



AEBG

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CALIFORNIA WORKFORCE

AEBG Fiscal Management Guide

Allowable Uses of Adult Education Block Grant Program Funds

**Performance Year: 2017-
2018**

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Article 9

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Indirect Cost Rate Section (#10) September 13, 2017
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How to Use this Guide

The purpose of this guide is to specify the education code and processes used to spend Adult Education Block Grant (AEBG) Program funding by regional consortia and their members. The outcomes from the expenditure process are student data reports for enrollment, demographics, and outcomes, as well as financial reports presenting allocation of funds to members, and the tracking of expenses connected to the seven AEBG program areas. Additional outcomes include adherence to a consortium governance structure, the public meeting/ input process, and a long term planning cycle (3-year plan) along with an annual plan.

The AEBG Fiscal Management Guide contains the policies and procedures for the administration of the AEBG Program for the 17-18 program year, and replaces the Allowable Uses Guide issued for the 15-16 program year. These policies and procedures are based on the AB104 legislation that created the AEBG Program. However, the AB104 legislation does not supersede current K-12 adult education and community college education code and regulatory requirements. All current financial processes and systems in place at the various districts and county offices of education must comply with the variety of statutory and policy provisions already in place prior to AB104, that includes the State of California Statutory Codes, California Code of Regulations, State Accounting Code Structure, the Budget and Accounting Manual, and any administrative or management policy memoranda or bulletins.

For AEBG program, reporting system documentation, and additional resources, please refer to the AEBG website. aebg@cccco.edu/Home

Table of Contents

- 1. Responsibility & Roles Overview**
- 2. AEBG Funding Process**
- 3. Allowable Uses General Information**
- 4. Leveraging and Braiding other Applicable Funds**
- 5. Program Fees**
- 6. Travel**
- 7. Consortia/ Member Effectiveness**
- 8. Capital Outlay**
- 9. Consortium Administration Function**
- 10. Indirect Rate for Members**
- 11. 45 Day Trailer Bill Rule / Pass Through**
- 12. Recording AEBG funds in financial systems**
- 13. Fiscal Reporting – AEBG funds to the State**
- 14. Examples of Expenses – allowed**
- 15. Examples of Expenses – not allowed**

1. Responsibility and Roles Overview

Overview

The California Community College Chancellor's Office (CCCCO) and the California Department of Education (CDE) are working in partnership to implement the Adult Education Block Grant (AEBG). Since 2015-16, the annual budget appropriation for the block grant has been \$500 million in addition to \$25 million for data and accountability funding as well as an additional \$5 million for AEBG technical assistance. The AEBG Office appropriates these funds through regional consortia consisting of community college districts, school districts and county offices of education to implement regional plans to better serve the needs of adults.

There are 71 regional consortia across the state that include members from community colleges, k-12 adult schools, county offices of education and a variety of community partners including, but not limited to local workforce investment boards, libraries, and community based organizations.

The California Community Colleges Chancellor's Office and the California Department of Education appointed joint leadership for the Adult Education Block Grant Office. The AEBG Office is led by:

Carolyn Zachry, Administrator, Adult Education Office, CDE
Javier Romero, Workforce Development Division Dean, CCCCCO

Other members of the Adult Education Block Grant Office include:

Neil Kelly
Shadidi Sia-Maat
Abygail Medina
Nicole Alexander

Role of the Board of Governors and the State Board of Education

The apportionment of AEBG funding is provided by an interagency agreement with the Board of Governors of the California Community Colleges and the budget act, in support of the Adult Education Block Grant Program. Once approved by the Board of Governors of the California Community Colleges, AEBG funding for K-12 district and County Office of Education is transferred to the California Department of Education for disbursement. The remaining AEBG funding for community colleges is disbursed by the Chancellor's Office.

Per AB104 legislation, the State Board of Education works with the Chancellor of the California Community Colleges and the Superintendent of Public Instruction in the following areas:

- Dividing the state into adult education regions and shall determine the physical boundaries of each region.
- Approving one adult education consortium in each adult education region.
- Approving, for each consortium, the following:
 - Rules and procedures that adhere to conditions related to consortia membership.
 - Member reporting of available funding.
 - Official member representation requirements.
 - Release of a preliminary allocation schedule and a final allocation schedule by the State.
 - Consortia level decision making procedures
 - Public meeting requirements.

Role of the AEBG Office

The AEBG Office plays a key role in this joint agency effort between the California Department of Education and the California Community Colleges Chancellor's Office. The focus of the AEBG Office is to provide policy guidance to the regional consortia and their members, maintain fiscal accountability, collect & report student data and outcomes, and provide technical assistance.

For program guidance, the AEBG Office must work with state agencies (CDE and the Chancellor's Office) to align AEBG education code within existing statutory requirements and regulations. This would include updating guidance, releasing policy memos, coordinating with CDE/Chancellor's Office staff, and providing technical assistance and training.

For fiscal accountability, the AEBG Office's main responsibility is to ensure that consortia and their members operate within budgeted levels, meet spending targets, and comply with any restrictions or limitations by the legislature. This would also include preparing and monitoring contracts, maintaining the state fiscal system for consortia and member reporting, and working with state level fiscal and accounting staff for appropriation of funds and payment.

For student data reporting, the AEBG Office must ensure that all members are reporting student enrollment data, demographics, and outcomes through the designated system. This also includes working with contractors, developing data policy, coordinating with other state agencies to share data, drafting legislative required reports, and providing technical assistance and training to local members.

2. AEBG Funding Process

MOE and Consortia Formula Allocation

Each AEBG Regional Consortium receives the same allocation for 17/18 as they did in the prior year (16/17). The majority (67%) of the AEBG allocation is made up of Maintenance of Effort (MOE) as certified by K-12 and County Offices of Education (COEs). The MOE certification process was based on 12/13 adult education related expenses in the ten adult education program areas as submitted by K-12 districts and COEs. This 12/13 certification was used to form the K-12/COE base for the MOE. The MOE funding amount does not change unless funding is reduced based on the criteria as specified in AB104 legislation (84914 (b)).

