

# OVAE Customized Technical Assistance to States

## Action Plan: Performance-Based Funding for Idaho's Secondary Professional-Technical Education System



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**MPR Associates, Inc.**  
2150 Shattuck Avenue, Suite 800  
Berkeley, CA 94704

*Contact*  
**Laura Rasmussen**  
**Amanda Richards**  
510-849-4942

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## Introduction

School districts in Idaho receive state general funds appropriated to the Division of Professional-Technical Education to pay a portion of the added costs associated with delivering professional-technical education (PTE) programs. The state allocates those general funds to districts through a formula based on the number of FTE teachers devoted to the program and weighted by the type of program. In addition, school districts receive federal Perkins IV funds, which are allocated in accordance with Section 131 of the law. Funds to support PTE students, programs, and initiatives are not allocated based on performance or outcomes.

Idaho requested technical assistance (TA) in 2009 to explore performance-based funding (PBF). OVAE subsequently approved technical assistance to explore the potential for a PBF system for secondary PTE in Idaho.

## The technical assistance process

MPR designed Idaho's technical assistance project as an in-depth exploration of the process used to design and implement a PBF formula for secondary PTE. Conference calls, webinars, and a one-day workshop offered opportunities for researchers to collaborate with a small team of state staff to investigate PBF, how it might be implemented, and Idaho's particular circumstances regarding funding. Consistent with the goals of the technical assistance, the state did not make any final decisions about developing or implementing a PBF formula during this process but rather explored the steps it would need to pursue should it wish to adopt PBF in the future.

Initial conference calls with Idaho staff provided an opportunity to ascertain what the state already knew about PBF and its potential interest in a PBF system. MPR tailored subsequent TA calls and activities to Idaho's specific interests and requests.

MPR and Idaho state staff held an introductory webinar to explore the basics of PBF. The webinar included information about the purpose of PBF, its possible components and key definitions, and the steps of developing a PBF formula. Researchers used information from webinar discussions to design a one-day workshop for the state.

The workshop served as an in-depth exploration of eight key steps in PBF system development and included a brief review of the background information from the webinar. Three state administrators attended the workshop.

Based on the workshop discussions, MPR staff developed four sample formula models to share with the state. The purpose of creating sample models was not to create a final formula, rather to illustrate how Idaho could design and customize a PBF formula around its unique circumstances. The different models predicated funding on the number of outcomes or targets met on sample performance measures as well as incentive grants based on surpassing a minimum threshold of performance.

This Action Plan is a resource for the state should staff decide to move forward in implementing PBF for secondary PTE. It outlines a recommended process, based on information gleaned through the TA webinars and workshop, and includes tools the state can modify and apply to a future performance-based funding effort.

## PBF Context

### What is PBF?

PBF systems allocate some or all of available federal or state program resources based on outcomes and performance results. States have implemented PBF formulas for adult basic education (ABE) and university systems, and recently a small number of states have begun designing PBF formulas for their career and technical education (CTE) systems. PBF takes a variety of forms, although it generally rewards local providers who meet or exceed state-established performance thresholds. In some cases, PBF formulas may sanction providers who fall short of their targets by reducing or eliminating their funding.

### PBF components

Depending upon the state and program, PBF formulas might include two primary elements:

1. *Base funds* are the guaranteed resources providers receive, regardless of program performance and learner outcomes.
2. *PBF funds* are any resources allocated to PTE providers based on student or program performance or achievement of state-defined goals.

Base funds for Idaho include the majority of the state's PTE funding as well as the federal funds allocated through the Perkins formula. To allocate base funds, the Perkins funding formula considers enrollment and the number of individuals living in poverty for secondary education and enrollment. Most of Idaho's base funding is allocated at the district level.

During discussions, Idaho indicated that it may have approximately \$50,000 in state discretionary funds and \$50,000 in Perkins leadership funds to distribute through a PBF formula.

## Rationale for PBF

Through work with other states that are implementing PBF for postsecondary education, ABE, or CTE systems, MPR has found commonalities in the reasons states develop PBF formulas.

