BUDGET AND FINANCIAL GUIDELINES

Systems Used for Reporting

Strong Beginnings reporting is completed using a system of budget folders that are located in a private Google Drive shared between each ISD and CCRESA. This system provides/stores budget resources, budget documents countersigned by the ISD and CCRESA, program provider budget workbooks and ISD budget, and invoice FER workbooks. To access this budget folder, relevant ISD personnel should request sharing permission from the CCRESA Strong Beginnings Implementation Consultant.

Budget Guidelines

Strong Beginnings funds are appropriated annually based on the CCRESA's fiscal year: July1 through June 30. CCRESA's allocations to ISDs are based on this fiscal year. Contracts are only sent once the funds have been appropriated by the State School Aid Act for the fiscal year that is being funded. If the State School Aid Act containing Strong Beginnings funding for that fiscal year is not signed by the Governor before July 1, contracts will be delayed until funding for Strong Beginnings is assured.

The ISD must maintain budgets for operations/program, and if appropriate, transportation and startup funding that contain only those costs that are attributable to Strong Beginnings, and that would not be incurred if the program were not being offered. Eligible costs include transportation costs in the operations/program budget as well as in the transportation budget. Operations/program budgets will be prepared that are clearly attributable to Strong Beginnings. Strong Beginnings funding may not be used to pay for expenses where federal funding is available as a primary funding source (e.g., federal food and nutrition programs). In those cases, federal dollars must be used to the fullest extent possible before Strong Beginnings funds may be utilized.

ISDs are to ensure that revenues and expenses related to services and materials purchased for their respective grant expenditure period are recorded in their accounting system for that same period. ISDs are required to maintain separate ledgers (cost centers) for each allocation of funding accepted by the ISD, including program funds, carryover funds, transportation funds, and start up grants as applicable. General ledger information must align with budget, invoice, and final expenditure report information. Revenue is not allowed to be earned on any Strong Beginnings funding. See the resources for this section for documents to assist with budgeting.

Strong Beginnings funds may be used to pay for the following:

- Selected Program Evaluation Tool (CLASS® and CLASS® Environment) training and certification for each classroom where any Strong Beginning-funded children are enrolled; (The online system for entering CLASS® data is directly paid for by CCRESA)

- Instructional materials and supplies for children and/or families;
- The cost for breakfast, lunch and/or snack over and above all reimbursements the program is eligible for from applicable federal food programs (see Use of Federal Food Programs and Strong Beginnings below);
- Lead teacher, associate teacher, early childhood specialist, and other Strong Beginnings staff hired to support the classroom salaries and fringe benefits;
- Bonuses and incentive payments (only in certain circumstances; refer to Bonuses and Incentive Payment section below for further information);
- Family Liaison and other Strong Beginnings staff hired to support family wellbeing salaries and fringe benefits;
- Family engagement activities;
- Transportation for students;
- Health support services;
- Student support services;
- Staff development and teacher/family training;
- Ordering copies of official transcripts from college/universities to support MiRegistry membership and validation;
- Travel necessary to enable Strong Beginnings staff to implement the early childhood program;
- Office supplies and materials;
- Communication;
- Printing and binding of Strong Beginnings materials;
- Construction or renovation projects. All construction or renovation projects over $10,000 are considered capital outlay. If even a portion of any capital outlay item is charged to Strong Beginnings, ISD approval is required before the cost is incurred. For more information on capital outlay, refer to the Capital Outlay section below;
- Furniture such as shelving and equipment;
- State tax, including sales and property tax, when an organization is for profit;
- Unemployment expenses. If the program is a “contributing employer”, costs incurred as a payroll tax may be charged accordingly on an ongoing basis with payroll expenses. If the program is a “reimbursing employer,” costs incurred for the layoff of a Strong Beginnings staff member may be charged accordingly with documentation to support the charges applicable to Strong Beginnings;
- Up to 4% administrative costs and 2% for outreach and recruitment costs incurred by the ISD for administration of the grant. See the 4% Administrative Costs and Outreach and Recruiting sections below.

Strong Beginnings funds MAY NOT be used to pay for:

- Existing administrative, educational, or support personnel funded through other sources (i.e. a K-12 principal cannot be paid 100% with general funds and also charge Strong Beginnings for part of salary);
- Costs that should be covered by Special Education;
- Any costs associated with breakfast, lunch and/or snack if the program does not participate in federal food programs for which it is eligible. Exceptions do apply; see Use of Federal Food Programs and Strong Beginnings below;
- Supplemental curriculum or materials unless the approval process has been completed and approved by the ISD and kept on file for review;
- Any state tax, including sales and property tax, when an organization is not for profit;
- Maintenance, utilities, or any other costs when included in a rental agreement or any other agreement;
- Depreciation or amortization;
- Gift cards to make purchases or use as incentive payments for employee or contracted employee use or for family participation within advisory committees or family participation groups.

