

Adult Education in California Public Schools

A Sunset Review

Office of the Legislative Analyst
August 1988

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Introduction

Introduction

This report, submitted pursuant to the "sunset" review provisions of Chapter 1270, Statutes of 1983 (Senate Bill 1155), contains our findings and recommendations regarding the adult education program administered by the public schools. Although some community college districts also operate adult education programs, this report, as directed by Chapter 1270, is limited to those programs operated by K-12 schools.

Chapter 1270 provided for the termination of the K-12 adult education program on June 30, 1988. Chapter 1318, Statutes of 1984 (Senate Bill 1858), extended the sunset date to June 30, 1989.

As part of the sunset process, Chapter 1270 requires the State Department of Education (SDE) to review the K-12 adult education program and submit its findings to the Legislature by September 15, 1987. The department submitted its report on March 7, 1988. Chapter 1270 also requires the Legislative Analyst to review the department's report and submit findings, comments, and recommendations regarding the program to the Legislature.

Specifically, SDE and the Legislative Analyst are required to address as many of the following issues as possible:

- (1) The appropriateness of identification formulas used in the program.
 - (2) The appropriateness of formulas used to allocate funds and the adequacy of funding levels for the program.
 - (3) The effectiveness of the program.
 - (4) The appropriateness of local control.
 - (5) The appropriateness of involvement by the state in monitoring, reviewing, and auditing to assure that funds are being used efficiently, economically, and legally.
 - (6) The appropriateness of amounts spent to administer the program.
 - (7) The appropriateness of having the SDE administer the program.
 - (8) The interrelationships among state and federal categorical programs providing this type of assistance.
 - (9) The characteristics of the target population being served by the program.
 - (10) The need for the program.
 - (11) The purpose and intent of the program.
- The law also requires SDE's report to include, but not be limited to, all of the following topics:
- (1) A description of the program, including a description of how the program is administered at the state and local level.
 - (2) The history of the program and previous legislative action.

- (3) Relevant statistical data.
- (4) Related federal programs.
- (5) Whether there is an unmet need for the intended purposes of the program and, if any, an estimated cost of serving the unmet need.
- (6) Findings regarding the program, including any comments on whether any identified problems are implementation issues, or issues that require revision of law or regulations.
- (7) Recommendations on ways to improve the program while maintaining its basic purposes.

Chapter I of this report provides background information on the adult education program. Chapter II presents our findings and recommendations which are separate

from those of the SDE. Chapter III contains our responses to SDE's recommendations.

This report, as specified by law, is based largely on our review of the SDE report. Some information contained in the SDE report, such as the history of the program, is not repeated here. We suggest, therefore, that this report be read in conjunction with the SDE report in order to obtain a more complete understanding of the program and of our comments on SDE's findings and recommendations.

This report was prepared by Michael Nussbaum under the supervision of Jarvio Grevious. It was typed by Maria Ponce and formatted for publication by Suki O'Kane. ♦

Executive Summary

Executive Summary

Legislative Analyst's Findings and Recommendations

- The Adult Education program, established by Ch 282/79, provides adults an opportunity to acquire the knowledge and skills necessary to participate effectively in the economy and society, and to meet the particular needs of local communities. In order to accomplish these objectives, the program provides instruction in 10 specified instructional areas, ranging from English as a Second Language (ESL) to vocational education. The Legislature appropriated \$357 million for the program in 1988-89.
- The justification for state funding in *all* 10 instructional areas has not been conclusively established. We recommend that the Legislature defer its decision to continue or modify the adult education program pending completion of a study of the 10 instructional areas by the California Postsecondary Education Commission, due October 1, 1988.
- In order to improve the effectiveness of the existing program, we recommend that the Legislature direct the State Department of Education (SDE) to (1) develop a uniform sampling methodology for collecting evaluation data, (2) analyze the feasibility of collecting the data from all adult education programs and in all program areas, and (3) analyze further the factors causing attrition in adult education.
- We further recommend that, if funding for the adult education program is continued, the Legislature continue its policy of directing adult education expansion funds to high-priority areas.
- We also recommend that if adult education programs continue to be provided with a statutory cost-of-living adjustment (COLA), the COLA should be based on the same index used for general school apportionments—the Implicit Price Deflator for State and Local Government Purchases of Goods and Services—rather than the arbitrary 6 percent COLA currently provided in statute.

Legislative Analyst's Comments on Recommendations of the Department of Education

We offer the following comments on the recommendations of the SDE:

Recommendations Regarding Program Expansion

- **Establish New Programs.** We recommend that if the Legislature chooses to establish new programs, it do so only in high-priority instructional areas (page 16).
- **Increase Allowable Enrollment Levels in Small Programs.** We do not concur with this recommendation because SDE has not documented that enrollment limitations in small programs (under 200 units of average daily attendance (ADA)) result in either (1) a significant decline in program quality (due to the inability to fund full-time administrators), or (2) an inequitable distribution of services in relation to the distribution of the general adult population. However, because small programs are less able to cope with special needs (such as English as a Second Language) than are large programs, we recommend that if the Legislature chooses to appropriate additional funds for adult education, it utilize an allocation formula that recognizes the special needs of small districts (page 16).
- **Incorporate Special Needs Funding in Ongoing Funding Entitlements.** We concur with this recommendation because districts with special needs, such as those impacted by large numbers of immigrants, generally require assistance for more than one year (page 17). In addition, however, we recommend that all such adjustments be subject to review and reauthorization every three years.

Recommendations Regarding Base Funding

- **Increase Adult Revenue Limit.** We do not concur with this recommendation because the department has not shown why existing revenue limit levels are inadequate (page 18).

