

## LITERACY PROGRAM FUNDING

Under the federal Adult Education Act, the federal government provides financial support to assist states in improving educational opportunities for adults. The funding is to be used for literacy programs for those over the age of 16 who are not currently enrolled in school and who lack a high school diploma or the basic skills to function effectively in the workplace and in their daily lives. In Wisconsin, the funds are provided to the Wisconsin Technical College System Board, which under sections 38.001(1m) and (3)(d), Wis. Stats., is responsible for the provision of adult and basic skills education. The Board, in turn, distributes the funds to direct-service providers which include Wisconsin's 16 technical colleges and other groups that work with adults with literacy needs.

Concerns have been raised about the process through which the Board has allocated funding for programs under two different sections of the federal Adult Education Act:

- Section 322, which provides funding for comprehensive and outreach literacy programs, as well as to public housing authorities that conduct literacy programs. Grant awards for these programs totaled approximately \$3.2 million in fiscal year (FY) 1996-97; and
- Section 353, which provides funding for special demonstration and staff development programs. Grant awards for these programs totaled \$573,473 in FY 1996-97.

In particular, questions have been raised about whether Literacy Councils have received appropriate access to federal literacy funding. Literacy Councils are small state or local groups, often under the auspices of two national organizations, the Literacy Volunteers of America and Laubach Literacy Action. These organizations recruit volunteers to tutor adults with literacy needs, and they typically serve local areas such as a county or a city. Literacy Council services are advertised in the community, and services are most often provided without charge. A question has also been raised about whether federal funds are being inappropriately used for technical college administrative costs. No questions have been raised about the funding of programs under a third section of the federal Adult Education Act, Section 326, which provides funding for the education of prison inmates and other institutionalized individuals. Grants awarded for this program totaled \$562,367 in FY 1996-97.

In order to address concerns about the allocation of funding available under the federal Adult Education Act, we reviewed relevant federal and state laws, the state adult basic education plan, and the process by which the Board awards funding. We also interviewed representatives of Literacy Councils and Board staff.

## **Program Description and Funding**

The federal Adult Education Act provides funding to establish adult education programs that will enable adults to acquire the basic educational skills necessary for literate functioning. Programs should provide these adults with sufficient basic education to enable them to benefit from job training and retraining programs, and allow those who so desire to continue their education to the level of secondary school completion.

We reviewed the Board's management of federal funds received under Section 322 and Section 353 of the federal Adult Education Act. Funding provided under Section 322 of the Act is designated for the establishment or expansion of adult education programs carried out by agencies that have the ability to provide literacy services to adults and families. Under Section 353, not less than 15 percent of all federal Adult Education Act funds are designated for two other programs:

- special demonstration projects that use innovative methods, systems, or materials, or involve programs of adult education that are part of community school programs, carried out with other federal, state, or local programs which will likely promote a comprehensive or coordinated approach to the problems of persons with educational deficiencies; and
- staff development programs to train persons who teach and administer adult education programs.

In order to ensure the funding is used appropriately, the federal Adult Education Act also requires the development of a state plan that:

- describes and provides for meeting the literacy needs of the state's residents;
- sets forth measurable goals for improving literacy levels and describes a comprehensive approach for achieving goals;
- describes the means by which the delivery of adult education services will be expanded through coordination by agencies, institutions, and organizations and how representatives of the public and private sector are involved in the development and implementation of the plan;
- sets forth the criteria the state agency will use in approving applications;
- describes the steps taken to utilize volunteers; and
- describes the measures to be taken to ensure that programs, services, and activities assisted under this Act will take into account the results of evaluations of these programs.

