

SHARED FISCAL AND BUDGET AGREEMENT POLICY FOR CAPITAL ADULT EDUCATION REGIONAL CONSORTIUM

(ADOPTED JULY 13, 2016, AMENDED JANUARY 10, 2018, AMENDED FEBRUARY 3, 2021)

This document guides the fiscal and budget responsibility of the members that opt into receiving funding, and thus running authorized education programs, under the California Adult Education Program, CAEP, [Education Code, Sections 84900-84920] within the Capital Adult Education Regional Consortium.

SHARED FISCAL AGREEMENT

- a) Fund A (2015-16 allocation): Members will spend funds by December 2016.
- b) Fund B: Members will spend funds by December 2017.
- c) Fund C and subsequent annual apportionments: Members will spend funds within 18 months of the start of the fiscal cycle of the year it was first allocated.

SHARED BUDGET AGREEMENT

- a) CAERC Budget Workgroup meetings are mandatory for members. (Minimum one representative; Fiscal representatives are recommended to attend with program leads.)
- b) From 2017 to 2019 the CAEP Office developed - in multiple phases - a new online fiscal reporting system, NOVA, through which CAERC members submit budget and expenditure information directly to the CAEP Office. SCOE will continue to provide member training and support with the reporting system. SCOE will provide the Consortium lead and fiscal staff who will certify member work plans and budgets for the fiscal year.
- c) For each CAEP fund, members will submit a budget and spending plan, as well as expenditure reports, approved/signed/certified by an officially-designated member, and the Chief Financial Officer or designee. Member will submit budget and spending plan for the fiscal year. Member will submit expenditure reports quarterly as mandated by the CAEP Office.
- d) Consortium will review and monitor member expenditure progress based on submitted CAEP expenditures and progress reports, supported by budget ledgers. Updates will be provided at the CAERC Budget Workgroup meetings.

CAERC BUDGET ALLOCATION PROCESS

1. For each CAEP Fund annual allocation from the state, CAERC first determines the cost for services as a **Program Manager and Fiscal Agent**. This consortium-level annual budget consists of staff salaries and other associated expenses, for the following services:
 - 1.1. Facilitating and carrying out consortium business and working meetings
 - 1.2. Facilitating and carrying out the work defined by members under annual regional strategies
 - 1.3. Facilitating annual and strategic planning processes
 - 1.4. Leveraging regional resources and activities for the benefit of the adult learners
 - 1.5. Carrying out administrative work in support of the overall activities
 - 1.6. SCOE/CAERC fiscal at 1% of the overall allocation to maintain the following services:
 - 1.6.1. Processing member allocations and, if applicable, reallocations of member funds
 - 1.6.2. Hosting quarterly fiscal meetings with district fiscal staff and member representatives
 - 1.6.3. Disseminating state policy and process updates pertaining to CAEP funds
 - 1.6.4. Reviewing quarterly budget and expenditure reports
 - 1.6.5. Compiling and storing fiscal data files from members
 - 1.6.6. Providing technical assistance with budget, expenses and other reports as required by the state.
2. For each CAEP Fund annual allocation from the state, the members receive the **base allocation** from the previous year. Education Code 84914 guides the allocation process for all members as follows.

- (a) As a condition of receipt of an apportionment from the program, a consortium shall approve a distribution schedule that includes both of the following:
 - (1) The amount of funds to be distributed to each member of the consortium for that fiscal year.
 - (2) A narrative justifying how the planned allocations are consistent with the adult education plan.
- (b)
 - (1) For any fiscal year for which the chancellor and the Superintendent allocate an amount of funds to the consortium greater than the amount allocated in the prior fiscal year, the amount of funds to be distributed to a member of that consortium shall be **equal to or greater than** the amount distributed in the prior fiscal year, unless the consortium makes at least one of the following findings related to the member for which the distribution would be reduced:
 - (A) The member no longer wishes to provide services consistent with the adult education plan.
 - (B) The member cannot provide services that address the needs identified in the adult education plan.
 - (C) The member has been consistently ineffective in providing services that address the needs identified in the adult education plan and reasonable interventions have not resulted in improvements
 - (2) For any year for which the chancellor and the Superintendent allocate an amount of funds to the consortium less than the amount allocated in the prior year, the amount of funds to be distributed to a member of that consortium **shall not be reduced by a percentage greater than** the percentage by which the total amount of funds allocated to the consortium decreased.

3. For each CAEP Fund annual allocation from the state, the members may **opt in or opt out of receiving one-time additional** allocations and reallocations of funds as described in the section titled "Reallocation of Unspent Funds Policy"

REALLOCATION OF UNSPENT FUNDS POLICY

(ADOPTED NOVEMBER 4, 2016, AMENDED MAY 10, 2017, AMENDED FEBRUARY 3, 2021)

The Capital Adult Education Regional Consortium (CAERC) will take a dual-tiered approach to reallocate unspent funds:

TIER 1: CONSORTIUM-LEVEL UNSPENT FUNDS

1. Identify funded strategies that can benefit from an increased allocation and reallocate unspent funds.
2. Identify unfunded strategies that can be funded and reallocate unspent funds.
3. Reallocated funds must be spent as stated in Memorandum of Understanding (MOU).

