



State Staff Retreat

Pieces of the Puzzle

September 7, 2006



Career Development
Labor & Economic Growth



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State Staff Retreat Pieces of the Puzzle

September 7, 2006

Training Objectives:

This initial retreat with the state staff focuses on state staff responsibilities and requirements related to federal legislation (Adult Education and Family Literacy Act) and the Education Department General Administrative Regulations (EDGAR). As a result of these discussions, the staff members will:

- Have a broader understanding of the evolution that federally-funded adult education has experienced since its inception in the 1960s.
- Gain a view of where Congress and the administration are heading for the future of adult education.
- Become familiar with the legislative (WIA) and regulatory (EDGAR) requirements of state offices.
- For each area of state responsibility, discuss where Michigan is now and what changes need to be explored.
- Identify other areas of information needs for follow up retreats.

9:00 – 9:15	Welcome	Dianne Duthie, State Director
9:15 – 9:35	How did we get here? <ul style="list-style-type: none">• How did you get into adult education? Which side door brought you here? Retreat overview and objectives	
9:35 – 9:50	How did adult education get to where it is today?	
9:50 – 10:00	Where are we going? The crystal ball for adult education <ul style="list-style-type: none">• Congress perspective• USDOE/USDOL perspective• Either way: It is all about program improvement<ul style="list-style-type: none">○ Documenting student success○ Getting better every year	
10:00 – 10:20	Activity 1: What's My Line? Examining job functions of state staff	
10:20 – 10:35	BREAK	
10:35 - 10:40	Who is telling us what we have to do?	

- WIA requirements
 - The law
 - http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=105_cong_public_laws&docid=f:publ220.105
 - DAEL interpretation/guidance
 - <http://www.ed.gov/policy/adulted/guid/qa.html>
 - <http://www.ed.gov/about/offices/list/ovae/pi/AdultEd/faqsdrae.doc>
- EDGAR
<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

10:40 – 11:05

**What do we have to do (according to WIA and EDGAR)?
Examining the Major Functions of State Agencies**

I. Performance Levels

- a. The Law Says...WIA guidance
- b. **Activity 1:**
 - a. Ask the Expert: What else do we need to know?
 - b. What else do you need to know?
- c. The Three P's: What do we need to strengthen related to performance levels?
 - a. Are adequate **policies** in place?
 - b. Has **professional development**/training being provided?
 - c. How pervasive is effective **practice**?

11:05 – Noon

II. Financial Management

- a. The Law Says...WIA and EDGAR guidance
- b. **Activity 2:**
 - a. Ask the Expert: What else do we need to know?
 - b. What else do you need to know?
- c. The Three P's: What do we need to strengthen related to financial management?

Noon – 1:00

Lunch

1:00 – 1:30

IV. Grants Management

- a. The Law Says...WIA and EDGAR guidance
- b. **Activity 3:**

- a. Ask the Expert: What else do we need to know?
- b. What else do you need to know?
- c. The Three P's: What do we need to strengthen related to grants management?

1:30 – 2:00

V. State Leadership

- a. The Law Says...WIA and EDGAR guidance
- b. **Activity 4**
 - a. Ask the Expert: What else do we need to know?
 - b. What else do you need to know?
- c. The Three P's: What do we need to strengthen related to state leadership?

2:00 – 2:30

Activity 5: Jeopardy Law!

- 1. How well do you know WIA and EDGAR?

2:30 – 2:45

Break

2:45 – 3:30

Planning Next Steps



Slide 1

State Staff Retreat

MAEPD

Pieces of the Puzzle

IDL Career Development
What's Learned There

Slide 2

State Staff Retreat # 1

- The Pieces of the Puzzle
- The Nuts and Bolts of State Management of Adult Education
- Follow up with options and applications

Slide 3

Today's Agenda

- Have a broader understanding of the evolution that federally funded adult education has experienced since its inception in the 1960s
- Gain a view of where Congress and the administration are heading for the future of adult education

Slide 4

Today's Agenda

- **Become familiar with the legislative (WIA) and regulatory (EDGAR) requirements of state offices.**
- **For each area of state responsibility, discuss where Michigan is now and what changes need to be explored.**

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Today's Agenda


- **Identify other areas of information needs and look to the rest of the year to plan follow up retreats.**

Slide 6

How Did We Get Here?

Nobody comes into adult education through the front door.

How did you get here?



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How did we get here?

**Federally Funded
Adult Education's
Evolution:**
A Brief History *

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**Evolution of Adult
Education**

- 1960s - Title III of the ESEA (The Adult Education Act), 3 R's
- 1970s
 - Adult Performance Levels (APL)
 - Laura Weisel's London Procedure

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**Evolution of Adult
Education**

- 1980s
 - Participatory Learning – Hannah Fingeret
- 1990s
 - National Literacy Act, Voluntary State Performance Standards

Slide 10

1998

The Workforce Investment Act



Slide 11

WIA
Title II - Adult Education and Family Literacy Act

- **WIA was what we have always asked for:**
 - Limit regulations
 - Let the states assess their needs and prioritize their services
 - Eliminate set-asides

Slide 12

Continuous Improvement

- You can have the flexibility to design and deliver program services to meet the needs of your state.
- However,
- You just have to get better every year at serving adult learners.

