

SAINT PAUL COMMUNITY LITERACY CONSORTIUM: OPERATING PRINCIPLES AND PROCEDURES

(revised and approved 5/12/11 for FY 2012)

I. Introduction: This agreement describes the operating procedures (governance structure, membership, financial arrangements, and other pertinent information) related to functioning of the Saint Paul Community Literacy Consortium (SPCLC) for FY 2012. Once approved, this agreement may be amended only through a two-thirds affirmative vote of all members in good standing. Substantive changes related to overall funding of the Saint Paul Public Schools must be approved by the SPPS Board of Education.

II. Purpose: The purpose of SPCLC is to increase the quality, availability, and effectiveness of adult literacy programming in St. Paul. Tasks will include receiving and disbursing ABE monies to member agencies of the Consortium, based on legislative intent. SPCLC will also maintain, coordinate, and expand instructional programming; insure program quality and mutual accountability; integrate services with evolving community needs; and provide advocacy and public policy activities related to adult literacy.

All SPCLC work will be guided by the Principles of Governance: collaboration, diversity, empowerment, equality, accountability, service and commitment. There will be continued emphasis on proactive provision of professional and volunteer based literacy services to underserved St. Paul groups from a collaborative service provider perspective.

III. Membership: The FY 2012 SPCLC membership will include the following as of 7/1/11: full members - Comunidades Latinas Unidas en Servicio (CLUES); Guadalupe Alternative Programs; Hmong Cultural Center; Hmong American Partnership; Jewish Community Center; Lao Family Community of Minnesota, Inc.; Minnesota Literacy Council; MORE Multicultural School for Empowerment; Neighborhood House; Saint Paul Public Schools Adult Basic Education; and Vietnamese Social Services of Minnesota; associate members - St. Paul Public Library; and Lifetrack Resources.

Full members must meet the following requirements in order to receive funding: provide adult literacy services in St. Paul, with their primary office located in St. Paul; have either non-profit or governmental status; meet the requirements established by Minnesota statutes and the Minnesota Department of Education (DOE); pro actively participate in collaborative SPCLC activities to improve the availability, quality, and effectiveness of adult literacy services in St. Paul; and affirm the Principles of Governance. Associate members must support ABE service provision.

The membership will review this agreement twice annually.

IV. Governance:

A. Governance Committee: A Governance Committee will direct and govern the work of SPCLC. The membership will include one voting member from each SPCLC member in good standing.

- All decisions related to definition of mission and goals, organizational policy, financial management, budgetary approval, program implementation, and membership, as well as other matters central to achievement of SPCLC purposes, must be ratified by a two-thirds majority of the Committee.
- At the discretion of the Committee, other representatives from member agencies may attend meetings in a non-voting capacity.
- The Committee will meet monthly or as determined by the membership.

B. Executive Committee

- An SPCLC Executive Committee, including 5-8 Governance Committee members, will be established to represent SPCLC in the interim between Governance Committee meetings. This Committee will include at least one representative each from MLC and SPPS, up to three other at-large members as decided, and the chair and chair-elect. At-large members must attend Governance Committee meetings for a year prior to election.
- All Executive Committee members except MLC and SPPS representatives will serve three-year terms. Terms will be staggered. Members may serve two concurrent terms. Members who have served for six years cannot be re-elected until they have rotated off for one year.
- A position of chair-elect will be established, to be elected every other year. The person filling this position will spend the year assisting the current chair and being trained in the duties of the chair, and will assume the position of chair the following year for a two-year term. If desired by the membership, two persons may be selected to share the position of chair-elect and the position of chair.
- If the Chair should resign her/his position prior to the end of her/his term, and there is not a chair-elect able and willing to assume the Chair position, then the membership shall select an Executive Committee representative from the Minnesota Literacy Council or SPPS ABE to serve as Interim Chair. The position will be filled on a permanent basis as soon as possible, at which time the Interim Chair will resign from that position.
- The fiscal agent will be expected to provide financial representation at all Executive Committee meetings.

