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Office of Adult Education Memorandum 20.5.7

DATE: May 7, 2020

TO: Adult Education Program Administrators

FROM: Dr. Cayanna Good, Assistant Commissioner of Adult Education

RE: State Budget Reduction FAQs

PURPOSE

As you know, on May 1, 2020, the Office of Planning and Budget asked all state agencies to prepare an FY21 budget reflecting a proposed 14% reduction in state funds from FY20. These potential state budget reductions have raised questions regarding the allowable use of federal and state funds for adult education. The purpose of this memo is to provide additional guidance regarding these questions.

FREQUENTLY ASKED QUESTIONS

- 1. As I prepare for the 14% budget cuts, can I move staff that were previously paid with state funds to my federal budget? Is this supplanting?**

Per WIOA Section 241, Adult Education & Family Literacy Act (AEFLA) grant funds should supplement and not supplant other State of local funds expended for adult education and literacy activities. If programs need to move an expense (including salary or benefits) that was previously paid with state funds to federal funds, they must keep documentation proving that one or both of the following scenarios is true:

- **Scenario 1:** The state funds that paid for the expense in the previous year are no longer available.
 - **Documentation Required for Scenario 1:** Evidence reflecting that the state funds are no longer available, and that if the program did not use federal funds to support the expense, that expense or service would be eliminated. Examples of documentation include: board or staff meeting minutes or budget notes stating that a position or expense would be eliminated or the service would be discontinued if federal funds were not available; memo, allocation, or grant award notice reflecting a reduction in state funds

- **Scenario 2:** The technical college, school district or community-based organization would not have provided adult education and literacy services if the federal funds were not available.
 - **Documentation Required for Scenario 2:** Evidence reflecting that the organization would have not provided adult education and literacy services if the federal funds were not available. Examples of documentation include: initial adult education grant application and/or award letter (that is still available based on TCSG's record retention policy), initial hire dates or other Human Resources/finance project/program codes demonstrating that the person was hired or the expense was incurred as a result of federal grant funds rather than a state initiative.

2. Can I move a staff position that was previously paid with federal funds to state funds?

Yes, programs can move a position that was previously paid with federal funds to state funds. However, please keep in mind that if your program wanted to resume paying this position with federal funds in the future, you would need to provide documentation proving that one or both of the scenarios outlined in question one were true.

3. Is Fiscal Year 2021 considered a competitive grant or a continuation grant?

Prior to the COVID-19 pandemic, the Office of Adult Education (OAE) planned to award new adult education grants beginning in FY21. However, on March 19, 2020, OAE suspended its grant competition until next fiscal year, with the new grant awards beginning in FY22 (July 1, 2021). Therefore, FY21 is a continuation year for OAE's current adult education providers that received grants during the FY18 grant competition.

4. What do I have to submit for the continuation grant? When is it due?

OAE will be providing additional information shortly regarding the information required for the continuation grant, including the budget template. Please note the continuation grant will be brief.

5. Is it true my FY20 funds will rollover into FY21, or do I have to return them to OAE?

Yes, OAE is allowing programs to rollover unused FY20 federal funds into their FY21 budget.

6. Am I only allowed to cut positions in the state budget? Do I have to reduce everyone's salary by 14%?

Please be sure to consult with and refer to your local Human Resources staff and policies related to furloughs, reduction in force, and any other applicable policies pertaining to this situation. Please note that if a program wants to pay someone who was previously paid with state funds with federal funds, they must have documentation proving that one or both of the scenarios outlined in question one is true.

7. Are there any other considerations I need to be aware of as I work through the 14% reduction in state funds?

Most of OAE's adult education providers receive both federal Adult Education & Family Literacy Act (AELFA) grant funds and state funds. The state funds programs receive are counted as and reported to the federal Office of Career, Technical, and Adult Education (OCTAE) as part of the matching requirement in Section 222(b) of WIOA. **Therefore, these state funds are subject to the same requirements and regulations as federal dollars.** The Uniform Guidance, [2 CFR Part 200](#), guides the use of federal grant funds. In accordance with the Uniform Guidance, all costs paid for with Title II AEFLA federal and state matching funds must be:

- **Reasonable and necessary** meaning a prudent person would agree that the cost of the item is reasonable given the circumstances, and that the cost is necessary for the proper and efficient performance of the Federal award. ([2 CFR § 200.404](#), [2 CFR § 200.306](#))
- **Allowable**, meaning the expense is not a prohibited use of federal or state funds and supports the allowable activities listed in the Adult Education and Family Literacy Act. The Uniform Guidance ([2 CFR §§ 200.420 - 200.475](#)), as well as WIOA Section 203, provide additional details about what types of costs are an allowable use of federal and state dollars.
- **Allocable**, meaning the cost is **directly related** to the adult education and literacy grant activities and that item's cost is proportional to the benefit it will provide the program. ([2 CFR § 200.405](#))