

CONCURRENCE IN SENATE AMENDMENTS

AB 1491 (McCarty)

As Amended August 11, 2022

Majority vote

SUMMARY

Authorizes an adult education consortium to reduce a member's funding allocation by no more than the amount of the member's carryover, as defined, if the majority of the consortium vote for the reduction in funds and if the member has had an excessive carry over for at least two consecutive years.

Major Provisions

- 1) Defines carryover as the annual amount of unspent adult education funds expressed as a percentage of the prior year's fiscal allocation.
- 2) Adds to the reasons a consortium may reduce the annual funding allocated to a specific member of a consortia, to include if a member of the consortia has excessive carryover for at least two consecutive fiscal years beginning in 2022-2023 fiscal year and each year thereafter.
- 3) Clarifies the consortium, after providing a reason for the reduction of funds, may only reduce funding for a member of the consortia with a majority vote of the membership of the consortia. Furthermore, if the consortium votes to reduce the funds of a member due to carryover for at least two consecutive fiscal years, the consortium may reduce the member's allocation by no more than the amount of the member's carryover.
- 4) Requires a consortium with a carryover exceeding 20%, to write an expenditure plan to reduce the consortium's carryover below 20% to the Superintendent of Public Instruction (SPI) and the Chancellor of the California Community Colleges (Chancellor).
- 5) Requires the SPI and the Chancellor to prescribe and assign technical assistance for each year a consortium has carryover of more than 20% to ensure that adult education services are being provided to the region in proportion to the region's available funding.
- 6) Requires the SPI and the Chancellor to keep the adult education funding allocated to a specific consortium in the region.

Senate Amendments

Deletes the Assembly version of the bill and instead:

- 1) Defines carryover as the annual amount of unspent adult education funds expressed as a percentage of the prior year's fiscal allocation.
- 2) Permits a consortium to reduce the funding of a member of the consortia if the member has an excessive carryover of funds for two consecutive years and if the majority of the membership of the consortium votes to reduce the funding to the member. Clarifies the consortium may only reduce the funding up to the amount the member carried over for two consecutive fiscal years.

- 3) Requires a consortium who has a carryover exceeding 20% to write and submit an expenditure plan to reduce the excess of funds to the SPI and the Chancellor.
- 4) Requires the Chancellor and SPI to provide technical assistance to any consortium who has a carryover of funds of more than 20% and to keep the funding allocated to the consortium in the region of the consortium.

COMMENTS

Adult Education in California. 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. Currently, consortiums are endowed with the authority to reduce funding for members if the member's meet a set of criteria; however, having a carryover of funds is not one of the valid reasons recognized by the Education Code for the reduction of a member's funds. Consortium members 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 California Community Colleges and the California Department of Education 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 10%; which is within the acceptable amount for reserves for local education agencies and CCC.

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.

Arguments in Support

The California Adult Education Administrators Association and the California Council for Adult Education states "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

As expressed by Chancellor's Office of the California Community Colleges, "excessive carryover of funds from year to year has not been a widespread practice among our institutions. Most of our colleges spend their allocated funds within the existing three-year fiscal cycle. Despite this, we foresee AB 1491 disproportionately affecting community colleges, as their procurement process is slower compared to K-12 districts, who do not have local approval and shared governance requirements. While intended to enhance accountability over the use of adult education apportionment dollars, this approach is too punitive in nature and would run the risk of taking away crucial state adult education investment out of the most vulnerable regions of the state, leaving the most underserved students without access to adult education programs. Recognizing the work that goes into a three year strategic plan, this proposed threshold would incentivize hasty and imprudent spending that would lead to a lack of consistency and sustainability in adult education programs and in turn, worse student outcomes."

FISCAL COMMENTS

According to the Senate Appropriations Committee, while this bill would not create additional costs for the program at the state level, it could result in less funding available for members within a local adult education consortia that have excessive carryover. The extent of the funds is unknown and could vary year to year, depending on the amount of funds not being expended by local adult education consortia members.

The Chancellor's Office indicates that the bill could result in additional consortia that would be subject to the new carryover limit. This would trigger additional workload to update their financial reporting tools and provide these consortia with technical assistance. The Chancellor's Office estimates that the cost for these activities would be approximately \$65,000 each year but the exact amount would depend on the number of consortia who need additional support.
(General Fund)

VOTES:

ASM HIGHER EDUCATION: 11-0-1

YES: Medina, Arambula, Bloom, Gabriel, Irwin, Kiley, Levine, Low, Blanca Rubio, Santiago, Valladares

ABS, ABST OR NV: Choi

ASM EDUCATION: 5-1-1

YES: O'Donnell, Bennett, Megan Dahle, Lee, McCarty

NO: Kiley

ABS, ABST OR NV: Quirk-Silva

ASM APPROPRIATIONS: 16-0-0

YES: Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Friedman, Stone

ASSEMBLY FLOOR: 63-0-13

YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Mia Bonta, Bryan, Burke, Calderon, Carrillo, Choi, Cooley, Cooper, Daly, Davies, Flora, Fong, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Gray, Grayson, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, McCarty, Medina, Mullin, Nazarian, O'Donnell, Patterson, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

ABS, ABST OR NV: Bigelow, Cervantes, Chen, Cunningham, Megan Dahle, Friedman, Holden, Mayes, Muratsuchi, Nguyen, Quirk, Santiago, Voepel

SENATE FLOOR: 40-0-0

YES: Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, Limón, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener, Wilk

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CONSULTANT: Ellen Cesaretti-Monroy / HIGHER ED. / (916) 319-3960

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