

Maximising kindergarten income



This resource aims to provide service providers, including Committees of Management and Early Years Management (EYM) organisations with practical suggestions on how to maximise potential sources of kindergarten income.

Kindergartens in Victoria receive a funding contribution from a variety of sources, including from parent fees, the Department of Education and Training (the Department), local government, as well as community fundraising.

The largest driver of a kindergarten's income is the level of enrolments. It is estimated that each four year old enrolment in a typical setting represents approximately \$4,500 (from government funding and parent fees) to kindergarten income and each three year old enrolment represents approximately \$1,500 (depending on the program hours). Therefore, encouraging enrolments up to the approved capacity (or the optimum capacity) of the kindergarten is the most effective way to maximise kindergarten income.

Extra sources of income such as council grants, fundraising, sponsorships, and donations can also help to fund the purchase of extra educational resources and equipment, which can help to enhance the quality of the kindergarten program and environment and attract enrolments to the kindergarten.

Government funding

It is important the service provider is familiar with Government funding available, the applicable criteria, and how to apply for funding (refer to The Kindergarten Funding Guide). The main source of income for the kindergarten is per capita funding provided by the Department for each four year old child enrolled in a kindergarten program. Kindergarten services operating sessional kindergarten programs for four year old groups of 23 or more children are also eligible to receive ratio supplement funding.

From 2017 all rural classified kindergarten services with 18 or fewer enrolments will receive a base level of per capita funding equivalent to 18 enrolments at the rural per capita rate.

Depending on a kindergarten's circumstances it may be eligible to receive additional funding from the Department. For example, the Early Childhood Teacher Supplement is available to eligible services to accommodate the costs associated with the employment of an experienced teacher.

If the service provider anticipates a significant change to per capita funding amounts receivable for the next year, compared to the current year, it should advise the relevant Department regional office as soon as possible. This will assist the kindergarten by ensuring the funding received in the new-year is accurate, avoiding significant adjustments to funding later in the year.

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Parent fees

Services charge parent fees to help meet the cost of running kindergarten programs. Individual services consider a range of things when setting parent fees including the group size of the kindergarten programs, and extra costs such as excursions.

Parent fees must be set at a level that allows the kindergarten to cover operating costs in full, covering the difference between the income the kindergarten is likely to receive from all sources of funding, and the operating costs of the kindergarten.

Kindergarten parent fees should also take into consideration:

- financial circumstances of local families, including the capacity of families to pay a parent fee by understanding the socio-economic advantage of the local area
- setting a “balanced” budget, which allows the kindergarten to generate sufficient total funding to cover the operating costs, including provisions for employee leave entitlements, with a modest amount left over
- relevant benchmarks and guidelines, such as what parent fees other kindergartens in the local area are charging, historic parent fees, recent parent fee increases, kindergarten parent fee policies, and any local council expectations or guidelines.

Promoting the kindergarten

Expressions of interests, historic enrolment data and discussions with local council (including the identification of any new early childhood services that may be opening in the area), provides the service provider with a strong indication of the likely enrolments for next year. This information should allow the kindergarten committee to determine if the enrolments for the next year may fall short of the optimum or target capacity for the kindergarten.

In such a case, the service provider may consider undertaking a promotional campaign to encourage enrolments. There are a number of costs effective activities which the service provider can implement, including:

- **Distribution of promotional materials:** this may include a letterbox drop within the local area; the posting of contact information in local community newspapers and relevant publications (such as school newsletters); or on community noticeboards in schools, supermarkets and shopping precincts.
- **Increasing access and visibility of the kindergarten:** this may include the posting of a promotional banner or billboard at the front of the kindergarten, or on a local main road; conducting parent information sessions, family drop-in days, or open days; and attendance at council run enrolment information sessions.

Registered Child Care Benefit (CCB)

The Australian Government provides eligible parents/carers assistance through the Registered Child Care Benefit Scheme (CCB)³. To be eligible, parents/carers are required to meet a work/study/training test. The child's kindergarten program is also required to have an educational staff member, or Teacher-In-Charge, who is registered with the Australian Government Department of Human Services as a registered carer.

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Council grants

Some local councils often have an annual program where not-for-profit organisations including kindergartens and early learning centres can apply for a grant to be used for a specific purpose, such as updating or buying new equipment for an outdoor play space. This type of funding is not generally able to be used to cover the everyday operational costs of running the kindergarten, such as paying for a teacher's salary, or to buy materials such as paper and crayons.

