

## Fiscal Management During the COVID-19 Emergency

Dr. Deborah Bergeron: Good afternoon, everybody, or good morning, depending on where you are. This is Dr. Bergeron here. Very excited to be with you this afternoon. We have got an hour of chock full of information. Lots of things to share with you about CARES Act funding and flexibilities today.

So, have your eyes and ears ready. We will be recording this, and it will be available on demand until June 15, and it will become available 30 minutes after we're finished, so you certainly can go back and revisit all of this information after we're finished. Before we jump in, I just want to start by thanking all of you for all of the hard work you've been doing. In a — in a typical environment, we would all be extremely busy right now, but in this environment, we're all working overtime and really trying to make great things happen for children and their families, and we really do appreciate all the creativity and innovative ideas that you have come up with in order to respond to something that none of us could have predicted. We've all tried to be, at the Office of Head Start, really tried to focus on being extremely flexible and very nimble in this time.

We — we have not been able to predict, even sometimes a couple of days out, we've tried our hardest, but it has been a unique experience for all of us. So, despite our — our best efforts, things keep changing and our mantra the whole time has been, "Let's make sure we can be responsive and flexible, but be thoughtful as we're making any changes that we make." So, as we pivot, we really are thinking through those — those changes so that they make sense. And they really, at the end of the day, support our children and families in our programs.

Today, when we go through this CARES Act funding and flexibilities, you're going to see a pretty big change in the funding and for I — we hope for virtually all of you, you will be thrilled about this. But for some of you, it — it may be cause a little bit of frustration because it is going to be a pivot from where we started, and you may have put some work in that now you have to retool. We appreciate that. We wish things could go forward just as we predict, but we hope you'll be patient with us. What we've tried to do, as I said, the whole time is do what we think is going to be best for our programs and our children, and I hope you'll see that through this presentation.

As you see, there's a Q&A box at the bottom; you've already started entering questions, so I know you know how to use it. We will look at every single one of these questions. We certainly won't be able to answer all of them today; and knowing that upfront, we have already scheduled a Q&A session next Friday so that you can digest this information, re-watch it, and then come back next Friday with maybe some even more concrete questions that you might have. As we go through the — the things that have changed, I want to really, really reinforce that we still believe that the best thing we can do for our children is to provide a quality summer experience for them.

So, if — if that is something that you are able to do, based on where you are and what your program looks like, we really are encouraging folks to do that. What we do know now that we

couldn't really predict a month ago is that there are still locations where that is probably not going to be possible, and we want to provide supports for all of our families.

You're going to see two major topics today, as I said, around funding and then around flexibility, and there is a lot of information here and we have wonderful people to — to present it to you. We've got Colleen and Heather and Belinda, and they've got some pretty intense information for you coming up. Before we jump into the intensity, though, let's just have a little bit of fun for a minute. You guys know I've been on Twitter with this HeadStartCutie hashtag, and we have just seen some incredible things that you all are doing. In this slide on the right, those are parents meeting in a Policy Council meeting online, which I just think is so wonderful. And who can beat that smile?

This montage of kids doing work at home, and then on the right is a drive-by, drop-off from — from some teachers. All of these innovative ideas. We've really appreciated that the Office of Head Start seeing you all to ensure that you can still put your children and families first. So, thank you so much. I'm going to hand it off to Colleen now and get ready for about an hour of really important information. Take it away, Colleen.

Colleen Rathgeb: Hi, everybody. I'm really happy to be with you. This is Colleen Rathgeb. I am the director for policy oversight and planning here at the Office of Head Start, and as Debbie said, you know, we continue every day to be just so impressed with all of the work all of you guys are doing out in the Head Start programs to try to respond to this unprecedented crisis and to do everything we can to continue to be providing the critical services that all of you provide every day.

And as you guys do know, Congress, in recognizing the unbelievable work that Head Start does, provided \$750 million to the Office of Head Start to get out to programs, to be able to prepare and respond, and prevent the — the — the COVID-19 crisis in Head Start programs. And when Congress passed that they — they said that up to \$500 million of that funding could be used for supplemental summer programs.

As Debbie said, recognizing the critical — the critical need to try to get kids back into Head Start programs after they have been out of the programs for so long, particularly thinking about kids that may not be back in a Head Start classroom before they start kindergarten, but all of our kids that have been missing the critical services. And as you guys know, our initial plan was to — to award specific awards for summer programs, for those programs that we're planning to be able to do that. And then to — to give a separate award in a formula fashion to grantees to meet other needs.

And we have seen as the — the crisis has gone on and that there's really a lot of different realities on the ground, in different communities, we've realized how difficult it really is for programs to be able to fully plan and fully know whether they'd be able to be operating a summer program and for how long, and for some of those specific needs. And that would be really important for us to have to be — to be able to sure that we were awarding the right amount to communities and balancing the need for flexibility in those changing circumstances. And so, we have pivoted here at the Office of Head Start in the approach that we're going to

take to the \$750 million dollars, and we hope that everybody has seen the PI that came out yesterday.

