



## Recommendations for Administrative Flexibility

On February 28, 2011, President Obama released a Presidential Memorandum on “Administrative Flexibility, Lower Costs, and Better Results for State, Local and Tribal Governments.” This memo instructed all federal agencies “identify areas where cross-agency collaboration would further reduce administrative and regulatory barriers” and to “work closely with State, local, and tribal governments to identify administrative, regulatory, and legislative barriers in Federally funded programs that currently prevent States, localities, and tribes, from efficiently using tax dollars to achieve the best results for their constituencies.”

This work parallels similar efforts by State children’s cabinets: interagency coordinating bring together the heads of state government agencies with child and youth-serving programs to coordinate services, develop a common set of outcomes, and collaboratively decide upon and implement plans to foster the well-being of young people.

The Children’s Cabinet Network<sup>1</sup> is uniquely positioned to help identify federal barriers to state coordination, as well as to directly address state barriers to local coordination. Members of the network prepared this paper in support of this work, and addresses barriers to interagency success and possible solutions in the following areas:

- Year-Round Afterschool Child and Youth Development Services
- Prevention Efforts
- Supporting Multi-System and Disconnected Youth
- Providing Appropriate Residential Placements
- Early Childhood Development Supports

Attachment A provides detailed information about an administrative barrier regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122.

This report addresses both real and perceived barriers. Both types of barriers have a tangible effect, but eliminating them will require different interventions. Real barriers will require regulatory (and sometimes statutory) changes. But perceived barriers can be equally pernicious. States understandably tend to interpret federal policies, rules, and regulations conservatively for fear of losing funding if they miss-interpret instructions from a federal agency. It will be important to address perceived barriers as well, through a combination of tactics such as including language explicitly allowing collaboration in future RFPs, providing clearer guidance from federal agencies on collaboration, and technical assistance for states trying to combine funding streams.

### **Acknowledgments**

Special thanks to the following Children’s Cabinets who contributed to the list of barriers and possible solutions in the attached document (listed in alphabetical order):

- Colorado Prevention Leadership Council
- Florida Children and Youth Cabinet
- Iowa Collaboration for Youth Development Council
- Maine Children’s Cabinet
- Maryland Children’s Cabinet
- New Mexico Children’s Cabinet
- New York Commission on Children and Families
- Pennsylvania Commission on Children and Families

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<sup>1</sup> The Children’s Cabinet Network is managed by the Forum for Youth Investment and consists of the chairs, staff and members of state children’s cabinets, who come together to share best practices, to receive technical support, coaching and tools, and to bring efficiency and effectiveness to state efforts to improve child and youth outcomes.

## Year-Round Afterschool Child and Youth Development Services

Currently, funds available for afterschool and summer programs to support young people's social-emotional, physical, vocational and civic development are accessible piecemeal through funding streams from multiple agencies.

### **Examples of related funding streams which could be better coordinated and aligned**

- WIA
- 21<sup>st</sup> Century Community Learning Centers
- Gear Up
- HHS Child Development Block Grant
- TANF
- Safe and Drug free Schools/Safe Schools Healthy Students
- Supplemental Education Services
- Title V
- Free and Reduced Lunch, USDA Cooperative Extension support, and other USDA food, nutrition and summer programs.
- Extended school day funds

This fragmentation leaves gaps and duplication in the services, supports and opportunities that young people receive, and leaves program providers spending too much time completing paperwork instead of spending time providing services.

When states and localities seek to use these funding sources to put in place a vibrant set of supports, they encounter a number of real and perceived barriers.

We welcome the opportunity to work with you in conducting an in-depth analysis of existing barriers to determine which are real versus perceived and the best ways to address them.

