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ABSTRACT

Designed to help state policymakers examine issues regarding the financing of adult learning and make decisions, this paper begins by outlining five positions on state financing: laissez faire, forced retrenchment, voluntary retrenchment, decentralized control of funding, and centralized control of funding. Collection of information on current allocation of resources is then discussed. Three charts are provided that can be used to relate five broad types of learning to (1) types of learning, sources of support, and public funding mechanisms; (2) types of learning and types of providers; and (3) types of learning and learner characteristics. The history, current status, and future prospects of federal funding are reviewed to help policymakers assess the need for state action in response to a changing federal role. Consideration is given to the issues and tradeoffs necessary to decide on the extent of the future state role in financing adult learning. Traditional and proposed new funding mechanisms are examined, and their advantages and disadvantages are explored. The final section of the paper provides an example of how policymakers can use the charts and presentations presented in previous sections to explore systematically the state role in financing a specific type of adult learning--basic education for adults. Appendixes include a chronology of federal support and a taxonomy of traditional funding mechanisms. (YLB)

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FINANCING ADULT LEARNING:
SPOTLIGHT ON THE STATES

by Norman D. Kurland,
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July 1982

Lifelong Learning Project

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The Education Commission of the States is a nonprofit, nationwide interstate compact formed in 1966. The primary purpose of the commission is to assist governors, state legislators, state education officials and others to develop policies to improve the quality of education at all levels. Forty-eight states, American Samoa, Puerto Rico and the Virgin Islands are members.

It is the policy of the Education Commission of the States to take affirmative action to prevent discrimination in its policies, programs and employment practices.

ENHANCING THE STATE ROLES IN LIFELONG LEARNING

The phrase "lifelong learning" expresses an ideal in which Americans of all ages, throughout their lifetimes, would be able to move easily in and out of learning opportunities that help them acquire the knowledge and develop the coping skills so essential to independent living in our complex, highly technological society. Each year, millions of adults pursue this goal by enrolling as full- or part-time students on college or vocational school campuses, attending seminars and workshops at various sites within their communities, participating in training programs at their places of employment, taking television courses, engaging in independent reading and study projects, and signing up for correspondence courses.

In recognition of the fact that the states have the constitutional responsibility for the planning and delivery of education services for citizens of all ages, the W. K. Kellogg Foundation has awarded a three-year grant to the Education Commission of the States (ECS) in an effort to facilitate planning and policy development activities in this area. That grant supports the operations of the ECS Project on Enhancing the State Roles in Lifelong Learning, which works with state education leaders in California, Colorado, Illinois, Kansas, New York and Ohio, as they plan for the extension of adult learning services. Twenty-seven other "associate" states have also been closely identified with the project and have designated representatives to serve on a national technical task force (TTF), in which forum the states exchange information and experiences regarding their activities on behalf of adult learners.

This paper is one of a series of materials developed under the project that draws upon the experiences of the project states in clarifying the roles that states might play in this critical area. Evaluative feedback regarding the usefulness of this publication, as well as requests for additional copies, should be referred to the Education Programs Division, Education Commission of the States, 1860 Lincoln Street, Suite 300, Denver, Colorado 80295.

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I. INTRODUCTION

Constitutionally and historically, education has been a state responsibility. Now, more than ever, the spotlight is on the states; not only for the education of youth, but for the education of adults as well. Increasingly, states are being pressured into addressing the learning needs of adults because of three powerful forces in contemporary society.

1. Demographics: the number of people ages 18-to-22-years-old will decline by 25 percent in the next decade, while the number of persons between ages 25- and 65-years-old will increase by nearly 20 percent. As a response to these changes, schools, colleges and other institutions are competing for adult students. States may already have been drawn into heavier support of adult learning than they had intended and are being called upon to moderate the effects of excessive competition. The problem of social equity is a critical factor here. The gulf between education "haves" and "have nots" is much wider among adults than it is among youth, and will widen, unless states take affirmative action to insure that racial and linguistic minorities receive equal opportunities to maximize their social and economic advancement.
2. Technology: the rapid rate of technological and social change is forcing most adults to learn new skills to function effectively on the job or in their daily lives,

thus creating new demands from adults for learning opportunities.

3. Federalism: cuts in federal funds for education, block grants and other changes in the federal role are forcing states to reconsider their responsibilities for all education. For many states, this comes at a time when local and state support is also being reduced.

The state response to these forces is made difficult because adult learning cuts across the traditional lines of education that were designed to serve youth, and there is no long historical tradition on which to rely in making judgments. It is not clear what the state role should be, if any: 1) which types of adult learning should be publicly supported; 2) which types of adult learners should be funded; 3) which types of institutions should be subsidized to serve adults; and 4) what proportions of costs should be borne by the state.

This paper, one in a series produced by the ECS Project on Enhancing the State Roles in Lifelong Learning, is designed to help state policy makers examine these issues and make decisions with regard to them.

The paper begins by outlining five positions across a continuum of positions that policy makers might take on the state role in financing adult learning. Some readers will start with a strong inclination toward one of the five positions and make judgments about the issues raised in the remaining sections in light of their initial stance. Other readers might find that a review of the other section is needed in order to clarify which position to take. Section I can thus be used as a starting point to see how similar or divergent views among policy makers might be and as a conclusion when more detailed considerations have been examined.

No state can start de novo in its financing of adult learning, because there is an existing education system that already serves a number of adults and that the state partially supports. A key consideration in deciding where and how the states should allocate funds for adult learning must, therefore, be what is already being done within and by the state. How extensive is present state support of adult learning? Which institutions are receiving these funds? How much are employers and adults themselves contributing? Section II and the associated charts are designed to help policy makers answer these questions. Section III helps to insure that current assessments of the financial status of adult learning are realistic by alerting state policy makers to the potential impact of federal budget cuts on adult learning within their particular states.

Based on an assessment of current financial conditions, consideration is given in Section IV to the issues and tradeoffs necessary to decide on the extent of the future state role, if any, in financing adult learning. In an era of limited public resources, states would be wise to invest their dollars in those areas of adult learning that promise the highest yield on their investment, economically and socially. This section explores many of the considerations that are essential in setting such priorities, beginning with the importance of defining the state goals that must be achieved, at least in part, through an extension of adult learning services.

Once these issues are resolved, the state can examine particular strategies for effectively disbursing the dollars to be used to support the achievement of specific state objectives. In Section V, traditional and proposed new funding mechanisms are examined, and the advantages and disadvantages of each are explored.

Finally, Section VI provides an example of how policy makers can use the charts and considerations presented in Sections I through V to systematically explore the state role in financing a specific type of adult learning: basic education for adults.

Throughout the paper, reference is made to actions by the "state." This makes it sound as though the "state" were a single entity that could set its priorities and move in a given direction as readily as might any individual. But states are complex, multifaceted entities in which decision-making powers are shared among many individuals who seldom agree on any single course.

Hence, when reference is made to a state adopting a policy approach or making decisions, one must be careful not to exaggerate the ease with which that might be done. A given state's services might be administered through a number of agencies, each with its own organizational structure, its own authorizing legislation and its own lobby in the legislature. Perhaps no more than three or four of these agencies will have a primary concern with the planning and delivery of education services, but many of them may be financing specific adult learning activities that are incidental to their mandated responsibilities, and each agency may have its own views on how much and what sort of education for adults "the state" should finance.