The remaining amount of AEBG funding (33%) was allocated based on a regional allocation formula. According to the Adult Education Block Grant Program language, the California Community College Chancellor and the State Superintendent of Public Instruction are charged with determining the statewide need for adult education and the funding allocation of each consortium. More specifically, sections 84911 and 84908 (2) (A)(ii), respectively, address these obligations.

Section 84911 states, "To determine the need for adult education, the chancellor and the Superintendent shall consider, at a minimum, measures related to adult population, employment, immigration, educational attainment, and adult literacy." Additionally, Section 84908 (2) (A)(ii) states that, "The chancellor and the Superintendent shall determine the amount to be allocated to each consortium pursuant to this paragraph based on that adult education region's share of the statewide need for adult education."

Given the above language, key state agencies (the California Department of Education, the State Board of Education, the California Community College Chancellor's Office, and the Department of Finance) met to develop a funding formula for adult education regional consortia. They used various combinations of variables, including minimum funding levels. After thorough analysis of the permutations, it was determined that the variables correlated very closely. Consequently, all variables were equally weighted. In addition, it was determined that the minimum grant award amount was appropriate and reasonable, in that it allows the smaller consortia (which in most instances are rural) to make a larger impact in their respective regions. The list below depicts the variables used to determine adult education consortia funding amounts.

- Educational Attainment (No High School Diploma)
- Employment (Unemployed Adults)
- Adult Population - 18 years and older
- Poverty (Household)
- Adult Literacy (7th Grade Education Level)
- ESL (the ability to speak English)

As mentioned above, each factor was equally weighted. The regional consortia received a percentage of the statewide total that was then translated into a dollar amount. Regional consortia that did not meet the minimum funding level, based on the variable amounts, were provided additional funds to raise them to that level. (See the allocation tables under additional resources section for grant amounts by regional consortia, as well as the list of variables by region.)

Additionally, a variety of census data variables related to adult education students in each region are posted on the AEBG Website and are pre-populated into the Regional Consortia Member Allocation forms.

AEBG Allocation Process

The AEBG Fiscal Allocation process begins in January with the release of the proposed Governor's Budget. Based on the amount in the proposed budget, the AEBG Office is required by law to release a preliminary budget by February 28th (Section 84909 (b)). Consortia then have until May 2nd to submit the Consortium Fiscal Administrative Declaration (CFAD) which declares the annual allocation for each member in their consortium.

Typically, the State Budget is enacted on July 1st (but can be delayed if not passed by the legislature). The chancellor and the Superintendent, with the advice of the executive director, shall approve, within 15 days of enactment of the annual Budget Act, a final schedule of allocations to each consortium of any funds appropriated by the Legislature for the program. (Section 84909 (c)).

The chancellor and the Superintendent shall determine the amount to be allocated to each consortium based on the following (Section 84909 (d)):

- (1) The amount of funds apportioned to the members of that consortium in the immediately preceding fiscal year.
- (2) That adult education region's share of the statewide need for adult education.
- (3) That consortium's effectiveness in meeting the educational needs of adults in the adult education region based on available data.

Soon after the enactment of the State Budget, the Board of Governors of the California Community Colleges must approve the annual AEBG apportionment at a public meeting. Then, using the final schedule approved pursuant to subdivision (c), the chancellor and the Superintendent shall do one of the following for each consortium (Section 84909 (e)):

- (1) Apportion funds to a fund administrator designated by the members of a consortium beginning no more than 30 days after approval of the final schedule of allocations.

(2) Apportion funds to members of a consortium beginning no more than 30 days after receipt of a final distribution schedule from that consortium.

Per California Education Code (EC) Section 84912, funds are apportioned in twelve equal payments to consortium fiscal agents (or if direct funded to each member) on a monthly basis. The first payment consists of the July and August payments. Subsequently, payment are apportioned at the end of each month for September through June 2017 for this same purpose.

Funding Cycle Calendar

January - Release of the proposed Governor's Budget

February – Preliminary Allocation Schedule is released (by 2/28)

May – CFAD is due from the consortia to the AEBG Office (by 5/2)

July – Budget Act enactment

July – Release of a final schedule of allocations to each consortium (15 days after the budget enactment).

July - Board of Governors of the California Community Colleges approve the annual AEBG apportionment at a public meeting.

August – Apportion funds to members of a consortium (30 days after final schedule of allocations).

September to June – Monthly payments are apportioned in 11 or 12 installments (the first payment usually cover 2 months).

3. Allowable Uses of Adult Education Block Grant Funds

AEBG apportionment is a restricted fund source. AEBG funds can only be used in the seven program areas as identified by the legislation. (Please note: The AB104 legislation specifically states that Adult Education Block Grant Program is to serve adults, and an adult is defined as “a person 18 years of age or older”. See section 84901 (a) of the AB104 legislation).

Per EC Section 84913, use these funds on only the seven following areas:

1. Elementary and secondary basic skills, including classes required for a high school diploma or high school equivalency certificate;
2. Programs for immigrants eligible for educational services in citizenship, English as a second language, and workforce preparation;
3. Programs for adults, including older adults, for entry or reentry into the workforce;
4. Programs for adults, including older adults, to develop knowledge and skills to assist elementary and secondary school children to succeed academically;
5. Programs for adults with disabilities;
6. Short term career technical educational programs with high employment potential;
7. Programs offering pre-apprenticeship training, in coordination with apprenticeship program(s), as specified.

Note: Consortia may choose which AEBG program areas to offer based on regional need, and local capacity.

In order to expend AB104 Adult Education Block Grant funds the following criteria must be followed:

- The community college district, county office, JPA and K-12 district must be a member of a regional consortium.
- The member district must be located within the regional boundaries of the consortia as determined by the Chancellor and the Superintendent, with the advice of the executive director.
- Each regional consortium must have an approved adult education plan (the annual plan template) that addresses the fiscal year in which the funds will be expended.
- Funds may only be expended within the seven program areas as prescribed in the AEBG education code (Section 84913).
- Each regional consortium must have an approved 3-year consortia plan that includes any amendments (submitted in Year 1 – 15/16).
- Expenditure of AEBG Funds must align with the annual plan as approved by the regional consortium for that specific year.
- All members shall participate in expenditure decisions made by the consortium.
- Consortia and members must follow public meeting requirements as listed in the legislative requirements.

