

APPLICATION ACTIVITY:
CHILD AND FAMILY SERVICES
HEAD START

2-X



Job Performance
Situation 2:
Child and Family
Services Head Start

HEAD START
MOVING AHEAD
COMPETENCY-BASED TRAINING PROGRAM



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REFERENCE

This activity addresses skill and knowledge competencies in understanding and applying basic cost principles, as well as linking budget development to planning. Participants will increase their skill competencies in these areas and apply them to a Head Start job performance situation. They will consider how the lessons learned can be applied to other Head Start situations.

Related skill activities include 2-C, Understanding and Applying Basic Cost Principles; 2-D, Linking Budget Development to Planning.

Application Activity: Child and Family Services Head Start

Outcomes. Participants who complete this activity will practice some of the following skills:

- Define programmatic intent of basic principles relating to allowable and reasonable costs, direct and indirect costs, and use of non-Federal share resources
- Identify sources of guidance for the appropriate application of cost principles
- Understand how core principles are applied during program reviews
- Demonstrate the application of principles to specific Head Start financial management situations
- Determine what constitutes appropriate use of non-Federal share
- Identify common errors in the allocation and use of Federal resources
- Establish a team approach to budget planning and development
- Identify and implement critical planning tasks for budget development
- Utilize standard program planning information to establish cost objectives
- Select the appropriate budget type to meet program needs
- Engage staff in budget monitoring and cost containment

Recommended Group Size. Three to fifteen participants, with at least one participant who has engaged in skill building activities 2–C, Understanding and Applying Basic Cost Principles and 2–D, Linking Budget Development and Planning.

Materials. The following materials are used as guidance references:

- 45 CFR Part 1301, Head Start Grants Administration
- 45 CFR Part 92, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 45 CFR Part 74, Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial; and Certain Grants and Agreements with States, Local Governments and Indian Tribal Governments.
- OMB Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments

- OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
- OMB Circular -133, Audits of States, Local Governments, and Nonprofit Organizations
- ACF Discretionary Grants Administration Manual

Components.

This activity can be completed by one person, an informal group, or as part of a formal workshop. Suggested time limits are provided below, but participants and facilitators may wish to adjust these to their own timetables.

| | |
|---|---------------------|
| Step 1. Handout: Child Head Start Case Scenario | 10 minutes |
| Step 2. Worksheet: Case Analysis | 40 minutes |
| Step 3. Worksheet: Cost Benefit and Allocation | 55 minutes |
| Step 4. Handout: Child Head Start (Scene 2) | 5 minutes |
| Step 5. Exercise: Sharing and Reporting Financial Information | 30 minutes |
| Step 6. Post-Assessment | 15 minutes |
| Suggested total time | 2 hours, 35 minutes |

This activity contains 17 pages.



STEP 1. HANDOUT: CHILD AND FAMILY SERVICES HEAD START

Suggested time: 10 min.

Read the following scenario and then proceed to Step 2, Worksheet.

Child and Family Services Head Start

Child and Family Services Head Start is a center-based program that currently serves 100 children, 18 of whom have special needs. There is a long waiting list at the center. Sam, the Program Director, has a “take charge” personality and often takes shortcuts to get the job done. Walking down the hall, he encounters Beth, the center’s cook.

“You know, Beth, I really don’t understand what is taking the Board and the Policy Council so long to approve our budget. After all, our needs are clear: We need money to expand and get a bigger facility. We also need to replace our broken buses. The children are our first priority.” Beth agrees; she has five grandchildren who have attended Head Start, and two more who will be of age next year.

“When I was putting out coffee for the joint budget meeting, I heard one of the members asking to read a report; it sounded like ‘Assessment of the Community,’” Beth confided. “And there was another member who said she had never seen a copy of the proposed or current budget,” Beth added, hoping this would be useful information. “There’s not much to completing a budget,” Sam replied, adding, “You look at what you did last year and usually add 10 percent, that’s all.”

“Well, the bus driver told me he heard that the teachers are upset because they didn’t get a salary increase again this year. And now they have to pay for classroom supplies out of their own pockets,” Beth responded.

