

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Roderick D. Wright
Senator Mark Wyland



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Room 3191, State Capitol

Consultants: Kim Connor and Kris Kuzmich

PART B ADULT EDUCATION

<u>Item</u>	<u>Department</u>	<u>Page</u>
6110	Department of Education	
6870	California Community Colleges (CCC)	
	Adult Education in California - General Background	2
Issue 1	Governor's Adult Education Proposal	7
	Public Comment	

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ADULT EDUCATION IN CALIFORNIA - GENERAL BACKGROUND

Adult Education's Primary Purpose. The primary purpose of adult education to provide persons 18 years and older with the precollegiate-level knowledge and skills they need to participate in society and the workforce.

The typical types of students served by adult education programs include: (1) immigrants who want to learn English, obtain citizenship, and receive job training; (2) native English speakers who are illiterate or only can read and write simple sentences; (3) high school dropouts who want to earn a diploma for General Educational Development (GED) high school equivalency certificate to increase their employability or attend college; (4) high school graduates who seek to earn a college degree but have not yet fully mastered reading, writing, or math at precollegiate levels; and (5) unemployed persons or unskilled workers earning low wages who seek short-term vocational training to improve their economic conditions. Adult education also serves older adults who want stay active physically and mentally, as well as parents seeking to learn effective techniques for raising their children.

Providers and Students. According to the Legislative Analyst Office (LAO), more than 400 state-funded entities provide adult education, including 112 community colleges and about 300 K-12 adult schools. Data is incomplete, but it is estimated that 1.5 million students (headcount) were served in 2009-10 (latest estimate available). This estimate translates to about 550,000 full-time equivalent (FTE) students. (Data is incomplete because state funding for K-12 adult education programs was made flexible in 2008-09 and school districts are no longer required to report data on students served.)

Of the 1.5 million students served by an adult education program, the LAO estimates that 66 percent (most) are served by community colleges (52 percent credit and 14 percent non-credit) and the remaining 34 percent are served by K-12 adult schools.

System Governance and Coordination. As noted, both K-12 school districts and community college districts currently provide adult education. Adult education is not a "core" mission for either system.

For K-12 school districts, the core statutory and constitutional responsibility is for elementary and secondary education.

For community college districts, the primary mission is to offer academic and vocational education at the lower division level for both recent high school graduates and those returning to school. Another primary mission is to advance the state's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement. In addition, current law provides that essential and important functions include: basic skills instruction, providing English as a second language, adult noncredit instruction, and support services that help students to succeed at the postsecondary level. Finally, community colleges are also authorized to provide

community service courses and programs, so long as their provision is compatible with an institution’s ability to meet its obligations in its primary missions.

Throughout the adult education program’s history, several legislative clarifications have been attempted and lawsuits have been filed, yet today adult education remains a bifurcated responsibility of both K-12 school and community college districts. Therefore, there is a lack of clarity about governance and coordination of adult education. As a result, instructional areas overlap in the two segments.

There are ten state-supported and state-authorized instructional areas, which K-12 and community college districts can both provide: (1) adults with disabilities; (2) apprenticeship; (3) vocational/career technical education; (4) immigrant education in citizenship and workforce preparation; (5) elementary and secondary education; (6) English as a second language; (7) health and safety, including exercise and fitness classes; (8) home economics; (9) older adults; and (10) parenting. Of these ten areas, community colleges provide instruction on both a credit and non-credit basis for the following: (1) adults with disabilities; (2) apprenticeship; (3) vocational education; (4) elementary and secondary education; (5) English as a second language; and (6) health and safety.

Figure 2
Adult Education Includes a Wide Array of Instructional Areas

Instructional Area	Adult Schools	CCC Noncredit	CCC Credit
Adults with disabilities	X	X	X
Apprenticeship	X	X	X
Vocational education ^a	X	X	X
Immigrant education (citizenship and workforce preparation)	X	X	
Elementary and secondary education	X	X	X
English as a second language	X	X	X
Health and safety ^b	X	X	X
Home economics	X	X	
Older adults	X	X	
Parenting	X	X	

^a Also referred to in statute as career technical education.
^b Includes exercise and fitness classes.

Overall Funding Levels and Sources. The LAO estimates that more than **\$2 billion** in total funding was spent in 2011-12 for adult education programs, of which about **\$1.7 billion** supported community colleges and about **\$400 million** supported K-12 adult schools. The largest funding sources are state General Fund and local property tax revenues, which together comprise Proposition 98 funding. In addition, this total also includes student fees and federal funds.

State Funding for K-12 Adult Education. Historically, K-12 adult schools were funded based on adult education revenue limits for adult education students in districts

participating as of a specific date. Current funding allocations largely reflect whether a district participated in the categorical program in 1979-80 and service levels at that time.