C. Administration: Coordination and facilitation of SPCLC activities will be provided by a coordinator/facilitator selected by the Governance Committee, and retained as an Independent Contractor by MLC. Duties will include:

- Staff the Governance Committee, including such tasks as preparing agendas and meeting summaries.
- Maintain contact with Governance Committee members between regularly scheduled meetings, assisting in conflict resolution as well as informing members of local and national policy issues relevant to their work.
- Provide on-going financial oversight for the SPCLC management budget and grant programs; coordinate preparation of financial and service reports; provide work direction to consultants and /or staff, as determined by the Governance Committee; and assist with evaluation activities.
- Facilitate strategic and other planning; actively identify and pursue human and/or financial resources to help meet SPCLC goals; and assist with development of SPCLC technological infrastructure.
- Coordinate grant management for SPCLC grants and related funding; including coordination, evaluation, and reporting.
- Facilitate quality assurance, State Assurances, MDE program, and financial compliance activities.
- Represent SPCLC in the larger community, and assist with public policy advocacy.
- Provide overall communication, including maintenance of website and newsletter publication.

D. Fiscal Agent: The Saint Paul Public Schools (SPPS), an equal member of the SPCLC, will serve as fiscal agent. SPPS will:

- Receive and disburse State ABE monies on a quarterly basis (or monthly on request) to the membership on behalf of SPCLC, based on State guidelines.
- Ensure required State applications are prepared and submitted.
- Ensure mandated financial reports are prepared and submitted to the State.
- Provide regular financial reports to the Governance Committee, including timely notification of all monies received by the fiscal agent on behalf of SPCLC.
- E. Training/Volunteer Support/Information and Referral/SPCLC Accounting: Relevant services to be provided by the Minnesota Literacy Council will include:

- Coordinate delivery of training for volunteer program coordinators of member agencies, needed to maintain State standards.
- Provide other volunteer support.
- Oversee SPCLC finances (disburse monies as requested by the facilitator/ coordinator for approved CLC organizational expenses; prepare and submit monthly financial reports to the Governance Committee; prepare and administer consultant contracts as needed; assist in 2-3 member financial site reviews annually).
- Provide Quality Assurance and Services coordination using consultants and/or staffing to work with SPCLC member agencies as needed and directed by the Governance Committee.
- Provide training and support related to the state data base, MABE, to SPCLC and its members as needed and directed by the Governance Committee.
- Provide an Instructional Support Consultant and (as needed) a Distance Learning Consultant to assist members, as needed and directed by the Governance Committee
- Provide staff leadership and facilitation related to professional development, as needed and directed by the Governance Committee.

In addition, the Governance Committee may contract with MLC to fulfill additional tasks, as needed. Fees for such work will be negotiated by the Governance Committee, as needed and approved by all parties.

Fees received by MLC for these tasks will not exceed an amount approved annually by the membership. Reimbursement for these services will be provided through a contract between SPPS and MLC. This reimbursement will not be subject to proration.

F. Other Fiscal Agents: Such agents may be selected from the membership as needed by the Governance Committee to administer special project funds, such as foundation grants received for specific projects and purposes.

V. Membership Duties

A. Responsibilities and Contributions of Members: Members will be responsible for mutually fulfilling the purposes of SPCLC, through:

- Regular attendance at Governance Committee meetings (failure to attend two-thirds of regularly scheduled meetings over the course of each year may be grounds to revoke membership status at the end of the year).
- Maintaining on-going electronic communication with other SPCLC members via email.

