



Council for Education Policy,
Research and Improvement

A New Funding Methodology For Workforce Education

DRAFT

Background Paper

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Introduction

Legislative Charge

The Council was directed by the Florida Senate to “develop a funding methodology for workforce/career education that provides for long term stability, accommodates growth, and rewards program performance” in consultation with community colleges, vocational centers, school districts, the Department of Education, and others involved in public vocational education. In addition to the overall look at funding, special issues related to funding for apprenticeship programs are addressed in this study.

Background

The state has undertaken several reviews of funding for workforce education, including apprenticeship programs in recent years.

- ❑ *Review of the Workforce Development System*, Office of Program Policy Analysis and Government Accountability (February 2000)
- ❑ *Workforce Development Funding Issues*, Postsecondary Education Planning Commission (December 2000)
- ❑ *Program Review: Workforce Development Education Program*, Florida Department of Education, Office of Program Policy Analysis and Government Accountability (November 2001)
- ❑ *Workforce Development Education Program Cost/Reimbursement Analysis*, Council for Education Policy, Research and Improvement (December 2001)
- ❑ *Evaluation of the Role of Community Colleges and School Districts in Apprenticeship Programs*, Council for Education Policy, Research and Improvement (February 2002)
- ❑ *Program Review: Apprenticeship Program Is Beneficial, But Its Ability to Meet State Demands Is Limited*, Office of Program Policy Analysis and Government Accountability (June 2002)

The recent PEPC and CEPRI reports on workforce identified modifications and corrections needed for the current statutory funding methodology. The Office of Program Policy Analysis and Government Accountability (OPPAGA) review of the workforce development examined the entirety of the system, including federal funding that flows through other state entities like the State Workforce Board and the Agency for Workforce Innovation. The OPPAGA analysis of workforce education was a comprehensive analysis of all the major issues including performance and outcomes for public workforce education. The OPPAGA and CEPRI reports on apprenticeship focused primarily on outcomes and accountability for those programs.

Current Funding Formula: Where are we now?

Current Methodology

Chapter 97-307, Laws of Florida (SB 1688), created the Workforce Development Education Fund (WDEF) to provide a new way of funding for career and technical training programs (adult vocational and adult general education) and to provide a “level playing field” between the school district and community college in terms of funding and delivering workforce training. The new formula had its basis in performance. This act also required the following for workforce development programs: common definitions, standard program lengths, a common database, common cost calculations, and a common fee structure.

The WDEF allocates funds in four major categories:

- ❑ Adult General Education (School Districts and Community Colleges)
- ❑ Vocational Certificate Programs (School Districts and Community Colleges)
- ❑ Associate in Science Degrees and Certificates (Community Colleges)
- ❑ Continuing Workforce Education (School Districts and Community Colleges)

In Appendix A, **Exhibit 1** provides a short explanation and diagrams for how performance funding operates for adult, career and technical training programs. Fifteen percent of funding is based on the performance of school districts and community colleges in producing high numbers of program completers and job placements through the workforce formula. Only the continuing workforce education portion of the WDEF is not subject to the performance funding formula.

The formula currently weights completions based on relative effort (adult general education), program length (vocational certificates), or program completion (Associate in Science) and whether or not a program completer is from a specified targeted population (e.g., disabled). Placements are weighted based on the level of employment derived from a high wage/high skill list created by the Workforce Estimating Conference.

The formula uses the following steps to determine how much of its at-risk funding an institution will earn back in each of the three performance funds.

1. Establish performance amount statewide for each fund category (15% of fund categories, not including continuing workforce).
2. Calculate the number of points for each fund category as follows: a) Count the number of completions in each college/district, multiply by weights for targeted populations, weights for program length, these become completion points, and b) Count the number of placements in each college/district, multiply by weights for established placement levels, these become placement points.
3. Add completion points and placement points to get total points for each fund category.
4. Divide total points for each category into the performance amount for each category, resulting in a “price per point” for the system.
5. Multiply the price per point in each category by the points earned by each LEA in each category, resulting in the performance amount earned.
6. Within each fund category for each college/district, add the performance amount earned to the base amount (85% of the prior year appropriation) for a total for the fund category.

7. Add the fund category totals with the continuing workforce amount to get a total workforce allocation for the college/district.

Recent Funding History

Since the development of the WDEF in 1997, funding for adult, career and technical training has consistently declined, with the exception of the 2000-01 and 2002-03. Over the seven years since the WDEF was put in place, funding has declined overall by 8 percent, or \$57.1 million. **Table 1** provides the recent history of funding for adult and career education programs.

Table 1: Recent History of Funding for the Workforce Development Education Fund

1997-98	\$731.6	WDEF created from FEFP (public schools) and CCPF (community colleges)
1998-99	\$712.2	Separated adults with disabilities
1999-00	\$704.6	First funding formula applied (but not in Adult General Education)
2000-01	\$719.7	An additional \$15M in funds were earmarked for performance
2001-02	\$672.2	Amount remaining after a \$51M (7%) mid-year reduction from original 2001-02 appropriation
2002-03	\$678.7	CC workforce funds return to sector budget, allocated to institutions on a pro-rata basis (formula not used)
2003-04	\$674.5	Funds allocated to institutions on a pro-rata basis (formula not used)

Enrollment Trends

While there has been a steady decline in funding for adult and career education programs in recent years, enrollment has consistently grown. Across all programs, there has been a 34 percent increase in enrollment from 1999-00 to 2001-02 (See **Table 2**). Among Adult General Education programs, Adult Basic Education, including English for Speakers of Other Languages (ESOL) programs, experienced the largest increase in enrollments with almost 70,000 more students served over this three-year period.

For vocational certificate programs, enrollment increased by about 18,000 students overall, a 19 percent increase. Enrollment grew the most in family/consumer sciences (e.g., child care workers) and public service programs. The number of family/consumer sciences students increased by 68

percent (5,306 students) in the district programs and 163 percent (3,223 students) in the colleges. Apprenticeship programs also experienced enrollment demands, with more than 2,000 more students enrolled in college and district programs.

Associate in Science (A.S.) programs, including shorter term credit programs for certificates and technology diplomas, expanded by 33,877 students, a 44 percent increase. Twenty-three of the twenty-eight community colleges increased their enrollment in Associate in Science programs.

