

**House Appropriations and Budget Committee
Career Technology Subcommittee
Performance Review Agency Questions**

Objective: To gather information and gain insight into agency performance and strategies used to adjust to funding reductions and maintenance levels, and to ascertain the agency's perspective on strategies, measures, performance, inputs, outcomes, programs and fiscal needs to be used to develop the FY-14 agency budget.

Please provide the following information.

1. Agency mission statement, including program goals, cost and effectiveness, program and performance measures and objectives;

The Agency's mission is "We prepare Oklahomans to succeed in the workplace, in education, and in life."

The Agency has the following goals as part of its 2012 - 2014 strategic plan:

- *Accelerate Oklahoma's economic growth.*
- *Ensure implementation of consistent standards and accountabilities.*
- *Market the value of the CareerTech System.*
- *Strategically improve agency operations and effectively manage resources to lead the CareerTech System.*
- *Create and promote a systemic culture that values diversity and inclusion.*

More information on the performance measures and objectives can be found in greater detail within our annual budget plan previously submitted.

2. Authorized and actual FTE; FY-12 actual expenditures and FY-13 budgeted expenditures;

	FY-12 Actual		FY-13 Budgeted	
	<u>Expenditures</u>	<u>FTE</u>	<u>Expenditures</u>	<u>FTE</u>
<i>Workforce & Economic Development</i>	\$ 7,517,071	0.00	\$ 6,886,269	0.00
<i>Career, College, & Citizen Readiness</i>	129,497,790	0.00	124,721,894	0.00
<i>Statewide Services</i>	18,351,521	175.60	19,592,798	185.30
<i>Dropout Recovery / Youthful Offender / Skills Centers</i>	6,264,198	55.60	6,238,228	58.30
<i>Administration</i>	4,090,899	32.90	2,610,707	23.90
<i>ISD Data Processing</i>	-	0.00	2,250,748	0.00
Totals	\$ 165,721,479	264.10	\$ 162,300,644	267.50

FY-12 Actual Expenditures on cash basis.

3. Funding sources for each program;

- *Workforce & Economic Development - State funding; Revolving funding*
- *Career, College, & Citizen Readiness - State funding; Revolving funding; Federal funding*
- *Statewide Services - State funding; Revolving funding; Federal funding*
- *Dropout Recovery / Youthful Offender / Skills Centers - State funding; Revolving funding; Federal funding*
- *Administration - State funding*
- *ISD Data Processing - State funding*

4. Components of each program illustrating that it is unique, necessary and unduplicated by other agency services or programs.

Workforce & Economic Development:

- *Training for Industry Program (TIP)*
- *Training for Industry Growth (TIG)*
- *Existing Industry Training*
- *Firefighter Training*
- *Safety Training*
- *Oil Field Training*
- *Statewide Truck Driver Training*

Career, College, & Citizen Readiness:

- *Program assistance to comprehensive school technology programs*
- *Formula payments to technology centers for full-time programs*

- *TANF / Welfare to Work program assistance*
- *Bid Assistance program assistance*
- *Professional Development for Teachers*
- *Other programs delivered through local schools*

Statewide Services:

- *Program/field support for comprehensive schools and technology center programs in support of the two previously mentioned programs.*
- *Curriculum development and distribution*
- *Cyber Security Training*
- *Career Readiness Program*
- *Federal Legislation Assistance*
- *Student and program Information Management*
- *Small Business Development*
- *Testing*

Dropout Recovery / Youthful Offender / Skills Centers:

- *Program/field support for dropout recovery, young offender, and inmate training programs. This includes inmate training in Department of Corrections facilities and private prisons and juvenile training in Office of Juvenile Affairs facilities.*
- *Funding for dropout recovery programs*

Administration:

- *Agency administration including the following support services: purchasing, payroll, finance, internal audit, communications and public relations, human resources, benefits, and internal staff development.*

ISD Data Processing:

- *New program added this fiscal year to account for the Agency's contract with OMES for IT services.*

5. What strategies would you employ in response to flat funding or a five percent reduction in appropriated funding?

- *Flat funding strategy would include:*
 - *Providing KeyTrain & Career Readiness assessments and Certifications on a fee basis*
 - *To continue or not with the Oklahoma Military Connection Initiative*
 - *More stringent review of the programs offered to our Business & Industry clients*
- *A five percent reduction strategy would include:*
 - *Potentially drop or provide KeyTrain & Career Readiness Assessments/Certificates on a fee basis*

- *Major reduction/elimination of our Oklahoma Military Connection Initiative*
- *Combined with recent years of cuts (14.35%), we would have to give serious consideration to abandoning some of at least one or more of our four critical mission areas including; Business & Industry Services, Comprehensive School Programs, Technology Center Services, and Dropout Recovery/Youthful Offender/Skills Centers*
- *Reduce funding for Career and College Readiness and Workforce and Economic Development*
- *Reduce professional development for teachers*

6. If applicable, how will potential federal sequestration/reduced federal funds affect the agency and programs, and what contingencies are in place?

If sequestration occurs and our federal programs are affected, in particular the Carl Perkins grant, there will be a dramatic impact to the services provided to Oklahoma students. Sequestration cuts will translate into reductions in or elimination of personnel (particularly career and guidance related staff at the local level), curriculum, testing services, and professional development. Loss of funding also affects the ability to put real world technology in the hands of students. These services have a direct impact on student achievement.

Sequestration of Bid Assistance grant funds will result in a decreased ability to provide technical assistance to Oklahoma businesses interested in selling products and services to federal, state and local governments. Reduction in this valuable service will result in a loss of job creation and expansion of Oklahoma's economy.

Without additional state funding, there is limited capacity to soften the cuts of sequestration. Services provided to the students of Oklahoma through Carl Perkins grant funds will feel significant impact. This impact will be felt at both the state administrative and leadership level and also at the secondary and post-secondary level. The Bid Assistance grant will also feel the effects of sequestration and a cut will limit the amount of technical assistance, proposal reviews, marketing and training that can be provided to Oklahoma businesses.

7. What are your personal services costs, including professional services, as a percentage of your total budget? Which positions have received salary increases in FY-12 - FY-13?

Personal services expenditures, including professional services, for FY-12 totals \$23,084,093 which is 13.9% of the Agency's total FY-12 expenditures. Personal services, including professional services, budgeted for FY-13 totals \$25,003,304 which is 15.4% of the Agency's total FY-13 budget.

As a result of a 2011 market study, the Agency implemented salary increases for 219 full-time employees whose salaries were below market. These increases ranged from \$497 to \$2,500 annually for these employees. The majority of these positions were instructors, program specialists, administrative assistants, and other field service positions. During FY-12 and FY-13 (4) positions received salary increases resulting from additional responsibilities. Positions affected include (3) Skills Centers Instructors; (1) Financial Analyst; (1) Information Analyst; and (1) Warehouse Truck Driver. During this time frame, there was also an hourly wage increase for a part-time switchboard operator and a position change from full-time to part-time for an assistant MAVCC director.

8. What are your vacancy and turnover rates? What have you done with any funds accumulated from vacancies? What strategy, if any, do you utilize to retain key personnel?

The Agency turnover rate for FY-11 was 6.3%; FY-12 was 14%; and FY-13 through December 31, 2012 is 3.17%. The FY-12 turnover rate is higher than normal for the Agency as a result of implementation of HB 1304 which transferred 18 Agency IT staff to OMES.

Unfortunately, the Agency is unable to use salary as an incentive to retain key personnel. A 2011 market study indicated that Agency employees, as a whole, are an average of 17% below market. Despite this, the Agency has enjoyed a relatively low turnover rate by utilizing various strategies including promoting internally when feasible; funding employee professional development; offering 32 flexible work schedules; and offering an exceptional benefit package.

