

Overview of 2017 Online Budget Application for Child Care Centres

September 27 – October 11, 2016

Toronto Children's Services

www.toronto.ca/children/operators

Objectives

- * Introductions
- * Review Additional Financial Resources
- * Recent Enhancements to Online Services
- * Budgets: Useful for Service Providers and TCS
- * Overview of New Funding Model
- * Tasks to Complete Before Budget
- * Common Errors in 2016
- * New Features for 2017 and **Funding Model Impacts**
- * Budget Submission and Payment for Operating Costs

Financial Resources

- * Grants provide financial support in addition to fee subsidy:
 - * General Operating Grant (replaces legacy wage grants)
 - * Occupancy Grants in schools
 - * Health and Safety Grant
 - * Early Learning Transition Capital Funding Grant
 - * Child Care Stabilization Grant

**Due Sept 30th
Ends in 2016**

Online Services Enhancements

- * TCS taking comprehensive approach to provide more consistent and uniform experience
- * Enhancements made to:
 - * Online Budget application
 - * Online Services Menus
 - * Contacts and User Management
 - * Notification Portal
 - * Grant Application and Grant Reconciliations

Updated Service Contracts

- * We are currently updating the service contract
- * New funding schedules will replace the old schedule K, M, P
- * The new service contract will be ready for December
- * Needs to be signed by Boards of Directors/Operators and returned to be in effect for January 1, 2017
- * The contract and schedules will be available in online services for Operators

Developing a Meaningful Budget

- * Budget should reflect the way you plan to operate, and how you operate should reflect your budget submission
- * Reflect financially feasible and viable business model
- * Reflect reasonable projected revenues and expenses
- * Approved increases will be funded up to the maximum resources available and demonstrate efficient and effective use of public funds

Budgets are Useful to Service Providers and Children's Services

- * Tool to help prioritize spending, manage funds
- * Budgets help to identify, adapt, achieve goals
- * Supports system planning, capacity building, and maintaining service
- * Data used to report impact of Provincial changes to City as System Manager to the Province
- * Data used to develop and implement new Funding Model
- * Accountability for public funds

What is the Funding Model?

- * Replaces historic wage grants with a General Operating Grant (GOG)
- * Improves administrative efficiency as we move from managing and reporting on four grants to one
- * Continues to support salaries and staff compensation
- * Reduces the full cost of care to families, resulting in lower fees

Implementation of the Funding Model

- * Every operator that receives a General Operating Grant will be visited over the next year
- * We will introduce tools and resources to support the system goals
- * 2016 priority is programs with a known funding change in 2017
- * Implementation plans required for funding increase to flow

Policy: Full-time Access to Service (NEW)

- * Families need full-time access to service to support employment/school activities
- * City funding will be directed toward operators who provide full-time service
- * Operators who are currently part time and/or part year programs will keep existing service and funding levels
- * Part time operators must meet the full-time, full year requirements to be eligible for expansion

Full-time Access to Service Policy Exceptions

- * Exceptions may be considered to allow part time operators to receive additional funding through GOG
- * Operators must apply to their Consultant and District Director
- * Where approved, funding will be calculated on actual operating days

Full-time Access to Service Policy Exceptions

These exceptions are:

- * Operators who close for religious observances
- * Operators who merge programs for part of the year
- * Operators who may have financial viability issues due to lack of parental need

GOG Components

The General Operating Grant will consist of some or all of the following three components:

1. The General Operating Grant (GOG)
2. Legacy General Operating Grant (LGOG)
3. Pay Equity – Memorandum of Settlement

What is GOG?

- * GOG is calculated based on eligible infant, toddler and preschool capacities:

Infants	41 points
Toddlers	24 points
Preschool	15 points

- * Kindergarten and School-age groups are not eligible for GOG.

More About GOG

- * GOG value is 35 cents per point
- * Calculation uses 261 days as a standard to prevent fluctuations

Example:

10 infants x 41 points x 35 cents x 261 days = \$37,453

- * New model is flexible enough to easily incorporate any new system change

What is “Legacy GOG”?

- * No reduction in operator funding unless service levels change
- * For some operators the new General Operating Grant (GOG) calculation is less than what is currently paid
- * The portion of the funding that exceeds GOG calculation is being grand-parented
- * This portion is referred to as the Legacy General Operating Grant (LGOG)

More About LGOG

- * Legacy General Operating Grant (LGOG) is difference between calculated GOG existing wage grant funding

Example:

An operator whose existing funding is \$134,536 and whose GOG calculation based on December 31, 2015 capacities is \$103,226, will have a LGOG amount of \$31,310 (\$134,536 minus \$103,226).

