The funding of vocational education and training for students with disabilities

Volume 1

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Publisher's note

The report has been published in two volumes. Volume 1 is the main report. Volume 2 contains the state reports and is available only in pdf format which can be downloaded from the NCVER website <http://www.ncver.edu.au>.

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To provide guidance during the course of the project, an advisory committee was established and the project has been greatly strengthened by the contribution of its members. We consulted them individually during the project and formally when we visited their jurisdiction. They also provided us with helpful comments on drafts of this report.

The project advisory committee members were:

- Ms Lynn Hammond, Senior Executive Officer—Equity TAFE Queensland Product Support Unit
- Mr John Heneker, Director, Murray Institute of TAFE, South Australia
- Ms Dianne Wallace, Director, Directions Australia
- Mr Brian Smyth King, Director Disability Programs, Department of Education and Training, New South Wales
- Ms Alannah Roberts, Acting Director Training Purchasing, Department of Employment and Training, Queensland
- Ms Noelene Greene, Co-ordinator of Student Support, Student Support Services Area, Victoria
- Ms Jenny Lee, South Australian Department of Education, Training and Employment, Adelaide

We have also been greatly assisted by Katy O'Callaghan (formerly) of the Australian National Training Authority (ANTA), Anne-Maree Walker, formerly of the Australian Disability Training Advisory Council who is now at ANTA, and Gina Jefferies, the Executive Officer of the ANTA Disability Training Advisory Council. These three people in particular gave us much valuable advice and assistance with preparations for our visits to states and territories and helped us to identify potential members for the advisory committee.

We presented the developing draft findings to the advisory committee members towards the end of the research project in mid-2002, and had a formal meeting with the Australian Disability Training Advisory Council in Melbourne on 26 July. In each case we received helpful feedback on our findings and developing conclusions.

Executive summary

In 2000 over 62 000 vocational education and training (VET) students reported that they had a disability, which is about 5% of the student population. Many of these students face considerable challenges when undertaking their studies since their disability may include chronic illness, intellectual disability, physical disability or a combination of disabilities.

The aim of this study was to investigate how the vocational education and training system currently allocates funds to support students with a disability and what other funding models may provide more effective support. The study involved interviews with 51 people in each of the states and territories, and at national level, including those with responsibility for funding issues within the states and territories, as well as with representatives of various registered training organisations (public and private).

At present, governments provide general funding to training providers. They also make available additional funding for special purposes, including the occasions when students have particular support needs. The current funding arrangements facilitate the participation of considerable numbers of students with disabilities and provide support for capital works; for example, to improve student access to buildings and other facilities, and to make resources available for other services such as interpreters, note-takers or ergonomic furniture.

Resources are limited, so it is important to look at funding models to ensure that funds are spent efficiently in order to encourage more people with a disability to participate in education and training, and to ensure that they achieve what they want out of the training—whether it is a job, or skills and knowledge for personal interest, or improvement of some other aspect of their lives.

The report identifies four funding options and outlines the strengths and weaknesses of each. These funding options range from continuing current arrangements; making modifications to current arrangements (such as waiving or reducing fees or providing better support); making available additional base funding so that providers have an incentive to expand their course offerings and increase the range of support for people with a disability; and using a case-management approach, which essentially means a more holistic approach to supporting the needs of people with disabilities by focussing on all of their needs—not just their vocational education and training needs.

The report also proposes two sets of criteria that can be used for assessing funding options and makes observations about the extent to which current funding models in Australia meet these criteria. One set of criteria is drawn from Devlin (2000) which assessed models for funding students with disabilities in higher education. It considers the following four questions:

- ✧ Does the funding follow the student from one education or training provider to another?
- ✧ Does the funding provided reflect the actual costs of providing support to each individual student?
- ✧ Does the funding model limit administrative costs?
- ✧ Do the funding model and accountability requirements take account of the value which institutions place on their autonomy when deciding their internal affairs?

The other set of criteria, taken from Burke (cited in Selby Smith et al. 2001), related to assessing funding models in VET generally. These can be applied to students with a disability. The three criteria are:

- ✧ Do funding arrangements encourage more education and training to be undertaken?
- ✧ Do funding arrangements promote efficiency; that is, do they help to achieve the maximum output from the resources made available?
- ✧ Do funding arrangements promote access and equity objectives?

The report notes that factors such as the type, level and location of the course, the type and severity of the disability, the needs of people with disabilities who have not yet entered VET, and the interaction between VET study and other aspects of the lives of these students all need to be considered when selecting a preferred model for funding. The report also notes that the transitions, for example, from school to VET or from VET to employment, can cause particular difficulties for students with a disability.

The report provides important information for those who manage training institutions and who are committed to making the learning environment more supportive for people with a disability. VET can help them achieve their aspirations and gain benefit and reward from their study, and funding models need to assist in this.

There is a volume 2, that contains the state reports and is available only in pdf format which can be downloaded from the NCVER website.

Overview of the report

This small research project had two main purposes:

- to outline the existing funding arrangements for students with a disability in vocational education and training (VET) throughout Australia
- to identify alternative funding models.

In fulfilling these purposes, the project surveyed previous studies, outlined the existing funding arrangements—based on written material and visits and discussions with state and territory training authorities and VET providers—and identified four possible funding arrangements and their strengths and weaknesses. These four models are:

- the current situation
- modifications to the existing arrangements while keeping the basic existing structure
- additional base funding arrangements for VET providers
- a case-management approach.

These options, together with their main strengths and weaknesses, are summarised in table 1.

Table 1: Funding options and their strengths and weaknesses

Options	Strengths	Weaknesses
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 ✧ Insufficient financial assistance, especially for expensive needs ✧ Poor statistical information not supporting resource allocation decisions
Current arrangements with modifications in: ✧ Statistical information ✧ Support arrangements ✧ The balance between 'base' and 'top-up' funding ✧ Financial incentives to providers to enrol and support people with disabilities ✧ Attention to transitions	✧ Potential to improve efficient use of resources ✧ More timely and appropriate support ✧ Support for work placements ✧ Potential to increase opportunities in VET for people with disabilities ✧ Flexibility to local needs and approaches	✧ Improvements possibly only small ✧ Enrolment and support for students with disabilities still reliant on the discretion of the provider ✧ Limited increase in opportunities for people with disabilities in VET
Additional base funding ✧ Students with high support needs classified into two or three groups. Providers reimbursed for the extra costs of providing appropriate support ✧ Clear targets established for achievement. Progress toward them monitored. Resources progressively re-directed to those areas and providers that achieve the best outcomes ✧ Increased emphasis on cumulative learning through monitoring and evaluation	✧ Provides an incentive for registered training organisations (private, as well as public) to enrol and support high-needs students ✧ 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	✧ 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 support and real support ✧ Growth in understanding of successful approaches
Case-management approach ✧ Focus on the needs of the individual, 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 ✧ Limited scope for variation or flexibility at the state/territory level

Which model?

Which of the four alternative funding arrangements is 'the best'? From the material gathered, the analysis and the conclusions drawn, it is possible to identify a number of features that an ideal model for funding VET for students with disabilities should incorporate:

- The model should create incentives for VET providers to enrol people with disabilities and to provide them with the support they need to complete their program successfully and to achieve desired outcomes.
- The model should ensure that VET providers do not bear the burden of meeting the high-cost support needs of some students with disabilities.
- The model should enable students with disabilities to take the extra time that some of them need to complete a VET module or program.
- The model should ensure that students with disabilities have the supports they need during work placements.
- The model should ensure that students with disabilities receive the support they require to be able to enter VET and participate successfully, including to meet needs that are not directly related to VET but potentially affect VET.
- The model should provide support for transitions (for example, school to VET, VET to work).
- The model should enable the identification of appropriate VET outcomes for individual students and support the students and providers in working towards these outcomes.
- The model should enable support to move with the student in a transfer from one VET provider/program to another.
- The model should increase opportunities for students with disabilities in VET.
- The model should incorporate flexibility allowing for variations in the levels of support required within any registered training organisation from one year to the next.
- The model should incorporate flexibility to allow for differences between states and territories within a national framework, while ensuring that access to necessary supports does not become a function of geographic location.
- The model should increase equity in VET.
- The model should be as simple as possible to implement and operate.
- The model should ensure the most effective use of limited resources.
- The model should support cumulative learning about the most effective and appropriate ways to support students with a disability in VET so that they can achieve desired outcomes.

None of the four funding models that we have discussed has all of these features, and given that these features are 'ideals', it is unlikely that any single model would ever possess all of them. In any case, contextual matters are likely to impact on the ability of any single model to meet all of the requirements at any one time. Resource constraints, the setting of priorities etc. differ across the states and territories, even with a national framework, and will affect both the appropriateness of any model—and its effectiveness.

For these reasons, at least in part, the report does not identify any single model as a preferred option. This position also reflects the fact that this project has not been able to consider the identified alternatives in sufficient detail. Considerable further work is required before any conclusions might be drawn about which was the most appropriate model, for what reasons and in what circumstances. The alternatives need to be 'filled in' with detail about what they would look like and how they would work.

Next steps

Given the lack of a preferred model, what next steps might be appropriate? Some suggestions were offered during discussions for the project. First, the four broad options could be considered, which would involve an analysis of their overall strengths and weaknesses. (If there were other relevant options, these could also be explored.) Participants would need to recognise that a range of permutations and combinations is possible, and that conclusions need not be identical in each state and territory. A preferred funding option could then be identified, perhaps tentatively at first. Second, a pilot project could be established to trial the preferred funding arrangements, followed by careful evaluation, before any wholesale changes are made. It was suggested in one particular discussion, and 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 registered training organisations.

The next stages could also consider a range of matters which could not be covered fully in this project, building on the existing analysis and providing 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 types and severity of the disabilities
- ✧ the needs of people with disabilities who have not managed to enter VET but who could benefit from doing so.

Questions could also be asked about whether students with disabilities enter the most appropriate courses and about how they can achieve the best employment or other outcomes. Further consideration could also 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. In addition, while most of the discussion in this report relates to recurrent costs, capital costs are also important for students with disabilities, and particularly for those in smaller or more specialised providers. A more complete study would also need to take greater account of links between schools, adult and community education (ACE), higher education and employment.

Setting objectives

On a more general note, this project raises questions about the objectives that are being sought in the case of VET for people with disabilities. What are these objectives? Are they employment, personal development, social considerations, or some combination of all of these? Are investment or consumption purposes more important, or what combination of the two?

Clear objectives are necessary to ensure that resources are used effectively and economically deployed to achieve them. They also make it easier 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'.

This raises a further important question—whose responsibility is it to articulate the overall objectives, to provide the necessary resources and to facilitate whatever evaluation and remedial action may be required? There are many significant stakeholders in VET, including governments, VET providers, employers, students, trainees and workers. The costs that each face, and the benefits they each expect to receive, will influence the decisions they take about whether to participate in, or support, VET and 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 in 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 is seen to lie with governments, at both state and territory and national levels, and with VET providers, especially the public providers.

However, it was also argued that if costs exceed benefits for enterprises or providers, especially private providers, the providers should either provide assistance as a contribution to the community, or 'the government' should tilt the balance, by subsidising costs or helping to increase the benefits received.

It was also often argued that society shared responsibility for a range of related matters, including:

- links across educational sectors and with employment
- special attention to the difficulties of transition for people with disabilities
- a whole-of-government approach rather than an approach characterised by 'a silos' mentality'
- support for private as well as public providers, for ACE as well as VET
- attention to general needs faced by many people with disabilities and also to the special needs of particular individuals, which can often be very expensive
- support when entering employment, and perhaps also when changes in the workplace may have a disproportionately adverse impact on workers with a disability.

Monitoring and evaluation

Finally, comments were made during discussions relating to the project that there was significant scope for more monitoring and evaluation of the range of activities to assist students with disabilities in VET. It was argued (and there was considerable evidence) that much good work is being done, and that supportive evaluation and dissemination would enable a wider sharing of experience and improved practice. A closer partnership between research, policy-making and practice, it was argued, would be beneficial for all parties. It would enable the needs of VET students with disabilities to be better met. It would also enable the available resources to be deployed more efficiently and produce more equitable outcomes.

Introduction

As part of its 2001 round of research and evaluation projects in vocational education and training the National Research and Evaluation Committee invited proposals to investigate funding arrangements for students with a disability.[1]

Three specific questions were identified for investigation:

- What are the current funding arrangements throughout Australia in regard to inclusive training arrangements for people with disabilities and when and how are these arrangements effective?
- What are effective funding models that could be developed in relation to training for people with disabilities?
- What is the demand for and cost of provision of different types of learning support required by people with disabilities?

The proposal submitted focussed on the current funding arrangements for students with disabilities in VET and how they might be improved; that is, the first two of the three questions above.

Specifically, the consultants proposed that the research study would have four main objectives. First, it would investigate and document the funding arrangements that exist throughout Australia to facilitate the participation of people with disabilities and their successful outcomes in VET. Second, the study would identify and develop other possible funding arrangements that warrant consideration (or perhaps are already under consideration in some jurisdictions). Third, the research would identify and compare the strengths and weaknesses of the various existing or proposed funding arrangements. For example, to what extent do they encourage or discourage participation in VET by people with disabilities, facilitate high-quality learning outcomes, support their continuation in VET programs, or provide a basis for their lifelong learning? Fourth, the research, on the basis of the earlier information and analysis, would seek to draw out the implications for possible changes to the existing funding arrangements in order to promote inclusive and effective training for people with disabilities. These objectives have continued to underpin the conduct of the research project and the structure of the report.

As the proposal to the National Research and Evaluation Committee emphasised: 'this research proposal is modest. It builds on the existing knowledge and concerns of the researchers to analyse existing and alternative funding arrangements and to propose improvements … [It] does not involve extensive data gathering'. Nevertheless, a substantial program of visits and discussions has been conducted, including all states and territories. Almost all of the discussions have been conducted face to face, which has been most valuable, but in some cases this was not possible. For example, in one case, the contact officer was away in China and the interview was conducted by telephone on her return. In other cases, telephone follow-up was required to obtain additional information.