II. FIVE POSITIONS ON STATE FINANCING OF ADULT LEARNING

There is a continuum of possible positions on the appropriate state role in financing adult learning that range from the stance that things are fine as they are, to the view that radical changes are necessary, requiring active intervention by the state. Five positions along the continuum are examined:

- Laissez Faire
- Forced Retrenchment
- Voluntary Retrenchment
- Decentralized Control of Funding
- Centralized Control of Funding

Laissez Faire

A policy maker who takes this perspective believes that the present level of state involvement is satisfactory. It is perceived that adults in the state who want to learn are being served. When a new need emerges, education institutions come forward to meet it. When federal funds are cut, the normal operation of state, local and private funding mechanisms will fill the gap. Minimal state action seems needed or desirable.

This approach could result from simple inertia or could be a conscious decision on the part of the state to let institutions compete under existing arrangements. It seems unlikely, however, that such a "hands off" policy can be maintained in light of the inevitable political pressures that will be brought on behalf of those institutions that are losing out in the competition for students. Furthermore, state officials may want to maintain an institutional division of labor, which may prove difficult as education institutions seek out new and overlapping markets and activities. Pressures to reduce spending on education as enrollments decline can also be expected, prompting a search for ways to cut costs by eliminating marginal programs, and reducing overlap and duplication. The laissez faire approach would leave this sorting to existing arrangements and market forces.

Forced Retrenchment

A policy maker who takes this position recognizes that the total resources available to the state are being drastically cut at the same time that the demands on state revenues are increasing. Hence, it is argued that education, including adult learning, must take its share of the cuts. The best that can be done is to mitigate the worst effects of the cuts by trying to get agreements on which types of state-supportd adult learning should be assigned the highest priority.

Voluntary Retrenchment

A policy maker who takes this position believes that, when resources were more plentiful, the state allowed existing funding arrangements for the education of youth to expand to cover adults. It is perceived that the state found itself involved in funding more adults and more kinds of adult learning than can be justified by the public benefits derived from such support. Now, when the competition for state resources is intense, is the time to reduce the state commitment, limiting it only to those adult learning services that produce clear public benefits.

Voluntary retrenchment is distinguished from forced retrenchment by the fact that it is planned and implemented without the impetus of *de facto* budget cuts or mandates from the state's political leadership.

Decentralized Control of Funding

A policy maker who takes this position believes that there are unmet adult learning needs that should be addressed with increased state funds, but achievement of a comprehensive state approach to meeting these needs is an administrative and political impossibility and/or is undesirable. The best the state can do is to encourage careful planning by each sector (e.g., K-12 and postsecondary) and by individual institutions. It should only intervene when there are serious conflicts between sectors or when clear public needs are being neglected.

Decisions as to whether and how an institution will serve adult learners should be made primarily at the local or regional level (preferably by adult learners themselves). Open competition between institutions is seen by the state as the best way of efficiently and effectively meeting the learning needs of adults. This approach keeps decision making close to the point of action and puts responsibility for planning where it is most responsive to adult and community needs.

Centralized Control of Funding

A policy maker who takes this perspective believes that there should be increased state support for adult learning, but that traditional education arrangements designed for youth are not adequate to meet the needs of adult learners or society. The state must take an active role in coordinating how adult learning is delivered and financed to assure that limited state resources are used efficiently and effectively, and that the learning needs of underserved adults are met. This perspective recognizes that many types of institutions are competing for the adult market and that competition often results in the exclusion of disadvantaged or hard-to-reach adults. To reduce unnecessary duplication and wasteful competition, the state should decide on the respective missions of differing institutions or select from among alternative institutions to meet each need.

Policy options range from promoting greater dialogue and planning between different sectors (especially K-12 and postsecondary) to greater regulation of institutions that receive state funds to serve adults (e.g., licensing, certification, program approval and review, and changes in eligibility for state funds.)

To help them decide on which basic position to take, policy makers should first consider three factors: 1) the ways different types of adult learning are currently financed, 2) the impact of federal budget cuts, and 3) the relative public benefits of different types of learning. These matters are the subject of the next three sections.

III. CURRENT FUNDING OF ADULT LEARNING

State policy makers can best determine which of the five postures described earlier might be most appropriate for their states now and in the future by identifying the current sources of funding and where the funds are going. This information can then be used to determine whether the current allocation of resources best meets state and individual needs, and whether or not additional state funding is required.

Because there are many types of adult learning, from courses in basic literacy to advanced training for engineers, one's position may vary depending upon the particular type of learning under consideration. Further, the same type of adult learning may be delivered by institutions in different sectors of education and by a variety of other institutions outside the formal education system (e.g., business and industry, and labor unions). Many may be competing for the same adult students with different sources and types of funds, at different costs to the state. In some cases, alternative sources of additional funds may be available, or state funds may be replacing funds that would have been spent by the private sector and other sources anyway.

Finally, funding patterns designed for youth may be poorly serving major groups of adult learners.

To facilitate examination of these factors, three charts have been devised. They relate five broad "Types of Learning," respectively, to "Types of Learning, Sources of Support and Public Funding Mechanisms," (Chart I), "Types of Learning and Types of

Providers," (Chart II) and "Types of Learning and Learner Characteristics," (Chart III).

Chart I can be used to compare the amounts and sources of support for the different types of learning. The unit of measure in Chart I would be a state's best available estimate of the number of dollars being committed to each type of learning identified in the left-hand column, from each of the sources arrayed across the top.

Compiling all of these estimates will not be easy for states, especially in the case of federal discretionary grants that might be funneled directly to local service providers and local (county, city and township) dollars that might be invested in adult learning opportunities; hence, our emphasis upon the word "estimates." Dollar-for-dollar precision is not essential in determining the distribution of current resources, but reliable estimates are. Readers might try to fill out the forms on the basis of their own knowledge. This will give them a feel for how the charts may be used and help identify gaps in their own knowledge. See suggestions of possible sources of the required data in another project publication, Data Sources on the Economic, Demographic and Educational Characteristics of Adults and Implications for Lifelong Learning.

Chart II reveals which providers are meeting which learning needs. Again, our emphasis here is upon best "estimates." Available Higher Education General Information Survey (HEGIS) and elementary/secondary school enrollment data might be tapped in filling in many of these cells, to the extent that these data shed

CHART I: TYPES OF LEARNING, SOURCES OF SUPPORT AND PUBLIC FUNDING MECHANISMS

	Public									Private		
	Institutional Aid						Tax Expenditure	Student Aid				
	Formula			Grants/ Contracts								
Types of Learning	Federal	State	Local	Federal	State	Local		Federal	State	Student/ Family	Employer	Other
1. Core Skills:												
a. Basic Literacy												
b. High School Diploma or Equivalent												
2. Vocational:												
a. Entry Level Training												
b. Upgrading												
c. Retraining												
3. Undergraduate Degrees:												
a. Two-Year												
b. Four-Year												
4. Postgraduate:												
a. Graduate												
b. Professional												
5. Continuing:												
a. Professional												
b. Personal Development												
c. Public Service												

CHART II: TYPES OF LEARNING AND TYPES OF PROVIDERS

	Types of Providers																	
Types of Learning	Four-Year Colleges and Univ.	Two-Year Colleges	Vocational Schools	Proprietary Schools	Correspondence Schools	School Districts	Business and Industry	Professional Associations	Labor Unions	Armed Forces	Prisons	Other Government Prog.	Libraries	Museums	Community-Based Organiz.	Religious Organizations	Media	Independent Study
1. Core Skills: a. Basic Literacy																		
b. High School Diploma or Equivalent																		
2. Vocational																		
3. Undergraduate Degrees: a. Two-Year																		
b. Four-Year																		
4. Postgraduate: a. Graduate																		
b. Professional																		
5. Continuing: a. Professional																		
b. Personal Development																		
c. Public Service																		

