

## **Session 3: Demonstration of the Budgeting Template**

**Dee:** Welcome to our session on Demonstration of the Budgeting Template, where we will share a brief overview of Child Care and Development Fund (CCDF) budgeting practices, including defining your CCDF program expense categories and demonstrating ways to use this template as a tool in your program.

My name is Delores Fragua (Dee), and 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 large allocation size. I am joined by my colleague, Melody. I am going to pass it off to her to introduce herself.

**Melody:** Thank you, Dee. My name is Melody Redbird-Post, and I am the Director of the National Center on Tribal Early Childhood Development. I am also a former CCDF Administrator for a Tribe with a medium allocation.

I will now turn it back to Dee to begin our presentation.

**Dee:** The budgeting template is an Excel workbook with various sheets that can be used to identify award amounts, calculate your administrative cap, required quality set-aside, project expenses, cost categories as assigned by the Tribe, and to identify reporting categories for your annual ACF 696T report. Following this process will support Tribal Lead Agencies in developing their proposed budget for the next fiscal year.

Reminder: if you are a Tribal Lead Agency operating under a Public Law 102-477 plan, then your program and financial reporting of CCDF funds awarded under a P. L. 102-477 consolidated plan will be submitted directly to the U.S. Department of the Interior. Tribes with P. L. 102-477 could use this budget template to project CCDF expenses for the upcoming year. That information could be inserted into their overall budget.

The template we are using for the demonstration has been filled out with numbers that reflect a fictitious Tribal Lead Agency and is for demonstration purposes only. It has been color-coded to help identify the fields we are discussing. This Excel workbook is designed to automatically calculate fields based on the information entered into each cell by the Tribal Lead Agency. This template will be available upon request.

The template is divided into seven sections, with each section focusing on a particular part of your CCDF budgeting process. To start the demonstration, I am going to pass it off to my colleague, Melody.

### **Section I.**

**Melody:** Thanks, Dee. I am excited to share this template with Tribal Lead Agencies. We are going to demonstrate the budgeting process for 1 fiscal year. Many times, Tribal Lead Agencies have funds from previous years left over. It is important to create a separate budget sheet for each year's remaining funds to ensure the Tribal Lead Agencies meet the required obligation and liquidation periods. It is good practice to use the oldest funds before spending out of the new fiscal year.

To assist you with budgeting for multiple years, your technical assistance (TA) specialist can create separate tabs within this template and develop additional worksheets that can be used for each CCDF fiscal year that's open, as well as the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, approved construction and major renovation project funds, and even approved supplemental disaster relief assistance funds as needed. If this is something you are interested in, just reach out to your regional office and request TA.

So, let's get started with our demonstration.

Here on the screen, you will see the budget template, at the very top, highlighted in pink, and you will see section 1. In section 1, you will enter your Tribal Lead Agency's name, the fiscal year (also known as grant year) that you are budgeting for, and the 3-year period to expend those funds. As you can see in this template, the ABC Tribe, who is a Tribe with a medium allocation, is budgeting for FY 2020. The 3-year period to expend those funds is October 1, 2019, to September 30, 2022.

## Section II.

**Melody:** Now let's move to Section II, which is highlighted in orange. In this section, you will indicate the date that these funds must be obligated in the top cell and the date in which the funds must be liquidated in the bottom cell. By doing so, you will be reminded of these important dates throughout the year.

Developing a budget before the beginning of the fiscal year can be challenging since, many times, Tribes do not receive funding award letters until after the start of a fiscal year. It is best practice to use the prior year's funding amount to develop your budget and make changes throughout the year as funding awards are received. A budget is a projection of planned expenses for a particular fiscal year.

Within section 2, there are cells to add your grant awards for award letters as you receive them if you choose to develop a budget within a fiscal year as well as a cell for you to add the final award of a previous fiscal year.

To find your previous year's funding award when you don't have access to all of your award letters, you can go to the Office of Child Care's website (<https://www.acf.hhs.gov/occ>) and search for the CCDF Tribal Funding Allocations and scroll to the most current year and view. You can also use your Tribe's account in the Payment Management Systems (PMS) to view data or contact your regional office for assistance.

