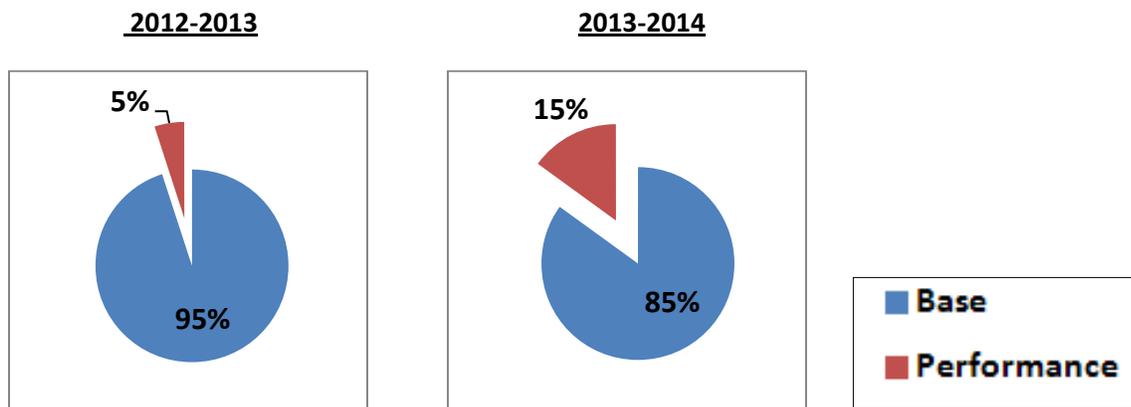


## Adult Education’s Performance Based Funding Formula

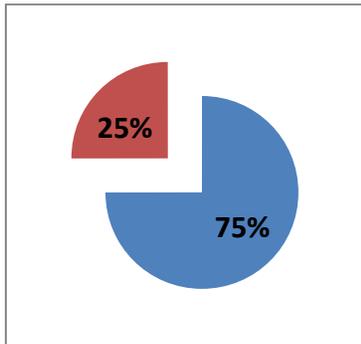
**Background:** In 2009 RIDE Adult Education contracted MPR Associates to assist in the development of a Performance Based Funding (PBF) formula. The FY 2011-2015 Request for Proposals (February 26, 2010) for adult education funding states: “Beginning in FY2012 funding amounts will be determined using the Rhode Island Adult Education Performance Based Funding Formula. This means that in FY 2012, eighty-five percent (85%) of funding will be *base funding* and 15% will be *performance-based funding*. In FY 2013, the performance-based share will be increased to 25% and in FY2014 and FY2015 base funding will be sixty percent (60%) and performance-based funding will be 40% of all available funding. Prospective grantees are advised [that] ... funding is distributed statewide, which facilitates opportunities for individual agencies to earn funding that would make their total resources available greater than the total funding they received historically.” (RFP, page 15) However, the PBF formula was never fully approved and the PBF workgroup that was working on the formula stopped meeting.

**Present Position:** In January 2011, under new leadership, the adult education office reconvened the PBF workgroup. The workgroup was dissatisfied with the previous formula developed by MPR. The formula appeared to be too complicated and unfairly weighted, required drastic and immediate funding changes, relied heavily on census and waitlist data and student satisfaction surveys, and involved complicated harm and gain limits. The PBF workgroup began work on a more equitable and simple formula that would focus on the actual outcomes and priorities of adult education programs. The concepts of base funding and performance-based funding were revisited, and a formula was developed that all workgroup members agreed would allow the state to transition to PBF more smoothly. The PBF workgroup met and approved their final version of the PBF formula on February 10, 2012. The PBF formula was presented for review to the Adult Education Advisory Council on February 23.

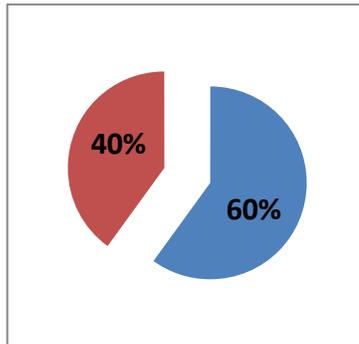
**Next Steps:** The formula will be presented Adult Education Leadership Institute on March 16 and to the Governor’s Workforce Board’s Adult Education and Literacy Committee on March 19. The plan is to begin implementation of the PBF formula for fiscal year 2012-2013. Because of the delay in the development of the formula and the lack of advance notification to programs, it has been decided to begin with an introductory year of implementation with five percent (5%) of the funding dedicated to performance. The successive years funding will be based on performance as follows:



**2014-2015**



**2015-2016**



**BASE FUNDING CALCULATION:** This is the historical funding that the program has received since the beginning of the RFP grant cycle, originally based on program’s RFP application and determined by the allocation process. Historical funding will be averaged for two years at first (2010-2011 and 2011-2012), and then for three years after that. Each program’s percentage of funding (slice of the pie) will be based on its percentage of the historical whole. This will be multiplied by the amount available for the base.

**PERFORMANCE CRITERIA CALCULATION:** Based on the Federal Core Indicators of Performance

***Points to be Earned – Quantity (based on the previous year’s data from CALIS – Tables 4.1 and 5.1)***

- Educational Gains of Students (**2 points**) – the number of adult education students whose posttest scores show advancements from one Educational Functioning Level to the next higher level within the program year (excludes High ASE students).
- General Educational Development Credentials (**1 point**) – the number of students who achieve the goal of obtaining a GED and exit during the program year (includes High ASE students).
- Enrollment in Postsecondary Education or Training (**1 point**) – the number of students who achieve the goal of entering postsecondary education or training programs and exit during the program year.
- Enter Employment (**1 point**) – the number of unemployed students who achieve the goal of obtaining employment in the first quarter after exiting an adult education program (based on data from the year before the last year due to the delay in reporting employment outcomes).

***Multiplier – Quality control (based on Performance Results)***

The Educational Functioning Level Performance Result is each program’s percentage of meeting or exceeding the federally negotiated Educational Functioning Levels Core Indicators of Performance for the previous year (see handout). This percentage will be multiplied by the total number of points earned, as described above, to determine the adjusted points. Each program’s percentage of funding (slice of the pie) will be based on its percentage of the performance whole. This will be multiplied by the amount available for performance.

**SAMPLE PERFORMANCE BASED FUNDING FORMULA:** See handout