Cedefop study
Individual learning accounts

Financing adult learning: zooming in on individual learning accounts

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CEDEFOP | European Centre for the Development of Vocational Training

Cedefop's study on Individual learning accounts (ILAs)

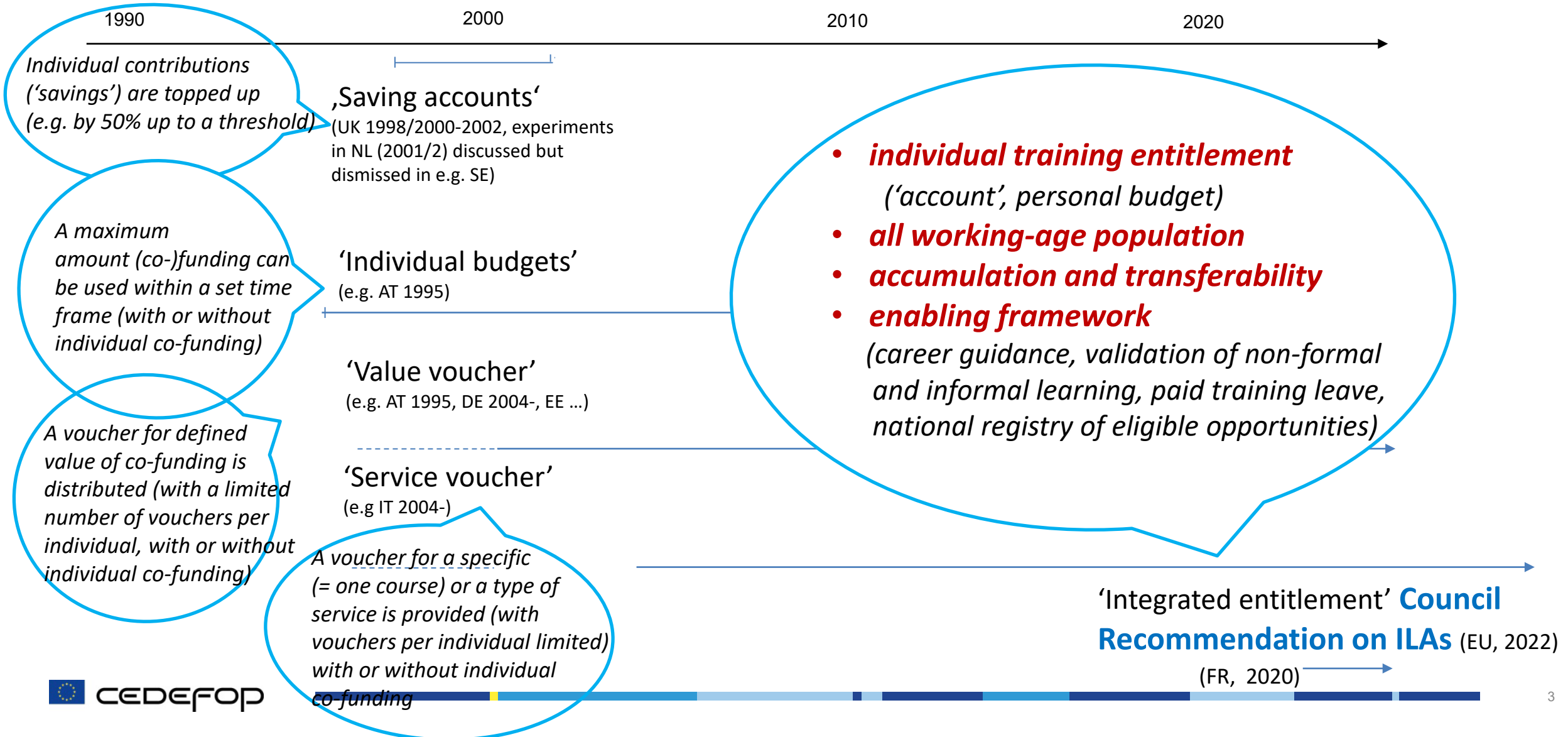
Objective

- Explore the potential for developing ILAs in selected EU Member States and provide support to stakeholders in designing and implementing ILAs

