

CRS Report for Congress

Adult Education and Literacy: Overview and Reauthorization Proposals of the 109th Congress

Updated January 23, 2007

Paul M. Irwin
Specialist in Social Legislation
Domestic Social Policy Division



Prepared for Members and
Committees of Congress

Adult Education and Literacy: Overview and Reauthorization Proposals of the 109th Congress

Summary

The 109th Congress considered — but did not complete — the reauthorization of federal adult education and literacy programs. The Adult Education and Family Literacy Act (AEFLA) authorized these programs through FY2003. The General Education Provisions Act (GEPA) provided a one-year extension of authorization through FY2004, and annual appropriations have continued AEFLA programs since. The primary AEFLA activity is a state grant program that supports education and literacy services for educationally disadvantaged adults. The AEFLA also authorizes national leadership activities in adult education and literacy, and the National Institute for Literacy. The FY2006 AEFLA appropriation was \$580 million; the FY2007 budget request was \$580 million, as well. The AEFLA was enacted as Title II of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, on August 7, 1998. This report will not be updated.

The House passed its proposal to reauthorize adult education and literacy programs — H.R. 27, the Job Training Improvement Act of 2005 — by a vote of 224 to 200 on March 2, 2005. Title II of the proposal would have replaced the AEFLA with the Adult Education, Basic Skills, and Family Literacy Education Act (AEBSFLEA). The AEBSFLEA would have modified several AEFLA provisions; however, most current adult education and literacy activities would have been continued. The AEBSFLEA would have increased the emphasis placed on teaching basic skills to adults and providing services to adult immigrants, and expanded the requirements placed on each state performance accountability system. Eligibility for local grants would have been extended to include faith-based organizations and for-profit entities. The National Institute for Literacy would have been reoriented to provide leadership in literacy research and instruction for persons of all ages. The AEBSFLEA would have been authorized from FY2006 through FY2011.

The Senate passed its reauthorization proposal — H.R. 27, as amended, the Workforce Investment Act Amendments of 2005 — by unanimous consent on June 29, 2006, after substituting the text of S. 1021, as amended. Title II of the proposal would have amended several AEFLA provisions; however, most current activities would have been continued. The allocation formula for state grants would not have been modified, but annual appropriations provisions for English Literacy and Civics Education grants would have been incorporated into the AEFLA. The requirements placed on each state performance accountability system would be expanded. The National Institute for Literacy would have been reoriented to provide leadership in literacy research and instruction for persons of all ages. The AEFLA would have been authorized from FY2006 through FY2011.

On January 24, 2005, S. 9, the Lifetime of Education Opportunities Act of 2005 (LEOA), was introduced; no further action was taken. Title IV, Subtitle B, Chapter 2 of S. 9 was similar in most respects to Title II of S. 1021, as reported, except that AEFLA state grant allocations would have been modified by S. 9, but not by S. 1021.

Contents

Most Recent Developments	1
Conference on H.R. 27 Did Not Take Place	1
Senate Bill H.R. 27 (S. 1021) Passed	1
House Bill H.R. 27 Passed	1
FY2007 Budget Proposed	1
Overview	1
Adult Education Program History	1
1998 Amendments	2
Appropriations History	3
Proposed Budget for FY2007	4
Participation Rates	5
Literacy Rates	6
Summary of Provisions and Proposals	6
Legislation	6
Purpose	7
Authorization Period; Amount	8
Reservation of Appropriations	8
State Allocation Formula	9
Allocation of Funds Within States	10
State Use of Funds	11
Local Use of Funds	12
Incentive Grants	12
English Literacy and Civics Education Grants	13
Federal Use of Funds	14
WIA One-Stop Local Service Centers	15
State Fiscal Requirements	16
State Plan and Application	16
State Performance Accountability System	18
National Institute for Literacy	19
Key Definitions	20
Adult Education	20
Eligible Provider	21
Literacy	21
Outlying Area	21
Reading and Essential Components of Reading Instruction	22
State Agency	22
Workplace Literacy	22
Legislative Action During the 108 th Congress	22
108 th House Proposal	23
108 th Senate Proposal	23
Administration's Blueprint for the 108 th Congress	23

List of Tables

Table 1. Adult Education Appropriations, FY1999-FY2006	3
Table 2. Action on FY2007 Appropriations for Adult Education	4

Adult Education and Literacy: Overview and Reauthorization Proposals of the 109th Congress

Most Recent Developments

Conference on H.R. 27 Did Not Take Place. The House and Senate passed different versions of H.R. 27, on March 2, 2005, and June 29, 2006, respectively, to reauthorize adult education and literacy activities. However, neither chamber appointed conferees, a conference on the differences did not occur, and no further action on reauthorization was taken by the 109th Congress.

Senate Bill H.R. 27 (S. 1021) Passed. On June 29, 2006, by unanimous consent, the Senate amended and passed H.R. 27, the Workforce Investment Act Amendments of 2005, after substituting the text of S. 1021 (S.Rept. 109-134), as amended. Among other provisions, the Senate bill would have amended and extended most current adult education and literacy activities. On January 24, 2005, S. 9, the Lifetime of Education Opportunities Act of 2005 (LEOA), was introduced, with no further action taken. In most respects, the adult education and literacy provisions of H.R. 27, as amended, and S. 9 were similar to each other and to a bill to reauthorize the Workforce Investment Act of 1998 (WIA) that was passed by the Senate in 2003.

House Bill H.R. 27 Passed. On March 2, 2005, by a vote of 224 to 200, the House amended and passed H.R. 27 (H.Rept. 109-9), the Job Training Improvement Act of 2005. Among other provisions, the bill would have amended and extended most current adult education and literacy activities. These provisions were similar to those in a WIA reauthorization bill passed by the House in 2003.

FY2007 Budget Proposed. On February 6, 2006, the President requested funding for adult education and literacy programs of \$580 million in FY2007, the same amount provided in FY2006 for these programs. The House and Senate Committees on Appropriations approved the same amounts in H.R. 5647 (H.Rept. 109-515, June 20, 2006) and S. 3708 (S.Rept. 109-287, July 20, 2006), respectively, but final FY2007 appropriations were not enacted by the 109th Congress.

Overview

Adult Education Program History. *Federal adult education programs have been funded since the 1960s.* Discretionary state grants for adult education were first authorized by Title II, Part B of the Economic Opportunity Act of 1964, P.L. 88-452, enacted August 20, 1964. The adult education state formula grants were first authorized by the Adult Education Act of 1966 (AEA), Title III of the Elementary

and Secondary Education Act Amendments of 1966, P.L. 89-750, enacted November 3, 1966. An increased emphasis on literacy was added to the AEA by the National Literacy Act of 1991, P.L. 102-73 (NLA). The NLA extended most AEA programs through FY1995; encouraged diversity in the distribution of state grants to local recipients; strengthened teacher training provisions; emphasized literacy skills within adult education programs; and strengthened state evaluation requirements. The NLA initiated the National Institute for Literacy, State Literacy Resource Centers, and the Literacy Programs for Prisoners.

