ADN to BSN Program FAQs

Please note that on November 9, 2023, the U.S. Department of Treasury released a new interim final rule that changed a key program requirement regarding how the State is able to meet obligation requirements. These FAQs have been updated to reflect the new guidance.

1. Are there any special requirements of the funding source?

Yes. The ADN-to-BSN Completion Grant Program is being funded by federal State and Local Fiscal Recovery Funds (SLFRF or FRF). Key requirements for FRF grants are the deadlines around *obligation* and *expenditure*. These funds must be *obligated* by December 31, 2024 and *expended* by September 30, 2026 (see question #2 below for more detail on those definitions).Funds that do not meet these deadlines must be returned to Treasury as part of the award closeout process pursuant to 2 C.F.R. 200.344(d).

Please note that that the obligation, expenditure, and purpose of the funds are tied to the source of the funding and the rules outlined in Sec. 216b of Public Act 144 of 2022 establishing the grant program.

2. What does it mean to 'obligate' and 'expend' this funding?

An *obligation* is an order placed for property and services, contracts and subawards made, and similar transactions that require payment to a specific person or entity. ADN-to-BSN funds will be considered obligated when colleges sign a grant agreement with the State. This is an area where the new November 2023 guidance represents a significant change from previous program guidance. Subrecipients (i.e. the institutions) are no longer required to incur expenses and obligate funds by 12/31/24, since the obligation deadline will already be satisfied by the grant agreement between the institution and the State.

An *expenditure* is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).

3. Could the funds be deposited into a scholarship fund or transferred to the foundation arm of the college to administer scholarships over several years? Would that count as 'obligating' or 'expending' the funds?

Colleges are no longer required to demonstrate obligation per the November 2023 rule change, so colleges have latitude in how to reserve or allocate funds for scholarships.

However, the expenditure deadline of 9/30/26 is still in place. All funds must be entirely expended by September 30, 2026, including for student scholarships.

4. What if we need to change our plans for spending funds after the obligation date?

Institutions can make changes to their spending plans throughout their grant cycle, so long as: (1) funds are used for eligible expenses to deliver the ADN-to-BSN program; (2) funds are used on eligible expenses; and (3) funds are fully expended by September 30, 2026. Following the interim rule change in November 2023, the Office of Sixty by 30 has determined that it will no longer formally **approve** program budgets, which allows for colleges to change their spending plans after the obligation deadline. However, new budgets must be provided for informational purposes and expenditure reimbursement requests will be compared against program budgets.

5. Would the agreement between the Community College and 4-year institution itself satisfy the 'obligation' requirement?

With new guidance from the US Department of Treasury as of November 2023, the grant agreement between the institution and the State will satisfy the federal obligation requirements. There are no longer requirements for community colleges to further obligate the funding by the obligation deadline.

6. Is there any flexibility, or a creative but allowable way, to obligate (for instance) scholarships by December 31, 2024? Is the State willing to be flexible on this?

This question is no longer relevant after the change in rules announced in November 2023. Subrecipients (i.e. the institutions) will no longer be required to meet an obligation deadline of 12/31/24 per new guidance from the US Department of Treasury in November 2023.

Per the 'Eligible Costs Timeframe' guidance outlined on pg. 6 of the U.S. Treasury Reporting and Compliance Guidance, your organization, as a recipient of an SLFRF award, may use SLFRF funds to cover eligible costs that your organization incurred during the period that begins on March 3, 2021, and ends on December 31, 2024, as long as the award funds are expended by September 30, 2026.
Costs for projects incurred by the recipient State, territorial, local, or Tribal government prior to March 3, 2021, are not eligible, as provided for in Treasury's final rule.

Any funds not obligated or expended for eligible uses by the timelines above must be returned to Treasury, including any unexpended funds that have been provided to subrecipients and contractors as part of the award closeout process pursuant to 2 C.F.R. 200.344(d).

7. Are these funds considered a federal pass-through LEO? Will they be reported as Federal funds?

Yes, these are federal dollars that LEO is administering and granting to the institutions. Institutions will therefore be subrecipients of these funds and expenditures should be reported in the institution's Schedule of Expenditures of Federal Awards (SEFA).

8. Can the funds be used for adjunct faculty?

Yes, so long as it supports the intent of the program. This would be a programmatic decision.

