Understanding and Preparing Title II AEFLA Budgets

August 20, 2020
8:30am – 10:00am

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Judy Howell, Grants Management and Compliance Technician
Arbony Cooper-Gibbs, Coordinator of Compliance and IEL/CE
Budgets

- Cost Allowability
- Accounting Principles
- Budget Transfers
- New Budget Form
- Direct Costs
- Career Services
- Equipment and Supplies
- Indirect Costs
- Budget Approval Process
What is a budget?

• A budget is a financial plan for the project or program that the Federal awarding agency or pass-through entity approves during the Federal award process or in the subsequent amendments to the Federal award.

• It may include Federal and non-federal share or only the Federal share, as determined by the Federal awarding agency or pass-through entity.

• For the 2020-2021 program year, the total budget amount submitted for Title II grants (231) must include Federal and State (FTE-generated funds).

• For providers not receiving Title II funds, the total budget amount must include all state FTE-generated literacy funds.

• For the 2020-2021 program year, the total budget amount submitted for Community-Based Organizations must include the 40% match from non-federal funds.
Three Types of Budgets

- **Planning** – submitted by provider with grant application
- **Final** – submitted by provider after receipt of award letter
- **Approved** – final version that is reviewed and approved by signature of compliance staff who then sends notification of the approval, along with a copy of the budget, to both the Basic Skills Director and the Chief Financial Officer of each funded provider. An approved copy is also sent to the Budget and Finance Division of the System Office.

*Due to the COVID crisis, providers may have CFO’s designee sign on the specified Chief Financial Officer’s signature line. Please speak with your business office about this.*
Unallowable Costs

• Unallowable Costs are those charges to a Federal award that the pass-through agency determines to be unallowable in accordance with the applicable Federal principles contained in the award. These costs are general in nature and cannot be directly attributed to the program being offered.

Unallowable Costs (partial list):
• Advisory Councils
• Alcohol
• Alumnae Activities
• Bad Debts
• Commencement Costs
• HSE Examiner and related costs
• Multiple Pathways to HSE costs

EDGAR CFR 200.302
CFR 200.403-404
CFR 200.420
# Unallowable Costs - continued

<table>
<thead>
<tr>
<th>Advisory Councils</th>
<th>Alcohol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumnae Activities</td>
<td>Bad Debts</td>
</tr>
<tr>
<td>Commencement Costs</td>
<td>Contingency Provisions</td>
</tr>
<tr>
<td>Contributions</td>
<td>Entertainment</td>
</tr>
<tr>
<td>Fines/Penalties</td>
<td>Fundraising</td>
</tr>
<tr>
<td>General costs of government</td>
<td>Goods or services for personal use</td>
</tr>
<tr>
<td>High School Equivalency Examiner (not an allowable activity under WIOA Section 203(2))</td>
<td>Interest</td>
</tr>
<tr>
<td>Lobbying</td>
<td>Losses of Contracts</td>
</tr>
<tr>
<td>Organization Costs</td>
<td>Selling and Marketing Costs</td>
</tr>
<tr>
<td>Student Activity Costs</td>
<td></td>
</tr>
</tbody>
</table>

CCR Website
Allowable Costs are those charges that are necessary, reasonable and allocable. They also must conform to Federal law and grant terms and be adequately documented.

Allowable Costs:
- Audit Services
- Bonding Cost
- Costs to recover improper payments
- Compensation-Personal Services
- Compensation-Fringe Benefits
- Employee health/welfare

CFR 200.403-404
# Allowable Costs - continued

<table>
<thead>
<tr>
<th>Audit Services</th>
<th>Bonding Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs to recover improper payments</td>
<td>Compensation-Personal Services</td>
</tr>
<tr>
<td>Compensation-Fringe Benefits</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Employee health/welfare</td>
<td>Equipment</td>
</tr>
<tr>
<td>Exchange rates</td>
<td>Gains on disposition assets</td>
</tr>
<tr>
<td>Insurance/indemnification</td>
<td>Intellectual property</td>
</tr>
<tr>
<td>Maintenance/Repair</td>
<td>Materials/Supplies/Computers</td>
</tr>
<tr>
<td>Professional Service Costs</td>
<td>Publication Printing</td>
</tr>
<tr>
<td>Recruiting Cost</td>
<td>*Relocation cost of employees</td>
</tr>
<tr>
<td>Rental Cost of Property/Equipment</td>
<td>Specialized Service Facilities</td>
</tr>
<tr>
<td>Training and Education Costs</td>
<td>Transportation Costs</td>
</tr>
<tr>
<td>Travel Costs</td>
<td>Travel of Trustees</td>
</tr>
</tbody>
</table>
Direct Costs

Definition
Costs that are identifiable and can be assigned to a specific project or activity and that support the project’s purpose.