### **Examples of barriers**

- FERPA and HIPAA prevent data sharing<sup>2</sup> between schools and afterschool programs (especially afterschool programs which provide services other than educational and vocational supports), and between state and local departments of education and other state and local agencies that fund afterschool programs (especially departments that fund afterschool services focused on supporting areas other than educational and vocational development).
- Title I, IV-B, Section 4202(c) of the ESEA requires each State to reserve not less than 95 percent of its 21<sup>st</sup> CCLC funds to make competitive sub-grants, not more than two (2) percent for state administration activities, and not more than three (3) percent for State activities (20 U.S.C. 7172(c)).
- Lack of coordination between WIA program guidance and Education's afterschool and summer learning programs funds via 21<sup>st</sup> CCLC to maximize academic and work-force skills development year-round.
- Federal Food and Nutrition confidentiality restrictions on various federally-funded programs such as 21<sup>st</sup> CCLC create hardship for program and school administration for accurately tracking low-income student use related to Free and Reduced Lunch.
- Supplementary Educational Services funding creates barriers to applications which makes it difficult for community based-organizations/21<sup>st</sup> Century Community Learning Centers to compete with for-profit tutoring businesses (for example, programs need to be certified or somehow approved for specific programming identified by the federal government; also some for-profits offer parents incentives such as free laptops in exchange for selecting the for-profit's tutoring program).

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<sup>2</sup> The new proposed guidance is a great leap forward; likely statutory changes will be needed to provide the full amount of flexibility needed.

- Administrative barriers regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122 (see Attachment A)

**Examples of potential solutions**

- Regulatory and statutory changes to allow states and localities to combine funding from multiple sources to implement a comprehensive afterschool and summer learning and work-ready approach to children and youth.
- Combining a portion of these funding streams at the federal level and sending the combined funding stream to states to conduct RFPs to local school/community collaboratives that ask how they will accomplish stated and agreed-upon outcomes/assessments/evaluations over a multi-year period.
- Allow for State SEA's to engage specific "schools in need of improvement/turnaround schools" through a targeted invitation to apply for comprehensive, quality, youth-centered academic and work-force development programming.
- In Title I, Section 143 (b) (2) of the new draft WIA legislation, under Youth Innovation and Replication Grants: Use of Funds, add skills to be developed related to science, technology, engineering and math (STEM) as well as literacy.
- Allow for a waiver of time and effort reporting requirements under OMB Circulars A-87 and A-122 (see Attachment A)

Addressing these barriers would allow states and localities to support students from the lowest performing schools in a robust, comprehensive and engaging, year-round academic and work-ready program. Such flexibility could allow states to align day-time and afterschool and summer learning curricula and content. For example they would be able to support project-based, youth-centered and credit-bearing afterschool and summer learning programming, and they would be able to coordinate and connect career-development and work-ready skill-building curricula and academic-year programming with paid, part-time summer apprentice/mentoring opportunities.

## Prevention Efforts

States and localities currently use Federal dollars to support a number of siloed “niche” youth prevention efforts, such as alcohol abuse prevention, drug abuse prevention, teen drunk driving prevention, youth violence prevention, youth suicide prevention, HIV/AIDS prevention, dropout prevention, obesity prevention, bullying and harassment prevention etc.

### **Examples of related funding streams which could be better coordinated and aligned**

- Federal Safe and Drug Free Schools
- OJJDP’s Civil Rights/Anti-bullying/Juvenile Justice programs
- SAMSHA’s Substance Abuse Prevention Block Grant, State Incentive Grants, and Partnerships for Success: State and Community Prevention Performance Grant
- CDC’s Suicide Prevention; Teen Pregnancy Prevention, Youth Violence Prevention
- HHS, ACYF, FYSB’s PREP (Personal Responsibility Education Program) grants to states provide evidence-based programming focused on teen pregnancy prevention
- HHS, Office of the Assistant Secretary for Health, Office of Population Affairs (OPA) by the Office of Family Planning (OFP)’s Title X funds to the Family Planning Associations<sup>3</sup>.

