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The funding of VET for students with disabilities

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Abstract: This report on an NREC project is concerned to explore the existing arrangements for funding students with a disability in vocational education and training throughout Australia; and also with possible alternative arrangements. The project surveyed the limited existing literature and outlined the existing funding arrangements, based on written material, and visits and discussions with State and Territory training authorities and VET providers. The four possible funding arrangements which were identified are: the current situation; modifications to the existing arrangements which nevertheless retain the same basic structure; additional base funding for VET providers; and a case management approach. In addition, five general conclusions were identified, together with two steps which could be taken to progress matters. First, STA's, other relevant organisations and providers could consider the options and possible implementation action, with their respective strengths and weaknesses, recognising that there are a range of permutations and combinations and that decisions on how best to proceed need not be identical in each State and Territory. Secondly, a pilot project could be established to trial the preferred funding arrangements, followed by careful evaluation, before making any wholesale changes.

1.   Introduction:[*] The research study accepted by NREC had four main objectives. *First*, it would document the current funding arrangements to facilitate the participation of people with disabilities and their successful outcomes in VET. *Secondly*, it would identify other possible funding arrangements. *Thirdly*, the research would compare their strengths and weaknesses. *Fourthly*, the research would draw out the implications for possible changes to the existing funding arrangements.

The research was undertaken in co-operation with interested stakeholders, an advisory committee was established, draft findings were presented to them and a formal meeting held with ADTAC. The original proposal to NREC emphasised that: "this research

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proposal is modest… [It] does not involve extensive data gathering". Nevertheless, an extensive program of visits and discussions was conducted, including all States and Territories (see Table 1).

Table 1: Discussions by Category

	State Training Authority (or equivalent)	Public Provider/TAFE	Private Provider	Other Discussion
NSW	4	4	1	
Victoria	2	2	2	1
Qld.	4	3	2	4*
WA	2	1	1	
SA	1	3	1	1
Tasmania	2	1	3	
ACT	2	1	1	
NT	1	1	-	
Total	18	16	11	6

* Includes Australian National Training Authority (ANTA) and the Australian Disability Training Advisory Council (ADTAC).

2. **Literature Review**: This part of the research project identified previous studies which had described or analysed the funding arrangements for students in VET with disabilities. It concentrated on two main issues. The first concerned funding models in use (or proposed) for education and training for students with a disability. The second concerned the costs of providing education and training for students with disabilities in VET and the factors influencing cost types and levels. In particular, the intention was to find studies that documented and discussed funding models in use, or proposed, from Australia (and overseas where relevant). Additional information about costs was sought as background material essential to understanding funding models and the particular demands placed upon them. Within these limits, the search found that the relevant literature is not large, but that it is growing slowly. The number of studies that have specifically explored funding models was found to be small. However, more have acknowledged the existence of a link between funding models and incentives for education and training organisations to provide services for students with disabilities. Interestingly, there was found to be considerable support expressed for further work to be done in exploring funding options and models.

The Disability Discrimination Act, 1992 was taken as providing the basic framework for the rights of people with disabilities and social responses to them. The definition in the Act includes disabilities that currently exist, that previously existed but no longer exist, and that may exist in the future. Within the Act 'disability' in relation to a person is defined very broadly.

Bridging Pathways, setting out ANTA's strategy in relation to VET for people with disabilities, notes that it is not necessary to know what specific condition leads to a disability, but rather to know 'the impact of disability on a person's capacity to function independently within the learning environment and wider community' (ANTA, 1999, p. 90). This is important, because in both higher education and VET, students with

disabilities are a self-identifying group. A student with a disability is not required to reveal this information to the educational organisation in which they enroll, and may choose not to do so - particularly if the disability is likely to have little or no impact on their study (or if they fear that disclosure will be disadvantageous to them). There may be cases where an education or training provider has no knowledge of a student's disability.

