Fiscal Effectiveness: How Strong Planning Systems Support the Process
Objectives

• Discuss the importance of strong leadership in fiscal planning

• Understand how bridging the gap between program and fiscal operations is key to sound financial health

• Describe how effective budgeting can improve overall program operation

• Discuss how partnering with the community and slot conversion are options which can promote or maintain program quality
Please, help us help you.

A new confidential online evaluation will help us learn from you what worked well and how we can improve.

1. To access the survey, enter the following link into your cell phone or laptop browser: tinyurl.com/nihsda-06-16

2. When prompted, enter the following session title: “Fiscal Management”

Thank you for supporting our ongoing monitoring.
Head Start Program Leadership

Governing Body/Tribal Council
Legal & fiscal responsibilities

Policy Council
Sets program direction

Provide Leadership & Strategic Direction

Management Staff
Oversees day-to-day operations
Head Start Program Governance and Management Composition

Tribal Council/Governing Body
- 1+ member fiscal expert
- 1+ member education expert
- 1+ member attorney
- More members from community

Policy Council (elected by parents)
- Parents of children in Early Head Start
- Members of community
- Representatives of all program options

Joint Membership on Planning Activities

Management Staff
- Executive director
- Chief financial officer
- Head Start Director
- Key Head Start management staff
Head Start Management Systems: Five-Year Project Period
Mission Possible Instructions

• Assign a Mission Possible Team Lead
• Read the instructions
• Use the information already included in the diagram
• Use the *intel* from your envelopes to complete the Venn diagram with your team
• Refer to the Head Start Act handout
• Review your partially completed Venn diagram
• Take **20** minutes to complete the task
Head Start Governance and Management Fiscal Responsibilities

Governing Body/Tribal Council
Assumes Legal and Fiscal Responsibility for Head Start and the Safeguarding of Federal Funds

Select:
• Delegate agencies and the service areas for such agencies

Establish:
• Procedures and criteria for recruitment, selection, and enrollment

Review:
• All funding applications and amendments
• Results and follow-up activities from federal monitoring

Review and Approve:
• Major policies and procedures, including self-assessment, financial audit, and personnel policies
• Progress on implementing the Head Start grant, including corrective actions
• Major expenditures
• Operating budget
• Selection of auditor
• Actions to correct audit findings

Receive and Use:
• Annual, monthly, and periodic reports

Adopt practices to ensure active, independent, and informed governance:
• Governing body bylaws
• Procedures for accessing and collecting information
• Written standards of conduct, including conflicts of interest and complaints
• Procedures for selecting Policy Council members
• Advisory committees
Head Start Governance and Management Fiscal Responsibilities

Policy Council/Policy Committee Assumes Responsibility for Head Start Program Direction

Approve and submit to the governing body decisions regarding:
- Activities for parent involvement/engagement
- Program recruitment, selection, and enrollment priorities
- Funding applications/amendments
- Budget planning, including reimbursement and participation in Policy Council activities
- Policy Council bylaws
- Head Start program personnel policies and decisions, including criteria for employment and dismissal of program staff
- Policy Council election procedures
- Recommendations on delegates/service areas

Receive and Use:
- Annual, monthly, and periodic reports
Head Start Governance and Management Fiscal Responsibilities

Management Staff
Assumes Operating Responsibility for Head Start Day-to-Day Functions

Take action:
• Implement policies
• Develop procedures
• Provide T/TA to Tribal Council/governing body and Policy Council
• Supervise staff
• Monitor compliance
• Generate and use annual, monthly, and periodic reports
• Share reports with Policy Council and governing body
Head Start Governance and Management Responsibilities

**Governing Body/Tribal Council**
Assumes Legal and Fiscal Responsibility for Head Start and the Safeguarding of Federal Funds

- Adopt practices to ensure active, independent and informed governance:
  - Governing body bylaws
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  - Policy Council bylaws
  - Head Start program personnel policies and decisions, including criteria for employment and dismissal of program staff
  - Policy Council election procedures
  - Recommendations on delegates/service areas

- Receive and Use:
  - Annual, monthly, and periodic reports

- Provide Leadership and Strategic Direction:
  - Focus on Self-Assessment
  - Develop, plan, and evaluate the Head Start program

**Management Staff**
Assumes Operating Responsibility for Head Start Day-to-Day Functions

- Take Action:
  - Implement policies
  - Develop procedures
  - Provide T/TA to governing body and Policy Council
  - Supervise staff
  - Monitor compliance
  - Generate and use annual, monthly, and periodic reports
  - Share reports with Policy Council and governing body

*Reports that are generated and used by management, then shared with and used by Policy Council and governing body:

- HHS secretary communication
- Financial statements
- Program information summaries
- Enrollment
- USDA
- Financial audit
- Self-assessment
- Community assessment
- PIR
Rethinking Relationships

Fiscal Manager

Head Start Director
IN the silos...