Research shows that there are a core set of positive developmental supports which underlie most effective prevention efforts.<sup>4</sup> Yet when states attempt to blend these funding streams into a comprehensive set of wrap-around services, supports and opportunities for at-risk youth, they run into real and perceived federal barriers.

We welcome the opportunity to work with you in conducting an in-depth analysis of existing barriers to determine which are real versus perceived and the best ways to address them.

### **Examples of barriers**

- FERPA and HIPAA prevent data sharing<sup>5</sup> among the various providers and state and local agencies providing prevention services (especially prevention services not labeled as educational or vocational supports).
- Federal funding for youth prevention efforts is currently distributed separately, using varying funding schedules, across multiple agencies, each which support similar evidence-based and promising programs that address many if not most of the same prohibitive behaviors. This duplicative Federal funding process and request to states and thereby local sub-grantees, creates uncoordinated activities that drain capacity and compromise the quality and effectiveness of each separate initiative towards desired outcomes.
- Duplication in data reporting requirements
- Administrative barriers regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122 (see Attachment A)

### **Examples of potential solutions**

Blending substance abuse, violence, and suicide prevention funds to support comprehensive bullying and harassment prevention and youth development work through state-led distribution to local school/community partnerships for the purposes of:

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<sup>3</sup> The Title X Family Planning program [“Population Research and Voluntary Family Planning Programs” (Public Law 91-572)], was enacted in 1970 as Title X of the Public Health Service Act. Title X is the only federal grant program dedicated solely to providing individuals with comprehensive family planning and related preventive health services. The Title X program is designed to provide access to contraceptive services, supplies and information to all who want and need them. By law, priority is given to persons from low-income families (not just teens).

<sup>4</sup> See, for example, Dryfoos, J. (1990). *Adolescents at Risk: Prevalence and Prevention*. New York: Oxford University Press.

<sup>5</sup> The new proposed guidance is a great leap forward; likely statutory changes will be needed to provide the full amount of flexibility needed.

- Supporting school administrators and staff in putting best practice bullying/cyber bullying policy into practice via well-defined protocols and procedures.
- Supporting staff and student training in Restorative School Practices and other youth-adult, asset-based processes that show improved climate and reduction in peer-to-peer and teacher-to-student aggression/bullying.
- The substance abuse block grant requires a specific set aside for prevention funding. This could be a requirement of other block grants and alternative types of grant programs in DOJ, BJA, and other federal agencies.
- Allow for a waiver of time and effort reporting requirements under OMB Circulars A-87 and A-122 (see Attachment A).

## Supporting Multi-System and Disconnected Youth

Young people who need recovery supports often need help from multiple systems at once. However, high-risk youth often find that youth serving agencies are becoming more restrictive on which youth they serve, thereby creating "gaps" for youth with needs that do not fit neatly into one category or another. Too often, it is difficult to help youth with relatively minor mental health needs access services and stay in school and the community.

### **Examples of related funding streams which could be better coordinated and aligned**

- Education system dropout recovery programs (such as IDEA and the High School Graduation Initiative)
- WIA youth employment programs
- Job Corps
- Justice and substance abuse reentry programs
- Community Mental Health Services Block Grant,
- Substance Abuse Block Grant
- Child welfare (Title IV-E and, to a lesser extent, IV-B)
- Housing programs
- Medicaid
- DOE Vocational Rehabilitation Grants to States
- Department of Education's Education for Homeless Children and Youth Grants,
- Community Services Block Grant
- Department of Health and Human Services' FYSB Runaway and Homeless Youth Program

When states attempt to connect efforts across these multiple systems and to close these gaps, they are often stymied by real or perceived federal barriers.