- * LGOG only exists where current funding is greater than GOG
- * Centres that only serve Kindergarten and School age will only receive LGOG

1999-2005 Pay Equity

- * Was a result of a Memorandum of Settlement between operators and the Province of Ontario
- * Funding will remain embedded in the GOG/LGOG that an operator receives, but not in addition to it.
- * Funding will never be reduced to an amount lower than the pay equity, unless the centre closes altogether.

Management of GOG Portion of Funding

- * The General Operating Grant (GOG) will be calculated and confirmed based on eligible capacities through the annual budget process:

Example for Non-Profit Operators:

- A. If toddler capacity is reduced to 10 from 15 in prior year, GOG funding will be adjusted by \$10,962 (24 points x 5 children x 35 cents x 261 days)
- B. If toddler capacity increases to 15 from 10 in prior year, GOG funding will be increased by \$10,962**

* Capacities will be defined as eligible based on the Guidelines

** GOG will be increased where eligible capacities are approved within the Service Contract

Management of GOG Portion of Funding

- * Commercial operators will receive 50 per cent of the calculated amount.

Examples for Commercial Operator:

- A. If toddler capacity is reduced to 10 from 15 in prior year, GOG funding will be adjusted by \$5,481 (24 points x 5 children x 35 cents x 261 days x 50 per cent)
- B. If toddler capacity increases to 15 from 10 in prior year, GOG funding will be increased by \$5,481** (50 per cent)

** GOG will be increased where eligible capacities are approved within the Service Contract

Management of LGOG Portion of Funding

- * A Legacy General Operating Grant (LGOG) amount per child is determined using the operating capacity as of December 31, 2015

Example:

LGOG amount \$31,310 divided by 80 children = \$391.38 – this amount does not change

Management of LGOG Portion of Funding

- * LGOG will decrease if service levels change for an age category:

Example:

School age capacity reduced to 15 from 30 in prior year: LGOG funding will be reduced by \$5,871 ($\391.38×15)

A change to a 3rd party Kindergarten program will NOT reduce LGOG, as these programs fees are set at cost recovery

Funding Change Scenario: GOG + LGOG

- * Operators with both GOG and LGOG , will see a funding change for both funding amounts if their infant, toddler or preschool capacities change

Example:

Toddler capacity reduced to 10 from 15 in prior year:

- LGOG funding will be reduced by \$1,957 ($\391.38×5)
plus
- GOG is recalculated for the new capacity of 10 (24 points x 5 children x 35 cents x 261 days= \$10,962 less)

The overall funding change is a reduction of \$12,919

Management of 1999-2005 Pay Equity

- * Pay Equity will have separate conditions in the funding contract
- * It is not added to the GOG or LGOG funding, but is embedded in the total payment
- * Pay Equity will continue as the minimum payment amount.

Example:

If GOG amount changes to 0, and LGOG is reduced below the amount of Pay Equity, the payment will equal the centre's historic Pay Equity amount.

Tasks to Complete Prior to Budget

- * Review Registry Data in Online Services
 - * Notify TCS to make changes to Service Offerings
- * Update and Confirm Contact List
 - * List must be **Confirmed** to submit budget
- * Update Staff List

2017 Business Cycle

- * Budget Application will be live on October 17, 2016
- * **Budgets due November 25, 2016 for ALL funding streams**
- * Budget Input Labs will be available in all four district offices during October and November
 - * Online Registration required
 - * Reminder to bring all your documents and submit them at the lab
- * **Completion of Tabs 1, 2, and 3 critical to attendance, placement, and calculation of General Operating Grant funding levels**

Common Errors: Attendance Issues

- * Agency/Centre Operating Days not completed on time
- * Problem logs/attendance submitted late or not at all
- * Attendance submitted with errors
- * Attendance for **every** service offering required or else attendance for the month is not submitted to TCS
- * Review online notifications and enrollment summary report
- * Advance payments may be reduced/withheld



NEW for 2017 Budget: Contacts and User Management

- * Following Contact/User Roles are now mandatory:
- * Payment Contact (only one per loc)
- * Special Needs Request Submitter (new role)

