

# BUDGET AND FINANCIAL GUIDELINES

## Systems Used for Reporting

Great Start Readiness Program (GSRP) reporting is completed using the grant reporting system known as NexSys. This system provides the full range of activities, including the announcement of grants, access to grant application information, reporting data, and receipt and review of all applications and reports.

To access NexSys, users must have active Michigan Education Information System (MEIS) and MiLogin accounts as applicable and must have submitted a security agreement form. For more information about accessing NexSys, visit the [NexSys website](#).

If an ISD has a new subrecipient receiving GSRP funds, the subrecipient is required to have an agreement number within the Educational Entity Master (EEM). Perform a search of the [EEM](#) first to determine if the subrecipient already has a record. If no record is found, complete and submit the "Add New Other Non-School Recipient" [form on the EEM website](#). An agency security form must also be completed. All security forms can be obtained on the Center for Educational Performance and Information ([CEPI](#)) [EEM website](#). Contact GSRP staff for further guidelines on adding staff and new subrecipients to NexSys.

See the [Reporting and Monitoring](#) section for more detail.

## Budget Guidelines

GSRP funds are appropriated annually based on the State of Michigan's fiscal year: October 1 through September 30. MiLEAP issues allocations to ISDs based on this fiscal year. ISDs may select an alternate twelve-month period overlapping the State fiscal year in which to expend GSRP grant funds, most typically July 1 through June 30. Of note however, is the inherent risk incurred in beginning expenditures July 1, prior to the start of the State fiscal year during a year in which the School Aid budget is unfinished and GSRP allocations have yet to be issued. A twelve-month "grant expenditure period" is identified in NexSys for every ISD and subrecipient.

There is an exception to the twelve-month period for a startup that chooses to use October 1 through September 30 as their grant expenditure period; a budget and grant expenditure period of up to fifteen months is allowable in the first year of operation only to allow for necessary expenditures to establish the classroom(s) and pay staff prior to October 1, though only twelve months of funding is available. First year use of funding for a startup that will exceed twelve months will need to be documented in the notes section of the budget submitted in the Program Implementation Plan (PIP) in NexSys. For a startup using July 1 through June 30 as the grant expenditure period, business is as usual.

As outlined in Section 32d(8)(d), the ISD must maintain a program budget that contains only those costs that are attributable to the Great Start Readiness Program, and that would not be incurred if the program were not being offered. Eligible costs include transportation costs. Program budgets will be prepared that are clearly attributable to GSRP. GSRP funding may not be used to pay for expenses where federal funding is available as a primary funding source (e.g. federal food and nutrition programs). In those cases, federal dollars must be used to the fullest extent possible before GSRP funds may be utilized.

As outlined in Section 32d(19)(e), **materials and supplies** purchased for GSRP may be used by other activities within an ISD or Community Based Organization (CBO) program facility receiving funding from other state, local, or regional awards. The provision applies to materials and supplies only; equipment purchases, salaries, or other services are excluded. Examples include activities funded by Section 31a or 32p funding, local government funding, or scholarship sources. Materials and supplies purchased for GSRP may not be utilized to supplant federally funded activities.

ISDs are to ensure that revenues and expenses related to services and materials purchased for their respective grant expenditure period are recorded in their accounting system for that same period. ISDs are required to maintain separate ledgers (cost centers) for each allocation of funding accepted by the ISD including program funds, carryover funds, transportation funds, start up grants, and curriculum funds as applicable. General ledger information must align with budgets and final expenditure report information in NexSys. Revenue is not allowed to be earned on any GSRP funding. See the [resources](#) for this section for documents to assist with budgeting.

GSRP funds may be used to pay for the following:

- Selected Program Evaluation Tool (Classroom Coach, CLASS®) for each classroom where even one GSRP-funded child is enrolled;
- Instructional materials and supplies;
- The cost for breakfast, lunch and/or snack over and above all reimbursements the program is eligible for from applicable federal food programs (see Use of Federal Food Programs and GSRP below);
- Lead teacher, associate teacher, early childhood specialist, and aide salaries and fringe benefits;
- Bonuses and incentive payments (only in certain circumstances; refer to Bonuses and Incentive Payment section below for further information);
- Family engagement activities;
- Transportation for students;
- Health support services;
- Student support services;
- Staff development and teacher/family training;
- Ordering copies of official transcripts from college/universities to support MiRegistry membership and validation;

- Travel necessary to enable project staff to implement the early childhood program;
- Office supplies and materials;
- Communication;
- Printing and binding of GSRP materials;
- A prorated amount of rent for GSRP space when the lessee and the lessor are two separate legal entities;
- A prorated amount of mortgage payment or lien for GSRP space;
- Construction or renovation projects. All construction or renovation projects over \$5,000 are considered capital outlay. If a portion of any capital outlay item is charged to GSRP, approval is required before the cost is incurred. For more information on capital outlay, refer to the Capital Outlay section below;
- Furniture such as shelving and equipment;
- State tax, including sales and property tax, when an organization is for profit;
- Unemployment expenses. If the program is a "contributing employer", costs incurred as a payroll tax may be charged accordingly on an ongoing basis with payroll expenses. If the program is a "reimbursing employer," costs incurred for the layoff of a GSRP staff member may be charged accordingly with documentation to support the charges applicable to GSRP;
- Indirect costs (only allowable for certain subrecipients directly running portions of the GSRP program per Section 32d(13)); and
- Up to 4% administrative costs and 2% for outreach and recruitment costs incurred by the ISD as defined in GSRP legislation (Section 32d(13) and (14)) for administration of the grant. See the 4% Administrative Costs and Outreach and Recruiting sections below.