- Equity—Offer all eligible recipients, regardless of program size or characteristics, the opportunity to earn their share of PBF resources.
- Accountability—Increase the emphasis on performance.
- Program improvement—Improve operations by spurring creativity and innovation in order to improve student success.

Idaho noted that equity is particularly important given the rural nature of the state. Many local providers are in rural areas, and the state wants to ensure that both rural and urban programs can compete equally for PBF resources. The state team also mentioned that Idaho is working on a statewide quality initiative at the postsecondary level, which focuses on rigor and relevance, and believes that PBF at the secondary level will align well with this initiative.

Idaho suggested that technical skill assessments (TSAs) will be a primary driver of program improvement, and the state intends to use commercially available and state-approved assessments to evaluate student outcomes. The state does not currently have a student level data system for PTE. Instead, it uses data reported by each school or district. The state is in the process of constructing a new data system and will ensure that it aligns with and supports any PBF system that is developed. State staff noted that improving data quality will be an important goal of PBF.

## Benefits and challenges

States have articulated numerous benefits and challenges of PBF systems. No state will experience every benefit and challenge, but the following are common themes articulated by states.

System Elements	Benefits	Challenges
<b>Data</b>	Improves Data Quality <ul style="list-style-type: none"> <li>• Fiscal incentive for accuracy and completeness</li> <li>• Data used to support goals</li> </ul>	Requires Consistent and High Quality Data <ul style="list-style-type: none"> <li>• May require more data collection and/or analysis</li> <li>• Requires data auditing</li> </ul>
<b>Operations</b>	Enhances System Effectiveness <ul style="list-style-type: none"> <li>• Program incentives aligned with statewide goals</li> </ul>	Increases Workload in Short Term <ul style="list-style-type: none"> <li>• Requires time for planning and adoption</li> <li>• May have to realign state policies and practices to support implementation</li> </ul>
<b>Funding</b>	Increases Political Support <ul style="list-style-type: none"> <li>• Greater credibility among state legislators and the public</li> <li>• More willingness to fund programs</li> </ul>	Shifts Established Funding Patterns <ul style="list-style-type: none"> <li>• Can lead to funding changes among providers</li> <li>• May require additional resources to offset provider losses</li> </ul>
<b>Teaching and Administration</b>	Promotes Instructor Professionalism <ul style="list-style-type: none"> <li>• Prompt training to address identified weaknesses</li> <li>• Instructors are accountable for program and student outcomes</li> </ul>	Introduces Uncertainty and Change <ul style="list-style-type: none"> <li>• Can raise concern or ire of administrators and instructors</li> <li>• Providers may be reluctant to accept funding shifts in exchange for improved statewide system</li> </ul>

During workshop discussions, Idaho noted that PBF could enhance the credibility of the secondary PTE system and align it with other state PBF initiatives. For example, the Idaho higher education system has a performance-based funding mechanism in place that has received a positive response from policymakers. The state's adult basic education system also has a PBF formula.

Idaho invests significant resources in professional development, including a summer conference, and could possibly use this venue to introduce PBF to the field. Idaho staff noted that administrators may be more amenable to the idea of a PBF system than teachers, although no specific explanation was given.

## The Steps of Developing a PBF Formula

The following eight steps are important milestones in the development of a PBF formula. They are presented here in an intentional order. The process is iterative, however, so several steps may happen concurrently during an actual development process and some will be repeated.

### Step 1: Establish state commitment

Any state considering adopting a PBF formula will go through a process of assessing “political will” and potential support among PTE providers and other stakeholders. The course of that evaluation may differ depending on state circumstances. For example, a state agency that decides to introduce the concept to local providers may need to take a different approach from another state agency that is directed to adopt PBF by policymakers.

