

Opportunities and challenges to this new uncharted model for education

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Summary

In 2023, Indiana passed House Enrolled Act 1002. Legislators in support of the bill touted it as an opportunity to “reinvent high school” in Indiana by melding youth apprenticeships and work-based-learning opportunities with a school choice funding mechanism.

This first of its kind model was seen as provocative by many who would prefer more investment in traditional Career and Technical Education (CTE) Programming. Alternately, many proponents argued that it did not go far enough fast enough. Regardless, the bill was a disruptor and created several discrete yet interconnected programs that could, once built out, drastically change educational options for Hoosier high schoolers.

As Indiana, like many states, continues to battle a growing labor shortage, building a talent pipeline in high school is a strategy that many states are embracing. As of now, there is no proof that these talent pipeline programs work, but if Indiana wishes to fund this programming, more time, more funding, and more infrastructure must be in place to meet the needs of students, employers, and communities.

This brief is the **first of a series** on Indiana’s emerging commitment to youth talent development and how it intersects with the growing school choice movement and interest in youth apprenticeship and work-based-learning in the Hoosier state. The brief touches on some of the barriers to the success of the program, and how those might be addressed in the years to come.

HEA 1002 Overview

House Enrolled Act (HEA) 1002 establishes the career scholarship account program (CSA program), the CSA program fund, a CSA administration fund, a CSA donation fund, connections between students and careers fund, a teacher higher education and industry collaboration grant program and fund, a career coaching grant fund, an intermediary capacity building fund, and eligibility requirements to participate in the CSA program. [1]

The 2023-25 Biennial budget appropriated \$15 M to establish CSAs (\$5.0M in 2024 and \$10.0M in 2025). According to the Budget Bill each student is eligible to receive \$5,000. The first cohort of students is limited to 1,000 students, each eligible to receive \$5,000. The CSAs, which are similar to but distinct from Education Scholarship Accounts (ESAs), allow the student to use the funding “to pay for apprenticeships, career-related coursework, or certification.” [2]

To qualify for the CSAs, each student must create a graduation plan. CSA providers can include public schools and Career and Technical Education (CTE) centers, who will be able to apply for and receive money from the new program. [3]

Fund Descriptions [4]

- The Career Scholarship Account Program Fund (CSAP Fund) consists of monies appropriated for CSAs, \$5 million in the first fiscal year and \$10 million in the second, of which any unused monies are reverted to the general fund.
- The Career Scholarship Account Administration Fund (CSAA Fund) is a fund to cover the administration needed in the creation and management of the new CSA accounts.
- The Career Scholarship Account Donation Fund (CSAD Fund) is set up to receive donations and transfer them to the general CSA program fund. This is a non-reverting fund, or a fund where the excess will remain in the fund instead of being reverted to the state’s general fund.
- The Connecting Students with Careers Fund (CSC Fund) is for dispersing funds to schools to host career fairs. “The state budget does not put any money into the fund, however. Rather, House Bill 1002 indicates that gifts and grants — including from private entities — can be added to the fund.”
- The Teacher Higher Education and Industry Collaboration Grant Program and Fund (THEICG Program + Fund) is available for teachers to apply for grants to build curriculums associated with work-based learning.
- The Career Coaching Grant Fund (CCG Fund) is intended to provide statewide career coaching and navigation services.
- The Intermediary Capacity Building Fund (ICB Fund) gives grants to “approved intermediaries” to increase the number of students they can serve. The fund has \$5 million for the first year.

HEA 1002 requires public schools to begin providing “career awareness instruction,” including but not limited to a yearly career fair during normal school hours, as early as the 2024-2025 school year. This will be accompanied by new courses, apprenticeships, and other career related programming designated by the Indiana Department of Education (IDOE) and Commission for Higher Education (CHE). [5] The new framework surrounding education savings accounts is intended to help students in grades 10-12 pay for some level of career training external to their high schools and earn a post-secondary credential before their high school graduation. [6] In addition, the IDOE and the State Board of Education (SBOE) will revamp the high school graduation requirements in order to increase the ability for these new career-related programs to count towards graduation and honors diplomas. [7]

One of the major benefits of HEA 1002 is that it provides more flexibility for students in receiving the funding they need. [8] For example, students will now have 2 years to earn funded credentials instead of the previous 6-month time limit. [9] Another important addendum that encourages high school students to learn more about jobs post-graduation is that they will now be permitted to work while in school and receive school credit for that job experience that counts toward their graduation. [10]

HEA 1002 now requires the Commission of Higher Education to create a list of approved intermediaries, and that some high school students, college students, and committed offenders must meet with “an approved postsecondary educational institution, an intermediary, an employer, or a labor organization” [11] to learn about career opportunities available to them.

This puts additional burdens on the educational system, including collecting data, revising curriculums, facilitating new requirements, and funding the start of many of these new programs. [12] Additionally, these student career discovery meetings must be in person and may not include more than 5 students at one time – creating a potential capacity issue in the goal of providing career awareness opportunities to as many students as possible.

Indiana’s CSA program is unique, though it shares elements with other programs that states have implemented. Many states have programs that provide scholarships to students for career-based education, but none include accounts for students or mandated programming for high schools in as codified a way as HEA 1002.

Nebraska’s Career Scholarship Program is an example of one similar program that funds colleges, who then select students who will receive scholarships. [13] Programs such as Nebraska’s have their own hurdles, including that students must apply to college-specific funding, the program starts after high school, funding is specifically geared to certain classes of institutions, and that students have to be selecting a specific career path or major to qualify that fulfill different goals by the state (i.e. filling a shortage in a certain sector).

