Council for Education Policy,
Research and Improvement

A New Funding Methodology For Workforce Education

DRAFT – Part 1

Policy Options

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Overall Conclusions about the Current Funding Methodology

Increases in performances do not necessarily result in increases in funding. The appropriation for workforce education is made independent of the amount of performances generated by the institutions. Therefore, performances do not drive the appropriation; rather funds are re-distributed based on performances from a set appropriation for workforce education. Under this system, it is possible for an institution that has increased its performances to not receive funding increases. This generally occurs for two reasons. First, not all institutions placed as much funding at risk when the Workforce Development Education Fund (WDEF) was created in 1997. In a system where institutions compete against each other to earn back a finite pool of performance dollars, institutions that were heavily invested in workforce education when the WDEF was created face a much more difficult task of generating enough performances to earn back their funding than institutions that did not place much, if any funding, at risk. Second, when appropriations do not change or decrease from year-to-year, and performances increase, the value of a performance decreases. With additional performances valued less, it becomes difficult for increases in performance to translate into increases in funding.

Partially as a result of the lack of a performance reward for many institutions, the current methodology has lost support. Colleges and districts face a lack of certainty about funding and, while initially hopeful about the impact that performance funding would have, most have become discouraged that the system has not been rewarded for its performance. The problems associated with funding enrollment growth and starting new programs have lead to dissatisfaction with the current funding methodology. In the LEA survey, 59.5% disagreed or strongly disagreed with a statement that the Workforce Development Education Funding Formula, in its current state and funded appropriately, is an adequate and effective method to fund workforce education.

The funding methodology at the current funding level has not provided adequate resources to expand existing or start new programs in high demand, high cost fields. During the early years of the performance-funding system, institutions had the opportunity to close low productivity programs to free-up resources for more productive ones. Given recent rises in enrollment and decreases in funding, the ability to find new resources or redistribute existing funds has diminished. Additionally, with the current funding formula dependent on past performances, shifting resources to another program would cost institutions performance points until the program started producing completers and placing students in jobs. The lack of funding for start-up costs (not including recurring operating costs) is still a problem; at one time, an opportunity for funding was provided on a competitive grant basis through the Workforce Development Capitalization Incentive Grant. While still in statute, this program has not received substantial funding since the 2000-01 fiscal year.

Apprenticeship programs have experienced large decreases in expenditures and in reported cost per funded occupational completion point (OCP), but identifying funding disparities is difficult. As district and college workforce education programs have absorbed funding cuts, steep losses in direct expenditures for apprenticeship programs have been observed. For districts, the reported costs per funded OCP decreased from $2,441 in 1999-00 to $1,608 in 2001-02. The decline was even steeper for community college programs, with a reported direct cost per OCP of $3,322 in 1999-00 and $1,790 in 2001-02. However, several factors make it difficult to conduct a detailed analysis of funding disparities for apprenticeship programs. First, reliable data

collection on apprenticeship remains a problem, particularly with regard to workload measures (FTE and headcount) and cost reporting. Second, the discretion provided local colleges and districts allows them to move around resources as needed within the postsecondary vocational category. There are no earmarked appropriations to compare to expenditures. Locally negotiated agreements result in a variety of funding arrangements and funding levels per unit (enrollment or completion).

Principles for a New Funding Methodology

Must recognize the central role of career and technical training in the state's economic development. A skilled workforce will be the primary determinant of the state's ability to respond to the demands of the knowledge-based economy of the 21st century. Workforce programs are essential in meeting this demand given that, for projected occupational needs through 2010, less than 13% of the projected total job growth is in occupations that require university level education.[1] Recent funding history has shown that while other sectors have been rewarded for increased enrollment demands, workforce education programs have not.

Must establish a process for providing for growth and the development of new programs in high demand, high wage fields. Enrollment in all workforce education programs has increased 34 percent from 1999-00 to 2001-02. Almost 28,000 more students enrolled in Associate in Science programs over this same time period. The program categories gaining the most new students were Health Sciences (23 percent of the enrollment growth) and Business Technology (35 percent). In the current funding methodology, the measurements of success are completion and placement points. For adult general education programs, production of literacy completion points increased by 23 percent in district programs and two percent in community college programs. Occupational completion points (OCPs) in adult vocational programs increased 18 percent overall in both district and college programs.

Must encourage the development of "bridges" between high school and career programs. The most important challenge Florida faces is ensuring that students in the K-12 system are properly informed and prepared for their future careers. The idea that "the only path for students to follow is the traditional route to a four-year college degree" has become the perceived standard for educational success. But not all students have the desire for or the need for such a college degree. For the six out of ten ninth graders who do not enter a college or university program, options must also be available for their education and training. The issue of providing a work-related, career-based education must be addressed by improving the transition from secondary to postsecondary to the workplace. A high school degree alone will prove insufficient for long-term success in the workforce.

