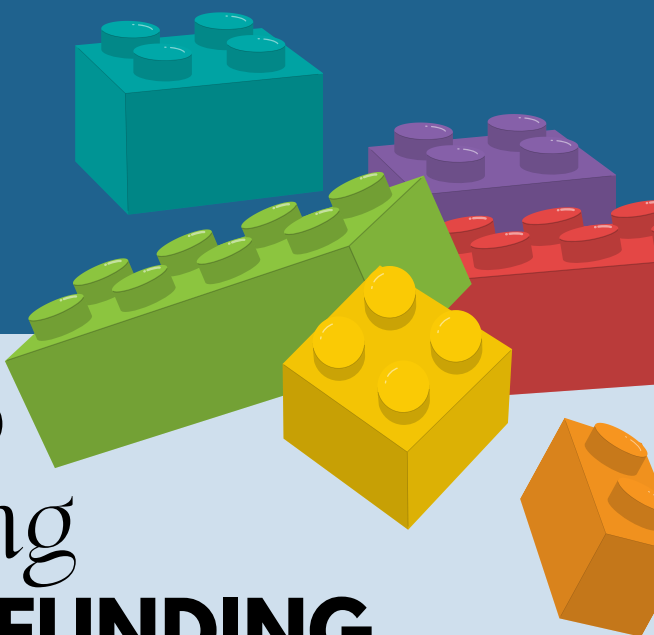




A PROVIDER'S GUIDE TO *Blending & Braiding* **EARLY CHILDHOOD FUNDING** *in Michigan*



A Guide to Blending & Braiding Early Childhood Funding in Michigan

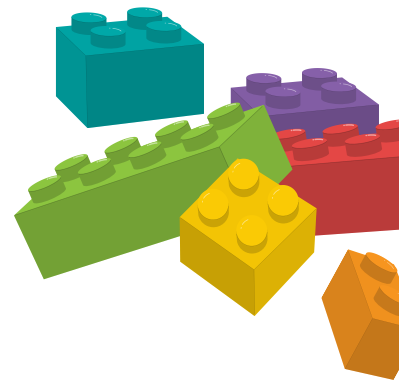


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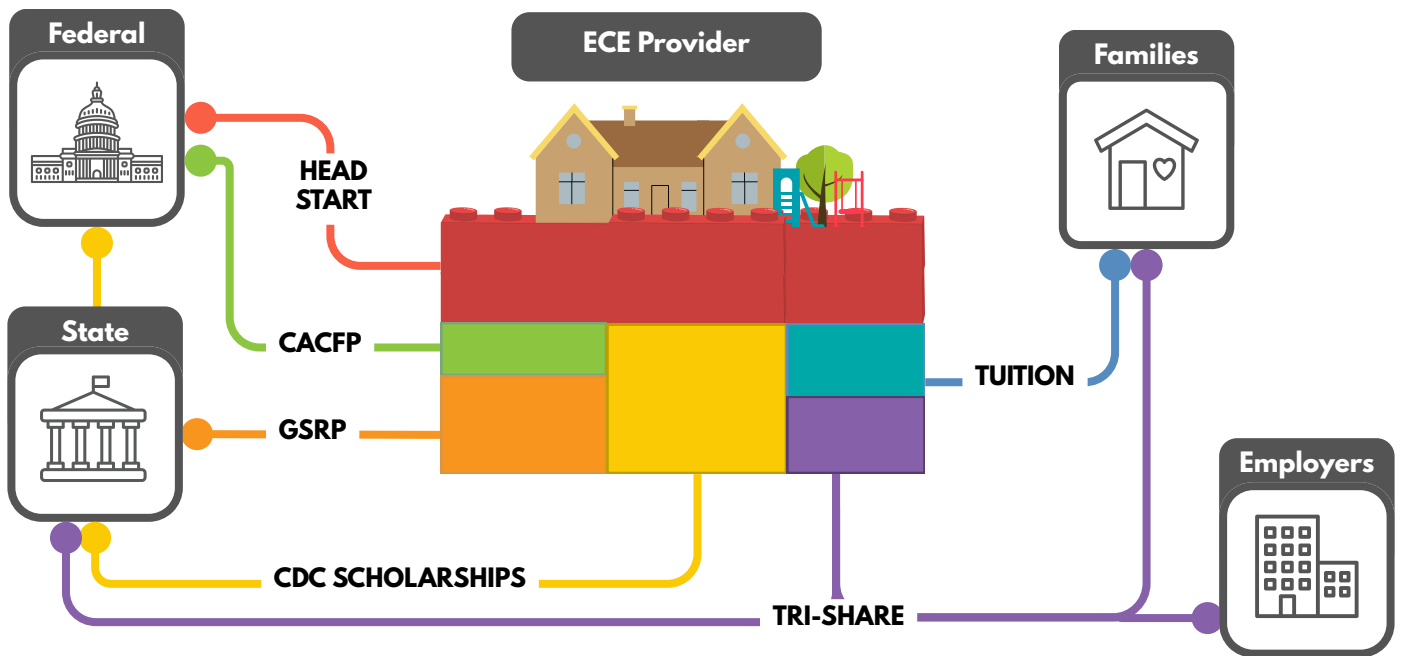
Disclosure

This guide is intended as a resource for providers and stakeholders seeking to better understand early childhood funding and blending and braiding strategies. It does not replace current federal, state or program-specific requirements or guidance. Funding rates, eligibility requirements and allowable costs may change. Providers should refer to current program guidance and consult appropriate fiscal or program staff when making funding and cost-allocation decisions.

INTRODUCTION

Early care and education (ECE) providers often rely on multiple funding sources to support their programs. In Michigan, these may include federal and state funding, employer investments, and tuition paid by families. Each funding source can come with different eligibility requirements, allowable expenses, reporting requirements, and payment structures.

Flow of ECE funding in Michigan



Blending and braiding can help providers make the most of these different funding sources to support their program, educators, children, and families. This guide provides a practical, step-by-step process for understanding the funding available to your program and determining how different sources can work together.

What are blending and braiding?

BLENDING occurs at the child level and refers to bringing together two or more funding sources to serve the same child, based on their eligibility.

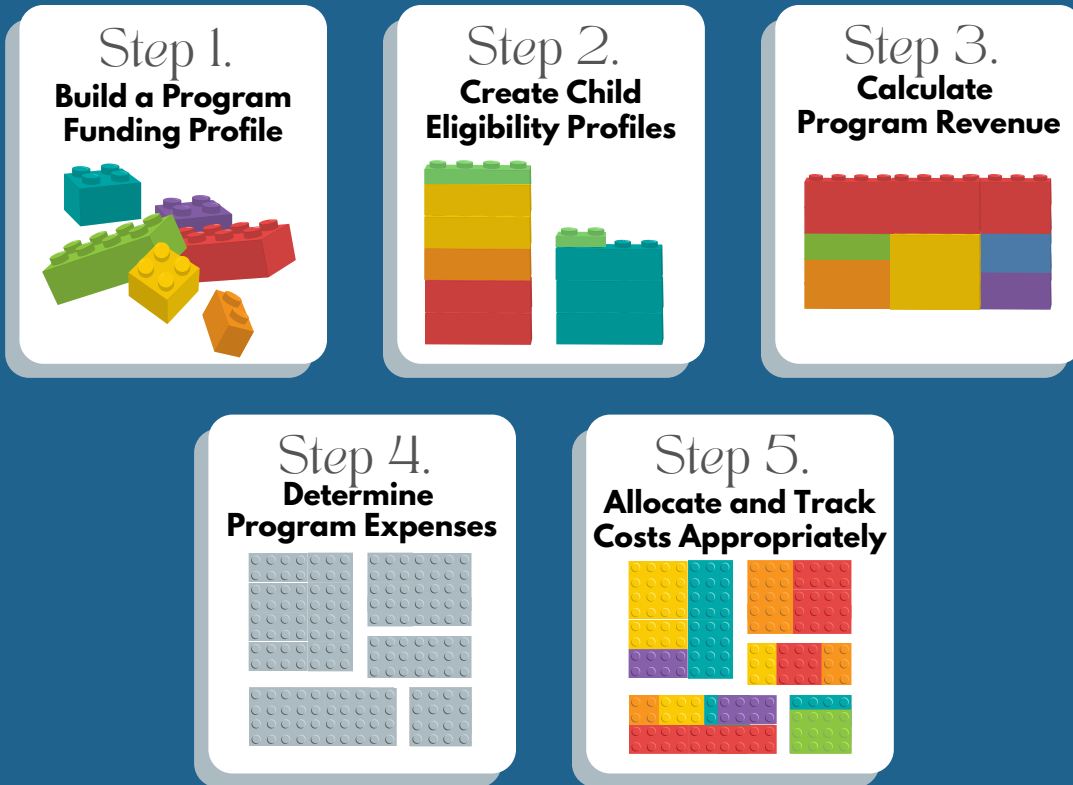
BRAIDING occurs at the program level and refers to using multiple funding sources to cover program expenses while maintaining the requirements associated with each source.

Together, these strategies can help programs maximize available resources, strengthen financial stability, support educator compensation, and provide comprehensive services for children and families.

What will this guide help me do?

Every ECE program has a different mix of children, funding sources, and expenses. This guide walks you through five steps for developing a blending and braiding approach that works for your program.

The Five Steps of Implementing a Blending and Braiding Approach



A forthcoming companion resource, the **Build-A-Budget Tool**, takes this work one step further by allowing providers to enter key information about their program, plan budgets, and even experiment with different scenarios. The tool:

- Identifies funding sources available to their program,
- Clarifies child eligibility and available funding combinations,
- Estimates program revenue,
- Identifies and categorizes program expenses, and
- Allocates and tracks costs across funding sources.