Key activities

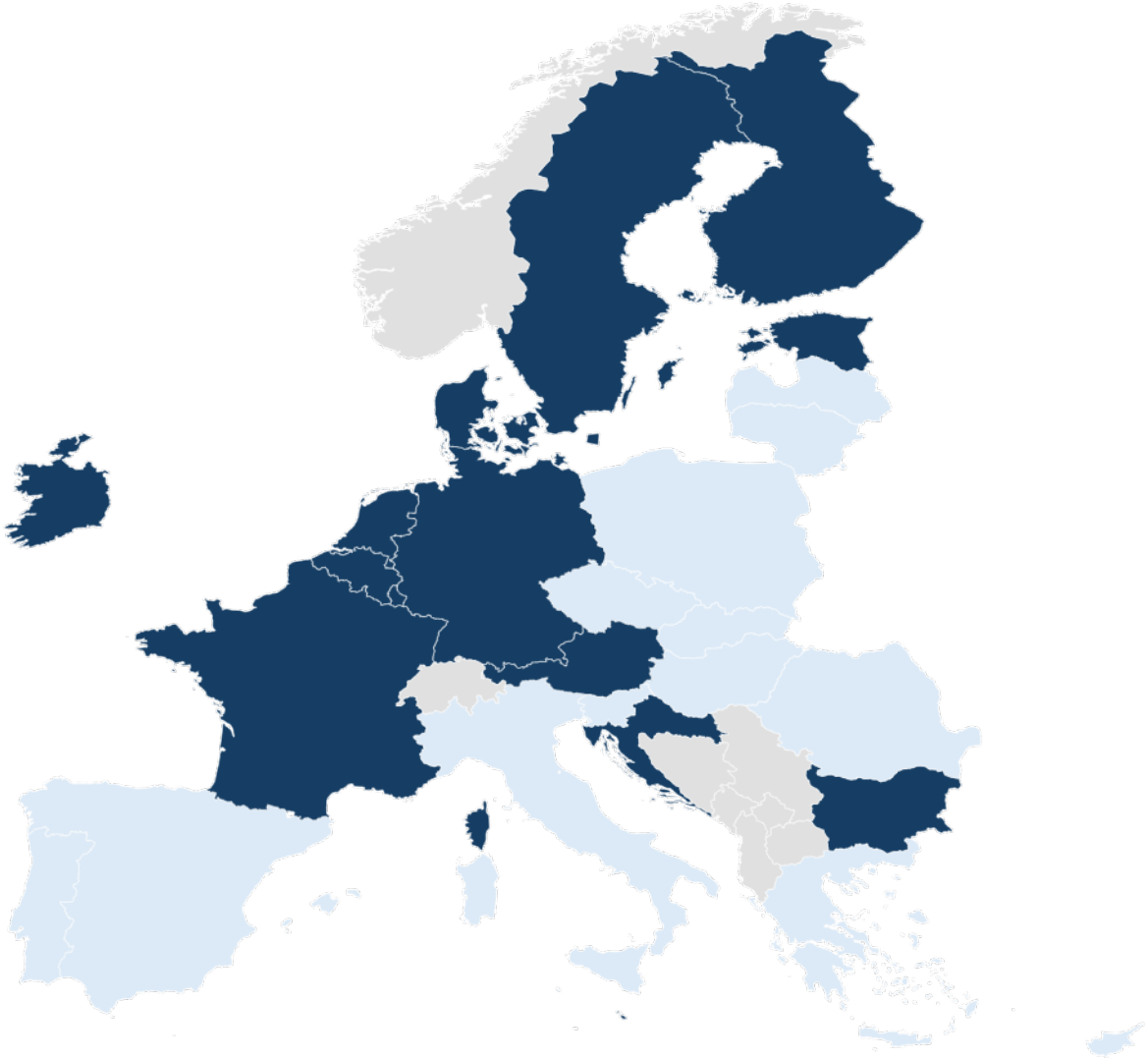
- Develop analytical framework
- Conduct five in-depth case studies - Austria, Estonia, Germany, Ireland, the Netherlands - including country-specific scenarios and policy reflections
- Formulate general policy guidelines

