

**FISCAL MANUAL  
UPK Child Care & Head Start  
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**Michael R. Bloomberg, Mayor  
John B. Mattingly, Commissioner**

# NYC ACS Child Care, Head Start and UPK in integrated ACS Program Settings

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## NYC ACS Child Care, Head Start and UPK in integrated ACS Program Settings

### I. UPK, ACS and NYC Policy and History

On October 4, 2007 New York City Deputy Mayors Linda Gibbs and Dennis Walcott announced New York City's goal of fully integrated early care and education services. As of September 2009 all Universal Pre-Kindergarten ("UPK") eligible children in Administration for Children's Services ("ACS") funded Child Care and Head Start programs will receive UPK funding via their ACS contracts. UPK is now a core service for children served by ACS Child Care and Head Start contractors. UPK should be provided to all eligible children utilizing UPK funds with the remaining part of the day funded by ACS Child Care and Head Start.

### II. Approved ACS UPK Models

ACS has five approved UPK models. Four models cover UPK services integrated within an ACS Child Care and/or Head Start program. The final model is for contractors providing UPK services to non-ACS children originally part of a NYC Department of Education (DOE) contract. **DOE requires that all UPK sessions take place between the hours of 9am and 4pm.** Programs may have more than one model in the same program. **All models require that an integrated ACS/UPK services take place in one classroom and no separate UPK classrooms are allowed.**

#### ***Child Care and Head Start-eligible children models***

- 1) UPK Half-day session within a Child Care Funded Day (8am – 6pm)  
*see Section V;*
- 2) UPK Half-day session within a Head Start funded full-day or Double Session (3.3 to 8.5 hours)  
*see Section VII;*
- 3) UPK Half-day session extending the Head Start full-day session or double session day for 2.5 hours with all UPK sessions taking place within the time period of 8am to 6pm  
*see Section IX; and*
- 4) UPK full-day session for 6.3 hours within the Child Care or Head Start funded day  
*see Section VI for Child Care and Section VIII for Head Start*

#### ***Non-ACS children model***

- 5) UPK Half-day or Full-day via Child Care or Head Start. Also referred to as the Private Pay model since non-ACS children are served. **Non-ACS children** may be served in either 1) an integrated ACS UPK setting or 2) a stand alone program apart from ACS. Stand alone classrooms are treated as Pass Through in Child Care and Head Start contracts when a prior DOE negotiated contract included stand alone classrooms for non-ACS children, or in ACS Child Care when funding is available and prior written approval is obtained from Wendy Trull of the ACS Division of Child Care and Head Start ([wendy.trull@dfa.state.ny.us](mailto:wendy.trull@dfa.state.ny.us) or (212) 361-6470)  
*see Sections IX and X.*

### III. UPK Rates

ACS Child Care and Head Start contractors will receive UPK funding via their agency's ACS contract. The UPK half-day session funding provided via the ACS contracts will cover 2 1/2 hours per day, with the remaining part of the day covered by ACS Child Care and Head Start funding; UPK full-day session funding will cover 6 1/3 hours of the ACS

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funded day. **After accounting for overlapping services already funded by ACS and UPK during the UPK session, each agency's budgets and contracts will be amended to account solely for supplemental services.** Because UPK is a core service for 180 days a year, UPK funds will replace ACS funding for overlapping time. ACS will ensure sufficient supplemental funds are available to fund UPK-specific services not funded by Child Care or Head Start.

For the 2010-2011 school year, DOE will provide UPK funds to ACS for contracted Child Care and Head Start contractors at a prior negotiated rate or at the New York State (NYS) average rate:

### ***Prior Negotiated Rate for 2010-2011 School Year***

This category is solely for contractors that had DOE UPK contracts that would have expired on 6/30/2010 and were terminated early.

- DOE terminated these contracts effective 6/30/09; ACS will use the contractor's DOE rates for the 2010-2011 school year and for the number of children enrolled in the 2009-2010 school year. Remember that contractors in this category were informed by DOE that the DOE UPK contract would be terminated and be paid through their ACS contract, based on the previously negotiated rate with DOE minus overlapping funding.

### ***Prior Negotiated Rate that Expired 6/30/2009 and Not Extended***

This category is for contractors whose original DOE UPK contracts expired on 6/30/2009.

- **Contractors in this category were informed by DOE that the DOE UPK contract would not be renewed; however the UPK rate for school year 2008-2009 would transfer to, and be paid through, their ACS contract for the 2009-2010 school year rate minus overlapping funding.** This one year period has now expired. Contractors in this category will now be paid at the **NYS average rate**. Any non-ACS children served in City Fiscal Year 2010 at a previous negotiated rate will now be paid at the **NYS average rate**.

### ***New York State Average Rate***

This category is for contractors who (1) did not have a previous contract with DOE, (2) did have a contract that expired on 6/30/2009, or (3) are enrolling children above their previous DOE contract number of children. The rate for this category is based on the average NYS UPK expansion rate of \$3,332 per child per year (also referred to as the "MOU rate").

- The net increase to the ACS Child Care or Head Start budget and contract is \$800 per slot for UPK sessions held during an ACS funded day, \$2,830 per slot for eligible Head Start extended day sessions, and \$3,332 for non-ACS children for which ACS acts as a pass-through agent, at the number of slots enrolled for the 2009-2010 school year. **The net increase is based on the average rate less overlapping costs.**

## **IV. Requirements for ACS/UPK Integrated Settings**

Now that UPK is integrated into the ACS Child Care and Head Start settings there are various requirements to be followed.

### ***Narrative on File***

Contractors must have a programmatic and budget narrative reviewed and approved by their Child Care Sponsoring and/or Head Start Governing Board and it must be available for review upon request. The narrative must describe the contractor's use of UPK supplemental services by category. Information regarding supplemental service categories and amounts per child is provided within each model's description.

