

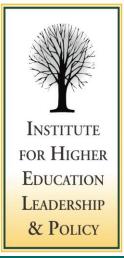
Funding Adult Education:

Does California Put the Money Where the Needs Are?

Presentation to the Assembly Select Committee on Adult Education February 25, 2004

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Full report available at www.csus.edu/ihe/publications



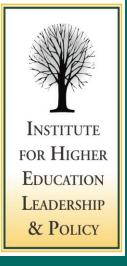
Research Question: *Does the Distribution of State Adult Education Funds Match Current Needs?*

RFP through CSU Faculty Fellows Program:

❖ Analyze state investment as compared to "need for service" indicators

Research Methods:

- * Reviewed literature
- * Reviewed policies in a number of comparison states
- Collected Census data for indicators of "need" for adult education
- Collected funding data
- Conducted statistical analyses to compare funding and "need" by county



California's Funding Mechanisms

K-12 School Districts (75% of state funds)

- ADA caps set after Proposition 13
- 2.5% annual growth in caps
- Revenue limit per ADA initially varied substantially, but has been equalized

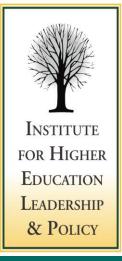
Community Colleges (25% of state funds)

- Non-credit courses funded on FTE basis
- Colleges set own priorities for non-credit
- Historical agreements with school districts



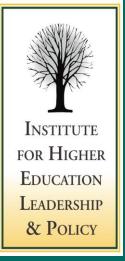
Potential Problems/Issues with Funding Methods

- Growth and demographic changes have not been uniform across the state - ADA caps may not reflect current need
- Funds for more than 10,000 ADA went unused in 208 districts in 2001-02, while 144 districts served 14,000 ADA over their caps
- Disincentives for re-allocation of unused ADA
- Disincentive for community colleges to adequately provide non-credit courses: funding per FTES is about half the rate of credit courses



Analysis

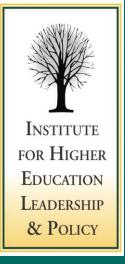
- Avg. state funding by county 2000-2002
- Measured the "need for services"
 - 1. % of pop. speaking English "less than well"
 - 2. % of pop. living in poverty
 - 3. % unemployed
 - 4. % age 25+ with less than a HS diploma
- Compared need-based allocation with actual allocation, per capita, for each county
- Assumptions
 - 4 need indicators of equal importance (sensitivity analysis showed little change in results)
 - Total funding held constant (no indication of total need)



Relative "Winners" and "Losers"

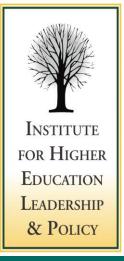
Consistent "Winners"	Mixed Results	Consistent "Losers"
San Francisco, Placer, Napa, Sonoma, Alameda, Monterey, Ventura, San Diego, Sacramento, Marin, Contra Costa, Los Angeles, Santa Barbara, Orange	Humboldt, Lassen, Inyo, Butte, Mendocino, Santa Clara, Solano, San Mateo	Santa Cruz, Madera, Tulare, Merced, Fresno, San Luis Obispo, Yuba, San Joaquin, Kern, Glenn, Kings, Trinity, San Bernardino, Yolo, El Dorado, Stanislaus, Riverside, Nevada, Siskiyou, Amador, Shasta, Tuolumne, Mono, Imperial, Modoc, Mariposa, Lake, San Benito, Tehama, Sutter, Colusa, Calaveras, Del Norte, Plumas, Sierra, Alpine

California State University, Sacramento



What Factors Influence Relative Success?

- Exhaustive statistical testing of potentially relevant demographic variables
- Two factors significant:
 - 1. Population density
 - 2. Median household income
- Counties with higher average household income and those with a higher population density (i.e., more urban counties) fare better than would be expected based on their "need" as defined here



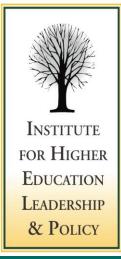
Features of Other States' Programs

- 6 states: TX, NY, FL, IL, MD, KY
- State share of investment varies from 25% in MD and TX to 90% in FL
- Allocation methods vary, but all use needbased formulas for allocating at least some of their funds across geographic areas
- All 6 have more targeted set of programs, with emphasis on employability
- Most have eligibility criteria in most cases must lack a HS diploma or have insufficient literacy skills for employment



California's Different Choices

- Greater state investment (90% State)
- Many more types of programs funded
- No eligibility criteria
- No apparent priority on basic skills and employability
- No needs-based criteria used in allocation of state or federal Title II funds



Conclusions/Recommendations

Our analysis demonstrates that:

- California spends more of its funds with less focus on priorities;
- The method for allocating funds is not responsive to the current needs in communities across the state;
- Wealthy, urban counties fare better than would be expected based on their needs; and
- The inequities persist regardless of the relative weight placed on each of the indicators.

The Legislature should:

- 1. Better define state's goals in providing adult education;
- 2. Revise allocation method for state funds to incorporate current needs, using indicators related to the state's goals and interests; and
- 3. Allocate federal funds geographically based on need, and let providers within particular areas compete for the funds.