



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF CAREER, TECHNICAL, AND ADULT EDUCATION

JUL 11 2018

Honorable Hanseul Kang
State Superintendent of Education
1050 First Street, N.E.
Washington, DC 20002

Dear Ms. Kang:

This letter is to inform you of the results of the recent monitoring visit to the Office of the State Superintendent of Education (OSSE) conducted by the Office of Career, Technical, and Adult Education (OCTAE). OCTAE conducts monitoring visits to States to ensure compliance with, and improved performance under, the Adult Education and Family Literacy Act (AEFLA), title II of the Workforce Innovation and Opportunity Act (WIOA), the Education Department General Administrative Regulations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. OCTAE conducted the monitoring visit to OSSE April 2 through April 6, 2018.

The purposes of visits to States are to: (1) ensure that States meet AEFLA requirements; (2) improve the quality of Federally funded activities; (3) provide assistance in identifying and resolving accountability problems; and (4) ensure the accuracy, validity, and reliability of data collection and data reporting, as well as policies and procedures for program accountability. OCTAE used the *State Review Protocol* to guide the process; and, reviewed the State plan and other relevant State documents in preparation for and during the visit. OCTAE staff conducted interviews with State and local officials, program staff, workforce development partners; and, observed classroom practices while onsite.

OCTAE reviewed the content of the attached report during the exit interview with State staff on April 6, 2018. The attached report addresses: (1) the areas necessitating corrective actions because these findings represent noncompliance with the requirements of AEFLA, as noted in its *Findings and Required Actions* section; (2) suggestions for improved practices and results, as noted in its *Recommendations* section; and (3) procedures for your responses to OCTAE, as noted in its *Submission of Corrective Action Plan* (CAP) section.

OSSE must submit a CAP for the required actions related to noncompliance identified in the *Findings and Required Actions* section of the attached report. The CAP must: (1) be submitted to OCTAE, within 45 calendar days of receipt of this letter and report, as dated by our electronic transmission to your agency; and (2) address the following for each item in the *Findings and Required Actions* section of the report:

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- strategy(ies) for implementation;
- evidence of completion;
- target date for completion;
- staff assignments; and,
- date completed or status pending.

OCTAE also encourages OSSE to consider and adopt the program improvement recommendations included in the monitoring report.

Thank you for the assistance and cooperation provided by your staff during our review. If you need additional information, please contact Stephanie Washington at (202) 245-6952 or Stephanie.Washington@ed.gov.

Sincerely,



Cheryl L. Keenan
Director
Division of Adult Education and Literacy

Enclosure

cc: J. Michelle Johnson
Karla Ver Bryck Block
Stephanie M. Washington

**United States Department of Education
State Program Review and Technical Assistance Report
Office of the State Superintendent of Education
District of Columbia
April 2 – 6, 2018**

Staff from the United States Department of Education's Office of Career, Technical, and Adult Education (OCTAE) conducted a full program review and technical assistance visit to the Adult and Family Education unit of the Office of the State Superintendent of Education (OSSE) Washington, DC, from April 2 through April 6, 2018. This report addresses the implementation of the Adult Education and Family Literacy Act (AEFLA), title II of the Workforce Innovation and Opportunity Act (WIOA), by OSSE. The findings, required actions, and recommendations are based on reviews of State documents, meetings with State and local officials and program staff, interviews with local program directors and workforce development partners, and observations of classroom practices. The review team used the *State Review Protocol* to guide the review process.

OSSE must address the requirements of WIOA, by submitting a Corrective Action Plan (CAP) for the required actions contained in this report. Responses to recommendations, while optional, are strongly encouraged.

Noteworthy Practices

Noteworthy Practice 1: OSSE demonstrates leadership and shared accountability of an integrated intake data system across the workforce system.

OSSE leads partner efforts to coordinate and improve service delivery by extending its DC Data Vault integrated intake system to other one-stop partner programs. The Data Vault system provides one-stop partner programs a coordinated system for recruitment, referrals, intake, assessment, and case management. The Data Vault also facilitates cross agency communication and collaboration of services for District residents, while remaining completely transparent to program participants. Additionally, the Data Vault allows District residents to upload and maintain customer eligibility documents which may be shared across programs and governmental agencies. As the Data Vault continues to include more partners, referring agencies are able to utilize the Data Vault to improve efficiencies in scheduling and client registration. The DC Data Vault has dramatically improved interagency collaboration.

