

The 2018-19 Budget:

Adult Education Analysis

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Summary

Recommend Revamping Funding for Adult Education and Aligning Certain Policies. The state restructured its adult education system in 2013-14 with the intent of fostering greater coordination among providers—primarily community colleges and adult schools. After five years, several key fiscal and policy inconsistencies remain across the two sets of providers. Most notably, adult programs offered by community colleges and adult schools have different funding rules, different fee policies, different instructor qualifications, and different student identifiers. The Governor's budget provides \$5 million ongoing to improve data alignment between community colleges and adult schools. The administration, however, does not address the other areas of misalignment. To address these areas, we recommend the Legislature set a uniform per-student funding rate for adult education providers, establish a consistent fee policy (having all providers charge no fee or a nominal fee), and eliminate certain qualifications for adult education instructors. We recommend approving the Governor's proposed \$5 million augmentation for data alignment but modifying the proposal to require each segment to assign and share student identifiers. This would allow the state and providers to see how students move between the K-12 system, adult schools, and community colleges.

In this report, we first provide background on adult education and review the restructuring of adult education that the state embarked on in 2013-14. We then describe the Governor's two 2018-19 adult education proposals. Next, we assess those proposals and examine various unresolved issues relating to the alignment of adult education policies among community colleges and adult schools. Lastly, we make recommendations relating to the Governor's proposals and policy alignment.

Background

Adult Education Has Multiple Purposes. The primary purpose of adult education is to provide adults with the precollegiate knowledge and skills they need to participate in civic life and the workforce. Toward this

end, most adult education course offerings are in three instructional areas: basic math and English, English as a second language (ESL), and career technical education (CTE). For CTE, adult education providers tend to offer programs that are one year or less in length.

State Embarked on Major Adult Education Restructuring in 2013-14. Community colleges and school districts (through their adult schools) are the primary providers of adult education. In addition, various other entities provide adult education, including community-based organizations, libraries, and jails. Due to longstanding concerns with a lack of coordination among providers, the 2013-14 budget package mapped out a new state strategy for funding and operating adult education. Specifically, the budget provided limited-term grants to adult education

providers to form consortia and develop regional delivery plans. The 2015-16 budget created the Adult Education Block Grant (AEBG), which provided \$500 million in ongoing funding to the consortia to serve adults according to their plans. The amount of AEBG funding that a consortium receives is based primarily on its 2012-13 adult education spending level, with a smaller portion distributed based on a calculation of regional need. Consortia have received the same funding amounts annually since 2015-16. In addition to AEBG funding, the state continues to provide about \$300 million annually in noncredit apportionment funding for community college adult education programs. (We estimate that community colleges spend another \$2 billion on CTE programs that are longer than one year in length. These programs generally are not included as part of consortia planning activities.)

State Left Some Alignment Areas Unaddressed, Tasked Agencies With Addressing Them. While the 2013-14 legislation creating the AEBG aimed to have adult education providers in each region of the state coordinate their program offerings, it did not address inconsistencies in certain fiscal and policy areas. Separate legislation enacted that year tasked the California Department of Education (CDE) and the California Community Colleges (CCC) Chancellor's Office with submitting recommendations pertaining to (1) a consistent fee policy, (2) common assessment policies for adult education students, and (3) a comprehensive accountability system (including the use of a single student identifier). It also required the Commission on Teacher Credentialing and the CCC Academic Senate to make recommendations pertaining to qualifications for adult education instructors in both segments. The agencies ultimately were unable in most cases to agree on recommendations for alignment between the two systems. As a result, our office was tasked with providing recommendations on these issues as part of our 2018-19 budget analysis.