Table 2: Three-Year Enrollment History by Program and Sector

Sector/Program	1999-00	2000-01	2001-02	% Change over 3 Years
<i>School District</i>				
Adult General Education	389,764	462,795	475,304	22%
<i>Adult Basic Education</i>	243,732	299,265	313,237	29%
<i>General Educational Development (GED)</i>	39,529	42,800	44,948	14%
<i>General Education Promotion (Adult Secondary)</i>	79,647	83,960	82,023	3%
<i>Vocational Preparatory Instruction (VPI)</i>	14,784	16,513	17,866	21%
<i>Other AGE Programs</i>	12,072	20,257	17,230	43%
Postsecondary Adult Vocational Apprenticeship ⁽¹⁾	72,763	73,498	80,806	11%
	9,412	9,796	9,876	5%
District Total - All Programs	471,939	546,089	565,986	20%
<i>Community College</i>				
Adult General Education	60,390	64,368	70,980	18%
<i>Adult Basic Education</i>	32,432	36,326	42,258	30%
<i>General Educational Development (GED)</i>	11,008	11,198	12,592	14%
<i>General Education Promotion (Adult Secondary)</i>	12,246	10,102	8,848	-28%
<i>Vocational Preparatory Instruction (VPI)</i>	4,704	6,742	7,282	55%
<i>Other AGE Programs</i>	-	-	-	N/A
Postsecondary Adult Vocational Apprenticeship ⁽¹⁾	21,989	29,056	32,011	46%
	4,836	5,502	6,481	34%
Associate in Science	77,294	94,929	111,171	44%
<i>AS/AAS</i>	70,197	84,848	98,171	40%
<i>Postsec. Voc. Cert./Applied Tech Diploma</i>	7,097	10,081	13,000	83%
College Total - All Programs	164,509	193,855	220,643	34%

NOTES:

(1) Palm Beach enrollments were reported in the community college total for apprenticeship due to the transfer of adult vocational enrollments.

Evaluation of Current Funding System Methodology

Imbedded within the current funding methodology for workforce education are certain key elements that identify the unique nature of the funding system for career and technical training programs. These elements are the following:

- A Separate Budget Fund Category for All Workforce Education Programs
- Competition Between All Institutions to Earn Back Performance Dollars
- Performance-Driven Funding Model

This analysis will examine the strengths and weaknesses of these elements in providing funding levels that meet the career and technical training needs of the citizens of Florida.

A Separate Budget Category for All Workforce Education Programs

The creation of a single funding methodology for all workforce education programs accomplished important structural goals:

- ❑ Created a level playing field for all public providers of career-technical training and adult education.
- ❑ Established a mission-based fund which simplifies the State's ability to focus resources on an area of emerging need

In addition, school districts have less concern of workforce dollars being absorbed by their larger K-12 mission. With multiple providers in a dual delivery system, all institutions need to be held accountable for the production of skilled workers and for improvements in basic literacy, regardless of whether a vocational technical center or community college is providing the training.

On the other hand, the implementation of the model brought some unintended consequences. From a theoretical perspective, it is difficult to separate costs between academic and workforce programs. Students pursuing an academic Associate in Arts degree may take classes intended for the A.S. programs. And certainly students in Associate in Science, and to a lesser degree Associate in Applied Science, enroll in academic courses. From an institutional perspective, the college is providing college credit coursework which requires instruction and support costs, regardless of the academic or workforce intent of the student. Additionally, from a practical point of view, the original distribution of funds into the A.S. portion was flawed. Funding for the A.S. portion was not transferred from the community college fund consistently; some institutions had more funding at risk compared to other institutions with similar proportion of A.S. students.

Even more importantly, the separate fund was not only attractive for increased, targeted resources, but also for *reductions* in funding. The funding history demonstrated in **Table 1** shows that, with few exceptions, the funding for the Workforce Development Education Fund was consistently reduced, even as performances in the formula increased.

Competition between All Institutions to Earn Back Performance Dollars

The WDEF funding formula created a system in which local educational agencies (LEAs) competed against each other in order to earn back performance dollars. On theoretical grounds, such a system has obvious positive aspects. Competition produces innovation and greater efficiencies among institutions. With LEAs competing for funding based on performance, this provides LEAs with incentives to maximize performance, leading to a more targeted use of resources toward programs that are highly productive. Competition for scarce resources also allows institutions to cut low-performing programs that may have continued to exist under other funding systems.

Despite these strengths, this system has encountered some problems in practice. First, as noted in **Table 1**, workforce funding has, for the most part, steadily decreased throughout the use of this funding system. With overall workforce funding decreasing or remaining constant, gains in funding will always come at the expense of other institutions. Additionally, LEAs that were heavily invested in workforce education (i.e., placed more funding at risk) when the WDEF was created in 1997, faced a much more difficult task in earning back their performance dollars than LEAs that were not heavily invested.

A second practical concern with this competitive system is the inability of institutions to determine the amount of performance gain needed in order to earn back performance funds. A survey of LEAs found support for this notion, where a majority of respondents (60.5%) agreed or strongly agreed that their institution is unable to determine how much performance is needed in order to earn back the performance portion of their funding. Under the WDEF funding formula system, the value of a performance is not determined until after the dollars are appropriated and after all performances for each institution are generated. In a situation where appropriations remain flat or decrease, and performances increase, the value of a performance point falls, lessening the value of each additional performance generated. As **Table 3** indicates, performance points increased in each fund from 2000-01 to 2001-02. However, funding decreased in each fund, leading to a lesser value per performance point. The price per point in the vocational fund was \$129 in 2000-01 and \$102 in 2001-02. In the Associate in Science fund, the price fell from \$171 to \$152 per point. With the falling value of a performance, it becomes exceedingly difficult for institutions to generate enough performances to earn back their share of funding. For example, when the formula was last run for allocation purposes in 2001-02, sixty-three LEAs reported an increase in performance points from the previous year. Of those with increased performances, 73 percent (46 of 63) lost performance dollars.

Table 3: Comparison of WDEF Performance Funding Allocations, Points, and Point Values by Fund Category

WDEF Fund Category	2000-01	2001-02⁽¹⁾	Percent Change
Vocational Certificate			
Performance Funding	\$41,258,523	\$37,550,668	-9%
Performance Points	317,621.25	365,966.50	15%
Point Value	\$ 129.90	\$ 102.61	-21%
Adult General Education			
Performance Funding	\$40,836,907	\$36,286,882	-11%
Performance Points	473,914.50	632,093.75	33%
Point Value	\$ 86.17	\$ 57.41	-33%
Associate in Science			
Performance Funding	\$29,512,329	\$26,180,402	-11%
Performance Points	172,143.00	172,158.50	0%
Point Value	\$ 171.44	\$ 152.07	-11%

NOTE:

(1) Prior to 7% mid-year budget reduction

In prior PEPC and OPPAGA studies, both groups recommended the development of a fixed price per point. For program planning and evaluation purposes, fixing the price per performance point was seen as solution. In fact, 53.5 percent of LEA survey respondents indicated a level of dissatisfaction with the current variable price per point. By knowing the value of a performance, institutions would have the ability to determine how many performances are necessary in order to earn back performance dollars. However, the use of fixed price per point may not be feasible considering the budgetary process.