CHART III: TYPES OF LEARNING AND LEARNER CHARACTERISTICS

	Learner Characteristics																							
Types of Learning	Age 16-21	Age 21-60	Over Age 60	Low Income	Middle Income	High Income	Employed	Unemployed	Handicapped	White	Black	Hispanic	Other	Illiterate	Less Than H.S.Diploma	High School Graduate	Undergraduate	Graduate Student	Noncredit	Part-Time	Full-Time	Rural	Suburban	Urban
1. Core Skills: a. Basic Literacy																								
b. High School Diploma/ Equiv.																								
2. Vocational: (Nondegree)																								
3. Undergraduate Degrees: a. Two-Year																								
b. Four-Year																								
4. Graduate Degree: a. Graduate																								
b. Professional																								
5. Continuing (Noncredit) a. Professional																								
b. Personal Development																								
c. Public Service																								

light on adult enrollments (for persons over 16-years-old, whose primary life activities are other than those of a student). Certain of the nontraditional sources (armed forces, prisons and professional associations) should have little difficulty providing states with reliable estimates in this area. The most difficult estimates to obtain, particularly in heavily populated states, will be those that pertain to learning opportunities that are sponsored or conducted by a large array of community-based organizations (including churches, fraternities and various social service agencies). "Independent study" is too important an aspect of adult learning to be neglected; but, obviously, it is impossible even to give reasonable estimates of numbers. There are, however, important surrogates, such as library usage and sales of publications.

Chart III indicates which types of learners are being served. The types and numbers of persons participating in "public service" learning is difficult to estimate. It ranges from media-based campaigns to reduce smoking, to noncredit courses on American foreign policy. Inevitably, numbers in this area are going to be subject to considerable debate.

When filled in with the best available estimates of the appropriate units of measure, the charts can give a comprehensive overview of the current situation in each state, and thus help in determining whether or not there are major imbalances and service gaps.

This paper does not present individual state data, and it is recognized that such data may not be readily available for each cell; however, estimates of relative magnitudes are likely to be useful for policy purposes.

One indication of the extent of the state role in financing adult learning can be found in the ECS project report entitled, State Policies and Programs in Support of Adult Learning. It was based on survey data from 10 states. The report shows that the 10 states are investing millions of dollars in support of adult learning, both through education agencies and state agencies that are not primarily concerned with the delivery of education services (such as state departments of personnel and departments of labor).

Respondents were asked to provide projections of likely future funding trends in their states during the 1980's. Generally, the respondents predicted that most public funding for adult learning activities would remain stable during the 1980's. A majority even projected increases in public funding for planning and coordination, maintaining quality programs, promoting equity, supporting the continuation of adult basic education programs, and providing public support for job training and retraining.

No attempt has been made to determine the extent to which these projections might constitute "wishful thinking" on the part of survey respondents, but they do reflect a generally more positive outlook, despite pending federal cutbacks, than might otherwise have been expected. Because those federal cutbacks seem at the time of this writing to be even more severe than previously projected, it is important for state policy makers to consider how federal cuts will affect adult learners. That is the focus of the next section.

IV. THE FEDERAL CONTEXT

Although federal funds represent only about eight percent of the overall support for education, in most states, they provide a much higher percentage of the support for the various types of adult learning. Therefore, cutbacks in federal funds will have a more severe impact on adults, than on children and youth, in many states.

This section reviews the history, current status and future prospects of federal funding to help policy makers assess the need for state action in response to a changing federal role.

History and Scope of Federal Involvement

Though education is nowhere mentioned in the U.S. Constitution, federal support for adult learning has been provided throughout American history as a means of achieving very specific national objectives. As shown in Appendix A, federal involvement began from a concern over national defense. The first expenditure of federal funds for education of any kind was made in 1777 to provide instruction in mathematics and military skills to soldiers of the Continental Army.

National defense proved to be an enduring foundation for federal involvement. In fact, the enactment of the Servicemen's Readjustment Act in 1944 (the "G.I. Bill") opened a major new chapter in the federal government's support of adult learning. Veterans of all ages, enrolled in vocational or collegiate studies, in undergraduate or graduate school, on a full- or part-time basis, were eligible for benefits as a matter of right and millions participated. Not only was the G.I. Bill the first major student aid program available to adults in this country, but it proved that a substantial portion of the nation's adult population had the ability, but not the money, to enter college. It was nearly 30 years before this lesson was again reflected in postsecondary programs.

In addition to defense, federal involvement grew through incentives for special types of education with perceived national benefits, such as vocational training and education for citizenship.

With the "great society" years of the Johnson administration, federal support for adult learning, as for education in general, increased dramatically. The Vocational and Adult Education Acts (VEA and AEA) were passed in the "War on Poverty," and later were seen as tools in the nation's economic development. The Higher Education Act (HEA) established a federal commitment to equal educational opportunity to postsecondary education, a commitment that was gradually expanded to include adults, especially in the 1980 amendments.

As this brief sketch shows, by 1980, federal support for adult learning was large and varied. Most of this support resulted from federal responsibilities in other areas (distribution of public lands, agriculture, equal educational opportunity for youth, national defense and general economic stability), rather than from a commonly perceived responsibility for financing adult learning. Efforts to increase explicit federal commitment, such as in the Lifelong Learning Act, have not met with success. Further, it can be safely said that there has been no single education policy for adult learning governing federal activities; but, rather, a piecemeal accumulation of programs that were often designed with youth in mind, and expanded and refined over the years to serve adults. The College Board found that, in 1976, more than 270 federal programs dispersed throughout 29 cabinet-level departments and agencies provided support for adult learning (Christoffel, 1976). The result is a more complicated role for the states in attempting to design and tailor their policies in support of adult learning.

The Federal Role Today

The "new federalism" of the 1980's brings a different challenge to state policy makers. Intense debate has begun under the Reagan administration about the proper federal role and, indeed, whether there is any federal role in education. The administration has already cut the overall education budget by more than 25 percent in 1982, with proposed cutbacks of 30 to 40 percent in 1983 and 50 percent or more by 1984. Specific areas where federal involvement is rapidly changing include:

Employment and Training

The Vocational Education Act (which served 4.5 million individuals in adult vocational programs and another 2 million in postsecondary vocational programs in 1978) was reduced by nearly $100 million in 1982, with prospects of a further reduction in 1983. Training funds for chronically unemployed and economically disadvantaged adults under the Comprehensive Employment and

Training Act (CETA) have been slashed and may be eliminated by 1983. The Trade Readjustment Act, designed to retrain U.S. employees who lost work because of foreign imports (e.g., automobile, steel, rubber and textile), has been nearly eliminated.

Adult Literacy

The Adult Education Act, which provides literacy instruction to nearly 1 million of the adults in the United States who read below the eighth grade level, was reduced from $122 million to less than $100 million in 1982, with proposed cuts of 30 to 40 percent in 1983.

Equal Educational Opportunity to Pursue a Postsecondary Education

Changes in federal student aid programs made in the 1980 amendments to the Higher Education Act removed most financial barriers to low- and middle-income adults seeking to pursue an undergraduate or graduate degree. Most of these changes have been curtailed or eliminated. Pell grants (formerly called "Basic Educational Opportunity Grants," or the BEOG), the largest source of grant aid for financially independent or part-time adults, may be sliced in half by 1983 and the financial need formula redefined so as to require a much stiffer contribution from adult students than from "financially dependent" students before they can qualify for aid. (In 1979-'80, one-third of all BEOG recipients [nearly 900,000 students] were financially independent.)

