

Date of Hearing: April 28, 2021

ASSEMBLY COMMITTEE ON EDUCATION  
Patrick O'Donnell, Chair  
AB 1491 (McCarty) – As Amended March 30, 2021

**[Note: This bill is double referred to the Higher Education Committee and was heard by that Committee as it relates to issues under its jurisdiction.]**

**SUBJECT:** Adult education: consortia: carryover of allocated funds

**SUMMARY:** Prohibits the carryover of more than 15% of an Adult Education Program allocation under specified conditions and establishes procedures for adult education consortia to follow relating to the carryover of funds for any member of the consortium and the consortium itself. Specifically, **this bill:**

- 1) Defines carryover as the annual amount of unspent adult education funds expressed compared as a percentage of the current year's fiscal allocation.
- 2) Adds to the reasons a consortium may reduce funds allocated to a consortia member in a year when the Superintendent of Public Instruction (SPI) and the Chancellor of the California Community Colleges (Chancellor) provides less funding to the consortium than in the previous year, the following: if a member of the consortia has in excess unspent funds above the agreed upon percentage of the current fiscal year's allocation as determined by the members of the consortium.
- 3) Requires that in a fiscal year in which the SPI and the Chancellor allocate less funds to the consortium than previously allocated, the following:
  - a) A consortia member is not permitted to have a carryover of more than 15% for more than two fiscal years, and;
  - b) By July 1, 2022 members of the consortium are permitted to vote on whether to reduce the member of the consortium's allocation, if the member has a carryover of 15% or more, and permits each member of the consortia to have one vote.
- 4) Requires each consortium member by September 1 of each fiscal year, to certify its expenditures for the previous fiscal year.
- 5) Except as provided above (in 2 and 3), by July 1, 2022, requires the following with respect to consortium members:
  - a) No more than 15% of a member's annual allocation may be carried over into the next fiscal year unless a written plan for the expenditure of the funds, which is aligned with the consortium's adult education plan, is approved by the members of the consortium by October 31, and permits the vote to be in accordance with the governance process of the consortium;
  - b) Requires a member's plan to exceed 15% carryover from the previous fiscal year to be submitted to the consortium by September 30 and the plan only be effective if the consortium members approve the plan; and

- c) Permits a consortium to deem a member ineffective and enables the consortium to reduce the member's annual allocation by the carryover amount above 15% if: a consortium member has a carryover above 15%; and a consortium member does not have an expenditure plan approved by the membership of the consortium, pursuant to (b).
- 6) Requires each consortium, by September 30 of each fiscal year, to certify its expenditures for the previous fiscal year.
- 7) Stipulates that, by July 1, 2022, no consortium may have an annual carryover of more than 15% of its annual allocation and requires that a consortium that does have a carryover of more than 15% of its annual allocation to have its allocations reduced in the next fiscal year by the amount they exceed 15%.

**EXISTING LAW:**

- 1) Establishes the California Adult Education Program (CAEP) and authorizes the Chancellor and the SPI to administer the program. (Education Code (EC) Section 84900)
- 2) Authorizes the Chancellor and the SPI, with advice from the executive director of the State Board of Education (SBE), to divide the state into adult education regions based on specified factors and approve one adult consortium for each adult education region. (EC 84902, 84904)
- 3) Authorizes the Chancellor and the SPI, with advice from the SBE, to approve the rules and procedures for each consortium regarding membership, funding and use of funds, governing structure, and decision making procedures, as defined. Permits any community college district, school district, county office of education, or any combination residing in the adult education region to be a member of the adult education consortium. (EC 84905)
- 4) Requires, beginning in the 2019-2020 fiscal year, each member of the consortia to have a consortium approved three-year adult education plan that addresses a three-year fiscal planning cycle and meets specified requirements regarding providing adult educational services to meet the region's adult education needs. Requires consortium members to have the plan in order to receive funds allocated for adult education by the state and requires the plan to be updated at least once each year. (EC 84906)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

***Need for the bill.*** According to the author, "Each year, the Legislature provides funding to adult education programs with the expectation that this funding is going to serve adult education students in that budget year. Instead, we find that some adult education providers carryover as much as 100% of their yearly allocation, while other programs run out of funding and struggle to meet the need within their communities. AB 1491 establishes clear criteria, accountability, and a cap on funding carryover (with appropriate exceptions) to ensure that the limited dollars allocated for adult education are used in a timely manner to support growing student needs."