NEW for 2017 Budget: Centre Operating Days

- * Operators who enter operating days that are less than the 239 days will receive a warning
- * Warning will advise that the centre is not eligible for General Operating Grant
- * Operators who receive this warning will need to apply for the full time exception
- * Operators should notify their Consultant of the violation prior to submitting the budget

NEW for 2017 Budget: Centre Operating Days

* New Rule 500 violation

Centre Operating Days

Service Offerings & Public Fees

Capacity & Enrolment

Staffing

Revenue & Expenses

Summary

Summary of Centre Operating Days

Confirm Designated Holidays

Add Additional Closed Days

Summary of Centre Operating Days

Save and Continue

Rule 500: Centre Days of Operation entered are less than 239 days. The centre will be ineligible for GOG. Please either correct the days of operation or acknowledge this message and continue with the budget.

If your Centre has been given an exception please contact your consultant.

[Acknowledge this message](#)

Collapse Rule Messages

Click on any month below to see calendar view

Viewing Options:

View by Month

TOTALS	10	27	232
Month	Designated Holiday(s)	Additional Closed Day(s)	Paid days
January	1	0	22
February	1	19	0
March	0	8	15
April	1	0	20

22 BUSINESS DAYS January, 2017						
Mon	Tue	Wed	Thu	Fri	Sat	Sun
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15

Common Errors: Service Offerings & Public Fees

- * Inconsistency in setting camp duration for various age groups within same centre or for same age groups across centres within same agency
- * Best practice to have all camps start and end on same date
- * Gap in child's placement when processing age flips/transfers, means subsidy must be suspended

Common Errors: Service Offerings & Public Fees

Example



Centre A closes B & A
program from
July 1- Aug. 31

Centre B operates
summer camp from
July 3 to Aug. 30



The dates don't match up seamlessly so a child from
Centre A will have no where to transfer to on July 1st.



Centre A closes B & A program
from July 3- Aug. 31

Centre B operates summer camp
from July 3 to Aug. 31

No gap in dates from the end of one service offering to the start of
the next means the agency will be paid the fee subsidy seamlessly.

Common Errors: Capacity and Enrolment

- * Inefficient Operating Capacities

- * Service providers should plan **to operate efficiently** and operating costs submitted in the budget should reflect **efficient group sizes**
- * The **operating capacity** is the number of children the age group is staffed for, as stipulated by the staff/child ratio for the age group.
- * The **enrolment by service offering** is the number of children the centre expects to be enrolled in each service offering for a specific room.

Common Errors: Capacity and Enrolment

- * The total enrollment in each room should equal the total operating capacity of the room, i.e. **no vacancies**.
- * Total enrollment, operating capacity, and ratio should reflect efficient group sizes

Common Errors: Capacity and Enrolment

Children's Services will only purchase efficient group sizes

Only efficient capacities will be considered in calculation of General Operating Grant



Common Errors: Capacity and Enrolment

- * If total enrollment does not reflect efficient group size, consider reducing operating capacity to next efficient group size

Example:

- * If maximum enrollment in SG room is 18, consider reducing operating capacity from 30 to 15
- * Additional revenue from three children unlikely to be sufficient to cover costs for second staff

Common Errors: Capacity and Enrolment

- * **Example:**

- * Centre's SG room is licensed for 30, current enrollment is 25
- * Enrollment expected to reach 30 by March 1st
- * Operating capacity *for the year* should be 30
- * Creating capacity terms for Jan 1st – Feb 28th of 25 and Mar 1st – Dec 31st of 30 indicates centre will *not* admit additional children prior to March 1st

Common Errors: Capacity and Enrolment

- * Capacity terms are appropriate when staffing and program costs are adjusted to reflect change in capacity, and the change in capacity *will be maintained* until the next term

Common Errors: Capacity and Enrolment

- * Determine when to operate at 1:10 vs 1:13 Kindergarten ratios
 - * Consider your viability. Can you sustain 26 KG?
 - * Increase in revenue more significant than increase to costs as there is no increase to staffing costs
 - * If enrollment cannot be sustained at 26, higher vacancies means less revenue

Common Errors: Capacity and Enrolment

- * Operating capacities that continue to reflect historic inefficiency

Example:

- * SG room historically licensed for 27 would operate at 27
- * Revised licenses reflects SG licensed for 30
- * As licensed capacity is now efficient, operating capacity should reflect efficient group size, 15 or 30
- * Continuing to operate at 27 considered to be inefficient

