

## **AEL Cost Category Descriptions**

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This attachment describes frequently used Cash Draw and Expenditure Reporting system cost categories for Adult Education and Literacy (AEL) grant awards. Grant awards that the Texas Workforce Commission (TWC) issues to AEL local providers under Adult Education and Family Literacy Act (AEFLA) §231 and §243 may be required to use all or most of the cost categories described herein. Other TWC-issued AEL grant awards frequently use fewer cost categories, such as Administration and Direct Program only. TWC may establish and require use of other cost categories as necessary.

### **Administration**

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Administration costs are direct and indirect costs that are subject to the administrative cost limit of a particular grant award or fund source as defined by the applicable federal law or regulation, grant award, or this AEL Letter.

### **General Examples**

In addition to the funding-specific definitions that follow, administrative costs include, but are not limited to, the following:

- Accounting, budgeting, financial, and cash management functions
- Procurement and purchasing functions
- Property management functions
- Personnel management functions
- Payroll functions
- Audit functions
- Coordinating the resolution of findings from audits, reviews, investigations, and incident reports
- Fraud and abuse functions
- General legal services functions
- Developing systems and procedures, including information systems, required for the above aforementioned administrative functions
- The portion of salaries, wages, fringe benefits, staff training, supplies, postage, travel, equipment, facilities, utilities, and other costs required for administrative functions of the program
- Continuous improvement activities for administrative functions
- Developing plans, budgets, and schedules
- Conducting public relations activities directed at state and local officials as well as the general public and not related to program outreach and the required informing processes
- Preparing reports and documents associated with administrative functions
- Indirect costs

### **Annual Funding Allocations to AEL Providers—AEFLA Federal Funds, AEFLA Funds for Integrated English Literacy and Civics Education (also known as EL/Civics), and Associated State General Revenue Matching Funds**

For these funds, administrative costs are described in AEFLA §233(a)(2) and 34 CFR §463.26. Specifically, AEFLA §233(a)(2) and 34 CFR §463.26 define administrative costs as amounts expended for:

## AEL Cost Category Descriptions

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- planning;
- administration, including carrying out the performance and accountability system requirements in Workforce Innovation and Opportunity Act (WIOA) §116;
- professional development (Note 1);
- providing adult education and literacy services in alignment with local workforce plans, including promoting coenrollment in programs and activities under WIOA Title I, as appropriate; and
- carrying out the one-stop partner responsibilities described in 34 CFR §463.420, including contributing to the infrastructure costs of the one-stop delivery system (Note 2).

Note 1: AEL grant recipients must use the Professional Development cost category for professional development activities paid from amounts specifically earmarked for that purpose in the annual funding allocation. Otherwise, AEL grant recipients may report professional development costs in the Administration cost category.

Note 2: AEL grant recipients must report infrastructure costs in the Infrastructure Costs cost category.

### **Annual Funding Allocations to AEL Providers—Temporary Assistance for Needy Families Funds**

For these funds, administrative costs are those described in the Temporary Assistance for Needy Families (TANF) regulations at 45 CFR §263.0(b). Specifically, 45 CFR §263.0(b) states:

“The term ‘administrative costs’ means costs necessary for the proper administration of the TANF program or separate State programs.

- (1) It excludes direct costs of providing program services.
  - (i) For example, it excludes costs of providing diversion benefits and services, providing program information to clients, screening and assessments, development of employability plans, work activities, post-employment services, work supports, and case management. It also excludes costs for contracts devoted entirely to such activities.
  - (ii) It excludes the salaries and benefits costs for staff providing program services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental of office space and maintenance of office space.
- (2) It includes costs for general administration and coordination of these programs, including contract costs and all indirect (or overhead) costs. Examples of administrative costs include:
  - (i) Salaries and benefits of staff performing administrative and coordination functions;
  - (ii) Activities related to eligibility determinations;
  - (iii) Preparation of program plans, budgets, and schedules;
  - (iv) Monitoring of programs and projects;
  - (v) Fraud and abuse units;
  - (vi) Procurement activities;
  - (vii) Public relations;