There has been progress in understanding the support needs of people with disabilities participating in education and training, the costs of providing these supports, and the different ways in which these costs can be met. Most students' needs can be accommodated relatively cheaply, but a small number require expensive supports. Since it is difficult for VET providers to predict costs from one year to another, a high degree of flexibility is required in responding to student needs. However, there is no financial incentive to enroll students with disabilities and some education providers deal with the problem of predicting costs by taking fewer such students. The unpredictability of the additional costs tends present greater difficulties for smaller VET providers or when resource allocation is more decentralised.

There appeared to be two major types of funding model which are currently in use or proposed: those that provide funding directly to institutions; and those that provide funding directly to students. Both have advantages and disadvantages. In Australia, both in VET and in higher education, there has traditionally been an emphasis on funding allocated to institutions rather than funding allocated to students. Devlin noted this distinction (Devlin, 2000) and suggested four criteria for evaluating funding models: portability; whether the levels of assistance provided to students with a disability are appropriately related to their need for support; administrative efficiency; and respect for the autonomy of educational institutions. A fifth criterion could be added relating to the existence of incentives for registered training organisations to provide appropriate vocational education and training for people with disabilities.

Three criteria were proposed in an earlier publication (Selby Smith, Ferrier et al, 2001) for assessing the methods of funding VET; and can be applied to the situation for people with disabilities. First, do the arrangements promote more education and training? Secondly, do they promote efficiency in the provision of VET? Thirdly, do they promote equity in VET for students with a disability?

3.   Current Funding Arrangements: Chapter 3 of the research report (ie. pages 41-75) documents the current funding arrangements supporting students with disabilities nationally and for VET in each State and Territory. Material about national programs was obtained largely through internet searching, while the information about State and Territory arrangements was collected primarily through direct discussions with representatives of State and Territory training authorities (STAs) and registered training organisations (both public and private providers). Where additional material was made available to the researchers, such as statistical data, the discussion in the report also drew on it. The material was presented in ten sections, which referred respectively to: some background material about students with a disability in VET; national programs; New South Wales; Victoria; Queensland; Western Australia; South Australia; Tasmania; the

Australian Capital Territory; and the Northern Territory. The material has not been available in this form previously.

The state and territory summaries were each returned to the appropriate State Training Authority for checking before being included in the final report. Thus, the accuracy of the material has been verified. However, the views expressed remain those of individuals rather than the STA itself; and in some cases, for example views expressed by individual members of staff or by private providers, they may be disputed by an STA. Nevertheless, what is presented is an accurate reflection of what the researchers were told by those with whom they held discussions. The material highlights both similarities and differences between arrangements in the various States and Territories. In most jurisdictions there was a mixture of base funding to institutions, together with additional funding for special purposes, such as where students have particularly expensive support needs. However, in each place a slightly different emphasis appeared to be placed on various elements in the funding mix (and the processes by which resources were allocated).

The limited information on outcomes which is available is not particularly encouraging (NCVER, 2002). For example, compared with all VET students, those with a disability are less likely to be in employment (40% compared with 77%). A smaller proportion of VET students with disabilities than all VET students were studying at AQF Certificate 111 level (16% compared with 20%) and more at AQF Certificate 1 level (12% compared with 5% of all students). Students reporting a disability are less likely than all VET students to achieve successful module outcomes (74% compared with 80%). Also a larger proportion of students with disabilities withdraw from study than for VET students as a whole (13% compared with 9%). The proportions in employment before and after training are almost identical for VET students with disabilities, suggesting that participation in training makes little difference to these students in the labour market. This is despite the fact that those students reporting a disability undertook (on average) more hours of training than all VET students (243 compared with 198 hours annually in 2000). This is partly because a higher proportion was engaged in full-time study (12% compared with 9%). Overall, people with disabilities are under-represented among all VET students, compared with their share of the population - even in the states where their representation is highest. For instance, in 1998 about 19% of the population in NSW were reported as having a disability, rising from 4% of those aged 0-4 years to 83% of those aged 85 years and over. However, in 2000 only 5.3% of all VET students in NSW reported a disability.

