



Policies and Procedures for
Implementation of the
Voluntary Temporary Transfer of
State Contract Funds (MB 09-07)

May 13, 2010

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INTRODUCTION

The Sacramento County Local Child Care & Development Planning Council (Council), in accordance with directives outlined in California Department of Education (CDE), Child Development Division (CDD) Management Bulletin 09-07, has established procedures for implementing the Voluntary Temporary Transfer (VTT) process.

The VTT is a process utilizing Local Planning Councils as bodies through which requests to transfer funds between under- and over-earning state contracted programs can be facilitated. The goal of the VTT is to maximize expenditure of contract funds by transferring funds from programs that are under-earning to programs that are over-earning.

The basic underlying principle is to preserve state funding allocated to Sacramento County and at the same time maximize the services to children who are eligible to receive services, but are currently on the Centralized Eligibility List (CEL).

This document describes the process, the necessary procedures and forms, and policies for determining transfer of funds.

BACKGROUND

During the 2008 state legislative budget process, an analysis of the amount of funds budgeted for services and the amount of funds earned by the existing pool of CDE Contractors did not match, indicating a substantial amount of unspent funds returning to the state.

Percentage of Unspent Funds Returned to State (Overall CA)		
	FY 2004-05	FY 2007-08
Preschool Programs	14%	17%
General Child Development	11%	10%
Migrant Care	23%	13%
Alternative Payment Programs	9%	4%
Latchkey Programs	14%	14%

In 2008 the California State Legislature directed CDE to develop a proposal to ensure full expenditure of appropriated funds. CDE identified two sources for unspent Child Care Funding: unearned balances and unallocated balances

To meet its goals of utilizing all available funds and providing the maximum amount of services to eligible children and families, CDE proposed several options, of which the **temporary** transfer of like-contract funds between **mutually agreeing** contractors for the balance of the fiscal year was approved, and codified in EC 8275.5.

CDE developed three strategies to facilitate the transfer of funds:

- **Strategy One:** Transfer of Dollars between General Child Care and Development (CCTR) Contracts and California State Preschool (CSPP) Contracts in order to maximize contract earnings (Internal transfer of funds by contractors who hold multiple state contracts)
- **Strategy Two:** Assigning Permanent Contracts When Funds are Returned
- **Strategy Three:** Voluntary Temporary Transfer of Direct Services Contract Funds (VTT)

WHO IS THE COUNCIL

The Council is comprised of 20 members: ten appointed by the County Superintendent of Education and ten by the Board of Supervisors from five member categories: consumer, child care provider, agency representative, community and board discretion. The Council serves as an advisory body to the County Superintendent of Education/Board of Education and the County Board of Supervisors.

The Council provides a forum for the planning and development of child care services that meet the diverse needs of the Sacramento community. Established through legislative action, with authority and directives detailed in California Education Code 8499.8499.7, the Council is charged with conducting a needs assessment of Sacramento County child care supply and demand, and identifying funding priorities for state funded general child care and development and state preschool programs. The Council is also responsible for the oversight and policy of AB212 funds used in the Sacramento CARES program to award stipends to child care professionals.

The Sacramento County Office of Education subcontracts the Council contract to Child Action, Inc. a non-profit 501(c)3 agency, which serves as the fiscal agent for and provides staff to the Council.

WHAT IS VOLUNTARY TEMPORARY TRANSFER?

Through the legislative mandate of EC 8275.5, CDE released Management Bulletin 09-07 which authorizes Local Planning Councils (LPC) to facilitate the transfer of funds between under- and over-earning state contracted programs to maximize expenditure of contract funds. The intent is to expend contracted funds within existing licensed capacity in a program.

Elements of the Management Bulletin follow:

- The Council or authorized body oversees development of policies and procedures for local transfer processes.
- The process is voluntary and programs wanting to participate must self identify.
- There are two time frames within the fiscal year providers may self identify and submit transfer requests to the Council or authorized body. (November and May)
- Transfer of funds must be from like program to like program. (CCTR to CCTR, CSPP to CSPP or CCTR to CSPP, and in some cases CCTR to CSPP)
- The Council or authorized body is responsible for verifying completion of transfer requests, completing a cover form and submitting to CDD.
- CDD determines eligibility and processes requests.

