

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1994

SPONSOR: Education Committee and Senator Cowin

SUBJECT: Workforce Development Education

DATE: April 19, 1999 REVISED: 4/20/99 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	<u>Schmeling</u>	<u>Maclure</u>	<u>CM</u>	<u>Fav/2 amendments</u>
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This committee substitute makes four changes in the implementation of the Workforce Development Education Fund. Specifically, the committee substitute:

- Defines the term “literacy completion point” so that adult general education programs may generate state funds when students improve their competency.
- Authorizes the funding formula to delay for two years the application of performance-based funds for new programs.
- Authorizes school districts and community colleges to determine fees for continuing education programs, and to charge more in fees than 50 percent of the cost of continuing workforce education programs. The programs will generate only 50 percent of their cost in state funds.
- Authorizes an exemption from out-of-state fees for students who reside in border counties of other states or who are employed by firms with headquarters in Florida.

This committee substitute amends sections 239.105, 239.115, and 239.117, Florida Statutes.

II. Present Situation:

For the past two years the Legislature has made sweeping changes in the funding and service delivery of workforce development education¹ through the passage of CS/CS/SBs 1688 (ch. 97-

¹ As defined in s. 239.115, F.S., workforce development education includes adult general education programs designed to improve the employability skills of the state’s workforce through adult basic education, adult secondary education, GED preparation, and vocational-preparatory education; vocational certificate programs, including courses that lead to an occupational completion point within a program that terminates in either a certificate, a diploma, or a degree; applied technology diploma

307, L.O.F.) and 1124 (ch. 98-58, L.O.F.). During those years, all workforce development programs for adults -- whether offered by community colleges or school districts -- have received state funding through a block grant in the same amount as the previous year. School year 1999-2000 is the first year in which each local education agency will risk up to 15 percent of its funding through a formula that provides rewards for certain student outcomes, primarily completing a program and becoming employed in an occupation for which the program prepared.

CS/CS/SB 1124 charged the Department of Education and the State Board of Community Colleges to make recommendations to the Legislature for a funding formula to implement its provisions.

To develop a consensus about the funding formula, the Commissioner of Education appointed a workforce development implementation team with representatives from the Division of Workforce Development, the Division of Community Colleges, the Office of Workforce Development Information Systems, the planning and budgeting office of the Department of Education, and the Workforce Development Board. Local administrators representing individual school districts and community colleges formed an advisory team to assist the implementation team as needed.

The implementation team submitted a report to the Legislature providing the recommendations for a funding formula for workforce development education. The team also recommended a few changes needed in statute for purposes of clarification.

Literacy Completion Points

Section 239.105, F.S., defines the term "occupational completion point" but not "literacy completion point." An occupational completion point is the level of competency needed to enter an occupation related to a vocational program. These points will serve as "small completions" so that performance funds may be generated before students complete a long program.

Typically, a student is able to leave a program to enter employment, and then return to achieve further competencies to upgrade the level of employment. A frequent example is a student in automotive mechanics, who learns to repair brakes, goes to work in a large shop to work only on brakes, but continues in the program until he or she is accomplished enough to start his or her own shop. The local education agency collects a portion of its performance funds each time the student reaches a completion point, but the major benefit comes upon completion of the entire program.

The implementation team recommended that the term "literacy completion point" be defined so that the same funding increments will be available to adult education as to vocational education. A literacy completion point is a level of improved competency that qualifies a person for further basic education or a job. The implementation team has identified completion points for adult education programs and has recommended using them for funding.

Performance Exemptions

The implementation team questioned whether the performance based funding formula might discourage start up of new programs. The current funding formula for the workforce development education formula requires at least 15 percent of state funds for community colleges and school districts to be earned on performances including program completion and job placement. The formula does not allow for exemptions to be made for new programs, although new programs will have no completers or placements for up to two years.

The implementation team recommended that performance exemptions for new programs be allowed in the funding formula.

Continuing Workforce Education Fees

Continuing workforce education is not job preparatory but job enhancing. It is frequently offered to employees of a specific firm to upgrade their abilities in ways that benefit the firm. In those cases, the firm pays the fees and requires the employee to take the course as part of the job requirements.

In CS/CS/SB 1124, the 1998 Legislature amended s. 239.115, F.S., to state that “[f]or a continuing workforce education course, state funding shall equal 50 percent of the cost of instruction, with student fees, business support, quick response training funds, or other means making up the remaining 50 percent.” But s. 239.117, F.S., *requires* fees for continuing workforce education to be 50 percent of the prior year’s cost of the course. This inconsistency takes away the flexibility granted in s. 239.115, F.S. Discussions within the implementation team raised the question of why the state requires a certain fee for these courses, since the state will pay only 50 percent of their cost in any circumstance.

The implementation team has recommended clarifying that fees for continuing workforce education courses are flexible at the local level, consistent with s. 239.115, F.S.

Out-of-State Fee Exemptions

In s. 239.117, F.S., workforce development programs are required to charge the full cost of education to students who are not residents for tuition purposes. The term “resident for tuition purposes” is defined in s. 240.1201, F.S., and does not provide an exemption for students who live in Alabama or Georgia in a county which borders Florida. Also, students are not exempt if they reside in other states but are employed by a firm whose headquarters are in Florida.

III. Effect of Proposed Changes:

The committee substitute defines “literacy completion point” in s. 239.105, F.S., and authorizes literacy completion points for use in the Workforce Development Education Fund formula.

The committee substitute amends s. 239.117, F.S., to authorize fees for continuing workforce development programs to be more than 50 percent of their cost.

The committee substitute permits performance exemptions for new programs to be built into the formula for the Workforce Development Education Fund. During that time, the 15 percent funding for performances will be rolled into the base for those programs. This provision allows for the lag in the time between when dollars are expended for a new program and the time when students will begin to complete the program and get a job.

The committee substitute authorizes an exemption from out-of-state fees for students in workforce development programs who reside in border counties of other states or who are employed by firms with headquarters in Florida. The border counties exemption is available only if the other state exempts Florida residents from nonresident fees.

The committee substitute provides for a July 1, 1999, effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If local education agencies charge more than 50 percent of the cost in fees for continuing workforce education, private sector firms that use the program will have more in expenses.

Residents of border counties of other states may enroll in Florida's workforce development education programs without paying the nonresident fee, which is 100 percent of the cost of the program. Employees who work in other states will be exempt from the nonresident fee if the firm that employs them has its headquarters in Florida.

C. Government Sector Impact:

None. The committee substitute affects the distribution of funds in the formula, but not the total amount provided.

VI. Technical Deficiencies:

Section 3 provides an exemption for out-of-state workforce development program fees for students who reside in a border county of another state that does not charge nonresident fees to Florida students. If the intent of this language is to specifically exempt those students who live in Alabama or Georgia in a county which borders Florida, the language may benefit from further clarification.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Commerce and Economic Opportunities:

Provides that at least 50 percent of the *expenditures* for the continuing workforce education program must be derived from fees.

#2 by Commerce and Economic Opportunities:

Provides that at least 50 percent of the *expenditures* for the continuing workforce education program must be derived from fees.