Reasonable & Justifiable

All AEBG expenditures must be reasonable and justifiable. "Reasonable" means that expenditures will be made prudently and with every effort to utilize funds

efficiently. “Justifiable” means that expenditures are consistent with AEBG program goals and activities related to the seven program areas as identified in the AEBG Program budget language.

Ultimate Responsibility

Ultimately, AEBG regional consortia members (community college district, county office, JPAs and K-12 district) are responsible for allocation decisions. The responsibility cannot be delegated. Members may be audited by the California Department of Audits, the California Department of Education, the Chancellor's Office, or other government agencies with a lawful interest in the expenditure of funds. Expenditures deemed unreasonable and/or unjustifiable will be withheld in future funding distributions or allocations.

Primary Criteria

All allowable costs must meet three primary criteria:

- 1) Substantiate that the cost was necessary and reasonable for proper and effective administration of the allocations.
- 2) The cost must be allocable to the funding source activities.
- 3) The cost must not be a general expense required to carry out the consortia member's overall responsibilities (i.e. not supplanting).

However, even if the costs meet the prior three criteria, the costs must be approved within the 3-year consortia plan and the annual plan template of the regional consortia as agreed upon by its membership. Otherwise, they are not allowable within that year. In addition, the State has the discretion to impose special conditions beyond the funding source that would also determine allowability of cost.

Questions & Answers

While the proposed cost is allowable under the funding source is it also reasonable?

Reasonable is defined by the dictionary as: agreeable to sound judgment, not exceeding the limit prescribed by reason (not excessive), moderate in price, and a rational decision. Systems that can guide this definition are: necessary for the performance of the consortium; following sound business practices (procurement processes, follow state and local laws, follow the terms of the grant); use of fair market prices; acting with prudence under the circumstances; and having no significant deviation from established prices.

Note: “reasonable” means that expenditures will be made prudently and with every

effort to utilize funds efficiently.

What are the guidelines of Allocable?

Allocable is defined by the dictionary as: capable of being allocated or assigned. A cost is considered allocable to a particular funding source/program to the extent it actually benefits the objectives of that program. You can only charge in proportion to the value received by the funding source/program. An example would be that a project director works 80% on the funded program (only 80% of the salary and benefits can be charged to AEBG funding). Above and beyond this definition allocable also means that the cost must be related to the 3-year consortia plan and the annual plan template of the regional consortia that have been approved by the AEBG Office. Agencies must be able to document prorated allocated costs against the Adult Education Block Grant Program.

Can funds be used as matching funds for other grants?

If the grant for which AEBG funds are being considered as matching funds is a continuing grant, meaning it was a grant the district had in the prior year then the AEBG must not replace any funds previously used to meet the match requirement. This would be supplanting and not result in increased services. But if the AEBG funds are used to increase the matching funds, possibly resulting in more grant funds, then it is an appropriate use of AEBG funds. Keep in mind that AEBG funds are restricted funds and must be spent in the seven program areas as identified by the AB104 budget language. Some matching grants prohibit the use of restricted funds.

4. Leveraging AEBG Funds

Not a Grant

According to the 17-18 Proposed Governor's Budget, AEBG is described as follows: "This program coordinates representatives from local educational agencies, community colleges, and other regional education, workforce, and industry partners to promote the educational opportunities offered to students and adult learners. Through this program, students and adult learners can access courses to complete their high school diplomas or general education equivalent, English as a Second Language courses, and pathways courses that lead to additional career opportunities. The Budget includes \$500 million ongoing Proposition 98 General Fund to support the Adult Education Block Grant Program".

By referencing "ongoing Proposition 98 General Fund to support the AEBG Program", it clarifies the confusion that AEBG was not a permanent, ongoing fund source. AEBG is state apportionment, it is ongoing, and can be used in future years to hire permanent staff, teachers and faculty.

Legislative Support

In addition, AEBG legislation encourages the leveraging and braiding of other state and federal funding sources as stated in education code Section 84905 (b).

84905. The chancellor and the Superintendent, with the advice of the executive director, shall approve, for each consortium, rules and procedures that adhere to all of the following conditions: (b) As a condition of joining a consortium, a member shall commit to reporting any funds available to that member for the purposes of education and workforce services for adults and the uses of those funds.

AEBG legislation goes on further to list the state and federal fund sources that are required to being a member of a consortium Section 84916.

84916. In order to maximize the benefits derived from public funds provided for the purpose of addressing the educational needs of adults and to ensure the efficient and coordinated use of resources, it is the intent and expectation of the Legislature that any community college district, school district, or county office of education, or any joint powers authority consisting of community college districts, school districts, county offices of education, or a combination of these, located within the boundaries of the adult education region shall be a member of a consortium pursuant to this article if it receives funds from any of the following programs or allocations:

- (a) The Adults in Correctional Facilities program.
- (b) The federal Adult Education and Family Literacy Act (Title II of the federal Workforce Innovation and Opportunity Act).
- (c) The federal Carl D. Perkins Career and Technical Education Act (Public Law 109-270).
- (d) Local Control Funding Formula apportionments received for students who are 19 years of age or older.
- (e) Community college apportionments received for providing instruction in courses in the areas listed in subdivision (a) of Section 84913.
- (f) State funds for remedial education and job training services for participants in the CalWORKs program

Note: AEBG funds cannot be used to create an 18-22 year old certificate program for Special education students since service of those students by LEAs has been expected for years and districts only had LCFF money.

No Longer “Touched by AEBG”

For reporting purpose, AEBG is tracking students by program area, rather than fund source. The practice of tracking students that were impacted by AEBG funding was difficult to qualify. With new program definitions, students are now tracked by program area regardless of fund source, which encourages the leveraging and braiding of multiple fund sources. The new program definitions are as follows:

For reporting purposes, adult education includes all people receiving support services from AEBG consortium members or enrolled in K12 adult education or **noncredit community college coursework** in the program areas listed in AB104: elementary and secondary basic skills, English as a second language, short-term career and technical education, entry/re-entry into the workforce, pre-apprenticeship, adults with disabilities, and adults training to support child school success.