Slide 13

Continuous Improvement

- **Intensity and duration of instruction**
 - The 12-hour rule
- **Research-based practices**
 - No more "Gut and Guru"

Slide 14

Continuous Improvement

- **Direct and equitable access**
- **Core measures and performance standards**
 - Educational gains
 - High school credentials
 - Employment
 - Enrollment in postsecondary

Slide 15

Coordination
Meet Your New Best Friends


- **WIA Partners**
 - Title I
 - State Workforce Investment Board
 - Local Workforce Investment Boards
 - One Stop System – Michigan Works
 - Title III
 - Wagner-Peyser Act – Department of Labor
 - Title IV
 - Vocational Rehabilitation Services

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WIA

Look into your
Crystal Ball:

Where are we
going from here?



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Congress Perspective

- Maintain the performance indicators
- Maintain quality focus
- Perhaps expand professional development

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Administration Focus

- Limited support for adult education
- Attempts to move adult ed to DOL
- Attempts to use partner funds to support One Stops

Slide 19

Planning for the Next Six Years

- Reauthorization
 - Continued emphasis on performance
 - Documentation of performance/reporting system
 - Continuous improvement
- First six years: focus on documenting student success
 - Reporting systems
 - Assessment policy
 - Follow up procedures

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Planning for the Next Six Years

##Next six years##

Focus on getting better at what we do

Continuous improvement

How do we go about making program improvements at the state and local levels?

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Today's Agenda—So Far

- Have a broader understanding of the evolution that federally funded adult education has experienced since its inception in the 1960s
- Gain a view of where Congress and the administration are heading for the future of adult education

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Today's Agenda--Next

- **Become familiar with the**
 - legislative (WIA),
 - regulatory (EDGAR), and
 - **interpretations/guidance (OVAE/DAEL)** requirements of state offices.

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Today's Agenda--Next

- **A close look at:**
 - Performance Levels
 - Financial Management
 - Grants Management
 - State Leadership
- **For each area of state responsibility, discuss where Michigan is now and what changes need to be explored.**
- **Parking lot for issues needing clarification and/or further exploration**

Slide 24

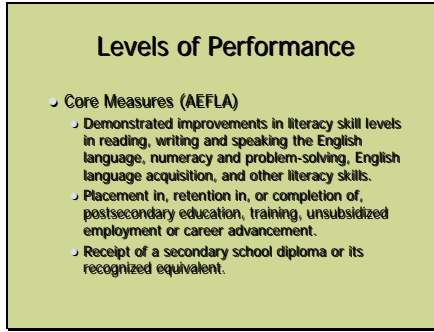
Resources

- *Guidance for Implementing the Adult Education and Family Literacy Act* - handout
- **The Law**
 - http://www.webgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=105_cong_public_laws&docid=f:publ220.105
- **EDGAR**
 - <http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- **OVAE/DAEL Guidance**
 - <http://www.ed.gov/policy/adulted/guid/ga.html>
 - <http://www.ed.gov/about/offices/list/ovae/pi/AdultEd/faqs drae.doc>

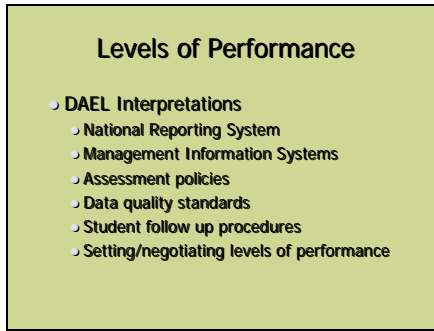
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Levels of Performance

Activity 1:

- Ask the Expert: Jot down what else everyone needs to know.

- Everyone else: Jot down what else you need to know.

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Levels of Performance

- The Three P's: What do we need to strengthen related to performance levels?
 - Are adequate **policies** in place?
 - Has **professional development**/training being provided?
 - How pervasive is effective **practice**?

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Financial Management

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Financial Management

- State Issues
 - Matching
 - Maintenance of Effort
 - Carry-over Funds
- Local Issues
 - Administrative Cap
 - Maintaining Local Records
 - Local Program Income
 - Non-compliance

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Financial Management

- Federal Funds
 - Supplement, not supplant state or local funds
- Matching
 - Non-federal in-kind or cash contributions
 - 25 percent of the total amount of funds expended for adult education and literacy activities
 - Examples:
 - State adult education budget
 - Donated services (volunteer tutors)
 - Donated supplies, equipment, or space

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Financial Management

- Maintenance of Effort
 - State's non-Federal share used to meet matching requirements cannot be reduced more than 10 percent without an accompanying reduction in Federal funding
 - Can be calculated by state aggregate contribution or expenditure/student

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Financial Management

- Maintenance of Effort (MOE)
 - Example:
 - Current year: 2006
 - 2003 (third preceding year) – state contribution: \$30,000,000
 - 2004 (second preceding year) – state contribution: \$25,000,000
 - Reduction of 16.6% - exceeds 10% - would not meet MOE
 - 2004 is 83% of 2003 contribution: federal funding could be reduced by 7% (90 – 83)

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**Financial Management:
Your Turn**

Match or No Match

Third preceding year: \$16,000,000
Second preceding year:
\$14,000,000

Did they meet their MOE?
What percent of federal funds could
be lost?

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Financial Management

- Carry-over funds
 - Tydings amendment
 - 27 months to obligate federal funds
 - Example:
 - Federal funds received for July 1, 2006 – September 30, 2007 grant period
 - Have until September 30, 2008

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Financial Management

- **State Administrative Costs**
 - No more than 5 percent of federal grant funds
 - Management and supervisory activities such as salaries, rent, supplies, and travel.
- **Local Administrative Costs**
 - No more than 5 percent for planning, administration, staff development, and interagency coordination.
 - Exceptions

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Financial Management

- **Exceptions to local 5% cap**
 - If too restrictive to allow for adequate planning...
 - Eligible provider can negotiate with DLEG to determine an adequate level of funds for non-instructional purposes

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Financial Management

- **Maintaining local records**
 - Three years from date the grantee submits its final expenditure report
 - **NOTE:** If an audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion and resolution of the action.