- Active participation on at least one additional SPCLC committee or task force, as needed.
- Commitment to attain SPCLC's mission and goals, as well as participation in SPCLC's overall planning and decision-making.
- Respect for and adherence to the Principles of Governance.
- Provision of adult literacy (ABE) services in an effective, high quality manner, consistent with SPCLC and State requirements.
- Adherence to all State Assurances, including:
 - Uniform student assessment, utilizing approved assessment methods.
 - Completion of needed tracking, student evaluation, financial, and other reports in a timely, complete and accurate manner. This will include completion of a Personal Education Process with each student; accurate collection of student service hours, tracked individually for each student, and entered at least weekly in the appropriate database; and submitting these to the fiscal agent in a timely manner.
- Assist in implementation of strategic, technology, and other plans developed by SPCLC.
- Abide by the Memorandum of Understanding developed with local One-Stop Workforce Centers.
- Meet all DOE financial accountability requirements.
- Make a contribution toward the cost of adult basic education programming, either as a direct financial contribution or an in-kind contribution, and maintain documentation of this contribution.
- Maintain programs in space which meet all reasonable health, safety, and cleanliness standards.
- Each member agency will formally agree to operate under these Operating Principles and Procedures, through signature of the appropriate Executive Officer. This signature will also indicate adherences to MDE ABE Assurances.

B. Associate Members: Literacy providers not eligible for State funding may be accepted as associate (non-funded) members if the membership agrees such membership will further the work of the Consortium.

C. Provisional Members: New providers, accepted for membership by the Governance Committee under the mechanism below, will be considered provisional members for one year. This period will begin when provisional

membership is extended; however, in the case of members who have received funding through existing members under subcontracts, this period may include time during which the potential member has received funding under a subcontract, at the discretion of the Governance Committee, and assuming the membership process is completed prior to the beginning of the new fiscal year.

D. Service Expansion: SPCLC members must consult with and receive approval from the Governance Committee prior to entering into any contracts with non-member agencies which would result in these third-party agencies obtaining ABE funding for services they provide. Consideration will include the following factors:

- The extent to which any additional sub-contracts may impact pro-ration.
- Preference for ABE funding must first be extended to any interested Associate Member(s).
- The degree to which proposed service expansion addresses identified community needs, in terms of priorities established by SPCLC.

Failure to adhere to this policy will endanger continued membership in SPCLC, as outlined in Section IV, Subdivision F, Mechanism for Terminating Membership.

E. Mechanism for Considering New Members:

- Admission of prospective new member(s) will be determined based on benefits to SPCLC, the new member, and the larger St. Paul community. SPCLC will assess admission of prospective members based on their ability to meet Consortium mission, goals and objectives. The admission of full members will also be linked to the availability of adequate State and Federal funding resources.
- Prospective (full) members must provide ESL and/or ABE services in St. Paul, maintain their primary office in St. Paul, meet all membership responsibilities (see above,) and be committed to the work of SPCLC. Prospective (associate) members must meet all membership requirements, excepting those related to direct ABE service delivery.
- Prospective members must have the organizational resources, infrastructure, and sophistication to meet all SPCLC and State requirements.
- Potential members who have received funding through existing members will receive priority for membership consideration.
- Prospective members will be admitted based on a two-thirds affirmative vote of all members.
- New members will remain on provisional status for one year. During this time, members will not be eligible for direct State ABE funding through SPCLC; will not receive direct financial benefits, unless agreed by the full membership; and will not be able to vote on issues related to funding.

F. Mechanism for Terminating Membership:

- Members who fail to meet and/or maintain the responsibilities of membership will be informed of this in writing, on a two-thirds affirmative vote of the Governance Committee membership. The written notice will detail specific requirement(s) which are not being met, detail a remedial process for correcting specified problem(s), and include a timeline by which these problem(s) should be corrected.
- Failure to meet remedy the specified requirements within the time allotted is cause for exclusion from SPCLC, on a two-thirds affirmative vote of the membership.
- Termination will be effective at the end of the program year.
- At termination, any and all computers, supplies, furniture, and/or other items purchased with ABE funds will revert to SPCLC.
- If a funded member program is terminated from membership, there is no obligation on the part of SPCLC to provide this member with funding in the year following, based on contact hours generated during the final year of operation. Such revenue will revert to SPCLC.
- Any member may withdraw from SPCLC by 90 day advance written notice. If a member withdraws, all funding awarded for the current fiscal year shall remain with SPCLC.
- Consortium members wishing to withdraw from SPCLC and join another Consortia must notify SPCLC and MDE by February 1 of the prior fiscal year, in order to allow compliance with Minnesota statute 124D.52, Subd. 2, c. Changes in consortia membership will not be allowed mid-year.
- If a funded member program withdraws from membership voluntarily and does not join another recognized consortium, or forms its own state-recognized consortium, funding in the year following based on contact hours generated during the final year of operation will revert to SPCLC.

