



A Description of  
**Iowa's Adult  
Literacy Needs  
Assessment/  
Performance Based  
Funding Formulas**



## 1.0 A Description of Iowa's Federal Adult Literacy Program Performance Based Funding Formula

### 1.1 Introduction

The purpose of this section is to outline the major components for Iowa's Adult Literacy Program funding formula for distribution of federal adult literacy program funds to Iowa's local providers under the aegis of the reauthorization of the Workforce Investment Act (WIA) of 1998. The formula would serve as the basis for allocation of federal adult literacy funds to local providers effective with State Program Year 2006 (July 1, 2005-June 30, 2006).

### 1.2 Background

Section 224(b)(B)(ii) of the proposed reauthorization of Title II of WIA (Adult Education and Family Literacy Act: AEFLA) indicates that "(States) will use technical assistance, sanctions and rewards including **allocation of grant funds based on performance** [i.e. benchmark attainment] and termination of grant funds based on nonperformance." The clear implication is that States will be required to allocate federal adult literacy funds based in whole or part on a performance based funding formula. The current funding formula was designed to provide fair and equitable allocations to local providers. The current formula is based on a combination of: (1) needs assessment data, (2) enrollment data, and (3) contact hour data. The formula provides specific "safety net" features to protect local providers.

### 1.3 Performance Based Funding Formula Description

The formulation of the performance based funding formula is designed to retain the best components of the current formula but also to comply with the federal mandate. The formula will consist of two (2) major components: (1) adult literacy target population needs assessment information, and (2) local provider performance based on benchmark attainment. Each component would represent 50% of the total formula (i.e. 50% of the allocation based on needs assessment data and 50% of the allocation based on benchmark attainment). This formula takes into consideration the proportional size of each community college district based on each community college's district NALS and 2000 census population factors. Therefore, the allocations are proportional to community college district size. The formula satisfies the law of proportionality among Iowa's 15 community college districts.

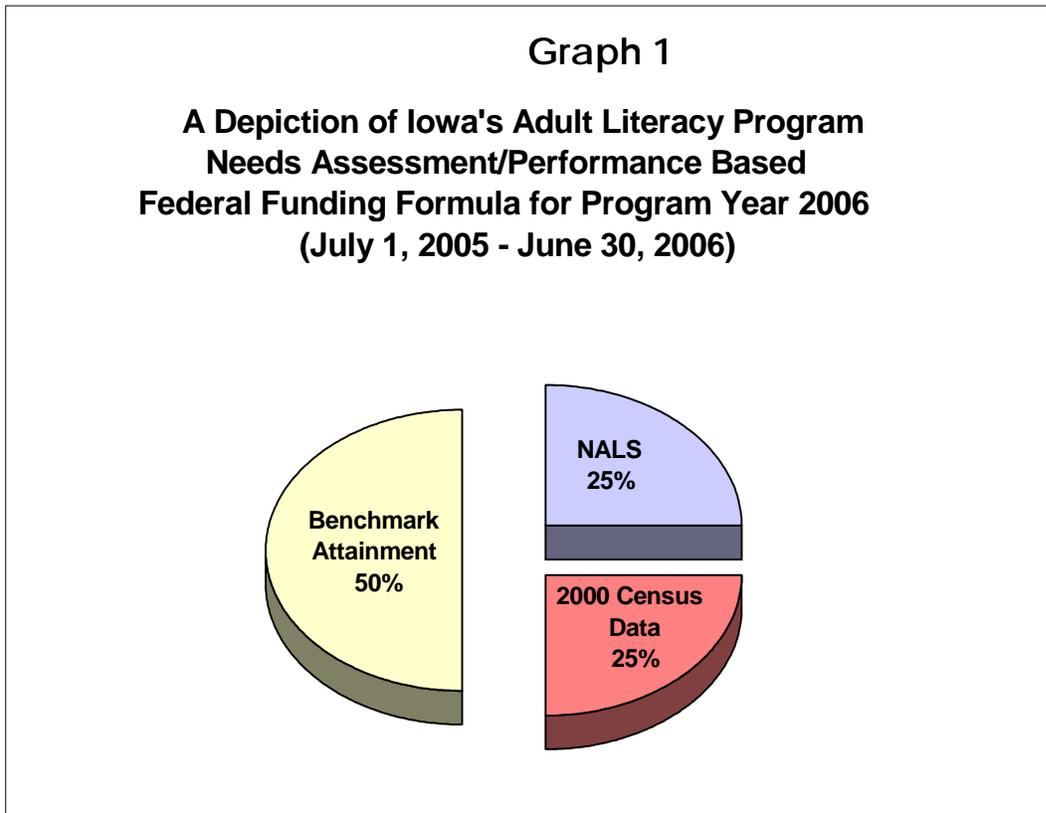
The needs assessment component would be subdivided into two types of data: (1) Iowa State Adult Literacy Survey (IASALS) data for Levels 1 and 2 (i.e. adult target populations lacking basic literacy skills as determined by National Adult Literacy Survey (NALS) criteria broken out by each community college district and (2) updated 2000 Census data depicting the number of adults in each community college district lacking a high school diploma or its equivalent. Each part of the needs assessment component would be weighted at 25% thus totaling the 50% of the total formula based on the needs assessment component. The allocation amount based on the needs assessment component is independent of the performance based component.