Determining Annual Funding

- * GOG funding levels will be established when budgets are due
- * These amounts will remain the same for the budget year
- * Operators who are approved for an expansion to infant toddler or preschool spaces, may be eligible to receive additional GOG prior to the next budget cycle
- * Operators who have a significant decrease in capacity may have funding adjusted depending on the circumstances

NEW for 2017 Budget: Capacity and Enrollment

* Operating capacity and enrollment screen

Centre Operating Days

Service Offerings & Public Fees

Capacity & Enrolment

Staffing

Revenue & Expenses

Summary

Capacity & Enrolment

Select a room from the list to define the operating capacity and the enrolment by service offering

1

2

3

4

5

Continue

To add a new room: Contact TCS Business Support

ROOMS

✓ TODDLER LICENSED CAPACITIES: TODDLERS	15
✓ PRESCHOOL 1 LICENSED CAPACITIES: PRESCHOOL	16
✓ PRESCHOOL 2 LICENSED CAPACITIES: PRESCHOOL	16
✓ PS/KG-RM#5 LICENSED CAPACITIES: PRESCHOOL	15
✓ SA/JK/SK-NOT PURCHASED- RM#5 LICENSED CAPACITIES: SCHOOL AGE KINDERGARTEN	15 15

TODDLER

Rename Room

ROOM REVENUE **\$19,500**

TOTAL REVENUE FROM FEES **\$57,275**

AGE CATEGORIES

Toddlers

Mark this Room as Done

Edit Operating Capacity

ROOM CAPACITY

Ratio	Licensed Capacity	Operating Capacity	Operating Capacity Term
1:5	15	15	01-Jan-2017 to

ROOM ENROLMENT BY SERVICE OFFERING

Show all available service offerings

Service Offering Description	Enrolment by Service Offering	Calculated Number of Days	Enrolment Terms	Calculated Revenue by Service Offering	Actions
1320 TOD FULL TIME (148735)	15	260	01-Jan-2017 to 31-Dec-2017	\$19,500.00	Edit Delete

NEW for 2017 Budget: Capacity and Enrollment

* Rule 502 – Decrease in General Operating Grant

Centre Operating Days	Service Offerings & Public Fees	Capacity & Enrolment	Staffing	Revenue & Expenses	Summary
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General Operating Grant Review

Please review your current and calculated General Operating Grant and acknowledge any messages

Select a room

Define Capacity


Define Enrolment

Mark each Room as Done

Review General Operating Grant

1 — 2 — 3 — 4 — 5

Save and Continue

 Rule 502: Based on the operating capacity entered for for the budget year, your GOG funding will be decreased for 2017. If this is an error, please correct the operating capacity.[Message acknowledged](#)

Collapse Rule Messages ^

Current General Operating Grant: 118,604.00
Calculated General Operating Grant: **109,881.00**

Common Errors: Staffing

- * Reminder that budgets are “PWE Free”
- * Provincial Wage Enhancement Grant to be excluded from:
 - * Salaries
 - * Other Grants
 - * Benefits
 - * Admin
 - * Centrally Allocated Admin
 - * Any other staffing costs

General Operating Grant vs. Salary Grants

- * General Operating Grant (GOG) is intended to support staff compensation such as salaries, benefits and professional development
- * Not required to be paid as a direct payment to staff
- * Must be used to offset the costs of staff compensation
- * The grant is also a stable funding source

Allowable General Operating Grant Expenses

The General Operating Grant (GOG) must be used to support staff compensation such as:

- * Salaries
- * Benefits
- * Professional development

Allowable General Operating Grant Expenses

The General Operating Grant (GOG) may not:

- * be used to offset minimum mandatory requirements
- * be paid as a direct payment to contracted staff
- * be paid as a bonus
- * be used to pay for staff membership in professional organizations

NEW for 2017 Budget: Staffing

* Removed TCS Contracted Wage Grants column

	Centre Operating Days	Service Offerings & Public Fees	Capacity & Enrolment	Staffing	Revenue & Expenses	Summary
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Staffing Plan

Enter Staff Record(s) for this Centre

[Staff Records for this Centre](#)
[Additional Staffing Costs](#)
[Save and Continue](#)

Standard Workday (hrs): [Edit](#) TOTAL FTE:

[Add a Staff Record](#)

