



Question & Answer

Adult Education & Categorical Flexibility

In February 2009, the Governor signed SB 3x 4 (Ducheny) which created expansive new flexibility for school districts over categorical programs including adult education. The following answers many of the questions on how the new flexibility statutes will work:

1. How will adult education be funded?

Unless otherwise prohibited by federal law, school district governing boards will have complete flexibility over funds for a number of categorical programs including adult education. What does this mean? It means that the State will determine, via the base year of 2007-08, the apportionment amount that will be sent to the district.

2. How Will Adult Education Fund Accounting Be Handled?

Based on an advisory provided by the California Department of Education, the funding of adult education and 43 other categorical programs in Tier III will begin coming to school districts in one lump payment that will not be accompanied by a specific account code number. Additionally, districts have been told by CDE that it will not track specific program funding and districts are not to attach their own account codes. This programmatic and funding process shall be in place through 2012-13.

3. Will There Be Cuts To Adult Education Programs?

Funding for each program, including adult education will be reduced by 15.4% in 2008-09 and by an additional 4.9% in 2009-10. The district will earn these funds whether any adult students are provided services or not. Section 15, Education Code section 42605 (d) of SB 3x 4 states: "local education agencies that use the flexibility provision of the section shall be deemed to be in compliance with the program and funding requirements contained in statutory....language."

4. How Will the Funding Reductions Be Made?

It has not yet been determined whether the 15% reduction to adult education will be made on the revenue limit or on the number of units of ADA within the district's cap. While CCAE supports having the cut come off of the cap it is likely that this determination will not be made until 2013 when the program is set to be reinstated.

5. Do adult education programs have to generate any ADA in order to receive funding in future years?

The answer is no. Through the 2012-13 fiscal year, adult education apportionments will be based on a base year. No ADA needs to be earned. Having said that, all adult education funds can continue to be used for adult education purposes, as defined by the district. For example, if a district chooses to focus on high cost CTC programs, it can use its funds to educate fewer students and expend a higher per student rate or expend funds on equipment and teachers with specific expertise that the program cannot now afford under the current funding model.



6. Requirement for a Public Hearing

Section 42695 (c) (2) of SB 3x 4 requires the school district governing board to hold a public hearing in accordance with the use of funds under the flexibility provisions of the law. In its advisory, the CDE has indicated that a public hearing is a condition for receipt of funds from the 39 items made flexible, but is not a condition of the funds being flexible even though section 42605 (e) (4) suggests that a hearing is required prior to the movement of categorical funds. As stated in the advisory, CDE feels that action by a governing board to transfer funds from one use to another is not necessary for the funds to be flexible. Accordingly, there is no requirement for a public hearing on the proposed transfer of funds for the funds to be deemed flexible.

7. What Is the Base year for Determining Adult Education Funding?

SB 3x 4 establishes the base year for “earned” programs that are in the Tier III flexibility category as 2008-09. Funding for all of these programs through the 2012-13 fiscal year are to be based on funds authorized in the base year. Because the legislation established a base year that had not been completed, and for which the flexibility provisions are already in place, the distribution of funds is not clear. As a result, there is a strong likelihood the base year for adult education, regional occupation centers/programs and several others will be changed through legislation to 2007-08 later this year as a clean-up to the budget.

8. Will Adult Education Ending Fund Balances & Reserves Be Protected?

According to the CDE, funds in restricted adult education ending fund balances and reserves established prior to 2008-09 cannot be transferred to the district’s general fund. However, because all adult education funds from 2008-09 until 2012-13 are considered local general fund dollars, it is wise to work with your local district administration in order to develop an approach to the use of restricted funds that makes the most sense for both the district and adult education.

9. Elimination of Account Codes

All categorical programs have historically been tracked by specific code numbers under the Standardized Account Code Structure (SACS). The CDE, in its April 17, 2009, advisory, has indicated that because the 39 programs in Tier III are now flexible that the CDE will no longer attach specific codes to these programs. Instead, the CDE will send funds to districts for these programs as if the funds are local general fund dollars. Additionally, the CDE advises districts that “the use of the original restricted program resource (code), or even a locally defined restricted program resource...is not appropriate regardless of whether the LEA has yet decided how it intends to use the balances” of the 39 categorical programs. However, districts that choose to operate a program in the same manner as in the past must now account for the program as unrestricted and should use a locally defined unrestricted resource code in order to identify the program.

10. What will happen to AB 23 redistribution?

AB 23 overcap funding from 2007-08 have been authorized for distribution. AB 23 ADA redistribution for 2008-09 has also been authorized. Because the 2008-09 adult apportionment will not require that a cap be met, it is likely that the AB 23 will not be able to be calculated until the full adult education program is restored.



11. How will CalWORKS funding be apportioned under this new funding model?

This remains an open question. It is likely that with no cap requirement, an alternative approach will need to be developed for CalWORKS funds such as using the ADA participation levels from the base year as the determining factor. It is also likely that this issue, along with several others, will be the subject of clean up legislation later this spring.

12. What is the impact to CBET?

The Community Based English Tutoring program is one of the programs in the flexibility program. As a result, the CBET funds apportioned to districts can be used for any purpose - including CBET. CBET funds are also subject to a 15.4% reduction in the current year and the 4.9% reduction in 2009-10.

For More Information Contact:

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