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

- Existing administrative, educational, or support personnel funded through other sources;
- Costs that should be covered by Special Education;
- Any costs associated with breakfast, lunch and/or snack if the program does not participate in federal food programs for which it is eligible. Exceptions do apply, see Use of Federal Food Programs and GSRP below;
- Supplemental curriculum or materials unless the approval process has been completed and approved by the ISD and kept on file for review;
- Any state tax, including sales and property tax, when an organization is not for profit;
- Maintenance, utilities, or any other costs when included in a rental agreement or any other agreement;
- Depreciation or amortization;
- Gift cards to make purchases or use as incentive payments for employee or contracted employee use or for family participation within advisory committees or family participation groups. (Per Section 380.1814 of The

Revised School Code Act 451 of 1976, a person shall not use public funds for purchasing gifts.); and

- Indirect costs except as noted above per Section 32d(13).

This list is not all inclusive. Please contact MiLEAP if you have questions.

## **ISD Budget Detail**

ISDs will complete a program and transportation budget (if applicable) within the PIP. The program budget should include funding to support transportation to and from school when those costs exceed the transportation allocation. The budget for curriculum funding is reported via Excel templates provided by MiLEAP. Start up grant budget documentation must be maintained locally by the ISD.

Budget descriptions must be clearly stated to ensure consistency and faster budget approval. The ISD must ensure that all expenditures are approvable. Each entry must provide clear information to determine the allowability of planned expenditures. Detailed items must be reasonable for the quality of the project activities proposed, include appropriate function and object codes, and, in total, not exceed the maximum administrative costs allowable, where applicable. Items reported under Purchased Services must clearly identify personnel, materials, or services. Salary and benefit descriptions along with the number of hours/FTEs must be included for each category of employee.

As outlined in Section 32d(8) the ISD must maintain program budgets that contain only those costs that are not reimbursed or reimbursable by a program funded through federal funding, that are clearly and directly attributable to the Great Start Readiness Program, and that would not be incurred if the program were not being offered.

## **Subrecipient Budget Detail**

Per legislation, the ISD is the grantee and fiscal agent for all GSRP funds. As such, the ISD is required at a minimum, to receive, review, approve and keep on file, yearly budgets and FERs for all GSRP funds, including transportation, curriculum, and start up grants. Individual subrecipient budgets and FERs are required documentation for a fiscal review and must be provided to MiLEAP upon request. Templates and other documents are available in the [resources](#) to this section.

### **Reporting Subrecipient Budgets in NexSys**

For subrecipients, the ISD is only required to enter a total amount in the applicable 400 function code(s) within the budgets and FERs in NexSys.

All funding should be entered under the 7000-8000 object code. Descriptions must be used as below:

- Function code 411 – Total Districts/PSAs
- Function code 441 – Total For-Profit, Public or Private CBOs
- Function code 445 – Total Non-Profit CBOs, College/Universities, and Head Start

## Reporting Funds Transferred In/Out

See the “Cross-ISD Enrollment” subsection below for detailed information on enrollment of children from another ISD.

Funds transferred out to another ISD must be entered on separate lines with a description indicating to which ISD the funds are transferred as below:

- Function code 411 – Funds transferred out to XXX ISD

Funds transferred in must be entered in the budget detail indicating the item represents “Transferred In Funds,” in the dropdown box (see screenshot below). When Transferred In Funds are to be used by the ISD, they must be budgeted with the proper descriptions, function, and object codes.

## State Budget Item

**Funding Source**

State Great Start Readiness Program					
Program Number	Project Number	CFDA Number	Starting Date	Ending Date	Fiscal Year
245238	2324	37337	10/01/2023		2024

Select the appropriate Function Code for this budget item:

118: Basic Programs - Pre-School

Indicate if the budget item represents:

Transferred in Funds

Provide a specific description for this budget item. Do not repeat the Function Code description selected in the drop down menu or the heading(s) of the box(es) used below:

Funds transferred in from XXX ISD for Classroom Supplies

Enter the dollar amount associated with the budget item. Enter an amount in only one box unless the item is Personnel. Personnel must have both Salaries and Benefits. To enter Capital Outlay, use the link for Capital Outlay.

Salaries (1000)	Benefits (2000)	Purchased Services (3000,4000)	Supplies & Materials (5000)	Other Expenses (7000,8000)	Total
\$	\$	\$	\$ 1,000	\$	\$1,000

When Transferred In Funds are to be used by a subrecipient, they must be budgeted in a separate line in the applicable function code under the 7000/8000 object code. Funds must be designated “Transferred In Funds” in the dropdown box with a description indicating from which ISD the funds are transferred in as below:

- Function code 411 – Funds transferred in from XXX ISD
- Function code 441 – Funds transferred in from XXX ISD
- Function code 445 – Funds transferred in from XXX ISD

# State Budget Item

Funding Source

State Great Start Readiness Program

Program Number	Project Number	CFDA Number	Starting Date	Ending Date	Fiscal Year
255238	24-25		10/01/2024	09/30/2025	2025

Select the appropriate Function Code for this budget item:

411: Payments to Other Public Schools Within the State of Michigan

Indicate if the budget item represents:

Transferred in Funds

Provide a specific description for this budget item. Do not repeat the Function Code description selected in the drop down menu or the heading(s) of the box(es) used below:

Funds transferred in from XXX ISD

Enter the dollar amount associated with the budget item. Enter an amount in only one box unless the item is Personnel. Personnel must have both Salaries and Benefits. To enter Capital Outlay, use the link for Capital Outlay.