9. Please provide the status of any implementation activities related to the information technology reforms enacted in the last three years regarding your agency with the Chief Information Officer in the Office of Management and Enterprise Services (OMES)?

The agency has moved to mandatory purchasing contracts and painfully slow and more bureaucratic processes for procuring technology needs. Technology services staff have been transferred to OMES and total consolidation is scheduled mid FY-14.

10. Do you currently contract with OMES for shared services, or have you contacted or been contacted by OMES regarding their providing certain shared services to your agency that are currently accomplished in-house? Which services? Have you realized net savings?

The Agency has a contract with OMES for IT services as part of the implementation of HB 1304. The Agency has not to date realized any net savings related to this IT consolidation.

11. Do you consult with other agencies to share strategies related to decreasing costs? If so, what have you shared and what costs have decreased and what has been the impact on programs, services, etc.?

Yes, CareerTech consults with many other agencies for the purposes of strategically reducing costs. Examples of services CareerTech provides to other agencies include Health for Certified Nurse Aid Training, DHS for testing services, ODOC for helping build Economic Growth and workforce preparedness, Corrections for providing inmate training, Higher Ed for assisting with Teacher Certifications, Wildlife for building online training and testing for hunter safety, Tourism for positive safety culture training, Oklahoma Aeronautic Commission for CASQ, as well as many local and county agencies. Teaching and training is what CareerTech does. It would be inefficient for these agencies to provide these services on their own.

12. To what extent have you explored the cost effectiveness of initiating or expanding the privatization of certain functions, service delivery or programs of your operations?

We have evaluated this in the past. We have been able to hold down costs of curriculum to our teachers over the past several years by partnering with private entities. Industry specialists and company in-house subject matter experts are contracted and utilized when training for new and/or expanding Oklahoma businesses. The agency will also be privatizing grounds services beginning in the coming year.

13. Identify specific revenue sources for each of your agency's revolving/disbursement funds and provide totals for FY-11 and FY-12. What have your carryover funds been the past two fiscal years? Please note any significant revenue trends regarding any specific funding source.

	<i>FY-11 Actual</i>		
	<u>Income</u>	<u>Expenditures</u>	<u>Balance</u>
<i>Training Contracts</i>	\$ 1,567,168	\$ 1,464,041	\$ 103,126
<i>Sales of Products & Services</i>	2,987,980	2,977,559	10,420
<i>Miscellaneous</i>	308,962	22,701	286,261
<i>Multi State Academic Vocational Curriculum Consortium (MAVCC)</i>	676,289	793,752	(117,464)
	<u>\$ 5,540,397</u>	<u>\$ 5,258,053</u>	<u>\$ 282,344</u>

	<i>FY-12 Actual</i>		
	<u>Income</u>	<u>Expenditures</u>	<u>Balance</u>
<i>Training Contracts</i>	\$ 1,838,801	\$ 1,706,510	\$ 132,291
<i>Sales of Products & Services</i>	2,568,436	2,952,108	(383,673)
<i>Miscellaneous</i>	367,609	33,176	334,433
<i>Multi State Academic Vocational Curriculum Consortium (MAVCC)</i>	547,904	661,556	(113,653)
	<u>\$ 5,322,749</u>	<u>\$ 5,353,351</u>	<u>\$ (30,601)</u>

Training Contracts include contracts with Oklahoma State Department of Health for Certified Nurse Aid Training and construction of a mobile training health lab; Univ of Oklahoma for on-site technology assistance and professional development to the Oklahoma Education Technology Trust schools; Oklahoma Department of Tourism for positive safety culture training and state park safety training; Oklahoma Aeronautics Commission for CASQ; various Skills Center and Youthful Offender training contracts with Oklahoma Department of Corrections; etc. Also included in this category is statutory funding for statewide safety training.

Sale of Products & Services includes the on-going operation of the production and sale of curriculum materials and testing services.