The state plan first developed by the Board reflects the federal guidelines included in the Adult Education Act, as well as the Board's specific definitions of program requirements. For example, the state plan, in its interpretation of the federal requirement that Section 322 funding be used to pay for the establishment or expansion of adult education programs, defines adult basic education as a "comprehensive program of instruction." The Board, in implementing the plan, has further defined how such comprehensive instruction is to be provided, through its development of two categories of programs eligible for funding under Section 322 of the Act, including:

- comprehensive programming grants to support the provision of full-service adult basic educational services within a geographic area that the Board defines as a technical college district; and
- outreach program grants that are available to providers of adult basic education programs that serve specific geographic areas within a technical college district as well as specific populations.

In addition, the state plan provides for grants to public housing authorities for literacy programs and related activities.

The first state plan was expected to cover the period from 1989 through 1992. However, as a result of changes made at the federal level, several changes have been made to the plan, and it has been extended by the federal government several different times. For example:

- amendments to the state plan were submitted and approved by the federal government in 1992 after the federal Adult Education Act was amended in 1991 to incorporate, among other changes, a requirement for all organizations serving educationally disadvantaged adults to be provided direct and equitable access to funds for some programs, a 25 percent match of resources, and both proposal and program evaluation criteria;
- amendments regarding indicators of program quality for basic skills programming were submitted and approved by the federal government in 1993; and
- because continued federal funding after June 30, 1996 was uncertain, states were able to extend their state plans, as amended, through FY 1997-98.

Table 1 highlights the major requirements for each of the five programs funded under Sections 322 and 353 of the federal Adult Education Act, as currently administered in Wisconsin by the Board.

Table 1

**Federal Adult Education Act Program Requirements  
As Administered in Wisconsin**

Program <u>Requirements</u>	Section 322 Funding			Section 353 Funding	
	<u>Comprehensive Programs</u>	<u>Outreach Programs</u>	<u>Public Housing Grants</u>	<u>Special Demonstration Projects</u>	<u>Staff Development</u>
Description	Full service within large geographic area, defined in Wisconsin as a technical college district	Serves specific areas or populations	Literacy programs in public housing units	Innovative projects and development of curricula for basic education programs	Training for teachers and others in basic education
Eligibility	Any entity*	Any entity*	Public housing authority or consortium	Technical College Districts and the University of Wisconsin	Technical College Districts and the University of Wisconsin
“Direct and equitable access” to funding federally required	Yes	Yes	Yes	No	No
Percentage of Matching Funds from Provider**	25 percent	25 percent	25 percent	None	None
Maintenance of Effort	Yes	No	No	No	No
Maximum Allowable Administrative Costs	5 percent	5 percent	5 percent	5 percent	5 percent

\* Federal law defines eligible organizations as local educational agencies, public or private nonprofit agencies, community-based organizations, correctional education agencies, postsecondary educational institutions, and institutions which serve educationally disadvantaged adults.

\*\* In Wisconsin, the Board requires that the provider’s match must be in cash; no in-kind contributions, such as the value of volunteer tutors, are recognized.

As reflected in Table 2, the amount of funding available for programming within each of these areas has varied over the past several years. The decision as to the amount to allocate to programming under each section of the federal law is determined by the federal government.

Table 2

**Federal Adult Education Act Grant Funding Awarded**  
FY 1992-93 through FY 1996-97

<u>Type of Funding</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
Section 322					
Comprehensive	\$2,714,564*	\$2,801,287	\$2,635,631	\$2,771,566	\$2,791,192
Outreach	**	169,375	240,675	271,318	315,905
Public Housing	**	**	34,875	44,855	101,568
Section 353					
Special Demonstration	276,787	256,881	206,657	187,800	195,958
Staff Development***	<u>264,384</u>	<u>308,895</u>	<u>336,195</u>	<u>440,747</u>	<u>377,515</u>
Total	\$3,255,735	\$3,536,438	\$3,454,033	\$3,716,286	\$3,782,138

\* Includes a grant for \$30,000 to a private, non-profit agency that was similar to outreach grants offered in subsequent years.

\*\* Program not in operation.

