

Technical Assistance to States on Performance-Based Funding

Final Project Report



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Technical Assistance to States on Performance-Based Funding

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Introduction

States increasingly are adopting performance-based funding (PBF) systems to distribute some of their adult education funds based on student and program performance. Rationales for adopting PBF vary, with some states responding to provisions of the federal *Adult Education and Family Literacy Act of 1998* requiring them to document improvement in local instructional services. Others adopt PBF to make the distribution of adult education resources more transparent, motivate local providers to become more effective and efficient, or justify allocations to providers in times of limited resources.

States often use the PBF development process to reassess and, in many cases, redesign their entire adult education funding systems. In the process, they often incorporate new base funding criteria to allocate non-PBF resources. These criteria may include indicators of community need, enrollment, geographic setting, and other factors to ensure that allocations are fair, equitable, and transparent.

In 2008, the U.S. Department of Education, Office of Vocational and Adult Education (OVAE) introduced its *Technical Assistance to States on Performance-Based Funding* initiative to help state policymakers and adult education administrators make informed decisions about adopting PBF systems to allocate adult education resources. Combining national training workshops with individualized technical assistance (TA), this two-year project was designed to help state staff understand how PBF operates and the steps involved in developing PBF systems. OVAE contracted with MPR Associates, Inc. to design and deliver training and TA. Two national training workshops were held, for up to 15 states each year, and two rounds of targeted TA were provided for up to six states each year.

National Training Workshops

Representatives from 25 states attended the workshops, held on January 13–15 and October 28–30, 2009. The workshops built on OVAE’s previous work documenting the use of PBF by states, which included a literature review on PBF, case studies of states with PBF, and a three-state synthesis report.¹ During the workshops, participants engaged in the PBF system development process through a series of small-group, plenary, and panel activities. Appendix A contains a copy of the workshop application.

Technical Assistance

Twelve states received targeted TA, with six states participating in March–November 2009 and an additional six in January–September 2010. States worked with facilitators to design TA activities to address state-specific needs and interests, adapted from the PBF development process shared at the national workshops. Key activities included convening a state task force; specifying state funding priorities; defining base and performance criteria for allocating resources; identify-

¹ See Klein, S. (2007). *Performance-based funding in adult education*. Washington, D.C.: U.S. Department of Education. Available at http://www.mprinc.com/products/pdf/Performance_Based_Funding_in_Adult_Ed.pdf.

ing appropriate data sources; modeling alternative funding formulas; and designing implementation strategies. Appendix B contains a copy of the application for TA.

This report profiles the 12 states that received TA. Massachusetts, Nebraska, New Mexico, New York, Pennsylvania, and Rhode Island participated in the first round of TA, and the second round included Alabama, Iowa, Maryland, Montana, Nevada, and Texas. Appendix C contains a blank TA work plan, used by facilitators to develop customized TA activities for each state.

State Profiles

The 12 state profiles that follow (in alphabetical order) describe the customized TA activities and outcomes for each state. Each profile details state needs at the start of TA, the TA activities conducted, the outcomes of TA, and states' PBF implementation status as of October 2010. For more information on state funding systems or PBF system development, please contact the state agencies listed at the end of each profile.²



Alabama

TA Needs

After state representatives attended the first national training workshop in January 2009, Alabama designed and implemented a PBF system for allocating adult education resources. The system was approved by an advisory group of community college presidents with oversight of adult education in the state and implemented on October 1, 2009. In the new system, providers received a portion of their previous allocations plus new base and PBF allocations, determined by enrollment, county population demographics, and learner outcomes. Following implementation, the state requested TA in December 2009 to assess the effects of the funding system on local providers and to identify provider training needs. Specifically, the state applied for TA to study how well providers understood the funding system and how it affected curriculum and instruction.

TA Activities

Between January and September 2010, facilitators worked with the Alabama Department of Postsecondary Education (ADPE) to design a three-step TA strategy. The first step involved reviewing the state's funding allocation spreadsheet and offering recommendations to improve its organization and format.

² For more information on the use of PBF systems in adult education and/or the PBF system development process, please see http://www.mprinc.com/products/pdf/Performance_Based_Funding_in_Adult_Ed.pdf.

The second step was a statewide survey of program directors to assess their understanding of the formula, their satisfaction with specific funding elements, and the types of professional development they would find helpful. Facilitators analyzed survey responses and shared their findings at the Alabama Adult Education Conference on July 22, 2010.

For the third step, facilitators consulted with state administrators to review feedback provided by local program directors at the state conference and to develop training materials that could be used to address providers' needs. This step included developing a PowerPoint presentation summarizing the operation of the funding system and describing strategies for increasing provider funding eligibility. Facilitators attended a statewide program directors meeting on September 29, 2010 to offer this presentation and answer questions about how the funding system operates.

Outcomes

Alabama considered changing its base and PBF criteria during the second year of formula implementation but ultimately chose to maintain its current funding system. The state did, however, modify the percentage weights for some criteria for the 2010–11 program year. These modifications included reducing the amount of funding awarded based on prior year allocations; increasing the weight for educational gain and postsecondary measures; and decreasing the weight for employment measures. For the 2010–11 program year, Alabama distributed 50 percent of its total resources based on historical precedent and 50 percent according to new base and PBF criteria. Providers received 50 percent of their previous year's funding, plus additional funds according to the following criteria:

Base Funding (50 percent of remaining resources)

- ▶ Enrollment (55 percent of base funding).
- ▶ Need (45 percent of base funding), defined by the number of individuals aged 18 and older without a high school diploma.

Performance-Based Funding (50 percent of remaining resources)

- ▶ Total outcomes achieved on the following measures:
- ▶ NRS Core Measures³, with individual measures weighted as follows:
 - Educational gain (31 percent of PBF resources).
 - Attain GED (33 percent of PBF resources).
 - Enter employment (4.5 percent of PBF resources).
 - Retain employment (4.5 percent of PBF resources).
 - Transition to postsecondary/training (27 percent of PBF resources).

³ Refers to the core performance measures included in the National Reporting System (NRS): demonstrated educational gain (measured within 11 educational functioning levels); attained GED/high school diploma; entered employment; retained employment; and made a transition into postsecondary education/training. Unless otherwise noted, the use of the term "NRS Core Measures" indicates that states incorporated all five measures into their PBF systems.

The state employs a harm-and-gain limit that restricts funding losses to 90 percent and funding gains to 105 percent of the prior year allocation to protect providers from substantial funding shifts.

TA also focused on identifying training needs based on results of the provider survey. The survey was administered to 46 participants using a web-based platform, and a total of 29 program directors responded (63 percent response rate). Survey results included:

- ▶ The majority of respondents (89 percent) reported understanding how the formula operates.
- ▶ Respondents considered removing only the employment and postsecondary measures from the formula, with one commenting that programs have few reliable ways to track students once they leave.
- ▶ The majority of respondents (72 percent) reported an increase in student outcomes since formula implementation. Fifty-nine percent reported an increased use of data for decision making in their programs.
- ▶ Providers requested TA for their program staff and instructors in understanding formula operation (72 percent) and clarifying state policies (59 percent), with regional or statewide training (72 percent) or written explanations of formula operation (59 percent) as preferred delivery methods.

Implementation Status

State administrators plan to implement the current funding system again in 2011–12 and will convene program directors during 2012 to discuss whether changes to base or PBF components are needed. In the interim, state administrators are offering professional development to local providers, including individualized training, to address the needs identified in the survey for a better understanding of formula operation. As of October 2010, the state planned to continue monitoring the operation of its funding system and providing TA and training to local programs to help program staff improve instructional services.

