Toward the Big Blur

State Financing Models That Promote New Education-to-Career Structures

AT A GLANCE

Jobs for the Future's (JFF) vision for the Big Blur calls for entirely new educational institutions and systems to better prepare 16-to-20-year-olds for college and careers. This paper examines a new type of financing structure needed to help states create more effective grade 11-14 schools and systems, as well as state examples of new financing models.

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About This Paper

JFF's Big Blur argues for a radical restructuring of education for grades 11-14 by erasing the arbitrary dividing line between high school and college to open opportunities for the learners our current systems leave behind.

We make the case for an entirely new type of public institution, neither high school nor college, designed to better meet the needs of 16-to-20-year-olds by enabling them to earn a postsecondary credential and prepare for a career—free of charge.

This paper outlines the new type of **financing structures** needed to help states create the more effective grade 11-14 schools and systems envisioned in The Big Blur.

Forthcoming papers will examine alignment and staffing. See our paper on governance here.

Fulfilling the Big Blur vision will require seismic shifts in existing state systems and policies, including in these four key areas:

- **Incentives** for accountability and financing to promote new ways of organizing learning
- **Alignment** of high schools, colleges, and labor markets so that 11th-grade students enter new institutional structures focused on postsecondary and career preparation
- **Governance** model that unifies decision-making authority over grades 11-14 as well as over districts and postsecondary institutions that are working as a unified institution
- **Staffing** structures designed to equip specially trained educators and leaders to teach, curate, and organize learning and work experiences and support systems for students in grades 11-14

Introduction

Today's young adults are navigating a rapidly changing world. With national discussions swirling about the infusion of AI into our everyday lives, and an increasing demand for skills-based hiring rather than hiring based on college degrees, it's clear that more must be done more quickly to set up today's young people for a lifetime of both disruptions and economic success. Unfortunately, time and again we've seen how today's education and workforce systems aren't set up for the world of today or tomorrow. The enduring and seemingly intractable disconnect between high school, college, and the world of work continues to prevent far too many young people from jump-starting their careers and gaining a strong foothold in the economy. We are long past the days of believing that a high school diploma alone is enough for economic success. So, why as a society do we accept that a quality public education should only be an entitlement through grade 12 when we know today's young people need postsecondary education and in-demand skills training to access a good job? It is no longer about funding credential attainment but about systematically financing students' preparation to become successful on their chosen career path.

To create an enduring education-to-career pipeline that transforms learners into successful workers, we must forget what we think we know about our current education and workforce systems and how they are structured. Instead, we must consider what it would mean to blur the lines between those systems and create something entirely new.

To get us into The Big Blur mind frame, particularly implications for financial structures, let's consider the hypothetical creation of a new state—the 51st—and ask ourselves how we might build the necessary systems and structures that support career readiness outcomes and seamless transitions for young people ages 16 to 20. If we could start from scratch—a blank sheet of paper—what would the financial structures of the new 51st state look like to best support young adults? At the core of any new system, including The Big Blur, is finances. Improved financial structures alone won't get us to The Big Blur; however, how a system is financed plays a key role in determining its overall goals, outcomes, and sustainability.

The Big Blur argues for a universal public education and career-readiness entitlement through the first two years of postsecondary education. In the ideal Big Blur 51st state, this entitlement would be supported by one large and flexible state funding pot—separate from pre-K through grade 10 funding—that's overseen by [one cabinet-level decision maker](#) or team. The entitlement would enable the development of new institutional (grades 11 through 14) and learning structures that:

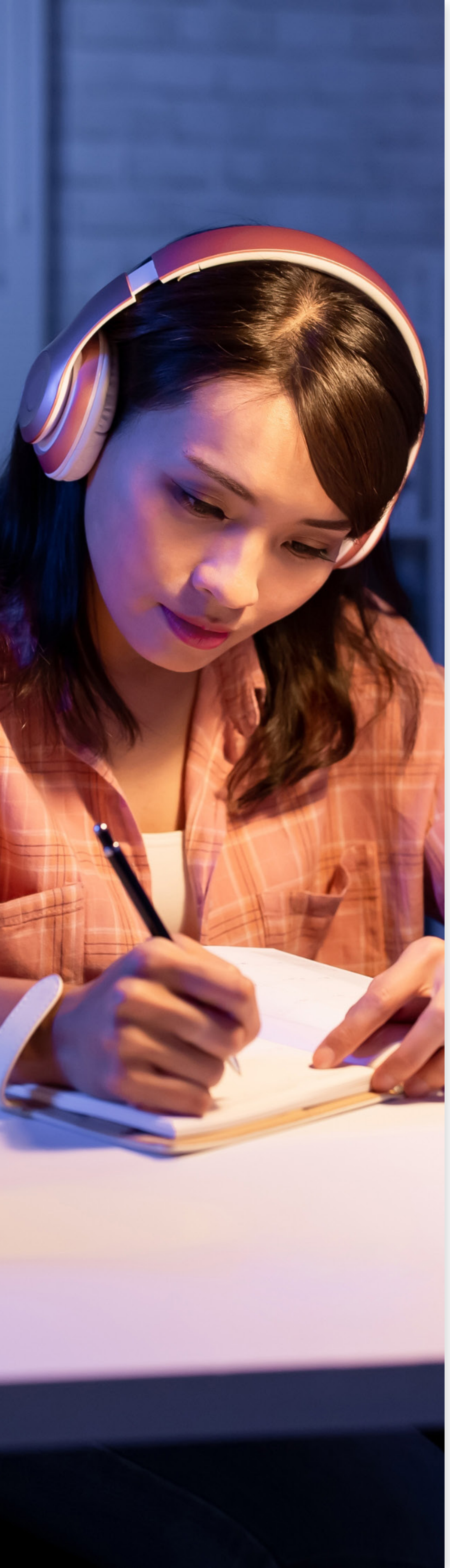
- Allow students to gain early exposure to college and careers and give them the ability to earn an industry-recognized credential;
- Are tuition- and cost-free to students; and
- Lead to a surge in degree and credential attainment and prosperous economies.