For example, there are many youth who present with both Mental Illness and Chemical Abuse/Addiction (MICA) and criminogenic issues but the systems do not appear to consider the whole need of the youth. There are youth who have relatively minor criminal risk, i.e., they have committed only one or very few misdemeanor crimes. Many of these youth also have relatively minor learning deficits (such as difficulty reading) and minor mental health diagnoses (not all have been evaluated or diagnosed) such as depression, anxiety, Attention Deficit Hyperactivity Disorder (ADHD). Despite having little criminal history, and relatively minor mental health diagnoses, these youth are not attending school, may be refusing to live at home due to parental conflict, may be engaging in very risky (i.e., drug-related or criminal) activity that is not charged and the courts seem to have insufficient resources to access either system.

We would welcome the opportunity to work with you to do an in-depth analysis of what barriers exist, which of them are real vs. perceived, and the best ways to address them simultaneously at the federal and state levels.

### **Examples of barriers**

#### Eligibility Criteria

Young people that are clearly at risk yet don't fit into existing eligibility definitions often fall through the cracks, either receiving no services at all, or receiving only one piece of the services they require. For example:

- *HHS Medicaid eligibility.* It is currently interpreted as only providing those services that are "medically necessary" to meet the mental health needs of youth, with a narrow interpretation of "medically necessary". (States report that "part of the problem here is that [the state HHS department] has been chastised for providing services that the Feds did not believe were a fit under definitions for an 'insurance' program, which is what Medicaid actually is. Thus the increased restrictiveness.") Also, Medicaid will fund services for a child, but not for the child's family. This restriction might prevent funding for family- and home-based therapy that would be more effective than a therapy targeted only at the child.

- *Emotional disturbance eligibility definition.* The definition of emotional disturbance should be consistent between federal agencies. (It is currently different under IDEA, SSA, and Medicaid/CMHS.) Under IDEA, the term emotional disturbance "does not apply to children who are socially maladjusted, unless it is determined that they have an emotional disturbance." Socially maladjustment is a somewhat unscientific and contentious term.
- *Job Corps eligibility.* The document "Facts about the Job Corps for Courts, Institutions, and Other Agencies" unnecessarily restricts certain categories of youth involved with the juvenile justice system from participating in Job Corps, such as felony level juveniles who are under supervision (e.g., outstanding restitution or community service work).
- *Title IV-E eligibility.* Title IV-E funds cannot be used to *prevent* out of home placement (which is more cost-effective than paying for out of home placement). While the Federal government has granted several IV-E demonstration waivers addressing other barriers, it has not yet granted waivers to allow states to use Title IV-E funding to keep kids at home.
- *Eligibility for short-term foster care/emergency shelter.* Title IV-E funds can pay for room and board (but not services), and Medicaid can pay for services (but not room and board). So young people have to qualify for both Title IV-E and Medicaid to get Therapeutic Foster Care, which creates confusion and increases the likelihood that the young person in need will fall through the cracks between these two systems.

#### Other Barriers

- *Case Manager.* The definition of "case management/case manager" varies from federal agency to federal agency, and needs to be better aligned.
- *Diagnosis/assessment systems.* Currently a young person has to get diagnosed under an assessment to access Medicaid-funding services, and then get diagnosed with the same disorder under a different assessment to access IDEA-funded services.
- *Federal "zero-tolerance" laws.* These are often misinterpreted to allow for expulsion for any locally-defined cause (which studies show do harm).
- *Deadlines and applications.* The deadlines and applications for the various funding streams create a significant barrier to creating an appropriate program for a child, even when there is a case manager assigned to a case.
- *FERPA and HIPAA prevent data sharing*<sup>6</sup>, especially between schools and recovery programs not labeled as educational or vocational supports such as juvenile justice reentry programs and foster care emancipation programs.
- *Administrative barriers regarding personnel costs* supported by multiple funding streams under OMB Circulars A-87 and A-122 (see Attachment A).

