



# Maximizing Multiple Funding Sources

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Developing a recipe for high quality, comprehensive, full-day, full-year services for eligible preschool aged children and their families.

# THE FUNDING RECIPE

- Ingredients
  - Head Start grant awards
  - State early childhood funding
  - Office of Child Care subsidies
  - Department of Ed. preschool development grants
  - Disabilities services funding
  - Foundation and private grants
  - Donations and contributions

# THE FUNDING RECIPE

- Method



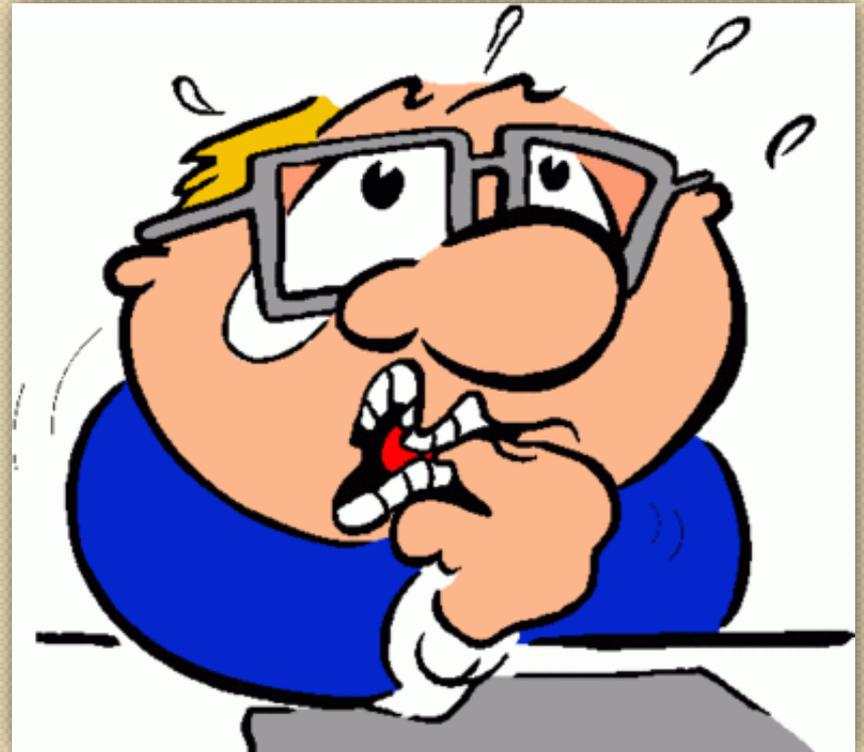
Comprehensive  
Services

# THE FUNDING RECIPE

- What happens in the bowl?

- Blended
- Braided
- Layered
- Mixed
- Shaken
- Stirred

Fiscal Response



Question:

What fiscal objectives must be accomplished when multiple funding sources are utilized?



# Fiscal Regulations

- **OMB Uniform Guidance - Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards**
  - **2 CFR 200**
- **Department of Health and Human Services Implementing Regulations**
  - **45 CFR Part 75**
- **Head Start Act and Performance Standards**
- **State laws, rules and regulations**
- **Grant and funding source terms and conditions**



# Objectives of the Uniform Guidance

- **Focusing on Performance over Compliance for Accountability**
- **Limiting Allowable Costs to Make Best Use of Federal Resources**
- **Strengthening Oversight**
- **Targeting Waste, Fraud, and Abuse**
- **Eliminating Duplicative and Conflicting Guidance**