Undoubtedly, a hundred reasons why this wouldn't be feasible come to mind, like the upfront costs, the fact that most state K-12 education dollars must be supplemented by local tax revenue, the need for oversight and governance, and debates about the role of public education and whether it's intended to support young people on their career pathways at all. But what should also come to mind is how a radical change like this might impact our young people, their future economic potential, and our society.

JFF believes we're closer to this new 51st state and entitlement than many believe. Establishing financing structures that promote new ways of organizing learning through the first two years of postsecondary education and training is necessary and achievable, even in today's siloed and fractured education and workforce system. It also doesn't require a large influx of new dollars. Progress can be made by spending current state dollars better.

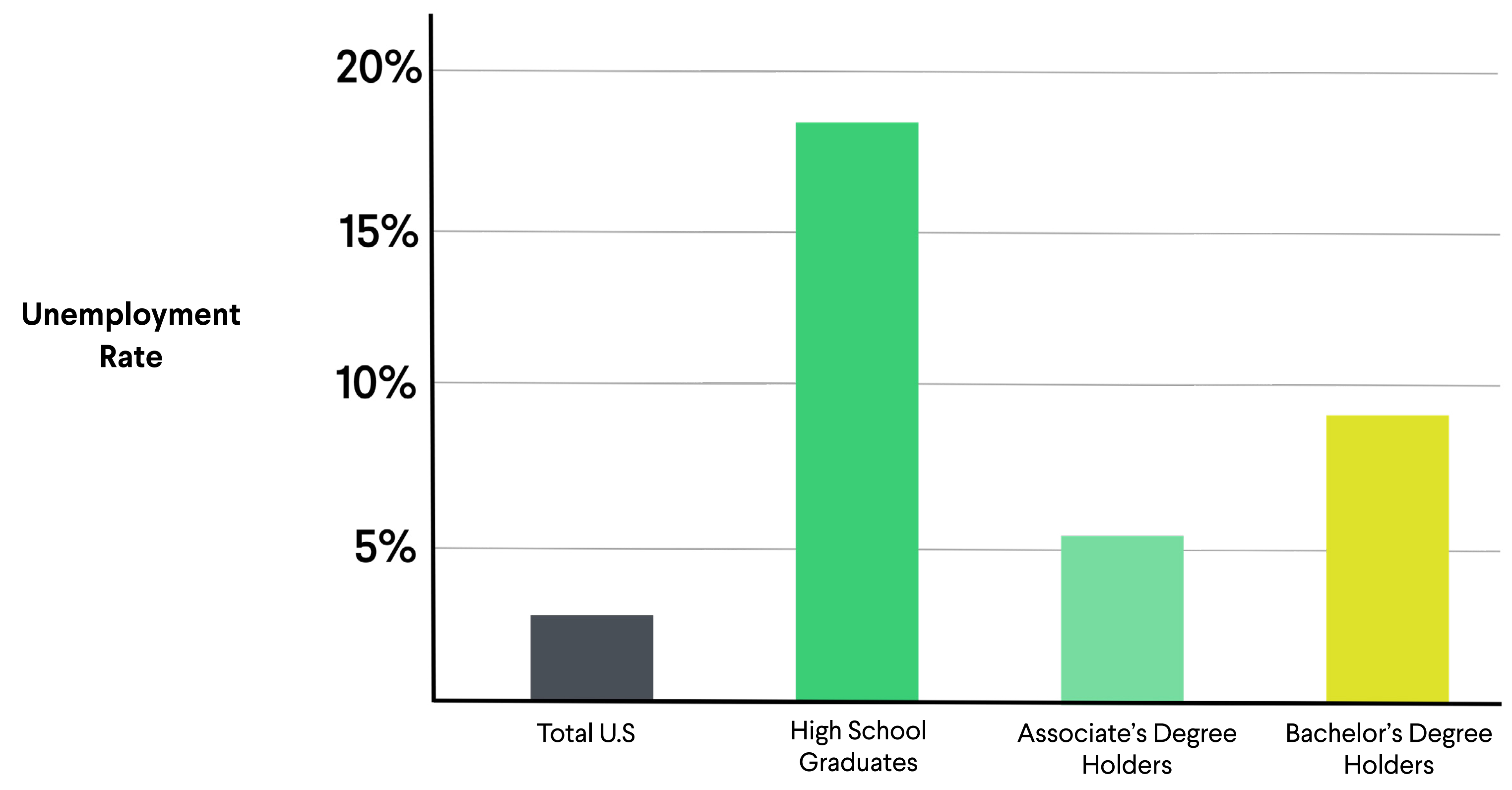
For those with more *no's* than *yes's* coming to mind, it might be surprising to learn that some states have already taken incremental steps toward leveraging financing to blur the transitions between secondary, postsecondary, and workforce systems, demonstrating that progress is possible.

