

# FUNDING

Intermediate School Districts (ISDs) are the grantees for the Great Start Readiness Program (GSRP). ISDs receive funding via eleven State Aid Payments for each fiscal year, beginning in October. Information pertaining to State Aid Payments may be found under Section 32d "Great Start Readiness Program" in the State Aid Financial Status Report sent monthly to each ISD. Local agreements detail the process and timeline of how funding is flowed to subrecipients.

State funds are appropriated annually based on an October 1<sup>st</sup> to September 30<sup>th</sup> fiscal year. ISDs receive a slot allocation and a transportation allocation. Subrecipients and the ISD are to ensure that services and materials purchased for a given fiscal year are booked in the accounting system for that year.

## Grant Eligible Applicants

GSRP is described in Sections 32d and 39 of the current State School Aid Act. GSRP grants are allocated by the Michigan Department of Education (MDE) to ISDs.

## Requesting and Awarding of the Slot Allocation

The ISD must complete all applications and reports for GSRP in the Michigan Electronic Grants System Plus (MEGS+). Only the ISD can initiate or submit a GSRP application and the associated reports. An ISD's Authorized Official, one who is a Level 5 in MEGS+, can choose to be the only person who performs high-level administrative activities within a grant application or give others access to the application.

An ISD intending to implement a GSRP submits the Comprehensive Community Needs Assessment and Application (CNAA) in MEGS+. The CNAA is completed in conjunction with local partners and results in an ISD statement of need and request for slots for the following year. Prior to submission, the CNAA must go through a review and endorsement process with the local Great Start Collaborative.

After the State School Aid bill is signed into law by the Governor, identifying an amount to be allocated per part-day preschool child, the MDE calculates ISD funding levels based on the formula specified in legislation. Each part-day child funded constitutes one preschool slot. The part-day child amount is doubled to serve a school-day child, using two preschool slots. Allocations are calculated in terms of part-day slots. An email notification is sent to ISD staff with level 5 authority in MEGS+, application main contacts, and early childhood contacts to inform them that the allocations have been posted on the GSRP website. The email announcement and allocation list serves as notification of funding for audit purposes. Soon after, notification that the Acceptance of Funds is live in MEGS+ is also done by email announcement. This is the official response to MDE of the number of slots each ISD accepts. Email notification is also sent to level 5s, main contacts and early childhood contacts when the Program Implementation Plan is live in MEGS+.

## **Funding Formula**

Current legislative formula for determining first-round formula count. The Grade 1 to 5 free lunch count from the prior year, divided by the sum of the enrollment of grades 1 to 5 from prior year determines the "Grade 1 to 5 Poverty Percentage." The result of this calculation is multiplied by the average kindergarten count for the ISD in the last two years then multiplied by 50 percent.

## **Poverty Ranking**

A Grade 1 to 5 poverty percentage is determined for each ISD as described above. ISDs are then ranked from highest to lowest Grade 1-5 poverty percentage. Funds are distributed in each round to the ISDs in this order. Each round of funding continues until the balance of the grant award is disbursed.

## **First-Round Funding**

First-round funding is calculated by multiplying the first-round formula count by the part-day slot amount.

## **Second-Round Funding**

If funds have not been fully distributed after each ISD has received first round formula funding, disbursement continues in descending order according to the poverty ranking. The second-round allocation provides ISDs funding for the number of children served (equated to slots) in the immediate preceding fiscal year or the ISD requested number (as submitted on the upper portion of the current-year CNA), whichever is less, until all funding is disbursed.

## **Third-Round Funding**

If funds are still available after second-round funding is completed, third-round funding is calculated by subtracting the number of slots funded in rounds one and two from the number of slots requested (as submitted on the upper portion of the current-year CNA) to arrive at a number of slots still needed. The number of slots still needed is then multiplied by the amount per part-day slot. ISDs that do not address supplemental child care do not receive third-round funding, regardless of the documented free lunch percentage. Priority for supplemental child care is exhausted in third round funding. This process continues until all slots have been allocated.

## **Fourth-Round Funding**

Both the GSRP/Head Start Blend and School-Day options use slots, but leave eligible children unserved. Round four provides for these children by adjusting the number of slots requested to include children who would otherwise be left unserved. The fourth-round allocation provides funding for the number of children the ISD left unserved that qualify for GSRP (as submitted on the lower portion of the current-year CNA) up to the number served in the immediate preceding fiscal year.

