

1 **NEW CHAPTER 805, ADULT EDUCATION AND LITERACY PROGRAM RULES,**
2 **AND AMENDMENTS TO CHAPTER 800, GENERAL ADMINISTRATION RULES,**
3 **AND CHAPTER 802, INTEGRITY OF THE TEXAS WORKFORCE SYSTEM RULES**
4 **POLICY CONCEPT**
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7 **Background**

8 Senate Bill (SB) 307, enacted by the 83rd Texas Legislature, Regular Session (2013), adds Texas
9 Labor Code, Chapter 315, which transfers adult education and literacy (AEL) programs from the
10 Texas Education Agency (TEA) to the Texas Workforce Commission (TWC) no later than
11 January 1, 2014.

12
13 SB 307 mandates, in part, that through the transition, all rules, policies, procedures, and
14 decisions of TEA relating to the administration of adult education and literacy programs continue
15 in effect as rules, policies, procedures, and decisions of TWC until superseded by a rule or other
16 appropriate action by TWC. At the same time, SB 307 emphasizes the need for improved
17 linkages between adult education and workforce training.

18
19 SB 307 also mandates that TWC use a competitive procurement process to award contracts to
20 service providers of local education programs. To complete a competitive procurement and have
21 contracts in place by July 2014, a January 2014 target date has been set for the adoption of AEL
22 rules. The rules will define the new focus of the AEL program and establish the basis for the
23 required procurement.

24
25 To better understand the major issues currently facing adult education, TWC recently engaged in
26 a series of nine public meetings across the state to hear from stakeholders concerning the transfer
27 of the AEL programs from TEA to TWC, and to gather input about what is currently working
28 well and where there is opportunity for improvement.

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31 **NEW CHAPTER 805, ADULT EDUCATION AND LITERACY PROGRAM RULES**
32

33 **Issue 1: Service Delivery: Structure and Alignment**

34
35 Current TEA rule at 19 Texas Administrative Code §89.22 mandates a statewide system of adult
36 education cooperatives for the coordinated provision of adult education services. Service
37 delivery areas, while not clearly defined, must be large enough to support required program
38 activities while allowing for the efficient and effective delivery of services. Under the current
39 model, eligible grant recipients must apply directly to TEA for funding, often working in
40 coordination with a consortium/cooperative to reduce duplication of services and minimize
41 excessive costs. Each consortium is headed by a grant applicant that serves as the lead for the
42 consortium and acts as the fiscal agent. There is no prohibition against entities that directly
43 provide adult education and literacy services from acting as the fiscal agent of the consortium.

44
45 Currently, there is a statewide network of 55 consortium grantees that deliver adult education
46 services and 54 grantees, often overlapping, that deliver English Literacy and Civics services.

1 TEA service delivery areas are not consistently aligned with TWC’s local workforce
2 development areas (workforce areas), independent school districts, education service center
3 regions, or community college districts. As a result, each workforce area may have multiple
4 service providers, potentially creating inefficiencies and difficulties in aligning AEL programs
5 with workforce services, data, and resources, and, ultimately, programmatic employment goals
6 and objectives.

7
8 **Recommendations**

9 Recognizing the importance of program efficiencies and avoiding duplication of services, and
10 that one service delivery model may not work in all parts of the state, staff recommends:

- 11 • retaining the requirement that service delivery areas be defined and represented by local
12 consortiums that drive service delivery, but enhancing efficiency and coordination with the
13 Texas workforce system by requiring that service delivery areas be aligned with workforce
14 areas; and
- 15 • allocating funds by workforce areas.

16
17 Staff also recommends specifying that a consortium must be composed of the following:

- 18 • Grant recipient;
- 19 • Fiscal agent;
- 20 • Service providers; and
- 21 • Local Workforce Development Board (Board).

