

Workforce Innovation and Opportunity Act, Title II: Adult Education and Family Literacy Act

Fiscal Compliance Overview

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Overview Topics

- Statute and Regulations
- Timely Spending Funds and Carryover
- Supplement, Not Supplant (SNS) Provisions
- Cost Allowability and Allocation Requirements
- Standards for Documentation of Personnel Expenses
(Time and Effort Reporting Requirements)
- Matching Requirements

Statute and Regulations for Reference

- **Statute** – Workforce Innovation and Opportunity Act (WIOA), Title II: Adult Education and Family Literacy Act (**AEFLA**)
- **Regulations** – Education Department General Administrative Regulations (**EDGAR**) and
 - The Uniform Grant Guidance (**UGG**), Title 2, Code of Federal Regulations (CFR), Part 200 – Cost/Administrative/Audit Rules.
This is a key part in EDGAR also known as **2 CFR 200**.

Summary of AEFLA Funds for Reference

- **Section 225 — Institutionalized Adults/Corrections Education**
Resource Code 3940 (Program Focus Areas: ABE, ELA and ASE)
- **Section 231— Adult Education**
Resource Code 3905 (Program Focus Areas: ABE, ELA, and ELCE)
Resource Code 3913 (Program Focus Areas: ASE (HSE, HSD))
- **Section 243 — Integrated Literacy and Civics Education (IELCE)**
Resource Code 3926 (Program Focus Areas: IELCE with & without IET)

Timely Spending Funds and Carryover

AEFLA funds **cannot be carried over from one fiscal year to the next.** They must be **expended** or financially **obligated** by June 30.

Funds are considered **expended** as of the **date of the obligation**, consistent with Title 34 CFR 76.707. Agencies have **90 days** to liquidate their financial obligations after the end of performance period (June 30).

Examples:

- Funds for the adult school (agency) employees' salaries and benefits are **obligated when the services are performed.**
- Funds for computer devices are **obligated on the date the agency makes a binding written commitment** to obtain the devices.

Supplement, Not Supplant



Supplement, Not Supplant – Provision's Requirement

What is required?

Per AEFLA Section 241(a), funds made available for adult education and literacy activities under this title **shall supplement** [*increase the level of services*] and **not supplant** [*replace*] other State or local funds expended for adult education and literacy activities.

In other words, AEFLA funds should not be used to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds.

Note: What would have happened in the absence of AEFLA funds?

Supplement, Not Supplant – Presumptions

The OMB Compliance Supplement **presumes supplanting** if:

- The agency used AEFLA funds to provide services that the agency provided with nonfederal (state or local) funds in the prior year.

Note: Were state or other nonfederal funds used in the prior year to pay for services, staff, program, or materials? If yes, the agency should continue using those sources. If AEFLA funds are used to pay for these costs in the present year, a presumption of supplanting would have occurred.

- The agency used AEFLA funds to provide services the agency was required to make available under other federal, state, or local laws.

(more information on SNS can be found at [WIOA Supplement Not Supplant FAQ's](#))

(Office of Management and Budget (OMB) Compliance Supplement [2023](#))

Supplement or Supplant? (1)

An agency used state funds to pay for an adult basic education teaching position last year, but decided to use federal AEFLA funds in the current year to pay for the same teaching position because it has received additional funding.

- a. Is this supplemental because the agency has received additional AEFLA funds? **No, see b. below**
- b. Is this supplanting because the agency is replacing state funds with AEFLA to pay for the same teaching position? **Yes, presumption of supplanting has occurred.**

Supplement or Supplant? (2)

- An agency rents a copier that is used 50% on AEFLA programs and 50% on non-AEFLA programs. The agency paid 50% of the rent cost with AEFLA and 50% with state and local funds in the prior year, but fully paid with AEFLA funds in the current year because the state and local resources were needed for other expenditures.
 - a. Is this supplanting? Yes, presumed supplanting has occurred, that the agency redirected state and local resources while using AEFLA funds to fully pay for the costs. In this scenario, the agency can only pay up to 50% of the copier rent costs with AEFLA funds.
 - b. Is this supplemental? No, see a. above

Cost Allowability and Allocation



Factors Affecting Allowability of Costs

What is required?

