



Council for Education Policy,
Research and Improvement

**A NEW EMPHASIS AND FUNDING
METHODOLOGY FOR
ADULT AND CAREER EDUCATION**

Report and Recommendations

January 2004

COUNCIL FOR EDUCATION POLICY, RESEARCH AND IMPROVEMENT

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- ❖ Prepare and submit to the Florida Board of Education a long-range master plan for education. The plan must include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, international education programs, demographic patterns, student demand for programs, and needs of particular subgroups of the population, implementation of innovative techniques and technology, and requirements of the labor market.
- ❖ Prepare and submit for approval by the Florida Board of Education a long-range performance plan for K-20 education in Florida and annually review and recommend improvement in the implementation of the plan.
- ❖ Annually report on the progress of public schools and postsecondary education institutions toward meeting educational goals and standards as defined by s. 1008.31.
- ❖ Provide public education institutions and the public with information on the K-20 education accountability system, recommend refinements and improvements, and evaluate issues pertaining to student learning gains.
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Further information about the Council, its publications, meetings and other activities may be obtained from the Council's office, 111 West Madison Street, Suite 574, Tallahassee, Florida 32399-1400, telephone (850) 488-7894; FAX (850) 922-5388; Website – www.cepri.state.fl.us.

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INTRODUCTION

The services provided by community college and school district adult general education, associate in science, postsecondary vocational and continuing workforce education programs are essential for the economic and educational well-being of Florida's citizens. In particular, adult and career education can play a pivotal role in meeting the needs of Florida's forgotten majority. The statistics on student transition out of high school and into postsecondary are staggering. Three out of ten ninth graders do not graduate from high school; and three out of the seven who do graduate do not enroll in postsecondary education following their graduation. This leaves six out of ten ninth graders who have either dropped out of high school or who did not enter a college or university. Most of these students will require basic skills and/or skilled training in order to acquire the education necessary for sustainable employment. The following facts demonstrate the importance of supporting these critical state programs.

- ❑ **Over 60 percent of the projected job growth in Florida through 2010 will be in occupations requiring postsecondary education and training but not a bachelor's degree.** There will be almost 300,000 new jobs requiring an associate degree (including such high demand occupations as nurses and computer analysts), more than half a million new jobs that require a postsecondary certificate, and almost 200,000 new jobs that require a high school diploma with some vocational training. While still important, occupations requiring a bachelor's or graduate degree will account for only 12.7 percent total job growth.
- ❑ **Nine of the top ten fastest growing jobs in Florida over this period will require an associate's degree or a postsecondary vocational certificate.**
- ❑ **State support for adult and career education has declined dramatically in the past few years.** From 1997-98 to 2003-04, funding for these programs decreased 6 percent. Over the same time period, funding increased 33 percent for community colleges and 27 percent for universities.
- ❑ **Adult and career education represents a very small percentage of the entire education budget.** In the current 2003-04 fiscal year, appropriations for adult and career education (appropriated through the Workforce Development Education Fund and the Adults with Disabilities funding and totaling \$692.9 million) represented only 5.6% of the total education budget.
- ❑ **Completion of a career-technical training program produces sustainable, living wages for individuals.** According to the Florida Department of Education, the average annual wages for a community college associate in science graduate (which includes registered nurses) are \$35,592. These wages are higher than the average wages of recent bachelor's degree graduates (\$32,324).
- ❑ **Career-technical training significantly improves a high school graduate's earnings potential.** For those high school graduates who enter and complete a community college vocational certificate program, 74 percent earned more than \$9 per hour. Only 6 percent of recent high school graduates who immediately enter the workforce earned more than \$9 per hour.

The facts above highlight the important role that adult and career education can play in the economic well-being of the state, providing programs which impact all Florida businesses and a solid majority of Florida's citizens. Despite these enormous needs for education and training, adult and career education programs often receive the lowest priority from state policymakers among all education programs. This is especially troubling given the fact that a performance-based funding structure has been in place since 1997 for this area of education. Community colleges and school districts have clearly responded to the performance mandate by increasing productivity, but the promise of funding for those increased performances never followed. In order to recognize the importance of adult and career education and to ensure that this critical area is funded appropriately, the Council has developed recommendations framed around the following four key issues:

❑ **Appropriations to Community Colleges and School Districts**

Florida must commit *more resources* to meeting the education and training provided by Florida's community colleges and schools districts in adult general education, associate in science, postsecondary vocational, and continuing education programs. In addition, the distribution of funds should be made to community colleges and school districts using a *common set of criteria* to create a level playing field for all providers of adult and career education.

❑ **Workload and Performance**

The funding methodology for the distribution of resources to community colleges and schools districts must contain *both workload and performance elements*. As demand for adult and career education programs increases due to demographic factors, the state must provide resources to expand access to the education and training. At the same time, the gains produced by the current funding methodology must be maintained with an appropriate emphasis on performance, in the form of program completers, program placements, and student transitions to higher education levels.

❑ **Start-up Funding for New Programs**

The current funding methodology and funding levels has not adequately provided for the start-up of new programs or the expansion of existing programs. An additional *competitive funding grant* is necessary to meet the local need for program development costs.

❑ **Apprenticeship Funding**

The Council supports the funding of apprenticeship programs with other adult and career education programs, but recommends *modifications to the current fee exemption policy*. Additionally, a true evaluation of funding disparities for apprenticeship funding requires *more reliable data* collection on program cost, enrollments and completions.

BACKGROUND

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.

Review of Previous Studies

The state has undertaken several reviews of funding for workforce education, including detailed analyses of the current funding methodology and a review of 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 programs. The OPPAGA and CEPRI reports on apprenticeship focused primarily on outcomes and accountability for those programs.

In previous reports, all postsecondary education programs that serve adults seeking literacy and technical training have been referred to as “workforce education”. To avoid any confusion between “workforce education” and the “workforce development,” all workforce programs (including adult

general education, postsecondary vocational, associate in science, and continuing workforce education) will be referenced in this report as “adult and career education.” When referring to career-technical training programs offered at colleges and districts (postsecondary vocational and associate in science), the term “career education” will be used.

Study Outline

This report addresses the following policy issues related to the development of a funding methodology:

- ❑ What is the value of adult and career education programs for Florida’s citizens?
- ❑ Has the current funding methodology and funding level provided for enrollment growth and rewarded performance? Do funding disparities exist among adult and career education programs?
- ❑ What are the recent trends in performance and enrollment?
- ❑ Should apprenticeship programs be funded in the same manner as other career education programs?
- ❑ What other issues are critical to the development of a skilled and literate workforce in Florida?

Public Input

Council staff met with local representatives of district and college programs in July 2003 to seek their input on the critical issues in funding for adult and career education. Represented on that panel were community college and school district adult and career education programs and staff from the Department of Education.

