

Work-based learning – financing and cost sharing mechanism

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Work-based learning is...

■ Learning by doing real work

- through production of real goods and services
- whether work is paid or unpaid
- may or may not be combined with school-based learning (classroom or workshop)
- But it usually is

■ Borderline cases:

- WBL simulation
- Job shadowing

Classroom-based learning that takes place in an enterprise is not work-based learning!



Critical success factors

- Place of work-based learning in the VET system
- Governance structures (roles and responsibilities of key players)
- Training content and learning outcomes
- Cooperation among learning venues
- Participation of and support to companies
- Requirements and support to teachers and in-company trainers
- **Financing and cost-sharing mechanisms**
- Quality assurance
- Working and learning conditions of learners
- Responsiveness to the labour market



The challenge

Public commitment to VET



High

Low

Statist system

Collective system

Liberal system

Employer-dominated system

Low

High

Involvement of companies in VET



Statist systems

- VET is integrated into the secondary school system
 - > In our Partner Countries usually 3-year and 4-year programmes
- Students can easily proceed to Higher Education
- Employer involvement is (very) low



Collective systems

- Employers' organisations, trade unions and work councils play a crucial role
- Employers have a strong influence on qualifications and assessment standards
- Employers provide training
- Employers are involved in learners' assessments
- Employers are involved in the evaluation of results



Some questions...

- Who controls?
- Who provides?
- Who pays?
- Relationship between VET and general education



What does financing refer to?

