

Introduction to Expenditure Reports in CTEIS

The Expenditure Report collects the amount of state and other funds spent supporting state-approved CTE programs during the previous school year. The following types of fund expenditures may be included in this report: Section **61a (1)**, **61b**, and **61c**, as well as **State** and **Other** sources.

Note: Perkins federal funds should not be included in the Expenditure Report.

The Expenditure Report is important as it reflects the actual cost of operating CTE programs and is used to calculate Program Cost Factors, which are included in the formula that generates Section 61a (1) CTE Added Cost funds.

Determining The Cost of A CTE Program

A primary goal of the expenditures reporting process is to accurately determine the cost of operating CTE programs. Therefore, it is beneficial to districts to report all expenditures required to support their programs. This information is used to determine one of the core components of the state's funding formula.

Note: Program Cost Factors (used in the formula to generate Section 61a (1) funds), are based on reported expenditures. An increase or decrease in a program's expenditures may affect the Program Cost Factor for that program. Also, the total entered 61a (1) expenditures cannot be greater than the 61a (1) funds your buildings received. When reviewing your expenditures, make sure to verify that your building reporters identified funding sources correctly.

Fiscal Agency Authorized Officials and CEPD Administrators may view an Expenditures Worksheet, which reflects the total expenditures required to operate a CTE program.

Fiscal Agency Worksheet	
Section 61a1 Funds Received:	\$1,799,327.49
Fiscal Agency Portion of the "Added Cost" of CTE (\$61a1 funds x 1.33333):	B \$2,399,103.32
Non-CTE Cost (Foundation Allowance/8):	C \$2,726,664.00
Foundation Allowance/8	\$984.00
Number of Students Enrolled in Reimbursed CTE Programs:	2771
Total Required Expenditures (minimum):	A \$5,125,767.32

For a Fiscal Agency to retain all CTE Added Cost funds received during any given year, the Expenditure Report must fulfill the following requirements:

A. Total Required Expenditures (Minimum):

To avoid recapture of funds, each Fiscal Agency must expend funds greater than or equal to the amount shown on the Total Required Expenditures line of the Expenditures Worksheet. Total Required Expenditures are calculated by summing the:

1. **Fiscal Agency Portion of the "Added Cost" of CTE** (previously referred to as the "local contribution")
2. **Non-CTE Cost** reflected in the Expenditures Worksheet.

Note: The Non-CTE Cost is calculated by dividing the Foundation Allowance (either the District's Foundation Allowance or the State Median Foundation Allowance—whichever is lower) by eight, then multiplying the result by the unduplicated number of students enrolled in your district's state-approved CTE programs.

B. Fiscal Agency Portion of the "Added Cost" of CTE:

The State of Michigan will not pay more than 75% of the added cost of a program, and therefore each Fiscal Agency must contribute local funds toward the operation of its programs. Each Fiscal Agency must expend local funds greater than or equal to the difference between the amount of Added Cost funding received (75% of the Added Cost) and Added Cost funding at the 100% level.

For example, if a district received \$75,000 in Added Cost funds, it is assumed those funds would cover 75% of a program's operating costs. To determine the district's total obligation, multiply the Added Cost funds received by 4/3: $\$75,000 * 4/3 = \$100,000$

In this case, the district is responsible for expending a minimum of \$100,000 to operate the above program and retain funding. \$75,000 of this cost was provided by the State of Michigan, so the district must expend \$25,000 in other funds to meet this requirement.

C. Non-CTE Cost:

Each Fiscal Agency must also expend funds for their CTE programs that reflect a cost comparable to that of "regular" education programming. This is referred to as the Non-CTE Cost of running a program. The Department uses 1/8th of the Foundation Allowance (i.e., 45 minutes) as the Non-CTE Cost per student.

D. Program Improvement Requirement:

Ninety percent (90%) of 61a (1) funds received by each Fiscal Agency must be used to support program improvement. Categories that are generally considered areas of program improvement can be found in the [OCTE Expenditures Guidance](#) workbooks on the CTEIS Knowledge Base. Each object code that denotes program improvement is marked with an asterisk (*) in the CTEIS system for easy identification.

STEPS FOR PREPARATION AND COMPLETION OF THE EXPENDITURE REPORT

As with all annual CTE reports required by the state of Michigan, the Expenditure Report can be broken down into a series of steps to help you organize and prepare your report:

1. [Expenditure Information Collection](#)
2. [Distribution Table Creation and Utilization](#)
3. [Expenditure Record Entry](#)
4. [Data Validation](#)
5. [Report Completion and Submission](#)

Keep in mind that only those CTE programs identified on the Spring Enrollment and Completion Collection Report for the previous school year will appear on your Expenditures Report.