During the course of the project a range of public providers were visited, in both metropolitan and rural areas. They include the Canberra Institute of Technology and TAFE Tasmania, which

[1] Some background data concerning VET students with a disability in Australia are contained in appendix 1.

basically cover the whole of the Australian Capital Territory and Tasmanian public VET systems respectively; very large metropolitan providers such as the South Western and Northern Institutes of TAFE in New South Wales, Box Hill Institute of TAFE in Melbourne's eastern suburbs, Southbank Institute of TAFE in central Brisbane, and the South East Metropolitan College of TAFE in Perth; and the Adelaide Institute of TAFE in central Adelaide, which is the largest public provider in South Australia. Non-metropolitan public providers were also visited, such as the Murray Institute of TAFE in South Australia and the Devonport campus of TAFE Tasmania. Telephone interviews were also conducted with staff at the Central Queensland Institute of TAFE in Rockhampton. We also visited seven private training organisations which provided rich data and considerable diversity, although they were much smaller than the public providers. For reasons of privacy, the identity of these individual providers has not been disclosed.

In total, 51 separate visits and discussions were held, in all states and territories. In a number of instances more than one discussion was held in the same organisation, or discussions were held with more than one person, often with different responsibilities. Table 2 indicates the number of discussions according to state/territory and category.

Table 2: Discussions by category

	State training authority (or equivalent)	Public provider/ TAFE	Private provider	Other discussion
NSW	4	4	1	
Vic.	2	2	2	1
Qld	4	3	2	4*
WA	2	1	1	
SA	1	3	1	1
Tas.	2	1	3	
ACT	2	1	1	
NT	1	1	–	
Total	**18**	**16**	**11**	**6**

Note: * Includes Australian National Training Authority and the Australian Disability Training Advisory Council.

The research project proceeded according to the original proposal, except that, as the research project developed, it became apparent that the existing funding arrangements and the possible changes, with their respective strengths and weaknesses, were not as clearly separable as had originally been anticipated. Our initial thinking was that the existing funding arrangements for students with disabilities would be investigated in each state and territory, and at national level, and written up in the first report to the National Research and Evaluation Committee, and that the research project would then proceed to investigate what changes to the existing funding arrangements warranted consideration, together with their strengths and weaknesses. In fact, what we found was that discussion of the existing funding arrangements for people with disabilities in VET tended to merge fairly seamlessly into a discussion first, of what is good and not so good about those arrangements in the light of the experience of the respondents, and second, how the arrangements might be improved. Consequently, both parts of the project were undertaken together as each jurisdiction was visited.

Literature review

Introduction

This survey of published work has concentrated on two main issues. The first concerns funding models in use (or proposed) for education and training for students with disabilities. The second concerns the costs of providing education and training for students with disabilities in VET and the factors influencing the types of costs, and cost levels.

In particular, the intention of the survey was to find studies that documented and discussed funding models in use, or proposed, from Australia and overseas where relevant. Thus work was sought that would cast light on the strengths and weaknesses of the various models. For instance, which models created incentives/disincentives for education providers to enrol and assist students with disabilities? Which models were flexible enough to meet the needs of students with different types of disabilities? Which models were considered to be fair? Which models were considered best able to meet the educational needs of students? Which models also considered the personal and social needs of students?

Additional information about costs was sought as background material essential to understanding funding models and the particular demands placed upon them. Studies that would identify the types of costs involved, the links between different types of disabilities and cost structures and any other factors affecting costs were thus included.

Within these limits, the search found that the relevant literature is not vast, but that it is growing slowly. Several studies undertaken in Australia within the past decade have documented the factors influencing the costs of providing education and training for people with disabilities—including the costs of providing special forms of additional support, such as note-takers or interpreters for the deaf. These studies have considered both higher education and vocational education and training. Recently, additional studies have begun to explore flexible options as a means of delivering education and training to people with disabilities and technological supports to assist access and participation and improve the learning experience.

The number of studies that have specifically explored funding models is 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. There is also considerable support expressed for further work to be done in exploring funding options and models.

Defining disability

In Australia, the *Disability Discrimination Act 1992* provides the basic framework for the rights of people with disabilities and social responses to them. Within the Act, 'disability' in relation to a person is defined very broadly to mean:

- ✧ total or partial loss of the person's bodily or mental functions, or
- ✧ total or partial loss of a part of the body, or

- the presence in the body of organisms causing disease or illness, or
- the presence in the body of organisms capable of causing disease or illness, or
- the malfunction, malformation or disfigurement of a part of the person's body, or
- a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction, or
- a disorder, illness or disease that affects a person's thought processes, perception of reality, emotions or judgment or that results in disturbed behaviour.

The definition includes disabilities that currently exist, that previously existed but no longer exist, and that may exist in the future.

Through the Act's associated complaints-based procedures, people with disabilities can seek redress from people or organisations that discriminate against them, either directly or indirectly.

Ensuring that discrimination does not occur is an important consideration for most organisations providing education and training. Proven discrimination can be costly, both in the compensation awarded to the person discriminated against, and to the reputation and standing of the organisation and its staff. In addition, an organisation may gain by displaying a positive attitude towards people with disabilities, especially if this is supported in practice, for example, with active assistance and advice.

Bridging pathways, the Australian National Training Authority's (ANTA) document setting out its 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 2000, p.90). This is an important point, because in both the higher education and VET systems, 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 enrol, and may choose not to do so, particularly if the disability is likely to have little to no impact on their study (or if they fear that disclosure will disadvantage them). There may thus be many cases in which an education or training provider has no knowledge of a student's disability. An education or training provider may be more likely to be aware of a student's disability where the disability has a stronger impact, and specific forms of support are sought, such as deaf students requiring an interpreter, or students with a physical disability requiring a care attendant.

Draft disability standards for education have been issued by the Commonwealth department with responsibility for education (the Department of Education, Science and Training). The standards recognise that education and training constitute a service covered by the *Disability Discrimination Act* and that education authorities, institutions and providers are obliged to provide the services and facilities necessary to ensure that students with disabilities can participate without discrimination. The standards specify how education and training are to be made accessible to students with disabilities. They cover: enrolment; participation; curriculum development, accreditation and delivery; student support services; and elimination of harassment and victimisation. For each of these areas, a statement sets out the rights of students with disabilities, consistent with the rights of the rest of the community. The legal obligations of education authorities, institutions and providers are described together with measures which can be taken, and which will be evidence of compliance with the legal obligation (Department of Education, Science and Training 2002).

In relation to enrolment, for instance, the standards indicate that prospective students with disabilities:

> have the right to seek admission and enrol in an education or training institution, on the same basis and to the same extent as prospective students without disabilities. Prospective students

> with disabilities have the right to adjustments which are necessary to ensure that they are able to be enrolled and complete enrolment processes without discrimination.
>
> (Department of Education, Science and Training 2002, section 5.1)

and education providers are obliged:

> to ensure that prospective students with disabilities are not discriminated against in seeking admission and enrolment. Providers have an obligation to make reasonable adjustments, where necessary, to ensure that prospective students with disabilities are able to be considered for enrolment and complete enrolment processes without discrimination.
>
> (Department of Education, Science and Training 2002, section 5.2)

The 'reasonable adjustments' that education service providers must make to meet the required standards can vary in type and extent depending on the individual requirements of the student and other relevant circumstances. In determining what adjustments are to be made, the standards indicate that the following factors should be considered:

- whether the adjustments are reasonable for the purpose (that is, they reasonably fulfill the educational and training needs of the student)
- whether the adjustments are focussed on enhanced student independence
- whether the adjustments are the least disruptive and intrusive for the student
- the impact of the adjustments on anyone else affected
- the cost of providing or continuing the adjustments.

According to the standards, an action or adjustment is reasonable if it is based on considered judgement of what is appropriate in a given situation, although this can change over time. Judgements must consider all relevant factors, including:

- whether or not the actions or adjustments are appropriate for particular students in particular situations
- the effect of a student's disabilities on her/his education or training
- the effectiveness of the actions or adjustments in achieving substantive equality for students with disabilities
- the impact of the appropriate actions or adjustments on other students and on staff.

Section 3.3 of the standards notes that:

> Substantive equality means equality of opportunity for students with disabilities compared with students without disabilities. Students with disabilities are entitled to receive education and training which is free from unlawful discrimination and which includes the opportunities and challenges comparable with those offered to all students.
>
> (Department of Education, Science and Training 2002, section 3.3)

For instance, in making any adjustments to courses and curricula, accreditation authorities and education providers are entitled to maintain the academic requirements of the course. The standards state that, in providing for students with disabilities, an institution will continue to ensure the integrity of its courses and assessment requirements and processes, so that its graduates can hold themselves out as having the appropriate knowledge, experience and expertise implicit in the holding of an award.

An education provider is not obliged to provide adjustments that would impose unjustifiable hardship. The Human Rights and Equal Opportunities Commission has noted that, in some circumstances, obligations under the *Disability Discrimination Act* to provide equal access are limited by the concept of unjustifiable hardship. For instance, a service provider may be able to

demonstrate that it would involve unjustifiable hardship to meet particular access requirements. However, unjustifiable hardship has to be demonstrated and cannot be simply assumed.

Students with disabilities in VET

In 2000, over 62 000 VET students reported a disability. This was a substantial increase on the 47 300 reporting a disability in 1996.

Statistics on disability are collected on enrolment, when students are asked if they have a 'permanent and significant disability' and can choose to identify their disability from a list consisting of:

- visual sight/seeing
- hearing
- physical
- intellectual
- chronic illness
- other disability.

About a third of students do not indicate a specific disability, but of the rest, the largest group in 2000, reported a physical disability (20.7%).

Overall, about 4–5% of VET students report a disability, but there are some variations between states and territories. In 2000, the proportion of VET students reporting a disability was lowest in the Northern Territory (2.9%), Western Australia (3.7%) and Victoria (3.8%), and highest in New South Wales (5.3%).

Compared with all VET students, those with a disability are less likely to be in employment (40%, compared with 77%). They tend to have lower levels of schooling—only 30% achieved Year 12, compared with 43% of all students. Students with disabilities also tend to be older than all VET students. In 2000, 38% were aged over 40 years, compared with 30% of all students.

More students with disabilities enrol in multi-field education than all students. This field includes enabling programs addressing generic study, interpersonal and job-search skills. However, the proportion choosing this type of VET has declined since 1996 from 47% to 27%. In 2000 a smaller proportion of VET students with disabilities than all VET students were studying at Australian Qualifications Framework (AQF) certificate III level (16%, compared with 20%) and more were studying at AQF certificate I level (12%, compared with 5% of all students). However, in 2000, most were studying a similar mix of qualifications as all VET students.

Perhaps surprisingly, students reporting a disability undertook, on average, more hours of training in 2000 than all VET students (243, compared with 198 hours annually). However, this reflects that a higher proportion are engaged in full-time study (12%, compared with 9%).

Students reporting a disability are less likely than all VET students to achieve successful module outcomes (74%, compared with 80%). However, the success rate has risen since 1996, when it was 71%. Perhaps important is that a larger proportion of students with disabilities withdraw from study (13%, compared with 9%).

Employment outcomes for VET graduates are poor for students with disabilities. The proportions in employment before and after training are almost identical, leading to the conclusion that participation in training makes little difference to these students in the labour market.[2]

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[2] All data are from *Australian vocational education and training statistics 2000: Students with a disability in VET—At a glance*, NCVER, Adelaide, 2002.

Funding models

Devlin (2000) has identified two major and distinct funding models which are in use overseas. Although her focus is students in higher education, rather than VET, her work is still highly relevant in considering the funding of VET for students with disabilities. The two overseas funding models she identifies are: funding allocated to students; and funding allocated to institutions.

Funding allocated to students

Under this model, funding is allocated to individual students to cover the costs of the additional supports they need to be able to participate in education, usually on an entitlement basis up to an agreed limit. This model has won favour because it empowers students, enabling them to make choices about supports and among education providers. However, Devlin (2000) indicates that it can be difficult to administer and can place stress on students by requiring them to complete forms and to locate, price and secure appropriate services. Students can also be at a disadvantage when negotiating the purchase of equipment or services from powerful providers.

The model is used in the United Kingdom for students with disabilities in higher education. Students (part-time and full-time, undergraduates and postgraduates, internal and external) are eligible for a 'student with disabilities allowance' to assist with the additional costs they incur in participating in a course because of their disability. The amount they receive does not depend on their own or their family's income; and it does not have to be repaid (Department for Education and Skills 2002).

The allowance is administered by the local education authorities and the Open University. Students are required to provide medical proof of their disability, such as a letter from a doctor or specialist. The amount paid is calculated following a needs assessment. It can include a specialist equipment allowance, a non-medical helper's allowance, a general allowance, and some travel assistance, each of which are discussed below:

- The specialist equipment allowance is to help the student rent, buy and insure any equipment that they need. Students can apply for the allowance at any time during the course, although there may be some restrictions imposed toward the end of their study.
- The non-medical helper's allowance provides for readers, sign-language interpreters, note-takers and other non-medical assistance the students need to benefit fully from a course. However, the allowance (and the student with disabilities allowance more generally) is not meant to help with disability-related costs that a student would have to pay, whether or not they were following a course (for example, 'personal costs').
- The general allowance may be paid towards other disability-related spending, such as for tapes or Braille paper, or to top up the other two allowances, if necessary.
- Travel costs may be reimbursed if the student has to pay extra costs because of their disability. Students are not eligible for help with travel costs that any student would expect to have to meet.