Direct costs: e.g. wages, training equipment, school fees

Foregone income: e.g. Tax reductions, training wages

Who pays for what

How funds are raised and distributed

Benefits in relation to costs

How financing of work-based learning is managed and steered

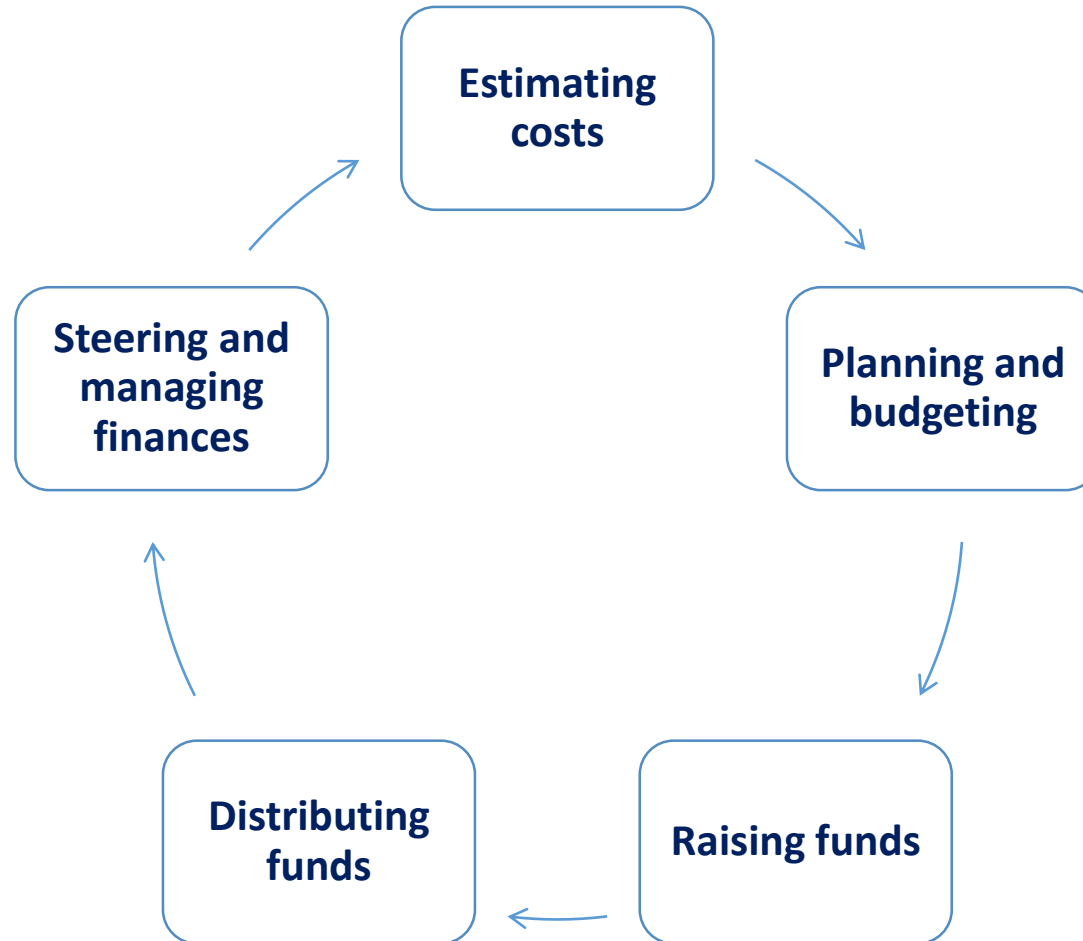


Well designed financing

- ✓ Increased access and participation
- ✓ Helps resources to go further
- ✓ Fairer cost sharing: Employers, individuals, governments
- ✓ Better quality programmes
- ✓ Better steering and management of the VET system as a whole



The financing process

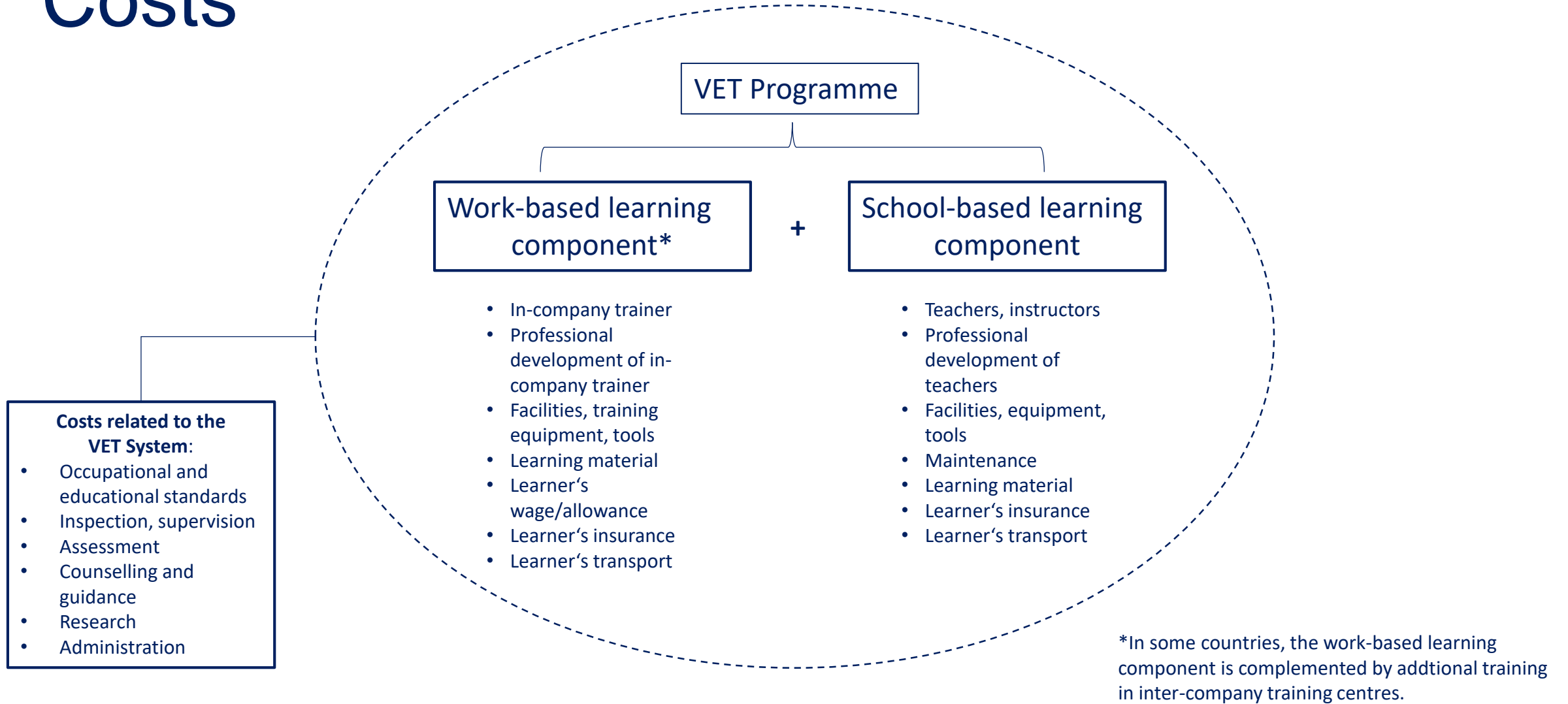


Financing: The ideal and reality

The ideal model	Reality
<ul style="list-style-type: none">Government meets all school-based costs	<ul style="list-style-type: none">Employers and learners also contribute to school-based costs
<ul style="list-style-type: none">Employers meet all company-based costs	<ul style="list-style-type: none">Governments subsidize employers' training costs
<ul style="list-style-type: none">Learners' wages reflect their productivity over time	<ul style="list-style-type: none">Learners' wages are higher than their productivity or Unpaid trainees deliver productivity that exceeds company training costs
<ul style="list-style-type: none">Learners' wages plus company training costs are equal to or less than their productivity	<ul style="list-style-type: none">Learners' wages plus company training costs exceed their productivity