Per 2 CFR 200.403, to be **allowable** under Federal awards, costs must be:

- **Necessary** – Can the agency demonstrate that the cost addresses or improves an existing need for the performance of the program?
- **Reasonable** – Is the price what a “prudent person” would pay under the circumstances at the time the decision was made to incur the cost?
- **Allocable** to the federal award– Is the cost charged to the program in accordance with benefits received; proportional?
- **Authorized** – AEFLA, EDGAR, UGG, state or local laws and regulations
- **Adequately documented**
- **Incurred during the approved budget period** (July 1 – June 30)

Allowable and Unallowable Items of Costs

Under 2 CFR 200.420 to 476, there are general provisions and allowability rules for selected items of costs, which include: advertising; alcoholic beverages, compensation–personal services; materials and supplies, including costs of computer devices; travel, and so on.

Example 1: Costs of advertising for programmatic purposes such as program outreach and recruitment are allowable.

Example 2: Costs of alcoholic beverages are unallowable.

Note: The costs are listed in alphabetical order and this is not a complete list of allowable and unallowable costs, as it relates to the AEFLA grant.

Allowable Costs? (1)

May AEFLA funds be used to pay the salary and related costs of an adult education teacher?

- a. Yes
- b. No
- c. It depends

c. It depends. AEFLA funds may be used, considering that the teacher provides services to students who are eligible for AEFLA programs and the services are allowable under the grant (i.e., necessary and reasonable for the performance of the AEFLA programs, are allocable, authorized, documented, and incurred during the approved budget).

Allowable Costs? (2)

May AEFLA funds be used to purchase office furniture, such as desks, chairs, and cabinets?

a. Yes

b. No

c. It depends

b. No, AEFLA funds cannot be used for office furniture. In general, capital expenditures and equipment with per-unit acquisition cost equals or exceeding the lesser of the agency's capitalization threshold or \$5,000 are not reimbursable with AEFLA funds. (State-imposed requirement)

Allocable Proportion?

An agency rents a copier that is used 50% on AEFLA programs and 50% on non-AEFLA programs, can the agency charge:

- a. 50% of the cost to AEFLA and 50% to non-AEFLA programs? Yes, the agency can charge up to 50% of the cost to AEFLA – in accordance with the 50% benefits received.
- b. 75% of the cost to AEFLA and 25% to non-AEFLA? No, 75% of the cost is more than the 50% benefits received. The agency can charge up to 50% to AEFLA.
- c. 0% of the cost to AEFLA and 100% to non-AEFLA? Yes, charging 0% of the cost to AEFLA and receiving 50% of the benefits is acceptable.

Time & Effort Reporting



Time and Effort Reporting Requirements

What is required?

Any employee (full-time, part-time, substitute, hourly) paid with federal funds must maintain **documentation** showing that their time is **allocable** to a federal program. (2 CFR 200.403(a)).

In other words, a cost must be allocated or charged to a federal program “in accordance with relative benefits received.” (2CFR 200.405(a))

Example: If a teacher is paid 50% with AEFLA funds, resource code 3905 and 50% with California Adult Education Program (CAEP), resource code 6391, the time and effort **documentation** must demonstrate that at least 50% of the teacher’s time was providing AEFLA grant related activities, under resource 3905 programs focus areas.

Time & Effort - Standards for Documentation (1)

Per 2 CFR 200.430(i)(1), the **documentation** must be **based on records** that **accurately reflect the work performed**.

- Be supported by a **system of internal controls** which provides **reasonable assurance** that the charges are **accurate, allowable, and properly allocated**.

