

Layered Funding Guidance

Head Start and Early Head Start Child Care Subcontractors

Purpose

This document provides guidance to PSESD child care subcontractors who offer Head Start (HS) and Early Head Start (EHS) services for the purpose of correctly claiming allowable expenses. Note: The content of this document has been approved by Region 10.

Guidance

The following information aligns with Federal Uniform Guidance Part 75, which is the source document for layered funding. In accordance with Part 75, all HS and EHS subcontractors must have clear and strong cost allocation plans that are consistently followed in the claims process.

Federal HS/EHS funds must only supplement or enhance, not supplant, existing child care funds. The concept of layering funds is used to assure that the federal funds will enhance service quality without duplication or replacement of existing child care funds.

Layer One – Child Care Services

This is the foundational layer of funds that a child care center receives from subsidies, co-pays, private pay, etc. and are used to operate the center. Federal funds cannot be used for these expenses per the guidance in [ACF-IM-HS-15-03 Policy and Program Guidance Layered Funding](#).

The expenses below cannot be reimbursed to the center, and therefore must not be included in claims:

- Salary and benefits for staff who provide child care services (see additional information in Layer Two)
- Ongoing child care operating costs such as
 - mortgage/rent
 - utilities
 - license fees
 - maintenance and repairs
 - classroom materials and supplies to meet licensing regulations
 - playground maintenance and repair or upgrades to meet licensing

Layer Two – Programmatic Enhancements Provided Through HS/EHS

This is the layer of funds that pays for the programmatic enhanced services required by HS/EHS and may benefit all children in the classroom. Layer two funds may be considered situationally, on a case-by-case basis.

The following expenses are allowable based on the specific guidance for each.

- It is allowable to claim the difference between the base salary/benefit rate for a staff member who is providing enhanced HS/EHS services.
 - Example: If a base hourly rate for a teacher is \$12.00, and the enhanced rate is \$19.00, federal funds will reimburse the enhanced increase of \$7.00 per hour plus increased payroll taxes for the \$7.00 per hour. Benefit increases are reimbursable as a result of changes in salaries or hours worked.

- It is allowable to claim 100% of staff salaries/benefits for positions that are a requirement of HS/EHS, but are not a requirement of licensing.
 - Example: Family support staff is not required for licensing but is required by HS/EHS.
- It is allowable to claim classroom materials and supplies that are above and beyond what is basic and required for licensing. These materials and supplies are considered enhancements to increase the quality of the classroom. The enhanced materials may be purchased by the subcontractor, but are sometimes directly provided by PSESD (for example, curriculum). Please consult PSESD prior to purchasing materials if you are not sure if the materials and supplies are above and beyond basic licensing requirements.
 - Note: The child care center is fully responsible for maintaining and replacing basic supplies and materials required by licensing. These basic supplies and materials should be identified as an asset of the subcontractors through the subcontractor's budget and/or inventory.
- It may be allowable to claim a portion of a common area service or equipment.
 - Example: If a center's furnace is not working and needs to be replaced or repaired, the subcontractor may submit a One-Time Funds Request to support a cost allocated amount to assist with the purchase or repair. It is required that federal funds are used only as the payer of last resort, which means that other funding sources must be sought out before federal funds can be accessed.
 - Example: Licensing requires that all floors are cleaned every 4 months, therefore, the center is responsible for these costs. If HS/EHS requires floors to be cleaned every two months, costs for the additional cleanings would be reimbursed with federal funds.
 - Note: Prior approval from Region 10 is required for any portion of equipment costing \$5,000 or more.

Layer Three – Services to Children Enrolled in HS/EHS

These funds are to serve children and families enrolled in HS/EHS including Family Advocate, physical/mental health services, home visits, and other family support services. Federal funds cannot be used to provide these services to children and families not enrolled in HS/EHS. Other sources through foundations or state and local funds can be used to provide similar service to non-enrolled children and families.

- Examples of layer three funded items include child and family specific services and supplies, including:
 - Staffing hours for home visits and conferences (included in your salary funding level as it includes days for HVs and conferences), and mileage reimbursement for home visits
 - Family Support services and benefits
 - Individual child health and nutrition supplies including dental hygiene supplies (tooth brushes & toothpaste provided by PSESD), toileting hygiene supplies (diapers, wipes, gloves, toilet paper, disinfectant), and food & formula if it exceeds CACFP reimbursement.