## **V. Child Care – Half-day UPK within a Child Care Funded Day**

This model applies to Half-day (2 1/2 hours) UPK sessions within the regular ACS Child Care funded day (8am to 6pm). Per DOE requirements, all UPK sessions must take place between 9am and 4pm. UPK sessions will run within the hours ACS already funds for Child Care. There is no model that lengthens the Child Care day.

### ***ACS Funding of Child Care***

- ACS Child Care contractors are fully funded to run 10-hour Child Care days.
- UPK sessions are core services and overlapping ACS funding is replaced by UPK funding.
- Any increase in staff hours is not allowable though exceptions may apply in some cases. See below for more information.
- Paying additional stipends to staff is not allowable. UPK funds may not be used to pay classroom or non-classroom staff including, but not limited to, teachers, directors, bookkeepers, custodians and cooks.

### ***UPK Model Requirements***

This model for an integrated Child Care UPK setting for contractors is based on the following requirements in order of priority (*see appendix table 1 showing priorities*):

- 1. Priority One – Fund the classroom staff to meet requirements:**
  - The only permitted UPK funded position is a Child Care Teacher Aide if more than 18 children are in the UPK classroom ***and*** the current budget model does not fund a Teacher Aide for that classroom. Maximum allowable funding is limited to 2.5 hours per day or 12.5 hours per week.
  - Payment for any Teacher Aides hours for UPK must be paid in accordance with the Child Care Collective Bargaining Agreement (CBA).
  - UPK funded classroom staff are paid for 180 days.
- 2. Priority Two – Once classroom staff requirements are met, a minimum of \$800 per child must be directed to classroom OTPS:**
  - **Instructional materials** [up to 50% of the award]
  - **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
  - **Arts and other instructional consultants** [up to 31.3% of the award]
  - **Equipment/furniture** to enrich the instructional program [up to 50% of the award]
  - **Advertising** [up to \$50 per child or \$1,000 maximum]

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- **Family involvement** [up to 1% of total budget], and
  - **Audit** [\$25/child for Child Care]
3. **Priority Three – Once the first two priorities are met (classroom staffing and classroom OTPS), and if UPK funds remain, the following additional expenses will be allowed:**
- Up to 10% of the award for additional substitute hours.
  - Up to 10% of the award for office supplies and/or custodial supplies and/or telephone, internet and copier contracts.
  - Up to \$75 per child for administrative services contracts.

**NOTE: Additional administrative staff funding is not allowed.**

### **Reporting Requirements:**

- All staff hours are required to be tracked in your timekeeping systems and cost allocated.
- **If ACS becomes aware of any contractor that is paying staff for hours that are not worked, the contractor will be classified as an "At Risk" agency and expenses will be disallowed.**

## **VI. Child Care – Full-day UPK in a Child Care Funded Day**

This model applies to Full-day (6 1/3 hours) UPK sessions within the regular ACS Child Care funded day (8am to 6pm). Per DOE requirements, all UPK sessions must take place between 9am and 4pm. UPK sessions will run within the hours ACS already funds for Child Care. There is no model that lengthens the Child Care day.

Note: Only programs that were approved to serve Full-day UPK in the 2009-10 school year may apply for this model. As per DOE, Full-day funding for the 2010-2011 school year has not been confirmed as of the date of this bulletin. If Full-day funding is not allocated for the 2010-2011 school year, Full-day classrooms funded in the 2009-2010 school year would revert back to Half-day.

### **ACS Funding of Child Care**

- ACS Child Care contractors are fully funded to run 10-hour Child Care days.
- UPK sessions are core services and overlapping ACS funding is replaced by UPK funding.
- Any increase in staff hours is not allowable though exceptions may apply in some cases. See below for more information.
- **Paying additional stipends to staff is not allowable. UPK funds may not be used to pay classroom or non-classroom staff including, but not limited to, teachers, directors, bookkeepers, custodians and cooks.**

### **UPK Model Requirements**

This model for an integrated Child Care UPK setting for contractors is based on the following requirements in order of priority (*see appendix table 2 showing priorities*):

1. **Priority One – Fund the Classroom Staff to meet requirements:**
- The sole permitted UPK funded position is a Child Care Teacher Aide if more than 18 children are in the UPK classroom **and** the current budget model

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does not fund a Teacher Aide for that classroom. Maximum allowable funding is limited to 2.5 hours per day or 12.5 hours per week.

- Payment for any Teacher Aides hours for UPK must be paid in accordance with the Child Care Collective Bargaining Agreement (CBA).
  - UPK funded classroom staff are paid for 180 days.
2. **Priority Two – Once classroom staff requirements are met a minimum of \$1,600 per child must be directed to classroom OTPS:**
    - **Instructional materials** [up to 50% of the award]
    - **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
    - **Arts and other instructional consultants** [up to 31.3% of the award]
    - **Equipment/furniture** to enrich the instructional program [up to 50% of the award]
    - **Advertising** [up to \$50 per child or \$1,000 maximum]
    - **Family involvement** [up to 1% of total budget], and
    - **Audit** [\$25/child for Child Care].
  3. **Priority Three – Once the first two priorities are met (classroom staffing and classroom OTPS), and if UPK funds remain, the following additional expenses will be allowed:**
    - Up to 10% for additional substitute teacher hours.
    - Up to 10% for office supplies and/or custodial supplies and/or telephone, internet & copier contracts.
    - Up to \$75 per child for administrative services contracts.
    - Additional hours for a Classroom Teacher Aide in Full-day UPK classrooms are allowed if extra coverage is required to meet requirements. If an additional Teacher Assistant is hired hours are limited to 3 hours per day and are considered 100% UPK, not eligible for CIP health insurance, and not pensionable.
    - Administrative staff is **not** allowable.
  4. **Priority Four – Once Priorities One, Two and Three have been met and funds still remain, then up to 10% of the total award may be directed to OTPS Facilities / Administration for the following categories only:**
    - Postage
    - Minor maintenance/equipment repair
    - Rent and utilities may be excluded from the 10% cap but requires full documentation as back-up

### ***Reporting Requirements***

- All staff hours are required to be tracked in your timekeeping systems and cost allocated.
- **Any Contractor that is paying staff for hours that are not worked, the Contractor will be classified as an "At Risk" agency and expenses will be disallowed.**

## **VII. Head Start – Half-day UPK in an ACS Head Start Funded Day**

This model applies to Half-day (2 ½ hour) UPK sessions within an existing Head Start funded day for both Full Day Head Start Sessions (minimum 6 hours) and Half-day Head

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Start Double Sessions (minimum 3 hours). Per DOE requirements, all UPK sessions must take place between 9am and 4pm. UPK sessions will run within the hours that ACS Head Start already funds.