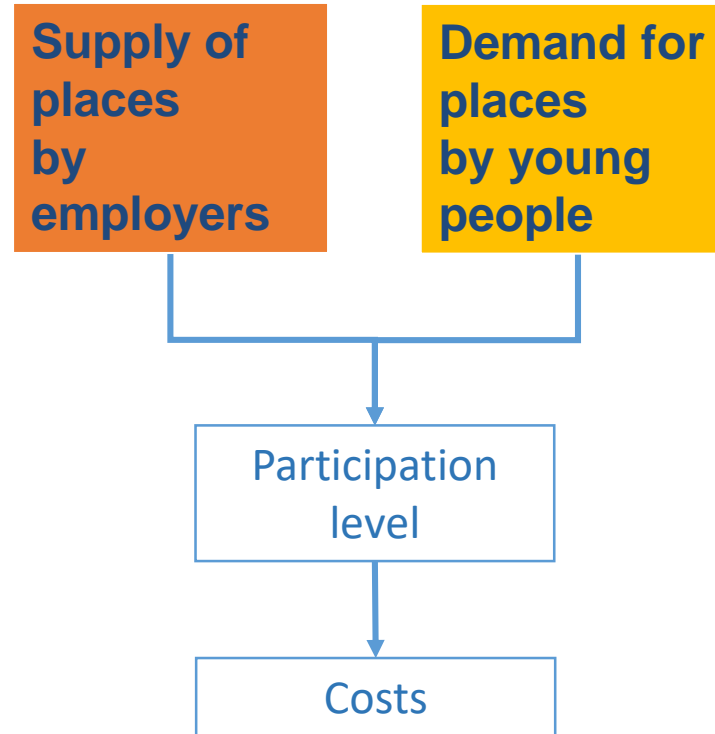


Costs



Supply, demand and costs

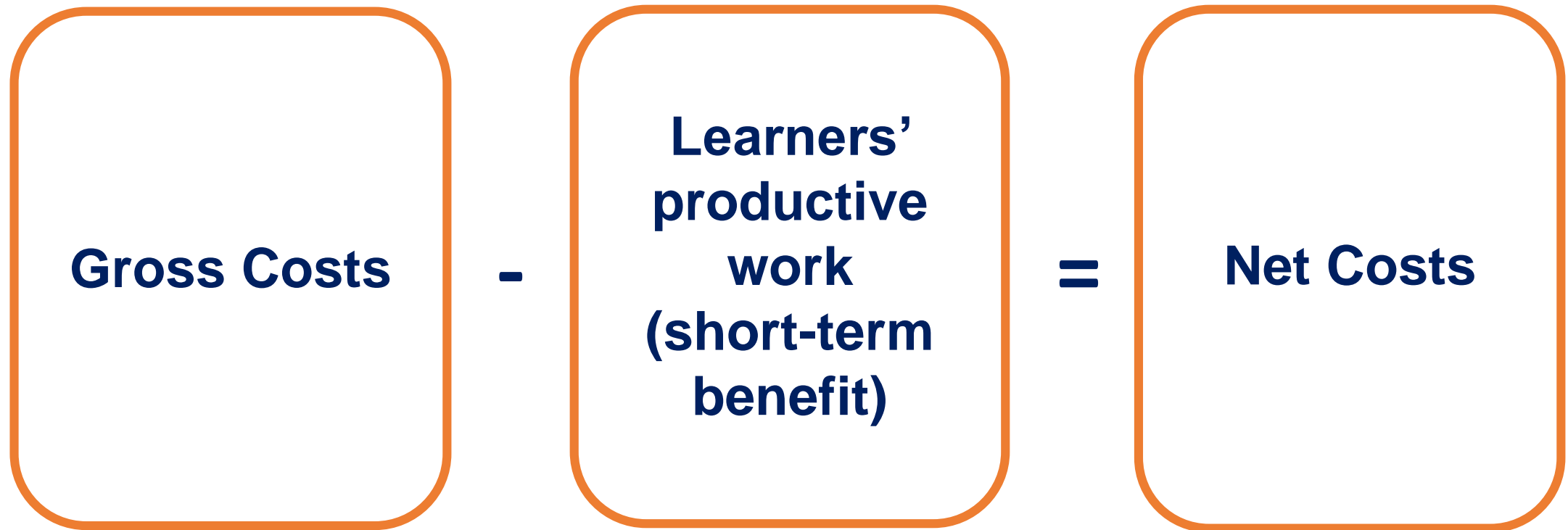
- Business prospects
- Current and future demand for skills
- Availability of skilled labour
- Capacity to train
- Quality and qualifications of applicants
- On-the job training time
- Apprentices or trainees wages or allowances
- Sense of social responsibility
- Changes in policy



