

Management Matters: Non-Federal Match, Part 3 – Text Version

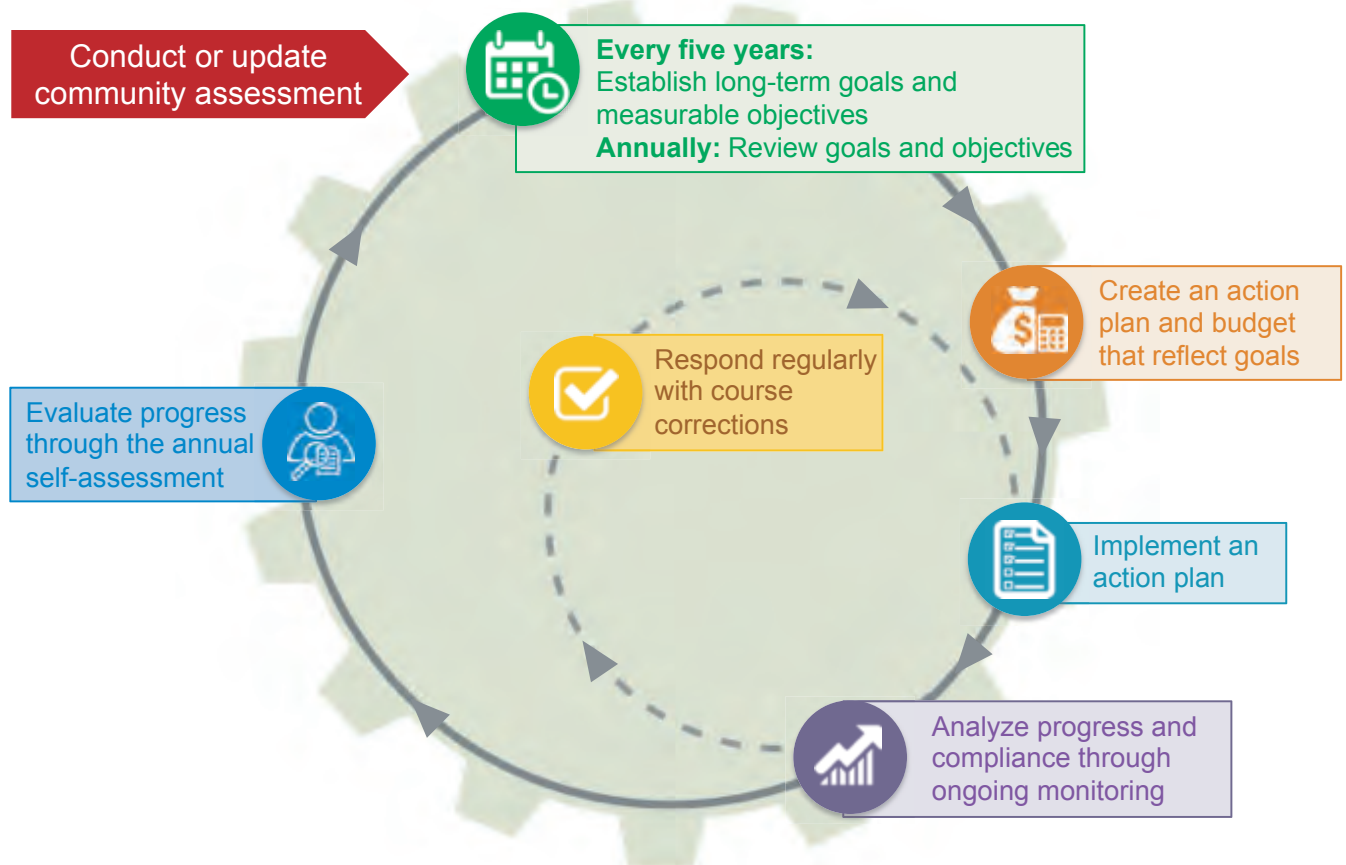
Planning for Non-Federal Match, Disallowances, and Applying for a Waiver

Hi, my name is John Williams. I am IST Manager of the National Center on Program Management and Fiscal Operations, otherwise known as PMFO. On behalf of the Office of Head Start and PMFO, welcome to this session on non-federal match in Head Start and Early Head Start programs. In this session, we will:

- Recommend a planning process for matching your grant with non-federal community resources
- Define and discuss the impact of non-federal match disallowances
- Share how and under what circumstances you can apply for a waiver from the non-federal match requirement

Program Planning in Head Start

Getting the community more involved in your program takes planning. We think this begins during a program's planning process. [The Head Start Program Planning Cycle](#) illustrates the key steps in a predictable and sequential planning process. Through this process, programs develop goals, objectives, and expected outcomes. They also monitor and evaluate progress toward their program goals, including school readiness goals.