Performance-Driven Funding Model

School district and community college adult and career-technical education programs are the only state system with their funding based on a base plus performance model. No other education program is held as responsible for their performance outcomes by having 15 percent of funding “at-risk” each fiscal year.

A performance-driven funding model is attractive because it provides the promise of greater accountability. Funds are tied to tangible outcomes that are deemed important to the state. A performance-driven funding approach can provide institutions with incentives to increase program completions and job placements in areas of critical need to the state (e.g., nursing). A plurality of LEAs surveyed (48.8%) agreed or strongly agreed with the statement that the performance-based funding process for workforce education has led to an increase in the completion and job placement rates at their institutions. Additionally, tying funds to tangible outcomes can encourage program

delivers of increasing completions and placements in traditionally underserved populations (e.g., disabled, economically disadvantaged).

However, basing funding on performance outcomes does have consequences. Any performance-driven model will eventually create an inequity in funding. Not all institutions are likely to perform highly. Certain institutions will gain funding at the expense of others. This can be potentially damaging in regard to providing students access to quality programs across the state.

In a system that depends on past performance to fund programs, the ability to fund for enrollment growth and new programs in critical, emerging fields becomes difficult. The current WDEF funding formula process does not take into account enrollment in any way. Whereas 15 percent of funding is performance-driven, the base 85 percent is not tied to any workload factor, but rather it is solely a proportion of the prior year's allocation. A potential problem with this process is that without accounting for enrollment shifts, the funding process may lead institutions with sudden enrollment growth to face budget shortfalls in workforce education. With the funding dependent on the performance of past completers and placements, an institution may be faced with funding difficulties given a sudden increase in enrollment. Ninety-five percent of LEAs surveyed indicated a level of dissatisfaction with the ability to fund for enrollment growth under the current system.

The dependence on past performances to fuel program funding also hinders the ability to fund new programs. All respondents to the LEA survey indicated that they were either dissatisfied or very dissatisfied with the ability to fund new programs under the current WDEF funding formula system. There is a significant delay between when a program is implemented and when it generates revenue that can reward success. In the past, grants such as the Workforce Development Capitalization Incentive Grant, have been used to respond to emerging economic needs in local areas. However, the funding for these grants was one-time, non-recurring, making the sustenance of these programs difficult without sacrificing funding in other program areas. These grants have not received funding in recent years.

Third, in a system where funding is tied directly to performance outcomes, it is imperative that a direct connection between *actual* performance outcomes and funding is clear. Elements of the current WDEF formula funding system have blurred that connection.

Weighted Performances

Section 1011.80, F.S., mandates that the program completions and job placements of certain hard-to-serve students be weighted more heavily in the funding formula process. In practice, this created nine weighting categories, of varying magnitude, for special populations. For example, a program completion by an economically disadvantaged student would be weighted twice as heavily as a completion by a non-targeted student. Additionally, a student with multiple targeted attributes (e.g., economically disadvantaged, disabled, and limited English proficient) would be weighted the most heavily (4 times more than a non-targeted student). Funding is allocated based on the performance points generated in the formula. These points take into account all of the differing weights. The consequence of this is that the connection between actual performance increases and funding allocations is blurred. Between 2000-01 and 2001-02, weighted performance points, which are used to allocate performance dollars, increased at a rate of 21.4 percent. Actual performance outcomes increased at a lesser rate of 16.6 percent. Multiple weights have the potential to inflate the number of performance points, making the connection between formula outcomes and actual successful

outcomes (e.g., increases in program completions and job placements) unclear. In addition to this disconnect, with limited funding, these inflated performance points have the effect of lessening the value of a performance, thereby further hindering the ability of LEAs to earn back their performance dollars.

Timeliness of Data Collection

Any funding system dependent on outcomes places a premium on data and data collection. The WDEF funding formula has done just that. Since the formula was first applied in 1999-00, community college and school district data systems have adapted to new data collection requirements of the formula. During this transition period, reporting of performance data has become more timely and accurate. However, timeliness remains an issue that is difficult to overcome without compromising quality.

Under the current funding formula, performance allocations are based on completions from two years prior, and the job placements of completers from three years prior. For example, the 2001-02 allocation was based on completers from 1999-00 and the job placements of 1998-99 completers in 1999-00. As noted earlier, such a lag creates difficulty in funding new programs. An institution would have to wait two to three years before a program would generate any funding in this system. Sixty-five percent of LEAs surveyed indicated a level of dissatisfaction with the timeliness of the data under the current funding formula system. Of additional concern, funding to support workforce programs, that today have surging enrollments, would be based on performance outcomes that were generated two to three years prior when enrollments were lower.

Potential Conflict between Measures and Desired Outcomes

According to Section 1004.92, F.S., “the purpose of career and technical education is to enable students who complete career and technical programs to attain and sustain employment and realize economic self-sufficiency.” The desired outcome is clearly defined in statute. However, making the connection between this outcome and measures used in practice has created certain difficulties.

Occupational Completion Points

The current formula funding system rewards program completion differently depending on the fund category. For the Associate in Science Degree fund, full program completion is credited. For Adult General Education, relative effort through the achievement of literacy completion points (LCPs) is used to measure program completion. For vocational certificates, occupational completion points (OCPs) are used to reward program completion. Receiving credit for these partial completions raises some concern over whether actual desired outcomes are being accurately reflected in the funding process.

Under the WDEF formula, institutions receive performance points for students who complete any OCP. These points have weights of varying magnitude depending on the length of an OCP. The longer the OCP, the greater it is weighted in the funding formula. As is the case with targeted populations, the addition of numerous weights blurs the connection between potentially inflated formula outcomes and actual successful outcomes. To credit the completion of any OCP in the funding formula contributes to this problem, and does not necessarily reflect the statutory intent of having completers of career and technical education programs realize economic self-sufficiency.