Recommendations Regarding Specific Instructional Areas

- **Fund Child Care in Parenting Programs.** We concur in principle with this recommendation, because lack of child care prevents some low-income individuals from participating fully in the program (page 18). Specifically, however, we recommend that (1) funding be provided through a weighted ADA mechanism rather than a weighted revenue limit, and (2) a means-test be implemented for parents applying for this child care.
- **Create Legislative Task Force on Programs for Handicapped.** We do not concur with this recommendation because conducting such reviews is already an ongoing responsibility of the SDE (page 19).
- **Allow Apportionments for Work Experience.** We concur with this recommendation. Work experience is a more cost-effective means of delivering vocational training than traditional classroom instruction, primarily because it provides students with access to state-of-the-art equipment at no cost to local districts. Because work experience is a low-cost program, however, the department's recommendation to allow apportionments for work experience could result in dis-

- tricts receiving funding in excess of their costs. In order to reduce the incentive for districts to offer work experience programs as a means primarily of generating additional revenue, the department's recommendation should be modified to (1) restrict work experience ADA to 50 percent of individual program hours, and (2) limit state-apportioned revenues to the actual documented cost of operating a work experience program (page 19).
- ***Fund K-12 Apprenticeship Program Deficits with Surplus Community College Funds.*** This recommendation is moot because the Legislature, in the 1987 Budget Act, limited enrollment levels in apprenticeship programs, thereby elimi-

nating any possibility of a deficit (page 21).

Recommendations Regarding the Future Review of Adult Education

- ***Establish An Adult Education Commission.*** We do not concur with this recommendation, because conducting reviews of adult education is already an ongoing responsibility of the SDE (page 21).
- ***Remove Adult Education from Sunset Review Process.*** We do not concur with this recommendation because it would impede the ability of the Legislature to review and modify program statutes and funding levels (page 21). ♦

Chapter I

Chapter I

Program Overview

Objectives

According to statute, the purpose of California's K-12 adult education program is to (1) provide all adults in California the opportunity to acquire the knowledge and skills necessary to participate effectively in

today's economy and society, and (2) meet the particular needs of local communities. The basic provisions of the program were established by Ch 282/79 and later amended by Ch 1354/80.

Operations

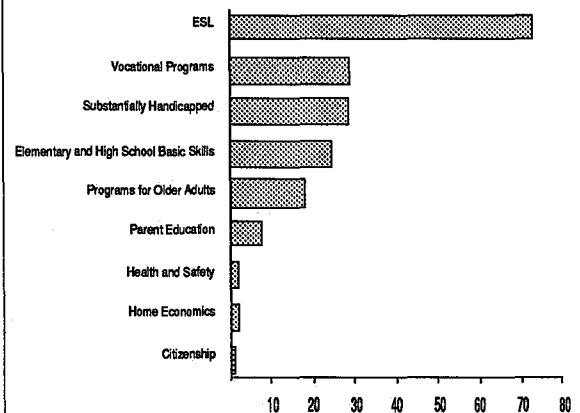
Currently, 228 school districts operate state-funded adult education programs. These districts provide instruction in 10 specified areas, including English as a Second Language (ESL), vocational education, programs for the substantially handicapped, basic skills, and programs for older adults. Chart 1 identifies the instructional areas by level of average daily attendance (ADA) in 1986-87. (In addition, Appendix A provides a brief description of each instructional area.)

Since the 10 instructional areas of the adult education program are state-supported, districts usually offer them free of charge, although they may elect to charge fees for registration and materials. Districts that provide courses beyond the 10 areas, however, charge student fees to support the additional costs of such instruction.

Chart 1

Adult Education Instruction Areas^a Average Daily Attendance

1986-87 (in thousands)



^a Data for apprenticeship courses not available.

Funding and Enrollment Trends

Funding. The 1988-89 budget for public school adult education totals \$357 million. Of this amount, \$268.7 million (75 percent) is from the state's General Fund and \$88.7 million (25 percent) is from federal funds.

The state's support is based on the ADA of each district's adult education program. For each district, current law limits the amount of adult ADA that the state will fund to a pre-specified amount (known as its "allowable" ADA level) based on the level of adult ADA funded by the state in 1979-80 (the base year). Each district's state apportionment is then determined by multiplying its actual or allowable level of ADA (whichever is *less*) by a funding rate known as the "revenue limit." In 1988-89, the limit will average \$1,370 per unit of ADA. Current law further provides for a 2.5 percent "growth" adjustment to each district's allowable level of ADA and a 6.0 percent annual cost-of-living adjustment (COLA) to each district's revenue limit.

Federal funding, authorized by the Adult Basic Education (ABE) Act, is allocated among qualifying districts based on each district's level of adult ADA. Federal law requires

districts to use these funds primarily to purchase supplementary materials and tutoring services for elementary subjects, as well as for program evaluation. Currently, 120 districts qualify for and receive federal funds; the remaining 108 districts do not qualify because, generally, they are too small to effectively provide the services prescribed by federal law.

Enrollment Trends. In 1986-87, approximately 1.7 million individuals were enrolled in K-12 adult education programs generating a total of 183,517 units of ADA. Enrollment levels in adult education are much higher than ADA levels because many adults participate in the programs for only a fraction of a year, and do not attend full-time.

Table 1 shows trends in adult ADA levels by individual instructional areas. The table indicates that there have been large increases in past years in courses relating to: (1) ESL, (2) older adults, and (3) high school basic skills. Conversely, ADA levels in vocational programs and health and safety programs have decreased substantially.

Table 1
Adult Education Average Daily Attendance By Instructional Area^a
Ranked by Percentage Change
1984-85 through 1986-87

	1984-85	1985-86	1986-87	Change From 1984-85	Percent Change From 1984-85
ESL	57,531	66,055	73,312	15,781	27.4%
Programs for Older Adults	14,860	16,609	17,867	3,007	20.2
High School Basic Skills ^b	14,519	16,775	16,417	1,898	13.1
Home Economics	1,495	1,532	1,563	68	4.5
Citizenship	777	787	801	24	3.1
Substantially Handicapped	27,245	27,402	27,669	424	1.6
Elementary Basic Skills ^b	8,828	8,164	8,768	-60	-0.7
Parent Education	7,492	7,427	7,353	-139	-1.9
Health and Safety	1,916	1,597	1,691	-225	-11.7
Vocational Programs	40,611	29,210	28,076	-12,535	-30.9
Totals	175,274	175,558	183,517	8,243	4.7%

^a Reflects actual ADA. Data for apprenticeship courses not available.