Three surveys were distributed to solicit opinions and suggestions regarding funding for adult and career education programs. A copy of each survey is provided in Appendix B. In June 2003, an open-ended survey was distributed to all community college occupational deans, area technical center directors and adult education program directors. A follow-up survey was sent to each community college and school district in August 2003 (see Appendix B, Exhibit 2 for the survey language). Sponsors of registered apprenticeship programs were surveyed regarding their contributions and local college/district contributions to their programs.

In November 2003, the members heard from a panel of representatives from community colleges and school districts regarding their opinions and experiences with the current funding methodology. In addition, a great many representatives from the school district, community college and apprenticeship programs spoke publicly at Council meetings on the funding of adult and career education and were actively involved in shaping the recommendations presented in this report. The Council wishes to acknowledge all those who provided public testimony at its meetings (See Appendix C).

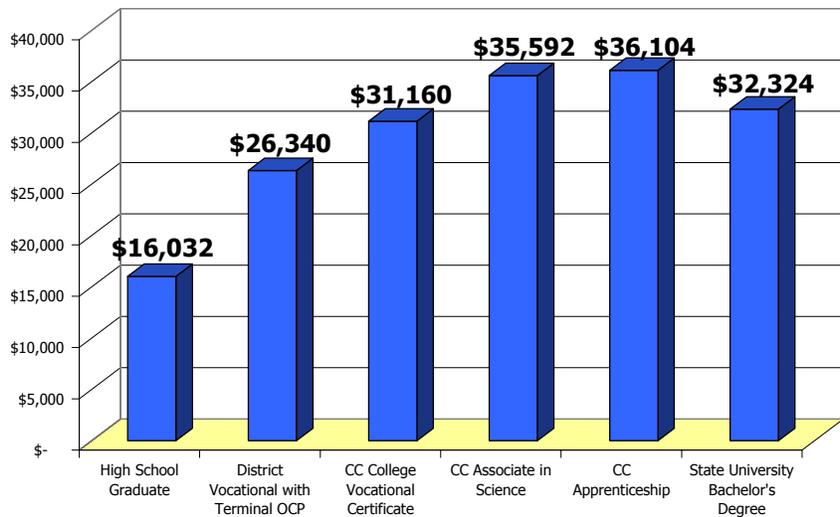
IMPORTANCE OF ADULT AND CAREER EDUCATION PROGRAMS

The value of the skilled workers produced by the state’s community colleges and technical centers is apparent in the daily life of every Florida citizen. Whenever Floridians need emergency medical care, break down on the side of the road, or wake up to a puddle of water in their bathroom, more than likely they need the services of skilled workers. The nurses, automotive mechanics and plumbers who are called upon to respond to these emergencies probably learned their trade in Florida’s community college and school district technical programs. These are just a few of the essential workers produced by Florida’s adult and career education system.

For those who think that the wages earned by these skilled professionals are low, they should recall the last time they paid a hospital bill, an auto repair bill or a plumbing charge. As **Figure 1** demonstrates, the average annual wages for a community college associate in science graduate (which includes registered nurses) are \$35,592. This average is higher than the average annual wages of recent bachelor’s degree graduates (\$32,324). These skilled workers require as little as one to two years of training and initially out earn students completing four-year programs.

With high-quality skilled training, high school graduates significantly improve their earnings potential. The Florida Education and Training Placement Information Program (FETPIP) annual outcomes survey reports that only 6 percent of recent high school graduates who enter the workforce immediately earned more than \$9 per hour¹. For those high school graduates who enter and complete a community college vocational certificate program, 74 percent earned more than \$9 per hour.

**Figure 1:
Estimated Annual Wages* of 2000-01 Program Completers**



*Estimate based on Full-time/Full-quarter earnings in October-December 2001
Source: Annual Outcomes Report, Florida Education & Training Placement Information Program (FETPIP) (2002)

Skilled workers with one or two years of postsecondary career-technical training will be in great demand in Florida for the foreseeable future. Through 2010, nine of the top ten fastest growing jobs in Florida will require an associate’s degree or a postsecondary vocational certificate². The overwhelming majority of job growth occurs in the information technology field for which a

¹ *Annual Outcomes Report: Fall 2001 data*, Florida Education & Training Placement Information Program
² Agency for Workforce Innovation and the Florida Department of Education.

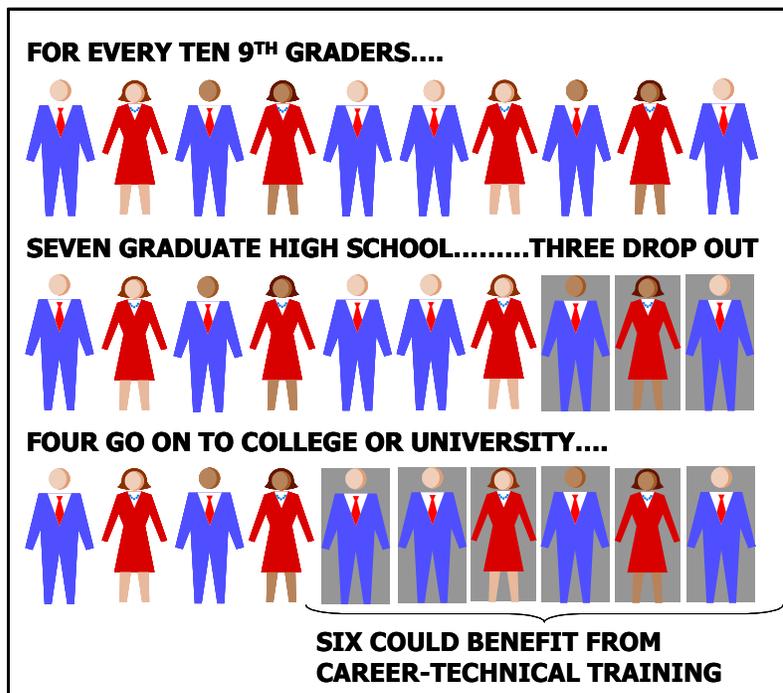
technical credential is sufficient. In addition, 61 percent of the projected job growth in Florida through 2010 will be in occupations requiring an associate's degree (285,887 jobs), a postsecondary vocational certificate (501,898), or a high school diploma with some vocational training (191,916). While still important, jobs requiring a bachelor's or graduate degree will only increase by 203,772, or 12.7 percent.

The education and training needs of Florida's citizens cannot be met if the state only focuses primarily on bachelor's degree production. Although important, a relatively small percentage of the population is expected to earn a bachelor's degree in a Florida institution. As

Figure 2 demonstrates, most of Florida's high school students do not seek immediate entry into a college or university upon graduation. In fact, three out of ten ninth graders do not even graduate from high school. The six of ten ninth graders who have either dropped out of high school or who did not enter a college or university will require basic skills and/or skilled training to acquire the education necessary for sustainable employment.

