

# FUNDING

Intermediate School Districts (ISDs) are the grantees for Great Start Readiness Program (GSRP). They 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. 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 Funding

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 a pre-application which is titled the Comprehensive Community Needs and Resources Assessment (CNRA) in MEGS+. The CNRA 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 CNRA 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, the MDE calculates ISD funding levels based on the formula specified in legislation. 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. Email notification is also sent to level 5s, main contacts and early childhood contacts when the Final Application 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 then 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 per-child 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 the number of children each served in the immediate preceding fiscal year or the ISD requested number (as submitted on the current-year Comprehensive Community Needs and Resources Assessment), 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 to arrive at a number of slots still needed. The number of slots still needed is then multiplied by the amount per-child. ISDs that do not address supplemental child care do not receive third-round funding, regardless of the documented free lunch percentage.

## GSRP Funding Example

First-round funding example based on \$3,625 per-child for an ISD that had served 336 children in the previous year and requests 352 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	10/11 = 1028 11/12 = 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.
Slots are multiplied by the per-child amount.	$340 \times \$3,625 = \$1,232,500$	First-round funding for this example is \$1,232,500.

Second-round funding for this example is dependent upon:

- The availability of funds.
- The number of slots filled in the immediately preceding fiscal year (336) and the requested number of slots as submitted on the current year CNRA. Hold-harmless legislation would restrict this ISD to 336 of the 352 requested slots.

Third-round funding for this example is dependent upon:

- The availability of funds.
- Whether or not the ISD offers supplemental child care.

## Enhanced Funding Options

When the entire grant award has been disbursed, grantees remain on the calculation worksheet in descending order. Funds are returned from ISDs in the form of returned slots in the final application. These funds are redistributed in the form of "Enhanced Allocation Offers" beginning with the ISD where the funding ran out. This process continues until all slots have been allocated.

## 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 chosen.

Eligible subrecipients are: school districts, public school academies (PSA) and public or private, non-profit or for-profit agencies with sites with at least a three star rating in *Great Start to Quality*. 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 demonstrate to the MDE the steps taken to meet the requirement and the resulting percentage of slots distributed to community partners for the fiscal year. MDE will monitor evidence of ISD effort to meet the requirement.

Potential agency partners may be unaware of or have misconceptions about GSRP requirements. Share information as agency partners are recruited for GSRP:

- Link to GSRP website, [www.michigan.gov/gsrp](http://www.michigan.gov/gsrp);
- Information regarding current curricula, screening and assessment tools approved for use by the ISD (from those in the Implementation Manual);
- Copy of ISD/subrecipient contract template;
- Per slot allocation, along with required costs associated with GSRP (such as the Program Quality Assessment (PQA), dependent on the local contract; and
- Data collection and reporting requirements.

A template for the collection of information that the ISD may need to determine potential community agency partners is available in the resources for this section.

## 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 Great Start to Quality (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 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 across the state. 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 will be recaptured through the State Aid Payment process.