

## Session 2: Justification of CCDF Expenses

**Char:** Hello everyone and welcome to today's session on justification of Child Care Development Fund (CCDF) expenses.

My name is Char Schank I am a Technical Assistance Specialist with the National Center on Tribal Early Childhood Development and a former CCDF Administrator for a Tribe with a small allocation size and I am joined by my colleagues Melissa and Diana. I am going to pass it off to her Melissa so she can introduce herself.

**Melissa:** Thank you, Char. My name is Melissa Madrid I am a Technical Assistance Specialist with the National Center on Tribal Early Childhood Development. I am also a former CCDF Administrator for a Tribe with a large allocation. I am passing to Diana so that she can introduce herself.

**Diana:** Thanks Melissa. My name is Diana Gates, I am the Training and Resource Development Coordinator for NCTECD. I am now going to pass it back to Char to begin the presentation.

**Char:** During this session, we want to demonstrate how you can use your Tribal CCDF Plan; the *American Indian and Alaska Native Child Care and Development Fund: Guide to Financial Management, Grants Administration, and Program Accountability*; information memoranda; program instructions; and other resources to justify your purchase orders, timesheets, and other expenses to your finance department and the Office of Child Care regional office staff.

During the remainder of this session, we will refer to the Child Care and Development Fund as "CCDF" and the *American Indian and Alaska Native Child Care and Development Fund: Guide to Financial Management, Grants Administration, and Program Accountability* as the "fiscal guide."

To ensure a strong fiscal management system through frequent and effective communication between the CCDF Administrator and the Tribe's finance department. Strategies of communication could include, monthly finance meetings where expense reports are reviewed, budget development meetings to ensure cost categories are identified prior to the beginning of the fiscal year, consultation in the development of the Tribal CCDF plan, invite fiscal staff to CCDF trainings and coordination in completing fiscal reports.

### FY 2020–2022 Tribal CCDF Plan Flexibilities

**Char:** To begin this conversation, it is important to provide a bit of background on the Fiscal Year (FY) 2020–2022 Tribal CCDF Plan and the P.L. 102-477 consolidated plan. Tribes can exercise their flexibilities when developing plans that best fit the needs of their Tribal communities.

The Tribal CCDF Plan is the Tribal Lead Agency's application for CCDF funds to the Office of Child Care. It is how the Tribal Lead Agency will describe their child care program and the services that are available to eligible families.

The Child Care and Development Block Grant (CCDBG) Act of 2014 identified allocation sizes for Tribal CCDF Grantees based on the funding they receive. These allocation sizes determine whether a Tribe will be required to meet certain CCDF requirements. It is important for you to review the CCDF requirements based on your Tribe's allocation size to ensure compliance.

The structure of the FY 2020–2022 Tribal CCDF Plan reflects the different requirements for Tribes with different allocation sizes. The first three sections are for Tribes of all allocation sizes and include questions regarding the requirements that all Tribes must meet:

- ◆ Section 1: Define CCDF Leadership and Coordination with Relevant Systems
- ◆ Section 2: Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings
- ◆ Section 3: Supporting Continuous Quality Improvement

Section 4 is for Tribes with small allocation sizes only and focuses on direct services. Tribes with small allocation sizes do not need to complete any further sections.

The second part is for Tribes with medium and large allocation sizes and includes questions regarding the requirements that only apply to them:

- ◆ Section 5: Provide Stable Child Care Financial Assistance to Families
- ◆ Section 6: Ensure Equal Access to Quality Child Care for Low-Income Children
- ◆ Section 7: Promote Family Engagement through Outreach and Consumer Education

At the end of the preprint document, you will find the attachments, which include the child count declaration form, assurances and certifications, and the CCDF Plan amendments log that is completed each time the Tribal Lead Agency amends the plan.

The structure of the P.L. 102-477 consolidated plan is a bit different and Tribal Lead Agencies will provide information on the CCDF program in questions 1-14 as outlined in the Program Instruction.

With the flexibility awarded to Tribes in developing their Tribal CCDF Plans, justification of expenses really falls on the Tribal Lead Agency, which can determine if the costs are allowable based on what has been written in their plan.

The plan approval letter is the Tribal Lead Agency’s notice from the Office of Child Care that their plan has been approved and the activities listed within it are allowable. At times, the Office of Child Care will issue a “conditional approval” of certain sections of the plan. In that case, the information in the plan is approved, but the Tribal Lead Agency must amend their plan in order to come into compliance with the final rule regulations. Tribes with P.L. 102-477 grants will receive their approval letters from the U.S. Department of Interior through the Bureau of Indian Affairs, and the letters may include conditional approval.

We will go over some examples as we move through this presentation.