For more information, contact:

Alabama Adult and Community Education Program
Department of Postsecondary Education
(334) 293-4551
<http://www.accs.cc/AdultEduDivision.aspx>



TA Needs

In December 2009, Iowa applied for TA to modify its PBF system after state representatives attended the second national workshop in October 2009. Motivated by greater attention to its

workforce and the changing needs of its adult learner population, the state requested support in revising its funding system to incorporate more current indicators of the need for adult education services within a county, reexamine the minimum grant amount for small providers, and improve the accuracy of data collection and record entry across the state. The previous funding system allocated adult education resources to local providers based on need, as defined by Census data and information from the Iowa State Adult Literacy Survey, and performance, rewarding providers for achieving state-established performance goals.

TA Activities

Between March and November 2010, Iowa Department of Education (IDE) administrators worked with TA facilitators to convene a task force to participate in PBF system development. Task force members included state administrators and representatives from the state's 15 community colleges that provide adult education services. The task force met in person, on June 2 and October 25, 2010, and for an additional half-day on August 25, 2010. State administrators provided additional input on funding models during conference calls.

Data quality was an important issue raised by state administrators and task force members throughout PBF system development. TA activities therefore focused on how to improve data quality for PBF allocations and emphasize data quality in the new funding system. For example, the state examined ways to streamline its enrollment data in three different data systems by including an enrollment-based allocation in the base formula.

Outcomes

By the end of TA, the state had identified new base and PBF criteria to incorporate into the adult education funding system. The state agency has adopted plans to improve its program monitoring process to ensure data quality and accuracy and will incorporate a monitoring tool into the PBF component to provide financial incentives for improving local data quality. The state appointed small groups of task force members to continue discussions and further define funding criteria and weighting. As of November 2010, Iowa's proposed funding system consisted of the following:

Base Funding (to be determined)

- ▶ Institutional grant: a flat grant to all providers to ensure that small programs receive sufficient funds for basic operational costs.
- ▶ Enrollment: based on a three-year rolling average and a combination of total enrollment and federal enrollment data, with the latter weighted at 75 percent of the enrollment allocation, to emphasize the state goal of retaining students for at least 12 hours of instruction.
- ▶ Need: defined by a three-year rolling average of rates of high school non-completion; poverty; unemployment; and limited English proficiency.
- ▶ Rural compensation: an additional flat grant to providers serving rural areas.

Performance-Based Funding (to be determined)

- ▶ Total outcomes achieved on the following measures:

- Three NRS Core Measures: educational gain, GED attainment, and transition into post-secondary education/training.
- State GED test pass rate.
- ▶ Number of performance targets met on the following measures:
 - Three NRS Core Measures: educational gain, attain GED, and transition into postsecondary education/training.
 - State GED test pass rate.
- ▶ Data quality
 - Points awarded on an annual program monitoring tool, which the state will develop this year.

Implementation Status

As of November 2010, the state intended to implement the revised PBF system on July 1, 2011. To do so, it created a process for gathering final task force recommendations related to pending formula decisions. At the October meeting, task force members joined one of the following small groups, which would review available state data to further define proposed funding criteria:

- ▶ Group 1—institutional grant, harm-and-gain limits, and data quality.
- ▶ Group 2—enrollment and performance.
- ▶ Group 3—county need and rural compensation.
- ▶ Group 4—formula criteria weighting, including overall base and PBF percentages and percentages for each funding criterion.

The small groups will have submitted recommendations to the state by December 1, 2010. IDE administrators will make final formula decisions and submit the proposed funding system for required agency approvals. The state also will update its program monitoring process so that it is aligned with the system's emphasis on data quality and incorporates the monitoring tool into the PBF formula.

For more information, contact:

Iowa Division of Community Colleges and Workforce Prep
State Department of Education
(515) 281-3125

http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=2040&Itemid=2131



TA Needs

In December 2009, Maryland applied for TA to develop a PBF system after state representatives attended the second national workshop in October 2009. Although Maryland had implemented PBF previously, the state had not updated its formula since its last grant competition in 2002. The state applied for TA to help integrate more current and relevant criteria into its funding system.

In 2002, the state allocated resources to local providers based on the need for adult education services within a county, enrollment, and performance criteria. Providers continued to receive the same allocations in subsequent years. In 2009, the state adult education agency moved from the Department of Education to the Department of Labor, Licensing, and Regulation (DLLR). This move allowed administrators to reexamine the adult education funding system, especially in light of recommendations from a group overseeing the transition to establish new guidelines for distributing funds.

Maryland requested assistance in revising its funding system to incorporate updated demographic and performance data, convening a task force for PBF system development, and identifying state professional development and training needs related to PBF. At the same time, the state conducted a new grant competition in June 2010 and established a new base funding formula for distributing funds based on need and enrollment criteria.

TA Activities

Between January and September 2010, TA facilitators worked with DLLR administrators to convene a task force of representatives from local programs (including those at community colleges, local education agencies, and community-based organizations); DLLR representatives; and a local foundation representative. Facilitators guided the group through a customized PBF development process. The task force met twice in person, on April 21 and September 14, 2010, and again by webinar, to review possible PBF approaches and recommend new funding criteria. The state initially planned to consider both new base and PBF criteria but decided to focus solely on PBF, after introducing the new base formula in the June 2010 grant competition. Customized TA activities were adapted to develop a PBF component that would be aligned with the new base formula.

Outcomes

By the end of TA, Maryland had agreed to incorporate a PBF component into its funding system in addition to new base criteria adopted in June 2010. After reviewing funding models with both base and PBF criteria, state administrators determined that they had addressed many task

force recommendations in the June 2010 base formula. As of September 2010, Maryland's proposed funding system consisted of the following:

Base Funding (95 percent of total resources)

- ▶ Providers receive 95 percent of the previous year's allocation. For FY11, these allocations were based on county need data (e.g., educational attainment and English language proficiency rates) and enrollment.

Performance-Based Funding (5 percent of total resources)

- ▶ Number of outcomes achieved on the following measures (50 percent of PBF resources):
 - NRS Core Measures.
- ▶ Number of performance targets met on the following measures (50 percent of PBF resources):
 - NRS Core Measures.
 - Program improvement, comparing the percentage of overall educational functioning level completions in one year to that in the previous year.
 - Pre- and post-test rates.

DLLR administrators plan to allocate the state's various funding streams separately for administrative and reporting purposes. They will use the same criteria for each allocation source, adjusting performance measures and other data to address the specific populations served by a funding stream. For example, a separate funding stream supports adult secondary education (ASE) programs. PBF will be awarded to ASE providers according to their performance on select ASE measures, such as the attainment of a GED or high school diploma. The formula, therefore, will change slightly depending on the funding source.

Implementation Status

As of October 2010, the state intended to implement the new funding system in July 2011. In the interim, the state will make final formula-related decisions and establish any required policies to support PBF implementation, reconvening the task force as necessary. Before implementation, the state will do the following:

- ▶ Identify specific performance measures for each service category (e.g., ABE, ASE, ESL, etc.).
- ▶ Define harm-and-gain limits. While the task force supported a harm limit, the state suggested that setting base funding at 95 percent essentially will hold providers harmless at that level.
- ▶ Determine an approach for including new providers in PBF allocations for the next grant competition.

For more information, contact:

Maryland Division of Workforce Development and Adult Learning
Maryland Department of Labor, Licensing and Regulation
(410) 767-0162

<http://www.dllr.state.md.us/employment/>



Massachusetts

TA Needs

After state representatives attended the first national workshop in January 2009, Massachusetts applied for TA in February 2009 to develop a PBF system. The state requested support to continue PBF discussions that had occurred at the workshop to determine whether, and, if so, how to incorporate PBF into the existing funding system.

