

ISSUE BRIEF

More Than Just a GED:

Improving Indiana's Adult Education System to Meet the Demand for Higher Skilled Workers

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Executive Summary

Education is critical to financial success in the economy. Indeed this fact becomes more important as the nation shifts to a knowledge-based economy. Nearly half of the fastest growing occupations through 2014 will require some occupational credential or postsecondary degree.¹ However, nearly one million workers in Indiana do not possess even the basic skills to be successful in the workforce. In order for Indiana to remain competitive in a global economy, the state must increase the educational attainment levels of its workers.

More than two-thirds of the workforce is beyond the reach of the K-12 educational system. The adult education system is ill-equipped to meet the needs of this population. Federal and state-funded adult education programs reach about 40,000 adults per year in Indiana. Furthermore, the mission has been focused on completing high school or its equivalent. The General Educational Development (GED) certificate is no longer enough in an economy demanding postsecondary training or other occupational credential. Adult education programs must reform and elevate their goals beyond the GED to include preparation for the workplace and further education.

The return on investment is clear. Better educated adults have access to higher paying jobs and contribute more to the economy through spending and taxes. Parents with higher levels of education also result in improved outcomes for children and healthier communities. The state cannot afford to ignore the needs of its adult workforce. In its recently released report, *Reach Higher, America*, The National Commission on Adult Literacy called on states to invest in the skills of its workers and engage in comprehensive planning to increase the educational attainment of its adults.

Adult education programs are key stakeholders in increasing skills and educational levels of Hoosier workers.

Adult education programs are responsible for providing educational services to adults who did not complete high school. Recognizing the value of education, the demands on adult education systems around the country are increasing. Preparing adults for the GED is not enough to move them into high-paying jobs. In fact, few adult education participants complete the certificate within a year because the majority of students enter the program with skills below the ninth grade. Further integration of workplace skills and basic academic competencies is necessary to prepare adults for the jobs of today. If the state is going to address the workforce skill gaps, it must take a strong look at its programs to ensure it is preparing adults for today's jobs.

The current program structure and resources are stretched thin.

Adult education programs are mandated to offer services to any eligible adult in the state who lacks a high school diploma or the equivalent skills. The program has put considerable effort into offering services in every county in order to be accessible to all Hoosier adults. The program simply does not have the resources or capacity to meet all the needs in the state.

Demand far exceeds capacity: Over 500,000 adults in Indiana lack a high school diploma yet the program has the resources to serve roughly 40,000 per year.

Hours of instruction are too few to make a difference: Students received an average of 72 hours of instruction over the course of a year; however, research indicates most need at least 100 hours to make skill advances.

Funding has remained level and has not kept pace with inflation: The state uses a mix of federal and state funds to provide services, along with local contributions by service providers. Federal funding has remained flat or decreased slightly over the last decade. State funding has remained level for nearly ten years, not even increasing to account for inflation.

Teachers are part-time and often not specifically trained in adult education techniques: Adult education teachers must be certified to teach in Indiana; however, most are not trained to teach adults. Programs often do not have the resources to hire full-time teachers. The state has a teacher training component, but the part-time nature of the profession and lack of resources pose challenges. Training teachers in effective teaching techniques is essential.

Performance measures fail to capture the majority of students: The state must meet negotiated performance targets as required by the federal government that include advancements in education levels, and four outcome measures related to employment and education. Indiana ranks in the top ten nationally for its achievement of national performance goals on education gains. The state also ranks high for performance in the four outcome measures related to employment and postsecondary education, yet these measures are defined in such a way that only about 45 percent of students are included in performance data. It is difficult to gauge the success of the entire program based on just four measures that capture less than half of the student population.

The program could improve its effectiveness by defining its mission, aligning resources and measuring success.

Indiana's adult education program is tasked with the monumental challenge of meeting the basic skills needs and providing high school equivalent education for adults in the state. The sheer number of individuals who are potentially eligible for services far exceeds the capacity. The majority of adults seeking services enter the program with skills below the ninth grade. One out of five students is learning English as a second language. The needs and educational histories are very diverse. A one-size-fits-all approach does not work in adult education yet the GED remains the one primary goal of the program. Additionally, adults have social and economic responsibilities that affect their academic lives. Families, jobs, and community obligations are important factors to consider. Given the diversity and vast need for adult education services, the program should carefully examine its role and purpose, align its funding resources and create a meaningful performance system to measure success.

Define the mission and role of adult education in order to prioritize services and maximize use of limited resources. The program is clearly unable to meet the needs of the half million Hoosiers who lack a high school diploma, nor would it be realistic to expect it to do so. The Division must clarify its priorities and determine where it will target its resources.

- Focus on transitions and student progress at all levels. Set goals around the percentage of students who not only advance educational levels, but those who complete a GED. Establish a goal to increase the number of students who move on to college or other workforce programs. A GED is not enough. The program should focus on preparing students for the next level of education, whether that is college or other job training program.
- Provide additional support services to address non-academic barriers to participation including child care and transportation. This may require policy changes in other program areas, in particular the state welfare program, workforce development and community college system.
- Increase the emphasis on workplace skills and employer based training programs. Programs offered directly to employers and customized to meet the needs of their workers have been shown to have a positive return on investment. The skills are directly connected to the participant's job and employers are involved in the design and delivery of the classes. The state should create more partnerships with the Department of Workforce Development, Ivy Tech Community College and the Indiana Chamber of Commerce Ready Indiana initiative to expand the program's capacity and bridge the gap between adult education programs and employer needs.
- Emphasize quality over quantity. Rather than focus on the number of adults enrolled in the program, the state should increase the quality of services, including increasing the number of hours of instruction, providing greater professional development resources and targeted training for teachers on best practices. Quality measures around student performance could also be established.

Align funding resources and collaborate with workforce and higher education institutions. The state should examine its funding priorities to determine if policies are creating the correct incentive to achieve the goals for which they are intended. Collaboration with workforce training programs and higher education institutions can offer an effective way to pool resources and utilize state funds to serve low-skilled adults. The state could examine a variety of funding formulas and priorities to achieve its goals and expand its reach.

- Increase the state allocation to adult education. This is the simplest way to increase resources. The key is matching state policy to ensure effective use of any additional funds.
- Evaluate the competitive process for distribution of funds to local providers to increase diversity. Eliminate the requirement that state funds be used only by school corporations. The federal law allows a broad range of organizations to deliver services yet the majority of providers are local school corporations. Review the request for proposal to include stronger language that reflects program priorities.
- Align and pool funding sources among various state agencies serving the same population. The Department of Workforce Development, the state Family and Social Services Administration and the Ivy Tech Community College system are three entities offering training and education to low-skilled adults. Stronger collaboration and resource sharing would enable the state to reduce duplication of services and increase the capacity of the entire system.
- Designate a larger portion of the adult education allocation as performance funds. The current formula results in less than five percent of provider funds based on performance. Most providers view the performance funds as supplementary and do not necessarily use the money to increase performance.
- Create a weighted funding formula to provide more resources for lower-skilled students who require more intensive services. Currently all students are treated equally. A weighted formula would dedicate resources to those students who need it, such as students with skills below the ninth grade and those with low-level English language skills.
- Allocate a specific amount to be used for supportive services. Students often face barriers related to transportation, childcare and other factors that negatively affect their ability to attend classes. The funds

for supportive services could come from the adult education allocation or through other sources, such as state welfare dollars.

- Encourage local investment and reduce any disincentives to garnering local support. Solicit financial support from area businesses, local community foundations and other private entities.
- Engage employers at the local level to align content with the skills needed in the regional economy. Employer feedback is critical to creating programs that teach relevant skills and meet labor market demands.

Create a meaningful state performance measurement system that takes into account student demographics and state goals.

The national performance standards are important and provide valuable data on how well students are faring in employment and education goals; however, the majority of students enter with skill levels that make attainment of these goals nearly impossible within the time frames specified in the law. The state can and should create its own performance measures to more adequately describe student progress and how well the program is achieving its overall objectives. The state system should take into account the following recommendations.

