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Overview of the Provider Budget Prorations

Providers play an important role in delivering state funded preschool programs to New Jersey's youngest learners. This document was developed to assist providers and districts in understanding the prorations that are part of providers budgets. Below is an explanation of the prorations that appear on the "Provider Planning Budget" tab in the provider budget workbook.

Preschool Education funding from the Department of Education (DOE) is intended only to support eligible students, ages three and four for the school day (a minimum of six hours of instruction per day in accordance with the school district's schedule), Monday through Friday, over a ten month period. There are three ratios used in the budget workbook: "DOE share of contracted costs", "DOE share of annual costs", and "DOE share of Center-wide Costs."

DOE Share of Costs in Contracted Classrooms

The DOE Share of Costs in Contracted Classrooms is a proration impacting the percentage of allowable educational program costs that can be charged to the preschool funding provided from DOE and paid to the provider by the contracting school district. To determine this proration, the budget identifies the provider's number of contracted classrooms, the number of eligible preschoolers served in the contracted classrooms, and the number of non-eligible preschoolers served in contracted classrooms. Eligibility is determined by both age (3 – or 4-years-old by the district's cutoff date) and district residency.

The proration is calculated by taking the provider's number of contracted eligible preschool students and dividing it by the total number of preschoolers served in classrooms with contracted eligible children (i.e., eligible preschoolers + non-eligible preschoolers).

Allowable costs are only prorated if a provider serves eligible preschoolers in classrooms with non-eligible preschoolers. For example, if a provider has 1 contracted classroom with 15 eligible preschoolers, allowable educational costs would be 100% covered (15 eligible children divided by 15 total children). If the provider has 2 contracted classrooms that serve 20 eligible children and 10 non-eligible preschoolers, DOE would support 66.67% of allowable educational program costs (20 eligible children divided by 30 total children).

DOE funding covers 100% of field trips.

The family specialist is not 100% funded. First, the FTE is calculated based on the number of eligible contracted preschoolers divided by 75, as the New Jersey Administrative Code allows for 1 family worker for every 75 contracted children. The DOE Share of Costs in Contracted Classrooms for a family specialist is based on the minimum number of days a family specialist works which is a 200-day, full-time position. The proration for family worker salary and benefits on the provider budget planning worksheet represents the minimum NJDOE-funded salary for 200 days only, which is divided by 245 days to approximate the number of days a child care center could be open year-round, less weekend and holidays (200/245 = 81.63%). However, this proration may be increased up to 100 percent to represent a 12 month, full-time position.

Doe Share of Annual Costs

The Budget asks for the number of number of District School Calendar Days. This is used to determine the DOE share of annual costs. The DOE share of annual costs is the total number of district school calendar days divided by 245. The purpose of this proration is to ensure that DOE funding is only supporting the days that students are in session based on the contracting district's calendar.

Doe Share of Center-Wide Costs

Funding from the DOE is intended to support preschool students; however, the DOE recognizes that there are overhead costs associated with operating a center that are not only attributable to the preschool program. These costs are allowable in the budget at a proration based on the total number of contracted eligible preschoolers divided by all children served in the center regardless of age.

The provider is able to support a portion of the cost of administrative salaries, benefits and indirect costs to the DOE at a prorated rate. Within the budget workbook, the total Food Related Costs and total Indirect Costs are calculated using both the DOE share of Annual Costs and the DOE Share of Center-wide costs. The DOE funding only supports the salary costs and indirect costs for the number of district calendar days; additionally, the funding also only supports the percentage of eligible preschool students compared to all students in the center. For example, if the District School Calendar Days = 185 and the provider serves 20 eligible preschoolers, 10 non-eligible preschoolers, and 15 infants and toddlers, the DOE Share of Annual Costs will be 185/245=75.51% and the DOE Share of Center-wide Costs will be 20/(20+10+15)=44.44%.

Allowable costs are prorated by both these rates so that DOE funding supports only the cost of serving eligible preschoolers during the school calendar year.

Salaries and benefits are based on the following formula:

FTE * total cost * DOE Share of Annual Costs * DOE Share of Center-wide Costs.

Indirect costs are calculated based on the following formula:

Total costs * DOE Share of Annual Costs * DOE Share of Center-wide costs.

It is important for districts and contacting private providers to understand that, depending on the availability of funding within a provider's budget, the DOE Share of Annual Costs may be modified to allow providers to use DOE funding to support up to 100% of allowable indirect costs. Any modification to the original proration must be done in consultation with the district once it is determined that there is sufficient funding within the provider's budget to support a higher percentage of indirect costs.

It is also important to understand that, while the DOE Share of Annual Costs may be modified, the DOE Share of Center-Wide Costs may not be modified.