What follows are reflections on common approaches to financing postsecondary credential attainment and career preparedness, along with newer financial approaches that state policymakers should be paying attention to.



Common Approaches to Financing Postsecondary Credential Attainment and Career Preparedness

You may be thinking that many states already provide funding for K-12 college and career pathways to help support students through the transition from high school and beyond. Although this is true and progress has been made, the numbers don't lie. Of the 3 million recent high school graduates, 18.3% of them who weren't enrolled in college were unemployed as of October 2022.[1] During the same timeframe, 5.7% of recent high school graduates with an associate's degree and 8.6% with a bachelor's degree were unemployed.[2]



Rate of unemployment by education level

These numbers tell us that by the time students leave high school or a postsecondary education program, they are not adequately prepared to enter the workforce with reliable degrees of success.

This section includes common financing approaches that states have implemented to help smooth the transition between secondary and postsecondary. They hold lessons as we ideate about the creation of our new 51st state and how to get from where we are now to where we need to be: a country that won't need one-off programmatic workarounds to prepare young people for their futures.

Dual Enrollment Financing

Dual enrollment programs provide high school students with the ability to earn college credits while in high school. High-quality programs include strong partnerships between secondary and postsecondary institutions, are rigorous, and ensure credits are transcripted and transferable toward a recognized postsecondary credential. The aims of dual enrollment align with components of The Big Blur, including ensuring high school students earn postsecondary credits early on, allowing them to jump-start their postsecondary path, and reducing the amount of time and tuition students will have to pay after high school graduation to complete a postsecondary degree. However, common state approaches for dual enrollment financing go against The Big Blur's entitlement aims because they tend to be:

- Duplicative across secondary and postsecondary institutions and reinforce siloed funding streams that disincentivize deeper forms of collaboration across systems or shared accountability.
- Unable to fully solve postsecondary access challenges (e.g., dual enrollment is not available at all high schools or for all high school students, and in some cases, students must pay for these opportunities or demonstrate financial need).
- An ineffective incentive for postsecondary institutions to engage with the K-12 system past simply offering college courses. As a result, secondary and postsecondary institutions are not incentivized to co-create learning experiences tailored to the developmental needs of young adults aligned to career paths. This is also despite the fact that there has been a significant increase in high school dual enrollment at community colleges.

Work-Based Learning Financing

Work-based learning (WBL) programs, a common element in career and technical education (CTE), allow students the opportunity to explore different careers through low-risk models such as internships and apprenticeships in which students earn critical industry experience, with some programs even allowing students to earn income. They also have the potential to create a mutually beneficial relationship between education and industry to align curriculum and training, bolstering the local school-to-work pipeline.

States frequently leverage federal dollars, often Perkins V or WIOA, to support WBL programs as part of larger state and local CTE initiatives.[3] A smaller subset of states has dedicated a consistent stream of state dollars to fund programs, and an even smaller group of states provide tax credits and other cost-offsetting incentives to encourage industry engagement in WBL offerings.[4]

Common approaches to WBL financing fall short of The Big Blur's entitlement aims because:

- Resources are limited—at both the state and federal levels—and therefore WBL opportunities are limited outside of CTE programs and often viewed as add-ons to core academic curriculum.
- When included in career preparation sequences, the amount of funding allocated typically isn't robust enough for schools, districts, and intermediaries to implement effective and innovative programs, particularly programs that utilize technology.
- Employers are rarely financially incentivized to connect with education partners to provide WBL experiences.

College Promise Financing

Many of today's college promise programs provide recent high school graduates with state-funded scholarships that cover 100% of tuition and fees for two years at state-run community and technical colleges. Promise scholarships intend to increase access to postsecondary education and training, improve affordability, and reduce student debt while building a sustainable pipeline of skilled workers.[5] They also require a significant initial financial investment, most frequently funded by public-private partnerships.[6] Public dollar sources may draw upon appropriations in statute, state-run lottery revenues, taxes, and select federal grants, whereas private dollars most frequently come from private endowments and philanthropy.[7]

Common approaches to college promise financing fall short of The Big Blur's entitlement aims because:

- Many programs don't reach students from low-income backgrounds and tend to support middle-class students more reliably.
- Most programs are structured as last-dollar scholarships, meaning students must exhaust all other financial aid before they receive promise dollars, which makes reaching Pell-eligible students more difficult.
- Programs do little to incentivize systems to restructure learning in ways that best support postsecondary success and the career preparedness of young people, nor do they incentivize strong collaboration and alignment across education and workforce systems.
- Promise programs do not necessarily increase program completion nor credential attainment as much as they increase matriculation.

These three examples are just a few from a longer list of state efforts to make postsecondary education and training affordable and accessible. Overall, these one-off or siloed approaches meet too few students' needs. The Big Blur's vision of a universal entitlement through grade 14 would serve students better by giving all students—not just those who can afford it or who have geographical access—the ability to earn a postsecondary credential by the end of grade 14 and be prepared to enter the workforce.