- Track all students regardless of personal goals. Focus performance on progress and how far students have advanced and transitioned to higher levels of training, college programs, and employment.
- Follow student progress beyond one program year to determine long-term success.
- Track students across agencies and service providers into the labor market. Include adult education student data in the Indiana Workforce Intelligence System that matches student data with wage information to measure earnings gains.
- Supplement performance data with other assessment tools. Use comprehensive data and evaluation to drive policy and program changes.
- Provide assistance to local providers on how to evaluate performance and how to use data to drive program improvements.

Conclusion

Indiana recognizes the need to increase the educational attainment of its adult citizens to remain economically viable. Adult education programs are a critical component to achieving the state's goal of providing each worker with the opportunity to raise their skill levels. A GED cannot be the end goal for students in an economy that is demanding higher skills and postsecondary experience. Adult education must increase its focus on college readiness and workforce preparation.

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The Indiana Institute for Working Families is a program of the Indiana Coalition on Housing and Homeless Issues (ICHHI). ICHHI is a statewide, non-partisan, non-profit organization that believes everyone in Indiana deserves a safe place to call home, a safety net of social services and a path to self-sufficiency. ICHHI is committed to building stronger individuals, families, and communities through planning, research, education, and advocacy.

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Introduction

Indiana's economy is changing. More jobs require education beyond a high school diploma. Nearly half of the fastest growing occupations through 2014 will require some occupational credential or postsecondary degree.¹ The manufacturing industry, historically a sector with high-paying jobs requiring little formal education beyond high school, is demanding higher skilled employees to keep up with the technological advances. Workers need to be able to adapt to the fast-changing skills and knowledge required to stay on top of the latest technology.

While the economy is demanding higher education and skill levels, over one-half million working-age adults in Indiana do not have a high school diploma.² Nearly one million Hoosier workers lack basic workplace skills.³ The state ranks 41st in the percentage of working-age adults with an associate degree or higher.⁴ The data suggest a mismatch between the skills needed and what workers currently possess.

In order for Indiana to transition to a knowledge-based economy with a prepared workforce, the state's education system must increase its ability to train and prepare Indiana adults for these new jobs, which means increasing the educational attainment levels of its adult population. State business, political and education leaders recognize the need for a more educated workforce as articulated in the state economic development plan, *Accelerating Growth*, the recent report by the Indiana Chamber of Commerce, *Indiana's Adult Education and Workforce Skills Performance Report*, and in the *Reaching Higher* document laying out the strategic plan for the Commission for Higher Education. All point to the fact that a high school diploma or general educational development (GED) certificate is not enough. Postsecondary education and training are critical.

Indeed, postsecondary training must be the ultimate goal; however, for those who have not completed high school, the General Educational Development (GED) certificate is the starting place. Completing a GED is the first step in entering the education pipeline. This is where the state adult education program enters the picture. The state Division of Adult Education is responsible for providing education services to adults who did not finish high school or who lack the equivalent skills. Historically, their mission has been to prepare adults for completing the GED certificate.

With over 500,000 adults in the state without a high school diploma or GED, adult education programs are critical stakeholders in the state's efforts to increase the skills of Indiana workers.⁵ If the state is going to address the workforce skill gaps, it must take a strong look at its adult education program to ensure it has the tools necessary to prepare its students for the workforce. The GED alone is not enough. Indeed very few who enter the adult education program go on to complete the certificate within a year because the majority of students enter the program with skills below the ninth grade. Adult education must also focus on job skills and preparation for further training in addition to GED completion.

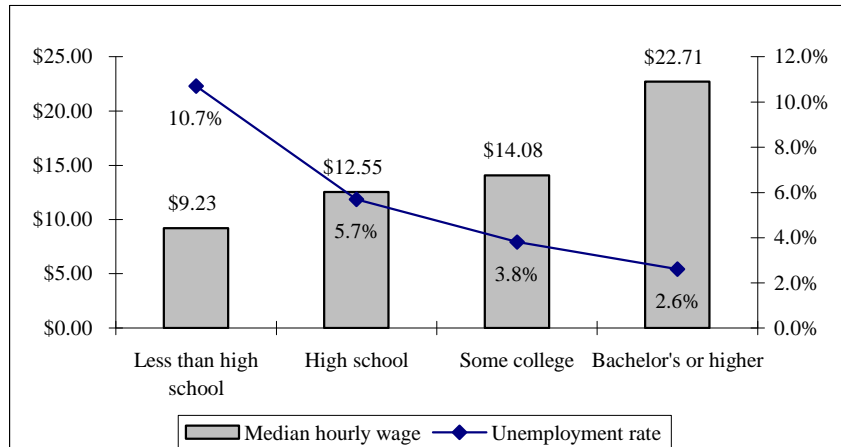
This paper will highlight the need for and benefits of adult education programs, including an overview of adult education in the state and its major components: administration, funding, personnel, and performance measures. The paper will conclude with recommendations on policy changes and program improvements that would address the challenges facing adult educators and help the state better prepare workers for the changing economy.

Why Adult Education Matters

Economy Demanding Higher Skilled Workers: Increasing the educational attainment of Indiana workers is critical in order for the state to remain economically competitive. The fastest-growing occupations require some sort of postsecondary degree or credential. While it may be tempting to assume that the solution is to wait for younger workers to fill the gap (who tend to have higher education levels), a recent study by the National Center for Higher Education Management Systems concluded that Indiana would still fall short of the educational attainment necessary to be globally competitive even if the state were to out-perform all other states in high school completion and college participation rates. Nearly two-thirds (65%) of the workforce in 2020 is currently in the labor market. Creating higher skilled workers for the future means improving the skills of today's employees.

Education Pays: Not only is the economy demanding higher educated workers, but education pays. Wages increase with higher levels of education. The average monthly income for a person with an associate’s degree is more than double the monthly income for someone with only some high school.⁶ Unemployment rates are lowest for those with a college education. The following chart illustrates the positive difference education makes; workers with less than a high school education have the highest unemployment rate and earn just 40 percent of the median wage of workers with a college education.

**Chart 1:
Median Hourly Wages and Unemployment Rates by Education, Indiana, 2006**



Source: Economic Policy Institute analysis of Current Population Survey data

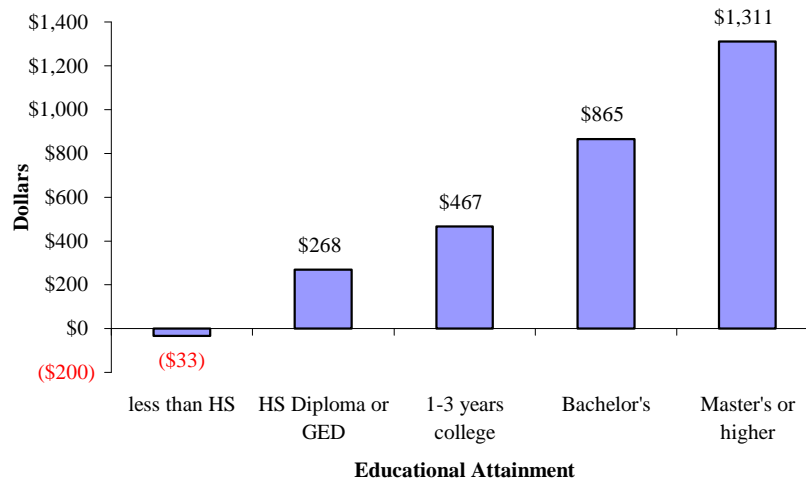
The state economy also benefits from higher educated individuals. The associated higher earnings and employment rates mean higher tax revenues and greater input into the economy. Higher educated individuals are less likely to rely on cash and in-kind government transfers, such as food stamps or publicly funded health care.⁷ A recent study prepared for the National Commission on Adult Literacy indicated that the average annual net fiscal contribution for adults 16-64 without a high school diploma was a *negative* \$671 compared to \$5,564 for high school graduate or GED holder. A high school drop-out only contributes \$0.88 for every dollar received in cash or in-kind transfer payments. A high school graduate contributes \$2.61 for every dollar received and a person with a bachelor’s degree contributes well over \$15 in tax payments.⁸ Using these estimates, the 502,000 Indiana adults without a GED create a net annual burden of \$337 million. It would take roughly 60,000 adults to complete a GED to offset the cost of all drop-outs.