1998 Amendments. Current authority for adult education and literacy programs was enacted by P.L. 105-220, the Workforce Investment Act of 1998 (WIA), on August 7, 1998. WIA extended, coordinated, and consolidated federal programs for employment and job training, adult education and literacy, and vocational rehabilitation. Title II of WIA, the Adult Education and Family Literacy Act (AEFLA), repealed both the Adult Education Act (AEA) and the National Literacy Act of 1991, but amended and extended many former AEA provisions for adult education and literacy under the AEFLA through FY2003. The General Education Provisions Act (GEPA) provided a one-year extension of authorization through FY2004, and annual appropriations have continued AEFLA programs since. For additional information, please see CRS Report RL30106, *Adult Education and Family Literacy Act, Title II of the Workforce Investment Act of 1998, P.L. 105-220*, by Paul M. Irwin.

The key features of the AEFLA, as enacted by WIA and currently implemented, are as follows.

- State performance evaluation requirements were significantly increased, including approval of performance results by the Secretary of Education.
- The purpose was expanded specifically to include assistance for parents to improve the educational development of their children.
- Three out of four adult education programs funded in FY1998 were continued; only the authorization for Literacy Programs for Prisoners was repealed.
- Appropriations from FY1999 through FY2003 were authorized at a level of such sums as may be necessary.
- The state allocation formula was changed to: (a) exclude persons enrolled in secondary school from being counted in the formula, and (b) institute a 90% hold harmless provision for state grants.
- For-profit entities were eliminated from eligibility to receive substate awards.
- The substate allocation requirements were simplified, but states were newly authorized to reserve 12.5% for state leadership activities.
- The maintenance-of-effort requirement for state expenditures for adult education was reduced from 100% to 90% of spending in the preceding year.
- The state administrative agency for AEFLA programs was required to be designated consistent with state law.
- The requirement for state advisory councils was repealed.

- The AEA provisions for national programs were simplified, and the requirement of a national literacy survey every four years was eliminated.
- Authorization was continued for the National Institute for Literacy.

Four AEFLA programs were funded in FY2006: Adult Education State Grants and National Leadership Activities are administered by the Department of Education (ED); the National Institute for Literacy is an independent federal agency, operating under an interagency agreement; and Incentive Grants are administered by the Department of Labor (DOL). These programs are described later in this report.

Appropriations History. Table 1 shows the appropriations history for adult education and literacy programs since FY1999, the first year of funding for AEFLA.

Table 1. Adult Education Appropriations, FY1999-FY2006
(dollars in millions)

Program/Fiscal year	1999	2000	2001	2002	2003	2004	2005	2006
<i>Adult Education State Grants total (non-add)</i>	\$365.0	\$450.0	\$540.0	\$575.0	\$571.3	\$574.4	\$569.7	\$564.0
English Literacy and Civics Education (a)	0.0	25.5	70.0	70.0	69.5	69.1	68.6	67.9
Incentive Grants (b)	0.0	8.1	9.6	10.2	10.1	10.2	10.1	10.0
Net Allocation for Adult Education State Grants (c)	365.0	416.4	460.4	494.8	491.7	495.1	491.0	486.1
National Institute for Literacy	6.0	6.0	6.5	6.6	6.5	6.7	6.6	6.6
National Leadership Activities	14.0	14.0	14.0	9.5	9.4	9.2	9.1	9.0
AEFLA total	\$385.0	\$470.0	\$560.5	\$591.1	\$587.2	\$590.3	\$585.4	\$579.6
<i>Literacy Programs for Prisoners (non-add) (d)</i>	0.0	5.0	5.0	5.0	5.0	5.0	5.0	0.0

Source: Department of Education Budget Service table of July 24, 2006, and previous tables and related budget documents for various years included in the table above.

- English Literacy and Civics Education grants are reserved from the appropriation for Adult Education State Grants, at a level specified in the annual appropriations.
- Incentive Grants are reserved from the appropriation for Adult Education State Grants, at a level equal to 1.72% of the Adult Education and Family Literacy Act (AEFLA) total, and transferred to the Secretary of Labor for distribution to states for Title V Incentive Grants under the Workforce Investment Act of 1998 (WIA).
- Actual Adult Education State Grant allocations are distributed from the remainder of the appropriation for Adult Education State Grants after reserving amounts for the English Literacy and Civics Education and Incentive Grants programs.
- The Literacy Programs for Prisoners program is not included in the total because it is not an AEFLA program. It was authorized by §601 of the National Literacy Act of 1991 (NLA), P.L. 102-73. This literacy program, along with the rest of the NLA, was repealed by §251(a) of WIA in 1998. Its repeal notwithstanding, however, annual appropriations from FY2000 through FY2005 continued this program, with funding at the indicated levels.

Table 1 includes funding for Adult Education State Grants, the National Institute for Literacy, and National Leadership Activities. The Incentive Grants program is funded through a mandatory allotment equal to 1.72% of the total appropriation. The English Literacy and Civics Education grants program has been required through annual appropriations language as a specific reservation from the Adult Education State Grants appropriation. The table also includes funding for Literacy Programs for Prisoners. This program is not authorized by AEFLA; rather, it was authorized as a competitive grants program under §601 of the National Literacy Act of 1991 (NLA), P.L. 102-73. All NLA programs were repealed by WIA in 1998, but its repeal notwithstanding, annual appropriations continued the Literacy Programs for Prisoners program during the period FY2000 through FY2005.

Proposed Budget for FY2007. **Table 2** shows the action taken, but not completed, by the 109th Congress on the FY2007 budget request.

Table 2. Action on FY2007 Appropriations for Adult Education
(dollars in millions)

Program/Fiscal year	2006 enacted	2007 request	2007 House rept.	2007 Senate rept.	2007 conf.
<i>Adult Education State Grants total (non-add)</i>	\$564.0	\$564.0	\$564.0	\$564.0	—
English Literacy and Civics Education Grants (a)	67.9	67.9	67.9	67.9	—
Incentive Grants (b)	10.0	10.0	10.0	10.0	—
Net Allocation for Adult Education State Grants (c)	486.1	486.1	486.1	486.1	—
National Institute for Literacy	6.6	6.6	6.6	6.6	—
National Leadership Activities	9.0	9.0	9.0	9.0	—
AEFLA total	\$579.6	\$579.6	\$579.6	\$579.6	—
<i>Literacy Programs for Prisoners (non-add) (d)</i>	0.0	0.0	0.0	0.0	—

Source: Department of Education Budget Service table of July 24, 2006, and related budget documents. The amounts enacted for FY2006 reflect funding provided by P.L. 109-149 (H.R. 3010, H.Rept. 109-337), adjusted for the 1% reduction required by §3801 of P.L. 109-148 (H.R. 2863, H.Rept. 109-359), the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006. The FY2007 House and Senate amounts are those that were reported in H.R. 5647 and S. 3708, respectively.

- a. English Literacy and Civics Education grants are reserved from the appropriation for Adult Education State Grants, at a level specified in the annual appropriations.
- b. Incentive Grants are reserved from the appropriation for Adult Education State Grants, at a level equal to 1.72% of the Adult Education and Family Literacy Act (AEFLA) total, and transferred to the Secretary of Labor for distribution to states for Title V Incentive Grants under the Workforce Investment Act of 1998 (WIA).
- c. Actual Adult Education State Grant allocations are distributed from the remainder of the appropriation for Adult Education State Grants after reserving amounts for the English Literacy and Civics Education and Incentive Grants programs.
- d. The Literacy Programs for Prisoners program is not included in the total because it is not an AEFLA program. It was authorized by §601 of the National Literacy Act of 1991 (NLA), P.L. 102-73. This literacy program, along with the rest of the NLA, was repealed by §251(a) of WIA in 1998. Its repeal notwithstanding, however, annual appropriations from FY2000 through FY2005 continued this program, with funding at the indicated levels.

