



FY 18-19 Adult Education Framework Priorities

State of K12 Adult Education

Having worked so hard over the past three years to make meaningful headway with the Legislature, Administration and Department of Finance (DOF) on the future of adult education, we have been working diligently and collaboratively with our community college partners under the Adult Education Block Grant (AEBG) structure. We believe strongly that the institution of the AEBG framework was a positive reform of adult education that provided stability for K-12 adult education when we needed it most and has helped to ensure building stronger collaboration and pathways between the systems for the benefit of the students we serve.

Of greatest importance to help ease the transition to the regional approach, the proposal provided dedicated funding directly to K12 school districts in the amount of the districts' previous maintenance of effort for adult education. This component was critically important and one of the key items we advocated heavily for to preserve current capacity as we made the transition. Other details of AEBG were also pulled directly from our advocacy, including the Chancellor of the Community Colleges and the Superintendent of Public Instruction being required to jointly approve allocation of funds to each region based on identified needs.

Going forward, however, we remain concerned about access to K12 based adult education programs absent increased funding and other modest adjustments. According to the Legislative Analyst Office (LAO), the need is greater than those being served as illustrated by the following:

- Unemployed: 1.553 million
- Limited English Speaking: 3.4 million
- No H.S. diploma or equivalent: 4.69 million
- 7th Grade education or lower: 2 million
- Below federal poverty level: 2.6 million

All of this said, K12 adult schools' primary (and often only) funding comes from the Adult Education Block Grant (AEBG). And while the AEBG provisions that provided funding to maintain capacity and access in the system the last two years have been a good starting point, we are beginning to see erosion of that access as costs to run programs continue to increase and the number of adult students who need access to these programs also continues to increase. Adults in the most marginalized communities currently have a level of access that would be further jeopardized if the K12 adult school system is not funded sufficiently to address the needs through ongoing, dedicated funding. Notably, AEBG funding is the only funding – aside from some minimal federal funds that can be drawn down in some cases as a match – adult schools have access to in supporting their programs. The capacity still in place in K12 adult schools needs to be protected and expanded to come even close to meeting the

demand for services to help adults achieve literacy, basic skills, and secondary completion in order to successfully transition to higher education and/or careers with family-sustaining wages.

It is for these reasons, we are advocating for the following six priorities in 2018 as part of the FY 18-19 budget cycle.

FY18-19 Budget & Legislative Priorities

ESTABLISH AN INDIRECT RATE FOR AEBG CAPPED AT 5% OR LESS

- Prior to categorical flexibility and the restructuring of adult education, the state provided districts with an “Adult Education Indirect Rate,” which was the same across the state for all adult schools and acted as a cap on what a district could charge their Adult Education program. With the restructuring of adult education under AEBG, the current Education Code statute was determined to no longer be applicable.
 - o As background, district indirect rates are calculated by a formula provided by CDE to districts. It is Form PCR in the unaudited actual report, on which districts enter all their administration costs which is calculated as a percentage against the non-administrative expense. Those districts that are “heavier” in terms of district administration expenses will have a higher indirect rate. It is not necessarily about the size of the district. There is a wide range of rates across the state, with some as high as 12%. (see attached spreadsheet showing all indirect rates for federal funding/grants by district)
 - o Indirect rates provide districts with a means of funding districtwide administrative services such as professional development, fiscal services, personnel, purchasing, etc. so that all schools/programs contribute proportionate to the size of their budgets.
 - o In most cases, adult schools do not receive the same level of services from these departments (i.e. Curriculum and Instruction departments that are focused on K12 students)
- In the absence of specific language related to AEBG funding, many districts are using their district-wide indirect rate for adult education resulting in some adult schools being charged as high as 12%. This varying indirect rate causes inequity in access to funding that directly serves students from one adult school to another, even though they may be part of the same consortium.

We propose indirect rates be capped at 5% or less for all AEBG funded entities. Districts could then charge up to 5% or their district indirect rate, whichever is lower.

For the purposes of this article, “indirect costs” for all entities funded through the Adult Education Block Grant shall be capped at no more than five percent.