Projected over the entire lifetime, a high school dropout creates a net fiscal *burden* of \$33,000 compared to a net contribution of nearly \$270,000 by a high school graduate. The lifetime fiscal contribution for a person with one to three years of college is \$467,000 and over \$865,000 for those with a bachelor’s degree.⁹ The gap between educational levels as illustrated in Chart 2 only underscores the importance of postsecondary education.

Value of a High School Diploma or GED

- **\$6,700 more in earnings per year:** Median hourly wage for high school graduates/GED completers are on average \$3.22 per hour more than drop-outs. At full-time, this equals nearly \$6,700 more in annual wages.
- **\$270,000 into the economy over a lifetime:** High school graduates/GED completers contribute nearly \$270,000 to the economy over a lifetime. High school drop-outs *cost* the economy roughly \$33,000 over a lifetime.

**Chart 2:
Mean Lifetime Net Fiscal Contributions of 16-64 Year-Olds by Educational Attainment,
2004-2005 Averages (in thousands of dollars)**



Source: Khatiwada, Ishwar et al. *The Fiscal Consequences of Adult Education Attainment*.

In addition, higher education creates non-economic returns. Increased levels of literacy skills are associated with higher levels of participation in civic and community affairs. Higher educated individuals are more likely to vote. Children are more successful in school as the education level of parents improves. Research also points to a positive relationship between education and health.¹⁰ Thus, the returns to education go beyond economics but include other positive measures of social well-being.

It is clear that education makes a difference and is a necessity for families to gain economic self-sufficiency in this new economy. Indiana needs to make a concerted effort to increase the educational level of adults. The state currently ranks in the bottom 10 states in the percentage of adults with an associates degree or higher and is below the national average for adults with a high school education. Even if the state goal was to rank 25th in high school attainment, putting it in the middle of the states, an additional 24,000 adults would need to complete their high school education. This would call for a nearly 60 percent increase in the current enrollment in adult education programs.

Social Benefits of Education:

- Increased community involvement
- More likely to vote
- Improved academic performance of children
- Positive health outcomes

The Need for Adult Education Exceeds Capacity

The adult education program serves adults who lack a high school diploma or the equivalent skills in math and English language arts. The number of potentially eligible adults in the state far outweighs the 40,000 who are served through the program. There are three main groups of students who could be eligible for adult education services:

- 1) Youth who have withdrawn from school before completing a high school diploma;
- 2) Adults who did not complete their high school education or whose skills are below a high school graduate level; and
- 3) Adults who are not proficient in the English language.

According to 2005 Census data, these groups account for over 675,724 individuals across the state of Indiana. The program's current service population reaches less than seven percent of the potentially eligible adults as shown in Table 1.

**Table 1:
Need for Adult Education Services**

	Number <u>eligible</u>	Number <u>served</u>	Percent receiving <u>services</u>
Out-of-School Youth*	27,472	11,479	41.8%
Adults 18-64 without HS diploma	502,534	22,798	4.5%
Adults lacking English proficiency	<u>145,718</u>	<u>8,216</u>	<u>5.6%</u>
TOTAL	675,724	42,493	6.3%

Source: 2005 American Community Survey

* Out-of-school youth are defined as youth age 16-19 who are not enrolled in school and not a high school graduate.

Examining the demand by service group shows that the program is most effective at meeting the needs of young adults, with 42 percent of the total youth without a high school diploma enrolled in the program. Services to adults are reaching less than five percent of the potentially eligible population. It is important to note that not all potentially eligible adults need to be enrolled or are interested in education services, but even if one out of every four adults without a high school diploma applied for services, the system would be faced with double the enrollments it currently serves. The program does not have the capacity to meet all the needs in the state and therefore must prioritize and make the best use of its limited resources.

Adult Education Participant Demographics

Indiana’s adult education program serves over 40,000 adults each year, ranking it 13th largest in the country, with a waiting list of roughly 2,000 students in 2006. The majority of adults are between the ages of 19 and 44. Twenty-seven percent of students were young adults between the ages of 16 and 18. More than one-third of students are employed.

Over half of all adult education participants in 2005 were enrolled in adult basic education courses, meaning their skills were at or below the ninth grade level. Just 23 percent were participating in secondary education courses targeted to those with skills between the ninth and twelfth grade. The remaining 20 percent are enrolled in English as a Second Language courses. In short, adult education students are more likely to be in their prime working years and have skills below the ninth grade level.

Indiana’s adult participant population resembles neighboring states, differs from national trends.

- Fewer English language learners
- More young adults
- More higher skilled students
- Fewer employed

The student population in Indiana does not follow national trends, but is similar to some neighboring states. See Table 2 for student enrollment characteristics for the region.

- **Fewer English as a Second Language (ESL) students:** Across the country, the English language learner population is growing rapidly and in 2006 comprised nearly half (47%) of the total student population. Indiana’s ESL population is much smaller, roughly 20 percent, and has remained relatively stable over the years despite the rising numbers of non-English speakers in the state. Neighboring states show a similar pattern, except Illinois and Minnesota, where more than half of students are English language learners.
- **More young adults:** Over one-fourth (27%) of Indiana’s students are between the ages of 16 and 18 compared to just 14 percent nationally. This is nearly three times as many young students compared to neighboring states where between three and 12 percent are in this age range. Half of Indiana’s adult students are between the ages of 16 and 24 compared to 37 percent nationally. Indiana’s high portion of

younger students may also be the reason the state has a higher portion of students with skills above the ninth grade.

- **More higher skilled students:** Nearly one-quarter (23%) of Indiana’s adult learners enter the program with skills between the ninth and twelfth grade levels compared to just 16 percent nationally. Only Wisconsin has a slightly larger share at 24 percent. The remaining neighboring states show less than 20 percent of their student population in this skill range. On the other hand, Indiana also shows a relatively high portion of lower skilled students compared to national averages (57 percent in Indiana versus 40 percent nationally). Kentucky, Ohio and Michigan show even larger percentages of students in this program level. The cluster of students in the lower and higher skill ranges reflects the relatively small portion in English language classes.
- **Fewer students are working:** Slightly more than one-third of Indiana’s adult education participants reported being employed in 2005 compared to over 40 percent nationally. Only Michigan reported a smaller percentage; 30 percent of its adult participants had a job when they began the program. Overall, very few working adults who lack a high school diploma are enrolled in adult education programs. More than 226,000 adults do not have a high school diploma and earn less than a living wage yet just over 15,000 students reported being employed.

**Table 2:
Student Enrollment Characteristics, U.S., Indiana and Neighboring States
Program Year 2005-2006**

	<u>U.S.</u>	<u>Indiana</u>	<u>Illinois</u>	<u>Kentucky</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Ohio</u>	<u>Wisconsin</u>
TOTAL enrollment	2,455,765	42,493	113,170	30,903	32,024	42,281	48,417	26,774
ABE (level 0-8)	39%	57%	24%	73%	59%	29%	67%	49%
ASE (level 9-12)	16%	23%	12%	17%	8%	14%	17%	24%
English as a Second Lang	45%	20%	64%	9%	33%	58%	16%	27%
% 16-18	14%	27%	7%	12%	3%	3%	9%	12%
% 16-24	38%	53%	33%	42%	35%	30%	41%	44%
% employed	42%	35%	52%	40%	30%	36%	40%	49%

Source: U.S. Department of Education, Office of Vocational and Adult Education, National Reporting System

These population trends are important to consider when evaluating the program’s performance as well as individual student success and outcomes. State goals must factor in student demographics and population trends.

Indiana Adult Education Program Basics

Administration

The adult education services are administered by the Division of Adult Education, within the state Department of Education. The Division is responsible for providing instruction to eligible adult students who lack a high school diploma (or its general educational development (GED) equivalent) or those with a high school diploma but who demonstrate skill deficiencies in math or English. Students must be at least 16 years of age.

