

## **2018 BUDGET GUIDELINES FOR CHILD CARE CENTRES**

**This version replaces the guidelines previously dated October 2016**

**For help accessing this document, please contact  
Toronto Children's Services  
10<sup>th</sup> Floor, Metro Hall, Toronto, Ontario, M5V 3C6  
Tel: 416-392-3651  
<http://www.toronto.ca/children/operators>**

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## **PURPOSE AND OVERVIEW**

The purpose of these guidelines is to provide child care centres with a Service Agreement for fee subsidy with information on Toronto Children's Services' annual budget submission process and to assist agencies in completing the 2018 budget accurately. Child care centres with a Service Agreement with the City are required to comply with these guidelines.

The guidelines outline budget submission deadlines, description of the allowable operating costs that are funded by the City (and maximum funding thresholds if applicable), how information submitted in the budget may affect General Operating Grant ("GOG") funding levels an agency receives, and a brief outline of the budget analysis conducted by Children's Services.

The guidelines are updated annually to reflect current legislation, guidelines, or policies issued by the Ministry of Education or the City of Toronto ("the City"), to reflect changes to the child care system, or to provide clarity regarding service provider reporting requirements and/or the City's funding responsibilities in the child care field.

## **BUDGETS AND THEIR USE TO SERVICE PROVIDERS AND THE DIVISION**

Children's Services uses the annual budgets as a mechanism to ensure accountability for the use of public funds, which the City extends to service providers. The Agency will use the funds provided only for the expenses that directly support the provision of licensed child care services in the City of Toronto.

Budgets are basic planning tools used by organizations. They provide the user with an overview of operations within an organization. The per diem rates/funding paid to the service providers with whom the City has a Service Agreement, are set based on budgeted cost information. As a result, ensuring the reasonableness of the budget information submitted by funded organizations is of critical importance.

## **WHAT IS BUDGET ANALYSIS?**

Toronto Children's Services ("TCS") analyzes all of the information in the submitted budget to provide accountability over public funds while applying the City's relevant guidelines and policies. Analysis includes a review of the reasonableness and sustainability of the centre's operating plan, the centre or agency's financial viability, and is based on knowledge of the child care field and the centre's specific operations. The current year budget is also compared to the prior year's approved budget and actual performance to identify any significant variances, which may require follow-up.

## CITY OF TORONTO FUNDING RESPONSIBILITIES

The City enters into Service Agreements with licensed child care centres that provide child care services to children aged 0 – 12 years in accordance with the CCEYA and Regulations, guidelines issued by the Ministry of Education, and TCS's Assessment for Quality Improvement ("AQI") measure.

Centres in receipt of fee subsidy are paid an approved per diem rate by TCS for each subsidized child enrolled at the centre, less any assessed fees payable by the child's parents/guardians. TCS will analyze the budget submitted by the centre to ensure reasonableness and compliance with all applicable guidelines and policies and to determine the approved per diem rate.

Child care centres who provide full-time service to children aged 0-4 years (i.e. infants, toddlers, or preschoolers), may be eligible to receive GOG funding. The grant provides base funding intended to support salaries and staff compensation while also reducing the full cost of care to families, resulting in lower fees.

## SERVICE PROVIDER/AGENCY RESPONSIBILITIES

Child care service providers are required to submit various reports/documents etc. to TCS each year. For information on the reporting requirements and submission deadlines, please refer to the [2018 Business Cycle](#), which is available on the 'Online services – support' web page.

### Submission of Annual Operating Budget

All service providers must submit a realistic operating budget for each location that receives funding. Preparing an operating budget is a process that requires the organization's management to plan for the current year, taking into account actual financial performance of the prior year, as well as any planned changes to the centre's operations (e.g. expansions or reductions to operating capacity). Entering the details of the centre's budget in the online budget application is one aspect of an organization's budgeting process and should not be the extent of the organization's process of planning for the budget year.

Funding approved by the City is based on the centre's planned operations as outlined in their approved budget for the year. Any changes to the centre's operating capacity, age groups served, service offerings, public fees, or days of operation may affect the Agency's funding indicated in their Service Agreement and Schedules.

Agencies should discuss *in advance*, any planned changes to the centre's operations (e.g. staffing levels, enrolment/capacity levels, public fees, or days of operation) with their Children's Services Consultant who can advise the Agency of whether changes to operations will impact funding levels,

whether an application to amend the Agency's Service Agreement is required, and the timing of any changes to the Agency's Service Agreement and/or funding.

### **Financial Management Criteria**

The Financial Management Criteria is a part of TCS's quality framework. All service providers with a Service Agreement are required to meet the financial requirements outlined in the [Financial Management Criteria](#), which are available on the 'Financial Information for Child Care Operators' web page.

### **Audited Financial Statements**

In accordance with City policies and applicable Provincial guidelines, all centres must provide Children's Services with audited financial statements within four months of the organization's fiscal year end if they receive the following within a calendar year:

- any combination of Provincial Wage Enhancement ("PWE") grant, Wage Subsidy/Wage Improvement Grant (Home Child Care only), GOG, 1999 – 2005 Pay Equity Grant, or Health & Safety Grant, totalling \$20,000 or more; **or**
- fee subsidy totalling \$30,000 or more.

When a centre is part of an agency with more than one location, the funding thresholds outlined above are set at the agency level. In addition, once an audit is required, the organization will continue to submit audited financial statements in subsequent years.

Agencies who are unable to meet the audit submission deadline must submit an extension request in writing to their Children's Services Budget Consultant. The extension request should include the reason for the extension as well as the anticipated submission deadline. Failure to submit an audit in the specified format will result in sanctions being applied. This may include suspending payment of advances.

### **Required Format of Audited Financial Statements**

The financial statements must be audited in accordance with Canadian Auditing Standards and the financial statements must be prepared using the appropriate accounting standards.

In addition, the audited financial statements must comply with the following requirements:

- Agencies that receive more than one program funding type from TCS (i.e. Child Care Centres, Home Child Care Agencies, Special Needs Resourcing Agencies, Child and Family Programs, or Summer Day Programs) must separately report the revenue and expenses for each program type in the audited financial statements.

