

VII. MONITORING EXPENDITURES

In order to ensure that as many families as possible have access to subsidized child care services, local purchasing agency staff must monitor their spending of child care funds. Careful monitoring of spending patterns can help counties to maintain a balance of funding so that sufficient funds are available to serve the number of families receiving child care services and to add new families whenever possible. Consider the following when monitoring spending.

- A. Identify high and low patterns of services provision, such as an increase in child care services in summer months and a decline in the fall.
- B. Consider employment patterns that affect requests for child care, such as areas where the economy depends heavily on tourism during certain months of the year.
- C. Consider the number of child care centers and homes in the county who have received a star rated license of two (2) through five (5) stars who qualify for higher subsidy payments.

If funding is being maximized and the establishment of a waiting list appears to be necessary, counties should make sure all available funds are being utilized including Smart Start and Work First Block Grant funds. For example, if there is a high level of spending for the subsidized child care funds allocated by DCD but Smart Start subsidy funds are being under spent, the LPA needs to work with the local partnership to determine how Smart Start funds can be better utilized to serve all eligible families. The Memorandum of Understanding (MOU) between the county and the partnership may be amended.

When monitoring spending of child care subsidy funds, it is helpful to determine a monthly spending coefficient. To determine the monthly spending coefficient, divide the expenditures to-date by the number of months to-date, multiply by twelve and divide by the allocation amount. The example below is provided for clarification.

NOTE: Services provided to children in June are paid for and reimbursed in July; therefore, each county's annual allocation covers services for the months June through May.

EXAMPLE:

Annual Allocation: \$773,841.00

Expenditures for June Services: \$70,328.26

Year-to-date expenditures: \$70,328.26 divided by one (1) month = \$70,328.26 x 12 = \$843,939.12 divided by \$773,841 = 1.0906 or 109% *spending coefficient for June.*

Expenditures for July Services: \$71,208.15

Year-to-date expenditures: \$141,536.41 divided by two (2) months = \$70,768.21 x 12 = \$849,218.52 divided by \$773,841.00 = 1.0974 or 110% *spending coefficient through July*.

NOTE: During the summer months, the spending coefficient may be above 100% due to the increase in the hours of care from part-time to full-time for school-age children. When the school year resumes in the fall the spending coefficient should decrease.

It is important that local purchasing agencies spend subsidized child care funds in accordance with state or federal regulations. Improper payments are not eligible for reimbursement with state and federal funds and may require corrections in the Subsidized Child Care Reimbursement System. Any agency administering the Subsidized Child Care (SCC) Program must provide records of administration of the SCC Program upon request for review by staff of local, state, or federal agencies.

VIII. SERVICES SUPPORT FUNDING

A portion of a county's initial allocation is designated for services support. In addition, DCD may designate a portion of any **new** funds that become available for allocation from Child Care and Development Funds (CCDF) or State funds during the state fiscal year for services support. The maximum amount available for services support is 5% of the county's allocation or \$80,000, whichever amount is greater. If a county is reallocated funds during a fiscal year, a portion of the reallocated amount may not be designated for services support.

The use of a portion of the allocation for services support is an option a county may choose to exercise. Counties may choose to use their total allocation solely for the purchase of services, or a lesser amount may be used for services support with the remainder designated for the purchase of services. If a county chooses to reduce the amount of their services support, the DSS director must submit a written request to the Subsidy Services Section designating the amount to be used for the purchase of services. A revised funding authorization will be issued indicating the decrease in services support and the increase in funds to purchase services. The services support expenditures for June are paid for and reimbursed in July; therefore, each county's allocation covers services support provided during the service months of June through May. The DSS – 1571 system is used by the counties to report and claim reimbursement. However, if a local partnership allocates services support funds to an agency other than the local DSS, these funds are allocated through a contract and cover services support provided during the service months of July through June. These expenditures are reported and reimbursed using the Financial Status Report (FSR) form.

The services support funding does not have restrictions on use other than the funding may be used to support staff working only with the child care program, for purposes such as salaries, employee benefits, travel, training, computers, computer software, communication