



From Vision to Dollars: Understanding the Head Start Planning Cycle and Budget Phases

National Indian Head Start Association

June 15, 2026

Part 1: 10:00 a.m. – 12:00 p.m.

Part 2: 1:30 p.m. – 4:00 p.m.

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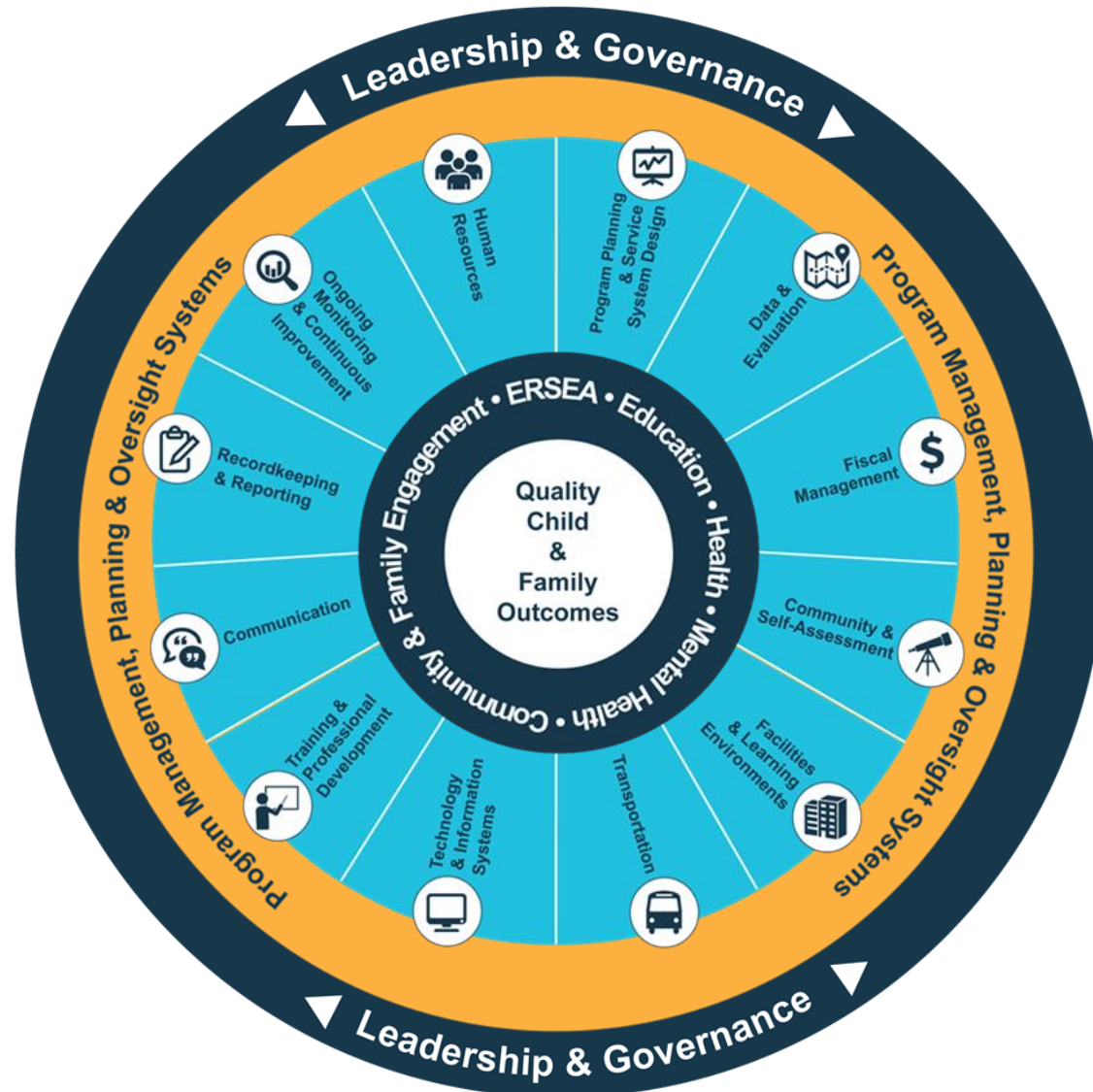


Head Start Vision to Budget Part I



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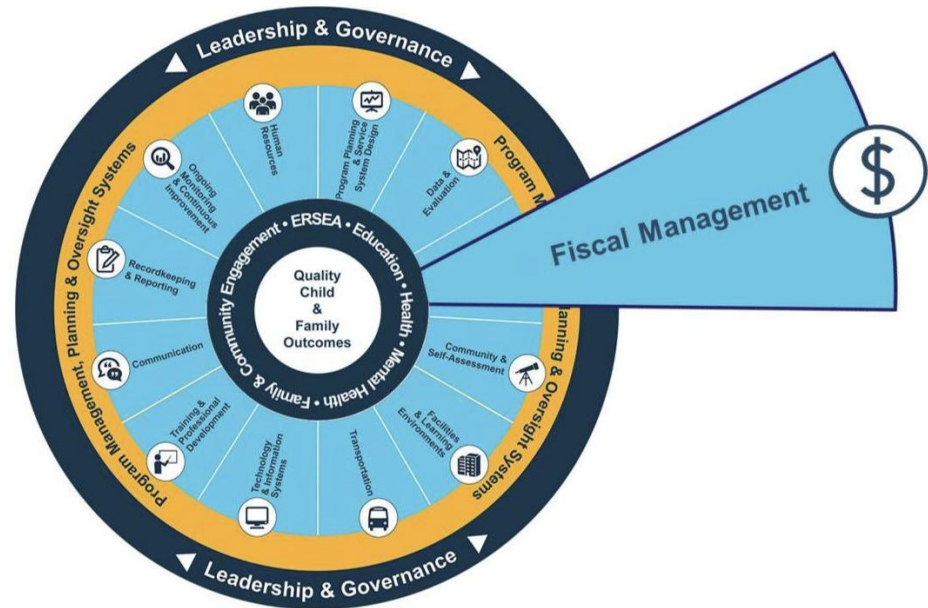
Head Start Management Systems Wheel