- The revenue and expenses for each program type must be further broken down by location for agencies with more than one location. The breakdown must show the amounts for the current and previous fiscal years as well as the surplus/deficit for the beginning and end of the year.
- The revenue and expense categories presented in the audited financial statements should be the same as the categories listed in the budget submission, otherwise agencies will be required to provide a separate report to reconcile the differences between the audit categories and those in the budget.
- The amount of GOG funding an agency receives must be reported in the audited financial statements separately from any other revenue sources (e.g. fee subsidy revenue, parent fees, etc.).
- The agency's audited financial statements must provide a breakdown of staffing costs by reporting salary expenses separately from benefit expenses.
- Organizations who received Wage Grants (Wage Subsidy/Wage Improvement Grant (HCC only), 1999 – 2005 Pay Equity Grant, or PWE Grant) must submit a Special Purpose Report, verifying the wage grants have been used for the purposes intended. The Special Purpose Report must be included as part of the agency's audited financial statements, or provided in a separate auditor's report reconciling funding against actual expenditures.
- Agencies who received 1999 – 2005 Pay Equity funding in 2017 who do not meet the funding threshold and are not required to submit audited financial statements must submit a reconciliation form to reconcile funding against actual expenditures.

Organizations may be required to revise and resubmit audited financial statements that do not comply with auditing/accounting standards or TCS reporting requirements.

### Other Requirements

- Organizations are encouraged to accumulate a surplus not exceeding three months of average operating expenses in order to meet unforeseen contingencies.
- Organizations are required to submit a plan for the use of any accumulated surplus (that exceeds the recommended amount) identified in the audit for any City funded program. Excess surplus **in a given year** may result in a recovery if an overpayment has occurred.
- When an organization has incurred a deficit, a well thought out, realistic business plan that identifies how the deficit will be addressed in the following year must be submitted along with the audit.
- When an organization receives a management letter from an auditor, the organization is required to submit a copy of the management letter and a copy of management's written response to the auditor.

- A management letter is a letter issued by the auditor to the Board of Directors or Owner. It is provided after the audit has been completed. The purpose of the letter is to identify any weaknesses in the organization's internal controls or other significant matters that were identified during the course of the audit.

## **Governance**

- Non-profit agencies shall submit a copy of the Annual General Meeting Minutes each year. The minutes shall include the approval of previous year's AGM minutes, approval or availability of previous years audited financial statements, election of the Board of Directors and appointment of the auditor.
- Two Signing Officers are required for cheque signing purposes in a non-profit organization.
- The list of Board Members, Signing Officers, and other agency contacts must be kept current in the Online Services Contacts and User Management tab. Instructions on updating this information can be found in the [Contacts and User Management Guide](#), which is available on the 'Online services – support' web page.

## **Insurance**

- As insurance coverage is renewed, a copy of the updated certificate must be submitted to the TCS District office.
- The current minimum level for general liability insurance is \$2 million.
- The certificate must list all locations in receipt of funding from the City, contain a cross liability clause, and name the City as an additional insured.

## **Documentation**

- A number of supporting documents must be submitted with the annual budget in order to determine funding levels for the year.
- These documents are reviewed to assess the reasonableness of fees charged to parents and the nature, type, and amount of expenses incurred by the child care centre.
- If these are not available at the time of submission, please inform the Consultant of the expected submission date. Failure to submit required documents may result in sanctions being applied.
- As per the Agency's Service Agreement with the City, the agency must make financial and enrolment records available to City staff upon request. The City may request access to the Agency's records any time during the term of the Agreement and for seven years after the expiry or termination of the Agreement.

## Overpayment

- The agency must inform their Consultant immediately, of any overpayments made by the City and these should be returned to the City within a pre-arranged period.

## 2018 BUDGET SUBMISSION FOR CHILD CARE CENTRES

Agencies must submit a budget for each licensed child care location that receives fee subsidy funding. These guidelines provide users who prepare and submit the budget with an overview of the information that is required in the budget submission. For detailed instructions on using the online budget application, and completing the budget submission, please refer to the [Online Budget Application Guide](#), available on the 'Online services – support' web page.

## GENERAL OPERATING GRANT

The General Operating Grant consists of three components:

1. General Operating Grant
2. Legacy General Operating Grant
3. 1999 – 2005 Pay Equity Grant

Each of these components is briefly summarized in the following sections. For additional information please refer to the [General Operating Grant Guidelines for Operators with Service Agreements for Fee Subsidy](#), which are available on the 'Toronto Child Care Funding Model' web page.

### General Operating Grant Component

To determine the GOG component of funding for the year, the approved GOG capacities are compared to the centre's operating capacity for infant, toddler, and preschool groups. GOG funding is based on the lesser of:

- The full-time, efficient operating capacity **OR**
- The previously approved GOG capacity.

Operators who have expanded full-time efficient infant, toddler, or preschool service, who wish to apply for additional GOG to support these expansions for the 2018 budget year, must contact their Budget Consultant and be approved for the increase, prior to the budget submission deadline of November 24, 2017.

The formula for each age category is:

age operating capacity x age points x dollar value per point x standard operating days



The calculation uses a standard of 261 operating days to provide a stable predictable value that will not fluctuate in any given calendar year. In September 2017, the dollar value per point increased from 35 cents per point to 37 cents per point.

### **Legacy General Operating Grant Component**

The Legacy General Operating Grant component of funding for the year is the lesser of:

- The operating capacity of each age group **OR**
- The centre's previously established Legacy Operating Capacity.

### **1999 – 2005 Pay Equity Grant Component**

The 1999 – 2005 Pay Equity Grant is embedded in the GOG funding; it is not paid in addition to it. Regardless of the changes in service levels, an agency's funding will not drop below the amount of its 1999 – 2005 Pay Equity Grant amount.

## **IMPACT OF BUDGET DATA ON ATTENDANCE, PLACEMENT, AND PAYMENT**

The information that an agency provides on its days of operation, service offerings and public fees, and capacity and enrolment has a direct impact on the generation of the centre's attendance and attendance reports, placement activities, and the timing and payment of fee subsidy payments. Delays in completing and submitting this information, or providing incomplete/inaccurate information, may result in errors in placements, which may delay the payment of fee subsidy advances and finals.

## **PROVINCIAL WAGE ENHANCEMENT GRANT**

The Provincial Wage Enhancement, which was announced by the Provincial Government in 2015, is separately funded from the fee subsidy or GOG funding an agency receives.

The amount of grant an eligible agency receives is dependent on the information contained in the annual application submitted, and funding is not consistent from year to year.

Due to the uncertainty regarding the amount of grant the agency and its staff will receive from year to year, **any and all amounts relating to PWE are to be excluded from the 2018 budget submission.**

## CENTRE OPERATING DAYS

### Days of Operation

Children's Services can only pay for days on which care has been provided. Except for designated holidays, which may be approved for payment, closed days are not approved for payment.