Despite these enormous needs for career education and training, the state's priority is often focused on the college preparatory track. Without a strong political constituency, adult and career education programs often receive the lowest priority among all education programs.

Figure 2



State spending for adult and career education programs represents a very small share of the total education budget for Florida. In 2003-04, appropriations for adult and career education (appropriated through the Workforce Development Education Fund (WDEF) and the Adults with Disabilities funding), which totaled \$692.9 million, represented only 5.6 percent of the total education budget.³

Since the development of the WDEF in 1997, funding for adult, career and technical training has generally declined, with the exception of the 2000-01 and 2002-03. From 1997-98 to 2003-04, funding for adult and career education has decreased 6 percent⁴. Over the same time period,

³ The total education budget for 2003-04 (including General Revenue Fund, State School Trust Fund, Educational Enhancement Trust Fund) was \$12,275,909,504.

⁴ Includes WDEF allocation, Adults with Disabilities funds, and Capitalization Incentive Grants.

funding has increased 33 percent for community colleges and 27 percent for universities.⁵ **Table 1** provides the recent history of appropriations provided through the primary funding category, the Workforce Development Education Fund.

Table 1: Recent History of Funding for the Adult and Career Education⁶

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)

While there has been a steady decline in funding for adult and career education programs in recent years, enrollment has consistently grown. In the previous three fiscal years, the disconnect between demand for career-technical training and availability of state funding has increased. The reality is that in poor economic conditions when dislocated workers increase the demand for career-technical training, the state has less flexibility to deal with additional students as state revenues decline.

Across all programs, there has been a 34 percent increase in enrollment from 1999-00 to 2001-02. 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.

⁵ Community college funding includes general revenue and lottery funds for the Community College Program Fund (minus Workforce) and Performance Based Incentive Funds. University funding includes general revenue and lottery funds for E&G, IFAS, and the UF, USF, and FSU Medical Schools.

⁶ This table only includes funding provided through the Workforce Development Education fund and does not include funding for the Adult with Disabilities program and Workforce Development Capitalization Incentive Grants.

However, it is unlikely that school districts and community colleges will be able to absorb the recent cuts to adult and career education programs without impacting their ability to provide access. In fact, there is evidence to suggest that new enrollment data will show decreases in enrollment. It is unlikely that such a decrease would reflect a lack of demand for programs but rather a lack of capacity to offer enough courses given recent budget cuts.

CURRENT FUNDING FORMULA

Methodology

Chapter 97-307, Laws of Florida (SB 1688), created the Workforce Development Education Fund (WDEF) to provide a new way of funding for adult and career education programs and to provide a “level playing field” between the school districts and community colleges in terms of funding and delivering career-technical training. The new formula had its basis in performance. This act also required the following for adult and career education 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 and career education 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 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 college/district 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 adult and career education allocation for the college/district.

Enrollment Trends

As mentioned earlier, enrollments have increased across the board in adult and career education programs in recent years. There has been a 34 percent increase in adult and career education enrollment from 1999-00 to 2001-02 (See **Table 2**). Community college programs grew by 34 percent and districts programs by 20 percent; overall, about 150,000 more students were enrolled in 2001-02.

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%
Apprenticeship ⁽¹⁾	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%
Apprenticeship ⁽¹⁾	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.

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 A.S. programs.

EVALUATION OF CURRENT FUNDING METHODOLOGY

Imbedded within the current funding methodology for adult and career 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 category for adult and career education programs
- ❑ Competition between all institutions to earn back performance dollars
- ❑ Performance-driven funding model
- ❑ Connecting funding and performance

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

The creation of a single funding methodology for all adult and career 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 adult and career education 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 career education programs. Students pursuing an academic associate in arts (A.A.) degree may take college credit classes that are primarily intended for students in A.S. programs. And certainly, students in associate in science and 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 career 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 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 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. Theoretically, such a system has obvious positive aspects. Competition produces innovation and greater efficiencies among institutions. With LEAs competing for funding based on performance, institutions have 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**, adult and career education funding has, for the most part, steadily decreased throughout the use of this funding system. With overall funding decreasing or remaining constant, institutional gains in funding will always come at the expense of other institutions. Additionally, LEAs that were heavily invested in adult and career 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.

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

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 (see **Appendix B, Exhibit 2** for survey questions) found support for this notion, where a majority of respondents (60.5 percent) 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 A.S. 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.

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 a 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 education programs are the only state system with their funding earned using 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 percent) agreed or strongly agreed with the statement that the performance-based funding process for adult and career 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 providers to increase 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 adult and career 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.

Connecting Funding and Performance

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. The current funding formula raises issues related to the weights applied to performance, the timeliness of the data collection, and potential conflicts between measures and desired outcomes.

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 adult and career 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. Two measures used under the current funding formula system—occupational completion points and job placements—illustrate these difficulties.

Occupational Completion Points

The current formula funding system rewards program completion differently depending on the fund category. For the associate in science 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 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

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 funding in WDEF has been cut, the expenditures by districts and colleges on apprenticeship have also been reduced. From 1999-00 to 2001-02, 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.

Policy Issues

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 Statute 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 (see **Appendix B, Exhibit 3** for survey questions). 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 on-the-job, 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.

Apprenticeship Data Validity

During the course of examining the data available on enrollments, completions, and expenditures for apprenticeship programs, the data revealed some anomalies in the data reporting for these programs. These data problems made it difficult to examine any funding disparities among career-technical training programs.

Enrollment and Completions

Both headcount and full-time equivalency (FTE) data on apprenticeship showed anomalies. For headcount, the aggregate numbers for community college and school districts programs do not align with the data that is reported through the Department of Education's federal apprenticeship tracking system. The total apprenticeship student headcount (both college and district) exceeds the total reported on the federal system which tracks students in registered apprenticeship programs. It is likely that many students enrolled in adult vocational certificate programs are incorrectly being reported as apprenticeship students.

In addition to headcount, a lack of consistent reporting is apparent in the FTE reported by community colleges. An examination of FTE to headcount ratios revealed large variations among institutions. More than half the institutions reported that one student represented more than one FTE with a couple reporting ratios of almost two FTE per apprenticeship student. This reflects that some institutions are reporting more on-the-job training hours in their FTE calculation than others.

With regard to completions, a problem is apparent when examining the reporting of multiple OCPs for a single apprenticeship student in a reporting year. Apprenticeship programs are structured on the basis of time-based competencies with students required to complete 2000 hours of on the job training per year of the program. There are rare cases in which a single student may receive two years of credit in a single calendar year. Most institutions did not have many multiple OCPs reported, but a few institutions reported an unusually large number of students earning multiples OCPs.