This list is not all inclusive. Please contact CCRESA if you have questions.

Braided and Blended Funding

Materials and supplies purchased for Strong Beginnings may be used by other activities within an ISD or Community Based Organization (CBO) program facility receiving funding from other state, local, or regional awards. The provision applies to materials and supplies only; equipment purchases, salaries, or other services are excluded. Examples include activities funded by local government funding or scholarship sources. Materials and supplies purchased for Strong Beginnings may not be utilized to supplant federally funded activities

In order to further support expansion occurring through the blending and braiding of funds, the following additional flexibilities are allowable:

When any children in a classroom are funded through Strong Beginnings, all Strong Beginnings requirements must be followed, including staff credentialing, curriculum, assessment, provision of a Family Liaison, family engagement, etc. It is imperative that if braiding with other state or federal funded programs, the ISD and program partner review those program requirements, as those program standards must also be upheld. Therefore, Strong Beginnings funds can be used to pay for the cost of implementing the Strong Beginnings requirements, including:

- Professional learning for classroom staff and administrators, outside of what is necessary for child care licensing. Specifically, professional learning for curriculum, child assessment, and screening, and any professional learning required for Strong Beginnings by the ISD. Costs may include registration, travel, staff time, and substitutes.

- Purchase of curriculum or assessment materials approved for Strong Beginnings.
- The documented difference between the salaries for Strong Beginnings-qualified teacher and associate teacher compared to the salaries for other program teachers and associate teachers.
- An additional portion of administrator salaries for Strong Beginnings-specific duties.
- Program operational costs such as roofing, plowing, hot water heaters, playgrounds, kitchen facilities, etc.
- Since every child in a classroom with Strong Beginnings funding receives some funding from Strong Beginnings, Strong Beginnings funds may be used to pay for part of every classroom cost. The program provider should determine what percentage of classroom funding comes from Strong Beginnings and what percentage comes from other funding sources. Strong Beginnings should be charged that percentage of every program cost. Strong Beginnings should not just be charged for some costs, such as staffing, with other funds covering other costs.

ISD Budget Detail

ISDs will complete a program and transportation budget (if applicable) using appropriate workbooks in the Google Drive Budget Folder shared between the ISD and CCRESA. The program budget may include funding to support transportation to and from school when those costs exceed the transportation allocation as well as field trip transportation. Startup grant budget documentation must be maintained locally by the ISD and submitted to CCRESA using the appropriate workbook in the shared budget folder.

Budget descriptions must be clearly stated to ensure consistency and faster budget approval. The ISD must ensure that all expenditures are allowable. Each entry must provide clear information to determine the allowability of planned expenditures. Detailed items must be reasonable for the quality of the project activities proposed, include appropriate function and object codes, and, in total, not exceed the maximum administrative costs allowable, where applicable. Items reported under Purchased Services must clearly identify personnel, materials, or services. Salary and benefit descriptions along with the number of hours/FTEs must be included for each category of employee.

An ISD or consortium of ISDs may withhold funds for operating Strong Beginnings. These may include programming, administrative, outreach, and recruitment. ISD administrative costs are capped at 4% of the total grant amount. Outreach and recruitment costs are capped at 2% of the total grant amount. The withholding rate must be applied consistently to all Strong Beginnings program providers depending on the services provided by the ISD to the individual program provider.

ISDs cannot retain Strong Beginnings funds from program providers if the agreement with the program provider excludes or waives the provision of specific services by the ISD. For example:

- If by contract or waiver, the program provider does not receive printing or marketing services, funds for those services cannot be retained from the program provider's contract by the ISD.

Program Provider Budget Detail

The ISD is the grantee and fiscal agent for all Strong Beginnings funds. As such, the ISD is required, at a minimum, to receive, share with CCRESA, review, approve, and keep on file yearly budgets and FERs for all Strong Beginnings funds, including transportation, carryover, and start up grants. Individual program provider budgets and FERs are required documentation for a fiscal review and must be uploaded to the subcontractor folder in the shared Google budget drive before the ISD budget and FER will be approved. Templates and other documents are available in the resources section. ISDs may also require program partners to utilize accounting software.

The operating budget is generally due in mid-September of each year and the FER approximately five weeks after the end of the fiscal year on June 30. The start-up budget is generally due at the beginning of September. Purchases made or costs incurred before the approval of this budget will not be covered if not approved in the budget or by prior agreement of the Strong Beginnings Implementation Consultant. All purchases for the start-up budget must be completed by the beginning of May, and the FER is due at the beginning of June. See the Strong Beginnings calendar for each school year for the exact due dates of these documents.