- The maximum number of operating days for 2018 is 261.
- Approved per diem rates are based on the centre's days of operation, which are calculated as the maximum number of operating days for the budget year less the number of days the centre is closed.
- Planned changes to operating days should be communicated to TCS *in advance*, wherever possible, as changes may affect the centre's funding levels and timing of payments. Centres that close for additional days after the approval of the budget will not be paid for these additional days of closure unless prior City approval has been obtained.
- Centres in receipt of GOG funding who wish to reduce their days of operation (and offer care part-year), must apply in advance to maintain their existing fee subsidy and GOG funding levels. For more information, please refer to the [Full-Time Access to Service Policy](#), which is available on the 'Funding Model Fact Sheets for Operators' web page.

The List of Designated Holidays outlines the ten statutory holidays recognized by TCS as designated holidays.

**List of Designated Holidays**

| <b>Holiday</b>   | <b>Date</b>                            |
|------------------|----------------------------------------|
| New Year's Day   | January 1, 2018                        |
| Family Day       | February 19, 2018                      |
| Good Friday      | March 30, 2018                         |
| Victoria Day     | May 21, 2018                           |
| Canada Day       | July 2, 2018 (in lieu of July 1, 2018) |
| Civic Holiday    | August 6, 2018                         |
| Labour Day       | September 3, 2018                      |
| Thanksgiving Day | October 8, 2018                        |
| Christmas Day    | December 25, 2018                      |
| Boxing Day       | December 26, 2018                      |

- Centres that close on designated holidays may be approved for payment if: children are enrolled at the centre during the period of closure, parent fees are charged for the day of the designated holiday, and care is provided on the weekday immediately before *or* immediately after the designated holiday.
- A centre will be paid for both Christmas Day and Boxing Day if children are enrolled at the centre during the period of closure, parent fees are charged for both holidays, and care is provided on the weekday immediately preceding Christmas, or the weekday immediately following Boxing Day.
- If a statutory holiday falls on a weekend, a centre may designate an alternate day on which the centre is closed. The alternate day of closure must be specified in the online budget and it must occur within a period that is no more than two weeks prior to the statutory holiday, or no more than two weeks following the statutory holiday. The alternate day of closure must also occur within the same calendar year as the statutory holiday.

### Non-Instructional Days

The List of Non-Instructional Days outlines the school holiday breaks and Professional Activity ("P.A.") Days for the Toronto English and French School Boards in 2018.

**List of Non-Instructional Days**

| Date(s)                      | Description                      | School Boards      |
|------------------------------|----------------------------------|--------------------|
| January 2 to January 5, 2018 | January Winter Break             | English and French |
| January 19, 2018             | P.A. Day                         | English and French |
| February 1, 2018             | P.A. Day                         | French             |
| February 16, 2018            | P.A. Day                         | English            |
| March 12 to March 16, 2018   | March Break                      | English            |
| March 9 to March 16, 2018    | March Break                      | French             |
| April 2, 2018                | Easter Monday                    | English and French |
| June 8, 2018                 | P.A. Day                         | English            |
| June 15, 2018                | P.A. Day                         | French             |
| June 28, 2018                | Last Day of School               | English and French |
| June 29, 2018                | P.A. Day                         | English and French |
| September 2, 2018            | Last possible day of summer camp | English and French |
| September 4, 2018            | First Day of School              | English and French |
| October 5, 2018              | P.A. Day <sup>1</sup>            | English            |

<sup>1</sup> Date cannot be confirmed at the time these guidelines are published, but can be reasonably assumed as the October PA Day for English School Boards historically occurs on the Friday preceding Thanksgiving Day.

| Date(s)                          | Description                        | School Boards      |
|----------------------------------|------------------------------------|--------------------|
| October 19, 2018                 | P.A. Day <sup>2</sup>              | French             |
| November 16, 2018                | P.A. Day <sup>3</sup>              | English and French |
| December 7, 2018                 | P.A. Day <sup>4</sup>              | English            |
| December 24 to December 31, 2018 | December Winter Break <sup>5</sup> | English and French |

**Disclaimer:** The P.A. Days between October and December are a reasonable estimate. The List of Non-Instructional Days is a guide. If there is a discrepancy between the non-instructional days listed in these guidelines and those approved by the Toronto School Boards or Ministry of Education, the latter will be deemed correct.

### Agency Closed Days

Organizations with multiple sites can enter designated statutory holidays and additional closed days for all locations under the Agency Stat Holidays and Days Closed tab. Entries made here will default to the Centre Operating Days in individual location budgets.

The rules for agency closed days are the same as those for centre operating days.

## SERVICE OFFERINGS AND PUBLIC FEES

The age groups served and the fees a centre charges to the public are used by TCS to: accommodate placement of children, generate monthly attendance records and reports, provide payment for service, and to determine GOG funding and per diem rates for the budget year. Accordingly, TCS requests specific details on fees and service offerings in the online budget.

### Service Offerings

A Service Offering is a description of the services a centre provides, as identified on the centre's public fee memo. Service offerings capture the age group served, the days service is provided, the times service is provided, and any indicators of an alternate fee type; e.g. employee rate, student rate, higher fee charged for non-instructional days.

<sup>2</sup> Date cannot be confirmed at the time these guidelines are published, but can be reasonably assumed as the October PA Day for the French School Boards historically occurs on the 3<sup>rd</sup> Friday of the month.

<sup>3</sup> Date cannot be confirmed at the time these guidelines are published, but can be reasonably assumed as the November PA Day for both School Boards historically occurs on the 3<sup>rd</sup> Friday of the month.

<sup>4</sup> Date cannot be confirmed at the time these guidelines are published, but can be reasonably assumed as the December PA Day for the English School Boards historically occurs on the 1<sup>st</sup> Friday of the month.

<sup>5</sup> Dates can be pre-determined based on requirements set out in the Education Act R.R.O. 1990, Reg. 304: SCHOOL YEAR CALENDAR, PROFESSIONAL ACTIVITY DAYS

Service offerings are required for the placement of children with fee subsidy at a child care centre. These descriptions are standardized and the online budget and attendance systems use the service offering details to perform calculations for budget and payment.

When a centre has a new program, or is no longer offering a service, the agency must notify their Budget Consultant to add or delete service offerings. The information entered into the online budget application and the information on the centre's public fee memo must match.

For instructions on viewing service offerings please refer to the [instructions](#) available on the 'Online services – support' web page. If any of the details for a particular service offering are incorrect, the agency must contact their Budget Consultant to have the corrections made.

## Public Fees

TCS will not pay a per diem rate higher than the public fee charged to full fee-paying parents at a centre.

All agencies must submit a signed copy of the public fee memo with their budget submission. The fee memo must be signed by a Signing Officer of the agency. TCS will not accept fee memos signed by an individual who is not listed on the Form 1 – Ontario Corporation Schedule A, filed with the Ministry of Government Services.