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Financial Management

- **Maintaining local records**
 - Three years from date the grantee submits its final expenditure report

- **NOTE:** If an audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion and resolution of the action.

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Financial Management

- **Local program income**
 - Gross income received by the grantee directly generated by a grant-supported activity
 - Fees should:
 - Be necessary and reasonable and
 - Not impose a barrier on the participation of disadvantaged persons

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Financial Management

- **Local program income**
 - Program income generated by federal adult education funds must be used for allowable costs to the federal adult education program
 - Can not be used toward meeting matching or maintenance of effort requirements

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Financial Management

Activity 2:

- Ask the Expert: Jot down what else everyone needs to know.
- Everyone else: Jot down what else you need to know.

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Financial Management

- The Three P's: What do we need to strengthen related to performance levels?
 - Are adequate **policies** in place?
 - Has **professional development**/training being provided?
 - How pervasive is effective **practice**?

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Grants Management



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Grants Management

- **Eligible providers – public and non-profit**
 - Local educational agencies
 - Community-based organizations of demonstrated effectiveness
 - Volunteer literacy organizations of demonstrated effectiveness
 - Institution of higher education
 - Public or private nonprofit agency
 - Libraries
 - Public housing authorities
 - Other nonprofit institutions
 - Consortium of above entities

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Grants Management

- **Multi-year grants on a competitive basis**
 - Up to states to determine # of years
- **Direct and equitable provision**
 - Same grant announcement process and application process for ALL providers
 - Same amount of time to respond and be judged by same criteria
 - May have different applications for different competitions (e.g., English literacy, family literacy)
 - All eligible providers must receive ALL applications

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Grants Management

- **The grant application**
 - 12 criteria defined by law
 - Question #43
 - May give each criterion a different weight
- **“Sufficient intensity and duration to achieve substantial learning gains”**
 - States need to **define** what this means

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Grants Management

Activity 3:

- Ask the Expert: Jot down what else everyone needs to know.

- Everyone else: Jot down what else you need to know.


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Grants Management

- The Three P's: What do we need to strengthen related to performance levels?
 - Are adequate **policies** in place?
 - Has **professional development**/training being provided?
 - How pervasive is effective **practice**?

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State Leadership



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State Leadership

- May not expend more than 12.5% of federal allocation
- 11 eligible activities

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Name That Tune!



Slide 54

State Leadership

- Professional development
- Technical assistance
- Technology assistance
- State or regional literacy resource centers
- Monitoring and evaluation
- Incentives for program coordination and performance awards

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State Leadership

- Developing and disseminating curricula
- Coordination with existing support services and other assistance to increase rates of enrollment and successful completion
- Integration of literacy instruction and occupational skill training and promoting linkages with employers
- Linkages with postsecondary education
- Other activities of statewide significance

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State Leadership

- One mandatory function (with federal or state leadership dollars)
 - Monitoring and evaluation

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State Leadership

Activity 4:

- Ask the Expert: Jot down what else everyone needs to know.

- Everyone else: Jot down what else you need to know.

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State Leadership

- The Three P's: What do we need to strengthen related to performance levels?
 - Are adequate **policies** in place?
 - Has **professional development**/training being provided?
 - How pervasive is effective **practice**?

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Today's Agenda—Last Part

- Identify **other areas of information needs** and look to the rest of the year to plan **follow up retreats**.

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- What kind of flexibility do we have at the state?
- How do we build state system support?
- The annual time table
 - Self assessments
 - Program monitoring
 - Data analysis
 - Research
- Managing state initiatives
 - Task force work
 - State staff initiatives

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Next Steps

- How do we help local programs?
- Establishing a structure and process for them to improve
 - Assessing their strengths and weaknesses
 - Finding alternative strategies to address the weaknesses
 - Pilot testing them
 - Taking them to scale
- The hard nut—intervening in weak programs

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So what's it take to do the job?

The puzzle consists of seven interlocking pieces, each with a different color and text. From left to right, the pieces are: a blue piece labeled 'Leadership Skills', an orange piece labeled 'Fiscal Management', a purple piece labeled 'Human Resources', a green piece labeled 'Professional Development Practices', a yellow piece labeled 'Community Collaboration', a pink piece labeled 'Instructional Leadership', and a light green piece labeled 'Program Monitoring & Reporting'.

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Always willing to help...

- Lennox McLendon
 - lmclendon@naepdc.org
- Kathi Polis
 - kipolis@charter.net

Guidance for Implementing the Adult Education Family Literacy Act

Condensed from guidance prepared by Division of Adult Education and Literacy, Office of Vocational and Adult Education, U.S. Department of Education

WARNING: Before making major decisions, be sure to consult with your DAEL regional representative.

ADULT EDUCATION AND FAMILY LITERACY ACT (AEFLA)

Enacted August 7, 1998 as Title II of the Workforce Investment Act of 1998, Pub.L. 105-220

RESPONSIBILITIES OF THE STATE AGENCY

I. State Plan

AEFLA Section 221, Section 212(B)(3)(A)(vi), Section 224(c)

- Develop, submit, and implement the State plan and any revisions to the plan.

