

## **Funding Questions**

### **Question: Please explain the state funding areas.**

For Adult & Family Literacy funding purposes, we divided the state into six geographic funding regions, based on:

- Historical patterns of partner coordination;
- Service areas established by partner agencies such as Department of Social and Health Services, Employment Security Department, One-Stop Centers, local Workforce Development Councils, Educational Service Districts, etc.;
- Established county lines, and
- The 12 workforce development areas.

We apportion available State and federal Adult & Family Literacy funds among these six funding areas based on the following factors:

- The number of residents in the funding region who are 18 years of age and older who do not have a high school diploma or a GED;
- The number of residents in the funding region who are 18-64 years of age, whose first language is not English and who do not speak English very well;
- The existing levels of adult basic education services in the region, and
- The region's share of the State population living in poverty.

This apportionment also includes a hold-harmless clause to assure that existing services to adult learners remain stable as populations shift.

Each of the resulting funding regions and funding amounts represent a share of available resources, proportional to the funding region's needs. The funds are not entitlements to any particular providers, but are to address the needs in each community in each funding region.

### **Question: Please explain how to calculate the required 25 percent match.**

The Workforce Investment Act, SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT, says:

(b) Matching Requirement.--

- (1) In general.--In order to receive a grant from the Secretary under section 211(b) 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 an amount equal to--
  - (A) 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.
- (2) Non-Federal contribution.--An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

The total cost is the sum of the local, state, and federal monies, plus in-kind contributions, used to provide the basic skills activities proposed in the approved RFP.

Match must equal at least 25 percent of the total cost of providing the Adult & Family Literacy program. In other words, the federal grant cannot exceed 75 percent of the total cost.

To calculate the minimum required match, divide the grant amount by three, or multiply it by 33 percent, or divide it by 75 percent and subtract the grant amount:

Examples:

- a. \$50,000 grant  $\times$  33% = \$16,667 minimum match
- b. \$50,000 grant / 3 = \$16,667 minimum match.
- c. \$50,000 grant / 75% = \$66,667 minimum total cost; \$66,667-\$50,000 = \$16,667.

**Question: Are "Match" and "Maintenance of Effort" different?**

Yes, they are different, but related. The Workforce Investment Act, Section 241, says that our statewide Adult Basic Education program must show the same or higher non-Federal expenditure levels every year, or we risk losing federal ABE funds.

The financial information that goes out with each grant says: ***Maintenance of Effort:*** SBCTC must demonstrate to the federal government that the total statewide expenditure for basic skills programming is the same each year as in prior years. If SBCTC were not able to demonstrate that the state of Washington was maintaining the same fiscal effort as before, the Board would lose part of its federal Adult Education and Family Literacy Act allocation. If that were to happen, the reduction in federal basic skills funds would be covered by reducing the grants to local basic skills providers that had reported reduced expenditures. At fiscal year end, all grant recipients will be required to complete a Financial Status Report to include all federal Adult Basic Education and non-federal resources used to support this program.

**Question: How is the "supplement, not supplant" clause interpreted?**

"Supplement, not supplant" means the federal funds are intended to augment or increase, not replace, monies that would have been used if the federal funds had not been available. OMB Circular 133 notes some examples of what auditors usually find to be supplanting:

- Using the federal funds to provide services other local, state or federal laws require be made available (other than services required under a special education IEP), and
- Using the federal funds to provide services that had been provided with other funds the prior year.

**Question: What are the general principles used to determine whether expenditures are allowable?**

To be allowable under a grant award, costs must meet the following general criteria. They must:

- a. Be reasonable for the performance of the grant and be allowable under the applicable cost principles;
- b. Conform to any limitations or exclusions set forth in the applicable cost principles or in the grant agreement;
- c. Be consistent among all grant recipients;

- d. Be determined in accordance with generally accepted accounting principles (GAAP), and
- e. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally funded program in either the current or a prior period.