Looking again at our example, this Tribal Lead Agency has chosen to use the prior fiscal year's funding amount to develop their budget for fiscal year 2020, as you can see by the numbers entered in the light orange highlighted areas.

The grantee's total grant award is \$285,000 for the past fiscal year, which makes them a Tribe with a medium allocation. They then subtracted the discretionary base of \$30,000, highlighted in blue. This left \$255,000, highlighted in grey, to base their projections on.

Now I will hand it Dee to take us through section 3.

## Section III.

**Dee:** Thanks, Melody. Now let's continue on down the spreadsheet to section III, highlighted in green. In this section, we will go through the calculations for each of the spending categories including the administrative cap and quality improvement spending requirements.

The first row in this section shows the amount of \$255,000 carried over from our calculations in section II, which was highlighted in grey. The second row, highlighted in dark green, shows the calculation for the projection of the 15 percent maximum administrative expenditures. In this example, the Tribal CCDF Grantee can spend no more than \$38,250 for administrative expenses from CCDF funds. The 15 percent cap is calculated based on the cumulative expenditures over the 3-year grant liquidation period, not on the original amount allocated. For example, if a grantee is allocated \$255,000 in a fiscal year, but only \$35,500 of that amount is spent within the 3-year liquidation period, the administrative cap would be applied to the \$35,500 spent. If the administrative expenses exceed 15 percent, the CCDF program must use other Tribal funds or a portion of the discretionary base amount to cover these additional expenses. The discretionary base amount is not subject to the administrative cost limitation and was excluded from the administrative cost calculation.

Moving down to the lighter green section on the sheet, this grantee projected the 8 percent quality spending, which was calculated as \$20,400. Remember, this is the minimum you can spend; however, you can spend additional funds for quality.

In the next row, in the lightest green section, they projected the 3 percent minimum for infant/toddler initiatives, which was calculated as \$7,650.

Finally, at the bottom of section III, you will see the calculation to determine the remaining funds that can be used for direct and non-direct services. Let's walk through the calculation. Highlighted in grey, you will see this Tribal Lead Agency's total award of \$285,000. Below, you will see that the sheet subtracted the administrative costs, and the quality costs calculated above, which leaves a total of \$218,700 left to spend on direct and non-direct services.

## Section IV.

**Dee:** Looking at Section IV, highlighted in turquoise, you will see that this area is where you will begin the budgeting process. You will use the amounts calculated in section III and project what funds you will use to cover these costs, either mandatory, discretionary, or the discretionary base amount.

Looking at the first row highlighted in grey, you can see the mandatory funds in the amount of \$19,703, discretionary funds at \$235,297, and discretionary base amount funds with \$30,000.

In the first row highlighted in dark turquoise, this grantee budgeted \$2,955 of mandatory funds, \$20,300 of discretionary funds, and \$10,000 of the discretionary base for a total of \$33,255 for administrative costs. This grantee may have chosen to add \$10,000 of the discretionary base to accommodate a high indirect cost rate negotiated by the Tribe.

In the next row highlighted in light grey, this grantee budgeted \$1,576 of mandatory funds, \$18,824 of discretionary funds, and \$6,884 of the discretionary base for quality activities. This grantee may have chosen to budget the additional \$6,884 from the discretionary base to accommodate some larger quality initiatives. Remember, the requirement for quality spending is a minimum, and Tribal CCDF Grantees have the flexibility to spend more than the requirement on quality activities.

Moving to the next highlighted turquoise row, you will see that this grantee budgeted \$591 in mandatory funds and \$7,059 in discretionary funds for infant/toddler quality activities, which meets the requirement for their medium allocation size.

Keep in mind that the amount for quality funds calculated here is merely a projection for that fiscal year. The quality percentage will be determined by this grantee's actual quality expenditures found after funds in the quality portion of the budget are expended and reported.