***Adult Education in California.*** Adult education is a public education program which offers free to low-cost classes to all adults 18 or older. In California, adult education courses are offered by the California Community Colleges (CCC), libraries, community-based organizations, and adult

schools operated by local education agencies (LEAs). These providers address the evolving need of adults for pre-collegiate skills and knowledge necessary to be productive citizens, workers, and family members.

AB 86 (Committee on Budget), Chapter 48, Statutes of 2013 restructured California's adult education system by creating the CAEP and the adult education regional consortia. The intent was to address longstanding concerns from providers about the lack of coordination between entities offering adult education by requiring each provider to become a member of a consortium and work collaboratively with other providers to create an adult education plan to meet the civic and basic skill needs of adults in a specific region. Consortia membership is limited to LEAs, community college districts, county offices of education, and joint powers agencies.

Currently there are 71 adult education regional consortia throughout the state, consisting of 72 community college districts and close to 300 school districts who work together to provide educational services to adults. Each consortium is self-governed by a board made up of members who collectively create an education plan and disburse funding for the provision of adult education courses.

In 2018-2019 the regional consortia provided educational services to 897,325 adults. Of these, 67% (or approximately 600,000) of adults had 12 or more contact hours. Consortium members are authorized and receive CAEP funding only for the following specified courses or programs:

- 1) Elementary and secondary basic skills, including programs leading to a high school diploma or high school equivalency certificate;
- 2) Programs for immigrants eligible for educational services in citizenship, English as a second language, and workforce preparation;
- 3) Programs for adults, including older adults, that are primarily related to entry or reentry into the workforce;
- 4) Programs for adults that are primarily designed to develop knowledge and skills to assist elementary and secondary school children to succeed academically in school;
- 5) Programs for adults with disabilities;
- 6) Programs in career technical education (CTE) that are short term in nature and have high employment potential; and
- 7) Programs offering pre-apprenticeship training activities conducted in coordination with one or more apprenticeship programs approved by the Division of Apprenticeship Standards for the occupation and geographic area.

Participation in the various CAEP programs varies by region, but the following demonstrates overall statewide enrollment for 2018-19:

<b>Course/program</b>	<b>% of adults enrolled with 12 or more contact hours</b>	<b>Enrollment of adults with 12 or more contact hours</b>
English as a Second Language	43%	258,049
Adult Basic Education	13%	75,814
Adult Secondary Education	23%	139,445
Career & Technical Education (CTE)	31%	184,214
Adults with Disabilities	3%	20,916
Adult Training to Support Child School Success	2%	12,420
<b>Total</b>		<b>603,513</b>

Source: Cal-PASS Plus Launchboard

The demographic breakdown of adult students served in adult education programs in 2018-19, includes the following:

- Ethnicity: 53% Hispanic, 19% White, and 12% Asian;
- Gender: 59% Female; and 39% Male; and
- Ages: 40% are between 18 - 29 years; 38% are between 30 – 54 years; and 17% are over 55.

**Funding for Adult Education.** AB 104 (Committee on Budget), Chapter 13, Statutes of 2015 created the Adult Education Block Grant, which provides \$500 million in ongoing Proposition 98 funds to the consortia to serve the education needs of adults in their region according to the consortium regional education plans. The Adult Education Block Grant has since been renamed the CAEP and has received two cost of living increases in subsequent fiscal years for a total of about \$538.5 million annually. The CCC and the CDE disperse funding to regional consortia based on three factors:

- 1) The previous year's allocation to each consortium;
- 2) Need for additional funding to meet the regional consortium's adult education needs; and,
- 3) Whether the consortium has effectively met the need.

If a consortium receives more funding in a given year than the previous fiscal year, each consortium member will receive at least the same amount of funding as they received in the previous year. If a consortium receives less funding in a given fiscal year, the consortium members will also receive less funding. The consortium determines the total percentage of funding loss and deducts the same percentage from each consortium member's funding allocation equal to the total percentage of total funding loss. Beginning in 2019-2020, each

consortium is required to provide a member approved three year adult education plan that aligns with a three year fiscal plan to meet the education needs of the region. The plan is to be updated each year with information regarding the educational services provided and the adult education needs of the region.

***Differing funding models for community college versus LEA-provided adult education.*** In an analysis of the 2018-19 Budget, the Legislative Analyst Office (LAO) noted discrepancies in funding for the two sectors providing adult education. At that time, the LAO noted that community colleges annually receive about \$60 million in AEBG funding and about \$300 million in noncredit apportionment funding to provide adult education. 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.

By comparison, adult schools operated by K-12 LEAs 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, but 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.

