.0300	Applied Biological Systems	This program is defined as an instructional experience that provides students with an appreciation for living systems as applied to the science of food and fiber production, food processing, and human health.
99.0400	Business Management Technology	This program is defined as an instructional experience that provides students with an understanding of and a familiarity with the principles and practices of business. In a comprehensive CTE program, Business Management Technology serves as a transition between the broad exploration provided through the Level I Technological Foundations experience and the occupationally specific instruction provided at Level III.
99.0500	Life Connections	This program is defined as an instructional experience that provides students with an orientation to and an understanding of occupations that directly address the welfare of human beings.

Source: Auditor General staff analysis of ADE's *Secondary Career and Technical Education Resource Handbook For CTE Administrators*, April 2003.

Appendix

Table 10: EVIT and Member Districts Student Enrollment in Vocational Education Programs by Location Fiscal Year 2004

Program	EVIT	Member Total	Apache Junction	Chandler	Fountain Hills	Gilbert	Higley	Mesa	Queen Creek	Scottsdale	Tempe
Agriscience	0	1,051	0	171	0	569	0	311	0	0	0
Horticulture	8	15	0	0	0	0	0	0	15	0	0
Renewable Natural Resources	8	21	0	0	0	0	21	0	0	0	0
Radio/Television Technology	134	493	0	137	77	120	23	0	23	113	0
Graphic Communications	247	3,037	172	701	34	1,895	101	0	60	74	0
Cosmetology	285	34	0	0	0	3	0	31	0	0	0
Culinary Arts	178	4,757	0	569	0	1,280	0	1,505	0	58	1,345
Early Childhood Professions	67	2,155	8	453	17	466	8	501	0	128	574
Education Professions	0	147	0	0	0	58	8	81	0	0	0
Electronics Technology	42	602	0	20	0	15	0	440	0	0	127
Business Information Technology Services	91	1,721	21	451	0	573	21	618	0	37	0
Drafting/Design Technology	33	639	0	30	27	110	0	253	15	118	86
Law, Public Safety and Security	64	0	0	0	0	0	0	0	0	0	0
Fire Sciences	86	58	0	58	0	0	0	0	0	0	0
Construction Technologies	86	272	0	0	0	0	0	82	0	0	190
Heating, Ventilation and Air Conditioning	33	0	0	0	0	0	0	0	0	0	0
Automotive Technologies	358	2,267	0	227	0	175	0	1,622	0	0	243
Precision Metal Working	157	1,035	53	0	0	98	0	884	0	0	0
Woodworking	0	820	0	25	0	92	30	583	23	67	0
Allied Health Services	98	0	0	0	0	0	0	0	0	0	0
Nursing Services	122	84	0	0	0	55	0	0	0	29	0
Business Management and Administrative Services	83	221	13	0	0	0	0	87	0	121	0
Accounting and Related Services	0	359	0	0	0	38	0	174	0	0	147
Administrative Information Services	0	2,588	0	811	0	0	15	719	0	442	601

Appendix

Table 10: (Concluded)

Program	EVIT	Member Total	Apache Junction	Chandler	Fountain Hills	Gilbert	Higley	Mesa	Queen Creek	Scottsdale	Tempe
Financial Services	0	56	0	0	0	0	0	0	56	0	0
Hospitality Management	0	200	0	27	90	0	0	21	0	62	0
Marketing, Management And Entrepreneurship	0	2,943	0	305	13	612	22	951	0	140	900
Fashion Design and Merchandising	50	969	0	249	0	235	0	350	19	0	116
Information Technology	0	1,436	83	1,162	46	0	22	0	123	0	0
Industrial Technology	0	1,262	61	418	0	399	50	0	91	124	119
Applied Biological Systems	0	579	0	338	0	152	32	0	57	0	0
Business Management Technology	0	5,356	352	600	56	1,519	417	0	102	736	1,574
Life Connections	0	1,801	510	523	92	20	31	0	46	439	140
TOTAL	**2,230**	**36,978**	**1,273**	**7,275**	**452**	**8,484**	**801**	**9,213**	**630**	**2,688**	**6,162**

Source: Auditor General staff analysis of enrollment information provided by EVIT and its member school districts and the Arizona Department of Education.

Appendix

Table 11: NAVIT and Member Districts
Student Enrollment in Vocational Education Programs by Location
Fiscal Year 2004