VI. Compliance/Quality Assurance/Evaluation

A. Expectations: In order to assure compliance with SPCLC and State requirements, SPCLC will maintain a compliance / quality assurance program as follows:

- Quality Assurance and Accountability staff and/or consultants will visit each program during the first half of the program year, to review and monitor completed assessments and the Personal Education Process for each student, collection of student service hours, tracked individually for each student, the appropriate use of student data bases, and other items related to accountability.

- Funding for any member found not in compliance with these requirements jeopardizing the viability and/or sustainability of SPCLC may be suspended until compliance is documented, as determined by the Governance Committee.

B. Evaluation: In order to comply with DOE requirements, each member will:

- Request Social Security numbers from learners with relevant educational goals, to be forwarded to MDE (students are not required to provide these numbers, and must be informed that numbers provided will be used for data matching with Minnesota Department of Employment and Economic Development and Minnesota State Colleges and Universities)

VII. Financial

A. Funding: Community Based Organizations (CBO) full members will be entitled to funding, as permitted by MDE, based on learner hours and allowable expenses. CBO provider budgets will be adjusted to reflect the State ABE funding formula's hourly learner hour rate, as determined by MDE, for learner hours as reported in the previous program year. In addition, CBO provider budgets will be adjusted to reflect Federal ABE Funding, based upon each member's percentage of Level I learner hours, for learner hours as reported in the previous program year. SPPS will utilize state funding to pay the full amount due to each CBO member (which will include the amount calculated for federal aid), to simplify accounting. CBO provider budgets will not be adjusted to reflect participation in any other base aid component. If any member does not have expenses to cover the full amount of State or Federal ABE Aid allocated, the aid (revenue) may be applied to the management budget and/or provided to other member(s) with expenditures in excess of allocated aid, as approved by the Governance Committee (see section 'F,' below).

B. Method of Reimbursement:

- An application to the State, due June 1, requests an amount of money for the Consortium based on the previous year's Fulltime Equivalents as applied to the funding formula.
- By July 20, each member will submit the final financial report for the previous fiscal year.
- By October 15 each member reports to the fiscal agent the total ABE cost for the months of July, August, and September. The reimbursement payment will be made to members within 30 days of receipt of expense data. The amount paid will not exceed allowable ABE costs reported, except as designated above, Section IV, Governance, for approved costs incurred by MLC for SPCLC coordination, administration, and related expenses.
- By January 15 each member reports to the fiscal agent the total ABE cost for the months of October, November, and December. The reimbursement payment will

be made to members within 30 days of receipt of expense data. The amount paid will not exceed allowable ABE costs reported, except as designated above, Section IV, Governance, for approved costs incurred by MLC for SPCLC training/volunteer support/ information and referral/SPCLC accounting.

- By April 15 each member reports to the fiscal agent the total ABE cost for the months of January, February, and March. The reimbursement payment will be made to members within 30 days of receipt of expense data. The amount paid will not exceed allowable ABE costs reported, except as designated above, Section IV, Governance, for costs incurring to MLC for SPCLC coordination, administration, and related expenses.
- By May 15 each member reports to the fiscal agent the total learner hours for the program year May 1st through April 30th. Total ABE program year costs for the entire fiscal year, July 1 - June 30th must be reported to the fiscal agent by July 20.
- If requested, the above procedure may be used on a monthly basis by member agencies with annual ABE budgets exceeding \$300,000.
- The actual final payment will be determined in consideration of total learner hours reported and total allowable ABE expenses, adjusted for any proration of State ABE Aid, except as designated above, Section IV, Governance, for approved costs incurred by MLC for SPCLC coordination, administration, and related expenses. This final payment will occur subsequent to notification by the State of the Consortium's State ABE entitlement for that year.