These resources are designed to help child care providers make the most of available funding and navigate the complexities of the current system. However, it's important to acknowledge that additional solutions are needed to address the root causes and effects of a fragmented and under-resourced ECE system. Both near-term solutions and longer-term bold policy shifts are needed to achieve the goals of financial stability for child care providers and equitable access to impactful ECE programs regardless of how a child's slot is funded.

Step 1.

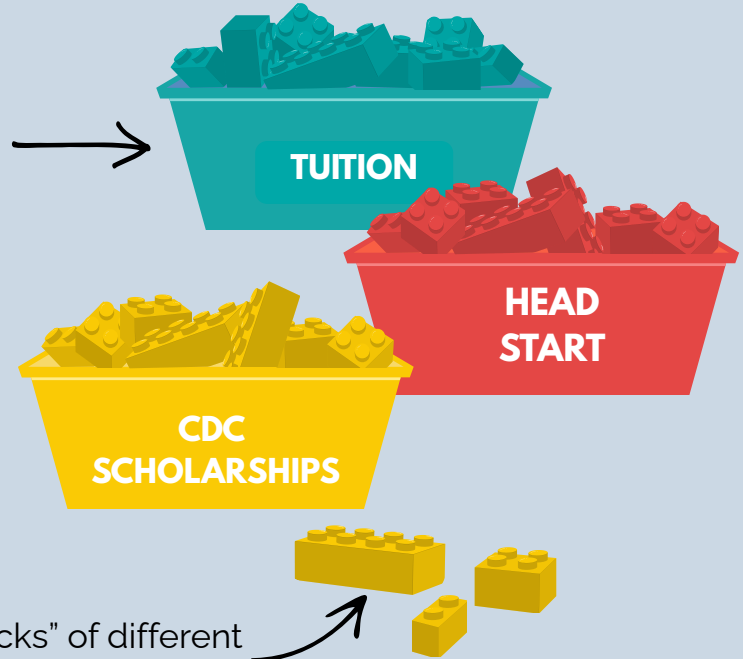
Building a Program Funding Profile

To figure out how an ECE program can make the most of available funding, programs start by creating a “program profile.”

Step 1a.

Identifying which funding streams can be accessed

When ECE programs build their budget, there are different funding “buckets” they may or may not be able to draw from depending on program and child eligibility factors.



Step 1b.

Defining program-level parameters that will determine funding rates

Within each bucket, there are “blocks” of different sizes, representing different funding rates.

Step 1a.

Which funding sources can be accessed?

Michigan has several funding sources that may support early childhood programs, each with its own requirements. We focus on six major funding streams, though there are other sources (e.g., philanthropic contributions, Strong Start, IDEA Part C and Part B, Section 619).

This resource highlights which “buckets” of funding an ECE program may access.

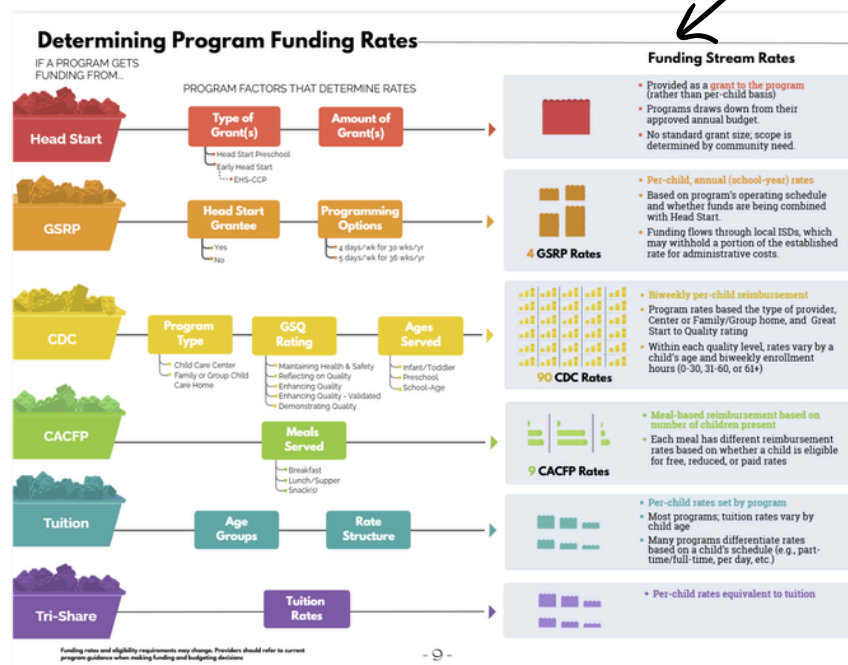


Step 1b.

What funding rates can be used?

Within each funding stream, there are different revenue rates available to programs based on certain characteristics—like different sizes of blocks within the different colored buckets.

This resource outlines the different program factors that determine a program's rate structure across funding streams. These factors include, for example, Great Start to Quality rating, programming schedule, meals offered, and tuition rates.



*Funding also depends on whether the provider serves children who meet eligibility criteria (See Step 2).

*Funding rates also depend on child factors such as age and hours they are in care (See Step 2).

ECE Funding Streams **At Play** in Michigan

To receive funding, programs must...



Head Start

Head Start (ages 3-5) and **Early Head Start** (ages 0-3), including **Tribal** and **Migrant & Seasonal**, offer comprehensive early childhood education, health, nutrition, and family support for children from low-income families.

- Be a federally designated grantee or partner
- Comply with Head Start Program Performance Standards
- Meet state licensing regulations



GSRP

The **Great Start Readiness Program** (GSRP; or Pre-K for All) is Michigan's state-funded preschool program for 4-year-olds.

- Operate through an Intermediate School District (ISD) or approved consortium
- Comply with GSRP program standards and monitoring



CDC

The **Child Development and Care (CDC) Scholarship** program covers child care subsidies for low- to moderate-income families.

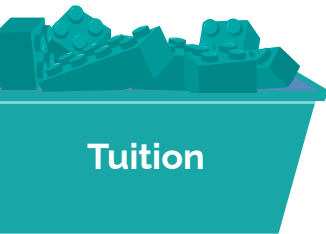
- Providers must be licensed or approved by the state*
- Complete health & safety training
- Background checks
- Comply with CDC billing requirements through MiLogin



CACFP

The **Child and Adult Care Food Program** (CACFP) is a federal program that reimburses child care providers for serving nutritious meals and snacks to eligible children.

- Must be a licensed center, group home, or family child care home
- Follow USDA meal pattern requirements
- Maintain records
- For-profit centers must serve at least 25% low-income or subsidized children



Tuition

Families pay out-of-pocket **tuition** for child care services, with no subsidy or state/federal assistance.

- Providers must hold a valid state child care license and comply with Michigan licensing regulations*



Tri-Share

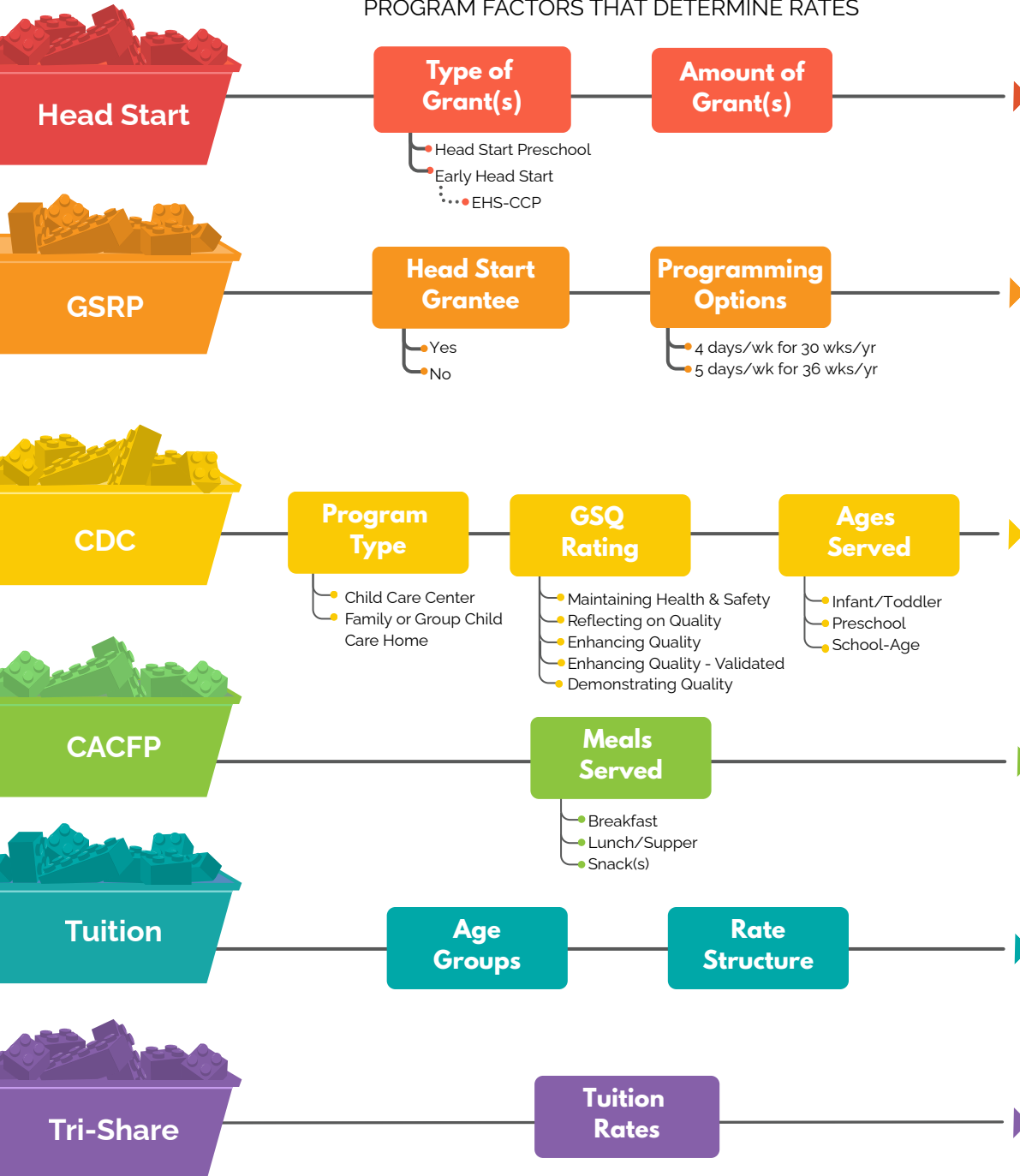
MI Tri-Share is a cost-sharing program where the state, the employer, and the employee each pay one-third of the child care cost for eligible working families.