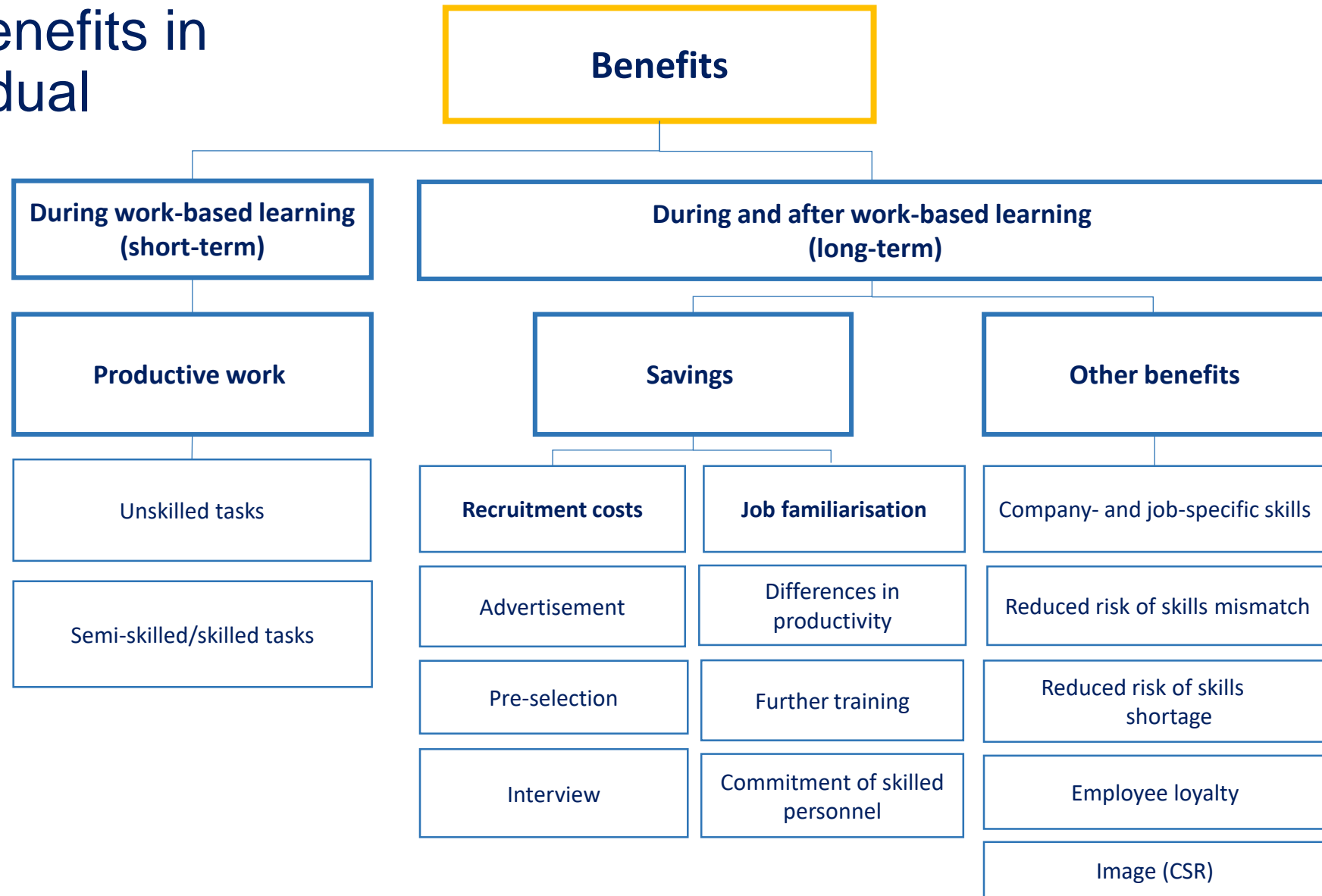
- The size of age cohorts
- Levels of educational attainment
- School completion rates
- Migration patterns
- Cultural attitudes
- The attractiveness of programmes and their quality
- The availability of other pathways
- The attractiveness of other pathways



