# Enrollment, Attendance, and Fiscal Reporting, and Reimbursement Procedures for Early Education Contracts

**Fiscal Year 2023–24**

**California Department of Education**

Early Education and Nutrition Fiscal Services

Fiscal and Administrative Services Division

2023

NOTICE:

The guidance in this California Department of Education (CDE) Enrollment, Attendance, and Fiscal Reporting and Reimbursement Procedures for Early Education Contracts is not binding. Except for the statutes, regulations, and court decisions that are referenced herein, the Early Education Enrollment, Attendance, and Fiscal Reporting and Reimbursement Procedures for Early Education Contracts is exemplary, and compliance with it is not mandatory. (See California *Education Code* (*EC*) Section 33308.5)

##  Table of Contents

[Table of Contents 1](#_Toc155946765)

[Important Changes 3](#_Toc155946766)

[Introduction 4](#_Toc155946767)

[Contacts 5](#_Toc155946768)

[Whom to Contact for What? 5](#_Toc155946769)

[Early Education and Nutrition Fiscal Services 7](#_Toc155946770)

[Reference Materials 8](#_Toc155946771)

[Contractor Responsibilities 9](#_Toc155946772)

[Contract Information 12](#_Toc155946773)

[Amendments 14](#_Toc155946774)

[Contract Numbers 15](#_Toc155946775)

[Basic Rule 16](#_Toc155946776)

[Reporting for the California State Preschool Program 17](#_Toc155946777)

[Enrollment, Attendance, and Fiscal Reports 17](#_Toc155946778)

[Reporting Deadlines 18](#_Toc155946779)

[Days of Operation 19](#_Toc155946780)

[Accrual versus Cash Accounting 23](#_Toc155946781)

[Revenue 25](#_Toc155946782)

[Allocations Paid Outside of the CSPP Contract 28](#_Toc155946783)

[Family Fees 35](#_Toc155946784)

[Interest 37](#_Toc155946785)

[Expenses 38](#_Toc155946786)

[Equipment 40](#_Toc155946787)

[Service-Level Exemptions 42](#_Toc155946788)

[Indirect Costs 47](#_Toc155946789)

[Administrative Costs 49](#_Toc155946790)

[Revised Reports 50](#_Toc155946791)

[Head Start Partnerships 52](#_Toc155946792)

[California State Preschool Program as an Extended Learning and Care Option 54](#_Toc155946793)

[Commingled versus Co-Located Programs 55](#_Toc155946794)

[Enrollment versus Attendance 58](#_Toc155946795)

[Adjustment Factors – Time-Based 63](#_Toc155946796)

[Adjustment Factors – Special Criteria 65](#_Toc155946797)

[Adjustment Factors – Early Childhood Mental Health Consultation Services 66](#_Toc155946798)

[Apportionments 67](#_Toc155946799)

[Advanced Apportionments 67](#_Toc155946800)

[Early Education and Nutrition Fiscal Services Apportionment Schedule 69](#_Toc155946801)

[Reimbursement 70](#_Toc155946802)

[Limits of Reimbursement 70](#_Toc155946803)

[Proration of Costs 72](#_Toc155946804)

[Projecting Your Earnings 73](#_Toc155946805)

[Over-Enrollment 76](#_Toc155946806)

[Flex Factors 77](#_Toc155946807)

[Apportionment Notifications 79](#_Toc155946808)

[Calculating Year-End Earnings 80](#_Toc155946809)

[Year-end Notifications 81](#_Toc155946810)

[Additional Funding Opportunities 83](#_Toc155946811)

[CSPP/CCTR Transfer Periods for Non-LEAs 83](#_Toc155946812)

[Voluntary and Temporary Transfer of Funds 85](#_Toc155946813)

[Preschool Reserve Account 87](#_Toc155946814)

[Preschool Reserve Account Basics 87](#_Toc155946815)

[Preschool Reserve Account Status Report 92](#_Toc155946816)

[Identifying Funds 93](#_Toc155946817)

[Standardized Account Code Structure Codes 94](#_Toc155946818)

[Glossary 95](#_Toc155946819)

[Early Education Terms and Acronyms 95](#_Toc155946820)

### Important Changes

The Early Education and Nutrition Fiscal Services (EENFS) recommends that your staff review all required procedures by reading all appropriate passages in this handbook; in addition, contractors must stay updated with management bulletins and guidance as it is released. Information in the handbook is accurate as of December 2023. Management bulletins can be found at <https://www.cde.ca.gov/sp/cd/ci/allmbs.asp>.

Please note the following changes in this 2023–24edition of the EENFS Fiscal Handbook.

| **Page** | **Subject** |
| --- | --- |
| 35 | Family Fees (reporting waived family fees) |
| 28 | Allocations Paid Outside of the CSPP Contract |
| 69 | Updated Apportionment Schedule |
| 42 | Service-Level Exemptions (revision of the Exceptional Needs/Severely Disabled Set Aside Implementation Timeline) |
| 70 | Limits of Reimbursement (extension of Hold Harmless provision) |

**The 2023–24 EENFS Fiscal Handbook is intended to provide reporting requirements and guidance specific to the contract year. Prior editions should not be referenced for the 2023–24 contract year.**

## Introduction

The purpose of this handbook is to aid California State Preschool Program (CSPP) contractors in their Enrollment, Attendance, and Fiscal Reporting, to explain reimbursement procedures, and to help contractors understand the role of the Fiscal and Administrative Services Division (FASD) and its EENFS unit. Detailed contract information can be found in the Contract Terms and Conditions (CT&C), the *California Code of Regulations,* Title 5(5 *CCR*)*,* and the California *Education Code* (*EC*).

Most state contracts are standard reimbursement contracts, where contractors spend their own funds and submit a claim for reimbursement. CSPP contracts are unique because reimbursement is provided to the contractor in monthly apportionment amounts, which are determined by EENFS according to projected earnings calculated from the contractor’s Enrollment, Attendance, and Fiscal Report data. This reimbursement structure ensures continuity of services to children; however, contractorsshould have sufficient operating capital in the event state funds are delayed or withheld. Year-end earnings are determined by an audit of private contractors and by the year-end Enrollment, Attendance, and Fiscal Report for local educational agencies (LEAs) and may be greater than or less than the amount already paid to contractors.

If you have any questions, please contact your assigned EENFS fiscal analyst. An analyst directory may be found on the CDE website at <http://www.cde.ca.gov/fg/aa/cd/faad.asp>.

## **Contacts**

### Whom to Contact for What?

CSPP contractors can use the guide below to determine which division or unit with the CDE to contact for questions or to request support.

#### Early Education Division (EED)

916-322-6233

* Contract Applications
* Continued Funding Application (CFA)
* Miscellaneous approvals: Program Narrative Changes, Changes to Program Calendar, Closure Requests, Equipment Purchase Approval Requests (EPARs), etc.
* Program Assistance
* Compliance Reviews
* Child Development Management Information System (CDMIS)
* Appeals

#### CDMIS

916-445-1907

CDMIS@cde.ca.gov

* CDD-801A Monthly Child Care Population Report
* CDD-801B Monthly Sample Report
* Subsidized Provider Report (SPR)
* Preschool Language Information System (PLIS)

#### Contracts Office

916-322-3050
EarlyEducationContracts@cde.ca.gov

* Contract Content
* Contract Status
* Executed Contracts
* Missing Contracts

#### Early Education and Nutrition Fiscal Services

Contact your assigned fiscal analyst. The Fiscal Analyst Directory can be found at <https://www.cde.ca.gov/fg/aa/cd/faad.asp>.

* Contract Terms: Maximum Reimbursable Amount (MRA), Minimum Days of Operation (MDO), Rate
* Enrollment, Attendance, and Fiscal Reports
* Reimbursement Calculations
* Preschool Reserve Account Status
* Payment Authorization
* Contract Billings
* Missing Checks
* Delinquent Accounts Receivable
* Technical Assistance

#### Audits and Investigations Division (A&I)

916-322-2288

* Audit Requirements
* Audit Reviews
* Delinquent Audits

### Early Education and Nutrition Fiscal Services

The EENFS unit of the FASD assigns fiscal analysts by county. The analyst directory is located on the CDE website at <https://www.cde.ca.gov/fg/aa/cd/faad.asp>.

#### Mailing Address

While most EENFS correspondence and reporting requirements are submitted electronically, contractors may find the need to still use the United States Postal Service. The EENFS official mailing address is:

**Early Education and Nutrition Fiscal Services**

Fiscal and Administrative Services Division

California Department of Education

1430 N Street, Suite 2213

Sacramento, CA 95814–5901

Please use this address for correspondence by mail. The division name is optional, but you should always specify “Early Education and Nutrition Fiscal Services” to avoid any confusion. Also, note that the “N” in “1430 N Street” is simply the letter “n”, not “north.”

### Reference Materials

The statutes and regulations embodied in the California *EC*, the *CCR,* Title 5*,* and the CSPP Contract Terms and Conditions are part of each early education contract. Additionally, contractors may reference the *California School Accounting Manual (CSAM)* and the *Guide for Auditing Child Development, Nutrition, and Adult Basic Education Programs*. Online sources for these publications are identified below:

California *EC:*

 <http://leginfo.legislature.ca.gov/faces/codes.xhtml>

The following publications are located at:

 <http://www.cde.ca.gov/sp/cd/lr>

* *CCR,* Title 5
* *CSAM*
* *CDE Audit Guide*

Indirect Cost Rates for LEAs:

<http://www.cde.ca.gov/fg/ac/ic>

The following resources are available on the CDE website:

 <http://www.cde.ca.gov/fg/aa/cd>

* This EENFS Fiscal Handbook, i.e. CDE Enrollment, Attendance, and Fiscal Reporting and Reimbursement Procedures for Early Education Contracts
* California State Preschool Program CT&C
* Link to California Preschool Accounting Reporting Information System (CPARIS)
* CPARIS User Manual and Frequently Asked Questions
* EENFS Fiscal Analyst Directory
* Fiscal Year (FY) 2023-24 California State Preschool Contract Changes Letter (<https://www.cde.ca.gov/fg/aa/cd/beginningyrlttr23.asp>)
* Annual Year-End Reporting Reminders Letter
* Child Days of Enrollment (cde) Calculator
* Funded Enrollment Calculator and Video Walkthrough
* California State Preschool Reimbursement Rates by Service County

### Contractor Responsibilities

A contractor assumes many responsibilities by contracting with the CDE to provide state-subsidized early education program services. The following basic responsibilities are fundamental for all CDE contractors in managing their contracts.

#### Program Management and Fiscal Expertise

A successful program must have sound fiscal management. There is no requirement that an agency earn its entire MRA. What is important for fiscal solvency is that an agency does not spend more than it will collect as income. Contractors are responsible for knowing the details of the CT&C and pertinent sections of *EC* and 5 *CCR*. While EENFS staff provides technical assistance, contractors are ultimately responsible for monitoring their enrollment and expenditure levels; knowing what steps need to be taken to ensure program compliance; and having the business expertise to manage the program’s finances and avoid deficit spending. To quote an Administrative Law Judge’s ruling denying a contractor’s appeal:

“If a program operator does not know, or have the competence to know, that it will not meet its program goals, who should? The Department should be able to rely on a reasonable level of fiscal competence.”

#### Finding Answers in the CT&C

With the implementation of the contract auto-renewal process, beginning in FY 2022–23, contractors accepted the terms and conditions of the CT&C by completing and returning the annual CFA (see “Contract Information”). The CT&C include, but are not limited to, information on expenditures, enrollment criteria, staffing ratios, actions that require prior approval by the EED, audit procedures, and appeal procedures. Contractors should refer to the CT&C before contacting their EED consultant or EENFS analyst.

#### Enrollment, Attendance, and Fiscal Reporting Requirements

Enrollment, Attendance, and Fiscal Report deadlines are clearly stated in the CT&C. Contractors are responsible for certification and timely submission of required reports. Changes in agency staff or other challenges do not absolve the contractor from this responsibility. Reports not certified by the required deadlines stated in the CT&C will be deemed delinquent and apportionments shall be withheld.

CPARIS is an online reporting and information system where contractors save and certify Enrollment, Attendance, and Fiscal Reports, view contract earnings calculations, retrieve their contract earning calculations, and access payment details. Reports for the following contracts are created and certified through CPARIS:

**Direct Service Contract**

* California State Preschool Program (CSPP)

**Support Contract**

* Prekindergarten & Family Literacy Support (CPKS)

CPKS contracts are intended to supplement the CSPP contracts or otherwise support the early education community. As with service contracts, funding for support contracts can vary each year and is dependent on the state Budget Act. Support contracts reflect the same contract period (July 1 – June 30) as service contracts.

CPARIS is available on the CDE website at <https://cparis.cde.ca.gov/cparis/logon.aspx>. Detailed information, including how to submit reports, access contract earnings calculations, manage users, or reset an account’s password, may be found in the CPARIS User Manual and CPARIS Frequently Asked Questions located at <https://www.cde.ca.gov/fg/aa/cd/cparishomepage.asp>.

#### Paying Bills and Operating Funds

The CDE recommends contractors have three months of operating capital (through cash, a line of credit, etc.) to operate their program during the contract period prior to receiving their first apportionments or in the event apportionments are withheld, delayed, or lost in the mail. Contractors are responsible for paying their bills regardless of any interruption in the flow of state funds.

#### Subcontracts

A contractor may subcontract all or part of a CSPP contract to another agency (see CT&C for requirements). However, the contractor is still responsible for all programmatic and fiscal requirements of the program as defined in the CT&C, including verifying excused absences, assessing and collecting family fees, and submitting required reports.

#### Audit

Contractors who are required to submit an audit to the CDE’s A&I Division must have their audit prepared by a recognized, independent auditor. However, the contractor is responsible for the content of the audit submitted to A&I, so contractors should review their audit for any possible errors or omissions prior to its submission. Errors in audits submitted to the CDE may result in billings to the contractor. Appeal rights are not granted for every billing. Therefore, contractors must be diligent in the review of their audit prior to submitting to the CDE (see “Appeals”).

**Note:** *EC* Section 8335(f) allows contractors that received less than $100,000 from any state agency to submit a biennial audit of the entire organization. For example, a contractor receiving $80,000 in FY 2023–24 would be required to submit an audit, including all required supplemental schedules, covering the two-year period from 2023–25. The audit’s due date would be based on the contractor’s 2025 program year end. Any contractor receiving more than $100,000 is required to submit an annual audit. For more information on this requirement, please contact A&I.

#### Review Correspondence

Agency staff should review all correspondence from EENFS. Correspondence may be issued in various methods, such as an email from their fiscal analyst, a letter sent via the United States Postal Service, or be viewable in CPARIS. Correspondence may contain vital information regarding issues that need to be addressed; some issues may be reporting errors that are easily corrected, but other issues may be more serious fiscal or programmatic concerns (see “Apportionment Notifications,” “Proration of Costs,” “Year-end Notifications,” and “Notice of Appeal Rights”).

#### Electronic Communication from the EED

All Executive Directors and Program Directors are required to subscribe to the EED’s email announcement system that notifies contractors of critical documents and new instructions or requirements (see Management Bulletin 08-06). EENFS also utilizes this communication system to notify contractors of critical contract related information. To ensure that all electronic communication is received, each contractor is responsible for assuring that EED has accurate email addresses on file.

#### Appeals

After a contract is closed due to the CDE receiving the year-end or audited Enrollment, Attendance, and Fiscal Report, the result for the contractor will be a billing, a payment, or no fiscal transaction with the State because the contractor received proper reimbursement for the prior year. If a contractor’s year-end or audited Enrollment, Attendance, and Fiscal Report results in a calculated billing amount, they may be given appeal rights if the billing is more than $25,000 or four percent of the contract’s MRA. The appeal procedure allows the contractor to contest the amount of the billing in a formal hearing before an appellate judge, or in some cases, to reach a settlement with the CDE. Proper notification must be made to the CDE appeal coordinator by the appeal deadline when a contractor chooses to appeal a billing. When considering whether to appeal versus pay a billing, the contractor should consider the costs associated with an appeal, both for legal fees and CDE staff time. Additionally, an adjustment to a year-end or audited Enrollment, Attendance and Fiscal report may increase rather than decrease the billing.

Beginning with FY 2022–23 contracts, when a billing exceeds the appeal rights threshold, contractors will receive a Notice of Overpayment letter through CPARIS. This letter will allow contractors 15 calendar days to review the contract earnings calculation prior to the issuance of an Appeal Rights letter and an official Notice of Action: Statement of Issues. If the contractor does not respond within 15 days, the CDE will issue an Appeal Rights letter and an official Notice of Action: Statement of Issues, which will inform the contractor of their rights to appeal and the associated timelines. The Notice of Action: Statement of Issues and a copy of the Appeal Rights letter will be sent via certified mail.

In the case where a billing is generated that is below the appeal rights threshold, but the contractor believes the calculated billing is due in whole or in part from an error in the audit, contractors should reach out to the CPA who performed the audit and Audits & Investigations to request to submit a revised audit. Should the billing be a result of a calculation error on the part of CDE, contractors should contact their assigned fiscal analyst to discuss the next steps.

Contractors who lose an appeal will owe the original billing and appeal costs. Minimum costs for an appeal are approximately $500 but may be much greater if the appeal goes to a hearing. Contractors should carefully weigh the costs of an appeal versus the potential change to the billing amount.

To avoid appeal costs, contractors should review any “Preliminary Billing Advice” received from EENFS and review their audit prior to submission, as most errors can be corrected prior to contract closure. The formal appeal process is the only recourse provided to a contractor for correcting an error after a contract is closed.

### Contract Information

CSPP and CPKS contracts are not grants. A contract is a legally binding agreement between two parties. In the case of CSPP contracts, the agreement is between a preschool contractor and the CDE in which the contractor agrees to provide early education services according to defined programmatic and fiscal requirements. The CDE, in turn, agrees to reimburse the contractor for those services within defined limits. CSPP and CPKS contracts are for one state fiscal year, i.e. July 1 through June 30, and contractors have no vested right to a subsequent contract. (5 *CCR* Section 17726(a)

#### Initial Contract Terms

*EC* Section 8332(b) requires the CDE to issue contracts for the new fiscal year to contractors no later than June 1. Contracts issued by June 1 will include the Minimum Days of Operation (MDO) indicated on the program calendar submitted with the CFA. The MRA is based on the current year funding level, inclusive of current year only funding changes such as the annualization of an award or the reversal of a transfer.

#### Initial Contract Execution

CSPP contractors who apply for and are approved for continued funding will not need to sign and return a CSPP contract to provide services in the given fiscal year, as CSPP contractors who apply for and are approved for funding through the CFA process will be automatically renewed in accordance with all applicable federal and state laws. By completing and returning the annual CFA, an agency is indicating that it wishes to automatically renew its CSPP contract for the next fiscal year and is willing to, and does accept, all of the terms and conditions of such contract, which is provided to all CSPP contractors. The CDE’s Contracts Office distributes all executed contracts via email. Contracts are sent to the email addresses for both the Executive Director and Program Director(s) on file in the CDMIS.

New contractors are required to sign and return their original contract. A new contractor’s initial contract terms are determined by EENFS based on the application for funding.