^b Data for elementary and high school basic skill programs (which are listed in statute as one instructional area) are presented separately.

Reasons for Trends. These trends can be explained by demographic changes, as well as other factors. Specifically,

- Demand for ESL instruction, which comprises 40 percent of the program's ADA, is increasing, primarily because of high rates of foreign immigration into California. Demand for ESL instruction is expected to increase further due to the federal Immigration Reform and Control Act (IRCA) of 1986, which requires aliens applying for legalization to either (1) demonstrate their proficiency in English, U.S. history, and government, or (2) be enrolled in courses leading to such proficiency.
- Demand for courses serving older adults is increasing due to the general aging of the state's population and to more aggressive marketing of these courses by school districts in senior centers and nursing homes.

- Demand for high school basic skills instruction is increasing because (1) today's adults place a high value on high school diplomas and (2) high school students are enrolling in adult education programs to meet increased graduation requirements.

Demand for high school and elementary basic skill instruction, as well as ESL, is expected to increase *in the future* due to the educational requirements of the Greater Avenues for Independence (GAIN) program, established by Ch 1025/85. This measure requires all welfare recipients who are deficient in basic skills or who lack a high school diploma (or its equivalent), to work toward a general education development (GED) certificate. As a result, it is projected that an estimated 75,000 GAIN participants will be referred to adult education programs for services in 1988-89, at a cost of \$158 million. ♦

Chapter II

Chapter II

Legislative Analyst's Findings and Recommendations

As noted in the introduction of this report, the sunset review legislation, Ch 1270/83, requires the sunset reports to address (1) the purpose of and need for the adult education program, (2) the program's effectiveness, and

(3) the appropriateness of the formulas used to allocate funds. In this chapter, we provide our findings which are separate from those of the State Department of Education (SDE) contained in Chapter III.

Purpose of Program Lacks Specificity

During the course of our review, we found that the purpose of the adult education program is vague.

According to statute, the program was established to provide all adults in California an opportunity (within 10 specified instructional areas) to (1) acquire the knowledge and skills necessary to participate effectively in the state's economy and society, and (2) participate in courses designed to meet the particular needs of local communities. While the first purpose of the program is fairly specific, we find the second purpose to be general and open-ended. Almost any type of course desired by individuals in a particular community can be construed as meeting the community's needs.

Furthermore, although current law restricts the type of instruction which may be provided to 10 instructional areas, the statutory definition of these areas is broad enough to allow districts a great deal of flexibility in the types of courses they can offer. For instance, courses

offered in the health and safety category range from classes in nutrition and mental health to traffic safety and instruction for individuals seeking commercial driving jobs. Courses in the older adults category range from financial management and creative living to arts and crafts.

This diversity of course offerings suggests that, in the face of unclear statutory objectives, local school personnel have interpreted the goals of the program in a variety of different ways. For instance, some courses for older adults are designed to assist elderly individuals to remain self-sufficient, while other courses are designed simply to provide instruction of an avocational nature. It is unclear which objective, if either, meets the Legislature's intent in establishing the older adults category. While diversity in course offerings and objectives may have some beneficial consequences, the Legislature may wish to clarify *its* objectives in order to ensure that state funds are used for these purposes.

Need for All Ten Instructional Areas Not Established

While it is clear that courses such as English as a Second Language (ESL), which assist individuals to participate more fully in society, are beneficial to all of society and, thus, warrant state funding, the need for *state funding* of certain other adult education courses is less clear. Specifically, courses of an avocational nature, which tend to provide greater benefits to individuals than to society at large, may be more appropriately supported by student fees.

In order to obtain better information on the extent to which courses offered in the 10 instructional areas produce benefits to the state, the Legislature, through *The Supplemental Report of the 1987 Budget Act*, directed the

California Postsecondary Education Commission (CPEC) to conduct a study of the need for the 10 state-funded instructional areas in light of the state's changing demographics. (The text of the language mandating the study is contained in Appendix B.) This study is due by October 1, 1988. Because the CPEC study directly addresses the question of whether all of the existing adult education instructional areas are needed, we recommend that the Legislature defer its decisions to continue or modify the instructional components of the adult education program until (1) the study is completed and (2) the Legislature has had an opportunity to evaluate the commission's findings and recommendations.

Data on Program Effectiveness are Limited

In order to improve the current system of evaluating adult education, we recommend that the Legislature direct the State Department of Education to (1) develop a uniform sampling methodology for collecting evaluation data, (2) analyze the feasibility of collecting the data from all adult education programs and in all program areas, and (3) analyze further the factors causing attrition from adult education.

In addition to addressing the general need for the adult education program, Chapter 1270 requires agencies preparing sunset review reports to review available data on the effectiveness of programs in attaining legislative goals. Our review indicates that existing data on the effectiveness of the adult education program possess several limitations which may prevent a thorough review of the program.

The SDE collects evaluative information on three instructional areas (Elementary Basic

Skills, ESL, and Courses for the Handicapped) through the California Student Assessment System (CASAS). CASAS, a federally-funded project based in San Diego, has developed a series of competency-based, achievement tests to rank the skill levels of adult students along an interval scale. Adults functioning below 200 on this scale have difficulty with basic literacy and computational skills, while those functioning at 225 or above have competencies equivalent to those of a high school graduate.