For program providers, the ISD is only required to enter a total amount for all object codes in the applicable 400 function codes within the overall ISD budgets and FERs. Each object code, with the exception of Salaries and Benefits and Capital Outlay, which are reported on the same line, must be reported on separate lines. Descriptions must be used as below:

- Function code 411 – Total Districts/PSAs
- Function code 441 – Total For-Profit, Public or Private CBOs
- Function code 445 – Total Non-Profit CBOs, College/Universities and Head Start

The ISD must allow each subcontractor to budget reasonable amounts in any of the function codes approved for use by Strong Beginnings.

Administrative Costs

An ISD or consortium of ISDs may retain an amount not to exceed 4% of the total grant amount from program and transportation funds for administrative services provided by the ISD. Function Codes 23X, 24X, 25X, and 28X (with the exception of

282) are considered administrative. Administrative expenses are required to be designated as such in the budget and FER descriptions, including the transportation budget. Costs related to Early Childhood Specialists, Fiscal Coaches/Specialists, and Early Childhood Contacts are program costs and are not considered an administrative expense subject to the 4% cap. Additional funds can be retained by the ISD for actual program costs.

An ISD may retain up to 4% administrative costs to operate the Strong Beginnings grant. Indirect costs are not permitted.

Before submitting budgets and FERs, the ISD must ensure that detailed administrative items are reasonable and necessary for the quality of the activities proposed, include proper function codes and descriptions, and are properly allocated between administration and program services.

The ISD must document the allocation of cost sharing. For example, the duties for a local program administrator are split between administrative and programmatic functions. The ISD may permit cost sharing with proper supportive documentation by using a position description and a spreadsheet that demonstrates the rationale for the cost sharing. In this instance, costs must be designated as administrative and/or programmatic. The documentation that justifies cost sharing must be kept on file for a fiscal review.

All program providers may apply an indirect rate up to the federal de minimis. Program providers using indirect cannot exceed the federal de minimis for administrative expenses. If program providers are using indirect, a portion of an expense cannot be charged to both direct and indirect. An expense can only be charged directly or indirectly, not both.

Strong Beginnings Space Costs

Space costs are defined as expenses associated with operating classroom/building spaces where Strong Beginnings children will occupy. To determine reasonable and allowable space costs, program providers and ISDs must utilize the Building Cost Template (or similar tool) or a Fair Market Value calculator for the area in which the entity is located. Annually, program providers must provide documentation indicating a Fair Market Value assessment was utilized when determining operational costs charged to Strong Beginnings.

Programs must use space cost to represent the allowable portion of facility expenses, including items such as mortgage and rent. Space cost reflects the operational use of a facility and may be charged to Strong Beginnings as an allowable expense, either indirectly or by function code. These costs must be prorated based on the portion of the space used for Strong Beginnings and must be reasonable, necessary, and based on fair market value.

Example of allowable space costs: A program provider rents their building to operate their child care center. One of the classrooms within that building is used for Strong Beginnings. Using the building cost template, the program provider would include the total square footage of the rented building and the total square footage of space used for Strong Beginnings to determine what percent of the building is used for Strong Beginnings purposes. The program provider would also include other operating expenses like utilities, snow removal, etc. in the building cost template to determine the overall operating expenses for the site. The proportionate share of the expenses can then be budgeted as space use costs on their budget with the completed building cost template as documentation for those expenses.

Personnel Rules

Salaries budgeted for personnel must be accompanied by a budgeted amount for benefits even if that amount is "0." Full Time Equivalent (FTE) or hours must be designated for each individual or category of individuals. A 1.0 FTE is viewed as the equivalent of 40 hours/week, whether the individual is contracted to work the full calendar year or the school calendar year. Hours budgeted must equal the total hours of expected work per year.

ISDs and program providers must include personnel last names in their budget detail descriptions and FERs for monitoring and auditing purposes.

If ISD staff are hired using an agency, any fee paid to the agency for the provision of staff is to be considered an administrative cost and is reported separately in Function Code 283.

Bonuses and Incentive Payments

Bonuses and incentive payments that exceed the contracted salary are allowable only for employees in the following circumstances:

- Staff who are actively participating with the T.E.A.C.H. statewide scholarship program. A documented percentage or lump sum payment schedule must be established, based on hours worked, length of employment, etc., along with an implemented written policy/procedure to ensure consistency of these payments. Bonuses and incentive payments are subject to applicable income taxes.
- A new hire bonus or incentive. This payment is specific and limited to new staff at the time of hire.
- A referral bonus to current staff that recruit new hires to the program. The program should have a policy in place outlining the process for distributing a referral bonus.
- Longevity payments provided to recognize returning staff. Payments must be included in the program's personnel policies and contracted salary amount.
- Enrollment incentives for staff responsible for the recruitment and enrollment of children. The program should have a policy in place outlining the process for distributing enrollment incentives.

- As outlined in the employer's benefit package offered to all staff hired at that entity, this includes longevity payments, child care discounts, and/or tuition reimbursement.
- Other bonuses and incentive payments that exceed the contracted salary amount, regardless of being coded as a salary (17XX) or a benefit (2XXX) are not approvable expenses.