The rates shown below are the maximums which are available. They are meant to support people with a high level of need, so most students receive less than the maximum. The rates for 2002–2003 for full-time undergraduate students are:

- specialist equipment allowance—up to £4355 for the whole course
- non-medical helper's allowance—up to £11 015 a year
- general allowance—up to £1455 a year
- reasonable spending on extra travel costs.

(Department for Education and Skills 2002)

An important consideration that Devlin suggests has been overlooked in the United Kingdom arrangements is what happens to the equipment purchased when a student withdraws from study. She notes that accountability procedures are necessary to ensure that funds are spent only on education-related items and that provisions should be in place 'to ensure that equipment purchased for personal use be returned for use by another student should the first student withdraw from study'.

Funding allocated to institutions

Under this model, educational institutions receive a separate allocation of funding to provide services to students with disabilities. This has advantages, because if they are large organisations, they have the capacity to plan services and take advantage of their bulk purchasing power. However, guidelines for the use of the funds and appropriate accountability mechanisms are essential. In Australia, most public providers are large, but many private registered training organisations are small.

Devlin (2000) suggests that, in developing this type of funding model, four issues need to be considered particularly:

- the tension between fixed or shrinking budgets, increasing numbers of students with disabilities seeking assistance and the very high costs of some forms of assistance
- assumptions that within their budgets, institutions should provide funding to meet 'systemic' costs, such as access to buildings, parking, facilities and information, infrastructure such as additional staff to provide counselling, and disability support and outreach services
- the need for additional funds to purchase and maintain specialist equipment and to provide specific services to students with disabilities, such as note-taking
- the very high costs of support needed by a few individuals that may not be predictable for individual educational institutions and that fall unevenly across the sector.

The model allocating funding to institutions appears to be used in the United Kingdom for students in further education colleges. These students are required to approach the college about the extra disability support they may require. Under recent amendments to the United Kingdom *Disability Discrimination Act,* colleges are required to consider the needs of such students and where reasonable, make adjustments to meet them.

Before students enrol, colleges draw up a 'learning agreement', setting out what they expect of the student and their own responsibilities. The college receives funds from the Learning and Skills Council for any services or other support listed in the learning agreement. Examples of help include course notes printed a size larger than normal, more access to student counsellors, extra time to complete course work or exams. Students with disabilities may also be eligible for income support and housing benefit (*After 16—what's new: Choices and challenges for young disabled people).*

If the college is unable to meet the student's needs because of, for example, 'unreasonable cost', the student can also try to gain funding for disability support from charitable trusts. Further information on this matter is available from the National Bureau for Students with Disabilities.

Devlin (2000) identifies four criteria for assessing the relative merits of some specific funding models that she proposed for Australian higher education. The criteria may also be helpful when assessing funding models for the VET system.

- *portability*: whether the model 'tags' funding to the student, enabling it to follow a student from one institution to another
- *levels of assistance related to need*: whether additional funding should reflect the actual cost of providing support for each individual student

- ✧ *administrative efficiency*: whether the model is designed to limit administrative costs and devolve administration as close as possible to the client
- ✧ *respect for the autonomy of education institutions*: Devlin argues that accountability requirements should take account of the value institutions place on their autonomy in deciding their internal affairs.

A further important consideration is whether the model offers incentives for education providers to enrol students with disabilities and provide them with support and high-quality services. This issue is considered directly and indirectly in a number of studies. Buys, Kendall and Ramsden (1999) note that 'educators can only be expected to provide appropriate responses to people with disabilities if sufficient incentives are available', and that 'such incentives are intimately tied into the funding structures of the institutions' (p.38). Their study cites work from a number of different sources, indicating that block-operating grant models encourage institutions to increase enrolments, but not their quality. Buys, Kendall and Ramsden (1999) put forward a suggestion by the Industry Commission in Australia that a greater use of performance-based funding, even within a block granting scheme, would advantage people with disabilities through a form of 'managed competition'. Such a model could link funding to the achievement of desired outcomes, targets and best practice. However, developing the model would be challenging.

The study by Barnett, Jardine and Wilson (1996) of collaborative initiatives to enhance the participation of people with disabilities in VET also raises the issue of incentives. The study noted that 'there are more incentives in place which discourage collaboration'. From their research, Barnett, Jardine and Wilson concluded that one of the most powerful incentives for collaboration would be 'the earmarking of funds for programs and services which require the input of a number of agencies' (p.70).

An earlier study by Barnett and Wilson (1995) compared commercial and community training providers and their attitudes and approaches to issues of access and equity. It found that, while both saw equity as important, commercial providers did not see it as their responsibility. Access to their courses was open to all, as long as they were able to pay. Having paid this fee, all students would receive highly individualised attention to address any difficulties they might have. While the issue of financial incentives was not explicitly explored in this study, its findings suggest that no specific incentives existed to encourage commercial providers to provide access and services for students with disabilities.

Andrews and Smith (1992) undertook an extensive study of the additional costs of providing education and training for people with disabilities. While they also did not specifically consider incentives, they did find an urgent need for programs to promote increased participation, student performance and retention.

Bearing in mind the criteria she proposed for evaluating funding models, Devlin (2000) proposed five models for higher education in Australia.

1 An additional and separate pool of funding be established of $15 per equivalent full-time student (EFTSU) to meet all disability-related costs, except for high-need students. Devlin saw this as a modest proposal, but one which would gain favour from various stakeholders because it provides additional funding. A separate pool would be provided to reimburse expenditure of more than $4000 per annum per individual. This would ensure that individual institutions are not financially penalised for enrolling and assisting high-need students.

2 Institutions set aside the same amount of money as in model 1 from their operating grants for disability support services and equipment. Devlin believes this model has some merit. It would ensure adequate funding to a sensitive area, improve the quality of the supports for students with disabilities and provide better working conditions for disability support staff. However, it might be viewed by the institutions, at least some institutions, as an unwarranted interference in their internal management decisions.

3 An education allowance be established for students with disabilities that is not linked to the welfare system and therefore not means-tested. The value of the allowance would vary according to the individual needs of the student. To obtain the allowance the student would undergo a comprehensive needs assessment. This proposal is similar to the allowance system operating in the United Kingdom and has some of the same advantages and disadvantages, such as requiring students to take responsibility for sourcing quotes for appropriate resources. Administratively, the scheme could be difficult because Australia does not have the local education authorities which manage the scheme in the United Kingdom.

4 A program of assistance to institutions to provide services to people with disabilities. Funding would be allocated annually and possibly linked to the number of students with disabilities requiring support that were enrolled. This would be coupled with a direct grant to students for the provision of specialised and costly individual services to be determined by the institutions and provided by them and other agencies. Devlin suggests this model would work well, although it could be administratively inefficient. This could be overcome if funding were paid directly to service providers on the student's authority.

5 Funding based on actual enrolments of students with disabilities in the previous year, moderated by outcomes, such as progress rates and award completions. Devlin argues that this model has some benefits. It is based on the Indigenous Funding Support program and she argues that the two groups of students (Aboriginal and Torres Strait Islander students and students with disabilities) have some similar needs. However, such an arrangement would not differentiate between students with high and low support needs.

In the conclusions to her report, Devlin states that providing separate funding is a necessity to ensure that students with disabilities are given the best opportunity to access higher education and to succeed in their studies. The simplest way to do this, she argues, would be to provide funding to institutions as a flat figure per equivalent full-time student, to ensure that all institutions have a reasonable budget to provide basic infrastructure and low-cost services and equipment. This funding would be complemented by supplementary funds for individual students with very high support needs.

While the VET system is more diverse than the higher education system, with a wider range of providers and students, and stronger roles for state and territory training authorities, all of the models appear worth investigation. However, some matters should be given additional consideration in exploring them:

- ✧ whether, and to what extent, each model would encourage private as well as public providers to enrol and provide services for students with disabilities
- ✧ whether, and to what extent, the VET statistical collection would provide an adequate and appropriate base for determining additional funding
- ✧ how would the level of funding be determined?

All of the models presume that a clear indication of the costs of providing basic and additional supports is available.

Costs of providing VET for students with disabilities

Several studies have considered the additional costs of providing education and training for students with disabilities and the factors that determine these additional costs.

Additional costs and determining factors

Andrews and Smith (1992) investigated the types of support required by students with disabilities and the costs of providing these supports in both higher education and technical and further education (TAFE) institutions. An important finding of their study, which they indicated echoed the results of an earlier study by Wightman and Foreman (1991), was that not all people with disabilities incur extra costs. The costs of providing support vary considerably from person to person. Some students' needs are small and can be met through the supports provided for all students. However, there are other students who have very high-cost support needs. The 'need for support in education and training and the ways those needs can be best met, are unique to each person' (Andrews & Smith 1992, p.163).

In these circumstances, they argued that there is no 'central core' of support services that can meet a large proportion of student needs. The level or extent of support required varies from student to student for the same support measure, and where a mix of support is needed, this tends to be a 'unique combination of assistance for each student and for each educational activity' they engage in (Andrews & Smith 1992, p.168). Therefore, institutions require support policies and programs flexible enough to 'accommodate the unique needs of students or student groups as they arise' (Andrews & Smith 1992, p.170).

Andrews and Smith (1992) divided the forms of support sought or provided into three groups:

- *'No cost' supports:* relatively low-cost support requirements which 'best fit' with the generic services provided by education institutions. These are normally provided by institutions within their general range of student services and include study and social skills programs, counselling and career advice, special access to the library, library assistance and special parking arrangements.
- *Additional services:* support requirements that are best provided by the institutions, but which are more costly and should be regarded as additional services and considered for special funding. Examples of these services include special tutoring or remedial assistance, large print materials and optical aids, special furniture, course modification and alternative certification.
- *Direct student support services:* support requirements related to the individual circumstances of students, their unique needs and the type and level of support they need to participate in education and training. Included in this group of support requirements are items of a 'more personal nature', consistently used by an individual student, which Andrews and Smith (1992) argued should also be considered for special funding arrangements. This group of items included supported accommodation, interpreter or speech aid, reader, communication aide, note-taker and audio tapes.

In a single year, Andrews and Smith (1992) estimated that 70.4% of the total expenditure on supports for students with disabilities would be spent on supports in the third group; 24% on

supports in the second group; and 5.6% on supports in the first group. These estimates excluded capital costs for campus and building modifications to enhance access. However, this expenditure allocation did not reflect demand for services within the three groups, for the study also found that support measures based on existing academic and student services were those which were more frequently required by students. That is, the high-cost supports were less frequently required but consumed a very large proportion of the budget for disability support.

The National Board of Employment, Education and Training (1994) explored the resource implications of introducing improved strategies in higher education for disadvantaged people, examining separately major, recognised disadvantaged groups, including people with disabilities. This study also noted wide variations in the costs of supports for each student and that it was 'almost impossible to make an accurate assessment of costs' (National Board of Employment, Education and Training 1994, p.18). Specialist services, such as an access program for the hearing impaired requiring specialist labour, can be very expensive. Other services, such as note-taking, can be relatively cheap, especially if volunteers are used.

An important point made in the National Board of Employment, Education and Training study not elsewhere explored in the literature is that members of teaching staff are often willing to give time to assist students with disabilities but may not know how to do this efficiently. Consequently, the time they give is foregone elsewhere—including from their own career development. Booklets and training courses provided by the institution can help to improve this situation. A further interesting point is that an institution which gains a reputation for excellence in providing for disadvantaged students, such as those with disabilities, may find that the number of these students seeking to enrol becomes too high for the institution to continue to perform adequately (National Board of Employment, Education and Training 1994, p.19).

The study provides some estimates of costs for existing programs for students with disabilities, including an access program for the hearing impaired; a resource centre coordinating note-taking; reading services; counselling; providing loans of equipment; and an equipment 'pool'. It concluded that the major component of costs is salaries and that the combination of services offered in one centre offers advantages and enables costs in one area to be offset by savings in another. However, it notes that the centralisation of services presents some issues for multi-campus institutions. It also raises issues for smaller providers, such as most private registered training organisations in vocational education and training.

Dockery, Birch and Kenyon (2001) make the important point that, while Andrews and Smith's estimates imply higher training costs for students with disabilities in VET of almost 80%, these costs are unlikely to apply to a further expansion in participation by people with disabilities. While initial costs may be high, variable costs, the incremental increase in costs for additional participants, are likely to be far lower. The extra costs could even be zero in the case of fixed modifications. Thus, additional students with disabilities may be able to be supported at little extra cost to the institution.

Both the National Board of Employment, Education and Training and Andrews and Smith studies indicate that this is true in some cases (for example, for equipment or modifications to buildings and classrooms). However, they also suggest that the impact on institution budgets may be small, given that the highest costs are incurred for individualised supports for a small number of students. Thus, an educational institution may be able to take on additional students with disabilities without much extra cost, but only if they do not require any additional services or supports.

Research conducted by Lewis, Goff and Tarzia (2002) pointed to differences between the costs associated with placing and supporting a person with disabilities in a traineeship compared with an apprenticeship. Owing to the additional costs, Lewis, Goff and Tarzia (2002) indicate that disability employment agencies struggle to support more than a handful of apprentices at any one time, and that a 'financial incentive' is needed to establish a significant apprenticeship program for people with disabilities. The cost difference arises from the needs of the two groups, particularly in post-

placement support. On average, a trainee required only half the number of hours in support required by an apprentice. This may reflect the fact that apprentices are typically required to have a higher level of literacy, numeracy, analytical ability and autonomous decision-making. Lewis, Goff and Tarzia (2002) indicate that access to disabled apprentice wage support (DAWS) can be an important factor in securing an apprenticeship for a person with a disability. However, flaws in the process for obtaining and maintaining this subsidy were found to reduce its effectiveness as an incentive to employers. The application procedures are cumbersome and the processing time of 8–10 weeks means that necessary workplace modifications cannot be undertaken or assistive equipment purchased. Some employers also retract the offer of an apprenticeship during this period.

