



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF VOCATIONAL AND ADULT EDUCATION

AUG 15 2000

TO : State Directors of Adult Education  
FROM : Mike Dean, Manager - Adult Education Data Center  
SUBJECT : Instructions for Reporting FFY1998 Carryover Funds

Two options for obligating carryover funds from the FY 1998 state grant (awarded on July 1, 1998) were outlined in Program Memorandum 99-5 issued December 21, 1998 by Assistant Secretary Patricia W. McNeil. As outlined in this Memorandum, any such carryover funds were to be obligated in accordance with the Federal statutory and regulatory provisions in effect during the period in which such funds were expended, and the state plan approved for this period (that is, the carryover period) rather than the requirements in effect when the funds were awarded. Thus, any FY 1998 "carryover funds" were required to be obligated under the statutory provisions of the Adult Education and Family Literacy Act. Each state was responsible for documenting its choice and maintaining accounting records that reflect the obligation option chosen.

As outlined in Program Memorandum 99-5 (see attached copy), states were provided two options for obligating and reporting Fiscal Year 1998 carryover adult education funds.

- (1) States could spend FY 1998 carryover funds under the authority of the Adult Education and Family Literacy Act (AEFLA) that was the same or most similar to the purposes for which the funds were reserved under the Adult Education Act (AEA). For example, a state carrying over funds reserved for teacher training under section 353 of the AEA could spend those funds in combination with funds used under Section 223 of AEFLA for state leadership activities because section 223 authorizes professional development programs.
- (2) States could treat FY 1998 carryover funds as if they were a supplemental appropriation to the FY 1999 grant award. These carryover funds must be obligated only for specific costs that are allowable under AEFLA and are subject to AEFLA requirements. For example, a state might receive a FY 1999 AEFLA allotment of \$1,000,000, to which it would add \$100,000 in carryover funds as a supplement. The total of \$1,100,000 would be spent under AEFLA requirements, including the requirements on set-asides for specific purposes.

For either option 1 or 2 above, a state would be considered to be in compliance with the AEA, with respect to its FY 1998 funds, as long as it had not exceeded the cap on any AEA set-aside prior to the date its new state plan under AEFLA became effective.

How do I report FY 1998 Funds?

- (1) FY 1998 expenditures made under the authority of the Adult Education Act should be reported using the Financial Status Report form that includes allowable expenditure categories under the Adult Education Act.
- (2) To report FY 1998 carryover expenditures made under the authority of the Adult Education and Family Literacy Act, states should use the Financial Status Report form that represents the expenditure option chosen by the state -- FY 1998 Carryover - Option 1 or FY 1998 Carryover - Option 2.

Attachments:

Program Memorandum 99-5

Financial Status Report Form /AEA

Financial Status Report Form /AEFLA (FY 1998 - Option 1)

Financial Status Report Form /AEFLA (FY 1998 - Option 2)

## PROGRAM MEMORANDUM OVAE/DAEL 99 - 5

December 21, 1998

TO: State Directors of Adult Education

FROM: Patricia W. McNeil

SUBJECT: Use of Carryover Funds Awarded Under the Adult Education Act

The purpose of this memorandum is to provide guidance and options regarding a State's obligation and expenditure of any grant funds awarded under the Adult Education Act (AEA) that may remain available for obligation and expenditure on the effective date of its new State Plan under the Adult Education and Family Literacy Act (AEFLA). Consistent with section 506 of the Workforce Investment Act of 1998 and to promote the orderly transition from AEA to AEFLA, we are providing a State with considerable flexibility as to how it obligates these funds.

The statutory authority for the period for obligating and expending carryover funds is the so-called ATydings Amendment, § section 412(b) of the General Education Provisions Act, 20 U.S.C. 1225(b). In general, under this provision, any funds not obligated and expended during the period for which they were awarded become carryover funds and may be obligated and expended during the succeeding fiscal year. Any such carryover funds must be obligated and expended in accordance with the Federal statutory and regulatory provisions in effect during the period in which such funds are to be expended and the State plan approved for such program for this period (that is, the carryover period) rather than the requirements in effect when the funds were awarded.

### **FY 1997 Adult Education Funds**

Funds from a State's Fiscal Year (FY) 1997 grant (that first became available on July 1, 1997) that were not expended by September 30, 1998 became carryover funds on October 1, 1998. FY 1998 funds remain available for obligation through September 30, 1999.

