

Fiscal Communiqué - #09-07 – Loan Fees and Interest – Fiscal Year (FY) 2009-10

Title: Loan Fees and Interest – FY 2009-10

Date: September 18, 2009

Category: Informational

Action required: As appropriate – to modify Low Income (LI) and Former TANF (FT) Admin/Family Support Services (FSS) budgets.

Response Required: No

Citation/Reference: None

Purpose:

The purpose of this communiqué is to provide information pertaining to the budgeting for and reporting of Loan Fees and Interest associated to funds borrowed for FY 2009-10.

Discussion:

During the ongoing budget impasse, nearly all Child Care Information Services (CCIS) offices have accessed an external source of funds in order to continue to provide services to our subsidized child care clients. Most of these external sources have or will assess fees and interest.

The Office of Child Development and Early Learning (OCDEL) understands that nearly all of the CCISs will, as a result, need to modify FSS line item amounts to properly budget for and report FSS expenditures associated to loan fees and interest for FY 2009-10. All loan fees and interest must be proportionately distributed between the LI and FT FSS budgets. A TANF budget revision is not required.

Instructions for modifying FSS budgets are provided below:

1. Sum the FT and TANF allocation amounts to determine the FT/TANF Subtotal.
2. Sum the LI, FT and TANF allocation to determine the Total CCIS Allocation.
3. Proportionally divide the total fees and interest between the LI and FT FSS budgets – based on the funding source's total allocation amounts. See example below.
 - o **DO NOT budget the fees and interest in the TANF FSS budget.**

EXAMPLE – Calculating Proportional Distribution of Fees/Interest

Allocation Amounts:

LI Total Allocation: \$2,000,000

FT Total Allocation: \$1,000,000

TANF Total Allocation: \$750,000

FT/TANF Subtotal: \$1,750,000

Total CCIS Allocation: \$3,750,000

Determine Percentages for LI and FT/TANF:

LI Percent of Total = $(\$2,000,000 / \$3,750,000) * 100 = 53.33\%$

FT/TANF Percent of Total = $(\$1,750,000 / \$3,750,000) * 100 = 46.67\%$

Total Fees and Interest (anticipated for 2009-10 FY): \$5,000

Example continues on next page.

Example, cont.

Distribute Fees and Interest:

LI FSS Line Item for Interest = $53.33\% * \$5,000 = \$2,666.50$

FT FSS Line Item for Interest = $46.67\% * \$5,000 = \$2,333.50$

4. Add the "Other – Interest" line item to the LI and/or FT FSS budget, if necessary.
5. Use any FSS funds that will not be expended – perhaps because of layoffs, office closings, etc. Decrease the appropriate line items and add those amounts to the "Other - Interest" line item.
6. Shift funds from Service to make up the difference between the amount required and the amount made available from Step 5.
7. Use the existing Budget Revision justification review and approval process – according to the draft Budget Revision policy chapter.
8. OCDEL will permit CCISs to modify the FSS budgets in PELICAN Child Care Works prior to receiving signed/approved budget revisions from your Subsidy Coordinator – as long as the Subsidy Coordinator has approved the request in writing (i.e., via e-mail or fax).

OCDEL will review and may adjust the LI and FT service allocations after the budget is signed.

Next Steps:

1. Share this communiqué with appropriate staff.
2. Modify LI and FT FSS budgets as necessary for loan fees and interest.
3. Direct questions to your Subsidy Coordinator.