Governor's Proposals

Provides AEBG 4.1 Percent Cost-of-Living Adjustment (COLA). Since the first \$500 million AEBG appropriation in 2015-16, the state has not provided a COLA to the program. The Governor proposes a \$20.6 million (4.1 percent) increase in 2018-19. This increase is higher than the increase the Governor proposes for certain other community

college programs. The higher rate is in recognition that the program did not receive a COLA the past few years. (Specifically, the 4.1 percent increase equates to a 2.5 percent COLA associated with 2018-19 and a 1.6 percent COLA associated with 2017-18.) The administration proposes to distribute the augmentation to consortia based on their current allocations.

Provides \$5 Million Ongoing to Support Data Projects. The budget proposes \$5 million for the CCC Chancellor's Office to undertake several data-related projects. Specifically, the \$5 million would be used to (1) continue support of a data sharing platform that tracks student outcomes across providers and into the workforce by linking student information between adult schools, CCC, and the Employment Development Department (EDD); (2) provide training and technical assistance to local providers on data submission and using data to inform local programming; and (3) collect survey data on the outcomes of AEBG participants whose employment outcomes currently cannot be tracked because they do not have a Social Security Number (SSN). These efforts build upon the \$25 million one-time funding the state provided in 2015-16 to initiate development of the data sharing platform.

Assessment

Below, we first assess the Governor's adult education COLA proposal, along with unresolved funding and fee alignment issues. We then assess the Governor's data alignment proposal. Next, we assess unresolved alignment issues relating to student placement policies, faculty qualifications, and the delineation between noncredit and credit instruction. The first four columns of **Figure 1** summarize all of these unresolved alignment issues.

Providing the AEBG Program a COLA Would Treat It Similarly to Several Other Education Programs. The Governor's budget funds a COLA for many K-12 and community college programs in 2018-19. This is consistent with state action the past few years to fund COLAs for many Proposition 98 programs. For some major education programs, including the Local Control Funding Formula and community college apportionments, recent state budgets have provided augmentations notably in excess of inflation. The AEBG, however, has not received these COLAs. (Since 2015-16, the only AEBG

Figure 1

Summary of Unresolved Adult Education Alignment Issues

Issue	California Community Colleges (CCC)	Adult Schools	Problem	LAO Recommendation
Student identifiers	Use Social Security Number (SSN) or assigned ID number if no SSN.	Varies. Few collect SSN or assign Statewide Student Identifier (SSID).	<ul style="list-style-type: none"> Difficult to track students within and across segments and into the workforce. 	<ul style="list-style-type: none"> Require adult schools to assign an SSID to students without an SSN and share the SSIDs with CCC. Require CCC to use and maintain SSIDs.
State funding	\$300 million CCC noncredit apportionments (\$5,310 per student for most noncredit courses and \$3,300 for remaining noncredit courses). \$60 million AEBG.	\$440 million AEBG. No established per-student rate.	<ul style="list-style-type: none"> Existing funding rules likely lead to different access, services, and quality for students. 	<ul style="list-style-type: none"> Set uniform CCC and adult school per-student funding rate.
Course fees	No course fees for noncredit instruction.	Fees may be charged for CTE courses, but no other courses.	<ul style="list-style-type: none"> Depending on provider, adults may or may not be charged course fees. 	<ul style="list-style-type: none"> Eliminate adult school fees or require all providers to charge a nominal enrollment fee.
Accountability	State requires regional consortia to report outcomes on specified performance measures. Some mention of performance funding in statute, but not operational.		<ul style="list-style-type: none"> Limited incentives to improve student outcomes. 	<ul style="list-style-type: none"> Base a portion of state funding on performance.
Coordination with other adult education funds	—	—	<ul style="list-style-type: none"> Other entities receiving state and federal adult education funds are encouraged but not required to coordinate with their consortia. 	<ul style="list-style-type: none"> Require entities receiving funds to document that they participate in their regional consortia.
Student assessment and placement policies	Use multiple measures for initial placements. Measures can include locally set cut scores on state-approved tests.	Same as CCC.	<ul style="list-style-type: none"> Depending on provider, students with same demonstrated skill level may be placed into different courses. 	<ul style="list-style-type: none"> Segments are in midst of aligning assessment and placement policies. Have segments finish this work and revisit issue next year.
Minimum instructor qualifications	Bachelor's degree with coursework in certain areas.	Bachelor's degree with coursework in certain areas plus adult education teaching credential.	<ul style="list-style-type: none"> Higher requirement can make hiring instructors at adult schools more difficult than at CCC. CCC instructors without a teaching credential cannot teach at adult schools. 	<ul style="list-style-type: none"> No longer require adult school instructors with a bachelor's degree to hold a teaching credential.
Credit versus noncredit courses	Definition of credit versus noncredit is unclear and inconsistent across colleges.	All noncredit.	<ul style="list-style-type: none"> Depending on provider, students may receive credit or noncredit for similar courses and colleges may or may not include similar courses in adult education plans. 	<ul style="list-style-type: none"> Restrict credit instruction at CCC to college-level coursework.

