

Slide  
1


**Performance-Based Funding in Adult Education**

Fears and Solutions

Steve Klein  
MPR ASSOCIATES, INC.

Garland Hankins  
FORMER STATE DIRECTOR  
ARKANSAS

National Adult Education Professional Development Consortium  
Albuquerque, New Mexico  
September 15, 2007



---

---

---

---

---

---


---

---

Slide  
2

**What is Performance-Based Funding?**

- Performance-based funding (PBF) systems are used in adult education to distribute federal and/or state resources to local programs.
  - Basic Grant
  - Performance award
- States have adopted PBF partially in response to accountability provisions contained in federal acts.
  - Workforce Investment Act of 1998 (WIA)
  - National Reporting System for Adult Education (NRS)



---

---

---

---

---

---


---

---

Slide  
3

### Performance-Based Funding Study

- Purpose
  - To help state policymakers make more informed decisions in distributing resources to adult education providers.
- Activities
  - Literature review to document PBF resource distribution approaches in higher education and adult education.
  - Site visits to 3 representative states using different approaches to distribute federal and/or state resources.
    - Interview state directors, state agency staff, & program directors
    - Standardized protocol to collect data
    - Qualitative software to code and analyze transcripts
  - Cross-case analysis summarizing common themes across states and assessing strengths and weaknesses of different funding approaches.




---

---

---

---

---

---

---

---

Slide  
4

### Performance-Based Funding in Oregon

- Collaborate with Oregon Department of Community Colleges and Workforce Development to redesign state formula.
  - Base funding
    - Institutional grant
    - Program enrollment
    - Regional need allocation
  - Performance funding
    - Number of outcomes on NRS core measures
    - Number of performance targets achieved




---

---

---

---

---

---

---


---

Slide  
5

### State Facts

Selected Characteristics: FY05				
	Indiana	Kansas	Missouri	Oregon*
	\$21,055,280	\$4,458,990	\$12,040,787	\$20,893,989
<b>Number of Providers</b>	43	31	44	17
Community Colleges	1	17	10	17
Secondary Districts	41	11	31	0
Other	1	3	3	0
<b>% Resources Allocated Using PBF</b>				
Total	5%	88%	19%	3%
Federal	15%	100%	22%	15%
State	0%	50%	10%	0%
<b>Performance Measures</b>				
Core NRS <sup>†</sup>	15	15	11	15
Secondary NRS	7	3	0	0
Quality Criteria	0	25	0	1
Incentive Funding	15	0	0	0

\* Oregon did not use PBF in FY05; table based on modeling. Not all resources allocated to adult programs.  
<sup>†</sup> Includes 11 submeasures of educational gain in Adult Basic Education (ABE), Adult Secondary Education (ASE), and English as a Second Language (ESL) programs.




---

---

---

---

---

---

---

---

Slide  
6

### Fear #1: Becoming a Pariah

*Will my program directors resist formula change?*

- Involve adult education directors in the formula design process. Select individuals who are:
  - Respected and influential
  - Representative of local providers
- Keep formula drafting process collaborative and transparent.
  - Build consensus on funding system goals
  - Communicate regularly with the field
- Avoid complicating formula.
  - Formula operation should be simple and understandable
  - Allow for up to one year for planning and design



---

---

---

---

---

---

---

---

Slide  
7

### Fear #2: Sinking the Ship

*How can I be sure that performance-based funding won't damage my state's adult education system?*

- Align measures with state adult education goals.
  - Core and secondary National Reporting System measures
  - State-identified measures (e.g., KS quality; OR pre/post testing)
- Model local program allocations using historical data.
- Provide technical assistance to underperforming agencies. Train on strategies for:
  - Collecting accurate data
  - Using data to improve performance



---

---

---

---

---

---

---


---

Slide  
8

**Fear #3: Tilting the Playing Field**

*Will performance-based funding drive some providers, and in particular, small and rural ones, out of my system?*

- Augment adult education resources.
  - Lobby for increased state funding
  - Release held-back state or federal funds
- Use multiple measures to fund programs.
  - Basic grant to all providers (agency/enrollment/regional need)
  - Number of performance outcomes
  - Number of performance targets achieved
- Differentially weight learner outcomes.
  - Greater weight on hard-to-serve populations (e.g., ESL learners)



---

---

---

---

---

---


---

---

Slide  
9

**Fear #3: Tilting the Playing Field** (continued)

- Ramp-up performance funding over time.
  - MO - Base year 9 percent increasing to 19 percent over time
- Adopt hold harmless or harm-limit provisions.
  - OR - 98 percent of funding first year
- Consider offering small or rural grants.



---

---

---

---

---

---

---


---

Slide  
10

**Fear #4: Upsetting the Status Quo**

*Why mess with something that works?*

- Improve Data Quality.
  - Program directors more likely to review data prior to submission
  - Instructors pay increased attention to testing methodology
- Increase System Effectiveness.
  - Providers use data for program improvement purposes
  - Improved state performance on NRS measures
- Build Political Support.
  - Increased credibility among state legislators and the public



---

---

---

---

---

---


---

---

Slide  
11

**Fear #4: Upsetting the Status Quo** (continued)

- Promote Teacher Professionalism.
  - Instructors more accountable for their learners' performance
  - Motivates programs to invest in staff development
  - Can encourage instructors to adopt more effective practices



---

---

---

---

---

---

---


---

Slide  
12

**For More Information Contact:**

For Questions about:

<a href="#">The OVAE Study</a>	<a href="#">Performance-based Funding Design</a>
Dan Miller OVAE, DAEL 550 12 <sup>th</sup> Street, SW Washington, DC 20065 202-245-7731 Daniel.Miller@ed.gov	Kathy Chernus MPR Associates, Inc. 2401 Pennsylvania Ave, NW, Suite 410 Washington, DC 20037 202-478-1027 kchernus@mprinc.com



---

---

---

---

---

---

---

---