Defining individual learning account



Countries with substantial schemes supporting individual adult learning

- Broad target groups
- High level of support:
  - annual grant exceeding PPP 500 EUR or
  - high one-off grant (higher than 70% of mean income)



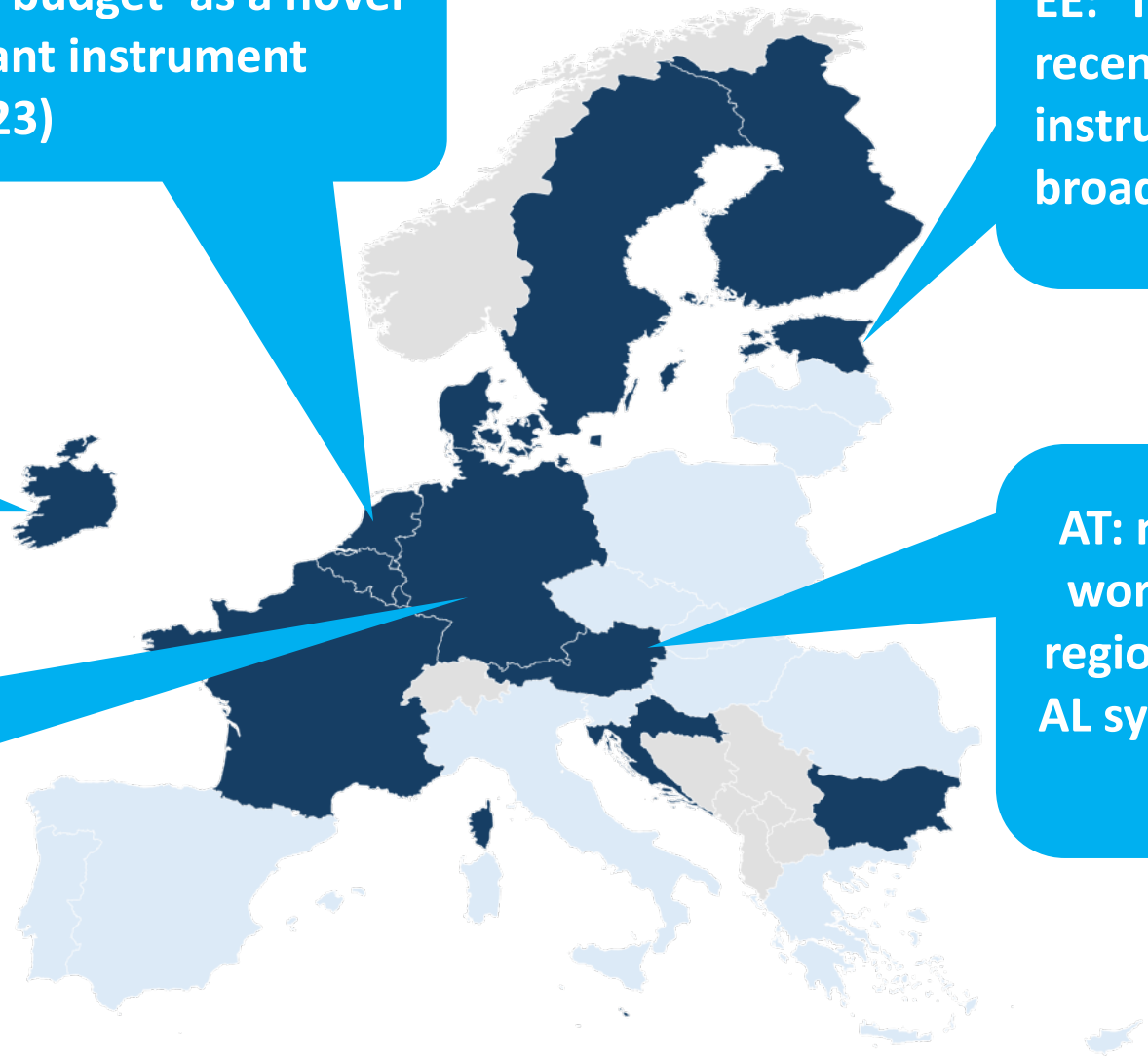
Source: Based on Cedefop Financing adult learning database

