

# Child Care Transition Funding Guidelines

Full-Day Kindergarten  
Year 3

2012

Ministry of Education  
Early Learning Division

Updated: January 2012

## INTRODUCTION

Child care plays a key role in promoting healthy child development and early learning during the most critical first six years of a child's life. Providing children with responsive care and a stimulating environment helps to set the stage for future learning so that children arrive at school ready to achieve success. It is also an essential support for many parents, helping them to balance the demands of career and family while participating in the workforce, or pursuing education or training.

Ontario is investing in the education of its youngest students to help give them the best start in life. Full-day kindergarten (FDK) seeks to expand early learning opportunities for children ages 4 and 5. As FDK is implemented and the child care system transitions to serve children ages 0-4, we have the opportunity to build a better integrated, seamless early learning and child care system. Transition Operating and Minor Capital funding will support child care operators as they convert their programs to serve younger age groups.

As the child care service system managers, Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) will continue to play an important role in this planning process. CMSMs/DSSABs are key partners for child care operators and community organizations in local planning and solutions that are responsive to parental and community needs. Some child care programs may be able to make these changes without requiring financial support.

In order to support the child care system as the implementation of FDK progresses, it is recommended that CMSMs/DSSABs continue to build on their local transition planning process. Early learning and child care stakeholders will be a critical component in building a stronger and more comprehensive early learning system. Ongoing consultations with the Best Start Networks and Regional French-Language Best Start Networks, Ministry of **Education (MEDU)** licensing staff as well as school boards, the community, service providers, and other stakeholders will help CMSMs/DSSABs to better understand their community's ongoing challenges and successes in order to plan for the use of transition funding to support local community needs.

CMSMs/DSSABs have already engaged in much of the planning described below through Year 1 **and Year 2** transition planning and child care service system planning. The transition guidelines promote strengthening the early learning and child care system. Transition planning should reflect long term solutions as well as the use of **Year 3 transition** funding.

The six guiding principles that should be used for community planning related to FDK are as follows:

1. To focus planning first and foremost on the needs of families in the community;
2. To support the transition of child care programs to increase capacity for 0-4 year olds;
3. To create long-term community solutions that focus on building a stronger early learning and child care system;

4. Explore options to utilize existing funding to maintain, and where possible, to increase accessibility to and availability of quality licensed child care.
5. To focus planning on solutions that do not require additional funding from the government, and;
6. To maintain parental choice in the child care system.

## **FUNDING ALLOCATIONS**

The following guiding principles are intended to support the allocation of transition funds to operators:

- Funding should support the viability of existing child care operators who have been identified as being impacted by the implementation of FDK;
- Funding should support the refocusing of child care services for children 0-4 years old;
- Funding should focus on strengthening the child care system as a whole to best meet the needs of children and families in the community. Transition funding is not to be used for system expansion;
- Consistent with previous ministry investments, transition minor capital funds are available only for non-profit child care centres;
- Transition Operating funds are available to both non-profit and for-profit centres;
- Funding should be prioritized for centres that do not have the capacity to access funds through other means; and,
- Funding should be prioritized for communities and neighbourhoods at greatest risk of losing a significant portion of their licensed child care capacity.

The level of transition support required may be impacted by the phase of implementation of FDK and the uptake of FDK before- and after-school programs. CMSMs/DSSABs may allocate 2012 funds, in year, to support child care centres that will be impacted by Year 4 FDK implementation.

## **TRANSITION PLANS**

CMSMs/DSSABs will not be required to submit a plan to the Ministry for transition minor capital or transition operating funding.

The funding parameters, priority and eligibility criteria and reporting requirements for transition minor capital funding are described in Section 2 of these guidelines and those for transition operating funding are described in Section 3.

## **SECTION 1: DETERMINING LOCAL FDK IMPACTS**

In order to understand their ongoing local community needs as the child care system transitions to serve 0-4 year olds, it is recommended that CMSMs/DSSABs implement the following steps:

### **a) Environmental Scan:**

The scan may include:

- Population of children 0-5 years;
- Current child care capacity and enrolment 0-5 years;
- Child care subsidy waitlist 0-5 years;
- Total number of FDK sites;
- Community demographics;
- Unique community needs or circumstances that may impact planning.

**b) Community Consultations:**

Consultations conducted with community partners including but not limited to:

- Best Start Networks;
- Child care centre operators (including centres with service agreements, centres serving only full-fee paying families, commercial operators)
- Private-home day care agencies;
- Agencies that provide special needs resourcing;
- School boards;
- MEDU Child Care Advisors and Education Officers;
- MEDU child care licensing staff;
- MCYS Program Supervisors.

## **SECTION 2: PLANNING FOR TRANSITION MINOR CAPITAL FUNDING**

When determining allocations for transition minor capital funding CMSMs/DSSABs should:

- Consider the impacts of future FDK expansion noting that Year 4 planning, where 74 percent of four and five year olds will be able to access FDK, is well underway;
- Prioritize funding to help maintain stable child care services for children and families;
- Only consider centres that will be viable in subsequent years of FDK implementation for Year 3 transition minor capital funding.

CMSMs/DSSABs may draw upon work already completed through Year 1 and Year 2 transition planning and child care service planning in allocating transition minor capital funding to child care programs.