22
23 Proposed new Chapter 805 will set forth the following definitions:

- 24
25 • **AEL Consortium**--A partnership of educational, workforce development, social service
26 entities, and other public and private organizations that agree to partner and collaborate, plan,
27 and apply for the provision of adult education, literacy, and related support services.
28 Consortium members must include an AEL grant recipient, AEL fiscal agent, AEL service
29 provider(s), and the Board. Consortium members may serve in one or more of the functions
30 in accordance with state statutes and Commission rules.
- 31
32 • **AEL Grant Recipient**--A public school district, public junior college, regional education
33 service center, nonprofit entity, or community-based organization acting as an AEL grant
34 recipient within a workforce area. The AEL grant recipient may act as an AEL lead
35 organization of a consortium as designated in an agreement with an AEL consortium.
- 36
37 • **AEL Fiscal Agent**--An entity that is assigned financial management duties as outlined in
38 TWC’s AEL contract or that is assigned this function as a member of an AEL consortium.
- 39
40 • **AEL Service Provider**--A public school district, public junior college, regional education
41 service center, nonprofit entity, or community-based organization designated to provide AEL
42 services under an AEL grant awarded by TWC. A public junior college means any public
43 junior college, public community college, public technical institute, or public state college as
44 defined in Texas Education Code §61.063. Community-based organization has the meaning
45 assigned in 20 USC §7801.

- 1 • AEL Lead Organization of a Consortium--An organization designated as the AEL
2 consortium manager in a written agreement between AEL consortium members. The AEL
3 lead organization of a consortium is responsible for planning and leadership responsibilities
4 as outlined in the written agreement and may also serve as an AEL grant recipient, AEL
5 fiscal agent, or AEL service provider, as defined.
6

7 In addition, staff recommends that consortiums may include other educational and human service
8 agencies, community-based organizations, libraries, and volunteer-based literacy providers that
9 agree to collaborate for the provision and support of adult education and literacy services. These
10 groups would combine resources and services to comprehensively serve and support those
11 eligible to receive adult education services.
12

13 Boards are the necessary link to the workforce system, building off of their charge to provide
14 planning, oversight, and evaluation in workforce areas. Boards may also serve important roles in
15 facilitating the identification and convening of consortium members and AEL service providers.
16 While Boards can serve as the grant recipient or fiscal agent, they are not required to do so.
17

18 A statewide system of AEL consortiums aligned and coordinated with the workforce system will
19 provide AEL services on a coordinated basis within each workforce area. Each AEL consortium
20 must:

- 21 • jointly plan and develop a service delivery strategy that includes a broad analysis of the
22 educational, economic, and workforce development trends across the entire workforce area to
23 provide eligible AEL students with comprehensive and locally responsive services;
- 24 • expand, improve, and coordinate delivery of education, career training, workforce
25 development, and support services; and
- 26 • designate:
 - 27 ➤ an entity to serve as the AEL lead organization of the consortium; and
 - 28 ➤ an entity to serve as AEL fiscal agent for the AEL consortium. The AEL fiscal agent is
29 responsible for making and filing all financial reports to TWC, or to the AEL grant
30 recipient in the case of an AEL consortium.
31

32 An AEL grant applicant must apply directly to TWC for AEL funding. An application may
33 represent a single consortium or multiple consortiums, in order to demonstrate administrative
34 efficiencies and maximization of available funds for services across a workforce area.
35

36 An AEL grant recipient must perform all services and activities required to fully comply with
37 TWC's contract performance requirements and all contract terms and conditions. An AEL grant
38 recipient's responsibilities include, but are not limited to, the following:
39

40 Communication. The AEL grant recipient must serve as the point of contact with TWC and act
41 as a single point of contact between consortium members and TWC. On behalf of consortium
42 members, the AEL grant recipient must:

- 43 • transmit questions and grant-related needs for AEL consortium members to TWC; and
- 44 • carry out the programmatic functions of an AEL grant by communicating regularly with
45 members of the AEL consortium, and by sharing information, policy or procedural changes,
46 and technical assistance provided by TWC to oversee the grant.

1
2 Monitoring. The AEL grant recipient must:

- 3 • monitor programmatic and fiscal progress against goals and project deliverables; and
- 4 • timely notify TWC of problems related to achievement of programmatic and fiscal goals of
- 5 the grant in accordance with appropriate systems that receive and compile outcome measures
- 6 and fiscal reports.