Program	NAVIT	Member Total	Blue Ridge	Heber-Overgaard	Holbrook	Joseph City	Payson	Round Valley	Show Low	Snowflake	St. Johns	Whiteriver	Winslow
Agriscience	0	103	0	27	0	0	62	0	0	14	0	0	0
Horticulture	0	10	0	0	0	0	10	0	0	0	0	0	0
Renewable Natural Resources	0	28	0	0	0	0	0	28	0	0	0	0	0
Radio/Television Technology	0	92	62	0	0	0	0	0	14	0	0	16	0
Graphic Communications	22	512	91	19	0	0	0	0	14	212	88	0	88
Cosmetology	105	0	0	0	0	0	0	0	0	0	0	0	0
Culinary Arts	0	269	105	50	0	14	0	0	34	0	53	13	0
Early Childhood Professions	0	170	78	0	31	0	0	0	27	0	0	0	34
Education Professions	0	5	0	0	0	0	0	0	0	0	0	0	5
Business Information Technology Services	0	239	54	0	52	0	6	13	27	46	0	3	38
Drafting/Design Technology	0	246	12	0	31	0	88	0	50	0	0	22	43
Law, Public Safety and Security	0	61	0	0	0	0	0	0	61	0	0	0	0
Fire Sciences	55	0	0	0	0	0	0	0	0	0	0	0	0
Construction Technologies	22	284	22	0	0	7	16	42	18	23	37	18	101
Automotive Technologies	0	389	60	0	50	27	83	20	49	29	71	0	0
Precision Metal Working	93	74	0	0	47	8	0	0	0	0	0	0	19
Woodworking	0	223	100	0	38	20	65	0	0	0	0	0	0
Heavy Equipment Operation	0	12	0	0	0	0	0	0	0	0	0	12	0
Allied Health Services	6	0	0	0	0	0	0	0	0	0	0	0	0
Nursing Services	136	0	0	0	0	0	0	0	0	0	0	0	0
Business Management and Administrative Services	0	196	0	0	0	0	16	29	30	20	27	0	74
Accounting and Related Services	0	30	16	0	0	0	6	0	0	0	0	0	8
Administrative Information Services	0	180	120	27	0	6	0	0	0	0	15	12	0
Hospitality Management	0	6	0	0	0	6	0	0	0	0	0	0	0

Appendix

Table 11: (Concluded)

Program	NAVIT	Member Total	Blue Ridge	Heber-Overgaard	Holbrook	Joseph City	Payson	Round Valley	Show Low	Snowflake	St. Johns	Whiteriver	Winslow
Marketing, Management and Entrepreneurship	0	7	0	0	0	0	0	0	0	0	0	0	7
Fashion Design and Merchandising	0	100	73	0	0	0	27	0	0	0	0	0	0
Information Tech	0	616	39	28	269	10	0	0	154	83	21	12	0
Industrial Tech	0	689	53	0	47	71	0	126	124	50	40	20	158
Applied Biological Systems	0	588	26	31	136	0	1	36	67	14	22	37	218
Business Management Technology	0	1,328	225	51	132	18	98	117	218	50	108	72	239
Life Connections	0	505	174	0	42	52	113	0	72	0	11	0	41
TOTAL	**439**	**6,962**	**1,310**	**233**	**875**	**239**	**591**	**411**	**959**	**541**	**493**	**237**	**1,073**

Source: Auditor General staff analysis of enrollment information provided by NAVIT and its member districts.

Appendix

Table 12: Summary of EVIT and NAVIT Intergovernmental Agreements (IGAs)[1] Fiscal Year 2004 (Unaudited)

EVIT	
Member Districts—Satellite	This agreement with each member district defines the Satellite relationship and how the Satellite-generated maintenance and operation and capital monies are split between EVIT and the member district. This IGA also specifically identifies each member district's courses that are approved to be included in the calculation of Satellite ADM for funding purposes. EVIT retains 13 percent of the Satellite-generated maintenance and operation (M&O) monies and 50 percent of the capital monies. EVIT also retains all of the funding generated from its Central operations.
Member Districts—Federal Funds	This agreement with each member district defines how the federal Perkins funding will be split between EVIT and the member district. EVIT receives a portion of the federal funding that is generated by its Central students. In addition, each member district gives a portion of its Perkins federal funding to EVIT based on the ratio of 110 percent of the member's EVIT Satellite enrollment over the sum of the member district's vocational class enrollment plus member's total EVIT enrollment.
Community College Districts—Maricopa County CCD	Defines the courses that are eligible for dual enrollment, as well as how tuition is covered. MCCCD pays EVIT $1,000 per FTSE for students enrolled in approved courses, with an additional $300 per FTSE for a lab course. EVIT uses these monies to pay MCCCD for the related tuition.
South Mountain Community College	An articulation agreement that provides for EVIT students who have taken certain specified courses at EVIT to be able to take their transcripts to SMCC and request college credit for the EVIT courses.
NAVIT	
Member Districts	This agreement with each member district defines the Satellite relationship, including how the Satellite-generated maintenance and operation and capital monies are split between NAVIT and the member district. Each member district's agreement also identifies the courses that are approved to be included in the calculation of satellite ADM for funding purposes. The IGA also details how Central ADM is to be split between NAVIT and the member district. NAVIT requires the member districts to annually report their vocational education program expenditures. NAVIT retains 40 percent of the Satellite-generated M&O monies and 60 percent of the capital monies. NAVIT also retains 85 percent of the funding generated from its Central operations.
Community College Districts (CCD)	NAVIT has IGAs with the Navajo County CCD and the Gila County CCD. These agreements establish the relationships that allow NAVIT to use the college campuses as its Central campuses. They stipulate that the courses will use college professors and college facilities. They also define concurrent enrollment relationships that allow NAVIT students to earn college credit, and specify how tuition and costs are covered. NAVIT pays for the miscellaneous student costs (i.e., textbooks and workbooks) and half of the regular tuition, plus half of the operating costs for these classes.

1 Summary is provided for all IGAs related to EVIT and NAVIT providing vocational education in partnership with their member districts or community colleges. Other IGAs related to cooperative purchasing and other services from municipalities were not summarized as they did not relate to the provision of vocational education.

Source: Auditor General staff analysis of IGAs provided by EVIT and NAVIT.