***Adult education fiscal carryover.*** Carryover is defined as the funding which is left at the end of a fiscal period which is maintained for use in a subsequent fiscal year. Currently, the CAEP allocates funds for adult education to consortia and their respective members on an annual basis. Concerns have been raised by consortium members of continual carryover year after year. Recent data show the adult education consortia are carrying over \$130 million each year in unspent funds, representing 24% of the state budget allocation. Some examples of large carryover balances of consortia members include the following:

<b>Consortium</b>	<b>Agency</b>	<b>2019-20 Unspent/carryover</b>	<b>% Unspent/carryover</b>
Riverside	Riverside Community College District	\$532,256	98%
Desert	Palm Springs Unified School District	\$251,587	91%
Los Angeles	Montebello Unified School District	\$9,410,238	70%
Southwest Riverside	Mt. San Jacinto Community College District	\$1,233,438	106%

South Orange County	South Orange Community College District	\$1,783,745	74%
---------------------	---	-------------	-----

Source: California Community Colleges NOVA

***Is there a need to limit carryover funds?*** This bill would require members of a local consortium, to carryover no more than 15% of their annual allocation, unless they have a plan that has been approved by the local consortium. Local consortia within the CAEP are self-governed and have the ability to allocate funding to individual members within certain parameters. Proponents argue that the funds appropriated by the State should be spent in the year they are allocated given the tremendous need for adult education services and the limited funding available. Opponents argue that any consideration of limits on carryover should be considered within a three-year timeframe given the statutorily required three-year plan.

***Arguments in support.*** The California Council for Adult Education and the California Adult Education Administrators Association state, “While annual carry-over may be planned for use for upcoming expenditures and some carryover may be a result of funding distribution delays at the state level, in some areas of the state, there are large – and growing – amounts of carry-over without a consortium-approved plan for expenditure of those funds. This growing carryover within consortia and specifically among individual members is resulting in funding not being used to serve students in the budget year as the needs grow.

Given the overall shortage of funding to serve adult education students and the imperative to address critical learning needs of so many marginalized and disadvantaged adults and their families in California, local consortia need a mechanism for increased accountability of use of funds each year. Having any member carrying over a significant portion of the annual allocation creates undue tension within consortia as so many members struggle to meet unmet need within their communities, a particularly problematic issue for K12 Adult Schools who do not have access to separate apportionment. AB 1491 would establish clear criteria, accountability and a maximum threshold (proposed at 15%) for consortia members to carryover from year to year so as to ensure the maximum amount is used to support growing student needs in the budget year.”

***Arguments in opposition.*** The Association of Community and Continuing Education, states “We have serious concerns about AB 1491, as State-level guidance has been focused on a 3-year plan (in Education Code) and 3-year fiscal cycle. A change in the fiscal cycle will result in additional resources to change to an annual planning cycle, and staff time to understand how this will impact the current 3-year plan. With a minimum amount of carry-over allowed, it could lead to unintended consequences related to spending habits at the expense of the program and students we serve. Some districts, both community colleges and K-12 schools, will have cash flow issues which will result in borrowing money from the district and using CAEP funds to pay interest which is an inefficient way to use state resources. In addition, with the cash flow issues, teachers and faculty could be laid off or not scheduled and programs will shut down until the cash flow issue is resolved and funds are allocated. The bill’s language also calls for consortia as a whole, to lose funding if they are over the 15% threshold. This could result in millions of dollars leaving the region to serve adult learners, and going back to the State general fund, leaving the most at-risk and under-represented students without access to adult education. If community colleges are not given the time to allocate funds, some rural colleges or colleges with

limited noncredit programming, might reconsider continued participation in the regional consortium structure thereby weakening the intent of the program statewide.”

**Related legislation.** AB 1809 (Committee on Budget), Chapter, Statutes of 2018, extended the adult education plan by one year to create a three-year fiscal and educational planning cycle for adult education regional consortia.

AB 104 (Committee on Budget), Chapter 13, Statutes of 2015, established the adult education block grant program to provide adult educational services through regional consortium and required the SPI and the Chancellor to jointly approve consortia, including governance structure and funding allocations, with the advice of the Executive Director of the SBE.

AB 86 (Committee on Budget), Chapter 48, Statutes of 2013, established the adult education consortium program by which funding was made available to the Chancellor and to the CDE to jointly provide two-year planning and implementation grants to regional consortia members for the purpose of developing plans to better serve the regional educational needs of adults.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California Adult Education Administrators Association  
California Council for Adult Education  
Los Angeles Unified School District

##### **Opposition**

Association of Community and Continuing Education  
Mt. San Antonio College  
North Orange County Community College District

**Analysis Prepared by:** Debbie Look / ED. / (916) 319-2087