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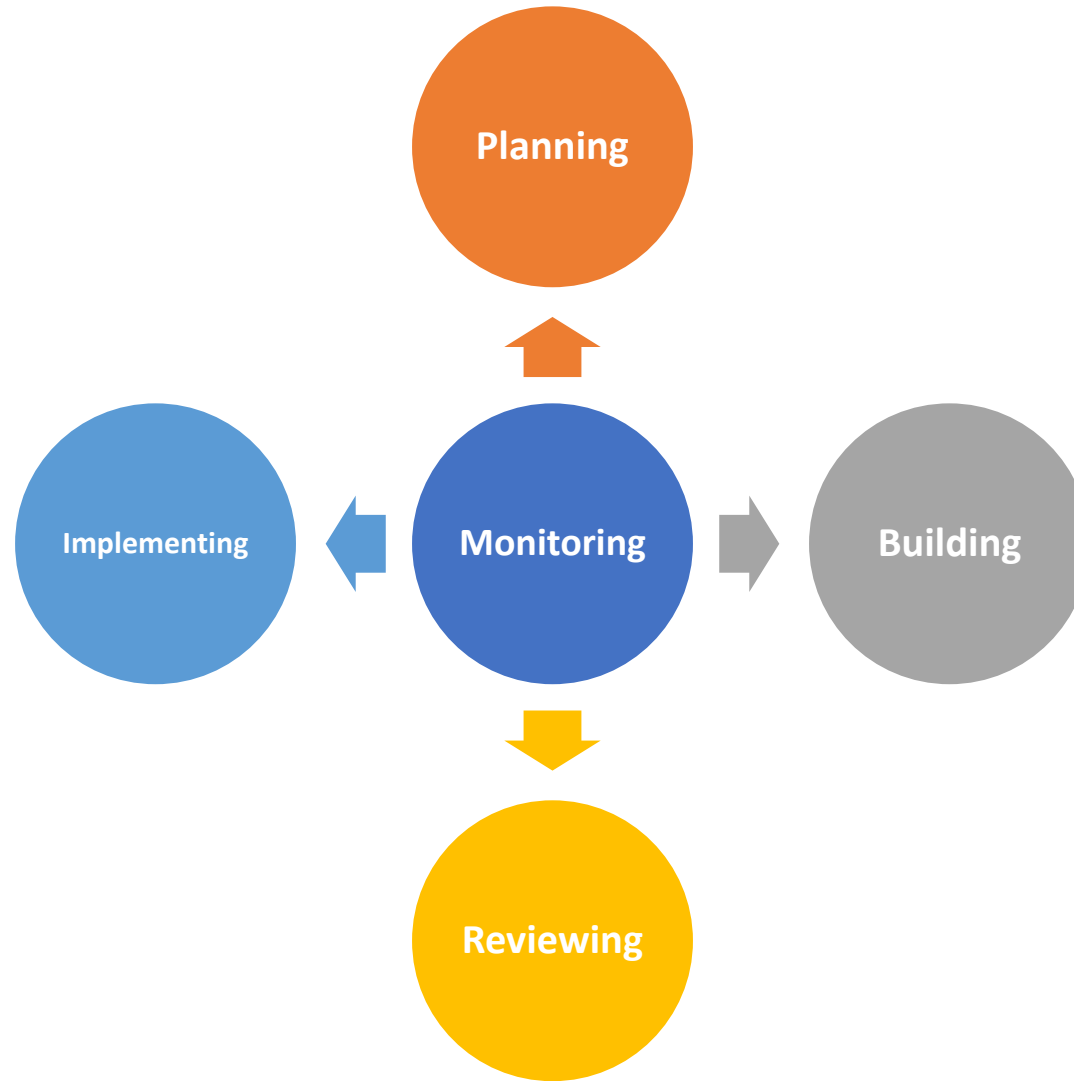
Budget Planning

Budgeting is part of the fiscal management system.



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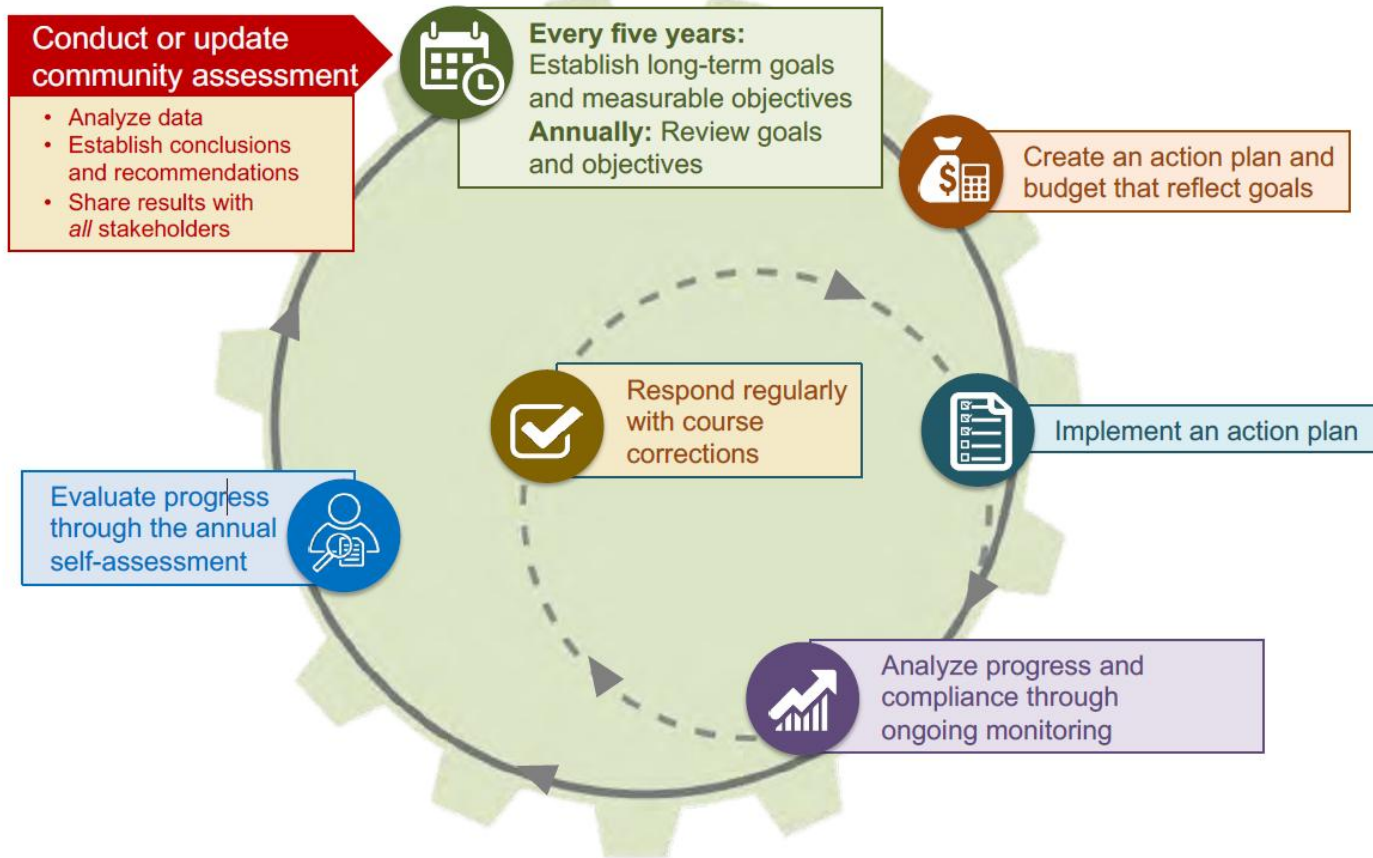
Phases of Budget Development