Flexible delivery of VET

Non-traditional forms of delivering education and training are becoming more frequent in both higher education and VET. They include the use of information and communication technologies, work-based and workplace education, just-in-time training and distance education. As flexible learning expands in VET, with more training being provided outside institutions and in workplaces or homes, some new issues are arising in relation to the costs of providing support for people with disabilities. For instance, Dockery, Birch and Kenyon (2001) make the important point, in relation to workplace training, that the costs of accommodating an employee with a disability may be the same, whether or not the employee is engaged in training. In fact, they suggest, some employees may undertake training specifically to allow them to perform work that is less demanding in terms of accommodation costs.

Several studies have considered the costs and cost-effectiveness of flexible delivery methods, although none has specifically focussed on education and training for students with disabilities. However, the potential for these methods to provide additional, or more appropriate, opportunities for some students with disabilities has been recognised.

In May 1999, Australia's Human Rights and Equal Opportunities Commission issued a set of notes regarding world wide web access by people with disabilities. It pointed out that governments, business, educational and other organisations in Australia are increasingly using the world wide web as a means of providing large numbers of people with access to information and other services in a timely and cost-effective way. The Human Rights and Equal Opportunities Commission indicated that availability of information and services in electronic form via the world wide web has the potential to provide more equal access for people with disabilities and to provide access more broadly, more cheaply and more quickly than is possible using other formats. For example:

- ✧ people who are blind or have vision impairments can use appropriate equipment and software to gain access to electronic documents in braille, audio or large print form
- ✧ deaf people or people with hearing impairments could have more ready access to captioning or transcription of sound material
- ✧ many people whose disability makes it difficult to handle or read paper pages can use a computer with, for example, a modified keyboard or with voice control
- ✧ world wide web publication may provide an effective means of access for people whose disability makes it difficult for them to travel to or enter premises where the paper form of a document is available.

A study by Curtain (2002) compared the relative costs and effectiveness of online learning with traditional face-to-face teaching methods. The author contends that the range of different types and institutional settings in which online delivery takes place makes it impossible to provide a definitive answer. However, it will depend, among other things, on how online delivery is implemented. Curtain concludes that online delivery clearly has the potential to deliver more cost-effective outcomes. Ideally, it should be possible to implement a strategy that optimally combines ways to reduce costs, improves effectiveness and, at the same time, increases student numbers. However,

whether online delivery does so or not, depends on the extent of the accompanying changes in work allocation and other operating parameters. While Curtain's study does not specifically address issues relating to students with disabilities, it offers some useful general insights. For instance, it presents differences between traditional and flexible delivery systems in terms of delivery options and student characteristics, together with their cost-differences, as outlined below:

Table 3: Traditional and flexible delivery compared in terms of cost issues and student characteristics

	Traditional delivery	Flexible delivery
Cost issues	✧ High capital costs ✧ Fixed and relatively stable delivery costs ✧ Information delivered 'face to face' in accepted cost framework ✧ Shifts to flexible and 'off-site' delivery challenge the infrastructure establishment ✧ Territorial boundaries will become less meaningful	✧ Low capital costs ✧ Variable delivery costs ✧ Information delivered via developed materials or electronic means in an undeveloped cost framework ✧ High initial costs, amortised over time (years) ✧ The shift to flexible delivery will entail high development or product transformation investment
Student characteristics	✧ Scheduled, supervised and measurable attendance ✧ Peer support available easily ✧ Instructional resources easily available ✧ Predictable cost of attendance	✧ Unscheduled relatively unsupervised study ✧ Peer support not easily accessed ✧ Institutional resources at often higher cost ✧ On-the-job delivery as a means of cost containment

Source: Derived by Curtain (2002) from ANTA (1998b, p.12).

In Curtain's analysis, an issue that may be particularly important in the case of students with disabilities is that online learning tends to assume that students can learn with little supervision or peer support.

Another important conclusion of Curtain's study has particular resonance in the case of students with disabilities. He argues that 'the funding formula needs to take into account learning effectiveness'. If online VET is more expensive to deliver, compared with more traditional distance education courses, this extra cost needs to be judged against whether this mode of delivery achieves better outcomes, such as higher completion rates or higher levels of student satisfaction, compared with the traditional distance education delivery mode.

Educational institutions using online delivery methods in Australia need to take account of the fact that provision of information and other material through the world wide web is a service covered by the *Disability Discrimination Act*. Equal access for people with disabilities is required where it can reasonably be provided. And where a feature does not itself provide equal accessibility, an effective accessible alternative should be provided, unless this is not reasonably possible. This requirement applies to any individual or organisation developing a world wide web page in Australia, or placing or maintaining a web page on an Australian server.

Economic theory and studies

Economic theory and a number of economic studies raise issues relevant to discussions of funding arrangements in education and training. These are discussed extensively in appendix 2. In particular, they point to four matters that are especially relevant to this study of funding arrangements for VET students with a disability.

First, in determining the quantities of particular VET facilities and services to be provided, it is important to take account of the relationships between marginal costs and benefits; that is, the costs or benefits of small increases (or decreases) in the number of students in VET with a disability. This implies that knowledge of the incremental costs and benefits which would result from possible expansions or contractions in VET activities for students with disabilities is essential for efficient production in VET; for example, by type and level of course, existing method of provision, enrolment size and location, and the particular disability(s) and needs of the student.

The issue of marginal costs was raised by Dockery, Birch and Kenyon (2001) noting that, while initial costs of providing for the needs of students with disabilities may be high, the incremental increase in costs for additional participants are likely to be far lower. Particularly in the case of fixed modifications (for example, access ramps), additional students with disabilities may be able to be supported at no, or very little, extra cost to the institution.

Second, both equity and efficiency objectives are important. They need not be in conflict, but they can be. How are these objectives valued by key stakeholders? What valuations are put on equity outcomes or other socially valued outcomes (that is, apart from efficiency outcomes)? In particular, what valuations are put on improved VET access, successful participation and satisfactory employment for people with disabilities in general, and specific forms of disability in particular?

Third, there are differences in fixed costs, as well as in recurrent costs, between students with disabilities and other VET students. How fixed costs are funded is particularly important where higher levels of output can be produced at progressively lower levels of cost.

Fourth, it is important to be aware, even if only in broad terms, of the elasticity of demand for different VET products (including different types and levels of course, different modes of provision and different locations); that is, of the extent to which demand is likely to alter with variations in the price which is charged (where the full price is defined as including financial and other elements).

The total costs of providing particular VET courses, including for students with disabilities, can be viewed from various perspectives. For example, different *types* of costs can be identified, such as the cost of staff compared with the cost of facilities, capital compared with recurrent costs or direct compared with indirect costs. Costs can be separated by reference to the *sources* from which they are met. Their timing and the degree of uncertainty that attaches to them can also distinguish costs. Furthermore, cost information can be presented to decision-makers in ways that are more or less helpful. In general, cost information is not an end in itself, but an aid to improved decision-making, better use of the scarce resources available for vocational education and training, and improved outcomes.

The distribution of the total costs for a particular VET activity warrants careful consideration. Changing the distribution of the total costs among the various parties concerned can have important incentive effects and alter the actions of the various decision-makers. For example, a particular VET activity may be a clearly worthwhile use of scarce resources when its total costs are compared with its total benefits. However, if the costs are borne by one party, but another receives all the benefits, then the former is likely to be unenthusiastic. If this party is powerful, either economically or politically, they may be able to block the implementation of the VET activity.

While most real-life situations are not as blatant as this (although similar factors can still be operating), the distribution of total costs generates a particular pattern of incentives for participants, which is likely to influence their decisions about matters such as whether to participate in VET, in which particular program and mode of study. Participants may react to incentives that exist, but were not consciously intended, or to the incentives that result from cost distribution patterns that have been proactively designed to encourage particular actions. Knowledge of the distribution of costs, as well as their total magnitude and composition, is necessary for effective decision-making in VET, whether it is designed to achieve an efficient use of scarce resources or equitable outcomes. Shifting the costs

from one party to another (for example, from governments to enterprises, providers or students) can have unforeseen, as well as intended, consequences.

Major developments are occurring in the supply and demand of VET in Australia, including for participants with disabilities, within a changing economic and policy context. Major policy instruments used to affect both the supply of, and the demand for, VET during the last decade have included:

- ✧ putting more publicly funded education and training into competitive markets
- ✧ expansion of charges in public education
- ✧ increasing the public subsidy to fee-charging private providers
- ✧ mandating or exhorting increased expenditure by employers
- ✧ restraining or cutting public funds
- ✧ developing a new structure for VET based on competencies and the recognition of training, however acquired
- ✧ changing the management structure of public education.

These changes can have important implications, including for VET students with a disability. As governments seek to move the organisation, funding and provision of VET facilities and services from a supply-based to a more demand-based arrangement, through competitive tendering, contracting-out or New Apprenticeships, there is a complementary need to safeguard the interests of those who are less able to choose. For example, those who are poor, ill-informed, ill-prepared for further study or disadvantaged in other ways are likely to require more proactive assistance from governments under a demand-based than a supply-based system. People with disabilities are an important element of this group as—perhaps even more so—are those who experience multiple disabilities or whose disabilities interact with other characteristics such as low levels of literacy and numeracy, locations remote from VET facilities and services, low income or Aboriginality.

The VET reforms have had four main objectives:

- ✧ to increase the levels of investment in education and training, at limited cost to governments
- ✧ to equip both young and older Australians to be flexible members of the workforce
- ✧ to achieve more equitable outcomes from vocational education and training
- ✧ to maximise the education and training outputs achieved from the resources involved.

These can be seen as very similar to the five objectives of the national strategy for VET: to equip Australians for the world of work, to enhance mobility in the labour market, to achieve equitable outcomes, to increase investment in VET and to maximise the value of public expenditure on VET (ANTA 1998a).

Against this background of VET reform, Burke (in Selby Smith et al. 2001) identifies three criteria for assessing arrangements for funding VET:

- ✧ Do the existing arrangements, or proposed alternatives, promote more education and training?
- ✧ Do they promote efficiency in the provision of VET; that is, help to achieve the maximum output of valuable goods and services, including their quality as well as their quantity, from the resources that are made available?
- ✧ Do the existing arrangements, or the proposed alternatives, promote equity in VET?

These criteria can be applied generally in VET, but are particularly relevant when considering arrangements for the funding of VET for people with disabilities.

The level of funding

The focus of this study is on the methods used for allocating funding for students with disabilities in VET, rather than on the overall levels of funding available. Nevertheless, the level of funding is important. The overall level of funding will determine the type and range of supports that can be provided. The level of government funding is indicative of society's commitment to supporting the education and training needs of people with disabilities and to the importance given to ensuring that people with disabilities do not experience disadvantage in education or training as a result of their disability. Inadequate funding can hinder or delay the provision of appropriate forms of support or facilities and thus the participation of people with disabilities. It can prevent the achievement of optimal outcomes, including successful completion, transition to another program and/or employment. It can suggest that people with disabilities are considered to be second-class citizens.

The level of funding contributed by education and training providers is indicative of the priority they give to the needs of students with disabilities in relation to other calls on their purse.

The level of funding contributed by individuals reflects their income level and their assessment of the relative costs and benefits they expect from participation in education and training.

Dockery, Birch and Kenyon (2001) find that, among Australia's working-age population (aged 15–64 years), 2.1 million people, 16.7%, had a disability in 1998 and almost three-quarters of them reported a restriction in one or more core activities. They also indicate that limited information is available about the impacts of participation in VET by people with disabilities. In the absence of this information, a comprehensive assessment of the costs and benefits is difficult.

Underlying the work by Dockery, Birch and Kenyon (2001) is a new perspective on the funding of VET for students with disabilities. Currently considered primarily as a cost, funding is viewed from this perspective as an investment that is expected to yield both social and economic returns. For instance, the money governments invest in VET for students with disabilities will enable these students to complete study or training that will enable them to gain employment. Participation in work will mean they do not continue to require the same level of government financial support; that is, income subsidies or pensions. Similarly, they will be able to participate more fully in society—requiring fewer social supports.

Dockery, Birch and Kenyon's (2001) initial analysis of costs and earnings, although limited by a lack of detailed data, suggests that increasing the participation in VET of people with disabilities would result in substantial economic gains. That is, the return on investment would be substantial. However, it also suggests that, for any individual, the extent of this return on investment would depend on the type and severity of the disability; that is, the nature of some students' disabilities would impact on their employment outcomes.

Overall, their work lends support to a view that increased levels of government funding for VET for people with disabilities are justified because the outlays are more than compensated for by the returns.

Conclusions

Considerable progress has been made 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. Studies reported in the literature highlight the considerable variation in costs from one student to another, depending on their individual support needs and the types of activities in which they are engaged. They also indicate that, while most students' needs can be accommodated relatively cheaply, a small number will require forms of support that may be very expensive.

Overall, it is almost impossible for providers of education and training to predict costs from one year to another, as an institution cannot know in advance which students will enrol and what types of disabilities and support needs they will have.

Two major types of models for funding education and training for people with disabilities are currently in use: those that provide funding directly to institutions and those which provide funding directly to students. However, any funding model must take account of the need for flexibility in responding to student needs and recognise the wide variations that exist in the costs of different forms of support.

Care must be taken in constructing models, for different ways of distributing costs create patterns of incentives and disincentives that may affect the decisions of all parties concerned, including governments, education and training providers and the students themselves. Students with disabilities may not want to participate in VET—even if they will gain benefits—if the costs are too high, or the conditions poor. Similarly, education and training providers might not seek to increase enrolments by students with disabilities if they know that this will entail considerable additional expense not compensated by additional income.

Although data limitations have to date hindered a comprehensive analysis of the returns to investment in VET for people with disabilities, initial work indicates that the returns may be substantial. It thus lends support to arguments that increased levels of government funding should be regarded as an investment, rather than a cost.