Prior to 2008-09, the state provided funding for adult schools through a categorical program that provided a uniform per-student funding rate, specifically **\$2,645** per student based upon average daily attendance (ADA).

Beginning in 2008-09, state funding levels were reduced and a 15 percent across-the-board cut was implemented. This cut deepened to 20 percent in 2009-10 and has remained at that reduced level since then. Also in 2008-09, the state allowed K-12 school districts to “flex” their adult education funding and use it for any purpose. As a result, districts were no longer required to report data on whether funds were expended for adult education, and, if so, how many adults were served.

While actual data is not available, the LAO surveyed K-12 districts and estimated that only between 40 to 50 percent of the **\$635 million** provided in Proposition 98 adult education funding in 2011-12 was spent for that purpose. Per the LAO, this equated to about **\$400 million** in 2011-12.

Under current law, adult schools are authorized to charge fees for most courses, including English as a second language, citizenship, and vocational education, and other courses such as health and safety. Fees are not permitted for elementary and secondary education. Per statute, fees charged by school districts cannot exceed the costs of providing the course.

State Funding for Community College Adult Education. Within the community colleges, enrollment funding can be used for both credit and noncredit instruction. The funding is allocated on a per-student (FTES) basis. In 2012-13, course rates are as follows:

- **Credit rate**, regardless if coursework is degree applicable or non-degree applicable, of **\$4,565**;
- **Regular non-credit rate**, such as for home economics and programs designed for older adults, of **\$2,745**; and
- **Enhanced non-credit rate**, for coursework in career development and college preparation, of **\$3,232**.

For adult education, credit fees are based upon \$46 per unit – the same as for other community college credit classes. Most community college adult education students are enrolled in credit courses.

However, the community colleges are not authorized to charge fees for adult education noncredit courses. Only 14 percent of community college adult education students are estimated to be enrolled in adult education noncredit courses. These adults are concentrated in six districts – Los Angeles, Mt. San Antonio, North Orange, Rancho Santiago, San Diego, and San Francisco.

Similar to K-12 school districts, community college funding has decreased in recent years. This has resulted in smaller adult education programs as many districts have targeted non-credit instruction for a disproportionate share of cuts. Statewide, the number of non-credit FTES served in 2011-12 was about 30 percent lower compared to 2008-09 levels.

The LAO estimates that in 2011-12 community colleges spent approximately **\$1.4 billion** in apportionments on adult education coursework – about **\$1.2 billion** for credit instruction and about **\$200 million** for non-credit instruction.

Federal Funding of Adult Education. The primary source of federal funds is Workforce Investment Act (WIA) Title II funds, of which the state received **\$91 million** in 2011-12. Per the LAO, these funds are utilized to support instruction in adult elementary education, adult secondary education, and English as a second language. A total of 169 K-12 adult schools (\$59 million), 17 community colleges with non-credit programs (\$13 million), and 38 other providers such as libraries and community-based organizations (\$7 million) received WIA funding. The remaining \$12 million in funding is retained by the California Department of Education (CDE) to administer the program, as well as to support statewide activities such as professional development.

Per the Budget Act of 2012, and beginning with the 2013-14 grant cycle, CDE was required to reopen the WIA Title II grants to new applicants as well as introduce performance measures that track student transitions from adult education to postsecondary studies and the workforce. However, CDE recently informed the Legislature that this change would not occur until the 2014-15 grant cycle. This is due to CDE's implementation of the new National Reporting System (NRS) in 2013-14 which requires classification of student enrollment into one of three categories: (1) GED/high school graduation; (2) employment; or (3) transition to postsecondary education or training. CDE indicates that these NRS changes will allow student outcomes to be reflected more accurately and provide more accountable information on which base the awarding of the WIA grants in 2014-15. The January budget includes language identical to that included in the Budget Act of 2012, except that CDE is required to implement the changes in 2014-15.

In addition to WIA funds, federal Perkins funding also supports vocational programs offered by K-12 adult schools and community colleges. In 2011-12, K-12 adult schools and community colleges received **\$8 million** and **\$55 million** in Perkins funds, respectively.