Outreach and Recruiting

An ISD and/or program providers may incur costs for outreach, recruitment, and public awareness of the program, but the total must not exceed 2% of the total grant amount. Recruitment and enrollment costs must be clearly identified in budgets and FERs.

An ISD or program provider(s) can provide outreach, recruitment, and public awareness and incur the costs independently or collaboratively, but total costs cannot exceed the 2%. ISDs must have a written policy describing the process, including the entities (ISD and/or program providers) that will be providing the outreach, recruitment, and public awareness. Outreach, recruitment, and public awareness costs are not considered administrative costs and are calculated separately. Refer to the Recruitment and Enrollment section of this manual.

Outreach, recruitment, and public awareness costs must be entered into budgets and FERs under function code 282.

Cross-ISD Enrollment

Cross-ISD enrollment is not allowed in Strong Beginnings. If very unusual circumstances warrant considering it, contact the CCRESA Strong Beginnings Implementation Consultant for permission.

Use of Transportation Funding

Transportation services include costs, either in full or appropriately prorated, for child safety restraint systems, additional or extended bus routes/bus runs/mileage, fuel, vehicle maintenance or modifications, drivers, bus aides, and school buses or other costs related to transportation. Depreciation is not an allowable expense for Strong Beginnings transportation. This funding is to be spent only on transporting children to and from school.

Strong Beginnings will pay 100% of transportation costs for children funded only by Strong Beginnings or dually funded by Strong Beginnings and Head Start. Children who are age eligible for GSRP in a multiage Strong Beginnings/GSRP classroom will receive all transportation funding from GSRP. The minimum amount of transportation funding available per child is included in the yearly contract between the ISD and CCRESA

The total transportation funding pool for Strong Beginnings includes approximately $500 per child enrolled in a four day per week program, whether school day, part day, multiage or Strong/Head Start Blend, for the school year. It includes approximately $625 per child enrolled in a five day per week program, whether school day or Strong Beginnings/Head Start blend, for the school year. Four school day Strong Beginnings/GSRP Multiage classrooms will receive $500 and five extended day Strong Beginnings/GSRP Multiage classrooms will receive $625 for each child age eligible for Strong Beginnings who is enrolled at the start of the school year. If the classroom is not filled by the date the transportation estimate is required, the current percentage of children eligible for Strong Beginnings enrolled in the classroom will be used to determine the base transportation funding. For example, if there are currently 10 children in the 4 day classroom and five are age eligible for Strong Beginnings and five for GSRP, the base funding for the classroom would be $500x14x.5 as half the children of a full classroom would be considered eligible for Strong Beginnings transportation funding. The exact amount of per child transportation funding available for the pool is included in the yearly contract between the ISD and CCRESA.

Each year the ISDs included in the pilot will collect projected transportation budgets from subcontractors and forward by email to CCRESA a total aggregated transportation request by mid-September. ISDs will be informed of their final transportation budget allocation in early October and must submit their final transportation budget to CCRESA approximately three weeks later. Transportation FERs are due about five weeks after the end of the contract year. Exact dates for each of these budget requirements may be found in the Strong Beginnings Calendar for each school year.

The ISD may use any or all of their specific Strong Beginnings transportation award from this pool and must distribute transportation funds as needed across all program providers. The ISD creates a process to gather pertinent information that will guide decision-making on prioritization of transportation funds. The ISD may distribute funds they receive either equally based on child FTE or equitably based on actual costs or other such factors to all programs providing transportation. The ISD must document the process used to distribute funds and share it with the school readiness advisory committee.

Transportation options approved by the Michigan Department of Lifelong Education, Advancement and Potential (MiLEAP) may be supported with Strong Beginnings funds. This includes school buses and contracts with bus companies. If a public transit system meets Licensing requirements, the cost for transportation may be contracted for and paid by the program directly to the transit system if the general public is not being transported with children in Strong Beginnings. Ridership and costs may be shared with other programs from the Strong Beginnings site, including GSRP. Laws regarding restraint systems for children under four years of age must be followed for all age-appropriate students. All of these options necessitate a contract.

Strong Beginnings requires a separate transportation budget to document use of the transportation award accepted for the ISD and/or program providers. The administrative cap for ISDs also applies to accepted transportation funds.

Use of transportation funds should be monitored throughout the year. If actual expenses are less than planned, transportation funds can be moved between program providers as needed. Strong Beginnings funds may only be used for children enrolled in Strong Beginnings. These funds are not available for carryover.

Parent/Guardian Transportation Funding Considerations

Beginning in FY27, CCRESA shall allow programs to utilize transportation funds for costs related to parent- or guardian-provided transportation and for costs related to parent- or guardian-accompanied transportation provided by transportation service companies, buses, or other public transportation services.