If funds are still available after third-round funding is completed, fourth-round funding is calculated by subtracting the number of slots funded in rounds one through three from the adjusted number of slots requested on the lower portion of the current-year CNAAs to arrive at a number of slots still needed. This number is then compared to the number of children served in the immediate preceding fiscal year to arrive at a number of slots needed to make the ISD whole from the previous year. The number of slots still needed is then multiplied by the amount per part-day slot. This process continues until all slots have been allocated.

## **Fifth-Round Funding**

Both the GSRP/Head Start Blend and School-Day options use slots, but leave children that qualify for GSRP unserved. Round five provides for these children by adjusting the number of slots requested to include children who would otherwise be left unserved.

If funds are still available after fourth-round funding is completed, fifth-round funding is calculated by subtracting the number of slots funded in rounds one through four from the adjusted number of slots requested (as submitted on the lower portion of the current-year CNAAs) to arrive at a number of slots still needed. The number of slots still needed is then multiplied by the amount per part-day slot. This process continues until all slots have been allocated.

## **Additional Funding Rounds**

If funds are still available after fifth-round funding, additional rounds are established, always disbursing funds in rank order, until all ISDs are made whole from the previous year's funding or until funds are extinguished.

## **Enhanced Funding Options**

When the entire grant award has been disbursed, grantees remain on the calculation worksheet in descending rank order. Funds are recaptured from ISDs in the form of returned slots on the GSRP Acceptance of Funds and in the Program Implementation Plan in MEGS+. These funds are redistributed in the form of "Enhanced Allocation Offers" beginning with the ISD where funding ran out. Each ISD, in rank order, is offered the remaining number of slots adhering to the rules for the round in which the enhanced offer is made. This process continues until all slots have been allocated.

## **GSRP Funding Example**

First-round funding example based on \$3,625 per-slot for an ISD that had served 336 children in Part-Day GSRP the previous year and requests 352 slots for the current year:

	ISD	Calculation
Grade 1 to 5 free lunch count from prior year;	3300	
divided by the sum of the enrollment of grades 1 to 5 from prior year;	Grade 1 = 1028 Grade 2 = 1007 Grade 3 = 1001 Grade 4 = 989 Grade 5 = 975 Sum = 5000	$3300 \div 5000 = .66$
determines the grade 1 to 5 poverty percentage;	66%	This Grade 1 to 5 poverty percentage is then used to determine a poverty ranking in descending order.
that calculation is multiplied by the average kindergarten count for the ISD in the last two years; and	Year 1 = 1028 Year 2 = 1033 Average = 1030.5	$.66 \times 1030.5 = 680.13$
Multiplied by 50%.	$680.13 \times .5 = 340.065$	Total first-round formula count for this example is 340.

Second-round funding for this example is dependent upon:

- The availability of funds.
- The number of slots filled in the immediately preceding fiscal year and the requested number of slots as submitted on the upper portion of the current year CNAА.

Third-round funding for this example is dependent upon:

- The availability of funds.
- Whether or not the ISD was fully funded in rounds one or two based on the requested number of slots as submitted on the upper portion of the current year CNAА.
- Whether or not the ISD offers supplemental child care.

Fourth-round funding for this example is dependent upon:

- The availability of funds.
- The number of slots filled in the immediately preceding fiscal year and the requested number of slots as submitted on the lower portion of the current year CNAА.
- Whether or not the ISD was fully funded based on the request in the upper portion of the CNAА in rounds one through three.
- Whether or not the ISD's adjusted request on the lower portion of the CNAА is higher than their request on the upper portion of the CNAА.

Fifth-round funding for this example is dependent upon:

- The availability of funds.
- Whether or not the ISD was fully funded based on the request in the lower portion of the CNAА in rounds one through four.
- Whether or not the ISD's adjusted request on the lower portion of the CNAА is higher than their request on the upper portion of the CNAА.

Additional funding rounds for this example are dependent upon:

- The availability of funds.
- Whether or not the ISD was fully funded based on the request in the lower portion of the CNAA in rounds one through five.