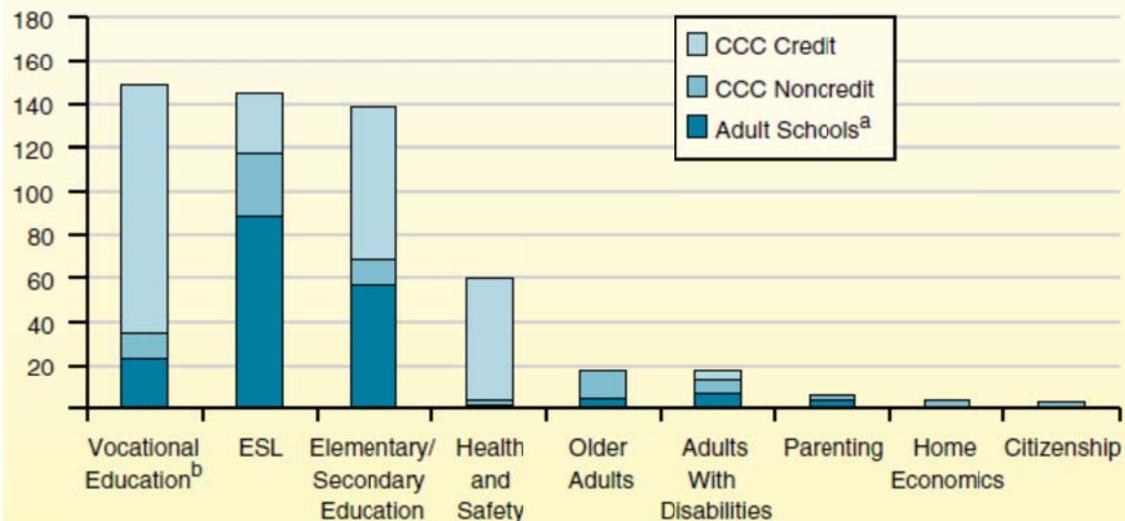
Adult Education Coursework for K-12 Schools and Community Colleges. The LAO table on the next page summarizes adult education coursework for K-12 schools and community colleges in 2009-10 (the latest information available). According to this data, adult schools in the K-12 system are focused on English as a Second Language (ESL) and elementary and secondary education programs, such as literacy programs and high school graduation/diploma programs.

The community colleges focus most on vocational education, elementary and secondary education, and health and safety coursework. While K-12 schools provide more than half, the community colleges also provide a significant portion of ESL coursework.

Figure 4

Adult Education Is Concentrated in Three Instructional Areas

2009-10 Full-Time Equivalent Students (In Thousands)



^a Totals for adult schools are somewhat understated because not all schools reported enrollment data for 2009-10.

^b Based on LAO assessment of which credit vocational courses reflect adult education. Totals include apprenticeship. ESL = English as a second language.

Recent LAO Report Identifies Key Strengths but Many Weaknesses. In its December 5, 2012, report entitled, *“Restructuring California’s Adult Education System,”* the LAO found that the state’s adult education system possesses some key strengths, including:

- ✓ Two large systems with extensive experience working with adult learners throughout the state;
- ✓ A data system that can measure learning gains for at least some students; and
- ✓ An innovative policy that allocates federal funds to providers based on performance.

However, the LAO review also identified a number of major problems, including:

- ✓ Overly broad mission;

- ✓ Lack of clear delineations between precollegiate (adult education) and collegiate coursework at the CCC;
- ✓ Inconsistent state-level policies;
- ✓ Widespread lack of coordination among providers; and
- ✓ Limited student data, which impairs the public's ability to hold the system accountable for performance.

The LAO also found that, over the past few years, the role of adult education in California has become even more clouded, as the Legislature has allowed K-12 school districts to use Proposition 98 funds that previously have been dedicated to adult education for any educational purpose.

In conclusion, the LAO found that adult education in California is a complex, confusing, and incoherent system in need of a comprehensive restructuring. The LAO's proposal to restructure the adult education system is discussed in the next section of the subcommittee agenda.

ISSUE 1: GOVERNOR'S ADULT EDUCATION PROPOSAL

Panelists: Department of Finance
 Legislative Analyst's Office
 California Community College Chancellor's Office
 California Department of Education

Proposal Summary: The Governor's budget proposes a number of changes to adult education in California beginning in 2013-14. Most notably, the Governor proposes to (1) eliminate the K-12 adult education categorical program and consolidate all associated annual funding into his new K-12 funding formula; (2) appropriate \$300 million in new Proposition 98 General Fund to create a new adult education program for adult education within the community colleges; and (3) shift \$15.7 million from a K-12 apprenticeship program to a new community college program.

Governor's Budget Proposal. The Governor's January budget proposes an increase of **\$315.7 million** in Proposition 98 funding to realign adult education from K-12 education and within the community college system, in order to eliminate the current bifurcated system and create a more accountable and centralized adult education learning system within the community colleges. Major components of the Governor's January budget proposal are outlined below.