DETERMINING PARTICIPATION

DOES YOUR PROGRAM QUALIFY TO PARTICIPATE IN VTT?

- ◆ Your program must be contracted with the California Department of Education, Child Development Division to provide general child care and development and/or state preschool program services.
- ◆ Your program must be in good standing with CDE and Fiscal Services.
- ◆ Your program must be licensed to operate in Sacramento County, and the license status must be in good standing
- ◆ CalWORKS Stage 2 and Stage 3 are NOT eligible to participate

PARTICIPATION CRITERIA

1. Participation in the VTT is **voluntary**. Your program may elect to participate in VTT if:
 - ◆ Your program does not anticipate fully earning its contract within the current fiscal year and is willing to voluntarily release anticipated unearned funding on a temporary basis.
 - OR**
 - ◆ Your program is over-earning or can demonstrate the ability to over earn its existing contract amount within its existing licensed capacity. Your program must be immediately ready to serve additional child days of enrollment, or be already over-earning the contract maximum reimbursement amount.
2. Programs participating in VTT understand:
 - ◆ This transfer is temporary and voluntary.
 - ◆ CDE may require additional fiscal information and documentation to make a final determination regarding this request.
 - ◆ The Daily Reimbursement Rate in place for each agency will not change during the contract year.
 - ◆ This contract may revert to its original Maximum Reimbursable Amount (MRA) at the end of this contract year, with any applicable Cost of Living Adjustment (COLA) or other adjustment applied, subject to continued funding appropriated in the annual Budget Act.
 - ◆ All contracts may still be subject to the Child Development Fiscal Services annual contract review process.
 - ◆ All parties agree these funds may never be placed in a reserve fund; they must be used to pay for child days of enrollment.
 - ◆ All transferred funds must be fully expended by June 30 of the fiscal year in which the transfer was authorized.
3. Application timelines:
 - ◆ Applications for VTT are submitted through the Council, who then forwards to CDD during the established timelines of:
 - November 1-15
 - May 1-15
 - ◆ To allow time for review and meet these timelines, applications are due to the Council by:
 - October 15
 - April 15

4. Contract requirements:

- ◆ Transfers are made from contract type to like contract type (i.e. CCTR to CCTR) with limited exceptions between CCTR to CSPP. Transfers from CSPP to CCTR are limited to internal transfers within a contracting agency.
- ◆ Contract types that may participate are:

Program	Prefix
Center-Based Child Care (General)	CCTR
Alternative Payment	CAPP
California State Preschool	CSPP
Family Child Care Homes	CFCC
Programs for Special Needs Children (Handicapped)	CHAN
Migrant (Center-base)	CMIG
Migrant Alternative Payment	CMAP
2009-10 Child Care and Development Contract, Program Types and Prefixes from CDE website. http://www.cde.ca.gov/fg/aa/cd/ltrattb09.asp	

5. Reporting Requirements

- ◆ Agencies receiving additional funding must report serving additional children on the 801 A monthly report
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APPLICATION PROCESS

- Upon review of the contract's current earnings report, determine if the program is over-earning the contract maximum reimbursement amount and/or the program has the ability to immediately serve additional child days of enrollment.
- If the answer is **Yes**, this indicates an opportunity to request funds.
- If the answer is **No**, this indicates an opportunity to release funds for use by another contract (either through an internal transfer process or externally through VTT)
- In either case, if the contractor is considering participating in VTT, an Intent to Request/Relinquish form should be completed and submitted by
 - October 15 for the November 1-15 CDD application timeline
 - April 15 for the May 1-15 CDD application timeline
- Include copies of the contract cover sheet and earnings projections with the application.
- Applicants will receive notification acknowledging receipt of their application and the date the application is forwarded to CDD.
- Applicants will be contacted should additional information be required for the local review process.