Although Massachusetts had not implemented a PBF system before receiving TA, the state had taken steps to prepare for eventually adopting PBF. For example, the state Adult and Community Learning Services (ACLS) division convened a task force to explore performance standards for the state accountability system in 1999. Another group of program administrators convened in 2001 to further define and implement an accountability system for adult basic education (ABE). This system evaluates local program performance annually on six performance standards related to student achievement and goal attainment. As a next step, ACLS wanted to connect its accountability system to PBF and reward providers for their performance.

TA Activities

Between March and November 2009, ACLS administrators worked with facilitators to design TA activities to help the state determine whether to integrate PBF into the funding system and to articulate the rationale for doing so. The state convened a task force of local program representatives and state administrators, which met in person twice, on July 21 and November 5, 2009, and in two webinars. Facilitators designed customized TA activities to help task force members understand PBF basics; shared information on other state funding systems; discussed possible PBF allocation criteria; and reviewed PBF funding models potentially applicable in Massachusetts. Facilitators also helped the state explore ways to integrate its existing accountability rubric into a PBF formula, so a familiar rating scale could be used to reward provider performance.

Outcomes

By the end of TA, the task force had unanimously recommended that ACLS implement a PBF system, noting that PBF was an important next step in connecting its accountability system with funding and achieving the state goal of improving overall program performance. Task force members also opted to reward providers showing continuous improvement from year to year, even if they do not accrue many performance points. The group decided against incorporating new base criteria, because the state already had a system for distributing base resources. Instead, the task force suggested that the state implement PBF gradually, initially allocating 3 percent of total resources based on provider performance. The state will increase this percentage over time.

as it assesses the true impact of PBF. As of November 2009, Massachusetts's proposed PBF system consisted of the following:

Base Funding (97 percent of total resources)

- ▶ No changes.

Performance-Based Funding (3 percent of total resources)

- ▶ Allocated to providers based on total points accrued in the state accountability system. The system measures provider performance against standards for attendance; average attended hours; pre- and post-test rates; learner gains; setting and meeting student goals; and NRS educational functioning level completion. The state adopted a four-tiered approach to distributing PBF resources:
 - Tier 1 (Advanced): Providers accruing 23–25 points receive a 2.5 percent funding increase.
 - Tier 2 (High Satisfactory): Providers accruing 19–22 points receive a 1.5 percent funding increase.
 - Tier 3 (Satisfactory): Providers accruing 15–18 points do not gain funds.
 - Tier 4 (Low Performing): Providers accruing 0–14 points lose 2.5 percent of their funds but are eligible for continuous improvement funds.

Continuous Improvement Allocation

- ▶ An award of \$2,000 to programs in Tier 4 that improve at least 2 points from the previous year.

In addition to these PBF components, the task force recommended adopting a four-year harm-and-gain limit to help providers understand the PBF system and minimize funding shifts caused by PBF implementation. In the first year, all providers would be held harmless at their previous allocation amounts, with the harm limit decreasing to 99 percent in the second year, 98 percent in the third year, and 97 percent in the fourth year. The gain limit would increase at the same rates.

Implementation Status

After TA ended in November 2009, the task force met again to review the PBF models with updated program data and to recommend policy changes to support the new funding system. These included tracking learning gains for ABE and ESL students separately, developing a professional development plan for low-performing programs, and providing incentives for timely data reporting. The task force recommended that the state implement these new policies for at least four years, starting in March 2010, before instituting the new PBF system.

As of October 2010, the state reported that it is continuing to track program performance according to the performance tiers created for the PBF model. The task force will reconvene, as needed, to review new PBF-related policies and determine if and when to fully implement the new system.

For more information, contact:

Massachusetts Adult and Community Learning Services
State Department of Elementary and Secondary Education
(781) 338-3805
<http://www.doe.mass.edu/acls/>



Montana

TA Needs

In December 2009, Montana applied for TA to develop a PBF system after a state representative attended the second national workshop in October 2009. In 2007, the Montana Adult Basic and Literacy Education (ABLE) division of the Office of Public Instruction implemented PBF to allocate an increase in state ABLE funds to local providers. PBF was used only for new funds and did not include other state and federal funds. In 2008, a small PBF task force recommended that the PBF formula be expanded to include all adult education resources. After a year of implementation, Montana applied for TA to help a larger task force explore other PBF models and increase their understanding of PBF operation. The state wanted to undertake a more thorough process for PBF system development, one that was transparent and supported by local providers.

The state requested support in developing a funding system that ensures access to adult education services throughout the state. The original funding formula targeted additional resources to small, rural programs by inflating enrollment numbers for programs serving fewer than 100 students. One reason for requesting TA was to explore other options for addressing the needs of small programs and providing services across the state.

TA Activities

Between January and September 2010, ABLE administrators worked with TA facilitators to convene an expanded PBF task force to evaluate federal and state funding formulas, identify funding priorities to guide PBF system development, and recommend new base and PBF criteria to revise the current funding system. Representatives from local programs and state ABLE administrators participated on the task force, which met twice in person, on April 8 and June 28–29, 2010. The group also provided input on alternative funding models and received updates about system development by webinar. To complete the development of its system, the state contracted separately with MPR Associates, Inc. to conduct a third task force meeting in October 2010 and to help program directors understand formula operation.

In response to the state's request, facilitators also shared an approach for modeling provider allocations for use in distributing 2010–11 ABLÉ resources. Facilitators reformatted the state's 2010–11 spreadsheets to improve their ease of use and appearance and to link with funding models for future allocation cycles.

Outcomes

By the end of TA, the state had agreed to use one formula to allocate both federal and state resources and to include revised base and PBF criteria. The previous funding system contained separate, though similar, formulas for allocating federal and state resources. The task force recommended other changes to the funding system, including revising enrollment allocations to include only students receiving at least 12 hours of instruction and updating needs-based indicators to include more current demographic information. The state also considered options for targeting resources to small, rural programs and chose to include an institutional grant in place of its previous tiered-enrollment allocation.

Updates to the PBF formula focused on the allocation approach, rather than on performance measures, because the task force recommended using the same performance measures as used in the previous PBF formula. The group suggested allocating resources based on both student and program outcomes, rewarding programs for the total number of raw student outcomes achieved and attainment of state-established performance targets. Previously, PBF awards were based just on student outcomes. This change to the PBF component will reward both student and program performance and ensure that small and large programs can compete for PBF resources. As of September 2010, Montana's revised funding system consisted of the following:

Base Funding (60 percent of total resources)

- ▶ Enrollment (55–65 percent of base funding, depending on the amount allocated as an institutional grant), using a two-year rolling average.
- ▶ Need (25 percent of base funding), to be defined by rates of poverty, unemployment, and/or welfare receipt.
- ▶ Institutional grant (10–20 percent of base funding), which likely will provide differential amounts to programs based on their size.

Performance-Based Funding (40 percent of total resources)

- ▶ Number of outcomes achieved on the following measures (62.5 percent of PBF resources):
 - NRS Core Measures, based on a two-year rolling average.
- ▶ Number of performance targets met for the following measures, compared with state-established targets (37.5 percent of PBF resources):
 - NRS Core Measures, with points awarded for meeting targets within educational functioning levels prorated based on the proportion of total enrollment served at each level.

Implementation Status

As of October 2010, the state was preparing to implement the funding system in July 2011 and had invested additional state resources in finalizing formula components and introducing the sys-

tem to providers. The state held a third task force meeting in October 2010, at which time the task force reviewed updated funding models and made final formula recommendations. Facilitators will work with state administrators to address these recommendations, including finalizing the need-based allocation and defining the purpose of the institutional grant. The state particularly wants to account for the high costs of small- and medium-sized programs and will explore various types of institutional grants to ensure that these programs receive sufficient funds. Facilitators also will conduct a presentation at a statewide dissemination conference in February 2011 to help all programs become familiar with the PBF process and final model.

