

# BUDGET AND FINANCIAL GUIDELINES

The purpose of the Great Start Readiness Program (GSRP) is to improve school readiness. Preschool programs funded through this state grant program must be designed to meet the comprehensive needs of four-year-old children and must provide opportunities for the active involvement of parents in program planning and implementation. For Formula (school district/public school academy) grantees, the Parent Involvement and Education (PIE) option funded through this categorical program must be prepared to provide services to all families with children age five or younger residing within the school district.

## Budget Guidelines

GSRP allocations should be carefully budgeted to provide high-quality programming.

GSRP funds may be used to pay for the following:

- Instructional materials and supplies
- Nutritional supplies beyond those provided by other available sources
- Teacher, associate teacher, early childhood specialist, and aide salaries and fringe benefits
- Parent involvement activities
- Transportation for students
- Health support services
- Student support services
- Staff development and teacher/parent training
- Travel necessary to enable project staff to implement the early childhood program
- Office supplies and materials
- Communication
- Printing and binding
- Rent paid to an entity other than the fiscal agent or grantee for facility or space
- Construction or renovation expenses related to licensing, as documented by the pre-licensing report and pre-approved by the fiscal agent
- Equipment (such as shelving, tables, CD player)

Great Start Readiness Program funds MAY NOT be used to pay for:

- Stipends
- Existing administrative, educational, or support personnel funded through other sources
- Indirect costs

Great Start Readiness Program funds MUST be used to pay for:

- Preschool Program Quality Assessment (POA) for each classroom where even one GSRP-funded child is enrolled.

## Administrative Cap

The following function categories are considered “administrative” when being reviewed for the maximum allowable expenditure: 230, 240, 250, 260 and 280. Exempt from the administrative cap are amounts designated for the rent or lease of a facility needed to implement the preschool programs; early childhood specialist; maintenance, janitorial, utilities, and insurances, which are part of a lease/rental agreement; audit; security services; and classroom telephones.

The maximum amount of program funds allowable for administrative costs is 10 percent of the total grant. The only instance where a fiscal agent may retain more than 5% of the grant is when consortium option two is implemented for formula grantees.

Grantees that subcontract for the provision of the GSRP may retain no more than five percent of the grant amount for administrative services and the outgoing transfer detail may document no more than an additional five percent of the total grant being utilized for administrative purposes by the subcontractor.

When the grantee subcontracts with another entity (program subcontractor), the fiscal agent, the grantee and the program subcontractor must include in their written agreement a division of the 10% administrative allowance.

## **Budget Detail**

Budget detail is required for each line item that is presented in the budget summary. The detail should include clearly-described expenditures directly related to the activities provided in GSRP. For example: \$5,000 Supplies and Materials: art supplies, children's books, math/science manipulatives, and gross motor materials to be taken outdoors daily for two classrooms. Detailed items must be reasonable for the quality of the project activities proposed, include appropriate function codes, as indicated on the budget summary, and do not exceed the maximum of 10 percent for administrative costs (lines 230, 240, 250, 260 & 280). Items reported under Purchased Services must clearly identify personnel, materials, or services. An optional detail of local share expenditures is listed separately.

## **PIE Option (Formula grantees only)**

For Formula grantees that have implemented the PIE option, it is necessary to detail PIE funds and GSRP preschool funds separately. Funds must be spent within the guidelines set for the PIE option. PIE funds may be carried over; however, subsequent PIE expenditures will be limited to the amount of PIE expenditures documented in the previous year's Final Expenditure Report. Grantees that have not used the PIE option in the previous year may not use any amount of GSRP funding for PIE.

## **Local Share**

Additional funds from other sources utilized to support the program may be reported as Local Agency Share. This is beneficial in documenting the true costs of the program. In programs that combine GSRP-funded children with children supported from other sources, the funds that support other children's attendance may not be entered. Enter only those contributions to the program for GSRP-funded children.