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Budget Planning

Program Planning Cycle

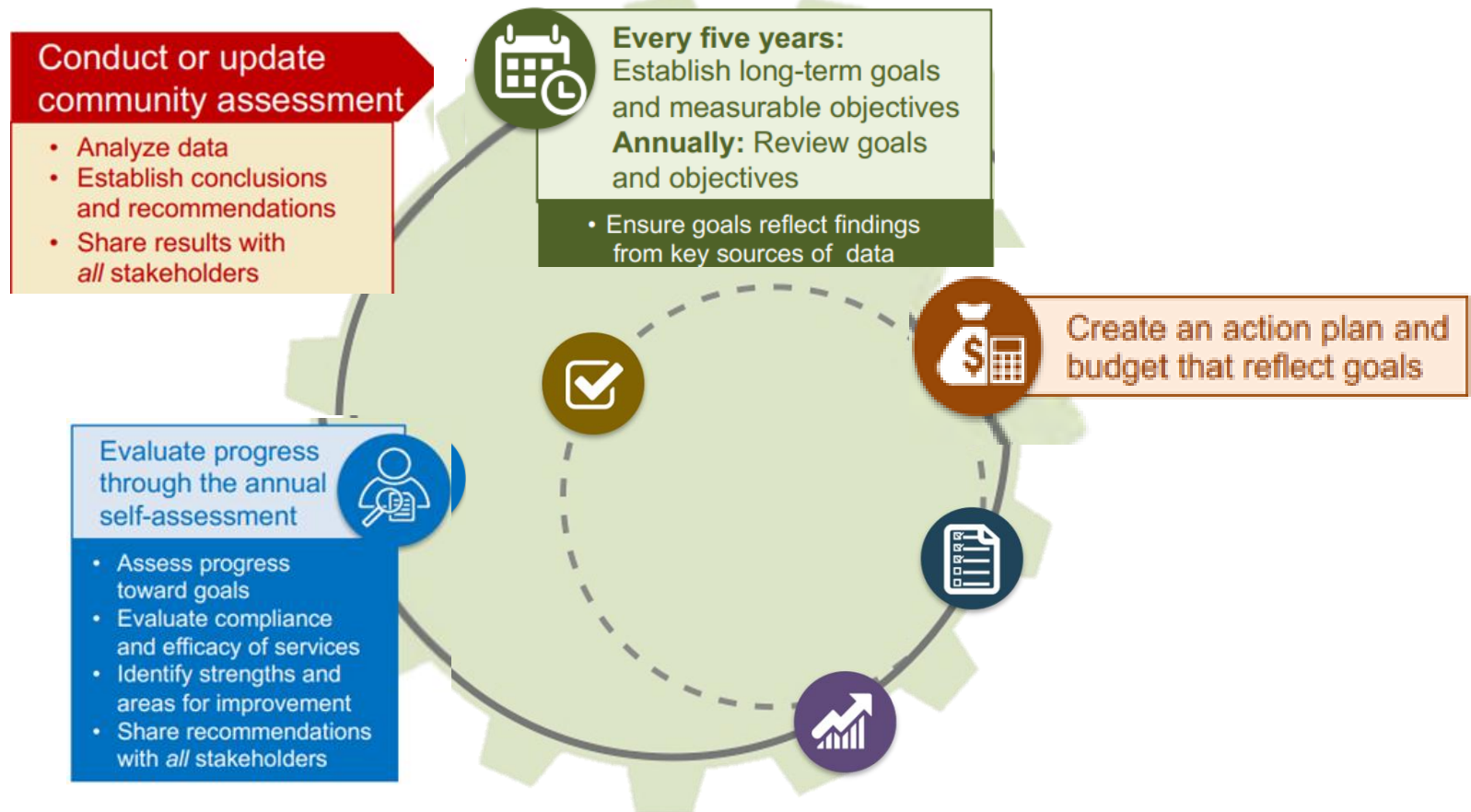


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Budget Planning

Connecting the Budget to Program Goals and Community Assessment



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Head Start Vision to Budget Part II