7
8 Technical Assistance. The AEL grant recipient must carry out the programmatic and reporting

9 functions of an AEL grant by providing, or requesting, technical assistance for AEL consortium

10 members related to the design, implementation, and internal evaluation of their AEL services or

11 support services.

12
13 Professional Development. For an AEL grant, the AEL grant recipient must plan and coordinate

14 the provision of necessary professional development opportunities to the AEL consortium

15 members.

16
17 Reporting. The AEL grant recipient must collect and compile all fiscal and programmatic

18 information regarding the activities, expenses, and performance outputs and outcomes of the

19 grant from AEL consortium members, and submit it to TWC on behalf of the AEL consortium.

20
21 Workforce Area Coverage. For an AEL consortium, the AEL grant recipient must ensure that

22 services are provided to the portion of the workforce area, as designated for the consortium in the

23 AEL grant application, whether through in-person services or distance learning, or a combination

24 of methods.

- 25 • If a consortium member fails to perform in accordance with the consortium’s coordinated
- 26 service delivery plan, the AEL grant recipient must provide technical assistance, as
- 27 appropriate.
- 28 • If a consortium member withdraws from a consortium, the AEL grant recipient must ensure
- 29 that a letter of intent to withdraw is provided to the TWC contract manager. The AEL grant
- 30 recipient must coordinate with remaining consortium members to develop an alternative
- 31 proposal for service delivery and submit it to TWC for approval.
- 32 • If, in a workforce area with multiple consortiums that cover the entire workforce area, one or
- 33 more consortium withdraws, TWC will coordinate with the remaining consortiums to
- 34 develop an alternative proposal for service delivery for the entire workforce area.

35
36 TWC reserves the right to reevaluate an AEL grant in light of any change in the AEL consortium

37 membership and based upon the consortium’s continued ability to meet the terms of the original

38 grant award through the alternative proposal. TWC’s reevaluation may include termination of all

39 awards under the AEL consortium if deemed appropriate. If an AEL consortium or AEL

40 consortium member withdraws, the funds and activities committed to in the application will not

41 be shifted to another AEL consortium, AEL consortium member, or to a new institution without

42 TWC approval; the AEL grant recipient must contact TWC to discuss options for replacement

43 grants within the AEL consortium.

Issue 2: Competitive Selection Process and Procurement

Local service grants have not been competitively procured since 2003. The lack of competitive procurement for 10 years has effectively removed incentives for performance and detrimentally affected equal and equitable access for those looking to become a part of the system. To comply with the competitive procurement process mandated by SB 307 and federal law, TWC must address these and other issues surrounding competitive procurement, including alignment with the workforce system.

Recommendations

Staff recommends that for Program Year 2014, consortiums must compete for funding through a competitive procurement process.

Staff also recommends that:

- preference be given to grant applications that demonstrate:
 - the ability to expand access to services through the use of distance learning strategies in urban and rural areas, and for populations where physical access is limited;
 - the use of research-based models that achieve substantial learning gains in reading, writing, speaking the English language, numeracy, problem solving, and other literacy skills;
 - the use of research-based models that facilitate and accelerate the transition of students to employment or postsecondary education and training in high-growth, high-demand occupations and career pathway models that lead to employment;
 - the capability to leverage community groups in the delivery of services, including volunteer-based literacy providers, libraries, and other organizations providing adult education and literacy services;
 - the coordination of service delivery and data sharing with Boards and workforce service providers;
 - administrative efficiencies, including a proposal reflecting less administrative costs than the maximum allowed, and maximization of funds for service delivery in workforce areas where multiple consortiums are present; and
 - an ability to comprehensively provide services to an entire workforce area; and
- contract terms be limited to two years, providing enough time to establish programs, and with the option of three one-year renewals at TWC's discretion, taking into account performance and other factors. Renewals for years three, four, and five are not automatic, and will be based on satisfactory performance in regard to meeting or exceeding performance and expenditure benchmarks, or other factors as determined by TWC. At the completion of the five-year maximum contract term, TWC will conduct a new competitive statewide procurement. All contracts, including those that have been in effect for less than the maximum five-year contract term, must be competitively procured during subsequent statewide procurements.