That PI does outline the new approach that we are going to be taking, but we wanted to get everybody on the phone here, talk about that approach, make sure everyone understood that, and then also to talk about some of the really important fiscal flexibilities and the fiscal considerations that we need programs to make sure that they think about when they are spending these COVID dollars.

So, the — the — the big message around our change of this approach, one, like Debbie said, critical, critical importance in operating summer programs when we can, but also acknowledging how much things are different in different areas and how they're likely to continue to change throughout the next couple of months. And so, our modified approach to the funding is going to be that all the CARES Act funding, the full \$750 million is going to be awarded by formula based on each grantee's funded enrollment. So, there will not be separate awards specifically for summer programs.

So, we understand that that many programs have been thinking about what they would do if they could operate a summer program. We appreciate all the thought that folks put into that and then putting in those applications. We had a good amount, about two-thirds of programs said they — they intended to submit a summer program application, of those, about another two-thirds of those that thought they were going to actually did submit a summer — summer program application, and we think that planning, hopefully, will still be helpful to programs but we have made the determination that it would not be the best use of the money to make those separate awards that then couldn't be used for other things if it became, that based on the reality of what was going on the ground, that programs couldn't actually operate the summer programs.

And so, that the — the better way to assure that the money is out and can be used in each community is to put the formula funding out, and each grantee can use that formula funding to operate summer programs if they're able to do so. We'll talk about it a little bit more, but those summer programs may be able to look very much like what they had planned for in their applications, or they could look different. We think this will allow, you know, programs to be able to be more flexible. The amount of the funding that every grantee will be getting, again, is going to be based on their funded enrollment. The amount will be approximately \$875 per funded — funded enrollment, per each slot in the grantees funded enrollment.

That's going to be the same for Head Start or Early Head Start, and so that is going to be the full COVID award for each grantee. It won't be [Inaudible] amount, and this is going to be the new total. I know many grantees have seen — the the — the smaller amount of formula funding that they were expecting. This new amount, the \$870, \$75 per slot is going to be the new total amount that each grantee will be able — will be receiving. So, with these — with these amounts, the vast majority of programs that submitted a summer program application will receive more funding this formula route than they had applied for in the summer program. That being said, there are some programs that [inaudible] asked for more funding for the summer, then they will see through the formula approach.

So, obviously that smaller number of programs we'll have to modify the approach they were taking. If in fact they would be able to still implement benefits, that full model they had – had conceived of, but — but most, in between 75 and 80% of programs will receive more money than they would have through the summer program application. So, we think in those cases, if grantees were planning to do that, we still expect them to operate if they're able to. They can operate exactly like they had planned to do in their applications, or they can make adjustments.

They could — they, we had said when we were asking you to plan for your summer program, that we really wanted folks to be planning in person, in centers, through regular home visiting programs, but this allows more flexibility. If there's a different way that programs can operate to get the services, to connect with families over the summer, but maybe you can't fully operate in your centers.

So, grantees will have more flexibility, but again, we're hoping that folks still can operate even if folks weren't sure and they weren't comfortable putting an application in because they weren't sure if their communities are opening up and their public health authorities said it's safe to do so, they can go ahead and run a summer program, even if they hadn't applied to do so before. Again, we're really hoping when programs do that that they consider focused, that they – that they focus on those kids that are going into kindergarten next year, to do everything we can to try to get, make sure those kids are ready when they walk into that — into that 2020 school year next year. And also, really to think about the needs of kids with IEPs that have not only lost access during this time to the Head Start services, but also to those extra services they get through the related services that wrap around with them in their Head Start programs. So, we're — we're excited to see all of the approaches that folks will take with this funding. Let me just ...

We'll want to make sure we know this is — this is a lot to — to tell programs, but we want to make sure folks do understand, and Heather Wanderski is going to talk right after me and talk a little bit about [Inaudible] how this is going to happen, when grantees will see this money, and I don't know exactly the amounts that are coming to them, but there ...

We will be doing this one-up formula based, based on your funded enrollment amount, out to all grantees. This amount can support those summer programs, but it will also be able to support other operational, one-time needs that grantees have in order to respond to the COVID crisis. We're ... Because this is a large amount of funding that is going to be coming out — as I said before, it's about \$875 per slot. If you give us just a context of that. For a grantee that has 200 — 200 children that they serve, they're going to get an amount of about \$175,000. A grantee serving 1,000 children is going to get about 875,000 children — \$875,000, so it is a significant amount of one-time funding.

We're going to — Belinda's going to be talking later in this webinar about the flexibilities that are going to be afforded to programs in the way they use this money, but also really the critical importance of programs being able to think, really in a planful way about what they're going to do with this money, and really how what they do links to the current crisis around COVID-19 and can really make that clear link between the types of the needs and their programs that this funding will address and how that connects to the — to the public health crisis going on right now. I think it's ...