To be eligible for reimbursement under this subsection, a program must submit to the intermediate district or consortia of intermediate districts all the following:

a) The names of families provided with transportation support along with a documented reason for the need for transportation support and the type of transportation provided.
b) Financial documentation of actual transportation costs incurred by the program, including, but not limited to, receipts and mileage reports, as determined by the Department of Lifelong Education, Advancement, and Potential and CCRESA.
c) Any other documentation or information determined necessary by CCRESA.

The following is provided to ensure dollars are utilized in a way that improves access to Strong Beginnings for geographically isolated families.

Requesting Transportation Funding:

Intermediate School Districts (ISDs), as the fiduciary of Strong Beginnings funding, may include in their transportation funding request funding for families with low income or who are geographically isolated to provide transportation. This funding may be distributed to families by the ISD or by the program provider in which the family is attending.

Policies

The ISD must have a policy in place to document the request for and award process of transportation funding. If the ISD provides funding for costs related to parent-or guardian-provided transportation, the policy must include language prioritizing funding for families with low income or who are geographically isolated.

The policy should include a tool for documenting who receives funding and why, including the name of the child, program attending, the family income, and geographic location of the family to the enrolled program.

Furthermore, CCRESA requires that if the ISD does not currently have a fiscal policy on the purchase and retention of gas cards, for the purpose of family distribution, and the ISD intends to apply for funding to support this new allowance, a fiscal policy will be put into place within 30 days of allocating funds to families.

Distributing funds

These funds must be distributed on a case-by-case basis. The child's need for transportation should be considered when making the placement and efforts made to reduce the transportation distance.

Recommendations:

It is not recommended that the ISD coordinate or assist in coordinating connections among families for transportation purposes. If multiple children are being transported to a Strong Beginnings program, transportation funds may only be applied to one child per family. If a family has a child in Strong Beginnings and in GSRP at the same site, they may receive transportation reimbursement for only one of these children. These funds are strictly for transportation to and from Strong Beginnings programming and cannot be used for field trips, recruitment and enrollment, or other non-programming events. However, program funds may be used for field trips.

Required Documentation

For audit purposes, ISDs are responsible for ensuring documentation submitted for reimbursement is sufficient. To ensure compliance with this legislation, CCRESA recommends review and signoff by an authorized ISD official. A documented need for the reason for the use of public transportation and financial documentation is required. Receipts must clearly disclose the public transportation provider, cost, date, time, and location or map documenting mileage of each round trip to/from the program.

Start Up Grant Funding

Eligibility:

A classroom newly awarded to an ISD is eligible. A program provider may receive a start up grant for more than one classroom. Classrooms that are transferred to a new location and were previously awarded a start up grant are not eligible for an additional start up grant. Furnishings and equipment purchased with the original start up grant should be moved to the new classroom location.

Funding:

All programs receive start up funds of $20,000 for each new classroom for the purchase of durable equipment and supplies, including child safety restraint systems for buses, or small renovations. All Strong Beginnings classrooms, regardless of the program option or additional funding sources utilized, receive the same amount of start up funds. No match for start up funds from other funding sources is required. All Strong Beginnings/GSRP multiage programs will receive $20,000 start up funds provided by Strong Beginnings. Additional start up funds may be available from GSRP. No Strong Beginnings start up funds will be available for carryover.

Reporting:

Start up funds may be requested for new classrooms in ISDs after the ISD returns its signed contract for the fiscal year in which the new classroom is beginning. Funds will be sent to the ISD when an email request for them is received by the CCRESA Strong Beginnings Implementation Consultant.

Start up budgets and FERS will be developed utilizing the start up workbooks in the ISDs shared Google Drive budget folders. Lists of equipment to be purchased and renovations etc to be carried out with start up funds must be placed in the subcontractor folder of the budget drive before the ISD submits the startup budget. Materials that do not fit the criteria for startup purchases will be disallowed. The ISD may check the suitability of potential purchases with the CCRESA Strong Beginnings Implementation Consultant before the budget is approved to ensure that planned purchases will be covered by the start up funds.

Use of Federal Food Programs for Strong Beginnings

Strong Beginnings students are eligible to participate in the National School Nutrition Programs (SNP) and Child and Adult Care Food Program (CACFP) where applicable. Children who attend Strong Beginnings in a classroom operated by the ISD or an LEA which is housed in a public-school building providing free meals for all students, are eligible for free breakfast and lunch. Food program eligibility documentation must continue to be collected as required by the SNP.

Strong Beginnings children receiving meals through CACFP are not categorically eligible to receive free meals through this program due to an income requirement less stringent than that of the federal Head Start Program. All families of Strong Beginnings children receiving meals or snacks through a federal food program should expect to complete and return the appropriate eligibility documentation (i.e., SNP-Free and Reduced Meal Family Application, CACFP Household Income Eligibility Statements). Participating programs must retain this paperwork as required by the applicable food program.