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Budget Planning



Key Ingredients for Successful Budgeting

- Strong relationships
- Effective communication
- Data-informed decisions

Reminder

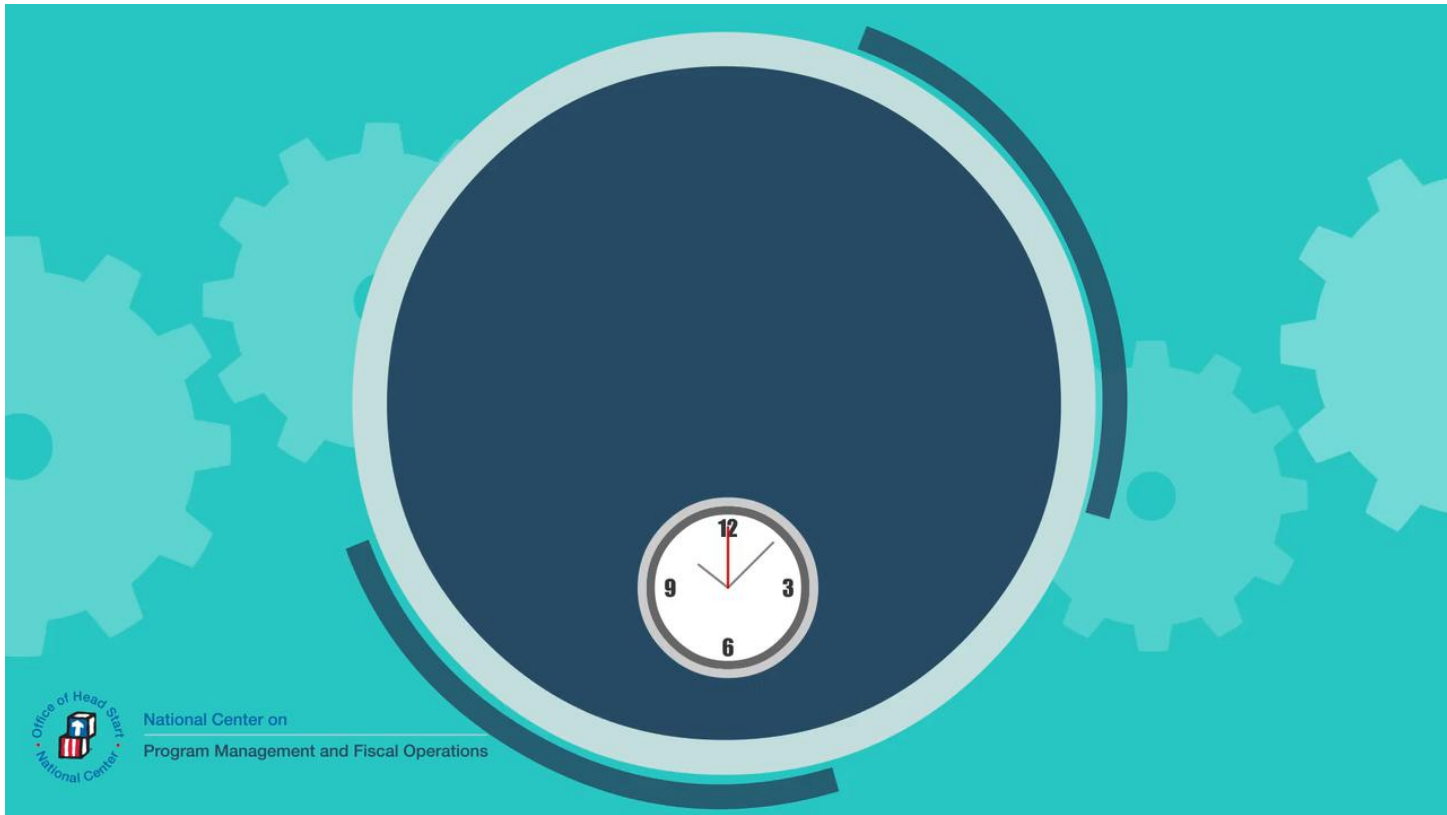
You are not expected to be a budget expert. You are expected to communicate.



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Budget Planning

Foster Collaborative Governance through Communication



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Budget Planning



Data Informed Budget Development

Program Data:

- Community Assessment
- Self-Assessment
- Program Information Report (PIR)



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Budget Planning



Data Informed Budget Development

Fiscal Data:

- Past budget projections and actuals.
- Current year budget and budget narrative.
- Current year budget to actuals.



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From Community and Self-Assessment to Action



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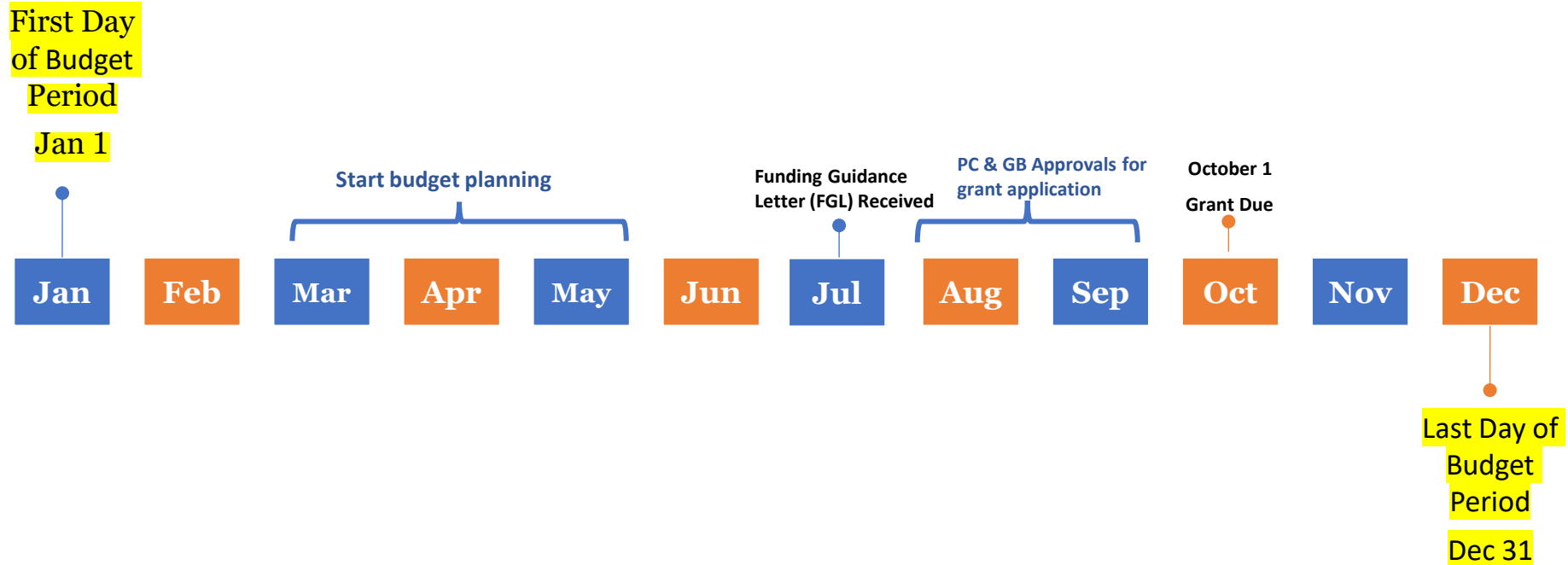