Enhanced funding for this example is dependent upon:

- The availability of funds relinquished from other ISDs.
- Whether or not the ISD was fully funded based on the request in the lower portion of the CNAA in rounds one through five.

## Enhanced Funding Implications

GSRP enhanced funding is tied to service of additional, previously unfunded children. Please note that:

- ISDs that accept enhanced funding and fill enhanced slots elevate the district's "hold harmless" base amount for the subsequent year.
- When slots are filled, carryover is allowed through June 30 of the succeeding fiscal year.
- Enhanced funding is provided at the same per-child amount as in the original award.

GSRP Enhanced Funding Program Options include:

1. ISDs should begin by documenting the maximum number of slots filled in the current program year. Slots that have been vacated and then filled from the waiting list during the Early Childhood Spring Collection Reporting Period are counted as discrete slots filled if the child filling a slot is new to GSRP in the ISD. A child who moves from one GSRP program to another within the ISD will only be counted once. Enhanced funding may be used to enroll children through the end of that same reporting period.
2. Reimbursement - If ISDs or subrecipients have provided preschool programming to additional, eligible children in a classroom which meets all GSRP requirements and there is documentation that those children are eligible for GSRP, the enhanced award may be used to compensate the ISD or subrecipient for provision of those services. Any tuition which parents have paid for preschool services is to be refunded.
3. Additional Subrecipients - ISDs may award slots to additional child development programs with at least a three star rating in Great Start to Quality.

## Choosing Subrecipients

ISDs may choose to operate the program directly, choose eligible subrecipients to operate the program or create a hybrid model of operation. If an ISD uses subrecipients, it must have a written process for how its subrecipients are selected.

Eligible subrecipients are: school districts, public school academies (PSA) and public or private, non-profit or for-profit agencies with sites able to achieve at least a three star rating in Great Start to Quality (GSQ). Legislation requires that at least 30 percent of an ISD's allocated slots be awarded to community agencies. Slots distributed to Head Start agencies, even when the Head Start agency is the ISD, contribute to the total slots distributed to community-based partners

ISDs unable to distribute 30 percent of slots to community-based partners must notify MDE and provide evidence to demonstrate the steps taken to meet the requirement and the resulting increase to the number or percentage of slots awarded to community partners for the fiscal year or to the number of community partners itself. If the department verifies that the ISD attempted to contract for at least 30% of its total slot allocation and was not able to do so, then the ISD may retain and use all of its allocated slots. The department must be able to verify evidence that each of the following took place:

- The ISD notified each licensed child care center in the service area of the ISD at least twice regarding the center's eligibility to participate.
  - One of these notifications may have been made electronically, but at least one of these notifications shall have been made via hard copy through the United States mail.
  - At least one of these notifications shall have been made within seven days after the ISD received notice from the department of its slot allocation.
  - To carry out this requirement, the ISD received a list from its local Resource Center by March 1<sup>st</sup>. with contact information for all licensed child care centers within its service area provided to the ISD.
- The ISD must have provided each child care center located in its service area with information regarding GSRP requirements, and a description of the application and selection process for community-based providers.
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- The ISD must have provided to the public and to participating families a list of community-based GSRP subrecipients with a GSQ rating of at least three stars.

Each ISD reports to the department in its GSRP Program Implementation Plan (PIP) a detailed list of community-based organizations by provider type, including private for-profit, private non-profit, community college or university, Head Start grantee or delegate, and district/PSA or ISD, the number and proportion of its total slot allocation awarded to each provider as a subrecipient.

## **Funding Head Start as a Subrecipient when in Re-Competition**

ISDs are responsible to be aware of Head Start grantees within the region which have been identified for re-competition. ISDs are encouraged to look carefully at individual Head Start sites when planning slot distribution. Unless an ISD knows

that the Head Start grantee will be unable to operate for the entire school year, it should not automatically disqualify all of the grantee's Head Start sites from participation in GSRP.

If a Head Start grantee in re-competition applies for slots from the ISD, the responsibility for demonstrating viability as a GSRP partner rests with Head Start. Head Start must provide the ISD with:

- A copy of the Office of Head Start final monitoring report;
- The grantee's re-competition documentation; and
- A plan for addressing noncompliance findings in order to provide a high quality preschool program and fulfill responsibilities associated with GSRP.