Salaries (1000)	Benefits (2000)	Purchased Services (3000,4000)	Supplies & Materials (5000)	Other Expenses (7000,8000)	Total
\$	\$	\$	\$	\$ 999	\$999

## 4% Administrative Costs

An ISD or consortium of ISDs may retain an amount not to exceed 4% of the total grant amount from program and transportation funds for administrative services provided by the ISD. Function Codes 23X, 24X, 25X, and 28X (with the exception of 282) are considered administrative. Administrative expenses are required to be designated as such in the budget and FER descriptions including the transportation budget. Costs related to Early Childhood Specialists and Early Childhood Contacts are program costs and are not considered an administrative expense subject to the 4% cap. Additional funds should be retained by the ISD for program costs.

Expenses incurred by subrecipients or the ISD for directly running portions of the program shall be considered program costs or a contracted program fee for service and are not subject to the 4% limitation.

There can be instances where an ISD or is at or below the maximum administrative limit and still have excessive administrative costs for a position or service. There can also be instances where an ISD needs to classify an item as a dual benefit cost and in these instances the ISD is permitted to use cost sharing. The ISD must document the allocation of cost sharing. For example, the duties for a local program administrator are split between administrative and programmatic functions. The ISD may permit cost sharing with proper supportive documentation, by using a position description and a spreadsheet that demonstrates the rational for the cost sharing. In this instance, costs must be designated as administrative and/or programmatic. The documentation that justifies cost sharing must be kept on file for a fiscal review.

Before submitting budgets and FERs, the ISD must ensure that detailed administrative items are reasonable and necessary for the quality of the activities proposed, include proper function codes and descriptions, and are properly allocated between administration and program services.

## Personnel Rules

Salaries budgeted for personnel must be accompanied by a budgeted amount for benefits even if that amount is "0." Full Time Equivalent (FTE) or hours must be designated for each individual or category of individuals. 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. Hours budgeted must equal the total hours of expected work per year. In programs that braid or blend GSRP funding with children who are supported from other sources, budget only the prorated time staff spends with GSRP enrolled children.

ISDs and Subrecipients must include personnel last names in their budget detail descriptions and FERs for monitoring and auditing purposes. This detail does not need to be included in NexSys.

If ISD staff are hired using an agency, any fee paid to the agency for the provision of staff is to be considered an administrative cost and is reported separately in Function Code 283.

## Bonuses and Incentive Payments

Bonuses and incentive payments that exceed the contracted salary are allowable only for employees in the following circumstances:

- Staff who are actively participating with the T.E.A.C.H. statewide scholarship program. A documented percentage or lump sum payment schedule must be established, based on hours worked, length of employment, etc., along with an implemented written policy/procedure to ensure consistency of these payments. Bonuses and incentive payments are subject to applicable income taxes.
- A new hire bonus or incentive. This payment is specific and limited to new staff **at the time of hire**.
- A referral bonus to current staff that recruit new hires to the program. The program should have a policy in place outlining the process for distributing a referral bonus.
- Longevity payments provided to recognize returning staff. Payments must be included in the program's personnel policies and contracted salary amount.
- Enrollment incentives for staff responsible for the recruitment and enrollment of children. The program should have a policy in place outlining the process for distributing enrollment incentives.

Other bonuses and incentive payments that exceed the contracted salary amount, regardless of being coded as a salary (17XX) or a benefit (2XXX) are not approvable expenses.



## Outreach and Recruiting

An ISD and/or subrecipients may incur costs for outreach, recruitment, and public awareness of the program but the total must not exceed 2% of the total grant amount. Recruitment and enrollment costs must be clearly identified in budgets and FERs.

An ISD or subrecipient(s) can provide outreach, recruitment, and public awareness and incur the costs independently or collaboratively, but total costs cannot exceed the 2%. ISDs must have a written policy describing the process including the entities (ISD and/or subrecipients) that will be providing the outreach, recruitment, and public awareness. Per legislation, outreach, recruitment, and public awareness costs are not considered administrative costs and are calculated separately. Refer to the [Recruitment and Enrollment](#) section of this manual.

Outreach, recruitment, and public awareness costs must be entered into budgets and FERs under function code 282.

## Cross-ISD Enrollment

Legislation provides for parent choice to enroll a child into a GSRP of a non-resident ISD. A resident ISD is the ISD in which the child resides and an educating ISD is the ISD where the child attends GSRP. In each case, when calculating 'hold harmless' for the following year, the space that the child fills is attributed to the ISD reported as the Fiscal Entity in the Michigan Student Data System (MSDS). Written agreements are required between resident and educating ISDs, with any of the following scenarios.