The performance based component is quantified by a combination of nineteen (19) federal and state mandated benchmarks. The nineteen benchmarks are composed of fourteen (14) federal and five (5) state mandated benchmarks. The performance based allocation amount is determined by the percent of 17 benchmarks attained by each local provider. For example, if a local provider successfully attained a range of 17-19 benchmarks, 100% of the allocation amount would be granted based on the performance criteria. If a local provider successfully attained 16 benchmarks, 94.12% of the allocation amount would be granted based on performance criteria. If a local provider successfully attained 15 benchmarks, 88.24% of the allocation amount would be granted based on performance criteria. The scale would extend down to the point if a local provider only attained one benchmark, 5.88% of the allocation amount would be granted based on performance criteria. The local provider benchmark attainment data for Program year 2004 (July 1, 2003-June 30, 2004) will be used to determine the 50% component of the Program Year 2006 federal adult literacy program allocations.

In addition to the two major components, the formula would also contain two (2) "safety net" features to insure allocation equity among the local providers. The two safety net features are: (1) a base allocation figure and (2) a percent decrease/ increase figure. The current base allocation figure is set at \$90,000 which insures that the smaller programs will receive an adequate allocation to offer an adult literacy program. The decrease/increase figure is currently set at 25%. This feature insures that no local provider will receive less than or more than a 25% decrease/ increase allocation amount from the previous program year.

In effect, the funding formula would be weighted in line with the following components: (1) IASALS data @ 25%, (2) 2000 Census data @ 25%, (3) benchmark attainment performance data @ 50%, (4) base allocation figure @ \$90,000, and (5) a 25% decrease/increase based on prior program year allocation. The performance based funding formula is designed to extrapolate the best components and features of the current funding formula and incorporate them into the performance based funding formula but also to meet the intent and spirit of the federal mandate.

**Graph 1** displays the major components of Iowa's Adult Literacy Program funding formula.



DESCRIPTION	% or \$
National Adult Literacy Survey (NALS) Levels 1 & 2	25%
2000 Census Data	25%
Needs Assessment Total	50%
Benchmark Attainment Based on Program Year 2004 Results (State Mandated and NRS Mandated Benchmarks)	50%
Safety Net Features:	
Base Allocation	\$90,000
Maximum Increase/Decrease Compared to Previous Year Allocation	25%

## **2.0 A Description of Iowa's Federal Adult Literacy Program Performance Based Funding Formula for English Literacy/Civics Education**

### **2.1 Introduction**

The purpose of this section is to provide a description of Iowa's Adult Literacy Program funding formula for distribution of federal adult literacy English Literacy/Civics Education (EL/Civics) program funds to Iowa's local program providers under the aegis of the Workforce Investment Act of 1998. The formula will serve as the basis for allocation of federal adult literacy EL/Civics funds to local providers effective with Program Year 2006 (July 1, 2005-June 30, 2006).

