

FREQUENTLY ASKED QUESTIONS (FAQ)
for
Community College System
and Adult Education Funding Issues
Restricted and Unrestricted Credit Hours/Units of Instruction and Costs

Introduction and Comments

Program support staff, finance staff, and AEFL administrators have received numerous questions from providers regarding the impact of the community college system funding formula changes on the adult education funding. We have reviewed each of these questions (many were similar and common in nature and were summarized for purposes of this Q & A document) and feel that the following questions and answers in this FAQ are a good representation of the types of questions that were asked. The following format states the question/issue and provides the most concise answer currently available. A couple of terms that seem to be confusing for some community college adult education providers are sections versus classes. The credit hour claim (SU & SR data submissions) is submitted by specific *course sections*. Course sections are defined for purposes of this FAQ as a particular grouping of students (in the aggregate) submitted each semester in the credit hour claim submission which usually includes the same instructional materials offered in other course sections just offered at different times. The adult education program may refer to their programmatic offerings in terms of *classes*. Classes are defined as a specific grouping of students that may be grouped together for teaching purposes in a way that is different from the course section grouping. Classes may be grouped to include students sitting in a classroom where different instructional materials are being taught to different levels of learners.

We offered this as a learning tool and discussion document at the training sessions offered at Rend Lake on June 9, Waubensee on June 10, & Heartland on June 11, 2004. It is our intent to update this document periodically. We will notify persons on the AEFL Restricted & Unrestricted listserv of such changes. We will use the AEFL Restricted & Unrestricted listserv as the venue to address new questions. We encourage you to use the listserv as it has been created for you to share information on this topic with your peers and the ICCB staff.

The questions are grouped into the following categories: community college funding formula changes, reporting implications, programmatic issues, and STAIRS data reporting. Some issues are continuing to evolve and new questions may be raised. As answers are clarified or new questions asked and answered this Frequently Asked Questions document will be updated.

Community College Funding Formula Changes

Question 1 Why did the funding formula change?

Answer 1 The last review of the funding formula was in September 1996. There has been a turnover in system staff which results in a lower level of understanding of the funding formula's mechanics. It has been the practice of the ICCB to review the formula every 5-7 years.

Question 2 What community college system funding formula changes were implemented?

Answer 2 Six recommendations evolved from the work of the Community College System Funding Task Force. A complete report has been issued and is available on the I C C B w e b s i t e a t <http://www.iccb.state.il.us/HTML/pdf/sysfin/fundingstudytfrpt7-02.pdf> The following summary of the recommendations is not a comprehensive description.

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Recommendation #1 requires community colleges seeking equalization funding shall be taxing at 95 percent of their legal maximum operating tax rate and charging tuition *and universal fees* at 85 percent of the state average. Recommendation #2 is that districts who qualify for equalization, have an EAV less than \$850 million and fewer than 2,000 non correctional FTE receive an additional small college grant of \$60,000 bringing their total grant to \$120,000. Recommendation #3 increased the 33% transfer authority between categorical grants to 50% effective in fiscal year 2003. This recommendation has been implemented. Recommendation # 4 adopted five funding priorities : base operating grants, equalization grants, advanced technology grants, P-16 initiative grants, and workforce development grants. Recommendation #5 that data submissions be accurate, consistent, and timely; requests for data be limited to what are necessary to support information needs; and expand pre-final submission edit capabilities of the colleges. Recommendation #6 modifies unit cost data collection by having colleges remove all restricted funds and associated enrollments except flow-through funds to the Illinois Department of Corrections. With the exception of recommendation # 2, all have been implemented during the fiscal year 2004 budget development process. Recommendation #2 will be implemented in the fiscal year 2005 budget development.

Question 3 **Are there certain implemented changes that may have a more direct impact on adult education programs?**

Answer 3 Recommendation #6, which requires making a distinction between unrestricted costs and associated enrollments paid for with unrestricted funds, is likely to have the most impact. This philosophical change would treat the restricted funds and their use as “in addition to dollars” rather than “instead of dollars” in the community college system funding formula. Removing the restricted funding would not penalize (deduct from the formula in determining state level resource requirements) colleges for their success in acquiring restricted sources of funding. Since this change impacts the six reimbursable funding category rates, it will be a factor in a colleges decision regarding what programs are to be paid with unrestricted or restricted sources of funding.