Common initial considerations include:

- State policy and legislative context
- Timing (e.g., other major statewide initiatives, changes in state government, changes in legislation)
- Resources

Once a state has identified the major issues it will need to consider, it can take the following steps:

- Establish awareness and understanding of PBF
- Build support in agency, across state agencies, with partners, with schools, districts, and institutions; with legislators, Boards, and policymakers
- Determine key stakeholder groups that will participate in the formula development process and implementation

In Idaho, state funding—not Perkins—is the primary resource for PTE programs. State staff believe that they have sufficiently introduced PBF to the field and established an understanding of PBF and its potential effects. The state has talked to the Idaho Association of School Administrators—which consists of superintendents, principals, and special education administrators—about PBF. This group supported the use of PBF but recommended that the state build and introduce PBF slowly, and asked to be kept informed

on progress. Due to the administrative structure, the amount of resources under consideration, and the involvement of key partners, Idaho administrators believe a PTE PBF formula will not require approval from any boards of education or the legislature.

In discussing the option of a task force, Idaho mentioned the following groups as key stakeholders that should participate in formula development and dissemination efforts.

- Leaders of teachers association
- PTE school administrators
- Representative from the Albertson's Foundation to ensure that organization is informed (possible)

## Step 2: Convene task force

Convening an effective, knowledgeable, and credible task force is essential when developing and implementing a PBF formula. The construct of task forces vary; some states report that as state agencies, they have the authority to design and introduce PBF without involving local providers. Other state systems require the involvement and input of many different stakeholders. Important considerations for the task force include:

- Will representatives from the field and other stakeholder groups be part of the task force? Why or why not?
- What role (e.g., advisory, approval) will the task force play in developing the formula?

The state is considering the option to develop a formula at the state level and then share the final version with stakeholders. The state is concerned that such a small amount of money may not warrant local providers investing significant time and resources in a task force. Regardless, the state indicated it intends to involve local providers and other stakeholders at some stages of the process, especially to obtain buy-in and disseminate information. And the state will continue to inform the school administrators of progress made with PBF and will use existing professional development channels to communicate about PBF with the field.

State team members indicated that if they include local providers on the task force, they would likely assign the task force a limited role as an advisory body, while all final decisions would rest with the state. Staff also noted that although a task force could start out on a small scale, it could eventually grow to take on more policy-related issues. If Idaho chooses to convene a task force, it will need to address the following action items.

### *Identify an effective task force and appropriate task force members*

To convene an effective task force, Idaho will want to consider what size group is appropriate for the activity. Including representatives from the stakeholder groups the state identified earlier is important, as is limiting the number of participants to a size that can work together effectively.

- Communicate task force roles and responsibilities
- Plan effective task force meetings

The makeup of the task force is equally important; members must represent a variety of perspectives while bringing with them key skills and attributes.

- Able to look beyond own program and experience to see statewide needs.
- Respected by peers for integrity and professional judgment.
- Able to participate actively, communicate respectfully, stay informed, and comment on task force work.
- Understands the state PTE system and goals.
- Aware of state and federal accountability and performance requirements.

If it convenes a task force that includes non-state staff, Idaho discussed the possibility of inviting 15–20 members, including program administrators, managers, and PTE leaders. The most important consideration for Idaho is the ability of task force members to look beyond their own program to see statewide needs and be willing to address these needs in a PBF formula.

### *Communicate roles and responsibilities*

The state team also will need to define the roles and responsibilities of the task force, and communicate that information clearly and frequently to members. Other states report that task force members are responsible for

- Understanding the components of a PBF system, including benefits and challenges;
- Participating in all PBF activities, including in-person meetings, webinars, and conference calls;
- Representing the needs of local programs and the state PTE system in task force discussions;
- Identifying state funding priorities and recommending funding criteria;

- Reviewing funding formula models; and
- Endorsing the final funding formula and supporting the state in introducing the new funding system.

### *Plan an effective development process*

All state agencies have extensive experience convening and facilitating effective task forces. There are, however, several important steps worth highlighting that will support a successful development process. States report it is helpful to:

- Map out a timeline with interim milestones and final deadlines for the development process;
- Decide in advance how many in-person and virtual meetings to hold;
- Establish meeting agreements and formula guiding principles with the task force;
- Prepare meeting agendas that include specific meeting goals and activities to support those goals; and
- Share meeting summaries that highlight proposals, decisions, and next steps.