#### **Examples of potential solutions**

- Changing or providing waivers for the eligibility criteria above (and/or perhaps allowing state regulations and definitions to be used instead of federal ones).
- Allow a young person who needs short-term foster care/emergency shelter to only need to qualify for Title IV-E or Medicaid to receive *both* room and board covered by IV-E *and* services covered by Medicaid.
- Grant (and encourage) waivers for states wishing flexibility to use Title IV-E funding to prevent imminent out-of-home placement.
- Encourage SAMHSA (substance abuse) to work with agencies that administer funds to provide mental health services (e.g., DOE/IDEA, Medicaid, Mental Health Block Grant) to facilitate the braiding of substance abuse and mental health funds.

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<sup>6</sup> The new proposed guidance is a great leap forward; likely statutory changes will be needed to provide the full amount of flexibility needed.

- Create a common definition of “emotional disturbance” across IDEA, SSA, and Medicaid/CMHS, and remove the vague term “social maladjustment” definition.
- Expand Multiple Systemic Therapy or Multi-dimensional treatment for youth in foster care by expanding MST/MDT to support high-risk, non-state custody youth.
- Make it easier to access Title IV-E (foster care and adoption) waivers and use this funding to keep children at home who are in imminent danger of out of home placement. (This could also help with temporary and emergency placement.)
- Design federal policies and rules to encourage the provision of mental health services and early interventions before a disorder becomes serious enough to qualify for special education services.
- Allow one diagnosis/assessment to be sufficient for services funded by different agencies would solve this duplication.
- Have Job Corps apply the same eligibility for criteria for felony level juveniles under supervision that currently exists for juveniles under supervision for misdemeanors.
- Federal agencies could provide clear direction that encourages states and their local LEA’s to abolish “zero-tolerance” policies, which exist federally to ban weapons near or on school-grounds. (Maybe encourage LEA’s to partner with or develop alternative educational programs that can maintain safety and work with these youth toward return to regular public school or provide an alternative path to graduation and independent living).
- Allow for a waiver of time and effort reporting requirements under OMB Circulars A-87 and A-122 (see Attachment A).
- Medicaid solutions:
  - The definition of “medical necessity” could be expanded to include delays/deficits in areas of developmental and adaptive functioning, such that, measures of psychological, emotional, adaptive, and/or social functioning with identified qualifying parameters would automatically result in approval for services. This would be true whether or not the child met criteria for the current definition of medical necessity or had a currently accepted diagnosis (like a v-code).
  - A managed care waiver (around a capitated system of care) could have the flexibility to allow for more services of a less “medical” nature would better allow for planning for a youth’s individual needs.
  - Encourage and allow states the use of Federal Medicaid dollars for high-fidelity wraparound to assure that an adequate safety plan is in place for both the youth and the community.
  - Encourage and allow states the use of Federal Medicaid dollars for high-fidelity wraparound to assure that an adequate safety plan is in place for both the youth and the community.
  - Expand the Medicaid definition of “preventive” services to include the types of services states are looking to provide. Medical necessity would play a less restrictive role in prevention services.
  - Expand the availability of federal dollars not tied to the Medicaid program. It could also be set up as a match program just like Medicaid.
  - Create federal funding/grant opportunities that would support the development of low barrier community based alternatives to serving at risk youth that don’t require services to be authorized as “medically necessary” (especially for children with support needs unrelated to their functioning, such as when a child has good development and adjustment but does not have any family support – such as parents dead or in prison, no other safe or available family or community resources). Such a block grant could cover supports, housing, and services.



## Providing Appropriate Residential Placements

Another administrative barrier states face is when the court feels that a juvenile should not return home because of significant risk of future criminal behavior, and yet the mental health system does not find that the youth meets "level of care" for out of home placement. While one could say that youth who present significant risk of criminal behavior should be committed to the juvenile correctional facilities, it is often the opinion of those working with the youth that correctional confinement is not necessary if there are more "therapeutic" options in the community. Unfortunately, these youth may remain in detention for extended periods of time while the systems sort out what options are available for the youth. The same is true for out-of-home placements for special education needs, status offences, substance abuse, and sexually exploited youth.