For more information, contact:

Montana Division of Adult Basic and Literacy Education

State Office of Public Instruction

(406) 444-4443

http://www.opi.mt.gov/Programs/CTAE/index.html?gpm=1_2Index.html



Nebraska

TA Needs

Nebraska applied for TA in February 2009 to support the state's transition from a historical funding system, which allocated funding according to historical precedent, to a formula incorporating new base and PBF criteria. Administrators attended the national workshop in October 2009, while also participating in the TA project, to strengthen their understanding of PBF and learn about other state funding systems. Nebraska wanted to develop a funding system that maintained access to services throughout the state by ensuring that small, rural programs would receive sufficient funds to operate. State administrators expressed a need for education on the purpose and use of PBF and hoped that PBF would function as a tool to improve state performance.

TA Activities

Between March and November 2009, facilitators focused on educating the state and task force members about PBF system operation and identifying funding priorities and potential funding criteria. Task force members included program representatives, a data specialist, and state administrators. The task force met twice in person, on July 15 and October 7, 2009, and provided additional input on funding models during conference calls and webinars. Facilitators also gave a virtual presentation to program directors to introduce them to PBF and review the task force's progress.

Although Nebraska had not implemented PBF before participating in TA, the state had begun to evaluate program performance on state-established performance objectives. This included defining high-performing programs as those that achieved at least 101 percent of state-established targets. After considering various approaches to allocating PBF resources, the task force ultimately agreed to incorporate this performance scale into the formula to ensure consistency. TA activities focused on reviewing performance targets and considering other measures to supplement those already in the state's performance system.

Outcomes

By the end of TA, state administrators had agreed on an approach to allocating PBF resources, though they had not finalized a base funding formula because of concerns about the shifts in provider resources that would result from the recommended criteria. Administrators wanted to ensure sufficient resources for small, rural programs but felt that base criteria directed most resources to urban programs in Omaha. The task force explored options for maintaining a portion of the historical formula as base funding, but ultimately they supported developing an entirely new funding system to ensure more equitable allocations. The group recommended adopting new base criteria and suggested a gradual transition from the historical funding model to a new model. As of November 2009, Nebraska's proposed PBF formula consisted of the following:

Base Funding (95 percent of total resources)

- ▶ Enrollment (25 percent of base funding), allocated based on a combination of NRS and total enrollment in the first year and as a three-year rolling average of NRS enrollment in subsequent years.
- ▶ Need (42 percent of base funding), defined by educational attainment data from the 2000 Census.
- ▶ Institutional grant (13 percent of base funding), still to be defined, but intended to award differential grant amounts based on program size, with smaller programs receiving more funds than larger programs.
- ▶ Rural compensation (20 percent of base funding), still to be defined. The state is exploring options for identifying rural programs based on population density or county population.

Performance-Based Funding (5 percent of total resources)

- ▶ Achievement of 101 percent of state-negotiated performance targets for the following measures, with funds awarded as a \$6,500 performance bonus for each eligible program:
 - NRS Core Measures, including all 11 educational functioning levels.
- ▶ Remaining PBF funds are allocated based on the total number of outcomes achieved on the following measures:
 - NRS Core Measures, with outcomes achieved by students in the three lowest ABE levels given double weight.
 - Significant test score gains, as defined by the test publishers for each assessment.

State administrators also decided to hold providers harmless at 2 percent, so that they would be guaranteed at least 98 percent of their previous year's funding, at least for the first year of im-

plementation. Similarly, the state proposed to cap provider gains at 10 percent, so that no provider could exceed 110 percent of its previous allocation.

The state also is considering gradually implementing the new PBF system to protect providers from abrupt changes in funding. In the first implementation year, providers would receive 95 percent of their previous year's allocation. The remaining 5 percent of resources would be allocated as PBF. New base criteria would be introduced in the second year of implementation.

Implementation Status

After finalizing PBF criteria in November 2009, the state needed to make final decisions related to base funding criteria. State administrators planned to examine the purpose of the institutional grant and rural compensation to determine the appropriate combination of these criteria to ensure sufficient resources for small, rural programs. The state decided to postpone PBF implementation until these decisions were made and to allow providers to adjust to state funding decreases before further changing the funding system. As of October 2010, the state reported that PBF implementation has been delayed further, due to additional budget cuts, but that administrators continue to consider other ways to reward performance. The state incorporated performance criteria into its scoring rubric for grant proposals this year and plans to implement PBF in the future.

For more information, contact:

Nebraska Adult Education

State Department of Education

(402) 471-4807

<http://www.education.ne.gov/ADED/home.htm>



Nevada

TA Needs

In December 2009, Nevada applied for TA to develop a PBF system after state representatives attended the second national workshop in October 2009. Nevada had not held an adult education funding competition since 2001 and requested TA to examine and correct possible disparities in its adult education funding system. The state previously allocated grants to local providers based on the amounts they requested in their applications, available state funds, and recommendations from the grant review committee. Provider performance was not a factor in allocations. By moving toward PBF, the state sought to develop a new funding system based on transparent, fair criteria, one that would encourage program improvement by rewarding success.

TA Activities

Between January and September 2010, the state worked with facilitators to convene a task force consisting of representatives from the state's eight programs and administrators from the Nevada Department of Education (NDE), including the state assessment administrator and professional development coordinator. The task force met twice in person, on April 15 and June 24, 2010, and by webinar. To complete the development of its system, NDE contracted separately with MPR Associates, Inc. to conduct a third task force meeting and help participants achieve consensus on final funding recommendations.

TA activities were designed to help the task force understand PBF operation and make a gradual transition from a historical funding system to PBF. Task force discussions focused on support for programs during the transition to new base and performance criteria and addressing specific state characteristics, such as the state's many rural areas outside of two urban centers and high number of limited-English-proficient residents. Task force members also requested that the new system continue to fund the state's two learning disability resource centers.

Outcomes

By the end of TA, the state had agreed to allocate resources to providers according to new base and PBF criteria, along with a portion of their previous allocation to ease the transition to the new system. The state also developed a five-year plan for phasing in the new funding system. As of September 2010, Nevada's proposed funding system consisted of the following:

Base Funding (80 percent of total resources in Year 1, decreasing to 65 percent by Year 5)

- ▶ Historical funding amounts (80 percent of total resources in Year 1, decreasing to 0 percent by Year 5). As historical funding decreases, the following criteria will be introduced:
 - Enrollment, using a three-year rolling average (0 percent in Year 1, increasing to 25 percent by Year 5).
 - Need (0 percent in Year 1, increasing to 23 percent by Year 5), defined by educational attainment (from the American Community Survey) and rates of limited English proficiency (from state elementary and secondary school data).
 - Institutional grant (\$0 in Year 1, increasing to \$60,000 for each provider by Year 5).
 - Rural program adjustment (0 percent in Year 1, increasing to 3 percent by Year 5) for programs operating sites more than 50 miles from the main program site and serving an average of 10 students each year.
 - Learning disabilities allocation (\$0 in Year 1, increasing to \$20,000 each for two providers by Year 5), distributed as a flat grant to two specified learning disability centers.

Performance-Based Funding (20 percent of total resources in Year 1, increasing to 35 percent by Year 5)

- ▶ Number of outcomes achieved on the following measures (50 percent of PBF resources):
 - Two NRS Core Measures, educational gain and GED attainment, measured as a three-year rolling average.