5. Program Fees

Current fee policy for AEBG is identified in CDE's Management Bulletin Management Bulletin AEFLA-02-2013 (for K-12 district and County Office of Education), and the Community College Student Fee Handbook (for community college districts). In addition, community college community education fee based programs (community education and contract education) cannot be co-mingled, leveraged or braided with AEBG funds. Title V regulations, and education code prevent community college fee based programs to be combined with any state apportioned program (like AEBG). However, these programs can work with regional consortium for student referrals to meet regional needs.

6. Travel

Only travel necessary for the project is allowed. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business for the grant. Such costs will be based on the fiscal agent's per diem rates. These costs shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as the result of the institution's written travel policy.

Out of State Travel: Consortia are required to complete an Out-of-State Travel Request Form and submit the form to the AEBG Office for prior approval. Such travel must also be disclosed in the Annual Plan template, reported in the AB104 online grant budget, as well as in the expenditure & progress reports. Out-of-State Travel Request forms are posted on the AEBG website under resources. In the request, consortia must explain how the approved travelers and the consortia will disseminate the information to other district staff, administrators, faculty, and teachers when they return. AEBG TAP will be notified of Out-of-State Travel requests to attend conferences. By notifying AEBG TAP of national conferences, it allows them to support a focused conference participation effort. In addition, AEBG TAP will follow up after the event on coordinated professional development offerings.

The state reserves the right to limit Out-of-State travel. See link to the travel form.

<http://aebg.cccco.edu/Resources>

Out of Country Travel: The AEBG Office has determined that Out-of-Country travel will not be an allowed via this funding source.

Travel to Conferences – In State: AEBG TAP will work with the adult education professional agencies: ACCE, ASCA, CCAE, CCCAOE, etc. to obtain a list of AEBG attendees. This will allow AEBG TAP to find out what professional development is taking place around the state, and follow up after the event on coordinated professional development offerings.

7. Consortia/Member Effectiveness

Adult Education Block Grant (AEBG) Measures of Effectiveness responds to AB104, Section 84920. This section requires the Chancellor and the State Superintendent of Public Instruction identify, no later than January 1, 2016, the measures for assessing the effectiveness of consortia that will be used in the report that, pursuant to Section 84917, is to be submitted by September 30, 2016. These measures shall include, but are not necessarily limited to:

- (1) How many adults are served by members of the consortium
- (2) How many adults served by members of the consortium have demonstrated the following:
 - (A) Improved literacy skills
 - (B) Completion of high school diplomas or their recognized equivalents
 - (C) Completion of postsecondary certificates, degrees, or training programs
 - (D) Placement into jobs
 - (E) Improved wages

Consortium Effectiveness

For the purposes of evaluating consortium effectiveness for the 2017–18 funding year, the CDE and CCCCO have established the following indicators of compliance:

Evaluation:

- Consortia have evaluated members to identify that the services provided meet the needs identified in the adult education plan.
- Consortia submitted an annual plan that includes program strategies for the 2017–18 year based upon regional need, funding, and capacity.

Funding:

- AEBG funds are expended within the seven AEBG program areas, and are consistent with each consortia' adult education regional plan.
- Consortium expenditures must align with the objectives of the consortium's annual plan as approved by the regional consortium board.

Governance and Collaboration:

- Consortia have identified a governance structure for decision-making.
- Consortium governance plans, by-laws, and AEBG requirements are followed for decision making and public meetings.

Membership:

- Consortia invited all eligible members in the region to participate in the AEBG initiative.
- All members are located within the regional boundaries of designated consortium.

Planning:

- Consortia have submitted the required Annual Plan Template.
- Consortia have approved and submitted the 3-year plan that may include amendments (from Year 1 – 15/16).
- Consortium members have shared information on related programs that are offered and the resources being used to support these programs.
- Consortia participated in statewide leadership activities (AEBG Summit, AEBG Director's Conference).

Reporting:

- Consortia will report student level enrollment data and outcomes for quarterly and final reporting.
- Consortia will submit financial expenditure and progress reports.

Member Effectiveness

In addition to consortium effectiveness, the CDE and CCCCCO have identified the following to indicate member effectiveness:

- Each member must participate in completing and updating the Annual Plan Template.
- AEBG member funds must be expended within the seven program areas, and services provided must be consistent with the plan.
- Each member must participate in completing and updating the 3-year Consortia Plan, including any amendments (from Year 1 – 15/16).

- Member expenditures of AEBG funds must align with the objectives of the consortium's annual plan as approved by the regional consortium board.
- Members participate in consortium/public meetings.
- Members participate in consortium final decisions.
- Members report student level enrollment data and outcomes for quarterly and final reporting.
- Members must share information on programs offered, and the resources being used to support the programs.
- Members provide services that address the needs identified in the adult education plan.
- Members file financial expenditure and progress reports with the regional consortium and input financial data in the state reporting system.

In addition to the consortia and member effectiveness above, please check Section 5 of the AEBG Program Guidance for all the AEBG member requirements.

Annual Plan General Assurances

Consortia and their members must agree to adhere to the general assurances listed as part of the annual planning process. For the purposes of evaluating Consortia and Consortium Member effectiveness, the California Department of Education and California Community College Chancellor's Office establish annual indicators of compliance. Failure to meet the requirements listed in the 2017-18 AEBG General Assurances Document may result in a determination of non-compliance and lead to partial or complete loss of Consortium and/or Member funding. (See annual plan general assurances). Please note that all the items listed above for consortia and member effectiveness are also covered in the AEBG General Assurances Document.

Reduction of Member's Funding

The amount of funds to be distributed to a member of that consortium shall be equal to or greater than the amount distributed in the prior fiscal year, unless the consortium makes at least one of the following findings related to the member for which the distribution would be reduced:

- (A) The member no longer wishes to provide services consistent with the adult education plan.

(B) The member cannot provide services that address the needs identified in the adult education plan.

(C) The member has been consistently ineffective in providing services that address the needs identified in the adult education plan and reasonable interventions have not resulted in improvements.