4.   Alternative Funding Arrangements:
Current arrangements with modifications: First, modifications could be made to the existing arrangements, while nevertheless retaining the same basic structure. While the basic outline of the funding arrangements is not altered, the modifications might be argued to improve the situation somewhat for VET students with a disability. Four main modifications were identified. First, the existing statistical arrangements need to be improved. Secondly, better support could be provided to those students with disabilities who *do* enroll in VET. The project discussions indicated that when the special needs of students with disabilities are provided for through 'additional' or 'top-up funding' rather than general funding, there can be negative consequences. Funding arrangements of this

kind tend to support the development of 'specialised' funding and training for people with disabilities. They promote segregated provision, rather than inclusive or integrated training. Also, when only 'top-up' or 'specialised funding' is available to meet needs, organisations can have what one respondent called an 'artificial crutch', that can enable them to exclude people with disabilities on the grounds that no further top-up funding is available. Thirdly, it was suggested by a number of respondents that VET training could be provided or augmented by organisations that specialise in providing other forms of assistance to people with disabilities. Fourthly, more attention could be paid to the transitions, where there appears to be a particular danger of students with disabilities facing difficulty. In general, a number of those who were interviewed stressed that VET providers could usefully play a more proactive role in the wider community than they typically do at present.

Additional base funding: Secondly, additional resources could be made available to training providers to cover the extra costs needed to attract students with disabilities into VET, to support their studies there and to assist them in employment, so that maximum benefit is derived from their vocational education and training provision by enterprises, students and society. These additional resources would be made available within the general funding model for students with disabilities who require a substantial level of extra support. Under this alternative set of funding arrangements there could be a broad categorisation of students with disabilities who involve particularly high costs for providers. It was suggested during the discussions in one State, for example, that there might be two or at the most three categories, in order to reimburse providers for the extra costs involved. More fundamentally, it would provide an incentive for both public and private training providers to expand their course offerings and other support, in order to enable greater participation by students with disabilities and improved outcomes in both education and employment (including at more advanced AQF levels and in more demanding and rewarding jobs). It is not envisaged under this funding arrangement that additional resources would necessarily be provided for relatively "run of the mill" cases, which might continue to be expected to be covered by the overall funding to the training provider on the current swings and roundabouts basis.

The supplementary arrangements that already exist in some States and Territories would be expected to continue, whereby additional support is negotiated as required for individual students. Three other changes are also incorporated in this alternative. First, the additional resources to support VET for people with disabilities are not confined to public providers. Secondly, it is envisaged that targets would be set and achievements monitored, so that the additional resources allocated can be shown to have particular purposes – and whether they are achieving them. Thirdly, it is intended that the monitoring of the use of the resources throws light on what works (and why).

A case management approach: Under the third proposal for changes to the existing funding arrangements it was argued that education and training is only one part of the life of a person with a disability. A case management approach was suggested, where the focus of attention is the individual; and all their needs should be considered, of which VET would only be one. It was critical of an approach to funding which it argued was too segmented, which resulted too often in a "silos" approach, where the interaction between

the person's different activities received insufficient attention, and argued for a more holistic set of funding arrangements. Obviously, the VET sector would only be one part of any such new arrangements; and not necessarily the most important or influential in determining how they were developed and implemented. A related issue raised in discussions concerned empowerment of individuals to have a substantial say in what type of education or training they undertake, where and by what mode. Further, it was argued that not all students with disabilities are seeking narrowly-defined employment outcomes from VET. Closer attention could be paid to the combination of social, individual and economic outcomes that they seek through their participation in VET and how these might best be achieved.

5.   Strengths and Weaknesses of the Four Alternatives: Table 2 summarises major strengths and weaknesses of the four alternative funding arrangements. The fuller discussion in the draft NREC report suggested that there are a number of opportunities for improving both efficiency and equity.

But will additional funds be provided? Support to meet the extra costs of providing adequate facilities and services in VET to students with disabilities was viewed by respondents as a societal responsibility rather than primarily a responsibility of enterprises or individual providers. A number of cases were identified during the study, generally when students had particularly expensive support needs, where providers were not reimbursed for these extra costs. This can be a problem for providers, especially in specialised areas or where enrolments are low. It tends to have a greater impact on private than on public providers and on smaller rather than larger providers. If additional funds can only be provided for students with disabilities by redirecting existing resources from other areas in VET, then much less is likely to be achieved; it will tend to be confined largely to the public sector; and there will remain considerable cynicism about a perceived gap between the rhetoric of access, equity and support and the perceived reality of constrained resources.