Program Expenditures

Several districts and colleges reported large drops in expenditures from 1999-00 without corresponding drops in enrollments and/or performance. While gains in efficiency are possible over this period, some of the changes over time were so startling that the underlying data reporting is questionable. For one district, the reported direct expenditures per funded OCP dropped from about \$800 in 1999-00 to \$38 in 2001-02. Again, concerns about the reliability of the expenditure data made an examination of funding disparities difficult.

Governance

A long-standing controversy in adult and career 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**).

It is currently possible to consolidate adult and career programs by local choice under either school district or the community college in a given workforce region. Consolidation of technical training programs under community colleges has occurred.

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

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 adult and career 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 adult and career education programs fall under the direction of the Division of Community Colleges and Workforce Education. Developing statewide policy for adult and career 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. 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 and career education. The varied delivery systems nationally indicate that there is not a "silver bullet" in the delivery of adult and career 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).

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 (A.A. degrees) instruction rather than career 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 adult and career education under one delivery system or not. Indeed in 1989, PEPC recommended that a statewide merger of career 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 establish the best structure for their service area. Though not favoring statewide consolidation, PEPC did favor better coordination between delivery systems on the local level.

CONCLUSIONS ABOUT CURRENT FUNDING METHODOLOGY

Increases in performances do not necessarily result in increases in funding. The appropriation for adult and career 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 adult and career 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 adult and career 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 led 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 adult and career 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 adult and career 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 and literate 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. Adult and career education 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.⁷ Recent funding history has shown that while other sectors have been rewarded for increased enrollment demands, adult and career 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 adult and career 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 by 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 adult and career 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

⁷ Based on 2000-2010 job growth projections of the Agency for Workforce Innovation and educational requirements developed by the Florida Department of Education.

programs offered in both the district technical centers and community college. The standards used 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 adult and career 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 A NEW METHDODOLOGY

Issue 1: Should all adult and career education funding be appropriated 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 adult and career education programs that are critical to the economic development of the state. For example, with dollars specifically earmarked for adult and career education, concerns about funding for school district programs being absorbed by the larger K-12 mission would be diminished.

The approach has been questioned recently as the funding for adult and career 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 career-technical programs. In reality, the college credit mission is shared by both associate in arts (A.A.) and associate in science (A.S.) programs, with A.A.-seeking students enrolling in career-technical courses and A.S.-seeking students enrolling in academic courses. Additionally, when the fund was created, A.S. funding was not removed from the Community College Program Fund (CCPF) consistently across institutions.

Policy Options

Option 1: Maintain a single fund for all adult and career education programs like the WDEF with school district and community college funding combined.

Strengths:

- A single fund maintains a focus on adult and career education.
- Creates a 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 FEF, leaving the combined adult and career education fund without a primary advocate.
- Remains 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 career-technical courses for funding purposes.
- Increases institutional flexibility.

Weaknesses

- Reduces the size of the total adult and career education 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 and adult general education funding.

Strengths:

- Differentiates the adult and career education funding categories by mission.

Weaknesses:

- Creates several small categorical funding categories which diminishes institutional flexibility.
 - May be vulnerable to cuts.
-

Option 4: Separate funding for each sector into their base funding categories with community college adult and career education funding in the CCPF and school district in the FEFP.

Strengths:

- With adult and career education part of the larger sector funding categories (CCPF and FEFP), simplifies sector lobbying and funding increases will be distributed to adult and career education programs.

Weaknesses:

- Loss of focus on adult and career 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 than 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 each institution's base is a percentage of their prior year's allocation with the remaining percentage "at risk" each year.

Strengths

- 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.

Weaknesses

- With overall adult and career education funding decreasing or remaining constant, gains in funding will always come at the expense of other institutions.
- Institutions lack the ability to determine the amount of performance gain needed in order to earn back performance funds, at the time the performances are being generated.
- Current system does not take into account workload increases; it 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 \$100,000 in year 1 (base). For year 2, base funding is 90 percent 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 percent of the prior year's funding (\$10,000) can be earned back based on a performance calculation.*

Strengths:

- The proposed system 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:

- The proposed system creates a stable funding model.
- Workload distribution ensures relatively equitable distribution of funding.

Weaknesses:

- It returns 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:

- The long-term block grant creates stability with a multi-year funding plan.
- It maximizes institutional flexibility.

Weaknesses:

- It requires a separate contract with each institution and different performance standards based on program mix (more than 80 different institutions have at least one adult and career education program).
- Time-intensive, state-level oversight would be required for compliance.

Issue 3: How should the state provide funding for new program development?

One of the most critical needs expressed by district and college adult and career education 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.

Policy Options

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 Statute 1011.80.

Strengths:

- The competitive program ensures distribution of funds to the most deserving proposals based on critical state needs.

Weaknesses:

- Follow-up on progress has not been 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:

- Year 2 provision provides additional funds for operating costs like faculty/staff salaries and program materials.

Weaknesses:

- It 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:

- The non-competitive program ensures that all institutions receive an allocation for program expansion or start-up.

Weaknesses:

- It will not 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 a 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. 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 adult and career 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.

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

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.*

Strengths:

- The current system maximizes institutional flexibility regarding the mix of programs the college or district offers.

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.

Option 2: Create a separate funding categorical for apprenticeship programs.

Strengths:

- A categorical establishes a set state appropriation for apprenticeship funding that can be tracked to expenditures.
- It allows the state to target new resources for the expansion of apprenticeship programs.

Weaknesses:

- A separate categorical would diminish institutional flexibility.
- It may also leave apprenticeship funding more vulnerable to cuts.
- Without accurate cost data, it may be difficult to assign funding from the adult vocational certificate category to an apprenticeship categorical.

Policy Options: Fee Exemption

Option 1: Maintain current policy with a fee exemption for all apprenticeship students.

Strengths:

- The current exemption recognizes the significant financial contributions made by many program sponsors.

Weaknesses:

- There is 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:

- A local option for the exemption creates institutional flexibility.
- It would provide a revenue source for colleges or districts that want to start offering apprenticeship training.

Weaknesses:

- 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.

Strengths:

- Payment of tuition and fees by apprenticeship students would provide a revenue source for the start-up and expansion of existing programs.

Weaknesses:

- It does not consider the value of business and industry contributions to the college or district for program support (in lieu of tuition and fees).

RECOMMENDATIONS FOR ADULT AND CAREER EDUCATION FUNDING METHODOLOGY

Issue 1: Appropriations to Community Colleges and School Districts

A critical component of the reforms that created the Workforce Development Education Fund in 1997 was the creation of a level-playing field for all public providers of adult and career education. The Council continues to support this goal because program standards and funding formulas should not be different based on the sector (community college or school district) that is providing the education and training. However, there are practical considerations related to the “lobby” for funding for these programs that must be considered. The Council heard testimony that the lack of the “political constituency” for adult and career education is compounded by having a single workforce fund. This leaves community colleges lobbying for their primary formula, the Community College Program Fund, and school districts for their K-12 formula, the Florida Education Finance Program. In addition, the Council was presented with evidence and testimony about the difficulty of separating the A.S. mission from the A.A. mission of community colleges. It was argued that the separation of A.S. from A.A. funding was an artificial distinction.