An example illustrates the issue discussed above. There is a postsecondary adult vocational (PSAV) certificate program in Business Computer Programming. This program consists of five OCPs all of varying length. To fully complete the program, a student must complete 1,200 contact hours. This qualifies the student to work as a computer programmer, an occupation leading to economic self-sufficiency. Under the current funding formula, an institution would receive credit for a student who only completes the first 150 contact hour OCP segment of this program. That OCP qualifies a student to work as a general office clerk, an occupation not likely to lead to economic self-sufficiency. Granted, the completion of the shorter OCP would be weighted less heavily in the funding formula than the full program completion, but it would be credited nonetheless.

Occupational completion points were used to measure program completions in the vocational certificate fund because it is possible for student to achieve employability skills through the partial completion of a program. However, the use of all OCPs as a measure of program completion success likely overestimates the ability of students who exit these programs prematurely to attain marketable skills. The Department of Education has attempted to address this concern by further refining OCPs by identifying terminal OCPs. Terminal OCPs are those whose completion theoretically provides a student with those employability skills. If the purpose of career and technical education is to enable program completers to realize economic self-sufficiency, perhaps only full program completions or the completion of terminal OCPs should receive incentives in the funding process. Otherwise, the connection between formula outcomes and actual outcomes is once again made unclear.

Job Placements

Under the current funding formula, institutions receive points for the job placements of their students in three different levels distinguished by wages. The higher the placement, the heavier the placement is weighted in the formula. For the last year the formula was run (2001-02), the highest level placement, Level 3, reflected a placement in a high wage/high skill occupation, as identified by the Workforce Estimating Conference, with a wage of \$9.00/hour or more. In addition to this level of placement, the current funding formula weights any kind of job placement, even minimum wage placements. In keeping with the intent of statute, it may be necessary to reconsider this funding incentive and focus only on those placements that provide wages that are adequate for economic self-sufficiency.

Additionally, concerns have been raised that the emphasis on immediate job placements provides a disadvantage to those programs that lead to occupations where salaries have more potential than others of increasing over a career, or where self-employment is typical. Such occupations may not be accurately represented by the follow-up process as providing graduates with the opportunity of securing jobs leading to economic self-sufficiency. However, accounting for these “delayed-placements” in the formula would increase the lag-time in the rewarding of funds through formula. The delay between outcomes and rewards has been highlighted earlier. Any increase in that delay potentially blurs the connection between program success and reward, hindering the effectiveness of the performance-driven funding process.

Special Issues

Governance

A long-standing controversy in workforce education involves the current dual-delivery system for program delivery. School districts and community colleges both provide postsecondary adult education and career-technical training programs. In the current distribution of programs by sector, most career-technical and adult education programs are offered by the school districts and their vocational centers, while all degrees and certificates in Associate in Science programs and a majority of continuing workforce education is provided by community colleges (see **Table 4**).

Table 4: Distribution of Program Delivery by Sector and Type of Program

Program	Number Offering		% Enrollment In ⁽¹⁾	
	Comm. College	School District	Comm. College	School District
Associate in Science/ Associate in Applied Science	28	0	100%	N/A
Career-Technical and Apprenticeship	27	42	29%	71%
Adult General Education	18	57	12%	88%
Continuing Workforce Education	28	36	69%	31%

Notes:

(1) Based on 2001-02 Enrollment data

It is currently possible to consolidate workforce programs by local choice under either school district or the community college in a given workforce region. Consolidation of workforce development programs under community colleges has occurred in the following five areas in recent years:

- ❑ Brevard County School District to Brevard Community College
- ❑ Volusia County School District to Daytona Beach Community College
- ❑ Duval County School District to Florida Community College at Jacksonville
- ❑ Martin County School District to Indian River Community College
- ❑ Palm Beach County School District to Palm Beach Community College

Though a voluntary process, the move to consolidation under community colleges has been characterized by differing experiences across service areas. Two reports summarized the experience of local districts and colleges in the transfer of career and technical training programs from school districts to community colleges.

- ❑ Brevard County – Consolidation was relatively smooth. When consolidation occurred in July 1982, no facilities were transferred, but the college paid rent to the school districts for the use of their facilities to offer adult education. Also, personnel shifts occurred without

much controversy. (Postsecondary Education Planning Commission, *The Delivery and Governance of Postsecondary Vocational Education*, February, 1989.)

- ❑ Martin County – Consolidation was amicable. The school district transferred equipment and facilities to Indian River Community College, and the college hired all district instructors that applied for jobs. (Office of Program Policy Analysis and Government Accountability, *Program Review: Workforce Development Education Program*. November, 2001)
- ❑ Palm Beach County – Consolidation was very contentious. The community college hired few of the district’s instructors, and the district did not transfer all equipment and facilities to the community college. (Office of Program Policy Analysis and Government Accountability, *Program Review: Workforce Development Education Program*. November, 2001)

Pros and Cons of Consolidation

The most compelling argument in favor of consolidation involves the single point-of-responsibility for program delivery. While the delivery system is mixed, the statewide governance of workforce education has recently been combined by the Florida Department of Education. Prior to the development of the K-20 governance structure, community colleges were under the State Board of Community Colleges/Division of Community Colleges and the school districts under the Division of Workforce Development. Now, all workforce education programs fall under the direction of the Division of Community Colleges and Workforce Education. Developing statewide policy for workforce education programs should be enhanced under this model.

While the statewide direction issue has been addressed, the notion remains that a single system would provide a greater level of accountability and coordination than the current split system. **Table 5** displays pro-consolidation and anti-consolidation views that were laid out by OPPAGA in their 2001 review of the workforce education system. These arguments assume that consolidation would occur under the community college system.

Examinations of other states’ governance structure of career education have found that delivery systems vary widely across states, with many relying on multiple delivery systems to provide this education. A 1989 PEPC survey of states indicated that 14 of 21 states surveyed used multiple delivery systems to provide postsecondary career education. A more recent analysis (2001) showed that although some states have consolidated recently, no national trend in that direction exists, with many continuing to use various entities to provide career education. This analysis by OPPAGA found that populous states and southern states tend to have multiple delivery systems providing adult vocational education.