“Everybody knows things are tight these days,” Sam replied. “But didn’t our center’s parents do a good job of fundraising? And didn’t they raise enough to pay off our propane bill?” he added, beaming. Beth nodded in agreement, remembering how the program was closed for 10 days last winter because there was no heat.

Don, the Grantee's Fiscal Administrator, has his office offsite. Don is very proud of the customized accounting software he installed. The software doesn't track or categorize administrative costs for Head Start, as he doesn't believe that these are important functions. Don is showing off his system to John, the new Accounts Payable supervisor, who just moved to the area with his family. Don takes this opportunity to fill him in on Head Start.

"I have to warn you about Sam," said Don. "He isn't very experienced with budgets and is often reluctant to ask questions."

"What do you mean?" asked John.

"Well, the program was given tickets to the wrestling match and he wouldn't take that as in-kind. On the other hand, he wanted to claim time spent by parents at home, which, of course, you can't do," responded Don. "The budget he gives me is almost always unbalanced. He runs out of money in one place, but has monies left on other line items that end up not being spent."

"Why don't you explain to him how to correct this?" asked John.

"Sam and I just communicate through memos now," replied Don, "and it just takes too long to put that all in writing." He went on to explain, "We had a disagreement when a wheelchair-accessible bus was ordered that wouldn't fit under the roadway underpass."

"What did you do about the situation?" inquired John.

"Well, the mother drove the child to school whenever she could get gas money," said Don.

"Sounds to me like the program could use some training on budget planning and development, being sure to consider the Community Assessment information. It would be a good idea to include cost principles as well," said John.

"How did you become so familiar with the budgeting process?" asked Don.

"Back home, my daughter was in Head Start and I served on the Policy Council," replied John.

“I think some training for the Board, Policy Council, and management staff is a good idea, John. You know, next year we’ll be getting Department of Education preschool funds and adding an early intervention program for children with special needs,” said Don.

Just then, the phone rang. It was Lynn, the Program Specialist in the Regional Office. Lynn finds Don to be an especially challenging person to work with. She and Don went round and round when she disallowed the occupancy costs he used as non-Federal share. Don is married to a successful realtor who established the fair market value for the program.

“Lynn is going to remind me again about the delinquent SF-269,” said Don. “If she thinks our SF-269 is a major problem, just wait until Sam integrates additional funding sources with Head Start funds,” he declared as he picked up the phone. “Hello Lynn, how are you?” asked Don.

STEP 2. WORKSHEET: CASE ANALYSIS



Suggested time: 40 min.

Purpose: To provide the learner with the opportunity to apply skill/knowledge acquired from the skill building activities to a Head Start job performance situation. This worksheet may be completed individually, with a colleague, or as a team.

Part I (20 min.) Individually answer the following questions. Feel free to refer back to the Child and Family Services Head Start case scenario; activity 2-C, Understanding and Applying Basic Cost Principles; and activity 2-D, Linking Budget Development to Planning. You may also refer to any notes or observations you made from the skill building activities.

1. How would you describe Child and Family Services Head Start's approach to budget planning and development?

2. What are the potential drawbacks of this approach to the program's efforts to allocate and manage its financial resources?

3. Referring back to the budget planning and development steps outlined in activity 2-D, what steps would you consider critical to correcting the concerns you identified in the case scenario?

4. What errors has the program made in terms of how they are allocating costs and using Federal resources?

5. Program Staff: As the Program Director, what guidance should Sam seek from the Regional Office to assist in improving the program's financial situation?

6. Federal Staff: Given the scenario, what areas would the Regional Office explore in a review of the program's financial management practices?

Part II (20 min.) Pair off with a colleague or continue in your small group to discuss your responses to the questions. Make note of any additional knowledge or insights that result from the discussion.

STEP 3. WORKSHEET: DETERMINING COST BENEFITS AND ALLOCATIONS



Suggested time: 55 min.

Purpose: To apply the process of determining cost benefits and allocations to a Head Start job performance situation. This exercise may be completed individually, with a colleague, or as a team.