Before beginning discussions about a PBF formula or specific funding components, some states have found it helpful to establish a formal set of “guiding principles” for the formula. These principles capture what the task force and other stakeholders expect from a formula. In essence, they are the criteria that will be used to determine if a formula is acceptable or not.

Each state will identify guiding principles that are relevant to its situation. The following are examples of guiding principles used by other states.

- Simple—Uses existing student data
- Transparent—Demonstrates how funding is allocated and why
- Equitable—Acknowledges appropriate provider characteristics
- Purposeful—Promotes state goals
- Defensible—Relies on audited and high quality data
- Sustainable—Functions effectively without constant review and modification
- Dynamic—Allows for changes in circumstance

According to the Idaho state team, they would like to avoid developing a formula that is so complex that it becomes unusable or too hard to understand. The team wants the formula to be sustainable but flexible, and not too complicated that it cannot be changed. Idaho also prefers to be purposeful in its approach to PBF, and plans to take the development and implementation of PBF slowly and methodically.

### Step 3: Specify state goals and funding priorities

Any PBF formula will be founded on the goals for and expectations of a state's PTE system. Examples of *state goals* may be "Provide access to PTE regardless of geographic location" or "Support student achievement." If the state PTE system has not already articulated its goals, one of the first responsibilities of a task force is to identify state goals. For states that have a set of goals, the task force may need to pare the list down to those that are most on target with a PBF formula.

After identifying the state goals, the task force will categorize the goals into *funding priorities*. Funding priorities are the key concepts that underlie the state goals. Examples are "Access," "Student Success," and "Program Quality." The task force will then rank the priorities in order of highest to lowest importance. The "Establishing State Priorities Worksheet" in Appendix A can be used during a task force meeting to facilitate the dialogue around state goals and funding priorities.

It is important to take time to set or clearly articulate goals and funding priorities. They are the touchstones for the entire process, and every task force will return to them repeatedly to ensure their formula work supports the goals and priorities.

Idaho staff indicated that the State Board has a Five Year Strategic Plan that includes three priorities: Quality, Access, and Accountability. Other state goals include going to college, enrollment in Capstone courses, articulation with postsecondary education, and increasing the use of technical skill assessments (TSAs).

The state team participated in a practice activity to experience how the dialogue around state goals and priorities might happen during the actual development process. The team's goals do not reflect any final decisions, but are referenced as examples in the remainder of this Action Plan to illustrate how goals and priorities are used. The team identified the three priorities in the Five Year Strategic Plan.

1. Quality
2. Access
3. Accountability

## Step 4: Analyze current funding system

Once the task force has defined its goals and funding priorities, it is helpful for the entire group to compare them to the current funding formula. By reviewing how the state currently allocates funds, task force members can begin to see what the current formula promotes, whether it aligns with the state goals and priorities, and identify any gaps between the current allocation methods and state priorities to be addressed in the PBF formula. The process of reviewing the allocations to providers also generates information about the unique issues and inherent differences among providers that should be considered in the PBF formula.

The state can prepare for this activity by compiling a recent year's allocation, enrollment, and outcomes data into a spreadsheet. The data may be presented in a variety of ways, but should attempt to illustrate connections among these three key elements. One approach is to calculate the percentage of funding allocated to each provider, the percentage of positive outcomes generated by individual providers, and percentage of total concentrators each provider serves (Exhibit 1).