### ***UPK Model Requirements***

This model for an integrated Head Start UPK setting for contractors is based on the following requirements in order of priority (*see appendix table 1 showing priorities*):

- 1. Priority One – Fund the Classroom Staff to meet requirements:**
  - The sole permitted UPK funded position is an additional Teaching Assistant if more than 18 children are in the UPK classroom.
  - Maximum allowable funding is limited to 2.5 hours per day or 12.5 hours per week for 180 days.
  - Payment for UPK must be paid at the Head Start Collective Bargaining Agreement (CBA).
  - These additional paid hours are not covered under the pension provision of the CBA since it is not funded under Head Start.
  - ACS will not approve UPK budgets requesting salaries that exceed those of Head Start.
  - UPK funded classroom staff are paid for a maximum of 180 days.
  
- 2. Priority Two – Once classroom staff requirements are met, a minimum of \$800 per child must be directed to classroom OTPS:**
  - **Instructional materials** [up to 50% of the award]
  - **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
  - **Arts and other instructional consultants** [up to 31.3% of the award]
  - **Equipment/furniture** to enrich the instructional program [up to 50% of the award]
  - **Advertising** [up to \$50 per child or \$1,000 maximum]
  - **Family involvement** [up to 1% of total budget is for Child Care vendors only since Head Start covers this category] and
  - **Audit** [\$15/child for Head Start].
  
- 3. Priority Three – Once the first two priorities are met (classroom staffing and classroom OTPS), and if UPK funds remain, the following additional expenses will be allowed:**
  - Up to 10% of the award for additional substitute hours.
  - Up to 10% of the award for office supplies and/or custodial supplies and/or telephone, internet and copier contracts.
  - Up to \$75 per child for administrative services contracts.

**NOTE: Additional administrative staff funding is not allowed.**

### ***Additional Staff Hours – Head Start***

- Increase in staff hours is **not** allowable except for an Additional Teaching Assistant to meet classroom requirements.
- Paying additional stipends to staff is **not** allowable.

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- UPK sessions are core services and overlapping ACS Head Start funding is replaced by UPK funding. This includes, but is not limited to, teachers, directors, bookkeepers, custodians and cooks.
- UPK funds may **not** be used to pay classroom or non-classroom staff. This includes, but is not limited to, teachers, directors, bookkeepers, custodians and cooks.

### **Reporting Requirements**

- All staff hours are required to be tracked in your timekeeping systems and cost allocated.
- **Any Contractor that is paying staff for hours that are not worked, the Contractor will be classified as an "At Risk" agency and expenses will be disallowed.**

## **VIII. Head Start – Full-day UPK in an ACS Head Start Funded Day**

This model applies to Full-day (6 1/3 hours) UPK sessions that overlap an existing Head Start funded Full-day of more than 6 hours. Per DOE requirements, all UPK sessions must take place between 9am and 4pm. UPK sessions will run within the hours that ACS Head Start already funds. Delegate Chart of Accounts should be updated to reflect these additional UPK costs and provide general ledger reports on request.

Note: Only programs that were approved to serve Full-day UPK in the 2009-10 school year may apply for this model. As per DOE, Full-day funding for the 2010-2011 school year has not been confirmed as of the date of this bulletin. If Full-day funding is not allocated for the 2010-2011 school year, Full-day classrooms funded in the 2009-2010 school year would revert back to Half-day.

### **UPK Model Requirements**

This model for an integrated Head Start UPK setting for Contractors is based on the following requirements in order of priority (*see appendix table 2 showing priorities*):

- 1. Priority One – Fund the Classroom Staff to meet requirements:**
  - The sole permitted UPK funded position is an additional Teaching Assistant if more than 18 children are in the UPK classroom.
  - Maximum allowable funding is limited to 2.5 hours per day or 12.5 hours per week for 180 days.
  - Payment for UPK must be paid at the Head Start Collective Bargaining Agreement (CBA).
  - These additional paid hours are not covered under the pension provision of the CBA since it is not funded under Head Start.
  - ACS will not approve UPK budgets requesting salaries that exceed those of Head Start.
- 2. Priority Two – Once classroom staff requirements are met a minimum of \$1,600 per child must be directed to classroom OTPS:**
  - **Instructional materials** [up to 50% of the award]
  - **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
  - **Arts and other instructional consultants** [up to 31.3% of the award]

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- **Equipment/furniture** to enrich the instructional program [up to 50% of the award]
  - **Advertising** [up to \$50 per child or \$1,000 maximum]
  - **Family involvement** [up to 1% of total budget is for Child Care vendors only since Head Start covers this category] and
  - **Audit** [\$15/child for Head Start].
3. **Priority 3 – Once the first two priorities are met (classroom staffing and classroom OTPS), and if UPK funds remain, the following additional expenses will be allowed:**
- Up to 10% for additional substitute teacher hours.
  - Up to 10% for office supplies and/or janitorial supplies and/or telephone, internet & copier contracts.
  - Up to \$75 per child for administrative services contracts.
  - Additional hours for a teaching staff besides a Classroom Teaching Assistant in Full-day UPK classrooms are allowed if extra coverage is required to meet requirements.
  - If an additional Teacher Assistant is hired hours are limited to 3 hours per day and are considered 100% UPK, not eligible for CIP health insurance, and not pensionable.
  - Administrative staff is **not** allowable.
4. **Priority Four – Once Priorities One, Two and Three have been met and funds for extending the day still remain, then up to 10% of the total award may be directed to OTPS Facilities / Administration for the following categories only:**
- Postage
  - Minor maintenance/equipment repair

### ***Additional Staff Hours***

- Increase in staff hours is **not** allowable except for an Additional Teaching Assistant to meet classroom requirements.
- Paying additional stipends to staff is **not** allowable.
- UPK sessions are core services and overlapping ACS Head Start funding is replaced by UPK funding. This includes, but is not limited to, teachers, directors, bookkeepers, custodians and cooks.
- UPK funds may **not** be used to pay classroom or non-classroom staff. This includes, but is not limited to, teachers, directors, bookkeepers, custodians and cooks.