We know there's a lot of need out there. There's a lot of great thought and innovation that will be going on how you can help both providing summer programs and meeting other needs that your kids and families have. And just, we'll be — we'll be critical in thinking about the — the fiscal implications of all of that.

So, I am going to turn it over to Heather to talk a little bit more specifically about how the funding is going to come out, unless there's any particular, Ann, anything else particularly at this point?

Ann Linehan: No, I think it's important to say this is really — this webinar is really focused on the funding and the funding and the fiscal flexibilities. There are several questions that are coming up specifically to programming, to ratios, and safety in the centers, and when ... We will not be addressing those today, but we will be addressing those within — within the near future. I think to shift to Heather, we probably have 20 questions saying, "When is the money going to come?"

Heather Wanderski: OK, great then. Yep. I'll take it from here. So, essentially what we're going to be doing is each grantee will be awarded, as Colleen mentioned, a proportionate amount based on your total federal funded enrollment; so, we're talking about 800 roughly \$875 per slot. That includes both Head Start and Early Head Start. These funds will be added to the existing supplement COVID-19 one-time applications that every grantee already has in progress. So, the applications that were already started will be loaded with the additional money into those applications.

We are expecting to return them as early as the end of next week to grantees so that you will know what the new amounts will be, and as soon as you return those applications, they will be available to the Regional Offices to start processing. A couple of things that I want to make note of that are very important for grantees to know is that if you are currently operating in Fiscal Year 2019, you should pay particular attention on the summary tab of your application to indicate there is a check box there of whether funds are needed as soon as possible, and if you need them before the start of your next budget period.

If you do, if you check that box, we will be able to move forward with awarding your application right now while you're still in Fiscal Year 19. Otherwise, if you do not, then we can look to award the one-time COVID application in conjunction with your COLA and quality application at the start of the fiscal year 2020 budget period. And I know there's a lot of questions about what's going to happen to the summer supplement application that was either already submitted or in process.

Please note that those applications are no longer needed and that if you are still in the midst of writing one, there is no need to move forward with submission. But again, you know, the intent of a funding is really, if you still have the ability to provide a summer program, that is really what we would like to still see happen with the COVID one-time applications, with the additional funding that we plan to — to — to award based on that.

So, and just to clarify again, there is not any additional documentation needed for these applications unless you are asking for funds that would, where a 1303 application would apply, or if you are requesting funds for the purchase of equipment, otherwise you could just simply

return the applic — you know, move funds between object class categories, as you deem necessary, and return the application back to the Regional Office, and that should — that will suffice as your request. Funds will be awarded in a separate accounting number, so they will not be merged in with the ongoing operations funds because these are considered one-time funds.

Ann: So, another one question was asked, and we talked ... Pauline said this was for Early Head Start and Head Starts, but of course, we also made it to the entire constellation of our Head Start grantees: Migrant and Seasonal and Tribal. Is that — is that accurate?

Heather: Yes, it's applicable to everyone now.

Ann: The other question that has come in, it's probably either you or Belinda, but it's a question that came in early. There are programs that are saying, "Gee, when are we going to get a COVID money? And we're — we're incurring expenses right now for COVID-related activities. So, when we get our COVID money, can we reimburse our — our base grant for what we have really done for COVID-related expenses?"

Heather: Yes, so I can — I can address that question. Certainly, if a program has incurred expenses, they can make an adjustment since the funds will be awarded under a different accounting number, they can make an adjustment once they actually receive the COVID funds.

Belinda Rinker: Can I clarify Heather? This is Belinda, but the CARES Act funding can only be used to respond to COVID-19; so, there are many COVID-19 responses that occur within the context of the base grant, and that can certainly be reimbursed or adjusted to the base grant, but if, for example, the grantee wanted to use those funds for a non-COVID purpose, they couldn't be shifted to the base grant for that purpose.

Ann: And — and one other we just want to clarify that this COVID money is just one-time; this will not be added to the base for any future programming for any future years, unless Congress decides to give us money, but this money is one-time funding. And along that line, Heather, we're being asked, "What is the time — how much time do we have to spend these money — to spend them — to spend these funds?"

Heather: So, I — I would imagine that grantees may be stressed thinking about when their — when their budget period ends, and so funds would be available if they're still having, or occurring expenses that are specifically related to preparing for responding to COVID-19 one-time expenses. Then, in those cases, they can continue to use the funds for those purposes and that if they cross periods, then they could either request a no-cost extension if the grant actually ends, or they could look to request a carry-over from one period to the next. So, there — there will be that understanding and that flexibility for the use of those continued funds.

Ann: And a lot of questions are coming in about allowability and reasonableness, but I think Belinda, you will, you can take care of those when you do your presentation.

Belinda: Sure Ann, thanks. Heather, were you finished?