INCREASE AEBG FUNDING AND ESTABLISH AN AEBG COLA

As adult schools across the state have ramped up, developing programs, adding classes, services, etc. most are finding, predictably, that being ‘flat funded’ at a level significantly lower than pre-recession levels is leading them to lose ground due to increasing costs. As a result, some are in the midst of having to reduce offerings.

- In 2008, K12 adult schools were funded at \$750M. Although the current allocation of \$500M may sound like a lot of money, it does not come close to maintaining the capacity of services K12 adult schools were able to provide in 2008 – in 2008 dollars.
- Although K12 adult schools strongly support AEBG, with rising costs associated with labor, materials, infrastructure and more the current level of funding through the AEBG is not sufficient to maintain the capacity and access the AEBG funding structure was originally created to protect. With each passing year, the AEBG funds are serving fewer and fewer students.
- Access/growth funding for AEBG should take into consideration that K12 adult education and community college noncredit education are currently reaching only a small fraction of the potential students who would benefit from classes that provide career preparation and college placement. All 71 consortia’s three-year plans document the unmet need for adult education.
- Personnel costs are 85-90% of expenses for a K12 adult school and pay increases/contract changes impact student access when there are fewer classes because there is no funding to cover pay increases or increasing retirement obligations.
- In order to address these concerns at a time when the need for basic skills, fluency and short-term job training are at their highest, we propose the following two critical items that should be adopted together to strengthen the AEBG system and its dual delivery system members.

Provide an additional \$110 million for AEBG for a total of \$610 million in FY18-19 and ongoing. This funding is predicated on the following factors:

AEBG Funding Proposal for 20187-19	
Item	Amount
CLASP report recommendation for 6% targeted performance bonus system	\$30,000,000
CTE Support	\$30,000,000
STRS, PERS, Overall Cost Increases	\$50,000,000
Total request for 18/19	\$110,000,000

As Adult Education Consortia have become organized and are providing services to their respective communities over the past two years the cost of doing business has been increasing. Two years later, there are indications that services are at risk of being reduced as additional costs are absorbed within the same level of funding. This includes the dramatic increases to PERS and STRS as well as routine and per labor contract staffing cost increases. It is estimated that adult education funding for services has been reduced by an estimated 10% over the past two years. Adding this amount to the base of \$500 million now will enable adult education providers to continue the level of services identified by their respective consortia as critical to their communities.

The CLASP report recommends an additional 6% funding to respond to Communities of Need on a performance based payment process as a means of ensuring most marginalized members of communities are served.

In addition to these two specific funding needs we believe that the future success of the adult education consortia work justifies that an additional 6% be added to the \$500M as the base that was provided two years ago. This will provide some much needed relief to AEBG consortia who are struggling with the added demands of consortia work while also trying to develop innovative practices, expanded outreach and increase access for their communities.

Institute a COLA for AEBG members so as to protect the current capacity and access from increasing costs. The statutory COLA for AEBG should be the same percent as COLA for K-12 programs and Community College programs.

ESTABLISH PERFORMANCE-BASED FUNDING FOR COMMUNITIES OF NEED

In line with the shared priorities of the CLASP report on serving communities of need and in addition to formalizing the importance of immigrant integration in the Education Code under the AEBG framework, we would support utilizing the additional funding as incentive to serve these populations.

- The CLASP report identifies six categories of adult learner for the purpose of distribution of incentive funding.
- Similarly, WIOA provides for 13 identified barriers that included, among others, low income; ex-offender; homelessness; foster care youth aging out of the system (18 years and older); migrant and seasonal farm workers; individuals exhausting TANF within two years; cultural barriers; long-term unemployed and more.
- Similar to the three higher need subpopulation factors (ELL, foster youth and low income) under the Local Control Funding Formula (LCFF), align distribution of new funding under AEBG based on serving communities of need in the sixteen WIOA-defined barrier categories or based on the CLASP categories (service for only those students 18 years and older).
- Any approach to performance-based funding needs to be developed in such a way as to drive effective and prudent fiscal and programming decisions. To this end a portion of AEBG funds could be distributed under a performance based model that is based on stated outcomes (similar to WIOA pay for performance system) and leveraged to incentivize serving communities of need. At the same time, consortia and member schools must be able to rely on some form of increased stable funding in order to plan for three years out, as required for K12 districts.
- Considering both of these factors, a funding system that is based on 20/80 split (20% performance relative to communities of need / 80% base support) funding particularly for use with the additional infusion of resources to serve communities and individual in need would be implemented at the consortium level while maintaining the current requirements that no member receive less than the prior year without due process under current AEBG Education Code.
 - 20% of new funding (\$16 million) would be distributed to consortia on a per pay point basis as defined by the SPI and CCCC
 - 80% of new funding (\$64 million) would be apportioned based on enrollment to consortia to maintain and expand capacity of each member and in line with successfully serving populations defined by the WIOA barriers and/or CLASP categories of adult learners as reported below
 - Low Income – would include Displaced Homemaker, Homeless, Migrant and Seasonal Farmworker, Exhausting TANF, Long-Term Unemployed