1Q. WHO MUST BE INVOLVED IN THE DEVELOPMENT OF THE STATE PLAN?

Section 224 (b)(8)

- A. The eligible agency must provide opportunities for the public to participate in and comment on the development of the State plan. The actual process(es) or method(s) used for public participation are left up to the eligible agency. The State plan must include a description of the process used to ensure public participation.

2Q. WHO ELSE MUST REVIEW THE PLAN PRIOR TO ITS SUBMISSION TO ED?

Section 224(d)

- A. The State plan and any revisions to the plan shall be submitted to the Governor of the State or outlying area for review and comment. Comments by the Governor regarding the State plan, and any revision to the plan shall be submitted to the Secretary.

State laws and procedures differ and there may be State-imposed requirements that must be met prior to submission of the plan; for example, State boards of education, chief State school officers and higher education commissions. Any or all of the above might have to be consulted and the State Director is responsible for ensuring that his or her State meets those requirements.

3Q. WHAT HAPPENS IF AN ELIGIBLE AGENCY'S PLAN IS NOT APPROVED?

EDGAR 76.202

- A. States whose plans are not approved are given reasonable notice and are provided an opportunity for a hearing.

4Q. CAN REVISIONS BE MADE TO A STATE PLAN?

Sections 224(c) and (d) of AEFLA

- A. When changes in conditions or other factors require substantial revisions to an approved state plan, the eligible agency shall submit the revisions to the state plan to the Secretary. Prior to submitting the revisions, the eligible agency must submit the state plan and any revisions to the Governor for review and comment. Copies of the Governor's comments must be forwarded to OVAE. Also, if the Governor has no comments, please notify us of that decision in writing.

II. Establishing Levels of Performance

Section 212 (b) (3) (A) (1)

- Establish levels of performance for each of the core indicators of performance described in the Act for adult education and literacy activities, including any additional indicators identified by the eligible agency.

These core indicators are:

- Demonstrated improvements in literacy skill levels in reading, writing and speaking the English language, numeracy, and problem-solving, English language acquisition, and other literacy skills.
- Placement in, retention in, or completion of, postsecondary education, training, unsubsidized employment or career advancement.
- Receipt of a secondary school diploma or its recognized equivalent.

5Q. WILL STATES BE PENALIZED IF THEY DON'T MEET THEIR PROJECTED PERFORMANCE OUTCOMES? CAN THESE BE RENEGOTIATED?

Sec. 212(b) of AEFLA

- A. States will not be penalized if they do not meet their projected performance outcomes. However, they will not be eligible for incentive grants (Sec. 503) because incentive grants go only to states that exceed the state adjusted levels of performance for WIA Title I, Title II, and vocational education (Public Law 88-210 as amended). If unanticipated circumstances arise in a state resulting in a significant change in the factors described, the eligible agency may request an opportunity to renegotiate adjusted levels of performance.

III. Reporting and Data Collection

Section 212 (c)

- Each eligible agency shall annually prepare and submit to the Secretary a report on the progress of the eligible agency in achieving eligible agency performance measures including information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance. Among other activities described, the eligible agency might describe monitoring processes that review local assessment measures for reporting learner performance outcomes.

6Q. WHAT REPORTS ARE STATES REQUIRED TO SUBMIT TO ED?

- A. States are required to submit three copies of these reports: (*Specific reporting requirements subject to OMB Approval*)
- **Annual Performance Report**
Part I - Statistical Report
Part II - Narrative Report
 - **Financial Status Reports**

7Q. IS THERE A GUIDE FOR PREPARING THESE REPORTS?

- A. Final decisions from the National Reporting System Project will not be made in time to support a full implementation of the new reporting system until July 1, 2000. We fully expect that interim guidance will be prepared (by January, 1999) describing program reporting requirements for the Program Year beginning July 1, 1999. The reporting framework and guidance instructions issued by OVAE/DAEL should be used by the eligible agency.

8Q. WHAT KIND OF INFORMATION IS CONTAINED IN THE PERFORMANCE REPORT?

EDGAR 80.40

- A. A performance report has two parts, a statistical report and a narrative report. The statistical report contains descriptive, participation, and outcome/performance data. *Data includes: student demographics, student goals, initial assessment and placement data, contact hours, reasons for non-completion, learning gains/assessment, economic impact, credentials earned, transition to further education, and program data including the type of instructional program (basic skills, English literacy, and secondary level instruction) and the instructional setting (workplace, family literacy, and corrections).*

A narrative report must include a discussion of the following:

- A comparison of actual accomplishments to the objectives established for the period.
- The reason for slippage if established objectives were not met.
- Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

9Q. IF AN ELIGIBLE AGENCY CHOOSES TO EXPEND FUNDS FOR FAMILY LITERACY SERVICES UNDER THE SPECIAL RULE CONTAINED IN SECTION 231 OF THE ACT, WILL

McLendon and Polis, 2006

THE ELIGIBLE AGENCY BE EXPECTED TO REPORT PERFORMANCE DATA RELATED TO EARLY CHILDHOOD OR PARENTING SERVICES? IF YES, WHAT ARE THE REQUIRED INFORMATION REQUIREMENTS?

A. Yes, with instructions to follow from DAEL.

10Q. UNDER WHAT CIRCUMSTANCES MAY THE DEADLINE FOR SUBMITTING PERFORMANCE REPORTS BE EXTENDED?

A. The due date may be extended if ED considers a written request for extension to be "justified". This decision is made on a case by case basis.