The public fee memo must include the following information:

- list of the programs (or service offerings) the centre provides, which should be specified for each age group;
- the days of the week each program is provided;
- the hours of the day that care is provided for each program;
- the fee charged for each program;
- if applicable, any fee changes that will occur throughout the calendar year, including the effective date of the change;
- if applicable, the alternate fee charged for each program (e.g. employee rate, student rate, etc.);
- if applicable, the higher fee charged on non-instructional days (PD Days, Easter Monday, March break, December and January holiday breaks) when children aged 4-12 years require full-day care; and
- if applicable, the days the centre is closed, or specific programs are not available.

The information listed above is considered in the calculation of the per diem rate paid to a centre and will be verified by the Consultant for accuracy. Failure to disclose any of the information above in the fee memo may result in an overpayment or underpayment. Subject to the terms of the Service

Agreement and these guidelines, TCS will recover any overpayments made to an agency. Children's Services is only able to fund increases annually based on Council approved funding levels. Incomplete or inaccurate budget submissions resulting in underpayments may not be revised after budget approval.

The agency **must** inform their Consultant immediately when decisions are made to implement changes to the fee charged to the public, as there may be an impact to the centre's funding levels. A revised, signed fee memo must also be submitted. The information will be used to determine if an adjustment to funding levels is required.

For more information on setting child care fees and the impact fees have on an operator's per diem rates, please refer to the [Setting Child Care Fees Fact Sheet](#), which is available on the Funding Model Fact Sheets for Operators web page.

### **Guidelines on Setting Public Fees**

When establishing fees, agencies should ensure that the fee charged for each age group/program is reflective of the net costs of providing care. i.e. the costs net of any GOG funding the agency receives. In addition, agencies should comply with the following guidelines:

- Fees set for programs for younger age groups should reflect the higher costs associated with operating the programs with a higher staff to child ratio. Similarly, fees set for programs for older age groups should reflect the lower costs associated with operating programs with a lower staff to child ratio.
- Centres who charge the same fee for two or more age groups are required to establish a fee for each age group that accurately reflects the cost of the service and the hours of care provided to each group. Where this applies, agencies must contact their Consultant, who will support them with unblending fees prior to 2018 budget submission.
- Unblended fees must be revenue neutral i.e. the total annual revenue calculated using the new unblended fees cannot be greater than the total annual revenue calculated using the previous blended fees.
- Centres should set fees that are reflective of the cost based on the hours service is provided.
- Centres that operate a summer camp for children aged 4-12 (kindergarten and school age) must establish separate fees for summer camp and before and after school care. The fee during the school year should be reflective of the lower cost of service as a result of the lesser hours required to provide service during the school year.
- Centres that provide before and after school care for children aged 4 to 12 years must provide a corresponding summer camp program to ensure families have access to year-round care. Centres who do not provide a camp program must demonstrate there is insufficient demand to

operate a camp program by surveying families on an *annual* basis. For more information, please refer to the [Full-Time Access to Service Policy](#).

- All children attending kindergarten are expected to remain at school on instructional days. The service offering that was previously used for children that attended half-day kindergarten has been discontinued and is only approved by TCS for use on an exception basis. Operators who choose to provide this half-day service without approval may be ineligible for expansion and ineligible for GOG increases.
- All 4 to 12 year old children are expected to remain at school for the lunch period on instructional days. TCS will only approve new Service Agreements (or expansions of existing Service Agreements) for before and after school care for 4-12 year olds and will no longer purchase offerings that include a lunch period (lunch and/or supervision).
- TCS will not pay a camp per diem rate for the Labour Day holiday. Accordingly, all summer camps must end by the Sunday before the Labour Day holiday, i.e. Sunday, September 2, 2018.
- If centres charge monthly fees, the fees and any fee increases must be effective from the first day of the month to the last day of the month. Monthly fees are fixed and do not change based on the number of paid operating days in each month.
- If the summer camp fee is listed as a monthly charge, the start and end dates of the summer camp program entered into the online budget application must be the first and last day of a month, respectively. When the last day of school is earlier than June 30<sup>th</sup> and Labour Day is later than September 1<sup>st</sup>, summer camp programs can start earlier than July 1<sup>st</sup> and end later than August 31<sup>st</sup>.
- Operators who would like TCS to pay the summer camp per diem for camp dates that are earlier than July 1<sup>st</sup> and/or later than August 31<sup>st</sup> must list the summer camp fee as a daily fee on the fee memo.

## CAPACITY AND ENROLMENT

The operating capacity of a centre and the enrolment by service offering are used directly in the calculation of an operator's per diem rates as well as the GOG funding level for the budget year. In addition, the operating capacities for each age group directly affect the placement of subsidized children, the generation of online attendance, and payment for service.

The terms 'capacity' and 'enrolment' are defined below:

- The **licensed capacity** is the maximum number of children by age group that can be in a room based on the license issued by the Ministry of Education.

- The **operating capacity** is the number of children the age group is staffed for, as stipulated by the ratio defined in the CCEYA. For example, a preschool room operating at a 1:8 ratio with two full-time staff has an operating capacity of 16.
- The **enrolment by service offering** is the number of children the centre expects to be enrolled in each **service offering** for the specific room.
- In June 1993, Metro Council decided the approved per diem rate is to be based on **optimal enrolment**, which is 98% of the planned enrolment for **efficient rooms**.
- The **optimal enrolment** rule is only applicable to rooms operating efficiently. If a room is operating efficiently, the optimal enrolment is 98% of the planned enrolment by service offering. If a room is operating inefficiently, the approved per diems are based on 100% of the planned enrolment by service offering.
  - For example, a school age operating efficiently with 30 children will have the school age per diem(s) based on an optimal enrolment of 29.4 children (98% of 30). Whereas a school age room operating inefficiently with 24 children will have the school age per diem(s) based on enrolment of 24 (100% of 24).
- The budget application will calculate optimal enrolment; service providers should **not** enter optimal values in the budget application.

The licensed age category and/or staffing ratio of the room determines which service offerings are available in the online budget application for enrolment planning purposes. For example:

- A room licensed for infants (1:3 ratio) will only have infant service offerings available.
- A room licensed for preschool (1:8 ratio) can have preschool and escorted kindergarten service offerings available (since kindergarten is a subset of the licensed preschool group).
- A room licensed for kindergarten (1:13 ratio) operating in shared space will only have third-party kindergarten service offerings available.

## Efficient Group Sizes

When approving new Service Agreements, or expansion requests, TCS will only approve fee subsidies for efficient group sizes and sustainable operating plans. GOG funding levels will also be determined using efficient and sustainable group sizes. The List of Efficient Group Sizes outlines efficient group sizes based on the ratios and maximum group sizes defined in the CCEYA.