Therefore, the maintenance of a single workforce fund for community college and school district funding for adult general education, associate in science, postsecondary vocational and continuing workforce education is not recommended. Additional resources for these programs are necessary to meet the demand for workers with some postsecondary training and a single fund has not been able to create the lobbying necessary to acquire these resources. However, the state must maintain consistent standards for providing program funding, regardless of the sector in which the training is provided (community college or school district).

Recommendation 1:

The Legislature should appropriate additional resources to adult and career programs in accordance with the current demand for these programs, recognizing the increasing occupational demand for skilled and literate workers with one or more years of postsecondary training. The first step in this allocation of resources should be the restoration of base funding cuts to adult and career programs, which total \$48 million since the beginning of the 2001-02 fiscal year.

Recommendation 2:

The Legislature should appropriate funding for adult and career education to community colleges and school districts in their separate sector budgets. Though placed in separate budgets, the funds must be allocated to community colleges and school districts in the same manner based on a common set of criteria and measures. For the community colleges, the funding for adult and career education should be incorporated in their main funding mechanism, the Community College Program Fund (CCPF). For school districts, funding for adult and career education must remain external to the Florida Education Finance Program (FEFP) and used to support only these programs, excluding the K-12 mission. For both sectors, a common methodology and measures shall be developed in accordance with recommendations 3 and 4 and the K-20 accountability statute (F.S. 1008.31).

Issue 2: Workload and Performance

No other education sector has converted to a performance-based funding model in Florida's education system to the extent that adult and career education programs have. As demographic factors in the state are increasing demands on this sector (i.e., increasing numbers of high school graduates), a reliance on a performance model to adequately distribute resources is probably not realistic. However, the transformation of adult and career education programs from focusing on inputs (students entering the system) to outputs (students completing and gaining sustainable employment) has benefited the state in terms of productivity.

A system that combines workload (providing access for new students) and performance (rewards for outcomes) would provide the greatest benefit to the state. Performance outcomes should reflect outcomes that help produce a better skilled workforce for Florida's economic needs.

Recommendation 3:

The 2004 Legislature should establish a new enrollment and performance model for funding adult and career education in which 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. (See Appendix A, Exhibit 2 for a diagram of this model).

Recommendation 4:

The new funding allocation models for adult and career education should be developed by the Department of Education's Division of Community Colleges and Workforce Education with the following workload and performance guidelines:

- a) Workload should be measured by occupational completion points for adult vocational programs and literacy completion points for adult general education. These measures combine both instructional time and achievement factors. The length of the program segment should be a consideration in the application of any weights to occupational completion points.*
- b) Performance outcomes should reflect the production of skilled and literate workers with sustainable employment, in compliance with the legislative intent outlined in s. 1004.92, F.S. These measures should focus on student program completion (including terminal OCP completion), placement in high wage/high demand occupations, and successful transition to another education level. Any weights to performances by traditionally hard to serve populations (i.e., English speakers of other languages, economically disadvantaged) should be applied based on empirical evidence.*
- c) Performance outcomes should be evaluated by examining an institution's performance over time rather than its performance relative to other institutions.*

Issue 3: Start-up Funding for New Programs

Regardless of the funding methodology, it is unlikely that many new programs in high-tech and emerging fields can be started with the base operating funding provided through a funding formula. One of the more effective programs for providing the start-up resources was the Workforce Development Capitalization Incentive Grant process. The use of non-recurring general revenue to support new program development and the expansion of programs critical to Florida's workforce needs should be supported.

Recommendation 5:

The Legislature should provide non-recurring funding for new program development and expansion in adult and career education programs on a competitive basis through the Workforce Development Capitalization Incentive Grants, as provided for in s. 1011.80, F.S. The competitive grant process should incorporate an evaluation of program effectiveness to be used in future grant competitions.

Issue 4: Apprenticeship Funding

Apprenticeship programs are an important part of the adult and career education options for Florida's citizens. While these programs have seen funding cuts in recent years, it is difficult to distinguish these cuts from the overall decline in state revenue provided to adult and career education. Community colleges and school districts should be provided the opportunity to develop a local program mix, which optimizes the use of their resources to meet local need. Creating a separate category for apprenticeship would be counter to the need for local control of program mix.

At the same time, analysis of program cost was complicated by questionable data on apprenticeship students. Improvements in the reliability of the data submitted to the Department of Education would aid in future analyses of these programs.

Recommendation 6:

The Legislature should continue to fund apprenticeship programs through the same mechanism as adult and career education programs.

Recommendation 7:

The current fee exemption in s. 1009.25, F.S., should be statutorily amended to remove the blanket exemption for all apprenticeship students and provide 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 (2003 General Appropriations Act, Specific Appropriations 99 and 101).*

Recommendation 8:

The Department of Education should examine the enrollment, completion and financial data on students in registered apprenticeship programs who are enrolled in programs offered at community colleges and school districts. The following reforms are recommended:

- a) Ensure that only students enrolled in registered apprenticeship programs are reported in community college and district data files as apprenticeship students.*
- b) Re-examine the policy that allows the reporting of multiple occupational completion points for apprenticeship students in a single reporting year.*
- c) Ensure that the direct cost data reports are accurate and that apprenticeship costs are being correctly reported from other career education programs.*
- d) Develop a single standard for the reporting of the related training instruction and the cooperation (on-the-job) components of apprenticeship programs to ensure consistent reporting of FTE for these programs.*

ISSUES OF ADDITIONAL CONCERN

Thus far, the focus of this report has been on postsecondary funding of adult general education and career-technical training programs. 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?

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 adult and career 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 secondary and postsecondary funding structures that support best practices in these areas.

Policy Responses

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 meaningful direction to such large numbers of students. Many students are not prepared to enter postsecondary education based on the curricular choices 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.

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-technical 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.)⁸. 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 enrollment⁹.

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 technical 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.

⁸ Section 1007.27, Florida Statutes

⁹ 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.