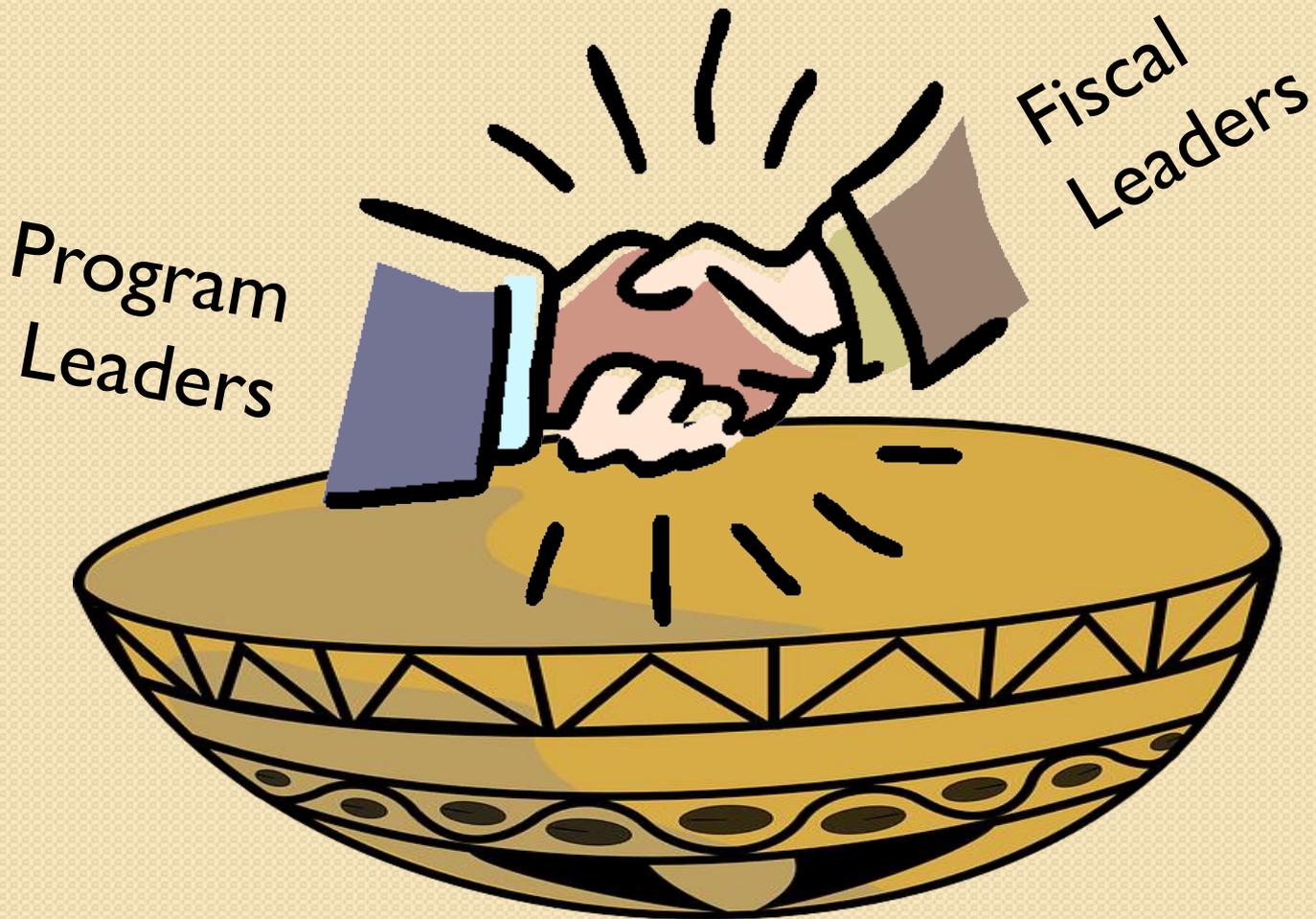
# Program and Fiscal Viewpoints

- **Program**
- **All young children deserve access to high quality care and education. The more funding the better.**
- **Fiscal**
- **Costs can only be charged to the funding source that benefits from the expense. Shared costs must be properly allocated.**



# THE FUNDING RECIPE

- Who is in the kitchen?