Current funding arrangements

Introduction

This chapter considers the current funding arrangements supporting students with disabilities nationally and for VET in each state and territory. The discussion draws on detailed material in appendices 3 to 11 to this report.

The similarities and differences between states and territories are discussed first. In most jurisdictions, arrangements comprise a mixture of base funding to institutions with additional funding being available for special purposes, such as where students have particularly expensive support needs. However, in each place, a slightly different emphasis may be placed on various elements in the funding mix and there are also some differences in the ways in which funds are bid for, and allocated. Four particular similarities are noted:

- ✧ funding arrangements are complex
- ✧ they are limited in scope
- ✧ resource pressures inhibit the assistance that can be given
- ✧ current funding arrangements focus on public training providers.

Four main types of differences are also noted:

- ✧ in structural arrangements
- ✧ in supplementary assistance
- ✧ according to the size of the state or territory
- ✧ in specific initiatives.

Following consideration of similarities and differences we then consider the funding arrangements in relation to the criteria for assessing funding methods which were noted earlier.

Table 4: Criteria for assessing funding methods

Devlin's criteria	CEET* criteria
✧ Portability ✧ Levels of assistance should reflect need ✧ Administrative efficiency ✧ Respect for the autonomy of education institutions Additional criteria identified from previous studies: ✧ Incentives to providers	✧ Do the existing funding arrangements promote more education and training? ✧ Do they promote efficiency in the provision of vocational education and training? ✧ Do they promote equity?

Note: * Centre for the Economics of Education and Training, Monash University and Australian Council for Educational Research.

In most cases it appears that existing arrangements meet some or all of these criteria only in part, and there is considerable room for improvement. In particular, there is a need to address the

current lack of portability of funding and to create incentives to encourage providers to enrol students with disabilities and to provide them with the support they need. More could also be done to ensure that levels of assistance reflect need.

While the discussion highlights some strengths and weaknesses of the current arrangements, these are discussed in more detail in the next chapter, along with the strengths and weaknesses of the main alternative funding arrangements identified or developed during the project in discussions with public and private training providers and state training authorities.

The material drawn on in this chapter (appendices 3–11) comes from a variety of sources. Information about national programs was obtained largely through internet searching, while material about state and territory arrangements was collected primarily through discussions with representatives of state training authorities and registered training organisations. Importantly, we were able to obtain more material on some jurisdictions/providers than others. Where additional material was made available to the researchers, such as statistical data, it is included in discussions in the relevant appendix.

Each of the state and territory reports included in the appendices and drawn on in this chapter were returned to the appropriate state training authority for checking before inclusion. While their accuracy has been verified, the views expressed remain those of individuals rather than the state training authority itself. For example, some comments by private registered training providers, although accurately reported, might not be endorsed by the relevant state training authority. It is recommended that readers who want to understand the full picture, in all its complexity, read these appendices.

Similarities

In most places, students with a disability are concentrated in lower level, lower cost courses. Those who are in New Apprenticeships tend to be trainees rather than apprentices. Students with a disability often require extra time to complete a VET qualification, and additional funding for that is often not available. Providers often regret the lack of funding for pilot projects, accumulative learning and appropriate dissemination of good practice. Committed, hardworking individuals, such as disability support/liaison officers in registered training organisations, are often apparent where the current arrangements appear to be working most satisfactorily. There appear to be four particular similarities:

- *Funding arrangements are complex:* As one senior state bureaucrat commented, there 'is not a conception of the overall architecture'. The funding arrangements are often quite complex within a state, varying, for example, between state and Commonwealth sources, between public and private providers, between students with different sorts of disability, and between students in different VET courses. The basic principles on which the current arrangements are based are not easy to identify. Complex arrangements cause difficulties for various stakeholders and may make it difficult for people with a disability to choose effectively between programs and providers. However, there appears to be low priority among those interviewed for changing the existing arrangements.
- *Current funding arrangements are limited in scope:* Current arrangements focus on people already in VET, and on their learning needs. They appear to provide little scope for proactive initiatives that would enable more people with disabilities to participate in VET and to achieve successful outcomes. They appear to provide relatively little assistance to students with special needs that are not directly related to VET, but which still may be important or critical to their ability to engage in, and complete, VET programs successfully; for example, transport, accommodation, personal hygiene, social interaction and financial circumstances. (Students with a disability tend to receive more government assistance than other students but may earn less additional income through part-time employment.)

They offer little scope to assist students with disabilities who are seeking to negotiate transitions—for example, from school to VET or from VET to employment—although these can be areas of particular difficulty. Relatively little assistance also appears to be available for students with a disability undertaking a workplace assignment even where these assignments are a compulsory component of a program.

- *Resource pressures inhibit the assistance that can be given:* A number of people interviewed for the project stated that they sometimes run out of resources. They also expressed doubts about the extent to which funding could be relied on in the longer term and this appeared to be influencing actions in the present. For instance, concern about resource pressures appeared to influence provider advice to students on some occasions. These problems were exacerbated by three factors:
  - The inadequacy of the existing statistical information systems inhibits the timely provision of resources to those who require them and the appropriate determination of priorities.
  - There is wide variation in the cost of meeting the legitimate needs of different students with a disability. In one area, eight out of some 300 students identified as having a disability took up about two-fifths of the time and financial resources available. Even in large VET providers the unpredictability of variations in the cost of providing appropriate supports from year to year can affect individual courses and departments, especially if a devolved funding arrangement is in operation. The variability can be particularly difficult to handle in small providers and thus tends to be more of a problem in private rather than public providers.
  - As noted above, the provision of funding to providers is primarily for educational purposes, although the academic performance of students with a disability can be influenced by a range of other factors, including transport, living arrangements and financial circumstances.
- *Current funding arrangements are focussed on public rather than private training providers:* Providing VET for students with a disability, especially for students with a severe disability, can involve a very substantial increase in costs. While some opportunities exist for the provider to obtain extra financial assistance in meeting them, in many cases it appeared that the provider ended up bearing a significantly increased burden. Both public and private providers argued that supporting the extra costs is a matter for society in general and should not be transferred to the provider. The financial implications can be especially difficult for training providers that are small and located in geographically remote areas where other support services are fewer than in larger centres. The effect is a reduced willingness to assume these social obligations and a resultant diminution of opportunities for VET for people with a disability.

Differences

Significant differences between the states and territories are, in part, a function of VET being primarily an area of state and territory responsibility. The various states and territories vary, for example, in their geographical area, their total population, their industry structure and their traditional governmental arrangements. Against this background, it is perhaps not surprising that there are significant differences in the funding arrangements they have developed for VET for students with a disability, indeed in VET more generally.

Structural arrangements

The overall structural arrangements are different in various states and territories by conscious decision of their governments. For example, in New South Wales the responsibilities of the Department of Education and Training include both schools and TAFE. The assistant director-general for student services and equity matters reports to the two deputy directors-general (for schools and TAFE, respectively) in relation to student services, youth assistance, equity programs, disability programs, and education and training access matters. In contrast, in Western Australia the Department of Training, while responsible for VET, is not responsible for schools. The structural

arrangements for adult and community education also differ between the states and territories, as does ACE's relationship with VET. The different structural arrangements influence the policy environment for disability services, the degree of linkage between the sectors and the opportunities for action in relation to both students and staff.

Supplementary assistance

In some states the funding of VET for students with a disability, while always including general course and student support, places greater emphasis on statewide arrangements to provide supplementary assistance. In South Australia, for example, the TAFE Statewide Disability Support Program is a combined initiative of all the state's institutes of TAFE and operates within guidelines set down by a consensus of all the directors of the TAFE institutes. The program seeks to provide assistance to TAFE teaching and support staff in their efforts to accommodate better the education and training needs of students whose disability creates a barrier to success in pursuing TAFE options. The program stresses the development of partnerships between students, teaching staff and the program's resources in order to share responsibility for the more successful achievement of student outcomes.

In Victoria special additional assistance is provided centrally through a Disability Support Fund. The allocation process involves decisions by the department, based on advice from a reference group consisting of three disability liaison officers from TAFE institutes. In most states there is a mixture of general support to providers, special assistance to providers to assist with meeting the extra costs of VET training for students with a disability and other funds available for disbursement centrally, often on application or for particular programs (for example, competitive programs) or circumstances (for example, Aboriginal students). Much of the assistance available is confined to public providers.

Differences according to size

There appear to be significant differences in views of the existing funding arrangements according to the size of the state or territory. In the smaller jurisdictions, such as Tasmania or the Australian Capital Territory, the central authorities, the public provider and private training providers all seem to be 'reasonably happy with the current funding arrangements'. In Tasmania the providers indicate that they have been treated fairly in seeking and receiving support for students with disabilities. They attribute this to Tasmania being 'a small state, personal contacts, trust and cooperation'. The administrators interviewed for this study also tend to be satisfied, arguing that, in general, the proposals from providers are 'nicely structured, with a complete package, and a lot of well thought-out material'. They also note that the direct relationships which tend to exist in the smaller jurisdictions help the purchasing authorities to 'keep a finger on what is generally going on' and to direct funds to 'where an extra $500 can really make a difference'.

In contrast, there appears to be much more frustration at the provider level in the larger states, much more bureaucratic formalisation in the processes, and much less confidence at the central level that resources are being used to the best effect. There also appears to be less evidence of accumulative learning.

Specific initiatives

There appear to be many valuable specific initiatives being implemented in the states and territories. In some cases these innovations are initiated at the system level, such as the closer linking of schools and TAFE in New South Wales, the use of specialised rather than more general disability service officers, or the department's development of an 'equity data cube' to develop a set of uniform processes for collecting, comparing and disaggregating equity data in an electronic form for TAFE NSW. In other cases they are a cooperative effort at the registered training organisation level, as for the TAFE institutes in South Australia, or are developed by individual providers. In

other cases again, they are the direct result of the efforts of individuals, as in the Perth metropolitan college considered in appendix 7 and the Canberra Institute of Technology considered in appendix 10. To what extent it is appropriate for VET systems to rely on the outstanding contributions of some individuals can be debated, but their efforts lead to better VET and outcomes for a considerable number of students with disabilities.

Devlin's criteria

Earlier, the four criteria proposed by Devlin (2000) for assessing funding arrangements for students with a disability were identified. Here current funding arrangements according to these criteria and an additional fifth criterion that previous studies and theoretical considerations suggest may be important are considered.

Portability

Devlin's first criterion, 'portability', considers whether the funding arrangement 'tags' funding to the student, so that it can follow the student from one education or training provider to another. The existing funding arrangements do not satisfy this criterion. The funding provided to a student with a disability varies from one public provider to another, from public to private providers and from state to state. Even within a specific institution the funding assistance can vary from course to course and from campus to campus. A student who transfers from one VET course to another or from one provider to another cannot count on receiving the same level of assistance. This applies to both financial assistance and to services.

Levels of assistance in relation to need

This criterion considers whether the additional funding which is provided reflects the actual costs of providing support to each individual student. The detailed information contained in appendices 4–11 suggests that this criterion is, at best, only partly satisfied. Within individual training organisations, considerable efforts are made to provide appropriately for the differing requirements of students. In at least some systems, particularly South Australia and the smaller jurisdictions, administrators and personal contacts seek to tailor assistance to meet the particular needs of individual students and small providers.

However, statistical information is inadequate, so that knowing just what support is required, by which students and when presents major problems. By the time it is apparent just who requires what, it may be too late to prevent withdrawal from the course or poor academic outcomes. Even when appropriate assistance is provided, resource constraints are strong and appear to be strengthening in some states. There appear to be differences in what is provided relative to need for varying forms or degrees of severity of disability. For example, a number of those interviewed argued that provision tends to be more satisfactory for students with a physical disability than for students with intellectual disabilities or challenging behaviours. Furthermore, the assistance which is provided tends to be concentrated in public rather than private providers; to be more readily available (by comparison with need) in metropolitan than in country providers; and to be concentrated on educational support rather than other supports which, although not directly educational, nevertheless can make a considerable difference to educational success or otherwise. In addition, funding is inadequate to cover the additional time (and support) that some students with a disability may require to complete a program successfully.

Administrative efficiency

This criterion considers whether the funding model is designed to limit administrative costs and to devolve administration as close as possible to the client. In the public systems it appears that this criterion is largely met, although less so for the private training providers.

Overall, states and territories appear to keep the resource allocation process to providers as simple as possible. They are not keen to complicate the process by taking account of a range of specific matters, such as the number of students with a disability enrolled in any particular year, the types of disabilities, the programs in which students are engaged and students' geographical locations. They recognise that the costs of providing support vary from year to year and that their unpredictability is a particular problem for small providers. Nevertheless, their strong preference is to fund the institutions on a broad basis and to expect them to manage their own resources, albeit with varying degrees of supplementary (although in the total picture relatively small) assistance for special needs.

This approach is determined primarily by the central authorities rather than by those dealing directly with students with a disability. It also reflects the fact that students with a disability are generally a small fraction of total enrolments, their costs often represent only a small proportion of provider resources, and that the funding of students with a disability tends not to be a high priority at institutional or central level when budget processes, allocations or priorities are being negotiated.

Respect for the autonomy of educational institutions

Devlin argued that accountability requirements should take account of the value which institutions place on their autonomy when deciding their internal affairs. In this respect the existing funding arrangements fare reasonably well, especially for the large public providers. The institutions are largely free to enrol students, advise them on their educational program and provide support with relatively little outside interference or oversight other than legal requirements, staff and student representations, and community expectations. Indeed, it could be argued that the lack of accountability for outcomes from the resources provided is placing undue emphasis on the autonomy of institutions compared with the needs of VET students with a disability, inhibiting accumulative learning and improved processes, and disadvantaging small providers in particular.

Incentives to providers

This criterion considers whether the funding arrangements create incentives for education and training providers to enrol students with a disability and to provide them with adequate support and high quality services.

