

Early Childhood Iowa Funding Tool G

Approved by the ECI State Board on June 6, 2025

General Information

Early Childhood Iowa's Board receives funding called Allocated State Funds. This tool provides general information on the parameters and limitations of these funds. The tool provides information that applies to allocated state funding.

Purpose of Funds

Funding is used to improve outcomes prenatally through age five and support the families of these children. This is administered by local ECIs who address needs through programs, services and systems collaboration. ECIs are to use these funds to improve the quality of:

- Early care
- Health and education programs
- Quality improvement efforts

Local ECIs are also to use the funds to support evidence-based quality practices and services as well as services with positive outcomes for children. Produce and document expected performance outcomes and align with local plans and identified priorities within that ECI location.

Source of Funds

The Iowa legislature appropriates state funds for allocated state funding.

Developing a Budget

After receiving the allocation amounts for the new fiscal year, each ECI board must develop and submit a budget through iowagrants.gov no later than June 1st for the new fiscal year. The budget includes the allocation amount for the new fiscal year and the estimated carry-forward amount for the current fiscal year that is ending, including any interest earned.

Distribution of Funds

In FY26, each ECI board starts with a base of \$102,941 for the allocation for Community Collaboration and Planning. The funding formula for disbursing allocated state funds was established by the Early Childhood Iowa State Board. There is one

'overarching' formula for disbursing funds for program discretionary and home visitation. *In response to local feedback, a 15% cap change was applied to the SFY26 funding formula.*

Funding Formula

- 33% based on the number of children aged 0-5 living at or below 185% of the federal poverty level
- 33% based on the total number of children ages 0-5
- 34% based on the percentage of children aged 0-5 with three or more risk factors at birth (source: <https://iadatadrive.i2d2.iastate.edu/>) including:
 - Poverty
 - Low birth weight
 - Parenting alone (single parent)
 - Low maternal education
 - Inadequate prenatal care
 - Teen mother
 - Tobacco used during pregnancy
 - Preterm birth

Iowa HHS reviews and approves the proposed local budgets. Once approved, Iowa HHS issues a contract for the approved funding amounts to each ECI Board. Each ECI Board then issues contracts to local service providers that align with the approved funds and local priorities, also in alignment with State Board approved Tool O.

<https://hhs.iowa.gov/media/9344/download?inline>

Use of Funds

This guidance aligns with the funding formula and outlines how ECI Boards may allocate and use state funds. It reflects the structure and intent of Tool G and its integration with related tools and processes.

Cost Assignment Considerations

When assigning costs among ECI funding sources, ensure that:

- **Reasonable:** The cost is customary and prudent for an average individual.
- **Allowable:** the expense is appropriate and permissible under the funding source's guidelines.
- **Allocable:** Each funding source pays a fair share of the cost, based on the relative benefits received.

Distribution of Funding

Home Visitation

Home Visitation FY26 will be calculated on a county level basis within the ECI geography. Funds may be used across those counties to adjust to future geographies as needed. This reserved category of funds is to be used for evidence-based home visitation services. See Tool FF for more information regarding home visitation.

- Parents as Teachers (PAT) - Evidence Based
- Healthy Families America (HFA) - Evidence Based
- Iowa Family Support Credential (IFSC)
- Early HeadStart – Evidence Based (home visitation components for 0-3 aged population)
- Nurse Family Partnership – Evidence Based

Program Discretionary

Reference Tool O <https://hhs.iowa.gov/media/9344/download?inline>

Community Planning and Collaboration

To begin FY26, this distribution of funds will be dedicated to local staff (ECI area directors) who currently serve across multiple roles and responsibilities detailed below. As work progresses details of specific roles will transition to align with roles and responsibilities best fit for geography needs. ECI Area Directors share responsibilities aligned with roles such as Lead Director, Community Collaboration Coordinator(s), and Family Support Home Visitation Coordinator(s).

- Early Childhood Coordination
- Fiscal Agent Fees
- Employer of Record Fee
- Tool O Services
- Home Visitation Services

Lead Director

The Lead Director's position will provide vision, leadership, and strategic direction for the designated area to ensure quality functioning of the ECI Board and area according to Iowa Code, Administrative Rule and ECI policies and procedures.

