

Superintendent's Comments

Career Technical Education Reform

Governor Schwarzenegger has made Career Technical Education (CTE) a priority in his plan for education in California, and has supported his commitment with new budget dollars. The State Legislature, State Board of Education (SBE) and California Commission on Teacher Credentialing (CTE) have also weighed in with new legislation, regulations and reforms that make substantive changes to Career Technical Education. 2006-07 proved to be the biggest year to date for these reforms. For example:

- Model Curriculum Standards for CTE were published in June 2006 by the State Board of Education (SBE);
- In January, 2007, the State Board of Education adopted frameworks or blueprint for CTE (not yet published);
- Senate Bill 1292, signed into law in September 2006, added Section 44352.11 to the Education Code, which requires teachers holding vocational credentials to be certified to teach English learner students;
- In January 2007, the California Department of Education issued policy that vocational teachers holding a designated subject credential and have a 4-year college degree, are considered "highly qualified" under the Federal No Child Left Behind (NCLB) Act;
- Assembly Bill 2448 (Hancock), which took effect January 1, 2007, addressed specific reforms of the ROC/P system in California. This legislation requires ROC/P courses to be sequenced with community colleges, development of skills certificates (assessment), limits adult enrollment, eliminates the under age 16 cap for enrollment in ROC/Ps, the maximum number of courses should meet University of California "a-g" requirements and more.

The momentum for reform has continued throughout 2006-07. In March 2006, the Governor held a high-level, invitation-only Career Technical Education Summit with representatives of business/industry, labor and education. Concurrently, the State Assembly created the CTE Working Group, which held multiple hearings to better understand the state of CTE and determine direction. At the start of the 2007 legislative session, 44 pieces of legislation were introduced that had some impact on CTE and ROC/Ps. I expect support for CTE, and reform efforts, to continue while Governor Schwarzenegger is in office.

These changes and reforms will have far reaching impacts on Regional Occupational Centers/Programs and Adult Education CTE programs. It is our challenge to see that these reforms are implemented with the least disruption to our already successful programs, on a timeline that meets or exceeds state requirements and with results that push our programs to promote maximum student success.

This 2007-08 budget is crafted to provide the maximum possible financial support to help the district meet these reform challenges.

Legislative Challenges and Opportunities

As the result of term limits, fully one-third of our State Assembly Members are new to Sacramento this year. Very few of these new legislators understand the intricacies of education funding, and even fewer understand ROC/Ps or Career Technical Education. Yet, with CTE being such a high priority, many have jumped on the bandwagon by introducing their own bills. Some of these bills are good for ROC/Ps and Adult Education, and some are not.

Much of our focus for 2007-08 will be on educating our state legislators about CTE in general and ROC/Ps and Adult Education in particular. We will continue to oppose legislation that may damage vocational and adult education, support legislation that is helpful and actively pursue the legislative agenda approved by the MetroED Governing Board.

This budget proposal contains funds to continue MetroED's active participation in the California legislative process; through the Association of California School Administrators (ACSA), the California Association of Regional Occupational Centers and Programs (CAROCP), California Council for Adult Education (CCAEE) and through our own lobbying firm, School Services of California.

Facilities

The "crown jewel" of MetroED is the Central County Occupational Center (CCOC). The Center is nearing 40 years in age, and is showing its age. The facilities need modernization, reconfiguration and deferred maintenance. A Facilities Assessment Report, completed in February 2006, estimated the minimum cost for a basic modernization at \$35 million. Original construction of the facilities was funded via Tax Override funds by the JPA's six participating districts. Under Proposition 13, this funding mechanism is no longer possible and, because the District is a Joint Powers Authority (JPA), the District does not qualify for the state facilities funding.

Some years ago, MetroED was successful in passing legislation to qualify CCOC for the state deferred maintenance program. As a result, in addition to the annual apportionment of about \$160,000, the District has received nearly \$2.5 million in deferred maintenance extreme hardship funds for new roofing, HVAC and transformer replacement. We will continue to try to access these funds when possible. For 2007-08, we are considering a Deferred Maintenance Extreme Hardship application for funds to repair and/or replace the CCOC sewer lines, which are showing considerable deterioration.

For the last five years, MetroED has sponsored legislation to qualify the District for state facilities funding, but has been unsuccessful. However, our efforts were successful in having JPA ROC/Ps included in Proposition 1D funding for career technical education facilities modernization. Prop 1D sets aside \$500 million state-wide specifically for the construction and/or modernization of CTE facilities. The District must go through a competitive application process to access these funds, and must match any grants on a dollar-for-dollar basis. We are hopeful that one or more of our grant applications will be approved, which will be used for program reconfiguration at CCOC and facility modernization.

During the last 5-6 years, the District has set aside and accumulated more than \$4 million dollars in its Capital Outlay fund, primarily from one-time excess property tax funds. These dollars are designated for Capital improvements of the CCOC facilities, and are available for matching any Prop 1D grants. This 2007-08 proposed budget does not anticipate any additional Excess Property Tax revenues, since these are unknown each year until calculated. The California Department of Education advises us to consider these funds as one-time dollars. We do not budget these funds until received, usually in February. We have also not budgeted for the expenditure any Capital Outlay funds, pending determination of our Prop 1D grant applications.

For 2007-08, the District will undertake a new challenge to “go green” by evaluating and implementing energy cost containment strategies. This will include continued implementation of the 2005 energy audit conducted by PG&E, consideration of solar power generation, trash compaction and a water usage management system. This will be a multi-year effort that we expect will provide substantial energy cost savings.