Must encourage public-private partnerships and the leveraging of private resources. No one benefits more from an excellent workforce development system than Florida's business community. As the employers of the skilled workers, the presence of business and industry leaders in workforce education planning is essential. Local stakeholders have vested interests in producing a qualified workforce for local employers. The communication among these education and business leaders is vital to the success of local efforts to coordinate education and training with the skills required by employers. Efforts to leverage funding provided by local business and industry are essential to sustain the long-term viability of career-technical programs.

Must maintain the same performance standards for programs regardless of the type of institution offering the program (district or college). A primary goal of the original workforce funding reform, which resulted in the WDEF formula, was to create a level playing field for programs offered in both the district technical centers and community college. The standards used

[1] Based on 2000-2010 job growth projections of the Agency for Workforce Innovation and educational requirements developed by the Florida Department of Education.

to provide new funding or to evaluate performance need to be consistent among sectors under any new funding methodology.

Must align with the reality of the budget process. Allocations are made to the education budget without consideration to the relative "needs" of the program in the different education sectors. While a fixed price per unit (i.e., OCPs, LCPs) is an attractive concept, the amount of new funding for workforce education is largely predetermined by the revenues available and the allocation made to the workforce education budget. The zero-based budgeting approach of base plus performance needs to be adjusted to reflect this reality.

Framework for the New Methodology

Issue 1: Should all workforce education funding be included in a single funding category like the Workforce Development Education Fund (WDEF)?

Originally, the WDEF was designed to create a level playing field for all public providers of adult education and career-technical training by creating a single funding category for all programs. The expectation was that this combined fund would provide a greater focus on workforce programs that are critical to the economic development of the state. For example, with funds specifically earmarked for workforce education, concerns about school district programs being absorbed by the larger K-12 mission would be diminished.

The approach has been questioned recently as the funding for workforce education programs has been consistently cut and performance has not been rewarded as expected. While a separate funding category may seem attractive for increased, targeted resources, it is also attractive for reductions. For community colleges, the inclusion of Associate in Science programs has been criticized because it is difficult to separate costs between academic and workforce programs. In reality, the college credit mission shared by both Associate in Arts (A.A.) and Associate in Science (A.S) programs, with students seeking an A.A. degree enrolling in workforce courses and students seeking the A.S. degree enrolling in academic courses. Additionally, when the fund was first created, A.S. funding was not removed from the program fund consistently across institutions.

Policy Options:

Option 1: ***Maintain a single fund for all workforce education programs like the WDEF with school district and community college funding combined.***	
Strengths • Single fund, focused on workforce training • Level-playing field for all providers of adult education and career-technical training	*Weaknesses* • Community colleges will continue to lobby for the main funding formula (CCPF) as will school districts for the FEFP, leaving the combined workforce fund without a primary advocate. • Vulnerable to cuts
Option 2: ***Modify the current arrangement with Associate in Science funding returning to the Community College Program Fund (CCPF) and all other funding combined.***	
Strengths • Combines all funding for college credit coursework at community colleges, no longer necessary to distinguish between academic and workforce courses for funding purposes. • Increases institutional flexibility	*Weaknesses* • Reduces the size of the total workforce category (by more than $150 million)

Option 3: ***Modify the current arrangement with Associate in Science funding returning to the Community College Program Fund (CCPF) and separate funding categories for adult vocational funding in a single category and adult general education funding.***	
Strengths	*Weaknesses*
• Differentiates the workforce funding categories by mission	• Creates several small categoricals for funding • Diminishes institutional flexibility • May be vulnerable to cuts
Option 4: ***Separate funding for each sector into their base funding categories with community college workforce funding in the CCPF and school district workforce funding into the Florida Education Finance Program (FEFP).***	
Strengths	*Weaknesses*
• With workforce part of the larger sector funding categories (CCPF and FEFP), simplifies sector lobbying and funding increases will be distributed to workforce programs	• Loss of focus on workforce education as a separate state priority

Issue 2: Should a base plus performance model with funding at risk each year be maintained? Should new funding be distributed on the basis of performance, enrollment or both?