Countries selected for the case studies

NL: 'STAP-budget' as a novel ILA-relevant instrument (2022-2023)

EE: 'Training card' as recent ILA-relevant instrument within a broad policy mix

IE: National Training Fund financing variety of policies. Supply-side funding playing important role



AT: national 'Skilled workers grant' and regional 'ILAs' within AL system dominated by ALMP

DE: Voucher schemes (national, regional) with AL system under reform

Identifying the space for ILAs: based on the existing financing arrangements

- Emerging, ex-post considerations based on individual country reflections
- Need to further consider country- and/or region-specific variability

1. Presence of substantial public financing schemes (embedded in the methodology of the study)
2. Only/primarily supply-side only or both supply- and demand-side schemes (the basis for clustering)
3. Gaps in coverage of such schemes (specific considerations based on eligibility)

Finding the place for ILAs: based on the types of training provision to be supported

1. Formal education of 6months+ (often part of initial education)
   - *High cost; long-term training leave or part-time work arrangements; subsistence costs*
2. Extended intensive non-formal E&T up to 6 months (often provided by PES)
   - *Average cost, long-term training leave, subsistence costs*
3. **Extended non-intensive non-formal E&T,** e.g. language courses, modular courses
   - *Average to low cost, critical to assure continuity over multiple years*
4. **Short-duration courses to develop work-relevant skills**, e.g. IT, soft skills, driving
   - *Low cost; large variety; need to ensure relevance and quality; possible overlap with category 5*
5. Job-specific training (mostly employer-provided/sponsored)

Countries with established demand-side instruments

	Space available for ILA	Potential way forward
the Netherlands	Public (co-)financing instrument for the whole working-age population to support participation mainly in short courses (type 3 and 4)	• Reform STAP • Integrate the budget of STAP into regional LM structures/ vouchers schemes • Introduce ILA at national level
Germany	Public (co-)financing instrument for the whole working-age population to support participation mainly in short courses (type 3 and 4)	• Reform and expand the Upgrading Training Assistance • Implement the proposed federal instruments: - demand-side scheme (direct costs of CVET) - long training leave (subsistence costs) • Introduce 'CVET insurance'
Austria	Public (co-)financing instrument for the whole working-age population to support participation mainly in short courses (type 3 and 4)	• Expand supply-side funded framework for AL • Introduce national ILA for CVET combined with regional (demand-side) financing instruments • Introduce 'employment insurance'

Countries without established demand-side instruments

	Space available for ILA	Potential way forward
Ireland	• Less favourable conditions for a new demand-side financing instruments • Significant space for scaling-up existing mainly supply-side instruments and strengthening the 'enabling framework'	• Create a single online portal • Scale-up the provision of micro-credentials • Establish paid training leave
Estonia	• Less favourable conditions for a new demand-side financing instruments (available for some target groups) • Significant space for scaling-up existing supply-side instruments and strengthening other areas of AL relevant for ILA	• Expand existing financing instruments • Strengthen the link between LM needs and public funding for AL • Establish quality assurance system for all AL providers