- ▶ Number of performance targets met for the following measures (50 percent of PBF resources):
 - Two NRS Core Measures, educational gain and GED attainment, with target points awarded for meeting targets within educational functioning levels prorated based on the proportion of total enrollment served at each level.

State demographic data on educational attainment and English proficiency suggest that 75 percent of the need for adult education services is in the Las Vegas area. Task force members determined, however, that allocating the majority of need-based funds in this way would leave limited resources for other parts of the state. As a result, the state decided to cap the need allocation for Las Vegas at 55 percent to ensure sufficient resources for programs elsewhere in the state.

Implementation Status

As of October 2010, the state intended to phase in its new funding system in July 2011. A new state director had been hired and will oversee funding system implementation, along with other state administrators who participated in PBF system development.

To ensure the sustainability of its funding system, the state plans to identify provider training needs related to PBF and provide TA to help providers understand the relationship between their performance data and funding allocations. State administrators also will revisit task force recommendations for other possible performance measures to include—if data quality improves—such as program quality measures related to teacher involvement and professional development, significant education gain, and student persistence. Finally, the state plans to review the funding system annually to ensure that allocations are fair and realistic and to update funding criteria, as necessary, so that they are aligned with state goals.

For more information, contact:

Nevada Career, Technical, and Adult Education Office
State Department of Education
(775) 687-7289
<http://www.literacynet.org/nvadulted/>



New Mexico

TA Needs

In February 2009, New Mexico applied for TA to develop a PBF system after state representatives attended the first national workshop in January 2009. The state allocates federal and state adult education resources separately through two different formulas. New Mexico adopted a PBF

approach for allocating federal resources in 2005 but had not yet added a PBF component to its state formula. The federal PBF component awarded incentive grants to programs that met or exceeded state-established performance targets and state goals. The formula for allocating state resources, however, had not been updated in more than 15 years; the state requested support to review its state funding formula and incorporate PBF criteria. The state formula allocated a flat grant amount to every program (to cover administrative costs for programs serving up to 75 students) and a weighted enrollment amount for additional students, based on student level. New Mexico also wanted to align state and federal formulas to maximize services offered by local programs.

TA Activities

Between March and November 2009, administrators from the New Mexico Higher Education Department (NMHED) convened a task force to examine the allocation formula for distributing federal resources and adopt new base and PBF criteria for allocating state resources. The task force, composed of representatives of local programs and NMHED staff, met in person, on June 17–18 and September 24–25, 2009, and by webinar. Participants continued discussions between meetings on a blog for the task force set up by the state.

Task force members identified program quality, student success, and access to services as important state goals to guide PBF system development. State statute provided a further framework for selecting funding criteria, which included student socioeconomic status, cost of program delivery, and types of programs offered. TA activities were designed to develop a funding system that was aligned with state goals and statutory requirements. TA activities also focused on exploring the benefits and challenges of the existing state formula and determining whether to keep or change its base funding criteria, in addition to adopting PBF criteria. Ultimately, the group felt that defining new base criteria would better help the state achieve its goals.

Outcomes

By the end of TA, the task force had agreed on new base and PBF criteria for allocating state adult education resources and aligning state and federal formulas. The task force also recommended that a program improvement allocation be included as part of base funding to reward programs that improve over time but may not qualify for PBF. As of November 2009, New Mexico's proposed funding system for allocating state resources consisted of the following:

Base Funding (95 percent of total state resources in Year 1, decreasing to 25 percent by Year 3)

- ▶ Institutional grant (30 percent of base funding), allocating \$50,000–\$70,000 to programs, depending on program size.
- ▶ Need (5 percent of base funding, to increase to 25 percent over time):
 - Target population: number of adults aged 18 and older without a high school diploma or GED or who speak English “less than very well,” using 2008 state estimates based on the 2000 Census.

- ▶ Enrollment, based on a three-year rolling average (64 percent of base funding, to decrease over time).
- ▶ Program improvement (1 percent of base funding), allocating \$2,000 to eligible programs that improve at least 0.5 points on specified performance measures from the previous year.

Performance-Based Funding (5 percent of total state resources in Year 1, increasing to 25 percent by Year 3)

- ▶ Number of performance targets met on the following measures:
 - Four NRS Core Measures: educational gain, attain GED/high school diploma, enter employment, and make a transition to postsecondary education.
 - Distributed as flat performance awards, depending on the number of targets met.

Allocating state PBF resources using program performance targets helped improve alignment with criteria in the federal formula, which allocates PBF resources based on student outcomes. The same measures now are included in both formulas, with the state formula rewarding overall program performance and the federal formula rewarding individual student performance.

To support providers in making a transition to a new state funding system, NMHED instituted a four-year harm-and-gain limit to cap provider losses and gains. In the first year, the limit would be set at 5 percent, so that no program could lose or gain more than 5 percent during that year. Harm-and-gain limits will be phased out gradually.

Implementation Status

As of October 2010, the state reported that it implemented the new state funding formula in July 2010. Allocations were based mostly on the formula described above, except that the institutional grant was decreased to \$20,000 and the program improvement allocation was not included. Providers were held harmless at 95 percent of their previous state allocation during the first year of implementation and received federal resources according to an updated federal formula. In 2011, the state plans to revise the state formula further by increasing the PBF component to 10 percent of total resources, decreasing the enrollment allocation by 5 percent, and introducing the program improvement allocation.

For more information, contact:

New Mexico Adult Basic Education
State Higher Education Department
(505) 476-8420

<http://hed.state.nm.us/content.asp?CustComKey=349137&CategoryKey=358354&pn=Page&DomName=hed.state.nm.us>



New York

TA Needs

In February 2009, New York applied for TA to develop a PBF system after state representatives attended the first national workshop in January 2009. At that time, the state had begun to evaluate provider performance, using a report card approach to score and rank performance. These performance scores were factored into annual funding decisions but were not linked directly to the state adult education funding system, which allocated state resources based on contact hours. The state requested support in updating its state funding formula to include a performance component and other possible base criteria.

TA Activities

Between March and November 2009, administrators from the New York State Department of Education (NYSDE) worked with facilitators to convene a task force to participate in PBF system development and consider new base and performance criteria for allocating state funds. Representatives from state-funded adult education programs in each state region served on the task force, along with members from programs at each of the state's five largest school districts. Representatives from other programs potentially eligible for state funds in future funding cycles, such as programs at community-based organizations, libraries, colleges, and volunteer organizations, also were included. The task force met twice in person, on June 12 and September 23, 2009, to explore PBF options and provided additional input by webinar.

The task force discussed the benefits and challenges of incorporating a PBF component into its adult education funding system and, after reviewing options, decided to initially limit PBF to state funding. TA activities were tailored to address specific state requirements, such as basing a portion of funding on provider contact hours and adjusting for regional cost structures. The task force also worked to align recommended funding criteria with state goals for adult education.

Outcomes

By the end of TA, the state had agreed upon new base and PBF criteria to incorporate into its adult education funding system. As of November 2009, New York's proposed funding system consisted of the following:

Base Funding (85 percent of total resources)

- ▶ Contact hours (90 percent of base funding).
- ▶ Need (10 percent of base funding):
 - Target population: the number of individuals aged 18 and older who are not enrolled in school and do not have a high school diploma (33.3 percent of need).
 - Poverty (33.3 percent of need).

- Low literacy: the number of people aged 18 and older who do not speak English well (33.3 percent of need).

Performance-Based Funding (15 percent of total resources)

- ▶ Number of outcomes achieved on the following measures (50 percent of PBF resources):
 - NRS Core Measures
- ▶ Number of performance targets met for the following measures (50 percent of PBF resources):
 - NRS Core Measures: target points awarded for meeting targets within educational functioning levels prorated based on the proportion of total enrollment served at each level.