States working to explore and identify short-term, emergency shelter/housing options with therapeutic supports for these youth until a safe home environment is identified are running into real and perceived Federal barriers.

We welcome the opportunity to work with you in conducting an in-depth analysis of existing barriers to determine which are real versus perceived and the best ways to address them.

### **Examples of barriers**

- HUD's requirement to prove homelessness before being eligible for housing. The United States Code contains the official federal definition of homeless (in Title 42, Chapter 119, Subchapter I). Currently, the HUD definition of homelessness excludes people living in motels, as well as those who are sharing the housing of others temporarily because they have nowhere else to go. However, both of these living situations are considered "homeless" by other federal programs, including public schools, Head Start, Runaway and Homeless Youth Act, and Early Intervention. In 2008-2009, 72% of all homeless children and youth enrolled in public schools lived in these situations, as described above, and therefore were not eligible for HUD homeless services.
- There is state-level variability in the federal restriction on using Medicaid for services for "inmates of public institutions". Using juveniles as an example, some states interpret this restriction to mean that they must revoke Medicaid eligibility when a youth is detained but not yet adjudicated, or after a youth is committed at a disposition hearing, or some states allow the youth to remain on the Medicaid rolls but do not request federal reimbursement for services while the youth is committed.
- The federal Basic Centers program, which funds shelters across the country currently has little interest in the youth at-risk population we are concerned about, especially if kids are not already homeless.
- The Intensive Temporary Residential Treatment (ITRT) process only works for kids who need out-of-home placements AND who essentially meet inpatient hospitalization criteria (in other words – a level of mental illness that would warrant inpatient hospitalization). There are other criteria too (the need to have exhausted in-home services, etc.) The kids who need to be out of their home because of risk issues (theirs or their parents) most often do not meet those criteria and fall through the cracks – sometimes/often ending up in detention.
- Administrative barriers regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122 (see Attachment A).

### **Examples of potential solutions**

- Reviewing definitions in all relevant federal grant programs to ensure they allow for funds to be used for residential centers for youth (such as Systems of Care), and to ensure that definitions and regulations are consistent across systems to allow a facility to house youth from multiple systems.
- Congress passed legislation in 2009 to expand the HUD definition of homelessness. However, those changes, while significant, are not sufficient: many homeless children and youth remain ineligible under the complex new rules. H.R. 32, The Homeless Children and Youth Act of 2011 would create a streamlined referral process so that vulnerable children and youth who are identified by other federal programs are eligible for HUD-funded emergency and transitional housing, as well as critical

support services. It amends the U.S. Housing and Urban Development (HUD) definition of homelessness to include children, youth, and their families who are verified as homeless by school district liaisons, Head Start programs, Runaway and Homeless Youth Act programs (RHYA), and early intervention programs under the Individuals with Disabilities Education Act, Part C.

- Title IV-E waiver and IV-B funds could be useful for temporary, therapeutic placements, and definitions could be aligned to allow youth to stay in temporary housing without parental consent (currently runaway youth can stay without parent's permission, but respite requires parental consent)
- Based upon the youth's personal needs as identified in an initial assessment, there could be a continuum of low to high supported housing. The supports might range from a low support of house parents to a high support of 24 hour care.
- Federal communications that the Basic Centers programs should (or at least could) have a stronger focus on at risk kids to expand short term emergency placement capacity for this population.
- Identify a source of funding that is funneled through juvenile corrections to pay for short-term, out-of-home placements for those kids who very legitimately need to be out of their homes (often very toxic or dangerous homes), but do not meet the ITRT criteria.
- Allow for a waiver of time and effort reporting requirements under OMB Circulars A-87 and A-122 (see Attachment A).