- Child is served by the educating ISD but is reported within MSDS and NexSys by the resident ISD. The resident ISD is reported as the Fiscal Entity and receives payment from the Department for the child. Funds may or may not transfer between ISDs.
- Child is served by the educating ISD and the educating ISD reports the child within MSDS and NexSys. The resident ISD is reported as the Fiscal Entity and receives payment from the Department for the child. Funds may or may not transfer between ISDs.
- Child is served by the educating ISD using its allocation; the educating ISD reports the child within MSDS and NexSys, is reported as the Fiscal Entity, and receives payment from the Department for the child.

In all cases, the Local Education Agency (LEA) code for the school district the child lives in should be reported as the Resident LEA.

Collaborating ISDs should consider implications on the total percentage of spaces awarded to community-based organizations and whether the need of the grant is met for resident children/families. Resident and educating ISDs must have a written agreement in place, following the rules for contracts found in the



ISD Administration of GSRP section. These agreements must be available for a fiscal review.

If the written agreement includes the provision to transfer funds for cross-ISD enrollment, transferred funds **cannot be "netted."** The resident ISD must send all funds, as applicable, to the educating ISD for all children that are cross-ISD enrolled, this includes transportation amounts only if the educating ISD transports the child to and from the program. For example, ISD A has 10 children that are going to attend GSRP in ISD B's area. And ISD B has 9 children that are going to attend GSRP in ISD A's area.

- ISD A must send the total funding for all 10 children to ISD B.
- ISD B must send the total funding for all 9 children to ISD A.
- The funding **cannot be netted**; where ISD A would only send funding to ISD B for one child.
- The full amount of transferred funds must also be reported in budgets and FERs in NexSys. See below for instructions.

Funds transferred in must be expended within the grant year in which they are received. Transferred in funds cannot be carried over into the next grant year. These funds must also be used to support GSRP classrooms, with the same approvability, allowability, necessity and reasonableness as an ISD's GSRP allocation.

If funds are being transferred between resident and educating ISDs, the resident ISD may retain administrative funds from funds transferred out, limited to the administrative cap as specified in legislation. **Educating ISDs may not retain administrative costs from funds transferred in.**

Funds associated with cross-ISD enrollment must be reported in the budgets and FERs in NexSys in the following manner:

- Transferred in Funds:
- Reported using the proper function and object codes
- Must be described as: Funds transferred in from ISD A for (*specify use, e.g., supplies*)
- Must be marked "Transferred In Funds" in the budget detail
- Transferred out Funds:
- Reported using the 411 function and object codes
- Must be described as: "Funds transferred out to (*name of ISD*)"

If transportation funds are transferred in or out, these are reported in the Transportation budget and FER in the same manner. Funds may not be transferred to the educating ISD unless that ISD is transporting the child from the resident ISD to the educating ISD.

## Use of Transportation Funding

Transportation services include costs, either in full or appropriately prorated, for child safety restraint systems, additional or extended bus routes/bus runs/mileage, fuel, vehicle maintenance or modifications, drivers, bus aides and school buses or other costs related to transportation. Depreciation is not an allowable expense for GSRP transportation.

Fiscal year 2025 (FY25) funding for GSRP includes a \$28,000,000 set aside that is specifically to be used for the costs of transporting GSRP children to and from school. Each year ISDs are asked to collect projected transportation budgets from subrecipients. An aggregated transportation request is forwarded to MiLEAP from each ISD. If the total request from all ISDs is equal to or less than \$28,000,000, each ISD receives the requested amount. If the total exceeds \$28,000,000, MiLEAP prorates the funds. Any ISD requesting less than the prorated share receives its requested amount.

The ISD may use any or all of its transportation allocation and must distribute transportation funds as needed across all subrecipients providing transportation. The ISD creates a process to gather pertinent information that will guide decision-making on prioritization of transportation funds. Consideration is given to 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 may be the appropriate venue for data-based decision-making on distribution of the transportation allocation.

Transportation options approved by MiLEAP may be supported with GSRP funds. This includes school buses and contracts with bussing companies. If a public transit system meets licensing requirements, the cost for transportation may be contracted for and paid by the program directly to the transit system if the general public is not being transported with children in GSRP. Ridership and costs may be shared with other programs from the GSRP site. All these options necessitate a contract.

The GSRP PIP in NexSys includes a separate transportation budget to document use of the transportation allocation accepted for the ISD and/or subrecipients. The administrative cap for ISDs also applies to accepted transportation funds.

Use of transportation funds should be monitored throughout the year. If actual expenses are less than planned, transportation funds can be moved between subrecipients as needed.

## Parent/Guardian Transportation Funding Considerations

Legislation includes a section specific to reimbursing a GSRP program for costs related to parent or guardian accompanied public transportation. Section 32d(23) reads as follows:

*(23) Subject to, and from the funds allocated under, subsection (22), the department of lifelong education, advancement, and potential shall reimburse a program for transportation costs related to parent- or guardian-accompanied transportation provided by transportation service companies, buses, or other public transportation services. To be eligible for reimbursement under this subsection, a program must submit to the intermediate district or consortia of intermediate districts all of the following:*

*(a) The names of families provided with transportation support along with a documented reason for the need for transportation support and the type of transportation provided.*

*(b) Financial documentation of actual transportation costs incurred by the program, including, but not limited to, receipts and mileage reports, as determined by the department of lifelong education, advancement, and potential.*

*(c) Any other documentation or information determined necessary by the department of lifelong education, advancement, and potential.*

### Required Documentation

For audit purposes, ISDs are responsible for ensuring documentation submitted for reimbursement is sufficient. To ensure compliance with this legislation, MiLEAP recommends review and signoff by an authorized ISD official. A documented need for the reason for the use of public transportation and financial documentation is required. Receipts must clearly disclose the public transportation provider, cost, date, time, and location or map documenting mileage of each round trip to/from the program.

