

ITEMS TO BE HEARD**6100 DEPARTMENT OF EDUCATION****6870 CALIFORNIA COMMUNITY COLLEGES**

ISSUE 1: ADULT EDUCATION BLOCK GRANT

The Subcommittee will discuss the Governor's budget proposals related to adult education, including continuing to provide \$500 million in Proposition 98 funding for the Adult Education Block Grant. The Subcommittee will also hear an update from the Department of Education, Community College Chancellor's Office and local consortia members on the first year of implementing the block grant and regional consortia process.

PANEL 1:

- Natasha Collins, Legislative Analyst's Office
- Jessica Holmes, Department of Finance
- Debra Brown, Department of Education
- Debra Jones, California Community College Chancellor's Office

PANEL 2:

- Assemblymember Patty Lopez
- Steve Curiel, Principal, Huntington Beach Adult School and Coast High School
- Madelyn Arballo, Dean of Continuing Education, Mt. San Antonio College

BACKGROUND

Adult Education programs in California have existed for nearly 150 years. The primary purpose of adult education is to provide adults with basic knowledge and skills they need to participate in society and the workplace. Adult education programs have served a variety of students and purposes including; assistance in gaining proficiency in reading, writing and mathematics to succeed in collegiate coursework, assistance with passing the oral and written exams for U.S. Citizenship, earning a high school diploma; job training, English language courses and literacy classes for immigrant and native English speakers.

Adult schools, which are operated by school districts, and community colleges provide most adult education classes in the state. Historically, the state funded adult schools through a categorical program. School districts provided various types of classes ranging from English as a Second Language to parenting and classes for older adults. In 2007–08, the state provided \$708 million for adult schools. During the recession, funding for adult schools was cut, and school districts also were given the option of using adult education funding for other

purposes, resulting in a decline in adult education classes in many areas. In 2013, the adult education categorical program was eliminated. However, the state instituted a maintenance of effort (MOE) provision, requiring school districts and county offices of education (COEs) to spend the same amount annually on adult education in 2013-14 and 2014-15 as they did in 2012-13 (using their LCFF funding). It was estimated that statewide spending for K-12 adult schools was between \$300 million and \$350 million at that time.

Adult education classes at community colleges are funded through the apportionment process; colleges are paid a specific rate for each student they serve. Community colleges spend about \$1.2 billion annually on adult education classes.

Reforming Adult Education

Due to a myriad of concerns regarding adult education, including the bifurcation of the system and lack of stable funding for adult schools, the 2013 Budget Act began a process to reform the state's adult education system. Changes include:

- The adult education categorical program was eliminated, although schools were required to maintain existing levels of funding through the 2014-15 school year.
- State-funded adult education was narrowed to five programs: basic skills, citizenship and English as a Second Language, education programs for adults with disabilities, career technical education, and apprenticeship programs;
- And the state provided \$25 million to support the formation of regional adult education consortia, which were directed to identify current adult education programs in their region, current needs, and a plan to better serve need. Most consortia include one community college district, school districts in the region, and some other members, such as libraries and community-based organizations. Consortia were required to provide regular updates to the Department of Education and Chancellor's Office, and based on direction in the 2013 Budget Act and SB 173 (Liu), Chapter 545, Statutes of 2014, the two state agencies were required to submit a final report to the Legislature that included a summary of regional findings and recommendations for improving the overall system.

The 2015-16 Budget

The 2015-16 budget provided \$500 million in ongoing Proposition 98 funding for Adult Education Block Grant for the California Department of Education (CDE) and Community College Chancellor's Office to distribute to the 71 regional consortia. Consortia members may include school districts, community college districts, COEs, and joint powers agencies (JPAs). Each regional consortium can choose to allow the state to allocate the block grant funds directly to each consortia member, or designate a fiscal agent to allocate the funds.

Consortia can use block grant funds in seven program areas. These include:

1. Elementary and secondary basic skills
2. Citizenship and English as a second language
3. Workforce programs for older adults
4. Programs to help older adults assist children in school
5. Programs for adults with disabilities
6. Career technical education
7. Preapprenticeship programs

The 2015-16 budget extended the MOE for adult education for one additional year, requiring the Chancellor's Office to allocate up to \$375 million of the \$500 million block grant for existing school district and COE adult education programs. The Chancellor's Office and CDE are required to distribute the remaining funds to the regional consortia based on each region's adult education need, determined by general adult population, immigrant and low employment population, educational attainment, and adult literacy. For the 2015-16 fiscal year, the Adult Education Block Grant was distributed as follows:

2015-16 Adult Education Funding

K-12 MOE	\$336.9 million
K-12 Consortia	\$63.0 million
Community College Consortia	\$100.1 million
Total:	\$500 million

Source: Department of Education

Beginning in 2016-17, the Chancellor's office and CDE will distribute the full block grant amount based on the amount allocated to each consortium in the prior year, the region's need for adult education and the consortium's effectiveness in meeting those needs. If a consortium receives more funding in a given year than in the prior year, each member of the consortium will receive at least as much funding as in the prior year.