- **Folds \$635 Million in K-12 Adult Education Categorical Funding into New K-12 Funding Formula.** Most notably, the Governor proposes to eliminate school the K-12 adult education categorical program and consolidate about \$635 million in Proposition 98 General Fund into his new Local Control Funding Formula beginning in 2013-14. The Governor proposes to eliminate state requirements for K-12 adult schools, although school districts would be able to continue operating adult schools using general purpose Proposition 98 funding, federal Workforce Investment Funds, and fee revenues.
- **Provides \$300 Million in New Funding for Community College Adult Education Categorical Program.** The Governor proposes an additional \$300 million is new Proposition 98 funding to community colleges to reconstitute the adult education program within that system beginning in 2013-14.

Funding would be allocated to community colleges using a formula based upon the total number of students they served in the prior fiscal year. The Governor does not propose a specific rate of funding and instead allows the Chancellor's Office to set the rate.

Community colleges could provide instruction directly to adult learners or contract with K-12 school district adult schools to provide instruction.

The budget bill contains placeholder language directing the Chancellor's Office to develop an adult education expenditure plan for submittal to the Department of Finance by July 1, 2013.

The Administration indicates that the adult education funding level will be reassessed in the future based on program participation and effectiveness. Community colleges will also be encouraged to leverage the capacity and expertise currently available at the K-12 adult schools.

- **Limits Community College Apportionments to Credit Instruction Only.** The Governor proposes to restrict community college apportionments to “credit” instruction. The community colleges would retain about \$200 million currently expended for “noncredit” instruction; however, funds would be available only for credit instruction.
- **Focuses Adult Education on Core Instructional Areas:** Under the Governor’s plan, state adult education funding would be narrowed from the ten existing instructional areas to the following six core instructional areas: (1) vocational education; (2) English as a second language; (3) elementary and secondary education; (4) citizenship; (5) apprenticeship; and (6) adults with disabilities.

With this restriction, the Governor would refocus funding away from non-mission areas and savings reinvested for additional courses in mission areas such as basic skills and workforce training. If community colleges offer non-mission courses, students will be required to pay the full cost of instruction.

Under the Governor’s plan, K-12 schools would be authorized to use available state funding for any adult education program.

- **Shifts K-12 Apprenticeship Program to Community Colleges.** The Governor also proposes to shift \$15.7 million in Proposition 98 funding for an apprenticeship program from the K-12 school system to the community colleges. The program would remain a separate categorical program at the community colleges. The Governor adds provisional language to the community colleges budget that mirrors 2012-13 budget bill provisional language contained in CDE’s budget item, including retention of an annual reporting requirement.

LAO Proposal to Restructure the Adult Education System. In its December 5, 2012, report entitled, *“Restructuring California’s Adult Education System,”* the LAO recommended a comprehensive restructuring that retained the comparative advantages that K-12 adult schools and community colleges currently have in delivering adult education. Though comparative data on student outcomes are limited, the LAO reported that research suggests that K-12 adult schools and community colleges perform equally well at educating adult learners. Therefore, in proposing a restructuring, the LAO built upon each segment’s strengths while also addressing current problems, as summarized on the next page.

Summary of LAO Proposal to Restructure the Adult Education System

Current System	New System Under LAO Proposal
Authorizes ten state-supported instructional programs that serve various purposes.	Focuses on the six instructional programs most closely aligned with adult education’s core mission.
Lacks a clear and consistent distinction between adult education and collegiate instruction.	Clearly distinguishes between adult education and collegiate education.
Applies inconsistent and conflicting policies regarding faculty qualifications, fees, and student assessments at adult schools and community colleges.	Applies a consistent set of policies for faculty and students at adult schools and community colleges.
Misses opportunities to create strong collaborations between adult schools and community colleges.	Creates a funding mechanism for adult education that promotes a coordinated system centered on student access and success.
Fails to collect key data needed to fully evaluate the effectiveness of the adult education system.	Collects some data on student enrollment and outcomes for both adult schools and community colleges. Links the respective data systems.

LAO Recommendations. The LAO recommends the Legislature take a number of actions to improve adult education in California. The LAO finds that adult schools and community colleges each have comparative advantages for delivering adult education. For that reason, the LAO recommends an alternative approach from the Governor’s that builds upon the strengths of each provider and creates the foundation for a more focused, rational, collaborative, responsive, and accountable system.