* But with existing substantial supply-side schemes

The Netherlands - Overview

Division of responsibility – adult learning	National versus municipal
Role of PES/Employment policy for CVET/adult learning	Moderate
Industrial relation system – Role in CVET	Social partnership/Corporatism; key role for sectoral training funds
Public funding for adult learning	Moderate
Supply-side strategies (summary)	Well-developed for adult basic education, IVET/CVET for adults BUT: high fees in HE (about EUR 2 500/year); limited offer within ALMP
Demand-side strategies	Federal level: some experiences (on-off); STAP Budget 2021-2023; long-term experiences with schemes run by the sectoral training funds
Early feedback (fall 2022) to the ILA Recommendation within expert interviews	Tentatively positive; (reformed) STAP Budget as a potential ‚building block'

The Netherlands – Space for ILA

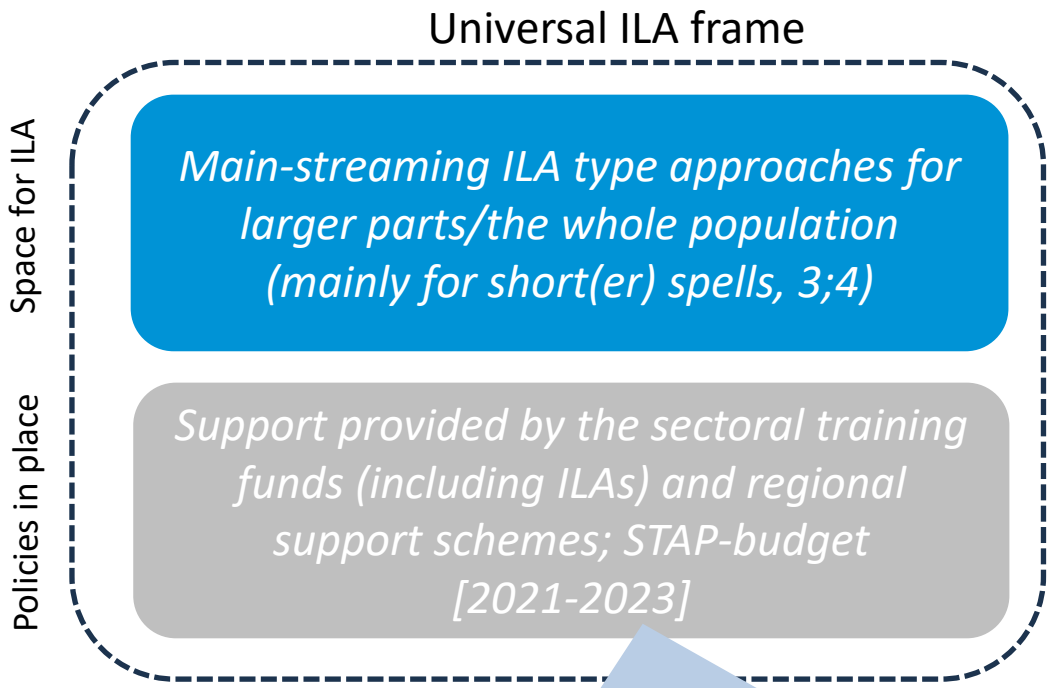
Supporting factors:

Positive experiences with demand-side funding schemes (despite the difficulties with STAP-Budget)

Municipal support schemes and sectoral training funds

IVET/CVET for adult provided by the VET system without fees

Demand-side instruments
Space (non-) populated



STAP-budget [Stimulering Arbeidsmarkt Positie]: EUR 1 000 (no individual co-funding required) per year provided for job-relevant CVET on a first come first save basis for everyone active in the Labour Market
(Yearly budget in 2023: EUR 170 Mio)

Limiting factors

Challenges of policy integration (national to local level)

Stark differences in support available across socio-economic sectors

Paid training leave less developed

Validation still limited

Netherlands – Policy sketches

Sketch 1

Strengthening the design of the STAP-scheme*

Sketch 2

Integration of STAP* in regional labour market infrastructure

Sketch 3

Introduction of individual learning account for CVET – national infrastructure

- Redistribute budget of STAP-scheme to 35 labour market regions
- Integrate the budget in the existing regional voucher schemes

✓ Allows for regional differences (size of support & eligibility criteria)

