



Tool G
Early Childhood Iowa Area Funding
(The guidance found in this tool is effective July 1, 2014)

Early Childhood Iowa Areas (ECIAs) receive funding from two different legislative appropriations, Health and Human Services and Education. The funds appropriated from the Health and Human Services appropriation are called “Early Childhood.” The funds appropriated from the Education appropriation are called “School Ready.”

This tool provides general information on the parameters and limitations of these funds. The first section of the tool provides information that applies to both the Early Childhood and School Ready funding streams. The second section provides specific information about each funding stream.

General Information:

Developing a Budget

After receiving the allocation amounts for the new fiscal year, the ECIA board (board) must [develop a State General Funds budget](#). The budget includes the allocation amount for the new fiscal year and the estimated carry-forward amount for the current fiscal year that is ending, including any interest earned. The board must allocate all of the funds and approve the budget before submitting the budget to the ECI Office. A [procedure](#) outlines the process the ECI State Technical Assistance Team uses to review and approve the budget.

Interest Earned on Funds

The board may earn interest on Early Childhood and School Ready funds. The board must credit the amount of interest earned appropriately to each funding source. The board must use interest earned to support programs, service and activities linked to the area’s community plan. The board cannot use any interest earned to support administrative costs. (*Guidance based on the state treasurer’s requirements for investments, [Iowa Code chapter 12](#)*)

Administrative Costs

General Information – The board may use up to 5% of the Early Childhood and 3% of the School Ready allocation amounts for administrative expenses. Examples of expenses that can only be paid out of administrative funds include:

- Fiscal agent fees
- Liability insurance (refer to [Tool T](#))
- Fidelity bonds for ECIA board members and/or staff
- Board administrative functions (staff, operational expenses, etc.) Note: Boards can also use School Ready – Quality Improvement funds to also support staff doing work related to board administrative functions.

The board can also use administrative funds to support programs, services and activities linked to the area’s community plan.

Property and Equipment – The Early Childhood Iowa State Board (formerly Community Empowerment State Board) adopted a policy at the board’s October 9, 1999 meeting which prohibits boards from using ECI funds to purchase real property that is subject to taxes.

Food, Beverage and Catering Costs – If the board or a contractor uses ECI funds for food, beverage or catering costs, the expenditure must meet public purpose. The board or contractor must maintain documentation describing how the expenditure meets public purpose.

Reimbursement Rates – The board must determine reimbursement rates allowed. As the board considers reimbursement rates, information about state and federal government reimbursement rates may be helpful, but are not required. Beginning January 1, 2008, the state of Iowa's mileage reimbursement rate for state employees is \$.39/mile. Beginning 2014, the [federal Internal Revenue Service reimbursement](#) rate is \$.56/mile.

Beginning January 1, 2012, the state of Iowa's reimbursement rate for state employee overnight lodging when on official state business is \$55.00 plus tax. For persons serving on state boards, advisory councils, commissions, and task forces, the maximum reimbursement rate for overnight lodging is \$83.00 plus tax, anywhere in the state.

Cost Allocation – The board and contractors must allocate costs among funding sources so that each funding source bears its "fair share" of the cost. Refer to Too DD, [Cost Allocation](#), for cost allocation requirements.

Annual Audits – The board must have an annual audit conducted of Early Childhood and School Ready funds. Refer to Tool UU, [Agreed Upon Procedures](#), for audit requirements. Iowa law allows boards to use School Ready program funds if there are insufficient administrative funds to cover the cost of the audit. (Iowa Code chapter 256I.9(2))

Programs, Services and Activities Funded

Supplanting – Boards must be diligent in not supplanting programs, services and activities funded through other state and federal funds.

Indirect Costs – The board is responsible for determining allowable costs providers can charge for the management and administration of programs, services and activities. If a fidelity bond is a requirement for the program, boards do not need to consider the cost of the bond in the administrative cost limits. Refer to [Tool H \(A\)](#) for indirect cost principles.