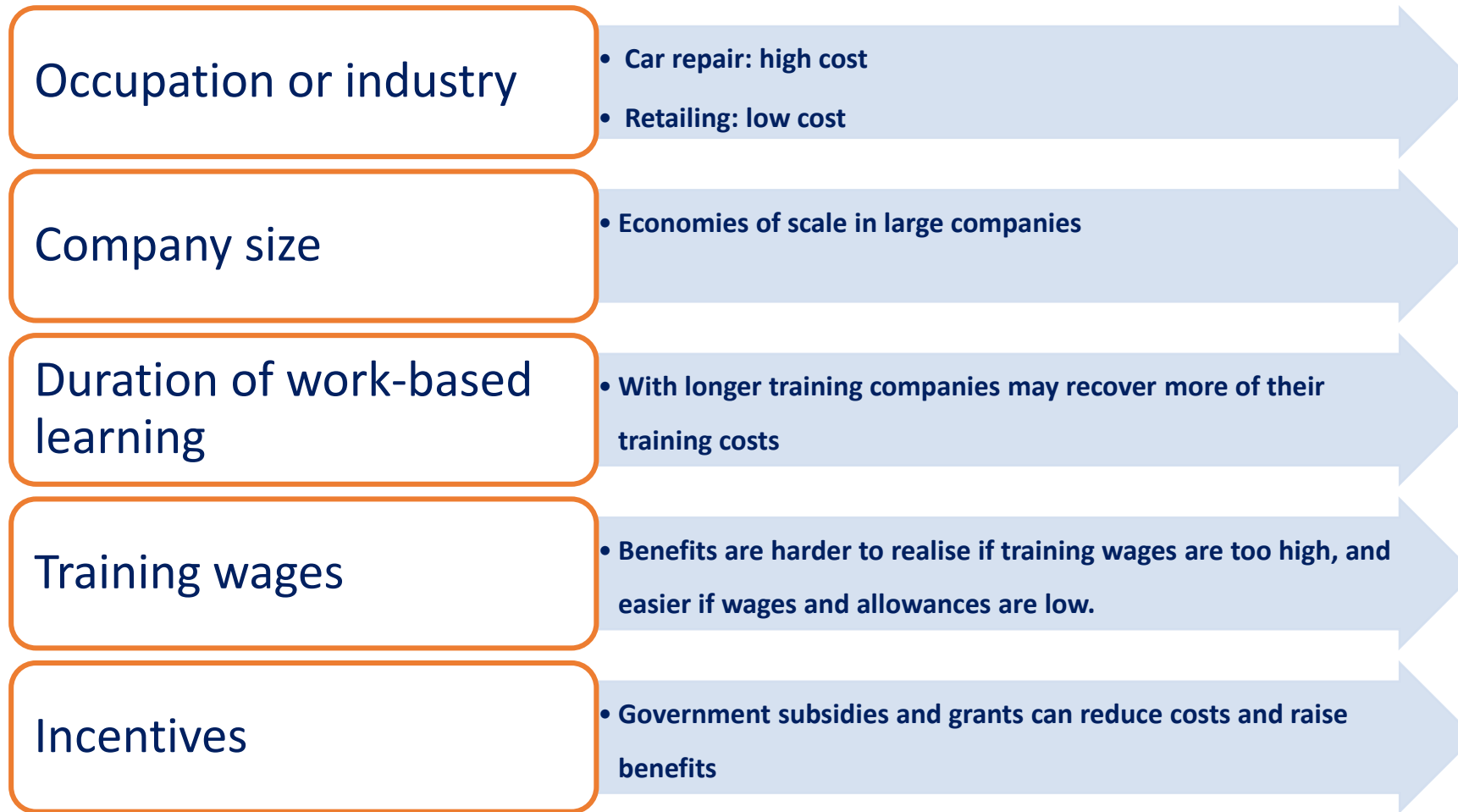
Balancing costs and benefits



Employer benefits in Germany's dual system

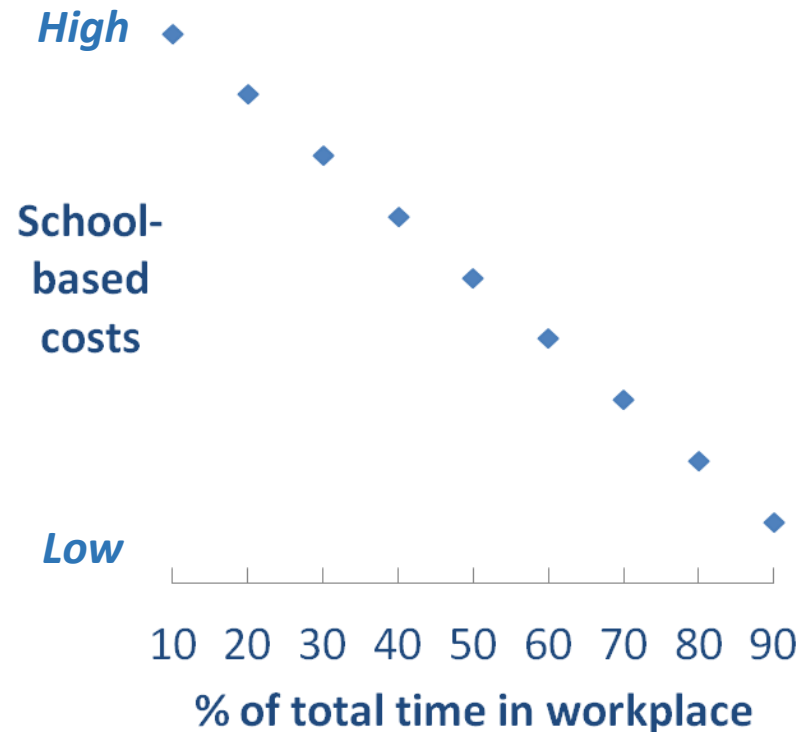


What influences the cost-benefit ratio?



School-based costs will be higher if...

...little time is spent in the workplace



...schools rather than workplaces:

- select firms
- find placements
- visit firms for quality checks
- assess the work-based learning



Managing and steering costs

Government costs

- Paying staff who help steer and manage programmes
- Staffing committees, working groups, governing bodies

Social partner costs

- Staffing committees, working groups, governing bodies
- Promoting work-based learning
- Quality assurance e.g. screening firms
- Assessment