**Exhibit 1. Sample Table: Prior Year Formula Allocations, Enrollment, and Outcomes**

Grant Recipient Name	Perkins Allocation	% Funds	Total Outcomes	% Outcomes	\$/Outcome	Total Participants	% Participants	\$/Participant
A	B	C	D	E	F	G	H	I
	Total funding allocated to providers in previous program year	Pro rata distribution of state funds	Number of outcomes (raw numbers) generated by providers on the Perkins postsecondary measures	Pro rata distribution of outcomes	Column B divided by D	Number of participants	Pro rata distribution of participants	Column B divided by M
Provider A	\$80,000	6.4%	135	2.6%	\$593	206	3.9%	\$388
Provider B	\$65,000	5.2%	266	5.1%	\$244	290	5.5%	\$224
Provider C	\$110,000	8.8%	515	9.9%	\$214	745	14.2%	\$148
Provider D	\$59,000	4.7%	230	4.4%	\$257	201	3.8%	\$294
Provider E	\$195,000	15.7%	894	17.3%	\$218	916	17.5%	\$213
Provider F	\$80,000	6.4%	315	6.1%	\$254	285	5.4%	\$281
Provider G	\$147,000	11.8%	668	12.9%	\$220	506	9.6%	\$291
Provider H	\$105,000	8.4%	256	4.9%	\$410	330	6.3%	\$318
Provider I	\$145,000	11.6%	748	14.4%	\$194	616	11.7%	\$235
Provider J	\$260,000	20.9%	1,154	22.3%	\$225	1,150	21.9%	\$226
<b>State Totals</b>	<b>\$1,246,000</b>	<b>100%</b>	<b>5,181</b>	<b>100%</b>	<b>\$240</b>	<b>5,245</b>	<b>100%</b>	<b>\$238</b>

The data in this table were created by MPR Associates; they are not Idaho state or local provider data. Postive outcomes are the successful outcomes on all measures selected for presentation by the state.

The advantage to this approach is its simplicity: by presenting data without much analysis, the state and providers can begin to talk broadly about the effects of the formula and what might be influencing the relationships seen here. There are four helpful questions to discuss during this step.

1. What is the alignment, if any, between current funding, concentrators, and performance?
2. Are the state's priorities reflected in the formula?
3. What system or provider characteristics could contribute to the results?
4. What findings were surprising?

For example, why would District A receive 6.4 percent of funding but serve only 3.9 percent of concentrators and produce only 2.6 percent of positive outcomes? Is District A very small and located in a rural area, or does it serve an at-risk population of students? How is District I able to generate 14.4 percent of all positive outcomes while receiving 11.6 percent of the statewide allocation?

During the mock workshop discussion, Idaho noted that Boise has 45 percent of the state's population, while the rest of the state is rural. Staff also mentioned that the high cost of some programs and differences in the cost of administering different types of programs could play a role in the results.

## Step 5: Define criteria for allocating resources

The next step of the process is to identify performance criteria that align with and support the goals and funding priorities identified in Step 4. The performance criteria are the specific measures and indicators, along with an allocation approach for determining performance awards, that are the framework of any PBF formula.

The state may have determined the amount of funding that will be allocated through the PBF formula prior to convening the task force. If not, then the state and task force will need to begin this step by determining the amount of resources that will be available. This decision is important because distributing a small amount of resources through a formula that contains many criteria may not be an effective way of promoting state funding goals. In contrast, distributing a large amount of funding through a formula that uses only one or two performance criteria may not allow providers to compete equally for resources. Plus, the amount should be large enough to provide meaningful rewards to high-performing programs of all sizes, with the selected performance criteria clearly in support of the state's definition of high performance. Idaho plans to distribute approximately \$100,000 of state discretionary and Perkins leadership funds.

As a task force begins to focus on the criteria for the formula, it may be helpful to consider several overarching questions.

1. What criteria will promote the goals and funding priorities?

2. Will all providers be able to compete on a level playing field?
3. Do the performance results represent reality?
4. Will stakeholders and the field support the criteria and formula design?

There are several types of measures of performance that a task force could include in a PBF formula, such as student outcomes, program outcomes, and process indicators.

- Student outcomes: Positive student outcomes in a particular area, such as graduating high school or obtaining employment.
- Program outcomes: Positive program results, such as exceeding the negotiated performance target on a Perkins accountability measure.
- Process indicators: State quality indicators regarding program development, such as establishing at least one program of study.

These different measures can be incorporated into the formula using a variety of strategies, depending upon the state's preferences.

- Consider the *number* of student, program, or process outcomes and indicators generated by local providers.
- Evaluate whether the local provider has met, exceeded, or made substantial progress toward performance *targets* for student, program, and process indicators.
- Provide *incentive awards* for local providers who met minimum state-established performance thresholds.