COMPLETING THE APPLICATION FORM

Section A: Contactor Information

A. Contractor Information	
Agency Name Semper Fidelis School District	Date 02/08/10
Executive Director or Authorized Signatory Leon Vance	E-mail lvance@sfsd.net Telephone Number (555) 555-5555
Person Submitting Request (If Different Than Above) Jethro Gibbs	E-mail jgibbs@sfsd.net Telephone Number (555) 555-5554
Agency Address 1234 Jarhead Way Sacramento, CA 95827	

Complete contractor contact information.

Section B: Releasing Funds Request

B. COMPLETE THIS SECTION IF YOUR AGENCY IS VOLUNTEERING TO TEMPORARILY RELEASE FUNDS FOR FY 2009-10 ONLY		
Amount to be Transferred \$ 192,248	Contract Type CSPP	
Contract Number CSPP0234	Current MRA \$880,128	Vendor Number 2678
Explain the reason for projected under-earnings: Contract funding to serve certified children for 25,600 minimum Child Days of Enrollment July 2009 – June 2010. Low enrollment during summer (July – August 2009) resulting in cumulative adjusted days of enrollment equals 15,000 on March 1 and projected for the year equals 20,000 cumulative adjusted days of enrollment.		
If your agency will be serving fewer children, provide information about which communities (zip codes) in your service area will be affected.		
Community Name or Zip Codes	Number of Children	Ages of Children
95827	45	3-4

Complete Section B if submitting a request to release funds for distribution to over-earning programs. Provide a reason why your program is projected to under earn its contract, and identify the zip codes, ages and number of children affected.

Section C: Requesting Funds

C. COMPLETE THIS SECTION IF YOUR AGENCY IS VOLUNTEERING TO ACCEPT ADDITIONAL FUNDS TO SERVE MORE CHILDREN IN 2009-10		
Amount to be Transferred \$ 192,248	Contract Type CSPP	
Contract Number CCRT0235	Vendor Number 2678	
Estimated Number of Additional Children 45		Period of Time (Number of Weeks, Months, etc.): April 2010 – June 2010
Estimated Additional Child/Days of Enrollment 1200		
<i>Demonstrate that your agency currently has licensed spaces to serve the additional children. It is understood that this is only an estimate.</i>		
Service Area, Community Name or Zip Codes	Number of Spaces	Ages of Children
95827	45	3-4
<i>If the agency's request for additional funds is due to projected over-earnings, please demonstrate your projections (reasons for over-earning).</i>		
Explain over-earnings projections for 2009-10:		
Contracted to serve certified children 25,600 child days of enrollment July 2009 – June 2010. Actual cumulative adjusted days of enrollment equals 35,600 on March 1 due to the higher number than projected of children needing 10+ hours of care.		
<i>If the agency is requesting additional funds to serve more children or address over-earnings projections, estimate the expenditures expected to be incurred in serving the additional children or in over-earning. Estimated amounts should apply only to transferred funds.</i>		
Category	Amount	Explanation
Staff Costs		
Rent/Facility		
Materials/Supplies		
Administration		

Complete Section C if you are requesting funds. The requesting contractor must demonstrate the ability to over earn their existing contract amount within their existing licensed capacity. They must be immediately ready to serve additional child days of enrollment, or be already over-earning their contract maximum reimbursement amount.

Signature and Acknowledgements

By temporarily releasing / accepting these California Department of Education (CDE) contract funds, I agree to the following:

- This transfer is temporary and voluntary.
- CDE may require additional fiscal information and documentation to make a final determination regarding this request.
- The Daily Reimbursement Rate in place for each agency will not change during the contract year.
- This contract may revert to its original Maximum Reimbursable Amount (MRA) at the end of this contract year, with any applicable Cost of Living Adjustment (COLA) or other adjustment applied, subject to continued funding appropriated in the annual Budget Act.
- All contracts may still be subject to the Child Development Fiscal Services annual contract review process.
- All parties agree these funds may never be placed in a reserve fund; they must be used to pay for child days of enrollment.
- All transferred funds must be fully expended by June 30, 2010.