Note: Does the agency has established policies and procedures to ensure that the employees' salaries and wages charged to federal programs, including AEFLA, are substantiated?

- Be incorporated into the official records of the agency.

Note: Has the agency incorporated Time and Effort (T&E) records into its official payroll and accounting records?

Time & Effort - Standards for Documentation (1.1)

Per 2 CFR 200.430(i)(1), the **documentation** must be **based on records** that **accurately reflect the work performed**. (continued)

- Reasonably reflect the **total activity** for which the employee is compensated.

Note: Do the T&E records reflect the entire time (100% of the position), whether the employee works on a full, part-time, substitute, or hourly basis?

- Encompass **all activities** (federal and non-federal).

Note: Do the T&E records include all activities (federal and non-federal) reflecting 100% of the position?

Time & Effort - Standards for Documentation (1.2)

Per 2 CFR 200.430(i)(1), the **documentation** must be **based on records** that **accurately reflect the work performed**. (continued)

- Comply with established accounting **policies and practices**.

Note: Do the policies and practices include fiscal and program staff, responsible positions, and align to T&E records?

- Support distribution among specific **activities or cost objectives***.

Note: Do the T&E records identify the specific activities or costs objectives the employee performed, and demonstrate that these benefited the programs, including AEFLA, from which the employee was paid?

* **Cost objectives** - more details on the next slides

Time & Effort - Standards for Documentation (2)

Under 2 CFR 200.430(i)(1)(viii),

- **Budget estimates** (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to federal awards.

Note: This is one of the most common reasons of non-compliance and may require the agency to reimburse or repay the federal program(s) with non-federal funds.

Time & Effort - Standards for Documentation (3)

What is a **cost objective**?

Per 2 CFR 200.1, a cost objective is a function, activities, mandated set-asides, mandatory minimums, and anything that requires separate cost accounting.

In practical terms, a cost objective is a set of work activities allowable under the terms and conditions of a particular funding source. (2019 California School Accounting Manual [\(CSAM\) Page 905-1](#)).

Time & Effort - Standards for Documentation (4)

Type of documentation?

The type of documentation would depend on whether the employee works on a Single Cost Objective (**SCO**) (or activity) or multiple cost objectives (or activities).

- **SCO**: A function, activity, ... (2 CFR 200.1) **OR** when both the services(s) being performed and the population being served are allowable and eligible under any of the programs supporting the cost objective.

SCO Example 1: An employee solely providing **ESL instruction** and paid 100% with AEFLA funds, resource code 3905 **OR**

SCO Example 2: An employee solely providing **ESL instruction** and paid 50% with CAEP, resource 6391 and 50% AEFLA funds, resource 3905. The employee is funded with more than one source; however, still works on a SCO because the services being performed and the population being served are allowable and eligible under CAEP and AEFLA, supporting the ESL instruction cost objective or activity.

Time & Effort - Standards for Documentation (4.1)

Semiannual Certification (or periodic certification)

Agencies often use this form for employees working on a **SCO**

- After the fact record, covering the entire period of the certification.
- Identifies the **cost objective or activity**, resource code(s), and percentage or hours of **actual** effort expended for the period of the certification.
- Accounts for the **total activity** (100%) for which the employee is compensated (federal and non-federal activities).
- Signed and dated by the employee or supervisory official. **Agencies may require both signatures.**

A sample certification is on page 905-19 of the 2019 CSAM.

