

# CHILD CARE FUNDING MODEL

## FACT SHEET: GENERAL OPERATING GRANT

*The purpose of this fact sheet is to provide a brief overview of the General Operating Grant (GOG), how it is calculated, how the funding is managed and how service level changes may impact funding levels. Full details of the GOG are provided in the General Operating Grant Guidelines.*

*The GOG helps to offset operating costs of a centre and provides a stable funding source to operators. The General Operating Grant annual payment, for operators with fee subsidy agreements, is calculated using some or all of the following components: the General Operating Grant (GOG); the Legacy Operating Grant (LGOG) and Pay Equity. The particular make-up of the GOG for an operator depends on whether the grant funding is made up of the new GOG component or contains historic grant components. The make-up of the GOG determines the impact of service level changes.*

*Importantly, the funding amount varies based on a centre's operating capacities from year to year. Centres with a GOG component for infant, toddler and preschool age groups may see both increases and decreases with service level change. For those centres that receive all or a portion of their funding in the form of Legacy General Operating Grant component, the amount may change year over year if there are any reductions in service levels for any age group as compared to December 31, 2015.*

*With the introduction of the GOG, centers receive a consolidated funding amount and need to report on this amount in budget even if there is more than one component of funding included.*

## WHAT IS GOG?

*The General Operating Grant is a form of base funding that provides a stable source of funding to eligible operators that have a service agreement to provide fee subsidy to offset operating costs of a centre. The following information does not apply to operators that have legacy general operating grant but no service agreement for fee subsidy.*

In the funding model, the General Operating Grant (GOG) consists of some or all of the following three components:

1. The General Operating Grant (GOG) component
2. Legacy General Operating Grant (LGOG) component
3. Pay Equity component

## Fact Sheet: General Operating Grant

### DEFINITIONS

#### *GOG Component:*

A centre has a general operating grant component in their funding calculation if it serves at least one of the age groups of infants, toddlers, preschoolers and meets the conditions of the Full- Time Access to Service policy. The portion of the General Operating Grant that is calculated for eligible operators is based on infant, toddler and preschool capacities converted to points, number of operating days and a set dollar amount per “point”.

#### *LGOG Component:*

A centre may have an amount of funding that exceeds their GOG component calculation which they retain provided there is no reduction in service levels. Only centres that had funding as of December 31, 2015 have the possibility of this form of legacy funding.

#### *Pay Equity Component:*

A centre that has Pay Equity 1999-2005 retains, at a minimum, the amount of pay equity they have historically received. However, if a centre also receives a GOG component and/or a LGOG component, the pay equity is embedded in the amount and will always be the minimum payment.

## Centre Funding Profile

Knowing the funding profile of a centre helps an operator to understand the impact of service level changes on their centre. An operator receiving the GOG may fall into one of the categories shown in Table 1.

**Table 1: Centre Description and Funding Profile:**

Centre Description	Funding Profile
<ul style="list-style-type: none"> <li>Operators with fee subsidy agreements for full time infant, toddler or pre-school age groups</li> <li>Operators that had a service agreement for fee subsidy as of December 31, 2015 and serve infants, toddlers and pre-schoolers where the GOG calculation exceeded legacy amount of funding</li> </ul>	GOG component
<ul style="list-style-type: none"> <li>Operators that had a service agreement for fee subsidy as of December 31, 2015 and serve kindergarten and/or school age only</li> </ul>	LGOG component
<ul style="list-style-type: none"> <li>Operators that had a service agreement for fee subsidy as of December 31, 2015 and serve infants, toddlers and pre-schoolers but where the GOG calculation was less than the legacy amount of funding as of December 31, 2015.</li> </ul>	GOG and LGOG components

The Pay Equity component may be included with these above categories of funding for operators that had a service agreement for fee subsidy as of December 31, 2015.

## CALCULATION OF GOG

### GENERAL OPERATING GRANT COMPONENT

The GOG component is calculated through a point system based on eligible infant, toddler and preschool capacities:

<b>Infants</b>	<b>41 points</b>
<b>Toddlers</b>	<b>24 points</b>
<b>Preschool</b>	<b>15 points</b>

Note: Kindergarten and school age groups are not eligible for GOG.

The value, based on the funding available, is currently 35 cents per point, and calculated using 261 as a standard number of days so there are no fluctuations year-over-year.

#### Example:

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

The model is flexible enough to easily incorporate any new system funding by either adjusting the points for an age category, or by increasing the value for each point.

### PAY EQUITY COMPONENT

For those operators that receive 1999-2005 Pay Equity funding, the Pay Equity component is embedded in the GOG/LGOG that an operator receives, but is not in addition to it.