11Q. MAY A STATE SUBMIT A PERFORMANCE REPORT OR PROGRAM INFORMATION TO ED AT TIMES OTHER THAN THE SCHEDULED REPORTING DATES?

- A. Yes. Events may occur between the scheduled performance reporting dates that have significant impact on the grant or subgrant supported activity. In these cases, the grantee may inform DAEL as soon as it becomes aware of the following types of conditions:
- Problems, delays, or adverse conditions that will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken or that the grantee plans to take, and any assistance needed to resolve the situation.
 - Favorable developments that enable programs to meet time schedules and objectives sooner or at less cost than anticipated, or to produce more beneficial results than originally planned.

IV. Financial Management

12Q. WHAT DOES AEFLA SAY ABOUT SUPPLANTING STATE OR LOCAL PUBLIC FUNDS?

Sec. 241(a) of AEFLA

Answer: The Adult Education and Family Literacy Act (AEFLA) states that federal adult education funds must supplement and not supplant other state or local public funds expended for adult education and literacy activities.

13Q. FOR WHAT PURPOSE MUST STATES USE FINANCIAL REPORTS?

EDGAR 76.720 - 80.41

A. The Financial Status Report provides a cumulative report of Federal and non-Federal funds for a given program year.

14Q. WHAT INFORMATION IS INCLUDED IN A FINANCIAL STATUS REPORT?

A. It is anticipated that eligible Agencies will report program outlays and income for the areas of **State Administration, State Leadership, Instructional Program (Basic education-Secondary Education-English Literacy-Family Literacy), and Corrections/Other Institutionalized.**

15Q. WHEN ARE FINANCIAL STATUS REPORTS (FSR'S) REQUIRED TO BE SUBMITTED?

- A. There are two FSR's required under AEFLA. The Initial FSR for the first 15 months of the grant is due 90 days after the initial program year terminates (resulting in a December 31 deadline for submission). The Final FSR for all expenditures including the final 12 month-period of the grant, is due 90 days after the grant's ending date (resulting in a December 31 deadline for submission). This report will cover the entire 27 months allowed for obligation of Federal adult education funds (for example, July 1, 2001 through September 30, 2003).

We review reports to ensure that:

- Expenditures at the local level for grants are not less than 82.5 percent;
- Costs for corrections and other institutionalized populations do not exceed 10 percent of that 82.5 percent;
- State administrative expenses are not more than five percent or \$65,000, whichever is greater;
- State leadership activities do not exceed 12.5 percent of grant funds; and
- Maintenance of effort and matching requirements are met . (34 CFR Parts 76.720)

16Q. WHEN ARE ANNUAL PROGRAM REPORTS (NRS) AND FINANCIAL STATUS REPORTS (FSR) REQUIRED TO BE SUBMITTED?

Measures and Methods for National Reporting System for Adult Education; 34 CFR Parts 76.720

- A. Reports are required to be submitted to DAEL 90 days after the close of the program year, or December 31. The required reports include Narrative, Statistical, Financial Status Reports (Initial and Final), and a separate FSR for EL-Civics. Key tables in the statistical report include Table 4 - Educational Gains and Attendance by Educational Functional Level, and Table 5 – Core Follow-up Outcome Achievement.

17Q. WHAT HAPPENS TO FUNDS THAT ARE NOT OBLIGATED DURING THE FIRST YEAR OF THE GRANT?

34 CFR Part 76.709

- A. If a state does not obligate all of its grant funds during the first fiscal year for which Congress appropriated the funds, it may obligate the funds during the carryover period of one additional year. For example, for the grant year from July 1, 2002 to September 30, 2003, under the provisions of the Tydings Amendment, the period for obligation and expenditure of funds continues for the succeeding year ending on September 30, 2004. This amendment applies both to the state agency and to the secondary recipient. The state agency has 27 months to obligate those funds and any carryover funds not obligated during that period shall be returned to the federal government.

18Q. WHAT IS PROGRAM INCOME AND HOW IS IT REPORTED?

- A. Program income is defined by EDGAR in 34 CFR 80.25 (b) as "gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period." Using special language in the July 1, 2004 grant award, OVAE has allowed states to use the "addition" option described in 34 CFR 80.25 (g)(2) so that funds so earned may be added to the grant and "used for the purposes and under the conditions of the grant agreement." Under this language, local providers charging fees must use the program income generated by federal adult education funds for allowable costs to the federal adult education program, expanding available resources for adult education, workplace literacy, English language acquisition and adult secondary education. OVAE's language in the grant award requires fees to be necessary and reasonable and established in a way that does not impose a barrier on the participation of disadvantaged persons that the program was designed to serve. You should be aware that

34 CFR 76.534 prohibits state or local programs from counting “tuition and fees collected from students toward meeting matching, cost-sharing or maintenance of effort requirements of a program.”

19Q. WHAT KIND OF ACCOUNTING RECORDS MUST THE STATE AND GRANTEES KEEP?

EDGAR 76.730

A. A State and a subgrantee shall keep records that fully show:

- a. The amount of funds under the grant or subgrant;
- b. How the State or subgrantee uses the funds;
- c. The total cost of the project;
- d. The share of that cost provided from other sources; and
- e. Other records to facilitate an effective audit.

EDGAR 76.731

A State and subgrantee shall keep records to show its compliance with program requirements.

20Q. WHAT KIND OF ACCOUNTING RECORDS MUST GRANTEES KEEP?