Budget Planning Timeline



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Example of a Budget Planning Timeline



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Lunch Break

12:00 – 1:30



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Building the Budget



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Head Start Vision to Budget Part III



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Building the Budget

Data Informed Budget Development

Integrating Data into Program Planning Systems



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Building the Budget



Data Informed Budget Development

Review the Current Year Budget:

- Review patterns to plan for the upcoming year (Over budget? Under budget?)
- Make sure you have a recent budget narrative to give you information on how costs should be adjusted.

Building the Budget



Cost Principles

Head Start programs must comply with the cost principles for federal awards when allocating costs. Cost principles detail the circumstances under which costs are allowable under a federal award. For costs to be allowable under a federal award, they must be:

- Necessary
- Reasonable
- Allocable



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Building the Budget



Unallowable Costs

All costs must support program and administrative operations, so some costs are not allowable, such as:

- Alcoholic beverages
- Bad debts
- Advertising (other than help-wanted ads or marketing for ERSEA services)
- Contributions/donations
- Entertainment
- Fines and penalties



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Allowable or Not



Building the Budget



Program versus Administrative Costs

Program costs directly relate to providing program services.

Administrative costs are general in nature and serve the agency as a whole.



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Building the Budget



Indirect costs are sometimes called "Facilities and Administration" or F&A costs. They include:

- **Facilities** is defined as depreciation and use allowances on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.
- **Administration** is defined as general administration and general expenses such as the director's office, accounting, personnel, library expenses, and all other types of expenditures not listed specifically under one of the subcategories of Facilities.
- Indirect costs include items that are associated with running the organization as a whole.



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Building the Budget



Negotiated Indirect Cost Rate (NICRA)

If you apply for an indirect cost rate, you will receive a rate designation from your federal cognizant agency. This is the federal agency responsible for negotiating and approving indirect cost rates on behalf of all federal agencies.

- Provisional
- Predetermined Rate
- Fixed Rate
- Final Rate

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Building the Budget



Administrative Cost Limitation

Allowable costs to develop and administer a Head Start program cannot exceed 15% of the total approved program costs, which includes both federal costs and non-federal match.

A waiver is possible if approved by the Office of Head Start.

1303.5(b) Waivers



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Building the Budget



Creating an Itemized Budget

- Your itemized budget in the grant application provides a clear picture of how you intend to use Head Start funds.
- This includes paying for salaries, travel, supplies, materials, equipment, construction, and other contractual arrangements.
- Your budget should align with the goals and objectives detailed in your five-year funding application.



