**Supplemental Allocation of Recaptured
Adult Education and Literacy Funds from Program Year 2017 and Supplemental Targets for Program Year 2018**

**Discussion Paper**

**Background**

On June 30, 2018, Adult Education and Literacy (AEL) multiyear statewide grants that spanned Program Years 2014–2017 (PY’14–’PY17) closed, which resulted in a balance of unspent federal funds. On July 1, 2018, AEL grantees that were awarded grants in the PY’18 statewide competition began delivering contracted AEL services. During the statewide competition, PY’18 grantees negotiated participant targets with TWC based on allocation estimates used for the grant competition, and on September 25, 2018, TWC’s three-member Commission (Commission) approved the method for establishing the targets and the negotiated targets.

Additionally, beginning in January 2019, AEL grantees began pursuing significant capacity-building activities related to changes in required AEL tests. In accordance with WIOA §462.13, the US Department of Education (ED) provides guidance tests that measure the educational functioning levels (EFLs) ofAEL participants.

ED has announced modifications to the learning objectives associated with the EFL descriptors and approved new tests that align with the revised descriptors. Two tests are available that meet new requirements, and additional tests are anticipated. AEL grantees are purchasing these tests and plan to use them in 2019.

The new tests are a significant departure from previous versions, in terms of both length and cost. Implementation costs include:

* purchasing the new tests;
* creating and publishing online versions;
* training staff for test administration; and
* restructuring testing and orientation activities and schedules to allow for a significantly longer test-administration time.

**Issue 1**

Unspent Adult Education and Family Literacy Act (AEFLA) funds in the amount of $3,652,086 and AEFLA EL/Civics funds in the amount of $2,423,643, totaling $6,075,729, from the PY’14–PY’17 grants were recaptured and are available for supplemental allocation to PY’18 grantees (See Attachments 1 and 2.). No less than $4,632,186 of these funds must be distributed to grantees that have enrollment targets, as described under Issue 2.

Additionally, a portion of state leadership funds for professional development was recaptured from the PY’14–PY’17 grants.

Therefore, pursuant to Texas Workforce Commission (TWC) Chapter 800 General Administration rule §800.51, the Commission must take formal action to reallocate recaptured PY’17 funds, in accordance with allocation methodology outlined in §800.61.

**Decision Point 1**

Staff seeks direction on the following fund distribution recommendation:

* Distribute $4,632,186 of the available recaptured funds to grantees with targets as described under Issue 2, based on the allocation method outlined in §800.68.
* Distribute the remaining $1,443,543 to grantees for capacity-building activities related to implementation of new tests or other activities approved by TWC, based on the allocation method outlined in §800.68.
* Distribute recaptured state leadership funds for professional development based on a $5,000 base amount per grantee and allocate the balance using the PY’18 allocation method.

**Issue 2**

AEL participants-served targets that were based on the allocation estimates used in the grant competition and that staff initially negotiated with PY’18 AEL grantees did not match the Fiscal Year 2019 estimates in TWC’s legislative appropriation request (LAR). At the time of the target negotiations, staff anticipated that after the PY’14–’17 grant closeout, the Commission would have to redistribute unspent funds from the PY’14–’17 grants to PY’18 grantees. PY’18 AEL targets were determined according to a plan to use part of the recaptured funds to close the gap in the LAR participants-served target estimates. Staff has applied the cost assumptions that were used in negotiating the targets originally approved by the Commission on September 25, 2018, and determined that $4,632,186 of the recaptured funds must be assigned to targets that are consistent with the FY’19 LAR assumptions.

**Decision Point 2**

Staff seeks direction on assigning PY’18 supplemental and final targets (See Attachments 3 and 4.).