Next, in the row highlighted in light grey, this grantee budgeted \$14,995 of discretionary funds and \$13,116 of the discretionary base for a total of \$28,111 for non-direct services.

Finally, let's move to the final row in this section, highlighted in light turquoise, direct services. This grantee has budgeted to spend \$14,581 in mandatory funds and \$174,119 in discretionary funds for direct services.

Remember that Tribes with medium and large allocation sizes are required to spend no less than 70 percent of the remaining discretionary funds, after the administrative costs and quality set aside are deducted to fund direct services, as calculated in section III of this worksheet. This does not include the discretionary base amount that can be used for any costs consistent with the purpose and requirements of CCDF, as you will see in this example.

Tribes with small allocation sizes have the flexibility to choose to offer direct services or to focus on quality initiatives alone.

Melody will now demonstrate how you will break down these amounts further as we move on to section V, the budgeting summary.

## Section V.

**Melody:** *(move the budget sheet in the screen to only show this section)* Thanks, Dee. In this section, the budget summary, CCDF Grantees will use the numbers calculated in section IV to further break down expenses according to their Tribe's financial management system cost category codes. As you can see on the screen, this section is highlighted in purple and the subsections in blue. The subcategories here include non-direct services, direct services grants and certificates, direct services Tribally operated center, CCDF administration (your administrative costs), and quality expenditures.

As we go through this section, I want to point out that in column A, we list the title of the line item. In column B, we list a sample cost category code. These are just examples. In column C, you will see the number of the section in the ACF-696T report, the end of the year fiscal report required for all standard Tribal CCDF Grantees.

By adding the section number of the ACF-696T, you will be able to track your expenditures and know where to enter those amounts when completing the report. Moving on to column D, you will enter the amount budgeted out of mandatory funds, column E, discretionary funds, and finally column F, discretionary base amount funds.

The first subcategory is non-direct services. Non-direct services are child care program costs that are not direct services to families, that are neither quality nor construction expenditures, and that are not considered administrative costs under the CCDF regulations. Let's look to see what this grantee has budgeted for non-direct services for a better understanding of what types of expenditures would fit within this category.

As you can see in their list of line items, they are charging the family caseworker, inspector or monitor, data entry specialist, fringe benefits and background checks for these staff, and office supplies. Since this example is for a Tribe with a medium allocation size that is relatively small, the caseworker may also be the CCDF Administrator, and they are just budgeting for the time the administrator spends on enrolling families and providers, determining eligibility, and establishing copayments within this non-direct services category.

In the following two subcategories, we will cover two direct service options. Direct services are child care services provided directly to eligible children by eligible child care providers. Tribes have the flexibility to fund direct services through a certificate (also known as a voucher) program, grants, and contracts for slots directly to providers, or through Tribally operated centers. Tribes with large allocation sizes are required to provide a certificate program that includes all three categories of care. Tribes with small and medium allocation sizes are exempt from the requirement to operate a certificate program.

For this example, this medium allocation sized grantee has chosen to provide direct services through grants, certificates, and a Tribally operated center. The amount of money this grantee budgeted to spend in this fiscal year is \$14,581 from mandatory funds and \$89,330 from discretionary funds, as you can see in the subtotal line that is highlighted in light purple. There are costs related to administering contracts, grants, and certificates that include the expenses for the office area and office supplies. Many times, Tribal CCDF Grantees allocate or split the office space costs with administrative and non-direct costs based on the amount used by each category.

If you do not provide direct services through grants, contracts, or certificates, you will leave this section blank and move to the next section.

The next subcategory you will see is for direct services through a Tribally operated center. This is just a sample list and each Tribal CCDF Grantee will adjust these line items based on their own expenses. The line items listed in this section are all considered direct services if operating a Tribally operated center. In the subtotal section highlighted in light purple, this grantee has budgeted to spend \$84,789 on direct services through a Tribally operated center. If you do not provide direct services through a Tribally operated center, you would just leave the cells blank or delete this section from the budget worksheet.