AEBG = Adult Education Block Grant and CTE = career technical education.

augmentation has been \$5 million one time in 2016-17 for technical assistance and professional development.)

State Lacks Data to Help It Set Overall AEBG Funding Level. Currently, the state lacks much key data that could help it determine how much to provide annually for adult education in California. Most notably, the state currently does not know the extent of the current unmet need in the state, how much providers are spending on services, and the quality of those services. Without this basic information, the Legislature cannot have confidence it knows what it is getting for any particular state appropriation level (with or without a COLA).

Existing State Funding Rules Are Inconsistent and Exacerbate Differences in Access and Quality. In addition to being concerned that the state lacks the basic data required to help it set the annual adult education appropriation level, we have serious concerns about the overall way adult education is funded. Most notably, the state has one set of rules for community colleges and a different set of rules for adult schools. The result of having different sets of funding rules means some providers likely are receiving and spending substantially more on adult education services than other providers. These funding and spending differences, in turn, likely are contributing to widening differences in levels of access and quality for adults across the state. Below, we describe funding rules for community colleges, then describe the rules for adult schools.

One Set of Funding Rules for Community Colleges . . . Currently, community colleges annually receive about \$60 million in AEBG funding and about \$300 million in noncredit apportionment funding to provide adult education. (The amount of apportionment funding going for adult education is likely higher than \$300 million because the lines between noncredit and credit instruction are blurred at the community colleges, an issue we discuss later in this section.) The apportionment funding community colleges receive equates to \$5,310 per full-time equivalent student for most noncredit courses (including basic math and English, ESL, and CTE) and \$3,300 for remaining noncredit courses (including citizenship and parenting). Whereas community colleges use their apportionment funding for direct adult education instruction, they typically use their AEBG funding to provide

additional support for adult students and for consortia coordination activities.

. . . And Another Set of Funding Rules for Adult Schools. By comparison, adult schools do not receive apportionment funding, with their sole source of state funding being AEBG. Currently, adult schools receive about \$440 million in AEBG funding annually. As with community colleges, adult schools use a part of their AEBG funding for planning and coordination activities. They use the bulk of their AEBG funding for direct instruction. The state, however, has no set per-student funding rate, so each adult school determines for itself how much to spend per student. The state currently does not have data on per-student spending by adult school, but providers indicate that spending varies across the state. (AEBG administrators indicate that they are beginning to collect this data in 2017-18.) Without a set per-student funding rate, some adult schools may be offering much richer programs to a much smaller group of students.

Differences in Fee Policies Make Matters Worse. Inconsistencies exist not only in state funding but also in state fee policies. Statute prohibits community colleges from charging any fees for adult education (or any noncredit instruction), whereas statute prohibits adult schools from charging fees for basic math and English courses as well as ESL courses but permits them to charge fees for CTE courses (which typically are more expensive). CTE fees vary among adult schools and type of CTE program, with fees reaching the thousands of dollars for some programs. Based on self-reported school district accounting data, we estimate that adult schools collected about \$40 million statewide in fee revenue in 2015-16. The rationale for different CTE fee policies appears to be that community colleges can claim apportionment funds to cover their costs, but adult schools only have their AEBG allocations, which might be insufficient to cover their costs. By allowing adult schools to collect fees for CTE courses, they therefore could maintain courses they might otherwise have to cancel due to a lack of state funding.