#### Contract Review

Contract Review is an annual process performed by EENFS to identify programs that have been unable to utilize their full contract amount for various reasons, including low enrollment, low expenditures, or changes in the needs of the community. This may result in a reduction to a contract in subsequent years, which allows the unused funding to be redirected to other areas where a greater need exists. Contract reductions are based on a pattern of earnings over multiple fiscal years, so one year of low earnings will not necessarily result in a reduction to a contract in the following year. Any proposed reductions via the contract review process will be discussed with the contractor first. Contractors are provided with an opportunity to submit a justification to maintain their current level of funding prior to the final determination by CDE management. Contract review and resulting reductions are not punitive; it is a process to align funding amongst contractors to accurately reflect a contractor’s need for funding.

**Note:** EENFS has not conducted Contract Review since FY 2018–19, as contractors have been held harmless from the service requirement of their contract.

#### Contract Classification

Early education contracts are classified according to *EC* Section 8314 as Clear, Provisional, or Conditional.

* **Clear**applies to contracts that have no known compliance problems.
* **Provisional** applies to new programs that are being monitored for fiscal and programmatic compliance before granting clear contract status and are issued with the provision of monthly reporting. Provisional status is contract-specific and applies to new contractors or contractors with a new program type, applies for a minimum of one full FY, and is reviewed annually.
* **Conditional**applies tohigh-risk contracted agencies that evidence fiscal and/or programmatic noncompliance. Conditional status is issued with conditions that must be met prior to returning to Clear status. These conditions include monthly reporting to assist the CDE monitoring of the contractor’s compliance. Conditional status is agency-wide, applies to all early education contracts, continues for the length of time determined by the CDE, and prohibits the contractor from being eligible to apply for additional State Child Development program funds.

### Amendments

After a contract is issued, contract terms can only be changed through the contract amendment process. When a contract is amended, the contractor will receive, via email, an amended contract face sheet with other necessary documents from CDE’s Contracts Office.

Not all amendments to contract terms require a signature by the contractor to be deemed executed. Contract amendments that do not require a signature will be processed as an Allocation Letter. The Allocation Letter will look similar to a contract amendment and will include the contract face sheet and any changes in funding, where applicable. The CDE will make clear to contractors when an amendment to the contract must be signed and returned, and when it will be processed as an Allocation Letter. Contract changes may be requested by the contractor or CDE. Until a contract amendment is deemed fully executed, the current terms of the contract remain in effect except for MRA reductions, which take effect immediately.

For contracts that require a signature, the CDE strongly encourages the submission of electronically signed contract amendments, as it reduces the amount of time required for processing. Instructions for how to sign and submit an Adobe digitally signed contract amendment are provided by the CDE Contracts Office when contract amendments are issued.

If contract amendments are not able to be Adobe digitally signed, contract amendments may still be signed and mailed to CDE’s Contracts Office. Print two copies of the contract amendment, sign both copies using only blue ink, and return both copies to the Contracts Office. Upon receipt of the completed contract amendment package, CDE’s Contracts Office will begin reviewing and verifying all required documents. If all required documents are returned without errors, the contract amendment will be processed. A copy of the executed contract amendment will be mailed to the contractor after the Accounting Office has signed the encumbrance sheet.

#### MRA Increases and Decreases

A contract MRA may be increased or decreased for various reasons: cost-of-living adjustment, expansion funding, rate increase, other changes included in the enacted Budget Act, and a contractor’s request to transfer funding.

#### MDO Changes

The MDO is determined by the service calendar submitted by the contractor with the initial contract application or the CFA, obligating the program to provide service to subsidized families on those days. A CSPP contract MDO cannot be less than the minimum required for the program type pursuant to *EC s*ections 8207(b) and 8207(c), unless approved by the EED. The fiscal penalty for operating less than the MDO is a reduction in the contract’s operational MRA. There is a two (2) percent flex factor allowed for a contractor’s MDO when calculating year-end earnings; however, contractors must submit a request for all calendar changes to the EED by June 30th for the request to be considered and a contract amendment to be processed if approved (see “Flex Factors” and “Days of Operation”).

### Contract Numbers

Early education contract numbers identify the program type and the fiscal year of the contract. Contracts are not annually renewed; instead, contractors apply for continued funding and a new contract is issued each fiscal year with a different contract number. Contract numbers are identified on the face sheet of each contract and are a series of eight alphanumeric characters. The first four characters designate the program type. The second four characters are all numeric, and the first number designates the FY (the last digit of the first half of the FY; e.g., FY 2023–24 would be a “3”), and the last three numbers are the contract sequence number within that program type.

#### Example

Contract number CSPP3123

CSPP = California State Preschool Program

3 = FY 2023–24

123 = 123rd State Preschool Program contract issued

### Basic Rule

An important **fiscal** principle for contractors to remember is the following:

Basic Rule

for CDE Early Education Contracts



State contract funds must be spent on **reimbursable costs** for **eligible children**.

* Contractors should become familiar with the CT&C to know what expenses are reimbursable and which reimbursable costs have limits.
* CDE contracts subsidize only certified children. If a program includes non-certified children, the CDE will prorate the total program costs to determine the appropriate amount to be allocated to the state-subsidized portion.
* Contractors should monitor their enrollment and expenses to ensure that expenses do not exceed income.

## Reporting for the California State Preschool Program

### Enrollment, Attendance, and Fiscal Reports

Enrollment, Attendance, and Fiscal Reports are to be submitted online through CPARIS. CPARIS is an online reporting and information system and is available on the CDE website at <https://cparis.cde.ca.gov/cparis/logon.aspx>.

Contractors may refer to the CPARIS User Manual and Frequently Asked Questions on CDE’s website at [https://www.cde.ca.gov/fg/aa/cd](https://www.cde.ca.gov/fg/aa/cd/)/.

#### Report Submission Checklist

Prior to certifying the Enrollment, Attendance, and Fiscal Report, ensure the following items are complete and accurate on every report:

* Verify that prior period data, if applicable, has accurately auto filled onto the current report.
* Use only your agency’s approved indirect cost rate (see “Indirect Costs”).
* Authorized Representative has reviewed the report.
* Be sure to keep a copy for your records.

### Reporting Deadlines

All contractors must submit reports at intervals specified in the annual preschool contract (5 *CCR* Section 17821(a). Monthly reporting is required for contractors on conditional or provisional status (5 *CCR* Section 17821(d). All other contractors shall submit reports quarterly for the periods ending September 30, December 31, March 31, and June 30; reports are due by the 20th of the monthfollowing the end of the reporting period. Reports not certified in CPARIS by the dates specified shall be deemed delinquent and apportionment(s) shall be withheld (CT&C).

(See “Apportionment Notifications”).

Reporting periods are listed below:

| **Report Month** | **Due Date** | **Required Contract Reports** |
| --- | --- | --- |
| July | August 20th | Conditional and Provisional |
| August | September 20th | Conditional and Provisional |
| September | October 20th | **All Contracts** |
| October | November 20th | Conditional and Provisional |
| November | December 20th | Conditional and Provisional |
| December | January 20th | **All Contracts** |
| January | February 20th | Conditional and Provisional |
| February | March 20th | Conditional and Provisional |
| March | April 20th | **All Contracts** |
| April | May 20th | Conditional and Provisional |
| May | June 20th | Conditional and Provisional |
| June | July 20th | **All Contracts** & Preschool Reserve Account Activity Report with General Ledger |

**Deadline Notes:**

* If the 20th of the month falls on a weekend or state holiday, the due date will be the next state working day.
* Contractors required to report quarterly may submit additional reports for intermediate months; the above due dates are the minimum required.

### Days of Operation

Contractors are required to submit a service calendar for their CSPP contract, indicating the number of days the contractor expects to be open for the period of performance of the contract. The total number of days indicated on the service calendar becomes the basis for the MDO contract term.

#### Days of Operation

A Day of Operation for preschool programs is a day in which the contractor provides service to one or more certified children enrolled in a CSPP. The service calendar submitted by the contractor is the basis for the MDO contract term, obligating the contractor to provide subsidized services for that number of days. If the agency is open for business, but no service is provided to subsidized families that particular day, that day is not considered a day of operation. Total Days of Operation reported is a count of those calendar days when state-subsidized children receive services (see “Non-Operating Days”).

**Note:** A program with multiple sites that serves a subsidized child at one site has fulfilled the day of operation requirement even though the other site(s) may be closed.

#### Reporting Days of Operation

Contractors will report the days of operation on the Enrollment, Attendance, and Fiscal Report in CPARIS that the program was physically open and providing in-person services for children and families.

#### Impact on Earnings

If the MDO of the contract is over- or under-stated, the calculated projected earnings from the Enrollment, Attendance, and Fiscal Report could be affected.

##### Example

A contractor has provided a calendar with an MDO of 245 days and is expected to report 58 days of operation on their first report. However, the contractor has reported 64 days of operation for that period. The projection factor that will be calculated based on their reported calendar of 64 days (3.828) will be lower than the projection factor that would have calculated based on their provided calendar of 58 days of operation (4.224). This will result in a lower calculated reimbursement. An incorrect MDO has a direct impact on the amount of funds a contract will receive monthly (see “Projection Factors”).

When the actual days of operation differ from the submitted program calendar, contractors should submit a request for a calendar revision to the EED no later than June 30th (or the end of the contract period). This revision request is required regardless of whether the contractor operates for more or fewer days than the MDO stated in their contract.

At year end, if the actual days of operation are greater than or equal to 98% of the MDO, the MRA will not be affected. If actual days of operation are less than 98% of the MDO, the MRA will be reduced in proportion to the percentage of contract MDO that the contractor was not in operation. This could result in a billing if the contractor has been paid more than the reduced MRA. To avoid a billing for this reason, contractors must contact their consultant to request an MDO revision as soon as they are aware that they will not operate their MDO.

#### Non-Operating Days

A non-operating day for preschool programs is any day that the contractor does not provide services to at least one subsidized certified child enrolled in a CSPP, regardless of whether the contractor was open for business and may have provided services for non-certified children. Failure to operate the contracted MDO may result in a reduction of the contract MRA. However, there are two situations when a non-operating calendar day *may* have no adverse effect on the MRA or service earnings: closures due to circumstances beyond the contractor’s control and closure of all sites for an approved staff training day.

#### Closures Due to Circumstances Beyond the Contractor’s Control

A closure waiver may be requested for days the contractor intended to operate but was unable to do so because of circumstances beyond the contractor’s control, including earthquakes, floods, or fire (*EC* Section 8249), or because of a state of emergency declared by the Governor (*EC* Section 8206). CSPP contractors that close any of itssites/classrooms due to the inability of the contractor to operate that site(s) and/or classroom(s), must submit a request to EED to receive credit for any reduced days of operation and/or attendance associated with the closure. In those instances, contractors may count the non-operating day as a day of operation upon written approval from the EED. If approved, the EED will instruct the contractor to report the day of operation and the attendance for that day as though it had occurred. The contractor must retain the approval letter for auditing purposes and report the associated credits on their Enrollment, Attendance, and Fiscal Report. For more information, please contact your EED consultant.

Contractors should not assume that every request will be approved and should wait until receiving written approval before adding the day(s) of operation and attendance data to the Enrollment, Attendance, and Fiscal Report (see “Revised Reports”). While a contractor is waiting for the closure request to be approved or denied they are required to submit reports by the applicable deadlines. During this period a contractor would not report any days of attendance or days of operation for the days the contractor was closed.

#### Staff Training Days for Preschool Programs

Staff training days benefit the program but because children are not receiving services, those days cannot be reported as days of operation and should not be included on the service calendar submitted. However, if the contractor hires substitute staff and provides subsidized services, then it is a day of operation. If service calendar days are used as staff training days (without providing services), there may be an adverse effect on contract reimbursement, either by reducing the MRA because of failure to meet the contract MDO or by insufficient service earnings:

* **Effect on MRA***:* Service calendar days used as staff training days may affect the contract MRA because the contractor is operating less than 100 percent of the MDO. Contractors who fail to operate at least 98 percent of the contract MDO will have the contract MRA reduced in proportion to the percentage of the contract MDO that the contractor was not in operation (5 *CCR* Section 17813). This practice allows a two percent flex for MDO and this allowance is usually sufficient to account for a few non-operating days, some of which may be used for staff training (see “Flex Factors”).
* **Effect on Service Earnings***:* Staff training days with no services provided may mean the contractor will not have sufficient certified enrollment to generate enough service earnings to cover certified program costs or to earn the contract MRA (see “Limits of Reimbursement”). Beginning in FY 2019–20, Assembly Bill (AB) 2626 allows the CDE to reimburse expenses associated with staff training without requiring contractors to meet the service requirement for their contract. See “Service-Level Exemption” for more information.

Contact your EED consultant if you would like to request a change in days of operation, including a change from providing services on one calendar day to another.

### Accrual versus Cash Accounting

The EENFS unit uses the Enrollment, Attendance, and Fiscal Reports to project a contractor’s year-end earnings and adjusts monthly apportionment amounts according to that projection. 5 *CCR* Section 17816 requires that contractors report expenditures on an accrual basis. Thus, cash basis accounting and reporting is unacceptable. Reports using the accrual basis, which describe costs as they occur rather than when they are actually paid, provide a more reliable base for projections, are less likely to underestimate final program costs for the contract year, and therefore are less likely to result in an apportionment reduction.

#### Example 1

A contractor’s annual insurance premium is due in June. A monthly proration of that premium should be reported from the beginning of the fiscal year so that projection calculations anticipate the total expenditure. If, instead, the contractor incorrectly uses the cash basis and reports the entire expense on the June year-end report after the premium is actually paid, the projections could indicate a low expenditure level, resulting in lower apportionment amounts during the year and possibly a delay of reimbursement for the expense until after the audit has been reviewed.

Accrued income should be posted as Accounts Receivables. Accrued costs or encumbrances become reimbursable costs when the services or goods have been **received** by the program.

#### Example 2

* Staff are paid every other Friday, but December 31 falls on a Tuesday, so staff receive their paychecks on Friday, January 3. Personnel costs through the end of December should be reported for the December period when the services were performed rather than in the subsequent period of January of the following calendar year when checks were issued.
* A purchase order for supplies is sent to a vendor, and the total price is encumbered in the contractor’s books. This encumbrance becomes a liability, and therefore a reimbursable cost, **for the period when the order is actually received.** To be reimbursable under a CDE contract, the goods must be received by the contractor by the end of the contract period (June 30). For bookkeeping and audit purposes, an Accounts Payable should be posted to the FY when the goods were received even if the check is dated after June 30.

**Note:** Some families eligible for subsidized preschool may be required to pay a portion of the cost of care (see “Family Fees”). The *CSAM* specifies that under an accrual basis of accounting, revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of when the receipt or payment of cash takes place. 5 *CCR* Section 17809 states that fees received from subsidized families are to be expended and earned by the contractor before contract funds. Therefore, family fees should be recorded based on the amount of fees the contractor expects to collect in any given report month, regardless of when it was actually received. Additionally, received income should be posted to the contract period to which it relates (e.g., family fees for June that are received in July of the next fiscal year should be posted to the previous fiscal year). During the year, estimated or accrued costs and revenue previously submitted on the Enrollment, Attendance, and Fiscal Reports should be revised by editing the previously certified relevant report in CPARIS, recording actual costs and income data, and recertifying the revised report. Contractors should note that revision of a report will require recertification of any subsequent certified reports. Report revision instructions can be found in the CPARIS User Manual.

### Revenue

The Enrollment, Attendance, and Fiscal Report includes sections for revenue. How revenue is reported will be dependent on the source of the income and how it is expended. Revenue should **only** be reported when its corresponding expenses are also reported.

#### Restricted Revenue

Restricted revenue is income that may only be expended for certified children or is provided for specific, limited purposes (5 *CCR* Section 17700). Restricted income can be used to provide additional hours or days of services, or to increase the number of children that the program is able to serve.

##### Examples of Restricted Income

1. Allocations paid outside of contract. This includes revenue from the following:
	* Rate Supplements
	* Temporary Rate Increases
	* Transitional Payments for Family Childcare Providers and Centers
	* Cost of Care Plus Rate
2. Child Nutrition Program revenue received from the CDE or California Department of Social Services (CDSS) only if the corresponding expenses are reported (5 *CCR* Section 17821(b)). This includes revenue from the following programs:
* Child and Adult Care Food Program
* National School Lunch Program
* School Breakfast Program
* Special Milk Program
* Seamless Summer Feeding Option
* Summer Food Service Program
1. County maintenance of effort
2. Prior year unspent service level-exemption credit for exceptional needs and severely disabled funded enrollment
3. Transfers from the Preschool Reserve Account
4. Family fees for certified children
5. Interest earned on apportionment payments
6. Fundraising income
7. Quality Rating and Improvement System (QRIS), if applicable

#### Unrestricted Revenue

Unrestricted revenue is income that may be expended for certified or non-certified children, that is not provided for specific, limited purposes. Unrestricted income can be used to provide additional hours or days of services or to increase the number of children that the program is able to serve.

##### Examples of unrestricted revenue

1. Family fees for non-certified children
2. Head Start revenue
3. Fundraising income

**Note:**

* Restricted and unrestricted income used for reimbursable expenses is reported in the Revenue section of the Enrollment, Attendance, and Fiscal Report.
* Any income (either restricted or unrestricted) that is expended on non-reimbursable costs should be reported in the Revenue section of the report.

#### Supplemental Revenue

Supplemental revenue is income that is considered enhancement funding for the purposes of reporting early education revenue. This funding can include both restricted and unrestricted income. Supplemental income can be used to pay for projects or benefits that are not otherwise funded by the early education contract for certified and non-certified children.

##### Examples of supplemental revenue

1. Head Start (when funds are not used to provide services to certified children)
2. First 5
3. QRIS
4. Donations
5. Fundraising income

Supplemental revenue used for non-reimbursable expenses is reported in the Supplemental Revenue section of the Enrollment, Attendance, and Fiscal Report.

#### Quality Rating and Improvement System

QRIS is a local level block grant with a focus on improving program quality. It was created to meet the needs of early learners and ensure access to high quality programs for California’s children. The primary purposes of the funding are for training, professional development days, stipends, and bonuses.

The revenue and expenses associated with the use of these funds must be reported on the Enrollment, Attendance, and Fiscal Report. In most cases, these grant funds should be reported as supplemental revenue and expenses.

For additional information, refer to the CSPP QRIS Block Grant Frequently Asked Questions on the CDE at <https://www.cde.ca.gov/sp/cd/op/csppqrisblockgrant.asp>.

#### In-Kind Donations

Donated or volunteer services, and donated goods, property, or use of space, may be furnished to a preschool contractor. For example, the site where a center is located may include janitorial services, a library may donate books, or a church may allow a contractor to use church property without paying rent. The value of these goods or services is not reimbursable with contract funds either as a direct or indirect cost, but such donations or contributions must be reported on the Enrollment, Attendance, and Fiscal Report and in the contractor’s audit. The value of such donations or contributions must be quantified to a dollar amount and reported both as restricted revenue and as a corresponding program expense.

#### Revenue Reporting Guidelines

* Do not report Contract Payments (5 *CCR* Section 17821(a)(4)). Contract payments are not considered program income but are reimbursements that have been sent as advance apportionments. To include these contract reimbursements as income will result in an incorrect, low earnings calculation.