Fewer adults will qualify for federally-subsidized loans, and those that do will find it more costly to borrow. For example, under the Guaranteed Student Loan Program (GSL), a financial needs test and an origination fee have been imposed; interest rates have been raised; and the amount that financially independent students may borrow reduced. Graduate students may be eliminated from GSL entirely. Two new higher interest loan programs, Parent Loans for Undergraduate Students (PLUS) and the Auxiliary Loans to Assist Students (ALAS) may still help middle income students who must borrow, if enough lenders choose to participate.

The three federal aid programs with discretionary funding for less than half-time students (Supplemental Educational Opportunity Grant [SEOG], College Work/Study and State Student Incentive Grants [SSIG]) have been cut. These cuts reduce the likelihood that funds will be available for any part-time students, to say nothing of those studying less than half time.

Finally, the administration has proposed eliminating SSIG entirely, forcing many states to increase state funds for financially dependent full-time students, instead of expanding state student aid to part-time students.

State-Level Postsecondary Planning Information and Continuing Education Programs

Title I of the Higher Education Act was one of only two sections of federal law explicitly designed to aid adult learners (the other being the Adult Education Act). The meager funding for this title was completely eliminated in 1981.

Military Benefits

Perhaps the only major area where federal involvement in adult learning may increase during the 1980's is education and training for the military. In 1976, after years of revisions in benefits, the original G.I. Bill program was replaced by a contributory matching program, the Veterans Education Assistance Program (VEAP). VEAP, however, has not been as successful as intended, and interest in a new G.I. Bill has reemerged.

Block Grants

Budget cuts are only one element of the new federalism that will affect adult learning in the states. Program consolidation (block grants) is another. Thirty elementary/secondary programs have already been consolidated under the Education Consolidation and Improvement Act of 1981. Additional block grants are proposed, including the consolidation of adult and vocational education, and the consolidation of three federal student aid programs (SEOG, National Direct Student Loan program (NDSL) and College Work/Study [CWS]). Such consolidation not only puts adult learners in direct competition with children in the struggle for reduced amounts of federal funds, but creates competition among advocates of different types of adult learning.

Return of Education Responsibility to the States

Under the administration's long-term proposal, more than 40 education programs will be returned to the states as part of a major realignment of federal/state responsibilities. This will also force states to reconsider their priorities in supporting adult learning.

The same three charts used in Section II may be used to place the federal cuts (as well as changes in other sources of aid) in an overall state context of financing adult learning. By noting where the federal cuts will occur, which institutions and adults will be affected most and alternative sources of funds that might be used to replace federal funds, it is possible to see what steps may be required at the state level. Whether, in fact, additional state funds should be used to fill the gaps left by federal support is the subject of the next section.

V. FINANCING ADULT LEARNING: WHAT SHOULD THE STATE ROLE BE?

Given the assessments in Sections II and III of how adult learning is currently funded in the state, the question remains, "What should the future state role be?" Should it fill in gaps left by the federal cuts? Should it extend services to underserved groups? Which institutions should receive funds to serve adults? What proportion of costs for the various types of adult learning should the state bear? The three charts already used can now help answer these questions by reviewing them in the light of a number of basic questions.

Does the Public Benefit from Current Activities?

The first question is whether or not each learning activity listed on the vertical axis of the charts produces a public benefit. If not, then there is little justification for public support, even if some adults cannot participate because they lack the means. (In that case, adult learning should be privately financed on a pay-as-you-go basis, such as movies, bowling, dancing or any other activity with purely private benefits.)

On the other hand, public funding could be justified to the extent that a particular learning activity:

- Contributes to an individual's ability to participate more fully in society as a worker, consumer, parent and voter.
- Reduces income transfer payments, such as welfare, unemployment and health care.

- Promotes economic development (attracting new business to the state, enabling existing business to expand and filling critical manpower shortages.
- Generates future tax revenues (e.g., income tax).
- Extends active life of the elderly, and delays or prevents institutionalization.
- Promotes public service to the community.
- Redresses past failures of the education system.
- Promotes intergenerational learning (e.g., parents who become interested in learning help their children become better learners.

While it is not possible to assign absolute values to each learning activity on the axis, it is possible to assign rank order or relative values according to the different mix of public and private benefits. This can be done with the learning activities on Chart III of Section II.

In assessing the benefits of each activity, it should be recognized that the categories overlap. For example, an undergraduate degree program may be taken for vocational purposes. Therefore, one might assign a differing degree of public benefit to an undergraduate degree program, depending upon the purpose for which it is taken.

Similarly, the same activity may be pursued by one adult purely for personal reasons, while another might take it to advance in a career. This complicates the assessment of public benefit and requires that judgments be made about the predominant mix of public and private benefits.

Furthermore, judgment should not be biased by historical practices. It has generally been assumed that all degree credit study produces public benefits, and almost no noncredit study does. This is shown by the fact that public support generally has been provided for almost any degree credit work, regardless of purpose or outcome; while noncredit work is often not supported, and, even where it is, special justification must usually be provided to establish the public benefit.

Whatever justification there may be for applying this distinction to the education of youth, there are serious reasons for questioning it when applied to adults. Some specific noncredit courses, such as those for vocational or professional development, or parent education, may generate greater public benefits than some credit courses. For example, a parent may participate in a noncredit parenting course in order to become a better parent (a personal benefit), but a result may be better school performance by the child (a public benefit).

The ultimate assessment of benefits, of course, is political and unique to each state. Yet, without a consensus on the distribution of benefits, it is difficult to answer the more specific questions of how adult learning should be financed. Building that consensus is particularly complicated because of the lack of an historical tradition on which to rely; sharp disagreements over the relative benefits of adult learning, even at times when financial support for education is relatively plentiful; and the wide variety of institutions and decision makers involved in and affected by the assessment (especially when adult learning cuts across the K-12 and postsecondary sectors).

How Much Should the State Pay?

The second question is whether state funds are needed to produce the benefits and, if so, to what extent. The data from Sections II and III can be used to determine whether the actual participation patterns and distribution of funds from all sources of support reflects the desired rank order. It is likely that some activities are more heavily supported than their level of public benefit would seem to justify, while others are less well supported, with the result that the overall participation rates are correspondingly out of balance. Given that situation, it might be that a shift in the allocation of state funds can produce a more desirable balance. This can be determined by examining Chart I in Section II and relating the sources of support (horizontal axis) to the relative rankings of the types of learning (vertical axis).

For example, if adults themselves, their employers and federal or local governments support all the adult learning activity that is desired, the state might be able to shift its resources to another activity without jeopardizing the public interest. On the other hand, if the impact of federal cuts will be to reduce levels of participation below those desired, the state might have to put in more funds to redress the balance.

Up to this point, the only consideration has been the public interest in overall levels of participation and support of learning activities. It has been suggested that the state role should be to achieve a desired balance among the activities by selectively allocating its resources so as to complement decisions by learners and their employers, and by other levels of government.

Is There An Equitable Distribution of Adult Learning Opportunities?

A third concern is equitable participation in those learning activities by various groups in the society. That determination might be made by examining Chart III in Section II to see who is participating now and then making judgments as to whether the present pattern of participation is equitable. If it is determined that some groups are not participating as extensively as desired in activities that have a high ranking on the public benefit dimension (vertical axis), state funds may be necessary to achieve equity.

What Tradeoffs Must Be Made in Allocating Scarce Funds?