As shown in **Table 2**, the FY2007 budget request proposed funding of \$579.6 million for the AEFLA, the same amount that was appropriated in FY2006, and the same amount proposed for FY2007 by both the House and Senate Committees on Appropriations. All parts of AEFLA would be funded under the FY2007 proposals at the same levels as in FY2006. The President's FY2007 request represents a marked contrast with the FY2006 request (not shown in table), which proposed a reduction of 74% in AEFLA State Grants program. However, the Congress did not agree with the FY2006 request, with the result that FY2006 appropriations were provided at a level approximately 1% below the FY2005 appropriations. In FY2006, funding was eliminated for the Literacy Program for Prisoners; the program was funded at \$5 million in FY2005.

The Administration justifies its FY2007 budget proposal for AEFLA programs by stating that it will assist states in meeting "a significant and ongoing need for adult education services" (Department of Education, *FY2007 Budget Summary*, page 52). In particular, the ED summary refers to the continued high rate of high school dropouts and the growing numbers of adult immigrants to the United States that generate a high demand for AEFLA services.

ED continues to implement an ongoing system of annual state program evaluations that was required by the 1998 WIA legislation. In the 2001-2002 program year, 46 states exceeded the performance levels approved by ED. These results apparently account for the overall national improvement in four out of six baseline indicators used by ED to measure program performance. Federal adult education programs have never been funded at a level sufficient to serve a large portion of the population eligible for services, but on the other hand, there is little evidence to suggest that a significantly greater portion of the target population would voluntarily participate in such programs if adult education and literacy services were to be offered more widely.¹

Participation Rates. According to the FY2007 ED *Justifications of Appropriation Estimates to the Congress*, 2.8 million adults are participating in programs supported by Adult Education State Grants, and 0.2 million students were being served by the English Literacy and Civics Education program in FY2006. States and localities use adult education funds for adult basic education programs (equivalent to elementary school content); English literacy programs for those with limited English proficiency; and adult secondary education activities, including the acquisition of a high school diploma or the equivalent. The latest ED estimates indicate enrollment levels of 1.1 million for adult basic education, 1.2 million for English literacy, and 0.5 million for adult secondary education. In comparison, approximately 34 million persons, or 15.7% of the population 18 years or older, had not completed high school as of March 2005.²

¹ For the latest from ED on this topic, please see Department of Education, Office of Vocational and Adult Education, *Adult Education and Family Literacy Act, Program Year 2001-2002: Report to Congress on State Performance*, 2003, pp. 1-14.

² *Digest of Education Statistics 2005*, National Center for Education Statistics, Table 9.

Literacy Rates. The number of adults with low levels of literacy proficiency skills might be considered another measure of the AEFLA target population. In 2003, ED conducted the National Assessment of Adult Literacy (NAAL) to produce a nationally representative assessment of English language literacy skills of American adults age 16 and older. The assessment focuses on the language tasks that today's adults need to function at work, at home, and in the community. Special NAAL features include components designed to measure: listening and speaking fluency; the ability to recognize letters, numbers, and logos among the least-literate adults; and health-related language skills to assess the ability of adults to comprehend health information. In addition to the national sample, the NAAL includes representative sample data on six participating states: Kentucky, Maryland, Massachusetts, Missouri, New York, and Oklahoma. NAAL is designed to allow comparisons with the only previous national literacy survey, the National Adult Literacy Survey of 1992 (NALS). For additional information, see [<http://nces.ed.gov/naal/>].

The first NAAL findings were released in December 2005. Literacy findings were reported according to four levels (below basic, basic, intermediate, and proficient) and three literacy scales (prose, document, and quantitative literacy). The percentage of adults in the below basic category was estimated to be 14% for prose literacy, 12% for document literacy, and 22% for quantitative literacy. (The same individual may be included in "below basic" under each of the three scales.) With an estimated adult population of 222.4 million in 2003, there are an estimated 31 million, 27 million, and 49 million adults in the below basic categories of prose, document, and quantitative literacy, respectively. Compared to the findings of the NALS study in 1993, the 2003 NAAL results for the "below basic" category were approximately the same as the NALS results for prose literacy results (14% in 1993), but somewhat better for document literacy (also 14% in 1993) and quantitative literacy (26% in 1993). For additional details, please see Department of Education, National Center for Education Statistics, *A First Look at the Literacy of America's Adults in the 21st Century*.

Summary of Provisions and Proposals

The following analysis examines legislative proposals, as passed by the House and the Senate, to reauthorize adult education and literacy programs. The report summarizes the key differences and similarities of these proposals with the AEFLA provisions that are currently authorized by WIA Title II.³ ED has not published a comprehensive reauthorization proposal, but has posted comments on its website at [<http://www.ed.gov/about/offices/list/ovae/pi/reauth/aeflarev.html>].

Legislation. The House bill, H.R. 27, was introduced on January 4, 2005, and referred to the House Committee on Education and the Workforce. The Committee amended and reported the bill — the Job Training Improvement Act of 2005 (JTIA) — on February 25, 2005 (H.Rept. 109-9). By a vote of 224 to 200 (roll call number 48), the House approved H.R. 27 without amendment on March 2, 2005. Title II of

³ For a summary of WIA Title I legislative proposals, please see CRS Report RL32778, *The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress*, by Ann Lordeman.

H.R. 27 — the Adult Education, Basic Skills, and Family Literacy Education Act (AEBSFLEA) — would replace AEFLA but retain most of the existing purposes and activities. The bill is similar to one passed by the House in 2003.

The Senate passed its version of H.R. 27 (hereafter referred to as the Senate bill) on June 29, 2006, after approving an amendment that substituted the text of S. 1021, as amended, for the House version of H.R. 27. S. 1021 was introduced on May 12, 2005, and referred to the Senate Committee on Health, Education, Labor, and Pensions. The Committee marked up the bill — the Workforce Investment Act Amendments of 2005 — on May 18, 2005, and ordered it reported. The committee reported S. 1021 (S.Rept. 109-134) on September 7, 2005. Title II of S. 1021, the Adult Education and Family Literacy Act Amendments of 2005, would extend the authorization for the AEFLA but would leave most existing provisions in place. The adult education and literacy provisions of the bill are similar to those passed by the Senate in 2003 with one significant exception; the 2003 bill would have modified the state allocation formula for the Adult Education State Grant program, but S. 1021 would not do so. The text of S. 1021 was approved as H.R. 27 after two modifications were made: (1) a reference to the Immigration and Naturalization Service (INS) was replaced by a reference to the Office of Immigration Statistics of the Department of Homeland Security; and (2) a proposed change was deleted that would have transferred Incentive Grant funds to Incentive Grants for Local Areas under Title I of WIA.

On January 24, 2005, S. 9 was introduced and referred to the Senate Committee on Finance. The bill — the Lifetime of Education Opportunities Act of 2005 (LEOA) — included the Adult Education and Family Literacy Act Amendments of 2005 (AEFLAA) as Title IV, Subtitle B, Chapter 2.

Purpose. Under the AEFLA, the stated purpose of the program (§202 of AEFLA)⁴ is to create a voluntary partnership among the federal government, the states, and localities to provide adult education and literacy services to:

- assist adults to become literate and obtain the knowledge and skills needed for employment and self-sufficiency;
- assist adults who are parents to obtain the skills necessary to become partners in their children's educational development; and
- assist adults in the completion of a secondary school education.