Part I (15 min.) Pairing Costs and Benefits. Based on the Child and Family Services Head Start case scenario, respond to the following:

One of the keys to successful budgeting is proper cost allocation. The first step is to determine the costs that support (benefit) each activity/program. When adding programs, a grantee must determine what costs will benefit the new program(s) in addition to Head Start. Once these costs have been identified, different methods may be used for allocating each cost. For example, if a classroom is located in a building that houses activities in addition to Head Start, the space costs (e.g., rent, utilities, etc.) could be allocated using square footage. If both Head Start and non-Head Start children are in a classroom together, the costs of space associated with the classroom could be allocated using the average daily attendance.

You may, at your option, review the Budget Development background reading in section 2-D and the section on Cost Allocation in 2-C or go on with the following exercise. You will need to “pool” your knowledge of the Child and Family Services Head Start program with that of your own personal experience to answer the questions.

1. List the current activities/positions at Child and Family Services Head Start that will support the Department of Education preschool program and the early intervention program. At what point should this information be developed, and why?

2. How would you group these activities?

3. Once you have grouped the activities/positions, how would you allocate them based on benefits received? (Hint: Department of Education funds are earmarked to support educational activities, early intervention funds, and disability services.)

Part II (5 min.) Sorting Out Activities. Review the activity categories listed below; add any you identified in Part I that are not represented in this list. Put an “x” by each program fund that will benefit from the cost activities. Feel free to refer to the background reading in activity 2-C.

| Cost Activity Category | Head Start | Early Intervention | Dept. of Education |
|----------------------------------|-------------------|---------------------------|---------------------------|
| Sam, his secretary | | | |
| Don, fiscal administrator | | | |
| Beth, other food services | | | |
| Classroom, staff, supplies | | | |
| Health screenings and follow-ups | | | |
| Social services and assessments | | | |
| Office supplies and copying | | | |
| Rent and utilities | | | |
| Transportation of children | | | |

Part III (10 min.) Specifying Direct, Shared, and Common (Indirect) Costs. Based on the selections made in Part II, specify the direct, shared, and common (indirect) costs.

Direct Costs

Shared Costs

Common (Indirect) Costs

Part IV (15 min.) Determining Cost Allocation Methods. Identify the method(s) you would utilize to allocate funds to the direct and shared cost activities. Feel free to refer back to the section on cost allocation in activity 2-C.

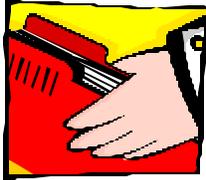
Direct Cost Activity

Allocation Method(s)

Common (Indirect) Cost Activity

Allocation Method(s)

Part V (10 min.) Review and Discuss. Take 10 minutes to review your responses to each part of this exercise and discuss with a colleague or with your group. Identify what you learned on how costs and activities are linked, as well as the most appropriate methods for determining how costs should be allocated to program activities.



STEP 4. HANDOUT: CHILD AND FAMILY SERVICES (SCENE 2)

Suggested time: 5 min.

Read the following scenario and then proceed to the Step 5, Exercise.

The Child and Family Services Head Start Board of Directors has just held its monthly meeting. One Board Member complained about never, ever seeing a budget. The Board Chair, George Governor, decides to meet with the fiscal administrator, Don, and find out why this is happening.

“Well, Don, in spite of your new computer system, we are still not getting accurate financial information in a timely manner. In fact, one of our board members doesn’t even seem to be on your mailing list and she is always left out of the information loop,” said George impatiently.

“We’ve been short-staffed and it’s been hard to keep up,” Don meekly replied.

“I still don’t see how you can disseminate accurate information to everyone who needs to be in the know. The system you installed doesn’t track or categorize administrative costs. I don’t even think you can relate financial data to performance data, can you?” persisted George.

“We might have to tweak the system a bit,” admitted Don. “But I also need the full cooperation of the Head Start staff.”

“What do you mean?” asked George.

“Well, the program doesn’t keep me informed when budget changes occur, and then they panic when they overspend.”

“Seems to me there is a communication problem across the board here. You need to get some training for everyone, and revise and implement your plans, especially for the budget. This type of program mandates a team effort, and by golly, I’m going to see to it that it is done,” declared George.

STEP 5. WORKSHEET: SHARING AND REPORTING FINANCIAL INFORMATION



Suggested time: 30 min.