Reimbursement Rates – If the board reimburses contractors/providers for mileage and lodging costs based on a "unit rate," the board must identify the reimbursement rates. Refer to information above under 'Reimbursement Rates.'

Food, Beverage and Catering Costs – Refer to information above under 'Administrative Costs.'

Cost Allocation – Refer to information above under 'Administrative Costs.'

Tracking, Monitoring and Reporting – Iowa law requires the board to monitor the programs, services and activities the board funds. By September 30th each year, the board must submit a contract-monitoring schedule for their funded programs to the ECI Office. The ECI Office recommends that ECIA boards develop policies and procedures for monitoring and tracking program, service and activity outcomes and expenditures.

The board must report all state-required performance measures through input, output, quality/ efficiency and outcomes data for programs, services and activities funded in the [annual report](#). The board may require additional performance measures data for the programs, services and activities the board funds.

Quarterly Payments

The Early Childhood Iowa State Board must designate an ECIA board for the area to receive funding. The Department of Human Services issues Early Childhood payments and the Department of Education issues School Ready payments. Before receiving the first quarterly payment in a new state fiscal year, the board must provide the following to the ECI Office:

- A state general funds annual budget. The ECI Office approves this budget. [*NOTE: It is best practice to not enter into contracts with contractors or providers until the board has state-approved budgets.*]
- Four original, board chair-signed copies of the agreement/contract. The ECI Office will get the remaining required signatures needed to execute the contract.
- A signed copy of the agreement the board has with the fiscal agent.
- The office addresses for both the ECIA office and fiscal agent.

In order to receive subsequent payments, a completed annual report, due on or before September 15th of each year, and quarterly expenditure reporting data (see Tool SS, [ECI Quarterly Financial Reporting](#)) before receiving future quarterly payments.

Legal References

- Iowa Code chapter 256I
- Iowa Administrative Code chapters 249 and 541-9

Early Childhood Funds

Purpose of funds: To enhance the capacity and quality of child care services to help parents obtain or retain employment.

Source of funds: The Iowa legislature appropriates state funds for Early Childhood funding.

Distribution of funds: The amount of Early Childhood funds you receive is based on a percentage of the average number of monthly statewide Family Investment Program (FIP) cases for families with children ages 0-5 in the preceding state fiscal year. Iowa Code section 256I.11(4)(b) describes the formula used to distribute Early Childhood funds. A [resource](#) on the ECI website provides an example of the formula calculation.

Use of funds: Early Childhood funds shall be used to increase the quality and capacity of child care environments. Child care environments are registered Child Development Homes, DHS licensed Child Care Centers and legally operating non-registered child care homes. There are many programs, services and activities a board may fund to enhance the capacity and quality of child care for children ages 0-5 based on a comprehensive needs assessment and the area's community plan.



The following are a few examples of programs, services and activities the board may fund using Early Childhood funds to improve the quality and capacity of child care in your area:

Quality Child Care Environments

- Child care consultants
- Child care nurse consultants
- Quality Rating System (QRS) and national accreditation supports
- Environmental rating scale supports (ITERS, ECERS)
- Emotional/behavioral supports
- Curriculum supports
- Quality improvement incentives
- Business practice supports

Skilled Child Care Workforce

- Professional development
- Certificates and educational degrees
 - ChildNet certified
 - Child Development Associate (CDA)
 - Program for Infant and Toddler Care (PITC)
 - T.E.A.C.H.
 - Associate and bachelor’s degrees in child development/early childhood education
- Wage incentives

Other Important Information –

- Boards cannot use Early Childhood program funds to support ECIA staff salary for duties such as, administrative support for the board (i.e., issuing and monitoring of contracts, processing payment claims, etc.) and/or community collaboration and early care, health and education system building.
- Transportation assistance is only allowable when transferring children from preschool to child care or vice versa.
- Early Childhood Funding is not allowable to directly support core programs. Core programs are those meeting Head Start standards, Early Head Start standards, receiving Shared Visions preschool funding, and State Voluntary Preschool Programs.
- Professional development activities are allowable for registered child development homes, DHS licensed child care centers, legally operating non-registered child care homes, programs meeting Head Start standards, Early Head Start standards, receiving Shared Visions Preschool support funding and those programs operating as the State Voluntary Preschool Programs.