### Additional Considerations

Based on this legislation as written, to be considered for reimbursement, a parent or guardian must accompany the child; costs for other passengers accompanying the parent or guardian and child are not reimbursable. The mode of public transportation utilized must comply with applicable state laws.

All transportation services in Michigan (limos, taxis, Uber, Lyft, etc.) are required to complete a criminal background check and a driving history check on employed drivers annually. Uber and Lyft are required to provide insurance coverage at the corporate level, as well as coverage at the personal level (meaning Uber is insuring

the driver's car while the driver is conducting Uber business). Fingerprinting is not required.

These funds are not intended to pay for exceptional situations such as fuel for personal vehicles or episodic reimbursement for taxis, UBER, bus fees, gas cards, etc.

## **Curriculum Funding**

FY25 funding for GSRP includes a \$2,000,000 set aside to support GSRP classrooms with the purchase of comprehensive curriculum, ongoing authentic child assessment, or developmental screening tools approved for use in GSRP. Curriculum funding may also be utilized for costs associated with providing professional learning in the tools. Each year, ISDs are asked to submit an aggregated funding request for these materials and/or training, including costs for subrecipients to MiLEAP. If the total request from all ISDs is equal to or less than \$2,000,000, each ISD will receive its requested amount. If the total exceeds \$2,000,000, MiLEAP prorates the funds. Any ISD requesting less than the prorated share will receive its requested amount.

An ISD may request funding for any or all these purposes:

- To change or update comprehensive curriculum, ongoing authentic child assessment, and/or developmental screening tools approved for use in GSRP;
- To purchase new or updated comprehensive curriculum, ongoing authentic child assessment, and/or developmental screening tools approved for use in GSRP;
- To purchase supplies or materials to support the implementation of the comprehensive curriculum, ongoing authentic child assessment, and/or developmental screening tools approved for use in GSRP; and/or
- To provide professional learning on the implementation of the comprehensive curriculum, ongoing authentic child assessment, and/or developmental screening tools approved for use in GSRP.

When curriculum funds have been allocated, a curriculum budget worksheet will be provided to each ISD by the department. A final expenditure report will be completed within the same worksheet.

## **Start Up Grant Funding**

[Public Act \(P.A.\) 120 of 2024](#) included additional funding for new or expanded Great Start Readiness Program (GSRP) classrooms; see section 32d(29).

## FY25 Definitions:

“New classroom” is defined as one that is operating for the first time as a GSRP classroom for 2024-25. “Expanded classroom” is defined as a classroom that did not previously receive a start up grant and is increasing capacity in an existing GSRP classroom by a minimum of 10%.

## Eligibility:

A classroom that meets one of the above definitions is eligible. A subrecipient may receive a start up grant for more than one classroom. Classrooms awarded a start up grant in Rounds 1-4 of FY24 are not eligible for an additional start up grant.

## Funding:

The FY25 Round 1 start up grant application is being made available in September 2024 for additional new or expanded classrooms scheduled to be open and serving GSRP children by February 19, 2025.

## Important information about FY25 start up grants:

- Each eligible classroom will receive a start up grant of \$25,000 unless requests exceed available funding. If requests exceed available funding, grants will be prorated.
- Classrooms receiving a start up grant in Round 1 that do not successfully enroll GSRP children by the close of the 2025 Early Childhood Spring Collection reporting window will have remaining funds recaptured.
- Additional rounds of start up grant funding will be made available as funds permit. To assist ISDs with planning, this table indicates the expected timeline:

## Planned timelines for FY25 Start-up Funds

		Release	Due	For classrooms that will be opened and serving children by
Current	Round 1	Sept. 26	Oct. 10	Feb. 19, 2025
Proposed	Round 2	Oct. 30	Nov. 6	Feb. 19, 2025
Proposed	Round 3	March 19	April 9	Sept. 30, 2025
Proposed	Round 4	June 18	June 25	Sept. 30, 2025

- Round 1 start up funds must be expended by September 30, 2025. Unspent funds will be recaptured.

- Funding awarded for new or expanded programs must be paid in full to the subrecipient operating the classroom(s) and may be used for the following purposes:
  - Attracting, recruiting, retaining, and licensing required classroom education personnel to staff new or expanded classrooms, e.g., fingerprinting fee, training or additional education, hiring incentives, etc.
  - Facility improvements or purchasing facility space, e.g., costs associated with meeting licensing requirements, replacement of outdated fixtures, flooring, windows, etc.
  - Outreach materials necessary for public awareness and for costs associated with enrolling eligible children in new or expanded classrooms, e.g., recruitment advertisements, promotional materials, etc.
  - Costs in each new or expanded classroom associated with improving a provider's great start to quality rating, e.g., curriculum and assessment materials, required professional development, classroom supplies, materials, and equipment.

### Reporting:

Supporting documentation will not be required with the funding request or prior to expending the start up grant. At the end of the grant expenditure period, ISDs will be required to report total spending in each of the allowable categories identified above in the Final Expenditure Report (FER) Excel Template provided. ISDs will also be asked to provide identifying details on each of the classrooms that receive start up grant funding.