**Table 5: Pro-Consolidation and Anti-Consolidation Views
(based on consolidation under community colleges)**

Issue	Pro-Consolidation (Community College View)	Anti-Consolidation (School District View)
Duplication	Consolidation will eliminate duplication and reduce administrative costs. Private firms will continue to provide competition.	The existing system encourages competition, choice, and efficiency and broadens customer choice. There is no evidence to support the argument that administrative costs will be reduced.
Mission	It is the community college mission to provide educational services to adults. Consolidation will allow the school districts to focus on their primary mission of K-12 education.	The primary mission of community colleges is college prep and college credit instruction. Consolidation will divert them from this primary mission. Workforce development is the sole mission and purpose of the technical centers.
Service to Industry	Consolidation will improve service by providing single points of delivery in a jurisdiction and more rapid response to industry needs.	School districts are in a better position to understand and meet the needs of local business and industries. The current system is responsive to business and industry.
Service to Students	Consolidation under community colleges will raise the prestige of the credentials students will receive. Community college completers earn more, on average, than school district completers. Consolidation will provide a single point of entry and reduce student confusion. More services will be available to students.	School districts are better qualified to serve special category students including adult students, disabled students, students with limited English proficiency, and economically disadvantaged students. Such students may feel intimidated in a community college setting.
Facilities Maintenance	School districts primary focus on K-12 facilities leads to the neglect of postsecondary facilities. It will allow unified planning for facilities planning, funding, and construction.	The Workforce Development Fund introduced through Senate Bill 1688 allocates money specifically to workforce development education programs, making it impossible for school districts to divert funds.
Cost	The long-term savings from reduced administrative costs will offset the short-term costs of consolidation.	Billions of dollars will be required to implement consolidation, to renovate existing facilities, and to build new facilities at community colleges.
Service to Taxpayers	Lowers administrative costs Focused accountability	There would be a potential loss of faculty/staff positions.

Source: OPPAGA, *Program Review: Workforce Development Education Program*. November 2001

Policy Questions

Would consolidation lead to increased student participation and performance in career education?

The varied delivery systems for career and technical education nationally indicate that there is not a “silver bullet” in the delivery of workforce education. Though consolidation offers the promise of simplicity (i.e., one point of entry/contact) and efficiency, questions do remain as to what effect consolidation would have on access of students to career education (participation) and on the outcomes students would achieve (performance).

Should consolidation be a statewide mandate, or should local officials be given discretion to implement whichever governance structure is most appropriate to their local service area?

Consolidation may be preferable in certain areas, and not in others. Whereas many community colleges provide adult and career education programs, some choose to focus on college credit (AA degrees) instruction rather than vocational education. In such areas (e.g., Broward County), school district vocational-technical centers take the lead in providing career education. Under the current structure, it is a local decision as to whether to merge all career education under one delivery system or not. Indeed in 1989, PEPC recommended that a statewide merger of vocational education into a single delivery system should not be undertaken. The rationale for this recommendation was that governance has traditionally been a local responsibility, and the local school boards and community college boards of trustees would be in the best position to know what is the best structure for their service area. Though not favoring statewide consolidation, PEPC did favor better coordination between delivery systems on the local level. In 2001, OPPAGA offered five scenarios for governance of workforce education:

- ❑ Keep the Dual Delivery System as Currently Organized
- ❑ Move All Adult Certificate Programs to Community Colleges and Make No Changes in the Adult General Education Programs
- ❑ Place All Adult Certificate Programs in the Community College System and Place All Adult General Education in School Districts
- ❑ Place All Adult Certificate and Adult General Education Programs in School Districts Leaving Community Colleges with Only College Credit Programs
- ❑ Place All Workforce Education Programs (Adult Basic, Adult Certificate, College Credit Certificate, and Associate in Science Degree) in the Community College System

The OPPAGA reports did not provide a recommendation on which option would be the best one for the production of a skilled workforce.

Apprenticeship

Apprenticeship training is a combined program of on-the-job training and related training instruction through which a participant gains both practical and theoretical skill in an occupation. All apprenticeship programs are sponsored by employers, either joint (union) or non-joint (non-union). The sponsor may be an individual employer or a group of employers.

Every apprentice enters into an apprenticeship agreement in which the sponsor and apprentice agree to terms based on the program standards. All training programs consist of a structured, on-the-job training (OJT) component of at least 2,000 hours each year. A skilled worker provides supervision during the term of the apprenticeship and wages are paid to the apprentice based on a wage schedule (outlined in the registered apprenticeship standards) that increases progressively as skills are obtained throughout the program. The related training instruction (RTI) component supplements the on-the-job training portion of the program. These hours vary depending on the occupation with a minimum of 144 hours required for each year of the program. The total length of the program may be anywhere from one to six years, depending on the occupation.

Upon successful completion of the program, the apprentice receives an apprenticeship completion certificate. The apprenticeship certificate is issued by a federally approved State Apprenticeship Council or Agency, or the Bureau of Apprenticeship and Training (BAT).

As noted in **Exhibit 1**, state funding for apprenticeship programs is part of the vocational certificate portion of the WDEF. At the local level, funding for programs is a local decision. For the most part, institutions that had funding in their base allocation (when the WDEF was created) continue to provide support for apprenticeship programs.

Currently, 22 school districts and 12 community colleges provide funding for apprenticeship programs (based on 2001-02 data). As the total workforce funding in WDEF has been cut, the expenditures by districts and colleges on apprenticeship have also been reduced. In Appendix A, **Table 6** provides a summary of the program costs, enrollments and costs per funded completion. The reported direct costs for apprenticeship declined by a total \$2.8 million from 1999-00 to 2001-02 (16 percent). School districts costs dropped by \$3.2 million (26 percent), while community college costs increased by \$300,000 (5 percent). Declines in most community college programs were offset by the entry of one community college into apprenticeship training; if Hillsborough Community College were removed from the analysis, costs would have dropped by about \$800,000 in the community college system. Per unit costs dropped significantly in both systems over the past three years. In 1999-00, direct costs per funded OCP (i.e., the completion of one year in an apprenticeship program as reported for the WDEF) fell from \$2,441 to \$1,608 per OCP in the district programs overall, and from \$3,322 to \$1,790 per OCP in the community college programs.