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Building the Budget

Budget Object Categories

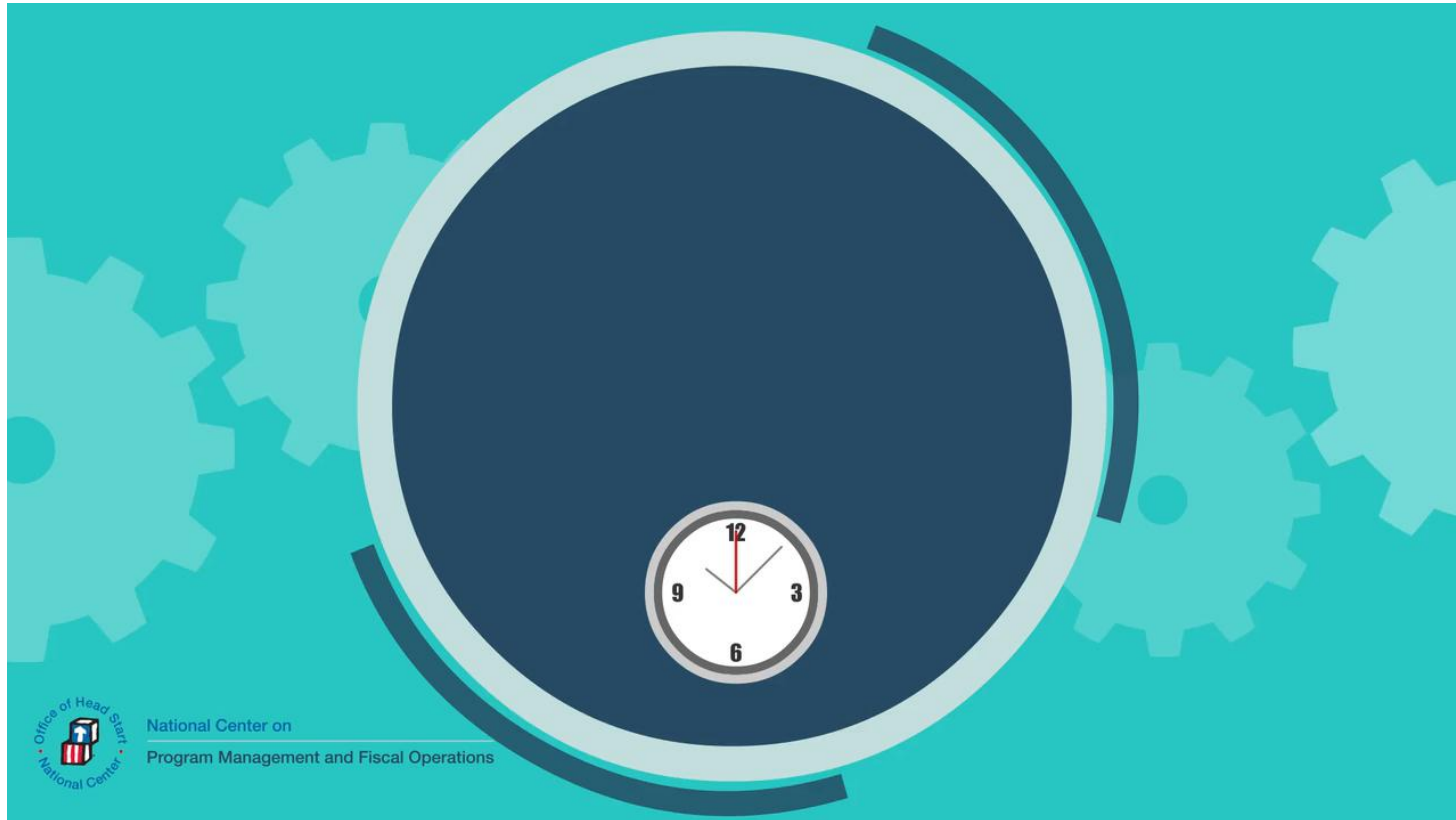
Budget Object Category	Defined
Personnel	Expense for program staff such as HSD, Disabilities Coordinator, Teachers, Assistant Teachers, Bus Monitors, etc.
Fringe Benefits	FICA, Workers Compensation, Unemployment, Health, Dental, Life Insurance, and Retirement
Contractual	Any cost occurring elsewhere (audit, legal fees) which requires a formal contract with a provider for the service. If a grantee has delegate agencies, that cost is the only one to be placed in this category.
Construction	Costs for major construction or renovation projects.
Equipment	Any single item that costs \$10,000 or more and has a lifespan of greater than a year
Supplies	Costs for operating supplies such as pens, paper, cleaning supplies, classroom manipulatives
Travel	Costs for out-of-town travel such as expenses for conferences
Other	Costs not occurring elsewhere. For example, local travel, gas, fuel, building maintenance, etc.
Indirect	Cost of operating the agency / Tribal Government benefiting all programs equitably go into the indirect cost pool. The pool is charged out to all programs on a formula basis. The administrative cost limitation limits the amount that can be charged to Head Start.



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Building the Budget

Four Best Practices When Creating a Budget Narrative



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Catch Those Budget Errors!



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Building the Budget



What are the internal process and timelines for budgets that you need to follow?

Consider:

- Finance- What is the finance process/timeline to provide documents for budget development and to approve new budgets?
- Policy Council- When will you need to have a new budget to PC for approval?
- Tribal Council or Governing Board- When will you need to have the budget to TC for approval? How often do they meet?

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HS Planning Cycle and Phases of Budget Development: Approval, Implementation and... **MONITORING**



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Head Start Vision to Budget Part IV



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Notice of Award



Once your grant application is approved, you will receive a Notice of Award (NOA). In the NOA, you will find funded enrollment, the total amount of program operations and training and technical assistance funding awarded, and the required non-Federal match.

*Additional information may also be included.



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Monitoring the Budget



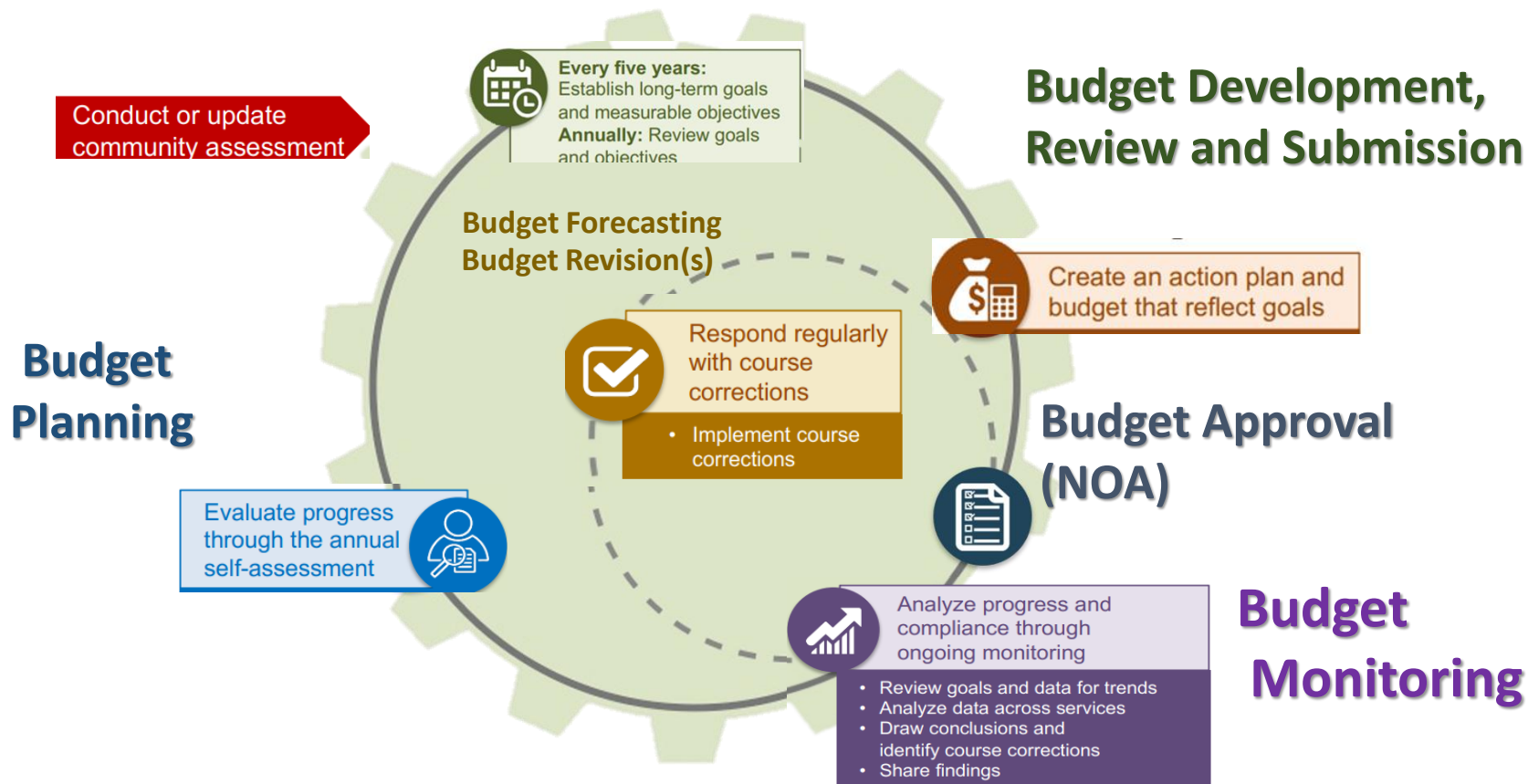
§ 200.329 Monitoring and reporting program performance.