✓ Builds upon existing infrastructure & reduces complexity of system

✓ Minimizes burden for applicants via local integration of provision

– Dependent on cooperation between regional and federal-level stakeholders

– Varying regional implementation could lead to inequalities

– Existing regional centers are less attractive to certain target groups

*Sketches had been discussed prior to the decision to discontinue STAP; however, the line of arguments would be valid for an anticipated scheme replacing STAP at the national level

Germany – Overview

Division of responsibility – adult learning	Federal versus Länder
Role of PES/Employment policy for CVET/adult learning	Moderate (but growing)
Industrial relation system – Role in CVET	Corporatism/Social partnership; Key role in some areas (e.g. IVET, Higher VET)
Public funding for adult learning	Moderate
Supply-side strategies (summary)	Large differences between 16 Länder (with regard to Second Chance/VET schools for adults, funding for non-profit adult learning providers; PES provides for IVET/reskilling for adults; parts of Higher VET, most universities of applied sciences and universities with no/low fees
Demand-side strategies	*Aufstiegs* Bafög as the key scheme; experience with vouchers and grants for individuals since 2006 (mainly Länder; ESF-co-funded)
Early feedback (fall 2022) to the ILA Recommendation within expert interviews	Key reservation with regard to the assumed size of public investment and the required regulative underpinning

Germany – Space for ILA

Supporting factors:

Aufstiegs Bafög as large-scale, specialised instrument

Extended experiences with ESF co-funded vouchers/grants

5 days of paid training leave in 14 out of 16 *Länder*

Demand-side instruments
Space (non-) populated

Universal ILA frame

Space for ILA

Complementing by access to a universal co-funding instrument for shorter spells (3,4) (with a lower ceiling and no accumulation)

Policies in place

Upgrading Training Assistance (*Aufstiegs Bafög); ESF-co-funded vouchers; various further support schemes of Länder; some support of the PES for the employed*

Limiting factors

German *Bildungsföderalismus* & divide between employment/ education policies

Supply-side funding main public funding strategy

No long training leave

Validation offer still limited

Germany – Policy sketches

Sketch 1

Reform and expansion of the Upgrading Training Assistance (*Aufstiegs-Bafög*)

Sketch 2

Introducing (a) federal 12-month training leave & and the (b) '*Lebenschancen-Bafög*'

Sketch 3

Introducing a right for CVET via a reform of the unemployment insurance (Introducing a CVET Insurance)

(a)

- New federal training leave for job-related adult learning
- Includes a wage replacement payment
- Administrated by the PES & financed via social insurance contributions

✓ Expands PES' support for CVET initiated by the individual
✓ Could be a steppingstone towards more encompassing arrangements
✓ Integration with PES' enabling framework (guidance, digital portal, outreach)

– Employer can decline agreement
– No universal coverage – only the employed
– Risk of low level of use by the groups most in need

(b)

- New national-level support scheme for the fees of adult learning
- Follow up to the discontinued *Bildungsprämie* (EUR 500 for adults with low income)
- Broader target group, but not universal

✓ Facilitates access to adult learning for broader segments of the adult population
✓ Modelled based on other instruments foreseeing the cooperation between federal level and *Länder*

– No universal coverage foreseen

Austria – Overview

Division of responsibility – adult learning	Federal versus Länder
Role of PES/Employment policy for CVET/Adult learning	PES is the most important source for public funding of adult learning
Industrial relation system – Role in CVET	Corporatism/Social partnership; key role in IVET/CVET
Public funding for adult learning	Moderate
Supply-side strategies (summary)	Adult basic education framework; schools for adults; basic support for non-profit providers (federal; Länder; municipalities); PES funds via supply-side strategies extended spells for unemployed and partly employed
Demand-side strategies	Various instruments by the PES; Länder provide learning accounts/grants since 1995 (large differences exist)
Early feedback (fall 2022) to the ILA Recommendation within expert interviews	Key reservation with regard to the size of public investment, the mechanism (in particular for supporting extended training spells)