Two characteristics make apprenticeship programs fundamentally different from other career and technical training programs funded through districts and colleges:

1. *Fee Exemption:* Unlike any other career-technical training course offering, students who attend a community college or school district affiliated apprenticeship program do not have to pay tuition and fees for their courses. According to Florida Statutes 1009.25 (2)(b), students in registered apprenticeship programs are “exempt from the payment of tuition and fees, including lab fees, at a school district that provides postsecondary career and technical programs, community college, or state university.” Six colleges and districts report that some sort of fee is charged to apprenticeship students (e.g., ID tag, membership fee). It is not clear if such charges violate the statute. In addition, to examine policies in other states, 21 of 26 other state apprenticeship councils responded to a survey about tuition and fees policies in their states. Two-thirds of the surveyed states reported that apprenticeship students enrolled in local technical centers or colleges pay tuition for coursework.
2. *Business-Industry Control:* The program standards and, most importantly, certification credential (state apprenticeship certificate) are not directly controlled by or issued by the college or district. In fact, apprenticeship programs do not have to partner with the state for their related training instruction at all; program sponsors can provide their own training without involvement of a college or district. However, most programs do so because funding was provided on an enrollment basis in the past. All programs must be registered by the state, regardless of any college or district involvement in the program. Apprenticeship sponsors (i.e., employers) were surveyed to assess their contributions to apprenticeship programs. Responses were received by 83 apprenticeship sponsors (28 affiliated with community colleges and 55 with school districts). The surveyed sponsors reported that they provided approximately \$8.1 M in operating expenditures for their programs in

2002-03; this represents about 49 percent of their reported operating cost for their programs, the remainder was provided by the college/district. About 20 percent of the program sponsors reported that all the operating expenses for the program were provided by the college or district (about half of these programs were for child care training). Forty percent reported that the sponsor provided more than half of the operating cost, and twelve percent indicated that they provided 75 percent or more of the cost.

To assess how programs operate, all districts and colleges who partner with apprenticeship programs were surveyed. No standard model for program delivery exists although many programs at colleges and districts are run like any other career and technical training program. Most colleges and districts provide the facilities for the instructional portion of the program. Some program sponsors have their own facilities in which the training takes place and in one instance, apprenticeship sponsor donations provided half of the cost to build a training facility on a community college campus. A majority of programs provide services on behalf of the programs (e.g., pay instructors, provide supplies) but some programs provide the funding directly to the program sponsor in return for certain guarantees based on the number of students enrolled or the production of occupational completion points for the WDEF. Many programs provide assistance for the cooperative, or OJT, portion on the program in the form of administration assistance and program coordinators although the amount of support varies by program and college/district. Resources spent for apprenticeship programs vary greatly by LEA. **Table 6** displays the direct costs per funded OCP which range from several hundred dollars to several thousand.

Policy Questions

Should apprenticeship programs be funded using the same methodology as other career and technical training programs? How should new funding be provided for the start-up of new apprenticeship programs?

Under the current funding methodology, there are no incentives to put more resources into apprenticeship partnerships. Without funding in their base appropriation, an institution would have to move resources from existing programs in order to provide program support for apprenticeship programs. For institutions with funding in their base, as state revenue for workforce programs has fallen, the natural inclination is to focus on other certificate and degree programs in which new revenue can be generated through tuition and fees.

As with traditional career and technical training programs, funding for new programs is a problem in the current funding methodology. Business and industry sponsors who want to start new programs have a hard time finding partners at colleges or districts who do not have residual base funding from the enrollment-based funding model. In the LEA survey, 87 percent of respondents agreed or strongly agreed with the statement that the current workforce funding system *does not* provide incentives to either start new or expand existing apprenticeship programs.

Appendix A

Exhibits and Tables

Exhibit 1: Current Workforce Funding System

Table 6: Apprenticeship Enrollment, Completions and Program Cost Summary by College/District, 1999-00 and 2001-02

Exhibit 1: Current Workforce Funding System

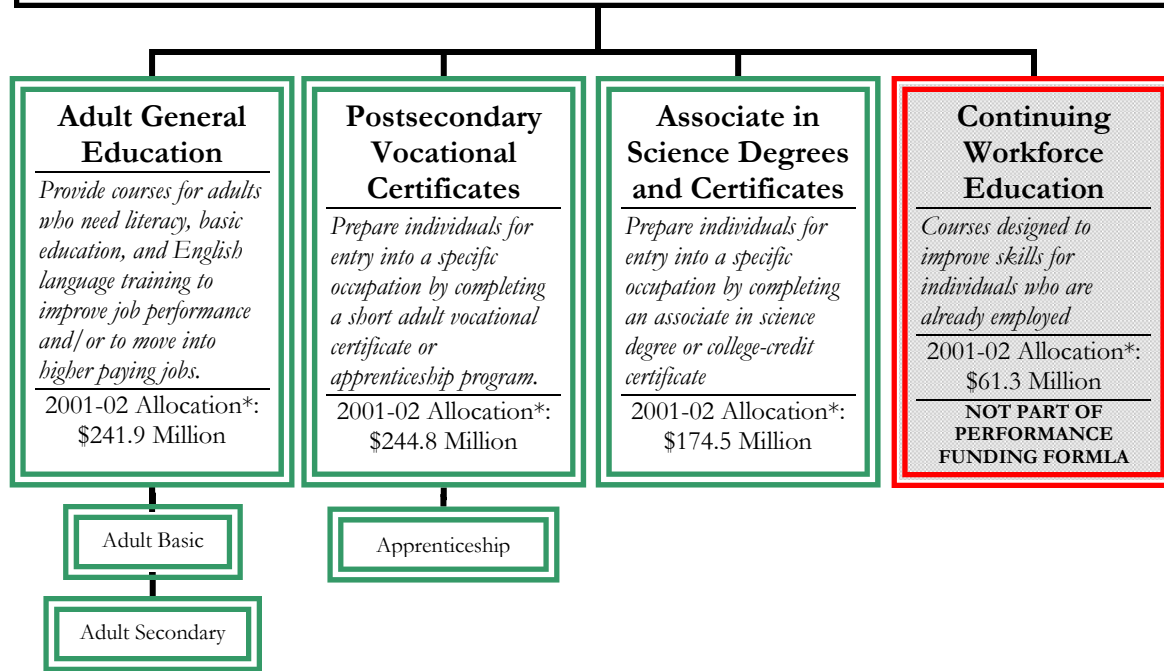
WORKFORCE DEVELOPMENT EDUCATION FUND

Chapter 97-307, Laws of Florida (SB 1688), created the Workforce Development Education Fund to provide a new way of funding for workforce development programs (adult vocational and adult general education) and to provide a “level playing field” between the school districts and community colleges in terms of funding and delivering workforce development training. The WDEF was created by taking funds from the FEFP (school districts) and the CCPF (community colleges).

The workforce funding system is performance-driven. It DOES NOT take into account enrollment. Funding is allocated by each program fund below (with the exception of Continuing Workforce Education) to the individual local educational agencies (LEAs) as follows:

- **BASE AMOUNT:** 85% of funding is based on prior year’s allocation
- **AT RISK:** 15% of funding is based on performance (completion and placement points generated from the workforce formula)

For 2003-04, the WDEF appropriation is \$674.5 million (\$378.8 million to school districts; \$295.6 million to community colleges).