EDGAR 80.20(a)(2)

A. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

21Q. HOW LONG MUST GRANTEES KEEP THESE RECORDS ON HAND?

EDGAR 80.42(b)(4) and (c)

A. Records must be retained for three years from the starting date of the retention period. The retention period starts on the day the grantee submits its final expenditure report.

When grant support is continued or renewed, the retention period for each funding period starts on the date the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later. (34 CFR Part 80.42)

22Q. WHAT ARE THE REQUIREMENTS FOR STATE ADMINISTRATIVE COSTS?

Section 222 (a)

A. Each eligible agency shall use not more than 5 percent of grant funds or \$65,000, whichever is greater, for the administrative expenses of the eligible agency.

23Q. WHAT KINDS OF EXPENSES MAY BE INCLUDED UNDER STATE ADMINISTRATIVE COSTS?

- A. Allowable administrative costs are for management and supervisory activities such as salaries, rent, supplies, and travel.

24Q. ARE THERE ANY ADDITIONAL ALLOWABLE ADMINISTRATIVE COSTS THAT STATES MAY INCUR OUTSIDE THE 5 PERCENT CAP?

- A. NO.

25Q. WHAT ARE THE REQUIREMENTS FOR LOCAL ADMINISTRATIVE COSTS?

Section 233(a)

- A. An eligible provider shall use no more than 5 percent of the amount made available for planning, administration, personnel development, and interagency coordination.

26Q. ARE THERE ANY EXCEPTIONS TO THE 5 PERCENT LIMIT FOR NON-INSTRUCTIONAL COSTS?

Section 233(b)

- A. Yes. In cases where the 5 percent cost limit are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider shall negotiate with the eligible agency in order to determine an adequate level of funds to be used for non-instructional purposes. *Please note that the funds subject to the 5 percent limitation are much broader than the "local administrative costs" allowed under the Adult Education Act and include, in addition to administrative activities, staff development, planning, and interagency coordination activities.*

27Q. WHAT ARE THE NON-FEDERAL AUDIT REQUIREMENTS FOR THE ELIGIBLE STATE OR LOCAL SUBGRANTEES?

OMB Circular A-133; 34 CFR Part 80.26

- A. Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133. On July 28, 2003, the new threshold requirement for states, local governments and non-profit organizations was increased to \$500,000 from \$300,000 according to the recent amendments to OMB Circular No. A-133. Those audit requirements apply to a state and subgrantees, which expend \$500,000 or more in Federal awards in a fiscal year. This provision is only one of many monitoring tools available to the agency. Grantee monitoring should occur throughout the year rather than relying solely on a once-a-year audit. Other monitoring tools include reviewing grantee financial and performance reports, performing site visits to review programmatic records and observe operations.

28Q. WHAT CAN THE AWARDING AGENCY DO IF A GRANTEE OR SUBGRANTEE FAILS TO COMPLY WITH THE TERMS OF AN AWARD?

34 CFR Part 80.43

- A. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a state plan or application, a notice of award or elsewhere, the awarding agency may temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee. It may take more severe enforcement action, or wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program.

Matching

29Q. HOW IS COST SHARING OR MATCHING DEFINED?

Section 222(b)(2) --EDGAR 80.24

- A. These terms refer to the value of third-party, in-kind or cash contributions and that portion of the costs of a grant-supported project or program not borne by the Federal Government.

30Q. WHAT IS THE MATCHING REQUIREMENT FOR THE PROGRAM?

Section 222(b)

- A. Each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-federal contribution in the amount equal to --
- in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education and literacy activities in the outlying area, except that the Secretary may decrease the amount of funds required for an eligible agency (in an outlying area); and
 - in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

31Q. WHAT COSTS AND CONTRIBUTIONS ARE ACCEPTABLE TO MEET THE STATE ELIGIBLE AGENCY MATCHING REQUIREMENTS?

34 CFR Part 80.24

- A. States should be able to identify matching costs that meet program requirements for reporting and auditing purposes. Examples of allowable matching or cost-sharing requirement criteria follow:
- Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement;
 - The value of the third party in-kind contributions applicable to the period to which the cost sharing or matching requirements apply;
 - Valuation of donated services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization;
 - Employees of other organizations; and
 - Valuation of third party donated supplies and loaned equipment or space.

Neither costs nor the values of third party in-kind contributions may count toward satisfying a cost-sharing or matching requirement of a grant agreement if they have been or will be counted toward satisfying a cost-sharing or matching requirement of another federal grant agreement,

federal procurement contract, or any other award of federal funds. Only allowable expenditures can be used to match. For example, a state could not match with funds from gardening, cooking or automotive repair classes it offers to adults through community education programs.

Maintenance of Effort

32Q. WHAT IS THE MAINTENANCE OF EFFORT REQUIREMENT?

Section 241(b)

- A. This requirement specifies that a State's non-Federal share used to meet cost sharing requirements cannot be reduced more than 10 percent without an accompanying reduction in Federal funding.

33Q. HOW DO WE COMPUTE MAINTENANCE OF EFFORT (MOE)?

Sec. 241(b)(1)(A) of AEFLA

- A. AEFLA states that an eligible agency may receive federal adult education funds for any fiscal year if the state maintains its fiscal effort, comprised of both state and local expenditures for adult education. To determine MOE, the law asks OVAE to compare the fiscal effort per student or the aggregate expenditures that each eligible agency makes for adult education in the second preceding fiscal year to those of the third preceding fiscal year. Expenditures for adult education in the second preceding year must not be less than 90 percent of the fiscal effort per student or the aggregate expenditures in the third preceding fiscal year. DAEL maintains and reviews the Financial Status Report (FSR) for each state's prior non-federal share of outlays to ensure that it meets the requirements for maintenance of effort level expenditures. This requirement is reviewed by DAEL, and information also is included in the OMB A-133 Compliance Supplement criteria reviewed by agency auditors.