Effectiveness data collected through CASAS and presented in the department's sunset review report indicate that students in ESL or basic skill classes gain approximately six to seven scale points for every 100 hours of instruction. Although the department also collects data on handicapped adults, its report did not present any data for this population. Table 2 shows the program effects as measured by CASAS in 1984-85 and 1985-86.

Table 2
Program Effects
CASAS ESL/Basic Skills Test Results
1984-85 and 1985-86

Program Category	1984-85			1985-86		
	Pre-Test	Post-Test	Gain	Pre-Test	Post-Test	Gain
English as a Second Language (ESL) ^a	205.5	212.6	7.1	207.4	213.4	6.0
Elementary Basic Skills ^b	210.6	217.5	6.9	211.6	217.6	6.0

^a Sample of 3,882 and 4,201 students for 1984-85 and 1985-86, respectively.

^b Sample of 2,531 and 2,470 students for 1984-85 and 1985-86, respectively.

While the CASAS data are indicative of the effectiveness of ESL and basic skills training, our analysis indicates that the data possess three limitations that should be addressed in order to facilitate a thorough review of the adult education program.

1. *The CASAS data do not reflect a uniform sample size or sampling methodology among programs.*

When evaluating a program, school districts are required to select a "representative" sample of students; current law does not, however, specify the number of students or the manner in which the sample is to be selected. As a result, districts may sample only a fraction of their student population and/or the sample may not be representative of the student body. Because districts have an incentive to survey their most able students in order to maximize the appearance of effectiveness, we believe that the sampling methodologies should be based on standards developed by SDE rather than left to district discretion.

2. *The CASAS data measure only the effectiveness of a portion of the adult education program.*

Specifically, CASAS collects data only from the 120 programs receiving federal Adult Basic Education funds. Consequently, the remaining 108 programs,

which constitute 47 percent of all adult education providers, are not evaluated. In addition, the CASAS data reflect only three program areas which represent 60 percent of the program's average daily attendance (ADA).

We believe that the current evaluation system should be broadened to include all providers, in order to compare and evaluate different instructional approaches. For instance, programs participating in CASAS tend to be relatively more "competency-based" than others, meaning that initial ability levels are tested and the curriculum geared to each student's assessed level. Competency-based programs (1) can place students entering midyear in the most appropriate classes (whereas programs without a competency-based assessment system might not), (2) allow each student to progress at his or her own rate, and (3) attempt to teach students specific, measurable skills—such as addressing an envelope in English—thus allowing student progress to be monitored.

Noncompetency-based programs, on the other hand, teach broader, more generic skills, such as reading, and rely less on frequent testing. Expanding the current evaluation system to include all providers would allow the relative effectiveness of competency-based and

noncompetency-based approaches to be compared.

Likewise, the evaluation system should be broadened to include, to the maximum extent feasible, instructional areas beyond the three currently included. We recognize that this may be difficult to accomplish because extending the evaluation system to other program areas, such as parenting, may require the development of evaluation criteria completely different from those now used in CASAS. At a minimum, however, SDE should review where, and under what conditions, it would be feasible to expand its system of evaluation to other program areas.

3. *The CASAS data do not measure program results for adults who leave an adult education program midyear, prior to evaluation.*

Since the level of attrition in adult education programs is high (50 percent in basic skills and ESL), lack of data on adults leaving the system constitutes a serious deficiency in the existing measures of program effectiveness. For instance, to the extent that students leave adult education because of dissatisfaction with the program in which they are enrolled, failure to include these adults in the CASAS data will cause the department's measures of program effectiveness to be overstated. Conversely, to the extent that adults leave the program because they have successfully achieved their educational goals, the effectiveness measures will be understated. In either case, it is important for the CASAS data to be interpreted in conjunction with other data on the causes of student attrition.

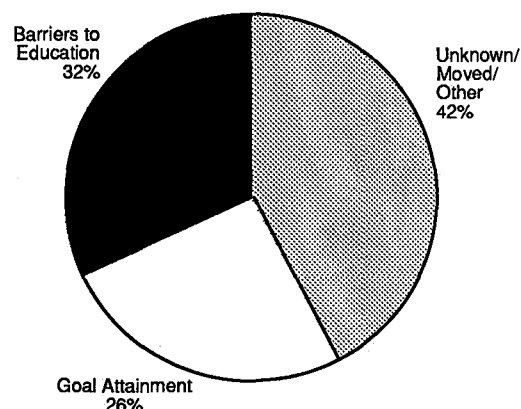
Chart 2 presents attrition data that were collected by the department from a survey of 31,000 adult education students in 1986-87, of whom 13,100 (42 percent) left

the program during the course of the year. The chart shows that of these students, 26 percent (3,406) departed because their specific goals had been achieved, and 32 percent (4,192) indicated the existence of some barrier preventing continued access to the program (problems with transportation, child care, health, etc.). The remaining 42 percent (5,502) of the responses fell into the "unknown, moved, or other category." Consequently, the proportion of individuals encountering some barrier to continued participation *could* be much higher than 32 percent. The data, unfortunately, do not reveal what percent of the attrition may have been caused by dissatisfaction with some internal aspect of the instructional program, as opposed to an external barrier.

Chart 2

**Adult Education
Reasons for Leaving Program^a**

1986-87



^a Based on sample of 13,100 students.

The high level of attrition in this program, we believe, warrants further analysis by SDE. Specifically, the department should identify the negative factors that can be ameliorated by district or state action. It has been observed,

for example, that some adults, especially those in need of basic skill instruction, may be intimidated by the formal classroom environment of most adult education programs and, for this reason, drop out of the program. This factor could be ameliorated, however, by increasing the coordination of services provided by school districts with those provided by community-based organizations (CBOs), which usually operate programs in more informal environments. In this way, individuals could be referred from school programs to CBOs, or visa-versa, depending on the type of environment each student would find most suitable.¹

This proposal is only one example of how the delivery of adult education services could be improved at little or no

cost. By analyzing other factors that may discourage individuals from participating in adult education, we believe the effectiveness of the delivery system could be improved further.