Heather: Yep, I am, and so I'm going to turn that over now to you, Belinda.

Belinda: OK. Thanks, Heather. So, I want to talk a little bit about fiscal management during COVID-19. My name is Belinda Rinker. I'm a senior policy analyst here at the Office of Head Start, and I think we all recognize that COVID-19 has presented unprecedented challenges to programs and to their fiscal managers. I'm sure that in — in responding to COVID-19 and continuing to deliver services remotely and meet the — the comprehensive service needs of children and families, programs have already incurred costs that are far outside the boundaries of what we would have pre-COVID considered to be normal or typical program spending, but here's some key fiscal concepts to keep in mind. First of all, because things are changing so quickly, fiscal staff need to work very closely with program leaders to assess and manage the fiscal impact of programmatic responses.

There's a temptation because needs can be very significant in the low-income community to want to cover a lot of those needs with Head Start funds. But Head Start funds are still limited to the delivery of comprehensive services to enrolled Head Start children and families, and we'll talk more about how that applies in the concept of allowability. Keep a careful eye on your base grant and your CARES Act budget.

As we know, the CARES Act is one-time funding specifically for the purpose of preventing, preparing for, and responding to COVID-19. But even the most carefully-planned budgets in these days are going to change frequently, and it's important to look carefully and constantly at your budget activities. We know that it's not possible, perhaps, to keep in the same level of communication or have in-person meetings with your governing body and Policy Council members, but their input and support is more important than ever. And we have already provided some flexibility around governing body and Policy Council approvals that allows you to just check in with those members and indicate their support for an application when needed.

Be sure to stay current with the updates and information from the Administration for Children and Families, the Office of Head Start, and consult with your own financial advisors. Also, be ready for intense scrutiny over CARES Act funding and COVID-19 expenses. We don't know exactly how that will look, but we certainly expect it to happen. And finally, make sure that everything you do with your CARES Act funding, and to respond to COVID-19 is well-documented. I can't emphasize how important it is to document everything — from how you are making your spending decisions to how the funds that you're using are actually spent to respond to COVID-19.

As I mentioned, budget management is the foundation to effective COVID-19 response, both in terms of the work that you do ongoingly with your base grant funds, and the responsive work that you do with your COVID-19 one-time award. Based grants have always supported the delivery of comprehensive services, but we know that the way those services are delivered has changed dramatically and will continue to change. Remember that CARES Act funds are limited to prevent, prepare for, and respond to COVID-19.

We recognize that the timing and circumstances for resumption of more traditional services, like center-based classes remain uncertain, but be cautious to assure that as you resume services, you have enough funding in your base grants to cover your ongoing operations. The Office of Head Start has provided quite a large number of fiscal resources related to COVID-19

already. If you're not familiar with them, I suggest you spend some time in the Early Childhood Learning and Knowledge Center, or ECLKC website.

You'll certainly find there the recently published — and by recent, I mean yesterday — Information Memorandum 20-03, that explains how the Administration for Children and Families, flexibilities that were previously issued will be implemented by the Office of Head Start. We have also published significant information about the ongoing payment of staff wages and benefits, and those flexibilities extend currently through June 30. And we'll continue to look at the open and closed status of program as things move forward to determine whether that date should be extended.

There are also a number of Q&A, questions and answers, many of which have fiscal components that are already on ECLKC. You should take a look at those. Some are programmatic; some are fiscal, but our fiscal folks should look at them as well. And even though it wasn't specific to COVID-19, we do have an Information Memorandum that provides general disaster recovery flexibilities. That's IM 19-01. And some of those fiscal flexibilities are also applicable here.

And the current health emergency qualifies as an emergency under IM 19-01. And I would be remiss if I didn't remind folks to look at the cost principles and audit requirements for HHS awards that are in 45 CFR Part 75. Those cost principles continue to apply close to your base grant expenses and to your CARES Act funding. But we recognize, and we'll talk more about this later, that those expenditures and what's reasonable in light of COVID-19 it's going to look a lot different than what might've been reasonable before COVID-19. I'm just going to review allowable costs generally.

We've already noted that the uniform guidance still applies and still provides the criteria for establishing allowable cost, but what you might have not noticed about the cost principles in the past is they have a situational aspect. The cost principles talk about what is necessary and reasonable for the performance of the federal award under the circumstances prevailing at the time the decision was made.

And so, we've never seen circumstances like COVID-19 and what that tells us is that there are reasonable expenses that are necessary to respond to COVID-19 that we may never have seen before and would not have been considered reasonable before COVID-19. But always remember that any expenditure has to be in order to fulfill the purpose of a specific federal award, or, of course, necessary to the overall operation of the grantee, like an indirect cost. So, you will always have to relate any expense, either if it's a base grant expenditure, to the need to continue to deliver comprehensive services to children and families under whatever circumstances apply at the time.

