**AB 1491 (McCarty): Adult Education Program: Funding: Carryover**

**Talking Points**

The California Adult Education Program (CAEP) is a statewide program with an ongoing, standalone funding allocation in the state budget each year to cover adult education in the K12 Adult School and Community College systems.

Adult education providers, particularly K12 Adult Schools, serve the most marginalized, in-need in our communities in the areas of English as a Second Language (ESL), citizenship, basic skills, high school equivalency, short term career training and more. While California has prioritized serving these students and provided increased, targeted funding to do so, the California Adult Education Program funding level has remained stagnant despite the growing needs – particularly amid the COVID-19 pandemic for job re-training, supporting parents of K12 learners with the tools needed to support their child in school, and more.

For over five years, K12 Adult Schools and community colleges have been part of local consortia as a condition for receiving State funds to provide education and training to adult learners in their communities. At the State level, the consortia model was designed to increase collaboration between the two systems and provide greater access to higher education and career pathways.

There have been great strides in this work and despite inherent challenges of bringing together two separate and distinct statewide systems, each with their own policies and processes, adult learners have benefited. However, there are some obstacles that have emerged and persisted.

Current state guidance (not law) gives a three-year spending window for each year of funding and funded agencies must certify fiscal year close out six months prior to the end of the three-year spending window.

Annual carry-over is defined as the amount of total unspent CAEP funds from prior years as a percentage of the current year’s CAEP allocation. While annual carry-over may be planned for use for upcoming expenditures and some carryover may be a result of funding distribution delays at the state level, in some areas of the state, there are large – and growing – amounts of carry-over without a consortium-approved plan for expenditure for those funds. This growing carryover within consortia and specifically among individual members is resulting in funding not being used to serve students each year as the needs grow and instead merely sitting in accounts without a plan for expenditure.

Having any member, or consortia, 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. Again, this is particularly disconcerting for K12 Adult Schools who are spending the annual allocations according to the annual plan while not having another fund source (FTES apportionment) to expand and provide much needed services.

While processes currently allow for a three-year spending window, the Legislature and Administration provide the $500 million each year for adult education with the expectation it is being used in that fiscal year, understanding that some circumstances may result in some minimal carryover.

AB 1491 seeks to 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, allowing for exceptions as outlined and defined by consortia plans.