Roles and Responsibilities:

- Identify and recruit Board members to be representatives of the disciplines outlined and ensure local representation and engagement.
- Manage operations, budgeting, reporting, and performance measurements
- Serve as the point of contact for the state to organize and disseminate all designated area information

- Streamline administration of the ECI designated area
- Work to align designated area with state level restructuring efforts
- Develop designated area board bylaws and policies and procedures
- Ensure compliance with state regulations/code
- Develop and monitor the designated area annual budget
- Manage contracts with fiscal agent to ensure accurate and timely budget and expense reports
- Complete all required state program and fiscal reporting as required
- Monitor contracts, performance measures, accountability in cooperation with the board

Community Collaboration Coordinator

Leadership role to implement and administer effective outreach programs. This position will work closely with the Lead Director and is responsible for engagement with the community, partners, and other interested parties to ensure the Early Childhood Iowa mission and services are represented.

Roles and Responsibilities:

- Develop, cultivate and promote relationships with private and public organizational partners, programs, and individuals that are in alignment of early childhood services.
- Attend community coalitions and meetings (virtual and in person) as the ECI Community Collaboration Director.
- Provide outreach to agencies, organizations, partners, and stakeholders to collaborate in identifying issues and needs affecting 0-5 children and their families.
- Conduct site visits of program providers as needed. Increase partnerships with a variety of community partners and organizations to build relationships.
- Assist in the preparation of various report summaries of activities.
- Provide local facilitation and leadership to coordinate intentional partnerships between quality preschool education settings across the early childhood system.
- Coordinate with funded projects regarding transportation, professional development opportunities, and intentional involvement of families in the transition from preschool to kindergarten. Serve as a liaison between local projects and the state ECI office.
- Assist with project metrics for measuring success.

Family Support Home Visitation Coordinator

The Family Support Home Visitation Director is a leadership role responsible for overseeing home visiting programs within the designated area. This position plays a crucial role in ensuring guidance, education, and critical care to parents of young children, ensuring the effective implementation and evaluation of services to meet desired outcomes. The Family Support Home Visitation Director will work closely with various programs to achieve state benchmarks.

Roles and Responsibilities

- Oversee all home visiting and group-based programming within the designated area.
- Ensure program budget, compliance, and metrics are met.
- Work to improve data completion and accuracy in DAISEY system.
- Partner with programs to strengthen local coordinated intake systems or referral partnership to increase program capacity.
- Evaluate the effectiveness of services to meet desired outcomes.

Flexible Use of Unused Funds

If Community Planning and Collaboration or Administrative funds remain unspent, they may be reallocated and applied toward:

- Program Discretionary
- Home Visitation

****All previous fiscal year funds **MUST** be spent before utilizing current fiscal year funds.**

- FY25 carry-forward funds:
 - 20% max carry-forward allowed for School Ready funds allocated in FY25
 - 20% max carry-forward allowed for Early Childhood funds allocated in FY25
 - In FY26, the FY25 carry-forward amounts can be used towards any of the categories aligned with Tool G (Administrative 5%, Community Planning and Collaboration, Home Visitation, and Program Discretionary).

Programs, Services, and Activities Funded by ECI Boards

Administrative

The board may use up to 5% of the allocation amounts for administrative expenses. Examples of expenses that can only be paid out of administrative funds include:

- Fiscal agent fees
- Board Expenses
- Other

- Employer of record fee
- Audit fees
- Operational needs ex. (internet, office supplies, phones, etc.)
- Community Planning and Collaboration support efforts (i.e. the multiple roles held by an ECI Area Director/Lead Director/Coordinator roles and responsibilities on behalf of the ECI local board and their associated counties/communities)
- Liability insurance

Preschool Programming Support for At-Risk Families (256I.11)

Available discretionary state funds allocated to ECI may be used to help families whose income is beyond the Child Care Assistance (CCA) approved rate. The range beyond CCA eligibility is between 161%- 200% of the federal poverty guidelines. It is required that CCA is utilized for eligible families and discretionary state funds may not support scholarships for families with an approved CCA application. State discretionary funds may not be used for Statewide Voluntary Preschool Program (SWVPP) eligible children during the SWVPP portion of a day ([Iowa Code chapter 256C](#)). State discretionary funds may not be used for Early Head Start or Head Start portions of the day. Extended Early Head Start or Head Start time should prioritize CCA. If discretionary funds are requested from Early Head Start or Head Start a denied CCA application will be required.

- Families must apply for CCA regardless of if their program of choice accepts CCA. ECI scholarships cannot be used for families who are CCA eligible.
- A child's age will be determined based on their age as of September 15 of the year.

Supplanting

Early Childhood Iowa (ECI) boards must ensure that ECI funds do not supplant (replace) existing programs, services, or activities funded by other state or federal sources.

- For Preschool Scholarships, boards must maintain documentation demonstrating that families were denied Child Care Assistance or other eligible funding before ECI funds were used.
- ECI funds cannot be used for time otherwise covered by another funding stream. For example, Statewide Voluntary Preschool Program (SWVPP) time cannot also be funded by an ECI preschool scholarship.