### ***Reporting Requirements***

- All staff hours are required to be tracked in your timekeeping systems and cost allocated.
- **Any Contractor that is paying staff for hours that are not worked, the Contractor will be classified as an "At Risk" agency and expenses will be disallowed.**

## IX. Head Start – Half-day UPK Extending an ACS Head Start Funded Day

This model applies to Half-day (2 ½ hour) UPK sessions that, when combined with an existing ACS Head Start funded Full-day (minimum of 6 hours) or Double Session day (minimum of 3 hours), extend the total length of the day. The combined Head Start/UPK session may extend the Head Start funded day by a maximum of 2 ½ hours more than what ACS already funds. **This model requires children to remain in the same classroom for the entire combined Head Start/UPK day.** Per DOE requirements, all UPK sessions must take place between 9am and 4pm. The combined Head Start/UPK day may not begin before 8am nor end after 6pm. The value of the incremental funding increase for extending the Head Start day is based on either a previous negotiated rate if your DOE contract ends on 6/30/2011 or the MOU rate for all other extended day contractors. **The amount of \$502 per slot is then deducted for overlapping costs paid for by the Head Start grant, e.g. rent and health insurance.**

**ACS does not allow Double Session classrooms to extend both the AM and PM session in the same classroom with UPK. One session may be extended with UPK to be no more 2 ½ hours longer than the ACS funded Double Session Day and the other session may provide UPK within the ACS Head Start funded Double Session Day.**

The Delegate Chart of Accounts should be updated to reflect these additional costs and provide general ledger reports on request.

### **UPK Model Requirements**

This model for Head Start Delegates who are extending the day must adhere to the following requirements in order of priority (*see appendix table 3 showing priorities*):

- 1.(a) **Priority One (a) – Funding Must First Meet Classroom Staff Requirements:**
  - The UPK session classroom Staff consists of a Teacher and a Teacher Assistant. An additional Teaching Assistant is required during the UPK session in classrooms with 19-20 children. **A maximum of 60% of the funds may be scheduled for classroom staff PS and fringe.**
  - Payment for any additional hours that Head Start staff work for UPK must be paid at the Head Start Collective Bargaining Agreement (CBA) rate or the Head Start funded amount for that person's salary. These additional paid hours are not covered under the pension provision of the CBA since it is not funded under Head Start.
  - Additional Teaching Assistants are approved only for classrooms with more than 18 children if the current budget funds one Teaching Assistant. Any new staff hired for the 2 1/2 hour UPK day is not funded by Head Start funding and therefore not eligible for benefits under the Head Start CBA. Although these employees are not Head Start staff, ACS will not approve UPK salaries that exceed those of Head Start.
  - Classroom staff is paid for a maximum of 2.5 hours per day for 180 days per year.
  
2. **Priority Two – Once classroom staff requirements are met, a minimum of \$800 per child must be directed to classroom OTPS:**

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- **\$800 or 28% of the award per child, whichever is greater, must be directed to classroom supplies, consultants or program equipment, etc. as outlined below.**
- There are six allowable DOE UPK supplemental services categories with maximum amounts per child for all Child Care and Head Start budget models:
  - **Instructional materials** [up to \$400 per child or 50% of the award, whichever is greater]
  - **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
  - **Arts and other instructional consultants** [up to \$250 per child or 31.3% of the award, whichever is greater]
  - **Equipment/furniture** to enrich the instructional program [up to \$400 per child or 50% of the award, whichever is greater]
  - **Advertising** [up to \$50 per child or \$1,000 maximum], and
  - **Family involvement** [up to 1% of total budget is for Child Care vendors only since Head Start covers this category] and
  - **Audit** [\$15/child for Head Start].

**1. (b) Priority One (b) – Once Classroom Staffing (Priority 1 (a)) and OTPS requirements (Priority Two) are met, the following additional salary expenses will be allowed for any unallocated UPK funds in order of priority:**

- Custodians if they are required and the additional hours are tied directly to additional hours the UPK classroom is open, for a maximum of 2.5 hours per day for 180 days at a rate not to exceed the annualized amount ACS Head Start contributes to that salary.
- Education Directors if they are required for coverage and their work is tied directly to the UPK classroom, for a maximum of 2.5 hours per day for 180 days at a rate not to exceed the annualized amount ACS Head Start contributes to that salary.
- Family Workers and/or Family Assistants and/or Family Coordinators are allowed if increased hours are required to fulfill Head Start and UPK requirements, for a maximum of 2.5 hours per day for 180 days at a rate not to exceed the annualized amount ACS Head Start contributes to that salary.
- Director, Comptroller, Bookkeeper, Record Clerk and/or Secretary additional hours are limited to two hours per day or a maximum of 360 hours, for the UPK year at a rate not to exceed the annualized amount ACS Head Start contributes to that salary.
- The combined maximum of non-classroom staff PS and fringe is 20% of the UPK budget.
- Additional PS and fringe must be based on additional hours required to specifically work on UPK. Any additional hours Head Start staff work for UPK must be paid at the CBA rate or the Head Start funded amount for that person's salary.
- Pension on additional UPK hours worked to extend the Head Start day is not funded and therefore should not be reported.