### Allocations Paid Outside of the CSPP Contract

Since FY 2020–21, the annual Budget Act has provided additional revenue to CSPP contractors through one-time funding, intended to provide additional financial support to contractors for providing preschool services to subsidized children. Because these funds have been considered one-time, the CDE has allocated the various funds outside of a contractor’s CSPP contract. The table below provides a summary of the various allocations that have either been paid outside of the CSPP contract since June 2023 or will be forthcoming in FY 2023–24.

| **Allocation** | **Authorizing Legislation** | **Fund Source** | **Payment Received by Contractor** |
| --- | --- | --- | --- |
| Rate Supplements | AB 131, later amended by AB 185 | Non-LEAs: American Rescue Plan Act (ARPA) and state General FundLEAs: ARPA and Proposition 98Contractors should refer to the allocation email sent by their fiscal analyst to determine the fund source of their allocation. | June 2023-August 2023 |
| Temporary Rate Increases | AB 110 | Non-LEAs: ARPA LEAs: Proposition 98 | Round 1: September 2023Round 2: October 2023 |
| Transitional Subsidy Payment | SB 140 | Non-LEAs: General Fund LEAs: Proposition 98 | Payments to Contractors who provide service through Family Child Care Education Networks (FCCHEN): October 2023All other Center Payments: In FY 2023-24 |
| Cost of Care Plus Rate | SB 140 | Non-LEAs: General FundLEAs: Proposition 98 | Quarterly Advances: January 2024-June 2025 |

Although these allocations areintended to provide additional support to CSPP contractors, the allocation methodology, fund source, and use of funds may differ. More information for each of the allocations is outlined below.

#### Reimbursement Rate Supplements

##### Background

Pursuant to *EC* Section 8242, effective January 1, 2022, reimbursements rates for CSPP contractors are based on the greater of the 75th percentile of the 2018 Regional Market Rate (RMR) survey or the per-child reimbursement amount as of December 31, 2021. AB 131 (Chapter 116, Statutes of 2021), and subsequently amended by AB 185 (Chapter 571, Statutes of 2022), appropriated funding to provide one-time reimbursement rate supplements to CSPP contractors. These rate supplements were made available to address inequities between the standard reimbursement rate and the RMR ceiling.

##### Allocation Methodology

Pursuant to AB 131 and AB 185, the CDE and the CDSS, in consultation with the Legislature, established a methodology for distributing these funds to all child care and CSPP contractors. Based on October 2021 enrollment data, which contractors submitted via the CDMIS, the CDE allocated rate supplements to fund the difference between the CSPP reimbursement rates as of January 1, 2022 and reimbursement rates equivalent to the 85th percentile of the 2018 RMR Survey preschool rate. The allocation of these funds was dependent upon successful completion of the ARPA survey.

##### Use of Funds

Reimbursement rate supplements funded by state Proposition 98 funds and General Fund may be used for any allowable expense that would be reimbursable under a contractor’s CSPP contract.

Rate supplements funded with ARPA must be used for one or more of the following purposes:

* Personnel costs, benefits, premium pay, and recruitment and retention.
* Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance.
* Personal protective equipment, cleaning and sanitation supplies and services, or training.
* Professional development related to health and safety practices.
* Purchases of or updates to equipment and supplies to respond to COVID-19.
* Goods and services necessary to maintain or resume childcare services.
* Mental health support for children and employees.

##### Expenditure Deadline

There is no deadline to expend rate supplements funded by state Proposition 98 funds or General Fund.

Contractors in receipt of ARPA funds should refer to the CDSS Frequently Asked Questions (FAQs) related to ARPA, as the CDSS is the agency responsible for administering the ARPA grant, to confirm the expenditure date. These FAQs include a question on when funds should be spent by and can be found at <https://cdss.ca.gov/inforesources/child-care-and-development/arpa-frequently-asked-questions>.

#### Temporary Rate Increases

##### Background

AB 110 (Chapter 4, Statutes of 2023) authorized the CDE to issue temporary rate increases to CSPP contractors that exceed existing reimbursement rates pursuant to *EC* Section 8242(c)(1) and the reimbursement rate supplements described in Section 51 of AB 185. Allocation of these funds was dependent upon successful completion of the ARPA survey.

##### Allocation Methodology

The CDE issued the first round of temporary rate increase payments that may have consisted of two allocations:

1. A $1,442 per-child stipend to CSPP contractors and a 10 percent administrative cost allocation for contractors who operate a FCCHEN. Based on April 2022 enrollment data submitted via the Child Development Management Information System, the allocation was determined by multiplying the child count by the flat-rate $1,442 stipend amount. To determine the administrative cost allocation, the stipend allocation was multiplied by 10 percent only for those children being provided services in a FCCHEN. The base per-child allocation was added to the administrative cost allocation, resulting in the total allocation.
2. An additional allocation to contractors who operate in counties where the FY 2022–23 contract reimbursement rate is established at the 75th percentile of the 2018 RMR survey, intended to temporarily bring reimbursement rates to at least the 84th percentile of the 2018 RMR survey.

After the first round of temporary rate increases was allocated, the CDE identified additional funds to be utilized for a second round of temporary rate increases. This second round of temporary rate increases was provided to bring reimbursement rates to at least the 87th percentile of the 2018 RMR survey. Round 2 temporary rate increase payments were issued as one-time, lump sum payments and included an allocation to fund the difference between reimbursement rates equivalent to the 84th percentile of the 2018 RMR survey attained by the first round of temporary rate increases and reimbursement rates equivalent to the 87th percentile.

##### Use of Funds

Temporary rate increases funded by state Proposition 98 funds may be used for any allowable expense that would be reimbursable under a contractor’s CSPP contract.

Temporary rate increases funded with ARPA must be used for one or more of the following purposes:

* Personnel costs, benefits, premium pay, and recruitment and retention.
* Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance.
* Personal protective equipment, cleaning and sanitation supplies and services, or training.
* Professional development related to health and safety practices.
* Purchases of or updates to equipment and supplies to respond to COVID-19.
* Goods and services necessary to maintain or resume childcare services.
* Mental health support for children and employees.

##### Expenditure Deadline

There is no deadline to expend temporary rate increases funded by state Proposition 98 funds.

Contractors in receipt of ARPA funds should refer to the CDSS FAQs related to ARPA, as the CDSS is the agency responsible for administering the ARPA grant, to confirm the expenditure date. These FAQs include a question on when funds should be spent by and can be found at <https://cdss.ca.gov/inforesources/child-care-and-development/arpa-frequently-asked-questions>.

#### Transitional Subsidy Payments

##### Background

SB 140 (Chapter 193, Statutes of 2023) authorized the CDE to issue one-time transitional subsidy payments to family childcare providers and centers based on April 2023 data.

##### Allocation Methodology for FCCHEN Providers

Transitional subsidy payment allocations were provided to family childcare providers who were reimbursed for subsidized state preschool services in the month of April 2023 based on data from the SPR. Transitional subsidy payments were determined as follows:

1. Two thousand five hundred dollars ($2,500) per each family childcare provider licensed to operate a small family daycare home.
2. Three thousand ($3,000) per each family childcare provider licensed to operate a large family daycare home.
3. A five percent allocation to CSPP contractors to cover the administrative costs associated with distributing these payments to providers.

##### Allocation Methodology for Centers

Transitional subsidy payment allocations will be provided to all centers that provided subsidized state preschool program services in April 2023 based on data from CDMIS. Transitional subsidy payments were determined as follows:

1. Three thousand ($3,000) per site who provided subsidized preschool program services.
2. A five percent allocation to CSPP contractors to cover the administrative costs associated with distributing these payments to subcontractors.

##### Use of Funds

Contractors who provide preschool services through a FCCHEN or through a subcontractor are required to distribute transitional subsidy payments to family childcare providers and subcontractors and must not reduce the payment to provider. As such, the payment to the FCCHEN provider should be either $2,500 or $3,000 dependent upon the license size while payments to subcontractors shall be $3,000. Contractors who receive an additional allocation for administrative costs may retain the amount provided for this purpose. Funds associated with the administrative allocation or transitional subsidy payments to direct service programs may be used for any allowable expense that would be reimbursable under a contractor’s CSPP contract.

##### Expenditure Deadline

For CSPP contractors who provide services through family childcare providers operating in their FCCHEN or who subcontract with centers, there are specific timelines for passing along the funds to the provider or subcontractor. Specifically:

* For contractors operating a FCCHEN, per the union agreement, funds must be distributed to the family childcare provider no later than November 30, 2023.
* For contractors who provide services through subcontractors, funds must be distributed to subcontractors promptly. The CDE recommends these payments be made to centers who are subcontractors no later than 21 calendar days following receipt of funds.

Beyond the distribution timeframes, there is no deadline to expend transitional subsidy payments.

#### Cost of Care Plus Rate

##### Background

SB 140 also authorized the CDE to provide family childcare providers and centers with the monthly cost of care plus rate commencing January 1, 2024 through June 30, 2025.

##### Allocation Methodology

Pursuant to SB 140, allocations will be based on a per-child rate amount dependent upon the region in which the family children provider or center is located and include a 10-percent administrative fee to state preschool programs for distributing payments to providers or subcontractors. The regions and per-child amounts are defined in SB 140 as follows:

| **Region** | **Counties** | **Monthly Per-Child Allocation Amount** |
| --- | --- | --- |
| Central | Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Monterey, Sacramento, San Benito, San Joaquin, San Luis Obispo, Stanislaus, and Tulare | $140 |
| Northern | Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba | $141 |
| Southern | Imperial, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura | $160 |
| Los Angeles | Los Angeles only | $171 |
| Bay Area | Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma | $211 |

The CDE will issue cost of care plus rates as quarterly advances to CSPP contractors. Payment advances will be reconciled using CDD-801A enrollment data submitted by contractors via the CDMIS.

##### Use of Funds

CSPP contractors who provide preschool services through a FCCHEN or through a subcontractor are required to distribute cost of care plus rate allocations to family childcare providers and subcontractors monthly and must not reduce the payment to provider. As such, the payment to the provider or subcontractor should be based on the per-child amounts identified in the table above. Contractors who receive an additional allocation for administrative costs may retain the amount provided for this purpose. Funds associated with the administrative allocation or cost of care plus rate to direct service programs may be used for any allowable expense that would be reimbursable under a contractor’s CSPP contract.

##### Expenditure Deadline

For CSPP contractors who provide services through family childcare providers operating in their FCCHEN or who subcontract with centers, there are specific timelines for passing along the funds to the provider or subcontractor. Specifically:

* For contractors operating a FCCHEN, per *EC* Section 8223.5 and the union agreement, funds must be distributed to the family childcare provider within 21 calendar days of receiving the daily sign-in/sign-out sheets, as referenced in the 5 *CCR* Section 17818.
* For contractors who provide services through subcontractors, funds must be distributed to subcontractors each month promptly following the last day of the month in which services are rendered. The CDE recommends these payments be made to centers who are subcontractors no later than 21 calendar days following the last day of the month in which services are rendered.

Beyond the distribution timeframes, there is no deadline to expend cost of care plus rate payments.

### Family Fees

CSPP contracts provide funding for services to low-income families who could otherwise not afford childcare services. Eligible families, however, may be required to pay a portion of the costs for care and contractors are required to collect fees from those families. Family fees are in lieu of contract payments; that is, the fees that subsidized families provide reduce the amount of contract funds that the CDE needs to provide. Fees received from subsidized families are to be expended and earned by the contractor before contract funds shall be claimed for reimbursement. (5 *CCR,* Section 17809).

#### Family Fee Waivers between July 1, 2023, and September 30, 2023

Pursuant to AB 110 (Chapter 4, Statutes of 2023) and MB 23-07, all Family Fees for certified children must be assessed, but will be waived from July 1 to September 30, 2023. MB 23-07 requires contractors to issue a Notice of Action (NOA) to all families indicating the amount of the assessed family fee and note that collection of the assessed family fee are waived through September 30, 2023. CSPP contractors should continue to use the FY 2022–23 Family Fee Schedule provided in MB 23-07 to assess family fees during this time period when completing the initial certification and recertification of CSPP families, pursuant to the directives provided by the CDE in an email sent to the EED email distribution lists on June 13, 2023. This fee schedule can be accessed at <http://www.cde.ca.gov/sp/cd/ci/mb2307.asp>.

#### Reporting Waived Family Fees between July 1, 2023, and September 30, 2023.

Although family fees are being waived from July 1, 2023, to September 30, 2023, contractors are still required to calculate, assess, and report the appropriate family fee. Contractors must report the amount of family fees that were assessed, but waived between July 1, 2023 and September 30, 2023, on the line Waived Family Fees for Certified Children (July – September) in the Enrollment, Attendance, and Fiscal Reports in CPARIS. This requirement is to ensure that contractors report the correct family fee amount(s) being waived as the EENFS unit utilized family fee waiver data submitted in the FY 2023-24 first quarter Enrollment, Attendance, and Fiscal Reports as the basis of an allocation to provide contractors sufficient funds to cover the costs of family fee waivers.

#### Family Fees between October 1, 2023, and June 30, 2024

After September 30, 2023, family fees are no longer waived. Pursuant to AB 116 and MB 23-07, effective October 1, 2023, CSPP contractors must collect family fees for families not otherwise exempt from family fees who are enrolled in full-day CSPP using the FY 2023–24 monthly family fee schedule. MB 23-07 provides the income eligibility that determines the family fees that a contractor is required to collect from families. The family fee schedule is located at [http://www.cde.ca.gov/sp/cd/ci/documents/fy2324famfeeschedule.xlsx.](https://www.cde.ca.gov/sp/cd/ci/documents/fy2324famfeeschedule.xlsx)

The 2023–24 Family Fee Calculator is another tool that can be used when assessing family fees during certification and recertification. The Family Fee Calculator is based on the current State Medium Income thresholds and can be found at [https://www2.cde.ca.gov/familyfee/.](https://www2.cde.ca.gov/familyfee/)

#### Reporting Family Fees Between October 1, 2023, and June 30, 2024

Contractors must report the amount of family fees assessed between October 1, 2023, and June 30, 2024, on the line Family Fees for Certified Children (October-June) in CPARIS. Please keep in mind that family fees reported on the Family Fees for Certified Children (October-June) line must be based on the amount of fees the contractor expects to collect in the report month, regardless of when the revenue is actually received (see note under “Accrual versus Cash Accounting”).

Because family fees are to be spent before contract funds, the earnings calculation subtracts family fees from reimbursable earnings. This may result in advanced contract funds being returned to the CDE.

##### Example

 The CDE contracts with an agency to provide $30 for subsidized services to a child, and the contractor spends $30 on the child. However, the parent of the child pays $4 in Family Fees, so the state need only provide $26 in contract reimbursement. The contractor would have to return $4 to the CDE if the $30 had already been advanced.

However, contractors may also be reimbursed the full contract amount if they provide additional services beyond the minimum required by the contract. If the earnings calculation indicates enrollment and expenses that support additional services for certified children, the amount of certified family fees may have a partial or no effect on contract earnings (see “Over-Enrollment”).

#### Fees or Revenue for Non-Certified Children

Fees for non-certified children must be reported on the *Unrestricted Income: Fees for Non-certified Children* line of the Enrollment, Attendance, and Fiscal Report. Revenue for services to non-certified children from sources other than parents should be reported on the *Unrestricted Income: Other* line, and the source of the income and its purpose must be identified. Fees and other income for non-certified children do not affect the calculation of service earnings for certified children; however, the **lack** of sufficient income for non-certified children may affect the calculation of contract reimbursement (see “Proration of Costs”).

When determining the rate to collect from non-certified families, contractors must take their ability to collect funds from other sources into consideration, as earnings and payment calculations performed by EENFS will not allow State funds to be utilized for non-certified families. Contractors should keep in mind that the greater the difference between their county rate and the non-certified fee, the greater the deficit. In addition, the ratio of certified to non-certified children must be considered; the greater the percentage of non-certified children, the greater the potential deficit, if the county rate is greater than the non-certified fee. It must be understood that if contractors choose to collect a fee from non-certified children that is less than their contracted rate, and if there is no outside fund source to cover the cost of non-certified children, the deficit caused by a lesser fee will in turn result in an encroachment on the contractor’s general fund and/or preschool reserve funds, or will result in the need for the contractor to obtain funding from a source other than the early education contract.

### Interest

Contractors are required to report all revenue related to their program, including interest income (5 *CCR* Section 17821).

#### Interest Earned on Contract Funds

Each contractor receiving funds for early education programs must establish an early education fund in accordance with 5 *CCR* Section 17817. If a contractor places advanced contract funds in an account that bears interest, those funds shall be placed in a separate account within the early education fund. If advanced contract funds to a LEA contractor are deposited in the county treasury, any interest generated by those funds must also be separately identified and reported*.* All interest earned on advanced CDE contract funds shall be reported on the *Interest Earned on Apportionment Payments* line on the Enrollment, Attendance, and Fiscal Reports submitted to EENFS.

Since contract payments are an advance of state reimbursement, any interest earned on those funds is the property of the state and must be returned. However, CDE will not bill a contractor for interest earned, *if* the interest has been spent on reimbursable costs and earned by providing sufficient additional services for certified children beyond the minimum specified in the contract (5 *CCR* Section 17817). June year-end contract earnings calculations subtract interest from reimbursable earnings. For reimbursement purposes, all interest earned on advanced contract payments shall be computed as last-in/last-out (5 *CCR* Section 17815(c)). “Last-in/last-out” means that these funds will be identified as the last funds received as income and will be the last to be spent for program costs. Since these funds are the last to be expended, they are the first to be returned to the state. If a billing is necessary, this will be reflected on the CDE invoice for over-advanced contract funds as “interest” being billed.

**Note**: Advanced contract payments are not required to be in an interest-bearing account. However, earned but unexpended contract funds retained in the Preschool Reserve Account **are** required to be in an interest-bearing account (see “Preschool Reserve Account Basics”).

#### Interest Earned on Non-Contract Funds

Interest earned on funds from other sources should **not** be reported on the lines specified for interest earned on contract payments but should be reported on the *Unrestricted Income*: *Other* line. Interest reported on this line may include interest earned on non-certified fees, donations, and so forth. Interest reported on this line has no effect on the contract earnings reimbursement calculations.

### Expenses

The Enrollment, Attendance, and Fiscal Report includes sections for Expenses. Expenses should be reported only if there is corresponding income that is also being reported. The *CSAM,* published by the CDE, provides additional guidelines, which are a good resource for classifying expenditures.

#### Reporting Categories

All expenses related to the program that are reimbursable by the contract should be reported in the fiscal section of the Enrollment, Attendance, and Fiscal Report. Expenses are broken down into categories based on how the funds are spent. Many expenses will fall into categories 1000–5000, as described on the report. Below is clarification on these line items of the Enrollment, Attendance, and Fiscal Report. Detailed information regarding other expense categories will be found under the “Service-Level Exemptions,” “Indirect Costs,” and “Administrative Costs” sections.

##### **Direct Payments to Providers**

Payments made to providers through CSPP contracts with services provided through Family Child Care Homes. Payments should include family fees collected and retained by providers.

##### **Certificated salaries (1000)**

Salaries paid to employees with a child development permit, teaching credential, or other appropriate certificate. If a person has a teaching credential but is employed in a position that does not require the credential, then that salary should be reported as “Classified.”