- Boards cannot use Early Childhood funds for preschool tuition and staff in preschool classrooms. For this funding, preschool means core programs. Core programs are those meeting Head Start standards, Early Head Start standards, receiving Shared Visions preschool funding, and State Voluntary Preschool Programs.
- Boards cannot use Early Childhood funds to supplant the state’s Child Care Assistance (CCA) and Wrap Around Child Care Programs for eligible recipients.
- When funding child care scholarships, the family’s income must be over 145% and up to and including 200% of the Health and Human Services Poverty Guidelines and meets a parental need for child care. Parental need for child care is when the parents are either working, participating in an education/training program, or a combination of working and participating in an education/training program. DHS and the ECI Office do not encourage ECIA boards to fund child care scholarships.

Time Limitations to Expend Funds: Beginning in SFY’14, the board may carry forward up to 20% of the current year’s allocation into the next fiscal year. If the board’s carry-forward amount is over the 20% limit, the board’s allocation amount is reduced the following year by the amount in excess of the amount allowed.

School Ready Funds

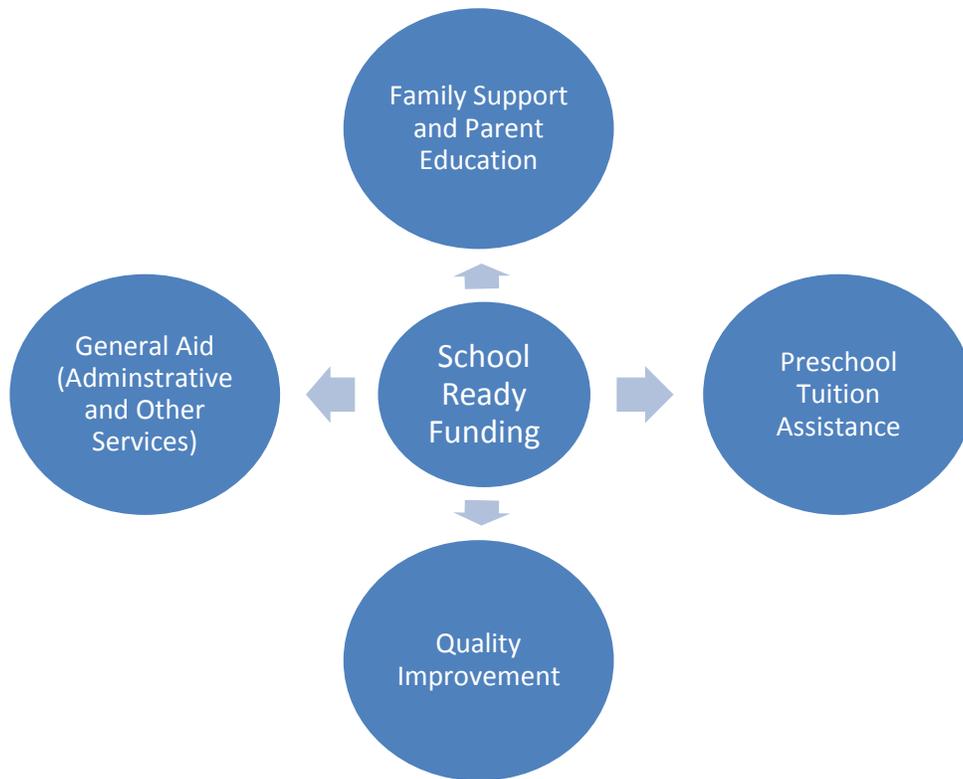
Purpose of funds: To support a comprehensive school ready children plan.