[Metropolitan Adult Education Program \(MAEP\)](#)

MetroED administers the Adult Education programs for the Campbell Union High School District and San Jose Unified School District, commonly called the Metropolitan Adult Education Program (MAEP). MAEP is an award-winning, highly recognized program. It operates two major centers in Campbell and three in San Jose. In addition, MAEP provides numerous outreach programs in various community centers.

The last two years have been difficult financially for MAEP as the program fell short of meeting its state average daily attendance (ADA) cap in 2005-06 and had a decline of “pay points,” also in 2005-06, which resulted in a substantial decline in federal grant funding in 2006-07. Efforts by the MAEP teachers and administrative staff are now starting to turn these declines around. MAEP expects to meet its state ADA cap for both 2006-07 and 2007-08. There was a heavy emphasis on teacher “pay point” staff development training this year. However, results have been mixed, and we will continue to emphasize the measurement of student learning gains throughout 2007-08.

[WASC Accreditation](#)

During 2006-07, both the CCOC and MAEP programs received one year extensions of their WASC accreditations, through June 30, 2009. Both programs will need to complete their self studies during this coming year, to be submitted in the fall of 2008. Funds have been budgeted for both programs to start this process.

[CCOC Funding Equalization](#)

For a number of years, the JPA participating districts have wrestled with finding resolution of inequities in the funding model for students attending CCOC. Some districts pay more for the students attending CCOC than others. In 2004, the participating districts approved a three-year plan to equalize the funding for the Regional Occupational Program (ROP) ADA in the high schools. During 2006, the participating districts approved a second phase of equalization that makes a fundamental change in the funding model. It calls for each district sending students to CCOC to pay the full cost of those students, to be phased in over a four year period starting in 2006-07. While the funding concept is simple, the process for getting there

is complex, and designed with the goal of having minimal financial impacts on any of the equalizing districts. The 2007-08 budget, and two subsequent fiscal years, set aside additional General Fund dollars to facilitate equalization. This is a conservative approach until we can complete the first year's calculations, and revise the subsequent year projections.

District Cost Structures

Our long-term Goal is to develop and maintain a District organization structure that is cost efficient in the delivery of services to the JPA member districts. During 2006, the Governing Board authorized a management study by School Services of California to evaluate the efficiency of the various indirect costs, including both the CCOC and MAEP administrative structures. The results of that study are expected in late July or early August. The recommendations made by School Services may have a significant impact on how the District is organized.

Independent of the management study, the Superintendent's Office is undergoing a reorganization to reduce costs and increase efficiencies. It is hoped that these changes will strengthen the District leadership and better support for both CCOC and MAEP.

At CCOC, classes that do not generate an acceptable level of ADA will continue to be cancelled, and replaced with programs that are of greater interest to high school students. New programs added during the last two years have had high levels of high school student enrollment. For example, we've added Forensic Investigation, Video Production, Probation & Legal Careers, Baking and Catering, Veterinary Assisting and Computer Technology Careers. For 2007-08, we are adding Fire Science and Emergency Medical Technician (EMT), which are already full from pre-enrollment. Two classes that have not held their own with enrolment, Precision Machining and Cabinetmaking, have been cancelled.

At MAEP, course offerings will be re-distributed to better balance community needs. Classes that do not attract acceptable levels of enrollment and ADA will also be cancelled, and replaced where possible, with classes that will generate community interest, and meet community needs. MAEP will also be instituting fee-based programs to both meet community interests and generate new revenues for the program.

Employee Salaries, Benefits and Professional Development

It is my goal to keep our employee salaries and benefits reasonably competitive with surrounding school districts. During 2006-07 we were able to provide all employees with a 5.92% salary increase. We are also recommending Board approval to reclassify four lower-level classified CSEA positions that have not kept pace with our participating districts. Until this year, we have been able to provide all district employees (CCOC, MAEP and Administrators) with the same percentage salary increases. We were challenged to accomplish this in 2006-07 because of the funding disparities between ROC/P and Adult Education. 2007-08 will again also be a challenging year in this regard.

The District's Fiscal Health

The District responded aggressively to the State's 2002-03 financial crises by cutting \$4.4 million in one-time and on-going costs, and reducing staffing by nearly 16 FTEs. Since then, the District has strengthened its fiscal health by avoiding deficit spending, cautious restoration of student services at CCOC, establishment of a 10% reserve to address cash flow needs and establishment of a reserve for potential liability to the state for the PERS recapture (see the Executive Summary for further explanation). The Board established budget guidelines in 2006-07 that eliminate ancillary program encroachments on both the General and Adult Education Funds, and have these programs cover their indirect costs. The District administration continues to increase efficiencies and reduce costs by reorganizing and downsizing the administrative overhead. The School Services of California Management Study will provide valuable feedback on District efficiencies and costs.

While we have made considerable progress in establishing a solid fiscal foundation, we continue to have serious challenges in three major areas: Adult Education reliance on uncertain federal grant revenue; the uncertainty of CCOC funding equalization and the lack of funding for CCOC facilities modernization.

I believe that the programs at MetroED, both ROC/P and Adult Education, are THE premier programs in Northern California. Our district goals and objectives are designed to maximize student outcomes. This proposed budget as presented to the Governing Board on behalf of the administration represents the best possible plan for expenditures within the resources that are available in order to accomplish these goals.

I would like to thank all the staff, and the Budget Advisory Committee, for their assistance in the development of this proposed 2007-08 budget. I would also like to thank the members of the Governing Board whose guidance provides us direction and support in the development of a fiscally and academically responsible budget.

I recommend this budget for approval by the Governing Board.

Professionally,

Paul Hay
Superintendent