Programs are required to follow the following Child Care Licensing Rule; Rule 400.330(8) A child shall be served meals and snacks in accordance with the following schedule:

- Two and a half hours to 4 hours of operation: a minimum of 1 snack.
- Four hours to 6 hours of operation: a minimum of 1 meal and 1 snack.
- Seven hours to 10 hours of operation: a minimum of 1 meal and 2 snacks or 2 meals and 1 snack.

Strong Beginnings funds may only be used to cover the costs of providing classroom meals and snacks that are over and above the reimbursement received from the SNP and/or the CACFP as applicable.

Exception:

All LEA Strong Beginnings program providers are required to take part in SNP for breakfast and lunch or CACFP for all meals/snacks. An LEA may choose to use SNP for meals and CACFP for snack only, however, it is not required to do so if participation is cost prohibitive.

CBOs that are eligible must participate in CACFP, unless participation is cost prohibitive. Participation may be cost prohibitive when a program has only a small number of children who are eligible for free or reduced reimbursement levels, or when a part-day program offers snack only. In these cases, the administrative cost to participate may exceed reimbursement. To assist in determining if CACFP participation would be cost prohibitive, the ISD should work with the CBO partner to complete the Strong Beginnings CACFP Application Decision Tree in the resources for this section. Strong Beginnings will accept the CACFP Application Decision Tree for program providers providing both GSRP and Strong Beginnings.

For some CBOs, engaging with a CACFP sponsor may be beneficial. A CACFP sponsor manages the administrative aspects of participation for a nominal percentage of the reimbursement. This may make participation more accessible, allowing for the program to benefit from the federal reimbursement with significantly less administrative burden. A CBO interested in sponsorship should contact CACFP at the Michigan Department of Education (MDE) for more information.

Redetermination of the cost/benefit of participation in CACFP should be conducted any time a significant change to the program structure occurs (e.g., a substantial increase/decrease in enrollment, the addition of a Strong Beginnings of GSRP classroom or before- and after-school-care program) that alters the number of eligible children served meals/snacks.

A for-profit CBO may be ineligible to participate in CACFP based on the number of free/reduced eligible children enrolled. ISDs are advised to work with for profit CBO partners to complete the Strong Beginnings CACFP Application Decision Tree in the resources for this section prior to the CBO applying to participate in CACFP. However, if a CBO applies and is deemed ineligible, the CBO will receive a letter from MDE that the center may provide the ISD as documentation of ineligibility. A CBO that is not eligible to participate in CACFP must still provide meals and snacks at no cost to families, with the full cost of doing so attributed to the Strong Beginnings budget. See also “Reimbursement to CBOs Not Eligible for CACFP” on the following page.

The reimbursement process between ISDs and program providers should not be prohibitive to the SNP and CACFP federal programs that expect children to be provided healthy meal and snack options. The Strong Beginnings Monthly Food Service Invoice template found in the resources for this section outlines the information required of program providers seeking reimbursement who are eligible for SNP/CACFP. Another template is available for those who cannot participate in either food program. Program providers are not required to use a template for reimbursement purposes; however, they will be required to provide all the information outlined on the template.

CBOs that do not have a kitchen or food preparation area must exhaust all potential options before requiring families to provide meals. Efforts should be documented and discussed with the CCRESA Strong Beginnings Implementation Consultant. In the event a CBO is unable to provide meals, or if potential options exhaust a significant portion of the Strong Beginnings budget, it should be communicated to families at the time of enrollment that they are responsible for providing meals. In the event a family is unable to provide meals, the site should have a system in place to ensure children are fed.

It is also recognized some families prefer to provide meals. If a family wants to provide meals for their child, the family should complete the Parent Request to Provide Food form located in the resources section. Requesting all families to complete the Parent Request to Provide Food form is not allowable.

Federal Food Program Disqualification

Programs that have been disqualified from federal food program participation may also be ineligible to continue as or become a Strong Beginnings program partner. ISDs should confirm existing program providers' ongoing participation in the applicable federal food program annually. ISDs should ensure that potential program providers are actively participating or have applied to participate in the applicable federal food program and that no existing disqualification is in place prior to entering into an agreement to provide Strong Beginnings. In the event of a disqualification, the ISD must notify the CCRESA Strong Beginnings Implementation Consultant to determine next steps.

Calculating Meal/Snack Reimbursement

School Nutrition Program (SNP)

LEA program providers providing free meals to district K-12 students through Michigan School Meals must also provide free meals to children enrolled in district-run Strong Beginnings classrooms. LEA program providers that do not participate in Michigan School Meals must adhere to the provisions below depending on the applicable federal food program.