Leon Vance 02/08/10

Signature of Executive Director or Authorized Signatory Date

Submit completed request forms to:

VTT Request Review Committee
c/o Marianne Knoy, Coordinator
Sacramento Local Child Care Planning Council
9961 Horn Road
Sacramento, CA 95827

Phone: (916) 369-3344
Fax: (916) 369-0318
Email: Marianne.knoy@childaction.org

Executive Director or Authorized Signatory must sign and date the application. Send Application and copy of the contract cover sheet to the VTT Request Review Committee.

CONTRACTOR - VTT APPLICATION CHECKLIST

- Application Form
- Contract Cover Sheet
- Earnings Projection

Email or Mail to:

VTT Request Review Committee
c/o Marianne Knoy, Coordinator
Sacramento Local Child Care Planning Council
9961 Horn Road
Sacramento, CA 95827

Phone: (916) 369-3344
Fax: (916) 369-0318
Email: Marianne.knoy@childaction.org

COUNCIL - VTT APPLICATION CHECKLIST

- Cover Letter – CDD Consultant
- Cover Letter – CDD Fiscal Analyst
- CC letter to Fiscal

Requesting Contractor:

- Application Form
- Contract Cover Sheet

Releasing Contractor:

- Application Form
- Contract Cover Sheet

VTT REQUEST REVIEW PRINCIPLES

- ◆ Applications for a VTT will be reviewed by the VTT Request Review Committee. The Committee will be staffed by the Council Coordinator.
- ◆ The Council (including the Council as a whole, Council Coordinator and members of the Request Review Committee) will not divulge the names of contractors participating in the program, except through approved forms to approved sources.
- ◆ All documentation flows through the Council Coordinator. The Coordinator will maintain records and a database to track requests and transfers.
- ◆ The Council will not actively solicit participation from under- and over-earning contractors.
- ◆ Transparency throughout the process will be accomplished through public posting of:
 - VTT policies and procedures
 - VTT timeline requirements
 - VTT Request Review Committee member criteria and participating members
 - Approved transfers

VTT REQUEST REVIEW COMMITTEE

- ◆ The committee will consist of 3-5 Council members.
- ◆ Members will not have a financial interest or derive any personal benefit from the participation on this committee.
- ◆ Members may not be employed by, be related to an employee of or utilize services of any program participating or which has the potential to participate in the VTT process.

VTT REQUEST REVIEW PROCESS

- A. The committee will send out a call for applications in the month before the open periods of November 1-15 and April 1-15. The call will go out on October 1 and April 1.
- B. Any contractor interested in offering or requesting funds will submit a Request/Relinquish Funds Application designating the amount of funding needed or available and other relevant information (contract #, name of person signing). These applications are due to the Committee by October 15 or April 15.
- C. The committee will convene and review applications within 10 business days of the October and April due dates.
- D. The Committee will calculate the amounts requested and offered.
 - 1 If more funds are offered than requested (Example 1):
 - Committee assigns amounts or partial amounts to contractors, according to established formula.
 - Contractor A + Contractor B = Total Amount Requested
 - Contractor ÷ Total Amount Requested = %'age of total request
 - Total Amount Requested ÷ %'age of Total Request = Amount of Funds Available out of Total Funds
 - Committee contacts CDE to inform them of excess available for other counties

Example 1

Participating Contractor	Fund Request	Fund Release	Recommended Transfer
Contractor A		\$40,000	
Contractor B		\$20,000	
Contractor C	\$50,000		\$20,000 from Contractor B and \$30,000 from Contractor A

- 2 If more funds are requested than offered,
 - For center-based contracts or programs, Committee first considers requests in priority 1 zips and assigns amounts proportional to requests.

Example for Center Based Programs

Participating Contractor	Fund Request	Fund Release	Recommended Transfer
Contractor A		\$100,000	
Contractor B		\$20,000	
Contractor C (Priority 1)	\$50,000		38.5% of available funds = \$46,154
Contractor D (Priority 1)	\$80,000		61.5% of available funds = \$73,846
Contractor E (Priority 2)	\$15,000		Insufficient funds to meet request

- For alternative payment contracts or programs, Committee will assign funding proportional to requests.

