# Adult Education and Literacy Contracted Measures and Performance-based Criteria for Program Year 2022-2023

## Background

On [May 31, 2022](https://twc.texas.gov/files/twc/commission_meeting_materials_05.31.22_item8_fy202_wioa_ael_allocations_packet.pdf), the Texas Workforce Commission’s three-member Commission (Commission) approved the Fiscal Year 2023/AEL Program Year (PY) 2022–2023 (PY’22-’23) allocations, which correspond to the final year of contracts awarded under Request for Proposals 320-18-01 for Adult Education and Literacy (AEL) statewide grant awards which began July 1, 2018. PY’22 allocations are composed of a 2 percent performance-based funding (PBF) holdback, as authorized in TWC General Administration rule §800.68. AEL grantees must meet PBF criteria, as approved by the Commission each PY, in order access this holdback of funds, and Labor Code 315.007 includes specific criteria TWC must consider.

AEL contracts outline the annual target enrollment and performance measures, also known as contracted measures, which AEL grantees are contractually required to meet each Program Year. Historically, the Commission has approved the following AEL contracted measures:

* Participant enrollment targets in the following areas
	+ Intensive Services
	+ Integrated Education and Training (IETs)
	+ Overall Participants Served
* Measurable skill gains (MSGs), as negotiated with the Department of Education’s Office of Career, Technical, and Adult Education (OCTAE)
* WIOA-exit-based outcomes, as outlined in the General Appropriations Act (GAA) and as passed by the Texas Legislature, as follows:
	+ Employed/Enrolled Q2 Post-exit
	+ Employed/Enrolled Q2–4 Post-exit
	+ Credential Rate

On [August 23, 2022](https://twc.texas.gov/files/twc/commission_meeting_materials_08.23.22_item13c_24-25_lar_performance_targets.pdf), the Commission approved the Legislative Appropriations Request (LAR) for Fiscal Years (FYs) 2024 and 2025 and which included updated estimates for PY2023, which assumes both a higher average cost per participant and casemix increase of Intensive Services and IETs, than in previous years.

In early September 2022, TWC and AEL grantees carried out a negotiation process as in previous years for the PY’22-’23 enrollment targets, also composed of carryforward balances from PY’21-’22. Contracted measures proposed by the TWC in this process consider the AEL performance measures in the General Appropriations Act (GAA), as passed by the 87th Texas Legislature (Regular Session) for PY’23, composed of overall participants served and the exit-based outcomes described above. Within the GAA targets, TWC has flexibility in negotiating the casemix of Intensive and IET service enrollment targets, as well as using the average cost-per participant as a guide when developing these assigned enrollment targets.

## Issue: Contracted Measures for PY’22-’23

Staff has developed the following recommendations for PY22’s AEL Grantee contracted measures for participant enrollment targets, MSGs, and exit-baed outcomes.

**Contracted Measure: AEL Enrollment Targets** – For PY 2023, the LAR estimated 58,551participants being served which assumed a mix of three tiers of services with different cost assumptions which were, again, somewhat higher costs-per participant than in prior years and these assumptions were used in these negotiations. Below provides a description of the cost-per assumptions for the three types of service models.

* **Popular AEL Services**: assumed to cost $1117.15 per participant;
* **Intensive AEL Services**, composed of Workplace Literacy, Internationally-Trained Professional, and Transition to Reentry & Post-Release Services, and assumed to cost $1,376.33 per Participant; and
* **IET Services**, assumed to cost $2,037.68 per Participant.

Table 1 outlines the negotiated AEL enrollment targets for PY’22-’23, which includes the PY’21-’22 carryforward balances.

Table 1: PY'22-'23 AEL Enrollment Targets

| **AEL Grantee** | **Intensive Services** | **IET Services** | **Overall Participants Served** (Inclusive of Intensive, IET, and Popular AEL Services) |
| --- | --- | --- | --- |
| Abilene ISD | 56 | 94 | 800 |
| Amarillo College | 30 | 250 | 888 |
| Angelina College | 67 | 112 | 980 |
| Austin Comm College | 175 | 235 | 2262 |
| Brazos Valley COG | 52 | 87 | 691 |
| Brownsville ISD | 93 | 156 | 1356 |
| Community Action Inc | 130 | 329 | 1800 |
| Dallas County LWDB | 307 | 695 | 6272 |
| Region 20 ESC | 650 | 775 | 5582 |
| Grayson College – Texoma | 60 | 61 | 628 |
| Houston-Galveston Area Council | 1097 | 1833 | 16018 |
| Howard College - Concho Valley | 95 | 60 | 532 |
| Howard College - Permian Basin | 25 | 10 | 169 |
| Laredo Comm College | 85 | 108 | 1053 |
| Literacy Council of Tyler | 136 | 227 | 1767 |
| McLennan Comm College | 61 | 101 | 1018 |
| Paris Jr College | 31 | 51 | 472 |
| Region 1 ESC | 205 | 343 | 3192 |
| Region 17 ESC - Permian Basin | 5 | 9 | 68 |
| Region 17 ESC - South Plains | 70 | 118 | 1358 |
| Region 5 ESC | 63 | 105 | 877 |
| Region 9 ESC | 30 | 50 | 521 |
| Southwest Texas Jr College | 43 | 72 | 616 |
| Victoria Co Jr College | 40 | 58 | 678 |
| Weatherford ISD | 34 | 30 | 540 |
| Central Texas College | 22 | 37 | 336 |
| Temple College | 52 | 87 | 964 |
| Tarrant County | 295 | 493 | 4603 |
| Midland College | 30 | 50 | 405 |
| Navarro College | 39 | 118 | 1423 |
| Paris Jr College - North Central | 15 | 15 | 364 |
| Region 2 ESC | 100 | 152 | 1752 |
| Texarkana ISD | 19 | 32 | 315 |
| Ysleta ISD | 281 | 238 | 2229 |
| Odessa College | 42 | 70 | 654 |
| Denton ISD | 159 | 230 | 2137 |
| Grayson College - North Central | 119 | 198 | 2283 |
| **Statewide Enrollment Targets** | 4,813 | 7,689 | 67,603 |