APPENDIX A

Exhibits and Tables

Exhibit 1: Current Adult and Career Education Funding System

Exhibit 2: Proposed Adult and Career Education Funding Model

Exhibit 1: Current Adult and Career Education Funding System

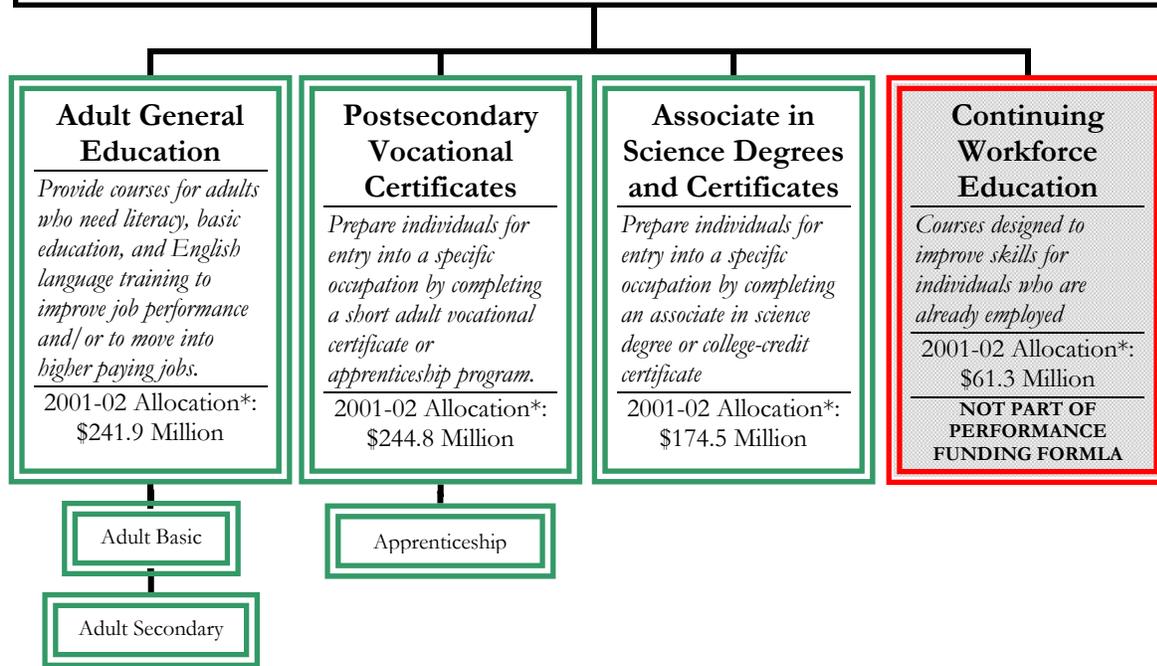
WORKFORCE DEVELOPMENT EDUCATION FUND

Chapter 97-307, Laws of Florida (SB 1688), created the Workforce Development Education Fund to provide a new way of funding for adult and career 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 WDEF is a performance-driven system. 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

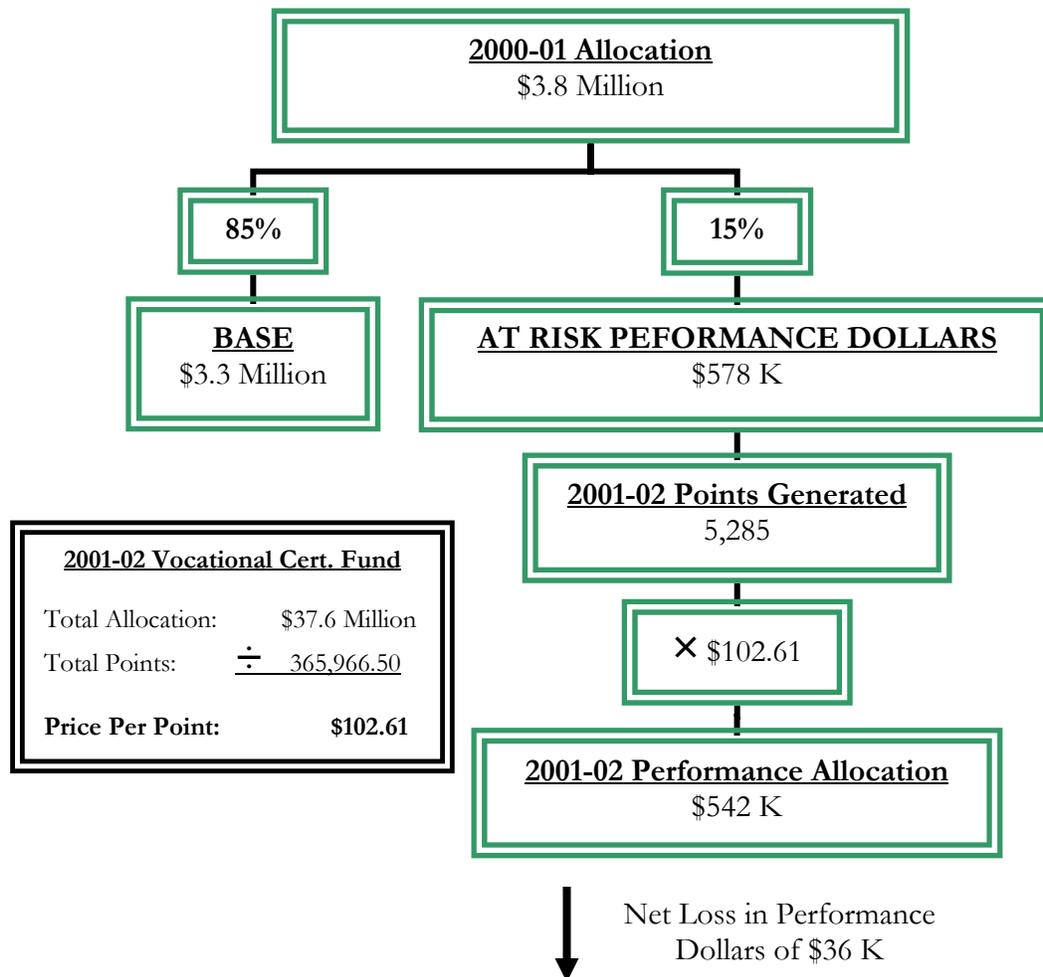
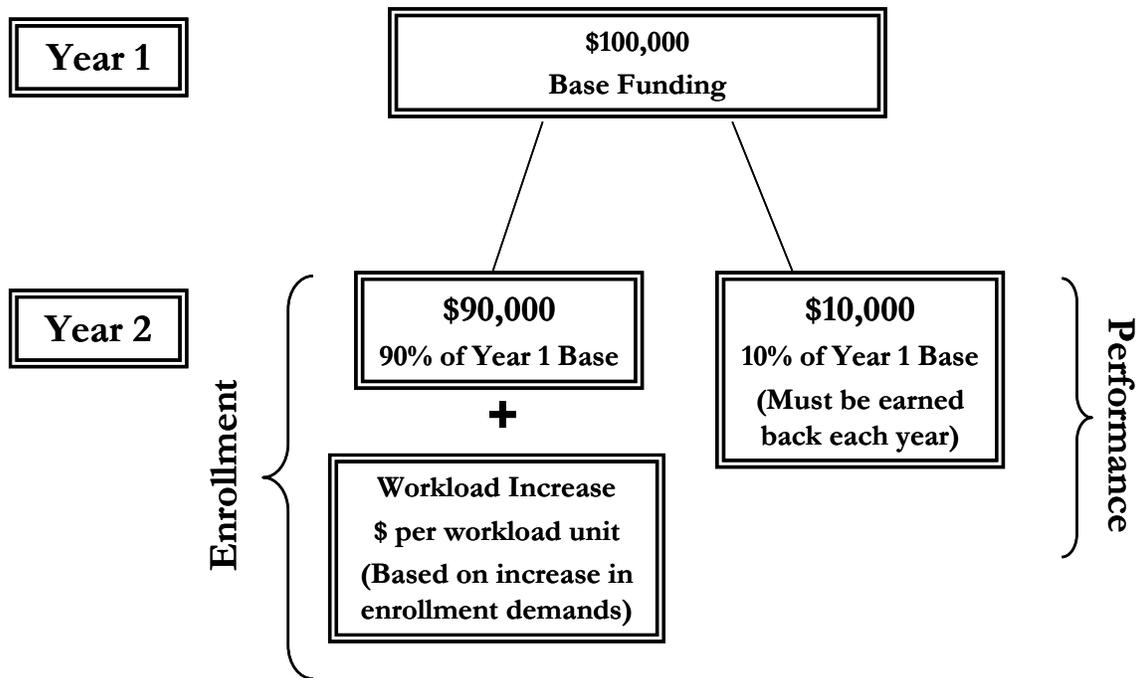