The material detailed in appendices 4–11 indicates that the existing arrangements perform poorly. Current incentives tend to discourage VET providers from enrolling students with a disability. Providers may seek to provide adequate supports, especially educational supports, while the student is enrolled, but financial constraints may impede this effort. Many providers appear not to be particularly proactive in encouraging participation. This may be a by-product of the existing incentives. More assistance in achieving satisfactory employment outcomes from the student's VET study would be beneficial, as the experience of Edge Employment Solutions (see appendix 7) shows.

Current incentives appear to be especially damaging to the opportunities for students with a disability seeking chances to study in higher cost courses, in workplace-based programs, in smaller providers, in non-metropolitan rather than in larger centres, where non-educational as well as educational supports are required and at the points of transition, such as from school to VET or from VET study to employment. In many of the cases which were studied, satisfactory outcomes were achieved owing to the outstanding efforts of particular individuals, often working against great odds, rather than broader systemic incentives.

Centre for the Economics of Education and Training criteria

As set out in table 4, the Centre for the Economics of Education and Training's stocktake set out three criteria (Selby Smith et al. 2001).

Do the existing funding arrangements promote more education and training?

Clearly, some students with a disability are able to enter VET, some students are supported in VET to study successfully, and some students are assisted to achieve enhanced employment outcomes because of the extra funding provided through the existing arrangements. However, it is also apparent from the detailed discussions reported in appendices 4–11 that more could be achieved with existing resources and that there is a case for providing extra resources to achieve additional outcomes.

Do the existing funding arrangements promote efficiency in the provision of vocational education and training?

This criterion considers whether the arrangements help to achieve the maximum output of valuable goods and services, including their quality as well as their quantity, from the resources that are made available. The evidence suggests not. For example, the inadequacies of the statistical information imply that it is difficult to know what assistance is required when, and by whom. Thus, support may be provided when it is not really required, not provided when it is required, and provided late, although timely assistance can be critical. Also, there is relatively little evaluation of existing funding arrangements and processes to identify what works well, what does not and how future arrangements might be improved. Finding the information contained in appendices 4–11 was difficult, obtaining clearance for publication from state and territory authorities was sometimes complex and time-consuming, and generally there was a relatively poor basis for accumulative learning (between providers, between the public and private sectors, and between states and territories). Thus, efficiency is not obviously particularly high at present, and the basis for longer term improvements was weak.

Do the existing arrangements promote equity?

Current arrangements do promote equity to the extent that they enable some students with a disability to enter VET, to complete modules or programs successfully and to achieve employment or other sought-after outcomes. However, it is clear from the discussions reported in appendices 4–11 that more could be done for students in VET, for those who would benefit from VET study but are currently not able to undertake it, and for those VET graduates with a disability who seek employment outcomes. There are also variations across the states and territories, so that the VET experience and outcomes for individual students are influenced by their geographical location. There are also similar variations according to the type of disability. As some interviewees noted, current arrangements enable more support to be provided for those with a physical disability than for those with intellectual disabilities or with challenging behaviours. There are also variations between the public and private providers, with societal support and VET outcomes being more apparent in the former. Even public providers commented on the inadequate public support available in a number of cases for VET students in private registered training organisations and suggested that it was unreasonable to expect a private business, especially a small one, to carry the heavy additional financial costs of supporting some students with disabilities.

However, on a more positive note, various initiatives are being undertaken in individual states and territories (reported in appendices 4–11) that address this criterion and that could be considered for adoption more generally.

Concluding comments

This chapter has considered similarities and differences in the existing funding arrangements between states and territories, with discussion based on the detailed material contained in

appendices 4–11. While there are considerable strengths to the current funding arrangements, it is clear that there are also some significant weaknesses.

The chapter has also analysed the current funding arrangements by applying the criteria for assessing funding models noted earlier. Again, the analysis shows that, while the existing arrangements satisfy some of the criteria, at least in part, there is considerable room for improvement.

Thus, consideration of ways to improve the existing funding arrangements is warranted, and it is worthwhile giving attention to some alternative funding arrangements, comparing their strengths and weaknesses to those of the existing arrangements. This is done in the following chapter. While there are many possible alternatives, this focusses particularly on some that arose in the project discussions. The states and territories all indicated that these alternatives, in their view, covered the possibilities that currently warrant serious consideration. This is not, of course, to say that they were advocating such changes.

Alternative funding arrangements

Introduction

The issue of alternative funding arrangements was raised in many of the visits and interviews conducted for the study. This chapter discusses the main alternative arrangements developed during the course of the research project. The four arrangements discussed below summarise the main possibilities that were encountered. The intention has been to develop a limited number of alternative funding arrangements, each of which is worth consideration, although it is recognised that various permutations and combinations would be possible.

The states and territories all indicated that these four broad alternatives, which could be modified in various ways or taken up rather differently by individual jurisdictions, covered the possibilities that, in their view, warranted serious consideration. They also indicated that they were seeking a limited range of alternative funding arrangements which warrant serious consideration, rather than a longer list which might be justifiable on some theoretical or hypothetical basis, but which currently were unlikely to receive attention at political and bureaucratic levels.

The current situation, which was considered in the previous chapter and the related appendices, is assessed first. A range of possible modifications to the current situation, but which retain the existing basic structure, are then considered. Following this, an alternative funding arrangement in which two or three higher levels of financial support per student are provided for categories of students with particularly expensive support needs is discussed. Finally, a case-management approach in which a wider range of the needs of students with disabilities than VET requirements alone is discussed.

For each of the four alternative funding arrangements three elements are discussed:

- the main features of the funding arrangement
- the main strengths of the option
- the main weaknesses of the option.

These elements are summarised in table 1 presented in the overview of the report.

Current situation

Main features

The existing arrangements in each state and territory are described in detail in appendices 3–11 and discussed in the previous chapter. In general, funding comprises a mix of base funding to institutions and additional funding. Some funding is also provided for specific initiatives that may be within, or across, providers and education sectors.

Strengths

The strengths of the existing funding arrangements include:

- the enrolment of considerable numbers of students with disabilities, especially in public providers, but also in some private registered training organisations. For example, the National Centre for Vocational Education Research's (NCVER) national provider collections show that in 1996, 47 311 students reporting a disability were enrolled in VET, and this rose to 62 082 in 2000
- the provision of extensive support for students with disabilities, including through capital expenditures, such as that for access, and through recurrent funding, such as for interpreters, note-takers, ergonomic furniture or adaptive equipment
- a strong commitment among many managers, academic staff, administrative staff and students in VET to address the needs of students with disabilities, to encourage their participation and to facilitate their successful study. Some outstanding instances were encountered during this project of people in the system whose commitment to their work with VET students with disabilities was crucial in ensuring that these students received substantial support
- an increasing recognition in VET systems, at both national and state/territory levels, that additional measures are required if the reasonable needs of VET students with disabilities are to be met and some evidence of an increasing determination to achieve these changes. For example, in New South Wales, the largest VET system in Australia, there has been considerable progress in relation to facilitating the access of disabled school students to TAFE and in providing more VET programs in schools, including for students with disabilities.

Weaknesses

Significant weaknesses in the current funding arrangements limit access to VET programs, make the study in VET of students with disabilities less successful than it might otherwise be, and restrict the achievement of the optimal employment or other outcomes.

VET students with disabilities and the Australian population

The proportion of VET students with disabilities is much less than the proportion of the Australian population (or the population in the relevant age groups) who have a disability. While the statistics are not wholly reliable, the differences are most unlikely to be merely an artefact of the definitions used, or the way in which the situation was measured. The access into VET of students with disabilities is significantly more restricted than for the general population. Indeed, the proportion of the total VET student enrolment in Australia, which is represented by students with disabilities, has been falling. Whereas they represented 5.1% of the total VET population in 1996, the corresponding figure was 4.5% in 2000 (NCVER 2002).

According to Australian Vocational Education and Training Management Information Statistical Standard statistics there are also marked differences between states and territories, ranging from 5.3% in New South Wales in 2000, to 2.9% in the Northern Territory.

VET students and students with disabilities

There are important differences between students with disabilities and VET students in general. In 2000, for example, 27% of all VET students who reported a disability were enrolled in subjects from within the VET multi-field education area of study, compared with 11% of all VET students. Multi-field education is not directly associated with a recognised 'field of study', but encompasses a range of enabling courses, addressing generic study, interpersonal and job-search skills. However, the proportion of VET students reporting a disability in multi-field education had decreased substantially from 47% in 1996 to 27% in 2000, indicating a shift to the main vocational fields of study. The NCVER argues 'this may actually indicate the success of previous study in enabling programs'. Conversely, students with disabilities were less likely than other students to enrol in

business, administration and economics courses (17%, compared with 21% for all VET students), in services, hospitality and tourism courses (9%, compared with 17%) and in engineering and surveying courses (8%, compared with 12%).

Phan and Ball (2001) found that, following enrolment in an enabling course, almost a third of those students who undertook further VET studies in the following year had undertaken a course at a higher level. A smaller proportion of VET students with disabilities were studying at AQF level III (16%, compared with 20% for all VET students) and a larger proportion were studying at the certificate I level (12%, compared with 5% of all VET students). Phan and Ball (2001) found that students with disabilities who undertook lower level or enabling courses were less likely to be undertaking further studies than other students when they had completed their course.

Students with disabilities and employment

In terms of employment outcomes, VET students who report a disability appear to gain less from their studies than other students. The NCVER found that in 2000 these students were much less likely to be employed than other VET students. More than 60% were either unemployed or not in the labour force, compared with 33% of all VET students. For those TAFE students who graduated in 2000, there was virtually no improvement in employment outcomes. The proportion in employment remained unchanged at 43%, both before and after training (NCVER 2002, p.9). Given that the proportion of all TAFE graduates in employment increased from 68% before training to 76% after training, the ability of those with disabilities to gain employment appears to be an issue of concern.

For full-time employment the contrast is even more striking. Whereas the proportion of all students who were in full-time employment rose from 39.5% before training to 50.4% after training, it was 21.3% before training and 21.1% after training for those with disabilities. In addition, students with disabilities who were successful in securing employment after graduation from TAFE did not achieve the same level of income as Australians as a whole, after controlling for factors such as field of study, occupation and level of qualification attained; and new TAFE graduates who reported in the NCVER survey that they had a disability were found to obtain significantly lower income at 30 May in the year following completion of a TAFE course compared with other new TAFE graduates (NCVER 2002, p. 10). However, NCVER also found that students with disabilities who were in an apprenticeship or traineeship during their VET course achieved more positive post-course employment outcomes than those who were not engaged in a contract of training.

Types of disability

The needs of students with a physical disability appear to be better met by VET than those for students with an intellectual disability. This was asserted during the discussions with state training authorities and with training providers. It also appears to be supported by the statistics from NCVER's national statistical collection from VET providers. Data about the types of disabilities reported by VET students in 1996 and 2000 show that 47.2% in 1996 and 47.7% in 2000 of VET students with disabilities had a physical disability (that is, a sensory disability or physical disability), while only 15.7% in 1996 and 12.5% in 2000 were shown as having an intellectual disability (6.2% and 8.1%, respectively, were shown as having a chronic illness). Unfortunately, the high proportion of disabilities which were reported as 'other' or 'unspecified' (over 30% in both 1996 and 2000) make it difficult to identify trends or even the various categories satisfactorily.

Financial assistance

The financial assistance provided does not appear to cover the extra costs involved in providing for the special needs of students with disabilities, especially for those whose needs are substantial. It is clear that many students with disabilities can cope reasonably well with relatively minor levels of additional support. These can often be made available through the training provider, especially

where the provider is large and has substantial resources. However, when the student's needs are particularly costly to meet satisfactorily, or even when they are less costly, but the training provider is small (as is the case for many private providers and those in the ACE sector), then the present funding arrangements raise real difficulties for providers.

In effect, they are being asked to subsidise such students, either at the expense of other students or fee-for-service activities, or they are being faced with invidious choices which responsible providers are not keen to make, certainly not explicitly. In any case, the supports which are made available tend to focus primarily on educational and academic support, while the student may require a range of other supports, for example with respect to transport, accommodation and the skills of daily living, which—if not provided—have an adverse impact (perhaps a very serious impact) on their learning and educational progress.

Disability identification

The statistical information that is currently collected through the enrolment form, on a voluntary self-reporting basis and incorporated in the Australian Vocational Education and Training Management Information Statistical Standard system of national statistics, is seriously deficient. If the objective is to identify students who need assistance in a timely fashion, it conspicuously fails to do so. Many students who identify themselves appear not to need much assistance, while many students who—for a variety of reasons—do not identify themselves require assistance and can experience considerable educational disadvantage, even failure, if they do not get it.

Even the support that is provided is often not supplied as quickly after the course starts as would be desirable. Some steps are being taken to address these problems, including closer links with the schools from which particular students are recruited, or by working more closely through enrolment processes and with both lecturing and administrative staff, especially in some states and at some providers.

Possible modifications to the current funding arrangements

Main features

In this option the current funding arrangements are basically maintained, but a number of modifications are introduced in the light of the investigations that have been undertaken and the comments of the respondents. These do not change the basic outline of the funding arrangements, but they might be argued to improve the situation somewhat for students with disabilities in VET.

First, the existing statistical arrangements need to be improved. Currently they are not as useful as they could be since they do not enable those students with disabilities who need assistance to be identified. Thus timely appropriate support is unable to be provided. As a result, resources are not always used as efficiently as they could be, or achieve the best possible results. The objectives need to be more clearly specified and a system designed which will realise these objectives. Just how best to improve the statistical arrangements may require detailed investigation, although it is not obvious from our discussions that an annual approach at the time of enrolment on a self-reporting basis is the most appropriate process. For example, a more in-depth statistical sample, perhaps conducted every few years might be appropriate, given that the basic system-level parameters do not appear to change much from year to year. It could be supplemented by additional efforts at the level of individual providers to identify those students who need assistance as soon as possible—in some cases prior to enrolment—and then to provide appropriate support quickly.

