**Reallocation of Deobligated Adult Education and Literacy Funds**

**Discussion Paper**

**Background**

On July 1, 2018, Adult Education and Literacy (AEL) grant recipients that were awarded grants in the AEL Program Year 2018 (PY’18) statewide competition began providing AEL services in their contracted service delivery areas. AEL grant recipient Denton Independent School District (Denton ISD) was awarded the grant to deliver AEL services in the North Central Texas workforce development area (workforce area) serving Denton, Collin, Erath, Hood, Johnson, and Somervell Counties.

On May 2, 2019, Denton ISD submitted a written request to the Texas Workforce Commission (TWC) to permanently surrender Collin County from its contracted service delivery area and requested to voluntarily deobligate $300,000 of the grant’s PY’18 funds to help transition AEL service delivery in Collin County to another entity.

TWC General Administration rule §800.79 outlines the process for voluntary deobligation of AEL grant funds. TWC rule §800.80 provides that another AEL grant recipient may receive deobligated AEL funds if performance criteria outlined in §800.80 are met. The first-priority recipients for reallocated funds are other grant recipients that serve the same workforce area and meet the §800.80 eligibility criteria. However, in the absence of an appropriate AEL grant recipient within the workforce area, TWC’s three-member Commission may approve a plan to reallocate funds to an AEL grant recipient that meets the eligibility requirements and is outside the workforce area.

**Issue**

No grant recipient within the North Central Texas workforce area met the performance criteria outlined in §800.80 to receive deobligated funds. Thus, pursuant to Texas rule §800.80, Commission approval is required to reallocate funds to a grant recipient outside the workforce area.

To reallocate the funds to a grant recipient that meets the §800.80 performance criteria and provides AEL services in a workforce area contiguous to Collin County, staff reviewed the performance of all relevant grant recipients and approached the grant recipient with the best performance, Grayson College.

Grayson College has agreed to accept Collin County and the deobligated $300,000 in PY’18 funds from Denton ISD, which the college will use to immediately begin capacity building for service delivery in Collin County. Grayson College has also accepted the future PY’19 AEL allocation for Collin County.

**Decision Point**

Staff seeks direction on the reallocation of $300,000 in PY’18 AEL funds from Denton ISD to Grayson College to support capacity building in Collin County. To complete the transition of Collin County from Denton ISD to Grayson College, staff also seeks direction on granting the PY’19 AEL allocation and the associated PY’19 targets for Collin County to Grayson College. Responsibility for performance accountability in Collin County will lie with Grayson College.