In this activity, review each step of the planning cycle and consider how you can plan for non-federal match by better engaging your community in your program. Let's take a look at this process starting with the community assessment.

Conduct or Update Community Assessment

During the community assessment, you may ask your team, “What changes have occurred in our community that will lead us to consider additional community investments in our program?” Evaluate what other organizations or people in your community might be able to do to help support you in delivering Head Start services. For instance, there may be a public school in your area that can provide transportation or food services to Head Start children. This is also a good time to analyze your previous year non-federal match budget-to-actual and see where greater concentration needs to be applied to ensure you reach your non-federal match goal. Remember, you need to remind the community that they are making an investment in children and families. Through various outlets, like radio and public service announcements, you can market Head Start and the comprehensive services offered. After you have brainstormed these ideas, you’ll want to establish goals and measurable objectives that include non-federal match.

Every Five Years: Establish Strategic Long-Term Goals and Measurable Objectives **Annually: Review Goals and Objectives**

As you decide on goals and objectives, you will begin with imagining the possibilities. This could be a time when you suggest a collaborative relationship with a community partner. As your goals are outlined, your planning team will develop objectives that assist you in meeting your goals. These objectives should lead you to consider more community involvement in your program. It’s not enough to just imagine possibilities and set goals and objectives, however. Now it’s time to develop an action plan and budget that reflect goals and measurable objectives.

Create an Action Plan and Budget that Reflect Goals

The action plan is where you get down to the detail level and answer questions like:

- Who is going to help?
- Who is responsible?
- What are they going to do?
- By when?

For example, if you have imagined new partnerships as a result of your community assessment/update or annual self-assessment, now is the time to build them. In the public school partnership example, you would secure the commitment of the school to transport children or prepare and deliver meals to your program. It’s important to formalize agreements so you and your partner are clear about expectations and you can confirm the value of their services. Next, it’s time to implement your plan.

Implement an Action Plan

As you implement your plan, you begin to see the fruits of your planning efforts. For instance, your public school partner begins delivering meals to your program or transporting Head Start children. You carry out your role in this partnership as does your partner. During the next step in the process, you will monitor your efforts.

Analyze Progress and Compliance through Ongoing Monitoring

While you evaluate your progress through ongoing monitoring, you should also monitor whether you are meeting your non-federal match. Make sure to use data collected to inform the monitoring process. For example, if you secure an agreement from your local public school to provide meals to your Head Start children, you need to monitor that the school is accurately calculating the number of actual meals prepared and served. Are your fiscal staff recording the value of the actual meals served as revenues and the costs of these meals as expenses on a regular basis so you can compare your budget to actual as you monitor your progress toward meeting your non-federal match? We recommend you monitor your progress toward non-federal match on a monthly basis to help you identify if course corrections may be needed.

Respond Regularly with Course Corrections

As a result of monitoring your non-federal match proposed budget to actual match generated, you may find that you need to make course corrections; maybe the actual number of meals provided is less than you originally estimated. If you are regularly monitoring this, you will be able to identify problems and make adjustments, such as finding other sources of non-federal match or applying for a waiver if you don't think you'll be able to meet your match. Don't forget to document and monitor any course corrections you make. Plan to share all this ongoing monitoring data with your self-assessment team.

Evaluate Progress through the Annual Self-Assessment

Conducting your annual self-assessment presents an opportunity to identify the successes you've had in engaging the community in your program and the progress you've made toward meeting your match. You will ask:

- Did you meet your match?
- Do you think you can count on the same community support in the coming year?
- Did you value and document your non-federal match appropriately?

These and other questions should be answered during the process. It's likely you have community members assisting you in your process. Don't forget, the value of their time can be captured as non-federal match. As you make recommendations from your self-assessment process, those team members may also be able to identify other community members who can support your program.

Use Your Budget to Identify Non-Federal Match Possibilities

Another useful tool to plan for your non-federal match is a detailed budget that breaks out all program expenses and allows you to identify the funding source—your federal award or non-federal match resources—that will cover the individual costs. Involve your governing board and Policy Council when reviewing your detailed budget. Listen to what these three people say about how their team uses its budget to plan for their program's non-federal match.