## **Personnel Rules**

Salaries entered for personnel must be accompanied by an entry in benefits. If the individual does not receive benefits, enter "0." Full Time Equivalent (FTE) or hours must be designated for each individual or category of individuals entered. A 1.0 FTE is viewed as the equivalent of 40 hours/week, whether the individual is contracted to work the full calendar year or the school calendar year.

Personnel must be separated by position. Grantees may include a formula for staff

(two associate teachers at \$XX.00 per hour). Hours entered should equal the total hours per year. In programs that blend GSRP-funded children with children who are supported from other sources, enter only the prorated time staff spends with GSRP-enrolled children.

## **Detailing Program Budget with Subcontractors/Vendors**

Fiscal agents or grantees that subcontract to entities to provide all or a portion of the GSRP must, in addition to providing the detail of their own anticipated expenditures, detail the anticipated expenditures of the subcontract, whether the subcontract is to another school district or community-based child care organization.

### **If the subcontract is with a community-based organization:**

Select the function code of the activity (118), then to assist in sorting the entries, in the description for the budget item, type the abbreviated name of the contractor, then a colon, then a brief description of the anticipated expenditure. (Example: HappyKids: 2.0 FTE teacher salary - \$15,000 salary – \$6,000 fringe benefits). Break down the anticipated expenditures to the detail that allows the fiscal agent and MDE to determine all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the administrative cap has not been exceeded. All of the contracted services are reported under 3000 Purchased Services.

### **If the subcontract is with another school district:**

Select the function code of the activity (118), then to assist in sorting the entries, in the description for the budget item, type the abbreviated name of the contracted school district, then a colon, then a brief description of the anticipated expenditure. (Example: Fife Lake – 2.0 FTE teacher salary - \$15,000 salary – \$6,000 fringe benefits). Break down the anticipated expenditures to the detail that allows the fiscal agent and MDE to determine all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the administrative cap has not been exceeded. All of the contracted services are reported under 8000 Other Expenses.

### **Outgoing Transfers, Function codes 411 and 441:**

Function codes 411 and 441 are only used in a Grantee – Sub Grantee relationship.

There may be unusual circumstances or exceptions to the distinguishing characteristics of a sub grantee and subcontractor listed above. In making the determination of whether a sub grantee or subcontractor relationship exists, the substance of the relationship is more important than the form of the agreement.

### **If the sub grantee is another school district:**

Select the function code 411. Budgeted items should be recorded under the proper object. Salaries should be listed under Salaries 1000, Benefits under Benefits 2000, Supplies and Materials under Supplies and Materials 5000, etc. Budget descriptions should be brief but contain enough information that allows the fiscal agent and MDE to sort entries and determine whether all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the administrative cap has not been exceeded. For example, type the abbreviated name of the contractor, then a colon, then a brief description of the anticipated expenditure. (Example: 411: 118 – Fife Lake – 2.0 FTE teacher salary)

### If the sub grantee is a community-based organization:

Select function code 441. Budgeted items should be recorded under the proper object. Salaries should be listed under Salaries 1000, Benefits under Benefits 2000, Supplies and Materials under Supplies and Materials 5000, etc. Budget descriptions should be brief but contain enough information that allows the fiscal agent and MDE to sort entries and determine whether all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the administrative cap has not been exceeded. For example, type the abbreviated name of the contractor, then a colon, then a brief description of the anticipated expenditure. (Example: 411: 118 - HappyKids – 2.0 FTE teacher salary)

## Acceptable Function Codes

Grantees may wish to consult Appendix – Definitions For Accounting Codes of the Public School Accounting Manual, which can be found in its entirety at [www.michigan.gov/accountingmanual](http://www.michigan.gov/accountingmanual).