**Contracted Measures: Measurable Skill Gains** – In early 2022 year, TWC negotiated both PY’22 and PY’23 MSG targets with OCTAE. The negotiated MSG targeted for PY’22-‘23 is 43%, to which TWC is held accountable for federal performance reporting. Within this MSG target, TWC assigns AEL grantees sub targets, corresponding to each of the twelve different Educational Functioning Levels (EFLs) that AEL uses for federal performance reporting. Six EFLs relate to Adult Basic Education (ABE) and six relate to English as a Second Language (ESL). These twelve sub targets blend together based on casemix to set the final MSG target for each grantee. If a grantee meets all twelve sub targets individually, they meet their final target. If they are low on one of the twelve and high on one of the other eleven EFL sub targets, it is possible that the grantee will still meet performance expectations (if the performance difference and casemix proportion differences balance out).

Each Grantee’s individual MSG target will be based on the blended average of the above sub targets, customized to their individual enrollment pattern in PY’22-PY’23. Table 2 shows the twelve individual sub targets by EFL Level.

Table 2: PY'22-'PY23 MSG Subtargets by EFL Level

|  |  |
| --- | --- |
| **EFL Level** | **SubTarget** |
| ABE1 | 41% |
| ABE2 | 41% |
| ABE3 | 41.5% |
| ABE4 | 42% |
| ABE5 | 42% |
| ABE6 | 41% |
| ESL1 | 45% |
| ESL2 | 47% |
| ESL3 | 46% |
| ESL4 | 46% |
| ESL5 | 41% |
| ESL6 | 41% |

**Contracted Measure: Exit-based Measures**– TWC has three WIOA exit-based AEL

outcome measures that are reported to the Legislature and Governor’s Office through the

Legislative Budget Board. Staff recommends the exit-based measures match the levels in the GAA, as follows:

Table 3: PY'22-'23 Exit-based Measures

|  |  |
| --- | --- |
| **Exit-based Measure** | **Target** |
| Employed/Enrolled in Q2 Post-Exit | 46% |
| Employed/Enrolled in Q2-4 Post-Exit | 82.4% |
| Credential Rate | 39% |

## Issue: Performance-based Criteria for PY’22-’23

The PY’22 AEL allocations include a two percent PBF holdback; AEL grantees are required to meet the criteria approved by the Commission each PY to get access to those PBF funds. Labor Code §315.007 requires TWC to set PBF criteria related to high school equivalency (HSE) enrollment and attainment post-exit of the AEL program.

On September 28, 2021, the Commission approved the PBF criteria for PY’21-’22, and grantees which met the HSE enrollment/attainment criteria were able to access 33.33% of the PY’22-’23 PBF holdback, which will be released to those performing grantees in October 2022 (due to the exit measure requirement of this criteria).

Staff recommend the following PBF criteria for PY’22-’23, in order to allow grantees to access the remaining PBF holdback funds from the PY’22-‘23 allocation:

**Rapid Enrollment** to access 33.33% of the remaining PY’22 PBF holdback

* **Description of Criteria**: Grantees are awarded approximately 33.33% of their PBF allocation if they have met 60% percent of their enrollment target for participants with a period of participation by the second quarter of the program year.
	+ **Denominator:** The unduplicated enrollment target for total participants served in PY’22.
	+ **Numerator:** The number of individuals who have a period of participation in between July 1, and December 31, 2022.
* **Release of Funds:** Funds for achievement of this measure will be released after the second quarter of PY’22, which ends December 31, 2022.

# Accelerated MSG -- 33.33% of PY22 PBF Holdback

* **Description of Criteria**: Grantees will be awarded approximately 33.33% of their PY’22 PBF holdback if, by March 31, 2023, participants enrolled in the first two quarters of the PY meet the grantee’s MSG targets for PY’22. The MSG target for this measure is available in both the December 2022 Contracted MSG Report and the Monthly Performance Report.
	+ **Denominator**: The unduplicated number of AEL participants served between July 1, 2022, and December 31, 2022.
	+ **Numerator**: The number of participants in the denominator who achieve an approved MSG by March 31, 2023.
* **Release of Funds**: Funds for achievement of this measure will be released after the third quarter of PY’22, which ends March 30, 2023.

The PBF criteria in Labor Code 315.007 requires that 25% of an AEL grantee’s participants be enrolled in a HSE or Ability-to-Benefit program, and that 70% of those participants which exit earn a TxCHSE or postsecondary credential during the PY or by the end of the first quarter of the following PY. As current AEL grant awards end June 30, 2023, and new grant awards executed July 1, 2023, TWC is unable to measure this exit-based criteria for this PY. However, staff will ensure PBF criteria under the new grant awards will address some of the performance measures starting with the first year of new grant awards.

**Decision Point**

Staff seeks direction on approving AEL PY’22-’23

* AEL contracted measures for as reflected in Tables 1, 2, and 3; and
* PBF criteria for PY’22-’23, noting that future grant awards that will go into effect July 1, 2023 will address criteria outlined in Labor Code 315.007 criteria, unless otherwise modified.