Under the House bill, the purpose would be modified to place additional emphasis on basic skills and educational services for immigrants and on assistance for adults in the transition to postsecondary education (§202). First priority would be given to basic reading, writing, speaking, and math skills. Support for states and local communities to provide adult basic skills and family literacy programs would become another priority.

Under the Senate bill, the purpose would be expanded to include assistance for adults in the transition to postsecondary education and assistance for immigrants and

⁴ Section numbers refer to the act or bill being discussed.

other persons with limited English proficiency (§202 of AEFLA; §201 of the Senate bill).

Authorization Period; Amount. The AEFLA is authorized by WIA for the period FY1999 through FY2003, at a level of such sums as may be necessary for each year during that period (§205). The General Education Provisions Act (GEPA) automatically extended AEFLA provisions for one additional year, through FY2004 (§422 of GEPA). AEFLA activities have continued through annual appropriations for FY2005.

The House bill would authorize \$590.1 million (§205) for FY2006, and such sums as may be necessary for each of fiscal years FY2007-FY2011.

The Senate bill would authorize such sums as may be necessary for each of fiscal years FY2006-FY2011 (§205 of AEFLA; §204 of the Senate bill).

Reservation of Appropriations. The AEFLA specifies three separate reservations of funds from the total AEFLA appropriation, with the remainder to be distributed by formula under the State Grants program (§211). From the annual appropriation for AEFLA:

- (1) 1.5%, but not to exceed \$8.0 million, is reserved for the National Institute for Literacy authorized under §242 of AEFLA;
- (2) 1.5%, but not to exceed \$8.0 million, is reserved for National Leadership Activities authorized under §243 of AEFLA; and
- (3) 1.72% is reserved for the Secretary of Labor to make Incentive Grants authorized under §503 of WIA.

Remaining appropriations — approximately 95.3% — are distributed under the State Grants program. In practice, annual appropriations specify amounts for the National Institute for Literacy and National Leadership Activities that override the specified percentages for the reservation of funds, and override the \$8.0 million ceiling as well in the case of National Leadership Activities.

Under the House bill (§211), each of these allocation percentages would be modified, as follows:

- (1) 1.75% would be reserved, without the \$8.0 million cap, for the National Institute for Literacy authorized under §242;
- (2) Up to 1.55% would be reserved, without the \$8.0 million cap, for National Leadership Activities authorized under §243; and
- (3) Up to 1.72% would be reserved for the Secretary of Education to make Incentive Grants authorized under §213.

Remaining appropriations — approximately 95.0% — would be distributed under the State Grants program.

The Senate bill would specify four reservations of appropriations (§211 of AEFLA; §205 of the Senate bill), as follows:

- (1) 1.5% would be reserved for the National Institute for Literacy authorized under §242 of AEFLA, with a cap of \$10 million;
- (2) 1.5% would be reserved for National Leadership Activities and additional assistance for certain states, with a cap of \$8 million;
- (3) 1.72% would be reserved for the Secretary of Labor to make Incentive Grants authorized under §503 of WIA;⁵ and
- (4) 12.0% of the remainder — approximately 11.4% of the total appropriation — would be reserved for English Literacy and Civics Education grants for states authorized under §244 of the AEFLA.

Remaining appropriations — approximately 83.9% — would be distributed under the Adult Education State Grants program.

State Allocation Formula. The AEFLA requires that the funds available under the State Grants program must be distributed by formula, as follows (§211). After an initial allotment is made of \$100,000 for each outlying area and \$250,000 for each state, all remaining funds are allotted on the basis of the number of qualifying adults in each state or outlying area. Overall, and funds permitting, no state or outlying area shall receive a grant in any fiscal year that is less than 90% of its grant in the preceding year. For purposes of the allocation formula, “states” include the 50 states, the District of Columbia, and Puerto Rico; and “outlying areas” include Guam, American Samoa, the Northern Mariana Islands, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. Special termination provisions apply to allocations for the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. For additional information regarding the Freely Associated States, please see CRS Report RL31737, *The Marshall Islands and Micronesia: Amendments to the Compact of Free Association with the United States*, by Thomas Lum.

For purposes of the AEFLA allocation formula, a qualifying adult is defined as any person who:

- is at least 16 years of age;
- is beyond the age of compulsory school attendance in the state;
- does not have a high school diploma or the equivalent; and
- is not enrolled in secondary school.

ED obtains these data by means of a special tabulation from the decennial census; they are updated once every 10 years.

The House bill would not directly change the allocation formula provisions, but it would make two changes to the underlying definitions. First, the AEFLA definition regarding a high school diploma or the equivalent would be changed to a secondary school diploma, a General Educational Development (GED) credential, or another state-recognized equivalent (§211). Second, the definition of outlying area

⁵ As reported, S. 1021 would have transferred funds to §136(i) of WIA, the Title I Incentive Grants to Local Areas program. As passed, the Senate bill would continue the transfer provision in the AEFLA, as currently authorized (discussed later in this report).

would be changed to eliminate eligibility for Micronesia and the Marshall Islands, presumably to reflect their new Compacts of Free Association (§203 of AEBSFLEA and §101 of WIA).

The Senate bill would change the definition for outlying areas by removing Micronesia, the Marshall Islands, and Palau from the list of eligible areas. However, Palau would be eligible for the second formula allocation, that is, the allocation that is proportional to qualifying population; Palau would not be eligible for the initial \$100,000 flat grant for which the remaining outlying areas are eligible. The Senate bill would not change the definition of qualifying adult for purposes of the allocation formula. The Government Accountability Office (GAO) would study the adult education allocation formula regarding whether the distribution “sufficiently” serves the eligible population and whether the formula data accurately reflects the eligible population. Study results must be reported to Congress within three years of enactment (§211 of AEFLA; §205 of the Senate bill).

The Senate bill would authorize additional assistance for those states or outlying areas whose grants would be less than they would otherwise receive if the state allocation formula had not been modified (§211 of AEFLA; §205 of the Senate bill). The amount reserved for National Leadership Activities would be reduced by the aggregate of such additional assistance. It is unclear what effect this provision would have. The only entities that apparently would receive reduced allocations would be Micronesia, the Marshall Islands, and Palau — and under the bill, none of these entities would qualify as a state or outlying area to receive these additional funds.

The S. 9 proposal would have increased the initial state allotment from \$250,000 to \$350,000 which would provide relatively small increases to the allocations of states with the smallest grants and relatively small decreases in the amounts for other states (§211 of AEFLA; §441D of S. 9). Many, but not all, education and training programs with allocation formulas require a minimum amount for each state grant. For those that do require minimum allocations, the amount is typically between 0.25 and 0.5% of the total amount. At the FY2005 appropriation level for adult education, \$250,000 would represent 0.05% of the total, and the S. 9 proposal for \$350,000 would represent 0.07%. At the FY2006 budget request, these proportions would be 0.20% and 0.27% of the total, respectively.

Allocation of Funds Within States. Under the AEFLA, each state is required to give all eligible providers, on a competitive basis, “direct and equitable access” to the funds available for distribution from the state grant (§231), under the following conditions (§222).