Another issue concerns the degree of standardisation which is to be sought. At present, there are considerable variations between jurisdictions in the support facilities and services which are provided to VET students with disabilities. Indeed there are substantial differences between States and Territories in the degree to which people with disabilities even gain access to VET. These differences reflect the continuing State-based nature of VET, despite substantial Federal involvement over recent years; objective variations between them, for example, in geographical area, population size and industrial structure; and the way in which the various TAFE, ACE and private provider sectors have developed over the years. The present situation and the first two possible modifications to funding arrangements which were discussed continue to allow scope for substantial variations between the States and Territories. Greater pressures towards harmonisation appear likely under a case management approach.

Table 2: Strengths and Weaknesses of the Alternative Funding Arrangements

Option	Strengths	Weaknesses
1. Continue current arrangements	• Considerable enrolments of students with disabilities. • Extensive supports provided. • Staff and provider commitment. • Recognition of need for additional measures and support for change.	• Under-representation of people with disabilities in VET. • Students over-represented in some courses and fields (and at lower levels) in VET. • Poorer employment and other outcomes. • Some needs better met than others eg. for those with physical rather than intellectual disabilities. • Insufficient financial assistance, especially for students with expensive needs. • Poor statistical information.
2. Current arrangements with modifications • Improved statistical information. • Improved support arrangements. • Shift in the balance between support provided through 'base' and 'top-up' funding. • Provide financial incentives to providers to enrol and support people with disabilities. • More attention to transitions.	• Potential to improve efficient use of resources. • More inclusive and integrated education and training. • Strengthened industry engagement and possibly improved employment outcomes. • Potential to increase opportunities in VET for people with disabilities. • More timely and appropriate support for those students who require it. • Flexibility to local needs and approaches.	• Improvements would possibly only be small. • Enrolment and support for students with disabilities would still be reliant on the discretion of the provider. • Limited increase in opportunities for people with disabilities in VET.

3. Additional base funding • Classify students with high support needs into two or three groups and reimburse providers for the extra costs of providing appropriate support. • Establish clear targets for achievement and monitor progress toward them. • Progressively redirect resources to those areas and providers that achieve the best outcomes.	• Provides an incentive for RTOs (private, as well as public) to enrol and support students with high needs. • Potential to improve the efficient use of resources. • Would link resource allocation to outcomes. • Would increase transparency and accountability. • Potential to decrease disparities between students with disabilities and other VET students. • Can reflect local needs and priorities. • Increased opportunities for accumulative learning.	• Assumes additional funding would be available. • Additional resources confined only to VET – ignoring wider issues that affect access, participation and successful outcomes. • Possibility of increased confrontation around the gap between rhetorical and real support.
4. Case Management approach • Focus on the specific needs of individuals, both within and outside VET, and the ways in which they interact.	• An integrated model that considers the links between the wider aspects of a person's life and their education and training. • Could strengthen the linkages between secondary schooling, VET and employment. • Potential to improve both efficiency and equity processes.	• Implementation difficulties – requires a whole of government approach. • Would entail complex negotiations. • Extends far beyond the boundaries of VET – the special concerns of VET could be overlooked. • Scope for variation or flexibility at the state/territory level may be limited.

Source: Draft Report to NREC, October 2002, pages 77-78.

Finally, there is an issue concerning the extent to which the decisions about whether to change the funding arrangements are matters primarily for VET alone. Of the various options that have been outlined, the range of powerful stakeholders outside VET who would be involved in policy development and implementation is much greater for the

case management approach than for the other options. This factor is more important the more that VET decision-makers wish to retain control over their own sector.