Issue 3: Service Delivery Focus

Under current TEA rule §89.22, federal and state adult education and literacy funds can be used to serve out-of-school individuals who function at less than a secondary school completion level, lack a secondary school credential, or are unable to speak, read, or write in English.

Historically, AEL service providers have focused services on those “most in need,” a phrase not defined in U.S. Department of Education guidance. Stakeholders discussed the delivery of services to the following student populations: adult basic education (ABE), which serves individuals functioning at the 0–8 grade levels; adult secondary education (ASE), which serves individuals functioning at the 9–12 grade levels; and English as second language. It appears that local programs have operated largely on a first-come, first-served basis, without a strategic focus on the mix of student populations being served or whether students are prepared to transition to work or postsecondary education. Historically, enrollment patterns, perhaps disproportionately, have resulted in low student enrollment in the ASE level, in spite of the state’s high dropout and non-high school attainment rates. In 2009, 2010, and 2011, ASE-level students accounted for just 4 percent each year.

Recommendations

Staff recommends that new Chapter 805 retains the requirements in current TEA rule §89.22, regarding use of funds to serve out-of-school individuals who function at less than a secondary school completion level, lack a secondary school credential, or are unable to speak, read, or write in English. Federal funds can be used to support programs that meet the above criteria and serve out-of-school individuals 16 years or older, while state funds can be used to serve out-of-school individuals who are beyond compulsory school attendance age.

Staff also recommends that new Chapter 805 retains the requirements in current TEA Chapter 89 regarding essential AEL program components, including:

- adult basic education;
- programs for adults of limited English proficiency;
- adult secondary education, including programs leading to the achievement of a high school equivalency certificate or a high school diploma;
- instructional services to improve student proficiencies necessary to function effectively in adult life, including accessing further education, employment-related training, or employment;
- assessment and guidance services; and
- collaboration with multiple partners in the community to expand the services available to adult learners and to prevent duplication of services.

While staff supports employment and training awareness and opportunities for all levels of students, they understand that often those at higher functioning levels are most likely to benefit from such service alignment. Accordingly, staff further recommends modifying the proportion of adult education students in:

- the ASE category; and
- programs that coordinate with occupational training and work-eligibility requirements for all education levels.

1
2 The shift in the proportion of these students will occur over multiple years through enrollment
3 and performance criteria, incentives for innovative deployment and expansion models, and
4 associated professional development to support expansion. This will allow continuity of
5 services, while further supporting a move in the program’s overall direction toward increased
6 training and employment outcome-based performance.
7

8 Under this model, AEL grant recipients must meet benchmarks established by the Commission
9 to incrementally increase the proportion of students who exit work ready or are enrolled or
10 coenrolled in college and career training, including those who are:

- 11 • registered for work;
- 12 • receiving workforce services through Texas Workforce Solutions;
- 13 • enrolled or coenrolled in a postsecondary education or training program; or
- 14 • currently working in low-wage, low-skill jobs and desire a career change, promotion, or
15 wage lift.

16
17 TWC will use the current program year to determine baseline numbers of students who are
18 enrolled in ASE programs, enter college or training, are currently registered for work, or who are
19 eligible to work.
20

21 In addition, staff recommends continuing TWC’s commitment to providing services to all
22 student populations, including family literacy and those that may not be focused on transitioning
23 to employment and secondary education, by integrating these programs into AEL service
24 delivery models and providing professional development and support. Recognizing the critical
25 role that community-based organizations and volunteer-based literacy providers play in serving
26 the population eligible for these services, partnerships with these entities to provide professional
27 development and support are critical to achieving program goals and objectives.
28

29 Finally, SB 307 specifies that bilingual education may be used to instruct students who do not
30 function satisfactorily in English whenever it is appropriate for their optimum development. At
31 the statewide meetings, stakeholders identified the benefit, in certain circumstances, of providing
32 education in Spanish and other native languages as the most effective means to prepare a student
33 for work. Staff recommends the continued use of bilingual education as set forth in statute.
34