- Providers must be licensed in Michigan and willing to participate
- Enrollment and payment flow through a state administrative partner that coordinates employers, families, and providers

*In Michigan, licensed-exempt providers (LEPs) may also participate in CDC scholarship and receive tuition payments if they meet Michigan's LEP requirements, including but not limited to, background checks, initial and ongoing health and safety trainings, capacity and location requirements, and participation in required monitoring visits and billing reviews.

Determining Program Funding Rates

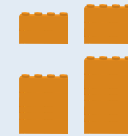
IF A PROGRAM GETS FUNDING FROM...



Funding Stream Rates



- Provided as a **grant to the program** (rather than per-child basis)
- Programs draw down from their approved annual budget.
- No standard grant size; scope is determined by community need.



4 GSRP Rates

- **Per-child, annual (school-year) rates**
- Based on program's operating schedule and whether funds are being combined with Head Start.
- Funding flows through local ISDs, which may withhold a portion of the established rate for administrative costs.



90 CDC Rates

- **Biweekly per-child reimbursement**
- Program rates based on the type of provider, Center or Family/Group home, and Great Start to Quality rating
- Within each quality level, rates vary by a child's age and biweekly enrollment hours (0-30, 31-60, or 61+)



9 CACFP Rates

- **Meal-based reimbursement based on number of children present**
- Each meal has different reimbursement rates based on whether a child is eligible for free, reduced, or paid rates



- **Per-child rates set by program**
- Most programs; tuition rates vary by child age
- Many programs differentiate rates based on a child's schedule (e.g., part-time/full-time, per day, etc.)



- **Per-child rates equivalent to tuition**

Blending & Braiding in Action

The end result of Step 1 is a **program funding profile** that identifies all rates a program may access based on its specific program characteristics. From this pool of options, programs can then create **individual child funding profiles** based on eligibility factors - such as age and family income (see Step 2). Below is a sample program funding profile from the forthcoming "Build-A-Budget" tool.

Program Funding Profile from Build-A-Budget Tool

PROGRAM PROFILE

Ages Served: 6 wks to 5 yrs

GSQ Level: Demonstrating Quality ▾

General Operations: 55 hrs / wk 48 wks / yr

Head Start/GSRP: 40 hrs / wk 36 wks / yr

Available Rate Structures by Age and Funding Source

FUNDING SOURCE	INFANT/TODDLER	PRESCHOOL																																
Head Start Preschool Early Head Start	\$1,000,000 Annual (Early Head Start)	\$1,000,000 Annual (Head Start Preschool)																																
GSRP	N/A	\$6,390 HS Blend (per HS child/year) \$12,780 Standard (per non-HS child/year)																																
CDC Scholarship	Biweekly rates <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>BIWEEKLY HRS</th> <th>RATE</th> </tr> </thead> <tbody> <tr> <td>0-30 hours</td> <td>\$288</td> </tr> <tr> <td>31-60 hours</td> <td>\$576</td> </tr> <tr> <td>61+ hours</td> <td>\$864</td> </tr> </tbody> </table>	BIWEEKLY HRS	RATE	0-30 hours	\$288	31-60 hours	\$576	61+ hours	\$864	Biweekly rates <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>BIWEEKLY HRS</th> <th>RATE</th> </tr> </thead> <tbody> <tr> <td>0-30 hours</td> <td>\$266.50</td> </tr> <tr> <td>31-60 hours</td> <td>\$453</td> </tr> <tr> <td>61+ hours</td> <td>\$679.50</td> </tr> </tbody> </table>	BIWEEKLY HRS	RATE	0-30 hours	\$266.50	31-60 hours	\$453	61+ hours	\$679.50																
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Tuition	\$425 Per week	\$375 Per week																																

Step 2.

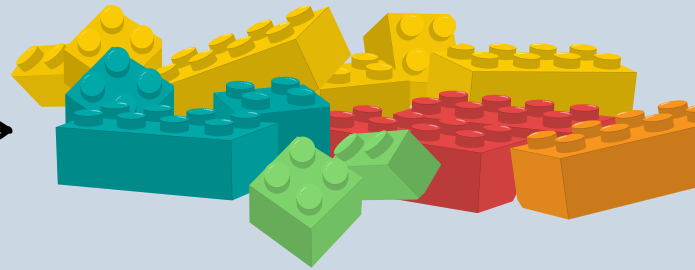
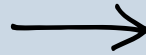
Creating Child Eligibility Profiles

We can now build “child eligibility profiles” using whatever “blocks” (funding streams and rates) are available to a program.

Step 2a.

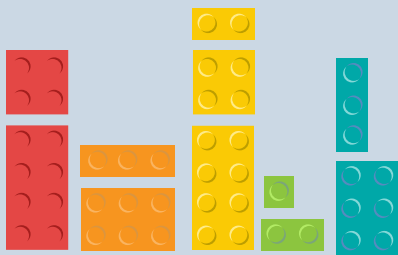
Identifying which programs a child qualifies for

Each child's eligibility is assessed across the funding streams available within the program.

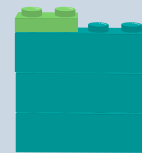


Step 2b.

Determining which rates apply and how funding sources can be combined.



Child A



Child B

Certain rules must be adhered to about how funding blocks can “stack” together.

Step 2. Creating Child Eligibility Profiles

Step 2a.

For which programs is a child eligible?

Programs first identify which funding sources each child qualifies for. This step determines which buckets a child can draw from—but not yet what size blocks (funding rates) a child is eligible for.

This resource outlines child eligibility criteria for each funding source, such as a child's age, household income, and family work status.

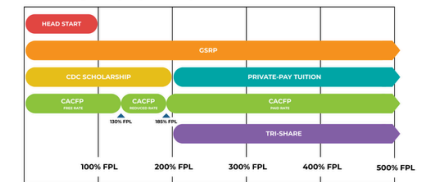
Child Eligibility Criteria to Receive Funding					
	Child Age	Household Income (45% of federal poverty line)	Family Circumstances	Parent Work Status	Geographic Requirements
Head Start	Prenatal – 3 years EARLY HEAD START 3 – 5 years ¹ REGULAR	≤ 100% FPL	May be eligible if homeless, in foster care, receiving TANF, SNAP, SSI, or other eligibility factors	—	Typically reside in program's service area
GSRP	4 years ²	< 400% FPL	—	—	Must reside in Michigan
CDC	0 – 13 years ³	< 200% FPL	Foster care, children's protective services, family preservation, migrant, or homeless	Parent is engaged in work, school, or other approved activity ⁴	Must reside in Michigan
CACFP	0 – 12 years ⁵	—	—	—	—
Tuition	—	—	—	—	—
Tri-Share	0 – 17 years	200 – 400% FPL	Income-eligible or waiver-approved and not otherwise eligible for CDC	Parent's employer must participate in Tri-Share	Employer, family residence, and provider in Michigan.

Notes

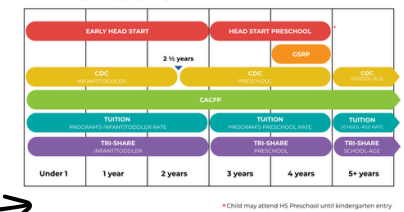
1 Not yet in kindergarten.
2 Four years old on or before December 31st. Children who turn 4 on or after September 1st and on or before December 31st can't be enrolled until September 1st.
3 Up to age 18 if child needs constant care "due to a physical/mental/psychological condition or a court order."
4 Participant requirements include: family preservation programs, high school completion programs, employment, licensed foster parent caring for a eligible child, other approved activities.
5 Exceptions include migrant children up to age 15, youth up to age 18 in after-school/emergency shelters, and individuals with disabilities of any age.

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Child Eligibility by Family Income



Child Eligibility by Age



These graphics show a visual depiction of funding eligibility across the categories of child age and family income.

Step 2b. What funding rates & combinations can be used?

Rate Determination for Child Funding Profiles	
PROGRAM FUNDING PROFILE	CHILD FUNDING PROFILE
Head Start Preschool/EHS Grant	Rates are determined by...
GSRP Rates GSRP ONLY GSRP BLEND Standard or extended care with blended programming offered	• Head Start does not have a per-child rate. Care is funded through program grant. • Head Start Preschool enrollment: determines whether the blended rate is used.
CDC Rates Based on program rate and CDC level INFANT/TODDLER PRESCHOOL SCHOOL-AGE	• Child age: each age band has a different hourly rate. • Billed hours: hours a child is enrolled during a two-week period (not to exceed child's authorized hours) • Block payments: billed hours are rounded to 30, 60, or 90 hours, and appropriate hourly rate is applied.
CACFP Rates PAID REDUCED FREE BREAKFAST LUNCH/SUPPER SNACK	• Family income eligibility: determines whether the paid, reduced, or free rate is used. • Meal type: rates differ for breakfast, lunch/supper, and snack.
Tuition Rates INFANT/TODDLER PRESCHOOL SCHOOL-AGE FULL-TIME PART-TIME	• Child age: providers typically set different rates by age group. • Enrollment schedule: most providers have part- and full-time rates, though some have hourly or daily rate structures.
Tri-Share Rates INFANT/TODDLER PRESCHOOL SCHOOL-AGE FULL-TIME PART-TIME	• Tuition: equivalent to the provider's tuition rate, with the cost split among the family, employer, and state.

