



## Non-Federal Share Management Matters

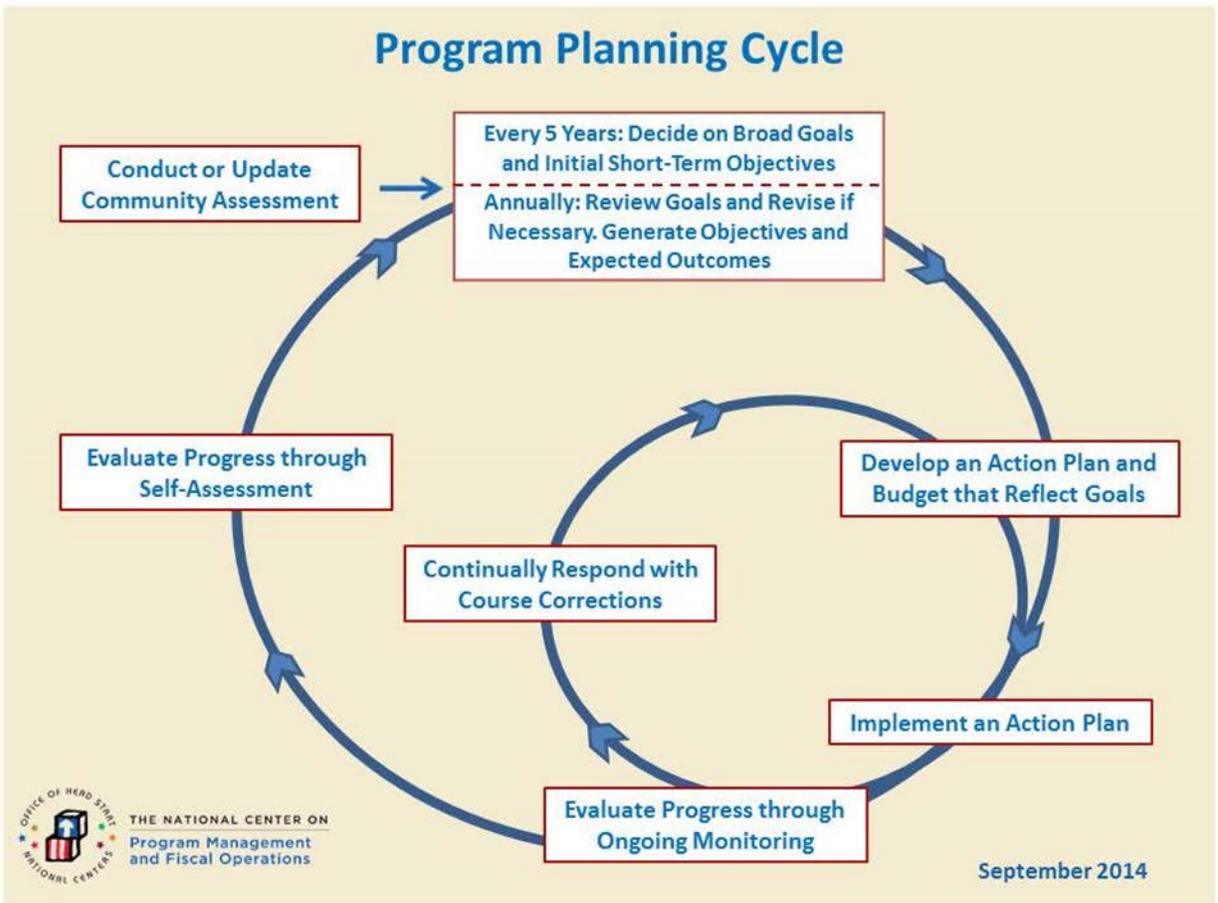
### Planning for Non-Federal Share Match

#### Non-Federal Share Match Management Matters Series

On behalf of the Office of Head Start and the National Center for Program Management and Fiscal Operations, Welcome to this Management Matters session on Non-Federal Share (NFS) 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, share how and under what circumstances you can apply for a waiver from the non-federal share requirement, and we'll define and discuss the impact of non-federal share disallowances.

#### 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 planning process. Through this process programs develop goals, objectives and expected outcomes and monitor and evaluate progress toward their program and school readiness goals.



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

### Evaluate Progress through Self-Assessment

When your program conducts its annual Self-Assessment this is an opportunity for you to identify the successes you've had in engaging the community in your program and the progress you've made toward meeting your match.

- 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 share match appropriately?

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

Once you've considered these questions, you can move to the next step: Community Assessment.

