



The following **Q&A document** outlines the items raised during the **fiscal support** drop-in session **held on 2/28/2025** and any clarifications or answers provided by EEC. Answers provided are accurate at this point in time, information **may be** subject to change.

Underutilization

1. When determining the average number of underutilized seats per month, did EEC determine whether a seat was unused the entire month, or on a certain day?

EEC is not looking at specific seats from CCFA for underutilization, but rather the overall average dollar amount a provider bills considering enrollment, placement types, and parent fees, based on the maximum obligation of that contract. If EEC sees a provider has not billed for a number of months, EEC would also consider that as unutilized service from their lapse in billing services. Underutilization is done throughout the year, and this funding is used to support other child care-related contracts such as flex pool services.

Budget and Budget Amendments

2. Clarification on the funding for the FY25 budgets as 9 or 12 months. What amount should be used to determine reconciliation or budget amendment request?

Contract Providers were required to create a 12-month budget based off a 12-month funding allocation. Contract Providers can submit a 9-month budget when requesting a budget amendment. For the purposes of the reconciliation process, EEC will be providing a reconciliation report that will require reporting of expenses based off a 9-month budget, to align with the advanced payments made for this first contract year starting 10/1/24.

3. How and when can providers make budget revisions?

EEC sent notification letters on 02/24/2025 and expects providers to amend their contracts and submit back paperwork by 3/17/2025. Instructions will be provided through the Procurement unit with your amendment request. Providers will see the adjustment to their amount in the April 2025 payment.

The types of amendments that could be made:

- Increased costs for support services due to utilization of the flex pool for Priority Population (DCF);
- Reduction in the administrative cost reimbursement contract for Family Child Care Systems; and



- Reduction in the cost reimbursement contract for support services.

4. Program knows it will exceed their line expenses on one budget and will not exceed on another, can an organization utilize those funds to cover costs. Is it allowed to crossover between budgets?

Due to the signed Standard Contract agreement and approved budget, funds cannot be moved across different contract budgets, while EEC is issuing advance payments and during the budget amendment process.

5. Can EEC provide clarification as to how to apply budget amendments over 10%? Is it by specific line item, for example staffing, occupancy, other direct care program support or is it the budget total?

Budget Amendments over 10% are when the changes within the line items within one budget go over 10% of the total budget. For example, if the total budget is \$100,000 and changes are needed to the budgeted expenses under personnel, occupancy, and direct care program that total \$12,000, EEC approval is required from Procurement and your FAS.

6. What will happen if the program is unable to utilize their contract slots, what will happen to the 5% admin?

- If a program is underutilized, EEC will only make changes to the Unit Rate Contract maximum obligation amounts through the Underutilization amendment process. No changes will be made to the 5% Admin cost reimbursement contract, nor the Support Services contract.
- If the program is unable to provide reconciliation regarding spending on the 5% Admin cost reimbursement contract or the Support Services contract, the provider is required to return back the funds to EEC.

7. Will organizations see an increase in the administrative cost reimbursement contract with the 1.5% rate increase? If so, should an amendment be submitted to reflect how they anticipate using this additional funding?

This opportunity to amend cost reimbursement contracts is inclusive of the funding currently designated as the maximum obligation of each cost reimbursement contract and does not take into account the 1.5% rate increase.

Cost Reimbursement

8. What will the cost reimbursement contract model look like in fiscal year 2026 and beyond?



EEC will be implementing a systematic method of managing the cost reimbursement contracts beginning in FY26. Programs will be trained on how to manage their budgets and submit for cost reimbursement through this system.

9. Does the reimbursement amount get adjusted if provider does not have a required role (e.g. LICSW staff position) filled - multiple programs overlooked that requirement or thought their alternative would be sufficient.

- In FY25, EEC advanced funds for the cost reimbursement contracts with the expectation that programs will reconcile what has been expended according to the contract budget. If the program anticipates an underutilization of funds based on the budget submitted the program may request a budget amendment to prevent any recovery of funds after the end of the year reconciliation. Example: program budgeted for a social worker salary, but did not hire for this role in FY25.
- Beginning in FY26, EEC will be moving programs towards cost reimbursement method and will no longer advance funds, therefore, reimbursement will take place for funds expended.

Fiscal Reconciliation

10. Are the reconciliations just for the Administrative and Support Service contracts and not the Unit Rate (seat) contracts?

The FY25 reconciliation process is for the Administrative and Support Services cost reimbursement contracts. Unit rate contracts reflect the maximum budget amount an organization could receive based on monthly billing for child care services provided.

11. If EEC is not providing programs with reports now, when will organizations be able to reconcile records against what the EEC has?

Organizations must be managing their budgets and expenditures through their own financial management systems. In addition, organizations must also be tracking the advance payments received from EEC internally as well.