And if you're looking at CARES Act funding, you're still going to have necessary reasonable and allocable, but you also need to connect those costs to the need to prepare for, respond to, and recover from COVID-19. And as I said earlier, I can't emphasize enough, all those costs need to be adequately documented. A little bit more about documentation, record-keeping, and reporting. We expect there will be some reporting requirements on COVID-19 funds. We don't know what the details are, but it will be important to create a paper trail that runs from your



decision-making process, all the way to the documentation that funds were spent for their intended purpose.

This may require you to put together some interim policies and procedures, to work closely with your governing body and Policy Council to make any changes in existing fiscal policies and procedures that might be needed to give you some additional flexibility. And if you've had to move forward and make decisions that are not entirely aligned with your current fiscal policies and procedures, I suggest you go back and provide an explanation and have those decisions retroactively approved by your governing body and Policy Council. Be sure you can identify your COVID-19 expenses separate from other costs. So, consider using separate sub accounts, cost categories, and expense codes that allow for easier analysis of your COVID-19 costs.

So, these are some overarching flex — overarching fiscal issues that we want you to keep in mind, as you work your way through delivering your base grant services in the era of COVID-19, and making decisions about how you spend your one-time appropriation from the CARES Act to also respond to COVID-19. So, we're going to drill down a little bit more into the recent Information Memorandum, that's IM 20-03, which was issued yesterday by the Office of Head Start to implement the flexibilities that ACF afforded to the various program offices. So, the first one is take a look at the language of the IM itself. As I said, it's posted on the Early Childhood Learning and Knowledge Center website.

The language from the ACF IM, the previous one that was published earlier, is incorporated into the OHS IM. So, what you'll see in that IM is first the ACF flexibility, and then, for every item of flexibility that ACF identified below that, you will see the Office of Head Start implementation. And in some cases, the Office of Head Start is implementing the flexibilities as they were written by ACF, and you'll see that in the Information Memorandum. So, I'm not going to spend a lot of time on the items that the Office of Head Start is implementing in the same way that ACF expressed them, but focus a little more on the areas where there's either some ambiguity or the Office of Head Start has done something a little different than the ACF language states.

And again, we're always within the confines of the ACF flexibilities, but just implementing them specifically for Head Start and Early Head Start programs. The first one is actually an area where the Office of Head Start is not doing something that's available to them as a flexibility because there are a number of applications that need to be funded by the Office of Head Start before the end of the federal fiscal year.

We are not providing any application deadline extensions; so, we want you to go ahead and submit your applications on their due date. If for some reason that's impossible, please contact your regional grants management officer, and we'll see what we can do to address that situation. But generally, plan to submit all of your applications when they are due. The next one that I want to focus on a little bit is no-cost extensions. This is something that the Office of Head Start has had the ability to do historically, but perhaps not as widely as we may need to do in light of — of COVID-19. And this is to extend an award period for up to 12 months.

This is an aggregate of 12 months, meaning if you had a previous extension for three months, you would only be able to get an additional extension for nine months, but it does provide an opportunity to get some additional time, if needed. If a no-cost extension is required, you still

need to submit that request to the regional grants management officer, and it's awarded at the discretion of the Office of Head Start. This is one I think we've had a lot of interest in, that is the abbreviated applications or noncompetitive continuation requests.

Notice this is not for new requests and this is not for competitive requests; this was for noncompeting continuation requests only. So, the process has been simplified to submit an application. The grantee is required to complete the budget and schedule tables within HSES. Submit only a budget justification, that's section two for the application and budget justification narrative. We note that you do need to submit any applicable tabs. Those would be documents that are needed to support the materials that are requested. So, we've had a couple of folks ask, "Do we really need to include things like get our community assessment updated?" And the answer to that is no.

We want those documents that are necessary to support the items that are identified as necessary in the application. Item No. 7 deals with some flexibilities that are pretty unique to the Office of Head Start. So, you might want to take a careful look at these. I think we actually progressed too quickly here. We want to talk a little bit about Item 7. This allows grantees to purchase equipment that is needed to respond to COVID-19. Now note, this is needed to respond to COVID-19 not general purchases of equipment, but it allows the purchase of equipment at a value of up to \$25,000, and that's per item, without prior ACF approval through Dec. 31.

There is also a waiver of the prior approval requirements for budget transfers up to an aggregate amount, not to exceed \$1 million, through Dec. 31 of 2020. Well, this gives a great deal of flexibility, but a great deal of responsibility for those folks who are monitoring the budget to move funds around as needed, within the — the budget to address the changing landscape of COVID-19, and grantees are authorized, similarly, to engage in sole source purchasing through Dec. 31, if necessary, to obtain goods and services needed for COVID-19 response and recovery.

