



NATIONAL CENTER ON
Subsidy Innovation and Accountability



National Center on Tribal
Early Childhood Development

Ensuring Program Accountability through Effective Fiscal Management in Your Child Care and Development Fund Subsidy Program

Office of Child Care's 2018 American Indian and Alaska Native Regional Conference

Introductions



Agenda

- ◆ Basics of Child Care and Development Fund fiscal administration
- ◆ Subsidy program management
- ◆ Program budgeting related to subsidy administration
- ◆ Layered funding
- ◆ Cost allocation plans
- ◆ Program accountability
- ◆ Tools and resources





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Child Care and Development Fund (CCDF) Fiscal Administration

Basics of CCDF Fiscal Administration

- ◆ Availability of funds
 - Allotments from the discretionary fund
 - Allotments from the mandatory fund
- ◆ Obligation and liquidation
- ◆ Reallotment and redistribution



CCDF Allocations for American Indian and Alaska Native (AI/AN) Grantees



*Note: In Alaska, only the 13 entities defined by the Alaska Native Claims Settlement Act may receive mandatory funds.

Discretionary Funds

- ◆ Authorized under the Child Care and Development Block Grant Act of 2014
- ◆ Include an established per-child amount and a base amount

Child Care and Development Fund, 45 C.F.R. § 98.61(c) (2016).



Mandatory Funds

- ◆ Appropriated under section 418 of the Social Security Act
- ◆ Include an established per-child amount

Child Care and Development Fund, 45 C.F.R. § 98.62(b) (2016).



Fiscal Year (FY) 2018 Funding for AI/AN CCDF Grantees

Mandatory Funds	Discretionary Funds (total base and per child amounts)	Discretionary Base	Discretionary Per Child	Total FY 2018 CCDF Funding for AI/AN Grantees
\$58,340,000	\$300,495,000	\$13,506,000	\$286,989,000	\$358,835,000

2% set-aside from mandatory funds for AI/AN grantees

+

2.75% set-aside from discretionary funds for AI/AN grantees
 + additional \$156,780,000 in discretionary funds specifically for AI/AN grantees

Total CCDF funding for AI/AN grantees in FY 2018 (**more than double** FY 2017 funding)

Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. (2018). *FY 2018 CCDF tribal allocations*. Retrieved from <https://www.acf.hhs.gov/occ/resource/fy-2018-ccdf-tribal-allocations>

Obligation and Liquidation Requirements

The following **obligation and liquidation** provisions apply to tribal discretionary and tribal mandatory funds:

- ◆ After funds are awarded, AI/AN CCDF grantees have 2 years to obligate funds and an additional year to liquidate funds.
- ◆ Timeframes begin on October 1, regardless of when award letters are issued. Funds are available for use in more than one fiscal year.



Child Care and Development Fund, 45 C.F.R. § 98.60 (2016).

Definitions: Obligation and Liquidation

- ◆ **Obligate:** To commit CCDF funds; for example, through a legally binding agreement, purchase order, contract, or subgrant.
- ◆ **Liquidate:** To expend CCDF funds (that is, the payment of funds to a third party as a result of an obligation).

Child Care and Development Fund, 45 C.F.R. § 98.2 (2016).

Obligation and Liquidation Periods

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Fiscal year (FY)	10/1/15 to 9/30/16	10/1/16 to 9/30/17	10/1/17 to 9/30/18	10/1/18 to 9/30/19	10/1/19 to 9/30/20	10/1/20 to 9/30/21	10/1/21 to 9/30/22
FY2016	Funds available	Obligate by 9/30/17	Liquidate by 9/30/18				
FY2017		Funds available	Obligate by 9/30/18	Liquidate by 9/30/19			
FY 2018			Funds available	Obligate by 9/30/19	Liquidate by 9/30/20		
FY 2019				Funds available	Obligate by 9/30/20	Liquidate by 9/30/21	
FY 2020					Funds available	Obligate by 9/30/21	Liquidate by 9/30/22

Allotment and Redistribution

- ◆ AI/AN CCDF grantees must report to the Secretary of Health and Human Services if they are unable to obligate all of their funds the prior year.
- ◆ After all the reports are submitted, funds will be reallocated among other AI/AN CCDF grantees.



Child Care and Development Fund, 45 C.F.R. § 98.64 (2016).