## Interview

- ◆ **Diana’s question:** You have talked about the flexibilities within our Tribal CCDF Plan. What choices could my Tribal Lead Agency make in our plan that will affect cost allowability?
- ◆ **Melissa’s answer:** There are several sections within your plan that relate to spending, for example:
  - The first three sections are for Tribes of all allocation sizes.
    - Section 1 provides information on service area, child count, administration through contracts and program integrity, and accountability.
    - Section 2 provides information on health and safety training requirements, monitoring, criminal background checks, and disaster preparedness.

- Section 3 provides information on the quality activities the Tribal Lead Agency is investing in during the plan period.
- The next section of the plan is for Tribes with small allocations only:
  - Section 4 provides information for Tribes with small allocation sizes on payment rates, differential rates, and parents' contributions to payments (sliding fee scales).
- The last three sections of the plan pertain to Tribes with medium and large allocation sizes:
  - Section 5 provides information on eligibility criteria, improving access for vulnerable populations, and parents' contributions to payments (sliding fee scales).
  - Section 6 provides information on funding structure, establishing payment rates and differential rates, and payment practices.
  - Section 7 provides information on how to provide information to parents, providers, and the Tribal community on other child care options to inform parental choice.

Based on this information, I hope you can see how the choices each Tribal Lead Agency makes in developing their plan really defines cost allowability. So, let's move forward and talk a bit about the use of CCDF funds.

### [Presenters continue with presentation]

**Melissa:** CCDF funds can be used in four basic categories: direct services, nondirect services, administrative costs, and activities to improve quality.

On the screen you will see a pie chart of expenses.

Under the CCDF final rule, Tribal CCDF Grantees with medium and large allocation sizes are required to spend a substantial percentage of their discretionary funds (not including the base amount) on direct child care services. Taking into account funds reserved for quality activities and administrative costs, Tribes with medium- and large-allocation sizes must use no less than 70 percent of the remaining discretionary funds to fund direct services, no more than 15 percent of funds on administrative costs, 3 percent on infant/toddler quality activities, and 8 percent for quality activities. The remainder can be spent on nondirect services, which includes both discretionary and mandatory funds minus the base amount.

Tribes with small allocation sizes have the flexibility of choosing to offer direct services, so there is no spending requirement for direct services. However, Tribes must follow the administrative cap of 15 percent, 8 percent on quality activities, and the remainder on nondirect services.

The discretionary base amount of the CCDF grant is not subject to these provisions and can be used for any costs consistent with the purpose and requirements of CCDF.

### Interview

- ◆ **Diana's question:** My finance department is telling me that I am spending too much on administrative costs, what should I do?
- ◆ **Char's answer:** That is a great question and I have heard that from several grantees. The CCDF Administrator wears many hats and works in many areas of the CCDF program, some of which may not be administrative tasks. My suggestion would be to refer to the Fiscal Guide and read the section on the use of CCDF funds to familiarize yourself with the activities that fall under the administrative category. In examining the list of activities in the guide, determine if you are correctly coding the administrator's time on their timesheet. You may find that you will need to allocate or divide up their hours and charge to other categories, thus lowering the amount of administrative expenses. You could provide your finance department with a copy

of the guide and reference this section to justify allocating the CCDF Administrator's wages to other cost categories for nonadministrative tasks.

## [Presenters continue with presentation]

**Char:** Now let's look at the four cost categories more in-depth and give you a few more examples of approved expenses.

The direct services cost category is used for child care services provided directly to eligible children by eligible child care providers. This includes all expenses incurred for running a Tribally operated center.

The nondirect services cost category is used for child care program costs that are not direct services to families, that are not quality or construction expenditures, and that are not considered administrative costs under the CCDF regulations. We will discuss quality and construction a bit more as we move through this presentation.

Remember that nondirect services are not the same as indirect costs, which are administrative costs that cannot be easily allocated to a specific program.

Let's move on to talk about administrative costs.

Of the combined CCDF mandatory and discretionary funds allocated in a given fiscal year, Tribal CCDF Grantees may spend no more than 15 percent on administrative costs. The 15 percent cap is calculated based on the cumulative expenditures over the 3-year grant liquidation period, not on the original amount allocated. The discretionary base amount is not subject to the administrative limitation and is excluded from the calculation.

## Activities to Improve the Quality of Child Care

**Char:** Quality expenditures are cumulative over the 3-year liquidation period of each fiscal year's grant. The minimum spending requirements for quality activities apply to total funds expended (mandatory and discretionary funds, excluding the discretionary base amount, and supplemental funds), rather than total funds allocated.

Tribes must spend quality funds on at least 1 of the 10 allowable quality activities.

During the FY 2020–2022 Tribal CCDF Plan Preprint Training Tribal CCDF Grantees shared examples of their quality activities. Our national center has compiled this list and it is available upon request.