(a-b) If a member no longer wishes to provide services or cannot provide services, if possible, reallocate their funds to other members in the consortium. The consortium membership should amend planning documentation to ensure services are being covered in the region (as a result of a member that no longer wishes to provide services or cannot provide services). The consortium must also notify the AEBG Office and update the CFAD allocation schedule for 17-18.

(c) If a consortium decides that a member has been consistently ineffective in providing services that address the needs identified in the adult education plan, and is not following the member requirements as listed in the AEBG Program Guidance Section 5, and the Annual Plan General Assurances, the consortium must take the following steps:

- 1, Document the member's ineffectiveness (what requirements are they not meeting, etc.)
2. Notify the member that they are being monitored for effectiveness and their funds could be reduced as a result.
3. Notify AEBG TAP for technical assistance for the member.
4. Provide the information in #1-#3 to the AEBG Office.
5. Work with AEBG TAP and the AEBG Office to determine if reasonable interventions have not resulted in improvements.
6. If no improvements after steps #1-4, reduce the member's funding and update the CFAD allocation schedule for 17-18. Copy the AEBG Office on all correspondence related to member funding reduction.

8. Capital Outlay

Any capital outlay (including building improvements, rental space, leases, construction, etc.) will also be closely scrutinized. It will require that you notify the AEBG Office of your consortium's (including any member in that consortium) intent. This is an informational e-mail only. The AEBG Office reserves the right to ask questions regarding any purchase and can prohibit any activity that it deems not meeting the reasonable and justifiable criteria.

The member must follow all state & local policies and procedures related to capital outlay. This would include district facilities approval, following procurement processes, and notification of state agency facility

departments.

9. Consortium Administration Function

Fiscal Agent or Direct Funding

Consortia have multiple options when choosing who will be responsible for receiving AEBG funding from the State. For those consortia using a fiscal agent, it is recommended that financial memorandums of understanding (MOUs) are developed and signed by members to formalize the relationship between a fiscal agent and the consortium members. If a consortium does not have a fiscal agent, then non-financial MOUs are recommended to be developed and signed by each consortium member.

Regardless of whether you choose a fiscal agent or a direct funded structure, consortium must use their administrative funding to ensure that member fiscal information (budget, expenses, etc.) is valid. That may include, but not limited to, an outside audit, an agreed upon certification process, a peer-to-peer member review, a fiscal agent certification, or a combination of options (or other options). The consortium membership will determine how best to audit their members, and consortium level financial budgeting, and expenditure reporting.

Consortium Level Management

Each consortium must determine what structure they will use to manage their AEBG funding and program activities. Using the State's program guidance, consortia can use multiple leads (co-chairs), a coordinate, point person, lead, and/or director. This decision is made by the consortia membership. Advice on how to reimburse for the consortium related activities for this position can be in consultation with the consortium fiscal agent and/or district accounting representatives. Consortium level budgets and expenses must be agreed to by the consortium membership. This would include fiscal agent related activities.

Section 84913 limits a consortium on how much they can spend on the administration of the AEBG program.

Section 84913 (b) A consortium may use no more than 5 percent of funds allocated in a given fiscal year for the sum of the following:

- (1) The costs of administration of these programs.
- (2) The costs of the consortium.

The administrative limit of 5 percent is calculate on the consortia total allocation for the program year. If agreed upon by members, it can be lower than 5 percent, but not above. Administrative activities are defined as fiscal in nature, and should not include programmatic activities. In some cases, a consortium budget may contain funds for program related activities, and funds for fiscal or administrative activities.

Note: Project leads/co-chairs voting privileges for consortia decisions are not guaranteed and are to be determined by consortia membership.

Listed below are example of programmatic and fiscal related activities.

Examples of consortium project lead/co-chairs activities

Programmatic Activities

- Provide coordination leadership in consortia.
- Formalize the open meeting requirement to make sure decisions are approved using the agreed upon governance rules.
- Draft and merge planning narrative/information from members.
- Submit planning and student level data deliverables to the State demonstrating consortium agreement (member sign off).
- Set up, organize, manage, and facilitate consortia related meetings (at various levels). Include travel, events, agendas, and preparation of reports/minutes.
- Submit program related information, best practices, and program progress reports to the State. Including developing marketing material for regional or State use.
- Facilitate relationships with members and partners.
- Assist in the implementation of planning strategies.
- Develop milestones and timelines: tracking goals, outcomes, and other deliverables.
- Respond to State inquires and requests (acting as the region's liaison to the State).

Fiscal or Administrative Activities

- Develop consortium and member budgets based on AEBG planning.
- Documenting member and consortium activities as it relates to AEBG funding.
- Reviewing each member's budget & expenditures for State reporting.
- Administering a financial review process.
- Preparing and setting up fiscal related meetings.
- Working with fiscal agent(s) to submit budget & expenditures reports.
- Coordinating the completion of the CFAD documentation.
- Coordination and tracking of consortium & member spending.
- Hiring of consortium level staffing.
- Preparing the payroll for consortium level staffing.
- Purchasing any consortium level items.
- Coordinating budgets in collaboration with consortium members, district administrators, and accounting staff.

10. Indirect Rate for Members

K-12 districts and COEs may use their CDE approved indirect cost rate for any AEBG apportioned funding. The indirect cost rate varies by district and is not a set

amount. Please check the CDE Indirect Rate website, at the link shown below.

<http://www.cde.ca.gov/fg/ac/ic/>

Community College Districts (CCDs) may use up to either their approved indirect cost rate as directed in Code of Federal Regulations (CFR) 200.414 up to the development *minimus* amount as allowed in the CFR.

<https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-sec200-414>

11. Forty-Five Day Trailer Bill Rule / Pass Through

45 Day Trailer Bill

The members of the consortium may decide to designate a member to serve as the fund administrator to receive and distribute funds from the program. If a member is chosen to be the fund administrator, the member shall commit to developing a process to apportion funds to each member of the consortium pursuant to the consortium's adult education plan within 45 days of receiving funds appropriated for the program. This process shall not require a consortium member to be funded on a reimbursement basis.