### List of Efficient Group Sizes

| Age Group                   | Ratio | Efficient Group Sizes |
|-----------------------------|-------|-----------------------|
| Infant                      | 1:3   | 10                    |
| Toddler                     | 1:5   | 10 or 15              |
| Preschool                   | 1:8   | 8, 16, or 24          |
| Kindergarten                | 1:13  | 13 or 26              |
| School Age (primary/junior) | 1:15  | 15 or 30              |
| School Age (junior)         | 1:20  | 20                    |

Consistent with the CCEYA, the staff to child ratio for the kindergarten age group is 1:13. The 1:10 and 1:12 ratios defined under the former Day Nurseries Act are no longer available in the online budget application. Operators may continue to operate **existing** kindergarten rooms that are licensed inefficiently and Children's Services will continue to purchase these existing rooms.

Approved per diem rates for rooms operating inefficiently based on the ratios defined under the CCEYA are based on 100% of the planned enrolment.

**Service providers should plan to operate efficiently.** The operating costs submitted in the budget should reflect operational efficiency and reflect a sustainable operating plan. That is:

- The operating capacity, ratio, and service offerings in each room reflects the age group and capacity the room is licensed for;
- The operating capacity and ratio in each room reflects efficient group sizes based on the ratios and group sizes defined in the CCEYA;
- The total enrolment in each room equals the operating capacity of the room for at least one period of the day;
- The number of program staff included in the budget is reflective of the operating capacity and complies with minimum CCEYA staffing requirements;
- The operating plan recognizes the differing lengths of time a child spends in each age group before they can move into an older age category and allows for sufficient space in each age group to accommodate move-ups so that bottlenecks and the resulting vacancies, de-admissions, or over-reliance on over-age/under-age requests are limited; and
  - E.g., toddlers can move-up to preschool when they turn 30 months old, whereas the move-up of a preschool child is dependent on their age *and* the start of the school year. Hence, a centre operating a room of 15 toddlers and 16 preschool will have difficulty accommodating the move-ups of toddlers every 12 months since a child may remain in the preschool room for as many as 20 months. Accordingly, this operating plan is not sustainable.

- The operating capacity is sustainable i.e. it can be consistently maintained for the year.
  - Fluctuations in the operating capacity during the year (i.e. capacity terms) may affect a centre's GOG funding levels.
  - Operators who receive GOG funding for a room that does not operate on a consistent basis may be subject to recovery of the grant. i.e. rooms that are closed for a portion of the year.

## STAFFING

Children's Services supports quality by allowing staffing levels greater than the minimum requirement to maintain ratios under the CCEYA. For 2018 Children's Services has increased the allowable staffing FTE to support the new staffing requirements under the CCEYA, which became effective September 1, 2017.

The online budget application continues to allow **up to** a maximum of one hour per day **per room** (based on minimum CCEYA staffing requirements) to support program quality. The intent is to support pedagogy and staff time for programming preparation and planning or documentation.

Centres that budget reflect staffing levels above the maximum FTE calculated by the online application should provide detailed explanations regarding the centre's staffing needs. Children's Services may approve staffing levels above the maximum FTE where a reasonable rationale is provided.

Salaries, wages, and benefit costs are the largest expense for a child care centre. As these costs have a significant impact on the approved funding/per diem rates, operators are requested to provide detailed information regarding staffing costs.

For the purposes of calculating an operator's per diem rates, total staff salaries (including any grants paid directly to the staff) cannot exceed the maximum salary paid by the City for equivalent job classifications. The maximum salaries are listed in the 2018 Salary Schedule, which includes all wage grants **except the Provincial Wage Enhancement Grant, which should not be included in the 2018 budget submission.**

## 2018 Salary Schedule

Salaries are subject to settlement of compensation for City of Toronto staff.

| <b>Program Staff</b>                                                                                                                                                                                                                             | <b>Maximum<br/>Annual Salary</b> | <b>Maximum<br/>Hourly Salary</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| Untrained Staff or Assistant<br>(35-hour week)<br><br>This is a maximum allowable amount for budget purposes, not an actual category for City Staff. The untrained staff at City operated centres is paid under the category of Casual / Supply. | \$53,449                         | \$29.26                          |
| Trained Teaching Staff<br>(35 hour week)<br>Early Childhood Educator Grade 2 or equivalent trained                                                                                                                                               | \$56,262 to \$61,670             | \$30.79 to \$33.75               |
| Trained Teaching Staff<br>(35 hour week)<br>Early Childhood Educator Grade 1 / Assistant Supervisor or equivalent trained                                                                                                                        | \$62,620 to \$68,595             | \$34.27 to \$37.55               |
| Centre Supervisor<br>(35 hours week)                                                                                                                                                                                                             | \$88,217 to \$103,650            | \$48.29 to \$56.73               |
| Casuals/Supply Staff<br>Trained<br>Untrained                                                                                                                                                                                                     | N/A                              | \$30.79 to \$33.75<br>\$16.76    |
| Cook/Housekeeper<br>(40 hours week)                                                                                                                                                                                                              | \$54,737 to \$60,009             | \$26.22 to \$28.74               |
| Food Services Worker (Dietary Aide)<br>(40 hours week)                                                                                                                                                                                           | \$49,172 to \$53,902             | \$23.55 to \$25.82               |
| Administration<br>(35 hour week)                                                                                                                                                                                                                 | \$111,382                        | \$60.96                          |

The maximum allowable salary for an untrained staff is 5% less than the entry-level salary for a trained staff, regardless of years of services. Untrained staff salaries may not exceed the City's maximum where a copy of the agency's pay equity plan supports this claim.

## **GOG Funding**

GOG funding must support staff compensation, which includes salaries, benefits, and professional development. GOG funding is not required to be paid as a direct payment to staff. GOG may not be used to support an agency's minimum mandatory staffing requirements (e.g. minimum wage and mandatory benefit costs).

Operators continue to be accountable for GOG and must comply with the funding requirements stated in the [General Operating Grant Guidelines](#).

Centres will continue to receive 1999-2005 Pay Equity Grant funding as an amount embedded within the agency's total GOG funding. Agencies who received pay equity funding must continue to use the funds to support the agency's pay equity plan; however, pay equity funding will no longer be included in the annual budget submission.

## **Staff Plan**

The base salary (exclusive of any grants paid directly to staff) for all staff must meet the minimum wage as set out by the Ministry of Labour.

The budget must demonstrate compliance to the minimum staff to child ratio for the number of children enrolled in the service offerings. In addition, the minimum number of RECE staff required in a room as legislated by the CCEYA must be included in the staffing plan. The City recognizes that some additional staff may be required above the minimum standard, for operational reasons such as a 10-hour or 11-hour operating day. The online budget application calculates the number of FTE based on the days and hours that each staff works, the centre's days of operation, and the standard work-day hours.