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- Delegate Chart of Accounts must incorporate UPK expenditures and provide documentation on request showing Head Start and non-Head Start salary payments.
  - Non-direct classroom staff is considered administrative and total administrative expenses must not exceed 15%. The base for this calculation is the marginal increase for extending the day. 15% is the maximum for Head Start and UPK regulations. Any expenses that exceed should be used as non-Federal match.
3. **Priority Three – Once Priorities One (a), Two and One (b) have been met and funds for extending the day still remain, then up to 10% of the total award may be directed to OTPS Facilities / Administration for the following categories only:**
- Up to 10% of the award for additional substitute hours.
  - Up to 10% of the award for office supplies and/or custodial supplies and/or telephone, internet and copier contracts.
  - Up to \$75 per child for administrative services contracts. Office / Janitorial supplies
4. **Priority Four – Once Priorities One (a), Two, One (b) and Three have been met and funds for extending the day still remain, then up to 10% of the total award may be directed to OTPS Facilities / Administration for the following categories only:**
- Postage
  - Minor maintenance/equipment repair
  - Rent and utilities may be excluded from the 10% cap but requires full documentation as back-up

### ***Expenditures that are not allowed***

- Director and other administrative stipends
- Insurance of any kind
- Cooks and food

### ***Reporting Requirements***

- All staff hours are required to be tracked in your timekeeping systems and cost allocated.
- **Any Delegate that is paying staff for hours that are not worked, the model may be revoked and the delegate will be classified as an "At Risk" agency and expenses will be disallowed.**

## **X. Funding UPK for non-ACS Children in an ACS Setting**

This model is for non-ACS children (*see the glossary for a definition of non-ACS children*) served in an integrated ACS UPK setting. Slots may be funded at either: 1) a Prior Negotiated Rate less overlap for the number of slots in school year 2009-2010; 2) at the MOU rate if funding is available and the contractor has obtained prior written approval from Wendy Trull of the ACS Division of Child Care and Head Start ([wendy.trull@dfa.state.ny.us](mailto:wendy.trull@dfa.state.ny.us) or (212) 361-6470).

This model for an integrated Child Care UPK setting for contractors is based on the following requirements in order of priority:

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### 1. Priority One – Funding must first meet the Classroom Staff requirements:

- The sole permitted UPK funded position is a Child Care Teacher Aide if more than 18 children are in the UPK classroom **and** the current budget model does not fund a Teacher Aide for that classroom. Maximum allowable funding is limited to 2.5 hours per day or 12.5 hours per week.
- Payment for any additional hours Child Care staff work for UPK must be paid in accordance with the Child Care Collective Bargaining Agreement (CBA).
- UPK funded classroom staff are paid for 180 days.

### 2. Priority Two – Once Priority One is met for classroom staff requirements, a minimum of \$800 per child must be directed to classroom OTPS:

- **Instructional materials** [up to \$400 per child or 50% of the award, whichever is greater]
- **Instructional field trips** including transportation and entrance fees [up to \$75 per child]
- **Arts and other instructional consultants** [up to \$250 per child or 31.3% of the award, whichever is greater]
- **Equipment/furniture** to enrich the instructional program [up to \$400 per child or 50% of the award, whichever is greater]
- **Family involvement** [up to 1% of total budget for Child Care vendors] and
- **Advertising** [up to \$50 per child or \$1,000 maximum], and
- **Audit** [\$25/child for Child Care].

### 3. Priority Three – Once the first two priorities are met (classroom staffing and classroom OTPS), and if UPK funds remain, the following additional expenses will be allowed:

- Up to 10% for additional substitute teacher hours.
- Up to 10% for office supplies and/or custodial supplies and/or telephone, internet & copier contracts.
- Up to \$75 per child for administrative services contracts.
- Administrative staff is **not** allowable.

### 4. Priority Four – Once Priorities One, Two and Three have been met and funds still remain, then up to 10% of the total award may be directed to OTPS Facilities / Administration for the following categories only:

- Postage
- Minor maintenance/equipment repair

## XI. Pass-Through UPK Funding for non-ACS Children

UPK Stand Alone Classrooms or Pass Through/Private Pay in Child Care or Head Start is an additional model that is allowable when a DOE negotiated contract included stand alone classrooms or in ACS Child Care if written approval is given by Wendy Trull of the ACS Division of Child Care and Head Start ([wendy.trull@dfa.state.ny.us](mailto:wendy.trull@dfa.state.ny.us) or (212) 361-6470). **The UPK program, children and employees are not part of an ACS contracted Head Start or Child Care program and are not eligible for ACS benefits.** (See the glossary for a definition of non-ACS children.) Maximum allowable slots in this model for school year 2010-2011 will be the school year 2009-2010 actual enrolled.

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In order for budgets to be approved and payments to begin, ACS requires a copy of the previously approved DOE budget for these sites to be submitted to ACS as part of the back-up justification.

### **XII. Model Review and Budget Approval Process**

#### **Qualification Tool, Budget Template and Access Code**

Before completing the UPK Budget Template (Qualification Tool Part II), contractors must complete the UPK Qualification Tool Part I. Each contractor will be required to complete a UPK Budget Template for School Year 2010-2011. Contractors will receive an email with their assigned UPK Budget Template Access Code once their Qualification Tool Part I has been successfully completed. At that time, contractors will need to go to the ACS Child Care and Head Start website, download the budget template and enter their contract's unique Access Code in order to complete their budget template. If a contractor has multiple contracts with ACS, separate Access Codes will be assigned for each of the following categories:

- 1) Child Care – including ACS and non-ACS children – one for each contract
- 2) Head Start contractors for ACS children, and
- 3) Head Start contractors serving non-ACS children

#### **Budget Template, Evaluation and Budget Amendment Process**

The UPK Budget Template will be used to calculate site specific UPK supplemental services funds for each contractor. The contractor must submit a 2010-2011 school year UPK supplemental services budget that meets all ACS UPK model expense policies. Remember:

- The ACS UPK Budget Template is model- and site- specific.
- Each contractor must fully schedule the UPK Supplemental Services award for each Funding Type and Program Option. It is **not** allowable for one Program Option to subsidize another.
- Approved School Year 2010-2011 UPK Child Care supplemental budgets will be amended into Fiscal Year 2011 Child Care budgets.
- Approved School Year 2010-2011 UPK Head Start budgets will be amended in equal proportions into program year 45 and 46 budgets.
- Final UPK funding for School Year 2010-2011 supplemental services will be determined by a contractor's actual enrollment by site on October 29, 2010 as reported by the DOE. UPK supplemental services budgets for under-enrolled contractors will be reduced.