9. Does the Community College need to ask ahead of time for additional funding?

The Letter of Intent includes a Budget template section where the Community College will need to indicate how it intends to use the funds and how much funding will be required to support the efforts.

Each eligible Community College can be awarded a minimum of $2 million of the total $56 million. If all 28 non-tribal Community Colleges participate in the funding, that is also the maximum each institution can receive. It's important that the Community Colleges inform LEO of their interest in participating in the funds so that LEO can determine whether there is any additional funding available and how much.

If any institutions opt out of participating in this program or fail to submit their letter of intent by September 30, 2023, the funds that would have been allocated to them will be redistributed to participating colleges. There is no need for colleges to indicate how they would spend additional funds prior to the Office of Sixty by 30 has announced that additional funding is available.

10. When executing the grant agreement between LEO and the Community College, will there be an allowable way for the Community College to capture the cost of staff time from October 1, 2022, in standing up the partnership?

LEO will allow subrecipients to allow the capture of cost of staff time to standup the partnership from October 1, 2022. Per the 'Eligible Costs Timeframe' guidance outlined on pg. 6 of the U.S. Treasury Reporting and Compliance Guidance, your organization, as a recipient of an SLFRF award, **may use SLFRF funds to cover eligible costs that your organization incurred during the period that begins on March 3, 2021,** as long as the award funds are expended by September 30, 2026. Costs for projects incurred by the recipient State, territorial, local, or Tribal government prior to March 3, 2021, are not eligible, as provided for in Treasury's final rule.

11. Can the Community College continue to partner with other BSN programs not funded by the grant--meaning that a Community College has multiple partners potentially outside the grant?

Yes. If the Community College is not using the funds to support that partnership, it should have no bearing on this program or funding.

12. Can a Community College choose to partner with more than one 4-year institution? Vice versa can a 4-year institution choose more than one Community College with which to partner?

Yes. Please note that, before LEO and the Community College execute their grant agreement, LEO will need to review copies of the agreements between the Community College and its partner(s) to ensure the purpose of the funds and program are being fulfilled. If the Community College has multiple partners, LEO will need to review all the agreements.

13. Does partnering with more than one 4-year institution make it more complicated with the allocation of money for Community Colleges?
Because the State is allocating funding to the Community Colleges, the number of partnerships a Community College takes on does not add complication from the State's perspective. The potential complication relates to having multiple university partners delivering in-person instruction, and concerns about the long-term sustainability of these programs in recognition that a decently sized cohort is needed.

14. What is the expected relationship between the Community College grant applicant/potential awardee and the 4-year institution. Reading the LOI Request, it is evident that the 4-year institutions share in many of the expected goals and objectives. Therefore, are the 4-year institutions expected to be a full partner in the proposal, requiring a sub awardee relationship?

The relationship depends on how the institutions are sharing responsibilities. So long as the Community College is the primary holder of responsibility for delivering the program and for making decisions about the program, the State will not consider this a sub awardee relationship. If the Community College is contracting with the 4-year institution to take on the responsibility for delivering the program, a sub awardee relationship may exist. One helpful distinction is whether the 4-year partner gets to make key decisions about program delivery, including decisions about which students are admitted. When the 4-year is making more decisions, the relationship may become one wherein the 4-year is a subrecipient. In that case, the community college will become responsible for performing subrecipient monitoring.

15. Per Sec. 216b(2), can the role of the local health care employers and local workforce development agency be defined?

It is the responsibility of the Community College to tell LEO how it intends to engage with employers and partners in the workforce arena to shape the program. There is not one way that must be followed. The Office of Sixty by 30 will be looking for a structure or plan for meaningful and ongoing engagement.

16. Per Sec. 216b(2)(a)(i) of Public Act 144 of 2022, does the term "maintain" the program mean maintain it during the 5-year minimum agreement or beyond that time?

Only five years are stipulated. The agreement between the Community College and the 4-year institution must be a minimum of 5 years and it must include adequate data and evidence to support discontinuing the agreement before the 5 years lapse.

17. Per Sec. 216b(2)(a)(iii) of Public Act 144 of 2022, BSN completion courses [are] to be taught at least partially in person on Community College campuses with course delivery methods by the expressed needs of the learners in that community. How is 'partially in person' defined?