Limited Incentives to Improve Student Outcomes. Though the state continues to lack some basic adult education data, statute authorizing AEBG requires regional consortia to report outcomes on several performance measures and specifies that some funding is to be based on consortia's performance

on these measures. To date, however, the state has not distributed any AEBG or noncredit apportionment funding based on performance. While data collection still is being refined, we have concerns that without performance-based funding or some other form of state accountability for student outcomes, consortia will have weak incentives to improve their programs.

Adult Education Providers Receiving Other Funds Are Not Required to Coordinate With Consortia. In addition to community colleges and adult schools, several other entities—including libraries and community-based organizations—receive various pots of state and federal funding for adult education. These other fund sources include federal Workforce Innovation and Opportunity Act (WIOA) Title II funds, state funding for jail education, and California State Library literacy funds. State law encourages but does not require providers receiving these pots of funds to coordinate their adult education course offerings with their regional consortia. Not requiring such coordination weakens the primary goal of the adult education restructuring—better coordination. Without coordinating funds and program offerings, providers could continue offering courses that are not aligned to regional workforce needs, are duplicative, or are of lower priority.

Funding Data Alignment Efforts Could Improve Quality and Value of Data. Helping providers submit consistent and accurate data would benefit all users of the data platform—both providers themselves and policymakers. Improving providers' understanding of how data can benefit them also could result in the data being used more frequently to inform program decisions, particularly around program redesigns and improvements. Moreover, continuing to develop AEBG's data linking platform would allow for more seamless sharing and dissemination of data. Many of these improvements could help policymakers adopt more informed adult education policies.

Governor's Data Proposal Tries to Deal With One Major Existing Data Issue. The current data linking platform has great potential in that it is intended to be able to follow students throughout their educational programs and into the workforce. A major data hurdle, however, is that many adult students do not have an SSN—the primary method state agencies have of tracking adult students' educational and EDD workforce outcomes. The Governor's proposal seeks to address this shortcoming by funding surveys of students without

an SSN to ask them about their employment outcomes. Such surveys might help address the issue of missing employment data for these students.

Proposal Does Not Address Even More Fundamental Issue. When students attending community college adult programs do not have an SSN, CCC assigns them a CCC identifier. When students attending adult schools do not have an SSN, CDE will sometimes assign them a Statewide Student Identifier, or SSID. (Every K-12 student in the state's public schools is assigned an SSID when they enroll.) Currently, the state does not require CCC to share its student identifiers with CDE or vice versa. As a result, the state is not able to systematically analyze how adult students move from the K-12 system into adult schools and community colleges or between adult schools and community colleges. This is a particularly notable shortcoming given one of the key points of having a regional approach to adult education is better coordination.

No Consistent Way to Assess Students' Skill Level. Both community colleges and adult schools may use scores on skill assessments as one consideration when they place students into adult education courses. (In addition, providers consider other factors, like a student's educational goals and high school grade point average.) The assessments and cut scores, however, are set locally and differ from provider to provider. As a result, different providers may place students with similar skill levels into different courses. For students who need to change providers within or outside of their consortium—for example to take a more advanced class—these differences in placement policies can result in confusion and potentially duplication in course taking. The differences in placement policies also mean that some students may take longer to complete their program, as their providers require them to take additional classes.

Adult Education Instructors Held to Different Qualification Requirements. Despite teaching similar content, instructors from community colleges and adult schools are subject to different minimum qualifications for employment. Whereas both community colleges and adult schools generally require instructors to have a bachelor's degree or higher, statute places higher requirements on adult school instructors. Specifically, adult school instructors also must have a state-approved teaching credential. This inconsistency

results in instructors who can teach at one segment but not the other. It also can make hiring instructors at adult schools more difficult than at community colleges.