##### **Classified salaries (2000)**

All other salaries that are not certificated. Included within this category are:

* (2100) Salaries paid to instructional aides who are required to perform any portion of their duty under the supervision of a classroom teacher or that of a special education resource specialist teacher (*EC*, Section 41011).
* (2200) Salaries paid to instructional media and library, student support, pupil transportation, food services and maintenance and operations functions.
* (2300) Salaries paid to supervisory personnel who are business managers, controllers, directors, chief accountants, accounting supervisors, purchasing agents, site administrators, superintendents, and assistant superintendents.
* (2400) Salaries paid to clerks, secretaries, accountants, bookkeepers, programmers and computer technical support, machine and computer operators and others in similar positions.

##### **Employee Benefits (3000)**

Employers' contributions to retirement plans and health and welfare benefits.

##### **Books and Supplies (4000)**

 Expenditures for books and supplies including costs of sales/use tax, freight, and handling charges.

##### **Services and Other Operating Expenses (5000)**

A total of 5a, b, c, d, e, f. Included within this category are:

* 5a) Expenditures for rentals, leases.
* 5b) Service contracts: includes janitorial, consultant, auditor, maintenance contracts, etc.
* 5c) Nutrition: expenses related to meals/snacks served to children in the program.
* 5d, 5e, 5f) travel, insurance, utilities, legal, and other operating expenditures.

#### Supplemental Expenses

Expenses related to funds utilized to enhance the program beyond the basic early education services for certified and non-certified children are to be reported in the Supplemental Expenses section of the report. Non-reimbursable expenses for the program should be reported as supplemental expenses.

#### In-Kind Donation

Donated or volunteer services, and donated goods, property, or use of space, may be furnished to a CSPP contractor. The value of these goods or services is not reimbursable with contract funds either as a direct or indirect cost, but such donations or contributions must be reported on the Enrollment, Attendance, and Fiscal Report and in the contractor’s audit. The value of such donations or contributions must be quantified to a dollar amount and reported both as restricted income and as a corresponding program expense. In all cases the determination of value will be guided by Office of Management and Budget Circular A-102 or 2 Code of Federal Regulations, Chapter 2, Part 215, as applicable.

#### Cost Allocation Plan

A cost allocation plan identifies the appropriate amount of expenses to be ascribed to a program. A common example of an expense that is cost allocated is a program director’s salary that must be prorated between program and non-program duties. A cost allocation plan may be for direct costs only, for indirect costs only, or for both direct and indirect costs, depending on what is applicable to the program. Contractors with multiple programs, including at least one CDE program, should discuss a cost allocation plan with their certified public accountant (CPA) whether or not the programs are co-located. Contractors unsure if they need a cost allocation plan should have their CPA contact the A&I Division of the CDE for general guidance. The cost allocation plan must be on file and be made available to CDE staff upon request.

* For LEA contractors, a cost allocation plan should be reviewed and approved by the contractor’s CPA prior to implementation.
* For public and private (non-LEA) contractors, a cost allocation plan should be reviewed by the contractor’s CPA prior to implementation. The contractor’s annual audit must indicate whether a cost allocation plan was used and describe the various bases of allocation (e.g., rent based on square footage occupied, or staff time based on time sheets showing actual hours spent in each program).

(See “Commingled versus Co-Located Programs” and “Indirect Costs”).

#### Expense Reporting Guidelines

* Report Expenses Related to the Program. Expenses for both certified and non-certified children shall be reported (5 *CCR* Section 17821(a)(b)), and non-reimbursable expenses. Report all program expenses, although contract reimbursement may be limited to prorated expenses (see “Accrual versus Cash Accounting,” “Commingled versus Co-Located Programs,” “Limits of Reimbursement,” and “Proration of Costs”).

### Equipment

#### Equipment Approval Requirements

Per the CT&C, all equipment and equipment replacement purchases that meet either of the following criteria shall be approved in writing in advance by the CDE:

* The per-unit acquisition cost equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or five thousand dollars ($5,000), including tax; or
* The sum of all items related to the purchase exceeds ten thousand dollars ($10,000) when considering all components necessary to perform the intended purpose of the equipment, including tax.

Approval requests shall be submitted on the Request for Approval of Equipment form (CD-2703) to the contractor’s EED consultant.

All expenses associated with a purchase that are necessary for the equipment to perform its intended purpose should be included in determining if prior approval is required (e.g., individual computer components such as the computer, monitor and software are all included in determining whether the equipment purchase requires prior approval).

LEAs must also comply with the applicable sections of the *Public Contract Code*.

#### Equipment Bidding Requirements

All equipment purchases, replacements, and improvements that meet either of the following criteria must have at least three (3) bids or estimates unless performed by the contractor’s staff:

* The per-unit cost equals or exceeds five thousand dollars ($5,000), including tax, or
* The sum of all items related to the purchase exceeds $10,000, including tax.

Each bid must contain prices for equivalent and comparable items and/or services. When available, consolidating procurements to obtain a more economical purchase is required. Subdividing equipment purchases into separate items (i.e., split bidding) to avoid the competitive bidding requirement is prohibited. The contractor must purchase the goods or services from the lowest responsible bidder or estimator.

If three (3) bids or estimates cannot be obtained, the contractor shall provide adequate documentation of the reason(s) why three (3) bids or estimates could not be obtained (e.g., an emergency, or the item is only available from a single source). An emergency can include but is not limited to fires, floods, and earthquakes.

For additional information, contractors should consult FY 2023–24 CT&C or contact their EED consultant.

#### Equipment Inventory Requirements

Each contractor is required to maintain an inventory record for each piece of equipment that is purchased with state and/or federal funds (5 *CCR Section 17796)*. A physical inventory of equipment must be taken at least every two (2) years and reconciled with property records. A copy of this inventory should be kept on site and should include an item description, identification number, acquisition date with original cost, funding source, location, and the ultimate disposition of the item, including sale price or method used to determine current fair market value. LEAs must also comply with the applicable sections of the *CSAM*.

The EENFS, in consultation with the A&I Division and EED’s Program Quality Implementation (PQI) office, has developed the following examples of what is and what is not considered inventory. Please note that this is not an all-inclusive list, as the following examples are only intended to be a guide. Contractors should reach out to their assigned PQI consultant if they have any questions about items not addressed within this list.

##### Examples

**Items Considered Inventory:**

* Appliances
	+ Examples: dishwashers, refrigerators, deep freezers
* Commercial-Grade Furniture
	+ Examples: tables, chairs, desks, cots, cubbies, shelves, dramatic play furniture such as play kitchens
* Electronic Devices
	+ Examples: iPads/tablets, laptops, cameras, security systems
* General
	+ Examples: commercial-grade area rugs, air conditioning units
* Office Equipment
	+ Examples: laminating press, copy machines, shredders, printers, computers
* Outdoor Play Equipment
	+ Examples: tricycles, water tables
* Vehicles

**Items Not Considered Inventory:**

* Bedding
	+ Examples: Cushions, blankets, pillows
* Instructional Materials:
	+ Examples: small manipulatives, puzzles, Lego blocks, soft toys, dramatic play props, books, wood unit blocks, puppets
* Supplies:
	+ Examples: pens, pencils, paper, crayons
* Utensils

### Service-Level Exemptions

Service-level exemptions allow the contractor to be reimbursed for identified expenses without the required enrollment to earn it. There are several types of service-level exemptions, depending on the contractor’s situation.

#### Start-up

Start-up is a service-level exemption, or an amount that may be reimbursed without the required enrollment to earn it (*EC* Section 8205(v)). One of the limits of reimbursement is service level earnings (certified enrollment multiplied by the county rate). (See “Limits of Reimbursement”). However, a new or expanded program may have valid expenses prior to having sufficient enrollment to earn those expenses. A start-up allowance exempts those expenses from the service requirement by increasing actual service earnings by the amount claimed as start-up expenses. This adjusted limit allows the contractor to be reimbursed for expenses.

##### Example 1

Contract MRA: $170,000

Approved Start-up: $15,000

Reimbursable Costs (includes Approved Start-up): $170,000

Reported Child Days of Enrollment (cde): 2,545.455

Reimbursement Rate: $55

Attendance Percentage: 100%

**June Year-End Report:**

Net Reimbursable Costs: $170,000

Service Earnings Adjusted for Attendance: 2,545.455 x $55 x 100% = $140,000

Service Earnings Adjusted for Attendance (with reported Start-up): $140,000 + $15,000 = **$155,000**

Without start-up, this contract would be reimbursed $140,000 (the lesser of Net Reimbursable Costs, Adjusted Service Earnings, and MRA). With start-up included, the total reimbursement would be $155,000, and would cover the actual costs of the program.

**Note**: *EC* Section 8245.5 specifies that for FY 2023–24, CSPP contractors are to be reimbursed the lesser of 100 percent of the contract MRA or net reimbursable program costs if they meet one of the criteria outlined in *EC* 8245.5. Therefore, in this example, service earnings are held harmless and not considered when determining contact earnings and the total reimbursement is $170,000 as opposed to $155,000.

A start-up allowance is not an annual term, and contractors are not entitled to a specific percentage of a start-up allowance. The CDE may reimburse approvable start-up costs in an amount not to exceed 15 percent of the expansion or increase of the contract amount (*EC* Section 8255). Start-up is not additional funding but is part of the contract MRA. This service-level exemption is included in apportionment amounts and final reimbursement, and no separate check is issued for start-up expenses or reimbursements.

To request a start-up allowance, the contractor will need to submit a line-item budget and a budget narrative justification to their EENFS fiscal analyst. The line-item budget should include the quantity, unit cost, and total cost. The budget narrative should provide a written description that justifies the need for each requested line item.

**Note:** Contractors are required to submit equipment requests for pre-approval to their EED consultant for purchases that exceed the expenditure threshold (see “Equipment”).

Certain line items will not require a quantity or unit price, such as office supplies. The total cost of the line item will suffice. For example, the start-up request may include a line item for office supplies in the amount of $1,000. The budget does not need to include the quantities or unit prices of the different supplies purchased. However, the budget narrative justification should provide a general description and justification for the office supplies being purchased. For all items requested, the criteria CDE will use for approving the items are whether the cost is reasonable and necessary.

Purchase orders, invoices, or an internal agency expenditure report will not be accepted for review in lieu of a line-item budget.

**Note:**

* Start-up expenses must be reported on the *Start-up Expenses* line in the Reimbursable Expenses section of the Enrollment, Attendance, and Fiscal Report.
* Start-up expenses should not be reported in expenditure categories 1000–5000, 6100/6200, 6400, and 6500.
* Start-up expenses must be reported in the contractor’s audit on an Audited Enrollment, Attendance, and Fiscal Report (AUD form), and be supported by a separate schedule that details start-up expenses by expense categories 1000–5000, 6100/6200, 6400, and 6500.
* Any unused start-up allowance cannot be reserved or carried forward to a subsequent fiscal year.
* A program that has sufficient enrollment earnings to cover costs, or to earn the full contract MRA, will not need the start-up allowance exemption.

#### Staff Training Costs

5 *CCR* Section 17704 requires each contractor to develop and implement a staff professional development program that includes staff development opportunities on topics related to functions specified in each employee’s job description and identification of training needs of staff or service providers. Per *EC* Section 8205(x), staff training and development activities are included as a supportive service, making these costs reimbursable to the early education program. *EC* Section 8251 allows the CDE to reimburse expenses associated with professional development without requiring contractors to meet the service requirement for their contract.

Contractors taking advantage of these optional staff training days will report all reimbursable costs, including those associated with up to two staff training days, in expense categories 1000 through 5000 on the Enrollment, Attendance, and Fiscal Report. Additionally, contractors must identify the amount to which the total expenses reported within categories 1000 through 5000 are associated with staff training costs, on the *Total Staff Training Cost* line of the Enrollment, Attendance, and Fiscal Report. This identification will allow the CDE to collect the necessary data to reimburse these expenditures and adjust the contract earnings accordingly.

Expenses incurred for up to two staff training days are reimbursed as a service-level exemption. Service-level exemptions increase contract earnings by adjusting two of the three limits of reimbursement: net reimbursable costs and service earnings. This adjusted limit allows the contractor to be reimbursed for expenses that may not have otherwise been reimbursed due to the limits of reimbursement rules. Reimbursement for this service-level exemption is similar to reimbursement for start-up expenses.

##### Example 2

Contract MRA: $500,000

Reimbursable Costs: $500,000

Service Earnings: $475,000

Identified Staff Training Cost: $25,000

In this example, without the approved staff training expenses of $25,000, the contract would be reimbursed $475,000 (the lesser of Net Reimbursable Costs, Adjusted Service Earnings, and the contract MRA). By reporting $25,000 in staff training expenses, the total reimbursement will be $500,000.

Staff training does not need to be preapproved and is not a contract term. As with all program expenses, contractors are required to have support documentation for all expenses reported on EENFS Enrollment, Attendance, and Fiscal Report readily available for CDE review. This may include:

* Invoices for training and travel
* Determination of staff costs for attending training (wages, benefits, and travel expenses)

Contractors must continue to exclude staff training days from their program calendar if no services to certified children are provided on staff training days. A letter containing more information related to the reimbursement of staff training costs can be found on our website at <https://www.cde.ca.gov/fg/aa/cd/stafftrainingdaysletter.asp>. MB 19-05 can also be found at <https://www.cde.ca.gov/sp/cd/ci/mb1905.asp>.

#### Exceptional Needs/Severely Disabled Credit

Pursuant to *EC* Section 8208(c)(1), beginning July 1, 2022, until June 30, 2025, CSPP contractors are required to set aside five percent of funded enrollment for children with exceptional needs, including those that are severely disabled, as defined in *EC* Section 8205. SB 141 (Chapter 194, Statutes of 2023) changed the set aside requirements for serving children with exceptional needs in order to provide more time for programs to build capacity. Specifically, the requirement to set aside five percent of funded enrollment is effective through June 30, 2025. The set aside amount will increase to 7.5 percent in FY 2025–26 and to 10 percent beginning July 1, 2026.

For FY 2023–24 and FY 2024–25, the five percent set aside will be calculated by multiplying the contract MRA by the full-time exceptional needs adjustment factor of 2.4 by five percent.

##### Example 3

A contractor has a CSPP contract MRA of $1,000,000. For FY 2023–24, $120,000 will be reserved to serve children with exceptional needs, which is a result of the following calculation:

Required Set Aside = Contract MRA x 2.4 adjustment factor x 5% = $1,000,000 x 2.4 x 5% = $120,000

To ensure funding is available to enroll children with exceptional needs within the required set aside, contractors will be fully funded for the percentage of funded enrollment set aside amounts, pursuant to *EC* Section 8208(c)(2)(B). The CDE will advance funding set aside for children with exceptional needs based on the normal apportionment schedule, regardless of whether the contractor is fully earning their set aside amount. The CDE will determine the extent to which contractors are earning their set aside amount based on the cdes reported within the exceptional needs and severely disabled adjustment factor categories. Contractors who are not fully earning the amount set aside to serve children with exceptional needs will receive a service-level exemption credit, which allows the contractor to be reimbursed for identified expenses without meeting the service requirement.

The EENFS contract earnings calculations include the required set aside amount, the earnings associated with the set aside amount, and the service-level exemption credit, if applicable. Contractors will be able to use this information to track their earnings related to the set aside amount.

Below are examples of how the service-level exemption credit will be calculated when the contractor is projected to fully earn, partially earn, or have no earnings associated with the required set aside. In the following examples, the contractor’s county rate is $55.27 and $120,000 has been reserved to serve children with exceptional needs.

##### Example 4: Fully Earning the Set Aside Requirement

Based on data reported in the exceptional needs and severely disabled adjustment factor categories of the Enrollment, Attendance, and Fiscal Report, the contractor is projected to have 2,171.1598 adjusted cdes. The following calculation is used to determine the projected earnings associated with serving children with exceptional needs and severe disabilities:

Projected Earnings: Projected adjusted cdes x county rate = 2,171.1598 x $55.27 = $120,000

This represents 100 percent of the amount set aside and reserved for children with exceptional needs and severe disabilities, and therefore, the contractor would not receive a service-level exemption credit.

Service-level exemption credit: Required Set Aside – Projected Earnings

= $120,000 - $120,000 **= $0**

##### Example 5: Partially Earning the Set Aside Requirement

Based on data reported in the exceptional needs and severely disabled adjustment factor categories of the Enrollment, Attendance, and Fiscal Report, the contractor is projected to have 1,171.1598 adjusted cdes. The following calculation is used to determine the projected earnings associated with serving children with exceptional needs and severe disabilities:

Projected Earnings: Projected adjusted cdes x county rate = 1,171.1598 x $55.27 = $64,730

The contractor will receive a service-level exemption credit of $55,270, which was determined by taking the difference between the required set aside amount and the projected earnings.

Service-level exemption credit: Required Set Aside – Projected Earnings = $120,000 - $64,730 **= $55,720**

##### Example 6: No Earnings Associated with the Set Aside Requirement

Based on data reported in the exceptional needs and severely disabled adjustment factor categories of the Enrollment, Attendance, and Fiscal Report, the contractor has reported no children in these categories. Therefore, the contractor is projected to have 0 adjusted cdes. The contractor will receive a service-level exemption credit of $120,000, which was determined by taking the difference between the required set aside amount and the projected earnings.

Service-level exemption credit: Required Set Aside – Projected Earnings = $120,000 - $0 **= $120,000**

The CDE will not bill CSPP contractors for any unused set aside funds from FY 2022–23. These funds are considered deferred revenue and are to be reported on FY 2023–24 Enrollment, Attendance, and Fiscal Reports as restricted income only when the associated expenditures are also reported.

EENFS has developed a funded enrollment calculator which contractors can use as a tool to determine the number of children funded to serve by service county, as well as the number of children required to meet the set aside to serve children with exceptional needs and children with severe disabilities. The funded enrollment calculator can be found at: [https://www.cde.ca.gov/fg/aa/cd/documents/fundedenrollmentcalculator.xlsx.](https://www.cde.ca.gov/fg/aa/cd/documents/fundedenrollmentcalculator.xlsx) The EENFS recorded a walkthrough to provide CSPP contractors with guidance on how to use the funded enrollment calculator. This walkthrough can be found at <https://www.youtube.com/watch?v=c1i0d4RIe8Q&feature=youtu.be>.

### Indirect Costs

Indirect costs are defined as costs that benefit more than one program and cannot be readily assigned to one specific program (5 *CCR* Section 17700(ai)). Indirect costs are a portion of the expenses for administrative activities that would normally be identified in the 1000–5000 categories but are agency-wide costs not directly attributable to the one specific program.

#### Example

A school uses one classroom for a State Preschool program. The school’s business office handles all purchasing for the school. The supplies for the preschool program can be separately identified as direct costs of that program, but the costs incurred by the business office in the purchasing (including salaries and benefits for the business office staff) cannot; therefore, the school uses a cost allocation plan to prorate the business office expenses, and a small percentage of it is charged to the preschool program as indirect costs. Instead of reporting purchasing as a direct operating expense on line 5000, the prorated amount is reported on the *Indirect Costs* line.

