

Overview of Relief Funding Packages

This brief is intended to assist Lead Agencies in considering ways to track existing Child Care and Development Fund (CCDF) funding and the three child care relief funding packages:

- The Coronavirus Aid, Relief, and Economic Security Act (CARES) provided \$3.5 billion in March 2020 for the CCDF.
- The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) provided \$10 billion in December 2020 for CCDF.
- The American Rescue Plan Act (ARP) provided \$39 billion in new child care funding. This includes almost \$15 billion in supplemental discretionary funding for CCDF and almost \$24 billion for a child care stabilization fund.¹

Tracking Methods

The purpose of tracking funds is to ensure funds are used for allowable and intended purposes, monitor variances, assist with reporting, and strengthen overall program integrity and accountability. Contracts that include the expenditure of CCDF funds, including relief funding, shall comply with the laws and procedures generally applicable to expenditures of the contracting agency's funds. Fiscal control and accounting procedures must be sufficient to prepare reports and trace funds to show they are used for allowable purposes.

Lead Agencies have the flexibility to expend and account for CCDF funds according to their own laws and procedures. While Lead Agencies follow their own requirements for spending and accounting for funds, there are generally accepted practices Lead Agencies can follow. Lead Agencies may consider the following strategies:

- Gather information on all funding sources for child care relief funding packages separately, such as overall funding amounts, set-aside amounts, obligation and liquidation timelines, and allowable uses to identify potential categorical accounting codes. This practice will help Lead Agencies properly budget and track dollars spent on coronavirus relief activities by each funding stream.
- Set goals and objectives for each child care relief funding stream, which can assist with developing specific accounting codes (i.e., program, activity, etc.) and setting thresholds for allowable uses. This practice will help Lead Agencies target funding to the most critical needs and create a framework for measuring progress towards goals for coronavirus relief activities.
- Prioritize and rank the most critical needs and allocate funds accordingly. This practice will help Lead Agencies target critical and often limited resources to the highest priorities and needs.
- Track **budgeted** funds compared to **actual** spending and address any variance in spending. This practice helps to ensure that each child care relief funding package is spent according to intended purposes and highlights where funds are not spent as planned.

¹ The American Rescue Plan Act also included \$3.55 billion in mandatory and matching CCDF program funds, an increase of \$633 million over FY 2020 appropriations. This increase to an existing funding stream is permanent and did not include new program requirements.

Child Care Relief Funding:

Tips for CCDF Lead Agencies on Tracking Federal Funding

- Set up each child care relief funding package in a separate account with appropriate accounting codes for specific uses. This practice will help track the use of each child care relief package and can differentiate the various expenditures.
- Consider the data you want to collect to evaluate your efforts and demonstrate the impact to build a case for sustaining increased funding in future years.

Lead Agency Strategies

Some Lead Agencies have been successful in tracking separate funding streams and associated activities by doing the following:

- Coordinating planning efforts with the Lead Agency's partners responsible for overseeing and approving CCDF-related activities by funding stream, such as the governor's office, budget office, the Tribe's financial management system, etc.
- Developing a centralized stabilization grant review and approval process with a checklist that includes specific reporting requirements, including any federal reporting requirements, to demonstrate the positive impact of stabilization grants.
- Understanding the reporting and monitoring requirements of this funding and ensuring systems and processes collect required data. For ARP Act stabilization grant funds, Lead Agencies may consider incorporating reporting requirements into the subgrant applications as noted on Page 25 of the [Information Memorandum ARP Act Child Care Stabilization Funds](#).
- Setting up accounting systems with different codes or ledgers to reflect the various funding streams and related activities.
- Setting up attendance and provider payment systems with different codes for various funding stream payments.
- Ensuring reasonable costs are incurred through a Chart of Accounts system that records expenditures under several different accounting fields (activity codes, program codes, grant periods, unit codes, etc.). These codes automatically infer funding details for purchase orders, subsidy expenses, and so forth. Additional financial oversight is also available as needed.
- Running systematic reports that flag certain providers whose payments exceed anticipated billings. Further review of billing practices is initiated based on these reports. These reports also indicate the need for targeted provider training on various topics.
- Conducting a rigorous, multilevel budget review process for each procurement in which costs are reviewed for allowability before an agreement is executed. Post award, the vendors are required to submit monthly invoices that include line-item budget details which are reviewed for allowability by both program and fiscal staff.
- Using the financial system's functionality to prevent obligation or expenditures of federal funds outside of the period of availability. Additionally, the system's chart of account codes helps identify categories of unallowable expenditures.
- Conducting fiscal oversight of grant funds to ensure reasonable and allowable costs. Funds are tracked through weekly budget variance reports that enable program administrators to monitor revenue, expenditures, and grant balance. This includes internal program, contract, and administrative cost spending.



Child Care Relief Funding:

Tips for CCDF Lead Agencies on Tracking Federal Funding

- Performing an internal annual review of CCDF funds to ensure effective internal controls for overall administration. For activities funded with CCDF quality dollars, a committee reviews and evaluates proposed activities. The committee ensures that all funded proposals reflect the goals of the program, comply with all CCDF regulations, have clear budgets, and have measurable outcomes. Formal contracts stipulate the services to be rendered by the contractor, outline specific budget line items, and require assurances/certifications that funding will be used for approved purposes. This is followed by a comprehensive annual monitoring plan to assess contractor compliance with all fiscal and programmatic requirements.

Summary

As CCDF Lead Agencies continue to respond to the effects of the COVID-19 pandemic on child care providers and families, it is crucial to focus on how the state, territory, or Tribal child care programs will maintain integrity and financial accountability as well as implement sound fiscal practices. Understanding the differences between CCDF, CARES Act, CRRSA Act, and ARP Act funds is critical to tracking the funds according to their allowable uses and intended purposes. It also helps to demonstrate the impact of these funds.

Resources

1. NCSIA Program Integrity Resources (including information on ensuring accurate payments)
<https://childcareta.acf.hhs.gov/resource/ncsia-program-integrity-resources>
2. Office of Child Care COVID-19 Resources
<https://www.acf.hhs.gov/occ/resource/occ-covid-19-resources>
3. ACF-696 Financial Report Form and Instructions
<https://www.acf.hhs.gov/occ/policy-guidance/approved-revised-form-acf-696>
4. ACF-696T Financial Report Form and Instructions
<https://www.acf.hhs.gov/occ/policy-guidance/form-acf-696t-financial-reporting-form-child-care-and-development-fund-ccdf>
5. CCDF Fiscal Fundamentals
https://childcareta.acf.hhs.gov/sites/default/files/public/ccdf_fiscal_fundamentals_brief_final_508_0.pdf
6. American Indian and Alaska native Child Care and Development Fund: Guide to Financial Management, Grants Administration, and Program Accountability
https://childcareta.acf.hhs.gov/sites/default/files/public/american_indian_alaska_native_ccdf_fiscal_guide.pdf
7. Office of Child Care and Office of Head Start National Centers' COVID-19 Resources for Tribal Early Care and Education Programs
<https://childcareta.acf.hhs.gov/resource/occ-and-ohs-national-centers-covid-19-resources-tribal-early-care-and-education-programs>