In summary, we recommend that the Legislature direct the State Department of Education to implement the following measures in order to improve its evaluation of adult education:

- Develop a uniform sampling methodology for collecting evaluation data;
- Analyze the feasibility of collecting program effectiveness data from all adult education programs and in all program areas; and
- Analyze further the factors causing attrition from adult education.

Fiscal Findings and Recommendations

Chapter 100, Statutes of 1981, established the basic provisions governing the allocation of state funds to adult education programs. In order to control the state's fiscal liability for these programs, Chapter 100 established maximum, allowable levels of ADA that the state would fund for each district. As a result, the state currently apportions state funds based on the lesser of (a) each district's actual ADA or (b) allowable level of ADA. Each district's allowable ADA is based on the ADA level that was funded by the state in 1979-80, increased annually by 2.5 percent for enrollment growth.

The imposition of a "cap" on the amount of ADA that the state will fund causes many districts to either not serve all individuals who desire to enroll in adult education classes or to serve them within existing resources by, for example, expanding class sizes. ADA that is

not reimbursed by the state is called "unfunded ADA." In 1986-87, adult education programs generated 13,000 units of unfunded ADA. Most districts with unfunded ADA are serving large numbers of immigrants in need of ESL, and in order to do so they have increased their ESL class sizes. Many districts, however, will place individuals on waiting lists, or deny them services altogether once available classes are completely full.

Enrollment Growth

We recommend the enactment of legislation to continue the policy of targeting adult education expansion funds to high-priority areas.

As noted above, Chapter 100 provided for an annual 2.5 percent increase in districts' allowable level of ADA. Because the 2.5 percent adjustment was recognized as arbitrary,

¹ A more specific proposal for increasing the coordination of adult education programs with CBOs can be found in *Illiteracy in California: Needs, Services, and Prospects* (Sacramento, California: SRA Associates, 1987).

the Legislature chose, in the 1986 and 1987 Budget Acts, to base the total statewide adult ADA growth on an empirical index—the percentage increase in the statewide adult population, which was 1.9 percent in 1986-87 and 2.0 percent in 1987-88.

In addition to this change, the 1987 Budget Act provided for growth funds to be targeted to districts with specified high-priority needs, rather than allocated on an equal percentage basis to all districts. Specifically, the 1987 Budget Act targeted \$4.7 million in growth—the amount associated with the 2.0 percentage increase—to districts participating in the Greater Avenues for Independence (GAIN) program. Furthermore, in a separate action, an additional \$6.0 million in growth funding was provided to districts with excess demand for ESL.

These actions demonstrate that addressing needs related to ESL and GAIN is a high legislative priority. In addition, the Legislature has also expressed interest in addressing needs related to a number of other policy areas, including dropout prevention, adult illiteracy, and immigration reform. Because fully funding the needs in any one of these areas is likely to exceed available resources, it is important that state adult education funds be used as effectively and efficiently as possible. We therefore recommend that the Legislature enact legislation to formalize its budget policy of targeting expansion funds to program areas and districts with the highest needs. (The Legislature could define the specific high-priority areas in the annual Budget Act.)

Cost-of-Living Adjustment

We recommend that if adult education programs continue to be provided with a statutory cost-of-living adjustment (COLA), the

COLA should be the same as that used for regular school apportionments—the Implicit Price Deflator for State and Local Government Purchases of Goods and Services—rather than the arbitrary 6 percent COLA currently provided in statute.

Under current law, each school district is assigned a funding rate (“adult revenue limit”) per unit of ADA. In 1988-89, 94 percent of all programs will have revenue limits equal to approximately \$1,370 per unit of ADA.

As was the case with the annual adjustment to allowable ADA levels, Chapter 100 provided for a *fixed*, annual adjustment in the revenue limits. Specifically, the measure established an arbitrary 6 percent annual COLA for adult education. This differs from the COLA prescribed in current law for the regular K-12 program, which is tied to the annual percentage change in the “Implicit Price Deflator for State and Local Government Purchases of Goods and Services.”

In most cases where the Education Code prescribes a COLA for an educational program, including adult education programs operated by community colleges, the COLA is tied to the one used for regular school apportionments, which is the percentage change in the implicit price deflator.² Because adult programs use goods and services similar to those purchased by other education programs, our analysis indicates that it would be appropriate for the Legislature to use the implicit price deflator to calculate the adult education COLA. While we generally advise against statutory COLAs on the basis that they reduce legislative flexibility, we recommend that this index be used *if* the Legislature chooses to continue a statutory COLA for this program. ♦

² Besides adult education, the only other programs with statutory COLAs *not* tied to the implicit price deflator are Meals for Needy Pupils and Gifted and Talented Education.

Chapter III

Chapter III

Legislative Analyst's Comments on Recommendations of the State Department of Education

The sunset legislation specifies 11 items that the State Department of Education's (SDE) report may include and seven items that it must include. As discussed below, the SDE report addresses each of these items and makes 13 identifiable recommendations. A number of these recommendations are non-controversial and, thus, are not discussed in this report. These recommendations include (1) maintaining provisions of law that restrict the expenditure of funds generated by the adult education program to adult education (page 67), (2) basing midyear apportionments on actual average daily attendance (ADA) in order to ameliorate cash flow problems (page 67), and (3) encouraging the development of adult education courses serving youth who have dropped out, or may drop out, of high school (page 74).

Most of the department's remaining recommendations entail major modifications in the program's size and funding mechanisms. In addition, these recommendations, if adopted, would require major budget augmentations. Taken together, they could cost the state's General Fund up to \$200 million annually.

Given the numerous demands for adult education services, it is important that priorities be established relative to the use of limited state funds, both for existing program levels and any proposed expansion. We have evaluated, therefore, each of the following SDE proposals based on (a) the seriousness of each problem addressed, and (b) the extent to which each proposal corrects the problem within existing funding levels.