- **Focus on Core Adult Education Mission.** The LAO recommends the Legislature approve the Governor’s proposal for CCC to focus state support on six instructional areas. The LAO also recommends the Legislature focus on the same six instructional areas for K-12 adult schools.
- **Clearly Delineate Precollegiate and Collegiate Education at CCC.** The LAO recommends the Legislature work with the Administration to develop consistent delineations of noncredit and credit instruction at the community colleges. To the extent precollegiate level coursework is shifted from credit to noncredit, districts would be eligible for less apportionment funding. Per the LAO, the Legislature could decide to keep CCC funding at the same level, however, which would allow community colleges to accommodate additional students (either in adult education or collegiate courses).
- **Resolve Inconsistent and Conflicting Adult Education Policies.** To further achieve consistency of standards for adult schools and community colleges, the LAO recommends the Legislature and Governor address policy differences concerning:

- ✓ **Faculty Qualification Requirements.** Specifically, the LAO recommends the Legislature amend statute so that faculty no longer need a teaching credential to serve as an instructor at an adult school. By aligning policy for adult schools with that of the community colleges, instructors could readily teach adult education courses with both providers.
- ✓ **Adult Education Coursework Fees.** The LAO recommends the Legislature consider levying a modest enrollment fee (such as \$25 per course) for students in adult schools and noncredit CCC programs.
- ✓ **Student Placement Tests.** The LAO also recommends the Legislature amend statute to allow CCC faculty to place students into adult education courses based on assessment results (as faculty at K-12 adult schools currently are permitted to do) and require that K-12 adult schools use only assessment instruments that have been evaluated and approved for placement purposes (as community colleges are required to do).
- **Reject Governor’s Categorical Program Proposals.** The LAO recommends the Legislature reject the Governor’s proposals to: (1) eliminate school districts’ adult education categorical program; (2) create a new \$300 million CCC adult education categorical program; (3) allow the CCC Chancellor’s Office to determine the per-student rate for funds in the categorical program; and (4) allocate categorical funds to community colleges on a formula basis.

Instead, the LAO recommends the Legislature:

- ✓ Restore adult education as a stand-alone categorical program for school districts;
- ✓ Provide up to \$300 million for the reconstituted program;
- ✓ Provide adult schools with the same noncredit funding rate that community colleges receive; and
- ✓ Allocate funds to school districts based on the amount of General Fund monies they are currently spending on adult education.
- **Recommend Allocating Future Resources in Ways That Promote Both Access and Success.** To foster more cooperation among providers and make the adult education system more responsive to local needs, in future years the LAO recommends the Legislature: (1) allocate base adult education funds to providers on a combination of enrollment and performance; (2) make new funding available on a regional basis based on relative program need; and (3) promote collaboration among providers by adopting common course numbering for adult education.
- **Reject Transfer of Apprenticeship Funds to CCC.** The LAO recommends the Legislature reject the Governor’s proposal to shift funds from school districts’ apprenticeship categorical program to a new categorical program within CCC’s budget. Instead, the LAO recommends that school districts’ apprenticeship categorical funds be shifted to and consolidated within the reconstituted adult education categorical program (resulting in a total of \$315.7 million in funding for the

categorical program). This would give school districts more flexibility to determine the appropriate mix of adult education programs they offer.

- **Improve Data State Receives.** To improve public oversight of adult education going forward, the LAO recommends the state begin collecting consistent data from adult schools and CCC. Such data would include enrollment levels, student learning gains in ESL and elementary and secondary education courses, and vocational certificates earned by students. Lastly, the LAO recommends the Legislature promote a coordinated data system by clarifying its intent that adult schools and CCC use common student identification numbers.

Issues for Consideration. The Governor’s overall approach presents a number of questions for the Legislature to consider, as outlined below. That said, the Administration has indicated it is open to considering some of the major elements raised by the LAO’s December report on adult education. For that reason, the Administration indicates it is considering revisions for its adult education proposal at May Revise.

Adult Education a Priority in 2013-14 Budget. As emphasized by the recent LAO report, the state’s existing adult education system has a number of problems, not the least of which is its bifurcated governance structure between K-12 school districts and community college districts, which results in an inefficient system that is not always structured in the best interests of adult learners.

The Governor should be commended for identifying adult education reform as a high state priority. Under current law, the adult education program is fully flexed within the K-12 system and it appears that school districts have redirected about half of the \$635 million in Proposition 98 General Fund to other program priorities. Without any change in law, adult education remains flexed for another two years – through 2014-15.

Two Different Proposals to Restructure Adult Education. Given the LAO proposal described above, the Legislature effectively has before it two different proposals to restructure the state’s adult education program. While the proposals share some similarities, such as the definition of “core” instructional areas (discussed below), the plans differ significantly. The Governor’s proposal would reconstitute the adult program within the community college system while the LAO’s proposal would maintain the program at both K-12 and community college districts, building on each segment’s strengths yet with significant policy reforms. The Governor’s proposal would allocate funding to community colleges based on existing service levels, while the LAO’s proposal includes a dedicated revenue stream that would provide the same funding rate for the same instruction, reward providers for student success, and align future allocations with program need. Aspects of both proposals warrant further consideration by the Legislature.