Sharing

How do you determine what funds are set aside for direct services?





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Subsidy Program Management

How Are Child Care Services Provided?

- ◆ Certificate programs
- ◆ Tribally operated child care centers
- ◆ Contracts and grants

Note: American Indian and Alaska Native (AI/AN) CCDF grantees with small allocations are not required to provide direct services.

Questions to Consider

- ◆ Certificate programs
 - How are payments to providers made?
 - Who is tracking provider payments and hours and how?
- ◆ Grants and contracts
 - How are contracts set up with contracted providers?
- ◆ Tribally operated centers
 - How are funds transferred to tribally operated centers?

Types of Payments

Eligible child care providers are paid for the direct services they provide:

- ◆ The subsidy amount that the tribe pays based on the payment rate or “reimbursement rate”
- ◆ The family portion of the child care fee, which is called a family copayment, or “copay” or “family fee”

Tribal subsidy payment
+ Parent copayment

Payment to provider

Activity: Payment Processes

Draw a visual representation of your payment process for your subsidy program.





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Program Budgeting Related to Subsidy Administration

CCDF Funding Award Letter



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Grants
Management Division of
Mandatory Grants
330 C Street, SW
Washington, DC 20201

January 31, 2018

Lead Agency Name
Lead Agency Address

Re: Notice of Grant Award- FY 2018

Dear Grantee:

This grant award represents obligation to the GRANTEE NAME for fiscal year 2018 for the Child Care Development Fund. Mandatory and Matching funds are subject to the requirements of Section 418 of Title IV-A of the Social Security Act as amended by Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, P.L. 104-193, effective October 1, 1996 (CFDA 93.596). Discretionary funds are subject to the requirements of the Child Care and Development Block Grant Act of 1990, as amended (CFDA 93.575).

Appropriation	CAN	Allotment	This Action	Cumulative
XX-XX-XXXX	XXXX,XXXXXXXX,ACF	X,XXX,XXX	XXX,XXX	X,XXX,XXX

XXXX, XXXXXXX, ACF Discretionary

EIN: XXXXXXXXXXXXX
Document Number: XXXXXXXXCCDF

This award is subject to the requirements listed in the enclosed terms and conditions. The use of Federal funds from this award constitutes the GRANTEE's acceptance of these terms and conditions.

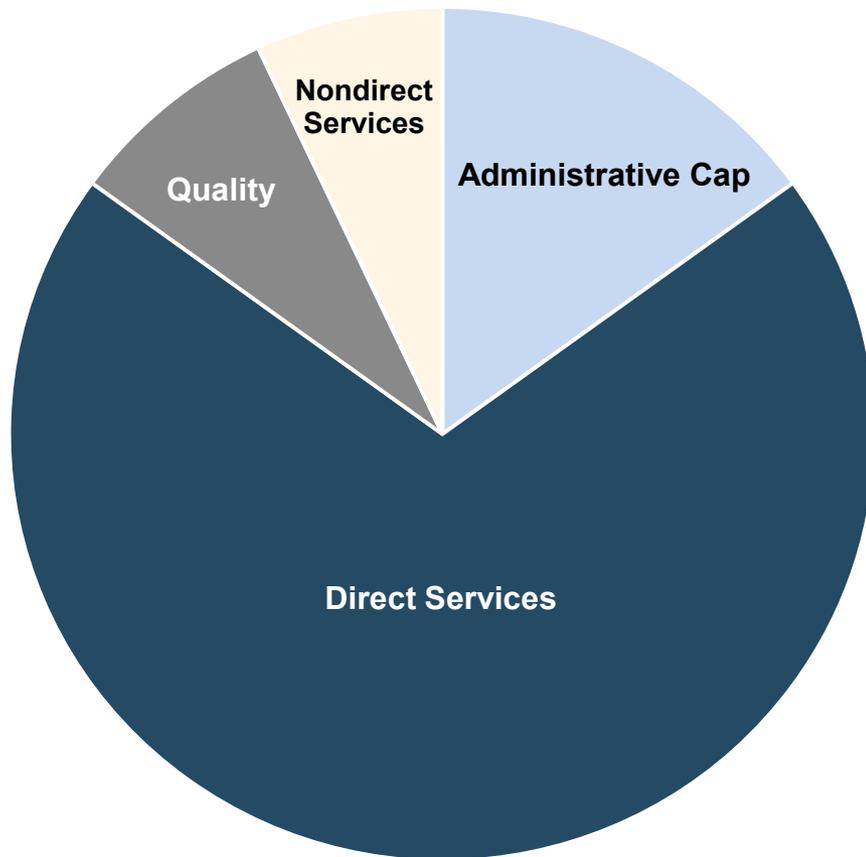
Funds included in this award will be made available through the DHHS Payment Management System (PMS). Questions pertaining to payments should be directed to DHHS Division of Payment Management, Post Office Box 6021, Rockville, MD 20852; telephone 1-877-614-5533. Please refer any other questions about this grant to NAME, the Financial Analyst assigned to this program, at (XXX) XXX-XXXX.