Second, better support could be provided to those students with disabilities who do enrol in VET. Support needs to be provided quickly and appropriately. Furthermore, there could be an expanded capacity or willingness to reduce or waive fees, including materials fees, for certain students with disabilities. In addition, there is room for improvement in the lending, leasing and sharing

arrangements within VET, especially for expensive aids. Greater assistance could be provided, in particular, for providers with limited resources, including some private registered training organisations, smaller providers, providers in less populated districts and those with specialised programs.

There is also a need for more formal and systematic recognition within basic funding arrangements of the special needs of students with disabilities. Discussions during the project indicated that, when the special needs of students with disabilities are accommodated 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 and promote segregated provision, rather than inclusive or integrated training. This can contribute to the marginalisation of students with disabilities in VET that is, in part, responsible for their poorer post-training employment and other outcomes. If providers make available to students with disabilities the services available to other students, then they may face very large additional costs associated with the reasonable adjustments that these people need. When only 'top-up' or 'specialised funding' is made available to meet these needs, organisations can exclude people with disabilities on the grounds that no further top-up funding is available.

In particular, discussions indicated that basic funding arrangements could better recognise that students with disabilities may require a longer period of time to achieve given standards of competence. This is a critical issue as current models used by state and territory training authorities to purchase training from public or private providers do not always allow for the additional time required. Prices are usually determined on the basis of the costs of delivery (for example, labour costs, material costs) perhaps with a weighting for perceived disadvantage or hardship, or to support a specific strategy (for example, remoteness, and competence in information technology).

Once this 'unit cost' is established, the total amount allocated to a particular course/module is calculated on the basis of the 'nominal hours' (funded hours) believed to be required to deliver the training. Within this allocation, teachers are expected to make 'reasonable accommodations' within their delivery to meet the special needs of students with disabilities. However, the funding is often insufficient to cover the additional time required, particularly if the state or territory authority reduces the number of hours required for delivery for reasons such as 'speeding-up the delivery' or to contain costs. Similarly, funding arrangements could be adjusted to provide for the consistent and ongoing support that students with disabilities may require during work placements. Provision for this support is also not necessarily included within existing funding arrangements.

Overall, it was noted that a funding system is required which is inclusive, but which also offers sufficient incentives to encourage training providers to enrol students with disabilities. The system also needs to be flexible enough to accommodate the very different support needs of students, even those with the same disabilities, and sensitive to different conditions, cultures, traditions and approaches at the local level, while maintaining a national framework.

Third, it was suggested in a number of discussions that VET training could be provided or augmented by organisations which specialise in providing other forms of assistance to people with disabilities. For instance, organisations such as the Spastics Society and the Royal Society for the Blind already provide valuable services for people with disabilities. They have a wealth of relevant experience and access to a wide range of expertise. Perhaps greater efforts could be made to assist them to understand the VET and ACE systems better—as these may be quite daunting in their complexity and variety for an outsider—so that they can take up the opportunities currently available. Alternatively, these organisations could be assisted to expand their activities into at least some aspects of vocational education and training, either by themselves or in collaboration with existing providers.

However, some of those with whom this issue was discussed expressed caution about this suggestion. They were concerned that initiatives of this kind might contribute further to the

marginalisation and stereotyping of people with disabilities in VET and might lead to the many differences in support needs, even among people with the same types of disabilities, being overlooked. Further, these respondents were concerned that, particularly if training for people with disabilities became the exclusive domain of these types of organisations, there would be a strong risk of industry and employers becoming less aware of the needs of people with disabilities, a situation which could have repercussions for the opportunities available to them after they complete their training. It was suggested that current arrangements which provide 'artificial' levels of support during training could help to create unrealistic expectations among people with disabilities about possibilities for employment and further training. Further engagement with industry, rather than less, is essential if this situation is to be resolved and people with disabilities are not to be further marginalised in both training and employment.

Fourth, more attention could be paid to the transitions, where there appears to be a particular danger of students with disabilities facing difficulties. One important transition is into a VET program, including from school, although many VET students do not enter directly from secondary school. Here support can be most important, for example, in knowing what is available and how it fits with the students' educational backgrounds and attainments, their likely educational progress and their career aspirations. High aspirations need to be balanced with hard reality for all students, and special assistance is likely to be required by a number of those students with disabilities. Interestingly, NCVER has found that VET students with disabilities are older, on average, than other entering students (NCVER 2002), which is likely to have implications for what they look for and require on their (potential) transition into VET.

Another important transition is from VET into employment and NCVER evidence emphasises that this transition presents a serious problem area for many graduating VET students with disabilities. Those with whom discussions were held during this project noted a number of supports which could be provided or improved, including through trade unions, in terms of easing people into the workplace, educating workmates and supervisors, and providing future support (often for long periods) when required, as when an enterprise is restructured or there is a change in ownership. However, the rewards from providing such support can be very substantial—and well worth the cost—for enterprises, the individuals concerned, and society (as illustrated, for example, by the activities of Edge Training Solutions in Perth, Western Australia). In general, a number of those who were interviewed stressed that VET providers could play a more proactive role in the wider community than they typically do at present by encouraging more students with disabilities to enter VET. These students would benefit from VET provision and, furthermore, so also would their employing enterprise.

Strengths

As noted earlier, these changes can be seen as desirable in themselves. In addition, there are four more general reasons.

First, the changes have the potential to improve the efficiency of use of the resources provided to assist VET students with disabilities. Some relatively minor additional expenditures might be required, primarily on the recurrent side. However, the necessary capital for such items as ramp access, self-opening doors, computer hardware and other facilities' expenditure has already been largely provided. Even for recurrent expenditures there is an extensive network of support staff and services, and a body of expertise and experience on how best to provide for the specialised needs of students with disabilities. Existing opportunities for the professional development of academic and administrative staff could be improved and outreach activities enhanced. Supplementary assistance and support to increase initial employment, maintain the employment of these VET graduates when it is under stress, and enhance their productivity could be a thoroughly productive investment. Detailed evaluations could be undertaken to demonstrate where and under what conditions this could best be done.

Second, proposed changes to the balance between 'base' and 'top-up funding', as already noted, have the potential to create more inclusive and integrated education and training that might strengthen industry engagement with people with disabilities and lead to improved employment outcomes. At present, models for determining base funding do not make adequate allowance for the 'reasonable accommodations' that are necessary to meet the needs of students with disabilities, such as the additional time that they might require to complete a course. When support for these accommodations has to be sought from other sources, the funding arrangements tend to support the marginalisation of students with disabilities in VET, and as a result, these students do not benefit from the provision of VET courses as much as other Australians.

Third, changes to current models of funding that will improve the financial incentives to providers to enrol and support students with disabilities have the potential to open up more opportunities for these students in VET, and for their needs to be more adequately met. Training organisations face many competing priorities when allocating their limited internal resources. Changes that will increase the incentives for registered training organisations to address the needs of people with disabilities will ensure that these people are given a higher priority in internal decision-making.

Fourth, the improvements in the statistical system are important in themselves, but they could also provide a basis on which resources could be used more effectively, efficiently and economically in the pursuit of social and individual objectives. At present the objectives are imprecise, the overall resources provided are fragmented and difficult to quantify, and the outcomes achieved are uncertain. An enhanced knowledge basis is essential if substantial improvements in efficiency and equity are to be achieved on a sustained basis. If the present policies are to be replaced by a more coherent, targeted and tough-minded approach, some reduction in the present lack of knowledge about students with disabilities can probably be achieved. Accountability and transparency would be improved and the possibilities for accumulative learning enhanced.

Finally, the changes outlined above can be tailored to the diverse histories, cultures and approaches of the VET systems in the different states and territories. They do not need to be identical in each jurisdiction, although some discussion might be useful on such matters as objectives, how they might be achieved, how improvements could be measured and accumulative learning fostered across state borders. One size does not fit all. States have many different ways of dealing with the same issues, according to local conditions, cultures, traditions and approaches. What is important is that all strive to achieve the same outcomes, if not necessarily by the same methods.

Weaknesses

In general, while the modifications proposed would be expected to improve the situation for students with disabilities, it seems unlikely that the weaknesses identified in the above discussion for the existing funding arrangements would be much changed. Participation would be likely to increase slightly rather than dramatically, so that the disparity with the overall population would remain striking; similarly for enrolments and success within VET for those who succeed in entering it. Perhaps it might be argued that for employment successes to be realised, greater improvements might be possible without major changes to the funding arrangements in VET, given the achievements of some existing operators. However, this would require substantial re-orientation of priorities in the existing VET disability services, the development of additional expertise, or significant extra resources.

Basically, meeting the extra costs resulting from providing support for students with disabilities, especially those with high support needs, would remain at the discretion of the individual training provider. Of course, some providers will do so, but the incentives will be working in the other direction: to enrol as few of such students as possible, taking into consideration legislative requirements, social responsibility and other factors. Some public providers appear to feel a special sense of obligation to such students, and large institutions may be better able to cope with the extra costs imposed by a relatively small proportion of their student body. Nevertheless, some students

with disabilities are very much more expensive than the average student in that course and institution—a factor of ten was cited by one respondent—and this will continue to be a barrier to provision, especially in small providers and those who operate as a business on tight margins.

Additional base funding

Main features

Under this change to the existing funding arrangements, additional resources would be made available to training providers to cover the extra costs needed to attract students with disabilities into VET, to support their studies and to assist them to achieve the outcomes they seek so that maximum benefit is derived. The 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, students whose disabilities mean particularly high costs for providers could be grouped into a small number of broad categories. Providers could be reimbursed for the extra costs of providing support, according to a rate set for each category. It was suggested during the discussions in one state, for example, that there might be two, or at the most, three categories. This arrangement would provide an incentive for both public and private training providers to expand their course offerings and support to enable greater participation by students with disabilities as well as improved outcomes. It is not envisaged that, under this arrangement, additional resources would necessarily be provided for relatively low-cost cases, which would continue 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 continue whereby additional support is negotiated as required for individual students; for example, in Victoria where providers can apply through the disability support fund (although at present this fund is suffering severe financial constraints) or in South Australia through a TAFE system-wide arrangement. However, the intention would be to have a capacity to supplement the resources available to individual providers on a flexible basis in order to meet the variable needs that can arise. The combined arrangements are also intended to relax the budgetary constraint that currently restricts the support that can be given by providers to individual students with disabilities, sometimes quite substantially.

Three other modifications to the existing arrangements could be considered. First, the additional resources to support VET for people with disabilities could be extended beyond public providers, so that other organisations, including enterprises and private training providers, would have an incentive to provide appropriate opportunities and support. While some already do, it is not reasonable to expect them to do so—and not necessarily effective—on goodwill alone. If raising the participation of people with disabilities in VET and enabling them to study more successfully and facilitating improved outcomes are socially valued undertakings, then resources need to be allocated to ensure the objectives are achieved in practice.

Second, targets could be set and achievements monitored, so that the additional resources allocated can be shown to have particular purposes and to be achieving them. If some providers prove to be more efficient and effective in achieving the determined objectives, which could include attraction, retention, educational achievement and employment outcomes, then resources can be re-allocated. In this way the maximum outcomes might be achieved from the limited resources available. Transparency and accountability for the effective use of public funds would be enhanced.

Third, the use of the resources could be monitored to identify what is successful and why (and what does not work). In the longer term this might result in better understanding of what is possible, what can be improved and how the available resources can be best deployed to achieve efficiency

and equity objectives. A process of accumulative learning could be most valuable in this area, and it need not apply necessarily only at a central level or on a top-down basis.

Strengths

There have been major changes in the Australian vocational education and training system over recent years, including a shift towards a system in which higher priority is given to the views of participants, including students and enterprises. Ideally, this shift empowers disadvantaged groups and individuals to have a greater say in the training provided, especially by large providers, and how it is delivered. People with disabilities are a very significant proportion of the Australian population and they can achieve a great deal of benefit through VET. Depending on the structure of the new arrangements and the dollar amounts attached to particular outcomes (in particular, whether the additional costs involved are covered or not), a market-based approach could embody a strong set of incentives for VET providers to expand their offerings in this area, meet the needs of students with disabilities more effectively and reduce the disparities which currently exist between students with disabilities and other students in VET.

A range of other potential benefits can also be identified:

- The decisions can be made by the VET authorities (subject to adequate resources being made available) and thus can reflect the varying histories, cultures and traditions of the different states and territories. The changes could be made on a consistent basis across the country, but that need not be an impediment to progress if some states want to move faster than others or implement changes in different ways. Changes can also reflect the policy priorities of governments at the state and territory level.
- The proposed arrangements would apply to both public and private providers. At present many of the support arrangements cover only public providers. While the public providers represent the majority of VET activity in Australia, there are also competent private providers. With changed arrangements and the financial basis for a viable market, they could provide valuable additional support for people with disabilities. There could also be opportunities for developing an export market in this specialised but potentially substantial area. Providers may now look askance at enrolling substantial numbers of students with disabilities, when costs exceed revenues, but they are likely to act differently if costs are covered, more so if the conditions for profitable market provision are introduced.
- Establishing clear targets for achievement, monitoring the degree to which they are attained, and progressively redirecting resources to those areas and providers that prove most successful in achieving desired outcomes for people with disabilities, have a number of advantages. It is likely to improve the efficiency with which the available resources are used, and since they will always be limited, this means that, for example, more people with disabilities can benefit, or those who participate, can achieve improved educational and employment outcomes. It is likely to improve equity, especially since people with disabilities form a large group which so far has not derived full benefit from the VET system. The proposed arrangements provide the basis for improvements in transparency and accountability. This is important when scarce public funds are involved and is likely to provide a firmer basis for continuing public support in the longer term. The arrangements also provide the basis for improvements in accumulative learning, with the prospect of better efficiency and equity outcomes and processes over time.