*Prior to mid-year 7% budget reduction

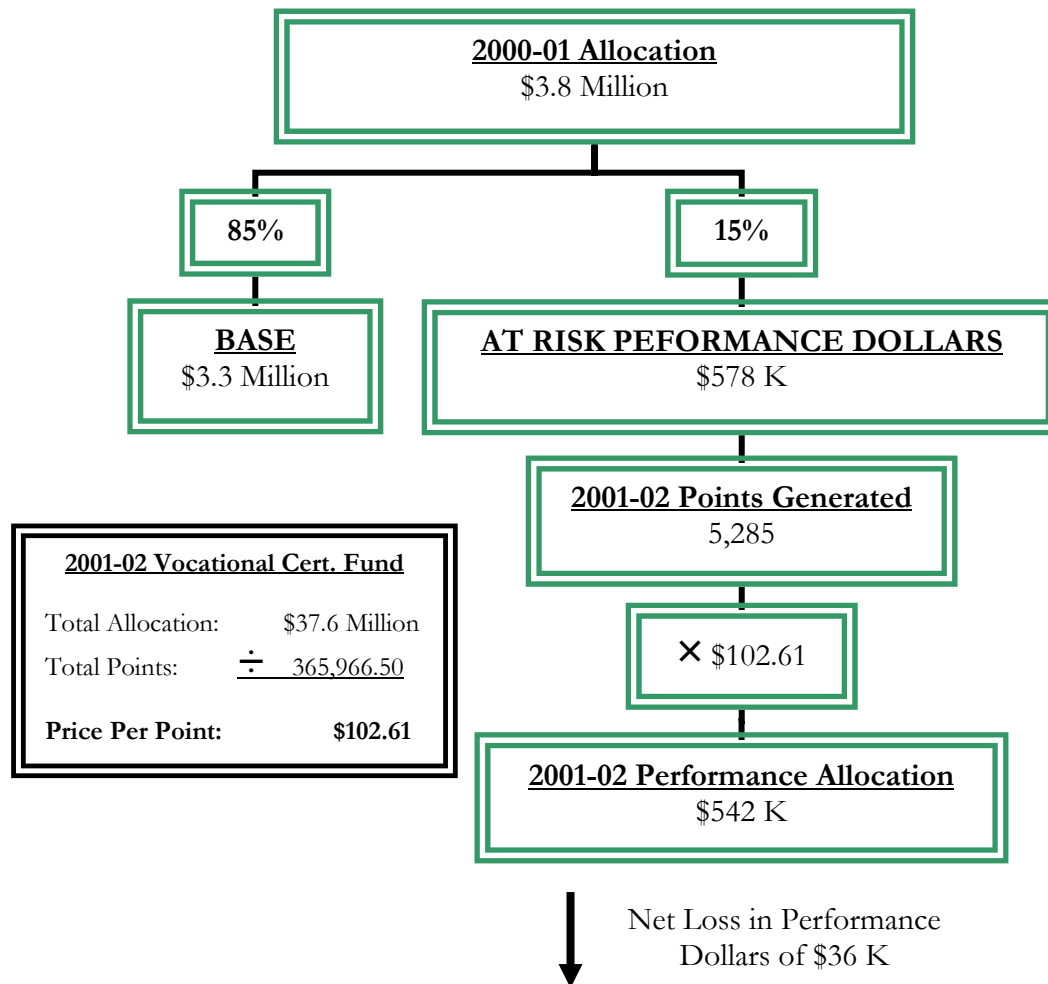
How Are Performance Dollars Allocated?

In 2001-02, the Legislature appropriated \$722.5 million to the Workforce Development Education Fund, prior to the mid-year reduction. This appropriation was then allocated into the four funding categories as shown above. For the three fund categories that have a performance component, 15% of their total allocation was set aside for performance. Then, for each fund category, a dollar value is determined for each performance point, by dividing the total number of performance points generated through the formula into the total performance allocation for each fund. For example, for the Vocational Certificate fund, 365,966.50 points were generated through the formula. This amount is divided into the performance allocation (\$37.6 million, 15% of \$244.8 million) to establish a price-per-performance point of \$102.61. Performance dollars are then redistributed to the LEAs by multiplying each LEA’s point total by the price-per-performance point for each fund.

For example, in 2001-02, School District A had \$578 thousand at risk for performance in the Vocational Certificate fund. That figure represents 15% of the total allocation in that fund category for School District A in the prior year (2000-01). In 2001-02, School District A generated 5,285 performance points through the formula, a net increase of 431.25 points from the previous year. These points are then multiplied by the \$102.61 price-per-performance point to arrive at a performance allocation of \$542 thousand, a net decrease in performance dollars of \$36 thousand from 2000-01 to 2001-02. Though School District A increased its performances, it lost money. School District A was unable to determine the number of performance points necessary to recoup its at-risk funds because the value of a performance point is not determined until after the dollars are appropriated and after all performances for each institution are generated. In a situation where appropriations remain flat or decrease, and performances increase, the value of a performance point falls, lessening the value of each additional performance generated. Also, note that the funding allocation for School District A did not account for enrollment in any way. The remaining 85% of the allocation is not tied to any workload factor, but rather it is solely a proportion of the prior year's allocation.

The Workforce Development Education Funding Formula was employed from 1999-00 to 2001-02. Beginning with the mid-year budget reduction in 2001-02, institutions have been allocated funds on a pro-rata basis based on their 2001-02 performance distribution.