Question 4 **How will the community college funding formula changes impact adult education providers?**

Answer 4 Since community colleges are local autonomous units of local government and receive state funding through the funding formula allocation the specific decisions they make regarding the use of funds to support programs could have a direct impact on funds available to them to run their programs. These changes could have indirect (ripple effect) implications for the non community college adult education providers with regard to available dollars to be distributed

Reporting Implications

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Question 5 **Will community college adult education providers be required to identify units of instruction supported with local unrestricted dollars?**

Answer 5 This has been discussed with the US Department of Education and is allowable. However, they suggest, and we agree that the data be thoroughly examined before deciding definitively how to report the data for NRS reporting. In order to do a more complete assessment of outcomes based on funding approaches it will be necessary to collect this data. Further, the recommendations of the funding study committee will be considered as well.

Question 6 **If a unit of instruction has been generated by using 51% and more of adult education and family literacy restricted funds, I have been allowed to count that in my STAIRS reporting. What impact does the community college system funding formula changes have on my ability to continue reporting in that manner?**

Answer 6 Recommendation #6 requires that providers track the dollars specifically and units of instruction for funding allocation purposes would exclude units of instruction generated by other sources of funding (institutional dollars). Recommendation #6 generally results in a higher per credit hour reimbursement rate on the community college grant formula calculations. However, total actual units generated programmatically would include students supported with either institutional funds or adult education and family literacy restricted funds for state level reporting to document statewide goals. Providers will need to report units of instruction by restricted and unrestricted (institutional) funding sources. A unit of instruction may be claimed in either institutional/unrestricted or restricted funding sources but not both. The 51% or greater rule will be the determining factor relative to where the unit of instruction is claimed. STAIRS units of instruction for each student will be reported consistently with the credit hour claims for each course section submitted.

Question 7 **If adult education and family literacy restricted funds support 60% of the costs of a student may I report 60% of that unit of instruction as supported by adult education and family literacy restricted funds and 40% supported by institutional funds on the STAIRS system?**

Answer 7 No. 100% of that student's units of instruction would be reported to the ICCB in its data reporting system (4900 STAIRS funding code in this case) based on which source supported the majority of the direct instructional cost.

Question 8 **If my program uses less than 50% of adult education restricted funds to support the costs of a course section and the course section is reported as an SU record (supported with 50% or more of unrestricted funds), how should I report the units of instruction on the STAIRS reporting system?**

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Answer 8 Since the credit hours are reported as SU and are used to calculate base operating grant funding, the units of instruction would be reported in STAIRS using a code that indicates it is supported with primarily unrestricted funds. To the extent an adult education funding formula is based on units of instruction, then these units of instruction would not be eligible to generate an adult education funding distribution.

Question 9 **If my program uses less than 50% of adult education restricted funds to support the costs of a course section and the course section is reported as an SU record (supported with 50% or more of unrestricted funds), are these eligible costs to be charged against the restricted grant? Will they be allowable costs to meet expenditure limitations for the restricted grant?**

Answer 9 Yes, but only to the extent that they meet the expenditure requirements in the aggregate. For instance, the college may have a class of 20 students and three students are supported with performance funds however, the associated course sections are submitted as a SU record based upon the percentage of support of the direct instructional costs and therefore the units of instruction of all 20 students are reported on the STAIRS with a 4900 funding code. Allowable costs are calculated on an aggregate basis and as long as the expenditures meet the guidelines and limitations in total as provided by the AEFL Provider Manual.

Programmatic Issues

Question 10 **Will restricted adult education funds provide all of the funding for support services such as counseling, social work, administration, and data collection for the students funded with institutional funds?**

Answer 10 No. The federal regulations require instruction to be paid from restricted grant funds if supportive services are paid from restricted grant funds. Therefore, the provider must be willing to contribute institutional funds for supportive services such as counseling, social work, administration, and data collection when institutional funds are spent for instruction. If adult education and family literacy restricted funds support instruction then restricted funds may be used to provide supportive services as well. Providers may use unrestricted institutional dollars to supplement restricted spending in the adult education program. Students served by institutional funds are no different than adult education students served with adult education and family literacy restricted funds and will require supportive services.

Question 11 **Are adult education providers required to use unrestricted institutional dollars to support restricted grant spending?**

Answer 11 No, however, since adult education is part of the mission of each adult education provider it is encouraged and expected that providers will in fact supplement restricted fund spending with unrestricted institutional dollars.