Sincerely,
SIGNATURE
NAME
Financial Management Specialist

This Notice of Grant Award has been issued under a continuing resolution (CR). The allotment is subject to change.

- ◆ Funds are awarded through a “notice of grant award” letter by the beginning of each fiscal year (October 1).
- ◆ By accepting the grant award, AI/AN CCDF grantees agree to comply with the terms and conditions related to the CCDF award.

Program Budgeting Considerations



Administrative Costs (all allocations)

- Organization-wide CCDF management and administration functions
- **Maximum of 15%** of all expended funds
- Excludes base amount

Quality Spending (all allocations)

- Allowable activities under the CCDF final rule designed to improve the quality and availability of child care
- **7%** of all FY 2018 expenditures
- Excludes base amount

Direct Services (medium and large allocations)

- Child care services provided via grants or contracts, certificates (or vouchers), or tribally operated centers
- **No less than 70%** of remaining discretionary funds, after taking into account funds for quality activities and administrative costs

Nondirect Services

- Program costs that are not direct services to families, quality expenditures, or administrative costs

Budget Example for Medium-Allocation Grantee, FY 2018

Item	Amount
Per-child amount calculation	\$520,000 total grant (mandatory and discretionary, including base amount) - \$30,000 discretionary base amount = \$490,000 per-child amount
Administrative cap calculation	\$490,000 per-child amount x 15% administrative cap = \$73,500 maximum CCDF funds that can be expended on administrative costs
Minimum quality expenditure calculation for FY 2018	\$490,000 per-child amount x 7% quality minimum expenditure = \$34,300 minimum CCDF funds that must be spent on quality activities
Remainder of CCDF funds after administrative cap and quality expenditures are deducted	\$520,000 total grant (mandatory and discretionary, including base amount) - \$73,500 maximum CCDF funds that can be expended on administrative costs - \$34,300 minimum quality expenditure = \$412,200 remaining CCDF funds, including the discretionary base amount (\$30,000), to be used on direct services, nondirect services, and quality activities

Budget Activity



Discussion Question

How is your program's financial management system structured?



Sharing

- ◆ How many families are you serving?
- ◆ Average number of children served each month?
- ◆ How many children total are you serving?
 - In-home provider
 - Tribally operated center



