



Ministry of Education

**2018-19 Ontario Child Care and
Child and Family Business
Practice, Service and Funding
Guideline**

**First Nations and Child Care
Transfer Payment Agencies**

May 2018

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SECTION 1: INTRODUCTION

The 2018-19 Ontario Child Care and Early Years Business Practice, Service and Funding Guideline (“guideline”) for First Nations and Child Care Transfer Payment Agencies sets out the requirements associated with your child care and child and family program funding allocations. These requirements are established and framed by the ministry’s legislation and policy frameworks, including [Ontario’s Renewed Early Years and Child Care Policy Framework](#) and the *Child Care and Early Years Act, 2014*.

Child Care and Early Years Act, 2014

The *Child Care and Early Years Act, 2014* reflects Ontario’s vision for the early years as articulated in the Ontario Early Years Policy Framework, 2013, and provides a modernized legislative framework that governs the provision of child care and early years programs and services.

The legislation strengthens the government’s oversight in child care settings and supports greater access to licensed home-based child care for families by increasing the incentives for child care providers to join the licensed home-based sector. Recognizing the important partnerships that support the child care and early years system, the legislation also facilitates the local planning and implementation of child care and early years programs and services. The legislation is available on the e-Laws website.

Ontario’s Renewed Early Years and Child Care Policy Framework

On June 6, 2017, *Ontario’s Renewed Early Years and Child Care Policy Framework* was released, outlining our plan to continue building an accessible, affordable and high-quality early years and child care system that is responsive to the needs of children and families.

The renewed framework provides a vision for the early years where all children and families have access to a range of high-quality, inclusive and affordable early years and child care programs and services that are child- and family-centred and contribute to children’s learning, development and well-being. In addition, the *Achieving Excellence: A Renewed Vision for Education in Ontario* outlines the province’s commitment to the success and well-being of every child and student.

How Does Learning Happen? Ontario’s Pedagogy for the Early Years

The release of [How Does Learning Happen? Ontario’s Pedagogy for the Early Years](#) in 2014 helps to bring the provincial vision to life. Identified in the Ontario Early Years Policy Framework as a priority area for action, *How Does Learning Happen?* provides a comprehensive framework to guide program development and pedagogy in early years settings. *How Does Learning Happen? Ontario’s Pedagogy for the Early Years* is the provincial framework to guide programming and pedagogy in licensed child care and child and family settings across Ontario.

The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples (The Journey Together)

On May 30, 2016, Ontario released *The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples (The Journey Together)* and made a historic commitment to work with Indigenous partners to address the legacy of residential schools, close gaps and remove barriers, support Indigenous culture, and reconcile relationships with Indigenous peoples. As part of this commitment, Ontario is working with First Nations to increase the number of off-reserve licensed child care spaces and culturally relevant programming for Indigenous children and families.

To ensure that *The Journey Together* child care and early years investment will meet the unique needs of Indigenous children and families across Ontario the ministry invited each First Nations in fall/winter 2017 to submit applications to detail their vision and funding needs for culturally relevant child care and child and family programs in their community. These applications and needs assessments were completed in partnership with Indigenous-led organizations.

The Journey Together investment will help move Ontario toward a broader child care and early years strategy for Indigenous communities in Ontario and is connected to the government's vision where children and families are supported by a system of responsive, high-quality, accessible and increasingly integrated programs and services. This initiative also aligns with Ontario's approach to transform and integrate child and family programs through EarlyOn Child and Family Centres which include a focus on ensuring programs meet local community needs.

Navigating the Guideline

To assist with the navigation of this guideline, it has been divided into the following sections.

For First Nations and Child Care Transfer Payment Agencies that receive a funding allocation above \$350,000, business practices information can be found in Section 2.

For First Nations and Child Care Transfer Payment Agencies that receive a funding allocation below \$350,000, business practices information can be found in Section 3.

Child Care funding eligibility and requirements, including definitions and data elements, can be found in Section 4.

Information on child and family programs under the Journey Together, including funding, eligibility and reporting requirements, definitions and data elements, can be found in Section 5.

Information on Ontario Works Child Care funding, eligibility and requirements, including definitions and data elements, can be found in Section 6.

SECTION 2

BUSINESS PRACTICES FOR A FUNDING
ALLOCATION OF \$350,000 OR ABOVE

SECTION 2: BUSINESS PRACTICES FOR A FUNDING ALLOCATION OF \$350,000 OR ABOVE

OVERVIEW OF THE CONTRACT MANAGEMENT PROCESS

This section of the guideline is specific to First Nations and Transfer Payment Agencies (TPAs) with a funding allocation of \$350,000 or above, effective April 1, 2018, and provides an overview of the contract management process for child care and child and family programs at the Ministry of Education.

The contract management process consists of the following three stages:

1. Contracting;
2. Financial Reporting; and
3. Payment.

In accordance with the Government of Ontario's Transfer Payment Accountability Directive, and consistent with the principles of prudent fiscal management, funds must be flowed to transfer payment recipients only upon signature of the service agreement and related amendments.

CONTRACTING

Service agreements, which identify funding levels and service expectations, are distributed to First Nations and TPAs by email at the beginning of the fiscal year. The service agreement and any amendments to this agreement cover the fiscal period of April 1, 2018 to March 31, 2019.

Signed service agreements must be submitted to the ministry by **June 29, 2018**. Agreements can be submitted by email to tpa.edu.earlylearning@ontario.ca, or by regular mail.

To submit by regular mail, please send two original signed copies of the service agreement to the Programs and Service Integration Branch at the address below:

Programs and Service Integration Branch
Early Years and Child Care Division
Ministry of Education
900 Bay Street, Mowat Block, 24th Floor
Toronto, ON M7A 1L2

Note: When submitting signed service agreements, **please send the entire service agreement** along with the **signature page** to the email or mailing address noted above.

Service agreements between the ministry and First Nations/TPAs:

- set out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;
- document the respective rights, responsibilities, and obligations of the ministry and the recipient; and
- include specific, measurable results for the money received, reporting requirements, and any corrective action the government is entitled to take if agreed upon results are not achieved.

Email communication between First Nations/TPAs and the ministry should occur using an email address that is from the First Nation's or TPA's registered domain. This method of communication reassures senders and receivers of the email that they are corresponding in a more secure environment. An example of an acceptable e-mail using a registered domain is yourname@yourfirstnation.ca.

FINANCIAL REPORTING

The Reports Schedule of the service agreement identifies the ministry's submission requirements for the current fiscal year. First Nations and TPAs are required to provide the following submissions to the ministry as per the following cycle:

Submission Type	Due Date
Service Agreement	June 29, 2018 ¹
Wage Enhancement Application Form	June 29, 2018 ²
Financial Statements - EFIS	July 31, 2019

First Nations and TPAs with an allocation of \$350,000 or above are no longer required to submit an Interim Report in November through the Education Finance Information System (EFIS). First Nations and TPAs must now submit only the Financial Statements submission through EFIS.

The Finance Accountability and Data Analysis Branch (FADAB) will provide detailed instructions to First Nations and TPAs for each submission upon release of the submission in EFIS. The following is only a brief overview of the Financial Statements submissions.

¹ With an automatic extension granted if the Band Council has not approved the budget by this date.

² Only applicable to First Nations with licensed child care programs that require an updated allocation in 2018-19. See section four, Wage Enhancement/Home Child Care Enhancement Grant, for details.

Financial Statements: EFIS

The Financial Statements submission measures the First Nation's and TPA's actual performance against their estimated service data for the year. The Financial Statements submission is also a reconciliation of the First Nation's or TPA's funding allocation against actual expenditures once the year-end results are reported. It is due approximately four months following the March 31 year-end date (July 31, 2019) and must include the following elements:

1. Audited Financial Statements of the First Nation or TPA that covers all programs provided by the First Nation or TPA, including child care;
2. A post audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the rationale as to why it is not available;
3. A schedule of child care and child and family program revenues and expenses funded by the Ministry of Education. This information may be provided through the following formats:
 - Included as a note to the audited Financial Statements (part of # 1 above);
 - Included as a schedule to the audited Financial Statements (part of # 1 above); or included as part of a separate audit or review engagement report³.
4. An active EFIS submission.

If the schedule of child care and child and family programs revenues and expenses does not reconcile to the EFIS revenues and expenses, a reconciliation must be prepared by the auditors to reconcile the difference(s).

If a First Nation's or TPA's audited Financial Statements will not be available by July 31, 2019, the following steps should be taken:

1. Contact your Financial Analyst advising them that the year-end reporting requirements cannot be met. The correspondence should include the estimated date when the ministry can expect the audited Financial Statements as well as other year-end reporting requirements.
2. Submit an active EFIS submission by July 31, 2019, based on the best

³ The review engagement report allows for the independent verification of data reported within EFIS. Sample templates are provided in Appendix C.

information available at that time and recognize that it may change following the completion of the audit.

3. Submit a copy of the audited Financial Statements and other remaining requirements as soon as they are available.
4. Contact your Financial Analyst should a change be required to the active EFIS submission following the audit of the First Nation or TPA.

Variance Analysis

Variance analysis explanations will be required for identified significant variances in the Financial Statements submissions compared to the previous year. First Nations and TPAs will be contacted by their Financial Analyst to discuss significant variances, including the reason for variances and the potential or actual impacts on staff and services, and may be asked to provide an action plan as part of financial reporting.

In the event that additional in-year funding is announced following the receipt of the signed service agreement, a modified variance reporting methodology will be introduced to allow First Nations and TPAs to report on variances based on the revised funding allocation and increased expenditures.

PAYMENT

The Budget Schedule of the service agreement identifies the ministry's funding allocation for the First Nation or TPA named in the agreement. Generally, this allocation is divided into 12 approximately equal monthly payments (see "Payment Mechanics" table below), less any Health and Safety funding. Any applicable revised payments in each fiscal year will only begin after the service agreement or related amendments are signed by the First Nation/TPA and the ministry. The ministry will continue to make payments based on 2017-18 interim reports until the service agreement for the current fiscal year is signed by all parties.

Payment Mechanics

The Payment Schedule of the service agreement identifies monthly cash flow percentages. Percentages are based on the total 2018-19 allocation⁴.

⁴ Payments may be based on the prior year's interim reports, less Health and Safety funding, until the signed service agreement is received.

Month	Percentage	Month	Percentage
April	8.3%	October	8.3%
May	8.3%	November	8.3%
June	8.4%	December	8.4%
July	8.3%	January	8.3%
August	8.3%	February	8.3%
September	8.4%	March	8.4%

In-Year Funding Adjustments

As per the service agreement, the ministry automatically adjusts entitlement and the resulting cash flow to reflect forecasted or actual under-spending that is reported in the Financial Statements submissions.

These adjustments will result if the following occurs:

- The First Nation's or TPA's projected or actual spending levels are less than the approved funding amounts in the Budget Schedule of the service agreement; and/or
- The ministry identifies that projected expenses should be adjusted to better reflect previous years' actual expenses, trends and expectations for the current fiscal year. This process is completed through discussions between the ministry and the First Nation/TPA.

Payments based on Service Agreement

The original monthly cash flow will be based on approximately 1/12 (see "Payment Mechanics" table above) of the allocation amount outlined in the Budget Schedule of the service agreement. Payments are then adjusted after each financial submission.

Payments based on Financial Statements

Upon submission of the Financial Statements, any difference between the total amount paid to date and the entitlement calculated in the Financial Statements will be cash flowed to the First Nation or TPA. This adjustment will be made once the Financial Analyst completes a review of the Financial Statements. Any funding owed to the ministry by the First Nation or TPA will be deducted from future monthly payments. The First Nation or TPA is not required to issue a cheque to the ministry for the recoverable funding, unless requested by the ministry. The ministry may request payment with a cheque if more than three months or 25 per cent of the annual total allocation will be recovered.

POLICY FOR LATE FILING

The ministry acknowledges that the majority of First Nations and TPAs provide signed service agreements, updated financial submissions and related information on a timely basis. The intent behind the late filing process outlined below is to ensure the ministry has the information required to demonstrate accountability for public funds. The ministry will continue to support our First Nation and TPA partners with timely filing of financial submission requirements through regional outreach, training and resources. The ministry will also follow-up with First Nations or TPAs impacted by the policy to discuss any challenges with providing the information and to offer support prior to imposing any financial penalty. Late filing policies of financial submissions are implemented as follows:

Policy for late filing of Signed Service Agreements

Where a signed service agreement is not received by the ministry six months from the effective date of the new service agreement (i.e. October 1, 2018, unless an extension has been granted), the ministry will stop all payments to the First Nation or TPA until the signed agreement is submitted.

Policy for late filing of financial submissions includes:

- Financial reporting (Financial Statements);
- Queries related to financial reporting; and
- Financial documentation (Audited Financial Statements, Review Engagement Reports).

Where a First Nation or TPA files any submission after the filing deadline, the ministry will take the following action until the submission has been received:

- If the submission is not received by the ministry within 30 days after the filing deadline, the ministry will inform the First Nation or TPA that the submission is overdue.
- After 31 days, cash flow will be reduced by 50 per cent of their monthly payment until the submission is received. The ministry will work with the First Nation or TPA to discuss any challenges with providing the information and to offer support.

Upon receipt of the late submission, the ministry will reinstate the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

The ministry reserves the right to suspend funding (in year or in the subsequent year(s)). Should a First Nation or TPA have any outstanding financial submissions, responses to queries or financial documentation, the ministry may exercise its discretion by not providing funding in the subsequent fiscal year until the financial submissions, responses to queries and financial documentation have been received.