- Not less than 82.5% of each state grant must be used for grants or contracts to eligible providers (§231) and programs for corrections education and other institutionalized persons (§225), of which each state must use not more than 10% of the 82.5% (or 8.25% of the total state grant) to carry out programs for corrections education and other institutionalized persons.
- Not more than 12.5% of the state grant may be used for state leadership activities (§223).

- Not more than 5% of the state grant or \$65,000, whichever is greater, may be used for state program administration.

The House bill would retain these provisions, with an exception: the state program administration reservation would be increased to the greater of 5% or \$75,000, instead of \$65,000 (§222).

The Senate bill would reduce the minimum reservation for eligible providers to not less than 80% (from 82.5%). It would increase the maximum for state leadership activities to 15% (from 12.5%). Like the House provision, it would increase the reservation for state program administration to 5% or \$75,000, whichever is greater (§222 of AEFLA; §208 of the Senate bill).

State Use of Funds. Under the AEFLA, authorized state leadership activities include professional development programs; technical assistance; state or regional networks of literacy resource centers; monitoring and evaluation; within-state incentive awards; curriculum development and dissemination; other statewide activities for adult education and literacy; support services such as transportation and child care; integration of literacy instruction and occupational skill training; and linkages with postsecondary institutions (§223). State administrative activities include the development, submission, and implementation of the state plan; expenses for consultations related to the state plan; and coordination with other federal and state programs (§221).

The House bill would modify the list of authorized state leadership activities. Such activities would explicitly include assistance to local recipients in performance accountability; development of technology applications and distance learning; support for the transition from adult education programs to postsecondary programs; promotion of workplace literacy programs; and support for local outreach programs (§223). It would eliminate specific mention of: state or regional networks of literacy resource centers; monitoring and evaluation; and within-state incentive awards. Other existing state leadership activities would be continued under the House bill. State administrative activities would be continued without change (§221).

The Senate bill would modify the list of authorized state leadership activities. It would explicitly include development of technology and distance learning; coordination with other service providers and support programs; development and dissemination of curricula; assistance to local providers for developing and reporting measurable progress; development of a system for the transition from adult education to postsecondary education; integration of literacy and English language instruction with occupational skill training; promotion of workplace literacy programs; promotion of local outreach activities; development of curriculum frameworks and rigorous content standards; development of new assessment tools and strategies; and development and implementation of programs to meet the needs of adult learners with learning disabilities and those with limited English proficiency. The bill would eliminate specific mention of within-state incentive awards. Other state leadership activities would be continued under the bill (§223 of AEFLA; §209 of the Senate bill). The bill would not make any major modification to state administrative activities (§221 of AEFLA; §207 of the Senate bill).

Local Use of Funds. Under the AEFLA, each state must make competitive, multi-year grants or contracts to eligible providers — local recipients — to develop, implement, and improve adult education and literacy services within the state (§231). Each recipient must use its award to provide services or instruction in at least one of the following categories: adult education and literacy services, including workplace literacy services; family literacy services; and English literacy programs. Each local recipient may spend no more than 5% of its grant on local administrative costs, including planning, personnel development, and interagency coordination. The remainder — not less than 95% of each local award — must be spent for adult education and literacy activities (§233). Each eligible provider must submit an application to the state agency, describing its plan for spending its grant as well as any cooperative arrangements that were made with other entities for the delivery of services (§232).

The House bill would continue most of these provisions. In addition, it would authorize local recipients to operate essential workplace literacy and English language acquisition programs. Each local recipient would be required to demonstrate past effectiveness and a commitment to measurable goals and outcomes (§231). The House bill would retain the 5% ceiling for local administrative costs, but would require these costs to include the development of local measurable goals for reading, writing, speaking, and math, and interagency coordination (§233).

The Senate bill would continue most of these AEFLA provisions (§231 of AEFLA; §212 of the Senate bill). It would retain the 5% ceiling for local administrative costs, but would add professional development as part of such costs, and, like the House bill, include the development of local measurable goals (§233 of AEFLA; §214 of the Senate bill).

Incentive Grants. The Secretary of Education must reserve 1.72% of the annual AEFLA appropriation for Incentive Grants (§211). Under the WIA Title V Incentive Grants program, these funds — combined with funds reserved from other specified programs — must be awarded to states that exceed expected performance levels for: (1) WIA Title I job training programs; (2) WIA Title II (AEFLA) adult education programs; and (3) vocational education programs authorized by the Carl D. Perkins Vocational and Technical Education Act (§503 of WIA). The minimum grant to a qualifying state is \$750,000; the maximum is \$3 million. Such funds must be used by each recipient state to carry out an innovative program consistent with the purposes of one or more of the programs from which funds were reserved; they do not have to be used for AEFLA activities. The Secretary of Education is required to transfer the amount reserved from the AEFLA to the Secretary of Labor who selects eligible states, determines the award amounts, and administers the program.⁶

⁶ The AEFLA is the *only* program under current law where funds are required to be transferred to DOL for an Incentive Grants program. The transfer of vocational, technical, or career education funds is no longer authorized, in accordance with amendments recently enacted by P.L. 109-270. Job training funds under Title I of WIA are permitted, but not required, to be transferred to an Incentive Grants program; for the past several years, the Secretary of Labor has not chosen to make such a transfer.

Under the House bill, a reservation of up to 1.72% of funds would be made for Incentive Grants (§211). Unlike the current WIA Title V Incentive Grants program, however, these proposed grants would be limited to states that exceeded adult education performance levels. The program would be administered by the Secretary of Education instead of the Secretary of Labor, and funds would be spent only on adult education and literacy activities (§213). The current Title V Incentive Grants program for exemplary states would be repealed (§113).

Under S. 1021, as reported, a reservation of 1.72% of funds would have been made for Incentive Grants (§211 of AEFLA; §205 of S. 1021, as reported). The Secretary of Education would have transferred the reserved amount to the Secretary of Labor for a new Title I WIA program of Incentive Grants for Local Areas (§136(i) of WIA; §432K of S. 1021, as reported), instead of §503 of WIA as under current law. These proposed grants would have been administered by the Governor in each state to reward local areas for exemplary performance under Title I of WIA. Local recipients would have been limited to spending the funds for selected workforce training programs, and, if approved by the Governor, for demonstrations and innovative programs for hard-to-serve populations. In addition, the bill would have expanded state and local uses of funds under the existing WIA Title V Incentive Grants program for exemplary states. WIA Title V funding would no longer have been derived from AEFLA, but funds from other programs would still have been allowed to be spent on adult education and literacy activities (§503 of WIA; §161 of S. 1021, as reported). Under the Senate bill, as passed, funds for Incentive Grants would be reserved for activities authorized under §503, as under current law.⁷

English Literacy and Civics Education Grants. Beginning with the FY2000 appropriations for AEFLA, P.L. 106-113, a portion of the annual funds otherwise available for Adult Education State Grants has been reserved for grants to states for “integrated English literacy and civics education services to immigrants and other limited English populations.” However, no other program purposes, objectives, or requirements are specified, and no systematic evaluation data appear to have been collected by ED in its administration of EL/Civ grant activities. English Literacy and Civics Education (EL/Civ) grants differ from the regular state grants in several ways: (1) a separate formula for state allocations is specified; (2) EL/Civ funds may be used for only a portion of activities otherwise authorized by regular state grants; (3) ED does not appear to administer EL/Civ as a separate program; and (4) separate EL/Civ

⁷ The proposal for Incentive Grants that was included in S. 1021, as reported, appeared to be inconsistent regarding several adult education provisions. The proposed WIA Title I program would have authorized Governors to award local incentive grants for job training activities, whereas the Title V program would have continued to authorize the Secretary of Labor to award state incentive grants, on the basis of performance, for a variety of activities, including adult education and literacy. The 1.72% reservation of AEFLA funds would have been redirected from the WIA Title V program to the Title I program under the proposal, as reported. Under Title I, however, the proposal would not appear to have (1) provided the Secretary any authority to spend these AEFLA funds; (2) authorized the Secretary to allocate these AEFLA funds to the Governors; or (3) given any authority otherwise to the Governors to obtain the funds reserved from the AEFLA. In addition, the AEFLA funds no longer would have served as a source of funds for the WIA Title V Incentive Grants program for exemplary states, as it does under current law.

grants are not specifically authorized in the AEFLA statute and are only required through annual appropriations language.