- FY25 Round 1 Start Up Grant expenditures will be reported via a Final Expenditure Report (FER) due October 30, 2025. **Carryover of Round 1 start up grants will not be allowed. Unspent funds will be recaptured.**

ISDs will be expected to follow their set policies and procedures regarding the use of GSRP funds. The budget(s) and proof of expenditures for each start up grant must be maintained at the ISD.

## Use of Federal Food Programs for GSRP

GSRP students are eligible to participate in the National School Nutrition Programs (SNP) and Child and Adult Care Food Program (CACFP) where applicable. GSRP students attending in a classroom operated by a local district or ISD that is housed in a public school building participating in Michigan School Meals, are eligible for free school meals regardless of income. GSRP children receiving meals through CACFP are not categorically eligible to receive free meals through this program due to an income requirement less stringent than that of the federal Head Start Program. All families of GSRP children receiving meals or snacks through a federal food program should expect to complete and return the appropriate eligibility documentation (i.e., SNP-Free and Reduced Meal Family Application, CACFP

Household Income Eligibility Statements). Participating programs must retain this paperwork as required by the applicable food program.

***There is no cost to families for snacks or meals provided in GSRP at any time. This is true regardless of family income, or whether a program participates in SNP or CACFP, or is ineligible for a federal food program.***

See guidance in this section for how the full cost of providing meals and snacks is shared between federal reimbursements and the GSRP budget.

GSRP funds may only be used to cover the costs of providing classroom meals and snacks that are over and above the reimbursement received from the SNP and/or the CACFP as applicable.

## **Exception:**

All LEA GSRP subrecipients are required to take part in SNP for breakfast and lunch or CACFP for all meals/snacks. An LEA may choose to use SNP for meals, and CACFP for snack only, however is not required to do so if participation is cost prohibitive.

CBOs that are eligible, must participate in CACFP, unless participation is cost prohibitive. Participation may be cost prohibitive when a program has only a small number of children who are eligible for free or reduced reimbursement levels, or when a part-day program offers snack only. In these cases, the administrative cost to participate may exceed reimbursement. To assist in determining if CACFP participation would be cost prohibitive, the ISD should work with the CBO partner to complete the GSRP CACFP Application Decision Tree in the resources for this section.

For some CBOs, engaging with a CACFP sponsor may be beneficial. A CACFP sponsor manages the administrative aspects of participation for a nominal percentage of the reimbursement. This may make participation more accessible allowing for the program to benefit from the federal reimbursement with significantly less administrative burden. A CBO interested in sponsorship should [contact CACFP](#) at the Michigan Department of Education (MDE) for more information.

Redetermination of the cost/benefit of participation in CACFP should be conducted any time a significant change to the program structure occurs (e.g., a substantial increase/decrease in enrollment, the addition of a GSRP classroom or before- and after-school-care program) that alters the number of eligible children served meals/snacks.

A for profit CBO may be ineligible to participate in CACFP based on the number of free/reduced eligible children enrolled. ISDs are advised to work with for profit CBO partners to complete the GSRP CACFP Application Decision Tree in the [resources](#) for this section prior to the CBO applying to participate in CACFP. However, if a CBO



applies and is deemed ineligible, the CBO will receive a letter from MDE that the center may provide to the ISD as documentation of ineligibility. A CBO that is not eligible to participate in CACFP must still provide meals and snacks at no cost to families, with the full cost of doing so attributed to the GSRP budget. See also “Reimbursement to CBOs Not Eligible for CACFP” on the following page.

The reimbursement process between ISDs and subrecipients should not be prohibitive to the SNP and CACFP federal programs that expect children to be provided healthy meal and snack options. The *GSRP Monthly Food Service Invoice* template found in the [resources](#) for this section outlines the information required of subrecipients seeking reimbursement who are eligible for SNP/CACFP. Another template is available for those who cannot participate in either food program. Subrecipients are not required to use a template for reimbursement purposes; however, they will be required to provide all the information outlined on the template.

## **Federal Food Program Disqualification**

Programs that have been disqualified from federal food program participation may also be ineligible to continue as or become a GSRP subrecipient. ISDs should confirm existing subrecipients’ ongoing participation in the applicable federal food program annually. ISDs should ensure that potential subrecipients are actively participating or have applied to participate in the applicable federal food program and that no existing disqualification is in place prior to entering into an agreement to provide GSRP. In the event of a disqualification, the ISD must notify the assigned GSRP Consultant to determine next steps.

## **Calculating Meal/Snack Reimbursement**

### **School Nutrition Program (SNP)**

LEA subrecipients providing free meals to district K-12 students through Michigan School Meals must also provide free meals to children enrolled in district-run GSRP classrooms. LEA subrecipients that do not participate in Michigan School Meals, must adhere to the provisions below depending on the applicable federal food program.

To receive reimbursement from GSRP funds, LEA subrecipients using SNP must provide the ISD with the School Food Authority (SFA) prices for breakfast and lunch as specified in the LEA’s annual SNP contract. These prices consider actual food costs as well as the other costs involved in providing the meals. In K-12 the difference between the SFA price and the reimbursement is the cost of free, reduced, and paid meals normally paid by the children. In the case of GSRP, that cost is billed to the GSRP program instead of paid by the children.