- Low Literacy – includes English Language Learners
- Ex-Offender
- Foster Youth (18 years or older)
- Individual with Disability
- Poor performing consortia who see a drop in funding would decide how the reduction would be distributed among the consortia members.
- High performing consortia who see an increase in funding would decide how the increase would be distributed among the consortia members.

Establish a funding framework for leveraging and incentivizing new funding under AEBG to go towards serving and producing outcomes associated with serving communities of need.

INCORPORATE IMMIGRANT INTEGRATION METRICS

Even as collaboration between the systems expands through regional consortium-building and AEBG, the K-12 community-based adult schools still have as their core mission to serve those low basic skills adults who oftentimes get caught in the remediation of post-secondary education. Additionally, the structural and cultural differences between the two systems have become more evident through this planning process and it is critical that the strengths of each be leveraged in ways that support student learning outcomes and appropriate levels of support services. The adult learners that are best served by K12 adult schools must not be left out.

- AEBG defines the specific outcomes sought – literacy and career progress.
- Serving immigrant adults in need of English language skills have been at the core of the K12 adult education mission since its inception. They come to adult schools to develop literacy, and in doing so, gain cultural competency and literacy more broadly defined as health, financial, digital literacy, parenting and family literacy, and civic engagement, all also critical to successful transition to college and careers.
- Unfortunately, the statute and overall AEBG framework does not explicitly provide for these types of immigrant integration metrics relative to demonstrating outcomes and accountability for student success.
- We are concerned that immigrant students who may not yet have the skills to demonstrate outcomes on the current statutory spectrum that focuses solely on literacy and career progress will be left behind as AEBG entities seek to focus on programming for those students for which clear outcomes and progress can be measured and for which funding may eventually be prioritized.
- The Alliance for Language Learners' Integration, Education and Success (ALLIES) is an alliance serving the two-county Silicon Valley region of San Mateo and Santa Clara counties. Launched by a grant of the Silicon Valley Community Foundation in 2010, mission of ALLIES is to advance regional economic and social health through high-impact alliances for immigrant educational and career success. Through this work, ALLIES developed an Immigrant Integration Pathway offering an innovative way to identify and measure the critical factors for successful immigrant integration. The pathway includes eight high-level goal areas that are then further broken down into approaches and supporting objectives. The goals are intended to be:
 - Used by individuals as well as service providers via common metrics that can help assess if an individual is progressing and/or practices are effective;
 - Measurable qualitatively and quantitatively;

- Achievable with milestones under reasonable timeframes; and
- A tool for the immigrant to have ownership of their progress, with the ability to see how incremental gains are related to longer-term goals.¹



Using the ALLIES Framework, amend the AEBG statute to explicitly reference and include “immigrant integration metrics” under AEBG.

Amend Education Code Section 84920, as follows:

- (a) To the extent that one-time funding is made available in the Budget Act of 2015, consistent with the provisions of Section 84917, the chancellor and the Superintendent shall identify common measures for determining the effectiveness of members of each consortium in meeting the educational needs of adults. At a minimum, the chancellor and the Superintendent shall accomplish both of the following:
- (1) Define the specific data each consortium shall collect.
 - (2) Establish a menu of common assessments and policies regarding placement of adults seeking education and workforce services into adult education programs to be used by each consortium to measure educational needs of adults and the effectiveness of providers in addressing those needs.
- (b) No later than August 1, 2017~~8~~, the chancellor and the Superintendent shall report to the Director of Finance, the State Board of Education, and the appropriate policy and fiscal committees of the Legislature on options for integrating the assessments described in subdivision (a) into the common assessment system developed pursuant to Section 78219. The report shall address compliance of the assessments with federal and state funding requirements for adult education programs, identify estimated costs