Service providers who include program staff above the maximum allowable will be required to enter an explanation to demonstrate the reasonableness of the request.

The gross hourly wage including any recorded wage grants (e.g. pay equity grant) is required to calculate staff salaries in the budget. The PWE grant should **not** be included in any of the submitted staffing or benefit costs.

Positions in the budget include RECE, assistant, supervisor, second supervisor, supervisor acting as RECE, administration, cook/ housekeeper, caretaker/cleaner, and "other". A staff may work in more than one position.

## **Other Grants**

Agencies who receive salary grants from other funders (e.g. Human Resources and Skills Development Canada, or United Way), which are distributed to staff as a direct payment included in their gross salary, should report the amount of grant distributed to staff in the Other Grants column. Other Grants does **not** include any amounts relating to PWE funding.

## **Administration Expenses**

Allowable administration costs relate to staff that perform administrative functions. Business travel, office expense, audit or professional fees, etc. are not allowable administration expenses and should be recorded under the appropriate expense category.

Expenses recorded as administration are for individuals or organizations that perform administrative services for the child care centre.

There are three sub-categories of allowable administration expense; salaried administration, contracted administration, and central allocated administration. The total administration expense for a centre is the sum of the salaried administration, contracted administration, and central allocated administration costs entered in the budget.

The maximum allowable administration cost for a centre with an operating capacity of 90 children or more, may not exceed the amount of a full-time administrator salary as listed in the 2018 Salary Schedule. The maximum allowable administration expense is prorated for centres where the operating capacity is less than 90 children.

Administration costs are reviewed for reasonableness as part of the budget analysis process, irrespective of the maximum allowable amount.

### **Salaried Administration (ADM)**

A full time administrator salary will be allowed for a centre with an operating capacity of 90 children or more. The full time salary will be prorated for a centre with lower capacity and compared to the budgeted administrative salary. The allowable administrative salary will be the lower of the pro-rated or actual salary. More than one individual involved in administrative duties could share this maximum allowable administrative salary. Administrators who are absent from the centre for part of the year must provide details of the administrative functions performed throughout the year that warrant an annual salary.

### **Contracted Administration**

This category includes non-salary contracted services (e.g. bookkeeping, accounting, or management services) and is included in the maximum allowable administration costs. The Agency may be

required to provide additional information or documentation to support the reasonableness of the contracted administration included in the budget.

### **Central Allocated Administration**

Organizations with multiple sites may include centralized administration costs actually incurred and allocated to the locations that are funded. These costs will be reviewed for reasonableness as part of the budget analysis process. Children's Services may request additional information to support the allocation of centralized administration costs.

Administration costs must be detailed listing staff name, job duties, total salary the staff receives from the agency, and total days/hours worked for the agency. The percentage of this total salary allocated to the TCS funded group child care must be entered and this amount will be allocated to the pool of Central Allocated Admin costs. This pool is then available to allocate a portion of these costs to each location. The information provided will be reviewed to assess the reasonableness of the administration costs allocated to each location.

**TIP:** It is recommended to complete the Central Allocated Administration tab prior to completing the location budgets in order to set up an administration salary pool that can then be allocated to each location.

The amount entered in the column "% allocated to child care" to establish the total salary pool should only reflect the administration costs allocated to the child care centres. Agencies who submit budgets to TCS for Home Child Care, Child and Family Programs, or Special Needs Resourcing Programs should not allocate administration costs related to those programs in the total central allocated administration salary pool.

Administrators who are absent from the centre for part of the year must provide details of the administrative functions performed throughout the year that warrant an annual salary.

### **Staff Positions**

#### **Supervisor (SUP)**

Allowable supervisory hours can only be determined once the capacity and enrolment for the centre is complete. In a centre with fewer than 5 full time teaching staff to meet CCEYA ratio requirements, the supervisor may be considered as one of the full time program staff (on the pick list select "Supervisor Acting as RECE"). In a centre with five or more but less than seven full time teaching staff, the supervisor may be a program staff for ½ of the time and conducting supervisory functions for the remainder of the time. A centre with more than seven full-time teaching staff must have a full time supervisor at all times.

In a centre where a supervisor is not required full time, the supervisor can be partly allocated to: supervisor (on the pick list, select "Sup" for position); and/or; administration (on the pick list, select "ADM" for position); and/or program (on the pick list, select "Supervisor Acting as RECE"), depending on the number of hours actually spent in performing each responsibility.

### **Second Supervisor (SUP2)**

Where an additional supervisor is required, the 'SUP2' position code should be used for the individual acting as the second supervisor. For example, the license issued by the Ministry of Education may state that an additional supervisor is required. The online budget application will prompt the operator to provide an explanation if a second supervisor has been included in the staff plan, which Children's Services will review for reasonableness.

### **Program Staff**

Program staff include the following positions: RECE, Supervisor acting as RECE (SRECE), and Assistant (ASST). The budget must include sufficient program staff to meet the child/staff ratio required for the number of children by each service offering in each room.

Each staff entry for these positions must indicate the hours and days the staff works with each age group.

- Staff working with one age group for the same number of hours throughout the year should only be entered once; i.e. PS staff working 7 hours/day for 261 days.
- Staff working with one age group whose hours fluctuate throughout the year can be entered once if the hours worked are averaged over the total days worked in the budget year, or multiple times to reflect the fluctuations. i.e. SA staff that works 5 hours per day during the school year and 7 hours per day during summer can be entered as working 5.38 hours/day for 261 days, or as working 5 hours/day for 211 days and 7 hours/day for 50 days.
- Staff working with more than one age group must be entered multiple times to reflect the hours/day and days/year worked with each age group; i.e. staff that splits their time equally between infants and toddlers can be entered as working 3.5 hours/day for 261 days with infants and 3.5 hours/day for 261 days with toddlers.

### **Housekeeper/Cook (HK)**

Staff who prepare meals, wash dishes, or other related duties are classified as housekeeper/cook in the online budget application. Centres who prepare food on the premises may include the cost of a full-time housekeeper/cook. Where the centres' food is catered, a part-time housekeeper/cook may be included in the budget.

### **Caretaker/Cleaner (CT)**

Staff that are employed by the centre who provide janitorial/cleaning services are classified as caretaker/cleaner in the online budget application. Children's Services reviews the salary for reasonableness based on factors such as the size of centre, job duties, and hourly wage.

Cleaning services provided to the centre by an individual or company that issues the centre an invoice for its services are considered contracted costs (i.e. non-salary) and should be recorded in the Other Staffing Cost section of the budget under Contracted Caretaker/Cleaner.