Fiscal and program staff:

- Function separately
- Don’t consider planning or budgeting a collaborative event
- Use regulation and jargon-laden language
- Attend trainings separately
- May view each other as obstacles — “Dr. NO!”
Fiscal and program staff:
• Work together to plan and budget, including non-federal share match
• Promote understanding through precise language
• Support each other’s learning
• Jointly make financial decisions and value the use of non-federal share
• Respect each other as resources – “Dr. KNOW!”
Program Planning Cycle

- **Conduct or Update Community Assessment**
- **Every 5 Years: Decide on Broad Goals and Initial Short-Term Objectives**
- **Annually: Review Goals and Revise if Necessary. Generate Objectives and Expected Outcomes**
- **Develop an Action Plan and Budget that Reflect Goals**
- **Implement an Action Plan**
- **Continually Respond with Course Corrections**
- **Evaluate Progress through Self-Assessment**
- **Evaluate Progress through Ongoing Monitoring**
The Importance of Data in Fiscal Planning

- It starts with the community assessment
- What kind of data do we need to develop the budget?
- What is the plan for addressing any gaps or budget shortages?
Partnerships

What are some key considerations?
Successful Partnerships: What the Research Says*

• Take on average six months to establish
• Require partners to meet at least three times before signing
• Develop written agreements, processes and procedures
• Communication is key

Written Agreements

- Contract
- Policies on roles and responsibilities
- Goals and objectives that articulate what is to be achieved annually
- Plans describing financial arrangements
- Procedures for communication
- Agreement about curriculum

PAUSE
A budget is a:

“Numerical expression of an organization’s dreams that serves as a guide or measure of acceptable financial performance.”

– Financial Management for Non-Profit Organizations
## Moving from Budget for Grant to Operating Budget

- a. Personnel
- b. Fringe Benefits
- c. Travel
- d. Equipment
- e. Supplies
- f. Contractual
- g. Construction
- h. Other
- i. Total Direct Charges (sum of 6a – 6h)
- j. Indirect Charges
- k. TOTALS

<table>
<thead>
<tr>
<th>Position</th>
<th>HS/EHS Cost for Program Operations</th>
<th>HS/EHS Cost for Training and Technical Assistance</th>
<th>Non-Federal Share (cash and in-kind)</th>
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<tbody>
<tr>
<td>e. SUPPLIES (Object Class 6e)</td>
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<tr>
<td>1. Office Supplies</td>
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<td>2. Child and Family Services Supplies</td>
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<td>3. Food Services Supplies</td>
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<td>4. Other Supplies</td>
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<td><strong>TOTAL SUPPLIES (6e)</strong></td>
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<tr>
<td>f. CONTRACTUAL (Object Class 6f)</td>
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<tr>
<td>1. Administrative Services (e.g., Legal, Accounting)</td>
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<td>2. Health/Disabilities Services</td>
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<td>3. Food Services</td>
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<td>4. Child Transportation Services</td>
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<td>5. Training &amp; Technical Assistance</td>
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<tr>
<td>6. Family Child Care</td>
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<td>7. Delegate Agency Costs</td>
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<tr>
<td>8. Other Contracts</td>
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<td><strong>TOTAL CONTRACTUAL (6f)</strong></td>
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</table>
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Uniform Guidance
Government-wide: 2 CFR Part 200
HHS Implementing: 45 CFR Part 75

Previously known as “Supercircular” or “Omni Principles”
Cost Principles

Allowable Costs must be Adequately Documented

Reasonable
- Recognized as ordinary & necessary
- Is comparable to market prices
- Meets sound business practices/ arm’s length bargaining
- Is prudent in light of circumstances
- Meets established cost practices and is consistently applied

Allocable
- Are chargeable and assignable
- Beneficial and distributed using reasonable methods
- Necessary to the award

Other
- Conforms to limitations/exclusions
- Is consistent with policies/procedures & applied uniformly
- Is accorded consistent treatment
- Meets GAAP (except local and tribal governments)
- Doesn’t match other federal awards

• Are verifiable from the non-federal entities records

Adapted from 45 CFR 75.403-405
45 CFR Part 75

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for DHHS Awards

- 45 CFR Part 75.403 Factors affecting allowability
- 45 CFR Part 75.405 Allocable costs
- 45 CFR Part 75.306 Cost Sharing or matching
- 45 CFR Part 75.434 Contributions and donations
Managing Multiple Funding Sources

- Head Start: $500,000 (50%)
- Early HS: $200,000 (20%)
- EHS-CCP: $300,000 (30%)

Funding Layers:
- Individual Services
- EHS Services
- Child Care Services

Courtesy of OHS
Strategies for Increasing Revenues

We started the following list…

• Contact local businesses to donate supplies and equipment
• Contact professionals to ask about reduced rates on professional/consultant services
• Meet with staff, Policy Council/Tribal Leaders, and parents to discuss strategies for identifying non-federal share
• Have property assessed by a licensed appraiser
• Identify resources and community partners to assist with the program’s mission

What other strategies have you used for your program?
Other Revenue Sources

- Child and Adult Care Food Program
- CCDF Quality Funds
- Quality Rating & Improvement System Bonuses
- State Pre-K or Infant Toddler Funds
- Head Start Supplemental Funds
Budget and Program Revisions: When Are They Necessary?

