



Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and
District Social Services Administration Boards

Chapter 5: Infrastructure Guideline

NOVEMBER 2024

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PART 1: START-UP GRANTS

1.A PURPOSE

Ontario's Action Plan for implementing CWELCC includes developing a framework for targeted space creation and providing funding for Start-up Grants to support the creation of new, affordable child care spaces for eligible children in targeted locations and for populations most in need.

Start-up Grants will support directed growth by enabling space creation in neighbourhoods that have had historically lower rates of space availability that may not be accommodated through natural growth.

1.B ELIGIBILITY

In keeping with the ministry's commitment to support all licensees regardless of auspice, for-profit and not-for-profit child care licensees who are enrolled in CWELCC are eligible to apply for Start-up Grants.

Funding for Start-up Grants is available to support the creation of new licensed child care spaces approved for enrolment in CWELCC in alignment with the CMSM's/DSSAB's Directed Growth Plan.

To access funding for Start-up Grants, CMSMs/DSSABs require a commitment from the licensee to:

- Remain enrolled in CWELCC for the remainder of the current CWELCC agreement (this means until March 31, 2026)
- Spend the Start-up Grant funding from the date the service agreement between the licensee and the CMSM/DSSAB is executed to December 31, 2026; and
- Prioritize the creation of and access to new licensed full-day child care spaces for children 0 to 4 years old in communities with vulnerable children and children from diverse populations, including, but not limited to, children living in low-income families, children with disabilities and children needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers to Canada, and official language minorities.

Capital projects for licensed child care programs for kindergarten and school-aged children and before and after school programs are not eligible for Start-up Grant funding.

Start-up Grants must fund projects required for child care facilities to be created, retrofitted, renovated, or expanded to accommodate a maximum group size for each age grouping for eligible children.

CMSMs/DSSABs may enter into service agreements with licensees to flow Start-up Grant funding, regardless of head office location.

Eligible centre-based applicants can receive a grant of up to \$350,000 for every 20 child care spaces created. Eligible home child care licensees can receive grants of up to \$1,200 per CWELCC space created, to a maximum of \$7,200 per provider.

Eligible expenses

Eligible expenses for licensed child care centres include:

- Play-based materials, equipment, and furnishings (both indoors and outdoors) as outlined in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*.
- Non-consumable supplies/equipment to support the ongoing regular operation of the child care program (for example, appliances, IT, supplies to support learning environments while adhering to health and safety requirements).
- Renovations, additions, or repairs to licensed child care facilities or potential child care facilities as approved by CMSMs/DSSABs.
- Changes to outdoor play space that are required as a result of the expansion of child care spaces in the centre so that the licensee continues to comply with O. Reg. 137/15. Funding to cover the costs incurred to make outdoor play space changes are subject to the overall project cap of \$350,000 per 20 child care spaces created.
- Leasehold improvements.

Eligible expenses for home child care licensees:

- Play-based materials, equipment, and furnishings (both indoors and outdoors) as outlined in O. Reg. 137/15 that can be transferred between home child care licensees as required.

Ineligible expenses:

- Purchase of land or buildings
- Debt costs, including principal and interest payments related to capital loans, mortgage financing, and operating loans

- Property taxes
- Expenditures related to care of children aged 6 to 12
- School-based child care spaces
- Indoor and outdoor renovations, additions or repairs to home child care licensee premises or potential home child care licensee premises.

1.C IMPLEMENTATION

Licensees must apply for Start-up Grants from the CMSM/DSSAB where the proposed new spaces are to be located.

Application process

CMSMs/DSSABs must establish an equitable and transparent process for licensees to apply. The application process must capture details on how the projects will improve access to licensed child care in communities with vulnerable children and children from diverse populations including:

- children living in low-income families
- children with special needs
- Indigenous children
- Black and other racialized children
- children of newcomers to Canada
- Francophone children

The Start-up Grant funding application must include an estimated date for the creation of the new licensed full-day child care spaces, and this date should be from the date of the application to December 31, 2026. The ministry has created a sample application form that is intended to assist CMSMs/DSSABs in their administration of the Start-up Grant application process. CMSMs/DSSABs are not required to use this sample application and may wish to consult with their legal counsel to obtain legal advice on the application or the administration process.

When approving applications for Start-up Grants, CMSMs/DSSABs should consider:

- cost effectiveness
- available operating funding
- capacity of program to access funds through other means
- program budget and financial history
- child care licensing history
- current licensed and operational capacity
- age groups (serving primarily eligible children and prioritizing the creation of full-time spaces)
- long-term viability
- investment in quality programming.

Home child care agency expansion

Home child care agency licensees may apply for Start-up Grants through the CMSM/DSSAB where the proposed new home child care premises will be located. If the home child care agency licensee is seeking to expand (that is, add new approved home child care premises in excess of their existing licensed capacity for a given service area), the licensee must request a revision to their licence in the Child Care Licensing System (CCLS).