GOG funding will never be reduced to an amount lower than the pay equity, unless the centre closes altogether.

### LEGACY GENERAL OPERATING GRANT COMPONENT

*The Legacy General Operating Grant (LGOG) component is the difference between an operator's calculated GOG as of December 31, 2015 and their existing grant funding.*

An important element of the approved funding model is to ensure that no operator sees a reduction in current funding unless service levels change. A centre may receive a Legacy General Operating Grant component if, prior to December 31, 2015, it received wage subsidy funding and does not meet the eligibility criteria for GOG component and/or the calculated GOG component is less than the previous funding amount.

#### 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).

Those centres that have been receiving more funding than their GOG calculation will have LGOG component.

Since GOG does not fund kindergarten and school age, centres that only serve these age groups will receive all of their current funding through the LGOG component.

## MANAGEMENT OF GOG FUNDING

### DETERMINATION OF ANNUAL FUNDING:

- The funding changes that occur, whether an increase or decrease, are managed annually.
- The operating capacity is defined as the number of children the centre is planning to serve by age category in their budget.
- The operating capacity may differ from licensed capacity approved by the Province and from actual enrolment in the centre.
- The GOG funding is calculated during the annual budget cycle that determines per diems. This ensures that the GOG/LGOG component funding and per diems are in line with the operating plan, and is streamlined for operators to manage.
- Operators need to plan and manage service levels in the early fall for the coming year, and provide information to Children's Services about planned changes in advance of budget.
- Operators who have a service reduction in Infant Toddler or Pre-school groups and had approved fee subsidies for the reduced age group, may be eligible to have both the fee subsidy spaces and General Operating Grant component of funding reinstated. This may occur if less than a year has passed since the service reduction began. If more than a year has passed, the operator will need to reapply for the fee subsidy and General Operating Grant component
- See Table 1 on page 3 for impacts of service level changes depending on centre funding profile.

### CONSIDERATIONS WHEN SERVICE LEVELS CHANGE
























- Legacy General Operating Grant component changes are permanent in nature. Operators who have a service reduction, but over time increase service levels again are not eligible to receive this funding back.
- Operators whose service levels for Infant, Toddler or Preschool increase, may be eligible for the General Operating Grant component of funding. If the service level is new, the operator must apply to Service System Planning and Policy Development for additional fee subsidy spaces. General Operating Grant will be considered for approved fee subsidy spaces.




















### MANAGEMENT WITH ONLINE BUDGET APPLICATION

The Online Budget includes a funding calculator to alert centres to potential changes in their grant funding. If a centre's planned operating capacity changes, the budget system will identify the overall revised funding level.

Once the GOG/LGOG component funding levels are set and the per diem is established, these amounts will generally remain the same throughout the budget year. However, operators who are approved for an increase in GOG component (as a result of an increase in their service levels for infant, toddler or preschool) may be eligible to receive additional GOG component as enrolment levels increase during the year. Where an operator has a **significant** decrease in service levels during a year, the GOG/LGOG components of funding will be reviewed and may be adjusted.

## GOG, LGOG and Pay Equity Components when service levels change

Type of Centre Funding	Receives Pay Equity 1999-2005 funding	Infant, Toddler, Preschool Age Groups		Kindergarten*** and/or School Age Groups	
		Approved increase in service	Reduction in service	Increase in service (approved or not)	Reduction in service
GOG component only	Yes	GOG   (up to subsidy ceiling)	GOG   (decrease based on reduction in operating capacity or subsidy ceiling) <b>Pay Equity:</b> If total new GOG is less than Pay Equity amount, operator is paid Pay Equity amount.	GOG   <b>Pay Equity</b> 	GOG   <b>Pay Equity</b> 
	No	GOG   (up to subsidy ceiling)	GOG 	GOG 	GOG 
LGOG component only	Yes	GOG   LGOG   Pay Equity 	LGOG   (decrease based on operating capacity reduced below legacy floor) <b>Pay Equity:</b> If total new LGOG amount is less than Pay Equity amount, operator is paid Pay Equity amount.	LGOG   <b>Pay Equity</b> 	LGOG   <b>Pay Equity</b>  If total new LGOG amount is less than Pay Equity amount, operator is paid Pay Equity amount
	No	GOG   LGOG 	LGOG   (decrease based on operating capacity reduced below legacy floor)	LGOG 	LGOG 