Innovative Financing Examples To Pay Attention To

While no state has transformed its funding structures to the point of achieving The Big Blur or our idealized new 51st state, a handful of innovative efforts are worth paying attention to and building from. This section highlights states trying things differently, which could serve as a starting point for other states looking to transform their education-to-career financing structures. The examples show how the states are adjusting their financing approaches to incentivize students to think strategically about their postsecondary pathways. They also show how states can incentivize education systems to think differently about their purpose, which has historically been centered on high school and postsecondary credential completion, and focus more on young people's early career and workforce outcomes.

Each example includes a high-level overview of the approach, details on various aspects of the approach we find compelling, and policy considerations for other states interested in embarking on a similar financing path.

Continue reading for examples of innovative financing programs by state

Idaho's Advanced Opportunities Program

Overview:

Idaho's Advanced Opportunities (AO) Program, started in 2016, places state funding directly into the hands of students who want to earn advanced course credits while still in high school. All Idaho public school students become eligible to access a $4,125 "account" beginning in grade 7 to pay for any approved overload, dual credit, or workforce training courses and examinations they might take until completing high school.[8] The legislature determined the account amount based on how much it would cost for an associate's degree (60 credits) in Idaho at the time of AO's inception, breaking down to $65 per course. This straightforward and standardized amount per course also makes it easier for students to navigate their options, as they don't have to consider varying costs as a factor in what to pursue.

AO stemmed from Idaho's 25-year history of offering dual enrollment courses and the state's desire to further boost postsecondary enrollment. AO participants are using their accounts in many ways, with the majority using them to access dual enrollment courses. Additionally, the number of students who have maxed out of their accounts has grown since the cost of dual credit courses has increased.

The initial purpose of funding AO accounts was to increase high school graduation and postsecondary enrollment rates by allowing students to accrue semester credit hours before high school graduation. Since its inception eight years ago, a stronger focus has been placed on encouraging students to explore their interests to ensure they are making education and career decisions best suited for them upon high school graduation, rather than credit accrual toward a singular credential.

- Direct financing to students that allows students to explore postsecondary options, pursue their interests, and make the best decisions for their post-high school futures
- School district reimbursements
- Early high school completion funding incentive for students
- State return on investment

In addition to advanced coursework and experiential learning opportunities, academic and career counseling is a requirement of using funds from AO accounts. First, all Idaho public school students are required to have a career pathway plan crafted no later than grade 8 with the help of a secondary school advisor. This plan can help guide students' use of AO dollars. Once students have completed 15 postsecondary credit hours using AO dollars, they are required to meet with a postsecondary counselor prior to enrolling or participating in any further courses. Idaho colleges collectively determined that at this point students should begin working with a postsecondary advisor instead of their secondary school's advisor, to ensure that the student's selected postsecondary courses align with their career pathway plan outcomes.

What Compels Us:

Though education savings accounts and direct student funding are not unique unto themselves, Idaho's program is set up to combat negative competition for funds between higher education and K-12 agencies. AO incentivizes all parties to encourage credit accrual and early graduation by divvying up the dollar amount given to schools for each student: Early graduates receive 35% of that year's average daily attendance costs to cover postsecondary tuition and fees; K-12 districts are held harmless for student non-attendance by receiving 35% ADA (or backfilled partial funding); 30% is returned to the state as savings; and institutions of higher education and training providers benefit by receiving tuition payments from program participants. This ensures that no one "loses," and students have fewer out-of-pocket costs. Additional compelling components of AO:

- To ensure accountability in how AO dollars are spent, the state pays student expenses directly to the service provider, lessening the number of hands AO dollars must pass through to fulfill payments. In cases where students themselves incur expenses that are eligible for reimbursement, the provider will receive the necessary funds from the state to reimburse the student.
- The cost of each qualifying postsecondary course has been standardized statewide, which allows students to easily create a budget as they explore various college and career opportunities.
- All Idaho public school students have access to AO dollars as early as grade 7, granting them the agency to explore and learn early on what the best postsecondary path is for them. AO also provides flexibility of dollars so that students may use funding in the best ways for them.
- To complement earning dual credit, AO also provides funding to cover industry certification and other exam fees, which can give students earlier direct access to work experience in their field of interest.

What State Policymakers Should Consider:

Direct student funding accounts can be life changing. They create the opportunity for students to participate in advanced coursework and gain a head start on their postsecondary pathway with the freedom to choose exactly how they will do so. In speaking to Idaho stakeholders, our attention was drawn to several key points other states should consider should they choose to implement a similar direct student financing model:

1. **Program goals and ideal student outcomes must be clearly defined at the outset.** Policymakers should find consensus on program goals and create preparation programs in alignment with those goals, whether it be expanding education and training course opportunities, increasing college going rates, or increasing job placement rates.
2. **Program creators need to investigate reliable ways to incentivize required career readiness components.** Many believe that a degree no longer carries a guaranteed promise of employment in good jobs, and many employers report that many learners lack in-demand skills that are required for success in the workforce.[9] Policymakers should consider updating their state's graduation requirements and corresponding performance frameworks to deprioritize seat-time metrics and more heavily weigh transferrable skills learned through college and career preparedness opportunities. Tying funding to student's labor market outcomes incentivizes schools to offer high-quality career readiness opportunities on which students can use their direct funding dollars.
3. **Career readiness and postsecondary credit offerings should be aligned to create a strong, reliable pathway for students that will ultimately result in dynamic and employable graduates.** To ensure career-connected postsecondary experiences are made available to students in addition to traditional dual enrollment, policymakers might consider making state funding contingent upon establishing partnerships with at least one representative from both sectors. Such relationships will help align education and training offerings with the labor market needs in industry.