Indirect costs are part of the program’s total allowable administrative costs (see CT&C). There is a 15 percent limit on administrative costs, so contractors should carefully assess costs to determine which can be attributed to direct operating expenses rather than to indirect or administrative costs so that the limit is not exceeded (see “Administrative Costs”). For additional information about what may be considered indirect, contact your certified public accountant or the A&I Division of the CDE.

#### Limits to Indirect Costs

Indirect costs are limited to an indirect cost rate that must be based on an approved cost allocation plan, not to exceed the rate specified in the annual preschool contract (5 *CCR* Section 17805(j)). Federal regulation allows a maximum indirect cost rate of ten percent for any non-federal entity that has never received a negotiated indirect cost rate. For any non-federal entity that has a negotiated indirect cost rate, such as CDE approved rates for school districts and county offices of education, the maximum indirect cost rate shall be the lesser of the negotiated indirect cost rate or the ten percent referenced at Section 200.414 (f) of Title 2, Chapter 2, Office of Management and Budget Guidance. CDE approved rates are based on the Standardized Account Code Structure (SACS) financial reporting software via the Indirect Cost Rate worksheet and should be available in the school administration office, or on the CDE website for indirect cost rates (see “Reference Materials”). Indirect costs may be applied only to expenses that would otherwise be included in the first five expenditure categories (1000–5000), salaries, supplies, and operating expenses (CT&C), including provider payments for California State Preschool Programs with services provided through Family Child Care Homes. Indirect costs may also be applied to expenditure categories 1000–5000 reported as start-up expenses. Indirect costs may not exceed the allowed indirect cost rate multiplied by the total amount of actual direct costs claimed in categories 1000–5000.

 **Note:** The limit for indirect costs is strict, and contractors should therefore verify that the costs reported as indirect cannot be allocated to another reporting category.

#### Reporting Indirect Costs

If indirect costs are reported, a cost allocation plan must be on file (see “Expenses”). On the Enrollment, Attendance, and Fiscal Report, report the indirect costs on the *Indirect Costs* line. Any costs reported on the *Indirect Costs* line must also be reported as administrative costs on the *Total Administrative Cost* line.

The lists of CDE approved rates for LEAs, frequently asked questions, and letters regarding indirect cost rates can be found on the following CDE website: <https://www.cde.ca.gov/fg/ac/ic/>.

### Administrative Costs

Contractors are required to report all expenses for their program, including all administrative costs. Administrative functions are defined as activities that do not provide a direct benefit to the children, parents, or providers (5 *CCR* Section 17805(b)). Administrative costs include any allowance for indirect costs and audits (CT&C). *EC* Section 8258 limits reimbursement of administrative costs to not exceed 15 percent of the funds provided. Since the CDE contract does not provide funds for costs paid for by restricted income or for costs that are non-reimbursable, EENFS calculations limit reimbursement of administrative costs to 15 percent of net costs (total expenses minus restricted income and non-reimbursable costs).

**Note:** The limit for administrative costs is strict, and contractors should therefore verify that the costs reported as administrative are specifically administrative*.*

#### Example

A secretary spends part of his time completing the Enrollment, Attendance, and Fiscal Report. Most of his time is spent answering the phone, talking to parents, and preparing enrollment files. Completing the report form is purely administrative, so only that amount of salary for his time spent on the report form should be reported as an administrative cost.

Contractors shall maintain written documentation for the justification used in determining administrative costs (CT&C).

#### Reporting

Administrative costs are included in appropriate line items in the Reimbursable Expenses section of the Enrollment, Attendance, and Fiscal Report (e.g., audit costs should be reported on the *Services and Other Operating Expenses* line; indirect costs are reported on the *Indirect Costs* line). All administrative costs are *also* reported on the Total Administrative Cost line. (See “Indirect Costs”).

### Revised Reports

#### Revised California State Preschool Program and Support Contract Reports

Enrollment, Attendance, and Fiscal reports can be revised through CPARIS. Reports that have been certified through CPARIS can be edited if the report deadline has not passed. The status of a report can be determined in the Certified Reports list, found in the Reporting tab. Reports that are editable will appear with a Report Period Status of Open. Only CPARIS users with assigned user roles of Data Entry Representative or Authorized Representative can edit report data. A previously certified report that is edited must be recertified by an Authorized Representative. Once the deadline has passed, the report status will be Closed. Contractors wishing to revise a closed report must reach out to their fiscal analyst.

CPARIS requires contractors to correct data in the reporting period in which the change occurred. For example, if a contractor has a revision to a September report, the September report must be edited to reflect the change. Please note that a revision to a report can initiate required recertification of subsequent certified reports. If multiple report months need revisions, contractors must revise and recertify from the oldest report month to the newest. Contractors should inform their fiscal analyst once revisions have been certified in CPARIS.

Please refer to the CPARIS Manual for specific procedures on report revision, as well as information on user roles, found on our web page at: <https://www.cde.ca.gov/fg/aa/cd/cparishomepage.asp>.The CPARIS Frequently Asked Questions page can also be found on the EENFS website link above.

#### Year-End Reports

The June report is the last report of the contract period. Contractors must adhere to the July 20 reporting deadline to comply with the requirements set forth in 5 *CCR* Section 17821 and the CT&C. Should a revision to the June report be necessary, contractors should submit a revised year-end report as soon as revised data is available. Additionally, if the revised report deadline listed below falls on a weekend or holiday, then the revised report is due the following business day.

LEAs: Contract closure and year-end reimbursement calculations are based on the year-end report, so it is vital that information is complete and accurate. LEAs should complete and certify a revised report, if necessary, through CPARIS as soon as possible, but contractors have sixty (60) days from the due date for submission of the audit to submit a revised report (CT&C).

* The audits for school districts and county offices of education are due on December 15 (*EC* Section 41020). The revised report deadline is February 13.
* A audit reports for community colleges are due on December 31 (CT&C). The revised report deadline is March 1.
* Contractors may submit an audit extension request prior to the audit due date. LEA contractors with an approved audit extension have 60 days from the extended due date to submit an audit report, which must include a copy of the written approval for the extension to verify the extended due date.

Revised reports may be submitted after these deadlines, but the contractor must follow a detailed procedure to be eligible for consideration. Contact your EENFS fiscal analyst for more information.

Non-LEAs:Non-LEA contractors may submit revised year-end reports until August 20. Upon approval by the fiscal analyst, the preliminary contract closure calculation based on the year-end report, or a revised year-end report, for reports received by the August 20 deadline, will be viewable in CPARIS. Contract closure calculations resulting from revised reports received after the August 20th deadline will not be made available. Rather, contract closure and year-end reimbursement calculations will be based on the contractor’s audit.

* Contractors may submit an audit extension request prior to the audit due date. Non-LEA contractors with an approved audit extension have 30 days from the extended due date to submit an audit report, which must include a copy of the written approval for the extension to verify the extended due date.

**Note:** When submitting the audit report, data entered into “Column A” of the AUD form must match the information previously reported in the *Cumulative Fiscal Year* column of the year-end report.

### Head Start Partnerships

Head Start and Early Head Start grantees may be utilizing grant funds to grow or supplement their CDE early education programs. Depending on how the funding is used, it may be required to be reported to the CDE on the Enrollment, Attendance, and Fiscal Reports. Below is guidance on how to report Head Start and Early Head Start funds that are used to support CDE funded programs on the Enrollment, Attendance, and Fiscal Report.

Contractors with a part-day CSPP contract may partner Head Start funding to provide a full day of services to meet the needs in their community.

When Head Start funding is used to provide preschool services for hours that exceed the part-day State Preschool program:

| **Reported Item** | **Enrollment, Attendance, and Fiscal Report Instructions** |
| --- | --- |
| Days of enrollment funded by the CSPP | Report the portion of the day funded by the CSPP in the appropriate part-time category in the *Days of Enrollment for Certified Children* **or** the *Certified Children Receiving MHCS* |
| Days of enrollment funded by Head Start | Do **not** report  |
| Head Start revenue when contractor does **not** cost allocate | Report Head Start revenue on the *Unrestricted Income: Head Start* line  |
| Head Start expenses when a contractor does **not** cost allocate | Report Head Start expenses on the appropriate lines in the *Reimbursable Expenses* section |
| Head Start revenue when a contractor cost allocates | Do **not** report |
| Head Start expenses when a contractor cost allocates | Do **not** report |

**Note:** Although contractors typically have the option to cost allocate Head Start and CSPP expenses when Head Start funding is used to provide a full day of service to children, for FY 2022–23, contractors must cost allocate their expenses when Head Start funding is used to provide a full day of services to children enrolled in a part-day CSPP program.

When Head Start funding is used to provide services to non-CDE subsidized children in the same classroom as CDE subsidized children:

| **Reported Item** | **Enrollment, Attendance, and Fiscal Report Instructions** |
| --- | --- |
| Days of enrollment funded by Head Start | Report in the appropriate category in the *Non-Certified Children Enrollment* **or** the *Non-Certified Children Receiving MHCS* |
| Head Start revenue  | Report Head Start revenue on the *Unrestricted Income: Head Start* line  |
| Head Start expenses  | Report Head Start expenses on the appropriate lines in the *Reimbursable Expenses* section |

### California State Preschool Program as an Extended Learning and Care Option

Pursuant to *EC* Section 48000(l), as of July 1, 2022, children enrolled in a transitional kindergarten (TK) or kindergarten program may be enrolled in the part-day CSPP for extended learning and care services during the hours that they are not receiving educational services in a TK or kindergarten program. Families choosing to enroll their child in part-day CSPP extended learning and care service must provide all required documentation of eligibility and their child must be enrolled in TK or kindergarten.

When children are enrolled in a part-day CSPP to provide extended learning and care beyond TK or kindergarten hours, on the CSPP Enrollment, Attendance, and Fiscal Reports contractors must:

| **Reported Item** | **Enrollment, Attendance, and Fiscal Report Instructions** |
| --- | --- |
| Days of enrollment funded by the CSPP | Report the portion of the day funded by the CSPP in the appropriate part-time category in the *Days of Enrollment for Certified Children* **or** the *Certified Children Receiving MHCS* |
| Days of enrollment funded by TK or kindergarten | Do **not** report  |
| CSPP expenses  | Report expenses associated with the portion of the day funded by CSPP on the appropriate lines in the *Reimbursable Expenses* section |
| TK or kindergarten expenses  | Do **not** report |

For further details and guidance, contractors should consult Management Bulletin 23-05, titled Part-day California State Preschool Program as an Extended Learning and Care Option, found at <https://www.cde.ca.gov/sp/cd/ci/mb2305.asp>.

### Commingled versus Co-Located Programs

#### Commingled Programs

A commingled program is defined as the provision of services to both subsidized and non-subsidized children in the same classroom at the same time (5 *CCR* Section 17700(q)). The most common example of a commingled program is a program that serves both certified children (subsidized by the contractor’s CSPP contract) and non-certified children (funded by a source other than the CSPP contract). When a contractor has a commingled program, they are required to report enrollment data for certified and non-certified children on the Enrollment, Attendance, and Fiscal Reports.

“Non-certified” in the scenarios below refers to a child that is not subsidized under CSPP but is served in a commingled program. Contractors that commingle certified children with either non-certified children or with children certified by CDSS’ child care and development program may be able to allocate costs associated with these children. Contractors should be aware of when cost allocation is necessary and when it is not. Guidance on how to determine when costs should or should not be allocated is provided below:

1. For instances where a contractor with a CSPP contract commingles with non-certified children, the contractor will complete the Non-Certified Enrollment section of the Enrollment, Attendance, and Fiscal Report. The Supplemental Revenue and Supplemental Expenses sections must be completed if supplemental revenue is received and utilized in the program:

CSPP Enrollment, Attendance, and Fiscal Report

* Days of Enrollment Certified Children: report enrollment for CSPP certified children.
* Non-Certified Children: report enrollment for non-certified children.
* Revenue and Reimbursable Expenses: report fiscal data for the entire program. All fiscal data for costs associated with non-certified children must also be reported here.
* Supplemental Revenue and Supplemental Expenses: report supplemental income and expenses.

The contract earnings calculations will prorate costs based on the percentage of certified and non-certified enrollment reported (see “Proration of Costs”)

**Note:** For instances where the amount received for non-certified children greatly differs from the CSPP reimbursement rate, contractors should not consider these children as “non-certified” for reporting purposes. In this instance, contractors will not report the non-certified children on the Enrollment, Attendance, and Fiscal Report and must only report the amount of costs allocated for the CSPP program.

1. For instances where a contractor holds a CSPP contract with the CDE and a CCTR contract with CDSS, and operates a classroom commingled with both CSPP and CCTR children, the contractor should report as indicated below.

CSPP Enrollment, Attendance, and Fiscal Report

* Days of Enrollment Certified Children: report enrollment for CSPP certified children.
* Non-Certified Children: In this instance, children enrolled in the CCTR program are considered non-certified. However, no enrollment data should be reported.
* Revenue and Reimbursable Expenses: report fiscal data that is cost allocated for CSPP.
* Supplemental Revenue and Supplemental Expenses: report supplemental income and expenses.
1. For instances where a CSPP contractor holds a CCTR contract with CDSS and commingles both CCTR children **and** non-certified children into a predominantly CSPP classroom, contractors should report as indicated below.

CSPP Enrollment, Attendance, and Fiscal Report

* Days of Enrollment Certified Children: report enrollment for CSPP certified children
* Non-Certified Children: report enrollment data for all non-certified children paid for by another fund source other than CSPP or CCTR contract funds (do not include CCTR certified children.)
* Revenue and Reimbursable Expenses: report fiscal data that is cost allocated for CSPP (all fiscal data for costs associated with non-certified children should also be reported here.)
* Supplemental Revenue and Supplemental Expenses: report supplemental income and expenses.

#### Commingled Transitional Kindergarten and Preschool Programs

*EC* Section 8207 allows school districts and charter schools that administers a California State Preschool Program to place four-year-old children in a transitional kindergarten program classroom. *EC* Section 48000 also includes that school districts and charters schools that commingle children from both programs in the same classroom shall meet all the requirements of the respective programs in which the children are enrolled.

Contractors shall report the services, revenues, and expenditures for the CSPP certified children on the CSPP Enrollment, Attendance, and Fiscal Report. Contractors are not required to report services, revenues, and expenditures for the children enrolled in the transitional kindergarten program on the CSPP Enrollment, Attendance, and Fiscal Report.

#### Co-Located Programs

Co-located programs are those that share the same facility but not the same classroom, such as a CDE CSPP classroom and a CDSS CCTR classroom at the same site. These can be program types that cannot be commingled because they are different types of programs with different program requirements, or program types that can be commingled, but the contractor chooses not to do so. Contractors with co-located programs must report each program separately, and therefore must have a cost allocation plan to accurately report the appropriate costs for each program. Contractors with co-located contracts must ensure subsidized children are not enrolled in more than one program at the same time. **The enrollment and costs of a child may not be charged to more than one contract.**

##### Example 1

A contractor operates a CSPP program and a migrant program at the same site. Since the two programs have different requirements, they cannot be commingled, but there are some facility and staffing costs (electricity, program director’s salary, etc.) shared by both. A cost allocation plan for shared costs is required, and the costs related to the preschool program will be appropriately reported to the CDE (See “Expenses”).

#### Alternative Payment or Subcontract Placements

Programs that accept children from another CSPP contractor through a subcontract or an alternative payment (AP) voucher program must report those children as non-certified when the subcontracted children or children with AP vouchers are commingled into the same classroom as children receiving services directly through their CSPP contract. Subcontracted children or children with AP vouchers cannot be reported as certified on the subcontractor’s reports as they are reported as certified on the direct contractor’s Enrollment, Attendance, and Fiscal Report. Both the direct contractor and the subcontractor should report the income and expenses related to the subcontracted children.

##### Example 2

A CSPP contractor subcontracts with another CSPP program to provide services for one preschooler. The direct contractor will report the child as certified under *Days of Enrollment for Certified Children* or the *Certified Children Receiving* MHCS on the Enrollment, Attendance, and Fiscal Report. The subcontractor will report the child as non-certified under *Non-Certified Children Enrollment* or the *Non-Certified Children Receiving* MHCS on the Enrollment, Attendance, and Fiscal Report. Both contractors will report expenses related to the one child.

### Enrollment versus Attendance

On Enrollment, Attendance, and Fiscal Reports, three items that are frequently mistaken for each other are “Days of Enrollment,” “Days of Operation,” and “Days of Attendance.” While enrollment and attendance are closely related and might even be the same number for a given reporting period, they are calculated differently and are separated on the report form by the line for days of operation.

#### Days of Enrollment

A day of enrollment is a day that a child is certified to attend a program per the contractor’s Notice of Action approval for services. A day of enrollment will always fall on a day that the agency is open and providing services. Certified days of enrollment for all children are to be reported on the Enrollment, Attendance, and Fiscal Report and must be reported in the category of each child’s certification (e.g., Part-time, Exceptional Needs, Dual Language Learner, etc.).

Days of enrollment reported to EENFS must reconcile with each child’s application for services. If the family requests a change in services, thefamily file must be updated within thirty days per the CT&C, and days of enrollment should be reflected accurately on the Enrollment, Attendance, and Fiscal reports.

#### Reporting Days of Enrollment

Total days of enrollment must be reported as whole numbers on the Enrollment, Attendance, and Fiscal Reports. Children certified with a set schedule should always be reported based on their certified enrollment, regardless of their actual attendance on any given day.

Pursuant to *EC* Section 8242(c), beginning January 1, 2022, CSPP contractors are reimbursed at the greater of the following:

(1) The 75th percentile of the 2018 Regional Market Rate survey; or

(2) The contract per-child reimbursement amount as of December 31, 2021, as

 increased by the cost-of-living adjustment.

This effectively set reimbursement based on the county in which preschool services are provided. Therefore, contractors must report the days of enrollment based on the county in which preschool services were provided.

Additionally, contractors are required to report the certified days of enrollment by time-base on the Enrollment, Attendance, and Fiscal Report. There are three time-based categories: Full-Time Plus, Full-Time and Part-Time (see “Adjustment Factors – Time Based”). CSPP contractors are required to report all children with a certified schedule of less than 30 hours total per week as part-time and all children with a certified schedule of 30 hours or more per week as full-time. The child’s certified enrollment is based on the number of hours per week the child is enrolled; however, enrollment will continue to be reported for each day the child is enrolled.

**Note:** SB 140 (Chapter 193, Statutes of 2023) amended *EC* Section 8205 (af) to redefine “part-time” as fewer than 25 hours per week and “full-time” to mean 25 hour or more per week effective no later than March 1, 2024.

If a child is certified for full-time service and for any individual day the child is enrolled more than 10.5 hours, the child must be reported as full-time plus on that day.

##### Example of Full-Time Enrollment:

If a child is certified to receive services Monday through Thursday for 8 hours per day, and on Friday for 3 hours, totaling 35 hours per week, the child should be reported within the full-time rate category. The contractor must report the child’s enrollment for all 5 days of the week as full-time child days of enrollment, because the child’s total enrollment for the week is 30 hours or more.