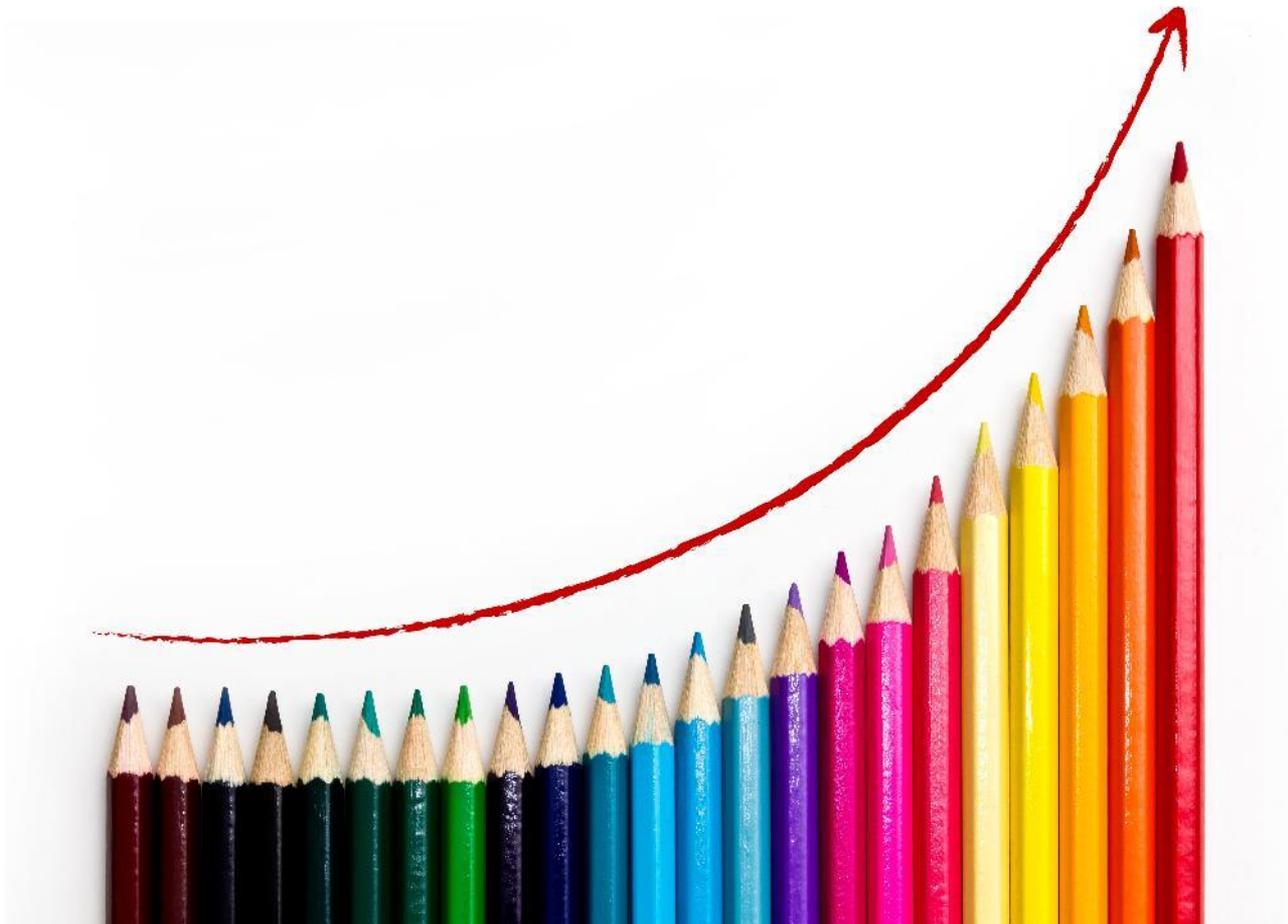
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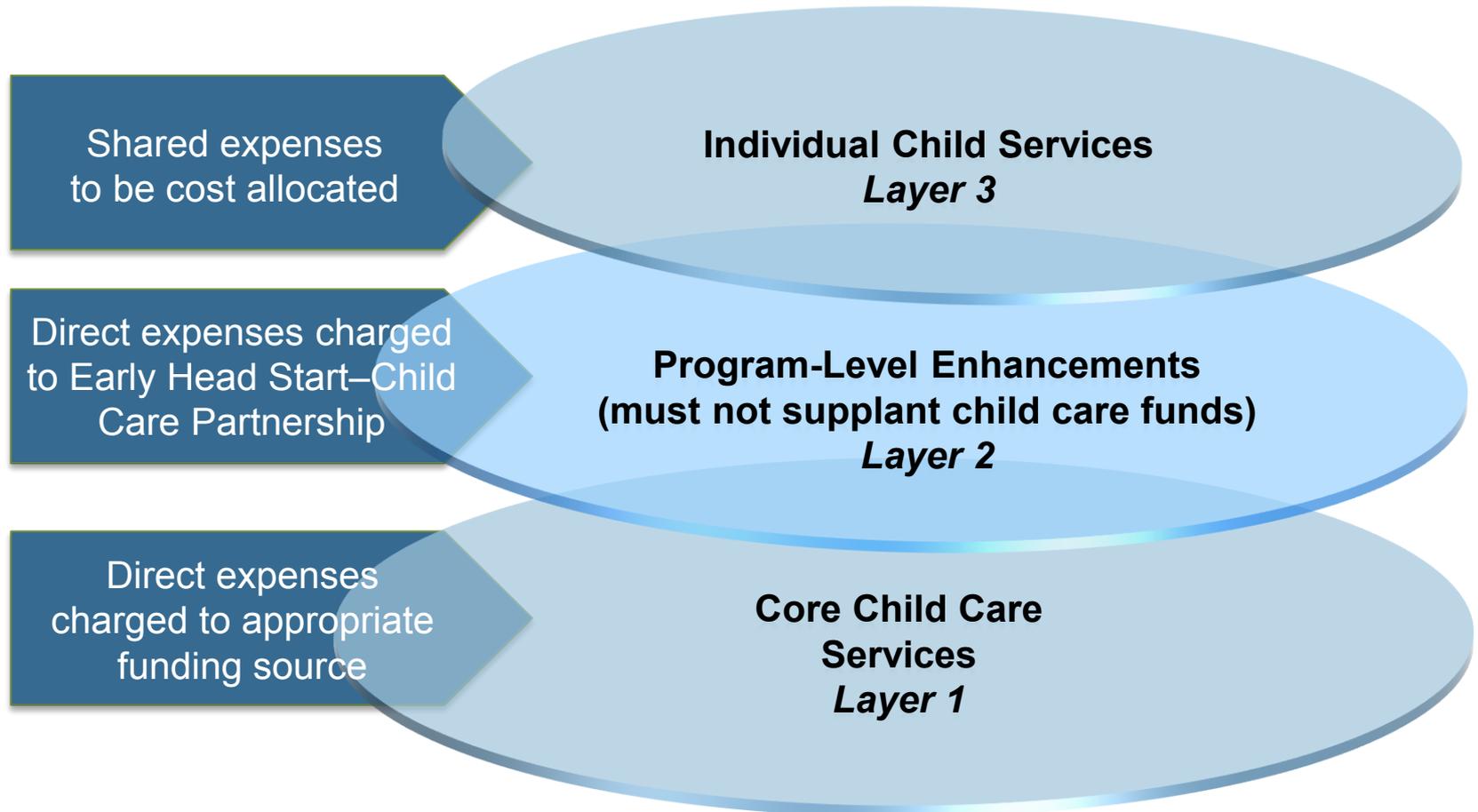
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Layered Funding