And we know that it's difficult to get materials, supplies, and equipment at times, in this market, and so we want, again, responsible use of funds, but at the same time, some flexibility to — to purchase things when they're available. Now, we're going to step back a little bit from the fairly straightforward, cut and dry information that I provided to you so far about the fiscal flexibilities IM and delve a little bit more into an area where I think it's a little bit harder to be cut and dry. There's just a little bit more gray areas in these kinds of decisions. So, the — the important question that we get asked is, "Well, what can I spend money on now because of COVID-19 that I couldn't spend money on before COVID-19?"

We didn't really understand the need for face shields, for taking temperatures regularly, or keeping people a certain number of feet apart, or any of the many things that have come with COVID-19. And so, if you think back to those cost principles that said decisions are reasonable based on the circumstances during which they're made, we feel that there have been some reasonable decisions made, but because of these circumstances, they may look very different than they would have historically.

So, I know that fiscal people, and I'm one of those fiscal people, like nice long list of things that say, "Yes, you can spend money on this and no, you can't spend money on that," but because COVID-19 has affected every community, every staff member, every family, and every child in different ways, there's no one size fits all, but what we can do is provide some general principles and examples and give both programs the flexibility to make thoughtful spending decisions, document those decisions so that they can deliver comprehensive services and address the impacts of COVID-19.

So, what are the kinds of things that we've already identified? And these are included in the Information Memorandum that might fall within the — in the area of COVID-19, we need something different than we've seen before. So, the kinds of things that programs need to support the remote delivery of services: things like electronic tablets, notebook computers, phone cards, internet access support. These are not exhaustive lists, but examples of things that we recognize would be allowable.

To the base grant awards, or if it's to implement your summer program, for example, to your COVID-19 CARES Act funding one-time cost as well. We understand that USDA had not anticipated serving meals and snacks in the way that we have had to do in Head Start, or the extent in which some cases, nutritional supports were needed; so we've included costs associated with meals and snacks that are not subject to reimbursement by USDA.

We anticipate, particularly as programs transition back to more traditional operations, they may need equipment, supplies, or contracted services to prepare their centers, so that they can comply with state, federal, or local mandates around testing, protective equipment, distancing, group size, and so forth.

And this could include a wide variety of things, from additional staff who may be doing a deep cleaning to room dividers, and things that might be needed to manage the contact and group size. Some of the other things that we've already identified: Minor renovations that might be needed, for example, to establish an isolated area for pick-up and drop-off, or a place to separate children who may be showing COVID-19 symptoms.

Folks have asked things like, "Well, if we're going to do a summer program, could we install an air conditioner to do that?" Absolutely. You can purchase it with that waiver. If it's up to \$25,000, you can use your CARES Act funds to install and operate it so that you can get that summer program going.

Ann: Belinda, Can I ask you — can I ask you to just reiterate, I think what you said before in that specific example, because there are other questions related to, equipment purchase? And folks were saying, "Gee, I want to buy it now, so we will have it and be able to install it, you know, when services start in, you know, later in June or July. And I think you commented on the capacity of the grantee, are they being able to use current funds to, you know, not have to seek prior approval for a purchase equipment. Could you comment on that?"

Belinda: Right. So the, what — what we have done is with that flexibility, grantees can purchase equipment up to \$25,000 without prior approval. So, let's use the example of the air conditioner. Grantee doesn't have their — their CARES Act funding yet, but the air conditioner is necessary to respond to COVID-19. So, it is going to be — it would be an allowable

expenditure under the CARES Act funding. The grantee can use their base grant funding to purchase that air conditioner, install that air conditioner, and then make an adjustment to shift the CARES Act funding into the ongoing budget to replace that cost.

The only way that that shift can't occur would be if the expenditure from the base grant were not to respond to COVID-19. So, if you've — if you've spent base grant funding that you didn't anticipate spending to do, I don't know, some additional training, you couldn't — you couldn't, I don't want to say reimburse because that's not really how it works, but you couldn't adjust from one grant to the other for — for an expense, and there may not be a lot of them that is not COVID-related, but as long as both of those expenses are COVID-related, then you can in fact adjust those budget categories.

So, you could start your COVID responses now, and then make that budget adjustment. Just making sure that all the base grant funds you spend that you anticipate making an adjustment for are COVID-related. Does it help, Ann?

Ann: It helps very much, and the other thing that you have also emphasized is that the — the programs really need to document sort of their decision-making. If they identify a mental health need related to COVID and they decide that they need to shift their program in some way and spend dollars, they have the documentation. And I think they've got flexibility so long as they're making reasonable decisions that are addressing their current conditions.

Belinda: Absolutely, Ann. In fact, that's the last little bullet on this slide is the increased numbers of employed or contracted staff that might be needed to address those increased health, mental health, and social service needs, either during virtual service delivery, or when center-based services or traditional services resume. OK. So, just to summarize. We can't give you a list that says this is allowable and this is not, but what we can do is just make sure that you have kind of a rubric, a way to make decisions.