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"Stacking Rules" for Child Funding Profiles

May be combined with...

Head Start/EHS	• GSRP – blended rate must be used with Head Start Preschool • CDC or Tuition – can be used only for hours outside HS/EHS programming (before/after care, summer, etc.) • CACFP – to cover eligible food costs
GSRP	• Head Start – blended GSRP rate must be used • CDC, Tuition, or Tri-Share – can be used only for hours outside GSRP programming (before/after care, summer, etc.) • CACFP – to cover eligible food costs
CDC	• Head Start/EHS or GSRP – used for core programming hours and CDC used for wraparound hours only • Tuition – for care beyond CDC authorized hours (family contributions are also required for some portion of the CDC rate, unless waived) • CACFP – to cover eligible food costs
CACFP	• All funding streams (HS/EHS, GSRP, CDC, Tuition, Tri-Share) can be layered with CACFP
Tuition	• GSRP – family pays for any care outside GSRP programming • CDC – family pays for any care outside authorized hours • CACFP – to cover eligible food costs
Tri-Share	• GSRP – used for core programming with Tri-Share used for wraparound hours • CACFP – to cover eligible food costs

• If an EHS or EHS Child Care Partnership program has a memorandum of understanding with the Head Start State Collaboration Office and the CDC office, the program can bill the CDC scholarship for the full amount of time that the child is determined to be eligible for care rather than just wraparound hours.

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Child eligibility factors like income, hours in care, and age also determine the specific rates that apply for each child.

When a child is eligible for multiple programs, funding streams can be combined to support their care. Like blocks, these sources can be stacked—but only in certain ways—so programs must follow specific "stacking rules" for children's funding profiles.

These resources break down factors that influence a child's funding profile for each funding source and how funding streams may be blended or "stacked" for a child.

Child Eligibility Criteria to Receive Funding

	Child Age	Household Income AS % OF FEDERAL POVERTY LINE	Family Circumstances	Parent Work Status	Geographic Requirements
Head Start	Prenatal – 3 years EARLY HEAD START 3 – 5 years ¹ HEAD START PRESCHOOL	≤ 100% FPL	May be eligible if homeless, in foster care, receiving TANF, SNAP, SSI, or other eligibility factors	—	Typically reside in program's service area
GSRP	4 years ²	< 400% FPL	—	—	Must reside in Michigan
CDC	0 – 13 years ³	< 200% FPL	Foster care, children's protective services, family preservation, migrant, or homeless	Parent is engaged in work, school, or other approved activity ⁴	Must reside in Michigan
CACFP	0 - 12 years ⁵	—	—	—	—
Tuition	—	—	—	—	—
Tri-Share	0 – 17 years	200 – 400% FPL	Income-eligible or waiver-approved and not otherwise eligible for CDC	Parent's employer must participate in Tri-Share	Employer, family residence, and provider in Michigan.

Notes

¹ Not yet in kindergarten.

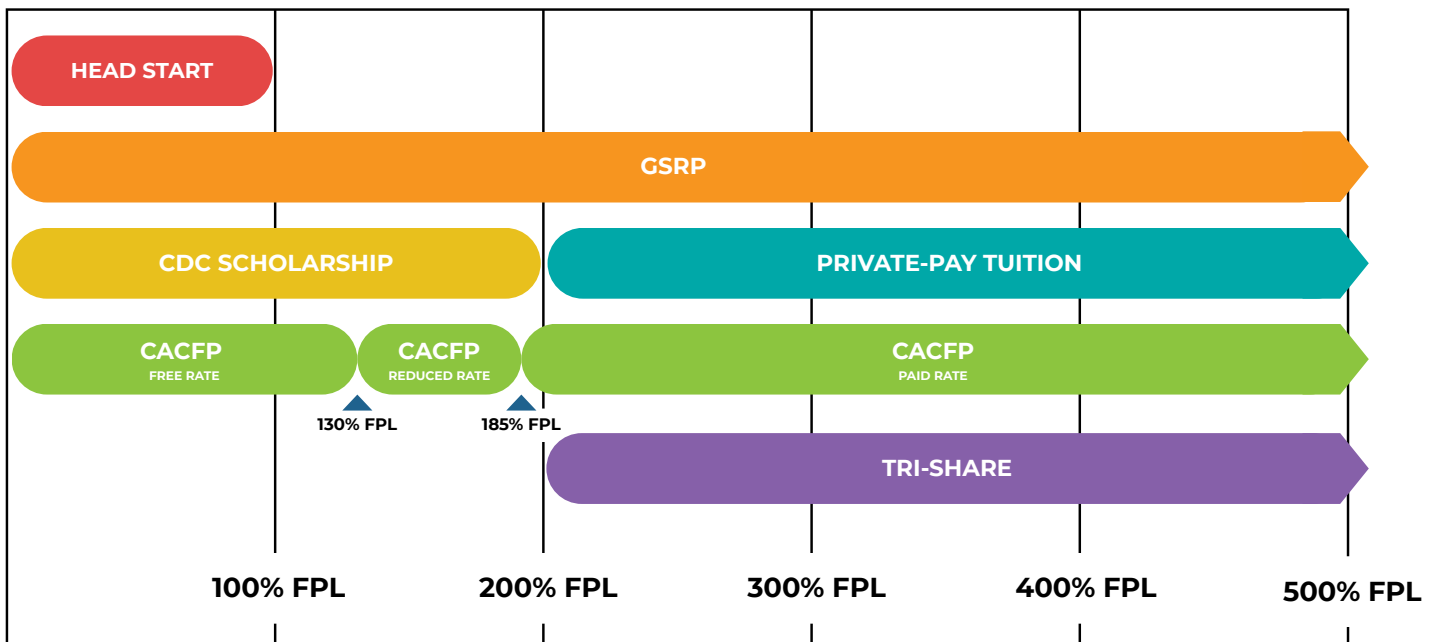
² Four years old on or before December 1st. Children who turn 4 on or after September 1st and on or before December 1st can't be enrolled until September 1st.

³ Up to age 18 if child needs constant care "due to a physical/mental/psychological condition or a court order."

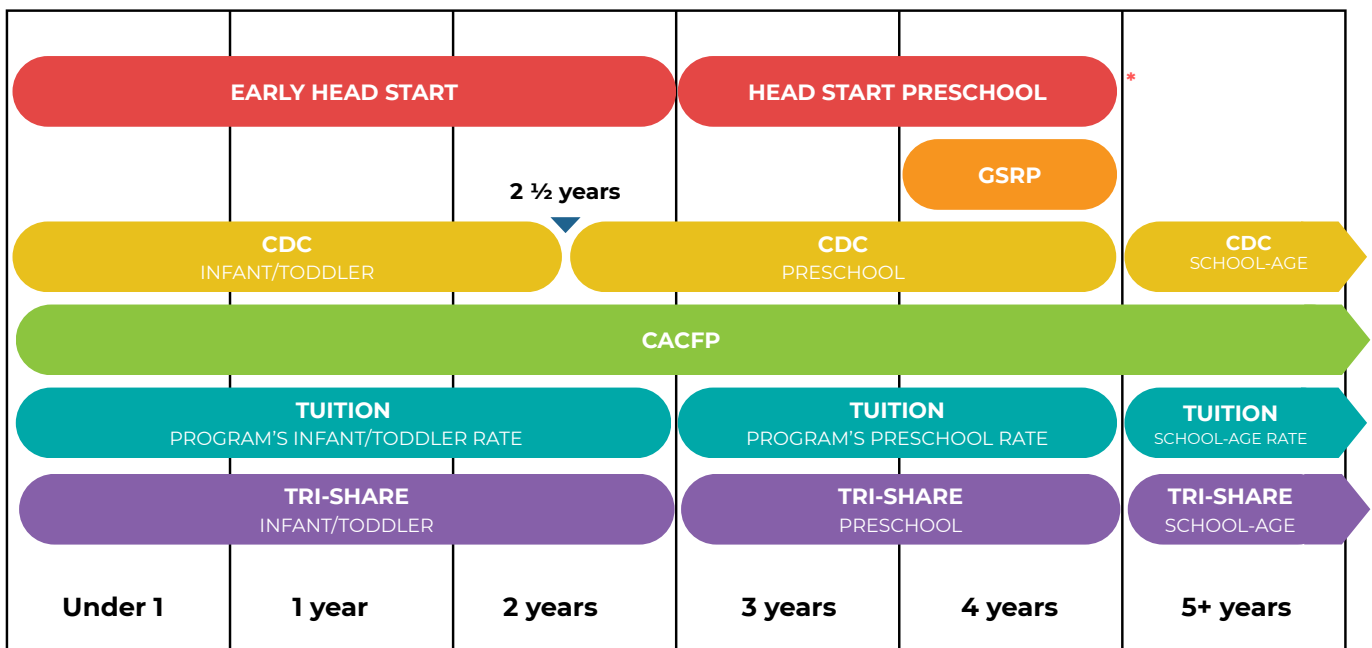
⁴ Participant requirements include: family preservation programs; high school completion programs; employment; licensed foster parent caring for an eligible child; other approved activities.

⁵ Exceptions include migrant children up to age 15, youth up to age 18 in afterschool/emergency shelters, and individuals with disabilities of any age.