34Q. WHAT HAPPENS IF A STATE CANNOT MEET THE REQUIRED MOE LEVEL?

Sec. 241(b)(1)(B) of AEFLA

- A. There is a time delay before reductions in state and local spending are initiated, and the reduced year becomes the comparison year for maintenance of effort calculations discussed above. A reduction in the level of state and local expenditures for adult education beyond the ten percent threshold triggers an automatic pro-rata reduction in the federal allocation to the state. For example, if state and local spending for adult education were 85 percent of the comparison year's level, the state allotment would be reduced by five percent - the difference between 90 and 85 percent. For the following year the required maintenance of effort returns to the level reported on the FSR for the prior fiscal year.

V. Program Monitoring and Evaluation

EDGAR 76.770

- Each State shall have procedures for reviewing and approving applications for subgrants and amendments to those applications, for providing technical assistance, for evaluating projects and for performing other administrative responsibilities the State has determined are necessary to ensure compliance with applicable statutes and regulations.

35Q. HOW OFTEN DOES A STATE HAVE TO EVALUATE LOCAL PROGRAMS? IS IT STILL 20% PER YEAR?

- A. The new law does not set a percentage target for evaluating local programs, but states that all programs must be evaluated annually on the three performance measures [Sec. 224] contained in Sec. 212. Conceivably, this evaluation would be based on data analysis and site visits would be conducted at the State's discretion to look at validation or other issues the State identifies as important.

VI. State Leadership

Section 223(a)

- Use not more than 12.5 percent of the grant funds for one or more of 11 adult education and literacy activities.

Section 223(b)

- Collaborate where possible, and avoid duplicating efforts, in order to maximize the impact of State Leadership Activities.

Section 223(c)

- Identify, to eligible providers, any State rule or policy relating to the administration or operation of a program authorized under State Leadership Activities that is not imposed under Federal law.

36Q. SHOULD A STATE AGENCY DEVELOP A PLANNING PROCESS FOR STATE LEADERSHIP ACTIVITIES?

- A. Yes. Given the number of potential investment activities under Section 223(a), it is recommended that the eligible agency establish criteria and an ongoing planning process for allocating funds made available under Section 222(a)(2). The National Program Office will monitor expenditure of grant funds under Section 222(a)(2) and the eligible agency will report annually on expenditures for State Leadership Activities.

37Q. WHAT ADULT EDUCATION AND LITERACY ACTIVITIES MAY THE ELIGIBLE AGENCY CONSIDER IN DETERMINING THE EXPENDITURE OF FUNDS UNDER SECTION 222(a)(2)?

Section 223(a)

- A. Each eligible agency shall use funds made available under section 222(a)(2) or one or more of the following adult education and literacy activities:
1. The establishment or operation of professional development programs...
 2. The provision of technical assistance to eligible providers...
 3. The provision of technology assistance to eligible providers...
 4. The support of State or regional literacy resource centers
 5. The monitoring and evaluation of program quality...
 6. Incentives for program coordination... and performance awards
 7. Developing and disseminating curricula...
 8. Other activities of statewide significance [in adult education]...

9. Coordination with existing support services... and other assistance to increase rates of enrollment and successful completion...
10. Integration of literacy instruction and occupational skill training and promoting linkages with employers
11. Linkages with postsecondary educational institutions.

38Q. MAY A STATE OPTING TO DO ONLY ONE OF THE STATE LEADERSHIP ACTIVITIES LISTED UNDER Sec. 223 SELECT ANY ONE?

- A. No. Unless a State decides to fund monitoring and evaluation, only with State funds, a State opting to do just one must choose (5), monitoring and evaluation, because it is required by the State Plan language in Sec. 224 (b) (3).

VII. Grants Management

Section 231 (a) (b) (c)

- Award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

39Q. WHAT LOCAL ENTITIES ARE ELIGIBLE TO APPLY FOR A BASIC GRANT FROM THE STATE?

Section 203 (5)

- A. The following public or private non-profit entities are eligible to apply to the eligible agency for an award: local educational agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations of demonstrated effectiveness, an institution of higher education, a public or private nonprofit agency, libraries, public housing authorities, nonprofit institutions, not described above, with the ability to provide literacy services to adults and families, and a consortium of the agencies, organizations, and institutions, libraries, or authorities described above.

40Q. CAN FOR-PROFIT ENTITIES STILL JOIN CONSORTIA RECEIVING AWARDS UNDER THE NEW ACT?

- A. No. Only nonprofits can now receive adult education funds under the new Act. [Sec. 203 (5)]

41Q. FOR WHAT PERIOD OF TIME MUST LOCAL GRANTS BE AWARDED?

Section 231(a)

- A. The eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible provides to develop, implement, and improve adult education and literacy activities within the State.

42Q. WHAT IS THE ELIGIBLE AGENCY'S RESPONSIBILITY UNDER THE DIRECT AND EQUITABLE ACCESS PROVISION?

Section 231 (c)

A. Each eligible agency shall ensure that --

- All eligible providers have direct and equitable access **to apply** for grants or contracts under section 231; and
- The same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

43Q. WHAT CRITERIA MUST THE ELIGIBLE AGENCY CONSIDER IN DETERMINING WHICH LOCAL PROVIDERS RECEIVE ASSISTANCE?