The state allocation formula for EL/Civ grants has been specified in annual appropriations as follows. For FY2000, half of the reserved funds were required to be allocated to states on the basis of “absolute need” and half on the basis of the recent growth in the need for such services, “based on the best available data.” For FY2001 to the present, these grants have been allocated by a formula in which 65% of the allocation was allocated for “absolute need” and 35% for “recent growth.” Each state’s “absolute need” has been defined as its share of the most recent 10-year average of immigrants admitted for legal permanent residence, as determined by the Immigration and Naturalization Service (INS).⁸ The most recent three-year average of such data has been defined as “recent growth.” The minimum state grant was set at \$60,000. These provisions have been reenacted annually, without significant change, most recently by P.L. 109-149 for FY2006. These appropriations provisions do not amend AEFLA directly.

The House bill would not include English Literacy and Civics Education grants.

Under the Senate bill, the Secretary of Education would reserve funds for “integrated English literacy and civics education” (§211 of AEFLA; §205 of the Senate bill). The reservation would be 12% of the funds remaining after certain other reservations had been made, or approximately 11.4% of the total authorization of appropriations. These funds would be allocated to the states by the formula currently required by annual appropriations (§244 of AEFLA; §218 of the Senate bill). As under annual appropriation language, the Senate bill would not specify any activities, either required or permitted, for the expenditure of these funds, nor would it define the term “integrated English literacy and civics education.” However, the Senate bill would update the source of immigration data so that such data would be obtained from the Office of Immigration Statistics of the Department of Homeland Security (§244 of AEFLA; §218 of the Senate bill).

Federal Use of Funds. The Secretary of Education must reserve 1.5% of the total AEFLA appropriation, but not to exceed \$8 million, to carry out National Leadership Activities (§211). In general, these funds may be used to enhance the quality of adult education and literacy nationwide, including (§243):

- technical assistance, including the development of performance measures, professional development, distance learning, and the use of technology;
- identification of successful methods and model programs;
- research, including the estimation of literacy rates;
- demonstration programs;
- evaluations and assessments, including the effect of performance measures;

⁸ The INS was abolished by P.L. 107-296, the Homeland Security Act of 2002 (HSA), enacted Nov. 25, 2002. The HSA created the Department of Homeland Security (DHS), and transferred most INS functions to DHS, including the former INS data collection systems.

- capacity building; and
- data collection.

Under the House bill, the Secretary would carry out a program of National Leadership Activities with a slightly greater reservation of funds — up to 1.55%, instead of 1.5%, and without the \$8 million maximum (§211). The Secretary would be authorized to carry out activities similar to those currently authorized (§243). Additional activities that might be undertaken under the House bill would include research on the acquisition of adult basic skills, the coordination of adult education and workforce development services, successful transition to postsecondary education and employment, and the effectiveness of community- and faith-based providers of services.

The Senate bill would retain the AEFLA reservation of funds for National Leadership Activities — 1.5%, but not to exceed \$8 million (§211 of AEFLA; §205 of the Senate bill). The Secretary would be authorized to carry out activities similar to those currently authorized (§243 of AEFLA; §217 of the Senate bill). Additional authorized activities would include the development of state performance accountability systems with a special focus on low-performance states, development of networks to assist local providers meet program performance requirements, development of best practices for the coordination of literacy and employment services, and postsecondary education transition programs.

WIA One-Stop Local Service Centers. Title I of WIA requires each local workforce investment board to operate a one-stop delivery system. This system provides specified services for eligible youth and adults in at least one physical center. Services are provided by various local one-stop partners. WIA specifies the mandatory participation of some partners — including such programs as adult education and literacy, job training, postsecondary vocational education, and vocational rehabilitation. Participation of other partners providing human resource services is optional. All partners of each one-stop center must enter into a memorandum of understanding (MOU) regarding: (a) services to be provided; and (b) sources of operating funds to be shared among the partners (§121 of WIA).

The House bill would amend the funding provisions for one-stop local service centers to provide one-stop infrastructure funding in addition to funding for operations (§121 of WIA; §108 of the House bill). For one-stop infrastructure funding, each Governor would determine the share of funding to be contributed by each partner. The funds so reserved from each partner, however, would be limited to a portion of the funds available for administrative costs for a given program. Each Governor would distribute by formula the funds so collected to one-stop centers.

The Senate bill would amend the funding provisions for one-stop centers (§121 of WIA; §117 of the Senate bill). It would require each Governor to issue guidelines for infrastructure funding. Each Governor would be required to impose an infrastructure funding solution only when a one-stop center could not reach agreement in its MOU to provide sufficient infrastructure funds. In instances where the funding was imposed, the Governor would collect funds from each partner; the funding so reserved would be limited to a portion of the administrative costs for a given program, not to exceed 1.5% of the total grant in the case of AEFLA partners.

The funds so collected would be distributed by formula to one-stop centers in local areas that did not reach MOU funding agreements.

State Fiscal Requirements. Under the AEFLA, each state must meet certain fiscal requirements, as follows.

- **Supplement, Not Supplant:** Grants must not supplant other state or local public funds spent for adult education and literacy activities (§241).
- **Maintenance of Effort:** The expenditures per student or in aggregate from all sources for adult education and literacy activities must be maintained at not less than 90% of the previous year. The Secretary of Education must reduce the grant to any state that fails to meet this requirement, the reduction to be in proportion to the amount by which the state failed to meet this requirement. Special provisions govern years when federal appropriations have declined from the level of the previous year, and the Secretary may waive the provision for one year only in exceptional or uncontrollable circumstances (§241).
- **Matching:** With regard to matching funds, the nonfederal portion of expenditures for adult education and literacy activities authorized by the AEFLA must be equal to 12% for each outlying area and 25% for each state (§222).⁹ The nonfederal share may be in cash or in kind, and must be used for adult education and literacy activities consistent with AEFLA.

The House bill would modify the matching requirement to allow states to do what they already do in practice — to spend more from non-federal sources than the amount required by the match (§222). Current law says the non-federal contribution “must equal” 25%; the House modification would say “not less than” 25%. The House bill would not change the other fiscal provisions.

The Senate bill, like the House bill, would modify the matching requirement to allow states to spend more from non-federal sources than the amount required by the match (§222 of AEFLA; §208 of the Senate bill). The Senate bill would not change the other fiscal provisions.