• Change in project scope, i.e., new program option
• Addition of equipment or other capital expenses
• Change in key personnel

(See 45 CFR Part 75.308 for details)
Cost Allocation

The process of assigning two or more programs the shared cost of an item or service.
Keys to Cost Allocation

- Clearly define who, what, when, where and how the agency provides services – eligibility, enrollment, operating hours, location

- Identify what costs are direct and what costs need to be allocated

- Consider possible allocation methods based on actual agency operations
Select the allocations method(s) that best support the agency’s fiscal operations

Develop or update cost allocation plans annually and apply allocations monthly to monitor spending and compare to budget

Periodically review for accuracy and consistency
Direct Costs

Those costs that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization

Examples

• Early Head Start home visitor salary and fringe benefits
• Bus to transport only Head Start children
• Maintenance of a facility used only for Head Start services
Direct and Indirect Costs

Shared Direct Costs

Costs which benefit both the award and other program services and can be distributed in reasonable proportion to the benefits received

Examples

- Salary and fringe benefits of a home visitor who works in EHS and teen parent program
- Bus to transport Head Start and public school children
- Maintenance of a facility used for both Head Start and Early Head Start
Indirect Costs

Those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective

- Facilities
- Administrative

Examples

- Facilities
  - Depreciation, interest, maintenance, utilities, insurance, etc. of administrative buildings

- Administrative
  - Executive Director, Human Resources Manager, Chief Financial Officer (salaries and fringe benefits)
Administrative Cost Limitation

- Head Start Act § 644(b): No financial assistance shall be extended under this subchapter in any case in which the Secretary determines that the costs of developing and administering a program assisted under this subchapter exceed 15 percent of the total costs, including the required non-federal contributions to such costs, of such program.

- 45 CFR §1301.32 Limitation on Costs of Administration and Development of a Head Start Program.
Administrative Cost Limitation

Overall Budget \textit{(includes Match)}

- Administrative Costs
- Other Costs

Example

Award: $800,000
Match: $200,000
Overall Budget: $1,000,000
Admin Costs Cannot Exceed $150,000
Data
Data-Driven Decision-Making

- Data is collected and analyzed
- Data is used regularly at all levels of the program
- Decisions at all levels are informed by high-quality data
- Data is interpreted across service areas
The DATA Wall: Head Start and Early Head Start Anywhere, USA

1. Walk around the room and review the data sources.
2. With a partner, select 3 or 4 of the data sources. **Include at least 1 fiscal source.**
3. Use those data sources to tell a story about the program.
4. Identify your audience—internal or external.
5. Include questions you would want answered to create a more robust story.
6. List other data sources that would have allowed you to create a more robust story.
Budgeting is at the intersection of solutions
What are the mechanics of the plan?

Program Instruction ACF-PI-HS-14-02

- Detailed funding plan for Head Start and Early Head Start before and after the proposed slot conversion
- Results of the community assessment
- Revised program schedule describing the proposed option
- Description of how the needs of participants will be addressed
- Qualifications of proposed child development staff and description of facilities
- Timetable including necessary one-time funding and source
Process for Submission

- Governing Body and Policy Council Approval
- Written request submitted to Regional Office
What are some of the critical elements of a good plan to convert slots?

Quality Plan
Fiscally Viable

- Can the grantee clearly identify costs associated with the reduction of Head Start slots?
- Can the grantee clearly identify costs for the addition of Early Head Start slots?
Manage the Marketing

• How will all the stakeholders be informed during each step of the planning process?

• How will the change impact the community losing the service?
Spend a few minutes talking with others at your table about your experience in proposing or simply thinking about converting slots – then discuss:

• What were the reasons you were considering slot conversation?
• What were the biggest challenges during the planning process as well as the implementation of the new program?
Facility Considerations

- Identify appropriate space for program services
- Ensure that all classroom and family child care spaces are state licensed and meet the HSPPS requirements for infants and toddlers
- Ensure outdoor play spaces are safe and developmentally appropriate for infants and toddlers
- Finalize leases or other agreements to procure needed facilities/spaces

From EHS/CC Partnership Organizational Readiness Chart 2015
## Key Resources

<table>
<thead>
<tr>
<th>ECLKC Web Link</th>
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Final Words of Wisdom

Dr. “No”  Dr. “Know”
Questions
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Thank you for supporting our ongoing monitoring.
Contact PMFO

pmfo@ecetta.info

https://eclkc.ohs.acf.hhs.gov/hslc/tta-system/operations

Call us: 888.874.5469