Both LAO and Governor Refocus Adult Education on Programs within Core Instructional Areas. Both the LAO and Governor’s proposals continue funding authority for adult education programs within “core instructional areas” defined to

include: vocational education; English as a second language; elementary and secondary education; citizenship; apprenticeship; and, adults with disabilities. As a result, the proposals would continue funding for six programs currently authorized for both K-12 schools and community colleges.

Four adult education programs that do not clearly fit within these core areas are not continued for funding under either proposal. Programs excluded by the plans include: health and safety (including exercise and fitness classes); home economics; older adults; and, parenting classes.

The plans' focus on elementary and secondary education and English as a second language reflects programs also authorized under federal adult education programs (Title II Workforce Investment Act).

Governor's Proposed Funding Allocations within the Community Colleges in Need of Improvement. Community colleges vary significantly in terms of the extent to which they consider adult education to be part of their educational mission. This results in wide variation across the state in terms of the availability of adult education instruction at community colleges. As such, some districts might not be prepared to assume responsibility for adult education programs. Yet the Governor's plan would allocate funds to community colleges based solely on existing service levels. Going forward, this could build a significant inequity into the adult education system. It is also worth noting that, absent specific requirements about the expenditure of the \$300 million, the funding could simply support existing service levels at the community colleges as opposed to expanding adult education offerings in the six core instructional areas.

K-12 Adult Education Funding Allocations Very Problematic. Adult education funding allocations within the K-12 system are outdated reflecting historical service levels limited for about one-third of the school districts statewide that participated in the program at a particular point in time. An estimated 375 school districts and county offices of education (out of more than 1,000) are eligible to receive adult education funding. (Under current law, unified and high school districts, as well as county offices of education are eligible for adult education; elementary school districts are not eligible.) However, only 314 school districts and six county offices of education currently receive funding.

Since funding allocations are based upon historical participation levels – not on explicit indicators of adult need – comparisons are difficult. While adult education funding rates are uniform for K-12 adult schools, \$2,645 per student ADA, districts are locked into historical participation levels and therefore, by any measure, funding levels and proportions vary enormously among districts.

	Ten Largest School Districts	County	K-12 Pupil ADA	Percent Free/Reduced Price Lunch Pupils	Percent English Learner Pupils	Adult Education \$ 2011-12	Per Pupil Adult Ed \$
1	Los Angeles Unified	Los Angeles	560,732	70.91	28.24	163,231,979	291
2	San Diego Unified	San Diego	110,412	58.67	27.27	989,327	9
3	Long Beach Unified	Los Angeles	80,057	68.10	22.32	4,199,714	52
4	Fresno Unified	Fresno	66,573	81.05	23.62	10,369,365	156
5	Elk Grove Unified	Sacramento	58,645	63.51	16.31	1,878,941	32
6	Santa Ana Unified	Orange	51,738	77.78	53.12	5,950	0.12
7	Corona-Norco Unified	Riverside	50,759	42.57	13.20	1,811,078	36
8	San Francisco Unified	San Francisco	49,068	56.84	30.25	0	0
9	Capistrano Unified	Orange	49,382	23.02	10.55	1,692,344	34
10	San Bernardino City Unified	San Bernardino	48,147	86.57	29.83	6,301,977	131

As indicated in the table above, equivalent funding rates per K-12 pupil vary significantly for the ten largest school districts in the state. Using K-12 ADA as a relative measure, per pupil funding rates vary from 12 cents per pupil in Santa Ana Unified to \$291 per pupil in Los Angeles Unified School District. (San Francisco Unified receives zero funding because the community colleges is the adult education provider in that city.)

It is also interesting to note that the differences in funding for three school districts with the highest K-12 student poverty rates – Fresno Unified, Santa Ana Unified, San Bernardino Unified.

The list of school districts that receive the largest amount of adult education statewide – above \$10 million annually -- is summarized in the following table. The Los Angeles Unified School District is the top earner, accounting for nearly 26 percent of adult education funding statewide; although the district comprises about 9.5 percent of K-12 enrollment statewide. Per pupil funding amounts range from \$156 to \$1,325 for the nine districts on the highest funded list.

While two of the districts below – Los Angeles Unified and Fresno Unified -- are included among the nine largest schools districts in the state, the remaining seven districts are not. Five of these districts fall in the 30,000 to 42,000 ADA ranges. But the two smallest districts receive funding that equates to very high per pupil amounts: -- Hacienda La Puente Unified with student ADA of 20,174 receives funding that equates to \$749 per pupil and El Monte Union High with student ADA of about 9,683 receives funding that equates to \$1,325 per pupil.