Moving down to the next subcategory highlighted in blue, we find the CCDF administrative costs. In this example, the Tribal CCDF Grantee plans to spend \$2,955 in mandatory funds, \$20,300 in discretionary funds, and \$10,000 out of the discretionary base to cover these costs. As mentioned earlier, we are assuming that the administrator is doing both the case workers' duties and the administrative duties, and their time is allocated, or split, between the two cost categories. In this example, the Tribal CCDF Grantee has opted to budget \$5,000 for the administrator and \$5,000 for indirect costs out of the discretionary base; this may be to ensure that they spend the required 70 percent of the remaining discretionary funds in direct services.

Let's think about quality expenditures. Tribal Lead Agencies have the flexibility to choose from the ten approved quality activities. When determining your cost categories, keep in mind that only the approved quality activities in your CCDF Plan are considered allowable expenses. For information on quality spending, see our website or join our on-demand session on "Projection of the Quality Expenditures and Budgeting Demonstration."

Finally, at the end of section V, you will find the totals for all funding categories: \$19,703 in mandatory funds, \$235,297 in discretionary funds, and \$30,000 the discretionary base amount, for a total of \$285,000 highlighted in light purple, which matches the total award at the top of the budget sheet.

Now that we have completed section V, I am going to pass it off to my colleague Dee to go over sections VI and VII—Dee?

## Section VI.

**Dee:** Thank you, Melody! As many of you know, Tribal Lead Agencies are required to submit an ACF-696T report annually to identify how the grantee spent funds issued under CCDF. Tribal Lead Agencies must submit a separate ACF-696T report for each grant year open. To make this process easier, we have included tracking within this budget template in section VI.

Let's review section VI. Here, total amounts from section V will automatically populate into this section. This section is like the ACF-696T form, which allows the program to visualize and identify how the budget calculations should be reported. You will compare reports to these numbers with the expense reports from your finance department to ensure you are only reporting the amount actually expended.

## Section VII.

**Dee:** We are down to the last section of the budgeting template; we have added this section for you to record your funding awards as you receive each letter. This information can be compared to the budget amount you have entered in section II to determine if your budget needs to be adjusted throughout the year.

Also, as you move through your fiscal year, your finance department can provide you with expense reports. These reports can be compared to the budget you developed to ensure your program is spending according to your planned activities. If you see that you are off track, you can adjust based on new priorities. A budget really is a "plan" and can be updated within the year if priorities change.

## Closing

**Dee:** 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 before the beginning of the fiscal year, consultation in the development of the Tribal CCDF Plan, coordination in completing fiscal reports, and inviting fiscal staff to any CCDF related trainings.

This sample budget sheet is available to Tribal CCDF Grantees by requesting technical assistance through your regional office. Your National Center on Tribal Early Childhood Development Technical Assistance Specialist can

support you in developing a budget by adding your grant awards into the budget sheet, creating additional pages for more grant years or the CARES Act funds, and walking through calculating your budget projections. We are always happy to provide feedback as you go through the budgeting process.

This concludes our on-demand session 3 on Demonstration of the Budgeting Template this session is 1 of a 5-part fiscal series. Our other sessions include:

- Session 1: CCDF Fiscal Management an Introduction
- Session 2: Using your CCDF plan and other tools for justification purposes
- Session 4: Demonstration of the Projecting CCDF Spending for Direct Services Tools
- Session 5: Projection of the Quality Expenditures and Budgeting Demonstration

You can complete the series by visiting our website.

## Additional Resources

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

- ◆ ACF-696 T Program Instructions: <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2019-08>
- ◆ Applicability of Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2CFR Part 200) to CCDF: <https://www.acf.hhs.gov/occ/resource/pi-2015-01>
- ◆ 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\\_0.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/american_indian_alaska_native_ccdf_fiscal_guide_0.pdf)

We hope that you have found this information helpful as you work to develop or revise your Tribal CCDF budget. 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.

We look forward to hearing from you in the future! *Ah-kyah-heh-heh* (thank you).

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