

# **PROGRAM 2 – ADULT BASIC EDUCATION PROGRAM**

## **DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT**

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### **I. PROGRAM OBJECTIVES**

The objective of this program is to provide funds for instruction of adult learners in the basic skills of reading, writing, mathematics, English literacy, and General Educational Development (GED) preparation with an emphasis on integrating workplace readiness skills and practical life skills into instruction. In addition, adult students receive instruction in speaking, reading, and writing English as a second language with an emphasis on civics education.

The Adult Basic Education (ABE) Program is authorized by the Adult Education and Family Literacy Act, Chapter 2, Public Law 105-220, and Workforce Investment Act (WIA) of 1998 (Section 503. 20 U.S.C. 1201 et seq.). These regulations are located in Title 34 of the Code of Federal Regulations, Parts 74-77, 79-82, 85, 86, 97, 98, and 99.

### **II. PROGRAM PROCEDURES**

As per Alaska Statute 44.31.020(6), “The Department of Labor and Workforce Development shall administer the state's program of adult basic education and adopt regulations to administer the program.”

In addition, Title 8, Chapter 99 of the Alaska Administrative Code authorizes the Department of Labor and Workforce Development to issue competitive grants to eligible providers to organize, plan, establish, expand, improve or maintain an adult basic education program. The Department of Labor and Workforce Development will, in its discretion, issue grants for a period of up to three years, subject to the availability of funding and review of annual performance reports.

The Department makes grants available to eligible providers. The term eligible provider is defined in Section 203 of the WIA as a local educational agency; a community-based organization of demonstrated effectiveness; a volunteer literacy organization of demonstrated effectiveness; an institution of higher education; a public or private nonprofit agency; a library; a public housing authority; a nonprofit institution that is not described above which has the ability to provide literacy services to adults and families; and a consortium of the agencies, organizations, institutions, libraries, or authorities described above.

Under Section 222 of the WIA, no more than 12.5 percent of the State allotment may be used at the State level for leadership activities, including professional development; 82.5 percent of the State allotment shall be used to support local programs and corrections education. Not more than 8.25 percent of the State allotment may be used for correctional education; not more than 5 percent (or \$65,000, whichever is greater) of the State allotment may be used for State level administrative costs. The U.S. Department of Education (DOE), Office of

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Vocational and Adult Education issued Program Memorandum – OVAE – 99-10 which provides further guidance.

Applicable through December 31, 2013, each eligible provider may desire to become a GED Testing Center. Eligible providers who desire to and apply with the Department of Labor to become GED Testing Centers agree to conduct their GED testing activities in accordance with the requirements of Title 8, Chapter 99, sections 130 and 190 of the Alaska Administrative Code and in accordance with the rules and regulations of the GED Testing Service of the American Council on Education. The GED Testing Service, the State of Alaska GED Administrator, and the GED Testing Center sign a contract each year.

Effective January 1, 2014, each eligible provider many desire to become a Personal VUE Testing Center in order to deliver GED tests. Eligible providers who apply with Pearson VUE Testing Center agree to conduct GED testing activities in accordance with the requirements of Title 8, Chapter 99, sections 120, 130, 140, and 190 of the Alaska Administrative Code and in accordance with the rules and regulations of the GED Testing Service LLC, an entity comprised by the American Council on Education and NCS Pearson, Inc.

### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

#### A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

1. **Compliance Requirements:** Section 231 of the WIA requires each eligible provider receiving a grant or contract to use the grant or contract to establish or operate one or more programs that provide services or instruction in one or more of the following categories:
  - a) Adult education and literacy services, including workplace literacy services.
  - b) Family literacy services.
  - c) English literacy programs.

Under 34 CFR 74.27, each eligible provider has a set of cost principals for determining allowable and unallowable costs. Allowability of costs is determined in accordance with the cost principles applicable to the entity incurring the costs, as specified by the following table.

For the cost of a:-	Use the principles in:-
Private nonprofit organization other than: (1) An institution of higher education; (2) a hospital; or (3) An organization named in OMB Circular A-122 as not subject to that circular.	OMB Circular A-122

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For the cost of a:-	Use the principles in:-
Educational Institution	OMB Circular A-21
Hospital	Appendix E to 45 CFR part 74
Commercial for-profit organization other than a hospital and educational institution.	48 CFR part 31 Contract Cost Principles and Procedures or uniform cost accounting standards that comply with cost principles acceptable to DOE

This program is also subject to non-supplanting requirements and each eligible provider must use a restricted indirect cost rate, which is referenced under 34 CFR 76.564-76.569.

