



Voluntary, Temporary Transfer of Funds Process

For the California Department of Education, Child Development Division Title 5 Contractors in Santa Clara County

Developed and Approved by the Local Early Education Planning Council of Santa Clara County, March 10, 2010

Per the requirements established by the CDE and Management Bulletin 09-07, the Local Early Education Planning Council (LPC) of Santa Clara County formed an ad hoc work group made up of LPC Members to develop the process of requests for temporary voluntary transfers of funds. Based on the input from the LPC Members and on the framework established by CDE, the ad hoc work group developed the procedure described below.

The LPC, in approving this procedure, appoints the Staff LPC Coordinator to coordinate activities related to the Voluntary, Temporary Transfer of Funds Process, including informing CDE contractors, reviewing individual requests through CDE staff, matching and packaging the transfer requests, and submitting them within the allotted timeframes to CDE for approval or denial. The Staff LPC Coordinator is charged with maintaining the confidentiality of the requests and all information provided by the agencies participating in the process.

In order to ensure a fair process, the Coordinator and the ad hoc work group have developed a method for informing CDE contractors of the process, reviewing activities, and tracking and documenting all requests. The following is the process:

LPC Executive Committee will

Nominate and elect at least three (3) Process Facilitators at the September LPC meeting. Process Facilitators [may/may not] be members of the LPC. The role of the Process Facilitators is to assist the Staff LPC Coordinator in reviewing requests related to the Voluntary, Temporary Transfer of Funds Process, monitoring compliance with the Process requirements, and maintaining impartiality throughout the transfer process. Process Facilitators may have experience with Title 5 programs, but is not necessary. Process Facilitators will not have access to the amount of funds requested for transfers, which would be known at the local level only by the Staff LPC Coordinator.

Staff LPC Coordinator will

- Will hold at least one orientation before each of the deadline periods established by CDE: November 1-15 2009, and May 1-15 2010. All contractors will be contacted to inform them of the process and of the orientations. Included in the orientation is information on the amount of Title 5 funds turned back to the CDE annually, statewide. Contractors are able to contact the Coordinator to seek information if they cannot attend an orientation.

Voluntary, Temporary Transfer of Funds Process

1. Agencies/Organizations that are willing to participate can call or e-mail the Coordinator to indicate their interest. These organizations will complete a Voluntary, Temporary Transfer of Funds Request form, detailing their requests to transfer or to receive funds. The request forms are available through the Coordinator. The request forms, as well as these approved procedures will be available on the LPC website:
<http://www.sccoe.org/depts/lpc/>
2. The forms will ask for information from the agency meant to establish the feasibility of release of funds or acceptance of funding in the current fiscal year. The information in the request forms will also assist in matching requests for the transfer and/or applying priorities in the case of more requests for funds than there are funds to be transferred. The forms stay with the Coordinator and will remain confidential throughout the process.
3. Contractors requesting additional funds must demonstrate the ability to over-earn their existing contract amount and serve more children with their existing licensed capacity – that is, to be immediately ready to provide additional child days of enrollment, or be already over-earning, as indicated by CDD fiscal and enrollment reports. They must also demonstrate that they will incur the additional costs required to earn an augmented contract. **No transferred funds can go into a reserve account.**
4. In the request form, the agency will be asked to state or demonstrate:
 - a. Contract type (i.e. CCTR, FCCHN, CSPP, CMIG, etc.);
 - b. To which service area the funds had been assigned (or will be assigned if received) and ages served/to be served and the current priorities of those service areas;
 - c. Amount of funds to be transferred or accepted;
 - d. Estimated number of children or child days of enrollment the received funds will support over what period of time within the current fiscal year;
 - e. The availability of spaces or sites to provide more service;
 - f. The reason why an agency estimates it will under-earn its contract (if transferring funds);
 - g. Estimated expenditures related to the accepted funds;
 - h. Agency's projections of earnings (in the case of an agency which may be over-earning);