Finance Director: "I'm so glad we're using this line item budget to help us think about our non-federal match for next year. We receive free custodial services from the public schools where three of our Head Start centers are housed; yet, I don't see it counted on our non-federal match tracking report. I bet we can claim a significant amount of match from the schools' custodians who keep our centers clean. We should also ask the schools to share the maintenance and repair costs for our centers so that we can claim that as match, too!"

Head Start Director: "While reviewing our recent financial report, I noticed that we haven't met our year-to-date projections for parent volunteer time. This makes sense since we decided to stop asking parents to document their volunteer time spent working with their children at home. Parents found it challenging to track the time, and we found it difficult to verify what time benefited the curriculum and could be counted as non-federal match. Thankfully, the Rotary Club cash donation that is funding the new playground will more than make up for the loss in parent volunteer non-federal match. Since the playground work will be completed and paid for this year, we can count it against our current year non-federal match requirement."

Policy Council Member: "Our Policy Council has been actively recruiting community leaders to provide parent trainings this year. These trainings have enriched the parent services we're offering and they've been free of charge to our program! I think we can build good partnerships with community members and increase the number of trainings we offer in the coming year. We'll be able to claim the trainer's time as an in-kind match. Let's decide how many additional trainings we can offer and their in-kind value, and then increase the amount we're budgeting for parent services in the coming year."

Waiver

Despite your best plans, there may be an occasion when you know you may fall short in meeting your non-federal match requirement. If this is the case, it's important to understand waiver provisions.



What Is a Waiver?

A “waiver” is defined as a reduction in the amount of grantee non-federal match, which is authorized in writing by a federal official. It may be for all or a portion of the match you don’t think you can achieve..

Under certain circumstances, if a Head Start or Early Head Start program has been actively seeking non-federal match but is struggling to meet its requirement, it can apply to its Administration for Children and Families (ACF) Regional Office for a waiver.

There are good reasons why a program would apply for a waiver. The following circumstances covered in the Head Start Act are considered when approving waivers:

- Lack of community resources that prevent a Head Start or Early Head Start program from providing all or a portion of the required match
- Impact of the cost the program may incur as it starts a new program in its initial years of operation
- Impact of an unanticipated increase in costs the program may incur
- Impact of a major disaster in a community that prevents the program from meeting its match
- Impact on the community that would result if the Head Start or Early Head Start program ceased to operate

How Do I Apply for a Waiver?

You must provide the ACF Regional Office written documentation of need. Approval of the waiver request cannot be assumed without written notice from the Regional Office.

When Would I Apply for a Waiver?

You should apply for a waiver as soon as you realize you will need one. This may be when you submit your grant proposal or when, through ongoing monitoring, you discover that you are at risk for not meeting your match. Remember, a waiver applies only to one budget period. If you don’t think you will meet your match in subsequent years, you will need to apply for a waiver for each budget period. Don’t wait until the end of your budget period to submit a waiver request, as approval of the waiver cannot be assumed by the grantee. If it is not approved, you might not have time before your budget year ends to seek alternative sources of non-federal match. In this circumstance, you would be faced with a disallowance.

Disallowance

Disallowance is another important term you need to understand. “Disallowed costs” means those charges to a federal award that the federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable federal statutes, regulations, or the terms and conditions of the federal award.

What Is a Disallowance?

A “disallowance” is a cost determined to be unallowable under the Office of Management and Budget (OMB) Cost Principles and/or the terms and conditions of the grant award. It is identified during an audit or federal Head Start review. Disallowances can impact the portion of your budget covered with federal funds if you have counted the disallowed non-federal match costs toward your match requirement. If a disallowance of non-federal match costs occurs, those costs can no longer be included in your match, reducing the amount of the federal match. This may result in your program not meeting its required match. The program would then be responsible for repaying the Office of Head Start for any unmatched federal funds which they had received.

Why Would a Program Receive a Disallowance?

The common reasons a program might receive a disallowance include:

- Not meeting enough of the required non-federal match
- Inadequate documentation or inaccurate valuation resulting in costs not allowable
- Non-federal match expenses not in accordance with cost principles and therefore disallowed

To avoid a disallowance, ensure the costs included in your non-federal match are allowable, appropriately valued, and adequately documented. Also, consider securing more than your required non-federal match. While this won't prevent a disallowance, it may provide off-set if disallowances are found.