## Interview

- ◆ **Diana's question:** Our CCDF program is struggling to find care for infants and toddlers whose families need nontraditional hours. I want to use quality funds to pay my providers a higher rate to encourage this type of care. Is this allowable?
- ◆ **Melissa's answer:** That is a really good question. First of all, you will need to refer to your FY 2020–2022 Tribal CCDF Plan in Section 3.1 (d) to see if that is an activity you have chosen when your Tribal Lead Agency developed your plan. If the box "Offering non-traditional hours" is checked, this cost would be an allowable cost. You can use your approved FY 2020–2022 Tribal CCDF Plan as justification of this expense. It is always a good idea for you to provide your finance department with a copy once approved.
- ◆ **Diana's question:** I want one of my staff to start infusing Indigenous language and culturally responsive practices for infants and toddlers within our curriculum, how do I report this as a quality activity to my finance department?
- ◆ **Melissa's answer:** I would suggest looking at your FY 2020–2022 Tribal CCDF Plan at Section 3.1 (j)(1) to determine if you have checked "Modifying curriculum to reflect Tribal culture" in your plan. If you have, work

on this project is an allowable expense based on your plan and the approval of your plan by the Tribal leadership. Some expenses that could be billed to quality are staff hours working on this project, the cost of creating a paper document of the new curriculum, and training staff and providers on the new curriculum. You could provide your finance department a copy of your approved FY 2020–2022 Tribal CCDF Plan with the plan section noted as justification of this activity along with a time log of the hours your staff member has worked on the project during each pay period. Another strategy would be to update your policies and procedures once your plan is approved to list the quality activities you will be participating in during that plan cycle and provide the finance department an approved copy.

- Please note, if you have not chosen that activity in your plan but feel it is important at this time, you can always amend your plan and add that section. An amendment should be made within 60 days of the change.

## [Presenters continue with presentation]

**Melissa:** It is important to remember that expenses within any of the 10 allowable activities can be in the form of the following:

- ◆ Items such as equipment, curricula, and cultural items
- ◆ Staff time working on any of the initiatives, such as developing health and safety standards, monitoring child care providers, or developing consumer education materials for families and providers
- ◆ Contracted work, which include repairs and maintenance, cultural adaptations to curriculum, etc.
- ◆ Differential payment rates for providers who have met training goals or who offer language immersion within their provider setting

Remember, this list is not exhaustive and is for demonstration purposes only.

It is important for Tribal CCDF Grantees and their fiscal staff to develop a budget that may be approved by your Tribal council and a process to code expenditures to ensure proper use and tracking of quality and infant/toddler funds.

## Program Planning

**Melissa:** Now that we have discussed the day-to-day expenses of your CCDF program, let's think about additional expenses related to program planning and design. For example, developing emergency preparedness and response plans, developing your Tribal CCDF Plan, or developing agreements with other agencies.

Occasionally, to offer more specific guidance related to a particular CCDF topic or question, the Office of Child Care will issue program instructions, information memoranda, or other guidance. Topics vary from issues such as reporting requirements, health and safety requirements, emergency preparedness, and eligibility for CCDF funds.

## Interview

- ◆ **Diana's question:** I have read the information memorandum on disaster preparedness and response. I would like to spend money to assist in the development of a disaster preparedness plan. How can I justify this cost?
- ◆ **Char's answer:** Disaster preparedness and response activities can be accomplished by using your quality set-aside. Tribal Lead Agencies can use quality funds to meet the requirements of the CCDBG Act of 2014. The final rule states that Tribal CCDF programs have disaster preparedness plans in place for Tribes' service areas. For some Tribal Lead Agencies, this may be a daunting task. Hiring a consultant or contractor to assist with this would be an allowable cost. You could use information memorandum CCDF-ACF-IM-2017-01 or

CCDF-ACF-IM-2017-02 as a reference for the requirements of the CCDBG Act regarding disaster preparedness.

Disaster preparedness and response activities can play an important role in helping to better prepare Tribal Lead Agencies, child care providers, and programs before, during, and after a disaster. A disaster preparedness and response plan help Tribal Lead Agencies quickly recover and care for children in a safe and effective manner.

As you consider program planning activities, we encourage you to be in touch with your Tribal leadership to discuss how recent events have affected children and families. The planning process can include discussion on how policies were changed to manage the challenges presented during the pandemic. Further discussion can be based on how CCDF funding can be an essential part of recovering from various disasters, and how lessons learned provide essential data to developing an effective disaster preparedness and response plan that will support Tribal Lead Agencies in managing their wide-ranging and critical roles.