Monitoring by the recipient and subrecipient. The recipient and subrecipient are responsible for the oversight of the Federal award. The recipient and subrecipient must monitor their activities under Federal awards to ensure they are compliant with all requirements and meeting performance expectations. Monitoring by the recipient and subrecipient must cover each program, function, or activity. See also §200.332.



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Monitoring the Budget



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Activity

Scenario: Head Start Program at Mid-Year

You are 6 months into a 12-month budget period and reviewing spending.

Category	Annual Budget	Spent After 6 Months	
Personnel	\$1,200,000	\$540,000	45%
Fringe Benefits	\$300,000	\$135,000	45%
Travel	\$40,000	\$6,000	15%
Supplies	\$120,000	\$85,000	70.8%
Contractual	\$200,000	\$120,000	60%
Other (Rent/Utilities)	\$180,000	\$90,000	50%
Total	\$2,040,000	\$976,000	47.84%

Known Information

- Two teaching positions are vacant for 3 more months
- Classroom supplies were purchased early
- Required trainings are scheduled later in the year
- Rent and insurance costs are fixed



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Monitoring the Budget



A strong forecast can help to eliminate a possible deficit through a budget modification.

Process:

- Start early in the year (3–6-month point).
- Track known overhead costs as a yearly total (e.g., total insurance or lease payments—they are the knowns).
- Track salary according to potential low and high points.
- Track extraordinary items (capital purchases).



Monitoring the Budget



Budget forecasting cont.

- Share the forecast with the governing body – they are the fiduciary agent for the Tribe.
- Share the forecast with the Policy Council– they might see something you have missed.
- Keep a list of items you may need to use for purchases at year-end instead of underspending the grant.



Activity

Scenario: Head Start Program in third quarter

You are 9 months into a 12-month budget period and reviewing spending.

Category	Annual Budget	Spent After 9 Months	
Personnel	\$1,200,000	\$840,000	70%
Fringe Benefits	\$300,000	\$202,500	67.5%
Travel	\$40,000	\$25,000	62.5%
Supplies	\$120,000	\$85,000	70.8
Contractual	\$200,000	\$200,000	100%
Other (Rent/Utilities)	\$180,000	\$135,000	75%
Total	\$2,040,000	\$1,487,500	72.9%

Known Information

- Two teaching positions continue to remain vacant.
- The program has the following unmet needs:
 - Cultural materials for the classrooms - \$12,000
 - Floor repair- \$8,000
 - Playground leveling- \$40,000
 - hearing/vision screeners- \$11,500

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Reflection



Where are you in your budget period?

Do you have unspent funds that can help you achieve your vision for your Head Start program?



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Monitoring the Budget



200.308 Revision of budget and program plans.

(b) ***Deviations from approved budget.*** The recipient or subrecipient must report deviations from the approved budget, project or program scope, or objective(s) in accordance with § 200.329. The recipient or subrecipient must request prior approvals from the Federal agency or pass-through entity for budget and program plan revisions in accordance with this section.



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Monitoring the Budget



Common Examples from 2 CFR Part 200.308(f)(1-10)

- Changes in the **approved non-federal cost-sharing or matching.**
- **Change in scope or objective** of the project or program.
- **Change in key personnel** (including employees and contractors) that are identified by name or position in the Federal award.
- The need arises for **additional Federal funds** to complete a project.

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Monitoring the Budget



What is considered a “Change in Scope”?

- Change to the objective of the program.
- Opening or closing a location.
- Changes to “key” personnel.
- Changing a program option such as center to home-based.



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Monitoring the Budget



Do you need prior approval yes or no:

a. A long-time preschool is closing in one of the tribal communities in the service area. You are excited about opening an HS there.

You need Prior Approval to make this change.

b. You must temporarily close a classroom due to heating and plumbing issues. You want to provide home-based services until the classroom opens.

You need Prior Approval to make this change.

c. Your total Head Start budget is \$1,000,000 and you want to reallocate \$110,000 in unspent wages.

You need Prior Approval to make this change.

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Monitoring the Budget



Transfer of funds. The Federal agency must not permit a transfer of funds that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation. The Federal agency may also, at its option, restrict the transfer of funds among direct cost categories (for example, personnel, travel, and supplies) or programs, functions, and activities when:

- (1) The Federal share of the Federal award exceeds the simplified acquisition threshold; and
- (2) The cumulative amount of a transfer exceeds or is expected to exceed 10 percent of the total budget, including cost share, as last approved by the Federal agency.