### **2.2 EL/Civics Funding Formula Description**

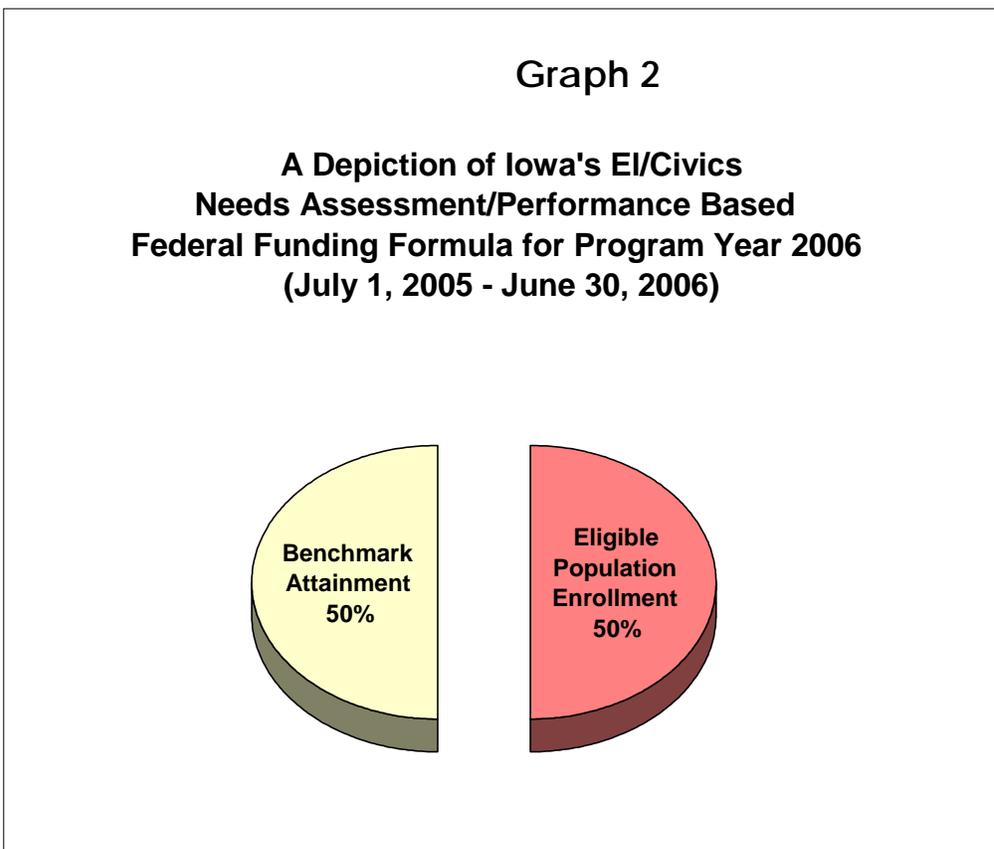
The formulation of the enrollment/performance based EL/Civics funding formula is designed to retain the best components of the old formula but also to comply with the federal mandate of developing a performance based allocation formula. The formula will consist of two (2) major components: (1) English-as-a Second Language (ESL) program enrollment information, and (2) local provider performance based on benchmark attainment for the five (5) ESL National Reporting System (NRS) Educational Functioning Levels (EFLs). Each component represents 50% of the total formula (i.e. 50% of the allocation based on enrollment and 50% of the allocation based on benchmark attainment). The formula also provides a "safety net" feature to protect local providers.

The enrollment component is based on the NRS based ESL enrollments for those enrollees who received pre/post assessments for the five (5) ESL Educational Functioning Levels. These enrollment figures are reported in NRS Table 4B. The local provider ESL enrollment data for Program Year 2004 (July 1, 2003-June 30, 2004) will be used to determine the 50% enrollment factor component.

The performance based component is predicated on local program provider benchmark attainment on the five (5) NRS based ESL Educational Functioning Levels. The five EFLs are: (1) ESL Beginning Literacy, (2) ESL Beginning, (3) ESL Intermediate Low, (4) ESL Intermediate High, and (5) ESL Advanced Low. The performance based allocation amount is determined by the percent of the three (3) ESL benchmarks attained by each local provider. For example, if a local provider successfully attained a range of 3-5 benchmarks, 100% of the allocation amount would be granted based on the performance criteria. If a local provider successfully attained 2 benchmarks, 67% of the allocation amount would be granted based on performance criteria. If a local provider successfully attained 1 benchmark, 33% of the allocation amount would be granted based on performance criteria. The local provider benchmark attainment data for Program Year 2004 will be used to determine the 50% performance factor.

In addition to the two (2) major components, the formula also contains a “safety net” feature to insure allocation equity among the local providers. The “safety net” feature includes a base allocation figure which is currently set at \$4,000 which insures that smaller programs will receive an adequate allocation to offer an EL/Civics program.