	Districts with Highest Adult Education Funding	County	K-12 Pupil ADA	Percent Free/Reduced Price Lunch Pupils	Percent English Learner Pupils	Adult Education \$ 2011-12	Per Pupil Adult Ed \$
1	Los Angeles Unified	Los Angeles	560,732	70.91	28.24	163,231,979	291
2	Hacienda La Puente Unified	Los Angeles	20,174	74.53	19.19	15,114,338	749
3	Sweetwater Union High	San Diego	38,774	53.69	20.78	14,169,402	365
4	Sacramento City Unified	Sacramento	41,589	68.05	22.65	13,134,632	316
5	El Monte Union High	Los Angeles	9,683	84.21	22.78	12,832,774	1,325
6	Montebello Unified	Los Angeles	30,548	42.81	33.01	12,459,908	407
7	Oakland Unified	Alameda	36,375	62.29	29.46	11,498,823	316
8	Pomona Unified	Los Angeles	26,743	5.64	36.31	10,968,252	410
9	Fresno Unified	Fresno	66,573	81.05	23.62	10,369,365	156

Different Treatment of Apprenticeship Funds under Governor’s Plan. Similar to K-12 education, the 2009 budget also provided categorical flexibility for the community colleges. Included in the “flexed” programs is a community college-based apprenticeship program and \$7.2 million in funding. Since 2009, roughly \$69,000 per year has been transferred out of the apprenticeship program and into other categorical programs. Overall, less than \$2 million per year each year has been transferred, out of total funding of roughly \$440 million. This outcome could be construed several ways, including: (1) the community college apprenticeship program is critical, so districts have not used the enhanced flexibility; or (2) because the flexibility is temporary, districts have chosen not to exercise the option due to concerns that when the flexibility expires the programs will be reinstated. It would be difficult to draw the conclusion that flexibility within the community colleges signaled lower priority programs, as so little funding has been transferred with programs. While the Governor’s plan continues to flex the \$7.2 million for community college apprenticeship programs, the Governor takes a different approach for K-12 apprenticeship funds. Specifically, the Governor proposes to shift \$15.7 million in funding from the K-12 Apprenticeship program to community colleges; however, the Governor does not “flex” the program funding. Therefore, when community college flexibility expires in 2014-15, these issues will warrant further consideration by the Legislature.

Administration of Adult Education Programs Continues at Department of Education Under Governor’s Plan. The Governor’s proposal does not address adult education state operations program administration costs. Even though the budget reconstitutes the adult education program within the community colleges, CDE would

retain the roughly 38 positions that currently provide oversight of state K-12 adult education programs, as well as administration of the federal WIA Title II and Perkins adult education. The budget also does not contain any state operations augmentation for the Chancellor's Office to administer the program. These choices warrant further consideration by the Legislature as it considers the budget proposal.

K-12 Adult Education Funding Already Reduced and Redirected to Other Programs Reflecting Lower Priority for Many School Districts. Statutes enacted in 2008-09, granted K-12 school districts the authority to use adult education – and nearly 40 other state categorical funds – for “any education purposes.” In other words, districts are not required to use these funds for adult education. Under current law, this funding flexibility will continue through 2014-15.

According to surveys conducted by the LAO, most school districts appear to be utilizing this flexibility for adult education funds. More specifically, 80 percent of school districts last surveyed by the LAO are redirecting funds away from adult education. The LAO estimates that of the \$635 million appropriated for adult education in 2012-13, about \$400 million (roughly 40 to 50 percent) is being spent for that purpose.

The Administration estimates that school districts are currently expending less than half of the \$635 million – about \$300 million – for adult education programs in 2012-13.

Despite Consolidation of Administration at Community Colleges, Governor's Proposal Continues Current K-12 Funding Levels for K-12 Adult Education Making Continued Access to K-12 Adult Education Programs Possible. The Governor's proposal does not shift funding the \$635 million in existing K-12 adult education funds to community colleges. Instead, the Governor retains these funds in the K-12 system and – along with nearly 50 other state categorical programs – rolls them into a new Local Control Funding Formula. It would be up to K-12 districts to continue programs reflecting local needs and priorities. Understanding current adult education funding is flexed, the Governor's proposal does not represent a big change to current law, which continues through 2014-15. While the Governor plans to eliminate the statutory requirements for adult education, K-12 schools could decide to continue these programs under their own local authority.