The majority of states administer adult education programs through the Department of Education; at least eleven are in the higher education department or community college system and eight states have chosen to administer adult

education through department of labor or workforce development.¹¹ The administrative home of the program is not as important as whether the services are aligned with the relevant state agencies. There is no evidence to suggest that adult education programs perform better in one agency over another.

Educational services include the following:

- o Adult Basic Education (ABE) for those whose skill levels are at or below the eighth grade level,
- o Adult Secondary Education (ASE) or preparation for the GED for those with ninth through twelfth grade skills,
- o English as a Second Language (ESL) for those lacking basic English proficiency, and
- o Workforce training programs customized for businesses, unemployed or underemployed workers.¹²

Adult education programs are targeted to adults needing basic literacy and workplace skills in order to advance in their jobs or pursue postsecondary training or education.

Funding:

States pay for adult education services with a mix of federal and state funds. Federal grants from the U.S. Department of Education are based on a formula established by Congress and require the state to maintain a certain level of spending to be eligible for federal dollars.¹³ The federal grants emphasize professional development and state leadership activities designed to promote best practices and training for adult education teachers.

Federal and state funding for adult education has remained flat for nearly a decade.

Federal funds comprise the smallest share of total dollars expended for the program; 73 percent of the program cost is covered by state dollars.

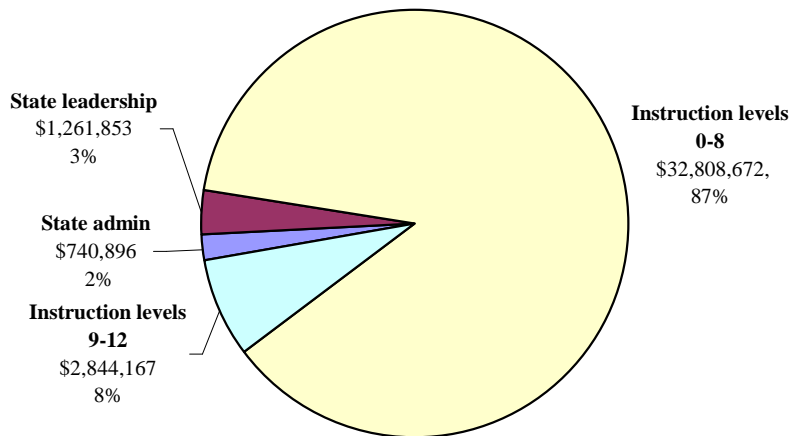
Federal Funds: The state must distribute 82.5 percent of federal dollars to local providers through a competitive process. Providers can include school corporations, community colleges, non-profit community organizations and other entities that meet federal requirements. Up to five percent of federal funds can be spent on administration and up to 12.5 percent on state leadership activities. Local providers receiving federal funds are required to contribute to the program costs equal to 20 percent of the federal funds received or the amount spent in the previous year, whichever is greater. Indiana distributes federal funds to 42 comprehensive programs located across the state that provide a continuum of services to adults. The state also dedicates funding for programs targeting hard to serve populations and English language learners through a competitive process.

State Funds: State funds are appropriated by the legislature to reimburse local school corporations for the cost of providing adult education services. School corporations must notify the Division of Adult Education of its intent to provide an adult education program and submit regular reports on expenditures. Funding is based on historical spending amounts and enrollment numbers. (More detail on the funding formulas can be found in the Appendix.)

School corporations have become the de facto provider of adult education programs due to state rules limiting state dollars to be used to reimburse school corporations.¹⁴ Approximately 40 school corporations choose to only draw down state funds to operate adult education programs. Many of these state-only funded programs are smaller and are in less populated areas of the state. The limited funds and strict requirements on federal dollars make it less feasible for smaller community organizations or larger community colleges to respond to the competitive bidding process. School corporations, on the other hand, are able to blend state and federal dollars to operate programs.

In 2004, the most recent data available, Indiana spent a total of \$37.7 million on adult education services, of which \$10 million was from the federal government and \$14 million was from state funds. Local providers contributed an additional \$13 million, of which \$9.5 comes from the Indiana Department of Corrections. The funds were awarded to local school corporations and community-based organizations who offer the classes at over 350 different locations across the state.¹⁵ Eighty-seven percent of funding, \$32.8 million, was spent on instructional programs for those with skills below the ninth grade. The per-pupil expenditure in Indiana in 2004 was \$866, which is the 13th highest in the country and slightly higher than the national average of \$839 per pupil. State per-pupil costs ranged from \$257 in Georgia all the way up to \$3,270 per student in Michigan. This is a very small amount compared to the \$10,000 spent per pupil in the state's K-12 system or \$3,300 per full-time student at Ivy Tech Community College.

**Chart 3:
Adult Education Spending by Category, All Funding Sources
Indiana, 2004**



Source: U.S. Department of Education, Office of Vocational and Adult Education

States are required to match federal dollars with state funds and localities pay for a portion of the total program budget. The state of Indiana paid for 73 percent of the total cost of the program in 2004. Nationally, 74 percent of adult education is funded with non-federal funds; however this varies by state from a low of 25 percent (the state minimum requirement) to a high of 90 percent in Florida. Regionally, Indiana has the third highest matching rate and per pupil cost. Michigan and Minnesota are the only two neighboring states that report more non-federal funds on adult education and have a higher per pupil expenditure ratio than Indiana. Ohio spends the least, with only a 40 percent match. Illinois has the lowest per pupil cost at just \$334. See table 3.

**Table 3:
Adult Education Funding, Indiana and Neighboring States, Fiscal Year 2004**

<u>State</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>TOTAL</u>	<u>State Match</u>	<u>Enrollment</u>	<u>Per Pupil Cost</u>
Illinois	\$23,234,560	\$16,227,265	\$39,461,825	41.12%	118,296	\$334
Indiana	\$10,094,826	\$27,560,762	\$37,655,588	73.19%	43,498	\$866
Kentucky	\$8,879,039	\$15,150,167	\$24,029,206	63.05%	30,931	\$777
Michigan	\$16,231,786	\$97,463,582	\$113,695,368	85.72%	34,768	\$3,270
Minnesota	\$6,832,891	\$36,509,000	\$43,341,891	84.23%	47,174	\$919
Ohio	\$18,134,937	\$11,900,138	\$30,035,075	39.62%	50,869	\$590
Wisconsin	\$8,034,779	\$7,465,638	\$15,500,417	48.16%	26,029	\$596

Source: U.S. Department of Education Office of Vocational and Adult Education, Division of Adult Education and Literacy

Workforce Grants: Indiana sets aside one million in federal adult education funds for grants to support the Adult Education Works in Indiana program. Adult Education Works provides basic skills training to current employees and collaborates directly with businesses to create customized workforce training programs. The funds support three workforce specialists at the state level. The 2006-2007 Annual Report on Adult Education Works shows a return on investment of \$3.06 for every dollar spent on the program.

Performance Funds: Fifteen percent of federal funds are set aside as performance funds to provide a financial incentive to providers to improve outcomes and overall

All state funds are distributed to local providers.

program performance. The performance dollars are used in two ways: 1) to reward providers for the number of students who achieve their personal educational goals and 2) to reward providers for overall program performance. Eighty percent of performance funds are based on individual goal attainment and 20 percent for program achievement. Performance funding is discussed in greater detail in the Appendix.

Teacher training is critical. Nearly three out of four adult education teachers are part-time and most are not specifically trained to teach adults.

Personnel

Adult education teachers and professionals are predominately part-time workers and many are volunteers. In 2005 the state reported a total staff of 2,722 employees, of which 1,250 (46%) were teachers. Of the 1,250 teachers on staff, 71 percent were part-time and 17 percent were unpaid volunteers, meaning just 12 percent of all faculty were full-time.

Indiana relies on a much greater percentage of part-time teachers, nearly three out of every four, compared to 61 percent nationally. The same variation exists regionally with only one state, Ohio, relying on a greater percentage of part-time instructors. The percentage of full-time instructors in Indiana is roughly the same as the national average, but varies greatly in neighboring states. Over 70 percent of Michigan’s teachers were full-time in 2005 and 40 percent of Kentucky’s teachers were full-time compared to 12 percent in Indiana and just seven percent in Illinois. Besides Michigan, the national trend is for the majority of instructors to be part-time.