Miscellaneous includes indirect costs collected from administering federal grants.

Multi State Academic Vocational Curriculum Consortium (MAVCC) is a multi-state curriculum consortium with its own board of directors. Oklahoma is a member state of this consortium with the agency acting as fiscal agent.

14. What costs elements are included in your administrative program? Are certain administrative costs allocated throughout your budget?

The Agency's administrative program includes support services such as purchasing, payroll, finance, internal audit, communications and public relations, human resources, and internal staff development. This program also includes the office of the state director and agency legal counsel through the Office of Attorney General.

Administrative costs are only allocated to one program only as outlined above.

15. Have you undertaken or contemplated the elimination of any programs and, if so, what do you perceive to be the impacts of such eliminations?

We have reduced many FTE and a lot of our agency services to the field the past several years due to appropriation losses. The impacts of these losses of administrative oversight and services could potentially result in programs falling out of alignment with required accreditation standards, inconsistent teaching/administration practices, loss of quality program content, and improper data reporting.

16. Please add any other information you believe to be essential for the Legislature to know concerning your agency's budget structure, performance, inputs and outcomes.

Going back to question 4 regarding how our programs are unique and necessary, "We prepare Oklahomans to succeed in the workplace, in education, and in life." We do it with minimal expense and great outcomes. Oklahoma's investment in CareerTech is rewarded with a tremendously positive return on investment (ROI).

Our expenses by activity for FY-12 are as follows;

- 78.1% went directly to our Career, College, and Citizen Readiness programs*
- 11.1% for providing services necessary to properly manage system wide activities, field support and accreditations previously mentioned*
- 4.5% went to Workforce and Economic Development training*
- 3.8% was for Dropout/Recovery/Youthful Offender/Skills Centers*
- 2.5% was for Administration/Data Processing*

In review our accomplishments include;

- System enrollments - 528,503
 - 135,377 enrollments in 393 comprehensive school districts (grades 6-12)*
 - 391,882 enrollments in 29 technology center districts*
 - 1,244 enrollments 14 skills centers (inmates/juvenile offenders)**
- Administered nine dropout recovery programs at 11 technology centers serving 511 females and 515 males. Of these students, 960 enrolled to pursue high school diplomas and 66 enrolled to obtain GEDs.*
- Training for Industry Programs (TIP) assisted 65 companies to add more than \$76 million of new annual payroll*
- New and expanding businesses as well as existing businesses served - 6,924 companies*
- Provided more than 98,000 online assessments with more than a third of them being high stakes certification exams*

- *Issued 16,546 Career Readiness Certificates*
- *9,152 enrollments in cooperative alliance programs, a partnership with higher education, resulted in 76,370 college credit hours costing \$8 per credit hour. Potential cost savings to Oklahoma families was \$7.9 million in tuition and fees.*
- *Successfully launched phase one of the Oklahoma Military Connection Initiative for fast tracking certifications and assisting with job matching for returning military*
- *Helped Oklahoma companies secure more than \$163 million in contracts through the Oklahoma Bid Assistance Network*
- *Playing major roles in other statewide initiatives such as A-F School Grading System, Common Core, and Teacher and Leader Effectiveness (TLE)*
- *Through CareerTech's STEM initiative, we are playing a critical role in growing a talent pipeline of Oklahoma students to be ready to pursue careers in targeted industry sectors such as aerospace, energy, advanced manufacturing, healthcare, and biotechnology.*
 - *Pre-Engineering- 17 technology center districts and 6 comprehensive high schools*
 - *Gateway to Technology- 42 sites in middle schools*
 - *Biomedical Sciences- 12 technology center districts and 3 comprehensive high schools*
 - *Biotechnology - 2 technology center districts partnering with Noble Research Foundation.*
 - *Other STEM initiative partners- Cyber Security Education Consortium, National Science Foundation, four two-year colleges, and the University of Tulsa.*