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Thank you for providing me with the opportunity to speak on behalf of the importance of career & technical funding. I am Sandra Himes, Executive Director of Lehigh Career & Technical Institute. Our school serves the nine school districts in Lehigh County including the Allentown School District which is the 4th largest school district in the State of Pennsylvania. Lehigh County consists of urban, suburban, and rural districts. LCTI is the largest career & technical school in Pennsylvania educating approximately 2700 students in 38 different program areas.

Career & technical education's mission is simply workforce development. If Pennsylvania is to compete in the global economy, particularly in the manufacturing arena and continue to entice new businesses to our state, the career & technical schools must be capable of preparing the workforce needed in the high priority occupations. We must be training the students on the same or similar equipment to what they will use in the workforce. There must be sufficient enrollment of students capable of mastering the highly technical skills required in the industry. But here is the problem. The equipment can be expensive and the schools are under enrolled. The career & technology centers or CTCs are unable to meet their obligation of workforce development under the current funding structure.

To set the stage for my comments, let me provide you with LCTI's budget numbers. LCTI's current budget for this school year is \$24,298,100 of which the actual operating budget is \$20,657,400. The remainder of the budget covers debt service for our 2005 building project and a capital projects budget. On the revenue side, we received \$717,000 from Carl D. Perkins federal dollars, reimbursement from the state for PSERS, equipment grant money of approximately \$172,000 and an estimated secondary CTE subsidy of \$2.2 million dollars. The CTE subsidy is based on the average daily membership (ADMs) of the nine districts into LCTI. The nine sending districts of Lehigh County pay the remaining costs which is 80% of our budget. According to our Articles of Agreement, the formula used to determine how much each district pays for the operating budget is based on a five-year average of enrollment. The Allentown School District is the largest sender of students to LCTI and they pay the largest percentage at 47% of our operating budget. Unfortunately, they are also the poorest of the nine districts and have faced a serious challenge for the past several years to balance their own budget.

Allentown – Catasauqua – East Penn – Northern Lehigh – Northwestern Lehigh – Parkland – Salisbury – Southern Lehigh – Whitehall Coplay

As you know, many school districts across the state have had the same budgetary challenge and are looking for ways to cut budgets. Unfortunately, some districts felt the technical schools are an extra burden and an expendable reduction. They fail to understand the global impact their decisions make on Pennsylvania's workforce. The districts have trimmed their CTC obligation by one of two measures or both. The first measure that has been happening across the state for a number of years is to ask the CTCs to present their budgets to the districts at a 0% increase even though the CTCs' budgets have increased significantly as well due to fixed costs of salaries, health care, and PSERS. When faced with trying to develop a budget with no increase, the school administrators have to look at ways operationally to cut costs. One of the most common areas that CTCs used was to cut their equipment and supply budgets particularly in the expensive programs such as Precision Machining, Welding, and Diesel Technology, all of which are High Priority Occupations. While the nine sending districts in Lehigh County have not asked us to present a 0% increase, they have asked us to stay below the base index while our increases due to health care, PSERS, and salaries have increased significantly over the index. We have found ways to cut operational costs such as reducing electricity usage, eliminating positions, negotiating tougher union contracts to reduce health care costs, and by exchanging full-time for part-time positions to significantly reduce salaries & health care costs. But even after we cut \$640,000 from our operational budget by these measures, we still had to cut \$250,000 out of our equipment budget even though we know once the amount is cut, it will be very difficult to put it back in the future. This tremendously affects how we can maintain quality programs at industry standard levels. For instance, our Heavy Equipment Program's Occupational Advisory Council recommends the purchase of a new \$350,000 bulldozer with a GPS system to meet industry standards. Unfortunately, our budget can no longer afford the large ticket items like this.

I do need to take a few moments and thank you and the other legislators for the three million dollar budget line item in place for the last two years that provided funding to the career & technical schools to buy equipment. It very much helped LCTI to maintain our quality programs and to offset the costs to the districts. We haven't been able to get the bulldozer but we have been able to get other large ticket items that we could not budget in our general fund.

The second measure districts have been using in the state to reduce their CTC burden is to restrict the amount of students who may attend the technical school. Since there is basically a dollar sign placed on each student's head, CTCs across the state have seen a significant reduction in student enrollment which seriously affects funding into the school through CTE subsidy and district contributions. Since most CTC budgets are program-based, the expenses needed to offer a quality program does not change. For instance, if a CTC is offering a welding program, the cost of offering that program will not significantly reduce when there are fewer students in the program. There may be a reduced supply budget but the amount and type of equipment needed to offer a quality program will remain. However, without adequate student enrollment to fund the program, CTCs have had to close important programs like Precision

Machining or have been unable to open new programs like Electro-mechanical/Mechatronics both of which are invaluable to Pennsylvania's manufacturing industry.

Career & technical schools are an important part of workforce and economic development for Pennsylvania but many are struggling to meet the demands under the current funding structure. Measures must be taken to offset district costs to send students to the career & technical schools. If the burden is off the districts and the negative price tag off the students' heads, more students will have the opportunity to enroll in quality CTE programs. If our programs are fully enrolled and we have the capability of offering quality education on up-to-date industry-based equipment, we will be doing our part in workforce development and in turn, economic development for our state.