Weaknesses

Three particular weaknesses are identified. First, the proposed funding arrangement assumes that additional funds would be available, from either the state or territory government or the federal government. If this is not the case, then the advantages of this change in funding arrangements could not be achieved.

Second, the proposed change to the funding arrangements applies only in VET. From one point of view this is an advantage, as it would be possible for VET systems to introduce the change without needing to engage in potentially complex negotiations and interactions with other groups and organisations. However, from another point of view it is a disadvantage, since VET is only one aspect of the lives of people with disabilities, and there are many other aspects that can affect their capacity to enter, complete and benefit from VET. Yet the proposed funding arrangements would affect only their VET experience and not other factors.

Third, the proposed funding arrangements directly confront the issue of whether the rhetoric of providing better opportunities in VET for students with disabilities is to be backed by adequate resources. This could be seen as a strength of the proposed arrangements, for without provision of the necessary resources and a real intention to achieve the stated objectives, supportive rhetoric will be seen as empty. In a number of the discussions held during this project respondents appeared to feel that there was no real commitment to providing the required levels of support, despite claims to the contrary. On the other hand, confrontation of this issue could also be a weakness of the proposed arrangements if it leads to polarisation within the VET community or the disaffection of those whose knowledge, expertise and commitment is essential to ensuring that people with disabilities in VET are supported appropriately.

Case management

Main features

This proposal for change to the existing funding arrangements responds to arguments that education and training is only one part of the life of a person with a disability. The focus of attention should be on the individual and *all* of their needs should be considered—of which VET is only one. The arrangement is also contrary to an approach to funding that is argued to be too segmented, resulting too often in a 'silos' approach, where the interaction between the person's different activities receives insufficient attention. It proposes a more holistic approach to supporting people with disabilities in VET.

However, a case-management approach was not advocated or supported strongly during the wide range of discussions that were held for this project. It was seen as requiring more capacity to choose effectively than sometimes exists. It was also argued that a case manager would need to be employed if it was to work at all effectively, which could prove costly.

If a case-management approach is to be seriously considered, then further work on its make-up and operation would need to be undertaken. For instance, a number of variants would be possible and choices would need to be made between them (for example, vouchers, or other measures to enable the portability of funding). The actual funding model that might underpin a case-management approach could be developed in a number of ways and would have implications well beyond vocational education and training. To develop such a funding model is beyond the capacity of this project, especially since the approach was not prominent in the minds of those who were interviewed.

Some might argue that case management is a service delivery rather than a funding model. If it were to operate cross-sectorally, radical changes in funding would be required, based, among other things, on costs being shared across sectors and a package of support that was learning-focussed rather than system-focussed.

A number of those interviewed for this project noted that the additional support provided to students with disabilities by VET institutions is currently focussed primarily on educational assistance, such as interpreters, note-takers, counsellors, ergonomic furniture, advocacy or modified equipment. However, non-educational factors can have serious educational consequences (and

conversely) and thus support for students with disabilities in VET should be viewed against this wider background. Problems arising from an overly segmented approach to their requirements should be consciously addressed. It was argued that modified arrangements could be developed which considered the overall needs of the student, how these needs can best be met and the appropriate funding arrangements to support them. 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 the type of education or training undertaken, where and by what mode. Too often, it was argued, decisions are made on behalf of students with disabilities which are well intentioned, but which do not consider the real needs and aspirations of the students. Perhaps the student is put into a class because there is a vacancy and appropriate facilities and support are available, even though the training offered is not what the student needs or seeks. 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 they seek through their participation in VET and how these might best be achieved.

Strengths

The obvious strength of this approach is that it would focus on the overall needs of people with a disability, including their VET training needs. It would be likely to strengthen the linkages between different areas of their life, including secondary schooling, VET and employment. The type of approach would be better placed than any single service, including VET, to uncover the highest priority needs and how they could be most efficiently addressed. It could assist in improving both efficiency and equity processes. Whether it would do so in practice, given the range of involved stakeholders and the complexity of their interests and interactions, is more difficult to determine *a priori*. Nevertheless, the success of case management in other areas, for example in relation to aged persons, demonstrates, on the one hand, the scope for highly beneficial outcomes for individuals (although the possible savings in nursing home expenditures was also a powerful inducement), and on the other hand, the importance of careful planning, extensive negotiation and thorough implementation.

Weaknesses

There appear to be three main problems with this proposal. First, VET could not make the decisions. The issues range far beyond the boundaries of vocational education and training. Indeed, VET would be only one area among many to be considered. As noted by one commentator, VET would be likely to be 'a fringe dweller in the policy process' and, at best, one voice among many in the important implementation phase. It could be that the special concerns of VET would be, if not overlooked, at least not given much priority. To embark on this proposed change might prove beneficial for the vocational education and training of students with disabilities, but it would be a bold prediction that it would definitely be so in all cases. Furthermore, once the initial decision was made, it appears unlikely that the VET sector could change its mind and revert to other less integrated arrangements.

Second, the implementation of a case-management approach, even if agreed in principle by the wide range of interested stakeholders, would involve a complex set of negotiations. The precise outcome of those negotiations would not readily be predicted in advance. A case-management funding arrangement, for example, would involve a whole-of-government approach across many different departments and agencies. It would need to include the three levels of government and consideration of both public and private sector contributions. VET would have an interest in some of these aspects, particularly the education, training and employment sectors, the contributions of public and private providers, and the respective roles of the different levels of government, but

much less interest in a range of other aspects which would have to be included in the overall arrangements.

Third, while the final outcomes of negotiations are difficult to predict, it appears unlikely that there would be much scope for variation between states and territories to accommodate, for example, their different traditions, arrangements and expectations in VET. The negotiations and subsequent implementation would be difficult enough without introducing even more variations and complexities. This proposal for a move towards a case-management approach is thus likely to involve a more standardised outcome across states and territories than currently exists. Such an outcome, if foreseen, is likely to be viewed as a disadvantage by many of those in the states and territories who are influential in determining VET policies and practice.

Concluding comments

In this chapter four alternative funding arrangements have been considered, with their main features, strengths and weaknesses. While there are many possible alternatives, these arrangements were those that arose and were developed in discussions with the people interviewed for this project and were considered to warrant consideration. Discussion of these alternatives leads to four main conclusions:

- There are a number of opportunities for improving efficiency in the use of resources to assist students with disabilities in VET. There also appear to be significant possibilities for improving access, participation and outcomes for this substantial group in Australian society.
- There is an important question about whether additional funds will be provided. Support to meet the extra costs of providing adequate facilities and services to students with disabilities in VET is a societal responsibility rather than primarily a responsibility of enterprises or education and training providers. A number of cases have been identified, generally when students have particularly expensive support needs, where providers are not reimbursed for these extra costs. This can be a problem for providers, especially in specialised areas or where enrolments are low. This issue tends to have a greater impact on private than on public providers and on smaller than on larger providers. If additional funds were made available, substantial improvements could be achieved. However, if additional funds could only be provided for students with disabilities by redirecting existing resources from other areas in VET, then much less is likely to be achieved. These improvements will largely be confined 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.
- There is a question about the degree of standardisation to be sought. At present, there are considerable variations between the support facilities and services provided to VET students with disabilities. There are also 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. These differences include variations 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 changes discussed above continue to allow scope for substantial variation between the states and territories, whereas greater harmonisation appears likely under a case-management approach.
- 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 course, any significant changes to the existing funding arrangements will involve interaction with other parties, including state treasuries, if additional financial resources are sought. However, 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.

Conclusions and next steps

This report has documented the background, conduct and findings of a research project examining current funding arrangements for VET students with a disability and possible alternatives. It has shown that existing arrangements have both strengths and weaknesses and there is significant room for improvement. It has also discussed some alternative arrangements identified in project discussions as those warranting further consideration.

In the previous chapter four different funding arrangements were identified: the current situation; the current structure with some possible modifications to address problems identified; additional base funding arrangements for VET institutions; and a case-management approach. We noted that all have strengths and weaknesses and described some of these.

In this chapter the material is reviewed, noting some major conclusions and issues that it has not been possible to address within the confines of this project. A possible series of next steps that could be undertaken to advance the work are also suggested.

Which model?

Which of the four alternative funding arrangements identified in the previous chapter is 'the best'? From the material gathered, the analysis and the conclusions drawn, it is possible to identify a number of features that an ideal model for funding VET for students with disabilities should incorporate. This list includes most of the criteria identified earlier, but also draws on the discussion on current findings and alternative arrangements:

- The model should create incentives for VET providers to enrol people with disabilities and to provide them with the support they need to complete their program successfully and to achieve desired outcomes.
- The model should ensure that VET providers do not bear the burden of meeting the high-cost support needs of some students with disabilities.
- The model should enable students with disabilities to take the extra time that some of them need to complete a VET module or program.
- The model should ensure that students with disabilities have the supports they need during work placements.
- The model should ensure that students with disabilities receive the support they require to be able to enter VET and participate successfully, including to meet needs that are not directly related to VET but potentially affect VET.
- The model should provide support for transitions (for example, school to VET, VET to work).
- The model should enable the identification of appropriate VET outcomes for individual students, and support the students and providers in working towards these outcomes.
- The model should enable support to move with the student in a transfer from one VET provider/program to another.

- ✧ The model should increase opportunities for students with disabilities in VET.
- ✧ The model should incorporate flexibility allowing for variations in the levels of support required within any registered training organisation from one year to the next.
- ✧ The model should incorporate flexibility to allow for differences between states and territories within a national framework, while ensuring that access to necessary supports does not become a function of geographic location.
- ✧ The model should increase equity in VET.
- ✧ The model should be as simple as possible to implement and operate.
- ✧ The model should ensure the most effective use of limited resources.
- ✧ The model should support cumulative learning about the most effective and appropriate ways to support students with a disability in VET so that they can achieve desired outcomes.

None of the four funding models discussed has all of these features, and given that these features are 'ideals', it is unlikely that any single model would ever possess all of them. In any case, contextual matters are likely to impact on the ability of any single model to meet all of the requirements at any one time. Resource constraints, the setting of priorities etc. differ across the states and territories, even with a national framework, and will affect both the appropriateness of any model—and its effectiveness.

For these reasons, at least in part, no single model as a preferred option is identified. This position also reflects the fact that the current project has not been able to consider the alternatives identified in sufficient detail. Considerable further work is required before any conclusions might be drawn about which was the most appropriate model, for what reasons and in what circumstances. The alternatives need to be 'filled in' with detail about what they would look like and how they would work.

Next steps

Given the lack of a preferred model, what next steps might be appropriate? The matter was raised in a number of discussions during the project and some suggestions were offered. In summary, respondents sought action and suggested two steps to progress matters.

First, the four broad options could be considered, which would involve an analysis of their overall strengths and weaknesses. (If there were other relevant options, these could also be explored.) Participants would need to recognise that a range of permutations and combinations are possible, and that conclusions need not be identical in each state and territory. A preferred funding option could be identified, perhaps tentatively at first.

Second, a pilot project could be established to 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 registered training organisations.

The next stages could consider a range of matters which were not covered fully in this project, building on the existing analysis and providing 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 types and severity of the disabilities
- the needs of people with disabilities who have not managed to enter VET, but who could benefit from doing so.

There are also important questions that could be asked about whether students with disabilities enter the most appropriate courses (it appears that many are ill-advised), and about how they can achieve the best employment or other outcomes. Further consideration could also be given to the elasticity of demand which was identified as important. 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 to enter VET. In addition, while most of the discussion in this report has related to recurrent costs, capital costs are also important, especially for students with disabilities, and particularly for those in smaller or more specialised providers. A more complete study would also need to take greater account of links between schools, ACE, higher education and employment.

Setting objectives

On a more general note, this project has raised questions about the objectives that are being sought in the case of VET for people with disabilities. What are these objectives? Are they employment, personal development, social considerations, or some combination of all of these? Are investment or consumption purposes more important, or what combination of the two? What about the students themselves and their families and carers? Are people with disabilities participating in VET courses in order to enhance their employment outcomes? Are they studying primarily to gain skills and knowledge for personal interest or to improve some other aspect of their lives? Do they have a combination of motives?

Clear objectives are necessary to ensure that resources are used effectively and economically deployed to achieve them. They also make it easier 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'.

This raises a further important question: 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? As discussed earlier, there are many significant stakeholders in VET, including governments, VET providers, employers, students, trainees and workers. The costs that each face, and the benefits they each expect to receive, will influence the decisions they take about whether to participate in, or support, VET and 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 in 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 is seen to lie with governments, at both state/territory and national levels, and with VET providers, especially the public providers.

However, it was also argued that if costs exceed benefits for enterprises or providers, especially private providers, the providers should either provide assistance as a contribution to the community, or 'the government' should tilt the balance, by subsidising costs or helping to increase the benefits received.

It was also often argued that society shared responsibility for a range of related matters, including:

- links across educational sectors and with employment
- special attention to the difficulties of transition for people with disabilities

- ✧ a whole-of-government approach rather than an approach characterised by 'a silos' mentality'
- ✧ support for private as well as public providers, for ACE as well as VET
- ✧ attention to general needs faced by many people with disabilities and also to the special needs of particular individuals, which can often be very expensive
- ✧ support when entering employment and perhaps also when changes in the workplace may have a disproportionately adverse impact on workers with a disability.

Monitoring and evaluation

Finally, comments were made in a number of discussions during the project that there was significant scope for more monitoring and evaluation of the range of activities designed to assist students with disabilities in VET. It was argued (and there was considerable evidence) that much good work is being done and that supportive evaluation and dissemination would enable a wider sharing of experience and improved practice. A closer partnership between research, policy-making and practice, it was argued, would be beneficial for all parties. It would enable the needs of VET students with disabilities to be met more satisfactorily. It would also enable the available resources to be deployed more efficiently and produce more equitable outcomes.

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