Invoices for meal reimbursement must indicate the total number of meals served during the period for each type of meal (breakfast, lunch) in each reimbursement

category: free, reduced, paid. Totals for each category are then multiplied by the meal free, reduced, and paid amounts as charged directly to children in K-12. This amount will be billed to GSRP and all documentation kept for auditing.

### **SNP Adult Meals**

The program bears the full cost of adult meals when classroom staff eat school meals with children. Adults may choose to bring their own meal to be eaten away from the children during a staff person's lunch period. If one or more classroom staff choose to provide their own meals, the program should pay for at least one adult meal to provide sufficient food for adults to sample foods alongside children. Adult meal costs should not exceed the adult meal price established for the district by the LEA.

### **SNP Snacks**

The cost of snacks should be established annually with an ISD-subrecipient agreed upon amount as applicable for each LEA subrecipient and should reflect the reasonable average cost of providing an appropriate nutritious snack that meets food program guidelines. Snack reimbursement for LEA programs not using CACFP is based on the number of snacks provided in a month multiplied by this amount. Adult snacks are added to the cost of providing snack for children.

### **SNP Other Food Service Costs**

Occasionally, materials and other equipment not included in meal costs are required in the course of providing food service specific to GSRP, such as child-sized serving containers and utensils, storage containers, or additional supplies to be kept in the GSRP classroom. In such cases, these costs may be itemized and billed to GSRP. GSRP owns all equipment purchased with grant funds. If meals/snacks must be delivered to GSRP, and delivery constitutes a service over and above the ordinary service provided to K-12 programs factored into the SFA price for the district, a delivery charge may also be itemized and charged beyond the meal cost itself. Most often, "delivery" refers to the need to transport meals/snacks to an off-site location or building that does not otherwise house K-12 classrooms also receiving meal/snack delivery. All GSRP expenses related to the provision of meals and snacks, for all subrecipients and the ISD, are to be classified under the function code 118.

### **Child and Adult Care Food Program (CACFP)**

GSRP funds may only be used to cover the difference between the cost of providing classroom meals and snacks and the reimbursement from the CACFP. Regardless of which eligibility category children are in, there is no cost to families for snacks or meals. The full cost of providing snacks and meals is shared between federal reimbursements and the GSRP budget. Qualifying breakfasts, lunches and snacks served to GSRP children must be claimed for federal reimbursement. The cost of meals and snacks provided through CACFP should be established annually with an

ISD-subrecipient agreed upon amount as applicable for each subrecipient and should reflect the reasonable average cost of providing an appropriate nutritious breakfast/lunch/snack that meets food program guidelines. GSRP's portion can then be documented utilizing the *GSRP Monthly Food Service Invoice* template found in the resources for this section (or a similar tool) showing the difference between the full cost of providing meals/snacks for a month and the amount of the CACFP reimbursement. GSRP may be charged for the difference remaining after CACFP reimbursement.

The cost of meals/snacks for the GSRP teaching team members, who are expected to join the children in family style meals, cannot be charged to the teaching team and are included in the GSRP portion of the costs for the provision of meals/snacks.

Occasionally, materials and other equipment not included in meal costs are required in the course of providing food service specific to GSRP, such as child-sized serving containers and utensils, storage containers, or additional supplies to be kept in the GSRP classroom. In such cases, these costs may be itemized and billed to GSRP. GSRP owns all equipment purchased with grant funds. All GSRP expenses related to the provision of meals and snacks, for all subrecipients and the ISD, are to be classified under the function code 118.

## **Reimbursement to CBOs Not Eligible for CACFP**

Private for-profit centers that receive compensation under Title XX of the Social Security Act may qualify to take part in CACFP. At least 25% of the enrolled children or 25% of the licensed capacity must be Title XX beneficiaries or eligible for free (Category A) or reduced-price meals (Category B).

A CBO may be deemed not eligible to participate based on the GSRP CACFP Application Decision Tree in the resources for this section. A CBO may also elect to apply for the program, and if found ineligible, will receive a letter from CACFP staff that the center may provide to the ISD documenting the lack of eligibility. In either case, the full cost of providing meals/snacks is then attributed to the GSRP budget. Programs that are ineligible must still have records to justify the charge for providing meals/snacks to children enrolled in GSRP. Eligibility for participation in CACFP should be redetermined any time a significant change to the program structure occurs (e.g., a substantial increase/decrease in enrollment, the addition of a GSRP classroom or before- and after-school-care program) that alters the number of eligible children served meals/snacks.

Records to maintain for ISD Reimbursement include:

- Menus for foods served for all GSRP enrolled children;
- Meal attendance for all meals/snacks served to GSRP enrolled children;
- Center attendance for GSRP participants (may differ from meal attendance);
- Enrollment forms for GSRP children;

- Receipts for monthly food and non-food expenditures;
- Prorated portion of direct labor costs related to preparing and serving meals; and,
- Claim form (Template available in the resources for this section).

The ISD should specify in writing its process for subrecipient reimbursement. All GSRP expenses related to the provision of meals and snacks, for all subrecipients and the ISD, are to be classified under the function code 118.

## Capital Outlay

Capital outlay refers to costs more than \$5,000 for equipment, building purchase or renovation project costs. An individual item or a project that totals over \$5,000 is capital outlay.

A “project” is considered one purchase, or the sum of several purchases made at the same time that are interrelated in the sense that they would not “stand alone.”