Other costs

- Innovation
- Development
- Evaluation

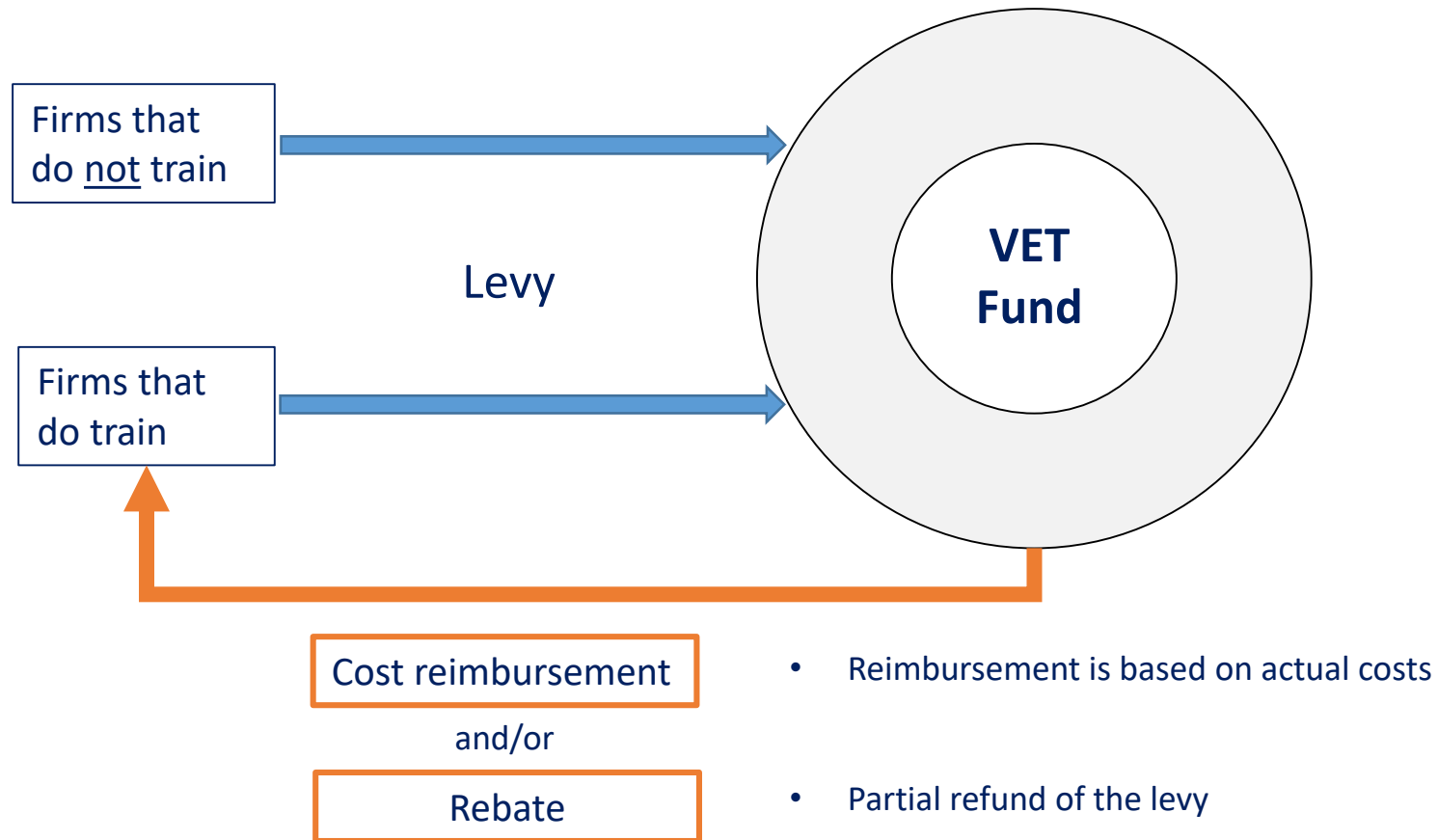


Levies

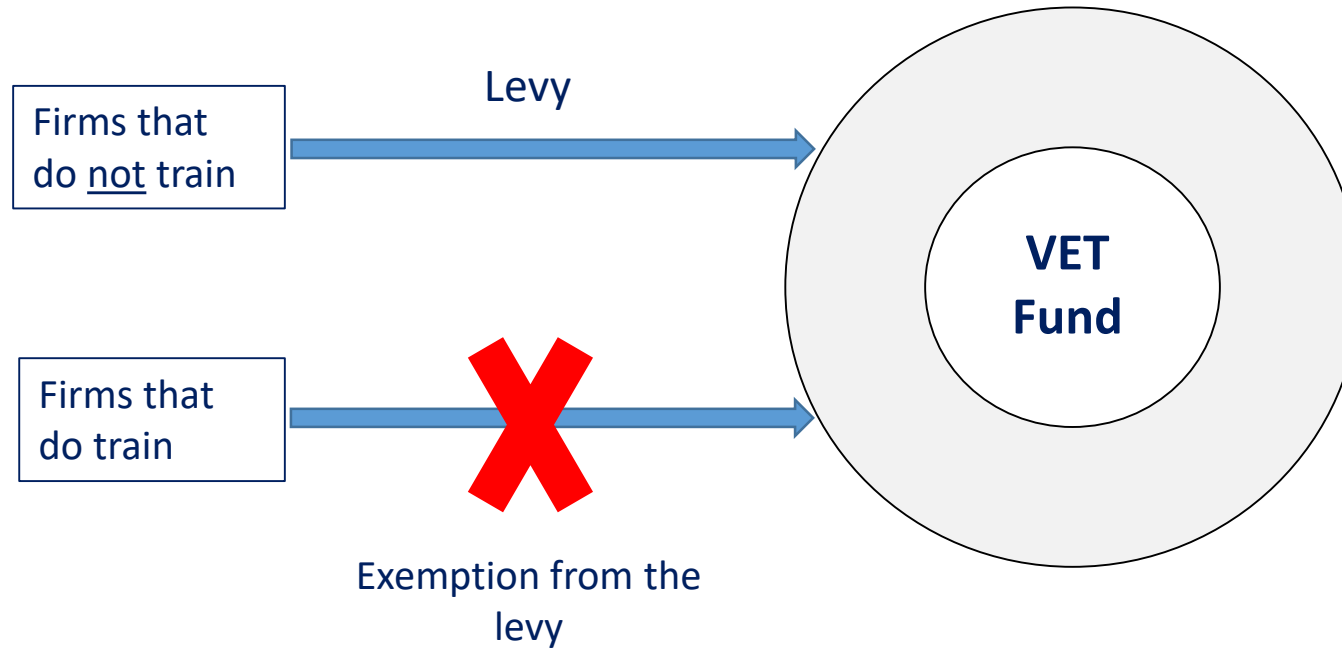
- Try to address the free loader problem:
 - Firms that do not train poaching from firms that do train
- And so try to:
 - Counter a tendency to under-invest in training and
 - Create greater equity between firms