### **XIII. Budget/Accounting**

#### ***Accounting and Reporting Categories***

Each of the approved UPK models has its own set of allowable and unallowable costs which must be reasonable, allowable and allocable under US Office of Management and Budget Circulars [2 CFR Part 220] A-21, [2 CFR Part 225] A-87, [2 CFR Part 230] A-122, and A-133 and auditing standards. Chart of Accounts should be updated to reflect these costs. Bookkeeping and Accounting systems must incorporate UPK reporting categories in your chart of accounts and provide general ledger reports on request.

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### ***Reporting Requirements***

There are monthly reports and procedures that all Child Care and Head Start contractors should produce for reporting purposes to ACS and to their Sponsoring and/or Governing board. ACS Financial Services may request copies of such reports at any time. Contractors must generate the following reports on a regular basis:

- Monthly Trial Balance – closing the books each month
- Board meeting minutes: Communicating the review of financial information
- A Schedule of budgeted versus actual expenses for ACS Child Care, CACFP and UPK for Fiscal Year 2011 year to date
- A Cash Flow budget projection and forecast for Fiscal Year 2011
- UPK monthly spending
- Quarterly - Form 941 (Federal) & Form NYS-45 (State) Payroll/UIB reports – submit to ACS on a quarterly basis

### ***Cost Allocation***

When requesting additional funding for this initiative, the funding and expenditures must be supported by the contractor's cost allocation plan and be reasonable, allowable and allocable under US Office of Management and Budget Circulars [2 CFR Part 220] A-21, [2 CFR Part 225] A-87, [2 CFR Part 230] A-122, and A-133 and auditing standards.

Every Child Care and Head Start contractor must have an up-to-date (Direct/Indirect) Cost Allocating and Cost Allocation Plan where appropriate, which has been approved by the Sponsoring and/or Governing Board within the last 12 months. The Cost Allocation Plan will explain how your agency decides to allocate expenses among your agency's various funding streams. Your (Direct/Indirect) Cost Allocating Plan will explain how your agency defines and allocates expenses as programmatic [direct], administrative [indirect] or dual-benefit, which is a mix of programmatic and administrative. Your Board-approved Cost Allocating and Cost Allocation Plans should be available for review upon request.

### ***UPK Expense Reporting***

Once awards for School-Year 2010-2011 are announced and budgets are modified to reflect UPK funding and supplemental services contractors **MUST** report UPK supplemental services spending monthly using the CAPS Form and the appropriate UPK Supplemental Services line for Child Care or correct budget line for Head Start.

### ***Audits***

Audit Guidelines for ACS Child Care and Head Start are in the process of being updated to fully include UPK requirements and will be distributed at a later date.

### ***Child Care***

The City requires all contracted care agencies to submit annual financial audits as a condition for contracting with the City. ACS audit guidelines require that the ACS Child Care specific audit be submitted no later than October 31<sup>st</sup> (90 days from the close of the preceding Fiscal Year ending on June 30<sup>th</sup>). The NYC's Comptroller's Office, Mayor's Office of Contracts and the ACS Agency Chief Contracting Office require up-to-date submission of audits.

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### **Head Start**

Head Start requires all delegates to submit annual financial audits. ACS audit guidelines require that the ACS Head Start specific audit be submitted no later than April 30th (90 days from the close of the preceding Program Year ending on January 31st). The NYC's Comptroller's Office, Mayor's Office of Contracts and the ACS Agency Chief Contracting Office require up-to-date submission of audits.

#### **XIV. Appendices - Priority Charts by Models**

The charts on the following pages summarize the UPK Supplemental Services Priorities which were outlined as part of each model. ACS requires contractors to schedule their budget in priority order. For example, required classroom staffing costs to meet DOHMH requirements must be scheduled before classroom OTPS supplies. Contractors must schedule the first priority before moving on to the next priority.

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Table 1 – Child Care and Head Start Half-day – Sections V and VII

DOE Line #	UPK Expense Category	Child Care and Head Start Half-day Allowable Expenses		
		Classroom Staff Priority 1	Classroom OTPS Priority 2	Subs, Add'l OTPS Priority 3
<b>OTPS - Facility Costs</b>				
1	Rent			
2	Electric			
3	Gas / Fuel			
4	Telephone / Internet			√
5	Cost of Licenses / Permits for UPK Program			
6	Subtotal OTPS Facility Costs			
<b>OTPS - Administrative Costs</b>				
7	Office Equipment & Furniture Purchases			
8	Office Equipment and Furniture Rental			
9	Office / Janitorial Supplies			√
10.1	Insurance			
10.2	Health Insurance			
11	Advertising		√	
12.1	Audit		√	
12.2	Consultants (Bookkeeper, accountant, exterminator, security services)			√
13	Postage			
14	Transportation Cost			
15	Minor Maintenance & Repair of Equipment and Facilities			
16	Family Involvement		√ *	
17	Subtotal OTPS Administrative Costs			
<b>OTPS - Instructional Costs</b>				
18	Equipment and Furniture Purchase		√	
19	Instructional Materials and Classroom Supplies		√	
20	Meals (only if previously approved in DOE stand alone contracts)			
21	Snacks (only if previously approved in DOE stand alone contracts)			
22	Instructional Field Trips		√	
23	Consultants		√	
24	Subtotal OTPS Instructional			
<b>OTPS - Security Clearance Costs</b>				
25	Security Clearance			
26	Total OTPS			
27	Goods and Services Provided through Private Funding			
<b>PS - Staff Salaries and Wages</b>				
28	Administrative Staff Salaries			
29	Classroom Staff Salaries	√		
30	Facility Staff Salaries			
31	Per Diem Staff / Substitutes			√
32.1	Administrative Staff Fringe			
32.2	Classroom Staff Fringe	√		
32.3	Facility Staff Fringe			
33	Total PS			

\* Family Involvement is allowed for Child Care contracts only. Head Start provides funding for Family Involvement.

