

Funding and Payments

Now that you have estimated the costs of each layer of service your Early Head Start-Child Care (EHS-CC) Partnership partner will provide, it's time to consider the funding sources you can use to cover costs and the methods you'll use to pay your partner.

Funding Sources

Financing the full cost of quality comprehensive care for young children in early childhood programs may be supported by a variety of resources, including:

- Child care subsidies and parent co-payments
- Private parent fees for children not enrolled in EHS-CC Partnership
- Private scholarships, including employer-supported subsidies
- Child and Adult Care Food Program (CACFP) reimbursements
- Local community funds
- Foundation funding
- Public pre-K or other local education agency (LEA) funding
- Head Start and Early Head Start funds
- Donated in-kind resources of goods and services

The EHS-CC Partnership model uses EHS-CC Partnership funding to supplement child care subsidies and other existing partner funding, including parent co-payments. EHS-CC Partnership funds are layered in addition to child care subsidies and other existing funding to cover the entire cost of quality full-day/full-year comprehensive services, including child care. Maximizing the use of other revenue sources assures sufficient funding to deliver comprehensive services and enhances the impact of EHS-CC Partnership funds. Consider seeking funds from any of the sources noted above to diversify your funding and assure that funds are available to cover the full cost of quality comprehensive care.

Methods of Payment

A significant portion of the EHS-CC Partnership grant should be directed to your child care partner, and it's important that you are sensitive to your partner's payment needs. Partners may need to be paid monthly or more frequently. You may need to pay for services in advance on a monthly basis to support partner cash needs. Partners should be paid based on enrollment, consistent with how grantees are funded. Remember that the Head Start Act limits administrative costs to 15 percent of your entire EHS-CC Partnership award (grant funds and match).

It is important to engage in ongoing programmatic and fiscal monitoring of partner services to ensure that all contracted services are being provided and all funded activities are completed at a reasonable cost and an acceptable level of quality.

Below are some of the funding sources that can be used to cover costs for each layer. Discover possible methods for making provider-friendly payments while assuring financial accountability.

Layer One

Core Child Care Service

Funding Sources: Child care subsidies administered by your state Child Care and Development Fund (CCDF); Temporary Assistance for Needy Families (TANF); Social Services Block Grant (SSBG); other state, local, and employer-supported resources; and parent co-payments. EHS-CC Partnership funds can be used to cover the costs for the percentage of children indicated in your approved grant

application who do not receive a child care subsidy or who temporarily lose their subsidy. Under rare circumstances, EHS-CC Partnership funds may cover the parent's co-payment.

Method of Payment: In using EHS-CC Partnership funds to cover core child care costs, you'll want documentation that the enrolled child is in need of this funding because they aren't receiving a child care subsidy that covers the full cost of care. EHS-CC Partnership funds can cover the temporary loss of subsidy to ensure continuity of services for the child. If you choose to pay your partner in advance, payments can be reconciled in the next month's advance payment.

Layer Two

Program Level Enhancements

Funding Sources: As long as a cost is reasonable and necessary for the provision of Early Head Start services to enrolled children, the costs can be covered entirely with EHS-CC Partnership funds, even when they benefit other children in the same care environment. Other resources also may be available to assist in covering costs of enhancements needed to meet EHS requirements.

If these services benefit EHS-CC Partnership children, and the costs are allowable, it's possible that you may be able to claim a non-federal match to your grant. For more on non-federal match, see <https://eclkc.ohs.acf.hhs.gov/fiscal-management/article/determining-non-federal-match>

Method of Payment: An easy and supportive way to pay your provider is to determine a per child amount for the costs of these enhancements and pay the provider in advance through a bi-monthly or monthly payment.

Layer Three

Individual Child Service

Funding Sources: Layer Three services are those EHS services offered to individual children and families, such as salaries and fringe benefits for family support workers, the costs of home visits, and family support services. For children enrolled in EHS-CC Partnership slots, EHS-CC Partnership funds are the prime source to cover these costs. For children not part of the funded EHS-CC

Partnership enrollment, services must be paid for with other sources, such as foundation funding or other community resources.

Method of Payment: If you provide EHS-CC Partnership funds to cover these costs in advance, you will want to document that enrolled children received the individualized child and family services and that the funds were spent on eligible costs. Remember, EHS-CC Partnership funds can't be used to cover any of the costs of these services for those children not part of the funded EHS-CC Partnership enrollment to pay your partner in advance, payments can be reconciled in the next month's advance payment.



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