Child Eligibility by Family Income



Child Eligibility by Age



*Child may attend HS Preschool until kindergarten entry

Rate Determination for Child Funding Profiles

PROGRAM FUNDING PROFILE

Head Start Preschool/EHS Grant



GSRP Rates



GSRP ONLY

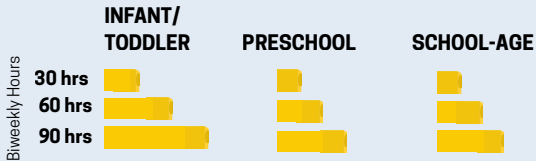


GSRP/HS BLEND

Standard or extended care rates based on programming offered

CDC Rates

Based on program type and GSQ level



- Head Start does not have a per-child rate. Care is funded through a program grant.



- **Head Start Preschool enrollment:** determines whether the blended rate is used.



- **Child age:** each age band has a different hourly rate.
- **Billed hours:** hours a child is enrolled during a two-week period (not to exceed child's authorized hours)
- **Block payments:** billed hours are rounded to 30, 60, or 90 hours, and appropriate hourly rate is applied.



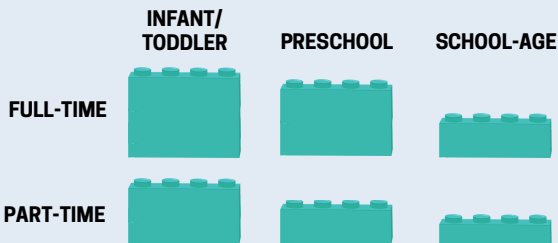
CACFP Rates



- **Family income eligibility:** determines whether the paid, reduced, or free rate is used.
- **Meal type:** rates differ for breakfast, lunch/supper, and snack.



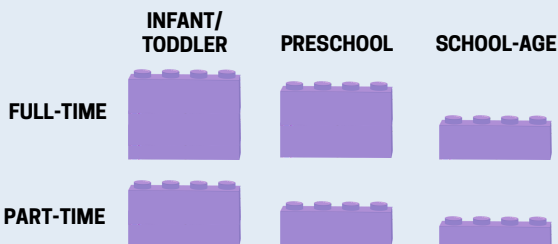
Tuition Rates



- **Child age:** providers typically set different rates by age group.
- **Enrollment schedule:** most providers have part- and full-time rates, though some have hourly or daily rate structures.



Tri-Share Rates



- **Tuition:** equivalent to the provider's tuition rate, with the cost split among the family, employer, and state.



“Stacking Rules” for Child Funding Profiles

May be combined with...

Head Start/EHS		GSRP – <i>blended rate must be used with Head Start Preschool</i>
		CDC or Tuition – <i>can be used only for hours outside HS/EHS programming (before/after care, summer, etc.) *</i>
		CACFP – <i>to cover eligible food costs</i>
GSRP		Head Start – <i>blended GSRP rate must be used</i>
		CDC, Tuition, or Tri-Share – <i>can be used only for hours outside GSRP programming (before/after care, summer, etc.)</i>
		CACFP – <i>to cover eligible food costs</i>
CDC		Head Start/EHS or GSRP – <i>used for core programming hours and CDC used for wraparound hours only *</i>
		Tuition – <i>for care beyond CDC authorized hours (family contributions are also required for some portion of the CDC rate, unless waived)</i>
		CACFP – <i>to cover eligible food costs</i>
CACFP	    	All funding streams (HS/EHS, GSRP, CDC, Tuition, Tri-Share) can be layered with CACFP.
Tuition		GSRP – <i>family pays for any care outside GSRP programming</i>
		CDC – <i>family pays for any care outside authorized hours</i>
		CACFP – <i>to cover eligible food costs</i>
Tri-Share		GSRP – <i>used for core programming with Tri-Share used for wraparound hours</i>
		CACFP – <i>to cover eligible food costs</i>

* If an EHS or EHS-Child Care Partnership program has a memorandum of understanding with the Head Start State Collaboration Office and the CDC office, the program can bill the CDC scholarship for the full amount of time that the child is determined to be eligible for care rather than just wraparound hours.

Blending & Braiding in Action

Step 2 allows programs to build a unique **funding profile** for each enrolled child based on the child's eligibility characteristics and the funding streams and rates available to the program. Below is a sample child funding profile from the forthcoming "Build-A-Budget" tool.

Child Eligibility Profile in Build-A-Budget Tool

Child Funding Profile

Age: 4 yrs**Income:** 125% FPL**Enrollment:** 45 hrs/wk

Annual Amount by Funding Stream

GSRP	CDC	CACFP	\$23,121 PER-CHILD ANNUAL
------	-----	-------	-------------------------------------

Breakdown

GSRP	\$12,692
CDC Scholarships	\$8,154
CACFP	\$2,275

Eligibility Details

✗ **Head Start**
Not income-eligible

✓ **GSRP**
Meets age requirements - **GSRP Extended Program Rate**

✓ **CDC Scholarship**
Demonstrating Quality preschool **30-hour rate** for 36 weeks + **90-hour rate** for 12 weeks (summer)

✓ **CACFP**
Eligible for meal reimbursement at **Free Rate**

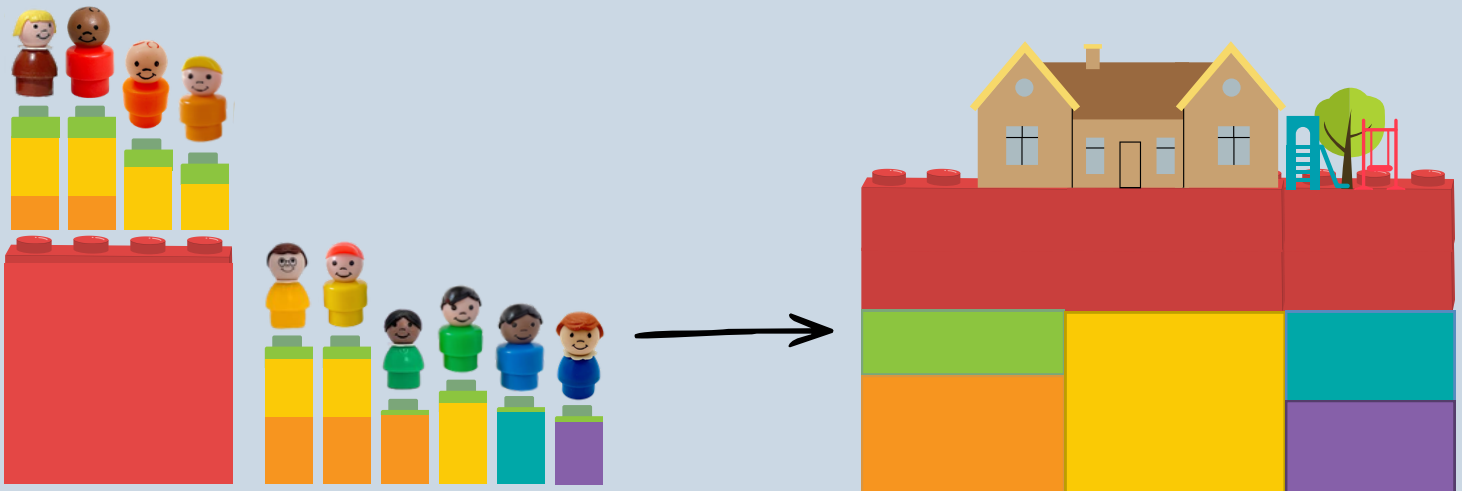
✗ **Tuition**
Receives public funding

✗ **Tri-Share**
Not income-eligible; parent employer not participating in Tri-Share.

Step 3.

Calculating Program Revenue

Once all child eligibility profiles have been created, they can be aggregated into the program's total revenue.



Individual Child Funding Profiles

Total Program Revenue

The revenue associated with each child is combined (along with any program-level funding such as Head Start or philanthropic dollars) into the overall program revenue.

Blending & Braiding in Action

Within Step 3, programs aggregate funding across all child profiles and any program-level funding such as Head Start grants or philanthropic dollars. Below is a sample program's revenue as calculated in the forthcoming "Build-A-Budget" tool.

Program Revenue Calculator in Build-A-Budget Tool

Program Revenue Spreadsheet

Add children directly using the calculator (Step 2) or edit the spreadsheet. Funding rates are automatically calculated based on child characteristics and program settings.

[+ Add Child Row](#)

CHILD AGE	% OF FPL	ENROLLMENT	HS ELIGIBLE	GSRP ANNUAL	CDC ANNUAL	CACFP ANNUAL	TUITION ANNUAL	TRI-SHARE ANNUAL
2 yrs	250%	Full-Time	No	\$0	\$0	\$254	\$0	\$20,400
2 yrs	300%	Full-Time	No	\$0	\$0	\$254	\$20,400	\$0
3 yrs	<100%	Full-Time	Yes	\$0	\$10,429	\$2,275	\$0	\$0
3 yrs	150%	Full-Time	No	\$0	\$16,308	\$1,814	\$0	\$0
4 yrs	<100%	Full-Time	Yes	\$6,390	\$8,154	\$2,275	\$0	\$0
4yrs	250%	Part-Time	No	\$12,780	\$0	\$132	\$0	\$0

Total Program Revenue by Funding Source



\$2,023,164
ANNUAL REVENUE

HS GRANT

\$1,000,000

TOTAL GSRP

\$242,820

TOTAL CDC

\$418,896

TOTAL CACFP

\$69,848

TOTAL TUITION

\$250,800

TOTAL TRI-SHARE

\$40,800

PROGRAM REVENUE

\$2,023,164

Step 4.

Determining Program Expenses

To understand how funding can support the program, the next step is identifying the full range of expenses required to operate a program.