*Example: A playground purchase that includes a climber, installation, surfacing, and fencing. While each element could be purchased independently and/or from separate vendors over time, when done together, the whole undertaking is considered a “project” that would require both capital approval and a competitive bid if it exceeds the threshold.*

In contrast, a bulk purchase of several items that “stand alone” would not be considered a “project” nor require capital approval or a competitive bid unless the cost of a single item exceeds either/both threshold(s).

*Example 1: A district purchases 48 Chromebooks @\$600 each for 3 classrooms. As the individual items themselves do not exceed either the capital or competitive bid threshold, neither is required.*

*Example 2: A district purchases 6 sheds @\$5500 each for 6 sites. As each shed exceeds the capital outlay threshold of \$5000, capital approval is required. However, because they “stand alone,” a competitive bid is not required despite the total purchase exceeding the bid threshold.*

*Example 3: A district purchases 2 busses @ \$65,000 each. As both the capital outlay threshold and the competitive bid threshold are exceeded, both are required though this is not considered a “project” as the busses stand alone.*

Prior to approval of the request by the ISD, the ECC/ECS must consider the individual circumstances of the subrecipient’s program needs and decide as to whether the purchase is reasonable, necessary and recommended. The ISD must refuse a request that the ECC/ECS has not approved and does not meet these guidelines. For subrecipient requests at or below \$20,000, the ISD may provide approval with the approved form being kept on file. Subrecipient requests that

exceed \$20,000 as well as all capital outlay requests for ISD operated classrooms must first be approved by the ISD, and then forwarded to a GSRP consultant for approval. If a portion of any capital outlay item is charged to GSRP, ISD and/or MiLEAP approval is required before the cost is incurred. The [Capital Outlay Request](#) form can be found in the resources for this section.

Capital Outlay items/projects that exceed the Competitive Bid Threshold must follow the ISD/subrecipient competitive bid policy in compliance with MDE requirements (see the [Competitive Bid Threshold Memo](#) in the resources for this section). It is the responsibility of the ISD to ensure that bid requirements are met for all subrecipients, supporting CBOs as needed. An LEA or PSA is not required to obtain competitive bids for items purchased through [MiDeal](#), the bulk purchasing program operated by the State of Michigan Department of Management and Budget. Other cooperatives to which a subrecipient may belong or participate in for discounted supplies/equipment may not be utilized in place of the competitive bid requirements.

## **Budget Modifications**

Budget modifications are not always required when the total change to a budget category is expected to exceed 10%; it is dependent upon the status of that year's FERs. When the FER and COFER become live, budget modifications are no longer permitted. The ISD is required to contact the assigned consultant to determine if the proposed modification is necessary and approvable. The ISD provides the policies and procedures to subrecipients for local budgets.

## **Payments to Subrecipients**

GSRP funding that comes to the ISDs may be forwarded to subrecipients in several ways. Funding may be sent to subrecipients as a 1/11<sup>th</sup> payment, on a quarterly basis, or on a reimbursement basis. The ISD must follow the agreed upon contract which details the flow of funding that is fair and equitable across subrecipients. The subrecipient contract and documentation of these payments are to be kept for MiLEAP review.

## **MiLEAP Recovery of Funds for Unfilled Spaces**

Funding for unfilled spaces will be recaptured. See the [Funding](#) section for an explanation of documenting filled spaces in MSDS.

## **Final Expenditure Reports (FER)**

At the end of the grant year, ISDs must provide actual expenditures for program, transportation, and curriculum funding in the FER in NexSys as applicable. Start up grant FERs are reported via an Excel template provided by MiLEAP. All earned program and other allocated funds must be accounted for either in the FERs or as a

carryover amount in the Carryover Budget (COB) if allowed. All budgeted carryover funds spent are reported in the Carryover FER (COFER). See the Carryover FER section below.

Any carryover funds not expended are recaptured. The final approved budget amounts and descriptions are pulled into the appropriate FERs. The ISD is required to receive and keep FERs from each subrecipient that details expenditures. It is required that the ISD monitor expenditures for both the ISD and each subrecipient. The documentation for expenditures should be detailed enough to allow the ISD and MiLEAP staff to determine that all expenditures were necessary, reasonable, and allowable. It must also be clear that the outreach and recruitment, and administrative cap for the ISD has not been exceeded.

## **Carryover Budgets and FERs**

If the ISD and its subrecipients did not expend all program funds earned and/or other funds allocated, a carryover budget may be submitted if allowed, then a carryover FER (COFER) is required. Carryover is allowed for program funds earned, transportation funds, and curriculum funds. The allowability of carryover for start up grant funds is dependent on the round in which funding was received. MiLEAP will provide specific information on allowability with each round. Regardless of the type of funding, any unexpended funds will be recaptured if a carryover budget is not submitted. The expenditure of carryover funds for program, transportation, and curriculum is reported in NexSys. Start up grant carryover expenditures are reported via an Excel template provided by MiLEAP. The carryover period is October 1 to June 30 of the subsequent grant year.

The ISD may allow each subrecipient to budget for carryover but will submit one aggregated COB and COFER to MiLEAP. The subrecipient agreements must specify how carryover can be accounted for by a subrecipient. Subrecipient carryover funds must be used by the subrecipient who had the carryover amount unless the written agreement between the ISD and the subrecipient specifies otherwise. Any carryover funds not accounted for in the COFER will be recaptured.