###### Number of Hours Child is Certified:

|  Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  | Total Weekly Hours  |
| --- | --- | --- | --- | --- | --- | --- |
| Week 1  | 8  | 8  | 8  | 8  | 3 | 35 = Full-Time |
| Week 2  | 8  | 8  | 8  | 8  | 3 | 35 = Full-Time |
| Week 3  | 8  | 8  | 8  | 8  | 3 | 35 = Full-Time |
| Week 4  | 8  | 8  | 8  | 8  | 3 | 35 = Full-Time |

###### How to Report Enrollment on Enrollment, Attendance, and Fiscal Report:

| Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  |
| --- | --- | --- | --- | --- | --- |
| Week 1 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 2 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 3 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 4 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |

##### Example of Part-Time Enrollment:

If a child is certified to receive services Monday, Tuesday, Wednesday, and Friday for 5 hours per day, and on Thursday for 8 hours, totaling 28 hours per week, the child should be reported within the part-time rate category. The contractor must report the child’s enrollment for all 5 days of the week as part-time child days of enrollment, because the child’s total enrollment for the week is less than 30 hours. Effective March 1, 2024, when the full-time and part-time threshold changes to 25 hours, contractors would begin reporting the child’s enrollment for all 5 days of the week as full-time.

###### Number of Hours Child is Certified:

| Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  | Total Weekly Hours  |
| --- | --- | --- | --- | --- | --- | --- |
| Week 1  | 5 | 5 | 5 | 8  | 5 | 28 = Part-Time |
| Week 2  | 5 | 5 | 5 | 8  | 5 | 28 = Part-Time |
| Week 3  | 5 | 5 | 5 | 8  | 5 | 28 = Part-Time |
| Week 4  | 5 | 5 | 5 | 8  | 5 | 28 = Part-Time |

###### How to Report Enrollment on Enrollment, Attendance, and Fiscal Report (prior to March 1, 2024):

|  Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  |
| --- | --- | --- | --- | --- | --- |
| Week 1  | Part-Time | Part-Time | Part-Time | Part-Time | Part-Time |
| Week 2  | Part-Time | Part-Time | Part-Time | Part-Time | Part-Time |
| Week 3  | Part-Time | Part-Time | Part-Time | Part-Time | Part-Time |
| Week 4  | Part-Time | Part-Time | Part-Time | Part-Time | Part-Time |

###### How to Report Enrollment on Enrollment, Attendance, and Fiscal Report (after March 1, 2024):

|  Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  |
| --- | --- | --- | --- | --- | --- |
| Week 1  | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 2  | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 3  | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 4  | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |

##### Example of Reporting a Child Enrolled for Less than Five Days Per Week:

If a child is certified to receive services Monday through Thursday for 8 hours per day, 32 hours per week, the child should be reported within the full-time rate category. The contractor must report the child’s enrollment for all 5 days of the week as full-time child days of enrollment, because the child’s total enrollment for the week is 30 hours or more.

###### Number of Hours Child is Certified:

| Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  | Total Weekly Hours  |
| --- | --- | --- | --- | --- | --- | --- |
| Week 1  | 8 | 8 | 8 | 8  | N/A | 32 = Full-Time |
| Week 2  | 8 | 8 | 8 | 8  | N/A | 32 = Full-Time |
| Week 3  | 8 | 8 | 8 | 8  | N/A | 32 = Full-Time |
| Week 4  | 8 | 8 | 8 | 8  | N/A | 32 = Full-Time |

###### How to Report Enrollment on Enrollment, Attendance, and Fiscal Report:

| Week | Monday  | Tuesday  | Wednesday  | Thursday  | Friday  |
| --- | --- | --- | --- | --- | --- |
| Week 1 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 2 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 3 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |
| Week 4 | Full-Time | Full-Time | Full-Time | Full-Time | Full-Time |

**Note:** To report the associated days of attendance, contractors should record the days the child is not certified to be in the program as an unscheduled day. For reporting purposes, unscheduled days will be included as a day of attendance.

Further guidance on reporting scenarios can be found at [<https://www.cde.ca.gov/fg/aa/cd/ratereformfaqs.asp>](https://www.cde.ca.gov/fg/aa/cd/ratereformfaqs.asp). This guidance will be updated to reflect the changes to the part-time definition prior to March 1, 2024.

#### Days of Attendance

A day of attendance is a day that a certified child is physically present in the program for any part of a day for which they are enrolled or if they have excused absences. Excused absences are because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child (*EC* Section 8205). Contractor’s operating centers and/or family child care homes shall use daily sign-in/sign-out sheets as a primary source document for reporting purposes (5 *CCR* Section 17818).

#### Reporting Days of Attendance

Total days of attendance must be reported as whole numbers on the Enrollment, Attendance, and Fiscal Reports. Days of attendance and days of enrollment will be identical if there are no *un*excused absences. Days of attendance will be less than enrollment if there are unexcused absences. Attendance can never be greater than enrollment. Attendance of non-certified children is not reported.

##### Example 1

A contractor has an approved calendar with 21 days of operation in the month of September. A child in the program is certified as full-time for every day during the month of September. On three separate instances during the month of September, the child is picked up early and attends only part-time on those days. On the Enrollment, Attendance, and Fiscal Report, the child’s enrollment will still be marked as 21 days of enrollment in the Full-time category for September and there will be 21 days of attendance counted for this period.

##### Example 2

 A contractor has an approved calendar with 21 days of operation in the month of September. A child in the program is certified to attend for the entire month in the full-time time-base category. However, based on the contractor’s policy provided in the parent handbook and in accordance with 5 *CCR* Section 17819, the child has three unexcused absences during the month of September. The total days of enrollment for this child for the month of September is 21 days in the full-time time-base category. The total days of attendance for this child for that same period is 18.

### Adjustment Factors – Time-Based

CSPP contracts allow for actual enrollment to be adjusted by time-based adjustment factors. Time-based designations (full-time, part-time, etc.) account for costs based on the length of services in a week. Rather than complicate contracts with multiple reimbursement rates for these part-day designations, the CDE uses adjustment factors to change actual enrollment to Adjusted Days of Enrollment. Since service-level earnings are based on the service county rate multiplied by Adjusted Days of Enrollment, this practice results in different reimbursement levels.

There are three time-based designations for CSPP. The three designations and their adjustment factors currently are:

Full-time plus (10.5 hours and over) 1.18

Full-time (30 hours per week or more) 1.00

Part-time\* (less than 30 hours per week) 0.6193

\*Part-time adjustment factors may vary by service county. FY 2023–24 part-time adjustment factors can be found at [https://www.cde.ca.gov/fg/aa/cd/documents/csppcontractrates.xlsx.](https://www.cde.ca.gov/fg/aa/cd/documents/csppcontractrates.xlsx)

A B 210 (Chapter 62, Statutes of 2022) amended *EC* Section 8244(c) allowing for the part-day CSPP adjustment factor be increased by the exceptional needs adjustment factor, severely disabled adjustment factor, and for children ages 47 months or younger. For counties with a part-time adjustment factor of 0.6193, the part-time adjustment factor for the following categories are:

Exceptional Needs (less than 30 hours per week) 1.4863

Severely Disabled (less than 30 hours per week) 1.4863

47 months or younger

(i.e. Three-Years-Old) (less than 30 hours per week) 1.1147

**Note:** SB 140 amended *EC* Section 8205 (af) to redefine part-time as fewer than 25 hours per week and full-time to mean 25 hour or more per week effective no later than March 1, 2024.

Adjustment factors do NOT increase a contract’s MRA, but instead determine how much of the MRA a contractor is earning based on the certified children being served.

#### Example

The following example illustrates how serving children of different time bases affects a contractor's earnings.

Contract MRA: $55,000

Number of Children: 10

MDO: 100

Daily Rate: $55

To determine potential service earnings, use the following formula:

Number of children x MDO x daily rate x adjustment factor = service earnings

If a contractor is serving 10 full-time certified children, the contractor will be able to earn their full MRA.

* + 10 x 100 x $55 x 1 = $55,000

If a contractor is serving 10 part-time certified children, the contractor would not be able to earn their full MRA. The contractor would need to enroll additional children to fully earn their MRA.

* + 10 x 100 x $55 x 0.6193 = $34,062

### Adjustment Factors – Special Criteria

CSPP contracts allow for actual enrollment to be adjusted by special criteria adjustment factors. Special criteria factors recognize that different categories of children (dual language learner, exceptional needs, etc.) require special care or services and that the costs for these services vary. Rather than complicate contracts with multiple reimbursement rates, the CDE uses adjustment factors to change actual enrollment to Adjusted Days of Enrollment. Because service-level earnings are based on the county rate multiplied by Adjusted Days of Enrollment, this practice results in different reimbursement levels.

**Note:** Reimbursement resulting from the use of adjustment factors shall be used for special and appropriate services for each child for whom an adjustment factor is claimed *(EC* Section 8244). If special services are not being provided, the use of these adjustment factors is a violation of contract conditions that will result in action being taken against the contractor.

#### Special Criteria Adjustment Factors

Adjustment factors for children meeting specified criteria are defined in *EC* Section 8244. Enrollment, Attendance, and Fiscal Reports include the categories appropriate for each program, extrapolated for part-day service. The specified criteria, age ranges*,* and full-time adjustment factors are as follows:

| **Specified Criteria** | **Age Ranges** | **Full-Time Adjustment Factors** |
| --- | --- | --- |
| Three years old | 47 months or younger | 1.8 |
| Exceptional needs | 0 to 21 years of age | 2.4 |
| Severely disabled | 0 to 21 years of age | 2.4 |
| At risk of neglect, abuse, or exploitation | 0 to 13 years of age | 1.1 |
| Dual language learner | 2 years to kindergarten age | 1.2 |

**Note:**

* **A child’s enrollment SHALL NOT be reported in more than one category for any given day.**
* Earnings calculated by using adjustment factors do NOT increase a contract’s MRA.
* Children reported in the Three Years Old adjustment factor category must be ages 47 months or younger. Once the child turns four years old, the contractor must begin reporting the child in the Four Years Old adjustment factor category.
* To be certified for exceptional needs or severely disabled enrollment, the child must meet the requirements in *EC* Section 8205(h) or *EC* Section 8205(s).

### Adjustment Factors – Early Childhood Mental Health Consultation Services

*EC* Section 8222 requires contractors, in consultation with parents and guardians, to take specific steps before dis-enrolling a child from a CSPP because of a child’s challenging behavior. *EC* Section 8244 includes an adjustment factor of 0.10, which can be claimed in addition to any other single adjustment factor, and would apply to all children within a classroom or family child care setting when early childhood mental health consultation services (ECMHCS) are provided. These statutory additions build on a statewide focus to address challenging behaviors in classrooms and family child care home settings by supporting children and families through ECMHCS and to encourage contractors to provide such services through an additional adjustment to their reimbursement to reflect the cost of providing such services.

To report ECMHCS enrollment and receive an additional ECMHCS adjustment of 0.10, contractors must select “Yes” to the question at the top of the Enrollment, Attendance, and Fiscal Report in CPARIS: “Did you serve Certified Children receiving ECMHCS in this Fiscal Year?”. Once selected, the ECMHCS adjustment factor categories will display in the Certified Children with ECMHCS section. The ECMHCS adjustment factor applies to all children within a classroom or family child care setting when ECMHCS is provided. Therefore, contractors would report the days of enrollment for all children within the ECMHCS adjustment factor categories if they provided ECMHCS services. Contractors may also report enrollment for children in classrooms where ECMHCS are not provided, in the Days of Enrollment for Certified Children section. **Under no circumstances should a child’s day of enrollment be reported in both ECMHCS and non-ECMHCS categories.** The specified criteria, age ranges, and adjustment factors for full-time children associated with ECMHCS are as follows:

| **Specified Criteria** | **Age Ranges** | **ECMHCS Adjustment Factors** |
| --- | --- | --- |
| Three years old | 47 months or younger | 1.9 |
| Exceptional needs | 0 to 21 years of age | 2.5 |
| Severely disabled | 0 to 21 years of age | 2.5 |
| At risk of neglect, abuse, or exploitation | 0 to 13 years of age | 1.2 |
| Dual language learner | 2 years to kindergarten age | 1.3 |

## Apportionments

### Advanced Apportionments

CSPP contracts allow reimbursement to be advanced to contractors in monthly apportionments. EENFS is responsible for generating apportionment amounts and scheduling payments with the Foundation for California Community Colleges (FoundationCCC), a third-party vendor contracted to provide payment solutions to CSPP contractors. The FoundationCCC sends payment via direct deposit or checks, based upon the payment method the contractor has chosen. Apportionments can be withheld by EENFS due to delinquent reports, non-adherence to conditional contract addendums, delinquent prior year audits (per the A&I Division), delinquent account receivables (per the Accounting Office), or any delinquent list or special withholding instructions per the EED, according to 5 *CCR* Section 17814(a) (see “Apportionment Notifications”).

#### Determining Apportionments

Each month’s normal apportionment is a fixed percentage of the contract’s MRA, but apportionment amounts may be reduced based on projected contract earnings calculations using data from the most recent certified Enrollment, Attendance, and Fiscal Report (see “Early Education and Nutrition Fiscal Services Apportionment Schedules”). This calculation is performed in CPARIS.

Contract earnings calculations use reported data to **project** contract earnings through the end of the Fiscal Year. Contract earnings calculations are intended to produce a flow of funds that corresponds to the amount the contractor will earn through the end of the contract period. Ideally, the year-end earnings calculation will indicate a reimbursement amount equal to the total apportionments advanced. Year-end reimbursement calculations may not match total advances and contract closure may result in an additional payment or a billing for unearned contract funds. When an amount is billed, contractors are responsible for returning that amount to the CDE even if their own funds must be used due to incorrectly spending CDE contract funds. **Contractors should closely monitor expenditures and service levels so they do not spend more than they will earn** (see “Projecting Your Earnings”).

The proportion of each apportionment depends on the contract type and status:

* Conditional or Provisional contracts are advanced one hundred percent of each apportionment for the months July through September, or 25 percent of the MRA. The October apportionment and all subsequent apportionments are determined by the contract’s earnings calculation.
* Clear contracts are advanced one hundred percent of each apportionment for the months July through November. The December apportionment and all subsequent apportionments are determined by the contract’s earnings calculation.

Contractors on Clear status may choose to submit monthly reports for more accurate projection calculations.

#### CPKS Support Contract – Initial Advance Only

CPKS contracts are an expenditure-only contract that supplements service contracts or otherwise support the early education community. The CPKS contract receives an initial advance apportionment of 25 percent of the contract amount. After the initial advance, the CPKS contract does not receive further advance apportionments based on projections. Instead, it is simply reimbursed for reported costs that exceed what has already been apportioned. Quarterly reports are required for the CPKS contract so that EENFS may determine if further reimbursements are necessary. Contractors may report more frequently than quarterly if they need to be reimbursed sooner.

### Early Education and Nutrition Fiscal Services Apportionment Schedule

The table below shows the apportionment schedule for CSPP contractors for FY 2023–24. The apportionment percentage will be applied to the amount a contract is projected to earn (the lesser of the MRA or net reimbursable program costs). See “Advance Apportionments” and “Projecting Your Earnings” for more information regarding advances after the initial apportionment.

| **Month Advance is Received** | % of MRA | Cumulative |
| --- | --- | --- |
| July–August–September | 25% | 25% |
| October–November | 16.6% | 41.6% |
| December–January | 16.7% | 58.3% |
| February–March | 16.7% | 75% |
| April | 8.3% | 83.3% |
|  May | 8.3% | 91.6% |
| June | 8.4% | 100% |

## Reimbursement

### Limits of Reimbursement

SB 140, Section 3 specifies that for FY 2023–24 and 2024–25, CSPP contractors are to be reimbursed the lesser of the following:

1. 100 percent of the contract MRA, or
2. The net reimbursable program cost for subsidized children

#### 1. MRA

The MRA is a term of the early education contract. This is the most that an agency will be paid in a given fiscal year.

#### 2. Net Reimbursable Expenses

The CDE contract subsidizes only certified children. Costs for certified children are prorated based on total program enrollment since all children receive comparable services.

##### Example 1

Reimbursable Expenses: $201,234

Restricted Income: $4,455

Percent of Certified Enrollment: 60%

Family Fees\* and Interest: $775

Reimbursable Expenses – Restricted Income = Net Expenses

$201,234 - $4,455 = $196,779

(Net Expenses x Percent of Certified Enrollment) – Family Fees and Interest = Total Net Adjusted Reimbursable Expenses

($196,779 x 0.60) - $775 = $117,292

**\*Family fees for certified children are waived from July 1, 2023 to September 30, 2023. CSPP contractors must collect family fees for certified families beginning on October 1, 2023 through June 30, 2024 (see “Family Fees”).**

#### 3. Determining Reimbursement in FY 2023–24

Reimbursement to FY 2023–24 CSPP contracts is based on the lesser of contract MRA and net reimbursable expenses.

##### Example 2

1. MRA: $100,000

2. Net Adjusted Reimbursable Expenses: $117,292

FY Reimbursement: $100,000 (based on MRA)

Expenses Incurred Beyond Contract Reimbursement: $17,292

With a contract MRA of $100,000, the program has sufficient costs to claim the full contract amount, however the excess $17,292 in costs must be covered by additional income outside of the CSPP contract.

##### Example 3

1. MRA: $120,000

2. Net Adjusted Reimbursable Expenses: $117,292

FY Reimbursement: $117,292 (based on expenses)

With a contract MRA of $120,000, the program did not earn the full contract amount but does have sufficient reimbursement to cover all $117,292 costs for certified children.

In all instances, the contractor will be reimbursed based on the lesser of the two limits of reimbursement. When contract reimbursement is not sufficient to cover total program costs, the excess costs must be covered by income outside of the CSPP contract.

### Proration of Costs

CSPP provides subsidized preschool services to persons meeting the eligibility criteria (*EC* Section 8202a). When subsidized (certified) and non-subsidized (non-certified) children are commingled in one program, services for each child in the program are to be equitable regardless of the funding source. To ensure equality of program services, the EENFS determines program costs for certified children by prorating the total costs of the program, using reported cdes to determine the percentage of costs applicable. The percentage of certified enrollment is determined by dividing the adjusted certified enrollment by the adjusted total enrollment (“adjusted” in this case means enrollment that has been multiplied by the appropriate special criteria adjustment factors). The CDE contract reimburses only the certified portion of the program. Contractors must collect sufficient outside income to support the non-certified portion of their program (see “Fees or Income for Non-Certified Children”).

#### Example 1

Certified cdes Reported: 10

Noncertified cde Reported: 40

Total cdes Reported: 50

Percent of Certified Children: 20%

Percent of Non-Certified Children: 80%

Reported Reimbursable Expenses: $35,000

Prorated Actual Reimbursable Expenses: $7,000

#### Insufficient Non-Certified Income

CSPP contracts reimburse only for certified children. As determined by proration, a contractor must collect enough income through non-certified fees or other sources to support the cost of non-certified children enrolled in the program. A contractor who fails to spend enough on non-certified children may not earn the entire CDE contract amount.

##### Example 2

 A CSPP contract of $100,000 is funding a program that is 50 percent certified. For the program to have sufficient reimbursable costs to earn the MRA of $100,000, it will have to spend at least $200,000 on the entire program ($200,000 prorated by 50 percent is $100,000). This means the contractor will have to collect and spend at least $100,000 in other funding for the non-certified portion of the program.