6. **Conclusions and Next Steps:** Five main conclusions were drawn in the draft report. First, what objectives are being sought? Unless objectives are clearly specified it is difficult to ensure that resources are being effectively and economically deployed to achieve them. Also, it makes it difficult to monitor developments and evaluate progress, to share knowledge and to transfer good practice. The situation is more serious if, as one respondent said, "much of the objectives are hot air, are not backed by resources and do not lead to action."

Secondly, whose responsibility is it to articulate the overall objectives to be pursued, to provide the necessary resources and to facilitate whatever evaluation and remedial action may be required? There are many significant stakeholders in VET. The costs that each face, and the benefits they each expect to receive, influence the decisions they take about whether to participate in, or support, VET, including when, how, to what extent and in what form. From a societal perspective, the balance between the total costs of provision and the total benefits from participation in VET by individuals is crucial for decisions about resource allocation. During the project it became apparent that, while individuals, their families and carers, and enterprises, all have an important part to play, the prime responsibility was seen to lie with governments, at both State/Territory and national levels, and to a lesser extent with VET providers, especially the public providers. A number of respondents saw the presence of ALP governments in each State and Territory at present, with their tradition of social responsibility, as presenting a valuable opportunity to address the deficiencies in the current arrangements, given the particular responsibility of State and Territory governments for VET.

Thirdly, existing Australian practice clearly reflects an emphasis on funding allocated to institutions rather than funding allocated to students. In terms of the four criteria identified by Devlin (2000): portability applies in the case management model more strongly than in the other funding arrangements; the criteria concerning whether the levels of assistance provided are appropriately related to the student's need for support is satisfied, at least to some extent, now, but could apply significantly more if one of the other funding approaches was adopted; the administrative efficiency criterion can probably be satisfied under each of the alternatives considered, but it does not appear to apply universally at present; and "respect for the autonomy of educational institutions" applies for each funding option, except for the case management approach. If a fifth criterion is added, relating to the existence of incentives for training organisations to provide appropriate VET services to people with disabilities, then each of the alternatives would provide scope for improvement on the existing situation.

Fourthly, a range of matters that were not able to be covered fully in this small project could be considered in further work. Consideration of these matters could build on the existing analysis and provide greater detail and complexity. They include: variations by the type and level of the course in which the student is enrolled, by its location and by the mode of course delivery; interactions between VET study and other aspects of the lives of VET students with disabilities; the type and severity of the student's disabilities; and the

needs of people with disabilities who have not managed to enter VET, but who could benefit from doing so. Important questions could also be asked about whether students with disabilities enter the most appropriate courses (it appears that many do not) and about how they can achieve the best employment or other outcomes. Further consideration could be given to the elasticity of demand. From the project discussions it appears that this is not often considered consciously by providers or State Training Authorities, although there is some awareness of it, indicated, for instance, by comments made to the effect that providing better services for students with disabilities might 'only encourage' more of them to apply. In addition, while most of the discussion in the report to NREC related to recurrent costs, capital costs are also important, especially for those students with disabilities who are in smaller or more specialised providers. A more complete study would benefit by taking greater account of the links between schools, ACE, higher education and employment.

Fifthly, in relation to the three criteria proposed in CEET's stocktake of VET in Australia (Selby Smith, Ferrier et al, 2001) there are worthwhile achievements. However, it appears that considerably more could be done (and should be, in the view of many of the respondents) in relation to: encouraging more education and training to be undertaken; improving efficiency; and promoting access and equity objectives.

Finally, what *next steps* might be appropriate? Of course, this question is primarily for political and bureaucratic decision-makers to determine. However, the matter was raised in a number of discussions during the project and some suggestions were offered in the report to NREC. In summary, respondents sought action and suggested two steps to achieve it. First, the broad options identified could be considered (recognising that a range of permutations and combinations are possible and that conclusions need not be identical in each State and Territory) and a preferred funding option identified. Secondly, a pilot project could trial the preferred funding arrangements, followed by careful evaluation, before any wholesale changes are made. In one particular discussion it was suggested, and this was supported by comments elsewhere, that such a pilot project could include one or two States; and within a State or Territory include at least one public provider in the metropolitan area, one public provider located outside the metropolitan area, and one or two private RTO's.

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