Time & Effort – Sample Periodic Certification (4.2)

Periodic (Semiannual) Certification for Employee Working on a Single Cost Objective

Period Covered: _____ to _____ Fiscal Year: _____
Employee Name: _____
Employee Title/Position: _____

Program and Cost Objective or Activities	Resource Code	Percentage of Effort
_____	_____	_____ %
Total		100%

By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Employee: _____	Date: _____
Supervisor: _____	Date: _____

Time & Effort – Sample Periodic Certification (4.3)

Periodic (Semiannual) Certification for Employee Working on a Single Costs Objective

Period Covered: _____ to _____ Fiscal Year: _____
Employee Name: _____
Employee Title/Position: _____

Program and Cost Objective or Activities	Resource Code	Percentage of Effort
_____	_____	_____ %
_____	_____	_____ %
Total		100%

By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.	
Employee: _____	Date: _____
Supervisor: _____	Date: _____

Time & Effort - Standards for Documentation (5)

Type of documentation? (continued)

The type of documentation would depend on whether the employee works on a single cost objective (or activity) or **Multiple Cost Objectives (MCOs)** (or activities).

- **MCOs:** When an employee works on more than one federal award; a federal and nonfederal award, a function; and the activities performed are not considered a SCO.

MCO Example 1: An employee who is funded 25% AEFLA, resource code 3926, 25% Perkins V or another Federal grant, and 50% CAEP.

MCO Example 2: If an employee provides AEFLA instruction and administration services (e.g. professional development) and is paid 100% with AEFLA funds, the employee is considered to work on MCOs, as **instruction and administrative activities are two separate functions or cost objectives** within the AEFLA grant.

Time & Effort - Standards for Documentation (5.1)

Personal Activity Report (PAR) or Equivalent

Agencies typically use this certification form for employees working on **MCOs**

- **After the fact record**, reflecting the **actual time worked, not budget estimates**, on each **cost objective or activity**, under each resource code.
- Prepared at least monthly (unless substitute system).
- Includes **all** activities (100%) for which the employee is compensated (federal and non-federal activities).
- Signed and dated by employee or supervisor. **Agencies may require both.**
- A sample PAR is on page 905-18 of the 2019 CSAM.

Time & Effort – Sample PAR (5.2)

[XYZ Adult Education]

Personnel Activity Report (PAR)

Period Covered: _____ to _____ Fiscal Year: _____

Employee Name: _____

Employee Title/Department: _____

Program and Cost Objective or Activities	Resource Code	Hrs. Worked	Percentage of Hours Worked
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
Total Hours Worked			100%
Compensated Time Off			n/a
Total Compensated Time			n/a

By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Employee: _____ Date: _____

Supervisor: _____ Date: _____

Time and Effort Reporting

Written Policies and Procedures (1)

Written Policies and Procedures are essential to implement an effective time reporting system. (ED Cost Allocation Guide, Section VI, Time and effort Requirements, Policies and Procedures & CSAM Procedure 905-1)

The process should be in sufficient detail to understand how the system will operate from when the time is worked to when the time is recorded in the accounting records and charged to the federal award.

Time and Effort Reporting

Written Policies and Procedures (2)

An agency's **written policies and procedures** are **established and implemented** for documenting time and effort (T&E) of employees that work on federal programs.

Elements may include: Outlining how the agency documents T&E and if it differs based on single or multiple cost objectives, or other circumstances; time certification forms used; who must complete/sign the forms; due dates for when and where the forms are distributed, collected, and reviewed; approval and reconciliation process; employee training; and sample forms.

Ensure that the agency's T&E policies and procedures include the **elements to meet federal compliance**. And, ensure what is reflected in the policies and procedures is **actually taking place**.

Time & Effort Reporting – Single or Multiple Cost Objectives? (1)

A Director of Adult Education provides administrative services for the AEFLA, WIOA Title I, Perkins V, and CAEP programs?

- a. Single cost objective
- b. Multiple cost objectives
- c. Not a cost objective

b. The Director works on multiple cost objectives (more than one federal award and a non-federal award) and would complete T&E documentation the agency uses for employees who work on multiple cost objectives or activities.

Time & Effort Reporting – Single or Multiple Cost Objectives? (2)

An Instructional Aide provides instruction support to ABE students allowable under CAEP and AEFLA. In addition, the Aide provides the CASAS pre-test and post-test to these students. The Aide's salary and benefits are paid 60% CAEP and 40% AEFLA, resource code 3905.