The WDEF established built-in leverage to ensure that institutions focused on the completion and placement of students in high-wage, high skill occupations. With 15 percent of funding at risk each year, failure to produce the desired outcomes could lead to serious fiscal repercussions for an institution. The strong emphasis on the production of performance points has resulted in more attention to and better outcomes on key performance measures – completing students with a course sequence and placing completers into high wage jobs. Under older seat-time based funding formulas, the incentives were placed at the front of the pipeline (getting students enrolled) rather on the on the end (course completion in a timely manner). In addition, the emphasis on high wage placement encouraged a shift from lower wage to higher wage programs at the institutions.

However, a common criticism of the current funding methodology is the lack of a built-in mechanism to provide for program growth. With the current model, new funding for enrollment growth was available in three ways: 1) transfer of resources within an institution from lower performing to high performing programs (i.e., closing programs), 2) distribution of funding increases in the WDEF based on performance points generated by completers from two years prior and placements of completers from three years prior, and 3) redistribution of prior year's funding from lower performing to higher performing institutions. As performance and enrollments increased, funding remained stable to declining, leading to current concerns about adequate access to these programs.

Policy Options:

Option 1:	***Maintain the current system in which the each institution's base is a percentage of their prior year's allocation with the remaining percentage "at risk" each year.***
Strengths	*Weaknesses*
• Competition will produce innovation and greater efficiency among institutions • The risk of losing funding each year provides incentives to maximize performance and reduce waste and inefficiency	• With overall workforce funding decreasing or remaining constant, gains in funding will always come at the expense of other institutions • Inability to determine the amount of performance gain needed in order to earn back performance funds • Does not take into account workload increases; only rewards performance

Option 2: ***Establish a system where each institution's base is a percentage of their prior year's allocation adjusted each year for workload with the remaining percentage awarded based on performance outcomes.*** *For example, an institution receives a $100,000 in year 1 (base). For year 2, base funding is 90% of prior year funding (a guaranteed $90,000). A workload factor (i.e., new students served) is added to that base of $90,000 at a set amount per unit. The remaining 10% of the prior year's funding ($10,000) can be earned back based on a performance calculation.*	
Strengths • Incorporates both performance and workload factors • Funding is still placed as risk to provide incentives for high performance	*Weaknesses* • New funding is only provided based on workload, not performance
Option 3: ***Establish a system where each institution is funded based on workload with an additional funding pool available for high performance.*** *For example, an institution is only funded on the estimated number of students served (as measured by workload factors), similar to the FEFP. Incentive funding may be provided for workforce outcomes deemed important to the state, like program completion and job placement in targeted areas.*	
Strengths • Creates a stable funding model • Ensures relatively equitable distribution of funding	*Weaknesses* • A return to a workload based formula that has resulted in inefficiencies in the past • Performance is only factored into incentive funding allocation, not base
Option 4: ***Establish a long-term performance contract with a block grant for each institution and specific program performance expectations.***	
Strengths • Creates stability with a multi-year funding plan • Maximum institutional flexibility	*Weaknesses* • Requires a separate contract with each institution and different performance standards based on program mix (more than 80 different institutions have at least one workforce education program). • Time-intensive state-level oversight required for compliance.

Issue 3: How should funding for new program development be provided?

One of the most critical needs expressed by district and college workforce personnel was funding for the start-up and/or expansion of programs that have significant capital costs. To train to industry standard, programs must have access to the equipment and facilities necessary for training. For some programs, these start-up costs may reach beyond what flexibility is provided in their base funding allocation. For several years, the Legislature provided program start-up or expansion funding through the Workforce Development Capitalization Incentive Grants, which were worth up to $200,000 per program. The last year new grants were awarded was the 2001-02 fiscal year.

Option 1: Provide program development and start-up funding on a competitive basis through the Workforce Development Capitalization Incentive Grants, as provided for in Florida Statutes 1011.80.	
Strengths	*Weaknesses*
• Ensures distribution of funds to the most deserving proposals based on critical state needs	• In the past, follow-up on progress was not adequately built-in to ensure that program objectives were met • Start-up funding only covered non-recurring costs; annual operating budgets had to be provided out of an institution's base.
Option 2: Option 1, with additional funding provided in year 2 that rolls into an institution's base to support program enrollment.	
Strengths	*Weaknesses*
• Provides for the 2nd year costs for operating costs like faculty/staff salaries and program materials.	• Complicates the base funding methodology with additional funds added through a different process
Option 3: Provide program funds on a non-competitive basis through a distribution formula.	
Strengths	*Weaknesses*
• Ensures that all institutions receive an allocation for program expansion or start-up.	• Lack of oversight to ensure that funding is used to support the most critical state needs.

Issue 4: Should apprenticeship programs be funded using the same methodology as other career and technical training programs?