Recommendations Regarding Program Expansion (page 66)

Establishment of New Programs

Only school districts that operated adult education programs in 1977-78 receive state funding for adult education. As a result, many districts do not operate such programs. The department indicates that approximately 150 such districts have indicated a "need" for adult education, and recommends that "a mechanism and an appropriation be established to allow for the implementation of programs in the 10 mandated areas" in these districts.

The SDE further recommends that districts which had small programs in 1977-78 and as a result currently have less than 200 units of allowable ADA be allowed to grow until they reach the 200 ADA level. Because the department considers 200 ADA to be the minimum size for an effective program, both recommendations, when considered together, also imply that the Legislature should establish new programs at a level of 200 ADA.

Legislative Analyst's Comments

We recommend that if new programs are established, the funding be targeted to high-priority instructional areas. Selective implementation of new programs in currently unserved areas appears reasonable. Full-scale implementation as recommended by the department, however, could result in General Fund costs of up to \$40 million if new programs (of 200 ADA each) were established in all 150 districts. Given this cost, it is important that the Legislature target any available expansion funds to those instructional areas of highest priority. We therefore do not concur with the department's position that new programs should necessarily be established in each of the 10 different instructional areas specified in current law.

Allowable ADA Levels

Although not stated in its report, SDE indicates that the rationale for the 200 ADA standard is that programs below that size usually do not have a full-time administrator. The SDE's recommendation, therefore, implies that lack of a full-time administrator reduces program quality. In addition, SDE's recommendation appears, from the report, to be based on two additional arguments. Specifically: (1) large differences in program size constitute inequities, and (2) small programs cannot easily cope with special needs related to illiteracy, English as a Second Language (ESL), general education development (GED), and vocational training.

Legislative Analyst's Comments

We do not concur with the recommendation to increase all allowable ADA levels to 200 units. We recommend that if the Legislature chooses to address funding inequities, it do so by targeting proportionately more "special need" funding to smaller districts. We estimate that the department's recommendation to increase all allowable ADA levels to 200 units would result, after the three to five year phase-in, in General Fund costs of \$20 million annually. Because the SDE report fails to document that program quality in small programs is significantly inferior to that of larger programs, we have no analytical basis for recommending an increase in expenditures of this magnitude.

Our analysis does not support SDE's argument that large differences in program size constitute inequities. In our view, inequities primarily result when adults in some geographic areas have less access to adult education than adults in other areas. Small programs do not necessarily constitute an ineq-

uity because they may be in areas with proportionately smaller adult populations and, hence, are appropriately smaller. The SDE has not demonstrated that the ratio of ADA to adult population in small programs is significantly less than the ratio in large programs.

Our analysis does confirm SDE's point that small programs are less able to cope with special needs than are larger programs. For example, a large program (over 200 ADA) in an area with high ESL demand that has reached its ADA funding cap may still be able to provide additional ESL instruction at no additional cost by spreading additional, unfunded enrollments over its existing ESL classes. While this approach raises enrollment levels by only two or three pupils per class in large programs, it may not be a viable option for small programs that offer few ESL classes.

It does not follow, however, that this problem should be solved by allowing *all* small districts to grow to 200 ADA as recommended by SDE. Rather, it would be more cost-efficient to solve the problem specifically in those small districts with identifiable special needs such as ESL. We therefore recommend that if the Legislature chooses to appropriate additional funds for adult education, it utilize an allocation formula that recognizes the special needs of small districts.

Incorporate Special Needs Funding in Ongoing ADA Entitlements

Current law requires districts to reapply annually for special needs funding targeted to specified, high-priority areas (such as ESL and

GAIN). The SDE recommends that this funding be provided to districts on an ongoing basis as part of their allowable ADA level.

The department's report recommends that the Legislature phase-in increases to districts' allowable ADA levels over a three-year period.

Legislative Analyst's Comments

We concur that special need funding should be incorporated into districts' allowable levels of ADA. We recommend, however, that all such adjustments be subject to reauthorization every three years. Districts with special needs, such as those impacted by foreign immigration, tend to have those needs for more than one year. They should not be required, therefore, to apply annually for special needs funding.

On the other hand, because district needs do change over time, we do not recommend, as the department does, that allowable ADA levels be permanently adjusted. Rather, any special adjustments should be authorized for a three-year period and then reviewed by the department to determine (1) if the district's need for additional services has changed, and (2) if special need funding should be redirected to areas with greater needs. We therefore recommend that special adjustments be authorized for renewable three-year periods.

Recommendations Regarding Revenue Limits Increase (page 67)

Adult education revenue limits are based on school districts' historical rates of spending for adult education. Due to a variety of factors, including the fact that adult programs typically provide fewer support services than the regular K-12 program, the cost of providing adult education has been less than the cost of providing education in grades K-12. As a result, adult education revenue limits are typically lower than regular K-12 revenue limits. In fact, the average adult revenue limit in 1987-88 is expected to be \$1,370 per ADA, while the average high school revenue limit is estimated to be \$3,254 per ADA.

The SDE recommends that, in order to achieve greater parity in funding, all adult revenue limits be increased to a level equal to two-thirds of the average high school revenue limit. We estimate that the department's recommendation, if implemented in 1988-89, would increase the average adult revenue limit from \$1,370 to \$2,169, or 58 percent, at a General Fund cost of \$135 million.

Legislative Analyst's Comments

We do not concur with the recommendation to increase adult revenue limits to a level equal to two-thirds of the average high school

revenue limit. The department has not shown why the existing revenue limits are inadequate, or why they should be increased by 58 percent.

There are a number of reasons why adult education revenue limits are significantly lower than K-12 revenue limits. First, salaries for adult education teachers are generally lower than for teachers in K-12. Second, adult education programs generally need to provide a smaller range of supplementary services (such as counseling or extracurricular activities) than K-12 programs. Third, adult education programs often require students to purchase their own books and materials, while K-12 programs do not. Finally, most adult students usually attend school for no more than three hours per day, while most high school students attend school for six hours per day.