### Function Codes selected and modified for GSRP use:

Function Code	Description
<b>118</b>	<b>Preschool</b> - Instructional activities in learning which normally may be achieved during the years immediately preceding kindergarten. Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of classroom aides, teacher assistants, supplies and machines that directly aid in the instructional process. Include the work of group and class sponsors and chaperons at student activities. Include activities associated with instructional field trips. Include unemployment if grantee follows a written costing policy for funding unemployment insurance for all entity employees regardless of funding source.
<b>212</b>	<b>Guidance Services</b> - Consist of those activities of counseling with pupils and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils.
<b>213</b>	<b>Health Services</b> – Consist of physical and mental health services. Included are activities involved with providing pupils with appropriate medical, dental, nursing occupational therapy, or other health services.
<b>214</b>	<b>Psychological Services</b> - Consist of those activities of administering psychological tests, interpreting the results of psychological tests, working with other staff members in planning school programs to meet the special needs of pupils as indicated by psychological tests, and planning and managing a program of psychological services including psychological counseling for the school or school system.
<b>215</b>	<b>Speech Pathology and Audiology Services</b> - Consist of those activities

	which have as their purpose the assessment of speech, hearing and language of children, providing staff consultation or whole class strategies to support speech, hearing and language.
<b>216</b>	<b>Social Work Services</b> - Consist of those activities that have as their purpose the performance of school social work activities dealing with the problems of pupils that involve the home, school, and community.
<b>217</b>	<b>Visual Aid Services</b> - Consist of those activities that have as their purpose the assessment of sight impairments, providing staff consultation or whole class strategies to support development of vision.
<b>221</b>	<b>Improvement of Instruction</b> - Consists of those activities that are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging and natural learning experiences for pupils. These activities include curriculum development, techniques of instruction, child development and understanding, in-service training or other professional development for instructional staff such as workshops, coursework and includes professional dues or fees.
<b>222</b>	<b>Educational Media Services</b> - Consist of those activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning the use of educational media by teachers and other members of the instructional staff; and guiding instructional staff members in their use of educational media. Included here are the activities for planning the use of the educational media by pupils and instructing pupils in their use of media materials.
<b>226</b>	<b>Supervision and Direction of Instructional Staff</b> - Directing and managing instructional services. Includes the activities of program coordination and program compliance monitoring. Examples: Special Education, Career Technical, Title I directors, and early childhood specialist.
<b>227</b>	<b>Academic Student Assessment</b> – Academic assessment of pupils; i.e., child assessment materials.
<b>229</b>	<b>Other Instructional Staff Services</b> - Consist of activities other than those defined above to assist instructional staff.
<b>231</b>	<b>Board of Education</b> - Activities performed by the elected body that has been created according to state law and vested with responsibilities for educational activities by the grantee. Includes legal, audit and election costs or fees.
<b>232</b>	<b>Executive Administration</b> - Those activities associated with district-wide general or executive responsibilities, including the development and execution of school district policies through staff at all levels. Titles may include superintendent, associate or assistant superintendent, but may not be limited to such designations. These activities may be distinguished from the supervision or direction of a specific function, program or supporting service that may appropriately be charged to another specific instructional or supporting function. When the same individual directs two or more functions, the services of that individual's office may be prorated between the functions concerned. Include community relation's services, district-wide or agency activities, and programs designed to improve school/community relations.
<b>233</b>	<b>Grant Writer/Grant Procurement</b> - Activities associated with grant writing and administrative activities necessary for meeting state and federal requirements related to grants. Example: When a grantee employs a grant writer or coordinator.
<b>241</b>	<b>Office of the Principal</b> – Activities performed by the principal, assistant principal and other assistants in the general supervision of all operations of the school building; evaluation of staff members of the school; supervision and maintenance of the school records are included under this function, along