EXAMPLE: How are the Performance Dollars Allocated?
School District A: Vocational Certificate Fund Category 2001-02 Allocation



DRAFT Table 6: Apprenticeship Enrollment, Completions and Program Cost Summary by College/District, 1999-00 and 2001-02

	Headcount ⁽¹⁾		Funded OCPs ⁽¹⁾		Direct Costs ⁽²⁾		Change from 99-00 to 01-02	% Change	Direct Costs per Funded OCP	
	1999-00	2001-02	1999-00	2001-02	1999-00	2001-02			1999-00	2001-02
<i>DISTRICTS</i>										
Alachua	28	21	-	-	\$12,250	\$24,707	\$12,457	102%	n/a	n/a
Broward	1,706	2,424	656	1,148	\$1,891,302	\$3,816,630	\$1,925,328	102%	\$2,883	\$3,325
Citrus	32	20	8	12	\$4,589	\$6,578	\$1,989	43%	\$574	\$548
Collier	265	246	56	115	\$214,404	\$44,086	(\$170,318)	-79%	\$3,829	\$383
Escambia	135	121	80	44	\$225,919	\$145,071	(\$80,848)	-36%	\$2,824	\$3,297
Flagler	138	211	73	52	\$295,180	\$130,615	(\$164,565)	-56%	\$4,044	\$2,512
Hillsborough	1,307	1,113	643	511	\$1,140,331	\$573,940	(\$566,391)	-50%	\$1,773	\$1,123
Lake	125	142	76	75	\$316,671	\$307,941	(\$8,730)	-3%	\$4,167	\$4,106
Lee	561	450	352	294	\$972,411	\$473,072	(\$499,339)	-51%	\$2,763	\$1,609
Leon	36	29	8	1	\$18,414	\$7,057	(\$11,357)	-62%	\$2,302	\$7,057
Manatee	251	245	208	94	\$649,092	\$90,305	(\$558,787)	-86%	\$3,121	\$961
Marion	33	50	22	30	\$72,923	\$0	(\$72,923)	-100%	\$3,315	\$0
Martin	49	-	-	-	\$27,427	\$0	(\$27,427)	-100%	n/a	n/a
Miami-Dade	948	992	479	910	\$373,148	\$34,221	(\$338,927)	-91%	\$779	\$38
Orange	1,629	1,781	1,051	1,159	\$2,017,147	\$778,514	(\$1,238,633)	-61%	\$1,919	\$672
Osceola	144	125	104	68	\$406,788	\$77,107	(\$329,681)	-81%	\$3,911	\$1,134
Pasco	114	103	89	72	\$110,047	\$83,223	(\$26,824)	-24%	\$1,236	\$1,156
Pinellas	1,147	1,096	649	595	\$2,031,928	\$1,764,803	(\$267,125)	-13%	\$3,131	\$2,966
Polk	238	138	67	60	\$630,852	\$236,878	(\$393,974)	-62%	\$9,416	\$3,948
St. Johns	72	92	25	64	\$0	\$0	\$0		\$0	\$0
Santa Rosa	95	132	57	46	\$65,093	\$89,680	\$24,587	38%	\$1,142	\$1,950
Sarasota	337	305	265	213	\$653,040	\$262,317	(\$390,723)	-60%	\$2,464	\$1,232
TOTAL - District	9,412	9,876	4,968	5,563	\$12,128,956	\$8,946,745	(\$3,182,211)	-26%	\$2,441	\$1,608
<i>COMMUNITY COLLEGES</i>										
Brevard CC	439	611	130	216	\$1,033,350	\$497,183	(\$536,167)	-52%	\$7,949	\$2,302
Daytona Beach CC	339	494	160	232	\$496,597	\$241,604	(\$254,993)	-51%	\$3,104	\$1,041
Florida CC at Jax	932	1,097	581	499	\$702,770	\$541,705	(\$161,065)	-23%	\$1,210	\$1,086
Gulf Coast CC	41	23	-	7	\$14,809	\$14,236	(\$573)	-4%	n/a	\$2,034
Hillsborough CC	n/a	710	n/a	452	\$0	\$1,101,079	\$1,101,079	n/a	n/a	\$2,436
Indian River CC	360	531	98	132	\$290,993	\$391,770	\$100,777	35%	\$2,969	\$2,968
Palm Beach CC ⁽³⁾	1,581	1,689	422	1,664	\$2,993,338	\$2,791,765	(\$201,573)	-7%	\$7,093	\$1,678
St. Johns River CC	144	247	80	145	\$238,317	\$241,927	\$3,610	2%	\$2,979	\$1,668
Santa Fe CC	197	273	113	131	\$114,160	\$204,042	\$89,882	79%	\$1,010	\$1,558
Seminole CC	716	719	273	162	\$424,685	\$587,904	\$163,219	38%	\$1,556	\$3,629
South Florida CC	37	68	21	65	\$25,413	\$36,050	\$10,637	42%	\$1,210	\$555
Tallahassee CC	50	19	31	10	\$7,217	\$0	(\$7,217)	-100%	\$233	\$0
Total - CC	4,836	6,481	1,909	3,715	\$6,341,649	\$6,649,265	\$307,616	5%	\$3,322	\$1,790
GRAND TOTAL	14,248	16,357	6,877	9,278	\$18,470,605	\$15,596,010	(\$2,874,595)	-16%	\$2,686	\$1,681

NOTES:

- (1) Headcount and Funded OCP data provided by the Department of Education via special report.
- (2) Direct costs are reported for community colleges in the Florida Community College System *Cost Analysis* reports and for the school districts in the Florida Department of Education's *Program Cost Analysis Reports* (general fund expenditures).
- (3) 1999-00 Data - Palm Beach CC represents the combined number for Palm Beach County and Palm Beach CC.

Appendix B

Recommendations from Earlier Reports

In the 2002 CEPRI report, *Evaluation of the Role of Community Colleges and School Districts in Apprenticeship Programs*, the following recommendations regarding workforce funding and matriculations fees were adopted:

Recommendation 3: The current fee exemption should be statutorily amended to give the community college or school district the discretion to grant exemptions for matriculation, registration and laboratory fees, under the following conditions:

- a. Fees may only apply to the related training instruction hours required by the apprenticeship agreement and may not exceed the vocational clock hour fee.
- b. The community college or school district should consider the local contributions of the program sponsor toward the related training instruction component of the program in the decision of whether to grant the exemption.
- c. The program sponsor should have the flexibility to seek a partnership agreement with another LEA if an agreement on fees cannot be reached between the sponsor and the LEA. In the event a new agreement is reached with another LEA, in the fiscal year following its inception, the base and performance funding relating to the apprenticeship program should be transferred to the new LEA.
- d. The waivers granted by the local LEA for apprenticeship students should be excluded from the waiver limit of eight percent for workforce development appropriations (2001 General Appropriations Act, Specific Appropriations 171).

Recommendation 4: Provisions for the start-up of new programs should remain a local decision. The current oversight of the State Apprenticeship Council and the local arrangements are sufficient to ensure the development of quality programs. Support for new apprenticeship programs ultimately comes from the business and industry partners who are seeking a trained workforce for their member employers. The creation of partnerships for new apprenticeship programs is a locally controlled decision and should remain so. However, all colleges and districts maintain the flexibility to utilize existing opportunities for expansion such as any new performance incentive funding, potential workload increases in future funding formulas, and workforce development grants.