A State has three options for how it and its subgrantees obligate these FY 1997 carryover funds:

(1) The State may continue to treat these carryover funds as AEA funds through September 30, 1999, consistent with the AEA, including AEA requirements on set-asides. (This option is not available for FY 1998 carryover funds because AEFLA became effective before those funds will become carryover funds.)

(2) A State may spend FY 1997 carryover funds under the authority in AEFLA that is the same or most similar to the purpose for which the funds were reserved under the AEA, beginning on the date that its new State Plan under AEFLA becomes effective. For example, a State carrying over funds reserved for teacher training under Section 353 of the AEA could spend those funds in combination with funds used under Section 223 of AEFLA for State leadership activities because Section 223 authorizes professional development programs.

(3) A State may begin to treat FY 1997 carryover funds as AEFLA funds on the date its new State Plan under AEFLA become effective (generally July 1, 1999). In this case, the State may treat these FY 1997 carryover funds as a supplemental appropriation under AEFLA. These carryover funds must be obligated only for specific costs that are allowable under AEFLA and are subject to AEFLA requirements. For example, a State might receive an FY 1999 AEFLA allotment of \$1,000,000, to which it would add \$100,000 in carryover funds as a supplement. The total of \$1,100,000 would be spent under AEFLA requirements, including the requirements on set-asides for specific purposes.

For either option 2 or 3 above, the State would be considered to be in compliance with the AEA with respect to its FY 1997 funds as long as it had not exceeded the cap on any AEA set-aside prior to the date that its new State Plan under AEFLA becomes effective.

### **FY 1998 Adult Education Funds**

Funds from a State's FY 1998 grant first became available on July 1, 1998, and remain available for obligation through September 30, 2000. Although FY 1998 funds will not become carryover funds until October 1, 1999, and therefore are not required to be obligated under AEFLA until that date, a State may choose to treat available FY 1998 grant funds as AEFLA funds on the date its new State Plan under AEFLA becomes effective. In this case, a State would obligate FY 1998 funds under AEFLA and its new State Plan--even before those funds will become carryover funds.

A State has two options for how it and its subgrantees obligate any FY 1999 funds, whether or not it begins to treat those funds as carryover funds before October 1, 1999.

(1) A State may spend FY 1998 funds under the authority in AEFLA that is the same or most similar to the purpose for which the funds were reserved under the AEA, as discussed above with respect to option 2 for FY 1997 funds.

(2) A State may treat such carryover funds as if they were a supplemental appropriation to the FY 1999 grant award as discussed above with respect to option 3 for FY 1997 funds.

Under either option 1 or 2 for FY 1998 carryover funds, the State would be considered to be in compliance with the AEA with respect to its FY 1998 funds as long as it had not exceeded the cap on any AEA set-aside prior to the date its new State Plan becomes effective.

Regardless of which options a State chooses for FY 1997 and FY 1998 carryover funds, the State must document its choices and maintain accounting records that reflect the choices. Further, regardless of the options a State chooses, it must obligate FY 1997 funds no later than September 30, 1999 and FY 1998 funds no later than September 30, 2000. Please feel free to contact Ron Pugsley of my staff at (202) 205-8270, or your Area Coordinator for any assistance you may need.

# FINANCIAL STATUS REPORT

(Follow instructions on the back)

1. RECIPIENT ORGANIZATION (Name and complete address, including ZIP code)

1. FEDERAL AGENCY AND ORGANIZATIONAL DIVISION TO WHICH REPORT IS SUBMITTED  
 U.S. Department of Education  
 Division of Adult Education and Literacy  
 PROGRAM SERVICES BRANCH  
 4. DEPARTMENT IDENTIFICATION NUMBER

2. FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER

OMB Approved No. 90-10180

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3. PROJECT/GRANT PERIOD (See instructions)

FROM (Month, day, year)

TO (Month, day, year)

5. RECIPIENT ACCOUNT NUMBER OR IDENTIFICATION NUMBER

6. FUND COVERED BY THIS REPORT

FROM (Month, day, year)

TO (Month, day, year)