	with clerical staff for these activities and includes the program director of GSRP grantees.
<b>249</b>	<b>Other School Administration</b> – Other activities of school administration not defined above. Include full-time department chair persons and graduation expenditures here.
<b>252</b>	<b>Fiscal Services</b> – Activities concerned with the fiscal operations of the school system. This function includes budgeting, receiving and disbursing, financial accounting, payroll, purchasing, inventory control, and internal auditing.
<b>257</b>	<b>Internal Services</b> – Activities concerned with storing and distributing supplies, furniture, and equipment. Also include duplicating and printing services, central mail services, and costs associated with the operation of a central switchboard or receptionist.
<b>261</b>	<b>Operating Buildings Services</b> – Activities concerned with keeping the physical plant open, clean, and ready for daily use. They include operating the heating, lighting, and ventilation systems, and repairing facilities/equipment. Also included are operating building leases, property and liability insurance, janitorial and ground maintenance costs, licensing fees, cell phones, classroom telephones, and child insurance. May be used in a Capital Projects fund only to extent allowed by law.
<b>266</b>	<b>Security Services</b> - Activities concerned with maintaining order and safety in school buildings, on the grounds and in the vicinity of schools at all times. Included are police activities for school functions, traffic control on grounds and in the vicinity of schools, building alarm systems, and security guards.
<b>271</b>	<b>Pupil Transportation Services</b> – Activities concerned with the conveyance of pupils to and from school, as provided by state law. It includes trips between home and school or trips to school activities. All other direct costs related to pupil transportation should be included under this function; i.e., physical exams, uniforms, school bus driver licenses, awards, bus monitors, etc. May be used in Capital Projects Funds only to extent allowed by law.
<b>281</b>	<b>Planning, Research, Development, and Evaluation</b> - Activities, on a system-wide basis, associated with conducting and managing programs of planning, research, development, and evaluation for a school system, NAEYC Accreditation fees, and recruitment expenses, such as postage.
<b>282</b>	<b>Communication Services</b> - Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers or to the general public through direct mailing, the various news media, or personal contact. This includes advertising and promotion.
<b>283</b>	<b>Staff/Personnel Services</b> – Activities concerned with maintaining an efficient staff for the school system. It includes such activities as recruiting and placement, staff transfers, in-service training, health services, staff accounting, and staff relations and negotiations. In-service training and professional development for non-instructional support staff should be recorded here.
<b>284</b>	<b>Support Services Technology</b> - Activities concerned with preparing data for storage, storing data, and retrieving data for reproduction as information for management and reporting when these services are provided by the grantee in its own facilities. Also include activities associated with technology support.
<b>285</b>	<b>Pupil Accounting</b> - Consists of those activities concerned with acquiring, maintaining, and auditing records of pupil attendance, and reporting information to various oversight agencies.
<b>289</b>	<b>Other Central Services</b> - Central services not defined above.

<b>297</b>	<b>Food Services</b> - Consist of those activities concerned with providing food to pupils and staff in a school or school system. This service includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities and the delivery of food. For grantees that participate with Child and Adult Care Food Program (CACFP), include food service expenses that exceed the CACFP reimbursement.
<b>299</b>	<b>Other Support Services</b> – Central services not defined above.
<b>311</b>	<b>Community Services Direction</b> – Activities concerned with directing and managing community services activities, community school direction, and includes the PIE director.
<b>411</b>	<b>Payments to Other Public Schools Within the State of Michigan</b> – Sub Grantee Distributions Only. All other payments for services, supplies, and materials should be reported in the appropriate function and object code 82xx. In GSRP, this is used to flow funds from the fiscal agent to consortium members.
<b>441</b>	<b>Payments to Other Governmental Entities</b> – Sub grantee relationships only e.g.; non-public schools, community organizations, etc. In GSRP, this is used to flow funds from the fiscal agent to competitive grantees.
<b>452</b>	<b>Site Improvement Services</b> - Activities concerned with improving sites and with maintaining existing site improvements.
<b>453</b>	<b>Architecture and Engineering Services</b> - Activities of architects and engineers related to acquiring and improving sites and improving buildings. Charges are made to this function only for those preliminary activities that may or may not result in additions to the school district property. Otherwise charge to 451, 452, 455, or 456.
<b>455</b>	<b>Building Acquisition and Construction Services</b> - Activities concerned with buying or constructing buildings. Include cost for the initial equipping of facilities.
<b>456</b>	<b>Building Improvements Services</b> - Activities concerned with building additions and with installing or extending service systems and other built-in equipment. Include the cost for re-equipping the facility.