FINANCIAL FLEXIBILITY

Funding to First Nations and Transfer Payment Agencies (TPAs) flows under detail codes (e.g. A370- Regular Fee Subsidies), which are codes that describe each type of child care funding. The Budget Schedule of the service agreement outlines the detail code(s) and the amount of associated funding.

In-Year Flexibility

First Nations and TPAs have in-year flexibility to realign funds between detail codes, in accordance with the financial flexibility criteria outlined below, to meet service needs in their communities and address volume and caseload pressures. First Nations or TPAs must identify the realignment of funding in their applicable financial reporting submissions.

In order to exercise financial flexibility, First Nations and TPAs must meet the following criteria:

- **Program/Policy Direction and Priorities-** services must be delivered in the most effective, efficient and affordable manner. Service levels must be consistent with community priorities. Financial flexibility must improve client and service outcomes.
- **Funding Policies and Guidelines-** permanent realignments between detail codes cannot be made. Any flexibility between detail codes is only effective for the current fiscal year.

Funding between detail codes can be realigned as follows:

- Funds may be transferred between Special Needs Resourcing (A377) and Wage Subsidy (A392);
- Funds may be transferred from Child Care Transformation funding (A404) to Supervisor Network and Capacity Building Funding (A405); however the reverse is not permitted; and/or
- Funds may be transferred from Special Needs Resourcing (A377) to Supervisor Network and Capacity Building Funding (A405); however the reverse is not permitted.
- Funds may be transferred between Ontario Works Formal (A402) and Ontario Works Informal (A403).

- Funds may be transferred between the Journey Together one-time and ongoing operating.

Please Note:

Special needs resourcing is a priority for the ministry to ensure the inclusion of children with special needs in regulated child care settings at no additional cost to parents/guardians. This means that prior to the transfer of special needs resourcing funding, First Nations must ensure that all special needs resourcing requirements for children in licensed child care are met. Funding can only be moved from the original special needs resourcing allocation and cannot be combined with other flexibility options.

There are multiple eligible expenses under Child Care Transformation (A404). First Nations and TPAs have the flexibility to decide how to spend this allocation on the eligible expenses in order to meet community priorities.

The illustration below outlines in-year funding flexibility.



Detail Codes with no Financial Flexibility:

Funds CANNOT be transferred out of or into the following detail codes:

- Child Care Regular Subsidies (A370/A371)
- Repairs and Maintenance (A375)
- Pay Equity Union Settlement (A394)
- Wage Enhancement/Home Child Care Enhancement Grant (A406)
- Administration for Wage Enhancement/Home Child Care Enhancement Grant (A407)
- Small Water Works Child Care (A515)
- Fee stabilization funding
- Home Child Care Base Funding

With respect to child and family programs, funding cannot be transferred in or out of the following detail codes:

- The Journey Together capital

There is no financial flexibility between child care and child and family program funding. For The Journey Together funding, there is no financial flexibility between operating and capital.

BASIS OF ACCOUNTING

First Nations and TPAs are required to report their revenues and expenditures using the modified accrual basis of accounting in their Financial Statements submissions. This basis of accounting is also guided by other policies and guidelines.

Modified Accrual Basis of Accounting

The modified accrual basis of accounting requires the inclusion of short-term accruals of normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable usually within 30 days of year-end.

The modified accrual basis of accounting does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenditures do not represent an actual cash expenditure related to the current period⁵.

⁵ Non-cash transactions include: provisions for pension expenses; provisions for unused sick leave and wage settlements; provisions for repairs or replacements; provisions for bad debts; retainer fees for legal services; and provisions for amortization. However, related payments are admissible.

Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year the goods or services are received.

Expenditures made once a year (e.g. insurance) must be recorded in one of the following two methods:

- a. Expenditures will be charged to the period in which they are paid; or
- b. The part of the expenditure that applies to the current year will be expensed in that year.

Either method of accounting for expenditures made once a year is acceptable. However, the selected method must be consistent from year to year.

Admissible/Inadmissible Expenditures

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentary evidence.

All expenditures arising from transactions not conducted at arm's length from the First Nation or TPA (e.g. transactions in which both parties to the transaction may not be acting independently of each other due to a previous relationship) are inadmissible unless transacted at fair market value.

Expenses that do not directly support the provision of child care and child and family services are inadmissible and include the following:

- Interest expenses incurred on operating loans
- Professional organization fees paid on behalf of staff for membership in professional organizations
- Property tax expenses
- Fundraising expenses
- Donations to charitable institutions or organizations
- Bonuses, gifts and honoraria
- Capital loans
- Mortgage financing
- Reserve Funds

SECTION 3

BUSINESS PRACTICES FOR A FUNDING ALLOCATION BELOW \$350,000

SECTION 3: BUSINESS PRACTICES FOR A FUNDING ALLOCATION BELOW \$350,000

OVERVIEW OF THE CONTRACT MANAGEMENT PROCESS

This section of the guideline is specific to First Nations and Transfer Payment Agencies (TPAs) with a funding allocation below \$350,000⁶ effective April 1, 2018 and provides an overview of the contract management process for child care and child and family programs at the Ministry of Education.

The contract management process consists of the following three stages:

1. Contracting;
2. Financial Reporting; and
3. Payment.

In accordance with the Government of Ontario's Transfer Payment Accountability Directive, and consistent with the principles of prudent fiscal management, funds must be flowed to transfer payment recipients only upon signature of the service agreement and related amendments.

CONTRACTING

Service agreements, which identify funding levels and service expectations, are distributed to First Nations and TPAs by email at the beginning of the fiscal year. The service agreement and any amendments to this agreement cover the fiscal period of April 1, 2018 – March 31, 2019.

Signed service agreements must be submitted to the ministry by **June 29, 2018**. Agreements can be submitted by email to tpa.edu.earlylearning@ontario.ca, or by regular mail.

To submit by regular mail, please send two original signed copies of the service agreement to the Programs and Service Branch at the address below:

Programs and Service Integration Branch
Early Years and Child Care Division
Ministry of Education
900 Bay Street, Mowat Block, 24th Floor
Toronto, ON M7A 1L2

⁶ "Allocation" is defined as the funding amount set out in the service agreement and excludes one-time funding adjustments (e.g., health and safety funding). Reporting requirements are subject to change in-year should a First Nation's or TPA's on-going allocation exceed \$350,000 for the first time during the fiscal year. Includes both child care and child and family program funding.

Note: When submitting signed service agreements, **please send the entire service agreement** along with the **signature page** to the email or mailing address noted above.

Service agreements between the ministry and First Nations/TPAs:

- set out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;
- document the respective rights, responsibilities, and obligations of the ministry and the recipient; and
- include specific, measurable results for the money received, reporting requirements, and any corrective action the government is entitled to take if agreed upon results are not achieved.

Email communication between First Nations/TPAs and the ministry should occur using an email address that is from the First Nation's or TPA's registered domain. This method of communication reassures senders and receivers of the email that they are corresponding in a more secure environment. An example of an acceptable e-mail using a registered domain is yourname@yourfirstnation.ca.

FINANCIAL REPORTING

The Reports Schedule of the service agreement identifies the ministry's submission requirements for the current fiscal year. First Nations and TPAs are required to provide the following submissions to the ministry as per the following cycle:

Submission Type	Due Date
Service Agreement	June 29, 2018 ⁷
Wage Enhancement Application Form	June 29, 2018 ⁸
Financial Statements - Attestation	July 31, 2019

⁷ With an automatic extension granted if the Band Council/Board of Directors has not approved the budget by this date.

⁸ Only applicable to First Nations with licensed child care programs that require an updated allocation in 2018-19. See section four, Wage Enhancement/Home Child Care Enhancement Grant, for details.

First Nations and TPAs with an allocation below \$350,000 must submit one financial report to the ministry - Financial Statements - through an attestation form. The Financial Analysis and Accountability Branch (FAAB) will provide instructions to First Nations and TPAs for the Financial Statements submission upon release of the attestation form. A brief overview of the Financial Statements submission is below.

Financial Statements: Attestation

In the Financial Statements submission, the First Nation or TPA provides their actual expenditures and service data for the year. The Financial Statements submission is a reconciliation of the First Nation's or TPA's annual funding allocation against actual expenses incurred. It is due approximately four months following the March 31st year-end date or July 31, 2019 and must include the following elements:

1. Audited Financial Statements of the First Nation or TPA that covers all programs provided by the First Nation or TPA, including child care and child and family programs;
2. A post audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the rationale as to why it is not available;
3. An attestation form verifying the First Nation's or TPA's compliance with the terms of the service agreement for the fiscal year in which the agreement applies; and
4. A schedule of child care and child and family program revenues and expenses funded by the Ministry of Education.

This information may be provided through the following formats:

- Included as a note to the audited Financial Statements (part of # 1 above);
- Included as a schedule to the audited Financial Statements (part of # 1 above); or
- Included as part of a separate audit or review engagement report⁹.

If the schedule of child care and family programs revenues and expenses do not reconcile to the attestation revenues and expenses, a reconciliation must be prepared by the auditors to reconcile the difference(s).

⁹ The review engagement report allows for the independent verification of data reported within the Attestation form. Sample templates are provided in Appendix C.

If a First Nation's or TPA's audited Financial Statements will not be available by July 31, 2019, the following steps should be taken:

1. Contact your Financial Analyst to advise them that the year-end reporting requirements cannot be met. The correspondence should include the estimated date of when the ministry can expect the audited Financial Statements as well as other reporting requirements.
2. Submit the attestation form by July 31, 2019 based on the best information available at that time and recognize that it may change following the completion of the audit.
3. Submit a copy of the audited Financial Statements and other remaining requirements as soon as they are available.
4. Contact your Financial Analyst should a change be required to the previously submitted attestation form following the audit of the First Nation or TPA.

Variance Analysis

Variance analysis explanations will be required for identified significant variances in the Financial Statements submission. If there is a significant variance between the previous and current fiscal year's financial and data elements, First Nations or TPAs will be contacted by their Financial Analyst to discuss this variance, including the reason for variances and the potential or actual impacts on staff and service. In addition, First Nations or TPAs may be asked to provide an action plan as part of financial reporting in response to the variance.

In the event that additional funding is announced within the fiscal year, a modified variance reporting methodology will be introduced to allow First Nations or TPAs to report on variances based on the revised funding allocation and increased expenditures.

PAYMENT

The Budget Schedule of the service agreement identifies the ministry's funding allocation for First Nations and TPAs. Generally, the allocation is divided into 12 approximately equal monthly payments (see "Payment Mechanics" table below), less any Health and Safety funding. Revised payments in each fiscal year should only begin after the service agreement or related amendments are signed by the First Nation/TPA and the ministry. In some circumstances, the ministry may continue to make payments based on the Budget Schedule in the signed service agreement for the immediately preceding fiscal year until the service agreement for the current fiscal year is signed by all parties.

Payment Mechanics

The Payment Schedule of the service agreement identifies monthly cash flow percentages. Percentages are based on the total 2018-19 allocation¹⁰.

Month	Percentage	Month	Percentage
April	8.3%	October	8.3%
May	8.3%	November	8.3%
June	8.4%	December	8.4%
July	8.3%	January	8.3%
August	8.3%	February	8.3%
September	8.4%	March	8.4%

In-Year Funding Adjustments

As per the service agreement, the ministry automatically adjusts entitlement and the resulting cash flow to reflect under-spending that has occurred following the submission of Financial Statements, where actual under spending is reported.

These adjustments will result when the following occurs:

- The First Nation's or TPA's actual spending levels are less than the approved funding amounts in the Budget Schedule of the service agreement; and/or,
- The ministry identifies that reported expenses should be adjusted to better reflect previous years' actual expenses, trends and expectations for the current fiscal year. This process is completed through discussions between the ministry and the First Nation or TPA.

Payments based on the Service Agreement

The original monthly cash flow will be based on approximately 1/12 (see "Payment Mechanics" table above) of the allocation amount outlined in the Budget Schedule of the service agreement.

Payments based on the Financial Statements: Attestation

Upon submission of the First Nation's or TPA's attestation, any difference between the total amount paid to date and the entitlement will be cash flowed to the recipient or

¹⁰ Payments may be based upon the prior year's allocation, less Health and Safety funding, until the signed service agreement is received.

recovered from a future cash flow payment. This adjustment will be made once the financial review of the attestation has been completed. Any funding owed to the ministry by the First Nation or TPA will be deducted from future monthly payments. The First Nation or TPA is not required to issue a cheque to the ministry for the recoverable funding unless requested by the ministry. The ministry may request payment with a cheque if more than three months or 25 per cent of the annual total allocation will be recovered.

POLICY FOR LATE FILING

The ministry acknowledges that the majority of First Nations and TPAs provide signed service agreements, updated financial submissions and related information on a timely basis. The intent behind the late filing process outlined below is to ensure the ministry has the information required to demonstrate accountability for public funds. The ministry will continue to support our First Nation and TPA partners with timely filing of financial submission requirements through regional outreach, training and resources. The ministry will also follow-up with First Nations or TPAs impacted by the policy to discuss any challenges with providing the information and to offer support. Late filing policies of financial submissions are implemented as follows:

Policy for late filing of Signed Service Agreements

Where a signed service agreement is not received by the ministry six months from the effective date of the new service agreement (i.e. October 1, 2018, unless an extension has been granted), the ministry will stop all payments to the First Nation or TPA until the signed agreement is submitted.