The 2015-16 budget required consortia to approve adult education plans every three years. These plans must include a list of all other entities that provide adult education in the region and a description of actions the consortia will take to integrate services. Consortia are required to provide data annually to the Chancellor and Superintendent about their services and outcomes. The Chancellor and Superintendent then must report annually to DOF, SBE and the Legislature on the status of consortia, including their funding allocations, types and levels of service, and effectiveness in meeting their region's adult education needs.

The 2015-16 budget trailer bill language also required the state to coordinate funding for two federal adult education programs. These programs include the Adult Education and Family Literacy Act (also known as Workforce Innovation and Opportunity Act (WIOA)) and the Carl D. Perkins Career and Technical Education Act.

The 2015-15 budget provided \$25 million in one-time Proposition 98 funding (\$12.5 million to the community colleges and \$12.5 million to CDE) for data collection and reporting. The Chancellor's Office and CDE must provide 85 percent of the funding to consortia to develop or update data systems and collect specified data.

The 2016-17 Budget

The Governor's budget maintains the \$500 million in ongoing Proposition 98 funding for the Adult Education Block Grant.

The Governor's budget also proposes trailer bill language requiring regional consortia to consider input from pupils, teachers, community college faculty, principals, administrators, classified staff and the local bargaining units of the school districts and community college districts before making a decision.

STAFF COMMENTS

Adult education is a high priority for the Legislature, as it is essential in providing adults with the basic skills and knowledge they need to participate in society. Adult education programs have endured a number of funding and policy changes in recent years. Adult schools finally have a dedicated funding source that will provide needed stability for these programs. The new regional consortium process has provided an opportunity for more collaboration in determining the needs of each region and providing services more efficiently. In this hearing, the Subcommittee will hear an update on the first year of implementing the Adult Education Block Grant and regional consortium process. Staff raises the following issues for consideration:

Is additional funding needed? Prior to the recession, the adult education categorical program received over \$700 million for K-12 schools to provide adult education. Many adult school providers argue that \$500 million is not sufficient to meet the need for adult education services. Due to the fact that the consortia are in the first year of implementing the block grant, it may be too early to determine if more funding is needed (and how much). Staff recommends considering additional funding in future years when we have more data on the services being provided and additional need. Consortia members are required to report this information annually to the CDE and Chancellor's Office.

Fiscal agents delayed in allocating block grant funding. Many consortia members have reported that using a fiscal agent has resulted in a significant delay in allocating block grant funding to the consortia members. Additionally, some fiscal agents are requiring consortia members to provide onerous paperwork in order to receiving funding. The Legislature's intent in creating the fiscal agent funding option was to provide a more streamlined process, not to require more paperwork.

No progress has been made on data collection and reporting. The 2015-16 budget provided \$25 million in one-time Proposition 98 funds for consortia to develop or update data systems and collect specific data. In addition, some of the funding was provided for state level activities to develop data policies. However, none of this funding has been used or allocated to the regional consortia to date.

Loss of lottery funds for adult education. Lottery funds are allocated based on a per pupil amount for K-12 schools and the higher education segments. Through 2014-15, adult education programs and Regional Occupational Centers and Programs (ROCPs) generated lottery funds. However, since K-12 adult schools and ROCPs no longer receive funding on a per pupil basis, the CDE excluded adult education and ROCP ADA from the lottery calculations beginning in 2015-16. This change results in approximately \$48 million in funding generated by K-12 adult schools to be redistributed to all lottery fund recipients, while community college adult education classes will continue to generate lottery funds because they are funded on a per pupil basis.

SUGGESTED QUESTIONS

- Have regions begun to build capacity with the additional funding provided through the Adult Education Block Grant? Is more funding needed to meet the demand for adult education in California?
- How has the governance structure worked in your regional consortium? Was there consensus on how to allocate funding? What implementation challenges did you face?
- When do CDE and the Chancellor's Office anticipate allocating funding to the consortia for data collection?
- How does the loss of lottery funds impact K-12 adult schools?

Staff Recommendation: Hold Open.
