

1 **Adult Education and Literacy Performance-Based Funding Criteria**
2 **for Program Year 2020–2021**
3 **Discussion Paper**

4 **Background**

5 Texas Workforce Commission (TWC) Chapter 800 General Administration rule §800.68 states
6 that TWC’s three-member Commission (Commission) will set performance accountability
7 benchmarks that Adult Education and Literacy (AEL) grantees must meet to access up to 10
8 percent of their allocated funding, known as the performance-based funding allocation. This rule
9 is in the process of being amended to reflect legislation passed in House Bill (HB) 1949, 86th
10 Texas Legislature, Regular Session (2019), amending Labor Code Chapter 315.007, which
11 requires the Commission to develop and establish performance-based funding criteria; HB 1949
12 requires the inclusion of both enrollment and credential achievement performance in high school
13 equivalency (HSE) or postsecondary ability-to-benefit programs.

14 On October 8, 2019, the Commission approved the performance-based funding criteria for
15 Program Year 2019–2020 (PY’19–’20), which included the HB 1949 criteria that grant
16 recipients are required to meet in order to access approximately 33.33 percent of the PY’20
17 performance-based funding allocation.

18 On April 14, 2020, in order to respond to statewide needs due to the COVID-19 pandemic, the
19 Commission approved an agencywide funding response package that included the rescission of
20 the PY’19–’20 third quarter performance-based measure, enabling the immediate release of
21 nearly \$1 million to grantees.

22 On [June 30, 2020](#), the Commission approved the AEL FY’21/PY’20 funding allocations. Two
23 percent of the AEL allocation was held back for performance-based funding purposes.

24 **Issue 1: Establishing Criteria for PY’20 and for PY’21**

25 The Commission establishes performance-based funding measure criteria for PY’20 that grant
26 recipients must meet in order to access the PY’20 performance-based funding allocation.

27 Additionally, the Commission establishes one element of performance-based funding measure
28 criteria for PY’21 that grant recipients must meet in order to access the PY’21 performance-
29 based funding allocation in the continued implementation of HB 1949.

30 **1. PY’20, Measure 1: PY’19 HSE or Ability-to-Benefit Enrollment and Achievement**

31 On October 8, 2019, the Commission approved the following PY’19 performance-based
32 funding criteria as established in HB 1949, which grant recipients are required to meet to
33 access 33.33 percent of the PY’20 performance-based allocation. Those criteria are as
34 follows:

- 35 a. At least 25 percent of all PY’19–’20 participants served in the program year must
36 be enrolled in an HSE or postsecondary ability-to-benefit program.¹

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

- 1 b. At least 70 percent of participants who were in an HSE or postsecondary program
2 during the program year and exited during the program year must achieve either
3 an HSE or a recognized postsecondary credential.
- 4 • **Denominator:** All PY'19-'20 participants who were in an HSE or
5 postsecondary ability-to-benefit program during the program year and exited
6 during the program year
 - 7 • **Numerator:** Exiters from the denominator who achieved an HSE or
8 postsecondary credential during the PY or after exit

9 **Performance-Based Funding Funds:** Approximately 33.33 percent of the performance-
10 based funding allocation for PY'20

11 **Release of Funds:** This category focuses on all participants served in PY'19 and, of
12 those participants, those who were in an HSE or ability-to-benefit program and exited²
13 during PY'19. These parameters create a time frame in which is it not possible to
14 determine whether a grant recipient qualified for the award until more than 90 days after
15 June 30, 2020. Because of the necessary delay in determining which grant recipients
16 qualify for the award, the Commission, in October 2019, approved the award of
17 performance-based funding for this category after the first quarter of PY'20. The first
18 quarter ends on October 31, 2020.

19 **Rescission:** Beginning in March 2020, HSE testing centers (that is, physical facilities)
20 closed in response to COVID-19 measures, leaving AEL participants unable to take high
21 school equivalency tests. The centers remained closed throughout the spring and into the
22 summer and began the reopening process according to guidelines issued by the governor.
23 Additionally, training options offered in ability-to-benefit programs became and remain
24 limited due to social distancing measures. Because of these circumstances, staff seeks
25 direction on rescinding this measure for PY'20 and monitoring the progress of AEL
26 participants attaining postsecondary and HSE credentials throughout PY'20. The amount
27 to be released to each grantee for this rescission is reflected in Attachment 1.

28 **2. PY'20, Measure 2: Third Quarter Retention Measure**

29 To promote participant retention and attainment of HSE certificates and to further support
30 the goals of HB 1949, staff seeks direction on implementing a retention and measurable
31 skill gain (MSG) measure.

32 Grant recipients will be awarded approximately 66.66 percent of their PY'20
33 performance-based funding allocation if, by March 31, 2021, participants enrolled in the
34 first two quarters of the program year meet the grant recipients' first to third quarter MSG
35 targets for Program Year 2020–2021, as approved by the Commission.

- 36 • **Denominator:** The unduplicated number of AEL participants served between
37 July 1, 2020, and December 31, 2020

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.

² Exit occurs when a participant does not receive AEL participatory services for more than 90 days and that 90-day period is not part of a planned gap.

- **Numerator:** The number of participants in the denominator who achieve an approved MSG by March 31, 2021

Release of Funds: Funds for achievement of this measure will be released after the third quarter of PY'20. The amount to be released to each grantee for meeting this measure is reflected in Attachment 1.

3. PY'21, Measure 1: PY'20 HSE or Ability-to-Benefit Enrollment and Achievement

To continue implementation of HB 1949, staff seeks direction on maintaining the criteria outlined in PY'20, Measure 1 (listed above), allowing grant recipients to access approximately 33.33 percent of the future PY'21 performance-based allocation as follows:

- a. At least 25 percent of all PY'20-'21 participants served in the program year must be enrolled in an HSE or postsecondary ability-to-benefit program.
- b. At least 70 percent of participants who were in an HSE or postsecondary program during PY'20-'21 and exited during the program year must achieve either an HSE or a recognized postsecondary credential.
 - **Denominator:** All PY'20-'21 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

Release of Funds: Funds for achievement of this measure will be released after the first quarter of PY'21.

Issue 2: Determining Milestones in Meeting HSE or Ability-to-Benefit Enrollment and Achievement

On October 8, 2019, in addition to approving the performance-based criteria for PY'19, the Commission approved the opportunity for staff, using data and observations, to identify milestones toward meeting HB 1949 performance standards and to return to the Commission to seek direction on those milestones.

Staff members will return to the Commission at a future date to seek direction on milestones in PY'20-'21 as grant recipient data related to HB 1949 performance standards becomes available.

Decision Point

Staff seeks direction on the following:

- Rescinding PY'20, Measure 1, thereby releasing 33.33 percent of the PY'20 performance-based allocation to grant recipients
- Assigning the performance-based criteria described in Measure 2, giving grant recipients access to approximately 66.66 percent of the PY'20 performance-based allocation
- Assigning criteria to continue implementation of HB 1949 in PY'21, Measure 1, allowing grant recipients to earn performance-based funding to be awarded in PY'21-'22 for PY'20 performance

Staff will seek direction on assigning milestone criteria described in Issue 2 at a future date.