A fourth concern is deciding which of the many possible choices must be made when resources are limited. State resources are generally insufficient to assure the desired levels of participation in those adult learning activities with public benefits and, at the same time, to assure that participation is distributed equitably among all groups. Choices must be made. For example, should limited funds be used to enable highly educated adults to pursue advanced degrees or to help disadvantaged adults obtain a high school diploma? If the latter is chosen, should the priority be given to those adults closest to high school completion or to those who lack even elementary-level skills? These tradeoff questions can be examined in Chart III of Section II. Like the evaluation of public benefits, the ultimate decisions between equity and efficiency must be made in the political arena.

Which Providers Can Deliver Adult Learning Most Efficiently and Effectively?

The fifth question is how to assure that public funds are used most efficiently (at the least cost) and effectively (with the greatest quality). This opens the question of which institutions should be the recipients of state funds to serve adults. Examination of Chart II in Section II will reveal which providers are now serving adults and receiving state funds.

To decide whether to change the present delivery arrangements is one of the most difficult questions for state policy makers because it raises questions about institutional missions, leading often to turf battles, and because of the difficulty of measuring efficiency. Most institutional missions were established when education was primarily for the young. State funding reflects these traditional missions.

Many institutions have moved into adult services under pressure of declining youth enrollments and now resist any efforts to restrict their activity in what they perceive to be an important new market. As institutions in different sectors of the education system try to adapt existing funding mechanisms so that they may serve adults, programs of quality may be funded at differing levels and varying costs to the state. Sorting out missions and funding mechanisms is a complicated process, made more complicated by the difficulty of comparing costs among different types of providers. The book by Anderson and Kasl provides some help on this issue.

What Should Be the State Position on Adult Learning?

It should now be evident that it is unlikely that a single overall approach to adult learning is possible. Instead, the position will differ, depending upon which type of learning is being considered. Chart IV relates the types of learning to the five positions presented in Section I. There is no unit of measure for this chart. Rather, it is designed to reflect, by means of checkmarks, the degree of consensus state leaders might reach regarding the form of public support, if any, that should be adopted in each area of adult learning. The placement of each checkmark for any particular state reflects a political decision. It is not within the scope of this paper to consider how such decisions are made or to recommend an approach by which they might be made.

Once a state has defined its position on each type of adult learning, it will be possible to select the most appropriate funding mechanisms. That is the subject of the next section.

CHART IV: TYPES OF LEARNING AS RELATED TO OVERALL STATE POSITION

Types of Learning	Overall State Position				
	Laissez Faire	Forced Retrenchment	Voluntary Retrenchment	Expanded Funding/ Limited Control	Expanded Funding/ Expanded Control
1. Core Skills:					
a. Basic Literacy					
b. High School Diploma or Equivalent					
2. Vocational:					
a. Entry Level Training					
b. Upgrading					
c. Retraining					
3. Undergraduate Degrees					
a. Two-Year					
b. Four-Year					
4. Postgraduate:					
a. Graduate					
b. Professional					
5. Continuing:					
a. Professional					
b. Personal Development					
c. Public Service					

VI. ALTERNATIVE FUNDING MECHANISMS

Most education funding mechanisms were designed when education was primarily provided for children and youth. To the extent that states saw a role for themselves in adult learning, it was either to provide "second chance" opportunities for those who missed their first chance when young or to provide a first chance to recent arrivals. (Immigrant education has often been a major theme in American adult education.)

If the position taken as a result of the analysis in the previous sections is to reduce or increase state funding for particular types of adult learning, the easiest step is to see whether or not traditional mechanisms can be adapted to meet state objectives. Appendix B summarizes traditional funding mechanisms and indicates some ways in which they can be changed to serve adults.

The changes that will be necessary vary with each mechanism. For example, aid to public schools usually has an age restriction, typically 21 years. This places a limit on the extent to which the public schools can receive regular state aid to serve adults. Some states do provide aid to public schools to serve adults, but not through the aid formula.

At the postsecondary level, there are usually no age restrictions. State-supported colleges and universities can and do admit older students without limitation. There are also usually no age restrictions on student aid. Adults, however, may be excluded by a host of other factors indirectly associated with age; e.g., by limitation of aid to full-time students, need analysis formulas that require a much greater financial contribution from independent students than from dependent ones and neither counting noncredit students in full-time equivalency (FTE) counts, nor allowing them to receive student aid.

Another feature of existing mechanisms is that they differ from sector to sector. Aid to school districts, vocational/technical institutions, community colleges and public four-year institutions may be provided under differing formulas, with differing mixes of student, local, state and federal contributions. They also are often in differing parts of the state budget, reviewed by differing legislative committees and administered by differing state agencies. In addition, education services are provided through many other state-funded agencies, such as labor and health departments, and public libraries, and usually are not taken into account in calculating state support for adult learning.

All of this makes it difficult for states to look comprehensively at the funding of adult learners and to consider intersectoral efficiency and equity. Moreover, the differing formulas may prevent state policy makers from determining the true costs of services to an individual student and may lead adults to choose a more costly or less desirable program, because the net price is less.

As an indication of the complexity of funding arrangements and the effects they have on decision making by the various parties involved, the following example compares the funding in a hypothetical, but not unrealistic, situation when the same program is offered through two different institutions -- a community college and a vocational/technical institution, each operating under different funding rules.

In the example, the following assumptions are made:

1. Programs are of comparable quality.
2. The true cost of providing instruction to each student is the same. While this is seldom the case, the assumption simplifies the comparison. Actual differences in costs would distort the decisions even more.
3. Per-student state operating aid is the same for both institutions. This also is seldom the case because differing aid formulas produce different amounts of state aid, even for equivalent programs.
4. There is some local funding for the community college, but not the technical institution.
5. The student is eligible for federal postsecondary aid at the community college, but not the technical institution; a situation that prevails in most states.
6. Living expenses are the same, a reasonable assumption. They need to be taken into account because they are included in the calculation of federal student aid.
7. The program falls within the appropriate mission of each institution.

Costs	Community College	Technical Institution
a) Instruction	$ 2,150	$ 2,150
b) Living Expenses	1,100	1,100
c) Net Cost (a+b)	3,250	3,250
Revenues		
d) State Operating Aid	1,250	1,250
e) Local Contribution	500	-0-
f) Federal Student Aid	750	-0-
g) Tuition Payment	400	900
h) Price to Student ([b+g]-f)	750	2,000
i) Public Subsidy (d+e+f)	2,500	1,250

In this example, the cost to the state is the same whether the student attends a community college or technical institution, but public subsidies from local and federal sources provide a substantial competitive edge to community colleges in attracting adult students.

Because of these complexities and because "traditional" funding mechanisms are often specific to separate education sectors and cannot be easily adapted to fund adult learning outside of the formal education system, states might find that new mechanisms are needed to serve adult learners. (These are listed in Table I.)

The choice of which mechanisms to use to support adult learning depends upon decisions made in the previous sections -- how much overall support the state wants to provide for adult learners, for what purpose, to which special groups of adults and through which providers? As a further aid in choosing among the

TABLE I

FUNDING MECHANISMS SPECIFICALLY DESIGNED TO HELP ADULT LEARNERS

The following mechanisms have been proposed as ways to finance adult learning, either in addition to traditional mechanisms or as alternatives to some of them.