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Question 12 **How does a provider determine which students will be credited to institutional funds?**

Answer 12 This is a local decision. However, the student serve must meet eligibility requirements as an adult education student and the provider must identify the funding by student for state reporting. The identification should be done upon enrollment. However, the funding source may change throughout the year and the funding source may change from class to class. The state reporting system will allow unduplicated units of instruction to be captured in order to maintain consistency throughout the year. Retroactive funding source changes at the year of the fiscal year (rather than funding decisions made at the time of registration) may require resubmission of credit hour claims and STAIRS data to maintain comparability of data between the credit hour claims and STAIRS data.

STAIRS Data Reporting

Question 13 **What records will ICCB require to be kept for institutionally funded students? Will they be the same as those required for restricted fund supported students?**

Answer 13 The same records as required for adult education students supported with adult education and family literacy restricted funds will be required for adult education students supported with institutional funds. Adult education students supported with institutional funds should have measurable outcomes. We lose the ability to measure those outcomes if the data is not collected. Some types of records may include enrollment applications, attendance rosters, final grade reports, test gain results, post testing, goal setting, etc. (see the AEFL Provider Manual at : <http://www.iccb.state.il.us/HTML/PDF/ADULTED/ProviderManual.pdf>). Academic improvements must be verifiable and quantified within the data collection process.

Question 14 **Should all students, those paid with restricted and unrestricted funding sources, be reported in the STAIRS?**

Answer 14 Yes. All students regardless of funding source should have a complete record in STAIRS.

Question 15 **What kinds of courses can adult education students be enrolled in and served with institutional dollars?**

Answer 15 All courses for which adult education students are enrolled must be approved by the Adult Education and Family Literacy staff of the Illinois Community College Board. Instructional content must be consistent across all funding sources for state and federal reporting integrity.

Question 16 **Will the outcomes achieved by students funded with institutional dollars be**

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eligible for adult education and family literacy restricted funds performance dollars?

Answer 16 No. Only outcomes achieved by students funded 51% or more with adult education and family literacy restricted funds will qualify for restricted funds performance dollars.

Question 17 **What sources of funding can be used to provide an institutional budget to serve adult education students?**

Answer 17 This is a local decision only limited by institutional priorities.

Question 18 **Can I get base grant funding (claimed as SU record) for only certain students sitting in a course section and report the remaining students on an SR record.**

Answer 18 No. You may not submit multiple records on the S3(SU/SR) report for the same course section. The entire course section is either supported with a majority of unrestricted funds or restricted funds and therefore must be reported as an SU or SR record.

Question 19 **May I report students on the STAIRS reporting system as funded with restricted funds if a course section is claimed and reported as an SU record?**

Answer 19 No. A course section reported on a SU record and claimed for community college base operating grant funding indicates the college has supported the aggregate costs of offering that course section with 50% or more of unrestricted funds so therefore, all students on average are also supported with on average 50% or more unrestricted funds and should be reported as supported with primarily unrestricted funds (4900 funding code) on the STAIRS system.

Question 20 **In reviewing my SU/SR credit hour claim and determining the level of correlation between the students reported in that claim to the students reported in the STAIRS data, I have noticed that data submission requirements between the credit hour claim and the STAIRS reporting result in differences between students being included in the spring of the current fiscal year or the summer of the next fiscal year for those data submissions. Is this acceptable or should we modify our data reporting practices?**

Answer 20 At this point in time we are not suggesting any change in submission practices until we give the issue a more complete review. If you do have a student that is reported in the STAIRS for the current fiscal year but their SU or SR course section is not reported until the summer of the next fiscal year then the important thing to keep in mind is that there should be a correlation between the SU/SR classification for credit hour reporting in the summer to the funding code associated with STAIRS data

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submitted for students reported in the previous fiscal year. After a more thorough review we'll determine whether or not data submission policies should be changed.

While data submissions instructions could result in data shifts occurring between summer and fall & fall and spring , the real data consistency problem comes when crossing fiscal year boundaries (such as spring to summer). The main problem would seem to be limited to the course sections or classes offered in June. At some institutions this may be a number of students and at other institutions it could be very few students. At this point in time we understand this could occur and would need to be treated as a reconciling item as you reconcile between the SU/SR credit hour claim and the STAIRS data within a given fiscal year. In addition to differences resulting from minor credit and contact hours variances, this year end data submission issue could also be a reason for some differences when reconciling between credit hour data and STAIRS units of instruction totals.