Examples
✓ Salary, wages, fringe benefits
✓ Consultant fees
✓ Subcontracts
✓ Materials and equipment for program activities

CFR 200.413
CFR 200.313-200.314
CFR 200.430-200.431
CFR 200.439;200.453
Career Services – Allowable Expenses

- Initial assessment of skill levels including literacy, numeracy, and English language proficiency, as well as aptitudes, abilities, and supportive services needed

- Referrals to and coordination of activities with other programs and services

- Outreach, intake, and orientation information
Career Services – Allowable Expenses

• Provision of performance information and program cost information on eligible providers of education, training, and workforce services by program and type of provider

• Provision of information on availability of supportive services or assistance and appropriate referrals (including child care; child support; medical or child health assistance available through the State’s Medicaid program and CHIP; SNAP benefits; EITC; assistance under TANF, and other supportive services and transportation)
• **Supplies** are all tangible personal property with a per-unit cost which is less than $5,000, regardless of the length of its useful life. Examples of supplies include:
  - Computing Devices
  - Textbooks

• **Equipment** is tangible personal property having a useful life of more than one year and a per-unit cost which equals or exceeds $5,000. *Prior approval is required to purchase equipment.* If equipment is included in your budget submitted for approval, that cost should be considered approved unless you are notified otherwise. Examples of equipment include:
  - Classroom Projectors/Smartboards
  - Laboratory Equipment
  - Reproduction and Printing Equipment
  - Assistive Device Technology
Indirect Costs/Administrative Costs

- Indirect Costs/Administrative Costs
  - A cost that is not directly related to instruction.

- AEFLA Providers
  - Providers can only charge administrative costs to the Federal allotment. The AEFLA allocation has a limitation of 5% administrative costs. However, WIOA regulations require that 1.5% of administrative funds must be identified as infrastructure cost to be paid in support of the workforce development system.

  - The infrastructure costs of 1.5% has been subtracted from your allocation and will be paid on your behalf by the North Carolina Community College System Office.

  - The total administrative budget for Federal funds cannot exceed 5%. It can be used for:
    - Indirect Costs
    - Administrative Costs
    - Infrastructure Costs

  - The costs associated with performing activities or functions that are not related to the direct provisions of services to program participants.
The Budget Submission Process

1. Be sure to budget the correct amount. Include all Title II Federal and matching (state and/or private) funds.

2. Be sure to use the correct budget form.

3. Itemize expenditures under each heading.

4. Display calculations required to arrive at totals on the right.

5. Include signatures of two different individuals at the bottom.

6. Save and submit to the portal in PDF format.
Upon recommendation of the North Carolina Community College System, the following budget is allotted for the above indicated purpose and period:

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Federal and State Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Salaries, Instructional</td>
<td>$47,200</td>
</tr>
<tr>
<td>1 FT Coordinator @ $20/hr 8 hrs/day x 250 days; 1 PT Instructor @ $15/hr x 500/hrs</td>
<td>$40,000</td>
</tr>
<tr>
<td>B. Salaries, Non-Instructional</td>
<td></td>
</tr>
<tr>
<td>1 FT Advisor @ $20/hr x 8/hrs/day x 250 days</td>
<td>$12,704</td>
</tr>
<tr>
<td>C. Employer's Retirement</td>
<td></td>
</tr>
<tr>
<td>D. Employer's Social Security</td>
<td>$8,584</td>
</tr>
<tr>
<td>E. Employer's hospitalization</td>
<td></td>
</tr>
<tr>
<td>F. Career Services</td>
<td>$1,000</td>
</tr>
<tr>
<td>G. Educational Supplies and Materials</td>
<td>&lt;= $5,000 per unit price</td>
</tr>
<tr>
<td>5 laptops @ $1,470 per device</td>
<td>$7,350</td>
</tr>
<tr>
<td>H. Equipment (must be pre-approved)</td>
<td>&gt; $5,000 per unit price</td>
</tr>
<tr>
<td>2 Assistive Devices for visually impaired students @ $5,100</td>
<td>$10,200</td>
</tr>
<tr>
<td>I. Contractual Services</td>
<td>$25,000</td>
</tr>
<tr>
<td>J. Staff Travel</td>
<td>$5,665</td>
</tr>
<tr>
<td>5 Instructors attending system office conference (includes registration, lodging, mileage and subsistence @ $1,133 ea)</td>
<td></td>
</tr>
<tr>
<td>K. Administrative Costs/Indirect Costs</td>
<td></td>
</tr>
<tr>
<td>• Salaries (Director)</td>
<td>$8,300.00</td>
</tr>
<tr>
<td>• Other Expenses</td>
<td>$8,300</td>
</tr>
<tr>
<td>• Indirect Costs</td>
<td></td>
</tr>
<tr>
<td>Available Administrative/Indirect Funds</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$118,803</td>
</tr>
</tbody>
</table>

*Administrative Cost are unallowable with State funds.