- Information on Advance payments can be requested at any time throughout the contract and programs may check VendorWeb for reimbursement amounts.
- Contract Providers can request FY25 Payment Reports from EEC. These reports will include all payments from EEC such as:
 - Child Care services
 - Transportation
 - Cost Reimbursement
- To request this report:
 - Authorized Signatory can send an email to EECAuditIP@mass.gov.
 - **Subject Line:** Contract Provider Payment Report~ *Organization's Legal Name*



- **Body of email: Request** for FY25 Contract Provider Payment report for 10/1/2024 to 2/28/2025.
- In April, EEC will be providing a worksheet that will require organizations to report on what has been expended for each of the contracts. This worksheet will then calculate any recovery of funds required.

12. Payment notices are broad, and providers are unable to determine what contract payments are connected to.

Programs should refer to the signed Request for Funds (RFF) which details which advance payment is correlated with which Cost reimbursement contract.

13. Organization is having difficulty “matching” payments/reimbursement to specific budgets (supportive or administrative) and concerned about internal audits.

EEC has the following resources available for Providers to obtain information about their payments

- Use of VendorWeb which details which payment aligns with which contract. *(See Slides 18-20 in the Fiscal Support Session slides for screenshots of VendorWeb)*
- RFF with the payment amounts were provided prior to the start of the advance payments. *(Reach out to EEC.Procurement@mass.gov for the signed copy, if not on file at the program).*

14. What will happen to programs that have exceeded their DCF awarded contract seats? Will reimbursement go back to October?

Contract Providers must refer to Budget Amendment notification. Based on current legislative funding, EEC is giving DCF providers who utilized flex seats the opportunity to request an amendment to their Supportive Services contracts, if their program incurred additional staffing or program costs by providing services to children enrolled in a DCF flex pool seat. EEC will provide the calculation programs may amend up to, based on DCF flex pool utilization in November and December 2024.

15. Can organizations return funds now if they know there is going to be an overpayment even before any amendments and if so, what is the address to return funds?

EEC is suggesting Contract Providers wait for the final reconciliation instructions prior to returning funds.

16. This contract began on 10/1/2024, does the contract go through to September 30?



Funding associated with your FY25 contract is aligned with the state fiscal year, with a service ending date of 6/30/25. Contracts will be amended in May/June 2025 to reflect funding with a service starting date of 7/1/25 through 6/30/26.

Independent Audits and Uniform Financial Report (UFR) Reporting:

17. For programs undergoing their external audit for calendar year 2024, how will advanced payments be recognized - for some, it looks like income without any expenses.

Organizations should be allocated expenses towards the advance payments. These expenses are based on the approved budgets. External auditors can refer to the *UFR Auditors Compliance Supplement* sections on how to audit Cost Reimbursement contracts.

18. How will organizations report the Cost Reimbursement for the UFR?

Organizations who are required to complete a Uniform Financial Report, must have separate Schedule B's completed for cost reimbursements contracts and Support Services.

In accordance with the FY24 UFR AUDIT AND PREPARATION MANUAL, Special Instructions for EEC Contract Providers require, *"Each provider/System that has a responsibility to file a UFR must complete a Schedule B for each of its programs."* The FY25 UFR Audit and Preparation Manual will not be available for contractors until late Spring 2025. The example of reporting below is for Contract Providers who report on a state fiscal year.

- Reporting by Program structure for Unit Rate Contracts (7/1/2024-9/30/2024):
 - Center-based Programs (include voucher funds, transportation, Supportive Add ons)
 - Family Childcare Systems (including voucher funds, transportation, FCC Admin)
- Reporting by Program structure for Unit Rate Contracts (10/1/2024-6/30/2024)
 - Center-based Programs (include voucher funds, transportation,)
 - Family Childcare Systems (include voucher funds, transportation,)
- Reporting by Program structure for Cost Reimbursement Contracts (10/1/2024-6/30/2024)
 - Center-based Programs (Can include support services and administrative cost reimbursement contracts, no voucher or other funding)
 - Family Child Care System Programs (Can include support services and administrative cost reimbursement contracts, no voucher or other funding)

19. The FY24 UFR Prep manual still says UFR program must be broken out by age is paid under different rates (infant/toddlers and preschool). Will this change in the FY25 manual?

EEC will be making changes to the FY25 UFR Audit and Preparation manual to reflect the new contract structure.

20. Will OSD allow for the POS Attachment 3 (Budget form) to be presented in another format? For example, Microsoft excel or another systematic format.



OSD is reviewing EEC's request to implement the POS Attachment 3 (Budget form) within a systematic format.

Record Keeping

21. Can EEC provide a checklist and examples of documentation available that would meet EEC expectations during of an audit review.

EEC will make a contract checklist available at the start of the FY26.