Definition of Credit Versus Noncredit Coursework Is Unclear and Inconsistent Across Community Colleges. Though many of the state's current problems with adult education stem from inconsistent policies across community colleges and adult schools, some problems stem from inconsistent policies within the community colleges themselves. Generally, CCC noncredit courses are considered adult education (precollegiate) while credit courses generally are considered college level. The state, however, has no standard definition of noncredit and credit coursework, with colleges making such determinations themselves. For example, some colleges offer certified nursing assistant courses for credit, whereas others offer the same courses on a noncredit basis. Three major problems result from lack of clear delineations: (1) the state does not know how much funding community colleges are providing for adult education; (2) students may or may not receive credit for the same or similar course depending upon the college they attend; and (3) community colleges may or may not include similar courses as part of their adult education regional consortia planning. That is, some colleges coordinate certain courses with other adult education providers, whereas other colleges do not coordinate those course offerings.

Recommendations

Below, we discuss our recommendations relating to the Governor's two adult education proposals and adult education alignment. The last column of Figure 1 summarizes our alignment recommendations.

Timely Opportunity to Revamp Adult Education Funding Rules. While the Governor's proposal to provide AEBG with a COLA treats AEBG similarly to some other education programs, we believe the state's overall approach to funding adult education is fundamentally flawed and in need of revamping. The coming year could be a particularly good opportunity to undertake such restructuring, as the Governor simultaneously is proposing major changes to community college apportionment funding rules. (We discuss this proposal in our report, *The 2018-19 Budget: Higher Education Analysis*.) Under our recommended approach, all of adult/noncredit

education would have a funding and accountability system separate from community college credit instruction. If the Legislature reviewed both the noncredit and credit funding rules in 2018-19, it would have greater assurance that the new rules were coherent, coordinated, and had fewer, if any, unintended consequences.

Begin by Setting Uniform Adult Education Per-Student Funding Rate. We think the most important first step in any restructuring of adult education funding rules is to set a uniform rate per full-time equivalent student. That is, we recommend the state provide the same base per-student funding rate for adult schools and community college noncredit courses. Providing a uniform base per-student funding rate would result in more consistent services across California and enhance the state's ability to monitor the adult education system. It also would allow the state to establish a corresponding fee policy that was rationale and consistent (as discussed below), treating providers and students the same across the state. In doing so, the state would no longer allow some providers to charge hefty fees for the same courses that other providers offer free of charge. Depending upon the distributional effects of the base per-student rate, the state might wish to phase in the new rate over a few years.

Consider Building Performance Component Into New Funding System. As the Legislature considers developing new funding rules, it could build off of recommendations we have made in previous years as well as the administration's 2018-19 community colleges apportionment proposal to include a performance component. By examining adult/noncredit rules separately from credit rules, the Legislature could ensure that the performance measures built into the funding system were appropriate for adult education. It also could ensure that associated planning and accountability requirements were seamlessly integrated into the regional consortia system. By building a performance component into the funding system, the state could create a strong incentive for regional consortia to work together to identify strategies that improve student learning and workforce outcomes.

Make Fees Consistent Using One of Two Approaches. We recommend the Legislature make fee policies consistent by either eliminating adult school fees entirely or charging students a nominal

fee at both community colleges and adult schools. Under our recommendation to provide a uniform state funding rate per student, most, if not all, adult schools likely could eliminate their CTE fees and still operate their programs. This is because the state funding rate would cover all, or almost all, of their program costs. Even if state funding were to cover virtually the full cost, the state nonetheless might want to institute a nominal enrollment fee that would apply to all students enrolled in adult education courses regardless of provider. Requiring all students to pay a small fee could foster positive behavioral tendencies—such as making students more deliberate in their selection of courses and more purposeful about holding campuses accountable for providing high-quality services. That is, rather than being a barrier, the fee would be intended to ensure students are serious about their studies and campuses are serious about offering quality programs aligned with students' interests. If the Legislature were to institute a fee, we recommend setting the fee amount low given the vast majority of adult students are low income.