At a basic level, the courses cannot be all online and it cannot be that the Community Colleges are requiring all students to go to the 4-year institutions. There must be some expectation that the Community College is designing some coursework to occur on the Community College campus.

18. If the Community College contracts with a 4-year institution to hire people for this program, will the 4-year institution be responsible for providing names to obligate the funding appropriately?

This question was driven by the outdated guidance on obligation. It is no longer necessary to incur the expenses prior to the obligation deadline, creating new flexibility for colleges to use the funding for personnel without obligating to a specific contract.

19. How does the ADN granting institution give funds for a student pursuing a BSN program?

This is a programmatic decision for the Community College to determine.

20. Can the funding be used for students with a RN?

Yes, so long as a student does not have a bachelor's degree, they can participate in programs funded by the ADN-to-BSN completion program.

21. Must the traditional model for coursework be utilized for this program? i.e., does the coursework on the Community College campus have to be a 14-weeks or 16-weeks long?

This is a programmatic decision for the Community College to determine.

22. If students received stipends and they do not complete the BSN, are they required or may they be required to pay funds back to the institution?

This is a programmatic decision for the Community College to determine. The State would not be requiring the return of any funds for students who fail to complete, unless funds were not expended prior to 9/30/26.

23. Can the institutions place any special conditions upon the student? i.e., the student needs to work for a minimum of 2 years at the bedside, etc.

This is a programmatic decision for the Community College to determine.

24. Can the funds be used for direct and/or indirect administrative costs (e.g., 10% of overall award)?

Yes, administrative costs are an allowable expense under FRF and the funds can be used for Direct and/or Indirect Administrative Costs. Per the U.S. Treasury Reporting and Compliance, Pg. 8: Allowable Costs/Cost Principles.

Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405.

> **Administrative Costs**
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> . . . Pursuant to the SLFRF Award Terms and Conditions, recipients are **permitted to charge both direct and indirect costs to their SLFRF award as administrative costs as long as they are accorded consistent treatment per 2**

> **CFR 200.403.** Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.
>
> Each category of cost should be treated consistently in like circumstances as direct or indirect, and **recipients may not charge the same administrative costs to both direct and indirect cost** categories, or to other programs. <u>If a recipient has a current Negotiated Indirect Costs Rate Agreement ("NICRA") established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f)."</u>

If an institution has a NICRA, they will need to share a copy of their NICRA documentation with the Office of Sixty by 30 before finalizing the grant agreement.

Any direct and/or indirect costs need to be a part of the Total Authorized Budget in the grant agreement between LEO and the institution; they may not be over-and-above that amount.

25. Can the funds be used for grant management personnel?

Yes, so long as the institution can justify how this expense is part of the successful delivery for the program.

It will also be necessary, if using any funds for indirect costs, to calculate those indirect costs without the salaries of any staff who are being considered a direct cost.

In other words, if an institution wants to fund 20% of a grants managements staff person to the ADN-to-BSN grant, that person's salary will need to come out of the indirect cost calculation.

Please note that each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. **Please see the FAQ "Can the funds be used for direct and/or indirect administrative costs" for additional, important guidance on utilizing this funding for administrative costs.**

26. Per Sec. 216b(2)(a)(iv) of Public Act 144 of 2022, what does it mean to be a 'qualified Community College faculty' to teach in this program?

Faculty qualification is determined by the colleges to meet their own requirements.

27. Are concurrent / completion programs eligible for these grant funds?

There is no specific language in the bill that prohibits institutions from using the funding in support of concurrent enrollment programs. That said, if a school is allocating dollars directly to financial support of students, as opposed to operational/programmatic costs, that funding should be predominantly used to help individuals who already have ADNs earn BSNs, in line with the express purpose as described by the legislation.

28. Does the course work coverage include prerequisite courses for the partner college's requirements?

This is a programmatic decision for the Community College to determine.

29. Are professional development costs eligible under this federal funding?

Recipients also may use SLFRF funds directly for administrative costs to improve the design and execution of the programs responding to the COVID-19 pandemic and to administer or improve the efficacy of programs addressing the public health emergency or its negative economic impacts. Professional development costs would be associated with the design, execution and efficacy of a program and would be allowable.

30. Is EduStaff or another staffing agency that colleges use for employees considered a contractor or a subrecipient?

EduStaff or other staffing agencies are considered contractors. Colleges that are hiring personnel may consider using a staffing agency to staff positions.