

**Redistribution of Adult Education and Family Literacy Act Funds
Discussion Paper**

Background

Each year, the Texas Workforce Commission’s (TWC) three-member Commission (Commission) approves the annual allocation of Adult Education and Family Literacy Act funds to the statewide Adult Education and Literacy (AEL) provider network. The allocation includes a two-percent holdback of each grant recipient’s budget for performance-based funding. In order for the performance-based funds to be made available, the grant recipient must first meet the criteria established by the Commission as indicated in Texas Labor Code §315.007. If performance-based funds remain unearned, they must first be recaptured from the grants through an amendment before redistribution. In Program Year (PY) 2021–2022(PY’21–’22), \$1,132,214 in performance-based funds went unearned. AEL also has funds from closed state leadership grants and recaptured allocation balances totaling over \$2.5 million in funds available for redistribution.

TWC staff has reviewed the current expenditure benchmarks for PY’22–’23 to determine which grant recipients meet the objective criteria. Of the six identified as meeting the criteria, four had already requested additional funds earlier in the year, as outlined in Table 1.

Table 1: Requested Funds

| Grant Recipient | Amount Requested |
|---|-------------------------|
| Austin Community College | \$585,638 |
| Central Texas College | \$160,000 |
| Brazos Valley Council of Governments | \$200,000 |
| Community Action, Inc. of Central Texas | \$274, 640 |

Issue 1: Redistribution of Available AEL Funds

In order to be responsive to grant recipients’ funding needs and ensure that funds are redistributed to entities that will best use the funds to serve more students, staff recommends that recaptured funds be redistributed proportionately based on the allocation methodology described in TWC Chapter 800 General Administration rule §800.68.

Under §800.51(f), the amount of funding allocated to a local workforce development area may be determined or modified in order to ensure full utilization of funding. Table 2 shows that more than \$2.5 million will be redistributed to six entities that meet the objective criteria outlined in §800.80.

1 Table 2: Redistribution of Funds¹

| AEL Grant Recipient | Redistributed Amounts |
|---|------------------------------|
| Literacy Council of Tyler | \$587,372 |
| Austin Community College | \$715,971 |
| Community Action, Inc. of Central Texas | \$617,466 |
| Brazos Valley Council of Governments | \$268,595 |
| Central Texas College | \$153,678 |
| Southwest Texas Junior College | \$232,718 |

2 **Issue 2: Adjustment of Program Year 2022–2023 Performance Targets**

3 TWC Chapter 802 Integrity of the Texas Workforce System rule §802.102(a) states that the
 4 Commission annually approves individual AEL grant recipient performance targets, which may
 5 be adjusted. Due to the redistribution of funds, staff proposes adjusting the PY’22–’23 targets in
 6 order to appropriately reflect the proportional amount of additional funding received by each
 7 grant recipient. Table 3 shows the additional targets that will be added to performance targets
 8 due to redistributed funds.

9 Table 3: Adjusted PY’22–’23 Targets²

| AEL Grant Recipient | Intensive | IET | Total Participants Served |
|---|------------------|------------|----------------------------------|
| Literacy Council of Tyler | 30 | 50 | 392 |
| Austin Community College | 38 | 63 | 489 |
| Community Action, Inc. of Central Texas | 32 | 53 | 415 |
| Brazos Valley Council of Governments | 12 | 19 | 150 |
| Central Texas College | 5 | 8 | 63 |
| Southwest Texas Junior College | 9 | 16 | 123 |

¹ Amounts may change slightly depending on results of final budget amendments to recapture unearned performance-based funds from PY 21-22.

² Targets may change slightly depending on the results of final determination of funds available for redistribution

1 **Decision Point**

2 Staff seeks direction on:

- 3 • accepting the plan to redistribute available funds to AEL grant recipients as shown in
4 Table 2; and
5 • adjusting the PY'22-'23 performance targets for AEL grant recipients as shown in Table
6 3.