Exhibit 2: Proposed Adult and Career Education Funding Model

The diagram below illustrates an example of the proposed funding model. In the example below, School District B had \$100,000 in base funding for Year 1. In Year 2, School District B's base funding is 90 percent of the Year 1 amount (\$90,000), adjusted for a workload (i.e., enrollment) increase. Ten percent, or \$10,000, of School District B's funding would be at-risk based on performance outcomes. Under this scenario, School District B would have knowledge of how many performances are needed to earn back its 10 percent. The school district may perform above and beyond the threshold needed to earn back its ten percent, but would only be guaranteed an earn back of that amount, despite the exceptional performance. However, under this model, the possibility would exist for the school district to receive *bonus* funds for these increased performances in the likely event that some institutions failed to meet their performance thresholds. This would create excess performance dollars that could then be re-distributed to institutions that exceeded their performance goals.



APPENDIX B

Survey Questions

- Exhibit 1: Free-Response Survey of School District and Community College Adult and Career Education Representatives
- Exhibit 2: Follow-Up Survey School District and Community College Adult and Career Education Representatives
- Exhibit 3: Survey of Apprenticeship Sponsors

**Exhibit 1: Free-Response Survey of School District and Community College
Adult and Career Education Representatives**

Name: _____
Institution: _____
Title/Program: _____
Phone: _____
E-mail: _____

Please e-mail response to:

Tara Goodman at goodman.tara@leg.state.fl.us by
AUGUST 15, 2003.

For questions about the survey, please contact by
phone: Tara Goodman at (850) 487-0033 or Juan
Copa at (850) 414-6808.

Fax Contact: (850) 922-5388

1. How has the current performance-based funding model changed the types of programs that your institution offers? What changes in the completion and placement rates of your students have you observed?
2. How does your institution use the outcomes generated from the Workforce Development Education Funding (WDEF) formula to make programmatic decisions (i.e., expanding programs, limiting or closing programs)? Are the outcomes for adult education programs used differently than for career-technical training programs? If so, how?
3. How does your institution utilize funding from local business and industry to maintain access to occupational programs? How do you assure that your programs and the skills of the graduates from your programs meet industry standards?
4. Assuming that the current WDEF would be adequately funded, is the formula a viable mechanism for funding workforce and adult education programs? If so, would you suggest any improvements to the formula? If not, what aspects of the formula do not adequately assess and reward your institution's performance?
5. In addition to rewarding institutional performance, does the formula accurately reward programs that fulfill local needs? If not, please explain how the formula fails to reward such outcomes.
6. Does the current funding methodology provide adequate resources for the start-up of new programs in emerging industries and/or high wage/high skill areas? If not, what process for funding these programs would you suggest?
7. How has your institution adapted to current funding restraints in a time in which the economy has led to greater student demand for access to postsecondary programs?
8. Has your institution recently limited access to certain programs, in spite of increased demand for access? If so, please explain why.

**Exhibit 1: Free-Response Survey of School District and Community College
Adult and Career Education Representatives**

If your institution does not currently provide funding for apprenticeship programs, please answer the following:

9. New funding has not been provided specifically for apprenticeship programs in recent years. Has your institution been approached to provide funding for local sponsors of apprenticeship programs? If base funding were made available for new apprenticeship programs, would your institution consider participating in partnerships with local sponsors?

If your institution provides funding for apprenticeship programs, please answer the following:

10. How is performance built into your agreements with local apprenticeship sponsors? Is the funding provided tied to completion?

If your institution provides adult general education programs, please answer the following questions:

11. Has your institution observed an increase in demand for access to adult education (GED, adult high school diploma) by youth, ages 15-17? If so, how has this impacted your ability to provide adult education programs?

Exhibit 2: Follow-Up Survey School District and Community College Adult and Career Education Representatives

COLLEGE/DISTRICT: _____

Directions: Please indicate your level of agreement with the following statements.	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. If funded appropriately, the Workforce Development Education Funding Formula, in its current state, is an adequate and effective method to fund workforce education.	1	2	3	4	5
2. Under the current workforce funding system, my institution cannot determine how much performance is needed in order to earn back the performance portion of our funding.	1	2	3	4	5
3. The workforce funding formula has been an effective mechanism to eliminate programs of low productivity.	1	2	3	4	5
4. Currently, access to nursing education programs at my institution has been limited due to a lack of funding to meet the demand for enrollment in these programs.	1	2	3	4	5
5. Currently, access to information technology programs at my institution has been limited due to a lack of funding to meet the demand for enrollment in these programs.	1	2	3	4	5
6. The performance-based funding process for workforce education has led to an increase in the completion and placement rates at my institution.	1	2	3	4	5
7. Though there may be a local need for a lower-wage workforce program, my institution chooses to offer more high-skill/high-wage programs because of the benefits such programs obtain from the workforce funding formula.	1	2	3	4	5
8. Under the current workforce funding system, my institution has adequate resources available to provide programs in emerging, high demand fields.	1	2	3	4	5
9. The current workforce funding system does not provide my institution incentives to either start new or expand existing apprenticeship programs.	1	2	3	4	5
10. Funding for workforce education should return to the sector budgets (school districts and community colleges), rather than separated into its own fund.	1	2	3	4	5

Exhibit 2: Follow-Up Survey School District and Community College Adult and Career Education Representatives