C. Financial Responsibilities and Accountability of Members:

- Individual members will be responsible for repaying any ABE dollars incorrectly received, disallowed, or overpaid.
- Each full member agency must submit a copy of their annual audit to SPCLC.
- All ABE funds may be utilized only for valid ABE program expenses.
- ABE Administrative and Supervisory Salaries/Gross pay may not exceed 8% of total ABE expenditures. This budget category should include only hours spent directly on ABE services by executive directors, CEOs, etc. - for instance, time spent by an executive director directly supervising ABE staff, or teaching a class. This line should not include 'spread' or allocated management costs. These can only be included under **Indirect Costs**.
- Indirect costs must be verifiable and cannot exceed 12% of total allowable ABE expenditures.
- Programs may use (up to) 15% of their ABE allocation for occupancy expenses. Any program wishing to use more than 15% must request approval of the Governance Committee. Programs must follow the MDE policy regarding space

rental (attached).

- Programs must follow the MDE policy regarding equipment purchase and rental (attached).
- All programs must follow the CLC Financial Review Policy (attached).
- Members may not use any ABE state , federal, or special project funds to pay bonuses, one-time salary adjustments, or other similar expenses.
- All programs must maintain and document financial controls acceptable to the fiscal agent and Governance Committee.
- Program managers will have knowledge and oversight of their budgets.
- Members will participate in periodic fiscal monitoring visits. Each year, SPCLC will conduct site reviews of 2-3 members, to insure optimum accounting procedures are in place and followed. Desk reviews may also be performed as necessary.
- Special project funds may, on occasion, be available through MDE. These may include federal funds. If members elect to receive and are awarded such funds involving federal monies, they must follow all federal requirements, including maintenance of Time and Effort Reports and Single Audits.

D. Funding of non-SPCLC Members: Non-SPCLC members receiving funding through members will be encouraged to apply for SPCLC membership, assuming all requirements are met.

E. External (non-ABE) Fundraising: All SPCLC members are encouraged to collaborate in pursuing external funding opportunities whenever possible. Information related to specific RFPs will be disseminated to all members of the Governance Committee. Whenever a decision is made to utilize SPCLC funds to pay grant preparation expenses, all full SPCLC members meeting the requirements of the RFP in question are eligible to participate, consistent with developing the strongest possible proposal and the total funding available.

F. Use of ABE \$s Earned Beyond Approved Agency Budgets: The process for budgeting and using dollars earned by member CBOs, in excess of actual program expenses, will be as follows:

- First priority for use of excess funds will be the management budget and funded member agencies with expenses surpassing income earned by those agencies. Any such funding will be approved by the Governance Committee.

- Possible new or expanded program initiatives will be identified by SPCLC.
- Specific proposals from planning committees will be sent to the Governance Committee.
- The Governance Committee will approve requests, within budgetary guidelines.
- Approved program initiative activities will be provided as much as possible through current members, avoiding the need for additional contracting.
- If pro-ration falls below the level needed to fully fund the new initiatives, all members will equally share the risk.

Attachment: Minnesota Department of Education ABE Financial Policies:

I. SPACE RENTAL: Any program receiving ABE funds may charge reasonable rates for the use of space within a facility. The charges for space are reasonable if they are:

- a. comparable (uniform and criteria-based) to the space charges that other programs in the facility are paying; and
- b. reflective of the proportional amount of time the space is dedicated for ABE use.

Note: This means that a program or organization must not be charging the ABE program budget for space that is not being used for ABE, and if the space is used for purposes other than ABE, must pro-rate those charges based upon the amount time the space is being used by ABE. Also, an organization must not be charging for ABE space at a rate higher than other programs occupying similar space within that facility and charges for space cannot be out-of-line (unreasonable) with typical charges found in other similar organizations.