So, I think the first question is, "Is the cost incurred for an enrolled child or that child's family?" Can you say yes to that? "Is it necessary for the delivery of Head Start or Early Head Start services?" Then, "Is there a lack of community resources for an inability to access those resources that would typically be used to fulfill that need?" And then, "Is the decision to incur the cost and the source and use of funds adequately documented?" To your point, Ann, and then, if we're talking about CARES Act funding, "Have we demonstrated there's a connection to COVID-19 that support the need for that expenditure?"

If you can say, "yes" to all the foregoing, then you have an allowable expense for either your base grants or your COVID-19 one-time funding. And we'll do a little quick example. This one comes up quite a bit. "Can we buy food for family, right?" And I — and I said, I'm not going to put a list that says, "yes or no." Some of these decisions are situational based on the situation in your community and with that family.

So, in this example, we have a family who's experiencing food insecurity, and it is tied to COVID-19. We — we've seen a loss of income in the family as a result of COVID-19, and also because of COVID-19 in this example, our local food bank or emergency food sources are exhausted. They're just not available to the families. There isn't enough to support them and we recognize that hungry children don't learn, and it's unreasonable when a child is learning in the same

environment with the remainder of the family, and remember families is a defined term in Section 1305.2 of the Performance Standards.

So, if that family needs in this particular case, and we can document that we have exhausted the community resources, and nothing is available to support that family so they can continue to participate in Head Start other than Head Start funds, then those funds can be used for that purpose. Similarly, and I think we talked about this a little bit earlier, the idea of laptop computers, tablets why that situation where we wouldn't have done that before COVID-19 now, because of that situational aspect of reasonableness, becomes a reasonable thing to do, and I just want to kind of give a visual.

I like to see things in visual form, which is how do we decide that allowable costs. Well first of all, for all expenses, whether they're base grants or CARES Acts funds, it has to be necessary, reasonable, an allocable to a funded activity. It has got to be for the purpose of delivering comprehensive services or for the purpose of responding, preparing, and preventing COVID-19 if it's CARES Act funding.

And then, of course, you're always going to have to document that. So, always necessary, reasonable, and applicable, always adequate documentation of your spending decision of your use of funds, and if it's CARES Act funding, you need to be sure that it is to prevent, prepare for, and respond to COVID-19. And for all expenses, the use of funds is limited to enrolled children and families, and I'm understanding that we have a little bit of an extension of time. So, in that case, Ann, are there some questions that you'd like me to focus on during this little bit of time? Or should we turn it back over to Dr. Bergeron?

Ann: Actually, we've got a boatload of questions in two areas, so I'm going to punt it back to Colleen and Heather before we get back to Dr. B. But, Colleen, a ton of questions on, "Is the 875, and how does the — my one-time application, is one going to detract from the other? Is Early Head Start-Child Care Partnerships included?"

People are very concerned about who's included in this 875 and what does it cover? And I think the second issue, maybe more of a Heather, what else? I think folks are in disbelief that they may not have to submit another application and I think we need to hear it again, and if we can say anything about when the monies need to be spent by; these are lots of questions in this area.

So, Colleen? Colleen: Sure. This is Colleen. So, the 875 per slot is \$875 for every slot in your funded enrollment. If it is a Head Start slot, it is \$875 for that slot; if it is an Early Head Start slot, it is \$875 for that slot. If it is an Early Head Start Child Care Partnership slot, it's \$875 for that slot. So, that is the total amount. It is not ...

Dr. Bergeron: Colleen? Can you also clarify, 'cause I saw this earlier and I think this could be really confusing, is that in totality, the entire CARES funding, or is that separate from the \$250 that was initially formulaic? Colleen: It is the total amount. So, in total for the full \$750 million, each grantee will be getting \$875 per slot. It is not in addition to what the — the — the amount that's already in the system for you. It is the total amount you will get. There will not be a separate summer award.

There will not be a one chunk of money, and then another 875 coming. The full amount every grantee will get in this new funding approach for taking all of the CARES Act funding and putting it out in one amount to grantee will be 875, approximately per slot. So, it is the total amount will be that \$875 per each one of your slots. That's again, the total amount. So, for anything that you've seen in the system, any summer program application you put in, kind of all of those things, kind of put them to the side. This is a new approach that we're looking at taking the full amount and putting it out.

So, that is going to be one chunk; that is the total amount that grantees will get from this COVID funding – and it is one-time funding. So, this does not in any way add to grantees' base funding; it is just the \$875 per slot one time.

Ann: And if you submitted a summer application, you have the ability to reassess and adjust. We initially said it was only dedicated for kids transitioning to kindergarten and children with IEPs. I think now we're opening the door and saying, given the fluidity, you can spend that money the same way you planned, or you can spend it differently. And we're not limiting you to center-based or to preschoolers.

It is across your program based on what the current conditions and needs are of your children and families. So, I think — I think you helped clarify that cause we continued to get questions in. And then, the other issue is, "I really don't have to submit anything else, Heather?" And how — how — how long do I have to spend this money?"