## Early Childhood Development Supports<sup>7</sup>

A number of states and localities are working to support the development and implementation of unified early childhood systems, including such things as:

- Improved access to quality early childhood supports: Improve System Points of Entry (SPOEs):
- Comprehensive intake; Determination of eligibility is established and understood by parents and caregivers/providers;
- Increase referrals from parents, physicians/ pediatricians, providers, early childhood programs;
- Implement a Standardized or “common” school-readiness assessment tool and process by which all schools measure early learning benchmarks entering Kindergarten;
- Replication of comprehensive data-system at the local level for combined Head Start and Public School partnership programs;
- Replication of leadership collaboration and shared resources and accountability between Public schools and Head Start programs;
- Replication of and expansion towards improved and integrated instructional practices, home visiting supports based on Early childhood practices related to defined child outcomes.
- Replication of outcome measures related to parent-involvement and family self-sufficiency;
- Percentage of children exiting special education and entering school ready (socially, emotionally and cognitively);
- Increase in childcare providers reaching level 4 in Quality Rating System.

Yet when they attempt this work, they perceive a number of federal barriers. We welcome the opportunity to work with you in conducting an in-depth analysis of existing barriers to determine which are real versus perceived and the best ways to address them.

### **Examples of barriers**

- There is barrier to quality child care that keeps low-income families dependent on food and housing assistance (TANF). When TANF parents begin working and can pay for their own food and housing, child care costs are so high that they often have to chose between keeping their job and having no child care or keeping their income level low (or even quitting their job) in order to have the subsidy for child care. As such, some families relay on food, housing, and child care support longer than needed (costing more) when they could feasibly just receive child care support (costing less than paying for child care, food and housing).
- Lack of Federal support and requirements for Continuity of Service to evaluate long-term impact of high quality early care and education programs for low-income and working poor families who don't meet Head Start eligibility.
- Barriers to providing full day service for low-income children with wider variety of state and Head Start match options such as private, early childhood investment funds and other philanthropy.
- There are parents who could go off food and housing subsidies (TANF) if eligibility income caps were raised for child care services only.
- Lack of public school funds to support low-income birth to age 5 children attending high-quality and school-linked programs.
- Administrative barriers regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122 (see Attachment A)

### **Examples of potential solutions include:**

- Make regulations of CCDF more congruent with Early/Head Start, particularly regarding eligibility.
- Require that periodicity of CCDF eligibility determination follow those of Early/Head Start when programs are at top levels of the state's quality rating system.

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<sup>7</sup> These recommendations were developed prior to the release of the draft Early Childhood Race to the Top.

- In cases where parents are not engaged in eligibility activity (E.g. going to school or work), they must engage in parent education or activities that improve family functioning.
  - CCDF – allow non-state entities to be certified to provide Federal match.
- If income eligibility for CCDF and TANF were determined differently for child care cost (e.g. income caps raised for child care support eligibility) to reflect the market value of quality licensed care, a parent could feasibly go off food and housing support and keep child care support. CCDF and TANF childcare-subsidies should insure that low income children have access to quality settings by requiring that 50% of low-income subsidies are allotted to quality care, and raise income caps for eligibility of child care funding assistance.
- Require a set aside of Title 1 funds to service infants and toddlers in high quality settings.
- Allow for a waiver of time and effort reporting requirements under OMB Circulars A-87 and A-122 (see Attachment A).

## Other Ideas

Some other worthy ideas that came up during our deliberations:

- Streamline state-level advisory groups: most federal programs have their own requirements for state advisory groups, which makes it difficult to merge these groups despite their overlapping missions.
- Interagency case managers: Most federal programs fund case managers, so that a youth involved with multiple systems might end up with several case managers. Wouldn't it make more sense for federal agencies to pool youth case management funds, so that each youth/family has one case manager that coordinates services funded by multiple sources?
- Pooling at federal level: Federal agencies create demonstration project funding pools that parallel such efforts at the state level (e.g., federal DOE and CMHS pool funds for a joint demonstration project for school-based mental health services).
- In general, streamlining eligibility definitions, reporting requirements, data collection, and accounting for various federal funding streams would make life a lot easier for states.

