



FY 19-20 Adult Education Funding Proposal

State of K12 Adult Education

California's K12 Adult Schools have been diligent over the past four years in making meaningful headway with the Legislature, Administration and Department of Finance (DOF) on the future of adult education, working collaboratively with our community college partners under the California Adult Education Program (CAEP) structure. We believe strongly that the institution of the CAEP framework 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, including those with high barriers to employment.

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 CAEP 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. In addition to significant need to support a growing population of homeless adults, veterans and formerly incarcerated individuals, 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 CAEP whose funding has been stagnant other than a well-received COLA as part of last year's budget. And while the CAEP 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 will be further jeopardized if the K12 adult school system is not funded sufficiently to address the needs through ongoing, dedicated funding. 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. In addition, because the adult education service delivery model has evolved to include transitioning to

the community college, support services such as counseling and transition specialists, remain unfunded.

It is for these reasons, we are advocating for increased funding in the FY 19-20 budget.

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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 distributing pink slips to teachers to meet the March notice deadlines and reducing program offerings to address funding shortfalls and increasing costs including adult schools in the Sweetwater, Los Angeles Unified and other districts.

- In 2008, K12 adult schools were funded at \$750M. Although the base allocation of about \$521M 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.
 - o More specifically, based on inflation since 2008, the original allocation of \$750M in today's terms would be \$853M, based on the Bureau of Labor Statistics indication that consumer price index rates in 2017 are 13.85% higher than average prices throughout 2008. This is nowhere near where adult education is funded today, despite millions of adults in need of ESL, basic skills and more.
- Although K12 adult schools strongly support CAEP, with rising costs associated with labor, materials, infrastructure and more the current stagnant level of funding through the CAEP is not sufficient to maintain the capacity and access the CAEP funding structure was originally created to protect. With each passing year, the CAEP funds are serving fewer and fewer students and districts across the state are in the process of making tough decisions for the current and upcoming school years.
 - o 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.
 - o More specifically, average cost increases associated with STRS, PERS and for adult education staff that have benefitted from salary increases matching LCFF/K12 teacher increases at levels as high as 8.99% for a two year period in total have averaged a 14.18% increase. While appreciative of the FY 18-19 COLA provided by the Brown Administration at 2.71%, this is clearly in no way addressing the rapidly rising costs on adult schools that cannot be sustained with stagnant funding absent cutting access and programming for those students who need it most.
 - o Yet another example of the impacts of stagnant funding, last year LAUSD's adult division used one time funding for program operations to allow CAEP funding of CTE courses and offerings. This is not sustainable as one time funds are now depleted and the District's K-12 operation is facing its own financial crisis and does not provide any subsidy for adult education.
- Access/growth funding for CAEP 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.

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 Legislature and Administration address the challenges associated with stagnant funding of adult education by **providing an additional \$110**

million for CAEP in addition to the proposed COLA for a total of \$649,607,000 in FY19-20 in base funding and ongoing. This funding is predicated on the following factors:

CAEP Funding Proposal for 2019-20	
Item	Amount
CLASP report recommendation for 6% targeted performance bonus system	\$30,000,000
CTE Support to address fees not covered in original CAEP MOE funding	\$30,000,000
STRS, PERS, Overall Cost Increases, Access Growth	\$50,000,000
Total request for 19/20	\$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 labor contract staffing cost increases. It is estimated that adult education funding effectiveness for services has been reduced by an estimated 10% over the past two years. Adding this amount to the current base 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. We feel that this funding model is necessary in order to impress upon all providers of adult education the perceived State interest that any increase in funding is used to expand capacity to serve more students and improve outcomes. Assuming that the other increased cost factors are addressed, performance-based funding would provide a more direct level of accountability on the adult education system. Further, the passage of AB 2098 (McCarty, 2018) is a welcome recognition of the critical role K12 adult schools play in their communities and the key contributions of immigrants to California’s current and future workforce and economic health. As metrics are developed, and incorporated into the AEBG data collection process, this important work will be expanded and reinforced to support the work and benefit of the CLASP proposal.

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 current base. This will provide some much needed relief to CAEP 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.

If you have any questions regarding this funding proposal, please contact Dawn Koepke with McHugh Koepke & Associates at (916) 930-1993. Thank you!