Governor Adds New Funding to Reinvest in Adult Education System That Could Support Continuation of Adult Education Now Provided by K-12 Schools. The Governor adds \$300 million in new Proposition 98 funding to the community colleges budget for adult education, to reinvest in adult education statewide. The \$300 million reflects the Administration's best estimate of current adult education expenditure levels in the K-12 system. The LAO estimates expenditures of \$400 million for K-12 adult education. While the Governor's plan consolidates state administration and funding of adult education programs within the community colleges, the plan clearly contemplates community college contracts with some existing K-12 adult education programs statewide.

Governor’s Proposal Could Improve Access to Adult Learning Opportunities – Both Career and Higher Education. Adult education programs, as they currently exist, do not fit clearly within the mission of either K-12 schools or community colleges. That said, programs for adult learners could be a closer fit for the community colleges, since – as stated by the Administration – serving adult learners is the system’s core function. In addition, community colleges can offer opportunities for connecting adult learners to a full continuum of adult vocational and higher education opportunities.

Loss of physical access (proximity) to K-12 adult education programs in neighborhoods has been raised as a concern with the Governor’s proposal. While there are about 300 K-12 adult school sites and 112 community colleges statewide, community colleges also operate 70 official centers and other satellite locations. In addition, both K-12 adult education and community colleges offer classes in a variety of settings – such as school sites, community centers, libraries, churches, storefronts, and job sites – in order to locate programs to best reach adult learners. Additionally, as mentioned earlier, the Governor’s proposal contemplates that community colleges could contract with existing K-12 adult education programs.

Governor’s Proposal Provides an Opportunity to Adopt Improvements in Adult Education Funding and Accountability -- As Recommended by the LAO. The basic intent of the Governor’s proposal is “*to create a more accountable and centralized adult education learning structure.*” The need for consistent data and stronger accountability systems for adult education are much needed.

According to the LAO, the performance-based funding and accountability system utilized by the federal WIA programs in California is commendable. Among several recommendations related to improving adult education funding allocations and accountability, the LAO recommends that adult education funds be based ultimately upon adult need and performance. Under the LAO’s long term plan, adult education needs would be determined regionally, utilizing census data such as adults with less than a high school diploma and adults who do not speak English at home, as well as regional unemployment rates, and poverty rates. At this time, the Governor proposes to allocate funding based upon existing delivery patterns at the community colleges.

Governor’s Proposal Also Provides an Opportunity to Adopt Consistent Policies on State Faculty Qualifications, Fees, and Assessment – As Also Recommended by the LAO. The Governor proposal states intent to create a more centralized and coordinated adult education system. The Governor’s plan to consolidate administration and funding could also include changes to make differing and confusing state adult education policies more consistent. For example, the LAO recommends eliminating the credential requirement for K-12 adult education instructors but not required for community college instructors.

The LAO also recommends changing state law to allow for a modest fee (such as \$25 per course) for all adult education courses, to reconcile differing fee structures in place across

the state. As indicated by the table below, the state has multiple fee policies for adult education that could be better aligned.

Figure 5
The State Has Multiple Fee Policies for Adult Education

	Adult Schools	CCC Noncredit	CCC Credit
English as a second language	Fee permitted (varies)	No fee permitted	\$46/unit
Citizenship	Fee permitted (varies)	No fee permitted	N/A
Elementary and secondary education	No fee permitted	No fee permitted	\$46/unit
Vocational education	Fee permitted (varies)	No fee permitted	\$46/unit
Other (such as health and safety)	Fee permitted (varies)	No fee permitted	\$46/unit

In addition, the LAO recommends that adult schools and community colleges align their different assessment and placement standards and practices to better serve students.

Subcommittee Questions. Based on the above comments, the Subcommittee may wish to ask the following questions of DOF, the Department of Education, and the Chancellor's Office:

1. **Status of Governor's January Proposal.** Does the Administration anticipate fundamental changes in the Governor's proposal at May Revision?
 - a. Please explain the elements of the proposal that are likely to change at May Revision.
 - b. In particular, is the Administration reconsidering the January proposal to implement funding restrictions on noncredit coursework at the community colleges?
2. **Funding Levels.** Is \$300 million a reasonable level of funding for adult education considering the K-12 adult education program was funded at about \$760 million in 2007-08, prior to budget reductions?
3. **Funding Share.** What share of Proposition 98 General Fund should be set-aside for adult education compared to other K-12 and community college programs?
4. **Funding Allocations.** In what ways does each of the proposals address funding inequities in the current adult education funding systems?
5. **Adults in Correctional Facilities.** The Governor proposes to eliminate approximately \$15 million for a K-12 categorical program that provides adult education coursework for individuals incarcerated in county jails. Would it make more sense to roll this into the adult education program instead?

Staff Recommendation. Hold this issue open pending receipt of the May Revision.