

STATE DIRECTORS

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Innovative Uses of Perkins Reserve Funds

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The Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) gives recipients the opportunity to create a “reserve fund” to be used for new and innovative programs. While the reserve fund was originally introduced in Perkins III, the new law gives states more flexibility on how to use the funds.

Under Perkins IV, each state is required to distribute 85 percent of its allocation to local programs, but is allowed to reserve up to 10 percent of that amount (or 8.5 percent of the state’s total allotment) to be used outside of the formula outlined in the law.ⁱ States may use the reserve fund for any eligible local use of funds for programs in rural areas, areas with high percentages of career technical education (CTE) students, or high numbers of CTE students.ⁱⁱ The funds may be distributed by formula or competitive grants.

For federal FY 2009, 38 states indicated in their state plans that they intended to use the reserve fund. On average, these 38 states planned to use 7.55 percent of their local allocation for the reserve fund. Based on proposed budgets, this represented \$46 million for reserve expenditures.

Part of the reason for the creation of the reserve fund in Perkins III was Congress’ concern that “rural and urban areas are underserved or face greater challenges in providing high-quality vocational programs.”ⁱⁱⁱ Perkins III allowed the reserve fund to be used for the same purposes as Perkins IV, as well as for areas negatively impacted by changes in within-state formulations, and also mandated that states use the reserve fund for at least two of the four categories. According to the U.S. Department of Education, the reserve fund has been successful in providing more programmatic support and funds to rural CTE programs.^{iv}

Perkins IV provides even greater flexibility to states in serving rural areas as well as using the reserve funds statewide for innovative initiatives. Perkins IV does not require states to use the funds for two or more purposes as was the case in Perkins III, therefore states have broader discretion in how the funds can be used.

The reserve fund represents an opportunity for states to exercise their leadership by directing funds to the programs or areas that have the most need, or toward initiatives that can introduce real innovation in CTE. Some examples of how the funds could be used include forming consortia, developing programs of study, promoting collaboration among secondary and postsecondary systems, offering local incentive grants, adding more funds to Tech Prep, or

building teacher preparation programs. States may also choose to direct the funds to a specific industry area that is emerging in their state, such as green jobs or information technology. States could also direct the money towards a specific performance indicator to improve outcomes.

State Examples: Innovative Use of Reserve Funds

Tennessee: Tennessee uses the full 10 percent of allowable monies for the reserve fund, with 80 percent being used for secondary purposes and the remaining 20 percent being awarded to postsecondary programs for secondary to postsecondary transition activities. Grants are given on a competitive basis as a one-time allocation and are not renewable for the next fiscal year.

For the 2008-2009 program year, Tennessee awarded 23 grants to 27 LEAs, totaling \$1.7 million. Grant amounts ranged from \$5,000 to \$100,000. The purpose of these grants is to prepare students for high-skill, high-wage, or high-demand occupations and to support linkages between secondary and postsecondary CTE programs, such as articulation, dual credit, dual enrollment, and distance learning. For example, Rutherford County used its reserve fund grant to implement a new marketing program in the FUSION Academy at Blackman High School that helps students transition from secondary to postsecondary. Teachers there are trained in the College-Level Examination Program (CLEP) in order to offer courses preparing students for CLEP exams so that students may receive college credit for their high school work.

Grants may also be used for new or innovative programs, including STEM and green technology. An agriculture program at South Side High School in Jackson-Madison County received a reserve grant to make biodiesel fuel from used cooking oil. The program integrated agricultural curriculum with biology and chemistry courses, and plans to expand into the Automotive Service Excellence (ASE) automotive programs at the school.

Maine: Maine is another state that uses 10 percent of its local allotment for the reserve fund. Two-thirds of the funds are used at the secondary level and one-third is used for postsecondary programs. In Maine, a portion of the grants are distributed by formula, with the rest awarded on a competitive basis.

At the secondary level, the funds are being used for teacher professional development in the areas of literacy and mathematics within the CTE context. The Literacy Strategies for Beginners series offers several sessions for teachers to learn effective ways to motivate students to read, write and learn technical vocabulary and concepts. The CTE Literacy Mentor series consists of four sessions that focus on vocabulary development, reading comprehension, ways to sharpen creative and critical thinking, and resources to support 21st century teaching and learning.

Maine also uses its secondary reserve fund for the Math-in-CTE professional development model. This model integrates math into CTE by pairing a CTE teacher with a math teacher to develop curriculum that teaches and reinforces math concepts that exist in a given career area. CTE and math teachers also participate together in a series of workshops where they learn the basics of the model and how to implement the math-enhanced lessons into CTE courses.

At the postsecondary level, Maine uses part of its reserve fund for rural initiatives. For example, the Maine Community College System (MCCS) offers CTE programs in high-skill, high-wage, and high-demand areas to students in Maine's vast rural regions through distance education and local delivery. MCCS works with the Maine Department of Labor and local communities to determine which CTE programs are needed in which areas of the state. These programs allow students who do not have easy access to one of the seven community colleges in Maine the opportunity for postsecondary education.

Maryland: Maryland uses 5 percent of its local allotment for its reserve fund. Sixty-five percent of the funding goes to secondary recipients and the remaining 35 percent of funds are used by postsecondary, which reflects Maryland's current allotment of local funds between secondary and postsecondary. Grants are awarded to applicants on a competitive basis and last for one year.

