

Use of Direct Service Funds

Effective March 1, 2016, for SFY 2015-2016, NC Pre-K direct service funds may be used to build and/or sustain capacity in preparation for maintaining current services and/or to increase service capacity to serve more eligible children. The local NC Pre-K contract administrative agency must consult with and secure approval from the local NC Pre-K Committee for any proposed use of unspent NC Pre-K direct services funds. Proposals approved by the local NC Pre-K Advisory Committee should be submitted via email to the Early Education Branch to Cindy Wheeler (cindy.wheeler@dhhs.nc.gov).

Unspent direct service funds may be used to:

- Increase and/or sustain quality in existing programs to meet NC Pre-K program standards such as replacing and/or replenishing equipment, materials, curricula, assessment materials, developmental screening tools, supplies and staff professional development.
- Re-establish lost slots in eligible program(s) due to building and/or sanitation issues due to extenuating circumstances (e.g., floods, fire, and other weather-related conditions).
- Other appropriate and justifiable purchase of materials to meet NC Pre-K Program Requirements and the NC Child Care Rules.

As restricted funds, these funds may not be expended for real property, buses or motor vehicles or office/administrative equipment.

The written proposal must include:

- Problem/need statement describing the current situation and purpose for requesting the use of unspent direct service funds. The statement must include wait list numbers and why funds could not be used to support children waiting for services (if county/region has a waiting list), the current condition of the county's 4- and 5-star rated early childhood classrooms that qualify to serve NC Pre-K children, and other relevant information.
- Describe how the local NC Pre-K committee was involved in determining the need and proposed solutions.
- Attach supporting documentation for equipment, materials, curricula, assessment materials, developmental screening tools, supplies and staff professional development, product specifications, quotes, etc. to support the budget request.
- Include along with the budget request any additional investments your local agency plans to (or is currently) investing in addressing the proposed needs (e.g., LEA funds, Smart Start funds, county funds, private foundation support, local businesses including local NC Pre-K service providers).
- Attach the committee minutes to support the action taken by the local NC Pre-K Committee.

Procedures for Requesting Use of Unspent Direct Service Funds

1. The NC Pre-K contract administrator presents a proposal for the use of unspent direct service funds to the local NC Pre-K Committee.
2. The NC Pre-K Committee approves proposal for use of unspent direct service funds.

3. The local NC Pre-K contract administrator submits approved proposal to the DCDEE Early Education Branch for approval (cindy.wheeler@dhhs1.nc.gov).
4. DCDEE reviews proposal, budget and supporting documentation (e.g., committee minutes, product descriptions, price list, etc.).
5. DCDEE notifies local NC Pre-K contract administrator in writing with a decision (approved/need additional information/denied) within five (5) business days of receipt of proposal. When additional information is requested, the review period may exceed five (5) business days.
6. Upon approval, the local NC Pre-K contractor submits a budget revision to DCDEE to move unspent direct service funds from contract budget line item C. Subcontracting and Grants Direct Services to contract budget line item 11 “Other” (h) “Not Otherwise Classified.” Contractors will follow instructions at this link for submitting a budget revision. http://ncchildcare.nc.gov/pdf_forms/NCPre-K_Budget_Revision_Instructions.pdf

The budget revision justification form is found at
http://ncchildcare.nc.gov/pdf_forms/NCPre-K_Budget_Revision_Justification.pdf

7. The local NC Pre-K contractor completes the **2015-2016 Program Expenditure Report** (see attachment) after purchases are completed.
 - a. List all expenses for approved purchases.
 - b. Total cannot exceed amount budgeted in the contract budget item line 11 “Other” (h) “Not Otherwise Classified” on the FSR form.
 - c. Sales tax may **not** be included in the amount requested for reimbursement.
 - d. Request reimbursement for actual expenditures **made before June 10, 2016**.
 - e. Individual authorized to sign the FSR signs at the bottom of the Program Expenditure Report.
8. Submit the FSR and the Program Expenditure Report for that month’s FSR reimbursement.