How Do I Calculate a Disallowance?

Remember, at the end of the budget period, the federal government only covers 80 percent of the total and final allowable costs of the program. For instance, if you received and spent from the federal government \$4,800,000, but only provided \$1,000,000 of allowable local match, your total program costs are now \$5,800,000. The federal government would only cover 80 percent of this amount, or \$4,640,000, resulting in a \$160,000 disallowance. As you can see, to avoid a disallowance, it's important to plan for and monitor your efforts at receiving non-federal match.

Summary

In this session, you've learned the importance of planning for the community's involvement in your program. You've explored two resources that support planning—the Head Start Program Planning Cycle and a detailed budget that allows you to create a line item budget indicating whether you will use federal or non-federal match resources to cover program costs. You have also learned the conditions under which you may seek a waiver for the non-federal match requirement and how to apply for a waiver. And finally, you've discovered about the consequences of not meeting your match, which include the possibility of a disallowance and repayment of funds to the federal government.

Congratulations! You have completed the third and final module in the *Non-Federal Match* series. You can find additional information to assist you in managing your Head Start financial systems on the [Early Childhood Learning and Knowledge Center \(ECLKC\)](#).

Non-Federal Match, Part 3: Quiz

1. Which of the following activities are part of the Head Start Program Planning Cycle? Select all that apply.

- (A) Establish goals and objectives
- (B) Create and implement action plans
- (C) Analyze progress and compliance
- (D) Implement course corrections
- (E) Conduct community and self-assessments

Answer: A, B, C, D, E

2. Detailed line item budgets are useful tools for identifying non-federal match funding sources.

- True
- False

Answer: True

3. How often must a program conduct a community assessment? Select the best response.

- (A) Annually
- (B) At least once every two years with annual updates
- (C) At least once every three years with annual updates
- (D) At least once every four years with annual updates
- (E) At least once over the five-year grant period with annual updates

Answer: E

According to Determining community strengths, needs, and resources, 45 CFR § 1302.11(b)(1–2), a program must conduct a community assessment at least once over the five-year grant period, with annual updates.

4. Which of the following are part of the annual self-assessment process? Select the best response.

- (A) Assess progress towards goals
- (B) Evaluate compliance and efficacy of services
- (C) Identify strengths and areas for improvement
- (D) Share recommendations with all stakeholders
- (E) All of the above

Answer: E

5. If a disallowance of non-federal match costs occurs, the program is not held responsible for repaying unmatched federal funds that they have already received.

- True
- False

Answer: False

If a disallowance of non-federal match costs occurs, those costs can no longer be included in your match and, therefore, may result in your program not meeting its required match. The program would then be responsible for repaying the Office of Head Start based on a recalculated maximum federal amount:

Total program costs X 80 percent.

6. A “waiver” is defined as a reduction in the amount of grantee non-federal match that is authorized in writing by a federal official. It may be for all or a portion of the match that you don’t think you can achieve.

- True
- False

Answer: True

7. What circumstances are considered when a program applies for a waiver? Select all that apply.

- (A) Lack of community resources that prevent a Head Start or Early Head Start program from providing all or a portion of the required match
- (B) Impact of the cost the program may incur as it starts a new program in its initial years of operation
- (C) Impact of an unanticipated increase in costs the program may incur
- (D) Impact of a major disaster in a community that prevents the program from meeting its match
- (E) Impact on the community that would result if the Head Start or Early Head Start program ceased to operate

Answer: A, B, C, D, E

8. When should a program apply for a waiver? Select the best response.

- (A) Wait until the end of your budget period
- (B) Apply for a waiver as soon as you realize you will need one
- (C) Only apply after a community assessment has been done
- (D) Do not apply for a waiver and hope for the best

Answer: B

You should apply for a waiver as soon as you realize you will need one. This may be when you submit your grant proposal or when, through ongoing monitoring, you discover that you are at risk for not meeting your match. Don't wait until the end of your budget period to submit a waiver request as approval of the waiver cannot be assumed by the grantee. If it is not approved, you might not have time before your budget year ends to seek alternative sources of non-federal match.

9. You do not need to apply for a waiver in writing.

- True
- False

Answer: False

You must provide the ACF Regional Office written documentation of need. Approval of the waiver request cannot be assumed without written notice from the Regional Office.

10. It is important to plan for, calculate, and monitor your efforts at receiving non-federal match.

- True
- False

Answer: True