II. EQUIPMENT PURCHASE OR RENTAL: Any program receiving ABE funds may charge reasonable rates for equipment purchase or rental. Any charges for equipment must be:

- a. pro-rated as to the amount of use the equipment has for the ABE program. For example, if a copier is purchased for ABE use and it is determined that ABE's use of that copier is 60% and other programs use the copier 40% of the time, then the ABE program should pay for no more than 60% of the copier's cost.
 - b. reasonable and defensible based upon publicly advertised costs of the equipment.

CLC Financial Review Policy: Adopted 7/17/06
Revised 11/5/09

SPCLC is bound by State financial requirements and fiscal agent expectations. In order to assure maximum financial transparency and accountability, the following will apply:

- All individual member agencies are bound by State financial and policy requirements applicable to ABE consortiums.
- SPCLC will maintain an Audit Team, including at least one representative each from the fiscal agent (SPPS) and the CBO membership, to be staffed by the SPCLC facilitator/coordinator. The SPCLC Chair will serve as an ex-officio member of the Audit Team.
- Each member will prepare and submit an ABE budget annually, on SPCLC forms. This will be signed by the person preparing the budget, and the program manager (if different).
- **Indirect costs cannot exceed 12% annually; 8% is preferable.**
- **Costs budgeted and invoiced under Administrative and Supervisory costs must be documented through time cards, Time and Effort reports, or a comparable system.**
- SPCLC staff will prepare a comparative summary of all budgets submitted, by budget category. This will be reviewed with the Audit Team. Members will be responsible for correcting any problem areas identified.
- Each member agency will submit a quarterly invoice, and a year-end fiscal report, on the SPCLC Quarterly Reporting Form. This will be signed by the person preparing the budget, and the program manager (if different). **Agencies with annual budgets exceeding \$300,000 may submit monthly invoices, on request. However, no payments can be made at the beginning of the fiscal year until final award determination is received from MDE by the fiscal agent, and allocations have been finalized.**
- Quarterly invoices and the year-end fiscal reports will be summarized by staff, and reviewed by the Audit Team, for compliance with approved budgets and SPCLC policies. Members will be responsible for correcting any problem areas identified, before payment can be made.
- Any member needing to make a change exceeding 10% **of their total budget** in any of the major budget areas will submit a revised budget for approval.
- **Each year, SPCLC will conduct site reviews of 2-3 members, to insure optimum accounting procedures are in place and followed. Desk reviews may also be performed as necessary.**
- Communication with member agencies regarding financial issues will be summarized in writing, approved by the Audit Team, and signed by the SPCLC Chair and a representative of the fiscal agent.
- Any disagreement by member agencies regarding fiscal issues will be discussed with the Executive Committee. Decisions can be appealed to the full membership. However, the fiscal agent will have final determination regarding any issues related to financial issues that might violate State or legal requirements.

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VIII. Signatures

This document, including the attached Assurances from MDE, is approved and accepted by the members as follows (signatures are of chief executive officers for each member):

Comunidades Latinas Unidas en Servicio (CLUES)
Signature _____ Date _____
Name (print) _____
Title _____

Guadalupe Alternative Programs
Signature _____ Date _____
Name (print) _____
Title _____

Hmong American Partnership
Signature _____ Date _____
Name (print) _____
Title _____

Hmong Cultural Center
Signature _____ Date _____
Name (print) _____
Title _____

Jewish Community Center
Signature _____ Date _____
Name (print) _____
Title _____

Lao Family Community of Minnesota, Inc.
Signature _____ Date _____
Name (print) _____
Title _____

Lifetrack Resources
Signature _____ Date _____
Name (print) _____
Title _____

Minnesota Literacy Council
Signature _____ Date _____
Name (print) _____
Title _____

MORE Multicultural School for Empowerment

Signature _____ Date _____

Name (print) _____

Title _____

Neighborhood House

Signature _____ Date _____

Name (print) _____

Title _____

Saint Paul Public Library

Signature _____ Date _____

Name (print) _____

Title _____

Saint Paul Public Schools Adult Basic Education

Signature _____ Date _____

Name (print) _____

Title _____

Vietnamese Social Services of Minnesota

Signature _____ Date _____

Name (print) _____

Title _____