**Transition Minor Capital Funding Parameters:**

Transition minor capital funding will help to offset the costs of minor renovations of existing child care centres to serve younger aged children as 4 and 5 year olds enter FDK for items including but not limited to:

- Adding a wall to create an infant sleep room in a previous JK/SK room;
- Renovating a playground space; or

- Renovating washrooms for toddlers.

Transition minor capital funding cannot be used to purchase toys and equipment as this is considered an operating expense. Funds cannot be transferred between Transition operating funding (A665) and Transition minor capital funding (A713). There is no financial flexibility associated with Transition Minor Capital Funding (A713). Transition minor capital funding can only be used to support operator transitions that are related to FDK.

Transition minor capital funds must be expended by December 31, 2012. Unexpended funds will be recovered through the Ministry's year-end Financial Statements.

### **Priority Criteria:**

When prioritizing programs for transition minor capital funding, important background factors to consider may include:

- How this investment supports the identified priorities for the child care system;
- Whether the program has previously received Best Start capital or operating funding (including French language and Aboriginal off-reserve space creation);
- Child care licensing history;
- Investment in quality programming;
- Program budget and financial history;
- Level of investment required to support viability;
- Potential impacts of future FDK sites on the centre;
- Number of children in the program receiving fee subsidies;
- Supply and demand – supply of licensed child care and wait lists for fee subsidies;
- Whether the centre is losing a significant number of subsidized children;
- Integration of local and early years services with the program (i.e. hub services and community engagement);
- Local income levels – full fee paying and subsidized children by age group; and,
- The population served by the program – children with special needs, Aboriginal and Francophone children.

In addition to the factors listed above, CMSMs/DSSABs are advised to consider the quality of the child care centre. Centres that are repeatedly not in compliance with the *Day Nurseries Act* and pose health and safety risks to children are not considered an ideal investment. MEDU licensing staff will be a key contact for CMSMs/DSSABs during this process.

### **Eligibility Criteria:**

Through the CMSM/DSSAB, transition minor capital funding is available to non-profit operators only. Programs must demonstrate to the CMSM/DSSAB that they are financially viable and operationally sound.

Child care operators seeking transition minor capital funding must also demonstrate to the CMSM/DSSAB that they:

- Are directly impacted by FDK implementation;
- Are financially viable (audited financial statements for two most recent fiscal years) and/or able to sustain the program in the future through a sound business plan (needs assessment in support of the proposal); and
- Are incorporated as a non-profit corporation.

### **Reporting Requirements:**

#### **Data Elements**

CMSMs/DSSABs are required to report the number, name and licensed capacity of licensed child care centres in receipt of transition minor capital funding through the **Estimates**, Revised Estimates and Financial Statements on line A713.

#### **Expenditure & Purpose**

CMSMs/DSSABs are required to report transition minor capital funding expenditure as well as the purpose of the expenditure through the **Estimates**, Revised Estimates and Financial Statements on line A713.

**Note:** Transition minor capital funding is included as part of the **child care** service agreement through Child Care Transition Capital (A713). Cash flow will be based on the level of expenditure reported in EFIS to the extent that it is lower than the allocation.

## **SECTION 3: TRANSITION OPERATING FUNDING**

### **Transition Operating Funding Parameters:**

Transition operating funding is intended to support child care fee subsidies wherever possible. However, CMSMs/DSSABs have the flexibility to direct transition operating funding to the following areas as needed **regardless of whether** they have a waitlist for fee subsidy:

- Child care fee subsidies;
- Special needs resourcing; and,
- One-time start-up grants to support start up costs related to the implementation of FDK (i.e. toys and equipment, one-time lease and moving expenses).

CMSMs/DSSABs are not permitted to use transition operating funding for the following:

- Wage Subsidies or Wage Improvements;
- Advertising;
- Consultants;
- Administration;
- Professional development; and,
- Anything that does not fall under the categories mentioned in the list of the three permitted areas.

In order to maintain the original intent of transition operating funding, CMSMs/DSSABs will be required to set child care transition fee subsidy targets in their Estimates.

Transition operating funding must be expended by December 31, 2012. Unexpended funds will be recovered through the Ministry's year-end Financial Statements.

### **Priority Criteria:**

When prioritizing child care programs to receive one-time grants for start-up costs related to the implementation of FDK, CMSMs/DSSABs should take into account the priority criteria identified in section 2.

### **Eligibility Criteria:**

Child care operators seeking transition operating funding must also demonstrate to the CMSM/DSSAB that they:

- Are directly impacted by the FDK implementation; and
- Are financially viable (audited financial statements for the two most recent fiscal years) and/or able to sustain the program in the future through a sound business plan (needs assessment in support of the proposal).

Both non-profit and for-profit child care operators are eligible to receive transition operating funding.

### **Reporting Requirements:**

#### **Data Elements**

CMSMs/DSSABs are required to report fee subsidy and special needs resourcing service targets through the Estimates, Revised Estimates, and Financial Statements on line A665.

The number of licensed centres in receipt of start up grants is reported through the Estimates, Revised Estimates and the Financial Statements on line A411.

#### **Expenditure & Purpose**

Transition operating fee subsidy and special needs resourcing expenditures are reported and monitored through the Estimates, Revised Estimates and Financial Statements on line A665.

One-time start-up grant expenditures are transferred from transition operating (A665) to one time start-up grants (A411) through financial flexibility and reported through the Estimates, Revised Estimates and Financial Statements on line A411.