Duplication of Services

Boards must avoid creating parallel systems of services.

- Through comprehensive community needs assessments and designated area planning efforts, boards should identify service gaps and allocate funding accordingly to fill unmet needs rather than duplicate existing services.

Cost Objectives

A function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

Direct Costs

Costs that can be identified specifically with a particular final cost objective.

Indirect Costs

Costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Boards are responsible for determining allowable indirect costs that providers can charge for program management and administration. For more information use Tool H(A)

- If a fidelity bond is required for a program, the cost of the bond does not count toward administrative cost limits.

Reimbursement Rates

If reimbursement for mileage and lodging is provided using a unit rate, the board must clearly define those rates.

- Current in-state and out-of-state travel reimbursement rates can be found on the Iowa Department of Administrative Services website:
<https://das.iowa.gov/state-accounting/travel-relocation/state-travel>

Human Trafficking Prevention Certification

Beginning January 1, 2022, before using public funds for lodging [Procedure 210.205](#):

- Boards must confirm the provider's current certification in Human Trafficking Prevention Training.
- Verification must be done via: www.stophtiowa.org

Food, Beverage, and Catering Costs

If ECI funds are used for food, beverage, or catering:

- The expenditure must clearly serve a public purpose.
- Documentation must include:
 - A description of how the expense supports the public purpose
 - A working agenda

- A signed attendee list, available upon request

Tracking, Monitoring, and Reporting

Per Iowa law, each board must monitor its funded programs, services, and activities.

Requirements include:

- Contract Monitoring Schedule submitted via lowagrants.gov by September 30th each year.
- Recommended development of local policies and procedures for:
 - Outcome tracking
 - Expenditure monitoring
 - General program oversight
- Boards must report on state-required performance measures including:
 - Input
 - Output
 - Quality/Efficiency metrics
 - Outcomes
- Boards may also establish additional performance measures for local use.
- Gift cards are not permitted for any ECI funds.
- If a service or good is purchased on behalf of a family/client, the service or good must be issued to the providing program/entity and not directly to the family/client.

Property and Equipment

The ECI State Board prohibits the use of ECI funds to purchase real property subject to taxation. This policy was adopted on October 9, 1999.

Interest Earned on Funds

- Interest earned on allocated state funds must be credited appropriately.
- These funds must be used to support programs, services, and activities that align with the designated area ECI Community Plan.
- Interest cannot be used for administrative expenses.
(Guidance based, [Iowa Code chapter 12](#) and the State Treasurer's requirements)

Audit and Financial Requirements

Annual Audits

Boards are required to have an annual audit conducted of received state and federal funds.

- If administrative funds are insufficient, Iowa Code permits using state allocations to cover audit costs.
(See *Iowa Code 256I.9(2)*)

Monthly fiscal tracking spreadsheet

The ECI TA Team will provide the monthly fiscal tracking spreadsheet. ECI Areas will need to upload their fiscal tracking spreadsheet into Iowa Grants by the 30th of each month, beginning on July 30. Monthly spreadsheets need to be updated and uploaded into Iowa Grants every consecutive 30 days.

Quarterly State Payments

The Iowa Department of Health and Human Services (HHS) issues quarterly payments to the designated ECI board for each designated area. To receive the first payment of the fiscal year, the board must provide the following to the ECI Office (HHS):

1. Electronically signed copy of the HHS issued contract or relevant amendments (signed by the board chair).
2. A board-approved budget submitted via iowagrants.gov (must be approved by HHS).
3. *Best Practice*: Do not enter contracts with providers until the budget is approved.
4. A signed copy of the agreement with the fiscal agent (submitted via iowagrants.gov).
5. Mailing addresses and contact information for both the ECI board and the fiscal agent.

To receive subsequent quarterly payments, the board must:

- Submit the previous year's annual report by September 15
- Upload signed local contracts for ECI approved and funded services
- Upload family support home visitation credential (evidence-based affiliate certificate or Iowa Family Support Credential certificate)
- Submit mid-year expenditure data by February 21

Credit Card Policy Guidance

A corporate credit card may provide a method for an ECI board to pay organizational expenses on a timely basis without undue financial hardship to the ECI director or other staff of the board. If an ECI board wants to establish a corporate credit card account for purchases made by the ECI director and/or other staff, the board should have a corporate credit card policy and procedures in place to protect the board and the public

funds. At a minimum, the corporate credit card policy and procedures should address the following areas:

- Identifies the authorized board member that can apply for a credit card
- Identified the authorized board member that can make any changes in the credit card's structure (i.e., credit limit, etc.)
- Identifies authorized board staff that may have a credit card
- Identifies appropriate uses of the credit card
- Allowable purchases (i.e., based on the budget, purchasing policies, etc.)
- Actions prohibited – drawing down cash, purchasing gift cards, 'reloadable' credit cards or debit cards, etc.
- If the cardholder purchases meals, it is an appropriate business expense and unallowable items (alcohol, etc.) as paid for separately (if there is a per diem limit, identify procedures if the meal costs more than the per diem rate)
- Identifies that use of the credit card for personal expenditures is prohibited and describes disciplinary action if personal use of the credit card occurs.
- Identifies supportive documentation required for all purchases and amounts charged (i.e., itemized receipts, meeting agendas/minutes, etc.)
- Identifies the process for reconciling credit card statements with the supportive documentation of all purchases and amounts charged
- Identifies that it is the cardholder's responsibility to keep the credit card safe and secure and describes procedures in the event that the credit card is lost or stolen
- Include an acknowledgement statement such as: I agree to the above statements and understand that failure to follow these rules could result in disciplinary action, up to and including termination
- Address the recoupment of inappropriate expenditure charged.

Legal and Fiscal Guidelines

Legal References

- [Iowa Code Chapter 256I](#)
- [Iowa Administrative Code Chapters 441.122](#)

Time Limitations for Fund Expenditure

Under Iowa Code 256I.9(4)(e):

- Boards may carry forward up to 20% of their annual allocation into the next fiscal year.
- The ECI State Board approved the use of 20% carry-forward to be used on any approved category of use (program discretionary, home visitation, community

planning and collaboration, or 5% administration). This was approved by the ECI State Board on April 7, 2025.

- Any carry-forward exceeding this 20% threshold will result in a reduction in the next year's allocation equal to the overage.

Financial Review Requirements: Audit and Agreed-Upon Procedures for ECI Boards

Audit Requirements Based on Federal Funding Levels

Full Financial Audits (Over \$500,000 in Federal Funds)

Early Childhood Iowa (ECI) Boards that expend \$500,000 or more in federal funding must undergo a full financial audit. An agreed-upon procedures (AUP) review does not meet this requirement.

The audit must include:

- An evaluation of the board's compliance with applicable laws, regulations, contracts, and grant agreements that may have a direct and material effect on each major federal program.
- A separate opinion on compliance must be included in the audit report.
- The auditor must be informed of these requirements prior to audit initiation.

Additionally, the independent CPA firm must:

- Review the board's principles and standards for allocating both direct and indirect costs related to federal cost-based awards.

Agreed-Upon Procedures (Less Than \$500,000 in Federal Funds)

Boards that spend less than \$500,000 in federal funding may choose either:

- A full audit, or
- Participation in an Agreed-Upon Procedures (AUP) review as part of the fiscal agent's audit.

Note: The AUP method can reduce audit costs, but it requires increased coordination with the fiscal agent.

Agreed-Upon Procedures: Required Steps

For ECI boards using the AUP method:

1. Initial Coordination

- Discuss AUP requirements with a responsible official at the fiscal agent.
- Document the official's name and the content of the discussion.

- Obtain written concurrence from the fiscal agent to conduct the AUP. Governing body action may be necessary.
- Secure an engagement or estimate letter from the auditing firm, specifying the scope of the AUP and required note disclosures.
- Confirm billing arrangements.

2. Responsibilities of the ECI Board and Fiscal Agent

- Close the books within 60 days after the end of the fiscal year.
- Prepare a summary of financial data.
- Clearly document roles, responsibilities, and storage of financial documentation.
- Submit the annual report to the audit firm.
- Ensure all claims meet a public purpose and comply with legislative intent.

The ECI Area Board is also responsible for verifying compliance with:

- Early Childhood Iowa requirements (policies and procedures).
- Allocated and received state and federal funding
- Eligibility for Family Support and Preschool Support Programs
- Testing procedures and documentation
- Provide all supporting documentation requested by the auditor.

Key Components of the Agreed-Upon Procedures Review

1) Understanding and Internal Control Evaluation

- a) Review all grants received, including local authorization procedures.
- b) Analyze internal controls; document any weaknesses with comments and recommendations.

2) Financial Verification

- a) Verify the summary of financial data against accounting records.
- b) Receipts - Confirm allocation amounts received from the State of Iowa.
- c) Disbursements - Understand disbursement parameters for:
- d) Early Childhood Iowa funds (Tool G)
- e) Family Support (Tool FF)