### Projecting Your Earnings

For each Enrollment, Attendance, and Fiscal report that a contractor certifies in CPARIS, an associated contract earnings calculation will be available to view within CPARIS after the calculation has been approved by the fiscal analyst. The contract earnings calculation is used to determine projected earnings and an appropriate apportionment payment. Contract earnings calculations are based on the information from the Enrollment, Attendance, and Fiscal Reports, the most recently executed contract terms, and the amount of contract funds previously advanced, which can be found on the *Apportionments Paid to Date* line of the contract earnings calculation. While the contract earnings calculation is generated by CPARIS, contractors can create their own version by using the calculations displayed on each line to determine projected earnings and the amount of funds to be apportioned.

The contract earnings calculation may result in a temporary reduction of the apportionment amount (5 *CCR* Section 17814) but does not change the contract MRA. Conversely, projections may cause an overpayment of contract funds, which may result in a billing for unearned contract funds once the contract is closed. Because of this, it is always important to review the data in the report submitted, as well as the contract earnings calculation based on that data.

**Note:** The calculated apportionment amount is for a particular month. The apportionment calculation will be updated with each report submitted by a contractor to the CDE. This means that CPARIS will generate a contract earnings calculation every time a new monthly or quarterly report is certified.

#### Projection Factors

During the fiscal year, the CDE uses a projection factor to estimate the year-end service earnings and reimbursable costs of an agency’s program. This projection factor is derived by comparing the actual days of operation to the contract MDO.

FY Projection Factor = MDO / Actual Days of Operation

##### Example: Calculating the Projection Factor based on September Report

MDO: 246

Actual Days of Operation: 63

Projection Factor = 246 / 63 = 3.9048

#### Calculating Earnings and Apportionments

The contract earnings calculation uses the following information to calculate the projected contract earnings based on the information reported by the contractor. Examples of pertinent data are provided on the following pages to illustrate how reported data is used to project contract earnings, as well as determine monthly apportionment payments. If a contractor is using this information to create a manual version of the contract earnings calculation, the entire calculation should be completed for a complete projection that accounts for all factors that affect apportionment payments. The following examples utilize mock September reporting data that a contractor would provide to CDE via the Enrollment, Attendance, and Fiscal Report.

#### Projecting Expenses:

Projected reimbursable expenses are estimated by multiplying the reported data by the calculated projection factor and considering reported start-up, staff training expenses, and any transfers from the preschool reserve account.

Projected FY Net Adjusted Reimbursable Expenses = (Net Adjusted Reimbursable Expenses x FY Projection Factor) + Start-up Expenses + Staff Training Expenses – Transfer from Preschool Reserve Account

##### Example: Projecting Expenses based on September Report

Net Adjusted Reimbursable Expenses: $125,000

FY Projection Factor: 3.9048

Start-up Expenses: $0

Staff Training Expenses: $2,500

Transfer from Preschool Reserve Account: $0

Projected FY Net Adjusted Reimbursable Expenses = ($125,000 x 3.9048) + $0 + $2,500 - $0 = $490,600

#### Projecting FY Reimbursement:

The projected reimbursable expenses are reduced by projected family fees and/or interest and compared to the MRA in order to determine the projected FY reimbursable earnings (see “Limits of Reimbursement”).

Projected FY Contract Earnings = Projected FY Net Adjusted Reimbursable Expenses + Exceptional Needs/Severely Disabled Service Level Exemption Credit

Projected FY Family Fees and Interest Earned on Apportionment Payments = (Family Fees + Interest Earned on Apportionment Payments) x FY Projection Factor

Projected FY Adjusted Contract Earnings = Projected FY Contract Earnings - Projected FY Family Fees and Interest Earned on Apportionment Payments

Projected FY Reimbursement = Lesser of MRA or Projected FY Adjusted Contract Earnings

##### Example: Projected FY Reimbursement based on September Report

Projected FY Net Adjusted Reimbursable Expenses: $490,600

Exceptional Needs/Severely Disabled Service Level Exemption Credit: $15,000

Reported Family Fees: $0

Reported Interest Earned on Apportionment Payments: $1,050

Example MRA: $550,000

Projected FY Contract Earnings: $490,600 + $15,000 = $505,600

Projected FY Family Fees: $0

Projected FY Interest Earned on Apportionment Payments = $1,050 x 3.9048 =$4,100

Projected FY Adjusted Contract Earnings = $505,600 - $4,100 = $501,500

Projected FY Adjusted Contract Earnings: $501,500

Projected FY Reimbursement: $501,500 (Lesser of MRA and Projected FY Adjusted Contract Earnings)

#### Calculating Apportionment Payment:

The calculated apportionment for any month is the MRA, multiplied by the percentage of projected earnings, multiplied by the maximum cumulative percentage applicable for that month (see “Early Education and Nutrition Fiscal Services Apportionment Schedules”), minus apportionments paid to date.

Projected Percentage of Contract Earnings = Projected FY Adjusted Contract Earnings / MRA

Calculated Apportionment = Projected FY Reimbursement x Apportionment Percentage (EENFS Apportionment Schedule) – Apportionments Paid to Date

**Note:** The apportionment percentage is based on the apportionment month, which is three months after the reporting month. In the example below, the report data being used is from a September report, which is due on October 20. Reimbursement for the month of December will be calculated using the September report data and advanced in November to provide apportionments for services in December.

##### Example: Calculated Apportionment Payment based on September Report

Example Reporting Month: September

Example Apportionment Month: December

Apportionment Percentage: 50.0%

Example Apportionments to Date: $220,500

Projected FY Reimbursement = $501,500

Calculated Apportionment= $501,500 x 50.0% - $220,500

**Calculated Apportionment = $30,250**

### Over-Enrollment

Over-enrollment is defined as a program that provides more certified child days of enrollment than needed to earn their contract fully. CSPP contractors should refer to the cde calculator to determine the amount of cdes associated with the contract MRA. The cde calculator can be found at <https://www.cde.ca.gov/fg/aa/cd/documents/childdaysofenrollmentcalculator.xlsx>. Contractors may also refer to the funded enrollment calculator to determine the number of children funded to serve by service county. The funded enrollment calculator can be found at: [https://www.cde.ca.gov/fg/aa/cd/documents/fundedenrollmentcalculator.xlsx.](https://www.cde.ca.gov/fg/aa/cd/documents/fundedenrollmentcalculator.xlsx)

Although reimbursement calculations in FY 2023–24 and 2024–25 will not take enrollment into consideration, contractors should not enroll more children than their contract MRA can support, as the limits of reimbursement in FY 2025–26 may take enrollment into account. Contractors must therefore monitor enrollment, projections, and their ability to secure other funding to cover any additional costs incurred.

### Flex Factors

There are two areas of a program’s operation in which the *EC* and 5 *CCR* allow a certain amount of flexibility to enable the program to earn the entire contract amount. These two areas are the attendance percentage of certified children and the contract MDO. The percentages of flexibility allowed for these two areas are each included as flex factors in the calculations that determine a contract’s reimbursable earnings, but the percentages are applied differently.

#### Flex for Attendance Percentage

Although service earnings are not a limit of reimbursement in FY 2023–24, the flex factor will still be reflected in the contract earnings calculation. Service earnings are calculated by multiplying the adjusted certified enrollment by the service county rate. The certified service earnings are then adjusted based on the attendance percentage. Contracts are allowed a five percent flex factor for attendance; service earnings are multiplied by the actual percentage of attendance plus five percent (5 percent), but in no case to exceed one hundred percent (100 percent) of enrollment (5 *CCR* Section 17812) to determine adjusted contract earnings. This five percent flex factor is applied as an allowance, and five percent is added to the actual percentage of attendance. Service earnings will be adjusted for attendance if the attendance percentage for a program is less than 95%.

##### Example 1

A program with 96 percent attendance will be calculated at 100 percent of actual service earnings; a program with 94 percent attendance will be calculated at 99 percent of actual service earnings or a 1 percent reduction due to low attendance.

#### Flex for MDO

The MDO is a contract term. A program that fails to operate for the minimum number of days during the contract period is in violation of the contract and faces a reduction in the contract MRA. However, the MRA will be reduced only if the program fails to operate at least ninety-eight percent (98 percent) of the MDO required in its contract, ceases operation, or the contract is terminated prior to the end of the contract period (5 *CCR* Section 17813). This allows a two percent flex factor for agencies that do operate at least 98 percent of their contract MDO.

##### Example 2

 A contract with an MDO of 250 could operate 245 days, or 98 percent of its MDO, without having its MRA reduced due to low days of operation.

This two percent flex factor is applied as a limit: if days of operation fall below 98 percent, the contract MRA will be reduced accordingly (see “Days of Operation”). When this occurs, the reduced contract MRA is referred to as an operational MRA, which will be displayed as the *Total Adjusted MRA* on year-end EENFS contract earnings calculations. The calculated operational MRA is for the current fiscal year only, does not affect the MRA for the following year, and does not require a contract amendment.

##### Example 3

A contract with an MRA of $100,000 that operates only 97 percent of its MDO will have an operational MRA of $97,000 (97 percent of the MRA). This, in turn, means that the agency can only earn up to $97,000, rather than the original contract MRA of $100,000.

### Apportionment Notifications

EENFS provides apportionment notifications for every report submitted. For each report submitted by the agency, EENFS will correspond with contractors regarding their upcoming apportionments by using one of the first two letters below, accompanied by the contract earnings calculation. The third letter will be sent to notify a contractor of an apportionment withholding.

#### 1. Preliminary Review Letter

A Preliminary Review letter is made available in CPARIS when projected fiscal year earnings calculations indicate the contract will earn the full contract MRA. The associated contract earnings calculation in CPARIS should be reviewed by the contractor to ensure the contract is not overspent without sufficient funding outside the CSPP contract to cover additional expenses.

#### 2. Apportionment Adjustment Letter

An Apportionment Adjustment letter is made available in CPARIS when an apportionment is reduced from the standard amount according to the Apportionment Schedule because the contract is not projected to fully earn the MRA, based on the most recently reported data. The associated contract earnings calculation in CPARIS will display the reduced monthly payment amount. An adjustment letter does not change the contract MRA. Projected earnings are recalculated with subsequent reports, and apportionment payments will be adjusted accordingly.

**Note:** An Apportionment Adjustment Letter is also a warning to the contractor that there may be a fiscal or enrollment problem. Contractors should especially compare projected service earnings to projected costs, as higher costs may indicate the contractor is overspending or is under-enrolled in the certified portion of the program.

#### 3. Apportionment Withhold Letter

An Apportionment Withhold letter is sent when an apportionment is entirely withheld because of the contractor’s failure to comply with a contract requirement (i.e., delinquent report, delinquent audit, outstanding accounts receivable, etc.), per 5 *CCR* Section 17814. This notice does not change the contract MRA. Advance apportionments will resume once the contractor is in compliance with contract requirements. Withhold letters are not available in CPARIS currently but rather are sent via email by the fiscal analyst.

### Calculating Year-End Earnings

The year-end contract earnings calculation is based on the June Year-End Enrollment, Attendance, and Fiscal Report. This calculation states the year-end contract earnings and appropriate apportionment payment. Contractors should refer to the year-end contract earnings calculation for the following information.

The year-end contract earnings calculation is generated by CPARIS, but contractors can create their own final calculation worksheet by using the calculations displayed on each line to determine their contract’s reimbursement. Year-end reports are calculated at the end of the Fiscal Year to determine a contract’s total reimbursement. The year-end calculation may result in no additional payments due to the contractor, a calculated billing due to over-advanced contract funds, or an additional payment. Calculations are based on information from the year-end Enrollment, Attendance, and Fiscal Report, the Preschool Reserve Account Activity Report (for contractors that have a Preschool Reserve Account), the contract terms, and the amount of contract funds that have been apportioned.

For LEAs, year-end report data will be used to close the contract, pending any report revisions. For all other contractors, contract closure will be based on a review of the contractor’s annual audit by the A&I Division (see “Revised Reports”).

#### Preschool Reserve Account Calculation

The year-end contract earnings calculation does not provide the formula for the Transfer to the Preschool Reserve line. The transfer to the Preschool Reserve depends on several variables, including actual enrollment and cost data, which may not be finalized until the CDE closes the contractor’s audit, if one is required. Refer to the “Preschool Reserve Account” section for more information on how to calculate the transfer to reserve.

#### Billings

Year-end contract earnings calculation and contract closure may result in a billing due to an overpayment of contract funds. These unearned contract funds should be available in the contractor’s bank account. However, if the contractor has spent these funds incorrectly, the contractor is responsible for replacing state fundswith its own non-state funds. Billings that are delinquent shall result in CDE contract funds being withheld.

Please do not return unearned funds until you receive an invoice from the CDE Accounting Office, as all payments must reference a CDE invoice number.

**Note:** If the year-end contract earnings calculation results in a billing, the contractor will receive a Preliminary Billing Notification. This is not an invoice but is considered a notice to the contractor of a potential future billing. The contractor should review the previously submitted report data for accuracy. Contractors have until the revised report deadline to submit and certify revised year-end report data. The revised report may alter the billing amount (see “Revised Reports”) or calculate an additional payment. If an audit is required for the contractor, this preliminary billing may also be adjusted by the data submitted with the annual audit report.

### Year-end Notifications

The following notices will be available to view in CPARIS at the conclusion of the contract period to inform contractors of actions taken to close early education contracts.

#### Preliminary Billing Letter

This is a warning that, according to the contract earnings calculation based on the year-end Enrollment, Attendance, and Fiscal Report, reimbursement determination indicates that contract funds have been overpaid. Until contracts are closed, contractors will not be invoiced for an amount indicate on the Preliminary Billing letter.

#### Notice of Overpayment Letter

If the calculation of an audit (for non-LEAs) or final June year-end report (for LEAs) results in a billing that exceeds the appeal rights threshold, contractors will receive a Notice of Overpayment letter (see “Appeals”).

#### Notice of Appeal Rights

The Notice of Appeal Rights is viewable in CPARIS and sent via certified mail (see “Appeals”).

#### LEA Account Closure Notice

Contract closure for an LEA is based on the June year-end contract earnings calculation. LEAs will be able to view their Account Closure Notice in CPARIS after the year-end contract earnings calculation is generated upon CDE approval, informing the LEA that reimbursement is due to the contractor or that unearned funds are due to the CDE and that the contract is closed.

**Note:** An LEA contract closure may be revised if an exception is found during a review of their audit. LEAs have until their revised report deadline to submit any corrections to the previously submitted report data, which may result in a revision to the contract closure for that contractor (see “Revised Reports”).

#### Private (Non-LEA) Closure – Audit Review Letter

Account Closure Notices are generated in CPARIS when there is no billing calculated based on a June year-end report. When the contractor’s audit has been reviewed by A&I, private contractors will receive an Audit Review letter, which will indicate the final reimbursement amount. The Audit Review Letter notifies the contractor that there is an amount due to the CDE (for which an invoice will be sent), or that there will be an additional payment from the CDE, or that the contract is closed.

#### Invoice for Amount Due to CDE

An invoice from the CDE Accounting Office will be sent for an amount due to the CDE. Contractors must not return any funds to the CDE based upon a preliminary calculation, but must wait until they receive the invoice, as all payments must reference a CDE invoice number. Unearned contract funds should be available and unused in the contractor’s bank account. If a contractor has incorrectly spent unearned funds, the contractor is responsible for replacing state fundswith its own non-state funds.Invoices more than 90 days delinquent (120 days from the issue date) shall result in current contract funds being withheld (5 *CCR* 17814).

#### Preschool Reserve Account Status Report

A Preschool Reserve Account Status Report indicates the amount of CDE contract funds held by the contractor to be deposited into the contractor’s Preschool Reserve Account after the closure of the CSPP contract (see “Preschool Reserve Account Basics”). If the Preschool Reserve Account ending balance exceeds the maximum limit, the status report will indicate the amount of excess reserve to be billed, and the contractor will receive an invoice from the Accounting Office.

CSPP contractors can view their Preschool Reserve Account Status Report in CPARIS upon CDE approval of their June year-end Enrollment, Attendance and Fiscal Report, and Preschool Reserve Account Activity Report, but the first status report is a preliminary report pending contract closure. Final Preschool Reserve Account calculations will not be made until all contracts are closed, which is after the deadline for revised reports for LEA contractors or upon calculation of the audit for non-LEA contractors. When contracts are closed, CSPP contractors can view a Preschool Reserve Account Status Report with year-end balances based on either the preliminary Enrollment, Attendance, and Fiscal Report or revised data. Upon closure of the contract, contractors are responsible for transferring any amount indicated into the Preschool Reserve Account. The ending balance, with any indicated amount transferred into the Preschool Reserve Account, will become the next fiscal year’s beginning balance.

## Additional Funding Opportunities

### CSPP/CCTR Transfer Periods for Non-LEAs

During the year, a contractor may find its projected services or needs have changed, requiring a transfer of funds between their CSPP and CCTR contracts. *EC* Section 8216 requires that the CDE arrange intra-agency adjustments between CSPP and CCTR contracts for the same agency and funding allocation in an effort to promote the full utilization of child care and development funds. Although the administration of CCTR programs has shifted to the CDSS, contractors still have the ability to transfer between their CSPP and CCTR contracts.

#### Requirements

Transfers between contracts can only be requested for the current fiscal year. Additionally, transfers between CSPP and CCTR contracts are only available to non-LEAs, as non-LEA agreements are fully funded by general state funds (i.e., not funded by Proposition 98 funding). LEAs cannot transfer between CSPP and CCTR contracts because Proposition 98 funding – the sole fund source of LEA CSPP programs – cannot be utilized for CCTR services.

#### Application Process

Non-LEA contractors will have two opportunities to request a transfer of funds and amend their CSPP and CCTR contracts: (1) January 1–15 and (2) April 1-15 of the same contract year. The Agreement Transfer Request of Funds requests are made available through CPARIS during the transfer periods at <https://cparis.cde.ca.gov/cparis/agency/datacollection/transferrequests.aspx>

#### Approval Process

Transfer requests for CSPP will be available during the transfer periods and must be submitted in CPARIS. For information on how to submit the corresponding CCTR transfer request, please contact the assigned CDSS fiscal analyst. After the request to transfer funds has been submitted in CPARIS, the CDE fiscal analyst will evaluate the request to determine whether the amount of the transfer corresponds with the contract’s projected service earnings and reimbursable costs. The decision to approve or deny the CSPP/CCTR Transfer request will be made by CDE and CDSS; all parties will be notified of the outcome.

If a significant portion of the contract MRA is being requested to transfer from a CSPP contract, the EED may require a Program Narrative Change form. Your fiscal analyst may still consult with your EED consultant to determine if a Program Narrative Change form is required. The Program Narrative Change form should describe any changes to the number of sites operated by the contractor, any changes to the age groupings of children served by the contractor, and/or any significant changes in the provision of full-day versus part-day services. The Program Narrative Change form (EED-3704A) can be found on the CDE website at <http://www.cde.ca.gov/sp/cd/ci/cddforms.asp>. For further information or instructions on completing this form, please contact your assigned EED consultant.

#### Contract Amendments

Contractors will receive a contract amendment if the CSPP/CCTR Transfer request is approved. These amendments will come via an Allocation Letter, which does not need to be signed and returned to the CDE to be deemed executed.

For additional information, contractors should consult their EENFS fiscal analyst to determine if their contract is eligible to give or receive funds.