### **Contracted Caretaker/Cleaner**

This category includes non-salary contracted cleaning costs.

### **Other**

This position is used for any position other than those previously listed, whose salary costs are not included in the calculation of a centre's per diem rates e.g. bus driver. When this position code is used, the online budget application will prompt the user to provide an explanation of the position, whether the position is funded through an alternate revenue source, or a rationale for why the salary and benefit costs for the position should be included in the calculation of the centre's per diems.

### **Supply Staff**

Up to 10% of the total salary costs for staff (excluding administration) are allowed under this category to recognize the cost of hiring supply staff to replace regular program staff that are absent or on vacation. Salaried supply staff are those employed by the agency i.e. the agency issues them a T4 or T4A slip. Contracted supply staff are those who are not employed by the agency; rather they are employed by an outside agency who invoices the centre for the services rendered.

### **Staff Benefits**

Employer contributions are allowable in the budget up to a maximum of 25% of total projected payroll salaries of staff, including casual staff.

The amount budgeted for staff benefits should **not** include any amounts relating to the PWE grant.

## **REVENUE AND EXPENSES**

Although staffing comprises a majority of a centre's operating costs, TCS supports operators by recognizing a number of other expenses to support quality child care. When completing the budget submission operators are required to provide the operating costs for the budget year as well as a projection of the actual costs that will be incurred for the previous budget year. The budget year is



defined as January 1<sup>st</sup> to December 31<sup>st</sup>; operators must provide the revenue and expenses for the budget year, regardless of the agency's fiscal year.

The revenue and expenses reported for the prior year and upcoming budget year should **not** include any amounts relating to the PWE grant.

Comparison of approved costs and actual expenditures for the prior budget year, and understanding the reason for any variances is vital to preparing an accurate and reasonable projection of revenue and expenses for the upcoming budget year that considers any legislative or operational changes that will affect the centre's fees and costs.

Unforeseen circumstances may arise during the course of the year resulting in a variance between the centre's budget and its actual financial performance. Mid-year changes to a centre's operations may also have a significant impact on the operating costs for the following year.

The online budget application will prompt operators to provide an explanation when there are significant variances (more than 5% or 10%) between amounts approved/reported for the prior year and amounts budgeted for the current year. Operators should provide detailed explanations regarding the reason for any variances as these explanations are used by TCS in assessing the reasonableness of the current year's budget submission.

### **Approved Prior Year (Column A)**

The revenue and expense amounts approved by TCS for the prior budget year are pre-populated in Column A.

### **Reported Actuals (Column B)**

The projected revenue earned and expenses incurred for 2017 are entered by the operator in Column B. The amounts should be based on actuals from January to September 2017 and a reasonable estimate of the amounts for October to December 2017.

### **Budget (Column C)**

The projected revenue and expenses for 2018 are entered by the operator in Column C. Projected revenue should be based on current City funding levels and other revenue sources and should consider any changes to public fees or expansion or reduction of service levels. Projected expenses should include salary increases, increases to operating costs related to inflation/cost-of-living, and any other planned increases to operating expenses.

## **Surplus / (Deficit)**

The surplus / (deficit) line allows agencies to report any planned over or under expenditure for 2017. When completing the 2018 budget the surplus/ (deficit) line should be used by agencies to balance budgeted expenditures against anticipated revenues.

A deficit budget must be accompanied by a detailed and reasonable plan that identifies how the deficit will be addressed in the following year.

## **DESCRIPTION OF REVENUE CATEGORIES**

### **Parent Fees**

Parent fees include full fee revenue as well as the parent portion of fee subsidy.

### **Fee Subsidy**

Budgeted fee subsidy revenue should be based on current funding levels (i.e. per diem rates in effect at the time when the budget is submitted) and a projected increase, which must be proportional to increases in net costs (budgeted expenditures less GOG funding) and full fees.

### **General Operating Grant**

The GOG funding amount approved in the prior year's budget will appear in Column A. Operators are required to enter the actual amount of GOG funding received in Column B. The total GOG funding in Column B should equal the GOG funding stated in the Agency's Service Agreement. If the total GOG funding paid differs from the stated amount in the Service Agreement, operators should contact their Children's Services Consultant.

The total GOG funding in Column C will equal the 2018 funding according to current GOG value per point and the capacity and enrolment entered in Tab 3 of the online budget. The amount reflects any approved increases to operating capacity for infant, toddler, or preschool, as well as any decreases to operating capacity or days of service.

Since GOG funding replaced Wage Subsidy, Wage Improvement Grant, and 1999 – 2005 Pay Equity Grant, these grants are no longer reflected in the online budget.

### **Other Salary Grants**

This category includes any salary or wage grants funded from other sources. E.g. Human Resources and Skills Development Canada, or United Way. It does **not** include any amounts relating to PWE funding.

**Minor Capital Grant**

Health and Safety Grant/Minor Capital funding received in 2017 should be reported in Column B. The amount of the expenditure should also be reported under "Other Expense" in Column B.

**Transitional Funding**

Any Transitional Funding grants the centre received in 2017 should be reported in Column B.

**Other Grants/Funding**

Funding received from other sources that will be used to cover operating expenses for the child care centre should be reported under this category. Other Grants/Funding and GOG funding will be deducted from total approved operating expenses to calculate net approved operating expenses which will be used to determine the per diem rates.

Centres that enter other types of grants are required to provide an explanation detailing the source of the funding and the intended purpose of the funding.

**DESCRIPTION OF EXPENSE CATEGORIES****Program Related**

This category includes play materials, play equipment, and furnishings that are purchased and are individually less than \$5,000. It also includes equipment repairs, diapers, transit for trip expenses and admission fees for trips.

Any single items purchased that exceeds \$5,000 will fall under the capital expenditure category, amortization/depreciation.

**Food - Prepared on Premises**

The cost for food purchased for all meals and snacks are reported in this category. Staffing costs related to staff who prepare food are not included in this line item; they are reported under Housekeeper/Cook in the staffing plan.

**Food – Catered**

Catered food costs for all purchased meals and snacks are reported in this category. Staffing costs for a part-time housekeeper/cook related to food preparation should be entered in the staffing plan as housekeeper/cook.

**Rent**

Rent includes rental costs associated with the child care location, not including permit fees paid to the school board. A copy of the current lease must be submitted to TCS and will be retained on file. The

lease agreement must support the rent cost included in the budget submission. In certain cases, a lease letter is acceptable. This letter must be updated annually and must specify rent amount. If the lease agreement specifies an amount that is charged for utilities and maintenance, these costs should be reported as utilities/maintenance expense.