Noteworthy Practice 2: OSSE strategically utilizes State Leadership funds to ensure coordination and alignment of professional development, technical assistance, and monitoring and evaluation activities.

OSSE is continuously seeking ways to align with core programs and, where possible, strengthening existing alignment to implement the State Plan. OSSE's professional development, technical assistance, and monitoring and evaluation activities are coordinated, proactive, and time sensitive. State Leadership projects are determined through an analysis of local program performance data, monitoring, site visits, classroom observations, professional development,

workshop evaluations, WIOA core programs, and other stakeholders. The data is then used to develop plans for continuous improvement at the State and local program levels, and to determine professional development and technical assistance. This approach of using State Leadership funds is apparent in reviewing the State Plan, budgets, and speaking with program staff. Subgrantees are well aware of the program needs, and articulate the type of assistance they are receiving from OSSE.

Noteworthy Practice 3: OSSE monitors all subgrantees monthly using a revised monitoring protocol, which enables adult education staffs to identify professional development and technical assistance needs and strategies for continuous improvement.

OSSE's unique approach to program improvement includes the 2018 revised monthly monitoring protocol. The new protocol requires all subgrantees to submit monthly statistical and narrative reports that are reviewed by staff. After subgrantees submit their reports, OSSE adult education staff monitors each subgrantee onsite every month with a reporting checklist. The checklist is divided into programmatic and accountability indicators; and depending on how the subgrantee is implementing AEFLA, OSSE adult education staffs are able to provide targeted technical assistance and offer program wide professional development based on need. OSSE adult education staffs have invested a considerable amount of time and commitment to the new monitoring protocol, which enables the State program office to uniquely know how each local program is implementing AEFLA.

Findings and Required Actions

Finding 1: OSSE's request for proposals (RFP) and review procedures for program years (PYs) 2017-2019 did not fully comply with WIOA statutory and regulatory requirements.

Relevant sections of law and regulation: WIOA sections 203(5) and 231, 34 CFR §463.24.

Required Action 1(a): OSSE must submit to OCTAE all key administrative procedures and documents, including the RFP related to the competitive application and awards process for approval prior to the next AEFLA competition in PY 2020.

Required Action 1(b): OSSE must issue corrections to the use of federal funds in its Integrated English Literacy Acquisition, Civics Education and Training model; and provide oversight to ensure that AEFLA funds are not used for unallowable costs.

Discussion: OSSE conducted a competition for its AEFLA funds and awarded three-year grants effective July 1, 2017, for PYs 2017, 2018, and 2019. However, a review of the RFP revealed that the competitive process did not comply with certain WIOA statutory and regulatory provisions. Specifically, OSSE did not determine if its applicants were organizations of demonstrated effectiveness and therefore eligible providers, prior to reviewing and selecting applications for award. See WIOA section 203(5) and 34 CFR §463.24. The Notice of Funding Eligibility contained language that indicated that an applicant was required to provide evidence of its ability to improve the skills of adults with low literacy, consistent with the considerations in 34 CFR §463.20(d), and further stated that each application would be reviewed to determine

whether it met the standard of demonstrated effectiveness. A review of the application process indicated that OSSE did not conduct such reviews to ensure that it reviewed only applications from organizations of demonstrated effectiveness. Rather, it accepted all applications for review and scoring without determining if the application was from an organization of demonstrated effectiveness. It therefore potentially reviewed and scored applications from organizations that were not eligible providers. Additionally, in describing its program models, OSSE stated that grant funds for its Integrated English Acquisition, Civics Education and Training model may be used for activities that are not allowable under AEFLA, such as using funds for programmatic accreditation, employing formal transcript evaluation services, and employing formal assessment services to evaluate past training experiences for college credit equivalency. While these activities may be allowable using other non-federal funds included in the grant competition, OSSE did not identify that these activities could not be supported with federal AEFLA funds. Also, the RFP failed to identify requirements that were State-imposed, or improperly labeled certain requirements as federally required.