Some states have found it helpful to engage in a group activity with the task force to begin identifying criteria. The activity can be done as a large group or in small groups, and involves outlining each potential measure or indicator and assessing its strengths and weaknesses, the degree to which it aligns with state goals, and the potential data sources needed for the measure (see the next section for more information about data sources). The "Formula Design Worksheet" in Appendix B can be used to facilitate the activity.

The Idaho team identified three priorities during the Step 3 activity: Quality, Access, and Accountability. The state favored the incentive award approach, in which programs would receive a flat grant or bonus award for achieving certain performance levels, and liked the idea of establishing minimum eligibility requirements for PBF (e.g., only certain providers would qualify for PBF based on criteria established by the state). The team engaged briefly in the activity to identify criteria and their initial thoughts are included in Exhibit 2.

Exhibit 2. Idaho Sample Formula Design Activity

Funding Criteria	Pros	Cons	Alignment with State Priorities	Data Source, Availability, Reliability
Percent of PTE participants who become concentrators	Promotes student retention in PTE programs Program size not a factor (Student outcome)		Quality	Data are not currently available except through provider self-report
Technical skill assessment pass rate	Program size not a factor (Student outcome)	May not promote the use of TSAs, although may promote higher pass rates for those taken	Accountability	May be challenging to access data on TSAs
Increase capstone courses	Promotes program quality (Process indicator)	Does not measure student outcomes	Access	Hard to measure without auditing program records

## Step 6: Identify appropriate data sources

As the task force identifies funding criteria, one of the issues it will consider is the data that will be used to evaluate each criterion. While many measures provide interesting benchmarks for performance, some data are harder to obtain or are less reliable. For example, Idaho does not have a student unit record system for PTE at this time. Schools and districts report data to the state in aggregate.

When evaluating the availability and reliability of data, the task force may wish to consider the following questions.

1. What is the source of the data?
2. How are the data collected and reported to the state?
3. How old are the data?
4. Are the data available for every provider?
5. Are the data reliable at the state and local level?
6. Does the reporting cycle for the data align with the funding cycle?

## Step 7: Model alternative formulas

Once the task force sets the framework for the formula, the state can begin developing several model formulas. It may be helpful to model various scenarios—based on the performance criteria and other decisions that have been made—so that the task force can evaluate the effects of different approaches. Researchers created four sample formula models to share with Idaho, using the results of the workshop discussion to illustrate how the state could someday design and customize a PBF formula. The sample models predicated funding on the number of outcomes or targets that local providers met on sample performance measures and presented a scenario for how the state might incorporate incentive grants based on surpassing a minimum threshold of performance. Idaho mentioned interest in the last approach, and would like to potentially buffer the effects of drastic changes in circumstances by averaging performance over three years.

## Step 8: Considerations for implementation

Finally, the task force will need to address related funding and/or performance issues that cannot be resolved through the formula, such as determining performance awards for new providers or responding to fluctuations in federal or state funding. There also may be issues that could pose challenges for implementation, and states should identify these and be mindful of them throughout the development process. The following list provides several examples, although not all will apply to every state.

- Does the state have a credible process for auditing data?
- What training is required for key stakeholders, including local program directors, to understand and participate in the PBF system?
- Do the state's policies regarding underperforming programs align with the formula (i.e., do providers have sufficient time to implement improvement plans, if necessary)?
- How will the formula be rolled out over time? Will it be phased in over several years, or implemented all at once?
- How will the formula accommodate new or changing providers or service areas?
- What will happen if federal funding fluctuates up or down?
- Should the formula include a harm or gain limit, so programs do not lose or gain too much all at once?

## Conclusion

The technical assistance process provided an opportunity for a small state leadership team to explore the process of developing a PBF formula in greater depth. Although the Idaho team did not make any final decisions regarding a PBF formula, it expressed interest in sharing the results of this project with stakeholders and continuing to investigate the feasibility of a PTE PBF formula. The process described in this report, and the tools and activities that support the process, may serve as resources for any future PBF efforts. Several key issues may be particularly important to Idaho if the state chooses to develop a PBF formula.