State Plan and Application. Under the AEFLA, each state is required to submit a five-year plan for adult education and literacy activities to the Secretary of Education; the plan may be submitted as part of a comprehensive plan or application for federal education assistance (§224). Each plan must:

- include a state assessment to determine adult education needs, including those most in need or hardest to serve;

⁹ In terms of matching federal funds, a 75% federal share (or 25% nonfederal share) means that for every \$4 spent on an activity, \$3 comes from federal sources and \$1 is derived from nonfederal sources. This level of nonfederal support means that 1 out of every 3 federal dollars must be matched from nonfederal sources.

- describe the use of funds for AEFLA purposes;
- describe annual evaluation procedures based on performance measures;
- assure compliance with the fiscal requirements;
- describe the strategies to be used for serving populations with special needs;
- describe the process of public participation in plan development; and
- describe the integration of AEFLA activities with similar education and training activities administered by the state.

The House bill would increase the state plan duration from five years to six years, and would modify and expand the state plan requirements as follows (§224).

- Evaluation procedures would be expanded to hold local grant recipients accountable, using “technical assistance, sanctions, and rewards.”
- The state plan would describe how local recipients would be made to demonstrate compliance with the requirements for measurable goals.
- Public participation in plan development would be expanded to include the participation of specific state boards and agencies.
- Service for special needs populations would include the unemployed and underemployed.
- The state agency for postsecondary education would have to be consulted regarding the transition of adult education students to postsecondary education.

The Senate bill would decrease the duration of the state plan from five years to four years, and otherwise modify and expand the state plan requirements as follows (§224 of AEFLA; §210 of the Senate bill).

- The description of adult education needs and the use of funds would be expanded to include each workforce development area in the state.
- Local recipients would be held accountable through the use of rewards and sanctions, similar to the House bill.
- The process for improving teacher quality and professional development at the local level would be described.
- Public participation in plan development would be expanded, similar to the House bill.
- Service plans for the unemployed and underemployed would be required, similar to the House bill.
- Capacity building for adult education providers and increased participation of business and industry in adult education activities would be described.
- As in the House bill, other state agencies would be consulted for the transition to postsecondary education programs and the workforce.

Under current law, WIA Title V authorizes the submission of a unified state plan that combines two or more plans for eligible programs, including a state plan for

the adult education and literacy program (§501). Neither the House nor the Senate bill would amend this provision.

State Performance Accountability System. The AEFLA requires a comprehensive performance accountability system to assess the effectiveness of each state in “achieving continuous improvement” of adult education and literacy activities (§212). The core indicators of performance are:

- improvement in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills;
- placement or retention in, or completion of, postsecondary education, training, employment, or career advancement; and
- receipt of a secondary school diploma or the equivalent.

Each state must identify expected levels of annual performance for these indicators which, if obtained, would show continuous performance improvement. Performance levels must be approved by the Secretary of Education. Each state must report annually to the Secretary on its progress with regard to its performance measures.

The Secretary is required to make the information from annual state reports available to the public, including state-by-state comparisons. The latest publication from ED reports on the 2001-2002 program year, the second year of implementation of the 1998 amendments.¹⁰ The report shows 46 states exceeding their adult education performance goals; to exceed its goals, each state must show continuous progress on six performance measures established by the Secretary. States that fail to meet performance goals lose eligibility to share in the WIA Incentive Grants program (discussed above). Local recipients who fail to meet performance goals are less likely to receive future awards because past effectiveness is one of the criteria used in the competition for local awards.

Under the House bill, the state performance accountability system would be expanded (§212). Each state would establish specific employment performance indicators, along with the existing core performance indicators. The adjusted levels of performance would be shown in “objective, quantifiable, and measurable form.” The annual state progress report would be submitted not only to the Secretary of Education but also to the Governor, the state legislature, eligible providers, and the general public.

Under the Senate bill, the performance accountability system would be expanded to include performance measures for employment, similar to the House bill (§212 of AEFLA; §206 of the Senate bill). Performance indicators for workplace literacy programs would be required. Each state would reach agreement with the Secretary on the adjusted levels of performance to be obtained during the first two years of the state plan, instead of the current three-year period. States that did not

¹⁰ U.S. Department of Education, Office of Vocational and Adult Education, *Adult Education and Family Literacy Act (AEFLA) Program Year 2001-2002: Report to Congress on State Performance*, 2003.

meet their performance levels would work with the Secretary for the next two years to implement an improvement plan to meet such goals; unacceptable performance levels after the extended period would trigger additional technical assistance from the Secretary and new program improvement plans. Similar to the House bill, the Senate bill would expand the distribution of each annual state progress report to include not only the Secretary, as under the AEFLA, but also the Governor, the state legislature, and the state workforce investment board (§212 of AEFLA; §206 of the Senate bill).

National Institute for Literacy. The Secretary of Education must reserve 1.5% of the annual AEFLA appropriation, not to exceed \$8 million, for the National Institute for Literacy (§211). The Institute must provide leadership for the improvement of literacy, coordinate literacy services and policies, and serve as a resource for adult education and literacy programs by disseminating information and supporting effective services (§242). The Institute is authorized to

- establish a national electronic literacy and basic skills information data base;
- coordinate literacy and basic skills support at federal, state, and local levels;
- coordinate research and development on literacy activities;
- conduct research and development not being conducted elsewhere;
- collect and disseminate literacy and basic skills information;
- provide policy and technical assistance at federal, state, and local levels;
- support a network of state or regional adult literacy resource centers;
- coordinate information sharing with national organizations;
- report on literacy and basic skills policy to Congress and federal agencies; and
- award literacy fellowships for careers in adult education or literacy.

The Institute is administered by an interagency group under an agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (§242). The National Institute for Literacy Advisory Board is required to make recommendations concerning the appointments of the Director and staff; provide advice on the operation of the Institute; and report biennially to the authorizing committees in the House and the Senate. Board members are appointed by the President, with the advice and consent of the Senate, and must be representative of specified entities, such as literacy organizations, businesses, students, literacy experts, and government agencies. The interagency group appoints the Director, after receiving recommendations from the Advisory Board. The Director is responsible for the daily operations of the Institute.

The National Institute for Literacy was established by P.L. 102-73, the National Literacy Act of 1991, as an independent federal agency. In general, the 1998 enactment of AEFLA did not modify the original 1991 provisions for the Institute. However, under provisions of the No Child Left Behind Act of 2001 (NCLBA), the Institute was given additional responsibilities and funding through the Reading First

program, as described in §1207 of the Elementary and Secondary Education Act of 1965.¹¹

Under the House bill, the Secretary of Education would reserve 1.75% of the annual AEBSFLEA appropriation (up from 1.5%, and without the current \$8 million limit) for the National Institute for Literacy (§211). The purpose of the Institute would be modified and expanded to promote literacy for persons of all ages; activities would no longer focus solely on adults (§242). The Institute would be required to carry out many of the activities currently authorized, but with additional activities that would parallel the expansion of purpose.

The House bill would modify the organizational structure of the Institute. The Institute apparently would remain an independent federal agency; however, the Secretary of Education would appoint the Director, modify the interagency agreement “as necessary,” and provide administrative support for the Institute (§242). The other members of the interagency group would join with the Secretary of Education to administer the Institute and consult with the Secretary of Education concerning the appointment of the Director. The Advisory Board’s primary duties would be limited to making recommendations on the appointment of the Director and providing independent advice on the operation of the Institute; the biennial report to Congress would be produced by the Institute itself.