Policy for late filing of financial submissions includes:

- a. Financial reporting (Financial Statements – Attestation);
- b. Queries related to financial reporting; and
- c. Financial documentation (Audited Financial Statements, Review Engagement Reports).

Where a First Nation or TPA files any submission after the filing deadline, the ministry will take the following action until the submission has been received:

- If the submission is not received by the ministry within 30 days after the filing deadline, the ministry will inform the First Nation or TPA that the submission is overdue.
- After 31 days, cash flow will be reduced by 50 per cent of their monthly payment until the submission is received. The ministry will work with the First Nation or TPA to discuss any challenges with providing the information and to offer support.

Upon receipt of the late submission, the ministry will reinstate the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

The ministry reserves the right to suspend funding (in year or in the subsequent year(s)). Should a First Nation or TPA have any outstanding financial submissions, responses to queries or financial documentation, the ministry may exercise its discretion by not providing funding in the subsequent fiscal year until the financial submissions, responses to queries and financial documentation have been received.

FINANCIAL FLEXIBILITY

Funding to First Nations and Transfer Payment Agencies (TPAs) flows under detail codes (e.g. A370- Regular Fee Subsidies), which are codes that describe each type of child care funding. The Budget Schedule of the service agreement outlines the detail code(s) and the amount of associated funding.

In-Year Flexibility

First Nations and TPAs have in-year flexibility to realign funds between detail codes, in accordance with the financial flexibility criteria outlined below, to meet service needs in their communities and address volume and caseload pressures. First Nations or TPAs must identify the realignment of funding in their applicable financial reporting submissions.

In order to exercise financial flexibility, First Nations and TPAs must meet the following criteria:

- **Program/Policy Direction and Priorities-** services must be delivered in the most effective, efficient and affordable manner. Service levels must be consistent with community priorities. Financial flexibility must improve client and service outcomes.
- **Funding Policies and Guidelines-** permanent realignments between detail codes cannot be made. Any flexibility between detail codes is only effective for the current fiscal year.

Funding between detail codes can be realigned as follows:

- Funds may be transferred between Special Needs Resourcing (A377) and Wage Subsidy (A392);
- Funds may be transferred from Child Care Transformation funding (A404) to Supervisor Network and Capacity Building Funding (A405); however the reverse is not permitted; and/or
- Funds may be transferred from Special Needs Resourcing (A377) to Supervisor Network and Capacity Building Funding (A405); however the reverse is not permitted.

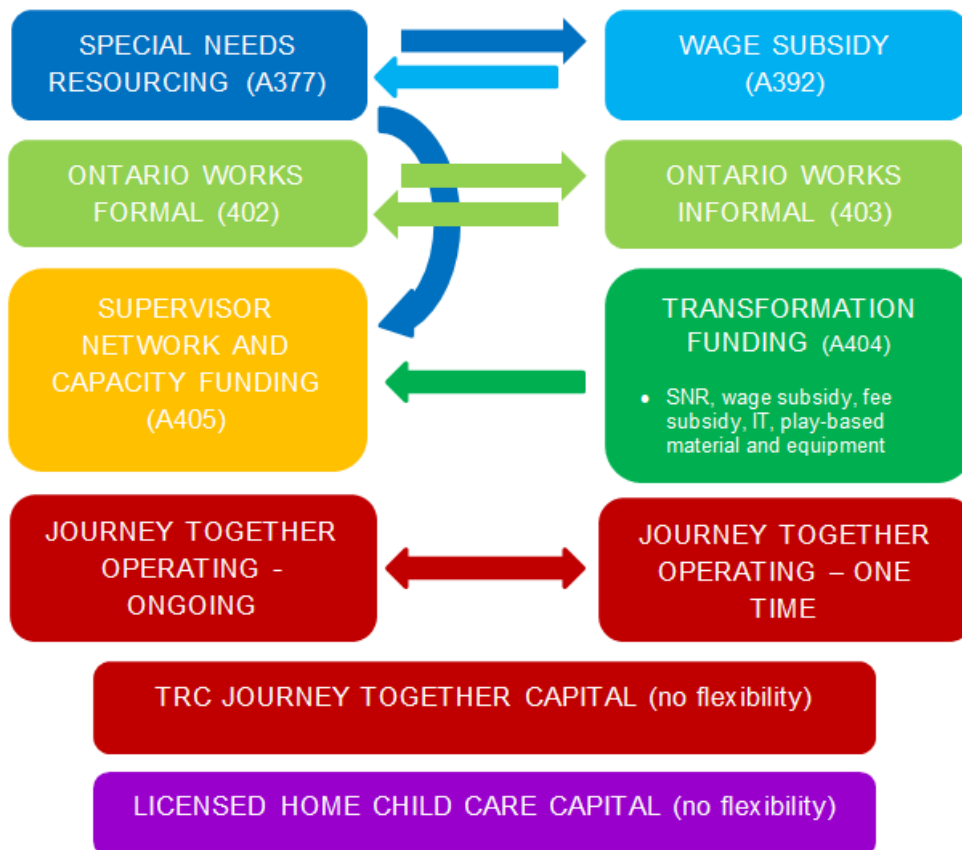
- Funds may be transferred between Ontario Works Formal (A402) and Ontario Works Informal (A403).
- Funds may be transferred between the Journey Together one-time and ongoing operating.

Please Note:

Special needs resourcing is a priority for the ministry to ensure the inclusion of children with special needs in regulated child care settings at no additional cost to parents/guardians. This means that prior to the transfer of special needs resourcing funding; First Nations must ensure that all special needs resourcing requirements for children in licensed child care are met. Funding can only be moved from the original special needs resourcing allocation and cannot be combined with other flexibility options.

There are multiple eligible expenses under Child Care Transformation (A404). First Nations and TPAs have the flexibility to decide how to spend this allocation on the eligible expenses in order to meet community priorities.

The illustration below outlines in-year funding flexibility.



Detail Codes with no Financial Flexibility:

Funds CANNOT be transferred out of or into the following detail codes:

- Child Care Regular Subsidies (A370/A371)
- Repairs and Maintenance (A375)
- Pay Equity Union Settlement (A394)
- Wage Enhancement/Home Child Care Enhancement Grant (A406)
- Administration for Wage Enhancement/Home Child Care Enhancement Grant (A407)
- Small Water Works Child Care (A515)
- Fee Stabilization Funding
- Home Child Care Base Funding

With respect to child and family programs, funding cannot be transferred in or out of the following detail codes:

- The Journey Together capital

There is no financial flexibility between child care and child and family program funding. For The Journey Together funding, there is no financial flexibility between operating and capital.

BASIS OF ACCOUNTING

First Nations and TPAs are required to report their revenues and expenditures using the modified accrual basis of accounting in their Financial Statements submissions. This basis of accounting is also guided by other policies and guidelines.

Modified Accrual Basis of Accounting

The modified accrual basis of accounting requires the inclusion of short-term accruals of normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable usually within 30 days of year-end.

The modified accrual basis of accounting does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenditures do not represent an actual cash expenditure related to the current period¹¹.

¹¹ Non-cash transactions include: provisions for pension expenses; provisions for unused sick leave and wage settlements; provisions for repairs or replacements; provisions for bad debts; retainer fees for legal services; and provisions for amortization. However, related payments are admissible.

Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year the goods or services are received.

Expenditures made once a year (e.g. insurance) must be recorded in one of the following two methods:

- a. Expenditures will be charged to the period in which they are paid; or
- b. The part of the expenditure that applies to the current year will be expensed in that year.

Either method of accounting for expenditures made once a year is acceptable. However, the selected method must be consistent from year to year.

Admissible/Inadmissible Expenditures

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentary evidence.

All expenditures arising from transactions not conducted at arm's length from the First Nation or TPA (e.g. transactions in which both parties to the transaction may not be acting independently of each other due to a previous relationship) are inadmissible unless transacted at fair market value.

Expenses that do not directly support the provision of child care and child and family services are inadmissible and include the following:

- Interest expenses incurred on operating loans
- Professional organization fees paid on behalf of staff for membership in professional organizations
- Property tax expenses
- Fundraising expenses
- Donations to charitable institutions or organizations
- Bonuses, gifts and honoraria
- Capital loans
- Mortgage financing
- Reserve Funds

SECTION 4

CHILD CARE SERVICE AND FUNDING ELIGIBILITY AND REQUIREMENTS

SECTION 4: CHILD CARE SERVICE, FUNDING ELIGIBILITY AND REQUIREMENTS

This section of the guideline applies to all First Nations and TPAs that receive child care funding and sets out the ministry's expectations, terms and conditions for provincial funding and the corresponding services.

A370/A371 – CHILD CARE REGULAR FEE SUBSIDIES

PURPOSE

Child care plays a key role in helping to promote healthy child development and well-being. 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.

ALLOCATIONS

Child Care Fee Subsidy funding is available through detail code A370 and A371-Child Care Regular Fee Subsidies. This allocation is available in Budget schedule of the service agreement, if applicable.

ELIGIBLE EXPENDITURES

First Nations may use Child Care Regular Subsidies funding to provide access for eligible families whose children attend licensed child care centres and licensed home child care directly operated or purchased by First Nation Bands.

Parents may be eligible for fee subsidies for children under the age of 13, as defined by the *Child Care and Early Years Act, 2014*. The government has taken steps to support continuity of care for children with special needs. Parents of children with special needs who were in receipt of a service or received financial assistance before August 31, 2017 will be allowed to continue to receive assistance until that child turns 18, provided that they meet other eligibility criteria that are unrelated to age. For example, if a person with special needs started to receive financial assistance at age 12 on August 30, 2017, he/she is eligible to continue receiving that financial assistance until he/she turns 18 in the year 2023. This means that these adolescents will not experience a financial assistance disruption based on their age.

Operating transportation costs may be included in fee subsidies if they are part of the child care centre's or home child care's budget.

Capital costs such as the purchase of a bus or capital builds are not eligible expenditures.

Access for eligible families is subject to the availability of subsidy funds within the budget of the First Nation and space availability with a child care program.

COST-SHARING REQUIREMENTS

Child Care Regular Fee Subsidies (A370) is cost shared with 80% provided by the province and 20% by the First Nation. Funding is flowed under the *Child Care and Early Years Act, 2014*.

First Nations Newly Funded in 2016-17

For First Nations newly funded in 2016-17 that did not previously receive federal funding contribution, ministry funding is flowed under the *Child Care and Early Years Act*. Please refer to the Child Care Regular Fee Subsidies (A371) program description schedule of your service agreement for more information.

FINANCIAL FLEXIBILITY

Funding cannot be moved to any other detail codes.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Child Care Regular Fee Subsidies expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements - Attestation submission.

In addition to total expenses, First Nations are required to report on the Child Care Regular Fee Subsidies data elements outlined in this guideline. These data elements include:

- The average monthly number of infants receiving fee subsidy;
- The average monthly number of toddlers receiving fee subsidy;
- The average monthly number of preschoolers receiving fee subsidy;
- The average monthly number of kindergarten children receiving fee subsidy;
- The average monthly number of school age children receiving fee subsidy;
- The cumulative number of children receiving fee subsidy.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations should maintain service and financial records for each site where the service above is being provided.

A375 – REPAIRS AND MAINTENANCE (HEALTH AND SAFETY)

PURPOSE

Repairs and Maintenance (Health and Safety) funding is to support licensed child care centres and home child care agencies in meeting licensing requirements under the *Child Care and Early Years Act, 2014* (CCEYA). It is the ministry's expectation that child care service providers will continue to comply with the ministry's licensing requirements under the CCEYA as well as health and safety practices, the upkeep of equipment, property repairs and maintenance.

ELIGIBLE EXPENDITURES

Repairs and Maintenance (Health and Safety) expenses are to support eligible First Nations with on-reserve licensed child care programs to fund repairs, minor renovations, furnishings and equipment. Major capital costs are not eligible expenditures. First Nations must apply for Repairs and Maintenance (Health and Safety) funding on an annual basis.

Once approved for Repairs and Maintenance (Health and Safety) funding, your allocation will be included on the Budget Schedule of your service agreement (or Service Agreement Amendment if applicable) and will be available through detail code A375- Repairs and Maintenance.

First Nations may use Repairs and Maintenance (Health and Safety) funding for the following types of expenses:

Food Preparation

Addition, repair or replacement of:

- Hand washing sink in the kitchen
- Dishwasher or hot water booster
- Major appliances

Washrooms

Addition, repair or replacement of:

- Fixtures
- Partitions
- Flooring materials
- Change table

Major Systems

Addition, improvement, repair or replacement of:

- Leaking roof
- Building foundation
- Heating/cooling system
- Ventilation system
- Sump pump
- Emergency lighting
- Accessibility
- Windows or doors
- Asbestos removal or encapsulation
- Wiring upgrades

Play Area

Addition, repair or replacement of:

- Damaged walls/peeling paint that may contain lead
- Windows
- Damaged/worn flooring material or ceiling
- Damaged/worn outdoor play equipment/safety surfacing
- Fencing
- Drinking water system
- Heating system

Code Compliance

- Ontario Fire Code orders/recommendations
- Ontario Building Code orders/recommendations
- Public Health Code orders/recommendations

Health and safety funding for licensed home child care agencies may only be used to purchase portable items that improve health and safety for children. The portable nature of the equipment will enable the items to be transferred to another home child care provider, as required. Examples of portable safety items may include Canadian Standard Association (CSA) approved infant equipment such as playpens, highchairs, safety gates, child safety locks, first aid kits and fire extinguishers.