Colorado's Path4Ward Program

Overview:

In 2021, Colorado launched the Path4Ward (SB21-106) pilot program, overseen by the Colorado Department of Higher Education, to provide direct funding to early high school graduates from low-income families to encourage participation in postsecondary education or workforce training.[10] Path4Ward participants who graduate high school a year early are entitled to $4,113 in state funds to use for tuition and fees, and those who graduate a semester early receive $2,468. To ensure that local education providers (LEPs) are not penalized for students completing high school early, they receive 25% of what the state would have been allocated to them had the student remained enrolled in the district. Path4Ward is broader than most traditional higher education 'scholarship' programs as students may use the funds to pay for tuition and fees not only at public higher education institutions, but also at private occupational schools, internships or apprenticeships, and other workplace training programs. Overall, the program aims to serve both students who wish to exit traditional high school in favor of receiving more applicable workforce training and students who took on heavier course loads and are ready to transition to postsecondary education ahead of traditional schedules.

The Path4Ward pilot was initially allocated roughly $240,000 and will run through the end of the 2025 school year. This allocation goes toward implementation, operations, and scholarship money. In its first year, five LEPs were selected to participate in the program, and three more were added in the second year. To bolster human capacity, and to provide in-depth counseling supports directly to students, Path4Ward has partnered with Colorado Succeeds and Zero Dropouts, a partnership that is sunsetting at the end of this year.[11]

With HB22-1215, the Colorado Legislature established the Secondary, Postsecondary, and Work-Based Learning Integration Task Force, also known as the 1215 Task Force, instructing the group "to develop and recommend policies, laws and rules to support the equitable and sustainable expansion and alignment of programs that integrate secondary, postsecondary and work-based learning opportunities in every region of the state." The Task Force's final report is due in December 2023; with the interim report having been submitted in December 2022.[12]

- Direct financing to students
- Continued education incentive for early high school graduates
- School district reimbursements

What Compels Us:

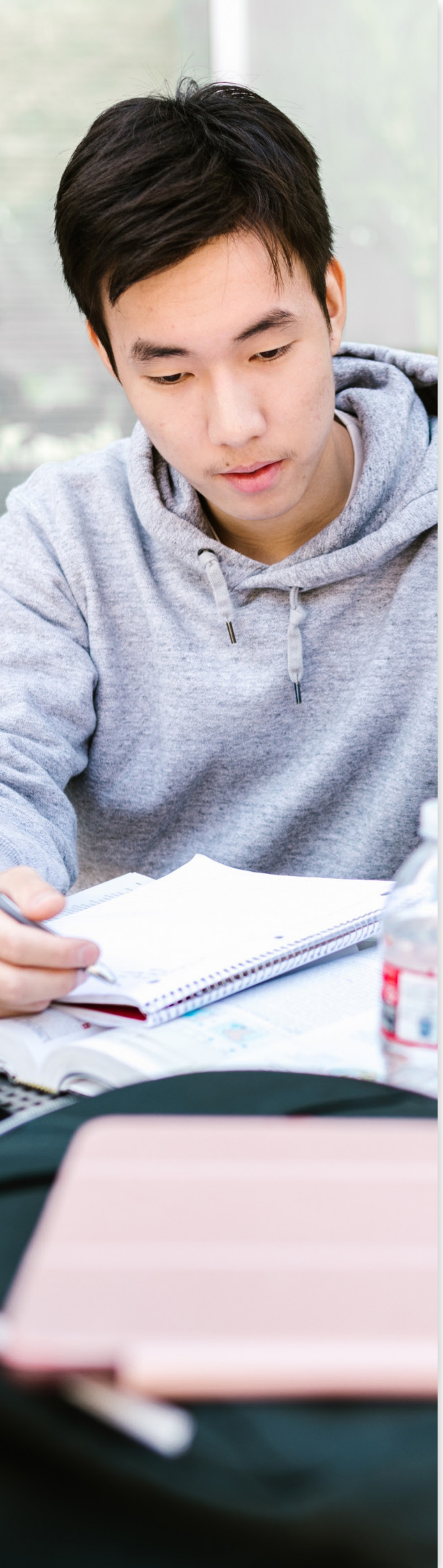
Path4Ward not only provides financial incentives to early high school graduates for continuing onto postsecondary education and training, but it also rewards LEPs by backfilling what would have been LEP's "lost" per-pupil revenue due to early graduates. This means that Path4Ward students receive a portion of what the state would have paid an LEP to educate them in high school, and students can use those funds toward workforce readiness. Participating Path4Ward schools are granted 25% of the average state share of per-student funding for each early graduate. Additional components of Path4Ward:

- Path4Ward incentivizes early high school graduates to continue toward a postsecondary path or workforce readiness by providing students with access to financial funds to cover the costs of additional programming. The program also encourages districts to provide exploration opportunities and planning supports to do so.
- LEPs are encouraged to use their backfilled money for academic advising and wraparound services in recognition that more than credit accrual is needed to achieve workforce success.
- Early graduates may choose how they spend their Path4Ward dollars from a list of approved programs and courses, allowing for more flexibility than other active programs in the state that carry more specific restrictions.
- Path4Ward students may access these funds for 18 months following graduation, creating a longer post-graduate window during which students may access this financial assistance. The longer eligibility window allows for increased flexibility in how and when a student can use these dollars, unlike other Colorado programs with a shorter window.