Under the Senate bill, the Secretary of Education would reserve 1.5% of the annual AEFLA appropriation, not to exceed \$10 million, for the National Institute for Literacy (the same percentage as the AEFLA but with the ceiling increased from the current \$8 million limit) (§211 of AEFLA; §205 of the Senate bill). The purpose of the Institute would be expanded to promote literacy for persons of all ages (§242 of AEFLA; §216 of the Senate bill). Authorized activities would be expanded to include (a) working cooperatively with ED toward the development and implementation of standards-based assessment instruments to assist states improve adult education and literacy programs; and (b) the identification of research on instructional and organizational practices that are effective in the improvement of literacy programs. In general, the bill would not modify the organizational structure of the Institute.

Key Definitions. The AEFLA defines a number of key terms related to the provision of services and participants, as indicated below (§203). The House bill (§203) would modify some of these terms, of which the most significant differences would be for: adult education, eligible provider, literacy, outlying area, reading, state agency, and workplace literacy. The Senate bill would modify several of these definitions as well (§203 of AEFLA; §202 of the Senate bill).

Adult Education. The AEFLA defines this term to mean services or instruction below the postsecondary level for persons: (a) who are age 16 or older; (b) who are not enrolled or required to be enrolled in secondary school under state law; and (c) who lack mastery of basic educational skills to enable them to function

¹¹ For additional information, please see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

effectively in society, do not have a high school diploma or the equivalent, or who are unable to speak, read, or write the English language.

The House bill would define “Adult Education, Basic Skills, and Family Literacy Education Programs” to have the same meaning as the current “adult education” except that (1) programs would be required to include a sequence of academic instruction; (2) basic skills would be required to include mathematical computations; and (3) the General Educational Development (GED) credential would be specified as an alternative to a high school diploma.

The Senate bill would make minor adjustments to the definitions for “adult education” and “adult education and literacy activities.”

Eligible Provider. The AEFLA defines eligible providers — potential local grant recipients — to include local educational agencies, community-based organizations, volunteer literacy organizations, institutions of higher education, public or private nonprofit agencies, libraries, public housing authorities, other nonprofit institutions that have the ability to provide literacy services to adults and families, and consortia of eligible providers.

Under the House bill, eligible providers would include those currently eligible, as well as faith-based organizations of demonstrated effectiveness and for-profit institutions that have the ability to provide adult basic skills and family literacy education programs to adults and families.

Under the Senate bill, all providers currently eligible under the AEFLA would continue to be eligible, but each would need to have demonstrated effectiveness in providing adult education services. Unlike the House bill, the Senate bill would not add eligibility for faith-based organizations or for-profit institutions.

Literacy. The AEFLA defines this term to mean a person’s ability to “read, write, and speak in English, compute, and solve problems” at levels necessary to function on the job, in the family, and in society.

Under the House bill, the definition for literacy would be similar to current law, but it would be modified to add the successful transition to postsecondary education.

The Senate bill would not amend this term.

Outlying Area. The AEFLA defines this term to have the same meaning as WIA §101: United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

The House bill would modify WIA §101 by removing the Marshall Islands and Micronesia from the list of outlying areas.

The Senate bill would amend AEFLA to define outlying area to mean: United States Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

Reading and Essential Components of Reading Instruction. The AEFLA does not define these terms.

The House bill would require both terms to have the same definition as given by §1208 of the Elementary and Secondary Education Act of 1965, as follows.

- “Reading” means a complex system of deriving meaning from print that requires understanding of speech sounds from print, decoding unfamiliar words, reading fluently, reading comprehensively, constructing meaning from print, and maintaining reading motivation.
- “Essential components of reading instruction” means explicit and systematic instruction in phonemic awareness, phonics, vocabulary development, reading fluency including oral reading skills, and reading comprehension strategies.

The Senate bill would require “essential components of reading instruction” to have the same definition as in the ESEA; it would not define “reading.”

State Agency. The AEFLA defines the “eligible agency” as the sole state agency “responsible for administering or supervising policy for adult education and literacy” in the state, consistent with state law.

The House bill would define eligible agency as the “primary entity or agency” responsible for adult education and related activities. The agency could be: the state educational agency; the state agency administering workforce investment activities; or the state agency responsible for administering community or technical colleges.

The Senate bill would not amend this term.

Workplace Literacy. The AEFLA defines “workplace literacy services” to mean literacy services designed to increase workplace productivity through the improvement of literacy skills.

The House bill would amend this term to require collaboration between local providers and employers or employee organizations, and specify that the improved skills must include reading, writing, speaking, and math skills.

The Senate bill would make a similar amendment, but would further specify that programs must take place in the workplace, at an off-site location, or in a “simulated workplace environment.”

Legislative Action During the 108th Congress

During the 108th Congress, the reauthorization of the AEFLA was considered by both the House and the Senate, but a final agreement was not reached and

legislation was not enacted. The House and Senate proposals were similar to the bills introduced in the 109th Congress, as discussed in this report.¹²

108th House Proposal. During the 108th Congress, H.R. 1261 was introduced in the House on March 13, 2003, and referred to the House Committee on Education and the Workforce. The Committee amended and reported the bill on May 1, 2003 (H.Rept. 108-82). The House amended and passed H.R. 1261 — the Workforce Reinvestment and Adult Education Act of 2003 — on May 8, 2003, by a vote of 220 to 204 (roll call number 175). Under the House bill, as passed, Part A of Title II would have amended Title II of WIA, and would have amended and renamed the AEFLA as the Adult Basic Skills and Family Literacy Education Act (ABSFLEA). Part B of Title II would have authorized the National Institute for Literacy Establishment Act.

108th Senate Proposal. S. 1627 was introduced in the Senate on September 17, 2003, and referred to the Senate Committee on Health, Education, Labor, and Pensions. The Committee amended and reported the bill on November 5, 2003 (S.Rept. 108-187). The Senate amended H.R. 1261 by substituting the provisions of S. 1627 — the Workforce Investment Act Amendments of 2003 — and on November 14, 2003, passed H.R. 1261, as amended, by unanimous consent. Under the Senate bill, as passed, Title II, the Adult Education and Family Literacy Act Amendments of 2003, would have amended and extended the provisions of AEFLA, including authorization of the National Institute for Literacy. On June 3, 2004, the House appointed conferees, but the Senate did not, and no further action was taken on reauthorization during the 108th Congress.

Administration's Blueprint for the 108th Congress. In June 2003, the Administration published on the ED website an outline of its legislative priorities, entitled, *A Blueprint for Preparing America's Future: The Adult Basic and Literacy Education Act of 2003: Summary of Major Provisions*. The blueprint focused on greater accountability for states to obtain successful program results; greater emphasis on research to find programs that work; expanded eligibility of service providers to include community and faith-based organizations; closer ties between service providers and employers; better data collection; and increased availability of literacy services to those who need them. The outline did not suggest any specific funding level.

On May 8, 2003, the Office of Management and Budget (OMB) issued a "Statement of Administrative Policy" giving support in general for the adult education provisions in H.R. 1261, as passed by the House. The Administration praised the House provisions to "improve the quality, accessibility, and accountability" of adult education. It also indicated that it would be providing the Congress with more specific suggestions to ensure the improvement of the quality of instruction, as well as education and employment outcomes for program participants.

¹² For details of the 108th Congress, please see CRS Report RL32365, *Adult Education and Literacy: Reauthorization Proposals of the 108th Congress*, by Paul M. Irwin.