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2012: ELCC8

MEMORANDUM TO: Chief Administrative Officers, CMSMs/DSSABs
General Managers/Commissioners, CMSMs/DSSABs
Children's Service Managers, CMSMs/DSSABs

FROM: Pam Musson
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DATE: July 10, 2012

SUBJECT: **New 2012 Child Care Funding for Transition Operating and
Capital, Health and Safety Minor Capital, and Capacity
Funding to Support Transformation**

As you may know, on June 27th, 2012 the Province released a discussion paper, *Modernizing Child Care in Ontario*, to begin a conversation that will help move Ontario towards a higher quality, accessible and co-ordinated early learning and care system for all children. The discussion paper touches on the government's recent investment in child care, which was announced on April 20, 2012 as part of the 2012 Budget. The total fiscal impact of this action is \$90 million in 2012-13, \$68 million in 2013-14, and \$84 million in 2014-15. Over the next three years this investment will support child care modernization by stabilizing and transforming the existing system as child care operators adapt to the implementation of full day kindergarten (FDK). The purpose of this memo is to provide you with information about this new investment for the 2012 contract year.

This funding is above and beyond our current investments to support the child care sector and the implementation of FDK which currently include \$12M in transition capital over 5 years to help non-profit child care centres make retrofits and renovations to serve younger children. It is also in addition to stabilization funding that grows to \$51 million annually at full implementation of FDK to help transition child care centres as four- and five-year-olds move into full-day

kindergarten. This investment will bring the government's commitment to child care funding to more than \$1 billion, an increase of 90 per cent since 2003-04.

This investment is the next step in the government's commitment to support child care and to create a more integrated and seamless early learning and child care system. The investment consists of funding that can be used to:

- Help stabilize child care fees for parents;
- Mitigate child care centre closures and support existing subsidized spaces so that parents have child care they can count on;
- Increase quality and accountability in licensed child care settings; and
- Support retrofits to community-based child care to serve younger children.

As noted in the discussion paper, the government recognizes that funding for child care must be transparent and informed by evidence and experience to support consistency in approach, accessibility for families, and quality for children and child care operators. Creating a new funding formula will increase transparency and allocate funds based on a current assessment of need. In the coming months, the government will be working with its partners to look for opportunities to modernize Ontario's child care system so that it better reflects the needs of children and families. In doing so, the government will be sure to honour its consultation commitments under the terms of the Memorandum of Understanding between the Association of Municipalities of Ontario (AMO) and the Province of Ontario, and Toronto-Ontario Cooperation and Consultation Agreement (TOCCA).

In the interim, the new investment for the 2012 calendar year is being provided as one-time assistance until a new funding formula for child care is implemented. This one-time funding is intended to provide maximum flexibility for system service managers to best address local and urgent needs in the child care sector this contract year.

New Investments in Transition Capital and Operating

The Ministry is pleased to announce incremental funding to your Year 3 Transition Minor Capital funding allocation which is being made available to help support non-profit child care centres across the province make retrofits and renovations to serve younger children. This funding is identified in detail code A713 "adjustments: ELCC8" in the attached Budget Schedule.

This Ministry is also providing incremental funding for Transition Operating to help transition child care centres across the province as Year 3 of FDK is implemented. This funding allocation is identified in detail code A661 "adjustments: ELCC8" in the attached Budget Schedule.

Health and Safety Minor Capital

The Ministry is also pleased to announce funding for Health and Safety minor capital requirements to support licensed child care programs that are not in compliance with licensing requirements (or may be at risk of not being in compliance with licensing requirements) under the *Day Nurseries Act* (DNA). These resources will help to prevent child care closures as a result of non-compliance with the DNA and its regulations.

This funding is identified in detail code A375 "adjustments: ELCC8" in the attached Budget Schedule.

Capacity Funding to Support Transformation

The Ministry is also providing one-time Capacity Funding to Support Transformation to CMSMs/DSSABs to support and facilitate child care transformation within their communities. This funding is intended to help non-profit licensed child care programs address costs related to legal fees and advice to support operators' transformation, mergers and consolidations, relocation costs to schools, and costs for information technology used for administrative and business purposes.

This funding is identified in a new detail code A412 "adjustments: ELCC8" in the attached Budget Schedule.

Bridge Funding - 2013

The new investment for fiscal year 2012-13 includes one-time funding of \$50 million which is intended to mitigate the potential impact of a new funding formula on individual CMSMs/DSSABs, by reducing year over year decreases for some CMSMs/DSSABs that may result from the redistribution of funds as the new formula is implemented.

This funding will be allocated to CMSMs/DSSABs in 2013, and will be included in the 2013 Child Care Service Contract package, contingent on the implementation of a new child care funding formula.

Child Care Service Agreement – Amendment

An amendment to your 2012 child care service contract to reflect changes to the budget schedule and service descriptions for the one-time funding amounts will be distributed shortly for your signature from the Early Learning and Child Care Implementation Branch.

Contractual Service Targets Schedule

There will be no changes to the contractual service targets included in the signed service agreement.

Cash Flow

Your 2012 child care funding allocation, which will include the increased amounts for Transition Operating and Capital funding, Health and Safety funding, and Capacity Funding to Support Transformation will be reflected in your monthly cash flow payment in the month following the receipt of your amended service contract. The portion that will be included in the first payment following receipt of your amended service contract will include a catch-up to represent the months retroactive to April 2012.

Guidelines

The 2012 Business Practices Guidelines are being amended to incorporate the flexibility rules surrounding the one-time funding investments as well as the eligible types of expenditures for which the one-time funds may be spent.

This updated guideline as well as the Year 3 Transition Funding Guideline will be posted online at <http://faab.edu.gov.on.ca/CCGuidelines.htm>.

Please contact your Child Care Advisor directly if you have any questions/concerns regarding this memo and the enclosed materials. For questions regarding cash flow calculations, please contact your Financial Analyst.

Thank you for your cooperation. We look forward to a continued collaborative relationship.

Original signed by

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Copy: Jim Grieve, Assistant Deputy Minister, Early Learning Division, Ministry of Education
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