The state also adopted harm-and-gain limits. In the first year of implementation, all providers would receive either 98 percent or 110 percent of their previous year's allocation.

Implementation Status

At the end of TA, the task force questioned whether the recommended funding criteria would cause funding shifts among providers that were too drastic. They requested that the state revisit the criteria before implementation and confirm the accuracy of provider data used for performance allocations. In March 2010, NYSDE administrators indicated to local providers that the PBF system would be implemented in the 2011–12 program year to allow providers to adjust to updated contact-hour data collection procedures. TA facilitators also spoke with NYSDE administrators in April 2010 to explain the operation of the funding system to new staff following the state director's retirement. As of October 2010, the state reported that it plans to update funding models with 2009–10 provider data and, before implementation, assess the effect of performance data on provider allocations. Staff will begin reviewing data in November 2010 and determine whether to modify the formula before implementation.

For more information, contact:

New York Adult Education and Workforce Development
State Education Department
(518) 474-8940
<http://www.aewd.nysed.gov/aapp/>



TA Needs

Pennsylvania applied for TA in February 2009 to develop a PBF system that built upon earlier state efforts to allocate state and federal adult education resources based on provider perfor-

mance. In 2000, the Pennsylvania Department of Education implemented a PBF system for distributing state Adult Basic and Literacy Education (ABLE) funds, thereafter reviewing the formula regularly to ensure alignment with state policies and initiatives. In 2008, the state decided to postpone PBF implementation until it could revise the funding system to serve the needs of local providers more effectively. State administrators requested support in simplifying the funding system, as some stakeholders claimed that it had become too complex and lacked focus. The state set the following goals for PBF system development: distributing funds based on program performance, not just program size; adjusting for program characteristics to allow both large and small programs to compete for PBF resources; adopting simple, transparent funding criteria; and building in safeguards to monitor provider data accuracy and quality.

TA Activities

Between March and November 2009, ABLE administrators worked with TA facilitators to convene a task force to participate in PBF system development. The task force, consisting of local program representatives and state administrators, met twice in person, on June 19 and September 21, 2009, to examine approaches for distributing state resources. Rather than revise the existing funding system, administrators wanted to design a new one.

TA activities, therefore, were designed to guide the task force through all steps in PBF system development. Initial TA activities were designed to clarify state funding priorities, assess the current funding system, and identify base and PBF funding criteria. The task force first considered various approaches to allocating resources, including using state Workforce Investment Act (WIA) regions to identify regional needs for adult education services and adjust for regional cost structures (e.g., cost-of-living differences across the state). The task force then reviewed alternative funding models and considered issues related to system implementation.

Outcomes

By the end of TA, the state had agreed on new base and PBF criteria to incorporate into the adult education funding system. Task force members agreed that all providers should qualify for base funding, according to the number of learners served by each program and the regional need for adult education services. As of November 2009, Pennsylvania's proposed funding system consisted of the following:

Base Funding (85 percent of total resources)

- ▶ Enrollment (60 percent of base funding).
- ▶ Need (40 percent of base funding):
 - Target population: the number of individuals aged 18 and older who are not enrolled in school and do not have a high school diploma (25 percent of need).
 - Unemployment (25 percent of need).
 - Poverty (25 percent of need).
 - Low literacy: the number of people aged 25 and older with less than a ninth-grade education (25 percent of need).

Performance-Based Funding (15 percent of total resources)

- ▶ Number of outcomes achieved on the following measures (50 percent of PBF resources):
 - NRS Core Measures, adjusted to account for average outcomes per student and program size.
- ▶ Number of performance targets met on the following measures (50 percent of PBF resources):
 - NRS Core Measures: points awarded for meeting targets within educational functioning levels prorated based on the proportion of total enrollment served at each level.

The state also incorporated harm-and-gain limits to minimize funding shifts among providers during the first year of implementation. Each year, programs will retain at least 95 percent of their previous year's allocation and can gain no more than 110 percent.

Implementation Status

As of October 2010, the state reported that the base component of its new funding system was implemented in July 2010 and that it plans to implement the PBF component in July 2012. The state postponed PBF implementation to allow providers to adjust to state funding decreases and the requirements of a new data system, as well as to improve data quality for determining performance allocations. Allocations to providers for 2010–11, therefore, were based on need and enrollment. Pennsylvania made a slight revision to its base formula by adding an indicator of need focused on postsecondary training and employment from data collected by the state Department of Labor and Industry. Otherwise, the base formula was implemented as described above.

To prepare for implementation, ABLE staff conducted two webinars for program directors: one to introduce the funding applications for 2010–11 and the other to describe the proposed PBF model. The state plans to implement the proposed PBF formula as outlined above and to establish a minimum grant amount and enrollment requirements for funding eligibility.

For more information, contact:

Pennsylvania Bureau of Adult Basic and Literacy Education

Pennsylvania Department of Education

(717) 772-3737

[http://www.portal.state.pa.us/portal/server.pt/community/adult basic and literacy education%28able%29/8703](http://www.portal.state.pa.us/portal/server.pt/community/adult_basic_and_literacy_education%28able%29/8703)



Rhode Island

TA Needs

In February 2009, Rhode Island applied for TA to develop a PBF system after state representatives attended the first national workshop in January 2009. The state's interest in PBF came partly in response to a legislative request that at least 40 percent of state federal and state adult education resources be allocated based on provider performance. Rhode Island requested support in creating a new state funding system, communicating the goals of PBF to key stakeholders, and updating them on progress made by the task force during the system development process.

Before receiving TA, administrators from the Rhode Island Department of Education (RIDE) introduced a three-year grant competition in 2008 that took provider performance into account in funding decisions. This laid the groundwork for PBF implementation because funding eligibility was based on providers' annual performance review scores. As part of its annual performance review process, RIDE also awarded bonuses to programs exceeding state-negotiated targets and offered support to programs failing to meet targets. These efforts provided the state with initial evidence that a greater focus on provider performance would increase overall performance and enabled administrators to move toward a full-fledged PBF system.

TA Activities

Between March and November 2009, RIDE administrators worked with TA facilitators to convene a task force to participate in system development and give presentations on PBF at two state leadership institutes. Task force members included program representatives, state professional development staff, adult education students, and RIDE administrators. The task force met twice in person, on May 29 and August 11, 2009, and provided additional input on funding models during conference calls and webinars. Program directors across the state kept informed of task force progress and offered input into formula development during presentations held in conjunction with the two meetings.

Outcomes

By the end of TA, the state had agreed upon new base and PBF criteria to incorporate into the adult education funding system. As of November 2009, Rhode Island's proposed funding system consisted of the following:

Base Funding (85 percent of total resources in Year 1, decreasing to 60 percent by Year 3)

- ▶ Institutional grant (\$30,000 to every eligible program).
- ▶ Regional need (65 percent of base funding):
 - Target population: the number of individuals aged 18 and older who are not enrolled in school and do not have a high school diploma (60 percent of need).

- Poverty (40 percent of need).
- ▶ Enrollment (10 percent of base funding), based on a three-year rolling average.
- ▶ Demand (10 percent of base funding), defined by the number of individuals on program waitlists for more than six months.

Performance-Based Funding (15 percent of total resources in Year 1, increasing to 40 percent by Year 3)

- ▶ Number of outcomes achieved on the following measures (50 percent of PBF resources):
 - NRS Core Measures, with supplemental weights on educational functioning levels for the educational gain measure, according to time required to achieve a level gain.
- ▶ Significant test score gains.
- ▶ Separations before completion (a -0.5 deduction), to identify participants who left a program before completing a level.
- ▶ Number of performance targets met on the following measures (50 percent of PBF resources):
 - NRS Core Measures.
 - Significant test score gains (compared with the state average).
 - Average student hours (compared with the state average).
 - Separations before completion (compared with the state average).
 - Student satisfaction (compared with the state goal of 75 percent satisfied).