Capital Outlay: This refers to costs in excess of \$5,000 for developmentally-appropriate classroom equipment (per unit), and renovation cost, if needed, to meet compliance with Public Act 116 of 1973, as amended, and the Licensing Rules for Child Care Centers.

## Fiscal Reporting

Financial reporting is accomplished in the Michigan Electronic Grants System (MEGS) and the Financial Information Database (FID).

MEGS is an efficient grants management system that utilizes internet technologies to manage the grant application process. This process includes the full range of activities, from the announcement of grants, access to grant application information and reporting data that is stored centrally, and receipt and review of applications. MEGS interacts with a variety of other State of Michigan systems. These systems include MEIS (Michigan Education Information System), the Grant Accounting System, and the School Code Master. School districts use the FID application to submit information from their annual financial reports, balance sheets, revenues, district and school expenditures.

Each grantee must have an established Michigan Education Information System (MEIS) account. The following site allows grantees to create an account as well as draw funds:

[http://www.michigan.gov/mde/0,1607,7-140-5236\\_29341---,00.html](http://www.michigan.gov/mde/0,1607,7-140-5236_29341---,00.html). In order to access FID, users must have an active valid MEIS account and must have submitted to The Center for Educational Performance and Information (CEPI) a FID security agreement form signed by the district's lead administrator as indicated in the Educational Entity Master (EEM). For questions, contact CEPI Customer Support at 517-335-0505 or at [CEPI@michigan.gov](mailto:CEPI@michigan.gov). Please include your full name and complete telephone number (with area code) when you contact Customer Support.

## Budget Revision Process

A grantee budget must be revised if the amount of change in any function code exceeds 10 percent. Budget revision requests should be discussed for prior approval with the fiscal agent. Applications may be returned by the consultant for modifications.

A fiscal agent budget must be revised if the amount of change in any function code exceeds 10 percent. Budget revision requests should be discussed for prior approval with the assigned consultant. Applications may be returned by the consultant for modifications.

## MDE Recovery of Funds

MDE is required to recover funds not used for GSRP. This occurs when a grantee or consortium does not fill the slots allocated or awarded.

## Filling Slots

Each enrolled child is considered to "fill" a discrete slot. Grantees may consider a slot "filled" after a child completes participation in at least one preschool session or daily routine. To support service to the highest number of eligible children, grantees are encouraged to use the wait-list to fill vacated slots. In an Option 2 formula consortium, the fiscal agent has the opportunity to move slots throughout the consortium to ensure that all slots are filled.

Example:

A child participated in eight weeks of preschool before the family moved across the state. The program had thus far filled 17 of 18 slots. One week later, another eligible family enrolled their child into the program, enabling the grantee to document that all 18 slots were filled. Because there were actually 17 children on the classroom roster, the grantee accepted an additional eligible child two weeks later, bringing the class size up to the cap of 18.

All 19 children were entered into the Michigan Student Data System (MSDS) as participating in GSRP. Each child was reported on the GSRP Child Information and Program Evaluation Report (formerly the Mid-Year Report); children that withdraw from the program are reported as such.

## Slots Not Filled

The total number of slots filled each year by grantees is determined by the number of children who have been entered in the MSDS, as enrolled in GSRP through the February Early Childhood Collection Snapshot Date. The funding for unfilled slots will be deducted from the current year's funding. If all allocated slots are filled, there is no recovery of funds. The slots filled by the February count also serve as the "hold harmless" number the grantee has for the following year.

It is possible to avoid recovery of funds by reducing the allocation during the early portion of the school year. In this case, and for an Option 1 formula consortium or for competitive grantees, the fiscal agent should contact the assigned GSRP consultant. Recaptured slots are allocated to existing grantees according to the formula.