To receive reimbursement from Strong Beginnings funds, LEA program providers using SNP must provide the ISD with the School Food Authority (SFA) prices for breakfast and lunch as specified in the LEA's annual SNP contract. These prices consider actual food costs as well as the other costs involved in providing the meals. In K-12, the difference between the SFA price and the reimbursement is the cost of free, reduced, and paid meals normally paid by the children. In the case of Strong Beginnings, that cost is billed to the Strong Beginnings program instead of paid by the children.

Invoices for meal reimbursement must indicate the total number of meals served during the period for each type of meal (breakfast, lunch) in each reimbursement category: free, reduced, paid. Totals for each category are then multiplied by the meal free, reduced, and paid amounts as charged directly to children in K-12. This amount will be billed to Strong Beginnings and documentation kept for auditing.

SNP Adult Meals

The program bears the full cost of adult meals when classroom staff eat school meals with children. Adults may choose to bring their own meal to be eaten away from the children during a staff person's lunch period. If one or more classroom staff choose to provide their own meals, the program should pay for at least one adult meal to provide sufficient food for adults to sample foods alongside children. Adult meal costs should not exceed the adult meal price established for the district by the LEA.

SNP Snacks

The cost of snacks should be established annually with an ISD-program provider agreed upon amount as applicable for each LEA program provider and should reflect the reasonable average cost of providing an appropriate nutritious snack that meets food program guidelines. Snack reimbursement for LEA programs not using CACFP is based on the number of snacks provided in a month multiplied by this amount. Adult snacks are added to the cost of providing snacks for children.

SNP Other Food Service Costs

Occasionally, materials and other equipment not included in meal costs are required in the course of providing food service specific to Strong Beginnings, such as child-sized serving containers and utensils, storage containers, or additional supplies to be kept in the Strong Beginnings classroom. In such cases, these costs may be itemized and billed to Strong Beginnings. Strong Beginnings owns all equipment purchased with grant funds. If meals/snacks must be delivered to Strong Beginnings, and delivery constitutes a service over and above the ordinary service provided to K-12 programs factored into the SFA price for the district, a delivery charge may also be itemized and charged beyond the meal cost itself. Most often, "delivery" refers to the need to transport meals/snacks to an off-site location or building that does not otherwise house K-12 classrooms also receiving meal/snack delivery. All Strong Beginnings expenses related to the provision of meals and snacks, for all program providers and the ISD, are to be classified under the function code 118.

Child and Adult Care Food Program (CACFP)

Strong Beginnings funds may only be used to cover the difference between the cost of providing classroom meals and snacks and the reimbursement from the CACFP.

Qualifying breakfasts, lunches, and snacks served to Strong Beginnings children must be claimed for federal reimbursement. The cost of meals and snacks provided through CACFP should be established annually with an ISD-program provider agreed upon amount as applicable for each program provider and should reflect the reasonable average cost of providing an appropriate nutritious breakfast/lunch/snack that meets food program guidelines. Strong Beginnings' portion can then be documented utilizing the Strong Beginnings Monthly Food Service Invoice template found in the resources for this section (or a similar tool) showing the difference between the full cost of providing meals/snacks for a month and the amount of the CACFP reimbursement. Strong Beginnings may be charged for the difference remaining after CACFP reimbursement. Strong Beginnings program providers may be compensated for additional food and/or milk needed to meet the appetites of children in the program.

The cost of meals/snacks for the Strong Beginnings teaching team members, who are expected to join the children in family style meals, cannot be charged to the teaching team and are included in the Strong Beginnings portion of the costs for the provision of meals/snacks.

Occasionally, materials and other equipment not included in meal costs are required in the course of providing food service specific to Strong Beginnings, such as child-sized serving containers and utensils, storage containers, or additional supplies to be kept in the Strong Beginnings classroom. In such cases, these costs may be itemized and billed to Strong Beginnings. Strong Beginnings owns all equipment purchased with grant funds. All Strong Beginnings expenses related to the provision of meals and snacks, for all program providers and the ISD, are to be classified under the function code 118.

Reimbursement to CBOs Not Eligible for CACFP

Private for-profit centers that receive compensation under Title XX of the Social Security Act may qualify to take part in CACFP. At least 25% of the enrolled children or 25% of the licensed capacity must be Title XX beneficiaries or eligible for free (Category A) or reduced-price meals (Category B).

A CBO may be deemed not eligible to participate based on the Strong Beginnings CACFP Application Decision Tree in the resources for this section. A CBO may also elect to apply for the program, and if found ineligible, will receive a letter from CACFP staff that the center may provide to the ISD documenting the lack of eligibility. In either case, the full cost of providing meals/snacks is then attributed to the Strong Beginnings budget. Programs that are ineligible must still have records to justify the charge for providing meals/snacks to children enrolled in Strong Beginnings. Eligibility for participation in CACFP should be redetermined any time a significant change to the program structure occurs (e.g., a substantial increase/decrease in enrollment, the addition of a Strong Beginnings or GSRP classroom, or before- and after-school-care program) that alters the number of eligible children served meals/snacks.