			OTHER GRANTS TOTAL						STAFFING PLAN TOTAL SALARY	
			\$0						\$257,348	
Employee Id	Last Name	First Name	Other Salary Grants	Position?	Age category	Hours Per Day	Days Per Year	Gross hourly rate?	Total Salary	Actions
3PR	APPLEFORD	NATELLE		ECE	Kindergarten	7.0	260	20.0	\$36,400	To change submitted values: Edit Delete Add a Position Adjust per diem expenses:
JKSK	CRAWFORD	KIM		ECE	Preschool	7.0	260	20.0	\$36,400	To change submitted values: Edit Delete Add a Position Adjust per diem expenses:

Common Errors: Revenue and Expenses

* Tab 3 Total Revenue entered in Tab 5

SCHOOL AGE

Rename Room

ROOM
REVENUE \$101,700

TOTAL REVENUE
FROM FEES \$348,768

AGE CATEGORIES

School age

Mark this Room as Done

ROOM CAPACITY

Edit Operating Capacity

Ratio	Licensed Capacity	Operating Capacity	Operating Capacity Term
1:15	30	30	01-Jan-2015 to

ROOM ENROLMENT BY SERVICE OFFERING

[Show all available service offerings](#)

Service Offering Description	Enrolment by Service Offering	Calculated Number of Days	Enrolment Terms	Calculated Revenue by Service Offering	Actions
1351 SA BEFORE SCHOOL, AFTER SCHOOL (475091)	15	210	01-Jan-2015 to 31-Dec-2015	\$78,750.00	Edit Delete
1359 SA SUMMER CAMP (149995)	15	51	01-Jan-2015 to 31-Dec-2015	\$22,950.00	Edit Delete

Common Errors: Revenue and Expenses

- * Budgeted expenses not reflective of operating capacity; OR
- * Public Fees too high
- * E.g. Maximum Revenue from Tab 3 \$540,000 but total budgeted expenses only \$375,000
 - * Centre may not be operating at capacity and budgets expenses based on current level of enrollment
 - * Centre operates at capacity but fees too high

Common Errors: Revenue and Expenses

- * Provide detailed explanations for rule violations
- * Explanations, especially for violations for more than 5% or 10% variance should identify reason for variance **and** what action centre is taking to address it.



- * “Enrollment was low so we didn’t spend as much in programming.”



- * Spending in programming was less than expected due to low enrollment. The centre is increasing its advertising and marketing to capitalize on wait lists at neighboring centres and enrollment has been steadily increasing.

Common Errors: Revenue and Expenses

- * Reminder that budgets are “PWE Free”
- * Provincial Wage Enhancement Grant to be excluded from:
 - * Revenue
 - * Expenses
 - * 2016 Actuals Col B
 - * 2017 Budget Col C

NEW for 2017 Budget: Revenue and Expenses

* New row added to Revenue – Wage Grants

REVENUE - FEES

REVENUE - WAGE GRANTS

REVENUE - OTHER REVENUE

REVENUE TOTAL

REVENUE - WAGE GRANTS

	A		B		C		Pending TCS Review
	Approved 2016	% Var Col A&B	Reported Actuals 2016	% Var Col B&C	Budget 2017	% Var Col A&C	
WAGE SUBSIDY	\$60,267	-100.00%	<input type="text" value="\$0"/>	100.00%	NA	0.00%	NA
PAY EQUITY PRIOR 1998	\$17,905	-100.00%	<input type="text" value="\$0"/>	100.00%	NA	0.00%	NA
PAY EQUITY 1999 - 2005	\$7,639	-100.00%	<input type="text" value="\$0"/>	100.00%	NA	0.00%	NA
WAGE IMPROVEMENT	\$11,900	-100.00%	<input type="text" value="\$0"/>	100.00%	NA	0.00%	NA
GENERAL OPERATING GRANT	NA	0.00%	NA	0.00%	\$97,711	0.00%	\$97,711
Total	\$97,711	-100.00%	\$0	100.00%	\$97,711	.00%	\$97,711

Save

Save

Submission Process

- * Board of Directors/Authorized Agent to review budget for accuracy and completeness prior to submission
- * Contact list must be confirmed
- * Run rules prior to being able to submit
- * **Submit online budget and all required documents by November 25th**

Payment for Operating Costs

- * Children's Services provides funding to support annual inflation based adjustments
- * Council approves annual operating cost increases within an approved funding envelope
- * Determining size and cost of system relative to available funding is the funding approval process

Conclusion

- * Thank you for your continued partnership
- * Looking forward to working together throughout 2017 budget cycle to serve needs of children and families in Toronto
- * Staff available to take any questions that were not addressed during the presentation