### Voluntary and Temporary Transfer of Funds

*EC* Section 8256 allows for a voluntary and temporary transfer (VTT) of funds between over-earning contractors and under-earning contractors with the same contract type (i.e., CSPP to CSPP) to fully utilize preschool funding. Contractors will self-identify as an over- or under-earner and submit a transfer request that includes an amount of contract funding they expect to be able to temporarily release or accept. Local Planning Council (LPC) designees or an LPC subcommittee group facilitate the transfer of funds between contractors and submit requests to the CDE.

#### Requirements

Participating contractors must be in good standing, and in full compliance with Contract Terms and Conditions, fiscal reporting requirements, regulatory requirements, and statutory requirements. A temporary transfer of contract funds does not exempt contractors from the EENFS annual contract review process. Contractors requesting additional funding on a temporary basis must demonstrate the ability to over-earn their existing contract amount within their existing licensed capacity. They must be immediately ready to serve additional child days of enrollment or be already over-earning their contract MRA. In addition, over-earning contractors must also demonstrate they will have reimbursable costs in excess of their current MRA. The amount of funding eligible to transfer to an over-earning contractor is limited to the lesser of the contractor’s service earnings or reimbursable costs. Funds accepted by the over-earning contractor cannot be transferred into the Preschool Reserve Account; a transfer request that would cause this to occur will be either partially or fully denied.

#### Application Process

Once the participating agencies have self-identified, the LPC designee or LPC subcommittee group will collect signed letters of request from the authorized agency representatives indicating their willingness to temporarily release and transfer contract funds or accept transferred contract funds. The LPC designee or LPC subcommittee group will attach a cover letter that requests a review of the submitted documents and will forward the completed package (all three letters and copies of contract face sheets) to their EENFS fiscal analyst for consideration.

VTT requests may be submitted between November 1 and November 15 or between May 1 and May 15 of the same contract year. VTT letters are located on the CDE website at <https://www.cde.ca.gov/sp/cd/ci/lpcforms.asp>. VTT requests will be accepted electronically with Adobe Acrobat digital signature. If you are unable to sign electronically, the completed form can be sent via email to your EENFS fiscal analyst, with an original signed hardcopy to follow via US mail to:

California Department of Education
Early Education and Nutrition Fiscal Services
1430 N Street, Suite 2213
Sacramento, CA 95814

#### Approval Process

After the request to transfer funds has been received by EENFS, all documentation will be reviewed to verify the completeness of the request. EENFS will evaluate the request to determine whether the amount of the transfer corresponds with the contracts’ projected service earnings and reimbursable costs for all agencies involved in the transfer. The decision to approve or deny voluntary and temporary transfers of contract funds will be made exclusively by CDE; all parties will be notified of the outcome.

#### Contract Amendments

Contractors will receive a contract amendment if the VTT request has been approved. These amendments will come via an Allocation Letter, which does not need to be signed and returned to the CDE.

For additional information, contractors should consult their EENFS fiscal analyst to determine if their contract is eligible to give or receive funds.

## Preschool Reserve Account

### Preschool Reserve Account Basics

Contractors who earn but do not spend all of their contract funds are allowed to maintain a Preschool Reserve Account from “earned but unexpended*”* funds (*EC* Section 8336). Preschool Reserve Account funds are not contract reimbursement and do not belong to the contractor. Preschool Reserve Account funds are state funds that the contractor holds in reserve as deferred revenue until they are either properly spent or returned to the CDE. Contractors are not required to maintain a Preschool Reserve Account but are encouraged to develop and maintain one while following specific requirements. A Preschool Reserve Account is a supplemental source of state dollars available when reimbursable costs exceed contract reimbursement.

*EC* section 8336 includes that all contractors are encouraged to develop and maintain a reserve within the early education fund derived from earned but unexpended funds. The maximum allowable amount to be retained in the preschool reserve is 15 percent of the sum of CSPP contracts that the contractor holds. Reserve account balances maintained in the Preschool Reserve Account may only be used for eligible CSPP expenditures.

In FY 2021–22*, EC* section 8336 was amended to remove the requirement that 10 percent of the reservable amount must be utilized on professional development for the CSPP. Therefore, CSPP contractors may now utilize their total Preschool Reserve Account balance for all allowable CSPP expenses.

#### Establishing a Preschool Reserve Account

To establish a Preschool Reserve Account, a contractor must complete the process in the CPARIS by July 20, following the close of the fiscal year. Once established, the Preschool Reserve Account must be maintained until closed by either the contractor or the CDE or until termination of the contractor’s early education contract.

#### Preschool Reserve Account Usage

General information regarding the use of Preschool Reserve Account funds:

* Preschool Reserve Account funds can be used only for reimbursable program expenses that exceed contract reimbursement (i.e., total reimbursable expenses reported must be greater than reimbursable contract earnings).
* Preschool Reserve Account funds cannot be used in the same fiscal year in which they are earned. At the time of contract closure, a Preschool Reserve Account Status Report will indicate the amount of contract funds to be deposited in the Preschool Reserve Account for use in a subsequent year.

#### Preschool Reserve Account Requirements

*EC* Section 8336 imposes the following requirements:

* The Preschool Reserve Account amounts must be kept in an interest-bearing account within the contractor’s early education fund.
* 5 *CCR* Section 17817 specifies that all contractors shall establish a fund to be known as the “Child Development Fund.” For school districts and county superintendent of schools, the fund is established in the county treasury. For private contractors, the fund is established in a federally insured banking institution located in California.
* Preschool Reserve Account amounts may be spent only on reasonable and necessary costs of early education programs that are funded under contract with the CDE*.*
* Interest earned on preschool reserve funds shall be included in the fund balance*.*
* Expenditures, income, and balances of the Preschool Reserve Account shall be included in the agency’s annual financial statements and audit*.*
* Balances in excess of the maximum limits shall be returned to the CDE*.*
* Upon closure of the Preschool Reserve Account or termination of the CSPP contract, all monies in a contractor’s reserve fund shall be returned to the CDE.

**Note:** Preschool Reserve Account funds are not required to be kept in a separate bank account. However, it is recommended that you keep your apportionment payments and reserve account funds in separate accounts at your bank due to reporting requirements when submitting the June year-end report.

#### Deposits to a Preschool Reserve Account

When contracts are closed, the year-end Preschool Reserve Account Status Report will indicate the amount of CSPP contract funds to be deposited in the Preschool Reserve Account (indicated as Transfer to Preschool Reserve on the Preschool Reserve Account Status Report). A year-end payment for a contract may consist of both an amount that is reimbursement for expenses and an amount to be deposited in the Preschool Reserve Account, and if contract funds have been advanced, they should be available in the contractor’s bank account. If a contractor has already spent advanced contract funds incorrectly, **the contractor is responsible for replacing state funds** with its own non-state funds for deposit in the Preschool Reserve Account. The CDE recommends that contractors wait until after contracts are closed before posting year-end amounts to their Preschool Reserve Account. Because contracts are not closed until months after the contract period ends, unspent state funds held by the contractor may earn interest before being posted to the Preschool Reserve Account. Any interest earned associated with state funds to be deposited in the Preschool Reserve Account should also be posted to the Preschool Reserve Account.

#### Preschool Reserve Account Balance

The annual Preschool Reserve Account Status Report viewable in CPARIS is the official statement showing the correct balance of state funds in the Preschool Reserve Account at the end of the contract period (see “Preschool Reserve Account Status Report”).

#### Preschool Reserve Account Billings

The Preschool Reserve Account Status Report may also indicate an “Excess Preschool Reserve to be Billed for a balance that exceeds the Preschool Reserve Account limit. The contractor will receive an invoice from the CDE Accounting Office for the recovery of those state funds. When a Preschool Reserve Account is closed, the Accounting Office will send an invoice for the total balance of the account. As with all billings from the CDE, please wait until you have received the invoice before sending the amount due, as all payments must reference an invoice number.

#### Calculations and Limits

The amount of CDE contract funds that may be reserved is calculated and authorized by the CDE. EENFS calculates these amounts at the end of the contract period. Upon CDE approval of the year-end Enrollment, Attendance, and Fiscal Report, Preschool Reserve Account Activity Report, and General Ledger (if applicable), **preliminary** amounts to transfer to the Preschool Reserve Account will be calculated by EENFS for each contract eligible to contribute to the Preschool Reserve Account, according to the contract’s FY reimbursable earnings and the Preschool Reserve Account’s maximum limit (see “Preschool Reserve Account Status Report”). Preschool Reserve Accounts are restricted by maximum limits (*EC* Section 8336).

#### Preschool Reserve Account Reporting

Contractors with a Preschool Reserve Account are required to submit an annual Preschool Reserve Account Activity Report in CPARIS, regardless of account balance. If the Preschool Reserve Account has a balance greater than zero, a copy of the contractor’s General Ledger, verifying the interest and balances maintained in the Preschool Reserve Account, must be emailed to the assigned fiscal analyst by July 20. To be considered acceptable, the beginning balance of the General Ledger must match the prior year ending balance of the final or audited Preschool Reserve Account Activity Report. Expenditures, or transfers to a CSPP contract from a Preschool Reserve Account, must be reported on two reports: (1) on the Preschool Reserve Account Activity Report as an expense indicating the contract number to which the funds were transferred, and (2) on the Enrollment, Attendance, and Fiscal Report of the contract receiving the funds, as income from the Preschool Reserve Account (the report must also include the excess reimbursable expenses that require this additional state income). Contractors required to submit an audit must also include this data in their audit.

#### Enrollment, Attendance, and Fiscal Report

Funds transferred from the Preschool Reserve Account are considered restricted income and must be reported in the Revenue section of the Enrollment, Attendance, and Fiscal Report on the Transfer from Preschool Reserve Account line (see “Preschool Reserve Account Usage”).

#### Preschool Reserve Account Activity Report

Contractors with a Preschool Reserve Account must submit a Preschool Reserve Account Activity Report, with a General Ledger, to EENFS. This report and General Ledger are submitted annually at the same time as the year-end Enrollment, Attendance, and Fiscal Report(s). The deadline for the activity report and General Ledger is July 20. A copy of the contractor’s General Ledger, verifying the interest and balances maintained in the Preschool Reserve Account, must be emailed to the assigned fiscal analyst by July 20. If the activity report and General Ledger are not received by the July 20 deadline, it will be considered **delinquent and will result in withholding current apportionments.** These activity reports reflect the beginning reserve balance, interest revenue (income to the Preschool Reserve Account), transfers to contracts (expenditures from the Preschool Reserve Account), and the ending balance. The beginning balance must match the ending balance of the prior year’s year-end Reserve Account Status Report supplied by the CDE (see “Preschool Reserve Account Basics” and “Preschool Reserve Account Status Report”).

Preschool Reserve Accounts within the General Ledger must be titled as follows:

* Early Education Preschool Reserve Account – SACS Resource Code 6130

**Note**: SACS Resource Codes are only required for LEAs.

Activity report data must be compiled by EENFS prior to an analysis of the year-end Enrollment, Attendance, and Fiscal Report to calculate year-end contract reimbursements.

#### Audit

Data from the Enrollment, Attendance, and Fiscal Report as well as data from the Reserve Account Activity Report, must be included in a contractor’s audit.

#### Preschool Reserve Account Calculations

Transfers into the Preschool Reserve Account are based on the year-end reports submitted to the CDE. The transfer amount depends on a number of variables, including actual enrollment and cost data, which may not be finalized until the CDE closes the contractor’s audit if one is required. The transfer is calculated based on the limits of reimbursement.

##### Example 1

A transfer into the Preschool Reserve Account is the value of its reimbursable service earnings minus the reimbursable costs, limited by the contract MRA. Additionally, this transfer amount cannot cause the Preschool Reserve Account to surpass its maximum limit.

MRA: $100,000

Service Earnings: $95,000

Reimbursable Costs: $90,000

Transfer to Preschool Reserve Account = $95,000 - $90,000 = $5,000 Transfer

(See “Limits of Reimbursement”).

#### Preschool Reserve Account Usage

##### Example 2

If the Preschool Reserve Account balance is at least $10,000, then all of the following *reimbursable program expenses* can be covered:

Net reimbursable costs: $105,000

Contract MRA: $100,000

Service earnings: **$95,000** – limit of reimbursement

The contractor has earned $95,000 of their contract, with $105,000 in net reimbursable costs. Therefore, the contractor can be reimbursed for their net reimbursable costs if the contractor transfers $10,000 from their reserve.

**Note:** If net reimbursable costs are less than both the MRA and service earnings, there is no need to transfer funds from the Preschool Reserve Account; the costs will be covered by contract reimbursement; any reserve transfer would simply be re-deposited.

#### Preschool Reserve Funds Support Certified Children

Preschool Reserve Account funds result from services to **certified** children and must be spent on reimbursable costs for **certified** children. Since services are equitable among certified and non-certified children, a program that includes both certified and non-certified children may need additional non-state income to cover expenses in order to use Preschool Reserve Account funds.

##### Example 3

A contractor wants to spend $10,000 on building improvements to the center. However, 50 percent of the program is non-certified, so only half of those expenses can be reimbursed by state funds. The contractor may use $5,000 of Preschool Reserve Account funds for the certified portion of the project.

##### Example 4

A contractor has an MRA of $100,000 and usually operates a $200,000 program that is 50 percent certified. But one year, the amount of certified services and expenses exceeds the minimum required to earn the MRA: enrollment is 55 percent certified, and total program costs are $225,000, but the contractor has a Preschool Reserve Account balance of $25,000. The proration for the certified portion of the program is $123,750 ($225,000 x 0.55), so $23,750 of Preschool Reserve Account funds could supplement the $100,000 contract funds, but the remaining $101,250 expenses must be paid for with non-state income.

### Preschool Reserve Account Status Report

After a contractor certifies acceptable year-end reports in CPARIS, including the Preschool Reserve Account Activity Report, and a general ledger emailed to their fiscal analyst (if applicable), the Preschool Reserve Account Status Report will be viewable in CPARIS. This report details information about the CSPP contract and how much it will contribute to the Preschool Reserve Account in that fiscal year. When reviewing the Preschool Reserve Account Status Report, the contractor should note the following fields to ensure that they understand the information contained in the report:

* **Maximum Preschool Reserve Amount**: This will indicate the maximum amount allowed in the Preschool Reserve Account.
* **Beginning Balance**: This indicates the ending balance from the prior report year (the Year-End report for LEAs and Audit for Non-LEAs).
* **Reported Interest**: This line reflects the interest revenue reported as earned on Preschool Reserve Account funds during the report year.
* **Transfer from Preschool Reserve Account**: The amount of funds being utilized from the Preschool Reserve Account for excess reimbursable CSPP contract expenses. This amount will match the amount reported on the *Transfer from Preschool Reserve Account* in the Enrollment, Attendance, and Fiscal Report.
* **Transfer to Preschool Reserve Account**: This amount derives from the year-end calculations determining contract reimbursement and unused funds available to transfer to the Preschool Reserve Account. It is possible that these funds may have already been apportioned to the agency or will be included in a final apportionment payment. It is important to note that these funds will not be sent separately from any other apportionment payment.
* **Ending Balance**: This is the balance of the Preschool Reserve Account prior to any excess billing.
* **Excess Preschool Reserve Account Balance to be Billed**: This is the ending balance amount that exceeds the maximum reserve amount as determined at the top of the Preschool Reserve Account Status Report; for example, a contract relinquishment or reduction could result in a lower maximum reserve than the contractor had in the prior fiscal year, and could cause a billing of the Preschool Reserve Account.
* **Preschool Reserve Balance After Excess Billing**: This field indicates the amount of Preschool Reserve Account funds available for use during the following fiscal year, after the excess billing.

## Identifying Funds

Prior to January 2022, apportionment payments were sent to a contractor by means of a check, referred to as a warrant, from the State Controller’s Office. As of January 2022, all apportionment payments are issued to early education contractors by the FoundationCCC. Contractors have the option to participate in direct deposit or continue receiving paper warrants with FoundationCCC. Contractors who participate in direct deposit or continue receiving paper warrants will receive a Payment Advice document that provides important identifying information. The payment advice is attached to the warrant for contractors who continue to receive paper warrants and emailed to those contractors choosing direct deposit. The payment advice does not itemize payments by contract number and program cost account (PCA). All contractors must continue to use CPARIS to access and view payment data. CPARIS, CPARIS User Manual, and Frequently Asked Questions are found on the CDE website at <https://www.cde.ca.gov/fg/aa/cd/>.

The payment advice sent to contractors will contain several important pieces of information. The contractor should be sure to note the following fields:

* Contractor Name: This should match the contractor’s legal business name.
* Invoice ID: This field consists of three sections. The eight digits in the center, for example, “20180504,” refer to the payment schedule during which the EENFS fiscal analyst authorized this payment. This number can be used in CPARIS to identify the warrant and allows the contractor to find the itemized breakdown of this warrant by contract number and PCA.
* Payment Amount: This is the total amount of the payment. This amount includes all funds that were authorized for all early education contracts during this specific payment schedule.
* Memo: This field includes the name and email address of the contractor’s EENFS fiscal analyst.

### Standardized Account Code Structure Codes

School districts and county offices of education account for revenue and expenditures by using the SACS. SACS codes are located on the face sheet of early education contracts. However, EENFS does not use SACS codes, and SACS codes are not required on EENFS Enrollment, Attendance, and Fiscal Reports or Reserve Account Activity Reports.

#### Website Information

Contractors recording funds by SACS codes should refer to the SACS information on the CDE website at <http://www.cde.ca.gov/fg/ac/ac>.

#### SACS Codes for California State Preschool Program Contracts

The state funded program cost accounts in the California State Preschool Program contracts are assigned the same SACS resource code, 6105. The SACS code for the federally funded portion of these contracts remains 5025.

#### Preschool Reserve Account SACS Codes

School districts and county offices of education with a Preschool Reserve Account should note that the SACS code for the Preschool Reserve Account is different from the SACS codes for the early education contracts from which reserved funds originate. Additionally, contractors must properly maintain Preschool Reserve Account funds in their General Ledger. Preschool Reserve Accounts within your General Ledger must be titled as follows:

Early Education Preschool Reserve Account - SACS Resource Code 6130

## Glossary

### Early Education Terms and Acronyms

| **Acronym** | **Definition** |
| --- | --- |
| A&I | Audits and Investigations Division |
| AP (APP) | Alternative Payment (Alternative Payment Program) |
| Apportionment | Allotment of contract funds |
| cde | Child days of enrollment |
| CPARIS | California Preschool Accounting Reporting Information System |
| EEFS | Early Education Fiscal Services |
| EENFS  | Early Education and Nutrition Fiscal Services |
| Certified | Eligible to be subsidized by CDE (see subsidized) |
| COLA | Cost of Living Adjustment |
| EED | Early Education Division |
| FASD | Fiscal and Administrative Services Division |
| CT&C | Contract Terms and Conditions |
| FTE | Full-time equivalent |
| FY | Fiscal year |
| LEA | Local educational agency |
| MDO | Minimum Days of Operation |
| MRA | Maximum Reimbursable Amount |
| Non-certified | Non-subsidized by the contractor’s CDE contract |
| PCA | Program Cost Account |
| Private | Contracting agency other than an LEA |
| SACS | Standardized Account Code Structure |
| Subsidized | Funded by a CDE early education contract (see certified) |