Austria – Space for ILA

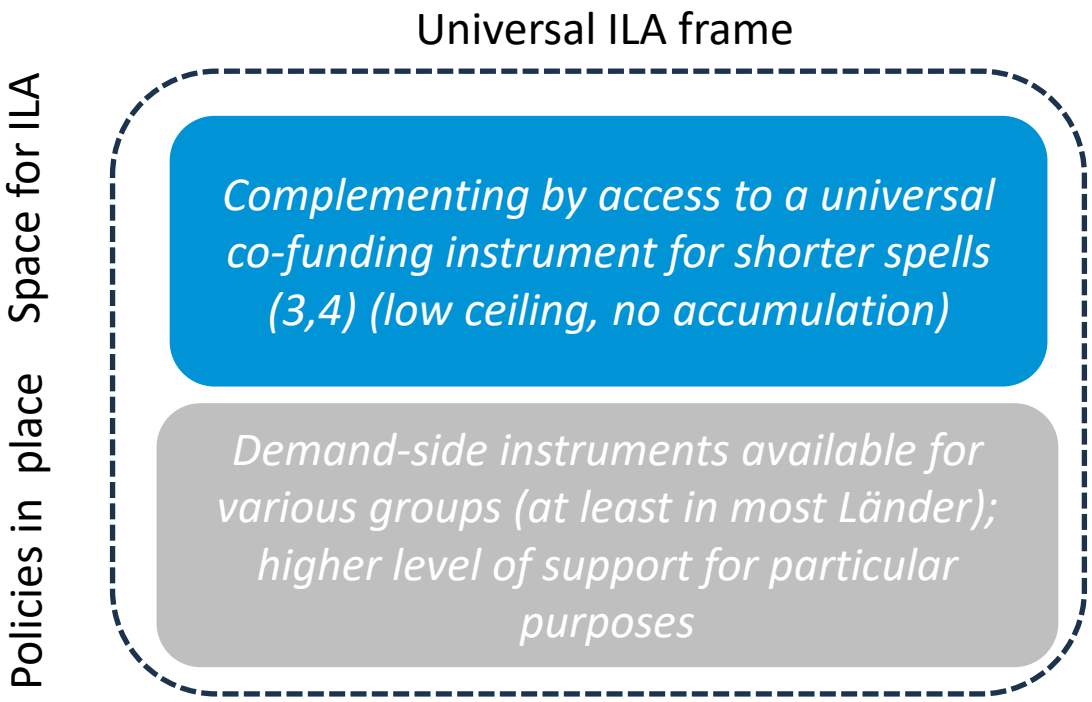
Supporting factors:

Long-term experience with demand-side instruments

Effective support for extended spells of adult learning via various instruments

Long paid leave (2-12 months; PES funded)

Demand-side instruments
Space (non-) populated



Limiting factors

Complex distribution of competences

Only the PES would have the infrastructure for implementing a large-scale scheme

No short paid training leave

Validation under-developed

Austria – Policy sketches

Sketch 1

Expanding the major framework of supply-side funded adult learning for other educational activities

Sketch 2

Introduction of an individual learning account for CVET at the federal level supplementing existing arrangements at the *Länder* level

Sketch 3

Large-scale reform: Introduction of 'employment insurance' with a right for support for adult learning

- Proposed in the government programme (2020-2024)
- A federal basic support complemented by specific schemes of the Länder
- smaller, yearly entitlement (‚nudging') for regular participation