Apprenticeship programs have been proven to be highly effective training mechanisms leading to high wage employment for program completers. By any standard, they are valuable option in the menu of programs available for career and technical training. In fundamental ways, apprenticeship programs differ greatly from traditional offerings of career and technical training. The connection to business and industry is required and imbedded within the program. Ultimately, the credential is not awarded by the college or district offering the related training instruction but by the apprenticeship sponsor. The two main issues under consideration here are the manner in which base funding is provided and the continuation of a policy regarding the exemption of tuition and fees for apprentices.

On the first issue, the current system is characterized by local control. A variety of training arrangements have been locally negotiated and there is no "standard" model of operation for programs. The funding levels vary widely from reported direct costs per funded OCP of $500 to almost $4,000. In some cases, local disagreements have emerged between apprenticeship sponsors and local districts or colleges regarding funding relationships. The second issue involves the current blanket exemption provided to all apprenticeship students regarding the payment of tuition and fees for coursework provided by the college or district. These arrangements are largely premised on the assumption that business and industry partners are providing program support in lieu of tuition payments.

Policy Options: Base Funding

<table>
<tr><td colspan="2">Option 1: Maintain the current system in which the each institution has the discretion to start-up or expand existing apprenticeship programs using their base allocation.</td></tr>
<tr><td>Strengths
• Maximizes institutional flexibility regarding the mix of programs that college or district offers</td><td>Weaknesses
• Institutions without funding in their base have no incentive to provide new programs
• Business and industry apprenticeship sponsors must rely on the ability and willingness of local districts and colleges to partner with them; some negotiations with districts and colleges have been contentious.</td></tr>
<tr><td colspan="2">Option 2: Create a separate funding categorical for apprenticeship programs.</td></tr>
<tr><td>Strengths
• Establishes a set state appropriation for apprenticeship funding that can be tracked to expenditures
• Allows the state to target new resources to the expansion of apprenticeship programs</td><td>Weaknesses
• Diminishes institutional flexibility
• May be vulnerable to cuts
• Without accurate cost data, it may be difficult to assign funding from the PSAV category to an apprenticeship categorical</td></tr>
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Policy Options: Fee Exemption

Option 1: Maintain current policy with a fee exemption for all apprenticeship students.	
Strengths	*Weaknesses*
• Recognizes the significant financial contributions made by many program sponsors	• No guarantee with a blanket exemption that business and industry sponsors are providing resources commensurate to the value of the exemption.
Option 2: Reaffirm the 2002 CEPRI recommendation regarding fee exemption which provides for local control of the exemption within a specified process and recommends maintaining the exemption for programs in which significant business and industry program support is provided.	
Strengths	*Weaknesses*
• Creates institutional flexibility • Provides a revenue source for colleges or districts who want to start offering apprenticeship training	• Currently, it is difficult to accurately assess the value of the contributions made by apprenticeship sponsors on behalf of their apprentices.
Option 3: Remove the fee exemption for all apprenticeship students and require tuition for all related training instruction.	
• Provides a revenue source for the start-up and expansion of existing programs	• Does not consider the value of business and industry contributions to the college or district for program support (in lieu of tuition and fees)

Issue 5: With six out of ten ninth graders dropping out or not immediately pursuing a college or university education, how can the state create a better connection between K-12 and career-technical training to minimize drop out and maximize the pursuit of a postsecondary credential?

Thus far, the focus of this report has been on postsecondary funding of adult general education and career-technical training programs. Several substantive issues regarding K-12 preparation and improving the transition from K-12 to a postsecondary credential deserve critical attention as well. In order to meet the emerging need for skilled workers, a well-prepared student population is a necessary component of any well-structured, well-funded postsecondary workforce education system. To focus only on the funding structure would ignore several key elements to ensuring a more effective K-20 system.

The issue of providing a work-related, career-based education can be addressed by improving the transition from secondary to postsecondary to the workplace. A high school degree alone will prove insufficient for long-term success in the workforce. The state must pursue structures and policies that provide the following:

- Integrated approach to career introduction, exploration and planning
- Opportunities to obtain postsecondary credentials in high school

The state should have a secondary and postsecondary funding structure that support best practices in these areas.

Policy Responses

1. Improved career guidance and counseling

It is critical that every student in Florida be aware of career options by the start of high school and provided with extensive guidance to plan their coursework in accordance with their career aspirations. Based on data available for the 2001-02 school year, the statewide high school counselor to student ratio is 364 to 1. While the average is high, some high schools had ratios as high as 500 or 600 to 1. It is impossible for counselors to provide meaningfully direction to such large numbers of students. Many students are not prepared to enter postsecondary education based on the curricular choices that they have made in high school. They also do not have realistic expectations of what it takes to be successful in college and are not aware of all of their options. Without access to adequate and timely information and advice, students will not start on the right academic and career path early enough to succeed.