35 **Issue 4: Educator Requirements, including Certification/Professional Development**

36
37 During the statewide meetings, stakeholders raised the issue of the importance of educator
38 requirements, including staff qualifications, teacher certification, and professional development.
39 Current TEA rule §89.22 provides that staff, excluding those in clerical and janitorial
40 occupations, must receive at least 12 clock hours of professional development annually. All new
41 staff must receive six clock hours of professional development before they begin work, and aides
42 must have at least a high school diploma or equivalency. Teachers, directors, counselors, and
43 supervisors must possess at least a bachelor’s degree, and individuals without a valid Texas
44 teacher certification must attend 12 clock hours of in-service professional development annually
45 in addition to the above requirements. Professional development requirements can be reduced by

1 local programs that have exceptional circumstances. The above requirements also apply to
2 volunteers who generate student contact time.

3
4 **Recommendation**

5 Staff recommends that new Chapter 805 retains the requirements of current TEA rule §89.22
6 pertaining to staff qualifications and training until further research and consideration can be
7 given to these requirements. These rules address professional development requirements for new
8 and incumbent teachers, degree and certification requirements, and other requirements as
9 described above.

10
11 **Issue 5: Advisory Committee**

12
13 SB 307 mandates the establishment of a statewide adult education and literacy committee. The
14 statute requires that the committee must meet at least quarterly, and advise TWC annually on a
15 number of issues pertaining to the adult education and literacy community. In addition, local
16 advisory committees can provide value in shaping the future of adult education and literacy.
17 There are currently a number of local advisory committees in place, linked in large part with the
18 existing adult education consortiums.

19
20 **Recommendations**

21 Staff recommends the establishment of an AEL statewide advisory committee consistent with the
22 statutory requirements. The committee must be composed of no more than nine members
23 appointed by the Commission, and whose members:

- 24 • must have expertise in adult education and literacy;
25 • may include adult educators, providers, advocates, current or former adult education and
26 literacy program students, and leaders in the nonprofit community engaged in literacy
27 promotion efforts; and
28 • must include at least one representative of the business community and at least one
29 representative of a Board.

30
31 Staff also recommends establishing the following terms for AEL advisory committee
32 membership:

- 33 • TWC will plan, organize, and staff the meetings of the advisory committee;
34 • Members will be appointed for staggered two-year terms, with initial terms being two years
35 or three years based on random selection by the members;
36 • Members will be limited to one term; and
37 • Continued membership will be reviewed when a member no longer serves in the same
38 employment capacity as when appointed.

39
40 Staff further recommends that TWC not retain the requirement for local advisory committees set
41 forth in TEA rules. Staff believes that workforce areas can determine how to conduct the review
42 and planning work of the consortium(s) serving the area.

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2
3 **AMENDMENTS TO CHAPTER 800, GENERAL ADMINISTRATION RULES,**
4 **RELATING TO ADULT EDUCATION AND LITERACY**
5

6 Chapter 800, TWC’s General Administration rules, sets forth, in part, rules regarding allocations,
7 midyear deobligation of funds, and voluntary deobligation of funds for TWC programs.
8 Amendments to Chapter 800 are necessary to include AEL.
9

10 **Issue 1: Allocation Methodology**

11
12 SB 307 provides that funds may be allocated pursuant to a need-based formula that ensures
13 compliance with federal requirements and also achieves integrated education and training. In
14 addition, stakeholders expressed support for the development of strategies to advance the linkage
15 between adult education and workforce training, as well as the use of innovation in the delivery,
16 support, and expansion of adult education services in Texas.
17

18 Historically, TEA has only reserved federal funds to support state administration and leadership
19 activities. Federal state leadership funds may be used to support or facilitate linkages between
20 adult education and training, including professional development and technical assistance,
21 program coordination and integration, and coordination with existing support services, such as
22 transportation and child care. However, these funds specifically may not be used for the delivery
23 of technical skills training.
24

