**Adult Education and Literacy Performance-Based Funding Criteria  
for Program Year 2019–2020**

**Discussion Paper**

**Background**

Texas Workforce Commission (TWC) Chapter 800 General Administration rule §800.68 provides that TWC set performance accountability benchmarks that Adult Education and Literacy (AEL) grant recipients must meet to access up to 10 percent of their allocated funding.

On April 30, 2019, TWC’s three-member Commission (Commission) approved allocations for Program Year 2019–2020 (PY’19–’20), including performance-based funding allocation holdback totaling nearly $1.5 million. Measures must be developed for this holdback.

Additionally, House Bill (HB) 1949, 86th Texas Legislature, Regular Session (2019), introduces a measure related to enrollment and credential achievement performance in high school equivalency (HSE) or postsecondary ability to benefit programs that must be included as part of AEL’s performance-based funding criteria.

**Issue**

The Commission must establish performance-based funding measure criteria for PY’19–’20.

**Category A: Early Enrollment—Participants Served by the Second Quarter of the Program Year**

**Description:** To help ensure that AEL programs meet expectations for the total number of participants to be served, grant recipients will be awarded approximately 33.33 percent of their PY’19 performance-based funding allocations, once approved by the Commission, if they have met 65 percent of the negotiated target for total participants to be served based on their “base” PY’19–’20 allocations (that is, excluding carryforward targets), as approved by the Commission August 27, 2019, by the end of the second quarter.

* **Denominator:** The unduplicated enrollment target for total participants served in PY’19–’20
* **Numerator:** The unduplicated number of participants served between July 1, 2019, and December 31, 2019

This measure does not include carryforward targets associated with PY’18–’19 funds.

**Access to Funds:** Funds for achievement of this measure will be released after the second quarter of PY’19, once approved by the Commission.

**Category B: Measurable Skill Gains**

**Description:** To help ensure that AEL programs increase performance in measurable skill gains (MSGs), grant recipients will be awarded approximately 66.67 percent of their PY’19 performance-based funding allocation, once approved by the Commission, if by March 31, 2020, participants enrolled in the first two quarters of the program year meets the grant recipients’ first to third quarter MSG targets (approved by the Commission on August 27, 2019).

* **Denominator:** The unduplicated number of AEL participants served between July 1, 2019, and December 31, 2019
* **Numerator:** The number of participants in the denominator who achieve an approved MSG by March 31, 2020

**Access to Funds:** Funds for achievement of this measure will be released after the third quarter of PY’19, once approved by the Commission.

**Category C: HSE or Ability to Benefit Enrollment and Achievement**

**Description:** HB 1949 requires the Commission to consider certain criteria when awarding performance-based funding.To receive funding in this category, grant recipients must meet both of the following criteria:

1. At least 25 percent of all PY’19–’20 participants served in the program year must be enrolled in an HSE or postsecondary ability to benefit program.[[1]](#footnote-1)
2. At least 70 percent of participants who were in an HSE or postsecondary program during the program year and exited during the program year must achieve either an HSE or a recognized postsecondary credential.

* **Denominator:** All PY’19–’20 participants who were in an HSE or postsecondary ability to benefit program during the program year and exited during the program year
* **Numerator:** Exiters from the denominator who achieved an HSE or postsecondary credential during the PY or after exit

To ensure that AEL grantees meet expectations for HB 1949, they will be awarded approximately 33.33 percent of their Commission-approved PY’20 performance-based funding allocations, once approved by the Commission, if they meet the targets as described.

**Access to Funds:** This category focuses on all participants served in the entire PY and also focuses on those participants who were in an HSE or ability to benefit program and exited during the PY. This means that is it not possible to determine whether a grant recipient qualified for the award until more than 90 days after June 30, 2020, because exit occurs when a participant does not receive AEL participatory services for more than 90 days and that period was not part of a planned gap. To account for the delay in determining results under this category, the Commission will approve and award performance-based funding for this category after the first quarter of the next program year, PY’20.

**Category D: Milestones in Meeting HSE or Ability to Benefit Enrollment and Achievement**

**Description:** HB 1949 presents an opportunity for TWC to ensure that the AEL program has significant capacity and success in helping individuals achieve an HSE or a recognized postsecondary credential. However, it will also require significant change for many grant recipients in terms of building capacity in and focusing on service and results in this area.

**Access to Funds:** To receive funding in this category, staff will review grant recipients’ data related to the Category C measure. Staff will bring the Commission recommendations regarding the development of performance criteria for the award of funds for capacity improvement milestones toward meeting HB 1949’s performance standards. Additionally, staff will outline the criteria in rule.

**Decision Point**

Staff seeks direction on identifying and assigning the criteria under which grant recipients can access to their performance-based funding for PY’19 under Categories A and B and on assigning the criteria to implement HB 1949 under Category C, to allow grant recipients to earn performance-based funding to be awarded in PY’20–’21 for PY’19 performance.

Staff will seek direction on assigning criteria and related rule development for Measure D in PY’20–’21.

1. Consistent with the Workforce Innovation and Opportunity Act Credential Rate Denominator, a participant in an HSE program is a participant who reaches an Educational Functioning Level of at least ABE 5 in all domains **or** takes and passes a portion of the HSE exam. A postsecondary ability to benefit program is a postsecondary credential program for individuals who lack a high school diploma or equivalency, qualify for federal student financial aid, and demonstrate on an assessment instrument, such as the Texas Success Initiative Assessment, that they can pass college-level courses with some support. [↑](#footnote-ref-1)