Blending, Braiding, and Layering



Layering Services and Costs



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What are some ways you blend, braid, or layer funds to best serve the children and families in your community?





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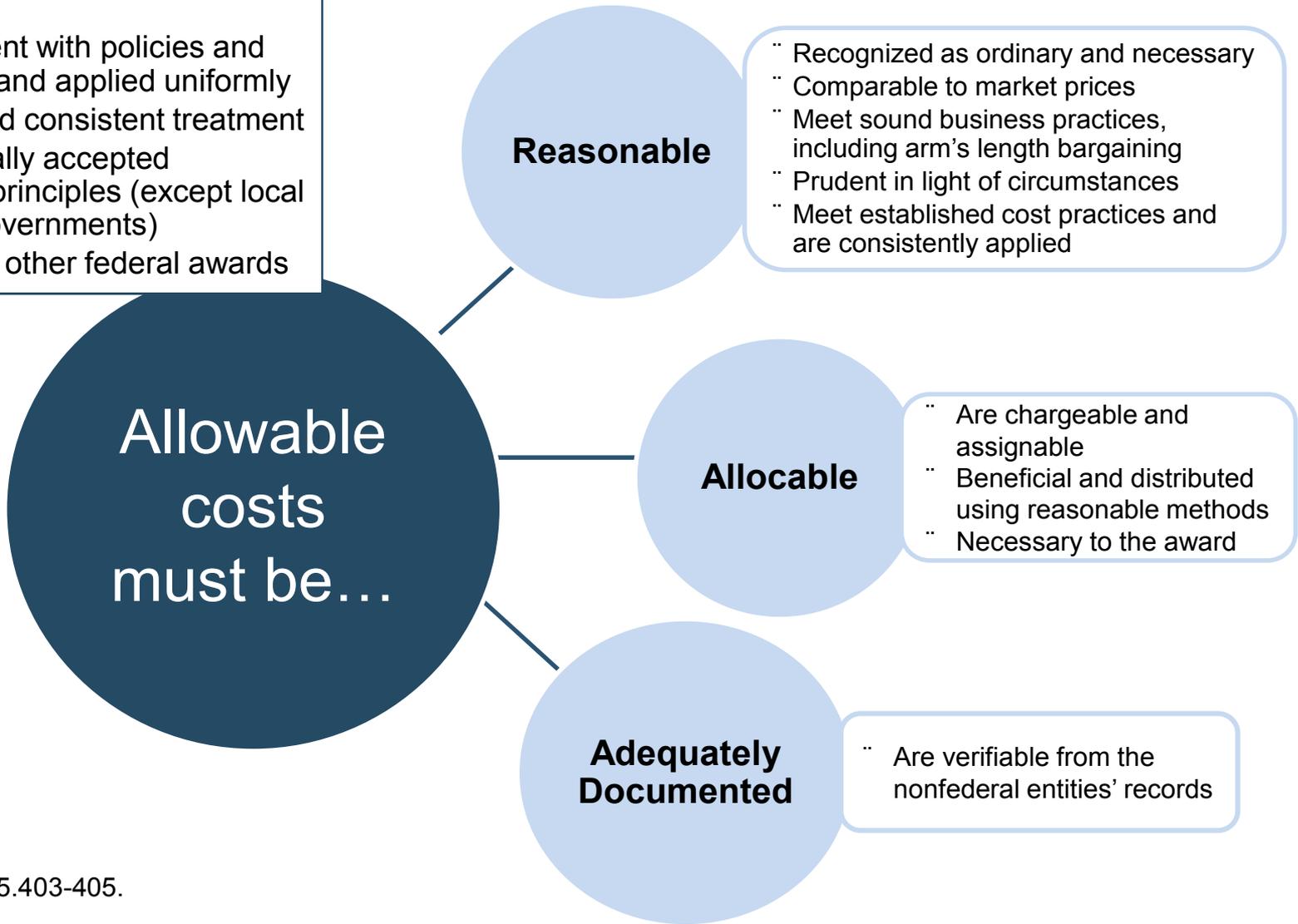