For these reasons, the adult education revenue limit *should* be lower than the K-12 revenue limit. Because the department has not provided an analytical justification to increase the revenue limit, we have no basis for supporting its recommendation.

Recommendations Regarding Specific Instructional Program Areas

The following recommendations address needs in specific instructional areas, such as parenting or vocational education programs. Due to the large number of demands being placed on adult education, one funding option is to redirect existing funds from low to high-priority areas, as determined by local governing boards and the Legislature. We evaluate each of the department's recommendations in this light.

Weighted Revenue Limit for Child Care (page 67)

Currently, adult education parenting courses do not generate state apportionments for the attendance of children in child care or preschool programs that are provided in conjunction with parenting classes. The department states that lack of funding for child care programs prevents low-income individuals from participating in adult education parent-

ing programs if they cannot afford (or do not otherwise have access to) child care services. The department therefore recommends that in order to increase the availability of child care services, the attendance of parents in an adult education parenting class be allowed to increase the revenue limit by 50 percent per ADA, with the amount derived from that factor to be used for child care.

Legislative Analyst's Comments

We concur in principle with the department's recommendation but, in addition, recommend that (1) a weighted-ADA mechanism be utilized instead of a weighted revenue limit, and (2) regulations be adopted implementing a means-test for parents applying for this child care.

The department's recommendation would help alleviate existing barriers to participation in adult education programs, and therefore has merit. Funding certain types of adult ADA at a higher rate, however, represents a major change to the existing system of funding adult education. Short of implementing such a change—which could set a precedent for the funding of other “high-cost” instructional areas—the Legislature may wish to consider the option of increasing ADA levels (rather than revenue limit levels) by 50 percent. Under this alternative, the full-time attendance of one parent (with children) would generate 1.5 units of ADA. Since maximum ADA levels are fixed, this mechanism would have two effects. School districts below their cap would receive additional funding. School districts “at cap” would receive no additional funding but would need to reduce ADA levels in other areas in order to support child care. School districts do not currently have the flexibility to fund child care in this way.

In order to ensure that funds are used only to subsidize child care services for adults in economic need, however, a means-test should be adopted by regulation. Such a test would be especially important in cases where a district does not utilize its full allowable level of ADA.

Since such a district would not have to reduce services elsewhere in order to offer free child care, it would have less incentive than other districts to evaluate the cost of child care services in terms of the needs of the parents.

Programs for the Handicapped (page 68)

The SDE recommends that the Legislature create and fund an interagency task force, comprised of state agencies and organizations that provide educational services to handicapped adults. The department indicates that the task force is needed because programs serving the handicapped have unique needs, such as low pupil-teacher ratios and requirements for specialized equipment, that result in unusually high program costs. Given these costs, the task force would assess the adequacy of existing program funding and determine how coordination of services between various providers could be improved to provide services more cost-effectively.

Legislative Analyst's Comments

We do not concur with the need for the Legislature to establish, through statute, a task force on programs serving the handicapped because such a task force could be convened at the department's own initiative.

While our analysis indicates that the program and funding issues raised by the department may warrant further study, we do not believe the Legislature, through statute, should establish and fund a task force for this purpose. These issues can be addressed administratively by SDE and other affected state agencies. If necessary, the department could initiate an advisory committee of other state agencies to discuss coordination issues.

Vocational Education (page 69)

In the areas of vocational education (including courses for the handicapped), SDE does not provide districts with funding for work experience programs. This policy is based on a 1976 SDE legal opinion which (1)

found that the Education Code does not authorize adult education work experience, and (2) ascertained legislative intent that such work experience not be provided. It should be noted that the prohibition against work experience does *not* extend to programs operated by Regional Occupational Centers and Programs (ROC/Ps). Adults in ROC/Ps may generate work experience ADA.

The department recommends that comparable treatment be accorded adult education programs. In support of this position, the department argues that work experience is a more cost-effective means of delivering vocational training than traditional classroom instruction, primarily because it provides students with access to state-of-the-art equipment at no cost to local districts. In addition, a work experience component in a vocational education program would (1) allow programs to adapt much more quickly to labor market changes and (2) facilitate job placement after graduation.

Legislative Analyst's Comments

We concur with the department's recommendation regarding work experience, but recommend that it be clarified to (1) restrict work experience ADA to 50 percent of individual program hours, and (2) limit state-apportioned revenues to the actual documented cost of operating a work-experience program.

The department's arguments for allowing districts to claim work experience ADA are sound. The recommendation would result in no additional state costs, only in a redistribution of existing funds.

Both we and the department are concerned, however, that because work experience is a low-cost program, financial incentives may detract from programmatic considerations. This situation would occur particularly if dis-

tricts enrolled large numbers of individuals in work experience programs (in order to maximize revenues) without providing these students with any direct instructional services. This is inappropriate, in our view, because (1) as a matter of policy, the state should not apportion funds for services that are not provided, and (2) it creates a financial incentive for districts to enroll students in work experience regardless of the program's educational merits.

In order therefore to prevent such abuses, the department's report proposes a number of safeguards. We concur with the majority of these safeguards but, in addition, recommend that the department's proposals be modified in the following two respects.

First, we recommend clarification of the department's proposal to limit "total program hours...spent on the job site to 50 percent." Specifically, we recommend that the Legislature apply this limitation to *individuals* and not to total *programs*. Otherwise, a district might enroll up to half its students in a traditional vocational education program and enroll the other half in a work experience program lacking any direct instructional services. In order to ensure that all students enrolled receive some instructional services, we recommend that the Legislature limit the portion of program hours for work experience funded *per individual* to a specified level, such as 50 percent.