Kindergartens should keep in regular contact with their local council and make sure they know what is in their local Council's *Early Years Strategy* so they are aware of what grants are available and when to apply for them.

Fundraising and sponsorships/donations

Fundraising activities conducted by the kindergarten need to be respectful of the personal circumstances of families, the cultural values of local families, and the capacity of families to contribute to the fundraising activity/event. While families may like to provide a financial contribution to the kindergarten, some families may prefer to make a donation of time and services, such as the repair of furniture or garden maintenance.

The intention of fundraising income is that the monies raised are used to purchase resources and equipment or updating environments for the kindergarten and not be used to pay for the everyday costs of running the kindergarten.

There are many opportunities for a kindergarten to fundraise in a manner which is unobtrusive, provides value to families participating in the event, promotes relationships within the local community, and recognises a child's participation at kindergarten, such as:

- laminated plates and mugs, or calendars with children's photos or drawings
- cookbooks for sale with the children's favourite recipes
- fete or children's carnival
- film or comedy, or DJ/disco nights suitable for child participation
- parent party, trivia and karaoke nights
- garden plant fundraisers
- sausage sizzles on local shopping strips or election days

Local businesses are often prepared to be associated with kindergartens and other community based organisations within their local area to promote their business. Often local businesses will be prepared to donate funds, goods and/or services in exchange for the acknowledgement of the contribution of their business and the mention of the services provided by their business on kindergarten bulletin boards and in kindergarten newsletters.

Fundraising sub-committees and grants

Kindergarten service providers can appoint a fundraising sub-committee or a grants officer, whose role and responsibilities may include:

- identifying, monitoring and applying for available and applicable grants
- developing and managing fundraising events including kindergarten fetes, sausage sizzles, family trivia and games evenings
- identifying, developing and managing relationships with potential donors and sponsors to the kindergarten.

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Other tips for maximising income

There are several other ways in which kindergartens can ensure they receive all the income they are entitled to, including:

- **Systems, processes, and policies:** Service providers should aim for systems to capture and manage accurate child, family and financial information, allowing the service provider to invoice families for fees, and record outstanding balances. Families should be invoiced in advance for fees where practical. Any unpaid fees should be followed up promptly while ensuring that the collection process remains respectful and flexible to families who require additional time. The service provider may also consider routinely reconciling expected funding and parent fee income against receipts, with any discrepancies followed up in a timely manner with the Department or families. Service providers should also have a clear and well-communicated policy which allows families to notify the kindergarten of changes to contact details, family status or eligibility for government fee assistance.
- **Confirming baseline enrolments and funding:** The service provider should seek to confirm the kindergarten's level of enrolments in the Kindergarten Information Management (KIM)⁴ system, prior to the end of February, if a sufficient level of confidence in the number of enrolments to operate the service viably is available. Sufficient enrolment levels can be determined through reference to the current known number of enrolments and previous year enrolment history. If the kindergarten usually receives a couple of additional enrolments in the first few weeks of term one, this number can be added to the current known enrolments and funding will be subsequently adjusted.

The service provider must act in good faith and should not knowingly confirm an enrolment for a child who is going to leave prior to annual confirmation in April. As new enrolments are accepted, or children leave the service, the KIM system should be routinely updated (preferably every month) to ensure the kindergarten service receives the funding to which it is entitled.



Unpaid fees

Any unpaid fees should be followed up promptly while ensuring that the collection process remains respectful and flexible to families who require additional time. The service provider may also consider routinely reconciling expected funding and parent fee income against receipts, with any discrepancies followed up in a timely manner with the Department or families.

1 The Kindergarten Funding Guide is available at: www.education.vic.gov.au/childhood/providers/funding/Pages/kinderfundingcriteria.aspx

2 For more information on setting kindergarten parent fees, refer to the Department's guidance material titled "Parent fee setting for sustainable kindergarten"

3 The Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 introduces a simplified means tested Child Care subsidy with a minimum level of activity required to be eligible, replacing the Child Care Benefit and the Child Care Rebate.

4 Further information on the Kindergarten Information Management (KIM) system is available at: <http://www.education.vic.gov.au/childhood/providers/funding/Pages/kinderim.aspx>