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Monitoring the Budget



- Whether a budget revision needs OHS prior approval (external), you still need to work with the fiscal department to ensure the tribal internal process is followed to move the funds.
- Follow your finance department's internal policies to move funds between budget categories to revise the budget.





Head Start Vision to Budget Part V



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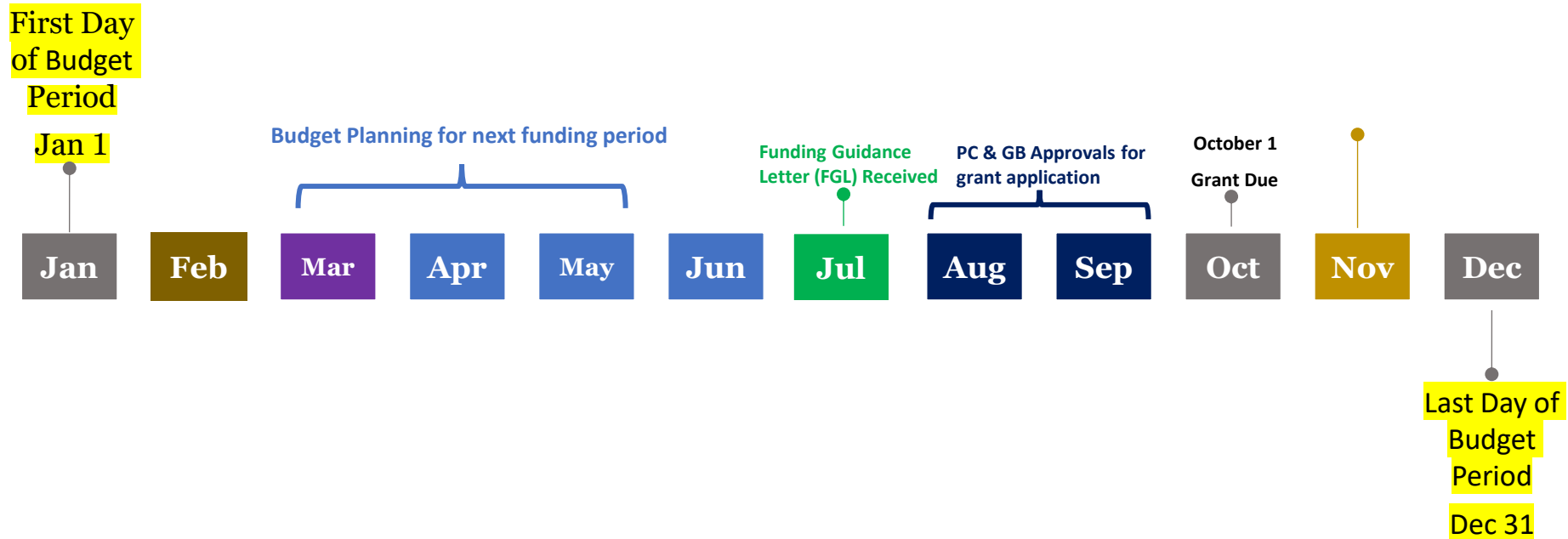


FISCAL PLANNING TIMELINE ACTIVITY



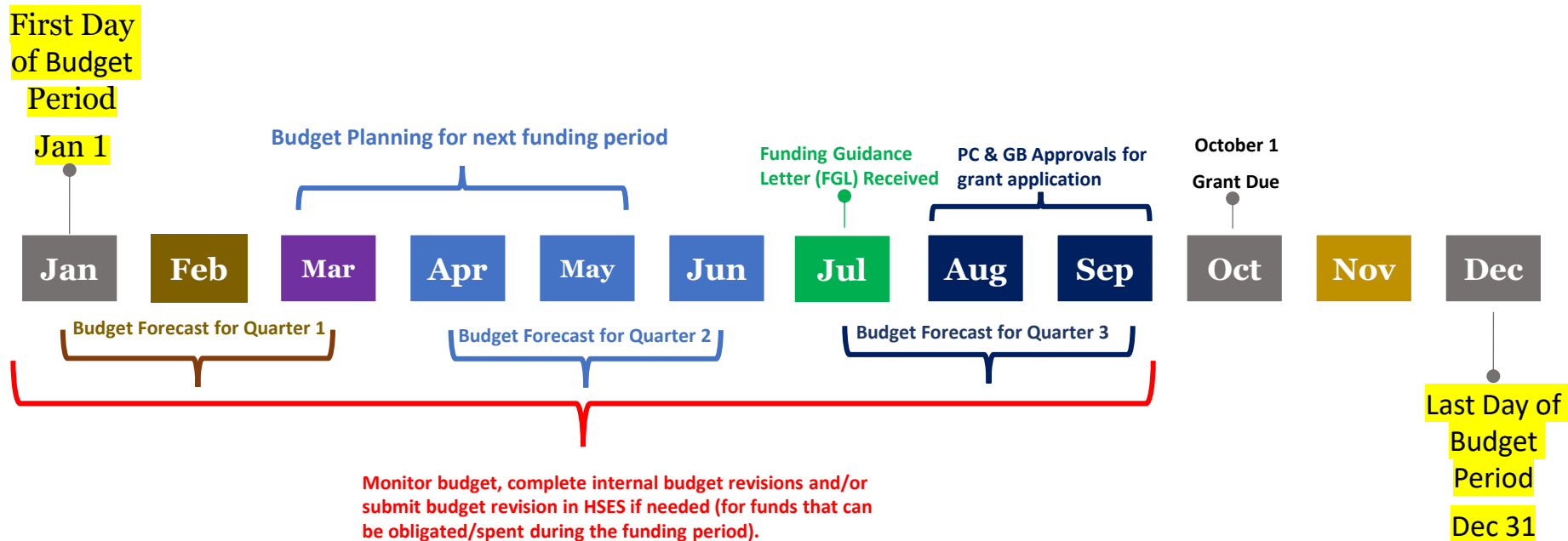
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Example of a Completed Budget Planning Timeline



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Example of a Completed Budget Planning Timeline



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Questions/Comments?



Thoughts or Comments

Thank you for attending!



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