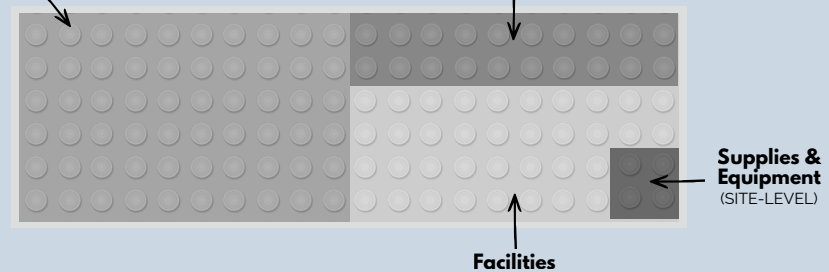
SITE-LEVEL EXPENSES

Leadership, administration, and facility costs that support the overall program

- These costs are largely fixed and shared across classrooms, so they change little as enrollment fluctuates.

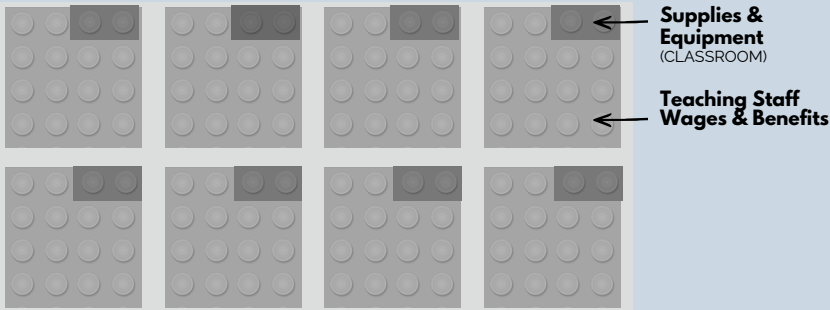
Leadership & Administrative Staff

Business & Operations



CLASSROOM-LEVEL EXPENSES

Staffing and materials needed to operate each classroom



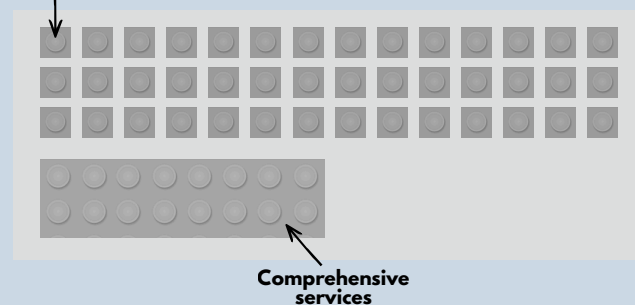
- Expenses generally increase when new classrooms are added, rather than with each additional child.

CHILD-LEVEL EXPENSES

Consumables and services that vary with the number or needs of children served

- Most child-level costs scale directly with the number of children enrolled (e.g., food, diapers, per-child subscription fees).
- For comprehensive services (e.g., disabilities, health/mental health, family services), costs may rise with enrollment of eligible children, but typically increase in steps as programs add staff or service capacity.

Consumables, per-child fees



What expenses does a program have?

Understanding the full cost of operating a high-quality early childhood program can help providers make informed decisions about how available funding can support staffing, facilities, classroom operations and services for children and families. Funding sources such as Head Start or GSRP often include additional requirements—such as administrative oversight, teacher qualifications, curriculum, staffing ratios, and comprehensive services—that can increase program costs either at the site-, classroom-, or child-level.

This resource maps out the various site-level, classroom-level, and child-level expenses a program may need to consider.

Mapping Out Program Expenses

SITE-LEVEL EXPENSES

Leadership, administration, and facility costs that support the overall program

Personnel

- Leadership (executive director, center/assistant directors)
- Administrative and operational staff (fiscal, HR, clerical)

Business & Operations

- Professional services and systems (accounting, legal, payroll, IT)
- Insurance, licensing, and regulatory costs
- Marketing and recruitment

Facilities

- Facilities and occupancy costs (rent/mortgage, utilities, internet/phone)
- Building operations (maintenance, janitorial, repairs, security systems)

Supplies & Equipment

- Office supplies, technology, and furniture

CLASSROOM-LEVEL EXPENSES

Staffing and materials needed to operate each classroom

Personnel

- Classroom teaching staff (lead & assistant teachers, aides, substitutes)
- Staff benefits and professional development

Supplies & Equipment

- Curriculum and instructional materials
- Classroom furniture and equipment
- Classroom technology and learning materials

CHILD-LEVEL EXPENSES

Consumables and services that vary with the number or needs of children served

Materials & Supplies

- Meals, snacks, and food service supplies
- Consumable materials (art supplies, diapers, wipes, learning materials)
- Child screening and assessment tools

Comprehensive Services

- Health, mental health, and disability services
- Family engagement and parent support services
- Transportation services

This resource explores the differing allowable uses of Head Start and GSRP funding for site-level, classroom-level, and child-level expenses.

Head Start and GSRP Line-Item Budget Alignment

SITE-LEVEL EXPENSES

Head Start Budget Line Items

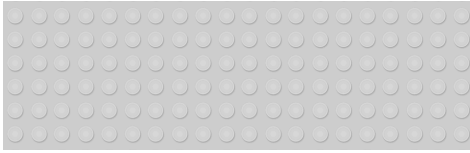
GSRP Budget Line Items

Personnel	Executive Director / HS Director	Local Program Administrator (226)
	Program Managers & Content Area Experts	Early Childhood Specialist (221) Instructional Improvement Specialists (221)
	Clerical Personnel	Administrative support staff (241) Receptionist / clerical support (241)
	Fiscal Personnel	Fiscal services / payroll services (252)
Business & Operations	Managers	
	Administrative services (legal, accounting)	Fiscal services / payroll provider (252)
	Local travel	Administrative travel / mileage (221)
	Publications / advertising / printing	Printing / copy services (257)
Supplies & Equipment	Other administrative costs	Marketing / recruitment (282)
	Background checks / fingerprinting	
	Office equipment	Office equipment / technology (225)
	Office supplies	Office supplies (232)
Facilities	Rent	Rent (261)
	Utilities / telephone	Utilities (261)
	Building maintenance / repair	Building maintenance (261)
	Building & liability insurance	Building insurance (261)
	Incidental alterations / renovations	Building improvements (456)
	Security services	Security services (266)
	Outdoor play equipment	Playground equipment (452)
	Outdoor maintenance	Playground maintenance (452)
	Classroom renovations	Facility improvements (456)

Mapping Out Program Expenses**

SITE-LEVEL EXPENSES

Leadership, administration, and facility costs that support the overall program



Personnel

- **Leadership** (executive director, center/assistant directors)
- **Administrative and operational staff** (fiscal, HR, clerical)

Business & Operations

- **Professional services and systems** (accounting, legal, payroll, IT)
- **Insurance, licensing, and regulatory costs**
- **Marketing and recruitment**

Facilities

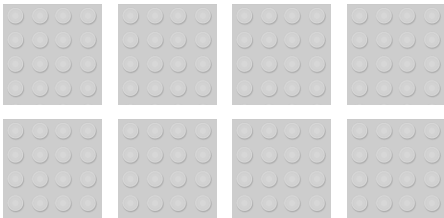
- **Facilities and occupancy costs** (rent/mortgage, utilities, internet/phone)
- **Building operations** (maintenance, janitorial, repairs, security systems)

Supplies & Equipment

- **Office supplies, technology, and furniture**

CLASSROOM-LEVEL EXPENSES

Staffing and materials needed to operate each classroom



Personnel

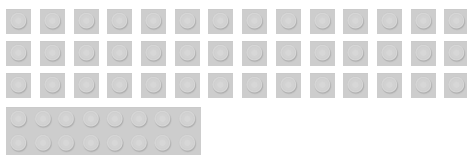
- **Classroom teaching staff** (lead & assistant teachers, aides, substitutes)
- **Staff benefits and professional development**

Supplies & Equipment

- **Curriculum and instructional materials**
- **Classroom furniture and equipment**
- **Classroom technology and learning materials**

CHILD-LEVEL EXPENSES

Consumables and services that vary with the number or needs of children served



Materials & Supplies

- **Meals, snacks, and food service supplies**
- **Consumable materials** (art supplies, diapers, wipes, learning materials)
- **Child screening and assessment tools**

Comprehensive Services

- **Health, mental health, and disability services**
- **Family engagement and parent support services**
- **Transportation services**

Head Start and GSRP Line-Item Budget Alignment**

SITE-LEVEL EXPENSES

	Head Start Budget Line Items	GSRP Budget Line Items
Personnel	Executive Director / HS Director	Local Program Administrator (226)
	Program Managers & Content Area Experts	Early Childhood Specialist (221) Instructional Improvement Specialists (221)
	Clerical Personnel	Administrative support staff (241) Receptionist / clerical support (241)
	Fiscal Personnel	Fiscal services / payroll services (252)
	Managers	
Business & Operations	Administrative services (legal, accounting)	Fiscal services / payroll provider (252)
	Local travel	Administrative travel / mileage (221)
	Publications / advertising / printing	Printing / copy services (257)
	Other administrative costs	Marketing / recruitment (282)
	Background checks / fingerprinting	
Supplies & Equipment	Office equipment	Office equipment / technology (225)
	Office supplies	Office supplies (232)
Facilities	Rent	Rent (261)
	Utilities / telephone	Utilities (261)
	Building maintenance / repair	Building maintenance (261)
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	Security services	Security services (266)
	Outdoor play equipment	Playground equipment (452)
	Outdoor maintenance	Playground maintenance (452)
	Classroom renovations	Facility improvements (456)

Head Start and GSRP Line-Item Budget Alignment**

CLASSROOM-LEVEL EXPENSES

	Head Start Budget Line Items	GSRP Budget Line Items
Personnel	Teachers / Infant Toddler Teachers	Lead Teacher (118)
	Teacher Aides & Education Personnel	Associate Teacher (118)
	Substitutes	Substitute classroom staff (118)
		Other classroom staff (118)
Staff Supports	Training & staff development	Conferences / professional development (221)
	Training & technical assistance	Instructional improvement supports (221)
Supplies & Equipment	Classroom equipment	Classroom furniture (118)
	Classroom supplies	Classroom supplies and materials (118)
		Curriculum materials (227)
		Classroom technology (225)
Travel	Staff travel	Teacher mileage (221)
	Transportation for field trips	Field trip transportation (271)

Head Start and GSRP Line-Item Budget Alignment**

CHILD-LEVEL EXPENSES

	Head Start Budget Line Items	GSRP Budget Line Items
Consumable Supplies/Materials	Child & family service supplies	Child assessment (227)
		Developmental screening tools (227)
	Food service supplies	Meals/snacks not covered by CACFP (118)
	Classroom supplies	Classroom supplies and materials (118)

CHILD AND FAMILY SUPPORT SERVICES

	Head Start Budget Line Items	GSRP Budget Line Items
Comprehensive Services	Child health & development services personnel	
	Health/mental health services personnel	
	Disabilities services personnel	
	Other child services personnel	
	Nutrition services personnel	Food service staff (118)
	Family & community partnerships personnel	Family engagement activities (311)
	Parent services	
	Volunteers	
	Child transportation services	Student transportation services (270)

** Important: The information included on Page 22-25 is intended as a planning resource and does not replace current federal, state or program-specific guidance. Providers should confirm allowable costs and allocation requirements before charging expenses to a funding source.