- a. Single cost objective
- b. Multiple cost objectives
- c. Not a cost objective

a. The Instructional Aide works on a single cost objective (SCO) based on that the services being performed (ABE instruction and CASAS pre-test and post-test) and the population being served (ABE students) are allowable and eligible under CAEP and AEFLA. The employee would complete T&E documentation the agency uses for employees who work on a SCO or activity.

Time & Effort Reporting – Single or Multiple Cost Objectives? (3)

A School Principal provides support to all Adult Education Programs?

- a. Single cost objective
- b. Multiple cost objectives
- c. Not a cost objective

c. Not a cost objective – not sufficient information. For example, does the School Principal provide support (admin., instruction, professional development, etc.) to AEFLA, Perkins V, CAEP programs? Does the Principal provide administrative and instruction support solely to AEFLA and/or CAEP programs?

Matching



Matching Requirements (1)

- All grantees must provide at least a **25 percent** match in non-federal funds of the total amount expended for adult education and literacy activities consistent with AEFLA award. (AEFLA, Section 222, State-imposed)
- Match contributions must meet the criteria listed in 2 CFR 200.306(b):
 - Be allowable under 2 CFR 200.403 and AEFLA.
 - Be documented and verifiable.
 - Be necessary and reasonable for accomplishing program objectives.
 - Be supported by documentation of fair market value.
 - Not be included as contribution for any other Federal award.
 - Not be met by another Federal grant.

Matching Requirements (2)

- The State allocation can be in any form of state funding provided to the grantee.
- The other non-federal contribution can be cash or in-kind, at the fair market value.

California Department of Education Workforce Innovation and Opportunity Act, Title II: AEFLA Sections 201–243 of Public Law 113–128 Rev. 8/21)		Claim Period 01/01/2022 to 03/31/2022						
		Date Submitted [REDACTED]						
[REDACTED] Fiscal Year 2021–22, Third Quarter Expenditure Claim Report Total Grant Award: [REDACTED]								
Non-federal Sources of Funds Expended for WIOA, Title II: AEFLA Grant-Related Activities								
	State General Funding		Other Non-Federal Funding		In-Kind Funding		Total Matching Expenditures	
	Current quarter 01/01/2022 - 03/31/2022	Cumulative To-Date	Current quarter 01/01/2022 - 03/31/2022	Cumulative To-Date	Current quarter 01/01/2022 - 03/31/2022	Cumulative To-Date	Current quarter 01/01/2022 - 03/31/2022	Cumulative To-Date
Section 225: Institutional - ABE, ELA, EL Civics, and ASE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Section 231: ABE, ELA, and EL Civics	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Section 231: ASE (HSE, HSD)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Section 243: IELCE	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Totals	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Percent Matching Expenditures to Total Grant Award								[REDACTED]
<p>* State General Funding: Funds from the state budget used for AEFLA programs including funds from LCFF, CAEP, Charter School funds, Prop 98 money, and state set aside funds for AEFLA programs.</p> <p>Reporting expenditures of WIOA, Title II: AEFLA programs is a grant requirement under Sections 222 and 241 of Public Law 113-128. Report quarterly the total fiscal funds received from the state and local governments used to support these programs. Under "Other Non-Federal and/or In-kind," report contributions such as:</p> <ul style="list-style-type: none"> • Contributions such as cash and designated foundation grants or other non-federal awards used for AEFLA programs. • Buildings, land, and donated property; classroom space must be valued at the fair rental rate of the space • Volunteer services valued at rates paid for similar work in the local agency • Donated books and supplies valued at the market rate • Utilities and property maintenance valued at the market rate • Cost sharing of equipment valued at the fair rental rate <p>All resources must be verifiable from the local agency records. Additional details are provided in The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. (2 CFR 300.306)</p>								
Comments (if any):		[REDACTED]						

Questions and Contact Information

Additional Questions?

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