Rent is assessed for reasonableness in comparison to the lease and considers the utilization of the licensed capacity.

A lease or lease letter must include the following:

- Address on lease must correspond with the location of the centre.
- Length of time of lease must be specified.
- Description of space being used for the child care centre and the amount of square footage being used must be specified. If the percent of building occupancy is included, this must be specified and be reasonable based on the Consultant's knowledge.
- Documents must be signed, dated and be on the letterhead of the landlord/property management company/property owner.

### **School Board Permit Fees**

Permit fees are those paid to the school board for non-instructional days or for alternate space, that is **not** already paid to the school board directly by the City under the School Occupancy Agreement. A copy of the invoice may be required to support the permit fees included in the budget submission.

### **Mortgage Carrying Costs**

Interest charged for a mortgage may be included in this category. The principal portion of the loan is not allowable. A copy of the mortgage document specifying the current mortgage carrying costs must be submitted to TCS and will be retained on file.

Service providers must provide a certified market value assessment to confirm the reasonableness of rent expense if the child care centre pays rent to a related party that owns the building in which the centre is located.

### **Utilities/Maintenance**

Utilities and maintenance expenses for the repair and upkeep of the property related to the child care centre are included in this category.

## **Amortization/Depreciation**

This category includes expenses of a capital nature that individually exceed \$5,000. This may include depreciable assets such as furniture, playroom and playground equipment, computer hardware and depreciable leasehold improvements.

The purpose of this expense category is to allow the cost of capital purchases that could not be otherwise funded through Health and Safety Grants or other funding sources. The intent is to provide funding for these expenditures through the per diem revenue a centre receives over a period of time (generally five years) as this allows for a more efficient allocation of public funding while also minimizing significant fluctuations in public fees and per diem rates.

The costs allowed under this category are not the same as the amortization expense reported in the centre's financial statements. Amortization for accounting purposes represents the allocation of capital expenditures based on the centre's own accounting policies for calculating amortization and is not an allowable budget expense.

Invoices must be provided as supporting documentation for any amortization amount included in the budget submission. All purchases in this category must be depreciated/amortized over a minimum of five years. However, the number of years of depreciation/amortization may vary depending on the asset. For example, significant leasehold improvements may be amortized over the term of the lease or loan.

Minor Capital, Health and Safety, and Transitional Funding projects funded by the City through approved grants must not be included as an amortization expense. If costs for the project exceed the portion funded by a grant, the excess amount may be included in the budget submission. For example, if a centre received \$50,000 in Health and Safety Grant funding towards a renovation with a total cost of \$60,000, they may include \$10,000 as amortization.

If a centre is budgeting amortization costs in the 2018 budget, the [amortization spreadsheet](#) must be completed and submitted with invoices. The spreadsheet can be found on the 'Financial Information for Child Care Operators' web page. The amortization spreadsheet and invoices should be submitted to Children's Services.

Any new amortization expense is not allowable for centres located in schools as capital expenditures/leasehold improvements to school buildings are funded separately by the School Board. However, Minor Capital and Health and Safety grants are available to support maintaining facilities in a state of good repair.

**Property Taxes**

Property taxes applied to the child care centre should be reported under this category, separate from rent or mortgage carrying costs.

**Insurance**

Insurance costs related to coverage of not less than \$2 million general liability and coverage for Director's liability are reported in this category.

**Cleaning & Housekeeping**

This category includes supplies for cleaning, laundry and kitchen supplies. It does not include any staffing costs for staff that perform cleaning/housekeeping tasks.

**Office Related**

Items purchased for office use that are less than \$5,000 such as advertising, telephone, and bank charges are reported in this category. Any office related items greater than \$5,000 should be reported under the Amortization/depreciation expense category.

**Professional Fees**

Professional fees include audit fees. It does not include bookkeeping costs, which are to be reported in administration (salaried or contracted).

**Legal Costs**

This category includes all legal costs.

**Training and Development**

This category includes staff training and development, conferences, and resource material costs.

**Business Travel**

Allowable travel costs are those that relate to centre business. The maximum allowable is \$1,000 for a centre with an enrolment of 60 children. Where a centre has an enrolment of greater than 60 children, the maximum allowable is \$1,500.

**Other Costs**

Any costs that are unique to the centre that have not already been itemized are included under other costs. A description of these items is required and may include subscriptions to journals and magazines, memberships, and parent/board expenses. Expenses related to bad debt and school bus expenses are not allowable.

## **BUDGET SUBMISSION DEADLINE**

Please submit the online budget and all required supporting documents by **November 24, 2017**.

**A signed 2018 Fee Memo must be submitted by all service providers.** If an amount has been budgeted for Amortization, Rent, and/or Mortgage Carrying Costs, a current copy of the supporting documents must be submitted. Required documents must be submitted in order for Children's Services to analyze and approve the budget.

Please forward all supporting documents to the centre's Budget Support Assistant. The name and address of the centre's Budget Support Assistant is listed under the TCS Contact Info link in Online Services.

For a complete list of supporting documents required, refer to the "Document Submission Check List" on the Summary tab in the online budget application.

Agencies should retain copies of all documents submitted to TCS for their records.

Operators should contact their Children's Services Consultant if they have any questions about the budget or submission process.

## **AGENCY APPROVAL OF THE 2018 BUDGET**

The budget submission must be approved by the Board of Directors and submitted by a Signing Officer of the Board. The Signing Authority must agree to the terms listed at the bottom of the summary tab in the online budget application.

## **APPROVED PER DIEM RATES**

TCS will approve reasonable operating costs demonstrating effective and efficient use of public funds and which comply with these guidelines, the General Operating Grant Guidelines, and any other TCS policies and guidelines.

Per diem rates are calculated on net approved costs, days of operation, enrolment, and public fees. Net approved costs are the approved costs less any GOG funding the centre receives.

Net approved costs are allocated to each service offering based on the proportion of revenue each service offering generates. For example, if a service offering generates 35% of the centre's revenue, then 35% of the net approved costs are allocated to that service offering in order to calculate the per diem rate for that offering. The costs allocated to each service offering are then spread over the number of operating days and optimal (or planned) enrolment.

The amount of revenue that an offering generates is calculated as:

$\text{public fee} \times \text{days of operation} \times \text{optimal (or planned) enrolment}$

Children's Services determines per diem rate increases for service providers annually, based on the total costs approved for **all** contracted service providers and Council approved funding levels. City Council approval is required in order to increase the per diem rates/funding paid to a service provider. However, funding/per diem rates may be decreased based on budgeted/approved costs. In these cases, the agency is issued a revised Schedule, which will outline the revised funding/per diem rate(s) and the effective date.