Other programs, such as Austin College’s High School Career Scholars program, are institution specific and require graduating high school seniors to enroll full-time the semester after they graduate. [14]

This leaves Indiana’s CSA program with some unique traits: funded entities can be schools or private enterprises, students must work with their schools to create a career plan to be eligible to receive funding, [15] public schools and some “school corporations” must provide certain levels of career education to students, and the fact that this program explicitly starts in high school (grades 11 or 12). [16] Perhaps most importantly, Indiana’s CSA program focuses on recentering Hoosier high school curriculum to include career preparedness. [17]

Considerations + Barriers to Success

Some critics of HEA 1002 think the structure is clunky and have questions about the oversight of the program. One of the major concerns is the approval and funding of “intermediaries that will be entitled to state dollars for helping connect students with employers and training opportunities.” [18] While there is already about \$20 million approved for the execution of HEA 1002, schools and state agencies will have to spend additional funds to start and maintain the mandated programs. [19]

In February 2024, the Commission for Higher Education awarded Intermediary Capacity Building Grants [20] to 20 Indiana organizations. It is understood that the “Intermediaries are foundational to achieve the goals outlined in House Enrolled Act 1002-2023,” said Indiana Commissioner for Higher Education Chris Lowery. “The recipients of the Intermediary Capacity Building grant will ensure Hoosier students are aware of and prepared for high-quality careers and educational pathways beyond high school.” [21]

The Commission for Higher Education has created a running list of approved intermediaries and career coaching providers. [22] Interested providers may fill out a short application to be added to the list, which is updated as new providers are added.

Another concern is that the definitions and evaluation methods feel overly vague. This is not a critique unique to HEA 1002; a lot of legislation has vague language that dilutes its impact or broadens the scope of a program to such a degree that it is no longer concentrated enough to create meaningful change. For example, HEA 1002 defines “intermediary” as an “organization that connects individuals with companies looking for new workers.” [23] This is a large scope of work for those approved as intermediaries for the purpose of the legislation.

A related issue is that schools are unable to receive CTE grants for students who have already been assigned a CSA. This could make funding for public schools even more variable. However, the reverse is also possible; if students choose to obtain their programming through CSA providers that are not public schools, those schools lose out on CTE grant revenue. [24] Further, rural schools are at a disadvantage; there is some concern that funding will be stripped from smaller programs in rural areas to fund CSA program goals, leaving a community with potentially fewer robust resources than it had before. [25]

“Intermediaries are foundational to achieve the goals outlined in House Enrolled Act 1002-2023,”

- Commissioner Chris Lowery, Indiana Commission for Higher Education

Some critics assert that Indiana’s CTE programs are already robust, and that increasing the number of entities that can receive this funding dilutes the effect. Most significantly, HEA 1002 allows for private businesses to be trainers and CSA providers. While this is, on the surface, a movement towards “increas[ing] involvement of private businesses around Indiana and creat[ing] more opportunities for students to get training directly from employers and labor organizations in high-demand fields,” [26] current CTE stakeholders worry that HEA 1002 is just creating a new way to funnel money away from existing CTE structures. [27] One concern is that this bill brings privatization of public-school services, and distributes public tax dollars to private entities. This funding “will have significant implications on school funding, how funding is streamed to schools and how it will affect students in classrooms,” because “[e]ducators in public schools are uniquely qualified, by training experience, to ensure that work-based learning experiences are both substantive and substantial.” [28] Further, over time the number of private entities engaged in these programs will only increase as companies use this state funding to pay for their training and recruitment – so this issue will potentially continue to increase in severity. [29]

One group of school personnel will be disproportionately affected by the increased demands of HEA 1002: school counselors. None of the funding in HEA 1002 is specifically earmarked for school counselors, and increasing the workload for them stresses an already over-stressed system: “The American School Counselor Association reported earlier this year that Indiana has a school counselor-to-student ratio of 694 to 1 — well above the national average.” [30] School counselors are already not provided with enough support to deal with the multi-faceted issues they have to face, including student mental health, graduation requirements, and now the coordination of school career fairs, increased counselor training requirements, as well as coordination with HEA 1002 intermediaries. [31]

Presumably, the Career Coaching Grant will help offset some of these burdens from Indiana school counselors. On March 1, 2024, the Commission for Higher Education will close the application window for \$25 million from the Career Coaching Grant. [32] It is unclear if these grants will utilize existing school counselors, or add additional career counseling capacity through third-party providers.

A ground level concern is that there seems to be little written into HEA 1002 about practical considerations involving the created programs. For example, the bill does not address how students and parents should pose their concerns, and who to pose them to, it doesn't cover how to help students struggling with the program, and it doesn't address how schools should deal with students who may find these programs not for them and who want to return to normal high school classes part way through the semester. [33] Some advocates also have concerns that to receive funding, students will be locked into a vocation or career path, given that HEA 1002 does not address this specifically. [34] While education officials have been quoted as on-board with HEA 1002 in theory, there remains quite a bit of uncertainty about the bill's data collection needs and practices, oversight, operational practicalities, [35] and fiscal impact. [36]

Finally, there are existential concerns from some about how the programs created by HEA 1002 will impact Hoosier students in the long term. Will these programs allow for more opportunities for students, or will it limit their ability to seek a degree? Will the experiences that they receive result in stackable credentials that align with employer needs? Will the funding for this model, as it grows, have its own dedicated funding, or will it divert funding from other existing educational funding and higher education scholarships? Will participating in these programs in high school increase their overall earning potential?

The Indiana Fiscal Policy Institute will continue to consider all of these questions as this new model evolves, and as data on the programs of HEA 1002 become available.

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