**Table 4:
Adult Education Teachers, Indiana and Neighboring States, Program Year 2005-2006**

State	Part-time Teachers	% PT	Full-time Teachers	% FT	Unpaid Volunteers	% Vol	Total Teachers	Total Enrollment	Student: Teacher Ratio
Illinois	2,731	58%	314	7%	1,695	36%	4,740	113,170	24
Indiana	889	71%	146	12%	215	17%	1,250	42,493	34
Kentucky	387	44%	348	40%	140	16%	875	30,903	35
Michigan	312	20%	1,119	73%	92	6%	1,523	32,024	21
Minnesota	242	20%	153	13%	822	68%	1,217	42,281	35
Ohio	871	84%	164	16%	8	1%	1,043	48,417	46
Wisconsin	502	53%	231	24%	220	23%	953	26,774	28
U.S.	52,711	61%	12,516	14%	25,612	30%	86,729	2,455,765	28

Source: US DOE, OVAE NRS, Table 7, accessed 1/31/08

Not only are many adult education teachers working part-time, many are not specifically trained in teaching adult learners. All teachers must have a valid Indiana teaching certificate; however, it is not uncommon for full-time elementary or secondary school teachers to take on a part-time adult education position to supplement their wages. For other teachers, this is their only employment. The Office of Adult Education has a strong professional development program, but the part-time nature of the profession and federal limits on this activity continue to challenge the system. This means many adult education teachers may not be trained in adult learning techniques. Student success can be hindered by this lack of experience. These are important data to keep in mind when it comes to quality.

Performance Measures

The federal Adult Education and Family Literacy Act (AEFLA) established a performance accountability system to measure state success in improving adult education and literacy programs. Performance is based on improvements in literacy skills; placement in, or retention of employment or postsecondary training; and completion of a high school diploma or its equivalent. States are required to report this information through the National Reporting System (NRS).

Indiana ranks in the top ten nationally for its performance on national standards; however, the data on employment and postsecondary outcomes only capture 43 percent of students.

All students are assessed for their progress in advancing education level. In 2005, half of Indiana’s adult education students completed an educational level, ranking the state eighth in the country. Just over one-quarter of students left the program before completing a level, and another 23 percent remained in the same level. The lowest completion rate was for those at the lowest skill level yet they completed the second highest number of class hours. Intermediate English as a Second Language (ESL) students had the highest rate of completion and the highest number of hours attended.

Indiana has proven effective in meeting the core performance measures around employment and education, ranking in the top ten for all four measures as defined by the federal government. The state is seventh nationally in both the numbers of students getting a job and the numbers obtaining a GED. The state is tenth in the number who keep their jobs and those who go on to some form of postsecondary training. Table 5 shows the number of students achieving each outcome compared to the total number of students who declared this to be their goal.

**Table 5:
Indiana Adult Education Primary Performance Measures, Program Year 2005-2006**

<u>Outcome Measure</u>	<u>Number with Goal</u>	<u>Number Achieving</u>	<u>National Rank¹⁶</u>	<u>% with Goal Relative to Enrollment*</u>	<u>% Achieving Relative to Enrollment*</u>
Entered employment	4,918	3,623	7	11.6%	8.5%
Retained employment	2,379	1,853	10	5.6%	4.4%
Obtained GED or HS Diploma	9,001	6,228	7	21.2%	14.7%
Entered postsecondary education or training	1,912	1,441	10	4.5%	3.4%
TOTAL	18,210	13,145		42.9%	30.9%

* Total number of students enrolled during program year 2005 was 42,493.
Source: OVAE NRS and Indiana Department of Education, Adult Education Division

However, a closer look at the numbers shows that a very small percentage of adult education students are included in the core performance measures related to employment and further education. Of the nearly 43,000 students enrolled in the program in 2005, just 18,210, or 43 percent, declared one of the four performance measures as their goal. Furthermore, the performance measures are not broken out by skill level. The data do not show how lower skilled students perform compared to higher level students.

It is important to clarify that the measures do not track all students nor does it capture all successful outcomes. For example, a student who is entering adult education because she needs a GED in order to keep her job would list employment retention as her goal. The state can count this student as successful if she indeed keeps her job. However, if she also decides to take a course at a local Ivy Tech Community College campus upon completing her GED, the state cannot count her as achieving the outcome of entering postsecondary education because she did not declare this as her goal. Therefore, the national performance measures are purely measures of personal goal attainment and may under-represent the number of students who actually get or keep a job or move on to college. The data do not measure the *state's* progress in meeting any targeted outcomes. The best way to interpret national performance data is an assessment of how well the state is facilitating achievement of student personal goals. In that respect, the state has successfully helped nearly 75 percent of students achieve their goal.

Compared to neighboring states, Indiana outperforms Kentucky, Michigan and Minnesota in all categories but consistently ranked below Illinois and Ohio. Ohio and Illinois were most successful at getting and keeping students employed. Ohio had a higher number of students completing their GED, and Ohio, Illinois and Wisconsin successfully helped more students who wanted to go to college make that transition to a postsecondary institution. Overall, Ohio and Illinois performed the best across the board, ranking at the top for three of four categories.

**Table 6:
Primary Performance Measures, Indiana and Neighboring States, Ranked by Number
Program Year 2005-2006**

<u>Entered Employment</u>		<u>Retained Employment</u>		<u>Obtained a GED or Secondary School Diploma</u>		<u>Entered Postsecondary Education or Training</u>	
Illinois	18,693	Illinois	15,525	Ohio	8,111	Ohio	2,997
Ohio	8,153	Ohio	2,169	Indiana	6,228	Illinois	2,881
Indiana	3,623	Indiana	1,853	Kentucky	3,941	Wisconsin	1,705
Minnesota	1,574	Minnesota	871	Michigan	3,935	Indiana	1,441
Kentucky	801	Kentucky	498	Illinois	3,846	Kentucky	1,021
Wisconsin	151	Michigan	173	Minnesota	2,163	Minnesota	309
Michigan	123	Wisconsin	113	Wisconsin	1,943	Michigan	154

Source: OVAE, NRS

In addition to the four primary performance measures related to education and employment, states negotiate performance targets related to public assistance receipt, involvement in their children’s education and increased civic engagement. Again, the results are based on personal goals declared by the student. Less than one-third of total enrollees (13,525) declared one of these measures as their goal. Of those with these goals, approximately 70 percent have achieved these goals. The lowest measure is the percent of students who wanted to get off public assistance. Only 30 percent were able to achieve this goal.

**Table 7:
Indiana Adult Education Secondary Performance Measures,
Program Year 2005: July 1, 2005 – June 30, 2006**

Outcome Measure	Number with Goal	Number Achieving	Percent Achieving
Left public assistance	477	145	30%
Achieved citizenship skills	3,243	2,567	79%
Increased involvement in child’s education	3,349	2,500	75%
Increased involvement in child’s literacy activities	3,911	3,145	80%
Voted or registered to vote	1,751	1,166	67%
Increased involvement in community activities	5,752	4,002	70%
TOTAL	18,483	13,525	73%

* Total number of students enrolled during program year 2005 was 42,493.

Source: OVAE NRS and Indiana Department of Education, Adult Education Division

As illustrated by the previous tables, the state is doing a very good job at helping students achieve their personal goals. On the flip side, only 43 percent of all adult education students declare one of the national performance measures related to employment or further education as their goal. The remaining 57 percent are not captured in these performance data.

Why are so few included? One reason may simply be the student’s skill level. Nearly three-quarters of all students enter the program with skills below the ninth grade level. Completing a GED or transitioning to college within one year is unrealistic for many of these students.¹⁷ Research indicates that a student needs to complete at least 100 hours of instruction to advance one grade level, yet the average Indiana adult student only completes 76 hours in one year.¹⁸ At this pace, it would take more than five years to advance four grade levels.

Another reason may be more psychological. Adult students may not see themselves as college material. They did not finish high school, and therefore may automatically assume they would not be able to succeed in college. Students may believe a GED is enough to get a better job or keep their current position. Furthermore, adults have many competing responsibilities, including families and jobs. Many struggle to find child care or transportation. There are many non-academic reasons adult students do not set these goals for themselves.