- Idaho may decide to limit the task force to state staff. For some states, involving the field mitigates providers' perception that something is "being done to them" instead of "with them." Providers may be more effective advocates of a system they have helped to design and implement.
- The state will need to identify the best time to develop and implement any PBF formula, given the current economic climate, the future reauthorization of Perkins, and current efforts to develop a student level PTE data system at the secondary level.

# Appendix A: Establishing State Priorities Worksheet

## Establishing State Priorities Worksheet

### Performance-Based Funding in PTE

U.S. Department of Education, Office of Vocational and Adult Education  
MPR Associates, Inc.

### Background

Clarifying state goals and priorities for state professional-technical education (PTE) services is an essential step in designing a performance-based funding (PBF) system. By taking the time to articulate your *state goals* for PTE, you can ensure that your funding system aligns with and supports these goals. This worksheet models an activity that your state can perform with your PBF task force to define the state goals and *funding priorities* that will guide PBF formula development.

### Instructions

**Articulate State Goals:** Under Step 1, make a list of your current state goals for PTE. These may already be outlined in your Perkins 5-year state plan or another statewide plan for PTE. To guide your discussions, consider the following questions:

- What is our state's mission for PTE?
- What goals support this mission?

**Categorize Goals into Funding Priorities:** After you've completed your list, proceed to Step 2, which involves classifying the goals into broader funding priorities. Next, arrange your list of goals in the order of highest to lowest priority. To guide your discussions, consider the following questions:

- Are these goals quantifiable and objective?
- Are all goals equally important?
- What goals should our PBF formula address?

The final step, Step 3, asks you to reflect on how your current funding system aligns with your list of priorities.

- What does your current formula criteria promote? Discourage?
- Which criteria align with state goals?
- Which state goals are missing in your current formula criteria?

**Sample State Goals:**

- Provide access to PTE regardless of geographic location (ACCESS)
- Promote PTE program size, scope, and quality (PROGRAM QUALITY)
- Ensure high quality instruction (PROGRAM QUALITY)
- Support student achievement (ACHIEVEMENT/PERFORMANCE)

**Sample State Prioritized List:**

1. ACCESS
2. PROGRAM QUALITY
3. ACHIEVEMENT/PERFORMANCE

***Step 1: What are your state goals for providing PTE services?***

In the space below, list your current state goals.

***Step 2: What do these goals represent and how are they prioritized?***

In the space below, classify your list of goals into broader categories (e.g., access and equity). Next, prioritize your list of goals from the most important to address in a funding system to the least important.

**Sample State Funding Formula:**

*Base Component (Secondary)*

- LEA low-income student population (ages 5–17) (70%)
- LEA student enrollment (ages 5–17) (30%)

*Performance*

- No performance measures used

***Step 3: Does your current funding system align with your prioritized goals?***

Does your current funding formula align with and support your prioritized goals? If so, which criteria align with which state goal/category? If not, which state goals are not aligned with your funding system? What's missing? What does your current funding system promote? Discourage?

**Funding formula criteria that align with state goals:**

**Criteria that does not align with state goals:**

**State goals missing from funding system:**

## Appendix B: Formula Design Worksheet

## Formula Design Worksheet

### Performance-Based Funding in PTE

U.S. Department of Education, Office of Vocational and Adult Education  
 MPR Associates, Inc.

### Background

Goals provide a framework for selecting funding criteria. Funding criteria should support achievement of goals. Funding criteria should support what the state system values.

### Instructions

- Select formula criteria that align with state goals.
- Consider advantages and disadvantages of each.
- Provide justification for including them in the PBF system.
- Identify data sources, availability, and reliability.

Funding Criteria	Pros	Cons	Alignment with State Priorities	Data Source, Availability, Reliability
<b>Example:</b> Met state-negotiated target on Perkins measure 2P1: Completion of a postsecondary degree, certificate, or credential	Rewards programs for meeting state-negotiated target/ Program size not a factor	Does not account for program improvement over time	ACHIEVEMENT/ PERFORMANCE	Data reported to the CAR are available and reliable