Prior to the ministry reviewing, the request will be sent to the CMSMs/DSSABs associated with the home child care premise(s). Once the CMSMs/DSSABs have endorsed the increase in capacity, the ministry will proceed with reviewing and processing the revision request.

For clarity, prior to receiving Start-up Grant funding, home child care agency licensees must receive written confirmation from the respective CMSMs/DSSABs that the proposed new home child care premises align with their Directed Growth Plans/service system plans and are eligible to receive CWELCC funding.

Applicants whose floor plans are pending ministry approval

At their discretion, CMSMs/DSSABs may provide conditional approval of Start-up Grants to applicants whose floor plans are pending ministry approval, and for which the CMSMs/DSSABs have confirmed CWELCC eligibility (refer to Chapter 2, Division 1: CWELCC Participation).

CMSMs/DSSABs should consider legal and risk management implications of conditional approvals to service agreements and abide by ministry requirements regarding the development of service agreements for Start-up Grants below.

Service agreements

Upon approval of the Start-up Grant application, CMSMs/DSSABs must enter into a service agreement with the licensee. Funding is not considered committed and must not be flowed to applicants until there is a fully executed service agreement.

Service agreements for Start-up Grants between CMSMs/DSSABs and home child care licensees must include a commitment from the home child care licensee to maintain the number of approved child care spaces in the service area for the duration of the CWELCC agreement, even if the home child care licensee or capacity of home child care licensee changes prior to March 31, 2026.

If the licensee withdraws from CWELCC or ceases their operations, CMSMs/DSSABs must recover the Start-up Grant funding and return to the ministry as part of regular financial reporting processes.

Managing start-up projects

Where projects continue into the following year (that is, beyond the year of the expected completion date), CMSMs/DSSABs may continue to fund using the following year's Start-up Grant allocation, where available.

Wherever possible, CMSMs/DSSABs should provide funding to licensees on demonstrated cash needs and minimize large advance lump sum payments. For example, CMSMs/DSSABs could provide funding on milestones, such as 20% of the approved funding upon execution of the service agreement, 50% upon confirmation of receipt of construction permits, 20% upon confirmation of structural framing for renovations or additions, and 10% upon confirmation of a child care centre opening for business.

CMSMs/DSSABs must ensure licensees complete work and use the Start-up Grant funding on or before December 31 of the year when the project was to create the new licensed child care spaces. For example, licensees with a service agreement referring to a project set for completion by November 30, would have until December 31 to complete the work and use the funds provided.

1.D ACCOUNTABILITY REQUIREMENTS

CMSMs/DSSABs must track and report Start-up Grant expenditures separately from other CWELCC and child care administration.

CMSMs/DSSABs must have policies and procedures in place with licensees to fulfill all reporting requirements to the ministry. CMSMs/DSSABs should take reasonable and progressive corrective actions where a licensee does not comply with reporting requirements related to Start-up Grants.

Should the applicant fail to use funding in accordance with the terms and conditions of their purchase of service agreement, CMSMs/DSSABs must have policies and procedures in place as part of their financial review and reconciliation process related to the recovery of funds.

Unused funding

Any funding provided to licensees during the funding year that remains unspent by the end of the project term (on or before December 31 of the year that the project was targeted for completion), or funding was not used for its intended purpose, it must be recovered by the CMSM/DSSAB. This could also include withholding payments or reduce funding to a licensee when the licensee does not meet the obligations related to the use of the funding.

CMSMs/DSSABs have until December 31 of the funding year to enter into service agreements that will commit funds to licensees. By December 31, if an application is still pending full execution of the service agreement, without exception, funding will be considered uncommitted and must be returned to the ministry.

As part of the regular annual financial reporting process, CMSMs/DSSABs will return to the ministry any funding that was:

- Not committed to licensees by December 31
- Committed but not paid to licensees by December 31 of the year when the project was supposed to complete

- Recovered from licensees who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses

1.E REPORTING REQUIREMENTS

As part of the regular reporting processes and timelines described in Chapter 1: Funding Guideline, CMSMs/DSSABs are required to report financial and service data.

Financial data required for Start-up Grants include the following figures as at December 31:

- Funding commitments entered during the year
- Disbursements made on prior year commitments
- Disbursements made on current year commitments
- Funding recovered on prior year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding recovered on current year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding committed but not paid to applicants by December 31 of the year when the project was supposed to complete (amount to be returned to the ministry)
- Funding commitments completed during the year (that is, fully completed projects)
- All expenditure requirements must be submitted by type of setting (centre- or home-based), and by auspice (for-profit, not-for-profit)

Service data required for Start-up Grants includes the following:

- Number of net new licensed child care spaces supported with Start-up Grants by age group (infant, toddler, preschool)
- Number of net new licensed child care spaces supported with Start-up Grants broken down by auspice (for-profit, not-for-profit)
- Number of net new licensed child care spaces supported with Start-up Grants by type of setting (child care centre, home child care).