Example for Alternative Payment Programs

Participating Contractor	Fund Request	Fund Release	Recommended Transfer
Contractor A		\$100,000	
Contractor B		\$20,000	
AP Contractor C	\$50,000		38.5% of available funds = \$46,154
AP Contractor D	\$80,000		61.5% of available funds = \$73,846

- E. The Council Coordinator will complete required CDE/CDD cover forms based upon the Review Committee's recommendations and forward to CDE/CDD within 10 business days of the Committee's review.
- F. The decision to approve or deny voluntary, temporary transfers of contract funds will be made exclusively by CDE. Once the decision is made by the CDE staff, the Council Coordinator will be notified of the outcome who will notify the Review Committee. All requests will be approved, modified, or denied by CDE. If the agreement is modified, all parties will be informed of the modification and be given the opportunity to agree before the contract modification is finalized.
- G. If the request is approved, the participating CDD contracting agencies will receive contract amendments and fiscal adjustments based on CDE staff approvals. CDE will send these directly to the participating agencies.
- H. If the request is modified, the participating CDD contracting agencies will receive contract amendments and fiscal adjustments based on the contract modification agreement with CDE staff approval. CDE will send these directly to the participating agencies.
- I. If the request is denied, the participating CDD contracting agencies will receive a letter directly from CDD that explains why the request was denied.
- J. The Review Committee will report annually to the full LPC on the progress and process of voluntary, temporary contract transfers of CDD contract funds in their county.

APPEALS PROCESS

Appeals relating to VTT transfer decisions should be directed to CDE. Contractors should contact their designated CDE consultant and fiscal analyst directly. Contractors are encouraged to copy the Council on appeal correspondence.

GLOSSARY

Alternative Payment (AP) program: A program run by a local government agency or nonprofit organization that has contracted with the CDE to provide payments to a child care provider selected by an eligible parent (Education Code, Section 8208).

CDD: Child Development Division (of CDE)

CDE: California Department of Education, sometimes referred to as the State Department of Education. Serves as the administrative agency for all state child care finding and CalWORKs child care Stages 2 and 3.

CEL: Centralized Eligibility List

Child care and development programs (CCRT): Programs that offer a full range of services for children from infancy through age 12, for any part of a day, by a public or private agency, in centers and family child care homes (Education Code, Section 8208).

Child care center: Any child care facility of any capacity, other than a family child care home, in which less than 24-hour per day non-medical care and supervision are provided to children in a group setting (CCR, Title 22, Section 101152).

Council: Local Child Care & Development Planning Council (LPC)

ECE: Early Care and Education

Eligible children: Children who are currently eligible for state subsidized child care and development services (Education Code, Section 8263).

Entitlement: Programs governed by legislation in a way that legally obligates the government to make specific payments to qualified recipients.

Family Child Care: Care for children in the child care provider's home, licensed for eight or fourteen children by the State Department of Social Services.

Head Start: A federal program for low-income families that serves primarily 3 and 4 year olds part day and part year.

LPC: Local Planning Council (Local Child Care & Development Planning Council)

Regional Market Rate (RMR): The rate that is used to calculate the reimbursement to providers who serve children who have AP vouchers.

Resource and Referral (R&R): A program run by a public or private agency to provide parents with information and assistance in locating child care (Education Code, Section 8208). The Sacramento County R&R agency is Child Action, Inc.

RMR – Regional Market Rate

SCOE: Sacramento County Office of Education

Standard Reimbursement Rate (SRR): The per-child maximum payment rate established by the CDE that is used to calculate the amount of a contract earned by subsidized child care centers for service to one preschool-age child. The SRR is adjusted by several factors to account for increased costs to serve infants, toddlers, and children with special needs (Education Code, Section 8265.5).

VTT Policies and Procedures - CDE (MB 09-07)

State preschool program (CSPP): Chapter 308, Statutes of 2008 Assembly Bill 2759, created the California State Preschool program. This program serves eligible three- and four-year-old in both part-day and full-day services that provides a core class curriculum that is developmentally, culturally, and linguistically appropriate for the children served.

Voluntary Temporary Transfer (VTT): A method to maximize expenditure of contract funds by transferring funds from programs that are under-earning to programs that are over-earning. Participation is voluntary and effective only for the fiscal year in which the transfer takes place.