\*\*\* Does not include an estimated \$100,000 per year for the provision of consulting and technical assistance by a Board staff person statewide to organizations providing literacy services.

**Access to Funding**

Concerns about access to funding relate primarily to program funding available under Section 322 of the federal Adult Education Act. Although federal law and the state plan both provide that all types of agencies and institutions have direct and equitable access to these grant funds, except those specifically allocated for services within public housing, in Wisconsin, the majority of the funding has been granted to technical college districts. We found that this is largely due to the funding requirements enumerated under federal law, although the Board's interpretation of some of these requirements has served to limit the number of agencies that can efficiently and effectively apply for the available funds. In particular, the Board's decision to define geographic service

areas based on the boundaries of technical college districts has served to restrict the ability of small organizations to apply successfully for grant money.

### Funding Recipients

As reflected in Table 3, except for one organization that received funds in FY 1992-93, only technical college districts have received grant funding for comprehensive, full-service, adult basic education programming under Section 322 of the federal Adult Education Act in the past five years. Community-based, nonprofit organizations have received funding for outreach programs that serve specific geographic areas or specific populations. No technical college district has received funds for outreach programs and all funds allocated for public housing grants have been granted to housing authorities, as required under federal law.

Table 3

#### Federal Adult Education Act Section 322 Grant Recipients

<u>Recipients</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
Comprehensive Grants:					
Technical Colleges	16	16	16	16	16
Other	1	0	0	0	0
Outreach Grants:					
Technical Colleges	0	0	0	0	0
Other	0	4	6	8	7
Public Housing Grants:					
Public Housing Authorities	0	0	1	1	2

Table 4 shows the amount of funding each type of recipient received for FY 1996-97. Technical college districts received \$2.8 million, or 87 percent, of the Section 322 funds awarded by the Board, while nonprofit organizations, including Literacy Councils, received less than \$316,000.

Table 4

**Adult Education Act Section 322 Recipient Funding**  
FY 1996-97

<u>Funding Recipient</u>	<u>Comprehensive Programs</u>	<u>Outreach Programs</u>	<u>Public Housing Grants</u>
Technical College Districts	\$2,791,192	\$ 0	*
Nonprofit Organizations	0	315,905	*
Housing Authorities	<u>*</u>	<u>*</u>	<u>\$101,568</u>
Total	\$2,791,192	\$315,905	\$101,568

\*

Not applic

Direct and equitable access to Section 322 federal funding became a requirement in FY 1992-93. Between FY 1992-93 and FY 1996-97, only two organizations other than the technical colleges have applied for the comprehensive funding available under this section:

- one non-profit organization applied for and was awarded funding through comprehensive programming for FY 1992-93 that, in subsequent years, was awarded as outreach program funds; and
- another non-profit organization applied for FY 1996-97, but subsequently withdrew its application.

However, the lack of applicants other than technical college districts is not surprising because a large, existing institution, with long-standing ties to the community and with ongoing, comprehensive, full-service adult basic education programming has a distinct advantage in the grant evaluation and awards process in part because of federal requirements.

**Federal Requirements**

As noted, the requirements of the federal Adult Education Act are reflected in the state plan developed by the Board and in the programmatic decisions made by the Board in carrying out both the Act and the plan. Although funding for two of three programs under Section 322—comprehensive and outreach—is not limited in terms of who may apply, program requirements make it difficult for small organizations to carry out programs as efficiently and effectively as established technical colleges. For example, under federal law:

- only 5 percent of an entity's grant money can be used to pay for administrative costs. Many literacy agencies rely primarily on volunteers, so the majority of their costs are administrative rather than direct service, which makes it difficult to comply with this requirement; and
- successful applicants must also maintain at least the same amount of funding from year to year. It can be difficult for some small agencies to ensure that this will take place, as funding streams vary from year to year.