What State Policymakers Should Consider:

Like Idaho's program, Path4Ward provides students with direct financing to support their journey after high school. It also creates the opportunity for postsecondary participation that would otherwise be out of reach for Colorado's students from low-income families. In establishing a program that provides such opportunities, it is important that policymakers consider the following:

1. **Incentivize system participation and mindset change by keeping districts "whole."** Many states fund schools based on enrollment numbers, and if the number of students enrolled in K-12 decreases due to early graduation, the districts would receive less funding. To ensure that local districts will not lose a substantial amount of annual funding, it's important to help backfill a portion of "lost" per-student dollars to help the K-12 system remain financially stable and incentivize students to continue on their pathway. Policymakers may also consider how to support schools modifying their perception of early graduation, reinforcing the idea that early graduation programs like these can support students in achieving their career goals, rather than serving as an indictment of the school's ability to serve students.
2. **Incentivize partnerships with technical assistance intermediaries.** The reality is that state education budgets and human capacity are often stretched thin, which can make implementing a statewide wide program daunting. State policymakers may consider allocating a set of resources that support strong partnerships between state agencies and a third-party technical assistance provider or intermediary that's better equipped to support districts and students in achieving the intended outcome from such a program.
3. **Consider the legal requirements of engaging with minors.** Early graduates live in a legal grey area because many are not yet 18 years old. They have graduated high school early and are looking to enter postsecondary education or the workforce, but do they still require parental or guardian consent? Are they able to engage with the postsecondary systems without a legal adult? Policymakers should consider these dynamics and possibilities as they create such programs to support this group of younger students. Policymakers might also consider including a requirement for students to obtain a work permit prior to exiting the K-12 system to ensure legal capacity to work.
4. **Ensure timely fund distribution.** If a state-run program is used, approval for payment will likely come from state agencies that will likely have to wait until the student has officially graduated high school and been accepted by and enrolled in their postsecondary education or training program of choice before funds can be distributed to students. This lag in disbursement can impact a learner's ability to pay for upfront costs outside of tuition.



Texas’ New Model to Fund Community Colleges

Overview:

- Two-tier outcomes-based funding model for community colleges (base and performance tiers)
- Dual enrollment reimbursement

In 2023, the Texas legislature passed House Bill 8 (HB 8), which, among other provisions, includes a new community college outcomes-based financing model focused on rewarding institutions for producing graduates prepared for jobs that align with regional and state educational and workforce needs. Known as the Community College Financing Program, the financing model is broken down into two core tiers: base-tier funding that every college receives to support core college functions and an outcomes-based tier focused on how well a college prepares students for the workforce. Both the base and outcomes-based tiers award colleges for the number of academically and economically disadvantaged students and adult learners (those 25 years and older) a college serves by providing additional weights, or funds, to colleges for serving those students.

The outcomes-based tier is based on student outcomes that align with Texas’ strategic plan for higher education, [Building a Talent Strong Texas.](#) Specifically, colleges will receive additional outcomes-based funding based on the number of high school students who 1) successfully complete 15 dual credit hours that apply toward an academic or workforce program, 2) the number of students who successfully transfer 15 credit hours from community colleges to four-year universities, and 3) the number of credentials of value awarded that position learners for high-demand career fields. According to the Texas Higher Education Coordinating Board’s website, high-demand career fields are identified based on data from the Texas Workforce Commission and include a list of 25 occupations that provide at least a minimum wage, require education and training beyond high school but below a bachelor’s degree, and are projected to grow across the state’s 10 higher education regions.[13]

Additionally, HB 8 includes provisions that ensure no Texas community college will lose funding as institutions transition to this new funding model nor will smaller colleges be penalized for the smaller number of positive student outcomes relative to larger schools.

What Compels Us:

Outcomes- and performance-based financing models are not unique to higher education. However, what makes Texas' new Community College Financing Program distinct is its deliberate emphasis on ensuring equity, incentivizing community colleges to connect across systems (K-12 and workforce) to smooth transitions, rewarding colleges for the attainment of a vetted set of high-demand career fields, and building a comprehensive approach that supports students' future economic success. This is quite the overhaul from Texas' prior community college financing model, which primarily focused on student completion and incentives for degrees granted in STEM fields.[14] Additional components of House Bill 8 include:

- Texas' performance-based funding model focuses on equity, dual enrollment engagement, and the number of high-demand career field credentials awarded. Job placement data, when available, will also be used as an additional outcomes-based tier metric.
- Community colleges do not compete against one another; rather, a college's performance is measured against its own benchmark or prior-year performance. This can mitigate the perceived zero-sum mentality and stark competition for limited resources.
- Community colleges now have an incentive to connect with their school district partners to offer dual enrollment, whereas previously, the incentive was primarily directed at school districts through House Bill 3 (K-12 finance bill), which provides school districts with funding reimbursements for students earning industry-based credentials.[15]
- Dual enrollment courses will be free for students eligible for free and reduced-price lunch.
- If leveraged correctly, Texas' new community college financing system can incentivize colleges to think differently about how they organize learning and support systems, not just for "traditional aged" college students, but also for upper high school students.
- HB 8 builds from other systemic higher education transformations taking place across the state, including the work of the Texas Transfer Advisory Committee, which is focused on improving automatic transfer pathways across Texas' community colleges and four-year universities.