25 Each year after funds had been set aside for state administration and leadership purposes, TEA
26 allocated state and federal adult education funds to grantees largely based upon prior funding
27 levels, proportionate share of need, and performance. Each grantee’s total allocation comprised
28 a base allocation and a performance allocation. Historically, base allocations remained constant
29 from year to year while performance allocations varied based on individual program
30 performance.
31

32 Stakeholders have expressed concerns that TEA’s base allocation formula has not been revised
33 and applied on a periodic or semi periodic basis to account for eligible population changes to
34 truly determine proportionate share of need. Concern has also been expressed regarding the
35 complexity of the formula used to allocate funds, and that the factors that drive the methodology
36 are not readily available to the provider community or the public at large. Finally, issues have
37 been raised regarding performance. Stakeholders shared concern that the current performance
38 methodology makes planning and expenditure of performance funds difficult due to timing of
39 disbursements and great fluctuations in award amounts, specifically between small and large
40 grantees. There were additional concerns related to whether or not the current criteria will
41 provide incentives for the attainment of future program goals and objectives.
42

43 Providing a clear, easily understandable allocation methodology in rule will help alleviate
44 concerns tied to the complexity of the formula, and clarify any issues surrounding transparency
45 of the methodology or the logic of the distribution of available funds.
46

1
2 **Recommendations**

3 Staff recommends:

- 4 • defining the AEL program year as July 1 through June 30;
5 • establishing, for each fund type, a maximum amount that may be used for state
6 administration and state leadership activities, which will enhance the delivery of adult
7 education and literacy services throughout the state;
8 • defining AEL allocation methodologies in rule; and
9 • allocating AEL funding to workforce areas to better align the AEL programs with the
10 workforce system.

11
12 Based on legislative authorization and stakeholder input, there is a clear need to fund the
13 development and piloting of innovative methods for delivering services, including the
14 identification of effective uses of technology. Coupled with ensuring that funding is available to
15 meet SB 307's expectation that integrated adult education and skills training models be
16 developed, staff recommends providing in rule that in addition to the federal funds allowed for
17 state leadership and administration—12.5 percent for state leadership activities and 5 percent for
18 administration—a maximum amount of state adult education funds and Temporary Assistance
19 for Needy Families (TANF) funds also may be used for those purposes. Consistent with other
20 workforce funding sources, staff recommends that no more than 20 percent of state and TANF
21 funds may be reserved for state administration and leadership activities.

22
23 Proposed allocation methodologies for both federal and state adult education funds, English
24 Literacy and Civics funds, TANF funds, and state general revenue appropriated as TANF
25 maintenance-of-effort, after setting aside funds for state administration and state leadership, are
26 listed below. The methodologies mirror the federal methodologies used to allocate funds to the
27 states, as applicable.

28
29 *Federal Adult Education State Grant Funds*

- 30 • 100 percent, after accounting for the equal base amount, will be based on the relative
31 proportion of individuals residing within each workforce area who are at least 18 years of
32 age, do not have a secondary school diploma or its recognized equivalent, and are not
33 enrolled in secondary school, during the most recent period for which statistics are available;
34 • An equal base amount of 0.1 percent will be allocated to each workforce area;
35 • The application of a hold-harmless procedure (for any program year after the completion of
36 the program year that begins July 1, 2014); and
37 • No more than 5 percent of the funds expended as part of this workforce area allocation may
38 be used for administrative costs, as defined by AEFLA, unless the Special Rule outlined in
39 AEFLA §233(b) applies.

40
41 *State Adult Education Matching Funds*

- 42 • 100 percent, after accounting for the equal base amount, will be based on the relative
43 proportion of individuals residing within each workforce area who are at least 18 years of
44 age, do not have a secondary school diploma or its recognized equivalent, and are not
45 enrolled in secondary school during the most recent period for which statistics are available;
46 • An equal base amount of 0.1 percent will be allocated to each workforce area;

- The application of a hold-harmless procedure (for any program year after the completion of the program year that begins July 1, 2014); and
- No more than 15 percent of the funds expended as part of this workforce area allocation may be used for administrative costs, as defined by Commission policy.