In addition, the federal requirement that an organization provide a match equal to 25 percent of the grant award is limiting. In FY 1996-97, grant amounts ranged from \$67,200 to \$606,300, which required matching amounts ranging from approximately \$21,400 to \$202,100. Such matching amounts may be difficult for smaller organizations to provide, particularly since the value of in-kind contributions, such as the services of volunteer tutors, do not qualify for the match in Wisconsin. Further compounding the problem is the fact that the technical college districts that have competed for and received comprehensive grant funding since 1992 have provided a significant amount of local funding, consisting of property taxes and fees, over and above the required 25 percent match. Local technical college funds have provided more than two-thirds of program funding. It is highly unlikely that a local, nonprofit agency could provide and sustain this amount of funding.

Finally, the profile of any organization eligible for funding as delineated in the federal law includes some requirements that may be limiting, including:

- the past effectiveness of applicants in providing adult basic education services, especially with respect to recruitment, retention, and learning gains;
- the degree to which the applicant will coordinate and utilize other literacy and social services available in the community;
- the projected goals of the applicant with respect to participant recruitment, retention, and educational achievement; and
- how the applicant will measure and report progress in meeting its goals.

The federal Act also requires that preference be given to those applicants who have demonstrated or can demonstrate a capability to recruit and serve educationally disadvantaged adults.

### **Definition of Geographic Area**

There is an additional obstacle for small organizations. In 1989, when federal funding under Section 322 began, the Board chose to divide the state into geographic service areas defined as technical college districts for grant purposes. The Board believes this was reasonable because Wisconsin's 16 technical college districts already had established adult literacy and basic skills



programs. Therefore, the Board awards a grant to a single organization in each technical college district for the provision of comprehensive adult literacy programming. The Board's approach was incorporated into the state plan for adult education, which has been approved by the federal Department of Education. Because of the size of the grant areas chosen by the Board, the number of organizations who can compete successfully for the available comprehensive programming funds is limited.

Until enactment of the 1991 amendments to the federal Adult Education Act that required direct and equitable access by adult basic education service providers to the funds, the Board was not obligated to allow entities other than technical college districts to apply for funding. Therefore, the funds were made available only to technical college districts because, according to Board staff, they were best able to:

- provide programs to a large number of students in a wide geographic area representing each of the 16 technical college districts;
- utilize established courses, methods, and staff; and
- add a significant amount of local funding to available federal dollars since adult education was already part of a college's programming efforts.

This tradition of providing funding to the technical college districts continued after the 1991 amendment opened up the grant application process to any entity that served educationally disadvantaged adults. However, following the change to the federal law, a portion of the funding has been designated for community-based organizations. Since 1991, the Board has awarded organizations other than the technical colleges a total of \$1 million to provide literacy services.

Although the Board's decisions regarding the implementation of the federal regulations limits the ability of small organizations to be awarded funds for comprehensive programming, the Board believes its approach is reasonable because it maximizes the benefits of federal, state, and local funding of adult basic education. These benefits include:

- programs are provided throughout the State;
- literacy programs and service are provided to large numbers of students;
- experienced and certified educational staff provide literacy training;
- current and past performance are tracked in a cost-efficient manner;
- pre-existing relationships between technical colleges and local organizations are continued; and
- federal funds are used primarily for programming purposes and not administration.

Nonetheless, the Board's decisions in effect precludes receipt of comprehensive program grant funds available under Section 322 of the federal Adult Education Act to agencies other than technical college districts. Proponents of Literacy Councils believe that this process does not give enough consideration to the Literacy Councils' strong ties to local communities and certain populations, and that their small size ensures quality programming. Further, they contend that their reliance on contributions and volunteers make their literacy programs more cost-effective than the technical colleges' programs.

### **Expanding Participation**

To date, the Board has not changed their funding method for the comprehensive literacy program grants, which limited awards to nonprofit organizations, including Literacy Councils, to approximately \$316,000, or 9.9 percent of the total federal funds available under Section 322 in FY 1996-97. However, the Board has taken some steps to ensure that local organizations are more involved in the delivery of literacy services.