What State Policymakers Should Consider:

If structured correctly, outcomes- and performance-based funding models can not only incentivize institutions of higher education to think beyond enrollment and completion numbers as the end goal, but also focus on equity and strengthening the education system's connection to labor market needs so that all young people are prepared for careers. States that are looking to develop an outcomes-based funding model, or are interested in revamping their existing models, may consider building from Texas' outcomes-based metrics to further incentivize more direct engagement and accountability from their K-12 and workforce systems and local employers. To do this, state policymakers may consider:

1. **Broadening their view of outcomes-based models to focus on the last two years of high school, colleges and universities, and alignment with the workforce.** Direct incentives and accountability measures should be in place for K-12, colleges, and the workforce. For example, K-12 partners could receive financial rewards for dual enrollment offerings and the number of high school students that obtain an industry-recognized credential while still in high school. Institutions of higher education (like the Texas example) could be awarded for dual enrollment offerings, transfer and articulation of credits across institutions, and credential of value completion. And workforce partners could be rewarded for their partnership and engagement with education providers. They would also benefit by helping build up the talent pipeline within their sector and gaining access to a pool of student interns and prospective employees. As a result, an outcomes-based model spanning grades 11 through 14 or 11 through 16 would support a students' smooth transition across systems and long-term outcomes, such as credential and employment attainment aligned with regional and statewide economic needs.

2. **Incorporating outcomes-based metrics that focus on labor market outcomes, including job placements rates, the quality of the jobs, and wage progression.** These types of metrics may incentivize and support more intentional engagement with workforce and economic development partners. States looking to award additional weights or funds for granting credentials of value should consider creating a framework for the assessment of the quality and value of postsecondary credentials. Getting these metrics right is critical, and caution should be used for metrics focused on wage outcomes. For example, comparing the projected wage earnings of graduates to the average high school graduate in the same state may not provide an accurate appraisal of return on investment or program quality. It also wouldn't account for wage variations across state geographies, wage variation among high-value but historically low-paying jobs (e.g., childcare workers), lower earnings of part-time workers, and differences across program student demographics. States may instead consider a wage metric that compares the potential of credential earnings with the median earnings at the county or regional level, accounting for disparities in metropolitan areas. They may also consider using a set of labor market outcomes metrics rather than relying solely on one approach, which may not fully assess programmatic quality.

Regional Talent Development Initiative Grant Program: Opportunity Now Colorado

Overview:

Established by HB22-1350 in 2022, Opportunity Now Colorado will disburse $85 million of American Rescue Plan Act (ARPA) dollars to establish new and expand existing regional workforce talent development initiatives across the state.[16] Each grant application requires the inclusion of one or more industry partners and at least one training, education, or community partner.[17] Governor Jared Polis hopes that by incentivizing relationship building between education and workforce sectors a more reliably successful talent pipeline will emerge and flourish, ultimately increasing the number of Coloradans with credentials of value in positions with sustaining wages.[18] The grant is split up into distinct phases of implementation during which program leaders may apply to three different grant tracks—planning, seed, and scale —depending on where their program is in implementation.[19]

To access Opportunity Now funds, employers must submit an application on which they:

- Identify and demonstrate how their program will respond to regional workforce needs and shortages in their industry.
- Ensure collaboration is at the center of their work by including members from industry, training, and education sectors in the design and implementation of the proposed program.
- Build an innovative program model in which they clearly articulate the specific inputs, activities, and desired outcomes of the proposed program.

- Planning, seed, and scale grant program
- Requires business and education collaboration
- Leverages federal stimulus dollars, including American Rescue Plan Act funding

Opportunity Now includes three phases. During Phase 1, $27 million was distributed to 46 grantees across the three grant tracks.[20] Phase 2 began in August 2023 with another application opportunity that will result in the allocation of double the amount awarded during the previous phase. The purpose of increasing the second pot of funding is to encourage recipients to form intentional partnerships and develop stronger proposals. Applicants that did not receive funding in the first phase are encouraged to apply during the second. Phase 3 will open summer 2024 and be the smallest pot of funding and have the shortest implementation window.

What Compels Us:

Opportunity Now is unique in its required cross-sector engagement; applications must include at least one education provider and one industry partner. This requirement encourages not only increased engagement in the education and training space by potential employers but also creates an accountability loop that requires sustained and intentional participation by all partners to create good outcomes. Involving industry partners in developing education and training programs, at either K-12 or postsecondary levels, necessarily strengthens the school and training-to-workforce pipeline. The education system will learn from employers what skills and characteristics they look for in new employees, and can better align curriculum structure and course offerings to support students through learning and into working. Additional compelling aspects of Opportunity Now:

- The regional nature of the initiative lends itself to greater uptake given the freedom applicants have to propose a plan specific to their regional workforce needs.
- The program structure was created to support industry-led innovation and help industry self-identify how it would like to be a co-creator of talent.
- Attention was given to building out programs that offer innovative training options so that workers are not expected to follow traditional pathways.
- Emphasis was placed on diversity, equity, and inclusion, as evidenced by the multiple grant recipients whose program goals include increasing diversity within key regional industries.