1. Selective entitlements or vouchers: guarantees of payment of all or part of the costs of education restricted either to specific types of learning and/or particular category of learners.
2. General entitlements: guaranteed payment of all or part of the costs of education for all adults to be used at any time during their lifetimes, with only limited restrictions on the kinds of education activities for which the funds can be used.
3. Group vouchers: awards made to groups of adult learners to enable them collectively to purchase learning services from eligible providers.
4. Tuition tax credits: credit against state taxes up to some specified limit for payment of tuition in eligible institutions and programs.
5. Unemployment insurance/training grant linkage: training grants provided to unemployed persons receiving unemployment insurance payments with provision that payments continue until completion of the specified training program.
6. For state employees: payment of tuition and continuation of salary for periods of study (paid education leave); could also be extended by the state to employees of local governments.
7. Tax deferred education savings plans: similar to retirement plans, but with the savings to be used for education purposes.
8. Targeted training programs: state funds provided to train individuals for specific occupations or companies as part of an economic development program; training to be provided on contract, either by public or private providers.

mechanisms, the following criteria might be helpful. (Adapted from criteria proposed by Garms to evaluate community college funding programs and Nolfi to evaluate public investment in adult learning.)

State funding mechanisms should:

1. Enhance, rather than impede, the ability of adults to gain access to traditional institutions on an equitable basis with youth.
2. Enhance the ability of institutions to respond to the particular needs of adult learners and the communities they serve.
3. Help to protect the public's investment in education resources; e.g., public schools, libraries and postsecondary institutions.
4. Help to insure learner choice among various types of institutions in both the public and private sectors, and preserve the "market" character of adult learning arrangements.
5. Help to keep institutions from expanding beyond the bounds of public willingness to support them, and take into account the financial capabilities of state and local governments.
6. Help to prevent wasteful duplication among institutions serving adults, both within and between sectors.
7. Promote efficiency in the delivery of services, both in the operation of programs and institutions, and through the sharing of resources among institutions.

8. Promote equity in the treatment of adult learners; i.e., equals are treated equally, and unequals are treated in an appropriately unequal manner, both within and between institutions and sectors.
9. Promote equity in the treatment of taxpayers throughout the state.
10. Supplement and not supplant private expenditures.
11. Be relatively simple to administer and monitor.
12. Target limited public dollars on areas of high social need.
13. Help most those adults whose participation rates are lower than their expressed interest in participation.

To determine how well in practice particular mechanisms meet these criteria and whether they are consistent with the policy position selected (Chart IV) requires that the state evaluate the effects of the mechanisms chosen. Continuous assessment, moreover, can help state policy makers decide when changes in policy or implementation are necessary in order to respond to changing conditions.

VII. FINANCING BASIC AND REMEDIAL EDUCATION: WHAT SHOULD THE STATE ROLE BE?

Now, let us examine how considerations raised in the preceding sections can help policy makers assess their state's role in financing an important area of adult learning, such as basic or remedial instruction for adults. The information presented below shows that, when adults are considered, the traditional lines between sectors blur. State policy makers, therefore, have to consider both how basic education for adults is financed and which institutions/agencies should be supported to provide that service.

According to the 1980 census, 50 million out-of-school youth and adults, ages 16-years-old and over, have less than a high school education. Each year, states spend nearly $450 million for adult programs leading to a high school diploma or equivalent, including basic literacy, English-as-a-Second-Language (ESL) and high school equivalency instruction. (See Table II.)

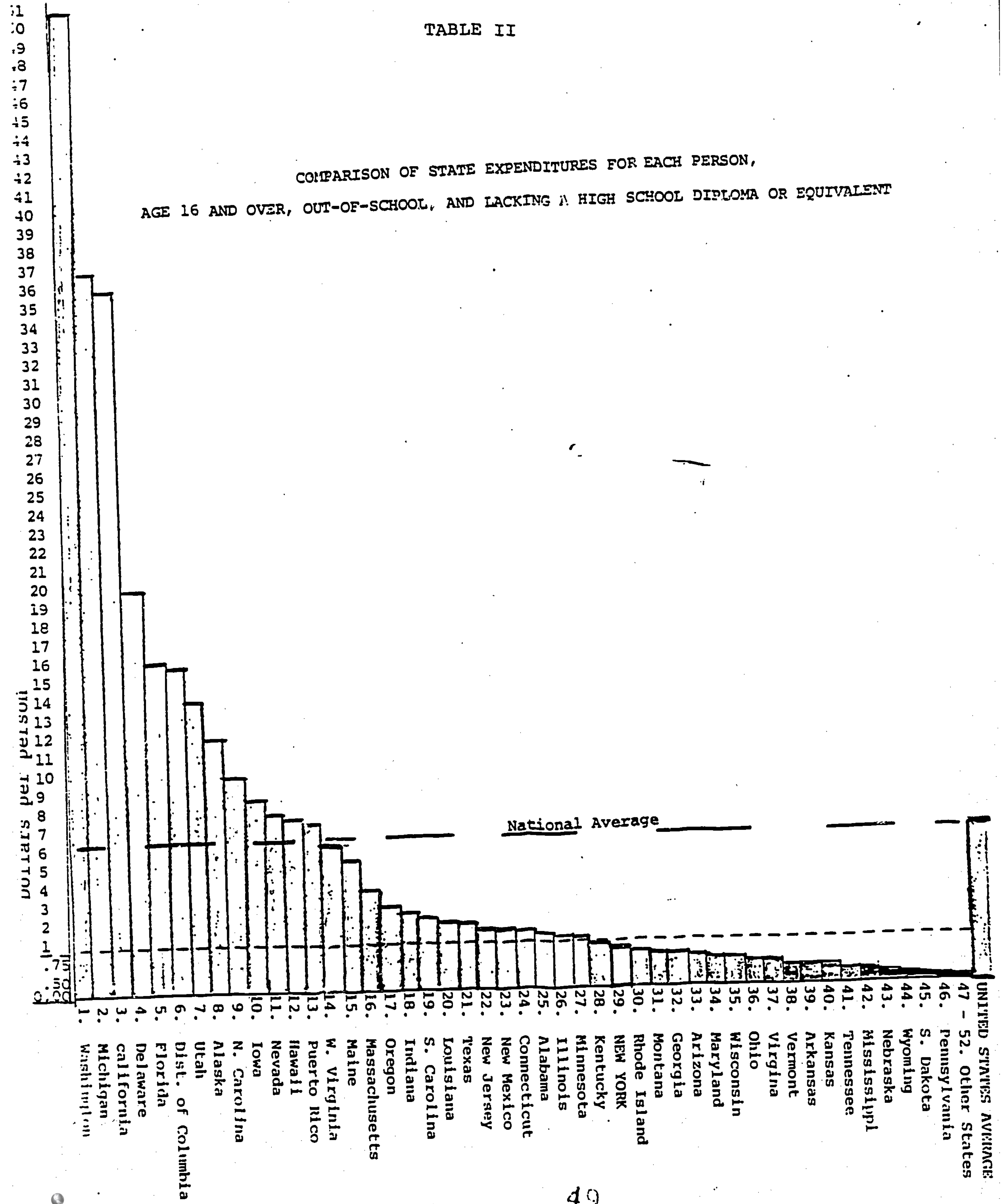
Sections II and III help policy makers look broadly at how basic education is currently being financed. By filling in dollar amounts, Chart I shows the relative importance of state funding compared to other sources.

For example, in many states, federal funding is the major source of support. Obviously, federal cuts in the AEA, VEA and CETA funds will have a particularly severe impact in such states. (See Table II.)

Further, the limited state investment in basic literacy may prevent educationally and economically disadvantaged adults from

TABLE II

COMPARISON OF STATE EXPENDITURES FOR EACH PERSON, AGE 16 AND OVER, OUT-OF-SCHOOL, AND LACKING A HIGH SCHOOL DIPLOMA OR EQUIVALENT



gaining access to vocational or postsecondary education opportunities, or from participating in private sector training. (This can be seen by comparing Charts I and II.)