**Graph 2** displays the major components of Iowa’s Adult Literacy EL/Civics Program funding formula.



DESCRIPTION	% or \$
Eligible Population Enrollment (NRS ESL Enrollment)	50%
Benchmark Attainment Based on Program Year 2004 Results (NRS ESL Benchmarks)	50%
Safety Net Feature:	
Base Allocation	\$4,000

## **3.0 Iowa's Adult Literacy Program Incentive Grant Guidelines**

### **3.1 Introduction**

The purpose of this section is to provide guidelines for Iowa's adult literacy program incentive grants to local literacy providers under the aegis of the reauthorization of the Workforce Investment Act (WIA) of 1998. The purpose of the incentive grant initiative is to provide a financial awards structure for local literacy programs that attain program excellence demonstrated by successful benchmark attainment.

### **3.2 Background And Authorization**

Section 224(b)(B)(ii) of the proposed reauthorization of Title II of WIA (Adult Education and Family Literacy Act: AEFLA) indicates that " (States) will use technical assistance, sanctions and rewards including allocation of funds based on performance [i.e. benchmark attainment] and termination of grant funds based on nonperformance." The clear implication is that states should establish an incentive grant program "to carry out innovative programs consistent with the purposes of Title II of WIA". The state level incentive grant initiative is consistent with the federal incentive grants to states initiative established under the aegis of the Workforce Investment Act of 1998, Public Law 105-220, Section 503, 20 U.S.C. 9273; Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998 (Perkins Act, Public Law 105-332, 20 U.S.C. et seq.

### **3.3 Incentive Grant Funding Formula Description**

The formula for the distribution of incentive grants to local literacy programs is based on successful attainment of state and federal mandated benchmarks. The criteria for eligibility to receive an incentive grant is based on a local literacy program's demonstrated performance in meeting or exceeding the nineteen (19) state and federal mandated negotiated benchmark performance levels. The performance levels are established as a result of negotiations between the Iowa Department of Education and the U.S. Department of Education: Division of Adult Education and Literacy (USDE:DAEL). The formula for distribution of incentive grant awards to local literacy programs is based on two factors: (1) the percentage relationship to the local adult basic education (ABE) regular program grant generated by the local literacy incentive grant recipient, and (2) a minimum/maximum based allocation range.

The percentage relationship part of the formula is based on the percentage generated by the local program grant recipient's regular ABE program allocation as compared to the total allocation for the state. (i.e. If an eligible program's regular ABE program allocation constituted 10% of the total amount allocated to all local programs for any given program year, then the incentive grant would be based on 10% of the local grant recipient's regular ABE program allocation. If the regular ABE program grant was \$90,000, then the incentive grant would be calculated at 10% or \$9,000.)

The minimum/maximum based allocation range is based on a minimum incentive grant of \$5,000 to a maximum incentive grant of \$10,000. This "safety net" feature is designed

to insure allocation equity among the small and large local program providers. This “safety net” feature insures that a local program would receive a minimum of a \$5,000 incentive grant if the calculated amount fell below \$5,000. Conversely, the “safety net” features insures that a local program can not receive an incentive grant which totals more than \$10,000 if the calculated amount exceeds the \$10,000 limitation. (i.e. if the calculated grant award were \$3,000, the amount would automatically raise to the \$5,000 minimum. If the calculated grant award were \$12,000, the amount would be reduced to the \$10,000 maximum).

### **3.4 Incentive Grant Uses And Restrictions**

Iowa’s local literacy programs have flexibility in using incentive grant funds as long as the use of these funds are consistent with local program priorities and continuous program improvement efforts. However, the use of incentive grant funds must comply with state and federal (AEFLA) guidelines. The incentive grant award recipient must use the funds for services and activities beyond those provided by regular ABE program funds. The funds may be used for the following services or activities or a combination of services and activities including: (1) innovative practices, (2) continuous program improvement efforts, (3) staff development and training, (4) supplemental adult literacy services and activities, (4) technology updates (hardware and software), (5) program coordination efforts with other literacy partners, (6) linkages with business and industry, (7) serving the literacy needs of special target populations and (8) other activities or services that support the purpose and mandates of AEFLA.

A local eligible adult literacy program must submit a plan outlining the use of the incentive grant award as part of the yearly staff development/continuous improvement local program plan. The incentive grant plan guidelines are contained in the Iowa Department of Education’s adult literacy program annual staff development/continuous improvement memorandum.