Note1: The above list is only a guide and not an exhaustive list.

Note2: Health and Safety funding cannot be used for program expansion.

APPLICATION PROCESS

In memo [EYCC3](#), the ministry invited First Nations to apply for 2018-19 Repairs and Maintenance (Health and Safety) funding. While applications will continue to be accepted throughout the fiscal year, First Nations are encouraged to submit their applications for health and safety funding to the ministry as soon as possible to support construction during the warmer months.

Health and safety applications submitted to the ministry **must** include the three items listed below:

1. A completed copy of the **2018-19 Health and Safety Funding Request Form** (included in the EYCC3 package);
2. Proof of the estimated cost for each health and safety project:
 - **One quote** or proof of the estimated cost is required for each project with a total cost below \$10,000;
 - **Three quotes** or proof of the estimated costs are required for each project with a total cost above \$10,000;
 - Proof of purchase (receipt or invoice) is required for projects where the cost was covered by the First Nation after April 2, 2018.
3. A copy of independent documentation that supports the need for each health and safety project from one or more of the following sources:
 - Summary of Child Care Centre Licensing Requirements and Recommendations or Child Care or Home Child Care Licensing Checklist;
 - Health Canada Inspection Report;
 - Fire Inspection Report; and/or
 - Building Inspection Report.

Once your application is complete, all of the above can be mailed, emailed or faxed to:

Programs and Service Integration Branch
Ministry of Education
900 Bay St., Mowat Block 24th Floor
Toronto, ON
Fax: (416) 314-7836
[Email: tpa.edu.earlylearning@ontario.ca](mailto:tpa.edu.earlylearning@ontario.ca)

Please notify your Early Years Advisor by email or phone once you have submitted your health and safety funding application.

The ministry recognizes that emergency health and safety requirements may arise at any point in time. Contact your Early Years Advisor should you require funding to address an emergency health and safety requirement.

AFTER SUBMITTING AN APPLICATION FOR REPAIRS AND MAINTENANCE (HEALTH AND SAFETY) FUNDING

As limited funding is available to address health and safety requirements, the ministry may be unable to provide funding for every request submitted. Approval of health and safety funding requests is based on priority situations as follows:

- a. It is a current licensing/fire/building/public health issue identified in an inspection report.
- b. It could potentially become a licensing/fire/building or public health issue.
- c. It is to enhance service/quality/other.

Applications for 2018-19 child care Repairs and Maintenance (Health and Safety) funding will be reviewed on an on-going basis as they are received by the ministry.

First Nations will receive notification regarding the status of their health and safety application within 20 business days of the ministry receiving the completed application. If your First Nation applied and was approved for funding prior to the development of your service agreement, this amount would have been included on your original 2018-19 service agreement. If your First Nation was approved for Repairs and Maintenance (Health and Safety) funding after this time, an approval letter as well as an amendment to your service agreement will be sent to you by email.

EXPENDITURE REQUIREMENTS, INCLUDING TIMELINES, FOR REPAIRS AND MAINTENANCE (HEALTH AND SAFETY) FUNDING

Health and safety funding can only be used to address health and safety requirements in licensed child care centres and/or licensed home child care agencies. Per the approval letter and the Program Description Schedule of the service agreement, health and safety projects must be completed by March 31, 2019. In addition, any health and safety funding received in the 2018-19 fiscal year must be spent by March 31, 2019.

Health and safety funding can only be used to cover costs incurred between April 1, 2018 and March 31, 2019.

First Nations should retain all supporting documentation related to health and safety projects. The ministry may request, at any time, documentation (e.g., contracts, invoices, receipts) related to approved health and safety projects.

PAYMENT REQUIREMENTS FOR REPAIRS AND MAINTENANCE (HEALTH AND SAFETY) FUNDING

One-time Repairs and Maintenance (Health and Safety) funding flows under detail code A375- Repairs and Maintenance as it appears in the Program Description Schedule and Budget Schedule of your child care service agreement/amendment.

Approved Repairs and Maintenance (Health and Safety) funding flows to your First Nation in two separate payments. First Nations that receive approval for 2018-19 Repairs and Maintenance (Health and Safety) funding are required to submit the following documents before the ministry can provide each health and safety payment:

- Payment 1: 75% of the total approved health and safety funding amount will flow upon receipt of the child care agreement/amendment by the ministry.
- Payment 2: 25% of the total approved health and safety funding amount will flow upon receipt of the “Statement of Conformity and Attestation Form” by the ministry indicating that the approved project(s) have been completed. If the expenditure on a health and safety project is less than the approved funding amount, the ministry will adjust your 25% payment to reflect this underspending.

The Statement of Conformity and Attestation Form for Repairs and Maintenance (Health and Safety) funding is due to the ministry by March 29, 2019. First Nations are encouraged to submit this form as soon as their projects are completed to ensure receipt of the second payment in a timely manner.

Health and safety funding, payments of 25 per cent and 75 per cent, will flow to First Nations as part of the monthly child care payments. The timing of these payments will depend on when the ministry receives your signed agreement/amendment and Statement of Conformity and Attestation Form and the next scheduled payment. If the Statement of Conformity and Attestation Form for Repairs and Maintenance (Health and Safety) funding is received after May 1, 2019, any remaining funding will be provided following a review of the 2018-18 Financial Statements or Financial Statements – Attestation.

Any questions regarding the ministry’s 2018-19 health and safety funding process can be directed to your Early Years Advisor.

FINANCIAL FLEXIBILITY

There is no flexibility associated with Health and Safety funding and the related allocation must be used for approved projects only.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Repairs and Maintenance (Health and Safety) expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenses, First Nations are required to report on the Repairs and Maintenance (Health and Safety) data element outlined in the subsection below. This data element includes:

- The number of licensed programs funded for repairs and maintenance.

A377 – SPECIAL NEEDS RESOURCING

PURPOSE

Special Needs Resourcing (SNR) funding is to support the inclusion of children with special needs in regulated child care settings at no additional cost to parents/guardians.

ALLOCATIONS

SNR funding is available through detail code A377- Special Needs Resourcing and A404- Child Care Transformation. These allocations are available in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Services and supports purchased through SNR funding are for children with special needs up to 13 years of age to support attendance in a licensed child care centre or home child care (licensed).

Please note that the *Child Care and Early Years Act, 2014* defines “child” as a person who is younger than 13 years old. However, families of children with special needs who are in receipt of a service or received financial assistance before August 31, 2017 will be allowed to continue to receive assistance until that child turns 18, provided that they meet other eligibility criteria that are unrelated to age (see O. Reg. 138/15 made under the *Child Care and Early Years Act, 2014*). For example, if a person with special needs started to receive financial assistance at age 12 on August 30, 2017, he/she is eligible to continue receiving that financial assistance until he/she turns 18 in the year 2023. This means that these adolescents will not experience a financial assistance disruption based on their age.

First Nations may use SNR funding for the following expenses:

- Hiring or acquiring the services of resource teacher/consultant or supplemental staff where necessary (including salary, benefits and training) to support the inclusion of children with special needs;
- Providing training for staff in licensed child care centres working with children with special needs to support inclusion; and/or
- Purchasing or leasing specialized/adaptive equipment and supplies to support children with special needs.

Resource teachers/consultants can be hired directly by First Nations or their services can be secured through a contract with an external agency specializing in supporting children with special needs. Resource teachers/consultants typically provide a wide

range of supports for children with special needs in child care settings. These supports may include providing child care staff with program adaptation strategies, developing individual program plans, conducting developmental screens, providing referrals to community agencies and obtaining specialized equipment as required.

At a minimum, the ministry recommends that resource teachers/consultants hold a diploma in Early Childhood Education (ECE), from an Ontario College of Applied Arts and Technology ECE program, or from an institution recognized by the College of Early Childhood Educators, have additional training/experience/education related to working with children with special needs, and hold a first aid certificate. Additional requirements for resource teachers/consultants directly employed by child care licensees are outlined in section 55 of O. Reg. 137/15 made under the *Child Care and Early Years Act, 2014*.

Resource teachers/consultants may work with several children in multiple child care locations located within the community and can also provide general training to individuals working with children with special needs.

First Nations may consider the following principles of service delivery for SNR:

- Reflective and responsive to individual, family and community strengths and needs.
- Accountable to the individual, family and community.
- Sensitive to the social, linguistic and cultural diversity of families and First Nation communities.
- Staffed by individuals with the appropriate range of skills and abilities necessary to respond effectively to the needs of children, their families and program staff.

FINANCIAL FLEXIBILITY

First Nations may exercise financial flexibility to offset SNR expenses by transferring funds, in their financial submissions, from A392- Wage Subsidy to A377- Special Needs Resourcing. First Nations may also expense Special Needs Resourcing under A404- Child Care Transformation; funds do not need to be moved in or out of the Child Care Transformation detail code.

Special Needs Resourcing funding (A377) may be transferred into, but not out of, Capacity Building Funding (A405).

Please Note: SNR is a priority for the ministry to ensure the inclusion of children with special needs in regulated child care settings at no additional cost to parents/guardians. This means that prior to the transfer of SNR funding; First Nations must ensure that all SNR requirements for children in licensed child care are met. Funding can only be moved from the original special needs resourcing allocation and cannot be combined with other flexibility options.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to SNR expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements -Attestation submission.

In addition to total expenses, First Nations are required to report on the SNR data elements outlined in below in this guideline. These data elements include:

- Number of Children Served-Special Needs Resourcing;
- The average monthly number of children (up to kindergarten) receiving services funded through SNR;
- The average monthly number of school-age children receiving services funded through SNR;
- The number of full-time equivalent (FTE) staff providing services funded through SNR;
- The number of children served, up to and including age 12; and,
- The number of children served, age 13-18.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations should maintain service and financial records for each site where the service above is being provided.

A392 – WAGE SUBSIDY

PURPOSE

Wage Subsidy funding is intended to increase the salary and non-mandatory benefits of staff employed in regulated child care settings.

ALLOCATIONS

Wage Subsidy funding is available through detail code A392- Wage Subsidy and A404- Child Care Transformation. These allocations are available in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Wage Subsidy funding is for eligible staff employed in a licensed child care centre or a home child care agency. These child care centres and home child care agencies must be licensed by the Ministry of Education in accordance with the *Child Care and Early Years Act, 2014*. First Nations may also use Wage Subsidy funding to increase payments to home child care providers contracted with a licensed child care agency.

First Nations have flexibility to determine how wage subsidies are distributed to staff within their child care programs. First Nations are encouraged to consider community priorities when determining how to distribute wage subsidies to their child care staff.

Some principles that First Nations may wish to consider in distributing wage subsidy funding include:

- Retaining qualified, stable staffing to increase convenience and reliability for parents;
- Supporting program quality to enable higher-quality, consistent services; and
- Distributing wage subsidies equitably and with transparency.

Child care program and non-program staff are eligible to receive wage subsidy. Child care program staff work directly with children and provide programming. First Nations are encouraged to allocate wage subsidies to staff that are in a permanent position that is considered part of the child care program's regular staffing complement. The position can be full or part-time.

The following list provides examples of permanent positions typically found in a child care program that would be eligible for wage subsidy:

- Child Care Program Staff:
 - Child Care Supervisors
 - Registered Early Child Educators (RECEs)

- Home Child Care Providers and Home Visitors
- Director-approved Program Staff
- Program Staff without ECE qualifications
- Child Care Non-Program Staff:
 - Administrators or Finance Staff
 - Clerical Staff
 - Cooks
 - Housekeeping and Janitorial Staff
 - Bus Drivers

The following list provides examples of non-permanent positions that may not be eligible for Wage Subsidy funding:

- Individuals working on a short-term project, such as developing a parent handbook
- Students or staff whose salaries are covered by employment programs;
- Individuals paid on a fee for service basis, such as an individual who provides accounting or janitorial services; or
- Individuals that receive an honorarium e.g. elders or artists that occasionally visit the program.

FINANCIAL FLEXIBILITY

First Nations may exercise financial flexibility to offset Wage Subsidy expenses by transferring funds, in their financial submissions, from A377- Special Needs Resourcing to A392- Wage Subsidy should the funding not be required to meet community SNR needs. First Nations may also expense Wage Subsidy under A404- Child Care Transformation; funds do not need to be moved in or out of this detail code.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Wage Subsidy funding. First Nations and TPAs that report in EFIS will provide this information in their Financial Statements submissions. First Nations and TPAs that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenses, First Nations are required to report on the wage subsidy data elements outlined in the subsection below. These data elements include:

- The number of full-time equivalent (FTE) program staff serving children 0-5 who receive Wage Subsidy funding;
- The number of full-time equivalent (FTE) program staff serving children 6-12 who receive Wage Subsidy funding; and

- The number of full-time equivalent (FTE) non-program staff who received Wage Subsidy funding.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations should maintain service and financial records for each site where the service above is being provided.

A394 – PAY EQUITY UNION SETTLEMENT

PURPOSE

To enable the province to continue to support eligible organizations with the cost of implementing proxy pay equity.

ELIGIBILITY

As a result of the Memorandum of Settlement, the province announced additional proxy pay equity funding for eligible non-profit service providers. In order to be eligible, child care programs were required to:

- Have a proxy order from the Pay Equity Commission;
- Have posted pay equity plan(s) based on proxy comparisons;
- Have current and/or outstanding proxy obligations; and
- Receive funding to provide child care.