Chart II documents the breadth of institutions involved in delivering basic or remedial education. In many states, postsecondary institutions receive state operating aid, and federal and state student aid for noncredit remedial course work. Schools and vocational institutions may receive state aid for basic literacy at still a different level of reimbursement. Each may be competing for federal funds under the AEA, CETA or VEA. Businesses and unions may also provide direct instruction and funds for basic education. Instruction may be primarily financed out of pocket by adult learners themselves. The greater the diversity of institutions involved, the more difficult it may be to determine equitable and appropriate financing arrangements.

Chart III can be used to assess gaps in participation; e.g., by comparing the number of adults in the population who lack basic education or express an interest in further education with the number participating in education programs. Participation rates can also be compared with other types of adult learning.

Whether the current financing pattern is desirable or not is a value judgment and cannot be answered by doing the analysis called for in Section II alone; however, the charts may reveal that large groups of adults are unserved (e.g., low income or illiterate adults). They may reveal financing patterns that result in wasteful competition among institutions, unfairly favor one type of institution over another, seem to duplicate or supplant other funding sources or provide disincentives for serving less educated people.

The charts may also suggest areas for greater coordination. Basic education and remedial instruction by the K-12 system may be completely separate from postsecondary efforts. If many types of institutions are competing, adults may need greater information and counseling to help sort through the diversity of programs or to help them obtain the aid that is available (e.g., private employer funds and federal student aid may be untapped because of administrative barriers).

Since the federal government is proposing to combine the AEA and VEA as a federal block grant to states, the three charts can also be used to explore the effects of different patterns of allocating the combined funds within the state.

Once the current funding of basic education and the impact of the federal cuts is known, the question still remains as to the appropriate level of state support, if any. Section IV is designed to help answer that question.

The first consideration is whether there is any justification for public support for adults lacking basic skills or a high school diploma. There is no question that such support is justified for youth. It is almost universally accepted that education makes a significant contribution to an individual's ability to participate fully in society as a productive member of the labor force, a parent and a voter. That assumption should be valid no matter what the age of the individual. However, there are many who do question extending public support to persons who missed their chance for an education when young. Since some adults may have failed to complete their education because of the failure of the public school system, it would appear that the state has an obligation to give such persons a "second chance." In addition, regardless of where the fault was, helping undereducated adults to obtain an adequate level of education often results in reduced income-transfer expenses by enabling unemployed adults or those receiving public assistance to gain employment. Because many undereducated adults have had bad experiences with schooling and might have difficulties learning, they are not likely to be willing to use their own funds, even if they have them, for education. They need some financial inducement, which is one purpose of public subsidies. (States must also work to insure that sufficient programmatic inducements are also provided and that the learning environment into which adults are being invited is conducive to their learning styles and needs.) If undereducated individuals are brought to the point where they can participate in occupational programs and become employed, the investment in their basic education is a contribution to the state's economic welfare.

The above considerations support the case for high level public funding of basic education. However, the question still has to be answered as to whether these benefits outweigh those to be derived from supporting other types of adult learning and whether state funds are needed to achieve the desired benefits. These questions can be answered in each state by doing an analysis called for in Section IV.

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Section IV also raises the question about which institutions should be supported to provide basic education. Because the K-12 system teaches basic skills to youth, is it the most appropriate one to serve adults? Do adults respond better to the more adult environment of postsecondary institutions? Is this a legitimate role for postsecondary institutions? Can they deliver basic education as efficiently and effectively as other institutions? Might not the work place be a better location for basic skills instruction? Alternatively, community-based organizations claim that they can better serve adults who have not been effectively reached by other institutions. In short, there are many considerations in determining which institutions can best serve adult learners. Whether these determinations should be made centrally by the state or left to local determination in order to reflect regional differences in educational need and institutional willingness or capacity to deliver services is a major decision that must be made.

Another consideration raised in Section IV is the tradeoff cost to the state in providing funds for basic education. Every dollar that goes for basic education is a dollar lost for other types of adult learning (e.g., training or retraining in high technology fields) and for youth education (e.g., preschool, courses for the gifted). In short, it is not enough that basic education produces public benefits, but that those benefits outweigh those of competing activities. This also raises the question of whether the state should focus most of its scarce dollars on the most disadvantaged adults (illiterates) at a high cost or on those adults who need only a minimum amount of basic education to become employable.

Once the state has decided to fund basic education, decisions on specific mechanisms can be made. The choices are generally between expanding and adapting existing mechanisms or adopting new ones. If existing mechanisms are merely extended to cover adults, this may only continue or magnify existing inequities in the delivery of instruction across regions of the state and among institutions with different funding formulas. It may also be difficult to fund institutions outside the traditional education sectors through existing mechanisms, even though they may be the most efficient and effective education deliverers of basic education. Also, existing mechanisms may not be sensitive to special costs in serving disadvantaged adults and may pose administrative barriers to adults. Clearly, states need to consider carefully the relative advantages of leaving existing systems in place with all of their inequities or going through the difficult process of changing mechanisms in order to better serve adults. If the goals for services to undereducated adults can be met within the existing framework, that is probably the best way to go. However, if existing arrangements are not likely to produce the best results, then alternatives, such as those suggested in Table I of Section V, may need to be examined.

Conclusion

An analysis similar to that which has been done for basic education could be done for each type of learning. With all of the analyses in hand, the state policy maker would then be in the best position to make the overall tradeoff decisions that ultimately must be made in order to allocate limited state resources in support of adult learning.

Appendix A

CHRONOLOGY OF SIGNIFICANT DATES IN FEDERAL SUPPORT FOR ADULT LEARNING

(Based on New York State Board of Regents 1981-'82 Federal Legislative Brochure)

1777 Defense	The first expenditure of federal funds for education, direct federal administration of mathematics, literacy and military skills programs for soldiers in the Continental Army.
1802 Defense	U.S. Military Academy established at West Point.
1862 Agriculture	Passage of first Morrill Act, initiation of the federal policy of aid to states for agricultural and industrial education, as well as instruction in military tactics, through land grants for colleges.
1890 Agriculture	Passage of the second Morrill Act, introduction of a policy of federal money grants for college instruction in specified subjects.
1914 Agriculture	Passage of the Smith-Lever Act began cooperative extension work in agriculture and home economics, first direct aid to adult education.
1916 Defense	Passage of the National Defense Act, which authorized the establishment of the Army ROTC program at colleges to increase the pool of trained officers.
1917 Vocational Education	Passage of the Smith-Hughes Act, the beginning of federal aid for vocational education below college level.
1918 Vocational Rehabilitation	Passage of Smith-Sears Act provided for vocational rehabilitation, including education for persons disabled in industry.
1918 Citizenship	Passage of the Immigration and Naturalization Act assisted public schools in providing English language, government and citizenship programs for adults seeking naturalization.
1920 Vocational Rehabilitation	Passage of the Smith-Bankhead Act, initiation of the policy of federal-state cooperation in vocational rehabilitation, including education for persons disabled in industry.

