



Supplemental Fees Guidelines

Arizona Revised Statutes: A.R.S. 15-232(A)(6) and A.R.S.15-234(D)
Code of Federal Regulations: 2 C.F.R. § 200.307 and 34 C.F.R. § 76.534

Purpose:

1. To enable adult education programs, funded by the Arizona Department of Education/Adult Education Services (ADE/AES), to support and expand adult education instruction through program income generated by supplemental fees.
2. To ensure that any supplemental fees charged to adult education students are equitably administered and do not reach levels that have an adverse effect on participation by economically disadvantaged students.
3. To ensure that any supplemental fees charged to adult education students are maintained separately and used for the specific purpose of supporting and expanding adult education instruction to eligible adult education students.

Background:

The program income generation by the adult education program through the implementation of supplemental fees is governed by A.R.S. 15-232(A)(6) and 15-234(D), 2 C.F.R. § 200.307 and 34 C.F.R. § 76.534 which provide that program income must be:

- 1) governed by the terms of the grant contract between ADE/AES and adult education programs;
- 2) reasonable and necessary;
- 3) equitably administered;
- 4) do not reach levels that have an adverse effect on the participation of economically disadvantaged students;
- 5) accounted for in program records; and
- 6) used only for costs allowable under the Workforce Innovation and Opportunity Act (WIOA)/Adult Education and Family Literacy Act (AEFLA).

State law parallels these requirements and requires that, if adult education programs charge supplemental fees, they must implement sliding fee scale(s) dependent upon household income to ensure that the supplemental fees do not prohibit economically disadvantaged adults from participating in the adult education program.

Adult Education Program Responsibilities:

1. The adult education program that offers a course of study for adult education pursuant to A.R.S. 15-232(A)(6) and 15-234(D) may charge a supplemental fee to adults who are eligible to participate in the adult education program.
2. The adult education program must obtain approval from ADE/AES prior to both posting and implementation of supplemental fees.
3. The adult education program will submit, for review and approval, a supplemental fee proposal. The proposal will include the following and by program category (ABE, ASE, ELAA/IELCE, IET, Virtual Learning):
 - a. A fee structure that represents an individual's ability to pay. The description will include the type of fee, a sliding fee scale* based on household income and the frequency of the charge;
 - b. A description and rationale for how the supplemental fees were determined so that it will not adversely affect the participation of economically disadvantaged adults;
 - c. A justification for the necessity and reasonableness of the supplemental fee;
 - d. A description of the steps that the adult education program will follow to assure that the provisions of the supplemental fee proposal is applied to all students equitably;
 - e. A description of how the supplemental fee will support and expand the capacity of the adult education program;
 - f. A description of the collection, accounting, reporting, and use of program income generated from supplemental fees;
 - g. A signed assurance that the program income generated from supplemental fees will only be used for AEFLA-allowable costs;
 - h. A signed assurance that the program income generated from supplemental fees will only be used according to the terms and agreements outlined in the adult education program's grant contract with ADE/AES; and
 - i. A signed assurance that the program income generated from supplemental fees will not be used to match any federal and/or state awarded funds.
4. The adult education program shall conspicuously post information on the supplemental fee structure.
5. The adult education program shall provide advance written notice to all program participants of any changes to the approved supplemental fee structure at least ninety days prior to the changes taking effect.
6. The adult education program shall only use supplemental fees to support and expand the adult education program.
7. The adult education program shall not use supplemental fees to supplant existing federal and/or state awarded funds.

8. The adult education program must expend program income generated from supplemental fees during both the fiscal year in which it is collected and the following fiscal year.
9. The adult education program must provide annual operating reports to ADE/AES that detail the planned use of the program income generated from supplemental fees.
10. The adult education program must provide annual reports of the actual program income generated from supplemental fees during the reporting period.
11. The adult education program may not co-mingle supplemental fees with federal, state, and/or other awarded funds.
12. The adult education program's authorizing agent must acknowledge that all supplemental fees collected and submitted for accounting purposes will be used solely and specifically for the adult education program.
13. The adult education program will maintain financial records of attendance, collected supplemental fees and program income expended for review and audit by the ADE/AES.

*A sliding fee scale is required by A.R.S. 15-232(A)(6) and must be approved by ADE/AES to ensure that economically disadvantaged students are not prevented from participating in the program. Federal regulation also requires that any supplemental fees charged to students do not reach levels that have an adverse effect on the participation of economically disadvantaged students.

ADE/AES Responsibilities:

1. ADE/AES will develop and maintain guidelines and policies for the review, approval, accounting, and reporting of supplemental fees by adult education programs.
2. ADE/AES will review and approve fee structures proposed and meets federal (F) and state (S) laws and regulations:
 - a. Supplemental fees must be reasonable and necessary (F);
 - b. Program income generated by the supplemental fees must be used to support and expand the capacity of the adult education program (F)&(S);
 - c. Use of program income generated by the supplemental fees is governed by the grant contract between ADE/AES and the adult education program (F)&(S) and only for costs allowable under AEFLA (F);
 - d. Program income generated by the supplemental fees, and its use, must be accounted for in local program records (F)&(S);
 - e. Program income generated by supplemental fees may not be used to meet federal or state match or maintenance of effort requirements (F)&(S);
 - f. Supplemental fees are equitably administered (F)&(S);
 - g. Supplemental fee structure considers an individual's ability to pay, includes a sliding fee scale, and is based on household income (S);

- h. Supplemental fee structure does not reach levels that have an adverse effect on the participation of economically disadvantaged adults (F).
3. ADE/AES will monitor an adult education program's records to ensure that supplemental fee structures meet all federal and state laws and regulations.
4. ADE/AES will report program income generated by supplemental fees annually to ED.
5. ADE/AES will provide training and technical assistance to adult education programs on the development of supplemental fee structures and the collection, accounting and reporting and use of program income generated by supplemental fees.

Process:

Step 1: Conduct Survey

An adult education program may conduct surveys to students and/or organizations with similar clients about the possibility of establishing fees.

Step 2: Determine Costs, Criteria and Fee Amount(s)

An adult education program should determine what costs will be covered, establish criteria based on household income and a sliding fee scale. Consulting with other State Agencies is recommended.

Step 3: Determine Program Categories

Supplemental fees may be used to support program categories, such as: ABE, ASE, ELAA/IELCE, IET, Virtual Learning. An adult education program may choose to collect fees for one or more of the above program categories.

Step 4: Submit Proposal

An adult education program must submit a fee structure proposal to ADE/AES for approval. The proposal must be in writing, includes the sliding fee scale and include a justification for the proposed amount(s). The proposal will be reviewed within 30 days.

Step 5: Post Schedule

Upon written approval from ADE/AES, the adult education program must post a written notice of the fee schedule 90 days before implementation.

Step 6: Implement

After the 90-day written notice posting period, the adult education program may begin to collect fees.

Step 7: Report

The total fees collected shall be reported quarterly (15th day after quarter month end). Supplemental fee documentation shall be kept by the adult education program to be periodically reviewed by ADE/AES.