Records to maintain for ISD Reimbursement include:

- Meal attendance for all meals/snacks served to Strong Beginnings enrolled children;
- Center attendance for Strong Beginnings participants (may differ from meal attendance);
- Enrollment forms for Strong Beginnings children;
- Receipts for monthly food and non-food expenditures;
- Prorated portion of direct labor costs related to preparing and serving meals; and
- Claim form (Template available in the resources for this section).

The ISD should specify in writing its process for subrecipient reimbursement. All Strong Beginnings expenses related to the provision of meals and snacks, for all program providers and the ISD, are to be classified under the function code 118.

Capital Outlay & Competitive Bids

Capital outlay refers to costs more than $10,000 for equipment, building purchase, or renovation project costs. An individual item or a project that totals over $10,000 is capital outlay.

ISDs should follow their board policies for capital outlay requests and update their Strong Beginnings fiscal policies to reflect approval of capital outlay expenses, minimally requiring ECC review and approval. Careful consideration should be given to ensure all program providers are able to meet capital outlay fiscal policies, thus reducing barriers for larger projects or purchases such as playground equipment, vehicles for transportation, and/or classroom supplies/materials. CCRESA will no longer require ISDs to submit capital outlay requests that exceed a specific amount for approval.

Capital Outlay items/projects that exceed the Competitive Bid Threshold must follow the ISD/program partner competitive bid policy in compliance with MDE requirements (see the Competitive Bid Threshold Memo in the resources for this section). It is the responsibility of the ISD to ensure that bid requirements are met for all program partners, supporting CBOs as needed. An ISD may require CBOs to gather several quotes and provide justification for choosing a particular quote in place of the competitive bid process. An LEA or PSA is not required to obtain competitive bids for items purchased through MiDeal, the bulk purchasing program operated by the State of Michigan Department of Management and Budget. Other cooperatives to which a program partner may belong or participate in for discounted supplies/equipment may be utilized in place of the competitive bid requirements if reflected in the entity’s policies.

Budget Modifications

Budget modifications are required when the total change to a budget category is expected to exceed 10% or $1,000, whichever is greater. The ISD is required to contact the CCRESA Strong Beginnings Implementation Consultant to determine if the proposed modification is necessary and approvable. The ISD should provide the policies and procedures to program providers for local budgets to minimize excessive variances and ensure accurate budgeting practices.

Payments to Program Providers

Strong Beginnings program funding that comes to the ISDs may be forwarded to program providers in one of two ways. All funding may be sent to the program providers on a reimbursement basis or up to 50% of the funding may be sent to the program providers in five equal monthly payments beginning in August for that school year. These payments may begin in August only if the ISD contract with CCRESA for the fiscal year including August has been signed. After the five monthly upfront payments have been made, all future payments to program providers must be made on a reimbursement basis, taking into consideration the funding they have already received as well as what they have already spent. As there is usually no carryover of Strong Beginnings funds permitted, this will ensure that program providers do not receive more funds than they actually use. The ISD must follow the agreed upon contract, which details the flow of funding that is fair and equitable across program providers. The program provider contract and documentation of these payments are to be kept for MiLEAP review.

Final Expenditure Reports (FER)

At the end of the grant year, ISDs must provide actual expenditures for program/operations, and, if applicable, transportation and/or startup FERs through use of the FERs in budget workbooks in the shared Google Budget Drives.

The final approved budget amounts and descriptions are pulled into the appropriate FERs. The ISD is required to receive and upload into the appropriate shared Google Drive budget folder FERs from each program provider that details expenditures. It is required that the ISD monitor expenditures for both the ISD and each program partner. The documentation for expenditures should be detailed enough to allow the ISD and CCRESA staff to determine that all expenditures were necessary, reasonable, and allowable. It must also be clear that the outreach and recruitment and administrative cap for the ISD has not been exceeded. Variances over 10% will require detailed justification.

Carryover Budgets and FERs

If the ISD and its program partners did not expend all program funds earned and/or other funds allocated, a carryover budget for up to 10% of operational/program expenses only may be allowed. Each year, a determination will be made by CCRESA on the availability of program/operational funding. If allowed, a carryover Budget and FER (COFER) are required. All carryover funds must be spent by December 31 of the subsequent school year or are recaptured. Carryover FERs are reported through use of the Carryover budget workbook in the shared Google Drive budget folder and are due in late winter. All operational/program funds earned must be accounted for either in the FERs or as a carryover amount in the Carryover Budget (COB) if allowed.

The ISD may allow each program provider to budget for carryover but will submit one aggregated COB and COFER to CCRESA. The program provider agreements must specify how carryover can be accounted for by a program provider. Any carryover funds not accounted for in the COFER will be recaptured.