- i. Name and contact information for the Executive Director or individual responsible for signing state contracts; and
 - j. Name of CDE field consultant.
5. Deadlines to submit a request form to the Coordinator are **October 27, 2009** for the November 1-15 CDE deadline; and **April 30, 2010** for the May 1-15 CDE deadline. These dates will be adjusted annually.
6. Once the agency has completed and submitted the request form, the Staff LPC Coordinator will contact the agency's CDE field consultant and fiscal consultant to verify that there are no impediments to considering the request. If the CDE consultants indicate that the request should not go further, he/she will be asked to provide a reason. Agencies will be informed if the CDE consultants state that a request should not go forward.
7. Once the review is complete, the Staff LPC Coordinator will look for a match between funds being transferred and funds requested to serve more children. Considerations for a match include:
 - a. Same type of contract is involved, (ex. CCTR to CCTR). This is a CDE requirement.
 - b. If at all possible, areas of service have the same priorities or the agency receiving funds will be utilizing them in a Priority 1 area.
8. If requests have come in for which there is no match, the Staff LPC Coordinator may issue a general e-bulletin to all contractors describing the opportunity to transfer or receive and urging them to consider participation. If there are no agencies offering to transfer funds, **or** no agencies asking for additional funds, by the stated deadline, then no transfers can take place within the County. Those who requested to participate would be notified.
9. If there are more requests for transfers than available matches, the requests will be prioritized based on all of the above **and** the following considerations:
 - a. Consideration of the service priorities (Priority 1 would have a preference);
 - b. Agencies who have offered to serve the same area where the funds are being relinquished unless there is reason to believe that there are barriers to utilizing funds in that particular area due to the number of programs or demographic shifts;
 - c. Stated feasibility of accepting a smaller amount than what was requested;
 - d. For the cycle with May deadlines, whether an agency has received transferred funds in the November cycle.
10. **If more funds are offered than requested:** Staff LPC Coordinator assigns amounts or partial amounts to contractors, according to established formula.

Example

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

LPC Staff Coordinator contacts CDE to inform them of excess available for other counties

If more funds are requested than offered: For center-based contracts or Family Child Care Home Network (FCCHN) programs, Staff LPC Coordinator first considers requests in priority 1 zips and assigns amounts proportional to requests.

Example

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

- Once the recommended matches are determined, the Staff LPC Coordinator will provide a standard form letter (developed by CDE) to each agency. The letter will state the amount of the funds to be transferred or received, the contract type, the contractor's vendor number, and the fiscal year in which the transfer is occurring. The Executive

Director or other authorized person will be required to sign and return the letter to the Coordinator.

12. The Coordinator will prepare the cover letter addressed to CDE staff and the summary of the transfers and submit these with the signed letters from the agencies to CDE within the timeframes determined by CDE: November 1-15, 2009 or May 1-15, 2010. Contractors involved in these matched transfers will not be informed of where the matching funds have come from or where they are being transferred.
13. The decision to approve or deny voluntary, temporary transfers of contract funds will be made exclusively by CDE. Once the decision is made by the CDE staff the Staff LPC Coordinator will be notified of the outcome.
14. If the request is approved, the participating CDD contracting agencies will receive contract amendments and fiscal adjustments based on CDE staff approvals.
15. If the request is denied, the participating CDD contracting agencies will receive a letter that explains why the request was denied.
16. CDE will also report back to the Staff LPC Coordinator, as the LPC designee, about the results of CDE's decisions. The Coordinator and Process Facilitators will report annually to the LPC on the progress and process of the Voluntary, Temporary Transfer of Funds Process. This report will include an evaluation of the process which includes the amount of time required to implement the Process, the amount of funds transferred; effectiveness of the Process in reducing under-earnings; and estimated number of additional children served.
17. This Process may be amended by an affirmative vote of two-thirds (2/3) of the current LPC membership provided the amendments have been submitted to the membership at least 30 calendar days following the meeting at which the amendment was proposed. All amendments must be approved by the LPC.