#### **Suggested Audit Procedures:**

- a) Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under applicable guidelines and regulations;
- b) Test transactions for accuracy and support;
- c) Test transactions to determine that overall combined direct and related indirect administrative costs do not exceed the total amount that the Department of Labor negotiated with each provider.

#### **B. ELIGIBILITY -**

**Compliance Requirement:** Each eligible provider is responsible for determining the eligibility of those enrolled in its programs. Section 203 of the WIA defines adult education as services or instruction below the postsecondary level for individuals:

- a) Who have attained 16 years of age,
- b) Who are not enrolled or required to be enrolled in secondary school under State law, and
- c) who:
  - lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society;
  - do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or
  - are unable to speak, read, or write the English language.

Each eligible provider may choose to designate a staff member to assume the responsibility of determining the eligibility of those enrolled in its program. Title 8, Chapter 99, section 120 of the Alaska Administrative Code

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defines eligibility requirements for individuals desiring to take the GED test if:

- a) the person is 18 years of age or older,
- b) the person is physically present in the state,
- c) the person is not enrolled in a high school program,
- d) The person has not received a diploma or certificate through a high school or GED program in another state, province, or U.S. possession.

A person aged 16 or 17 is eligible to take the GED if:

- a) the person is physically present in the state,
- b) the person is not enrolled in a high school program,
- c) the person has not received a diploma or certificate through a high school or GED program in another state, province, or U.S. possession,
- d) the person presents to the chief examiner of the GED testing:
  - a legal emancipation document, or
  - written permission from a parent or guardian and,
  - a withdrawal slip from the last school attended in Alaska.

### **Suggested Audit Procedures:**

- a) Review the eligibility determination system and evaluate it for accuracy;
- b) Review selected participant files for documentation of eligibility criteria;
- c) Review selected participant files and determine the appropriateness of eligibility determinations.

### **C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -**

There is no matching or level of effort requirements.

### **D. REPORTING REQUIREMENTS -**

**Compliance Requirement:** Fiscal reports are required at least quarterly. Student information must be entered into the ABE Statewide Database at least monthly.

#### **Suggested Audit Procedure:**

- a) Review procedures for preparing reports and evaluate adequacy;
- b) Review a sampling of reports for completeness and timeliness of submission;
- c) Trace data in selected reports to the supporting documentation; and
- d) Evaluate adjustments, if any, for propriety.

### **E. EQUIPMENT -**

**Compliance Requirement:** Under 34 CFR 74.34, title to equipment, acquired by a recipient with Federal funds, shall vest in the recipient, subject to:

- a) The recipient may not use equipment acquired with Federal funds to provide services to non-federal outside organizations for a fee that is less than

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private companies charge for equivalent services for as long as the Federal government retains an interest in the equipment. If income is generated for use of the equipment, the income generated by such fees is to be treated as program income.

- b) The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.
- c) During the time that the equipment is used on the project or program for which it was acquired, the recipient shall make the equipment available for use on other projects or programs if the other use will not interfere with the work on the project or program for which the equipment was originally acquired.

#### **Suggested Audit Procedures:**

- a) Determine if the above activities occur and if so, do they result in noncompliance.
- b) Determine if income generated by these activities is treated as program income as required.
- c) Review biannual inventory logs and reconcile inventory logs to accounting records. Report any discrepancies.
- d) Verify the existence, current utilization, and continued need for the equipment.

#### **F. SPECIAL TESTS AND PROVISIONS -**

**Compliance Requirements:** All programs are required to maintain individual student records. Each program must keep on file for each student a State of Alaska ABE Student Intake Form, assessment tests, and attendance data. A paper file with the information will be maintained at the program site and the information will be entered into the ABE Statewide Database at least monthly. The grant agreement will specify any additional tests and provisions.

**Suggested Audit Procedures:** Through observation and discussion with appropriate personnel, determine whether the files are maintained at the program site and whether they contain the required information. Review the grant agreement, identify any special provisions or requirements, and verify that they were met.