EXPENDITURE REQUIREMENTS

The province will continue to flow funding as agreed upon in the Memorandum of Settlement to First Nations, reached on April 23, 2003, for the provision of pay equity funding to child care programs in First Nations communities. Service providers are required to continue to meet their pay equity obligations.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Pay Equity Union Settlement funding. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

A402/A403 – ONTARIO WORKS CHILD CARE

PURPOSE

Ontario Works (OW) Child Care funding is to be used to enable OW participants to work, or engage in employment assistance activities while their children are being cared for in a safe and nurturing environment.

ALLOCATIONS

First Nations and TPAs can access two types of OW child care funding- Ontario Works Formal and Ontario Works Informal, which are described in detail below. Ontario Works Child Care funding is available through detail codes A402/A403- Ontario Works Child Care. This allocation can be found in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Ontario Works child care funding covers the cost of child care for children in First Nations communities whose parents are eligible for income assistance under the *Ontario Works Act, 1997* (OWA) and are employed and/or participating in employment assistance activities under the OWA. OW child care may be provided for children under the age of 13, as defined by the *Child Care and Early Years Act, 2014*.

Child care is an essential support that allows OW participants to partake in employment assistance activities in order to make the transition to employment and achieve financial independence. First Nations and TPAs who receive OW Child Care funding are designated OW delivery agents under the *Ontario Works Act, 1997*. In addition, the First Nation being funded directly or TPA designated to serve First Nations communities must be delivering the full OW program i.e. financial assistance and employment assistance.

In First Nation communities with a licensed child care centre, OW and Child Care Administrators are encouraged to work collaboratively to ensure that child care supports are available for OW participants and to determine the child care services appropriate for OW participants within their communities while protecting confidentiality of families.

Ontario Works Formal Child Care

Ontario Works Formal Child Care funding may cover the cost of licensed child care and home child care services provided to children of OW participants in First Nation communities. Ontario Works Formal child care funding is a type of fee subsidy, which is financial assistance provided on behalf of parents for the cost of licensed child care services or home child care services up to the actual cost of the licensed child care (as specified in section 8.7 of the Ontario Works Policy Directives).

Ontario Works Formal Child Care funding may be provided for children in attendance at a licensed child care centre operated by a First Nation/TPA or for the purchase of child care or home child care services for children whose parents are eligible for income assistance under the *Ontario Works Act, 1997* (as defined in O.Reg. 138/15).

Ontario Works Informal Child Care

Ontario Works Informal Child Care funding may cover the cost of informal (unlicensed) child care provided to children of OW participants in First Nation communities. Informal child care provides an additional option for parents requiring more flexible arrangements for part time, short term and irregular care arrangements to meet OW participation requirements. The payment level to OW participants for informal care is the actual cost of the informal child care up to the prescribed maximum per child (as specified in the Ontario Works Policy Directives).

Please refer to the Ministry of Community and Social Service's Ontario Works Policy Directives for more information about OW formal and informal child care supports.

The Ministry of Education is taking steps to prioritize and promote the use of licensed child care options for OW participants. The ministry encourages First Nations and Transfer Payment Agencies to promote the use of licensed child care for OW participants and to document where OW participants are either unable to secure licensed child care or licensed child care does not effectively support the participants' activities as documented in the OW Participation Agreement. Information on the differences between informal and licensed child care options can be found on the [Ministry of Education website](#).

COST-SHARING REQUIREMENTS

Ontario Works Formal Child Care (A402) is cost-shared on an 80% provincial 20% First Nations basis under the *Child Care and Early Years Act, 2014*. Ontario Works Informal Child Care (A403) is funded 100% by the Province under the *Child Care and Early Years Act*.

FINANCIAL FLEXIBILITY

The Ontario Works Formal (A402) and Informal (A403) detail codes are combined and First Nations receive one allocation under Ontario Works Child Care- A402/A403 in the Budget Schedule of the service agreement. The blending of the Ontario Works Formal (A402) and Informal (A403) detail codes provides First Nations and TPAs with the flexibility to spend their allocation in a way that best meets community need. Although First Nations and TPAs receive a combined allocation under A402/A403, they will be required to report their expenditures on A402 and A403 separately in their financial submissions.

The calculation of the First Nation or TPA's entitlement under Ontario Works Child Care-A402/A403 will take into account the different cost sharing requirements for the two detail codes. See the example below.

Ontario Works Child Care Funding: Example of Entitlement Calculation

A First Nation is entitled to receive a maximum combined Ontario Works child care allocation of \$30,000. Based on community need, the First Nation has determined that 1/3 of their allocation will be used for Formal Child Care (A402) and 2/3 of their allocation will be used for Informal Child Care.

A402/A403 OW Child Care Allocation \$30,000¹²

Community Need Analysis:

A402 Ontario Works Formal Child Care- ($\$30,000 \times 1/3$) \$10,000

A403 Ontario Works Informal Child Care- ($\$30,000 \times 2/3$)

\$20,000

Costs that must be incurred in order to receive full allocation:

	EDU Share	First Nation Share	Total Costs Incurred ¹³
A402 Ontario Works- Formal Child Care (80/20 Cost Share)	\$10,000	\$2,500	\$12,500
A403 Ontario Works- Informal Child Care (100% funded by EDU)	\$20,000	\$0	\$20,000
Total	\$30,000	\$2,500	\$32,500

REPORTING REQUIREMENTS

First Nations and TPAs are required to report financial and service data to the ministry related to OW Child Care. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations and TPAs that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total OW Child Care expense, First Nations and TPAs are required to report on the OW data elements outlined in the subsection below. These data elements include:

Formal Child Care:

- The average monthly number of infants, toddlers, preschoolers, kindergarten, and school-age children of OW participants provided with child care in licensed child care settings;

¹² As outlined in the Budget Schedule of the child care service agreement.

¹³ If the cost incurred by the First Nation is less than \$32,500 the amount of funding the First Nation receives from the ministry will decrease.

- The cumulative total number of children of OW participants provided with child care in licensed child care settings; and
- The number of OW participants receiving fee subsidies.

Informal Child Care:

- The average monthly number of children of OW participants provided with child care in an informal (unlicensed) child care setting;
- The cumulative total number of children of OW participants provided with child care in an unlicensed child care setting; and
- The number of OW participants provided with funding for unlicensed child care.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations and TPAs should maintain service and financial records for each site where the service above is being provided.

A404 – CHILD CARE TRANSFORMATION

PURPOSE

Transformation funding is ongoing funding to support program viability and quality and assists with the transformation of child care in First Nation communities.

First Nations are responsible for spending their Child Care Transformation funding in a way that best meets community needs and priorities. First Nations are encouraged to use the following guiding principles to inform transformation funding priorities:

- Transforming existing child care programs to enable increased access to higher-quality programs and services;
- Increasing convenience and reliability for parents; and
- Supporting programs that serve children with special needs.

ALLOCATIONS

Child Care Transformation funding is available through detail code Child Care Transformation (A404). This allocation can be found in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Child Care Transformation funding may be used to cover expenses related to Fee Subsidy, Wage Subsidy, and Special Needs Resourcing. It may also be used to purchase play-based materials and equipment for child care programs as well as IT upgrades that help facilitate internet connectivity for child care business purposes.

Child Care Transformation funding cannot be allocated to unlicensed settings.

Please refer to the following schedules for a description of these services:

- Fee subsidy- refer to detail code A370/A371 in the Program Description Schedule of the service agreement and of this guideline;
- Wage subsidy- refer to detail code A392 in the Program Description Schedule of the service agreement and of this guideline; and
- Special Needs Resourcing- refer to detail code A377 in the Program Description Schedule of the service agreement and of this guideline.

Below are further details on eligible expenses related to play-based materials and equipment or IT upgrades.

Play-based Material and Equipment

- Play-based material and equipment funding is intended to help child care licensees create enriching environments with materials that promote children's learning and development through exploration, play and inquiry consistent with the views, foundations and approaches of ***How Does Learning Happen? Ontario's Pedagogy for the Early Years***. Please see the [Ministry of Education website](#) for additional information.
- Funding may be used to create indoor and outdoor spaces that invite children to investigate, imagine, think, create, solve problems, collaborate, communicate and make meaning from their experiences. Consider providing interesting and open-ended materials that children can use in many ways.
- Funding may be used to create environments that support children's connections to the natural world. Consider programs where they can engage in vigorous physical play in natural outdoor spaces and playgrounds that present manageable levels of challenge. Examples may include creating a natural playground space or adding a sandbox to the outdoor play area.
- Play-based material and equipment funding may also be used to purchase non-consumable supplies/equipment that supports the regular operation of the child care program (e.g. kitchen supplies).
- Play-based material and equipment funding may also be used for minor renovations, such as lowering sinks/countertops to provide easier access for children to wash their hands.

If you have any questions regarding the use of transformation funding for the purchase of play-based materials and equipment please contact your Early Years Advisor.

IT Upgrades

- Transformation funding may be used for IT upgrades to support the purchase of IT equipment that enables child care staff to connect to the internet for business purposes.

FINANCIAL FLEXIBILITY

Child Care Transformation funding (A404) may be used for any of the expenses listed under eligible expenditures above. Child Care Transformation funding may also be transferred to Supervisor Network and Capacity Building Funding (A405) to assist First Nations communities to invest in professional learning and development, networking and capacity building opportunities. This allocation can be found in the Budget Schedule of your 2018-19 child care service agreement.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Child Care Transformation expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements - Attestation submission.

First Nations are required to report on their total transformation expenditures for Fee Subsidy, Wage Subsidy, SNR, play-based materials and equipment and IT upgrades under Child Care Transformation (A404). In addition to expenses, First Nations are required to report on the Child Care Transformation data elements outlined in the subsection below. These data elements include:

- The number of children receiving transformation fee subsidies;
- The number of children receiving SNR services funded through transformation;
- The number of full-time equivalent (FTE) staff providing SNR services funded through transformation;
- The number of full-time equivalent (FTE) program staff serving children 0-5 who receive wage subsidy through transformation funding;
- The number of full-time equivalent (FTE) program staff serving children 6-12 who receive wage subsidy through transformation funding;
- The number of full-time equivalent (FTE) non-program staff who received wage subsidy through transformation funding; and
- The number of licensed child care programs that received funding for IT upgrades.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations should maintain service and financial records for each site where the service above is being provided.

A405 – CHILD CARE SUPERVISOR NETWORK – CAPACITY FUNDING

PURPOSE

The primary purpose of Child Care Supervisor Network – Capacity Funding is to support the development of First Nations Child Care Supervisor Networks and capacity building for Supervisors/staff to support the delivery of quality programs in First Nations licensed child care programs.

Capacity Funding is also intended to support professional learning and development opportunities that build the capacity of supervisors, program staff/caregivers, home visitors and home child care providers to support the provision of high quality programs for children ages 0 to 12. High quality child care programs are child-centred and provide environments and experiences to engage children in active, creative and meaningful exploration and learning.

ALLOCATIONS

Child Care Supervisor Network – Capacity Funding is available through detail code A405- Child Care Supervisor Network – Capacity Funding. This allocation can be found in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Child Care Supervisor Network – Capacity Funding may be used to cover any of the eligible expenses below for Supervisors/staff in licensed child care settings. This funding cannot be allocated to unlicensed settings.

Professional learning and development opportunities may be provided to child care supervisors, program staff, resource teachers/consultants, supplemental SNR staff, cooks, home child care providers, home visitors, other staff or boards of directors of licensed non-profit programs.

First Nations and TPAs are responsible for determining how this funding can be used to support the development of and participation in child care supervisor networks and capacity building for First Nation child care Supervisors and staff. First Nations and TPAs are encouraged to work with their child care Supervisors to determine how the funding can be used to support quality programming in their child care programs.

Child Care Supervisor Network – Capacity Funding may be used for:

- Transportation, meal and accommodation costs to attend supervisor meetings and network events;
- Equipment and technology to support supervisor network meetings (e.g., teleconference lines and Adobe connect);

- Costs associated with the development and sharing of resources to support child care supervisors and child care programs; and/or
- Mentoring with First Nations Child Care Supervisor Network leaders.

First Nations and TPAs may also direct funding to support:

- Professional learning and staff development opportunities that align with the *Child Care and Early Years Act, 2014* regulations and ministry policy (e.g., workshops, mentoring and coaching, in person or virtual networking opportunities that support continuous learning through questions, reflection and dialogue);
- Program-related professional learning opportunities that align with the views and approaches outlined in *How Does Learning Happen? Ontario's Pedagogy for the Early Years* promotes reflective practice and collaborative inquiry and support the new regulatory requirements under the *Child Care and Early Years Act, 2014* (e.g. College of Early Childhood Educators leadership initiatives, post-diploma training programs etc.);
- Establishment of professional learning communities of practice to support early years program staff; and/or
- Professional development opportunities related to child care program business administration (e.g., budgeting, leadership, human resource management, policy development, board governance, etc.).

Professional development opportunities related to the health, safety and well-being of children (e.g., nutrition, first aid, environmental health, communicable diseases, etc.);

- Relief/Release time and overtime to support staff in participating in professional development opportunities; and/or
- Travel costs to support attendance at professional development opportunities.