Finding 2: OSSE did not issue a grant award notifications for sections 231, 225, and 243 to subgrantees in accordance with the requirements of 2 CFR §200.331(a).

Relevant sections of law and regulation: WIOA sections 231, 225, and 243, 2 CFR §200.331(a)

Required Action 2: OSSE must issue grant award notifications to subgrantees that receive funds under sections 231, 225, and 243 beginning in PY 2018.

Discussion: Subgrantees were notified of an AEFLA award through an award letter dated June 30, 2017. However, OSSE's Electronic Grants Management System (EGMS) begins each fiscal year on October 1. Due to the EGMS structure, OSSE adult education staffs were required to send a second award letter to subgrantees that AEFLA funds will continue October 1, 2017 through September 30, 2018. Though subgrantees received two notifications from OSSE, the award letters did not properly identify sections 231, 225 or 243 funds; rather, the award letter stated one total funding amount. Additionally, the total funding amount did not distinguish federal funds from Workforce Investment Council (WIC) State funds. Lastly, the award letter did not include all the requirements of a grant award notification for pass-through entities, as described in 2 CFR §200.331(a) including:

- Federal Award Identification number;
- Subrecipient name (which must match registered name in DUNS);
- Subrecipient's DUNS number;
- Federal Award Identification Number (FAIN);
- Federal Award Date;
- Subaward Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action;
- Total Amount of Federal Funds Obligated to the subrecipient;
- Total Amount of the Federal Award; and,
- Indirect cost rate for the Federal award

Finding 3: OSSE did not maintain sufficient controls for AEFLA expenditures reported by local providers. OCTAE could not verify that the local providers had met AEFLA's statutory administrative cost limits, and whether the local expenditures were charged to the appropriate cost categories.

Relevant sections of law and regulation: WIOA section 233(a)(2); 34 CFR §463.25; Education Department General Administrative Regulations (EDGAR) at 34 CFR §§76.702, 76.731, and 76.770; WIOA State plan certifications and assurances for (PY) 2016 -17 through 2017-18.

Required Action 3(a): OSSE must establish sufficient controls and procedures to accurately track and report AEFLA grant funds that are expended for local administrative costs.

Required Action 3(b): The State must train its local providers on the tracking and reporting of administrative costs.

Discussion: The statute requires that at least 95 percent of an AEFLA eligible provider's grant funds be used for instruction, with a cap of five percent for local administrative costs. The EGMS captures broad cost categories such as instruction, support services, operations and maintenance, student transportation, training, and travel. However, these categories do not identify which costs were charged to funds for local administration activities; and therefore, do not demonstrate an eligible provider's compliance with the provisions of section 233(a)(2) of WIOA. See also 34 CFR §§76.702 and 76.731, which requires a State and a subgrantee to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds, and to keep records to show compliance with program requirements. Additionally, the EGMS does not enable the State staff to monitor administrative costs to determine if a local provider has exceeded the five percent cost limit on administration, or charged unallowable expenditures. See 34 CFR §76.770, which requires that a State have procedures to ensure compliance with applicable statutes and regulations.

Finding 4: OSSE did not maintain sufficient controls for the separate tracking and reporting required for sections 225 and 243 expenditures on the Federal Financial Report (FFR).

Relevant sections of law and regulations: WIOA sections 225 and 243; OMB Control Number 1830-0027; EDGAR at 34 CFR §§76.702, 76.731, and 76.770; WIOA State plan certifications and assurances for PY 2016-17 through 2017-18.

Required Action 4(a): OSSE must establish sufficient controls and procedures to accurately track and report AEFLA grant funds expended for activities carried out under the provisions of sections 225 and 243 of WIOA.

Required Action 4(b): The State must train its local providers on the tracking and reporting of expenditures for local activities carried out under the provisions of sections 225 and 243 of WIOA.