Cost reimbursement & levy rebate



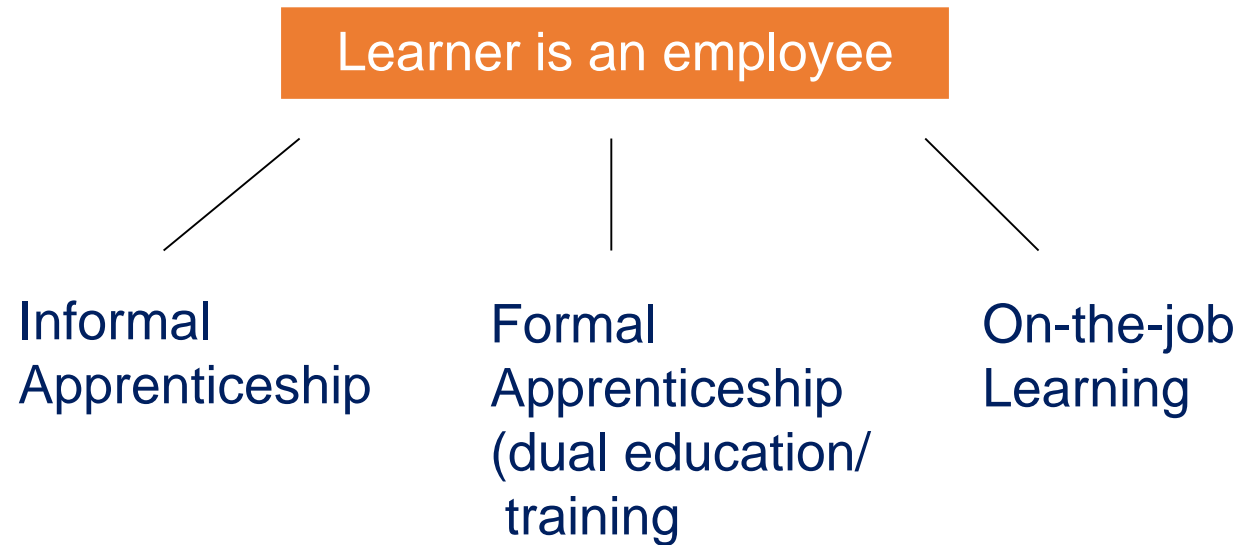
Exemption from the levy



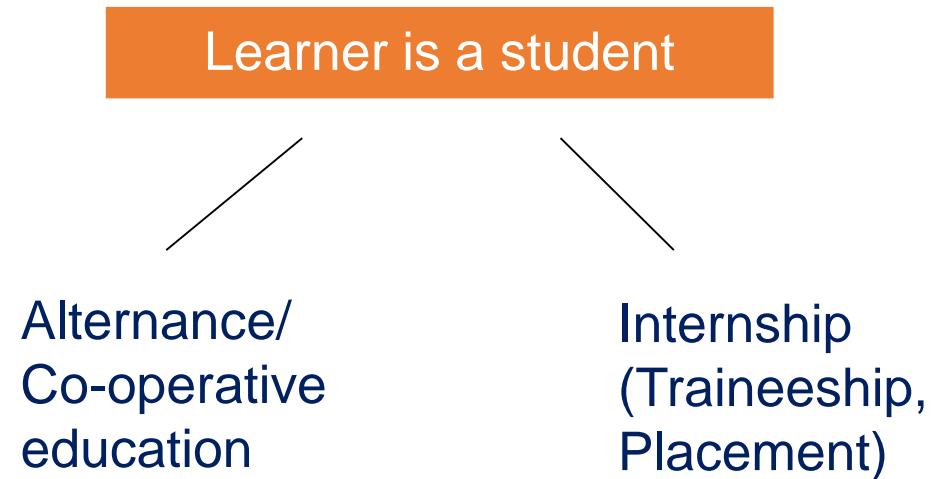
Back up: work-based learning



Types of work-based learning (I)



Types of work-based learning (II)



Why does it matter?

Good for Learners

- Improved employability
- Faster school-to-work transition
- Personal and professional development
- Better access to jobs

Good for Employers

- Higher productivity
- Technical and job-specific skills
- Efficient recruitment
- Social engagement

Good for Society

- More relevant skills
- Economic development
- Employment of less advantaged groups
- Strong links between VET and business





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