Heather: So, it's actually a great question and I want to make note that all of the previous flexibilities pertaining to the supplemental COVID one-time application are all still in effect. So, no board or Policy Council approvals are needed. The non-federal match waivers are as simple as just placing "0" on the SF-424 and 424A, and resubmitting that application back to the Regional Office through HSES as you did the first time around.

That's going to happen the second time. It's just going to have a new dollar amount in those existing applications. So, the same process will — will be in effect this next time it will just look at — it will just be — it will just happen again with — with a higher dollar amount within those applications.

Ann: And about the timing, how long do I have to spend the money?

Heather: So, and I think that Belinda made mention of this, there is no set time with which you have to spend those funds as long as you are using them for the initial intended purpose, which is to prevent, prepare for, and respond to coronavirus.

Ann: And Heather, this is totally separate than the COLA quality, totally separate. Is that accurate?

Heather: Absolutely. These are ... While we are trying to be as efficient as possible when it comes to making these awards, we are going to do our best to award them in combination with one another. So, to provide one noticeable award with all of the funding together, if possible, but absolutely this is completely separate funding. It will have its own accounting number, and it will — it's only one-time money, and the COLA quality funds will be ongoing and increase base operations. But yes, they are totally different.

Ann: So, thank you. Before I ask, punt it over to Dr. B, I just want to say that, again, we're not neglecting the questions that came in about program operations, ratio, safety. One grantee asked about transportation, guidance for transporting children on buses. That's certainly is forthcoming. We are dealing with those and we will be getting other information out, but today, again, was focused on the funding. So, I'm going to shift it back to Dr. B to help close this out.

Dr. Bergeron: Thanks, Ann, and thanks to everybody here. Really, really good information. Again, this will be available 30 minutes after we close up and it will be available until the 15th of June; so watch it many times if you need to for repetitiveness. If you — if you really need to dig into some of this, we want to make sure it's clear. I do want to end on this note: When we started down this path, you can imagine that, you know, we weren't sure.

We had been pretty I mean, we, and I will take responsibility had been extremely steadfast about summer programs. I want you all to know that I firmly believe we are going to see an achievement gap like none we've had in probably the history of our education system. We are going to have such a divide between children who are at home with parents who can facilitate not just the academic piece, but the social-emotional piece and — and those children who do not have that at home.

That is the reason I was really, really focused on doing a summer program. I know from being in a K–12 environment that when a kiddo gets put into the needy bucket, getting out of that bucket is really, really difficult. Head Start is a way to prevent that from happening. I think if Head Start were able to do summer programming for its children, our kids would show up and look entirely different than children who haven't had that opportunity, and I was so excited about that.

And then, we started to see plans of reopening and they — they're just pushed out so far, my fear was we were going to fund something that couldn't happen. So, we went back to the drawing board, and it took a lot to get this approved; but I want to explain something to you, and that is that over and over again, I had folks asking me, "Aren't you afraid if you do this, that everyone will just abandon the summer idea because now they've got money that they can spend however they want?"

And I said, "Absolutely not. Head Start is so dedicated to its children that I have full confidence that our programs who can do something in the summer for their children will do it. I just can't put that in a box or else we're going to make it so more children don't get anything," and they took me for my word. And I promised that every time I talked about this, I would really, really emphasize how important it is if you are in a community that is starting to reopen, and you have the opportunity to serve your children and get them back on track before they step into a kindergarten classroom, that is the way I would prefer you spend this money.

I can't tell you to do that as a mandate, but I can tell you that that is the best thing for these children; so I really want you to think about this. Although you now have this sort of open-ended flexibility around how you spend your COVID money related, of course, to the COVID situation, if you are in a place where summer programming can happen in any form, I really encourage you to do it. I think about these kids every day and — and worry about them, so I

have faith you will do what you can and that we will continue to do wonderful things. And on that note, I'm going to share a wonderful thing with you. It's something about something that is a testament to the quality that Head Start is.

I got an email while I was on this call that confirms something I was checking into earlier, and that is the "Teacher of the Year," 68<sup>th</sup> year they'd done Teacher of the Year, this year, is an early childhood education teacher. This is the first time in the history of this award that has gone to an early childhood teacher. She's in Kansas; she works for a public early education program that's actually in a nursing home interestingly enough, worth reading up on this, but here's the kicker: She got her start at Head Start.

So, we get to be proud of the work we do to create quality programming and to grow quality people, and let's continue to do that. Someone had enough trust in us to give us money to do it. I — I know you'll be very thoughtful as you move forward. Please look into the Q&A next Friday. We will digest the questions that are on our list here, but bring the other ones that you have with you, and we will do our best to answer as many of them as possible. Again, thank you so much for all the hard work you do. Have a wonderful three-day weekend. Enjoy your family. Stay safe and looking forward to seeing you.

Take care.