

Date of Hearing: April 8, 2021

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1491 (McCarty) – As Amended March 30, 2021

Note: This bill is double referred to the Education Committee and will be heard by that Committee as it relates to issues under its jurisdiction.

SUBJECT: Adult education: consortia: carryover of allocated funds

SUMMARY: Establishes a 15% fiscal carryover limit, as defined, and procedures for adult education consortia to follow relating to the carryover of fiscal 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:
 - a) 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) Clarifies in a fiscal year where the SPI and the Chancellor allocate less funds to the consortium than previously allocated, the following applies:
 - 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 the following will apply 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; and,

- b) Requires a member's plan to exceed 15% carryover from the previous fiscal year to be submitted by September 30 and the plan may only be effective if the consortium members approve the plan.
- 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 the following apply:
 - i) A consortium member has a carryover above 15%;
 - ii) The consortium member does not submit an expenditure plan; and,
 - iii) The expenditure plan is not approved by the membership of the consortium.
- 6) Requires each consortium by September 30 of each fiscal year, to certify its expenditures for the previous fiscal year.
- 7) Stipulates by July 1, 2022, no consortium may have an annual carryover of more than 15% of its annual allocation and a consortium that does have a carryover of more than 15% of its annual allocation will have its allocations reduced in the next fiscal year by the amount they are over the 15%.

EXISTING LAW:

- 1) Establishes the Adult Education Program and authorizes the Chancellor and the SPI to administer the program (Education Code (EDC) Section 84900).
- 2) Authorizes the Chancellor and the SPI, with advice from the executive director of the State Board of Education to divide the state into adult education regions based on specified factors and approve one adult consortium for each adult education region (EDC Section 84902 and 84904).
- 3) Authorizes the Chancellor and the SPI, with advice from the executive director 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 (EDC Section 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 regions adult education needs. Requires the consortia 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 (EDC Section 84906).

FISCAL EFFECT: Unknown.

COMMENTS: *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. These providers address the evolving need of adults with pre-collegiate skills and knowledge necessary to be productive citizens, workers, and family members.

In 2013, the Legislature in partnership with Governor Brown passed AB 86 (Committee on Budget), Chapter 48, Statutes of 2013 which restructured California's adult education system by creating the adult education regional consortia. The intention was to address longstanding concerns from providers about the lack of coordination by requiring each provider to become a member of a consortia 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 local education agencies, community college districts, county offices of education, and joint powers agencies.

Currently there are 71 adult education regional consortiums throughout the state who in 2018-2019 provided educational services to 897,325 adults. The 72 regional consortia consist of 72 community college districts and close to 300 school districts who work together to provide educational services to adults across the state. Each consortium is self-governed by a board made of members of the consortium who collectively create an education plan and disburse funding for the provision of adult education courses. Consortium members are authorized and receive state funding for the following courses or programs: courses in parenting, courses in elementary and secondary basic skills, courses required for a high school diploma, courses in English as a second language, courses to assist immigrants in obtaining citizenship, courses for adults with disabilities, courses for short-term career education, courses for senior citizens, courses in home economics, courses in health and safety education, and pre-apprenticeship programs.

Funding for Adult Education. AB 104 (Committee on Budget), Chapter 13, Statutes of 2015 created the Adult Education Block Grant, which provided \$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. Since its inception, the Adult Education Block Grant has been renamed to the California Adult Education Program (CAEP) and has received two cost of living increases in subsequent fiscal years for a total of about \$538.5 million in ongoing funding for adult education. The CCC and the CDE disperse funding to regional consortiums based on three factors:

- 1) The previous year's allocation to each consortium;
- 2) The need for additional funding to meet the regional consortium's adult education needs; and,
- 3) Whether the consortium has effectively meet 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 will determine the total percentage of funding loss and deduct the same percentage from each consortium member's funding allocation. However, if a consortium receives less funding than the previous fiscal year, then each member will receive less funding 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.

Adult education fiscal carryover. For purposes of this analyses, carryover is defined as the funding which is left at the end of a fiscal period. Currently, the CAEP annually allocates funds for adult education to consortium and their respective members and expects the funds to be spent within a three-year fiscal cycle. As with any budget on a three-year fiscal cycle, carryover within the three-year fiscal cycle naturally occurs; however concerns have been raised by consortium members of continual carryover year after year. Recent data shows the adult education consortia is carrying over \$130 million each year in unspent funds, this is 24% of the state budget allocation. Some regional consortium members carry over more than 24%; for example, within the Riverside Consortium, Riverside Community College District had a carryover of \$532,256 which was 98% of their annual allocation. Within the Los Angeles Consortium, one of the largest in the state, Montebello Unified School District carried over \$9.4 million which was 70% of their annual allocation. While it is clear a large carryover is occurring year to year, when one examines the three-year fiscal carryover and takes into account consortiums create three-year fiscal and education plans the carryover remaining after three years is between four and ten percent; which is within the acceptable amount for reserves for local education agencies and CCC.

Need for the bill. 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.

Arguments in support. The California Council for Adult Education and the California Adult Education Administrators Association, provide a providers prospective for the necessity of AB 1491, “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. That said, the bill is crafted with the intent to allow for exceptions as outlined and defined by consortia plans”.

Committee comments. The proponents of AB 1491 express the need for local consortia to have a mechanism for increased accountability of the use of funds each year; however, statutorily, nothing is preventing consortia members from voting to enact policies regarding carryover. As previously mentioned, a consortium is governed by a board consisting of its members who create a governing structure for the consortium and produce a three-year education and fiscal plan for providing educational services. The plan is updated each year and approved by the consortium’s membership. Nothing prevents the membership of the consortium from enacting rules requiring

their membership to spend down funds each year. For almost a decade, the state has permitted local consortia to self-govern with oversight by the CCC Chancellor's office and the CDE and has provided a steady source of funding through the CAEP; yet carryover remains a concern among consortia members.

Since a consortium is statutorily required to create a three-year regional education and fiscal plan, the author may wish to consider aligning the fiscal carryover limits to three fiscal years instead of two fiscal years in order to provide congruency with the statutorily required educational and fiscal plan.

Previous 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. Required the SPI and the Chancellor of the CCC to jointly approve consortia including governance structure and funding allocations with the advice of the Executive Director of the State Board of Education.

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 of the CCC and to the CDE to jointly provide two-year planning and implementation grant 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

Opposition

None on file.

Analysis Prepared by: Ellen Cesaretti-Monroy / HIGHER ED. / (916) 319-3960