**NYC ACS Child Care, Head Start and UPK in integrated ACS Program Settings**

**Table 2 – Child Care and Head Start Full-day – Sections VI and VIII**

DOE Line #	UPK Expense Category	Child Care and Head Start Full-day Allowable Expenses			
		Classroom Staff Priority 1 (a)	Classroom OTPS Priority 2	Subs, Add'l Supplies Priority 3	Facilities / Admin Priority 4
<b>OTPS - Facility Costs</b>					
1	Rent				
2	Electric				
3	Gas / Fuel				
4	Telephone / Internet			√	
5	Cost of Licenses / Permits for UPK Program				
6	Subtotal OTPS Facility Costs				
<b>OTPS - Administrative Costs</b>					
7	Office Equipment & Furniture Purchases				
8	Office Equipment and Furniture Rental				
9	Office / Janitorial Supplies			√	
10.1	Insurance				
10.2	Health Insurance				
11	Advertising		√		
12.1	Audit		√		
12.2	Consultants (Bookkeeper, accountant, exterminator, security services)			√	
13	Postage				√
14	Transportation Cost				
15	Minor Maintenance & Repair of Equipment and Facilities				√
16	Family Involvement		√ *		
17	Subtotal OTPS Administrative Costs				
<b>OTPS - Instructional Costs</b>					
18	Equipment and Furniture Purchase		√		
19	Instructional Materials and Classroom Supplies		√		
20	Meals (only if previously approved in DOE stand alone contracts)				
21	Snacks (only if previously approved in DOE stand alone contracts)				
22	Instructional Field Trips		√		
23	Consultants		√		
24	Subtotal OTPS Instructional				
<b>OTPS - Security Clearance Costs</b>					
25	Security Clearance				
26	Total OTPS				
27	Goods and Services Provided through Private Funding				
<b>PS - Staff Salaries and Wages</b>					
28	Administrative Staff Salaries				
29	Classroom Staff Salaries	√			
30	Facility Staff Salaries				
31	Per Diem Staff / Substitutes			√	
32.1	Administrative Staff Fringe				
32.2	Classroom Staff Fringe	√			
32.3	Facility Staff Fringe				
33	Total PS				

\* Family Involvement is allowed for Child Care contracts only. Head Start provides funding for Family Involvement.

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Table 3 – Head Start Extended Day – Section IX

Head Start Extended Day Allowable Expenses

DOE Line #	UPK Expense Category	Classroom Staff Priority 1 (a)	Classroom OTPS Priority 2	Additional Staff Priority 1 (b)	Subs, Add <sup>1</sup> Supplies Priority 3	Facilities / Admin Priority 4
<b>OTPS - Facility Costs</b>						
1	Rent				√	√
2	Electric				√	
3	Gas / Fuel				√	
4	Telephone / Internet				√	
5	Cost of Licenses / Permits for UPK Program					
6	Subtotal OTPS Facility Costs					
<b>OTPS - Administrative Costs</b>						
7	Office Equipment & Furniture Purchases					
8	Office Equipment and Furniture Rental					
9	Office / Janitorial Supplies				√	
10.1	Insurance					
10.2	Health Insurance					
11	Advertising		√			
12.1	Audit		√			
12.2	Consultants (Bookkeeper, accountant, exterminator, security services)					
13	Postage					√
14	Transportation Cost					
15	Minor Maintenance & Repair of Equipment and Facilities					√
16	Family Involvement		√ *			
17	Subtotal OTPS Administrative Costs					
<b>OTPS - Instructional Costs</b>						
18	Equipment and Furniture Purchase		√			
19	Instructional Materials and Classroom Supplies		√			
20	Meals (only if previously approved in DOE stand alone contracts)					
21	Snacks (only if previously approved in DOE stand alone contracts)					
22	Instructional Field Trips		√			
23	Consultants		√			
24	Subtotal OTPS Instructional					
<b>OTPS - Security Clearance Costs</b>						
25	Security Clearance					
26	Total OTPS					
27	Goods and Services Provided through Private Funding					
<b>PS - Staff Salaries and Wages</b>						
28	Administrative Staff Salaries			√		
29	Classroom Staff Salaries	√				
30	Facility Staff Salaries			√		
31	Per Diem Staff / Substitutes				√	
32.1	Administrative Staff Fringe			√		
32.2	Classroom Staff Fringe	√				
32.3	Facility Staff Fringe			√		
33	Total PS					

\* Family Involvement is allowed for Child Care contracts only. Head Start provides funding for Family Involvement.

## Glossary of Financial Terms

**Advance Payment** is the cash payment ACS issues to a sponsor for its program costs prior to the month in which costs will be incurred.

**Allocable Cost** means the cost of an item is allocable to a particular program (such as Child Care or Head Start) or other activity in accordance with the relative benefits that a program receives from the item. A cost is allocable if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- is incurred specifically for the award;
- benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or
- is necessary to the overall operation of the organization even though a direct relationship to any particular cost objective cannot be shown.

**Allowable Cost** is determined by the tests of reasonableness and necessity as defined in Office of Management and Budget (OMB) Circulars [2 CFR Part 220] A-21, [2 CFR Part 225] A-87 and [2 CFR Part 230] A-122.