Purpose: To allow learners to explore and apply processes and procedures for sharing and reporting financial information in a Head Start job performance situation. This exercise is most effective if completed in pairs or a small group. Individuals may answer the questions and engage a colleague in discussion.

Based on the Child and Family Services Head Start scene described in Step 4, use the following questions to guide the discussion of your responses. You may want to make note of knowledge and insights that result from the discussion.

1. Considering Don's perspective, how could Child and Family Services Head Start benefit from sharing financial information with staff, governing body members, and Policy Council members?

2. What are some ways in which the Child and Family Services Head Start program and fiscal staff can begin to share and utilize fiscal information—both in budget planning and in ongoing program operations?

3. As program and fiscal staff, what are your concerns regarding sharing of fiscal information? How can these concerns be addressed?

4. As Federal staff, what are your concerns regarding the reporting of financial information and data by programs? What guidance would you give to programs as to the most effective process for providing financial information to the Regional Office?

5. In the case of Child and Family Services Head Start, what changes need to be made in the way staff communicate regarding the program's financial resources?



STEP 6. POST-ASSESSMENT

Suggested time: 15 min.

Now that you have completed activities in Job Performance Situation 2: Program Systems and Supporting Fiscal Management, this post-assessment will help you re-evaluate your skills.

Part I

I completed the following exercises in Job Performance Situation 2:

- _____ 2-B, Case Activity: Child and Family Services Head Start
- _____ 2-C, Understanding and Applying Basic Cost Principles
- _____ 2-D, Linking Budget Development and Planning

Part II

Reassess your skills in the following areas:

SKILL: UNDERSTANDING AND APPLYING BASIC COST PRINCIPLES

Rate your current skills in addressing situations in which you need to:

| | New skill for me | Some skill | Highly skilled | | |
|--|------------------|------------|----------------|---|---|
| 1. <i>Define programmatic intent of basic cost principles:</i> | 1 | 2 | 3 | 4 | 5 |
| 2. <i>Define fiscal intent of basic cost principles:</i> | 1 | 2 | 3 | 4 | 5 |
| 3. <i>Identify sources of guidance for appropriate application of cost principles:</i> | 1 | 2 | 3 | 4 | 5 |
| 4. <i>Understand how basic cost principles are applied during program reviews:</i> | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|----|--|---|---|---|---|---|
| 5. | <i>Apply the following cost principles:</i> | | | | | |
| | <i>a. Allowable/unallowable costs:</i> | 1 | 2 | 3 | 4 | 5 |
| | <i>b. Proper use of non-Federal share:</i> | 1 | 2 | 3 | 4 | 5 |
| | <i>c. Proper accounting of in-kind contributions:</i> | 1 | 2 | 3 | 4 | 5 |
| 6. | <i>Determine what constitutes appropriate use of non-Federal share:</i> | 1 | 2 | 3 | 4 | 5 |
| 7. | <i>Identify common errors regarding the allocation and use of Federal resources:</i> | 1 | 2 | 3 | 4 | 5 |

SKILL: LINKING BUDGET DEVELOPMENT WITH PLANNING

Rate your current skills/knowledge in situations in which you need to:

| | | New skill for me | Some skill | Highly skilled | | |
|-----|--|------------------|------------|----------------|---|---|
| 8. | <i>Establish a team approach to budget planning and development:</i> | 1 | 2 | 3 | 4 | 5 |
| 9. | <i>Identify and implement critical planning tasks for budget development:</i> | 1 | 2 | 3 | 4 | 5 |
| 10. | <i>Utilize standard program planning information to establish cost objectives:</i> | 1 | 2 | 3 | 4 | 5 |
| 11. | <i>Select the appropriate budget type (incremental, zero-based, activity-based):</i> | 1 | 2 | 3 | 4 | 5 |
| 12. | <i>Engage staff in cost containment and budget monitoring:</i> | 1 | 2 | 3 | 4 | 5 |

Part III

Use your answers to the following questions to complete your learning plan for Job Performance Situation 2 (at the end of 2-A, Self-Assessment).

A. In which competencies would you like to continue your skill building?

B. What steps will you take to continue skill building and knowledge development in these areas?

C. How can managers, your supervisor, team members, and other colleagues support you in your continued skill and knowledge development?