## Funds Not Spent

Fiscal agents with grantees having unspent funds associated with the number of slots filled may request carryover of funds into the next school year. Funds must be expended according to program options identified in the GSRP Application in MEGS. For example, classroom funds must be carried over for classroom purposes and PIE funds must be carried over for PIE purposes. Carryover funds must be spent by **June 30** of the subsequent fiscal year and reported in MEGS in a Carryover Final Expenditure Report and the FID. Typical uses for carryover funds include staff salaries and professional development activities which occur before the October State Aid Payment. A lack of carryover requested and/or unexpended carryover will result in a Prior Year Adjustment Process.

<p style="text-align: center;"><b>Scenario A</b></p> <ul style="list-style-type: none"> <li>• Filled all accepted slots by the February EC MSDS collection</li> <li>• Spent all funds for those slots and/or accepted for PIE</li> </ul> <p style="text-align: center;"><b><i>NO CARRYOVER BUDGET</i></b></p>	<p style="text-align: center;"><b>Scenario B</b></p> <ul style="list-style-type: none"> <li>• Filled all accepted slots by the February EC MSDS collection</li> <li>• Did not spend all funds from filled slots or accepted for PIE</li> </ul> <p style="text-align: center;"><b><i>CARRYOVER BUDGET</i></b> using funds per program option for which the funds were accepted.</p>
<p style="text-align: center;"><b>Scenario C</b></p> <ul style="list-style-type: none"> <li>• Did not fill all accepted slots by the February EC MSDS collection</li> <li>• Spent all funds for slots that were filled and those accepted for PIE</li> </ul> <p style="text-align: center;"><b><i>RECOVERY OF FUNDS due to slots not filled</i></b></p>	<p style="text-align: center;"><b>Scenario D</b></p> <ul style="list-style-type: none"> <li>• Did not fill all accepted slots by the February EC MSDS collection</li> <li>• Did not spend all funds from slots that were filled and/or those accepted for PIE</li> </ul> <p style="text-align: center;"><b><i>RECOVERY OF FUNDS due to slots not filled + CARRYOVER BUDGET</i></b> using funds per program option for which the funds were accepted.</p>

## Closure Procedures

In cases where a grantee will no longer take part in the GSRP, grantees must adhere to the following guidelines by completing the following activities:

### Notifications

Competitive Grantees: If a grantee has decided not to accept, in part or in whole, funds awarded for GSRP, written notification must be submitted to the fiscal agent and MDE.

Formula Grantees: If a grantee has decided to decline a GSRP allocation, the Non-Participating Resolution, found at [www.michigan.gov/gsrp](http://www.michigan.gov/gsrp), must be completed and submitted to MDE.

### Reports

Competitive Grantees: For 2010-2011, complete the DS-4044 on-line in the CMS. These reports are due within 30 days after the end of the program or by November 15, whichever comes first.

Formula Grantees: Complete the prior year Final Expenditure Report in MEGS by November 30.

### Materials

Notify the fiscal agent in writing of the distribution of equipment and supplies purchased with GSRP funds according to the following guidance.

If a GSRP has equipment (an item valued at over \$5,000 with depreciation taken into account) or supplies that total a value greater than \$5,000, it can be transferred to another program within the same agency or to another agency serving at-risk children that is supported by state or federal funds, or a non-profit agency; e.g. Head Start, Title I, a child care program receiving child care subsidy payments. The distribution of GSRP materials should be discussed by the GSRP Advisory Committee and the local Great Start Collaborative.

Send notifications to:

Michigan Department of Education  
Early Childhood Education and Family Services  
Attention: GSRP  
P.O. Box 30008  
Lansing, Michigan 48909

OR: Fax to the attention of GSRP at (517) 335-0592

OR: E-mail to GSRP at [MDE-gsrp@michigan.gov](mailto:MDE-gsrp@michigan.gov)