First, the Board requires all grant applicants for Section 322 funds to complete a program coordination form that provides information on the degree to which applicants will coordinate and utilize other literacy services available in the community. One question specifically asks applicants to describe their plan for obtaining volunteer tutors to provide some of their literacy programming. Eleven of the 16 technical college districts awarded comprehensive program funding for FY 1996-97 indicated they would use volunteers from the local literacy councils to help in their programming efforts. Comprehensive coordination has been a longstanding requirement for the receipt of these grant funds.

Second, the Board has broadened the number of organizations involved in adult basic education through the application process for Section 353 demonstration project and staff development funds. Although the Board has chosen to limit eligibility for these funds to the technical college districts and the University of Wisconsin, these institutions must demonstrate how they will coordinate and utilize other literacy and social services available in the community and describe the cooperative agreements developed to deliver adult basic education programs. Board staff evaluate these programs, which includes a review of the degree to which the technical colleges and university campuses have met their stated coordination goals.

Third, in FY 1996-97, the Board decided to use some Section 353 staff development funds to continue a mini-grant program that was established to improve the provision and coordination of literacy services, which previously had been funded by the federal State Literacy Resource Center program. The maximum amount available to any organization was \$500, was awarded on a first-come, first-served basis, and the funds could only be used to purchase workshop and training materials, instructor or tutor manuals, and food items associated with the delivery of a training workshop. In early 1997, the Board awarded a total of \$7,631 to 16 organizations, a majority of which were local Literacy Councils. In addition, the Board has set aside \$10,000 for FY 1997-98 and budgeted \$20,000 for FY 1998-99.

Nevertheless, the direct access of Literacy Councils to the available funding under Section 322 and Section 353 of the federal Adult Education Act remains limited. Unless requirements, for example, regarding service provision and geographic area of services are modified by the Board, it is unlikely the situation will change. Board staff note that Section 382 of the Act, which provides for grants to support planning, implementation, and evaluation of programs designed to train volunteers, especially the elderly, who wish to participate as tutors in local adult literacy programs, created a program that would specifically benefit local Literacy Councils. However, this section of the Act has never been funded by the federal government and, therefore, has never been implemented in Wisconsin.

### **Administrative Costs**

Concerns have also been expressed about the use of funds available under Section 353 of the federal Adult Education Act, which are to be used for carrying out special projects that involve the use of innovative methods, systems, materials, or programs which can promote a comprehensive or coordinated approach to the problems of individuals with educational deficiencies and to train persons who will participate in literacy programs. For example, funding can be used for promoting strategies for the use of technology in delivering instruction as well as to pay for participation in seminars, conferences, and institutes designed for personnel in adult basic education programs. At issue is whether the funds have been used to support administrative salaries rather than literacy causes. Federal law does allow for these funds to be spent on administrative costs, but, as noted, prohibits spending more than 5 percent for this purpose.

In order to determine the extent to which available funds were being used for administrative costs, we reviewed the approved budget expenditures for FY 1996-97 for each recipient of a grant funded under Section 353, which included:

- \$195,958 awarded to 6 technical college districts for special demonstration projects;
- \$373,515 awarded to 16 technical college districts for staff development; and
- \$4,000 awarded to 1 University of Wisconsin campus for staff development.

No grant recipient requested approval for spending federal funds for administrative purposes. In reviewing records, we found that grant funds were used to pay for some staff salaries but their job responsibilities and activities were appropriate for the use of Section 353 funding, such as:

- measuring indicators of program quality;
- performing adult basic education student follow-up strategies;
- developing parent adult reading educational nurturing tasks;
- determining how to integrate technology into a basic education curriculum; and

- different training activities for adult basic education staff.

In addition, Section 353 funds are used for the costs associated with the provision of consulting and technical assistance statewide to organizations providing literacy services.

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