1934 Employment and Training	Federal Emergency Relief Administration began loan programs where adults studying full-time in degree programs could receive support. Public Works Administration provided literacy and citizenship education for adults.
1940 Defense	Appropriation of federal funds for summer training programs for workers essential to defense.
1944 Defense	Passage of the Servicemen's Readjustment Act (G.I. Bill of Rights) provided assistance for veterans' education. For the first time, massive federal aid was committed for the education and training of adults.
1958 Defense	Passage of the National Defense Education Act provided 4,400 three-year graduate fellowships; emphasis was on academically superior youth.
1962 Employment and Training	Passage of the Manpower Development and Training Act provided training in new and improved skills for unemployed and underemployed adults.
1963 Equal Educational Opportunity	Passage of the Higher Education Facilities Act of 1963 authorized grants and loans for classrooms, libraries and laboratories in public community colleges.
1963 Vocational Education	Passage of the Vocational Education Act provided grants to states to develop and extend vocational education programs for students of all ages and abilities, in or out of high school or postsecondary institutions, who wish to learn new skills or upgrade current skills.
1964 Library Services	Passage of the Library Services and Construction Act to stimulate the delivery of library services to a broad segment of the population, the economically and socially disadvantaged, handicapped, home bound and institutionalized adults.
1965 Equal Educational Opportunity	Passage of the Higher Education Act of 1965 to make postsecondary education available to any young person, regardless of income. Title IV created student aid programs. HEA asked colleges to serve more and different students than past. Emphasis was still on financially needy youth.

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Literacy	Passage of the Adult Education Act authorized grants to states for the encouragement and expansion of education programs for adults, including training of teachers of adults and demonstrations in adult education.
1968 Vocational Education	Amendments to 1963 VEA for the first time authorized a specific set-aside for programs designed to assist adults with academic, socioeconomic, English language and other handicaps, as well as for other adults who need training or retraining to achieve stable employment or advancement.
1972 Equal Educational Opportunity	Amendments to 1965 HEA for the first time clearly expressed the federal commitment to assist in making postsecondary education available to all qualified persons regardless of age! Created Basic Educational Opportunity Grants and, for the time, expanded eligibility for student aid to part-time students.
1973 Employment and Training	Passage of the Comprehensive Employment and Training Act provided opportunities for employment and training to unemployed and underemployed persons (expansion and consolidation of the Manpower Development and Training Act of 1962, Title I of the Economic Opportunity Act of 1964 and the Emergency Employment Act of 1971). One of the first block grants for education.
1976 Defense	Passage of the Veterans Educational Assistance Program.
1976 Equal Educational Opportunity	The 1976 Amendments to HEA of 1965 created the Lifelong Learning Act (Title IB), which was never funded. Education Information Centers (EIC) were established to meet the need for information and referral by potential adult students and to reach disadvantaged adults.
1978 Equal Educational Opportunity	Passage of the Middle Income Student Assistance Act significantly expanded eligibility for federal student loans and grant aid to middle income and low income adults. All income limits were removed for guaranteed student loans. Financial need analysis treatment of financially independent students was liberalized.

1980
Equal Educational Opportunity

The 1980 amendments to the 1965 HEA removed most of the remaining major barriers to adult participation in federal postsecondary student aid programs. The maximum BEOG (renamed Pell) grant was authorized to increase by increments to $2,600 by 1985-'86, with the half cost limitation gradually raised to 70 percent. This would mean more aid for part-time students. Financially independent students would be treated the same as dependent students under federal need analysis formulas, thus increasing the eligibility of low and middle income adults. To aid the less-than-half-time students, institutions and states were permitted (not required) to use up to 10 percent of their funds under three aid programs (CWS, SEOG, SSIG) for such students. The amount that independent students could borrow under GSL for graduate and undergraduate study was also raised.

Further, EIC's, state postsecondary planning and grants to states for continuing education programs at postsecondary institutions were consolidated under Title I of HEA, placing new emphasis on adult learning in statewide postsecondary planning activities.

Finally, the existing Educational Opportunity Center program was modified to include a sharpened focus on serving adults through community-oriented programs.

1981
New Federalism and Basic Block Grants

Passage of the Omnibus Reconciliation Act (P.L. 97-35) reduced funding levels for education programs and created the Education Consolidation and Improvement Act, which consolidated 30 elementary/secondary education programs into a single block grant.

Appendix B

TAXONOMY OF TRADITIONAL FUNDING MECHANISMS

If there are no age restrictions, these mechanisms may now be funding adult learners who participate in the program supported; however, usually there are some restrictions that limit application of these mechanisms to adults. Some modifications that could extend coverage to more adults are suggested.

I. Direct and Indirect Institutional Support

  A. Operating Aid -- direct appropriation to providers, which may take one or more of the following forms:

    1. Formulas, under which the unit of measurement might be:

      a. Student Enrollment ("head count") -- helpful to adults primarily if part-time students are counted proportionately.

      b. Credit Hours of Instruction Offered -- this arrangement automatically includes part-time students. However, even when states allow part-time students to be counted for formula aid, they do not take into account that there may be greater costs associated with serving several part-time students than in serving one full-time student. A formula that made an adjustment for part-time students would encourage institutions to serve more part-time students and provide them with full support services.

      c. Number of Degrees Granted -- helpful to adults if their degrees are counted, but may penalize an institution that serves large numbers of adults who do not finish their degrees at that institution.

      d. Wealth Per Student of the Local Jurisdiction Providing the Balance of the Funds (applicable usually to school and community college districts) -- local jurisdictions may resist providing local matching funds for adult programs.

      e. Age -- removing age limit on state aid to public schools so that school districts serving adults can count them toward state aid payment.

    2. Negotiated Budgets -- helpful to institutions that place a high priority on adult programs.

3. Categorical Aid -- grants for specific purposes, such as institutional student aid programs, work/study programs, public service programs, special aids to disadvantaged students and special programs for particular groups of adults, such as the elderly.

4. First Instance Funding -- state appropriations that must be repaid out of income generated from services. This arrangement allows institutions to expand services for which adults are able to pay, unless the state places restrictions on the rate of growth of such activities or in other ways limits the flexibility in their use.

B. Capital Outlay -- funds to cover the cost of constructing and maintaining instructional and residential facilities. Usually there are no restrictions on the use of state-supported facilities by adult learners. However, as adult students become a higher percentage of enrollment in public institutions, states will be faced with the question of the extent of continued support for capital outlays to serve adults that they should be called upon to make. An alternative that states may consider would be to require institutions to cover some or all of future capital costs through increases in tuition.

C. Transportation Aid -- aid usually provided to school districts to cover the costs of transporting children to school. Could be extended to cover the costs of transporting special groups of adults to instructional centers, such as handicapped, elderly or those in isolated rural situations.

D. Tax Exemptions -- these may take one or more of the following forms:

   1. Exemptions from State and Local Taxes -- property and sales taxes, capital gains taxes on endowment earnings, taxes on income derived from auxiliary enterprises, such as bookstores and food service, and excise taxes on gasoline and other fuel.

   2. Tax Exemptions on Gifts to Nonprofit Institutions.

E. Other Indirect State Supports -- these may take such forms as:

   1. Institutional Use of Centralized State Purchasing Programs.

   2. The Power of "Eminent Domain" to Allow Institutions to Acquire Private Property.

   3. Grants of Government Property, Equipment and Materials.

II. Student Financial Aid

A. Subsidized and Guaranteed Loans for Dependent and Independent Students, Parents and Spouses, Need or Non-needs Based, Provision of Loan Capital and Loan Cancellation for Certain Categories of Students -- states that do not make loans available to adults on the same basis as to youth may expand eligibility to include independent students and liberalize provisions so as to include part-time students. States may also provide capital for loans at market rates.

B. Grants

1. Merit-Based Grants (scholarships) -- these are usually restricted to recent high school graduates, but could be extended to older students as a way of recognizing that merit as a basis for access to education opportunities can occur at any age.

2. Needs-Based Grants -- the amount depending on the calculation of need.

3. Tax Deductions -- most states follow the federal practice of limiting deductions to education taken in order to maintain a present job. Eligibility for the deduction could be extended to other forms of education, such as that taken to get a job or advancement in a present job. Payments to or on behalf of an employee for participation in an education program could also be exempt from state income taxes as they now are from federal.

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