Regardless of the reason, it is important to understand that national performance data basically represent a program's effectiveness at helping adult learners achieve their personal goals. These goals are only realistic for students who enter the program with adequate skills to reach these goals within the program year. With the exception of educational gain, the national performance measures do not describe a program's effectiveness at improving the skill levels of *all* students or its ability to help *all* students gain or retain jobs or move into postsecondary education.

Recommendations and Policy Options

Indiana's adult education program is tasked with a monumental challenge of meeting the basic skills and high school equivalent education for adults in the state. The sheer number of individuals who are potentially eligible for services far exceeds the capacity. The majority of adults seeking services enter the program with skills below the ninth grade. One out of five students is learning English as a second language. The needs and educational histories are very diverse. A one-size-fits-all approach does not work in adult education. Additionally, adults have social and economic responsibilities that affect their academic lives. Families, jobs, and community obligations are important factors to consider.

Given the diversity and vast need for adult education services, the program should carefully examine its role and purpose to identify the areas that hold the most promise and can be expanded. Funding policies and formulas should be reevaluated to ensure they align with program goals and create the correct incentives that result in the intended outcomes. The program should also review its performance measures and create additional state benchmarks so that data is collected to accurately describe program success. The following recommendations and policy options can help the state better meet the needs of adult learners and employers.

DEFINE THE MISSION

Define the mission and role of adult education in order to prioritize services and maximize use of limited resources.

The demand for higher educated workers and the state's goal to increase the skill levels of Hoosier adults requires a careful examination of the role of adult education in meeting those state goals. The program does not have the capacity to serve all adults who lack a high school diploma. The current system attempts to balance the needs of all populations. Given the limited resources, the state must clearly define the program's focus. The program must determine where it will prioritize its services. Possible options include:

➤ Focus on transitions for higher skilled students.

The state has a relatively high proportion of students who enter the program with skills above the ninth grade. These students have the shortest path to GED completion and college or workforce preparation. The state should set a clear goal to have all these students strive for GED completion. Further, set a goal to have a certain percentage go on to college or other occupational training program. Postsecondary education is critical for individuals to gain financial self-sufficiency.

A number of innovative programs are being created to specifically target young high school drop-outs that accelerate learning and shorten the time to complete a credential. Other programs restructure adult education programs to focus on postsecondary readiness and create pathways to specific career credentials.¹⁹ The state should clearly articulate goals around moving more students into college or workforce training programs. Further, the state should investigate the reasons for such a relatively high portion of young adults in the program.

➤ Focus on progress within and between levels for lower-skilled students.

The lowest completion rate is for students at the lowest skill levels. In order to keep students engaged, students must feel successful. The current performance measures are unrealistic for lower-skilled students. The state could create success points within educational levels to measure progress for such students who will not realistically complete a GED or achieve federal performance targets within one program year. These success points can be used to demonstrate progress and include mastery of certain skills or attendance hours. Recognition of these achievements can create momentum for the student to continue to the next level.

A model used by community colleges in Washington state could be modified to fit the needs of the adult education system. *Washington's* Student Achievement Initiative rewards community colleges for improving student success within the college. The program focuses on three measures related to college preparation, college credit accumulation, college math completion and completion of other certificates, degrees and apprenticeship training. This system of rewards could be translated to follow achievement milestones for adult education, including completion of a certain number of class hours, passing specific assessment tests, and advancing to the next educational level.

➤ Emphasize quality over quantity.

Rather than focus on the number of adults enrolled in the program, the state should increase the quality of services, including increasing the number of hours of instruction, providing greater professional development resources and targeted training for teachers on best practices. The program should focus on student success and progress rather than the number served. Promote more intensive services to students in order to help more advance educational levels and keep them engaged.

➤ Increase emphasis on workplace skills and employer-based training programs.

Program data show that the Adult Education Works in Indiana program has had a positive return of over three dollars for every one dollar invested. The Adult Education Works program customizes basic skills training to meet the needs of employers. Classes are often held on-site at the company. Employer surveys indicate positive results and satisfaction with the skill gains achieved by students. The state could emphasize this type of approach and offer it to more employers and students. The program should strengthen collaborations with the Department of Workforce Development, Indiana Economic Development Corporation, Ivy Tech Community College and the Indiana Chamber of Commerce Ready Indiana initiative to pool resources and expand program offerings.

Many states are creating comprehensive workplace education programs that target incumbent workers and integrate basic skills with work-related content.²⁰ One example is bridge programs that connect basic skill coursework with workplace competencies and career exploration. The programs are based on strong partnerships with employers and provide skills needed for high-demand industries. *Illinois* has piloted over 30 bridge programs in two key industries of healthcare and transportation/logistics. Approximately 80 percent of participants completed the program compared to national adult education programs which retain roughly 10 percent of students for a full year.²¹

➤ Provide additional support services to address non-academic barriers to participation.

One in five students is considered low-income and faces additional challenges to attendance such as transportation, child care and other issues.²² These life responsibilities often determine a student's ability to participate in the program. Adult education administrators could partner with local community organizations to help students access resources and offer more comprehensive services to students.

ALIGN FUNDING

Align funding resources and policies to match state goals. Increase collaboration and coordination with workforce programs and higher education institutions.

Funding policies create incentives that are intended to influence the behavior and achievement of program services. The state should examine its funding priorities to determine if policies are creating the correct incentive to achieve the goals for which they are intended. Further, adequate funding is necessary for the funding distribution formula to be effective. The state program has not received a funding increase in nearly a decade. Collaboration with workforce training programs and higher education institutions is one way to stretch limited resources and streamline services to low-skilled adults. The state could examine a variety of funding formulas and priorities to achieve its goals and expand its reach.

- Increase the state allocation.
This is the simplest way to provide additional resources to the program; however, increasing the allocation does not address the fundamental issues around mission and performance. If the state is to redefine or clarify the goals of the program, funding formulas may also need to be modified.
- Evaluate the process for distribution of funds.
State funds could be distributed to a broader range of providers by eliminating the statutory requirement that state funds be used only for school corporations. Local school corporations have become the main provider of services due to policy and reporting restrictions. The competitive process for federal funding could be revised to encourage greater diversity of providers and ensure quality services. The request for proposal (RFP) could include more directive language around provider requirements that match the state goals.
- Designate a larger portion of the allocation as performance funds.
The funds could be based on program compliance and satisfactorily meeting data and report requirements in addition to student achievement of performance goals. Indiana should identify performance measures beyond the federal standards that apply to a broader range of students, such as advances in education level or completion of a certain number of hours. The state could issue payments to providers based on achievement of these state-defined success points. *California* refers to these as “payment points” and has a cap on how many can be paid per student.²³ Any payment system should factor in the administrative costs and be mindful of regional needs and capacity of smaller providers.
- Create a weighted funding formula.
A weighted funding formula would provide more resources for lower-skilled students who require more intensive services. The state could allocate more funds for low-level English as a Second Language students and fewer dollars for higher level secondary education students. Another option is to provide differential amounts based on economies of scale. *Tennessee* divided 90 vendors into five tiers based on the number of students served. Smaller programs received a larger amount per student to accommodate for higher overhead.²⁴
- Allocate funds specifically for supportive services.
Adults often face additional challenges to attendance in an educational program, including childcare and transportation issues. Funding could be dedicated for specific supportive services and case management components to address these barriers. The state should investigate ways to use Temporary Assistance for Needy Families (TANF) dollars for this purpose. State welfare programs serve a similar population and could focus program efforts and funding on raising the skill levels of TANF recipients.
- Encourage local investment and reduce any disincentives to garnering local support.
Providers of federally-funded program services are required to contribute local matching funds to the program yet many do not report the full amount of the local match for fear of being unable to sustain that level of funding in future years. Local businesses and community foundations should be tapped as potential funding sources. Maintenance of effort requirements, for example, could be revised at the federal level to create an incentive for additional support and a waiver issued if the effort could not be sustained in future years.