### [Presenters continue with presentation]

**Char:** It is important for Tribal CCDF Administrators to keep an eye out for emails from the Office of Child Care that include program instructions and information memoranda to keep informed of the latest information. It is good practice to copy the guidance and send it along to your Tribal leadership and finance department.

## Additional Funding Awards (CARES Act)

**Char:** Additional funding awards are rare but can happen. The Coronavirus Aid, Relief, and Economic Security Act, often referred to as the CARES Act, provided Tribal Lead Agencies with additional funds to prevent, prepare for, and respond to the coronavirus disease 2019 (COVID-19), and expand flexibility to provide child care assistance to families and children.

## Interview

- ◆ **Diana's question:** When listening during some of the national webinars, I heard that I could use CARES Act funds to support providers in my Tribal community who are not currently receiving subsidies. My fiscal department is not approving my purchase orders for personal protective equipment items to provide to these providers. How do I justify these costs to my fiscal department?
- ◆ **Melissa's answer:** I would suggest that you refer to the CARES Act program instruction and identify the section of the instruction that refers to this type of payment, highlight it, and then attach it to your purchase order to justify this expense.

To learn more about the CARES Act, please visit the Office Child Care's website.

## Tips and Tools for Justification

**Melissa:** Today we have heard some examples of cost justification. Let's do a recap of information you can provide to your Tribal leadership and fiscal department to help make the process easier.

Ensure you keep a copy and provide a copy of the following documents:

- ◆ Your approved Tribal CCDF Plan, including the cover letter
- ◆ Your approved amended Tribal CCDF Plan after each amendment
- ◆ Fiscal Guide

- ◆ All program instructions and information memoranda from the Office of Child Care as they are published

Another strategy that could be used to justify an expense would be to attach an interagency memo to a purchase order that states where the justification information can be found within the list of documents you have provided.

Meeting with your finance department on a regular basis to share quality goals, establish budgets, and to track spending is best practice in ensuring CCDF funds are spent appropriately.

This concludes our on-demand session 2 on Justification of CCDF Expenses. This session is 1 of a 5-part fiscal series. Our other sessions include the following:

- ◆ Session 1: Introduction to CCDF Fiscal Management
- ◆ Session 3: Demonstration of the Budgeting Template
- ◆ Session 4: Demonstration of the Projecting CCDF Spending for Direct Services Tools
- ◆ Session 5: Projection of the Quality Expenditures and Budgeting Template

## Technical Assistance Resources

**Melissa:** Additional resources have been provided to support you with fiscal management. Please download from the landing page a copy of the following:

- ◆ *Fiscal Year 2020-2022 CCDF Plan and Plan Preprint for Tribes (CCDF-ACF-PI-2019-03):* <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2019-03>
  - Attachment A–Tribal Plan Preprint: [https://www.acf.hhs.gov/sites/default/files/occ/fy2020\\_2022\\_ccdf\\_tribal\\_plan\\_preprint.pdf](https://www.acf.hhs.gov/sites/default/files/occ/fy2020_2022_ccdf_tribal_plan_preprint.pdf)
- ◆ *American Indian and Alaska Native Child Care and Development Fund: Guide to Financial Management, Grants Administration, and Program Accountability:* <https://childcareta.acf.hhs.gov/resource/american-indian-and-alaska-native-child-care-and-development-fund-guide-financial>
- ◆ *Summary of Child Care Provisions of Coronavirus Aid, Relief, and Economic Security Act or “CARES Act”:* <https://www.acf.hhs.gov/occ/resource/summary-of-child-care-provisions-of-cares-act>
- ◆ *CCDF Discretionary Funds Appropriated in the CARES Act (Public Law 116-136) passed into law on March 27, 2020 (CCDF-ACF-IM-2020-01) program instruction:* <https://www.acf.hhs.gov/occ/resource/ccdf-acf-im-2020-01>
- ◆ *Appendix C. Sample Quality Activities from AI/AN CCDF Administrators (available upon request)*
- ◆ *Statewide Disaster Plan (Disaster Plan for a Tribe’s Service Area) for Child Care (CCDF-ACF-IM-2017-01) program instruction:* <https://www.acf.hhs.gov/occ/resource/im-2017-01>

- ◆ *Flexibility in Spending CCDF Funds in Response to Federal or State Declared Emergency Situations* (CCDF-ACF-IM-2017-02) program instruction: <https://www.acf.hhs.gov/occ/resource/im-2017-02>

We want to thank you for joining us today and hope the information provided has been useful. If you would like to request technical assistance, please reach out to your Office of Child Care Regional Office, and your Program Specialist will be happy to assist you. If you are a P.L. 102-477 grantee and would like to request technical assistance, please reach to your Office of Child Care Regional Office and copy your BIA representative. Thank you for joining this session! We are so glad you took the time to listen to this information. Feel free to reach out with any questions.

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