¹ ALLIES Immigrant Integration Pathway Framework White Paper, 2017
https://www.allies4innovation.org/wp-content/uploads/2017/05/Allies_WhitePaper_ImmigrantIntegrationFramework-hr.pdf

and timelines for the assessments, and identify changes in policies that may be needed to avoid duplicate assessments.

(c) It is the intent of the Legislature that both of the following occur:

(1) That the educational needs of adults in the state be better identified and understood through better sharing of data across state agencies.

(2) That, at a minimum, the chancellor and the Superintendent shall enter into agreements to share data related to effectiveness of the consortia between their agencies and with other state agencies, including, but not necessarily limited to, the Employment Development Department and the California Workforce Investment Board.

(d) The chancellor and the Superintendent shall identify, no later than ~~January 1, 2016~~ August 1, 2018, the measures for assessing the effectiveness of consortia that will be used in the report that is required pursuant to Section 84917. These measures shall include, but not necessarily be limited to, all of the following:

(1) How many adults are served by members of the consortium.

(2) How many adults served by members of the consortium have demonstrated the following, *as applicable*:

(A) Immigrant integration.

(B) Improved literacy skills.

(C) Completion of high school diplomas or their recognized equivalents.

(D) Completion of postsecondary certificates, degrees, or training programs.

(E) Placement into jobs.

(F) Improved wages.

(e) The chancellor and the Superintendent shall apportion the funds appropriated for purposes of this section in the Budget Act of 2015 in accordance with both of the following:

(1) Eighty-five percent of these funds shall be used for grants to consortia to establish systems or obtain data necessary to submit any reports or data required pursuant to subdivision (b) of Section 84917.

(2) Fifteen percent of these funds shall be used for grants for development of statewide policies and procedures related to data collection or reporting or for technical assistance to consortia, or both.

(f) The chancellor and the Superintendent shall provide any guidance to the consortia necessary to support the sharing of data included in systems established by consortia pursuant to this section across consortia.

REVISE THE TERM “GRANT” IN ADULT EDUCATION BLOCK “GRANT”

- Perception regarding the term “grant” is proving to be problematic with community college districts, K12 school districts and individual adult schools alike. Stakeholders perceive the term “grant” to be tied to short-term funding versus the long-term commitment DOF has assured the statewide organizations, CDE and CCCO is intended. It continues to be difficult for K12 stakeholders, in particular, to conduct long-term planning and hiring without the ability to hire full time staff who are committed to a long-term view of K12 based adult education.

The term “grant” should be revised in statute wherever it is used in the context of adult education funding. Some workable alternatives may include:

- Adult Education Block Allocation
- Adult Education Block Funding
- Adult Education Block Apportionment

COMMON FEE POLICY FOR CAREER TECHNICAL EDUCATION

SB 173 and AB 104 directed the state to look towards the development of a common fee policy for adult education providers. While this remains a priority for us, it cannot be addressed without additional funding for providers under AEBG. Putting such a policy in place without additional funding will have the unintended consequence of creating greater incongruence in regions and across the state and result in adult schools having to cut programming in some areas in order to backfill the lost revenue to cover career technical education (CTE) program costs.

In 2016, UC Berkeley graduate student Rezwana Abed prepared a report for the Senate Office of Research regarding fees. In her report, she provides recommendations associated with adult education fees that presume additional funding is provided to the adult education system to help backfill funding that would be lost with a decreased fee authority, particularly for CTE programs. Absent an additional infusion of funding to backfill fees for programs like CTE, access and capacity will inevitably be diminished.

CCAIE and CAEAA are continuing to work on the specific recommendations for a common approach to CTE fees. We will be meeting at the end of January for an in-depth discussion on the topic to further develop the recommendations. Stay tuned...

If you have any questions regarding this framework and associated outstanding issues, please contact Dawn Koepke with McHugh, Koepke & Associates at (916) 930-1993. Thank you!