At the secondary level, Maryland targets its reserve fund to the improvement and expansion of CTE programs of study. For example, Maryland has used its reserve fund for the last several years for grants to increase the number of Project Lead the Way Pre-Engineering and Biomedical Sciences in the state. The reserve fund is also used to support the professional development needs of secondary and postsecondary instructors in Maryland approved programs of study, such as graphic communications, culinary arts, IT networking and interactive media production.

Maryland uses its postsecondary portion of the reserve fund to incentivize the state's community colleges to support career preparation programs, including the development and implementation of allied health programs. In order for a community college to be eligible for this grant, its career preparation programs must align with a secondary program in the local school system. Despite there being funds available for postsecondary institutions and for career development, most applications in recent years have been submitted for program of study improvement and expansion and the corresponding professional development.

South Dakota: South Dakota uses its full 10 percent of allowable monies for its reserve fund and directs 75 percent of the monies toward secondary schools and the remaining 25 percent to postsecondary institutions. Reserve funds are offered to secondary schools through a competitive request for proposal process. Postsecondary institutions are awarded through a formula.

State leaders have designated reserve fund as a vehicle to support teachers and students who are facing new, higher standards that are part of the state's Perkins plan to develop programs of study in all of its high schools. In order for states to support teachers and students in meeting new expectations, South Dakota has directed its reserve fund towards new curriculum that reflect those standards and professional development that support educators who are providing the instruction. The monies buttress a comprehensive effort to achieve the state's desire to improve the overall quality of CTE.

As the state takes on its multi-year project to phase out the older, more traditional CTE courses, it is rolling out new CTE courses that are folded into the programs of study. Currently, the state is focusing on courses focused on 9 of the 16 Career Clusters, such as human services, manufacturing and architecture and construction. The CTE courses align with the state's core academic standards and input from planning committees that involve business and industry. The

monies cover start up costs to launch new courses, new industry-based programs, or efforts to revamp existing traditional areas of Career Clusters.

However, increasing rigor is just one step in improving overall CTE program quality. South Dakota also realized that professional development had to complement the new curriculum. The state has provided educators a range of opportunities through summer conferences, online learning and support through teachers' associations that deliver training. Teachers who participate in professional development are expected to return to their classrooms with design units that they can use to provide instruction in new courses.

Kansas: In Kansas, where state officials allocate 10 percent of its allotment for its reserve fund, the pot is split equally by secondary and postsecondary entities. The funds are available to both education sectors through competitive grants.

State officials focused its reserve fund largely on its efforts to develop and expand access to technology in CTE programs at both the secondary and postsecondary levels. The overall undertaking includes purchase of new equipment, implementation of technical assessments and improvement planning. The state's use of reserve funds target specific goals within its technology agenda.

At the secondary level, where districts may use up to 50 percent of general Perkins funds toward the purchase of equipment, states may use reserve funds only for resources that support curriculum and associated equipment used in the courses. Those resources include new curriculum, technical equipment or software that enhance or update old devices, and professional development.

During tight budgetary times when replacing expensive equipment is more difficult, the reserve funds give districts the opportunity to address its needs in creative ways that can sometimes provide more overall impact. For instance, Kansas has used the funds for externships, which exposes teachers to the latest happenings of industry and use of equipment. Through externships, educators have been able to return to the classroom with an updated take on the industry they are instructing and new ideas on how to teach courses and use equipment.

At the postsecondary level, officials also targeted funds toward existing programs, particularly those that the state identified as in need of critical supply: advanced manufacturing, energy, health care, bioscience, and value-added agriculture and construction. The state does allow postsecondary institutions to purchase equipment as long as it fulfills the primary intent of expanding program capacity. Further, the state looked to institutions that made efforts to maximize existing programs and resources.

Kansas is using its reserve fund to encourage schools and institutions to collaborate more with another school or institution that has an existing program rather than creating a new program. For instance, some community colleges closer to suburban or urban areas are now able to offer their courses to rural institutions through the use of technology. Through distance education, several rural colleges gained access to Midwest Utility and Pipeline Training Center, which equips existing and emerging workers with skills and knowledge of the Kansas energy industry.

Another example includes Seward Community College, which was able to extend its respiratory therapy program to rural colleges in Garden City and Dodge City. The state allocated reserve funds toward purchase of video equipment to support distance learning for the hard-to-reach colleges.

Conclusion

These examples offer just a small window into the innovative ways in which states are using the Perkins IV reserve fund. The reserve fund encourages the state to exercise leadership by allowing states to direct monies into programs and areas that it feels have the most need. Further, states are granted the discretion to apply the monies toward scaling up existing effective programs or launch programs that could potentially become new CTE models. Worthwhile use of the reserve fund demonstrates to the federal government, including Congress and the Office of Management and Budget, how flexible funds can be used in innovative and effective ways to increase access to rigorous, up-to-date and quality programs state-wide.

ⁱ Carl D. Perkins Career and Technical Act of 2006, Section 112(a)(1).

ⁱⁱ Carl D. Perkins Career and Technical Act of 2006, Section 112(c).

ⁱⁱⁱ U.S. Department of Education, Office of the Under Secretary, Policy and Program Studies Service, *National Assessment of Vocational Education: Final Report to Congress*, Washington, D.C., 2004.
<http://www.ed.gov/rschstat/eval/sectech/nave/navefinal.pdf>

^{iv} U.S. Department of Education, Office of the Under Secretary, Policy and Program Studies Service, *National Assessment of Vocational Education: Final Report to Congress*, Washington, D.C., 2004.
<http://www.ed.gov/rschstat/eval/sectech/nave/navefinal.pdf>