# Attachment A

## Administrative barrier regarding personnel costs supported by multiple funding streams under OMB Circulars A-87 and A-122

As state agencies promote and fund more coordinated and integrated services for children and youth, community providers are engaging in efforts to blend and/or braid dollars and are challenged by various federal financial management requirements impact how federal funds can be shared.

### **Barriers**

One specific example is in regard to requirements contained in Circulars A-87 and A-122 issued by the Office of Management and Budget (OMB). These circulars cover: 1) uniform administrative requirements; 2) cost principles; and 3) audits.

Of particular importance to blending and braiding strategies is the ability to identify, allocate and document costs to specific funding streams. Cost allocation can therefore, be challenging when multiple funding streams are jointly supporting service delivery. For example, where staff positions are supported by different funding streams based on the eligibility of the clients served, their salaries and wages must be distributed to the streams supported by personnel activity reports (often called time and effort reporting) unless an alternative method has been approved. However, time and effort reporting often does not work well in these situations because it assumes that staff activities are discrete and can be identified as allocable to a single funding stream; staff can control the “front door” and “back door” as to eligible clients under the different funding streams that are enrolled and discharged; and it can also be unduly burdensome taking away time spent on service delivery.<sup>8</sup> States and communities, however, can seek approval from the appropriate Federal agency a substitute system, such as random sampling or case counts, to satisfy the requirements of OMB Circular A-87.<sup>9</sup> Similar requirements are also found in OMB Circular A-122, encourages non-profits to seek written approval by the appropriate federal agency in unusual situations where the “reasonableness and allocability of certain costs may be difficult to determine” in order to avoid a cost disallowance or dispute.<sup>10</sup> *However, this still does not address the issue of controlling enrollment and discharge, which impacts budgeting to support personnel.*

There are a series of OMB Circulars that set forth cost principles governing state and local government (OMB Circular A-87); non-profit organizations (OMB Circular A-122); colleges and universities (OMB Circular A-21); and commercial organizations. These OMB Circulars provide guidance on the allowability of costs and allocation of those costs under federal awards. The focus will be on OMB Circulars A-87 and A-122 since they will most likely be the ones often relevant to blending and braiding funding.

OMB Circular A-87 governs state and local governments. Any sub-awards made by them are also subject to the federal cost principles but depending on the type of organization that they are (e.g., nonprofit, another governmental unit) will determine which OMB Circular will apply. For example if the federal award is made to a state or local government, OMB Circular A-87 applies. If that governmental entity in turn contracts with a non-profit agency, OMB Circular A-122 will apply to that the non-profit.

OMB Circular A-87’s stated purpose is “to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government”.<sup>11</sup> OMB Circular A-122 stated purpose is to ensure that the federal government pays its “fair share of the costs”.

Generally, in order for a cost to be allowable, it must meet the following, among other requirements, set forth in A-87 and A-122:

- Necessary and reasonable

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<sup>8</sup> CO Preschool Program Handbook

<sup>9</sup> OMB Circular A-87, Attachment B 8.h.

<sup>10</sup> OMB Circular A-122, Attachment A.6

<sup>11</sup> OMB Circular A-87.

- Authorized (not prohibited)<sup>12</sup>
- Allocable to a program
- Adequately documented
- Not duplicated (i.e., not charged to any other program)
- Comply with federal rules and requirements<sup>13</sup>

**Potential solution**

Allow for a waiver of *time and effort reporting requirements* under OMB Circulars A-87 and A-122 where the administrative burden and budget challenges impact the ability to serve clients; and *work collectively across states* to develop a substitute system(s) to ensure that there is no “double dipping” where multiple funding streams are used to support staff position(s) in a braided model.

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<sup>12</sup> See OMB Circular A-87, Attachment B

<sup>13</sup> OMB Circular, A-87, Attachment A, C.