## **AEL Cost Category Descriptions**

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- (viii) Services related to accounting, litigation, audits, management of property, payroll, and personnel;
- (ix) Costs for the goods and services required for administration of the program such as the costs for supplies, equipment, travel, postage, utilities, and rental of office space and maintenance of office space, provided that such costs are not excluded as a direct administrative cost for providing program services under paragraph (b)(1) of this section;
- (x) Travel costs incurred for official business and not excluded as a direct administrative cost for providing program services under paragraph (b)(1) of this section;
- (xi) Management information systems not related to the tracking and monitoring of TANF requirements (e.g., for a personnel and payroll system for State staff); and
- (xii) Preparing reports and other documents.”

### **Other Grant Awards Issued by TWC to Carry Out AEFLA §223 State Leadership Activities**

TWC may use AEFLA §223 State Leadership Activities funds to issue grant awards to entities other than AEL providers to carry out certain TWC-designated state leadership initiatives. If the grant award requires that the AEL grant recipient report administrative costs, the General Examples list above and the definition in AEFLA §233(a)(2) and 34 CFR §463.26 (Note 1) apply, as applicable to the specific award.

Note 1: The definition in AEFLA §233(a)(2) and 34 CFR §463.26 is included in this attachment under “Annual Funding Allocations to AEL Providers—AEFLA Federal Funds, AEFLA Funds for Integrated English Literacy and Civics Education (also known as EL/Civics), and Associated State General Revenue Matching Funds.”

### **Corrections Institutions**

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Corrections Institutions costs are costs for programs for corrections education and other institutionalized individuals under AEFLA §225. For more information, refer to AEFLA §225, 34 CFR §§463.60–463.63, and the Texas AEL Guide.

### **Direct Program**

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Direct Program costs are nonadministrative program costs that are not reported in other categories.

#### **Direct Program—Career Services (AEL Only)**

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For AEFLA, career services means the following:

- Providing outreach, intake, and orientation information
- Initial assessment of skill levels, including literacy, numeracy, and English language proficiency, as well as aptitudes, abilities, and supportive services needs
- Referrals to and coordination of activities with other programs and services
- Providing performance information and program cost information on eligible providers of education, training, and workforce services by program and type of provider

## AEL Cost Category Descriptions

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- Providing information on the 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).

The source for this list is OCTAE Program Memorandum 17-2 and any of its subsequent issuances.

Examples of costs to include in this category include the following:

- Salary, wages and fringe benefits for time that provider staff spends providing career services directly to AEFLA participants (and, where applicable, to prospective AEFLA participants), such as:
  - conducting outreach;
  - conducting intake;
  - holding orientation sessions;
  - administering or proctoring tests used to perform an initial assessment of skill levels;
  - identifying AEFLA participants' supportive services needs during initial intake and as needs arise during participation;
  - providing information on the availability of supportive services;
  - completing referral forms or contacting other entities to make referrals for supportive services (as appropriate); and
  - providing performance information and program cost information;
- A portion of salary, wages and fringe benefits for provider staff that supervises the aforementioned personnel;
- Outsourced printing costs incurred for the provision of career services (such as brochures or other outreach handouts, intake or referral forms, performance and program cost information, and information about supportive services);
- Costs of tests used in performing an initial assessment of skill levels and associated external proctoring fees (if any);
- Booth fees, banners for program identification, and local travel costs (such as mileage reimbursement) incurred for staff to be present at local job fairs or other appropriate events for local outreach for the program;
- Billboard, newspaper, television, and radio announcements for program outreach (if necessary, reasonable, and not available as a free-of-charge public service announcement); and
- Production costs to develop online videos or webinars used solely for program outreach or for orientation or other AEFLA career services.