Blending & Braiding in Action

The end result of Step 4 is a comprehensive picture of a program's expenses. Below is a sample program's expenses as calculated in the forthcoming "Build-A-Budget" tool. Expenses are estimated based on program profile inputs including the number of classrooms, enrollment, staffing model, and services offered.

Program Expenses Calculator in Build-A-Budget Tool

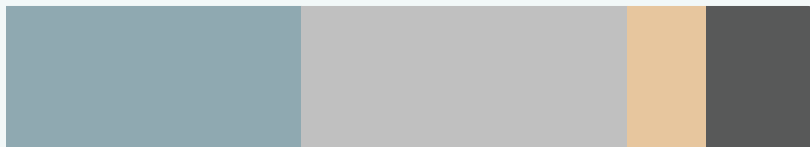
CLASSROOMS: 6

ENROLLMENT: 72

Sample Program Expenses

COST LAYER	CATEGORY	PER UNIT	TOTAL
Site-Level	Admin Staff Wages & Benefits	—	\$238,420
	Facilities	—	\$420,500
	Supplies & Equipment	—	\$32,800
	Business Operations	—	\$51,180
Classroom-Level	Teaching Staff Wages & Benefits	\$133,500 / classroom	\$801,000
	Curriculum	\$720 / classroom	\$4,320
	Classroom Materials & Equipment	\$2,900 / classroom	\$17,400
Child-Level	Food	\$2,350 / child	\$169,200
	Consumable Supplies	\$210 / child	\$15,120
	Child Fees (insurance, screening, etc.)	\$192 / child	\$13,824
Comprehensive Services	Family Services Staff	—	\$95,200
	Mental Health Services	—	\$58,000
	Health & Development Supports	—	\$67,800
	Disabilities Services	—	\$64,360

Total Program Expenses



TOTAL
\$2,049,124
ANNUAL EXPENSES

SITE-LEVEL

\$742,900

CLASSROOM-LEVEL

\$822,720

CHILD-LEVEL

\$198,144

COMP SVCS

\$285,360

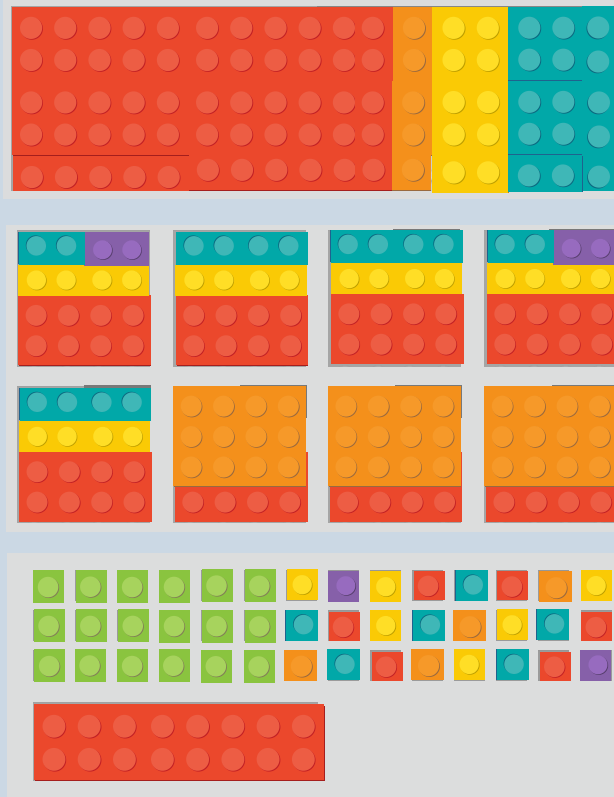
Step 5.

Allocating and Tracking Funding

Finally, programs allocate and track funding across expenses, ensuring each funding stream pays for the costs it is allowed to support.

Cost allocation is the process of distributing the cost of shared resources, goods, or services across multiple programs that benefit from them.

The goal is to ensure that each funding source pays only its fair share and that federal funds are used only for the program they are intended to support.



How can funding be allocated across program expenses?

Programs must allocate and track funding across site, classroom, and child-level expenses while ensuring compliance with federal and state rules. While programs currently use a number of common allocation methods, these resources offer guidance on best practices for allocating program funding.

This resource shares guidance and best practices for programs allocating expenses to ensure compliance and sound financial management to support the real cost of programming.

GUIDANCE ON COST ALLOCATION IN BLENDED AND BRAIDED PROGRAMS

Programs blending multiple funding streams must allocate costs across those funding sources in ways that comply with federal and state rules. While the details may vary by funding stream, several common principles guide cost allocation across early childhood programs.

Core Principles

Federal guidance—particularly under Head Start and federal grant management rules—emphasizes several key principles:

Costs must reflect benefit received.

Each program should pay for the portion of a cost that benefits that program.

Costs cannot be double-charged.

The same cost cannot be charged to more than one funding source.

Allocation methods should be reasonable and consistent.

Programs should use a logical and documented method to divide shared costs.

Documentation is required.

Programs must maintain records explaining how costs were allocated and the rationale behind the method used.

Common Allocation Methods

Programs may allocate shared costs using methods such as:

- Number of children served
- Number of classrooms
- Staff time devoted to each program
- Square footage of facilities used by each program
- Percentage of program enrollment

The method chosen should be the simplest approach that reasonably reflects how programs benefit from the cost.

Cost Allocation Plans

Organizations receiving multiple funding streams typically maintain a Cost Allocation Plan that:

- describes shared costs
- explains the allocation method used
- documents how costs are distributed across programs

This plan helps ensure compliance with requirements and supports financial transparency.

This resource explains how each funding source can and cannot be used for cost allocation at the site-level, classroom-level, and child-level.

SITE-LEVEL EXPENSE ALLOCATION How funding streams can be allocated to support leadership, administration, and facility costs that support the overall program

FUNDING SOURCE	Examples of Potential Uses	Examples of Potential Restrictions
Head Start 	• General site-level operating expenses • Costs allocated proportionally when multiple programs share the site	• GSRP-specific staff or program costs (e.g., ISD staff) • Administrative/operations costs exceeding a percentage of the total Head Start approved program costs (includes federal costs and non-federal match)
GSRP 	• Additional portion of administrator salaries for GSRP-specific duties • Materials and supplies (not equipment) used for GSRP that are also used for other activities within the same facility receiving other state/local funds	• Existing administrative, educational, or support staff already funded through another source • State sales or property taxes if organization is a nonprofit • Maintenance or utilities when included in a rental agreement • Gift cards or incentive payments to employees or families • Head Start-specific staff (e.g., grantee-level personnel) • Any cost that would supplant federally funded activities
CDC 		
Tuition 	• Any site-level operating expenses	• No specific restrictions
Tri-Share 		
CACFP 	---	• Any site-level expenses (CACFP funds may only be used for meal reimbursement)

* Check with the Office of Head Start for allowable expenses

GUIDANCE ON COST ALLOCATION

IN BLENDED AND BRAIDED PROGRAMS

Programs blending multiple funding streams must allocate costs across those funding sources in ways that comply with federal and state rules. While the details may vary by funding stream, several common principles guide cost allocation across early childhood programs.

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- describes shared costs
- explains the allocation method used
- documents how costs are distributed across programs

This plan helps ensure compliance with requirements and supports financial transparency.

GUIDANCE ON COST ALLOCATION

IN BLENDED AND BRAIDED PROGRAMS

Best Practices for Allocating Costs Across Funding Streams

While compliance rules establish guardrails, programs also make strategic decisions about how to allocate costs in ways that promote financial stability.

Start with the most restrictive funding sources

Many programs begin by allocating costs to funding streams with the most specific requirements, such as Head Start or CACFP. This approach helps ensure that restricted funds are used for their intended purposes before allocating more flexible funding streams.

Align stable funding with fixed costs

Funding streams that provide predictable or contract-based funding—such as Head Start grants or GSRP classroom funding—are often best aligned with fixed program costs, including:

- staff salaries and benefits
- facilities and site-level costs
- program administration

These costs do not fluctuate significantly with enrollment and benefit from stable funding sources.

Use variable funding streams for per-child expenses and to fill gaps

More enrollment-dependent revenue—such as CDC scholarships or tuition—can be better suited to covering child-level costs that fluctuate with enrollment, such as:

- meals and snacks
- classroom supplies
- transportation
- extended hours of care

This approach can help programs reduce financial volatility when enrollment changes.