Passing Funds Through to Members

As consortia and their members have implemented the 45-day receipt of funds requirement, tracking the pass through of funds to members in the AEBG financial system has been difficult. Beginning in program year 17-18, consortium will no longer track the pass through of AEBG funds disbursed in 16-17 and 17-18 in the existing AEBG financial system. In the fall of 2017, a new AEBG fiscal reporting system will be rolled out requiring all members to report their allocations, budgets, and expenditures. The pass through of funds is not required to be reported in this system. However, for consortia and members with 15/16 AEBG consortia funds still unspent, you will be required to close out these in funds using the existing AEBG financial reporting system <https://misweb02.cccco.edu/sb70/prod/logon.cfm>

12. Recording of AEBG funds in financial systems

To record AEBG funds, please follow your state & local financial system guidelines. This would be in addition to any local district policies and procedures that are in place.

As noted in recent trailer bill language introduced for program year 17/18, AEBG Program funds received by a participating school district are to be deposited in a separate fund of the school district to be known as the Adult Education Fund and would require moneys in the Adult Education Fund to be expended only for adult

education purposes.

K-12 and COEs must adhere to the following reporting requirements:

- All Adult Education Block Grant revenue should be recorded in Fund 11, Adult Education Fund, using Resource 6391, Adult Education Block Grant Program. Fund 11 is the only fund valid in combination with Resource 6391.
- LEAs that continue to formally commit LCFF revenue to the purposes of adult education should use Object 8091, LCFF Revenue Transfers, to transfer the committed LCFF revenue from their general fund to Fund 11.
- There are no statutory provisions preventing an LEA from carrying over funds, however, a consortium may change the amount of adult education funds available in future years based on actual prior fiscal year spending (see Reduction in Funding / Member Ineffectiveness).
- LEAs will use the same resource code for MOE and non-MOE funding.

K-12 and COE Consortia Fund Administrators

LEAs who are the fund administrator for an adult education consortium and receive Adult Education Block Grant revenue on behalf of their member LEAs should use:

- **Resource 6391**, Adult Education Block Grant Program and,
- Either **Object 8587**, Pass-Through Revenues from State Sources (for the pass-through grant model), or **Object 8590**, All Other State Revenue (for the subagreement for services model), to account for the revenue that will be provided to their member LEAs.

K-12 and COE Consortia Members (Subrecipients)

LEAs who are the members in an adult education consortium and receive Adult Education Block Grant revenue from their consortia's fund administrator (not directly from the state) should use:

- **Resource 6391**, Adult Education Block Grant Program and,
- Either **Object 8590**, All Other State Revenue (for the pass-through grant model), or **Object 8677**, Interagency Services Between LEAs (for the subagreement for services model), to account for the AEBG revenue.

K-12 and COE (LEAs) that receive AEBG directly from the state

Use Resource 6391, Adult Education Block Grant Program, and Object 8590, All

Other State Revenue.

Adult Education Block Grant (AEBG) SACS Coding Examples

Pass-through grant model accounting examples:

| Original Recipient | Subrecipient |
|---|---|
| <i>Receipt of AEBG revenue to be passed through: 11-6391-0-0000-0000-8587</i> | N/A |
| <i>Pass-through of state revenue: 11-6391-0-0000-9200-7211, 2, 3</i> | <i>Receipt of passed-through AEBG revenue: 11-6391-0-0000-0000-8590</i> |
| N/A | <i>Expenditure of AEBG funds: 11-6391-0-XXXX-XXXX-XXXX</i> |

Subagreements for services model accounting examples:

| Original Recipient | Subrecipient |
|--|---|
| <i>Receipt of AEBG revenue: 11-6391-0-0000-0000-8590</i> | N/A |
| <i>Payment to subrecipient for subagreement services: 11-6391-0-4XXX-XXXX-5100</i> | <i>Receipt of payment for subagreement services: 11-6391-0-7110-0000-8677</i> |
| N/A | <i>Expenditures for subagreement services: 11-6391-0-7110-XXXX-XXXX</i> |

For further information on whether to use the pass-through grant model or the subagreement for services model when accounting for this grant, LEAs should consult the *California School Accounting Manual (CSAM) Procedure 750*. Additional guidance can be found in *CSAM Procedure 330* under the definition for Object Code 5100, Subagreements for Services.

The Web link to the 2013 edition of CSAM is <http://www.cde.ca.gov/fg/ac/sa/documents/csam2013complete.pdf>.

Community College Districts must adhere to the following reporting requirements:

The following requirements addresses the appropriate accounting for community college districts receiving Adult Education Block Grant (AEBG) funds either as a fiscal agent, as a participant/provider, or both. The treatment of funds received as the fiscal agent for disbursement to other participants is different than for funds received by the district for the direct costs of providing adult education services.

Fiscal Agent

Fiscal Agent Funds received from the State under a fiscal agent agreement that are then disbursed within 45 days to other adult education providers should be recorded in the restricted General Fund as 8900 “Other Financing Sources” using revenue object code 8970 “Fiscal Agent Pass Through”. Disbursements should be coded to “Other Outgo-Other Transfers” using expenditure object code 7400 “Other Transfers”, excluding indirect cost recovery. Under AEBG, districts have no fiduciary requirement regarding the use of the funds by the other participants. The only obligation of the fiscal agent is to disburse within 45 days.

Participant/Provider

If a portion of the funds received as a fiscal agent are for the district’s own adult education program, then those funds should be recorded initially as described above. A transfer (other outgo) will be recorded to the fiscal agent funds for the district’s share. The district will recognize its share of the funds in the restricted General Fund using revenue object code 8620 “General Categorical Programs”. Expenditures should be recorded in expenditure object codes 1000-6000 as appropriate. Likewise, if the district is not the fiscal agent and is receiving AEBG funds, those funds should be recorded to the restricted General Fund using revenue object code 8620 “General Categorical Programs” and expenditure object codes 1000- 6000 as appropriate.

13. Fiscal Reporting – AEBG funds to the State

15/16 AEBG Funding

For AEBG funds (15/16), consortia will be required to report their final expenditures by January 31, 2018 in the current AEBG financial reporting system. A close out report on 15/16 funds will be due the following month by February 25, 2018.