- Align funding sources among state agencies dealing with the same population.
The state Department of Workforce Development, the Ivy Tech Community College system, the Families and Social Services Administration are logical partners with adult education. These agencies often serve a similar clientele. Pooling resources and coordinating program offerings can result in better services and less duplication of efforts. A pilot project in the Indianapolis region to offer co-located adult education and community college remedial coursework is one example of aligning similar programs. This pilot should be monitored and taken to scale if proven successful. *Oklahoma* uses TANF funds to support its program. *Massachusetts* takes advantage of special education funds, and *Pennsylvania* partners with the Even Start program. *Washington* integrates basic skills and English as a Second Language training in its I-BEST program. (Both states provide additional funding for these activities.) Indiana should increase its efforts to collaborate with other agencies and local providers. The state could fund more pilot projects integrating services across agencies, including job training and integrated English language and basic skill programs.
- Engage employers and offer incentives for businesses who support basic skills training.
A higher skilled worker will contribute positively to a company's bottom line. Local providers should work closely with employers to enlist their support in identifying critical skills that are needed in the workplace. The state could increase the amount allocated to the Adult Education Works workforce training program. Currently less than 10 percent of state funds are set aside for this program despite its positive return on investment. The state could also offer incentives to businesses for supporting basic skills education, including tax credits, reimbursement or other inducements.²⁵ *Kentucky* set a goal to increase the number of adults completing a GED and provided tax incentives to employers to encourage employee involvement.²⁶

MEASURE PERFORMANCE

Create meaningful performance measures that track *all* students against the state goals.

There are three main flaws with the national performance measures. First, the data are limited in scope to those students who declare employment or further education as their individual goal and thus do not capture performance for all students beyond educational gain. Secondly, the measures are based on progress made within one program year and do not track students over time. Finally, the data do not address issues of program performance; the measures are purely based on personal goal attainment. This results in a narrow view of program performance that does not give the full picture of the effectiveness of adult education programs across the state. The state must first clarify the intended outcomes of the adult education program and establish performance measures that measure progress against those stated goals. Performance measures should describe student progress and be used to drive program decisions. The national performance data should be used to inform and enhance program services but not be relied on as the only benchmark for success given these limitations. Recommendations for a state performance measurement system include the following points.

- Track all students.
Performance reports should include all students and measure how far students have progressed in addition to the national benchmarks they achieve or credentials they complete.
- Follow student progress beyond one program year to determine long-term success.
Given the low skill levels of many students and the time it takes to complete an educational level, performance measures need to be followed over the entire student's enrollment period. One year is not sufficient to gauge student success and progress.
- Track students across agencies and service providers and into the labor market.
Indiana's Workforce Intelligence System (IWIS) provides a data system to follow students through the educational process and match students with employer records to show wage and employment information. The state should strive to include all relevant agencies and entry points for adult students in order to see earnings gains associated with specific educational levels.

- Provide technical assistance to local providers on program evaluation and using data for program improvement. Often data is reported because it is a mandatory function of the program. Local providers may need assistance in data collection methods and analysis in order to interpret the findings and make appropriate programmatic changes.
- Use performance measures as one tool in making policy and program changes. Determining success or failure of a program needs to be based on more than one set of performance measures. Quantitative data is extremely valuable, but should not be the only indicator of success. Qualitative data and student feedback are critical to understanding a program's effectiveness and should be incorporated into the overall performance system.

Conclusion

Indiana recognizes the need to increase the educational attainment of its adult citizens to remain economically viable. Adult education programs are a critical component to achieving the state's goal of providing each worker with the opportunity to raise their skill levels. The state's ability to experience the positive fiscal and social benefits associated with higher education depends in part on the effectiveness of adult education programs to raise the skill levels and ultimately earning power of its students. A GED cannot be the end goal for students in an economy that is demanding higher skills and postsecondary experience. Adult education must increase its focus on college readiness and workforce preparation. Across the country adult education programs are struggling to redefine their mission and adjust to the changing needs of the economy. Indiana would benefit from a thorough examination of its program by a broad base of stakeholders. A workgroup or planning team could provide the strategic direction and vision for the future.

APPENDIX: Indiana Adult Education Funding Formula

Federal Funds

Federal adult education funds are granted through the U.S. Department of Education as part of the Adult Education and Family Literacy Act of 1998. The Act is also referred to as Title II of the federal Workforce Investment Act (WIA). Federal dollars are granted to states based on the number of adults who lack a high school diploma who are not enrolled in school.

States must competitively award 82.5 percent of federal funds to local school districts, community colleges, faith-based organizations, or other community providers. The remaining 17.5 percent may stay with the state. Up to 12.5 percent can be used for program improvement and state leadership activities; no more than five percent can be spent on administration.

Of the funds distributed to local providers in Indiana, 85 percent is allocated towards the base appropriation. This base is determined using expenditures from the 1999-2000 school year. Providers automatically qualify for 90 percent of their 1999 base expenditures and compete for the remaining federal funds.

State Funds

Federal funds must be matched with 25 percent of state or local dollars, and many states spend considerably more than that amount. Indiana committed \$14 million in state funds to adult education in 2004, accounting for 73 percent of the total program expenditures. The state share has remained flat at \$14 million since 1999.

State funds are used to reimburse local school corporations for the costs of offering adult education programs. The allocation includes a base amount plus an additional amount to account for enrollment changes.

Base Funds

All of the state dollars are allocated to local providers. The base appropriation is calculated using expenditures from 1992 and a formula based on the number of enrollments. This allows for programs with increasing enrollments to respond to this need. At the time, providers automatically qualify for 90 percent of the expenditures from 1992. The remaining allocation is determined by the number of enrollments multiplied by a dollar amount as determined by current budget levels. This figure normally ranges between \$25 and \$45 per enrollment.

Performance Funds

Fifteen percent of the state's federal grant is set aside as performance funds to provide an incentive to providers to improve outcome targets and overall program performance. The performance dollars are used to reward a program's performance on the number of individual students who achieve their personal goals and to reward overall program achievement.

In 2004 over one million in federal funds were used to reward providers for individual student goal attainment. The state uses the core federal performance measures as the benchmark. These include completing and/or advancing to a higher educational level, getting a job, keeping a job, completing the GED, or transitioning to a postsecondary institution. The program receives a certain amount for each student who set one of these outcomes as their goal and achieve that goal during the course of the program year. The amount can vary, depending on availability of funds.

