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MEMORANDUM

March 25, 2021

SUBJECT: Directing non-federal share of head start funding
(Work Order No. 32-LS0691)

TO: Senator Tom Begich
Attn: Löki Tobin

FROM: Noah Klein 
Legislative Counsel

You asked whether the state may mandate programming for federal head start programs. During conversations with Ms. Tobin, she clarified that your question is whether the state may impose conditions or spending requirements on non-federal match funding that the state provides to head start grant recipients. While the state may place restrictions on the funding, restricting how head start programs spend state funds, including mandating expenditures on unapproved or unallowable costs, may result in those funds not being counted towards the head start matching fund requirements.

Federal assistance for a head start program generally "may not exceed 80 percent of the approved costs of the assisted program or activities" ¹ The state may provide to head start programs all or part of the non-federal 20 percent of the program's approved costs. But to guarantee that the state's contribution will be accepted as part of the non-federal 20 percent, the contribution must meet specific criteria, which include contributions that are "necessary and reasonable for accomplishment of project or program objectives" and "allowable." ² Allowable costs under federal awards must

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

¹ 42 U.S.C. § 9835(b).

² 45 C.F.R. § 75.306(b).

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 75.306(b).

(g) Be adequately documented. See also §§ 75.300 through 75.309.³

Thus, if the state mandates how head start programs spend state funds, and the state spending requirements are not approved or allowable, the funds will not count toward the programs' non-federal share.

Please call with any questions or concerns.

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³ 45 C.F.R. § 75.403.