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Cost Allocation Plans

Other

- “ Conform to limitations and exclusions
- “ Are consistent with policies and procedures and applied uniformly
- “ Are accorded consistent treatment
- “ Meet generally accepted accounting principles (except local and tribal governments)
- “ Don't match other federal awards



45 C.F.R. § 75.403-405.

What Is a Cost Allocation Plan?

- ◆ A document that identifies, tracks, and calculates costs that are spread across the agency
- ◆ Provides control over and accountability for funds, property, and other assets
- ◆ Cost allocation is an important part of effective fiscal management

Cost Allocation Plan Basics

- ◆ Affects planning, budgeting, reporting, internal controls, and monitoring
- ◆ Provides an accurate picture of how organization spends funds and uses nonfederal match
- ◆ Documents shared costs to operate—indirect costs
 - Use of buildings and equipment, including repairs
 - Utilities
 - Personnel costs—salaries, benefits

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- ◆ Does your program have any cost allocation plans in place?
- ◆ Do you need help drafting one?





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Program Accountability

Program Accountability

- ◆ Effective internal controls to ensure integrity and accountability
- ◆ Processes to ensure sound fiscal management
- ◆ Processes to identify areas of risk
- ◆ Processes to train providers and program staff on requirements
- ◆ Regular evaluation of internal control activities

Improper Payments

- ◆ An improper payment is any CCDF payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) based on statute or policy.
- ◆ Grantees are required to recover improper payments that are a result of fraud.

Recovering Improper Payments

- ◆ Repayment plan
- ◆ Reduce payments in future months
- ◆ Tax intercepts

Imposing Sanctions

- ◆ AI/AN CCDF grantees are required to impose sanctions on clients and providers in response to fraud
- ◆ They are also required to provide an appeal process

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What are some successful program accountability strategies that you've put into place in your program?



Tools and Resources

- ◆ [*American Indian and Alaska Native Child Care and Development Fund: Guide to Financial Management, Grants Administration, and Program Accountability*](#)
- ◆ Subsidy Administration Resource List (handout)

Common Fiscal Terms and Acronyms

Acronym	Term
CAN	Common accounting number
CCDBG	Child Care and Development Fund Block Grant
CCDF	Child Care and Development Fund Program
CFDA	Catalog of Federal Domestic Assistance
C.F.R.	Code of Federal Regulations
EIN	Employer identification number
IDC	Indirect cost
MOA	Memorandum of agreement
MOU	Memorandum of understanding
PMS	Payment management system
RFQ	Request for quotes

Questions



Reflective Evaluation

What worked today?

What do we want more of?

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