# Basic Ingredients

- **Supportive, involved governing body and policy council.**
- **Program goals and objectives are widely understood and employees own outcomes.**
- **Financial decisions are data informed and goal-driven.**
- **The organization has a culture of continuous quality improvement.**



# Fiscal Ingredients

- **Review the funding opportunity announcement (FOA).**
- **Understand applicable statutes, regulations and agency guidance.**
- **Prepare a realistic, detailed and complete operating budget.**
- **Read the notice of award (NOA).**
- **Develop a relationship with Regional program and fiscal staff.**





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## Newest Resources



### Community Assessment and Collaboration

Explore strategies to build strong collaborations across early childhood programs.

## For Families

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- Head Start Act
- Head Start Program Performance Standards and Other Regulations
- Fiscal Regulations
- Program Instructions (PIs)
- Information Memorandums (IMs)
- Policy Clarifications



## News

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# Cost Principles

45 CFR §75.403, §75.404 and §75.405

- **Allowable expenses are:**
- **Necessary,**
- **Reasonable,**
- **Allocable to the award and**
- **Adequately documented.**



# Allocable Means

- A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
  - Is incurred specifically for the Federal award;
  - Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
  - Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.



# Allocable Means

- Is incurred specifically for the Federal award
  - Direct expense
- Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods
  - Shared or dual benefit cost
- Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart
  - Indirect costs



# Non-supplantation

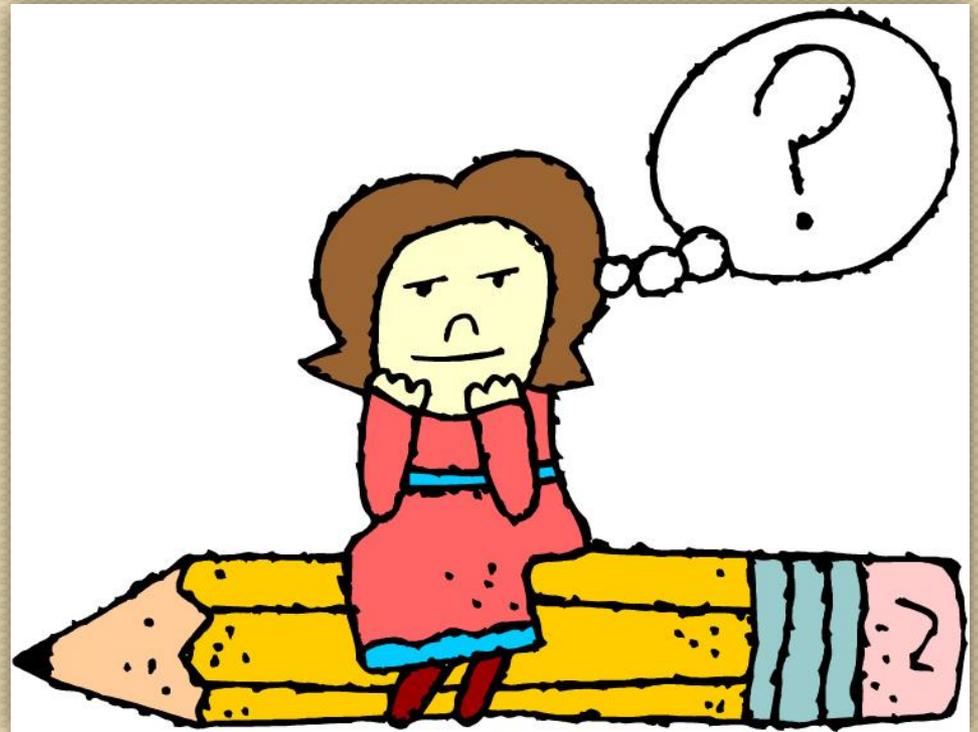
- Most Federal and State funds require that funds not be used to supplant each other.
- Head Start Act: Funds shall be used to supplement, and not supplant, other Federal, State, and local funds expended to carry out activities related to early childhood education and care in the State.
- Supplant = replace.

# ADDING THE FISCAL INGREDIENTS

- What happens in the bowl?

- Reasonable
- Necessary
- Allocable
- Direct
- Shared
- Indirect
- Supplant

## Program Response



Question:

How can  
program and  
fiscal leaders  
work effectively  
together to  
utilize multiple  
funding sources?