For AEBG Data and Accountability funding, consortia will be required to report their expenditures by January 31, 2018 (midterm report), and the final report by January 31, 2019 in the current AEBG financial reporting system. A close out report on data and accountability funds will be due the following month by February 25, 2019.

| Funding Year | Activity Start Date | Reporting | Activity Must End By | Final Report Period Filing Date | Close Out Report Deadline |
|-----------------------|----------------------------|---------------------|-----------------------------|--|----------------------------------|
| 15-16 | 7/1/15 | Every Six Months | 12/31/17 | 1/31/18 | 2/25/18 |
| Data & Accountability | 6/1/16 | Midterm due 1/31/18 | 12/31/18 | 1/31/19 | 2/25/19 |

For AEBG funds (16/17), (17/18), & beyond, consortia will report into a new member based financial system. System implementation is expected in the fall/winter of 2017. More guidance will be released at that time.

14. Examples of Expenses Allowed

Example of Allowed Expenditures Listed by Objective

Sample expenditures listed by objective include, but are not limited to the following:

Objective #3: Activities for consortium members and partners to integrate existing programs and create seamless transitions into postsecondary education or the workforce.

The consortium will align and connect existing and future adult education programs to postsecondary academic pathways and/or career pathways leading to employment. Consortia should address alignment of placement tools, curriculum, assessment tools and rubrics, and student performance outcomes across delivery systems to ensure that student transition paths, both between providers and into postsecondary credit programs, are understood and supported across all systems.

Examples of allowable expenditures:

- * Program coordination and staff/instructor time
- * Staff/instructor stipends
- * Program and curriculum planning and development
- * Student assessment
- * Articulation
- * Instructional materials and equipment
- * Supplemental instruction and tutoring
- * Counseling, Advising, and other student education planning services
- * Publication and Outreach Material
- * Office supplies
- * Meeting supplies
- * In State Travel
- * Computer Hardware or Software Equipment
- * Assessment for Placement Services
- * Follow-up and Orientation Services
- * Research and contractual services

Objective #4: Activities to address the gaps identified pursuant to the evaluation of regional needs and the evaluation of current levels and types of adult education programs.

Describes the consortium response to the gaps identified in the region. These might include, but are not limited to, working with other partners in the service

area, developing or expanding programs and plans to assess the effectiveness of these expanded efforts.

Activities identify programming and service gaps including lack of providers, services, access, attainment, and/or performance. Activities also include strategies to incrementally increase capacity in identified gap areas (e.g., using distance learning to reach adult populations in a consortium's region who are currently underserved).

The AB86 approved 3 year consortia plan includes the resources needed to carry out those strategies, the costs involved, the consortium participants responsible for implementing the identified strategies, the methods for assessing the progress made toward implementing the identified strategies, and a timeline for accomplishing the various implementation steps.

Examples of allowable expenditures:

- * Staff/instructor time for developing new classes/programs
- * Program coordination and staff/instructor time
- * Staff/instructor stipends
- * Space Use Agreements
- * Classroom reconfiguration
- * Classroom furniture
- * New program and curriculum planning and development
- * Instructional materials and equipment
- * Supplemental instruction and tutoring
- * Counseling, Advising, and other student education planning services
- * Publication and Outreach Material
- * Office supplies
- * Meeting supplies
- * In State Travel
- * Computer Hardware or Software Equipment
- * Follow-up and Orientation Services
- * Research and contractual services

Objective #5: Activities to employ approaches proven to accelerate a student's progress toward his or her academic or career goals, such as contextualized basic skills and career technical education, and other joint programming strategies between adult education and career technical education.

Examples of allowable expenditures:

- * Program coordination and staff/instructor time
- * Staff/instructor stipends
- * Program and curriculum planning and development
- * Articulation
- * Instructional materials and equipment
- * Supplemental instruction and tutoring
- * Counseling, Advising, and other student education planning services
- * Publication and Outreach Material

- * Office supplies
- * Meeting supplies
- * In State Travel
- * Computer Hardware or Software Equipment
- * Follow-up and Orientation Services
- * Research and contractual services

Objective #6: Activities to collaborate in the provision of ongoing professional development opportunities for faculty and other staff to help them achieve greater program integration and improve student outcomes.

Examples of allowable expenditures:

- * Program coordination and staff/instructor time
- * Staff/instructor stipends
- * Professional Development
- * Publication and Outreach Material
- * Office supplies
- * Meeting supplies
- * In State Travel and Out of State Travel
- * Research and contractual services

Objective #7: Activities to leverage existing regional structures, including, but not limited to, local workforce investment areas.

Describes how the consortium will leverage existing assets or structures to benefit the adult learners in the region. These assets or structures might include, for example, contributions from or collaborations with existing members, Local Workforce Investment Boards (WIBs), industry employer groups, chambers of commerce, and county libraries.

Examples of allowable expenditures:

- * Program coordination and staff/instructor time
- * Staff/instructor stipends
- * Space Use Agreements
- * Meeting supplies
- * In State Travel
- * Research and contractual services

Examples of Allowable Expenditures by AB104 Objective of Expenditure Reporting Categories

1000: Instructional Salaries, Supervisor’s Salaries, Counselor’s Salaries, and Project Coordinator / Director’s Salaries.

Examples:

Program Director/Coordinator, Instructors, Teachers, Faculty, and Staff - AEBG director/coordinator who has direct responsibility for coordinating the program services, developing and monitoring the program plan and budget, reviewing data submissions to ensure accuracy and completing required program reports. Staff who work directly in the program, all positions -- classified, faculty or administrative -- must directly support program services, as reflected in job descriptions and included in the AEBG 3 year Consortium Plan and Annual Plan. The member/consortium must be able to document staff time charged to the program. Costs may include salaries or wages and employee benefits.

Costs must be prorated for employees who are assigned to AEBG on a part-time basis.

2000: Non Instructional Salaries: Classified Staff (non-instructional) Salaries, and Instructional Aides Salaries.

Examples:

Counseling, Advising, and Other Student Education Planning Services – AEBG members may use funds to pay for counseling, advising, and other education planning services provided to students. This may include salary and benefit costs of staff who provide these services, costs related to the provision of workshops, group counseling or advising sessions, online advising, etc.

Orientation Services - Development and delivery of orientation services: this may include staff and materials costs to deliver group orientations, workshops, development of online orientation resources, etc.