Some guiding principles that First Nations and TPAs may want to consider in determining how to spend this funding include:

- Supporting child care supervisors with opportunities to create and enhance First Nation Child Care Supervisor Networks;
- Increasing opportunities for child care supervisors to meet face to face to share knowledge, build relationships and learn from one another;
- Building capacity among child care supervisors and program staff; and
- Supporting supervisors and licensed child care program staff in delivering high quality child care for children ages 0 -12.

FINANCIAL FLEXIBILITY

Funding may be used for any of the categories listed above under eligible expenditures. First Nations and TPAs may transfer Child Care Transformation (A404) funding allocation to Child Care Supervisor Network – Capacity Funding (A405) to assist First Nations communities in investing in professional development and capacity building opportunities that will maintain or enhance child care program quality on reserve. This allocation can be found in the Budget Schedule of your service agreement.

First Nations and TPAs may also transfer Special Needs Resourcing funding (A377) into, but not out of Capacity Funding (A405). SNR is a priority for the ministry to ensure the inclusion of children with special needs in regulated child care settings at no additional cost to parents/guardians. This means that prior to the transfer of SNR funding; First Nations must ensure that all SNR requirements for children in licensed child care are met. Funding can only be moved from the original special needs resourcing allocation and cannot be combined with other flexibility options.

REPORTING REQUIREMENTS

First Nations and TPAs are required to report financial and service data to the ministry related to Child Care Supervisor Network – Capacity Funding expenses. First Nations and TPAs that report in EFIS will provide this information in their Financial Statements submissions. First Nations and TPA that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenditure, First Nations and TPAs are required to report on the Child Care Supervisor Network – Capacity Funding data element outlined the subsection below. This data element includes:

- The number of child care staff who receive funding to participate in network meetings or engage in professional development activities.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations and TPAs should maintain service and financial records for each site where the service above is being provided.

A406 – WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

PURPOSE

The Ontario government has made an ongoing funding commitment to support a wage enhancement for eligible child care professionals working in licensed child care settings. The purpose of the wage enhancement is to help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario. The wage enhancement will also help close the wage gap between registered early childhood educators (RECEs) working in full-day kindergarten (FDK) programs and RECEs/other child care program staff working in licensed child care settings.

In 2018-19, the wage enhancement will support an increase of up to \$2 per hour, plus 17.5 per cent benefits for eligible child care staff. In addition, the Home Child Care Enhancement Grant (HCCEG) will support an increase of up to \$20 per day for eligible home child care providers.

GOALS

The goals of the enhancement are to:

- Close the wage gap between RECE wages in the school board and licensed child care sectors;
- Stabilize licensed child care operators by helping them retain RECEs/child care staff; and
- Support greater employment and income security.

These goals support the ministry's priorities to:

- Stabilize and transform the existing child care system to increase program reliability for parents and support consistent, higher quality child care services to support children's learning and development; and
- Support licensed home child care agencies and strengthen the licensed home child care system.

FUNDING ALLOCATIONS

A notional wage enhancement/HCCEG amount has been included in the Budget Schedule of the 2018-19 service agreement. First Nations and Child Care Transfer Payment Agencies that have staffing changes are requested to submit a wage enhancement/HCCEG application to the ministry by June 29, 2018. The ministry will flow allocations based on 2017-18 entitlement until 2018-19 wage enhancement applications have been approved. If your First Nation does not have any staffing changes that would require a new allocation your community is not required to submit an application for 2018-19. Please note that the signed service agreement must also be returned to the ministry before wage enhancement cash flow can be updated.

ELIGIBILITY

All licensed child care centres and home child care agencies that opened before March 31, 2018 are eligible to apply for wage enhancement/HCCEG funding for 2018- 19. Centres or agencies that are newly licensed in 2018-19 will only be eligible to apply in 2019-20.

Wage Cap

As the intent of the wage enhancement is to close the wage gap between RECEs working in publicly funded schools and RECEs, child care program staff and providers in licensed child care settings, the ministry has established an hourly wage maximum of **\$27.07/hour** as of January 1, 2018 for centre-based staff and home visitors, or an equivalent rate of **\$270.80** per day for full time Home Child Care providers (the cap for part time providers is **\$162.42**).

This wage cap aligns with the top of the existing school board Educator Salary Matrix for RECEs in FDK. The cap applies when determining entitlement and for payments to staff and home child care providers. In 2018, the wage cap has increased by approximately 1.5% to align with adjustments to the salary and wages of the school-based ECE grid stated in the current three year central labour agreements.

Wage Enhancement: Child Care Centre Program Staff and Home Child Care Visitors

Note: A notional allocation will be used to determine maximum entitlement (based on 2017-18 entitlement) and to determine payments to staff in 2018-19.

Full Wage Enhancement

To be eligible to receive the full 2018-19 wage enhancement of \$2 an hour plus 17.5 per cent in benefits, staff must:

- Be employed in a licensed child care centre or agency;
- Have an associated base wage, excluding prior year's wage enhancement, of less than \$25.07 per hour (i.e. \$2 below the wage cap of \$27.07); and
- Be in a position categorized as a child care supervisor, RECE, home child care visitor, or otherwise counted toward adult to child ratios under the *Child Care and Early Years Act* (CCEYA).

Child care program positions that are in place to maintain higher employee-child ratios than required under the CCEYA, and meet the eligibility outlined above, are also eligible for wage enhancement.

Partial Wage Enhancement

Where an eligible centre-based or home visitor position has an associated base wage rate, excluding prior year's wage enhancement, between \$25.08 and \$27.07 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to \$27.07 per hour without exceeding the cap.

- For example, if an RECE position has a base wage rate, excluding the previous year's wage enhancement, of \$25.50 per hour, the position would be eligible for wage enhancement of \$1.57 per hour.

Ineligible Positions (Non-Program Staff):

- Cook, custodial and other non-program staff positions are not eligible for wage enhancement funding.
- SNR-funded resource teachers/consultants and supplemental staff are not eligible for wage enhancement funding.

The only exception to the above is if the position spends at least 25 per cent of their time to support ratio requirements; in which case the staff would be eligible for wage enhancement for the hours worked in the eligible position supporting ratio.

Staff hired through a third party (i.e. temp agency) are not eligible for wage enhancement.

Home Child Care Enhancement Grant (HCCEG): Home Child Care Providers

Full Home Child Care Enhancement Grant

In order to be eligible to receive the full HCCEG of \$20 per day, home child care providers must:

- Hold a contract with a licensed home child care agency;
- Provide services to one child or more (e.g. the 'one' child or 'more' in care could be an agency placed child(ren) or a privately placed child(ren); excluding providers own children);
- Provide full time services on average (6 hours or more a day); and
- Receive base daily fees, excluding prior year's HCCEG, of less than \$250.70 (i.e. \$20 below the cap of \$270.70).

Partial Home Child Care Enhancement Grant

In order to be eligible to receive the partial HCCEG of \$10 per day, home child care providers must:

- Hold a contract with a licensed home child care agency;
- Provide services to one child or more (e.g. the 'one' child or 'more' in care could be an agency placed child(ren) or a privately placed child(ren); excluding providers own children);
- Provide part time services on average (less than 6 hours a day); and
- Receive base daily fees, excluding prior year's HCCEG, of less than \$152.42 (i.e. \$10 below the cap of \$162.42).

Please note: Information on privately placed children must be considered when determining eligibility and payments for the HCCEG.

Supplemental Grant

In addition to the increase of up to \$2/hour plus 17.5 per cent benefits for centre based staff and home visitors and \$10 or \$20 increase for home child care providers, the ministry will provide an additional supplemental grant of \$150 for each eligible centre based FTE or home visitor FTE and \$50 for each eligible home child care provider. The supplemental grant allows First Nations and Transfer Payment Agencies some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations.

The supplemental grant must be used to support staff, home visitors' and providers' hourly/daily wage or benefits. It provides First Nations with the flexibility to cover salary shortfalls for wage enhancement (e.g. due to increased hours in program, professional development (PD), and/or new eligible staff/providers) and additional benefits, (e.g. vacation days, sick days, and/or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes will be recovered.

APPLICATION PROCESS

Note: The new 2018-19 application forms provided in the First Nations service agreement package replace previous applications provided in 2017.

In 2018-19, First Nations and TPAs with staffing changes, or who have not previously applied for wage enhancement/HCCEG grants, are required to complete the wage enhancement/HCCEG application form to receive the wage enhancement entitlement of up to \$2 plus 17.5 per cent benefits, or up to \$20 for the HCCEG.

The wage enhancement/HCCEG entitlement for 2018-19 will be determined based on a notional 2017-18 allocation. Wage enhancement/HCCEG payments to staff and providers will be made based on 2018-19 time in program.

Please note the base hourly wage rate or home child care provider fees entered in the application form should exclude prior year's wage enhancement/HCCEG amount.

The ministry has provided application forms and related instructions as part of the 2018-19 First Nations service agreement package. Please note completed and signed application forms are due to the ministry **June 29, 2018**.

If the entitlement approved in the wage enhancement/HCCEG application form exceeds the notional allocation included in the 2018-19 service agreement, an amended service agreement will be provided.

The ministry will fund 100 per cent of the approved wage enhancement/HCCEG requests up to the entitlement amount generated by the application process.

ALLOWABLE EXPENSES

Wage enhancement/HCCEG funding (including the supplemental grant) is an enveloped allocation. Wage enhancement/HCCEG funding must be directed solely to licensed child care staff and home visitors to increase wages and benefits, and to home child care providers to increase daily income. Wage enhancement/HCCEG funding cannot be used for any other expenses, including expansion or reducing fees.

First Nations may only use the funding for the intended purposes of:

- Increasing wages of eligible centre-based staff and home visitors by up to \$2 per hour plus 17.5 per cent benefits based on their current wage rate for all hours worked in program, including overtime hours;

Please note: the salary increase cannot exceed \$2 per hour in program and the wage cap of \$27.07 per hour. Operators may exceed 17.5 per cent for benefits if the supplemental grant is used to support additional benefit expenses.

- Providing a daily increase of up to \$20 for eligible licensed home child care providers based on current hours of service provided.

Please note: the daily wage increase cannot exceed \$20.00 and the daily cap of \$270.70 for full time providers and \$10.00 and the daily cap of \$162.42 for part time providers.

Benefits Funding and Flexibility

Benefits funding of 17.5 per cent supports operators in meeting statutory benefit requirements.

Once all statutory benefits requirements are met, any remaining funding within 17.5 per cent can be used to fund other benefit expenses paid by the employer on behalf of the employee.

Any residual benefits funding can be used to support wage enhancement salaries per the above allowable expenses. Please note this is one-way funding flexibility only, that is, salary funding cannot be used for benefits.

First Nations cannot transfer funds between their regular child care allocation and their wage enhancement allocation. Any funding not used for the intended purpose will be recovered by the ministry.

PROGRAM CLOSURE

Where a First Nation applies for wage enhancement/HCCCEG and the centre closes mid-year, First Nations are to support payments to eligible staff and/or home child care providers for hours worked before the closure.

If the program closes prior to the First Nation applying for wage enhancement/ HCCEG, no funding should be transferred.

In cases of program transfers/amalgamations, the approved wage enhancement may be distributed to staff through the transferred/amalgamated program provided there are no substantial changes to either the program offered or staff employed under the new arrangement, the transformation supports continuity of care and program viability, and the First Nation has mechanisms in place to ensure accurate information and accountability for the transfer of funding.

PAYMENTS TO STAFF AND PROVIDERS

Wage enhancement/HCCCEG funding entitlements are based on 2017-18 data; however, wage enhancement payments should be provided to eligible positions for each hour worked in 2018-19. First Nations have the flexibility to fund their current year's eligible positions, even if the position did not exist in 2017-18.

Similarly, HCCEG payments should be provided to eligible home child care providers for each day worked in 2018-19. Agencies have the flexibility to fund current year eligible providers, regardless of whether the provider had a contract with the agency in 2017-18. The compensation rate (partial or full) will be based on their current year average daily services.

The flexibility to provide wage enhancement/HCCCEG to current staff and providers may cause a shortfall in funding for the year if First Nations choose to fund new positions or providers. If there is a shortfall in a First Nations entitlement, the First Nation can use the supplemental grant to fund the additional time in program for new or existing staff. The supplemental grant can also be used to fund sick days, PD days and/or additional benefits, but cannot exceed an increase of \$2 an hour plus benefits for staff and home visitors or \$20 a day for home child care providers.

Since one of the goals of this initiative is to close the wage gap, if an eligible staff member or home child care provider receives an increase to their hourly wage or daily fee (excluding prior year's wage enhancement/HCCCEG amount) and their base wages/fees now exceed the wage cap in 2018-19, they are no longer eligible to receive wage enhancement/HCCCEG funding.

If at any point a home child care provider stops serving children, the home child care agency must terminate the transfer of HCCEG funds to the provider.

Payment Method

First Nations are required to include wage enhancement in each staff pay cheque or HCCEG in each home child care provider fee transfer once funding is received and processed.

In addition, First Nations must notify staff or home child care providers of the amount provided to them through this initiative on staff pay cheques/home child care provider fee transfers, or through a separate letter, labeled as follows:

- Provincial child care wage enhancement; or
- Provincial home child care enhancement grant

REPORTING REQUIREMENTS

First Nations will be required to report on the following expenses and service data elements in their Wage Enhancement Application Form, and Financial Statements submissions:

Expenditures:

All expenditures below should include any funding from the supplemental grant.