Signatures of two different individuals are required. Updated 1/2020
**231 Form**

**CBO Budget Approval**

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**FORM: NCCCS 2-34**

**CBO Form 2**

**NORTH CAROLINA STATE BOARD OF COMMUNITY COLLEGES**

**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

**BUDGET APPROVAL**

<table>
<thead>
<tr>
<th>Effective Dates</th>
</tr>
</thead>
</table>

Upon recommendation of the North Carolina Community College System the following budget is allotted for the above indicated purpose and period.

<table>
<thead>
<tr>
<th>NCCCS Federal Allocation</th>
<th>Match</th>
<th>Category Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$75,000</td>
<td>$30,000</td>
<td>$105,000</td>
</tr>
</tbody>
</table>

A. Salaries, Instructional
   - 3 FT Education Coordinators (3 x 1049 hours @ $21.20/hr)
   - 1 FT Data Manager (1,000 hrs/$12=$12,000)
   - Employer's Retirement

B. Salaries, Non-Instructional
   - Employer's Social Security
   - Employer's hospitalization

C. Equipment (must be pre-approved)
   - Educational Supplies and Materials <= $5,000 per unit price
   - Career Services
   - TABE testing materials

D. Employer's Retirement
   - Employer's Social Security
   - Employer's hospitalization

E. Staff Travel
   - Administrative Costs/Indirect Costs
     - Salaries (Director) $2,910
     - Other Expenses $0
     - Indirect Costs $0

F. Contractual Services

G. Total Administrative Costs cannot exceed 5% of total Federal budget.

Available Administrative/Indirect Funds ___$3,993___

Source of Matching Funds @ 40%: YMCA ($24,244)

L. Total $75,000 $30,000 $105,000

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Chief Fiscal Officer of Provider Date

Executive Director/Board Chair of Provider Date

Assist. Adult Ed. State Director Date

Adult Ed. State Director Date

*Total Administrative Costs cannot exceed 5% of total Federal budget.*

*Administrative Cost are unallowable with State funds. Signatures are required.*
Budget Transfers During the Program Year

Title II award recipients must specifically request approval if the following occurs:

- Transfers of **10%** or more of the overall budget
- Change in scope or the objectives of the project or program
- Change in key personnel specified in the application for Federal award
- Disengagement from the project for more than three months or a 25% reduction in time
- Transfer from costs associated with serving students to other categories of expense
- Transferring or contracting out any work to an agency or individual not listed in the initial approved budget.

Your request for approval should be requested in an email addressed to howellj@nccommunitycolleges.edu.
### Request for Budget Transfer

**ORGANIZATION NAME & FEDERAL ID #**

**DATE**

<table>
<thead>
<tr>
<th>Cost Items</th>
<th>Prior Budget</th>
<th>Budget Adjustment</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Salaries, Instructional</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>B. Salaries, Non-Instructional</td>
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<td>$</td>
</tr>
<tr>
<td>• Salaries</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>• Other Expenses</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>• Indirect</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**NOTE:** In the Budget Adjustment column, Transfers must net to zero - transfers out must be in brackets and transfers in must be positive. Reversions must be reflected in brackets, and Additional Budget awarded must be positive.

We hereby request line item budget adjustments as stated above are within the approved Budget.

Approved by the North Carolina Community College System

Chief Fiscal Officer

Adult Education Assistant Director

CCR/NCCCS

Date

*Total Administrative Costs can not exceed 5% of total budget.
*Administrative Cost are unallowable with State funds.
Signatures are required.
Requires that…

- Actual expenses are
  - Reasonable,
  - Allocable,
  - Allowable and
  - Consistently charged.

- Mischarges are corrected in a timely manner. (local provider’s responsibility)
  - Recommendation of Best Practice is that all charges should be corrected within 30 business days

- Prior approvals are obtained when required. (local provider’s responsibility)
  - Please refer to the Cost Allowability Guidance for prior approval requirements

- Request for reimbursement (CBOs) should be received by the finance office by the 5th working day of each month. Failure to do so may result in non-payment or suspension of funding.
Your actual expenses should be compared at least monthly to the budget to ensure ...

- All funds are used appropriately.
- Total funds on the grant have not been exceeded.
- Maximum expenditures for any cost category have not been exceeded (e.g. 5% for administration).
- Actual expenses align with the approved budget.
- All financial records and supporting documentation pertinent to the Federal award must be retained for a period of five years following the Federal grant award program year (NCCCS Records Retention and Disposition Schedule).

Make sure someone is assigned to these tasks.
General Guidance
Supplement – Not Supplant

The purpose of the supplement not supplant clause is to ensure that state and other non-federal funding sources are not replaced by AEFLA funding.

• Supplant-Replacing an original funding source with the supplemental funding source.

• Supplemental funds should be used to increase the level of funds made available to the adult education program.

• Federal funds may **NOT** be used to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds.
Questions

Still more questions, email us.

Nancye Gaj, gajn@nccommunitycolleges.edu
Judy Howell, howellj@nccommunitycolleges.edu
Arbony Cooper-Gibbs, coopera@nccommunitycolleges.edu