Second, we recommend that, for each work experience ADA, districts receive funds based only on the actual cost of operating work-experience programs or the revenue limit for one ADA, whichever is less.³ Such a provision would remove another incentive for districts to operate work experience programs to generate revenues. Although the department proposes a number of program standards to

³ If documented costs are less than a district's revenue limit, the difference, rather than being apportioned for work experience, should be "returned" to the district in the form of an increase in its allowable level of ADA, in order not to penalize districts that allocate available ADA to work experience.

prevent districts from using work experience in this manner, we believe that the standards could be enforced more effectively if any potential financial incentives to circumvent these standards were removed.

Apprenticeship Courses (page 70)

Apprenticeship courses are offered by both community colleges and K-12 adult schools. The K-12 courses are funded separately from the adult education courses and, prior to 1987-88, were not subject to restrictions on enrollment. Growth in K-12 apprenticeship enrollments has caused budget deficits of \$1.2 million in 1985-86 and \$4.2 million in 1986-87. In the same years, the community college ap-

prentice programs ended each year with budgetary *surpluses*. The department recommends that the Legislature use funds remaining in either the K-12 or community college budget item to fund a deficit in the other item.

Legislative Analyst's Comments

We do not concur with this recommendation. In our view, the pertinent policy question is not how to fund these deficits, but rather how these deficits can be controlled. The Legislature adopted this position, in the 1987 Budget Act, by placing a limit on the enrollments which will be funded by the state, thereby eliminating the possibility of a deficit in 1987-88.

Recommendations Regarding Future Review of Adult Education (page 71)

Proposed Adult Education Commission

The department recommends that the Legislature establish a California Adult Education Commission to report annually on the operation of adult education programs in California. The report would examine (1) the degree of demand in each of the 10 instructional areas, (2) the equity and adequacy of adult education funding, and (3) other issues that may arise in the future. The department proposes that shifting demographics, increased dropout rates, the high demand for ESL, the need to reduce illiteracy, and the role of adult education in GAIN, all contribute to a significant need for such a commission to review these and other emerging issues.

Legislative Analyst's Comments

We do not concur with this recommendation. Specifically, the department's report provides no compelling reasons why a special (and potentially costly) commission for adult education is necessary and should be established through statute. While there is an

ongoing need to collect data for program and budget purposes on the changing needs in adult education, it is, in our judgment, SDE's current responsibility to collect the data and review these various issues. Moreover, special commissions do not exist for most other programs administered by SDE.

Remove Adult Education From Sunset Review Process

The department recommends that the adult education program be removed from the list of programs scheduled for sunset review.

Legislative Analyst's Comments

We do not concur with this recommendation. The department's report provides no rationale for its recommendation. Furthermore, the recommendation would reduce legislative flexibility by hindering the ability of the Legislature to review and alter program statutes and funding levels. For these reasons, we see no reason to treat adult education differently from the other programs scheduled for sunset review. ♦

Appendices

Appendix A

Description of the Ten Authorized Instructional Areas

English as a Second Language (ESL)

ESL programs are designed to teach English-language skills to non-English and limited-English-speaking adults.

Vocational Education

Adult programs in vocational education consist of short-term training related to the preparation of individuals for paid or unpaid employment.

Substantially Handicapped

Programs for the substantially handicapped consist of learning activities in self-care, communication, mobility, self-direction, independent living skills, or economic self-sufficiency. Most individuals served by these programs are developmentally disabled.

Elementary and High School Basic Skills

Basic skill courses provide instruction in elementary-level skills (reading, writing, or arithmetic) or in subjects approved for credit towards a high school diploma. These subjects may include, but are not limited to, mathematics, reading, history, science, government, and language arts.

Programs for Older Adults

Programs for older adults provide opportunities for personal growth and development, community involvement, and survival skills in order to promote self-maintenance and economic self-sufficiency.

Parent Education

Adult courses in parenting are designed to provide individuals with an understanding of (1) the patterns of prenatal and postnatal child development, (2) effective parenting skills, and (3) the process of maintaining positive parent/child relationships.

Health and Safety

Courses in health and safety provide instruction in such areas as accident prevention and first aid, nutrition, substance abuse prevention, and mental health.

Home Economics

Courses in home economics are designed to assist individuals meet the challenges of daily living. These courses also provide specific training in such subjects as food services.

Citizenship

Citizenship programs are designed to prepare immigrants to meet the requirements for naturalization, and consist of courses in U.S. history and civics.

Apprenticeship Programs

Apprenticeship programs provide vocational instruction to individuals employed in certain occupational areas. ♦

Appendix B

Adult Education Study Supplemental Report of the 1987 Budget Act Item 6420-001-001

The [California Postsecondary Education Commission], in consultation with the Board of Governors of the California Community Colleges and the State Department of Education, shall conduct a study of the current and projected need for, and funding of, noncredit adult education, including the various state-funded instructional areas, in light of the state's changing demographics. This study shall include, but not be limited to, an examination of the following:

(1) Whether the existing system of determining state priorities and delivering local instructional services is adequate and, if not, what changes are necessary;

(2) The criteria to assess overall need for those programs, including (a) benefits to the state in funding each instructional area, (b) level of demand for instructional services, and (c) alternative resources available to meet demonstrated needs;

(3) The most appropriate process for establishing state priorities in the event that re-

sources are not sufficient to address all identified instructional needs;

(4) Whether the statutory language which describes various instruction areas adequately delineates and protects the state's priorities;

(5) The process for determining how changes in priority state-funded programs should be made in the future; and

(6) How the state can assure that resources are provided equitably among various adult education providers in order to meet the state's priority needs.

Based on this examination, the commission shall make recommendations on what are the relative needs and priorities of the state by instructional area and whether any instructional areas should be added, modified, restricted, or eliminated and, if so, which areas and by what process? The commission shall submit its finding and recommendations to the legislative education fiscal and policy committees by October 1, 1988. ♦