After review of documentation and consideration of additional available information, including individual GSQ scores from the potential sites, the ISD will determine if the Head Start site is of sufficient quality to be a GSRP subrecipient. As always, the ISD must consider how lower income children in the area will be able to receive high quality preschool services.

If an ISD finds sites proposed by a Head Start agency that is in re-competition unsuitable for GSRP participation, it **will not negatively affect** compliance with legislative and grant requirements related to the percentage of slots distributed to community agencies as long as the ISD has explored opportunities with all other eligible potential community partners.

## Counting Slots as Filled/Not Filled

The total number of slots filled each year by the ISD is determined by the number of children who have been entered into the Michigan Student Data System (MSDS) as enrolled in GSRP in the Early Childhood Spring Collection. The total number of filled slots from the accepted allocation will be the ISD's "hold harmless" number to be used in the following year's allocation process.

Each child enrolled during the MSDS Early Childhood Spring Collection is considered to "fill" a discrete slot. Children who leave the program during the fall collection must be exited with their accurate exit date. Grantees may consider a slot "filled" after a child completes participation in at least one preschool session or daily routine during the spring collection. To support service to the highest number of eligible children, grantees are encouraged to use the wait-list to fill vacated slots.

Example 1:

A child enrolled in September but left the program in mid-October. That child will not count as filling a slot as he was not a part of the program during the MSDS Early Childhood Spring Collection. The slot vacated by the child will need to be filled.

Example 2:

A child participated in preschool from October through December before his family moved to reside within a different ISD. The program had thus far filled 17 of 18

slots. The child should be “exited” in MSDS and would be allowed to enroll in another GSRP program and could count as a filling a slot as long as that slot was in a different ISD. 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 MSDS as participating in GSRP. Each child was reported on the GSRP Child and Staff Information Report. All children that withdraw from the program are reported as such.

Funding for unfilled slots is recaptured through the State Aid Payment process.

## **Requesting and Awarding Of the Transportation Allocation**

P.A. 85 of 2015, Sec. 32d (19)

From the amount appropriated in subsection (1), there is allocated an amount not to exceed \$10,000,000.00 for reimbursement of transportation costs for children attending great start readiness programs funded under this section. To receive reimbursement under this subsection, not later than November 1, 2015, a program funded under this section that provides transportation shall submit to the intermediate district that is the fiscal agent for the program a projected transportation budget. The amount of the reimbursement for transportation under this subsection shall be no more than the projected transportation budget or \$150.00 multiplied by the number of slots funded for the program under this section. If the amount allocated under this subsection is insufficient to fully reimburse the transportation costs for all programs that provide transportation and submit the required information, the reimbursement shall be prorated in an equal amount per slot funded. Payments shall be made to the intermediate district that is the fiscal agent for each program, and the intermediate district shall then reimburse the program provider for transportation costs as prescribed under this subsection.

Each year the ISDs will be asked to collect projected transportation budgets from subrecipients. A total transportation request will be forwarded to MDE from each ISD. If the total request from all ISDs is equal to or less than \$10,000,000 each ISD will receive the requested amount. If the total of the projected transportation budgets exceeds \$10,000,000, MDE will prorate the \$10,000,000 at \$158 (\$10,000,000 divided by the available 63,248 slots) per slot.

The ISD may accept any amount or all of the transportation allocation. If a per-slot calculation determines the total transportation allocation to an ISD, the ISD may distribute transportation funds as needed across subrecipients for those slots served within the ISD. The ISD must create a process to gather pertinent information that will guide decision-making on prioritization of transportation funds. Consider how collaborative child recruiting and public awareness activities, along with a dedicated transportation allocation, can support the goal to identify and serve children and families who may not otherwise be able to access the program. Other considerations include the number/location of GSRP subrecipients currently providing transportation, the number/residence of GSRP enrolled children receiving

transportation, family need by programming option, how well existing transportation costs are met, and areas of unmet need for transportation services. The school readiness advisory committee is the appropriate venue for data-based decision-making on distribution of the transportation allocation.

ISDs will document use of the accepted transportation allocation for the ISD and/or subrecipients in the MEGS+ Program Implementation Plan.