TIER 2: REMAINING CONSORTIUM-LEVEL UNSPENT FUNDS AND MEMBER-LEVEL UNSPENT FUNDS

1. Members who have spent down 100% of their consortium allocation will be eligible for the reallocation funds.
2. Eligible members may opt in or opt out of accepting reallocation funds.
3. Distribution will be based on CAERC's 2015-16 allocation funding formula in proportionate to percentage received with the number of members who opt in.
4. Opt in members can elect to accept funds in full amount or partial amount based on CAERC's 2015-16 allocation funding formula
5. Reallocated funds must be spent as stated in the original Memorandum of Understanding (MOU).
6. Members must return unspent funds within 30 days of notice.
7. The consortium will not distribute reallocation funds until all unspent funds are returned.
8. Members who have not returned unspent funds will have all future allocations withheld by the consortium, until funds are received.

PROGRESSIVE PERMANENT REALLOCATION

1. Progressive reallocation will not apply in years with **extenuating circumstances** – as agreed by all members.
2. **First time:** If a member is at-risk or unable to spend the allocation within the designated timeline, the Consortium will provide assistance and will notify the member and its Superintendent that it is at-risk:
 - 2.1. Unspent funds will return back to the consortium to be reallocated and member will be held harmless.
3. **Second time (consecutive):** If a member is at-risk or unable to spend the allocation within the designated timeline, the Consortium will provide assistance and will notify the member and its Superintendent that it is at-risk:
 - 3.1. Unspent funds will return back to the consortium to be reallocated.
 - 3.2. The member’s future consortium allocation will be reduced by 10% permanently.
 - 3.2.1. Members must be in “good standing” to be eligible for additional new CAEP funds (e.g., unspent funds from other CAERC members, or if it becomes available - unspent funds from other CAEP consortia to be reallocated to consortia that have spent down).
 - 3.2.2. All Members will be eligible for Cost of Living Adjustment - COLA.
4. **Third time (consecutive):** If a member is at-risk or unable to spend the allocation within the designated timeline, the Consortium will provide assistance and will notify the member and its Superintendent that it is at-risk:
 - 4.1. Unspent funds will return back to the consortium to be reallocated.
 - 4.2. The member’s future consortium allocation will be progressively reduced by an additional 10% permanently.
5. **Subsequent times:**
 - 5.1. Unspent funds will be reallocated.
 - 5.2. The member’s consortium allocation will be progressively reduced by an additional 10% permanently.
6. If **additional new funds** are available, member can petition to be reinstated after being in “good standing – spent consortium allocation within designated year” minimum of 2 consecutive years.

(ADOPTED SEPTEMBER, 7, 2016, AMENDED MAY 10, 2017, AMENDED FEBRUARY 3, 2021)

A recommendation from the Budget Workgroup followed by a vote from the officially-designated members is required under the following conditions:

- CAERC consortium-level expenditures exceeding 10% of the approved budget for Regional Strategies over \$100,000.
- CAERC consortium-level expenditures over \$10,000 with a minimum of \$5,000 for Regional Strategies less than \$100,000.
- A Request for Bids (RFB) is required for consortium-level expenditures exceeding \$100,000.

CONSORTIUM REGIONAL STAFF POLICY

(ADOPTED MAY 4, 2016, AMENDED FEBRUARY 3, 2021)

STAFF POSITIONS

The Consortium Regional Staff is inclusive of the following positions to support the consortium regional work: Director (1)

- Coordinator (1)
- Administrative Assistant (1)
- Fiscal Agent
- Other positions first approved by the fiscal agent as the hiring entity, and based on recommendations by the officially-designated members

HIRING

Representation of the consortium membership is essential during the hiring of the consortium staff. To ensure this, the interview panel for the hiring of the consortium Director position will consist of:

- Minimum of one Leadership Oversight Panel member;
- CAERC Co-chairs (one representing Los Rios Community College District and one representing K-12 districts/county office of education); and
- Minimum of one officially-designated member. The member participating in the hiring process will be chosen through a nomination process and confirmed by majority of officially-designated members.

The interview panel for the hiring of other consortium staff positions will consist of:

- Minimum of one CAERC Co-chair (1 representing Los Rios Community College District or 1 representing K-12 districts/county office of education);
- Consortium Director; and
- Minimum of one officially-designated member. The member participating in the hiring process will be chosen through a nomination process and confirmed by majority of officially-designated members.