Cost Principles are available through the federal Office of Management & Budget web site: <http://www.whitehouse.gov/omb/circulars/index-education.html>

**Question: Please provide some examples of what is an "administrative" versus an "instructional" cost.**

The Workforce Investment Act, SEC. 233, says that **administrative costs** are "for planning, administration, personnel development, and interagency coordination." Therefore, costs of meeting with or talking to other agencies or partners about joint planning, working together, making referrals to each other, sharing a common intake process, etc., are **administrative costs** even when carried out by instructional staff or instructional coordinators, as well as by administrators. Facility costs, travel and other costs of these "meetings" also are **administrative costs**. Other **administrative costs** include:

- Salaries and benefits associated with program planning, administration, professional development, and interagency coordination. Such items might include WABERS input, grant writing, recruiting and training board members, and recruiting and supervising staff and volunteers other than tutors and students.
- Goods and services required by personnel who are budgeted in the administration category to administer the program. Such items would include supplies and materials, printing, telephone, postage, copying and fax, equipment that costs less than \$5,000 per unit, utilities, rentals and leases. Please note: code faculty office space costs to program **administration** under goods and services (but, classroom or lab space costs to the **instructional** category).
- Travel related to administration activities, including staff development and CBS meetings, and for personnel budgeted to the administration category.
- Equipment to be used by staff coded to the administration category or for equipment used for administrative purposes. Items budgeted in this category must have a value of \$5,000 or more per unit cost.
- Indirect is to cover such costs as operation, maintenance, library, and student administration expenses that cannot be clearly allocated to an individual program. ABE providers calculate their indirect amount as five percent of the total instructional and administrative salary and wages. Please note that non-profit organizations that do not have a federally approved indirect rate cannot bill for indirect costs until an A-122 cost allocation plan has been submitted to and approved by the state board.

**Non-Administrative Costs** are for carrying out "(1) Adult education and literacy services, including workplace literacy services; (2) Family literacy services," and/or "(3) English literacy programs." Costs of instructional staff, instructional coordinators, and/or literacy tutors planning curriculum, selecting instructional materials, and arranging for learning/ teaching resources from other agencies are instructional costs. Getting those human and/or material resources to the learning setting are instructional costs. Finding and arranging for appropriate teaching and learning resources are instructional activities and costs. Other "instructional" costs include:

- Salaries and benefits associated with arranging instruction, providing resources for instructional activities, teaching and tutoring, recruiting tutors and students, assessing students, matching tutors with students, developing curriculum, developing activities through which students can demonstrate mastery of Adult Learning Standards, conducting assessments, and incorporating Adult Learning Standards into basic skills teaching, learning and assessment.
- Goods and Services used by personnel budgeted to the instructional category and other necessary goods and services needed for instruction. Typical items could include classroom supplies and materials, assessment materials, printing, telephone, postage copying and fax, equipment (less than \$5,000 per unit cost), utilities, rentals and leases (classroom/lab).
- Travel related to instructional activities and for personnel budgeted to the instructional category.
- Equipment used by staff coded to the instructional category or for equipment used for instructional purposes. Items budgeted in this category must have a value of \$5,000 or more per unit cost.

Ordinarily, administrative costs are limited to five percent of the grant amount. Any approved basic skills provider may propose an administrative rate higher than five percent (but not to exceed 10 percent) in order to carry out any of the necessary and reasonable tasks associated with implementing, maintaining, operating and/or reporting student demographic and performance data, using WABERS. Allowable costs include training of instructors, tutors and other staff, data entry, etc.

**Question: Our student enrollment numbers and funding levels do not seem to be in the same ratio as those in other programs. How are funding allocations determined?**

Until the Workforce Investment Act changed things, Basic Skills funding in Washington was considered as if it were an "entitlement." Under a sort of "gentlepersons" agreement, programs previously funded kept getting about what they had gotten before. And whatever they were getting was determined long ago.

Now, bidding for dollars available in each of the funding regions is an open and competitive process. And now actual performance has become a factor in program design approval and funding.

For "regular" (ABE, ESL, GED Preparation, EL/Civics, Volunteer Literacy Program, etc.), funding, monies are allocated among funding areas based on:

- the number of adult basic skills learners in each region;
- the amount allocated to each funding region in the past, and
- the number of adults in each funding area whose characteristics match the state's population targets for Adult & Family Literacy.

We do not award monies according to a head count. We will continue to look at performance results with populations most in need and least likely to participate as a major funding criterion, rather than at cost per person. Performance -- how well one achieves one's proposed outcomes -- also will be considered, with comparisons also made among providers within the same funding region.

**Question: Is it legitimate to use federal Adult Education & Family Literacy Act funds for mileage for transporting students to a classroom? This is a rural setting where students live far apart and far from the classroom. Transportation is a major problem.**

Federal regulations allow these funds to cover transportation costs (and other support services such as childcare); however, you first must document that no other resources are available to get students to and from class. You also need to document routes, car-pooling, frequency of trips, rate to be paid, etc., and how you ensure the funds are used only for Adult & Family Literacy program participants going to and from scheduled learning activities. Such expenditures are considered instructional, not administrative.