Examples of costs to exclude from this category include the following:

- Workforce preparation activities and English language acquisition programs (excluded per OCTAE Program Memorandum 17-2, page VII-5, footnote 25) and any other WIOA-defined career services not listed in OCTAE Program Memorandum 17-2, page VII-5
- Identifying supportive services providers with which the AEFLA program does not have an existing/established relationship; contacting those supportive services providers to

## **AEL Cost Category Descriptions**

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introduce the AEFLA program and to establish points of contacts and referral mechanisms; developing Memorandums of Understanding (MOUs) with those supportive services providers, if needed; and incurring local travel costs (such as mileage reimbursement) to meet with those supportive services providers, if necessary

- The AEFLA program’s allocable share of any portion of shared infrastructure costs owed under WIOA §121 (under AEFLA these costs are AEFLA administrative costs) and any other AEFLA administrative costs
- Portions of a provider’s own space, equipment, supplies, and software costs used in the delivery of career services (not shared American Job Center (AJC) costs), such as:
  - rent for space leased by a provider where provider staff delivers career services, or a mix of career services and other AEFLA services;
  - depreciation for space owned by a provider where provider staff delivers career services or a mix of career services and other AEFLA services;
  - utilities, phone, and internet costs incurred by a provider at a provider location where provider staff delivers career services or a mix of career services and other AEFLA services;
  - general office supplies (such as folders, writing utensils, staplers and staples, writing tablets, sticky notes, tape, and so on) purchased by a provider for use by provider staff in the delivery of career services or a mix of career services and other AEFLA services;
  - computers purchased or leased by an AEFLA provider (and associated software, computer repair, and computer support costs) to enable provider staff to deliver career services or a mix of career services and other AEFLA services;
  - printers or copiers purchased or leased by an AEFLA provider (and associated costs for copy paper, toner, and support or repair) to enable provider staff to deliver career services or a mix of career services and other AEFLA services; and
  - software licenses used to conduct remote meetings with AEFLA program participants (such as for orientation and other purposes).

### **Infrastructure Costs**

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Infrastructure Costs are an AEL program’s allocable share of the infrastructure costs of the one-stop delivery system pursuant to WIOA as set out and agreed upon in an MOU and local Infrastructure Funding Agreement (IFA) entered into with the respective Local Workforce Development Board. For more information, refer to WIOA §121, 34 CFR §§463.300–463.900, and OCTAE Program Memorandum 17-3 and any of its subsequent issuances.

### **Integrated Education and Training**

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Integrated Education and Training is a service approach that provides adult education and literacy activities concurrently and contextually with workforce preparation activities and workforce training for a specific occupation or occupational cluster for the purpose of educational and career advancement. For more information, refer to AEFLA §203(11), 34 CFR §463.35, and the Texas AEL Guide.

### **Performance-Based Funding**

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For a grant award issued to an AEL provider under the annual AEL funding allocations described in TWC Chapter 800 General Administration rule §800.68, TWC uses this cost

## **AEL Cost Category Descriptions**

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category to clearly identify and reserve performance-based funding until the AEL provider earns it. The original budget value for this cost category is equal to the portion of the provider's funding allocation award that will be available for expenditure based on the AEL provider's achievement of performance benchmarks. For performance benchmarks met by the provider, TWC moves the corresponding funding amount from the Performance-Based Funding cost category to the Direct Program cost category or another appropriate cost category to be expended by the AEL provider. AEL performance-based funding is discussed in TWC Chapter 800 General Administration rules §800.68(b)(3) and §800.68(f).

### **Professional Development**

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Professional Development costs are costs for the establishment or operation of professional development programs to improve the quality of instruction provided as pursuant to local activities required under AEFLA §231(b), including:

- instruction incorporating the essential components of reading instruction as such components relate to adults;
- instruction related to the specific needs of adult learners;
- instruction provided by volunteers or by personnel of a state; and
- dissemination of information about models and promising practices related to such programs.

Additionally, professional development encompasses a variety of facilitated learning activities, including, but not limited to, workshops and conferences. For more information, refer to AEFLA §223(a)(1)(B) and the Texas AEL Guide.