COLLEGE/DISTRICT: _____

Directions: Please indicate your level of satisfaction with the following items.	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
11. The level of funding for workforce education	1	2	3	4	5
12. The workforce funding formula, overall	1	2	3	4	5
13. The following elements of the workforce formula:					
a. The weights for targeted populations	1	2	3	4	5
b. The use of occupational completion points (OCPs)	1	2	3	4	5
c. The use of literacy completion points (LCPs)	1	2	3	4	5
d. The weights for job placements in targeted occupations	1	2	3	4	5
e. The variable value per performance point	1	2	3	4	5
f. The timeliness of the data used to fund performances	1	2	3	4	5
14. The ability to fund new programs under the current workforce formula funding system.	1	2	3	4	5
15. The ability to fund enrollment growth under the current workforce formula funding system.	1	2	3	4	5
16. The ability to expand highly productive existing programs under the current workforce formula funding system.	1	2	3	4	5
17. The dual-delivery system (school district vocational centers and community colleges) of workforce education	1	2	3	4	5

Exhibit 3: Survey of Apprenticeship Sponsors

1. Program Sponsor:
2. County of Sponsor Location:
3. Survey Contact Information

Name:
Phone:
Email:

Please e-mail response to:

Tara Goodman at goodman.tara@leg.state.fl.us by
SEPTEMBER 12, 2003.

For questions about the survey, please contact by phone:
Tara Goodman at (850) 487-0033 or
Juan Copa at (850) 414-6808.

4. What are the terms of your agreement with the local educational agencies (LEAs) that provide funding for apprenticeship training?

5. Please provide the following data on all programs that your organization sponsors. If you have more than five programs to report on, please duplicate this table to report all program data). Data should be reported for the period, **July 1, 2002 through June 30, 2003:**

5a. Program (e.g., Electrical, Plumbing)	5b. Program Length (Hours)	5c. District or Community College Affiliation (LEA)	5d. Program Funding Provided by LEA (\$\$)	5e. Program Funding Provided by Sponsor (\$\$)	5f. No. of Apprentices Enrolled by Sponsor	5g. No. of Apprentices completing one year of the program	5h. No. of Apprentices completing entire program

Exhibit 3: Survey of Apprenticeship Sponsors

SURVEY INSTRUCTIONS:

- 1-3. Please provide basic information on program sponsor, county location of sponsor, and contact information in case follow-up to the survey is required.
4. Briefly describe the terms of your agreements with the local education agency (LEA). Include details on the following: the basis on which funding is provided (enrollment, completion, a mixture of both) and the amount per enrollment and/or completion, the involvement of the LEA in providing locations and instructors for related training instruction, the services provided by the LEA and the sponsor, and any other relevant details.
- 5: Please fill out a line for each occupational training area which is sponsored by your organization.
 - 5a. Provide the occupational training area (e.g., electrical, plumbing, masonry) for the programs that you sponsor (sponsors with multiple occupational areas should list each area in a separate box).
 - 5b. List the program length (in hours).
 - 5c. Identify the local educational agency that provides funding for the training program.
 - 5d. For the fiscal year July 1, 2002 to June 30, 2003, list the total amount of funding per program that the LEA provided for apprenticeship training. Only direct funding should be included; if an LEA provided classroom space, that is an indirect cost and should not be included. Another example involves instructor salaries. If the LEA paid half of the cost of an instructor, only include the amount paid by the LEA.
 - 5e. Similar to 5d, for the fiscal year July 1, 2002 to June 30, 2003, list the direct OJT and related training instruction costs that are provided by the program sponsor (e.g., instructors, materials). Do not include indirect costs and do not include the value of the wages paid by the employers in the program. Also, exclude capital costs associated with the construction of any training facilities.
 - 5f. List the number of unique apprentices who enrolled (i.e., were indentured) in the program from July 1, 2002 to June 30, 2003. For example, if you had 21 training slots available, but 27 people were in those slots during the year (some left due to drop-out), you would list the number of apprentices enrolled as 27.
 - 5g. List the number of unique apprentices who completed one year of the training program in the period from July 1, 2002 to June 30, 2003.
 - 5h. List the number of unique apprentices who completed the entire program (i.e., were awarded the apprenticeship certificate) from July 1, 2002 to June 30, 2003.

Appendix C

Acknowledgements

List of Public Consultations and Testimony

Public Consultations and Testimony

July 10, 2003 Roundtable Discussion with Staff

Bob Crawford, Broward County (Atlantic Tech Center)
Fred Devore, Lively Technical Center, Leon County
Cheryl Fante, Central Florida Community College
Lynda Hartnig, Florida Department of Education
Fran Holm, Sante Fe Community College
Angela Kersenbrock, Seminole Community College
Sally Kiser, Florida Department of Education
Joe Kolinsky, Hillsborough County School Board
Bonnie Marmor, Orange County Public Schools
Terry Miller, Lake Technical Center
Rose Raynak, Florida Department of Education
Brian Savon, Florida Department of Education
Joan Tiller, Valencia Community College

November 12 Panel Representatives

Michael Grego, Hillsborough County Public Schools
Angela Kersenbrock, Seminole Community College
Bonnie Marmor, Florida Department of Education
Terry Miller, Lake County Technical Center
Steven Wallace, Florida Community College at Jacksonville

November 12 Public Testimony

Mary Bruno, Volusia County Schools
Gerald Friest, Daytona Beach Community College
Dan Meyer, Associated Builders and Contractors
Jim Sullivan, Central Florida Electrical JATC
Carl Williams, Jacksonville General Apprenticeship Association

December 10 Public Testimony

Ken Allen, Hillsborough County Schools
Dave Barnes, Pinellas County Schools
Joe Kolinsky, School District of Hillsborough County
Susan Lehr, Florida Community College at Jacksonville
Terry Miller, Lake Technical Center
Don Payton, Seminole Community College
Chuck Shaw, Palm Beach County Schools
Jim Sullivan, Central Florida Electrical JATC.

January 14 Public Testimony

Dave Barnes, Pinellas County Schools

Marsan Carr, Florida Association for Career and Technical Education

Bob Crawford, Broward County Public Schools

Pam Cunningham, School District of Hillsborough County

Bobby Gornto, Miami-Dade County Public Schools

Angela Kersenbrock, Seminole Community College

Joe Kolinsky, School District of Hillsborough County

Susan Lehr, Florida Community College at Jacksonville

Bonnie Marmor, Florida Department of Education

Erin McCloskey, Palm Beach Community College

Dan Meyer, Associated Builders and Contractors

Linda Mundt, Florida Electrical Apprenticeship Association Incorporated

Kathie Schmidt, Florida Association for Career and Technical Education/FLCTE

Gerald Smith, Learey Technical Center/Hillsborough County Schools

Mark Webel, Ellon Electric Incorporated/Associated Builders and Contractors

Jim Whittamore, Lee County School District.