Federal English Literacy and Civics Funds

- 65 percent, after accounting for the equal base amount, will be based on the relative proportion of the average number of legal permanent residents during the most recent 10-year period, available from U.S. Citizenship and Immigration Services data;
- 35 percent, after accounting for the equal base amount, will be based on the relative proportion of the average number of legal permanent residents during the most recent three-year period, available from U.S. Citizenship and Immigration Services data;
- An equal base amount of 1 percent will be allocated to each workforce area;
- The application of a hold-harmless procedure (for any program year after the completion of the program year that begins July 1, 2014); and
- No more than 5 percent of the funds expended as part of this workforce area allocation may be used for administrative costs, as defined by AEFLA.

Federal Temporary Assistance for Needy Families (TANF) Funds and State General Revenue Appropriated as TANF Maintenance-of-Effort

- 100 percent, after accounting for the equal base amount, will be based on the relative proportion of the unduplicated number of TANF adult recipients with educational attainment of less than a secondary diploma during the most recently completed calendar year;
- An equal base amount of 0.1 percent will be allocated to each workforce area;
- The application of a hold-harmless procedure (for any program year after the completion of the program year that begins July 1, 2014); and
- No more than 15 percent of the funds expended as part of this workforce area allocation may be used for administrative costs, as defined by federal regulations and Commission policy.

Staff also recommends allowing AEL grant recipients access to up to 10 percent of each funding stream allocation based on achievement of established performance benchmarks.

Issue 2: Deobligation and Reallocation Provisions

SB 307 requires the establishment of performance and expenditure requirements in the award and oversight of adult education and literacy programs. Currently, TEA rules relating to the administration of such programs do not provide for the deobligation and reallocation of funds. TEA rule §89.35 allows the commissioner of education to revoke grant awards for a number of reasons, but does not specifically provide revocation authority due to noncompliance with meeting expenditure requirements or provide authority for reallocation of recovered funds.

Recommendations

Staff recommends setting forth deobligation and reallocation provisions for adult education and literacy funds similar to those applicable to other workforce funding streams, including midyear deobligation, voluntary deobligation, and reallocation of AEL funds.

1 Staff also recommends that, to the extent feasible, any reallocated AEL funds remain within the
2 same workforce area, with the Commission reserving the right to reallocate AEL funds outside
3 of the workforce area.

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2 **AMENDMENTS TO CHAPTER 802, INTEGRITY OF THE TEXAS WORKFORCE**
3 **SYSTEM RULES, RELATING TO**
4 **ADULT EDUCATION AND LITERACY**
5

6 Chapter 802, Integrity of the Texas Workforce System rules, sets forth, in part, TWC's rules
7 regarding TWC monitoring activities, Board and workforce service provider monitoring
8 activities, performance and accountability, correction actions, performance and accountability,
9 and incentive awards. Amendments to Chapter 802 are necessary to include AEL.
10

11 **Recommendations**

12 Staff recommends amending Chapter 802 to apply the requirements in the following subchapters
13 to AEL grant recipients and AEL service providers, as applicable:
14

- 15 • Subchapter D, Agency Monitoring Activities, which sets forth TWC's monitoring provisions
16 and respective responsibilities;
- 17 • Subchapter E, Board and Workforce Service Provider Monitoring Activities, which sets forth
18 TWC's provisions governing monitoring responsibilities;
- 19 • Subchapter F, Performance and Accountability, which sets forth TWC's provisions ensuring
20 accountability in meeting the needs of customers, ensuring that performance targets are met
21 or exceeded, and describing Commission policies for noncompliance; and
- 22 • Subchapter G, Corrective Actions, which sets forth TWC's provisions for imposing
23 corrective actions for failure to ensure compliance with contracted performance measures,
24 contract provisions, and other TWC-determined provisions.
25

26 Staff also recommends amending Subchapter I, Incentive Awards, which sets forth TWC's
27 provisions regarding incentive awards, rewarding the meeting or exceeding of performance
28 benchmarks, and accomplishing the Commission's goals to fulfill the workforce needs of
29 employers and to put Texans to work, as follows:

- 30 • Reference AEL grant recipients, as applicable; and
- 31 • Set forth specific information regarding AEL incentive awards.
32
33