Require All Providers to Coordinate With Regional Consortia. We recommend that as a condition of receiving state or federal funds, adult education providers document that they participate in their regional planning consortia. Participation would include reporting of adult education services and funding. By requiring all providers of adult education to participate in their consortia's regional efforts, the state could ensure that consortia get a full picture of the services and funding available to adult learners in their region.

Approve Funding to Support Data Projects, With Additional Requirement. We believe that having accurate program outcome data is essential if the Legislature is to monitor adult education in California in meaningful ways. Such data can help the Legislature make informed and strategic decisions about how much to spend for adult education, how to allocate such funding among providers, and how to change programmatic requirements to help ensure providers offer effective and efficient programs. We also believe providing local providers access to data can allow them to better tailor their course offerings. We think the Governor's data alignment proposal helps foster accurate and meaningful data. For these reasons, we recommend the Legislature approve it. We recommend,

however, that the Legislature also require the CCC Chancellor's Office and CDE to use a portion of the \$5 million augmentation to collect or assign an SSID to adult students without an SSN and for CCC to use and maintain these SSIDs in the adult education data platform. This would allow the state and providers to assess how students move between the K-12 system, adult schools, and community colleges.

Wait for Segments to Finish Work Aligning Assessment and Placement Policies. The CDE and CCC Chancellor's Office are in the midst of working to crosswalk between currently used adult education assessments, scoring, and placement policies. The segments indicate that providers will be able to start using the new crosswalk policies in 2018-19. We recommend waiting for the segments to complete this work in 2018-19. Were the Legislature still to have concerns with inconsistencies in assessment and placement policies after this work has been completed, it could revisit the issues in 2019-20.

No Longer Require Adult School Instructors to Hold a Credential. We recommend the Legislature amend statute so that individuals no longer need a teaching credential to serve as instructors at adult schools. By aligning qualifications for instructors, instructors could readily teach adult education courses at both community colleges and adult schools. Moreover, the change could help adult schools in hiring teachers. If the state has concerns about the quality of adult education instructors, it could encourage consortia to provide professional development as needed.

Establish Clear Definition of CCC Noncredit Instruction. We recommend the Legislature create consistent rules that clearly distinguish adult education coursework in math, English, ESL, and CTE from collegiate coursework. The delineation between precollegiate and collegiate coursework already is much clearer for other subjects, such as history and science. Similar to the delineations made for these other subjects, we recommend the Legislature restrict credit instruction in math, English, ESL, and CTE to college-level coursework. Though the state does not collect data on how many precollegiate courses in these areas are now being offered for credit, the impact of this recommendation could be significant, with colleges needing to reclassify many courses.

SUMMARY OF RECOMMENDATIONS

- Revamp adult education funding rules. Begin by setting a uniform per-student funding rate and consider building a performance component into the new funding system.
- Establish a consistent fee policy using one of two approaches—either eliminating fees or charging a nominal fee for all adult education courses.
- Require all adult education providers to coordinate with their adult education regional consortia.
- Approve Governor’s proposal to support data projects, but additionally require school districts to assign student identifiers and community colleges to use and maintain the identifiers.
- Wait for the California Department of Education and California Community Colleges Chancellor’s Office to complete planned 2018-19 work on aligning assessment and placement policies. If inconsistencies remain, revisit assessment and placement policies in 2019-20.
- Amend statute so that adult education instructors at adult schools no longer need a teaching credential. If the Legislature has concerns with instructor quality, encourage consortia to provide professional development as needed.
- Create clear definitions that distinguish credit and noncredit instruction at community colleges.

LAO PUBLICATIONS

This report was prepared by Natasha Collins and reviewed by Jennifer Kuhn. The Legislative Analyst’s Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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