- Full and partial wage enhancement funding including salary component and benefits component for:
 - RECEs
 - Supervisors
 - Other program staff
 - Home child care visitors
- Full and partial HCCEG required for home child care providers;
- Actual total wage enhancement salaries and benefits paid out for fully and partially eligible RECE, Supervisors, other program staff and home visitors related to ministry funding only; and
- Actual total HCCEG paid out for fully and partially eligible home child care providers.

Service Data:

- Number of fully and partially eligible RECEs, Supervisors, and non-RECE FTEs eligible for wage enhancement;
- Number of fully and partially eligible home visitor FTEs eligible for wage enhancement;
- Number of fully and partially eligible home child care providers receiving HCCEG;
- Number of ineligible RECEs, Supervisors, and non-RECEs (i.e. exceed the cap);

- Number of ineligible home visitors (i.e. exceed the cap);
- Number of ineligible home child care providers (i.e. exceed the cap);
- Number of child care centres or sites receiving wage enhancement; and
- Number of home child care agencies receiving HCCEG

A407 – ADMINISTRATION FUNDING FOR WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

PURPOSE

To support First Nations with the implementation of the wage enhancement/HCCEG initiative, the ministry is providing funding for administration in 2018-19. This allocation is to be used to fund the administrative effort associated with the wage enhancement/HCCEG.

FUNDING ALLOCATIONS

Wage enhancement/HCCEG administration allocations are based on the amount of administration funding allocated in 2017-18. The allocation is included in child care service agreements.

Any unused 2018-19 wage enhancement administration funding will be recovered by the ministry.

ALLOWABLE EXPENSES

The wage enhancement administration allocation is to be used to fund the administrative effort associated with implementing the wage enhancement/HCCEG.

First Nations are encouraged to use this funding to include wage enhancement and HCCEG on regular payments to staff and providers. First Nations may also use this funding to support wage enhancement/HCCEG administration, such as, upgrading payment systems, internal payment processes, training for staff related to this initiative, and internal processes to track data and expenditures.

REPORTING REQUIREMENTS

First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission:

- Total 2018-19 administration funds spent.

The wage enhancement/HCCEG administration grant provided in 2015-16 will continue to be reported on because this was provided as a grant that could be carried forward. Therefore, unused 2015 administration grant funding will not be recovered by the ministry. Please note that unused administration funding provided to First Nations in 2018-19 will be recovered by the ministry.

A515 – SMALL WATER WORKS

PURPOSE

Small Water Works (SWW) funding supports costs related to small water systems for licensed child care centres.

ALLOCATIONS

First Nations that have historically received SWW funding have received an allocation in 2018-19. This allocation can be found in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Small Water Works funding is for licensed child care centres that are on small water systems. Small Water Works funding should be used to support regular ongoing water testing and maintenance expenses, which are limited to the following expense categories – laboratory testing, chemicals, supplies/filters, courier costs, maintenance of water treatment equipment including replacement UV bulbs and training.

Costs related to the purchase and installation of systems and equipment are not eligible.

FINANCIAL FLEXIBILITY

Funding may be used for any of the categories listed above under eligible expenditures, but cannot be moved to any other detail codes.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to Small Water Works expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenditure, First Nations are required to report on the number of programs funded through SWW.

Please see the Data Elements subsection below for additional details on reporting requirements.

REQUIRED DOCUMENTATION

First Nations and Transfer Payment Agencies should maintain service and financial records for each site where the service above is being provided.

FEE STABILIZATION SUPPORT

PURPOSE

The Ministry of Education recognizes that increasing operating pressures may lead to increases in child care fees. To support improved wages for the licensed child care workforce, affordability for families, and to address potential fee increases, the ministry will provide First Nations with incremental funding for 2018, to support licensed child care staff who were earning under \$14 an hour as of December 31, 2017.

ELIGIBILITY CRITERIA

The objective of the fee stabilization support funding is to increase wages and stabilize licensed child care fees in Ontario. Therefore, funding must be used to increase hourly wages of staff in licensed centres and licensed home child care agencies earning less than \$14 per hour (excluding wage enhancement) as of December 31, 2017. Funding may not be used to support wages above \$14 per hour in 2018.

All licensed child care centres and home child care agencies that opened before July 1, 2017 are eligible to receive this funding. Funding received may be retroactive to January 1, 2018.

ACCOUNTABILITY REQUIREMENTS

First Nations must ensure funding is used to avoid increases in child care fees by supporting staff who were earning less than \$14 per hour as of December 31, 2017.

FUNDING METHODOLOGY

Funding for the fee stabilization support has been allocated to First Nations based on their proportionate share of the total 2018 wage enhancement allocations. There are no cost sharing requirements associated with this investment and First Nations are permitted to use up to 10 per cent of the funding allocation on administration efforts associated with implementing the fee stabilization support.

Any underspending and/or funding not spent on the prescribed expenditures in accordance with the priorities of this funding outlined above will be recovered by the ministry.

REPORTING REQUIREMENTS

- Total gross expenditure
- Total administration expenditures
- Number of staff impacted by fee stabilization support funding
- Number of child care centres or sites and home child care agencies receiving fee stabilization support funding;

BASE FUNDING FOR LICENSED HOME CHILD CARE

Legislation: *Child Care and Early Years Act, 2014*

SERVICE DESCRIPTION

As included in *Ontario's Renewed Early Years and Child Care Policy Framework*, the government has increased operating funding to support a base funding model for licensed home child care agencies.

Licensed home child care (LHCC) base funding is intended to serve families with children enrolled in home child care agencies and allow them to benefit indirectly from the funding.

The LHCC base funding supports the provision of stable, predictable funding to assist agencies with forecasting, planning, and actively recruiting more providers.

LHCC base funding's goal is to reduce per diem charges and demonstrate that this reduction benefits both:

- Providers, in the form of increased compensation; and
- Parents, in the form of reduced fees

ALLOWABLE EXPENSES

General operating funding may be used for ongoing costs, including: staff wages and benefits, lease and occupancy costs, utilities, administration, transportation for children, resources, nutrition, supplies, and maintenance. Ministry funding can only be used to offset salary costs over and above the licensees' regulatory requirements for minimum wage and mandatory benefits.

Please note that **wage enhancement funding may not be used to replace general operating funding** provided to licensees to support wages. Wage enhancement funding is to be provided in addition to existing staff wages, including general operating grants.

The LHCC base funding allocation is outlined in the Budget Schedule of the service agreement. First Nations and Child Care Transfer Payment Agencies are expected to provide a minimum of \$6,900, for each active home the agency oversees. The LHCC base funding allocated per home could go above the minimum of **\$6,900**, but should only go below the minimum if the funding reflects actual agency operating costs.

With the use of this funding, First Nations and TPAs must work with Home Child Care Agencies to reduce per diem charges and demonstrate that this reduction benefits both:

- Providers, in the form of increased compensation; and
- Parents, in the form of reduced fees.

The ministry provides First Nations and TPAs with flexibility to use LHCC base funding amongst home child care expense categories only. LHCC funds not spent on licensed

home child care will be recovered by the ministry as part of the overall recovery for the general allocation. The overall recovery for the general allocation will be calculated as the greater of the recovery from “total sectors excluding Small Water Works and adjustments” in schedule 3.1 in EFIS and the recovery calculated for LHCC.

The first year of LHCC base funding will be a transition year. The transition year will allow the ministry to work with First Nations and TPAs on the new approach and offer opportunities for feedback and learning to evaluate this initiative.

First Nations and TPAs must have a policy and approach in place for allocating operating grants in their communities. First Nations and TPAs may wish to use their previous funding policies to inform their general operating allocation approach, and are encouraged to adapt existing local practices where possible to support the implementation of the LHCC base funding initiative.

REPORTING REQUIREMENTS

First Nations and TPAs are required to report on the following data elements regarding general operating, in their EFIS Financial Statement submission or Financial Statement attestation form:

- Total gross expenditures by age groups¹⁴,
- Total other offsetting revenues by age groups.
- Total adjusted gross expenditures with regards to general allocation excluding other allocations except for Small Water Works by type of setting (i.e. centres or homes)
- Number of licensed child care centres (including extended day programs) and home child care agencies receiving general operating funding;
- Number of service agreements for child care centres and home child care agencies receiving general operating funding; and,
- Total licensed capacity of all programs supported (cumulative).

¹⁴ Age group expenditure reporting will be reported in three categories: 0-4 years (i.e. infants, toddlers and preschoolers), 4-6 years (kindergarten) and 6 and up (school aged). If expenditures impact multiple age groups, please determine reporting proportionately based on service data estimates derived from EFIS.

CHILD CARE DATA ELEMENTS

First Nations are responsible for reporting on all data elements associated with the funding allocated through their service agreement.

CHILD CARE REGULAR FEE SUBSIDIES – CCEYA

DATA ELEMENTS:

Name: Average Monthly Number of Infants Served

Definition:

The average monthly number of infants receiving fee subsidy. Each infant is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of infants receiving fee subsidy in each month. For infants, younger than 18 months of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Toddlers Served

Definition:

The average monthly number of toddlers receiving fee subsidy. Each toddler is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of toddlers receiving fee subsidy in each month. For toddlers, 18 months of age or older but younger than 30 months of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Preschoolers Served

Definition:

The average monthly number of preschoolers receiving fee subsidy. Each preschooler is counted once every month. The number reported in each submission is the year-to-date average (mean) of the number of preschoolers receiving fee subsidy in each month. For preschoolers, 30 months of age or older but younger than 4 years of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of School-Age Children Served

Definition:

The average monthly number of school-aged children receiving fee subsidy (includes Junior age). Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children receiving fee subsidy. For school-aged children who are 68 months or older but younger than 13 years of age (under 18 for children with special needs).

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Children Served

Definition:

The number of children receiving fee subsidies. Each child is counted only once in the fiscal year.

Data Type: Service Specific - Cumulative

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

CHILD CARE REGULAR FEE SUBSIDIES - MCSSA

DATA ELEMENTS:

Name: Average Monthly Number of Infants Served

Definition:

The average monthly number of infants receiving fee subsidy. Each infant is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of infants receiving fee subsidy in each month. For infants, younger than 18 months of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Toddlers Served

Definition:

The average monthly number of toddlers receiving fee subsidy. Each toddler is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of toddlers receiving fee subsidy in each month. For toddlers, 18 months of age or older but younger than 30 months of age. Each child will move up to the next age group according to their birthdate.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Preschoolers Served

Definition:

The average monthly number of preschoolers receiving fee subsidy. Each preschooler is counted once every month. The number reported in each submission is the year-to-date average (mean) of the number of preschoolers receiving fee subsidy in each month. For preschoolers, 30 months of age or older but younger than 4 years of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Kindergarten Children Served

Definition:

The average monthly number of Kindergarten children receiving fee subsidy (includes JK and SK). Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of Kindergarten children receiving fee subsidy in each month. For Kindergarten children who are 44 months of age or older, as of August 31st of each year, up to and including 6 years of age.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of School-Age Children Served

Definition:

The average monthly number of school-aged children receiving fee subsidy (includes Junior age). Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children receiving fee subsidy. For school-aged children who are 68 months or older but younger than 13 years of age (under 18 for children with special needs).

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Children Served

Definition:

The number of children receiving fee subsidies (Ontario works and transformation). Each child is counted only once in the fiscal year.

Data Type: Service Specific - Cumulative

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

REPAIRS AND MAINTENANCE (HEALTH AND SAFETY)

DATA ELEMENTS:

Name: Number of licensed programs funded for repairs and maintenance

Definition:

The number of licensed child care centres and/or home child care agencies that receive funding to address health and safety concerns or repairs and maintenance.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

SPECIAL NEEDS RESOURCING

DATA ELEMENTS:

<p>Name: Number of Children Served – Special Needs Resourcing</p> <p>Definition: The number of children with special needs receiving special needs resourcing. Each child is counted only once in the fiscal year.</p> <p>Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1) Allocation Below \$350,000: Financial Statements (Attestation)</p>
<p>Name: Number of Children Served, 0 to 12 years – Special Needs Resourcing</p> <p>Definition: The number of children aged 0 to 12 with special needs receiving special needs resourcing. Each child is counted only once in the fiscal year.</p> <p>Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1) Allocation Below \$350,000: Financial Statements (Attestation)</p>
<p>Name: Number of Children Served, age 13-18 – Special Needs Resourcing</p> <p>Definition: The number of children age 13-18 with special needs receiving special needs resourcing. Each child is counted only once in the fiscal year.</p> <p>Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1) Allocation Below \$350,000: Financial Statements (Attestation)</p>
<p>Name: Number of Full Time Equivalent (FTE) Staff – Special Needs Resourcing</p> <p>Definition: The number of resource teachers responsible for the delivery of the service. Full time equivalent is based on a minimum of 35 hours per week.</p> <p>Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1) Allocation Below \$350,000: Financial Statements (Attestation)</p>
<p>Name: Average Monthly Number of Children Served up to and including Kindergarten – Special Needs Resourcing</p> <p>Definition: The average monthly number of children with special needs up to and including Kindergarten receiving special needs resourcing. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of children served each month.</p> <p>Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1) Allocation Below \$350,000: Financial Statements (Attestation)</p>

Name: Average Monthly Number of School-Age Children Served – Special Needs Resourcing

Definition:

The average monthly number of school-aged children receiving special needs resourcing. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children receiving special needs resourcing. For school-aged children who are 68 months or older but younger than 18 years of age (for children with special needs).