Section 231 (e)

A. The eligible agency shall consider --

1. The degree to which the eligible provider will establish measurable goals for participant outcomes;
2. The past effectiveness of an eligible provider in improving the literacy skills of adults and families, and, after the one-year period beginning with the adoption of an eligible agency's performance measures, the success of the an eligible provider receiving funds in meeting or exceeding such performance measures, especially with respect to those adults with the lowest levels of literacy.
3. The commitment of the eligible provider to serve individuals in the community who are most in need of literacy service, including individuals who are low-income or have minimal literacy skills.
4. Whether or not the program--
 - is of sufficient intensity and duration for participants to achieve substantial learning gains, and
 - uses instructional practices such as phonemic awareness, systematic phonics, fluency, and reading comprehension that research has proven to be effective in teaching individuals to read;
5. Whether the activities effectively employ advances in technology is appropriate, including the use of computers;
6. Whether the activities are built on a strong foundation of research and effective educational practice;
7. Whether the activities provide learning in real life contexts to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;
8. Whether the activities are staffed by well-trained instructors, counselors, and administrators;
9. Whether the activities coordinate with other available resources in the community, such as by establishing strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, and social service agencies;
10. Whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or special needs, to attend and complete programs;
11. Whether the activities maintain a high-quality information management system that has the capacity to report participant outcomes and to monitor program performance against the eligible agency performance measures; and
12. Whether the local communities have a demonstrated need for additional English literacy programs.

44Q. DOES SEC. 231(e) REQUIRE STATES TO WRITE ALL THESE ELEMENTS INTO THEIR CRITERIA FOR MAKING AWARDS? OR CAN IT USE JUST SOME?

A. Yes, all these elements should be included in the selection criteria.

45Q. IF A STATE IS IN THE SECOND OR THIRD YEAR OF MULTI-YEAR GRANT AWARDS, DOES IT HAVE TO ESTABLISH A NEW COMPETITION TO ACCOMMODATE THE NEW "CONSIDERATIONS" IN SEC. 231(e)?

A. Yes, unless somehow there is a way to accommodate all these considerations and still make awards to the same providers.

46Q. MAY A STATE DISTRIBUTE FEDERAL ADULT EDUCATION FUNDS ON A FORMULA?

A. The law requires a competitive process. A State could run a competition to determine what program will be funded and **then** distribute funds based on a formula.

47Q. IN MAKING GRANTS TO LOCALS, MAY A STATE WEIGH THE CONSIDERATIONS REQUIRED IN THE LAW DIFFERENTLY, COUNTING SOME AS WORTH MORE THAN OTHERS?

A. Yes, as long as those differential weights are uniformly applied to all providers. A State could not establish different weightings of the same criteria for different classes of providers. This would not comply with Sec. 231(c)(2) which requires that the same announcement process and application process be used fore all providers.

48Q. WHAT MUST THE LOCAL APPLICATIONS CONTAIN?

Section 232

A. Each eligible provider desiring a grant or contract shall submit an application to the eligible agency **containing such information and assurances as the eligible agency may require**, including--

- A description of how funds awarded under the Adult Education and Family Literacy Act will be spent; and
- A description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult education and literacy activities.

49Q. CAN STATES USE ALREADY ESTABLISHED CRITERIA IN AWARDING GRANTS TO LOCAL PROGRAMS?

A. All competitions must address the considerations listed in the law, but they may be weighted differently [Sec. 231(e)]. After all the considerations have been addressed in making local awards, States may add their own selection criteria, providing the effect of the additional criteria the State uses does not nullify the intended effect of the considerations in Sec. 231. A State could not use additional criteria that, for example, made coordination with community resources optional.

50Q. DO THE NEW REQUIREMENTS FOR DIRECT AND EQUITABLE ACCESS MEAN THAT STATES MUST USE A SINGLE REQUEST FOR PROPOSALS (RFPs) OR CAN THEY USE SEPARATE FOR FAMILY LITERACY, ENGLISH LITERACY, AND WORKPLACE LITERACY PROGRAMS?

- A. The Act requires that "the same grant or contract announcement process and application process", not the same application, be used for all eligible providers [Sec. 231(c)(2)]. States may use different RFPs for different competitions, but all eligible providers must receive all RFPs, be given the same time to respond and be judged by the same criteria. Criteria in *all* competitions must address the considerations listed in the law, but they may be weighted differently [Sec. 231(e)].

51Q. WHAT DEFINITION DO STATES NEED TO USE TO DETERMINE IF PROGRAMS SEEKING FUNDING ARE "OF SUFFICIENT INTENSITY AND DURATION FOR PARTICIPANTS TO ACHIEVE SUBSTANTIAL LEARNING GAINS"[SEC. 231 (e)(4)(A)]. AND WHAT DEFINITION IS BEING APPLIED TO "SUBSTANTIAL LEARNING GAINS?"

- A. Because States are very different, each State will need to decide what these terms mean given the target populations they serve, resources available, location of the program in urban or rural settings and other factors. Ultimately, the decision can be made with input from a competitive process allowing consensus on these issues to be built among expert reviewers on a case-by-case basis.

VIII. Coordination

Section 221, Section 212(B)(3)(A)(vi), Section 224(c)

- Consult with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under the Act.
- Coordinate and insure non-duplication with other Federal and State education, training, corrections, public housing, and social service programs.