What State Policymakers Should Consider:

When built out well, competitive grant programs can incentivize significant changes in behavior and even induce beneficial partnerships between otherwise disconnected entities, like LEPs and local industry. States looking to develop a regional workforce development grant may learn valuable lessons from Opportunity Now Colorado; policymakers from other states should consider how to:

1. **Ensure sustained funding past the life of the grant.** In recent years, several states have directed COVID-19 emergency relief dollars (ARPA, ESSER, HEERF) to jump-start new education and workforce training opportunities. Policymakers should prepare to sustain program funding from other state and federal sources to avoid a potential financial cliff as relief dollars run out.
2. **Be strategic with grant application structures and processes to ensure long-term program sustainability.** Policymakers must intentionally build out their application and screening process to ensure that program proposals outlive the life of the grant. Applications should be carefully thought through, and when needed, adequate supports should be provided to applicants in crafting a program that will achieve its desired outcomes and keep them accountable for those outcomes. Scaffolding program leads' experience from beginning to end will improve the likelihood that programs will have the organization and buy-in to persist.
3. **Incentivize involvement on all sides.** Grants tend to be application based, so increasing visibility and awareness of potential benefits are key in recruiting applicants. To effectively reach groups all along the school-to-work pipeline, sector goals must align, ensuring efficient transitions between classroom and workforce. Potential applicants, from education and workforce alike, need to see that the potential benefits of applying for and participating in the grant program are worth their continued partnership.
4. **Understand the landscape within the state.** Policymakers might consider requesting that an intermediary conduct a landscape analysis in which key industry and education actors are identified, that data are collected and examined to demonstrate the needs of learners and workers in their state, and that existing policies are considered for their effectiveness. Gaining this understanding will help state policymakers write policy that responds to economic needs while allowing flexibility in implementation recognizing regional differences.

Additional State Financing Models to Pay Attention To

The 2023 state legislative season demonstrated that additional momentum and interest exists across a select number of states regarding rethinking college and career readiness financing. Specifically, **Indiana** enacted legislation HB 1002, which establishes the Career Scholarship Account Program. The program is supported through additional state dollars that will allow high school sophomores, juniors, and seniors to apply for $5,000 each year to cover the expenses for qualified postsecondary and career readiness programs.[21] It launched at the start of the 2023-24 school year.

Massachusetts introduced legislation (S.818/H.1286) that would establish a financial mechanism (the Massachusetts College in High School Trust Fund) able to receive future funding.[22] State dollars as well as private dollars appropriated to the trust fund would be spent on approved college in high school programs like early college, dual enrollment, and industry-recognized certification programs, participation in each coming at no cost to the student. Each district and its high schools would be required to provide at least one college in high school option to all students, and public institutions of higher education counterparts will be required to establish processes to accept credits earned through the college in high school program to ensure alignment across K-12 and postsecondary systems. The bill to create the trust fund's funding mechanism remains under consideration in the commonwealth's legislature. If created, funding would come through separately through state appropriations and other sources, including private funding.

Further Exploration

Even more is needed to *fully* support young people on their way to successful careers. The most well-funded, rigorous, and intentional academic and career training programs alone will not fully launch young people on a pathway toward economic mobility if a young person's basic needs are not being met. Young adults need reliable modes of transportation and sources of nutritious food, services that are often not provided past the K-12 level. They also need access to housing, health care services, broadband services, child care, and more. Further exploration is needed to unlock The Big Blur's vision of a universal entitlement to public education and training through grade 14 by considering the incorporation of other funding streams and systems that are primarily housed outside of traditional education and workforce agencies, including resources maintained by health and human services, family services, and housing departments. Luckily, we won't be starting from scratch and can look at a handful of smaller scale postsecondary programs that provide robust wraparound supports to students, including CUNY's ASAP program or Virginia's short-term FastForward program.[23]

Conclusion

Today's young people need access to new institutional and learning structures that allow them to gain early exposure to college and careers and the ability to earn an industry-recognized credential—all free of cost and by the time they complete two years of postsecondary education and training. To achieve this, The Big Blur calls for a universal public education and career readiness entitlement through the first two years of postsecondary education that is supported by one large, flexible, and strategic state funding pot.

While money undergirds education and workforce systems, we know that pumping more dollars into systems that aren't serving students well will not produce the type of learners and workers The Big Blur strives for and that our economy needs. Even though the innovative programs highlighted above are not The Big Blur, they demonstrate how a handful of states are leveraging existing dollars or adjusting incentives within existing systems to incentivize systemic behavioral change in ways that can increase the number of college and career-ready learners and workers.

We also know that to achieve The Big Blur, more must be done in addition to overhauling the financial structures of education and workforce training for 16- to 24-year-olds. For example, the field must also rethink staffing and governance structures, among other components. However, we do believe a concerted effort to update financing policies is a necessary first step in incentivizing new forms of organizing learning and career preparation for today's young adults.

Our goal is to encourage state policymakers to set aside what prior attempts have told them is possible and think as big as they can. The level of systems improvement needed to achieve The Big Blur compels us to build upon current innovations and consider solutions that differ from any method we've ever previously used to finance college and career readiness. This level of transformation is required to match the ever-growing demands of our economy and ensure learners' lifelong career and economic success.

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