The state also established a policy for collecting program waitlist data, which will factor into the demand portion of base funding. State administrators planned to improve and expand a pilot student engagement survey in order to collect more data on student satisfaction and ensure data consistency for this measure in the PBF formula.

Rhode Island also planned to adopt harm-and-gain limits to cap the amount of funds providers could gain or lose in the new system based on their annual performance review scores. This would allow top performers to be held harmless at a higher rate than low-performing programs in order to ensure that the proposed PBF system effectively rewarded high-performing programs.

Implementation Status

After finalizing funding criteria in November 2009, the state needed to prepare for formula implementation. This included clarifying performance definitions for the harm-and-gain limits and developing a plan for gradual implementation of the funding system to meet the 40 percent PBF requirement by the third year of operation. After the state director's departure, the state postponed implementation until a new administrator was hired and could oversee funding system operations.

As of October 2010, the state reported that it plans to implement the formula in July 2011 to allocate 2011–12 program year funding. RIDE administrators shared an implementation plan with providers during the last grant competition and described how they would phase in PBF.

Before implementation, the state intends to reconvene the task force to review funding criteria and related data to ensure alignment with state goals.

For more information, contact:

Rhode Island Office of Career, Technical and Adult Education
State Department of Elementary and Secondary Education
(401) 222-8949
<http://www.ride.ri.gov/adulteducation/default.aspx>



Texas

TA Needs

In December 2009, Texas applied for TA to develop a PBF system after state representatives attended both national workshops. In July 2010, the state revised its current funding system to respond to a legislative requirement that a portion of adult education funds be allocated based on provider performance and other specific criteria. The state requested TA, in part, to evaluate its funding system and consider other approaches to allocating state and federal resources in compliance with the legislation.

Since 2003, Texas has been working toward PBF for adult education in response to a recommendation from the Governor's Workforce Investment Council. The state convened a task force to consider PBF models and, in 2008, submitted a recommended PBF approach to the state education commissioner; PBF was not implemented at that time. In 2009, the state legislature incorporated PBF into the state adult education law and outlined specific guidelines for its use. In June 2010, the state updated the funding system to include a performance component that allocated resources based on provider attainment of state and federal performance targets. Resources previously were allocated according to the need for adult education services in a service area, defined by educational attainment data from the 2000 Census and free or reduced-price lunch eligibility data at the district level, and providers' contact hours.

Although the state had implemented a new formula, administrators recognized a need to broaden the legislative language to incorporate other funding criteria. The state sought TA to understand other funding approaches to recommend changes to the state legislature for future funding cycles.

TA Activities

Between January and September 2010, administrators from the Texas Education Agency (TEA) and Texas Learns (TX Learns) worked with facilitators to reconvene the state PBF task force.

Task force members included local program directors, a retired business representative, and administrators from TEA and TX Learns. The task force met twice, on May 11 and September 1, 2010, to review the current funding system and recommend future changes. Task force activities included building an understanding of the new state PBF system, recommending new criteria for inclusion in the PBF formula, and aligning new funding criteria with legislative requirements.

The previous and current state funding formulas served as a framework to guide TA activities. Task force members requested a better understanding of allocation methods and discussed the benefits and challenges of the two formulas. By revising its funding system, the state sought to balance the goals of improved program quality and increased services.

Outcomes

At the end of TA, the state was reviewing task force recommendations for updating the current funding system and better aligning it with funding priorities identified during task force discussions. Any changes to the state formula, however, require approval from the TEA commissioner, the state board of education, and the state legislature. TEA and TX Learns, therefore, need to prioritize the recommendations. As of September 2010, the state's proposed funding criteria included the following, with changes to the current formula indicated:

Base Criteria

Current legislation mandates that all providers receive a base amount that, at minimum, equals the total funds they received in 2008–09. The task force recommended updating the base formula, if possible, so that it is determined by criteria related to provider characteristics and is recalculated annually. The group identified the following new base criteria:

- ▶ Need. The task force asked the state to identify indicators of need that are available at the county or district levels, relevant to adult education, and timely. The task force suggested that, given data limitations, the formula's current need indicators (educational attainment and free or reduced-price lunch eligibility) no longer meet the criteria of being available, relevant, and timely.
- ▶ Enrollment, based on a three-year rolling average of all students served. This represents a change from the previous formula, which used contact hours to measure the level of services offered by programs.

Performance Criteria

Task force members generally supported the performance measures included in the current funding system and chose to continue rewarding provider performance based on five federal and eight state measures. The group suggested, however, that the state consider a new approach for allocating PBF, instead of the current approach, which determines federal performance awards according to "need." The task force recommended the following PBF criteria and allocation approach:

- ▶ Number of performance targets met on the following measures (no change from current formula):
 - NRS Core Measures.

- State measures: significant test score gain on reading, math, and language arts assessments and on the Best Plus oral interview and literacy skills assessments; total GED attainment; number of students achieving 12 hours of instruction and a pre-test; and number of students achieving 12 hours of instruction, a pre-test, and a post-test.
- ▶ Total number of GEDs attained (included in the current formula as a target, but not as an outcome).
- ▶ PBF allocations to be determined by a pro rata distribution of total targets and outcomes achieved. Currently, legislation requires that federal PBF awards be determined according to regional need. The task force felt that this requirement placed too much weight on need, because need is already factored into the base formula, and suggested that all providers should be able to compete for the same amount of PBF resources, regardless of their need or geographic location.

Implementation Status

As of October 2010, the state planned to review task force recommendations and submit final recommendations to the required agencies for approval. If necessary, the state will convene the task force again to consider specific formula decisions, such as the percentage of total resources to allocate as base funding and PBF and the relative weights of each funding criterion. Ultimately, the state hopes to broaden the language of the legislation to allow more flexibility. According to TEA, the next legislative session begins in January 2011, so the state plans to finalize its recommendations by then. If changes are approved in time, TEA intends to implement a revised funding system in July 2011.

For more information, contact:

Texas LEARNS
Division of Adult Education
(713) 696-0700
<http://www-tcall.tamu.edu/texasLearns/index.htm>

Conclusion

The *Technical Assistance to States on Performance-Based Funding* project was intended to help state policymakers and administrators understand how PBF systems operate and become familiar with the key steps in PBF system development. At two national workshops, representatives from 25 states participated in the PBF development process in order to decide whether to adopt PBF for their states. Twelve states participated in the TA component, with 11 having attended one or both of the national workshops. Of the 12 states that received TA, 6 states had already adopted PBF and sought assistance in revising their funding systems to better meet state needs and align funding criteria with state goals. Five states requested TA to design entirely new funding systems and incorporate PBF into provider allocations for the first time. Another state applied for TA to develop tools to assess the effects of PBF on local providers and educate program directors on its

use. At least 9 states plan to implement (or have already implemented) their new or revised funding systems by 2011, with the others planning to implement them later.

Facilitators reminded state administrators throughout the TA process that PBF funding systems operate in a changing world and both base and performance components should be reviewed periodically to ensure that they continue to address state goals. As state administrators begin to implement their new or refined funding systems, they will need to take time to review and, as necessary, update allocation criteria. Formula adoption also does not end once a new system is operating. To ensure PBF systems function as intended, states should consider providing targeted and ongoing training to help local providers understand how the funding system operates and how they can improve their performance and increase their eligibility for resources.