Source of funds: The Iowa legislature appropriates state funds for School Ready funding. The funds are separated into four categories: Family Support and Parent Education, Preschool Tuition Assistance, Quality Improvement and General Aid (Administrative and Other Services). Most of the categories have specific requirements on how boards may use the funds. There are tools in the [online toolkit](#) that provide additional information for each category.

Distribution of funds: The formulas for disbursing School Ready funds were established by the Early Childhood Iowa State Board (formerly Community Empowerment State Board). There is one ‘overarching’ formula for disbursing funds to the General Aid, Preschool Tuition Assistance and Family Support and Parent Education categories. For the Quality Improvement category, the formula provides a based dollar amount for each ECIA and then the remaining funds are distributed using a formula based on land area and total 0-5 population. A [resource](#) on the ECI website provides more information about the formulas.

- The ‘overarching’ formula for distributing the School Ready funds for the General Aid, Preschool Tuition Assistance and Family Support and Parent Education categories is as follows:
 - 45% of the appropriation is distributed based on the percent of the population in the ECIA that is age 0-5 and at or below 185% of the poverty level
 - 35% of the appropriation is distributed based on the percent of the population in the ECIA that is age 0-5
 - 20% of the appropriation is distributed equally among all 99 counties
- The formula for distributing the Quality Improvement funds is as follows:
 - \$30,000 for each ECIA
 - Remaining funds are distributed 50% on Land Area and 50% on Total 0-5 population in the ECI area.

Use of funds: There are many programs, services and activities a board may fund to support children prenatal through age 5 and their families based on a comprehensive needs assessment and the area’s community plan.



The following provides some general information about the four categories within the School Ready funding and links to tools with more information.

Family Support Prenatal through Five – Boards are strongly encouraged to support programs implementing evidence-based family support and parent education practices. See [Tool FF](#) for more information.

Preschool Programming Support for Low Income Families – This funding is to help families whose income is up to 200% of the federal poverty guidelines with tuition for preschool that is not covered under Iowa Code chapter 256C, Statewide Voluntary Preschool Program for Four-Year-Old Children. Based on the board’s comprehensive needs assessment and community plan, the board can also fund supportive services for preschools. Children ages three, four or five, who are not attending kindergarten, are eligible.

If sufficient funding is available after addressing the needs of families that meet the income eligibility requirement, the board may provide tuition assistance to families over 200% of the federal poverty guidelines using a sliding scale or other copayment provision. See [Tool CC](#) for more information.

Quality Improvement – Boards are to use these funds to improve the quality of early care, health and education programs and services within the ECIA that:

- Support quality improvement efforts
- Are evidence-based, quality practices and services, that positively affect outcomes for children
- Produce and document expected performance outcomes
- Align with the ECIA community plan and identified priorities

Another purpose of the Quality Improvements funds is to provide funding for staff to help the board meet administrative responsibilities associated with board member's roles and responsibilities in Iowa law. If necessary, boards may also use these funds for administrative costs to support staff. See [Tool II](#) for more information.

Other Services (General Aid) – Although these funds do not have specific requirements like other School Ready categories, boards must:

- Use the funds to support the early care, health and education for children prenatal through age five and their families based on a comprehensive needs assessment and the area's community plan.
- Demonstrate the effectiveness of programs, services and activities funded through performance measures.

The board cannot use these funds for administrative costs, such as, legal fees, fiscal agent fees and liability insurance or for ECIA staff in completing administrative responsibilities, such as, work related to board meetings, issuing and monitoring of contracts, processing payment claims, etc.

Time Limitations to Expend Funds: Iowa Code section 256I.9(4)(e) allows the board to carry forward up to 20% of the current year's allocation into the next fiscal year. If the board's carry-forward amount is over the 20% limit, the board's allocation amount is reduced the following year by the amount in excess of the amount allowed. See comment in EC section regarding time limitations of funds.

This tool combines previous versions of Tools G(A), G(B), I(A) and H.