Discussion: OSSE must report annually on its FFR the federal and non-federal expenditures for activities carried out under the provisions of sections 225 and 243 of WIOA. The EGMS does not have the functionality to track and report local expenditures for these activities. Currently, local providers are allocated grant funds through the EGMS that come from federal, State, or other sources. The allocated federal funds are not identified as section 231 (adult basic education), section 225 (corrections education), or section 243 (integrated English literacy and civics education).

Providers using grant funds for local activities carried out under the provisions of section 225 of WIOA must identify and report these expenditures as a subset of their administrative and instructional expenditures. The statute limits expenditures for activities authorized under section 225 of WIOA to 20 percent of the basic State grant. The State agency is not able to determine if the total expenditures for corrections education are in compliance with the 20 percent statutory cap.

Section 243 is a separate allocation. Instructional and administrative expenditures must be tracked and reported separately. The review team could not find evidence at the State or local level that these expenditures were being tracked and reported. The local providers did not submit separate expenditure reports for section 225, or section 243 funding streams.

As required by 34 CFR §§76.702 and 76.731, a State and a subgrantee are required to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds; and, to keep records to show compliance with program requirements. And as required by 34 CFR §76.770, a State must have procedures to ensure compliance with applicable statutes and regulations.

Recommendations

Recommendation 1: OSSE is encouraged to improve the use of Unemployment Insurance (UI) data to report on employment indicators.

OSSE recently entered into a Memorandum of Understanding (MOU) with the WIC and District of Columbia Department of Employee Services, to match adult education participant data with UI data for performance reporting. However, many of its adult education providers do not collect social security numbers from participants, resulting in an overall low percentage of data matches. OSSE should continue to encourage local providers to obtain social security numbers to help improve the number of participant records that are matched with UI data. Data matching through the UI system would increase reliability of data, and reduce local burden of conducting follow-up surveys.

Recommendation 2: OSSE is encouraged to develop a systemic approach for conducting the annual risk assessment.

OSSE revised its monitoring guidance of AEFLA subgrantees in January 2018; the guidance describes how OSSE adult education staff will monitor subgrantees monthly. The monitoring guidance also describes the process of how subgrantees will complete an annual end-of-year self-

assessment in the EGMS. The monthly monitoring process is a noteworthy practice; but, there are several indicators that OSSE does not monitor, and an annual risk assessment would provide OSSE staffs with additional information about their subgrantees. An annual assessment may consider: prior experience with an AEFLA award; results of previous OSSE department wide audits; whether there were key personnel changes of the subgrantee; or, monitoring results from other federal awards. An annual risk assessment could also provide OSSE with additional information if a subgrantee is subjected to special conditions for new and continuation awards, or provide guidance for targeted technical assistance.

Recommendation 3: OSSE is encouraged to expand its EGMS to identify, collect, and report local expenditures spent on Career Services.

The new Statewide Performance Report (SPR) requires States to annually report on the amount of AEFLA expenditures spent on career services for all AEFLA participants. The EGMS should have the capacity to collect this data from the local providers and generate a report for OSSE, since reporting on these data is a requirement of the annual performance report. Additionally, OSSE should train local providers how to identify and report career service costs.

Submission of a Corrective Action Plan (CAP)

OSSE must email a CAP based on this report to Karla.VerBryckBlock@ed.gov and Stephanie.Washington@ed.gov, within 45 calendar days of receipt of this report, as dated on our electronic mailing to the state agency. The CAP must address how OSSE plans to address the required actions. Responses to each required action must contain: strategies, evidence of action completed, date of completion, assigned staff, and status of the action. Although States are not required to do so, we strongly encourage your State to include actions for the recommendations of this report in the CAP.

Thank you for a very informative review and technical assistance visit. We look forward to continuing our work with you, as we prepare every adult for a successful future.

U.S. Department of Education Review Team

Cheryl L. Keenan
Director
Division of Adult Education and Literacy

Stephanie M. Washington
Area II Coordinator
Division of Adult Education and
Literacy

Chuennee Boston
Area I Coordinator
Division of Adult Education and Literacy

Rebecca Moak, Ph.D.
Area V Coordinator
Division of Adult Education and
Literacy

Zina Watkins
Area III Coordinator
Division of Adult Education and Literacy