### **Conduct or Update Community Assessment**

During the community assessment you may ask your team, "Has anything changed in our community that might lead us to consider different community support?" You can evaluate what other organizations or people in your community might be able to do to help you deliver Head Start services. For instance, maybe there's a public school in your area that can provide transportation or food services to Head Start children. After you have brainstormed these ideas, you'll want to decide on goals and objectives.

### **Every 5 Years: Decide on Broad Goals and Initial Short-Term Objectives Annually: Review Goals and Revise if Necessary. Generate Objectives and Expected Outcomes**

As you decide on goals and objectives, you will begin with imagining the possibilities. This could be a time when you imagine 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 might lead you to consider more community involvement in your program. It's not enough to just imagine possibilities and set goals and objectives, now it's time to develop an action plan and budget that reflect goals.

### **Develop Action Plan and Budget that Reflect Goals**

The action plan is where you get down to the nitty gritty and answer questions like: who is going to help, what are they going to do and by when? If you have imagined new partnerships, now is the time to build them. In the public school partnership example, during this step 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 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.

### **Evaluate Progress through Ongoing Monitoring**

While you evaluate your progress through ongoing monitoring, you should also monitor whether you are meeting your non-federal share match. 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 towards meeting your non-federal share match? We recommend that you monitor your progress towards non-federal share match on a monthly basis to help you identify if course corrections may be needed.

## **Continually Respond with Course Corrections**

As a result of monitoring your non-federal share budget to actual 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 regularly monitoring this, you will be able to identify problems and make adjustments such as finding other sources of non-federal share 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 then monitor any course corrections you make and plan to share all this monitoring data with your Self-Assessment team as you come back around again to the first step in the planning process: Evaluate Progress through Self-Assessment.

## **Waiver**

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

### **What is a waiver?**

A waiver is defined as a reduction in the amount of grantee non-federal share that is authorized in writing by a Federal official. It may be for all or a portion of the amount of non-federal share you don't think you can meet.

Under certain circumstances, if a Head Start or Early Head Start program has been actively seeking non-federal share but is struggling to meet its required match, it can apply to its regional office for a waiver.

There are good reasons why a program would apply for a waiver.

The following circumstances are considered when approving waivers:

- The lack of community resources that prevent a Head Start or Early Head Start program from providing all or a portion of the required match;
- The impact of the cost the program may incur as it starts a new program in its initial years of operation;
- The impact of an unanticipated increase in costs the program may incur;
- The impact of a major disaster in a community that prevents the program from meeting its match; and,
- The 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 Administration for Children and Families (ACF) Regional Office written documentation of need.

Approval of the waiver request cannot be assumed without written notice from the ACF 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. Also remember that 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 and if it is not approved, you might not have time before your budget year ends to seek alternative sources of non-federal share match. In this circumstance you would be faced with a disallowance. We'll talk about disallowances in a moment.

## **Disallowance**

Disallowance is another important term you need to understand.

### **What is a disallowance?**

So what is a disallowance? A disallowance is a cost determined to be unallowable under the OMB Cost Principles and/or the terms and conditions of the grant award, and 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 share costs towards your match requirement. If a disallowance of non-federal share costs occurs, they can no longer be included in your match and therefore may result in your program not meeting its required match, reducing the amount of the federal share of your budget. 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; and,
- Non-federal share expenses not in accordance with cost principles and therefore disallowed.

To avoid a disallowance, ensure that the costs included in your non-federal share match are allowable, appropriately valued and adequately documented so that they will not be disallowed. Also consider securing more than your required non-federal share match. While this won't prevent a disallowance, it may provide offset if disallowances are found.

### **How do I calculate a disallowance?**

Remember that 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 and 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 share match.

## Using Your Budget to Identify NFS Possibilities

We began this session talking about Head Start's Program Planning Cycle and how it could be used to plan for non-federal share match. Another useful tool to plan for your non-federal share 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 share resources—that will cover the individual costs.

Read what three people say about how their budget team uses its budget to plan for their program's non-federal share match.

**Finance Director:** "I'm so glad we're using this line item budget to help us think about our non-federal share 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 share 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 benefitted the curriculum and could be counted as non-federal share. 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 share. Since the playground work will be completed and paid for this year we can count it against our current year non-Federal Share 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 can 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."

## 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 share resources to cover program costs. You have also learned the conditions under which you may seek a waiver from the Non-federal Share Match requirement and how to apply for a waiver. And finally, you've learned about the consequences of not meeting your match, which include the possibility of a disallowance and repayment of funds to the federal government.