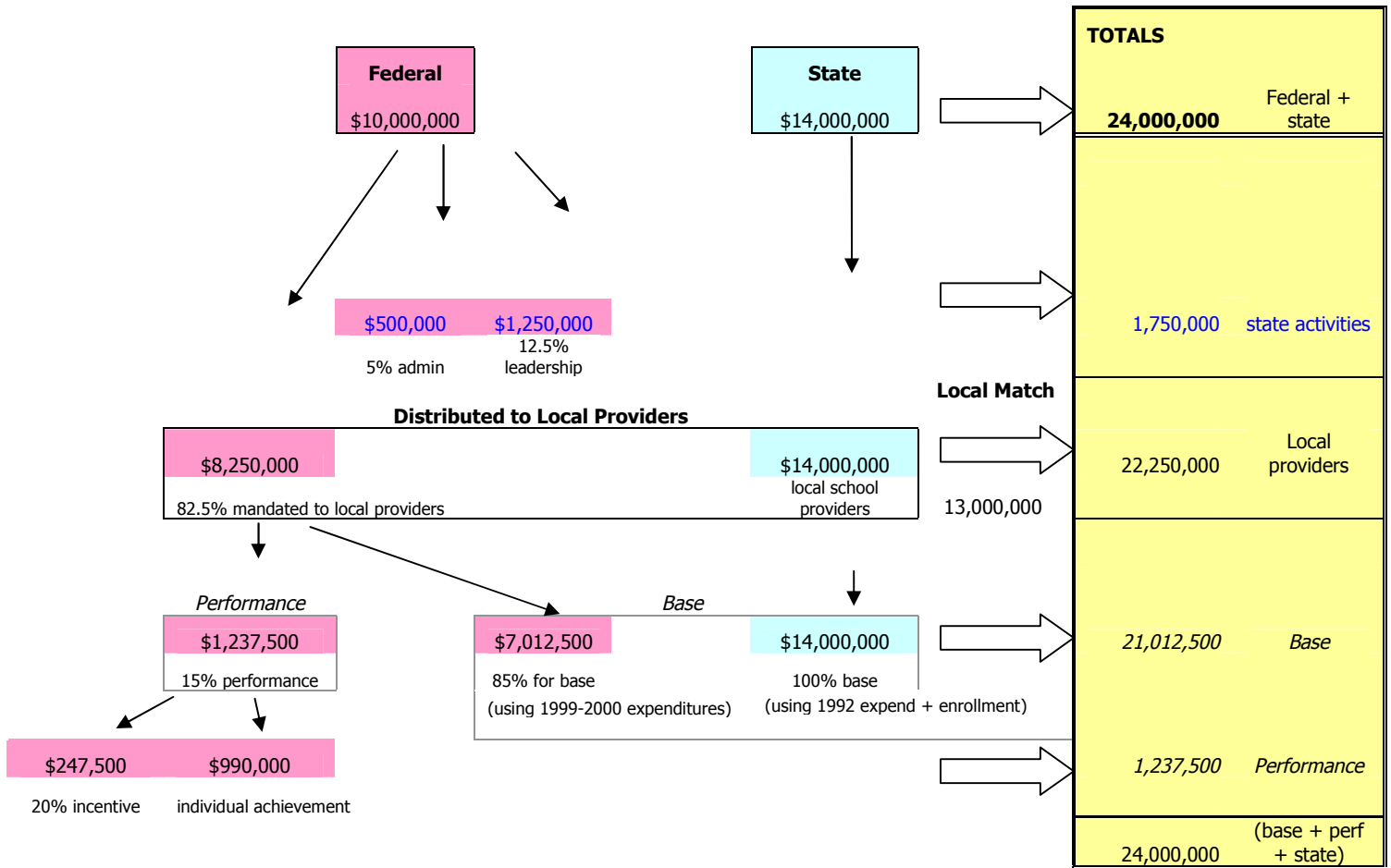
The state also rewards programs for students who achieved any of the secondary measures, which include getting off public assistance, increased involvement in their children's education, voting or registering to vote, and/or increased involvement in community activities. These secondary measures are reimbursed at half the amount of core targets.

Approximately \$300,000 was set aside in 2004 for overall program performance incentives. These dollars are distributed based on the program's ability to meet federal performance measures. Therefore, the bulk of

performance funds (80%) is based on *individual* student attainment of goals with only a small portion (20%) for program performance.

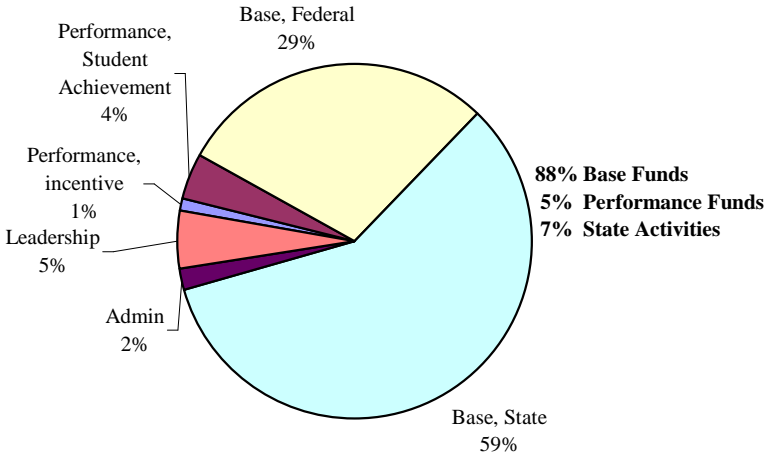
In 2004, the state spent \$24 million in federal and state dollars on adult education services with most of those dollars distributed to 42 comprehensive program districts across the state. Over 87 percent of funds were used for the base appropriation for local providers, and approximately five percent was set aside for performance. The state retained seven percent for administrative and professional development activities.

Figure 1: Indiana Adult Education Funding Formula



Fund Type	Performance		Base		State Activities		TOTAL
Total by Type	1,237,500		21,012,500		1,750,000		24,000,000
Amount by Activity	247,500	990,000	7,012,500	14,000,000	500,000	1,250,000	
Formula	20% for program incentive	individual achievement (# achieving * state rate)	using 1999-2000 expenditures	using 1992 expenditures + enrollment formula	5% or less for admin	12.5% or less for leadership/prof dev	

**Chart 4:
Adult Ed Funding by Type,
2004 State and Federal Allocations**



Source: U.S. Department of Education, Office of Vocational and Adult Education, August 07

ENDNOTES

- ¹ Education Testing Service. *America's Perfect Storm: Three Forces Changing Our Nation's Future*. Princeton, New Jersey, January 2007, p. 4.
- ² U.S. Census Bureau, American Community Survey data, 2006
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- ⁵ Indiana Chamber of Commerce. *Indiana's Adult Education and Workforce Skills Performance Report*. Indianapolis, IN, February 2008, p. v.
- ⁶ U.S. Census Bureau. *What It's Worth: Field of Training and Economic Status in 2004*, Table 2B.
- ⁷ Khatiwada, Ishwar et al. The Fiscal Consequences of Adult Education Attainment. Prepared for the National Commission on Adult Literacy. Center for Labor Market Studies, Boston, MA. December 14, 2007, p. 2.
- ⁸ Ibid, p. 35.
- ⁹ Ibid, p. 35-36.
- ¹⁰ Tamassia, Claudia et al. *Adult Education in America: A First Look at Results from the Adult Education Program and Learner Surveys*. Educational Testing Service, Princeton, NJ, 2007.
- ¹¹ Center on Law and Social Policy. Presentation by Julie Strawn, June 2007
- ¹² "Adult basic education (ABE) program" means instruction in basic academic and other subjects which are necessary for an adult to achieve up to an eighth grade level of skill or knowledge, to become proficient in the English language, to function in today's society, and/or continue through the secondary level of instruction. 511 IAC 11-2-2
- ¹³ U.S. Dept of Education, Office of Vocational and Adult Education, <http://www.ed.gov/about/offices/list/ovae/pi/AdultEd/index.html>
- ¹⁴ IC 20-30-6-1
- ¹⁵ Federal law allows funds to be distributed to a broader range of providers, but the reporting requirements have prevented many organizations from responding to the state's request for proposals.
- ¹⁶ Rank is based on the number of students achieving, not the percentage.
- ¹⁷ Federal performance measures are based on achieving student goals within one program year.
- ¹⁸ Comings, John P. *Persistence: Helping Adult Students Reach their Goals*. National Center for the Study of Adult Learning and Literacy, 2007 and OVAE NRS data
- ¹⁹ For more information on specific programs and models, Harris, Linda and Evelyn Ganzglass. *Creating Postsecondary Pathways to Good Jobs for Young High School Dropouts: The Possibilities and the Challenges*. Center for Law and Social Policy, Washington, DC.
- ²⁰ Parker, James T. *Workplace Education: Twenty State Perspectives*. Prepared for the National Commission on Adult Literacy. Washington, D.C.: September 4, 2007.
- ²¹ Women Employed. *Building Bridges to College and Careers for Illinois Adults*. Chicago, IL. <http://www.womenemployed.org>.
- ²² The number of low-income students is likely higher than one in five as income data is not reported for all students.
- ²³ Klein, Steven. *Performance-Based Funding in Adult Education: Literature Review and Theoretical Framework*, Sept 05 p. 22.
- ²⁴ NAEPDC resource library on performance funding. naepdc.org/resource_library/financial_systems/performance_funding.html
- ²⁵ SB 400 in the 2007 legislative session would have offered a tax credit to employers who pay for basic skills training. The bill was defeated.
- ²⁶ Bailey and Mingle, *The Adult Learning Gap: Why States Need to Change their Policies Toward Adult Learners*, Education Commission of the States. Denver, CO: 2004, p. 10.