# Where to Start

- Who/what can the money be spent on?
  - Appropriations purpose
  - Eligibility criteria
  - Enrollment status
- What is the most useful unit of allocation?
  - Hours of service
  - Funded enrollment (slots)
  - Classroom

# Where to Start

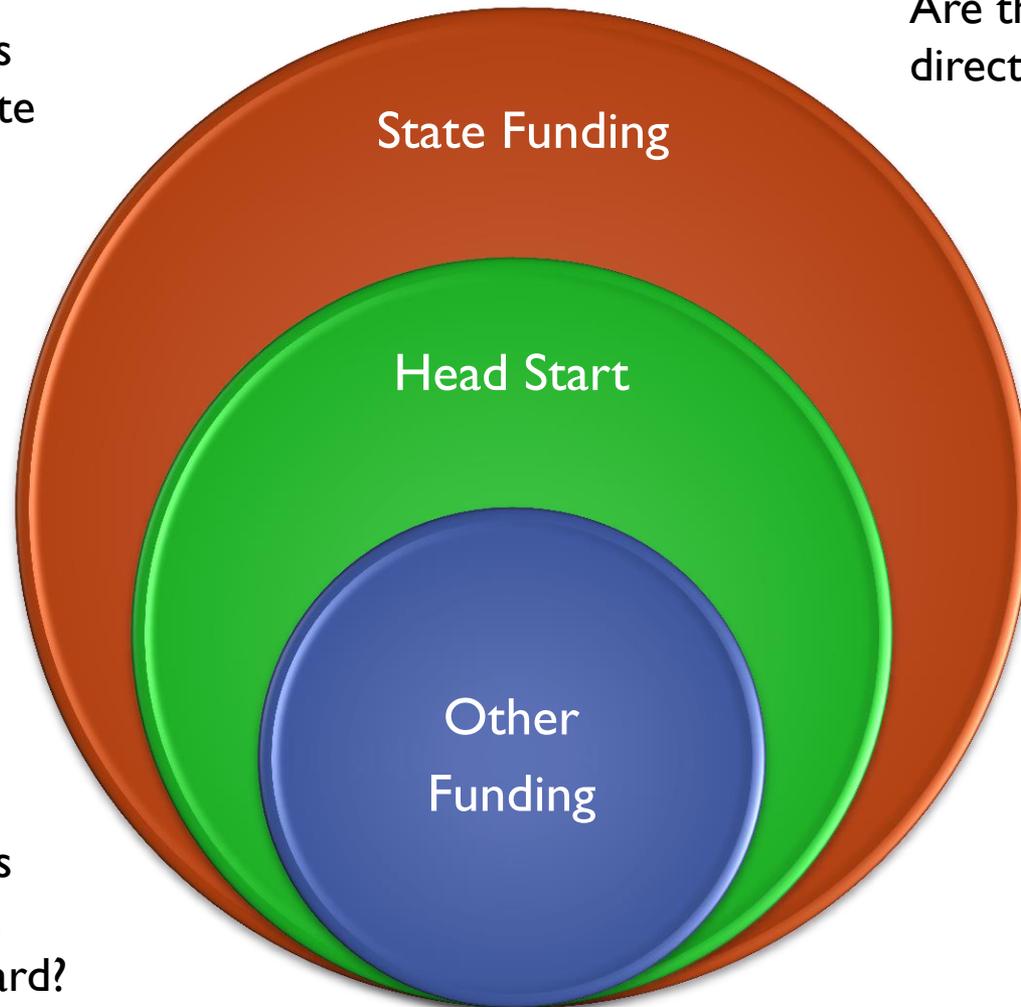
- Where should the cost be allocated?
  - Direct
  - Shared
  - Indirect
- How to show that expenses are not duplicated and funds are not supplanted?
  - Align budgets, expenses, enrollment and funding

# Head Start and State Funding

4 – Year Old Classroom with 20 State eligible children also enrolled in Head Start

What expenses come from State funding?