Potential recommendations to address this issue include:

- Address any issues with the current funding incentives in the FEFP for career/guidance professionals to ensure adequate resources for the advisement of students in middle and high school.
- Identify best practices for the advisement of students that allow all students access to quality time with an academic advisor. One potential best practice involves the use

of a teacher-advisor model in which each teacher advises and monitors the progress of a small number of students.

- Examine a state partnership between the Department of Education and Florida's business community to develop an ***intensive*** marketing campaign to attract high school students into postsecondary education programs leading to careers that are of critical need to the State.

2. Establishment of a career-focused high school curriculum

A. Career Academies

B. Charter-Technical Model and Dual Enrollment

In addition to appropriate guidance for all students regarding academic and career paths early in their secondary education, additional instructional delivery models must be considered. The appropriate funding mechanisms for these options should be considered as well. The three options for a career-focused curriculum – career academies, charter-technical high schools and dual enrollment – are best practices that have demonstrated success in helping students achieve postsecondary credentials.

Career Academies

This first option, a career academy model, is a thematic school-within-a-school design. A career academy is characterized by three basic features: 1) a small learning community, 2) a college-prep curriculum with a career theme, and 3) partnerships with employers, community, and higher education. Students move through the system as a group and receive career-based instruction. Each academy is organized around an occupational area like health professions, travel and tourism, finance, information technology, or construction. This model creates a structure in which the student learning is linked with potential career outcomes, but provides the base knowledge to ensure the success of its students in any number of fields. Career academies differ from traditional academic and vocational education by preparing students for both college and career. Students who are interested in dental hygiene careers may work along side students who are planning to become physicians. The career theme is woven throughout the curriculum with the high standards necessary for admission to a university.

Potential recommendations for career academies include:

- The development of new research-based career academies, called "Florida Partnership Academies" with the following features: 1) small learning community, 2) strong academics in a career context (with standards-based career-technical coursework), and 3) partnerships with the local business community.
  - May require a high level office to oversee development with business-industry partnership
  - Process for certification of Florida Partnership Academies
  - Funding for planning grants, up to $15,000, for program development

Charter-Technical Model and Dual Enrollment

One model that integrates the academic and career aspects of a high school experience is the charter school model. An excellent example of the charter-technical model is the Advanced Technology Center, a consortium partnership among Daytona Beach Community College, Flagler County Schools and Volusia County Schools. The center offers technical coursework in computer technology, automotive, and construction/manufacturing and engineering. High school students take core academic coursework, complete their graduation requirements, and receive career-technical training resulting in a postsecondary certificate and/or an Associate in Science degree.

Another less structured model involves the use of dual enrollment to obtain college credit while in high school. Dual enrollment is one of the acceleration mechanisms identified in statute intended to shorten the time necessary for the completion of a high school diploma and postsecondary degree, broaden the scope of curricular options available to students, or increase the depth of study available for a particular subject (s. 1007.27, F.S.)[2]. Under dual enrollment, high school students enroll in a postsecondary course that is creditable toward a career-technical credential, an associate's degree, or a baccalaureate degree. Dual enrollment is a major form of articulated acceleration for students entering Florida postsecondary institutions. The Division of Community Colleges has evaluated the postsecondary success of students who had dual enrollment and found that they performed better in follow-up courses than students who did not take the initial course through dual enrollment[3].

These models produce considerable advantages to the state for the production of skilled workers and to students through the acquisition of college credit while still in high school. Students do not pay tuition and fees for their enrollment and have the opportunity to obtain a skill by the time they graduate high school. These credentials may articulate to a high level degree at a community college or university, providing a career ladder opportunity for the student. The state may experience multiple benefits like improving the retention of students in high school and the continuation rate into postsecondary institution, increasing the number of citizens with skilled workforce training, and more efficient utilization of existing facilities and expertise at community colleges and technical centers.

Potential recommendations regarding charter models and dual enrollment include:

- Incentives for the development of educational partnerships in which high school students graduate with a one- or two-year career-technical credential that has been endorsed by local business and industry.
- Utilize an improved career and academic advisement system to encourage student enrollment in early postsecondary coursework.
- Ensure adequate access to dual enrollment by examining the funding structure for dual enrollment clock and credit hour coursework offered at community colleges and district career-technical centers.

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[2] Florida Statutes section 1007.27

[3] Windham, Patricia (1996). *What Happens to Community College Dual Enrollment Students?* A Table Topic at the Annual Association for Institutional Research Forum: Albuquerque, New Mexico, May 5, 1996.