**Child Agency Payment System (CAPS)** is maintained by ACS Financial Services Payment Services and summarizes an agency's budget, spending, payment and year to date variance. Agencies submit actual monthly expenses using the CAPS expense report.

**Cash Flow** is an assessment and understanding of cash coming into and flowing out of an organization in specific periods of time. This can be based on projections or actual cash flow.

**Cash Flow Budget** is a budget that provides an overview of cash inflows and outflows during a specified period of time. This is often called the cash flow, or the cash budget. Just as cash flow is one of the most critical elements of an organization, the cash flow projection is one of the most critical elements of planning. ***All child care sponsors and Head Start delegates should produce Cash Flow Budgets and Reports and have them available for review on request.***

**Cash Flow Statement** is a statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents. The cash flow statement is concerned with the flow of cash in and cash out of the organization. The statement captures both the current operating results and the accompanying changes in the balance sheet. As an analytical tool, the cash flow statement is useful in determining the short-term viability of an organization, particularly its ability to pay bills. International Accounting Standard 7 (IAS 7) is the International Accounting Standard that deals with cash flow statements.

**Cost Allocation** is the process of assigning to two or more programs the costs of an item shared by the programs. The goal is to ensure that each program bears its fair share, and only its fair share, of the total cost of the item. The term is sometimes used by cost accountants to describe the allocation of costs, especially overhead costs, to specified accounting categories.

**Cost Allocation Plan** is the plan developed by an organization receiving funding for more than one program, which enables them to fairly and equitably allocate the shared costs of the organization to each of its programs.

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**Direct Cost** means those costs that can be identified specifically with a particular project, program or activity (i.e., a particular award, project, service, or other direct activity of an organization). A cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been allocated to an award as an indirect cost.

**Disallowance** is when an agency submits expenses over the approved budgeted line. Agencies should not allow this to happen before a budget modification request has been submitted and approved prior to spending. If an agency spends money over an approved budget line and ACS does not approve a budget modification request, the disallowance will become part of the audit and requires repayment to ACS.

**Form 941** is the Employer's Quarterly Federal Tax Form used by employers to report employment taxes, withholding amounts, deposit amounts, and amounts due to the IRS. Form 941 includes totals for:

- Number of employees and total pay for the period being reported
- Amounts withheld from pay of employees for the period
- Taxable Social Security and Medicare wages for the period
- Calculation of total Social Security and Medicare wages
- Adjustments for sick pay, tips, group-term life insurance, and other
- Advance earned income credit payments made to employees

The form requires a calculation of the total taxes and the total deposits made during the period. The difference between the total taxes due and the total deposits is the amount still owed that must be paid. **ACS requires all sponsors to submit copies of Form NYS-45 on a quarterly basis.**

**Form NYS-45** is the New York State employer quarterly combined withholding, wage reporting and unemployment insurance return. **ACS requires all sponsors to submit copies of Form NYS-45 on a quarterly basis.**

**Indirect Cost** means those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular sponsored project, program or activity but are nevertheless necessary to the operations of the organization. For example, the costs of operating and maintaining facilities are generally treated as indirect costs.

**Metropolitan Commuter Transportation Mobility Tax** is a payroll tax dedicated for MTA purposes. Employers are required to withhold New York State income tax from employee wages and whose payroll expense exceeds \$2,500 in any calendar quarter. The **Tax rate** is .34% of an employer's payroll expense for employees employed within the Metropolitan Commuter Transportation District or MCTD. The **Effective date** is March 1, 2009. The **Initial payment for 2009 is due November 2, 2009** (Initial payment period: March 1, 2009 - September 30, 2009)

**Non-ACS Children** are children whose services are not funded in any way through either an ACS Child Care or Head Start contract. These children are receiving services in the same building that the contractor uses to run an ACS funded program. Examples are: ACS is contracting for only a portion of the child care capacity of a center and other children fill the remaining licensed capacity (this includes ACS voucher children), a single non-ACS child in an ACS Child Care classroom where the parent is paying private tuition to the contractor (ACS contracts for fewer slots than the license capacity and all ACS contract seats are filled), the contractor operates a completely separate

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program for non-ACS eligible children in the same building with a separate program model, or the contractor may be serving non-ACS children through a direct Head Start grant. In all these cases the child is not touched by ACS funding paid through a contract nor is included in attendance reporting to ACS for that contract program.

**Prior Approval** means securing the agency's written permission in advance of incurring costs, e.g. ACS requires prior approval on Child Care budget modifications before an agency begins spending.

**Trial Balance** is a list and total of all the debit and credit accounts for an organization for a given period – usually each month. The format of the trial balance is a two-column schedule with all the debit balances listed in one column and all the credit balances listed in the other. The trial balance is prepared after all the transactions for the period have been journalized and posted to the General Ledger. Key to preparing a trial balance is making sure that all the account balances are listed under the correct column. The appropriate columns are: Assets = Debit balance, Liabilities = Credit balance, Expenses = Debit Balance, Equity = Credit balance, Revenue = Credit balance. ***All child care sponsors and Head Start delegates should produce Monthly Trial Balance reports using them for preparing CAPS Expense Report submissions and have them available for review on request.***

**Unemployment Insurance - NYS Normal Tax** The tax rate that results from an employer's experience is called the normal tax rate. This is calculated annually based on various factors, including prior unemployment experience and the balance of the Unemployment Insurance fund. For 2009, newly liable employers are assigned a normal tax rate of 3.4%. In addition a subsidiary tax is added to the normal tax rate based on the balance of the Unemployment Insurance General Account. For 2009, newly liable employers are assigned a subsidiary tax rate of 0.625%

**Unemployment Insurance - Tax Rate Notices** Tax rate notices are mailed to the address on record for each employer in March of every year, well before the April 30th due date for the first quarter tax return. Each individual employer's tax rate also appears on their NYS-45, Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return.