Are the expenses direct or shared?



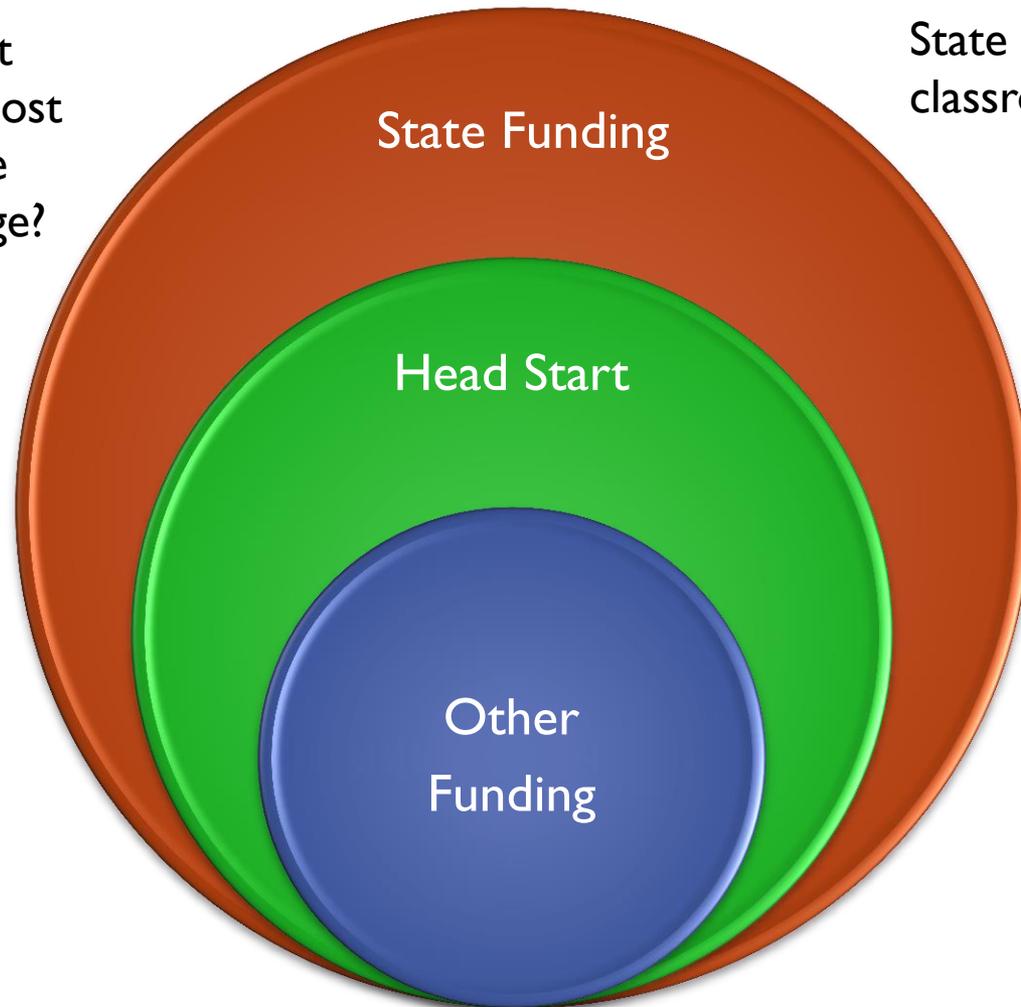
What expenses come from the Head Start award?

# Head Start and State Funding

4 – Year Old Classroom with 20 State eligible children 15 of whom are also enrolled in Head Start

Can Head Start cover the full cost of teacher base Salary and fringe?

What happens to State costs in this classroom?



Compared to the previous example how do Head Start costs change?

Discussion:

Share examples  
of actual budget  
Issues, comments  
and questions.



# Final Thoughts

- What happens when all quality goals have been accomplished in a classroom?
- Is there a possibility of State funds being available to support general program objectives?
- Could the availability of State funds support expansion of Head Start – Early Head Start services to younger children?