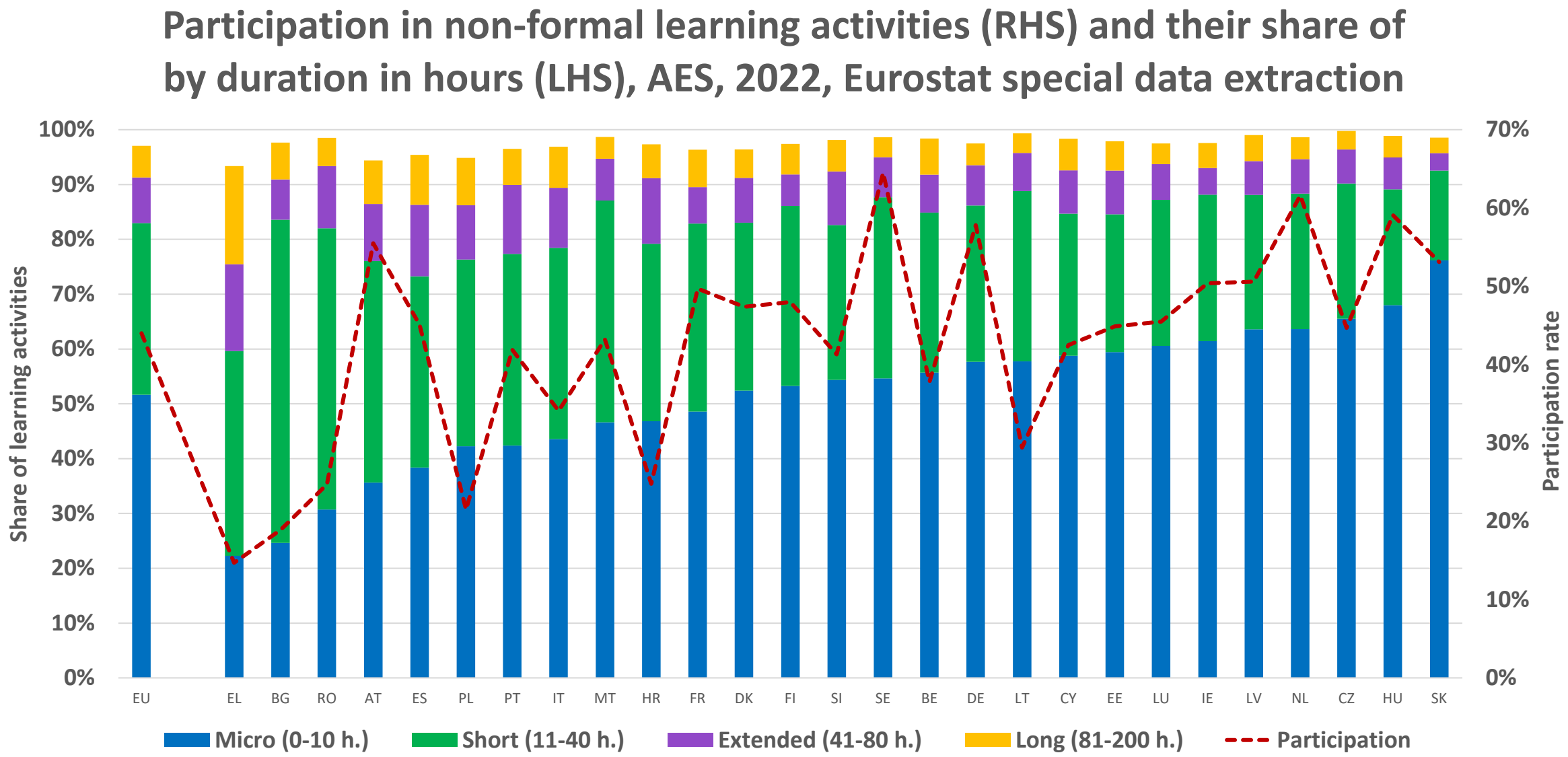
✓ Securing a basic level of support across Austria
✓ Broad range of individuals eligible, with the options of specific target groups within *Länder*
✓ Steppingstone to a more encompassing federal scheme

– No legal entitlement foreseen
– Support of extended learning activities would remain different across *Länder*
– Lack of suitable learning offers, especially in rural areas

Key issues

- Complementarity of ILA with existing financing policies/instruments
  - Place within overall financing system
  - Targeting specific types of provision
- Additional public funding for ILA, its sources and sustainability
- Enabling framework and further funding needs it implies
- Broad stakeholder involvement

Finally: aiming for a more balanced combination of learning activities?



Thank you!