7. BASIS  CASH  ACC

## 10. PROGRAMS/FUNCTIONS/ACTIVITIES

	STATUS OF FUNDS		STATUS OF FUNDS		STATUS OF FUNDS		TOTAL (f)
	(a) State Administration	(b) Section 353 Special Projects	(c) Section 353 Training	(d) Programs of Inst. (0-8)	(e) Programs of Inst. (9-12)	(f) Institution-aided Persons	
a. Net outlays previously reported	\$	\$	\$	\$	\$	\$	\$
b. Total outlays this report period							
c. Less: Program Income credits							
d. Net outlays this report period (Lines b minus line c)							
e. Net outlays to date (Lines a plus line d)							
f. Less: Non-Federal share of outlays							
g. Total Federal share of outlays (Lines e minus line f)							
h. Total unliquidated obligations							
i. Less: Non-Federal share of unliquidated obligations shown on line h							
1. Federal share of unliquidated obligations							
2. Total Federal share of outlays and unliquidated obligations							
3. Total cumulative amount of Federal funds authorized							
m. Unobligated balance of Federal funds							

11. PROJECT EXPENSE

a. TYPE OF RATE	<input type="checkbox"/> PROVISIONAL <input type="checkbox"/> FIDUCIARIED <input type="checkbox"/> FINAL <input type="checkbox"/> FIXED		
b. RATE	c. BASIS	d. TOTAL AMOUNT	e. FEDERAL SHARE

12. CERTIFICATION: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REPORT SUBMITTED
TYPED OR PRINTED NAME AND TITLE	TELEPHONE (Area number and extension)

# FINANCIAL STATUS REPORT

## FY 1998 CARRYOVER -- OPTION 1

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number		OMB Approved No. 80-R0180		Page of	
3. Recipient Organization (Name and complete address, including ZIP code)		5. Recipient Account Number or Identification Number		6. Final Report Yes No		7. Basis Cash Accrual	
4. Employer Identification Number		9. Period Covered by This Report					
8. Project/Grant Period (See Instructions)		From (Month, day, year)		To (Month, day, year)			

### Status of Funds

10. Programs/Functions/Activities	Programs of Instruction			(f) Total
	(a) State Administration	(b) State Leadership	(c) Programs of Instruction (0-8)	
a. Net outlays previously reported	\$	\$	\$	\$
b. Total outlays this report period				
c. Less: Program income credits				
d. Net outlays this report period (Line b minus line c)				
e. Net outlays to date (Line a plus line d)				
f. Less: Non-Federal share of outlays				
g. Total Federal share of outlays (Line c minus line f)				
h. Total unliquidated obligations				
i. Less: Non-Federal share of unliquidated obligations shown on line h				
j. Federal share of unliquidated obligations				
k. Total Federal share of outlays and unliquidated obligations				
l. Total cumulative amount of Federal funds authorized				
m. Unobligated balance of Federal funds				

11. Indirect Expense		Signature of Authorized Certifying Official		Date Report Submitted
a. Type of Rate (Place "X" in appropriate box)	Provisional	Final		
b. Rate	c. Base	d. Total Amount	e. Federal Income	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislations.			Telephone (Area code, number and extension)	

# FINANCIAL STATUS REPORT FY 1998 CARRYOVER -- OPTION 2

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number		OMB Approved No. 80-R0180		Page of	
3. Recipient Organization (Name and complete address, including ZIP code)		4. Employer Identification Number		5. Recipient Account Number or Identification Number		6. Final Report Yes No	
7. Project/Grant Period (See Instructions)		8. Period Covered by This Report		9. From (Month, day, year) To (Month, day, year)		7. Basis Cash Accrual	

  

Status of Funds		Programs of Instruction		(f) Total	
10. Programs/Functions/Activities	(a) State Administration	(b) State Leadership	(c) Programs of Instruction (0-8)	(d) Programs of Instruction (9-12)	(e) Institutionalized Persons
a. Net outlays previously reported	\$	\$	\$	\$	\$
b. Total outlays this report period					
c. Less: Program income credits					
d. Net outlays this report period (Line b minus line c)					
e. Net outlays to date (Line a plus line d)					
f. Less: Non-Federal share of outlays					
g. Total Federal share of outlays (Line c minus line f)					
h. Total unliquidated obligations					
i. Less: Non-Federal share of unliquidated obligations shown on line h					
j. Federal share of unliquidated obligations					
k. Total Federal share of outlays and unliquidated obligations					
l. Total cumulative amount of Federal funds authorized					
m. Unobligated balance of Federal funds					

  

11. Indirect Expense		Signature of Authorized Certifying Official		Date Report Submitted	
a. Type of Rate (Place "X" in appropriate box)	Provisional	Final			
b. Rate	c. Base	d. Total Amount	e. Federal Income		

  

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislations.

Telephone (Area code, number and extension)