Type of Centre Funding	Receives Pay Equity 1999-2005 funding	Infant, Toddler, Preschool Age Groups		Kindergarten*** and/or School Age Groups	
		Approved increase in service	Reduction in service	Increase in service (approved or not)	Reduction in service
GOG and LGOG components	Yes	<b>GOG</b>  <b>LGOG</b>  <b>Pay Equity</b> 	<b>GOG</b>  (decrease based on reduction in operating capacity or subsidy ceiling) <b>LGOG</b>  (decrease based on operating capacity reduced below legacy floor) <b>Pay Equity:</b> If total new GOG/LGOG component amount is less than Pay Equity amount, operator is paid Pay Equity amount.	<b>GOG</b>  <b>LGOG</b>  <b>Pay Equity</b> 	<b>GOG</b>  <b>LGOG</b>  <b>Pay Equity</b>  If total new GOG/LGOG amount is less than PE amount, operator is paid PE amount.
	No	<b>GOG</b>  <b>LGOG</b> 	<b>GOG</b>  (decrease based on reduction in operating capacity or subsidy ceiling) <b>LGOG</b>  (decrease based on operating capacity reduced below legacy floor)	<b>GOG</b>  <b>LGOG</b> 	<b>GOG</b>  <b>LGOG</b> 

#### Legenc



Signifies an increase in funding



Signifies no funding change



Signifies a decrease in funding

\*With some exceptions, changes in funding will be effective January 1 of the year following the service change

\*\*Amounts of increases or decreases are based on funding formula (GOG component) and reduction per space amount (LGOG component)

\*\*\*3<sup>rd</sup> Party Kindergarten excluded



## EXAMPLES OF SERVICE LEVEL CHANGES AND IMPACTS

### GOG COMPONENT

The General Operating Grant (GOG) component is calculated and confirmed annually, based on eligible operating capacities\*

GOG components are calculated using eligible operating capacities through the budget process annually:

#### Examples for Non-Profit Operators:

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

\* Capacities are defined as eligible based on the Guidelines

\*\* GOG component is increased once eligible capacities are approved within the Service Contract. Operators must notify their Consultant of their plan to expand Infant, Toddler or Pre-school age groups to determine if an application for additional GOG is required.

Commercial operators receive 50 per cent of the calculated amount. The approval process for commercial operators to adjust service levels remains the same.

#### Examples for Commercial Operator:

- A. If toddler capacity is reduced to 10 from 15 in prior year, GOG component 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 component funding will be increased by \$5,481\*\* (50 per cent)

### LGOG COMPONENT

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

#### Example:

LGOG component amount \$31,310 divided by 57 children = \$549.30 is the per space amount – this amount does not change

LGOG will decrease if service levels change for an age category.

#### Examples:

- A. Where a School age legacy capacity is 30, and the school age capacity reduces to 15: LGOG component of funding will be reduced by \$8,239.50 (\$549.30 x 15).
- B. Where a School age legacy capacity is 15, and the school age capacity is reduced to 15 from 30 in prior year: LGOG component of funding will not be reduced.

A change to a Before and After Kindergarten (3rd party Kindergarten) program will NOT reduce LGOG, as these programs have no legacy grants associated with them.

### PAY EQUITY COMPONENT

- Pay Equity is not added to the GOG or LGOG component funding, it is embedded in the total payment.
- Pay Equity continues as the minimum payment amount.

#### Example:

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

## OPERATOR RECEIVES GOG + LGOG - SERVICE REDUCTION

### Example:

An operator whose legacy general operating grant per space is \$364.66 reduces the number of toddlers served from 15 to 10

- LGOG component funding will be reduced by \$2,746 ( $\$364.66 \times 5$ )  
**plus**
- GOG component is recalculated based on 10 toddlers

In this case, the centre would see a funding reduction of \$10,962 to their GOG component ( $24 \text{ points} \times 5 \text{ children} \times 35 \text{ cents} \times 261 \text{ days}$ ).

The overall funding change as a result of the decrease in capacity is a reduction of \$13,708.

## OPERATOR RECEIVES LGOG ONLY - SERVICE INCREASE

### Example:

An operator receives approval to add 16 preschool spaces to their operation that currently only serves kindergarten and school age

- LGOG component funding will remain the same  
**plus**
- GOG component is calculated based on 16 preschoolers

In this case, the centre would see a funding increase of \$21,924 to their GOG component ( $15 \text{ points} \times 16 \text{ children} \times 35 \text{ cents} \times 261 \text{ days}$ ).

The overall funding change as a result of the preschool increase in capacity is \$21,924.

For more information: [www.toronto.ca/children/fundingmodel](http://www.toronto.ca/children/fundingmodel)  
Have questions? [tcsfunding@toronto.ca](mailto:tcsfunding@toronto.ca)