Maintain consistency across time

Once an allocation method is selected, programs should apply it consistently unless program operations change significantly.

GUIDANCE ON COST ALLOCATION

IN BLENDED AND BRAIDED PROGRAMS

Frequently Asked Questions

Can a Head Start-funded staff member support non-Head Start children?	Potentially, when the cost allocation reflects the benefit received and applicable program requirements are met. For example, a mental health consultant observing a blended classroom may benefit multiple children, but the cost must be proportionally allocated across funding streams. Approval would come from the Office of Head Start.
Can Head Start funds support services used by all families?	In some cases. Activities such as family workshops or classroom observations may include non-Head Start participants, as long as the service continues to benefit Head Start families and costs are not exclusively dedicated to non-Head Start participants. Approval would come from the Office of Head Start.
What happens if a program cannot easily separate costs by funding stream?	Programs should use a reasonable proxy—such as enrollment share or classroom count—to allocate shared costs.
Does every cost need to be allocated at the individual child level?	Not necessarily. Many costs—such as staffing, facilities, and program infrastructure—are shared across classrooms or programs and may be allocated using classroom-level or program-level methods.

Implementation Notes for Comprehensive Services in Blended Classrooms/Programs

Because some comprehensive services are child-specific and some are not, programs operating blended classrooms must consider how services are delivered across children with different funding sources.

Example Scenario	Allowed?	Explanation
Mental health consultant observes a blended classroom	✓	Service benefits HS children even if others are present.
Family engagement workshop open to all families in the program	✓	HS families are still served; broader participation is allowed. May be written into Head Start community partnership agreement.
HS family advocate has non-HS children on caseload	✗	HS funds cannot pay for services dedicated to non-HS children.
HS-funded screenings for non-HS children	✗	Only allowed if costs are proportionally allocated across funding sources.

Why This Matters

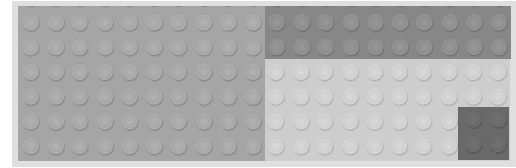
Thoughtful cost allocation helps programs

- remain compliant with federal and state requirements
- operate blended classrooms efficiently
- reduce financial instability caused by fluctuating enrollment
- better align funding streams with the real cost structure of early learning programs

SITE-LEVEL EXPENSE ALLOCATION

How funding streams can be allocated to support

leadership, administration, and facility costs that support the overall program

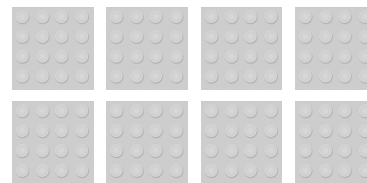


FUNDING SOURCE	Examples of Potential Uses	Examples of Potential Restrictions
Head Start * 	- General site-level operating expenses - Costs allocated proportionally when multiple programs share the site	- GSRP-specific staff or program costs (e.g., ISD staff) - Administrative/operations costs <i>exceeding a percentage of the total Head Start approved program costs</i> (includes federal costs and non-federal match)
GSRP 	- Additional portion of administrator salaries for GSRP-specific duties - Materials and supplies (not equipment) used for GSRP that are also used for other activities within the same facility receiving other state/local funds	- Existing administrative, educational, or support staff already funded through another source - State sales or property taxes <i>if organization is a nonprofit</i> - Maintenance or utilities <i>when included in a rental agreement</i> - Gift cards or incentive payments to employees or families - Head Start-specific staff (e.g., grantee-level personnel) - Any cost that would supplant federally funded activities
CDC 		
Tuition 	Any site-level operating expenses	No specific restrictions
Tri-Share 		
CACFP 	—	Any site-level expenses (CACFP funds may only be used for meal reimbursement)

* Check with the Office of Head Start for allowable expenses

CLASSROOM-LEVEL EXPENSE ALLOCATION

How funding streams can be allocated to support staffing and materials needed to operate each classroom



FUNDING SOURCE	Examples of Potential Uses	Examples of Potential Restrictions
Head Start * 	- Classroom staff salaries and benefits (teachers, aides) supporting Head Start children - Curriculum, classroom materials, and instructional supplies - Professional development/training - Costs must be allocated proportionally if classrooms serve both HS and non-HS children	- Costs unrelated to Head Start program services - Costs already funded by another program
GSRP 	- Costs of implementing GSRP program requirements when <i>at least one child</i> in the classroom is GSRP-funded, including: - Professional development for teachers & administrators (beyond licensing requirements) - Curriculum & child assessment - Salaries/benefits (including 3rd adult in classrooms with 17–18 children) - Classroom materials & supplies - Documented salary difference required to meet GSRP-qualified teacher compensation requirements	- Any cost that would supplant federally funded activities - Non-GSRP classroom expenses (e.g., Infant/toddler or school-age classrooms)
CDC 		
Tuition 	Any classroom-level expenses (staffing, materials, curriculum, training)	No specific restrictions
Tri-Share 		
CACFP 	—	Any site-level expenses (CACFP funds may only be used for meal reimbursement at the child-level)

* Check with the Office of Head Start for allowable expenses

CHILD-LEVEL EXPENSE ALLOCATION

How funding streams can be allocated to support consumables and services that vary with the number of children served



FUNDING SOURCE	Examples of Potential Uses	Examples of Potential Restrictions
Head Start * 	• Food service supplies • Child and family service supplies • Developmental screening materials • Child assessment tools	• Costs unrelated to Head Start children • Costs already funded through another source
GSRP 	• Developmental screening materials • Ongoing child assessment tools • Field trip entry fees • Meals and snacks only if the program does not participate in CACFP	• Meals if the program is eligible for CACFP but does not participate
CDC 		
Tuition 	• Any child-level expenses	• No specific restrictions
Tri-Share 		
CACFP 	• Reimbursement for meals served to eligible children	• Any non-food expenses

* Check with the Office of Head Start for allowable expenses

CHILD AND FAMILY SERVICES ALLOCATION

How funding streams can be allocated to support

comprehensive services like health/mental health, disabilities, nutrition, and family & community engagement



FUNDING SOURCE	Examples of Potential Uses	Examples of Potential Restrictions
Head Start * 	Comprehensive child and family services for enrolled HS/EHS children.	Services delivered exclusively to non-HS children or families without appropriate cost allocation.
GSRP 	Limited family engagement activities, developmental screening, and supports connected to enrolled GSRP children.	Costs that should be covered by Special Education
CDC 		
Tuition 	Filling any funding gaps related to comprehensive services (especially for non-HS children)	No specific restrictions
Tri-Share 		
CACFP 	—	Any non-food expenses

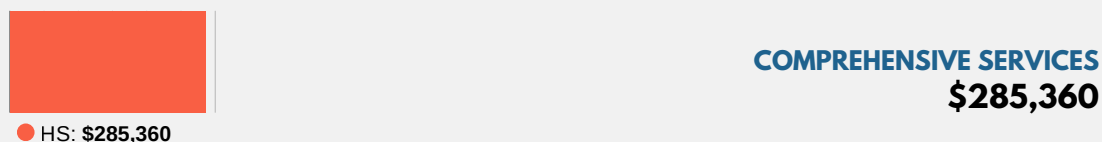
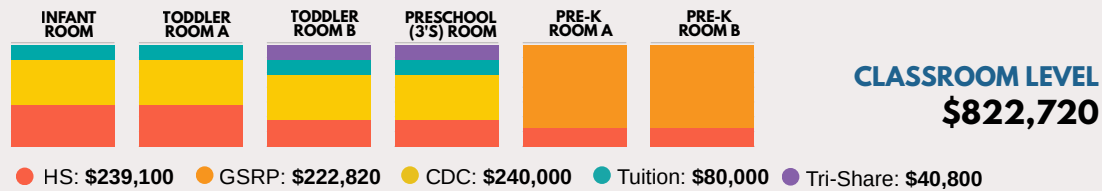
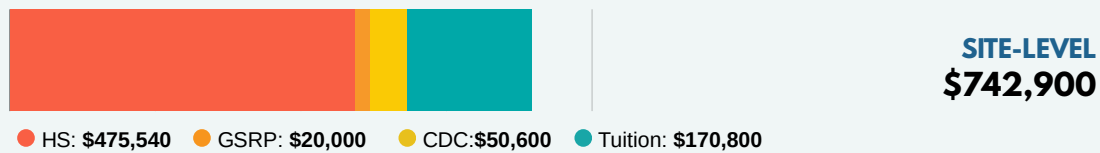
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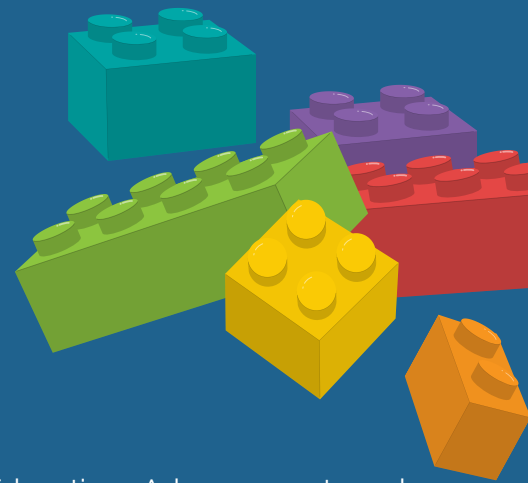
Blending & Braiding in Action

The final step allows programs to track funding and expenses (and any gaps between them) and see what a potential allocation model could look like while adhering to the rules of each funding stream. This figure shows how the Build-A-Budget Tool can help programs visualize how funding streams support different parts of their budget.

Funding Allocation Dashboard in Build-A-Budget Tool

Funding Allocation Dashboard





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