Appendices

Appendix A: National Training Workshop Application

Appendix B: Technical Assistance Application

Appendix C: Blank Technical Assistance Plan

Appendix A:

National Training Workshop Application

Technical Assistance to States on Performance-Based Funding
A Project of the U.S. Department of Education

Performance-Based Funding in Adult Education

National Training Workshop on Performance-Based Funding:
Application to Participate
Washington, DC
January 13–15, 2009

The Office of Vocational and Adult Education (OVAE), U.S. Department of Education, invites you to attend a national training workshop to learn more about the purposes and use of performance-based funding (PBF) in adult education. Along with teaching you about how PBF operates within adult education, this workshop will provide practical guidance and step-by-step instructions for integrating PBF into your existing state funding formula.

Workshop activities will include presentations on how to convene a state PBF task force, information on the selection of formula components, tools for modeling alternative formulas, and strategies for rolling out new funding models. Facilitated breakout sessions will offer time for discussion of state-specific issues and other considerations that may affect your state. You will leave the workshop with a better understanding of how PBF functions and whether this funding approach is right for you.

OVAE has contracted with MPR Associates, Inc. to design and host workshop activities. MPR project staff who have firsthand experience designing and implementing PBF systems will work alongside current and former state adult education directors. Following the workshop, states will have the opportunity to apply to receive federally funded, individualized technical assistance to support formula development. States need not participate in the January workshop to be eligible for the upcoming technical assistance services. Please note: you will have a second opportunity to attend this workshop next fall.

The project will pay the costs for one person from each state to attend the workshop. Given that the State Director of Adult Education has a unique understanding of state policies, practices, and resources, as well as the authority to make program-funding decisions, we are requesting that you plan to attend the event to represent your state. You may bring one additional participant at the state's expense (i.e., covering travel, lodging, and dinner); however, the project will cover the cost of workshop materials and meals (i.e., breakfast and lunch) for all attendees.

Application Process

Attendance at the workshop is limited to 15 states and capped at 30 participants. To be considered for participation, states must prepare a 2- to 3-page application that includes the following information:

- ❑ Describe your interest in attending the workshop and what you hope to accomplish during the event and afterward.
- ❑ Describe your state's commitment to using PBF and any state fiscal or staff resources you have available to support the effort.
- ❑ Describe any actions you've taken to date to develop and implement a PBF formula. If you have yet to undertake development, explain why you have waited.
- ❑ Describe each person who will attend the workshop and why you think he or she should attend.

Dates and Location

The National Training Workshop on Performance-Based Funding will be held on January 13–15, 2009, in Washington, D.C. Workshop sessions will begin at 8:30 am on January 13, concluding at noon on January 15, 2009.

Application Submission and Deadline

States seeking to participate in the National Training Workshop may submit narrative applications electronically, by fax, or mail. For further information and guidance on completing the application, contact Dr. Steve Klein a 503-963-3757.

Applications must be received no later than **November 19, 2008**.

E-mail Submissions: sklein@mprinc.com

Fax Submissions: 503-238-7501

Mail Submissions: Steve Klein
MPR Associates, Inc.
205 SE Spokane Street, Suite 344
Portland, OR 97202

You will be notified by December 5, 2008 if your state has been accepted for workshop participation.

Appendix B:

Technical Assistance Application

Performance-Based Funding in Adult Education
A Project of the U.S. Department of Education

Application to Receive Training and Technical Assistance

The Office of Vocational and Adult Education (OVAE), U.S. Department of Education, invites you to apply for training and technical assistance as part of its *Performance-Based Funding in Adult Education* project. States selected for participation will receive customized support to help design new or refine existing performance-based funding (PBF) systems, and address other state-specific issues associated with PBF implementation.

The *Performance-Based Funding in Adult Education* project is intended to support state administrators in making informed decisions about PBF and its uses. States participating in the project will have access to information about PBF system design and adoption, as well as strategies for integrating PBF into existing funding systems. Specific technical assistance activities will be tailored to your individual needs and interests. You may apply to participate in the project regardless of your state's past experience using PBF.

MPR Associates, Inc. will design and deliver training and technical assistance activities under contract to OVAE. Beginning in mid-January 2010, states selected to participate will work with a team of two assigned PBF specialists to create a customized technical assistance plan that aligns with your project goals and specific needs; scheduled and ongoing communication between you and your assigned PBF project team will be a component of each plan. Development of the technical assistance plan will occur via a series of teleconference calls with state staff and the assigned project team.

Technical assistance activities will occur between mid-January–September 2010, beginning with the plan development, and may include up to two on-site visits by your assigned specialists. The project will pay the costs for all training and technical assistance services provided by PBF specialists assigned to your state. States will cover the costs of state staff and local provider time, as well as any logistical costs associated with convening a state task force or working group meeting.

Application Process

This competition is open to all states, regardless of whether the state is new to PBF or has already begun to develop and implement PBF systems. To apply for technical assistance, please prepare an application of no more than 10 pages that addresses the following items:

1. Approach to Implementing PBF (15 points)
 - a. Describe your state's current thinking about PBF. (5 points)
 - b. Describe any steps your state has taken thus far to incorporate PBF into your adult education funding system, including any plans that have been developed and implemented. (10 points)

2. Work Plan (20 points)
 - a. Describe your state's goals and expected outcomes for this project and any specific activities you might propose to meet these goals during the life of this nine-month project. (5 points)
 - b. Describe any technical assistance needs and challenges you anticipate in carrying out your plan. (5 points)
 - c. Describe the types of training and technical assistance you seek through participation in this project; for example, training local providers on the basics of PBF operation, selecting PBF funding criteria, modeling alternative funding formulas, etc. (10 points)

3. Capacity (35 points)
 - a. Describe how your state office of adult education will lead and manage the development and implementation of a PBF system. (10 points)
 - b. Describe your management information system and its capacity to support a PBF system. (5 points)
 - c. Describe any existing or future resources that your state may commit to PBF development and use, including staff time, funds, and personnel. (10 points)
 - d. Describe your state's plans to continue the work after the technical assistance ends, including plans for involving the state and field. (10 points)

Commitment

States participating in this project will be required to invest staff time and other resources to support project activities. Submission of this application signals that your state understands that, if selected, you will be expected to carry out your proposed work plan, develop a technical assistance plan in collaboration with MPR and OVAE, and commit to participating in the mutually agreed-upon plan.

Note: Participating states are not required to adopt PBF as a project outcome, only to commit to working with project staff to fulfill the terms of the agreed-upon technical assistance plan.

Application Submission and Deadline

States seeking to participate in PBF training and technical assistance may submit narrative applications electronically, by fax, or by mail. For further information and guidance on completing the application, contact Laura Rasmussen at 202-478-1027.

Applications must be received no later than **December 14, 2009**.

E-mail Submissions: lrasmussen@mprinc.com

Fax Submissions: 202-466-6996

Mail Submissions: Laura Rasmussen
MPR Associates, Inc.
2401 Pennsylvania Ave, NW, Suite 410
Washington, DC 20037

You will be notified by **January 15, 2010** if your state has been accepted for participation.

Appendix C:

Blank Technical Assistance Plan

Performance-Based Funding in Adult Education
A Project of the U.S. Department of Education

Draft Work Plan

State:
State Team Members:
TA Facilitators:
Plan Date:

I. State Goals

This section will summarize the state’s goals for participating in the TA project, the objectives they would need to address to accomplish these goals, and the expected project outcomes.

II. Technical Assistance Needs

Drawing from the state’s applications and planning calls with the state, this section will summarize the expected TA activities and their relationship to state goals.

III. Technical Assistance Activities and Timeline

This section will lay out the TA support that will occur, as organized in the following matrix:

Objectives	Proposed Activities	Required Resources	Dates	Responsible Party/Parties
Objective 1				
Objective 2				

Objective 3				
Objective 4				