3000: Employee Benefits.

4000: Supplies & Material - books, supplies for the adult education program (office), outreach, and recruitment materials.

Examples:

Publications and Outreach Materials - Reasonable costs to develop and produce materials to promote AEBG services and activities. Examples include materials for orientation and assessment workshops, guides for creating an education plan, brochures about supportive services, etc.

Food and Beverages - funds can be used to provide food or non-alcoholic beverages for students or staff, provided that there is no local board policy

prohibiting these costs. Food and beverage costs must be for activities or functions consistent with the objectives of the AEBG 3 year Consortia Plan and the Annual Plan. Funds cannot be used to pay for general activities such as open houses or other events not directly related to AEBG.

5000: Other Operating Expenses and Services – AEBG related conferences and travel expenses, meeting supplies for AEBG related activities, consultants, subcontractors, speaker fees at AEBG workshops, and leases for AEBG related space and equipment.

6000: Capital Outlay & Equipment - computer hardware/software/printer, space use agreements.

Examples:

Computer Hardware and Software and Equipment - Members may use program funds to purchase computer hardware, software, and equipment to assist in the delivery of AEBG services if the purchases are included in the AEBG Annual Plan.

These could include education planning software. Equipment purchased by the program that is no longer needed or is being replaced cannot be donated to another non-AEBG program. District policies regarding the use and disposal of surplus equipment must be followed.

Follow-Up Services – AEBG members may use program funds to pay for communication or early alert systems designed to notify students of their academic standing or intervention services that may include related workshops targeting students on probation or facing dismissal.

Assessment for Placement Services - Purchase of assessment tests and the implementation of multiple measures used for course placement, career assessments, assessment center staff, test proctors, communication to students, practice tests, etc. This may include evaluators or other staff who collect and review of multiple measures data, such as transcripts from other schools, military service and work experience, and specialized certificates and licenses.

Examples of Allowable Expenses by AEBG Types of Activities

Program and curriculum planning and development: Development of an AEBG tutoring program. Development of an AEBG curriculum planning guide. Development of an AEBG drop in peer help center. Development of online distance education courses for AEBG students. Curriculum development for AEBG courses, including new courses.

Student assessment: Purchase of computers and equipment such as scanners, to assess AEBG student abilities. Purchase of software and licenses for

assessment. Salary of non-instructor hired to administer AEBG assessment tests. Development and implementation of assessment intervention programs. Research and development methods for assessment preparation.

Advisement and counseling services: Salary of AEBG advisor or counselor. Salary of AEBG mentor. Purchase of supplies to create AEBG announcements. Creation and maintenance of a website devoted solely to AEBG. Cost of an AEBG email list that delivers adult education information to adult education students. Direct advising and counseling services for adult education students. Embedded counseling in adult education courses. Counseling and advising in support of adult education courses.

Supplemental instruction and tutoring: Purchase of a web-based interactive program of supplemental instruction for AEBG. Purchase of training videos, or online training videos, or similar that supplement AEBG instruction. Direct tutoring to adult education students in AEBG areas. Supplemental instruction for AEBG students. Salary of teaching assistants assisting AEBG instructors.

Articulation: Cost of studies that evaluate applicable English and mathematics courses, to identify important points of instruction to include in AEBG course curriculum. Support for AEBG faculty/teachers to attend or host meetings and discussions on course alignments and student preparation as these pertain to AEBG courses. Stipends for meetings, portfolio sharing, and discussions on course alignment and curriculum.

Instructional materials and equipment: Purchase of learning materials and equipment that support AEBG students. The costs for safe storage of AEBG supplies, equipment, instructional materials, and similar. Purchase of textbooks and learning materials used in AEBG courses. Purchase of AEBG instructional software. All learning materials and equipment that support AEBG courses and students. Purchase of computers to assess AEBG abilities.

Purchase of supplies to create AEBG announcements. Creation and maintenance of a website devoted solely to AEBG. Cost of materials distribution across a variety of media, to AEBG students. Purchase of a web-based interactive program of supplemental instruction for AEBG courses. Purchase of training videos that supplement AEBG instruction.

Coordination: Salary of AEBG coordinator, or assistants, or project leads for hours of service provided, not to supplant a teaching salary. Cost of seminars to raise AEBG awareness among faculty. Cost of a consultant providing services to create, coordinate, and implement AEBG programs.

Research: Purchase of electronic support equipment, hardware and/or software for in-class use by AEBG students, used to capture data. Salary of qualified researcher hired to quantitatively assess AEBG student data against outcomes of

success. Cost of creating a safe storage process for AEBG research data. Expanded bandwidth of research capabilities and services related to AEBG data systems and queries.

Professional development: Travel to events whose training will directly benefit AEBG students, will enhance AEBG instructor capabilities, or both. Replication of AEBG related training, provided by attendees who return to their schools to share this knowledge with their peers. Cost of seminars to raise AEBG awareness among faculty/teachers. Cost of an AEBG professionals/consultants providing services to create, coordinate, implement, and improve AEBG programs. Workshop, conferences, and seminars attendance directly related to AEBG programs and students. Support for learning communities for professional development for faculty/teachers to learn AEBG best practices.

15. Examples of Expenses Not Allowed

Example of Expenses Not Allowed or that Need Prior Approval (specific to AEBG) include, but are not limited to:

1. Other Staff Salaries and Benefits

Program funds cannot be used to pay for any staff that does not directly support the AEBG services described in the consortium's approved plan.

2. Political or Professional Dues, Memberships, or Contributions

Funds cannot be used for these activities, unless professional membership is an institutional requirement. Business, technical and professional organization or periodical memberships are allowed. Civic or community, or country club or social or dining club memberships are not allowed.

3. Unrelated Travel Costs

Program funds may not be used for the cost of travel not directly related to program activities or functions.

4. Vehicles

Any funds used to purchase vehicles needs to have prior approval by the AEBG Office.

5. Clothing

Program funds may not be used to purchase clothing for individual students

such as jackets, sweatshirts, or tee shirts (gift of funds). However, clothing for a classroom is permissible – i.e. aprons for a culinary class, welding helmets, etc.

6. Entertainment Costs

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

7. Fines and Penalties

Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.