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

WAGE SUBSIDY

DATA ELEMENTS:

Name: Number of FTEs Serving Age 0-5 – Wage Subsidy

Definition:

The number of full time equivalent staff serving children between the ages of 0-5 years old in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS– Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of FTEs Serving Age 6-12 – Wage Subsidy

Definition:

The number of full-time equivalent staff serving children between the ages of 6-12 years old in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Interim Report, Financial Statements (EFIS– Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of FTE Non-Program Staff – Wage Subsidy

Definition:

The number of full-time equivalent non-program staff (including cooks, bus drivers, housekeeping, janitorial and clerical staff), in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing, who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

CHILD CARE TRANSFORMATION

DATA ELEMENTS:

Name: Number of Children Served – Child Care Transformation Fee Subsidy

Definition:

The number of children receiving Child Care Transformation fee subsidies. Each child is counted only once in the fiscal year.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Full Time Equivalent (FTE) Staff – Child Care Transformation Special Needs Resourcing

Definition:

The number of resource teachers responsible for the delivery of the service. Full time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of FTEs Serving Age 0-5 – Child Care Transformation Wage Subsidy

Definition:

The number of full time equivalent staff, serving children between the ages of 0-5 years old, in non-profit child care centres, home child care agencies, and agencies providing special needs resourcing, including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of FTEs Serving Age 6-12 – Child Care Transformation Wage Subsidy

Definition:

The number of full-time equivalent staff, serving children between the ages of 6-12 years old, in non-profit child care centres, home child care agencies, and agencies providing special needs resourcing, including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of FTE Non-Program Staff – Child Care Transformation Wage Subsidy

Definition:

The number of full-time equivalent non-program staff (including cooks, bus drivers, housekeeping, janitorial and clerical staff), in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing, who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Licensed Centres Funded – Child Care Transformation – IT Upgrades

Definition:

The number of licensed child care operators that receive Child Care Transformation funding to support IT upgrades that facilitate internet connectivity for business purposes.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)
Allocation Below \$350,000: Financial Statements (Attestation)

CHILD CARE SUPERVISOR NETWORK - CAPACITY FUNDING

DATA ELEMENTS:

Name: Number of Participants – Child Care Supervisor Network - Capacity

Definition:

The number of child care staff who receive funding to participate in network meetings or engage in professional development activities.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

DATA ELEMENTS:

Name: Number of Fully and Partially Eligible RECEs, Supervisors, and non-RECE FTEs eligible for Wage Enhancement

Definition:

The number of full-time equivalent staff working in licensed child care centres who have or will receive a full (\$2/hour) or partial (< \$2/hour) wage enhancement in 2018-19.

Frequency: Allocation \$350,000 and Above: Wage Enhancement Application Form, Financial Statements (EFIS – Wage Enhancement Schedule)

Allocation Below \$350,000: Wage Enhancement Application Form, Financial Statements (Attestation)

Name: Number of Fully and Partially Eligible home visitor FTEs eligible for Wage Enhancement

Definition:

The number of full-time equivalent home visitors working for a licensed home child care agency who have or will receive a full (\$2/hour) or partial (< \$2/hour) wage enhancement in 2018-19.

Frequency: Allocation \$350,000 and Above: Wage Enhancement Application Form, Financial Statements (EFIS – Wage Enhancement Schedule)

Allocation Below \$350,000: Wage Enhancement Application Form, Financial Statements (Attestation)

Name: Number of Home Child Care Providers Receiving a Full HCCEG

Definition:

The number of home child care providers who have or will receive a full (\$20.00/day) Home Child Care Enhancement Grant in 2018-19. A provider must provide services on average (6 hours or more) and receive base daily fees excluding year two's HCCEG less than \$250.70 (i.e. \$20 below the cap of \$270.70).

Frequency: Allocation \$350,000 and Above: Wage Enhancement Application Form, Financial Statements (EFIS – Wage Enhancement Schedule)

Allocation Below \$350,000: Wage Enhancement Application Form, Financial Statements (Attestation) full time

Name: Number of Home Child Care Providers Receiving a Partial HCCEG

Definition:

The number of home child care providers who have or will receive a partial (\$10.00/day) Home Child Care Enhancement Grant in 2018-19. Partial enhancements are given to providers who serve part time services on average (less than 6 hours) and receive base daily fees excluding year two's HCCEG of less than \$152.42 (i.e. \$10 below the cap of \$162.42).

Frequency: Allocation \$350,000 and Above: Wage Enhancement Application Form, Financial Statements (EFIS – Wage Enhancement Schedule)

Allocation Below \$350,000: Wage Enhancement Application Form, Financial Statements (Attestation) full time

Name: Number of Ineligible RECEs, Supervisors, and non-RECEs

Definition:

The number of ineligible RECEs, Supervisors, and non-RECEs whose hourly rate exceeds \$26.27.

SMALL WATER WORKS

DATA ELEMENTS:

Name: Number of licensed programs funded for Small Water Works

Definition:

The number of licensed child care programs (licensed centres and PHDC agencies) receiving funding to support small water works testing.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

FEE STABILIZATION SUPPORT

Expense Type:

Fee Stabilization Support

Expense Definition:

Funding to delivery agents to improve compensation for the early years and child care workforce as well as reduce the gender wage gap.

DATA ELEMENTS:

Name: Number of staff receiving Fee Stabilization Support funding

Definition:

The total number of staff in licensed centres and licensed home child care agencies supported through Fee Stabilization Support funding.

Frequency: Estimates; Revised Estimates; Financial Statements

Name: Number of child care centres or sites receiving fee stabilization support funding;

Definition:

The number of licensed child care centres or sites that have or will receive Fee Stabilization Support funding.

Frequency: Estimates; Revised Estimates; Financial Statements

Name: Number of home child care agencies receiving fee stabilization support funding;

Definition:

The number of licensed home child care agencies that have or will receive Fee Stabilization Support funding.

Frequency: Estimates; Revised Estimates; Financial Statements

SECTION 5

CHILD AND FAMILY PROGRAMS

THE JOURNEY TOGETHER

SECTION 5: THE JOURNEY TOGETHER CHILD AND FAMILY PROGRAMS

PURPOSE

The [*Journey Together*](#) sets out the province's plan to help address the Truth and Reconciliation Commission's findings and calls to action. Funding is intended to enhance existing provincially-funded child and family programs on reserve and to make culturally relevant child and family programs available in more communities.

Early years *Journey Together* objectives:

- Increased access to culturally relevant early years programs and services for First Nations children and families on reserve;
- Enhanced First Nations control of service design and delivery;
- Greater opportunities for First Nations children to learn about their culture and language from an early age; and,
- Improved outcomes for First Nations children and families including healthy child development, parent and family supports, and greater participation in employment and training for parents.

ALLOCATIONS

The *Journey Together* allocations are available in the Budget Schedule of the child care and child and family program agreement, if applicable.

CORE SERVICES

- Supporting early learning and development, for example:
 - Drop-in programs that build responsive adult-child relationships and encourage children's exploration, play and inquiry.
- Engaging parents and caregivers, for example:
 - Discussions/information sharing about child development, parenting, nutrition, etc.;
 - Pre- and post-natal support programs;
 - Targeted outreach activities to parents/caregivers (e.g. transportation); and/or,
 - On-site child minding services.
- Making connections for families, for example:
 - Information sharing about relevant community services, for example, specialized services, coordinated service planning agencies, public health, education and child care; and/or,
 - Early identification and screening.

First Nations may consider alternate delivery models and frequencies of child and family programs in order to meet the unique needs of a community, such as size, number of children and families, and available infrastructure. A First Nation may wish to support a child and family program that is centre-based (e.g., family drop-in program delivered throughout the week at the same location), and/or delivered on the land, and/or use a mobile delivery approach (e.g., outreach).

REQUIREMENTS

Child Minding

Child and family programs may offer child minding services during parent/caregiver programs or to allow parents to access other community services (e.g., postpartum depression support programs, employment and training services), provided that parents/caregivers remain on site in accordance with requirements under the *Child Care and Early Years Act, 2014*. Funding for child and family programs cannot be used to offer child-minding services where the parent/caregiver does not remain on site.

Health, Safety and Well Being

First Nations must ensure that appropriate policies and procedures are in place to ensure that child and family programs are delivered in a way that promote the health, safety and well-being of children and families being served. This includes ensuring that policies and procedures are in place for service providers regarding:

- Vulnerable Sector Screens
- First Aid
- Emergency Plans
- Sanitation and maintenance
- Workplace health and safety relating to staff
- Complaints and resolutions processes
- Reporting serious incidents to the Ministry and processes for determining appropriate, if any, response is required.

Program Vehicles

Vehicles may only be used for the purposes of transporting children and families to access child and family programming and transporting program supplies. Where transportation is being provided, policies and procedures must be in place to ensure the safe operation of the vehicle. This includes:

- A valid driver's licence
- Insurance
- The vehicle must be in a state of good repair and in safe mechanical condition
- Ensuring exterior lights are not obstructed.
- Checking weather and road conditions before departure
- Appropriate attire (e.g. helmets, life jackets, car seats)
- Emergency kits

- What to do in case of emergency (e.g. collision, mechanical failure, weather)
- Ensuring passengers are aware of appropriate behaviour while riding the vehicle
- Ensuring cleanliness in the interior and safe and secure storage of any belongings and baggage that is brought onto the vehicle

Staffing Requirements

Registered Early Childhood Educators (RECE) play a key role in delivering high quality early years programs. RECEs have specialized knowledge and expertise in child development and play and inquiry-based learning.

First Nations and TPAs are required to ensure that qualified staff teams are responsible for delivering programs and services at every child and family centre. Qualified teams must include at least one Registered Early Childhood Educators (RECEs) to deliver mandatory core services related to supporting early learning and development. The Ministry recommends RECE qualifications for all team staff delivering services related to early learning and development beyond the minimum requirement of 1 RECE at every centre.

Aligned with the other mandatory core services, First Nations and TPAs have the flexibility to determine if additional staff with specialized skill sets may be responsive to community needs. It is expected that staff will engage in continuous professional learning opportunities to keep informed of the latest research on adult education, child development, play and inquiry-based pedagogy, and other relevant topics.

RECE Exemption

Where a child and family program is unable to recruit at least one RECE to deliver core services related to supporting early learning and development, First Nations and TPAs may grant an exemption from the requirement for a period of five years.

Exemptions are not meant to be extended indefinitely.

Exemptions must be reviewed on an annual basis and First Nations or TPAs are required to monitor exemptions to identify challenges and develop strategies to support service providers in meeting the requirement. This may include transition planning, ensuring capacity to deliver core services related to early learning and development, and HR approaches (e.g. recruitment and staffing strategies).

The Ministry will review the RECE exemptions in five years. The RECE exemption is a temporary measure to provide time for child and family programs to meet the staffing requirement. The Ministry will monitor exemptions over this three year period, and work with First Nations and TPAs to inform next steps.

First Nations and TPAs will be required to report the number of service providers and number of staff that have been provided an exemption through financial reporting.

ELIGIBLE EXPENDITURES

Ongoing Operating

First Nations must prioritize funding to deliver mandatory core services that are responsive to local need. Funding may be used for ongoing costs including:

- Funding to support salary and benefit expenditures for child and family programs staff to deliver core services.
- Hiring or acquiring the services of a special needs resource consultant to support the delivery of core services to children with special needs and their families/caregivers, specifically making connections for families to specialized services (e.g. screening, early intervention, resources and supports)
- Lease and occupancy costs for child and family programs, rental fees for mobile services and other operating costs such as utilities.
- Transportation services to support outreach and participation in programs. This can include costs for public transit, gas, and general auto repair and maintenance.
- Resources for families and caregivers related to early learning and development (e.g. materials for inquiry-based play), additional community services and supports, information to support parents and caregivers in their role.
- Supplies to support the delivery and daily operation of programs as well as maintenance costs related to the general upkeep, safety, and maintenance of Child and Family Program facilities.

Up to ten percent of ongoing operating funds can be used for service provider administration costs.

One-time Operating Funding

- Operating costs for service providers that are involved in start-up/transformation activities and/or require business transformation supports such as integrating, sun-setting, establishing or relocating centres (e.g. legal fees, lease termination, moving, business planning, recruitment and onboarding of new staff, staffing transitions, program design).
- Costs to support professional learning and development opportunities for program staff that may:
 - build the capacity of program staff to provide high-quality, culturally relevant child and family programs
 - align with implementing and practicing pedagogical approaches described in *How Does Learning Happen?*

- relate to core service delivery and well-being of children and families such as healthy child development, pre- and post- natal care, adult and parent education, community development and outreach, culturally-appropriate programming, health and safety (e.g. safe food handling, first aid)
- relate to business administration (e.g. program management, human resources, budgeting, leadership, governance, policy development).

Eligible expenses include:

- Registration fees to attend professional learning events
- Transportation, meal and accommodation costs to attend professional learning events and meetings
- Equipment and technology to support professional learning activities and meetings
- Costs associated with the development and sharing of resources to support program staff
- Establishing communities of practice to support program staff
- Relief and release time to support staff in participating in professional learning activities

One-time Capital Funding

The Journey Together funding can be used on capital expenditures **where approved**, including:

- Minor capital retrofits and renovations to transform a space in order to support the implementation of a child and family program; and
- One-time purchase of vehicle(s) to support the delivery and daily operation of programs as well as related maintenance costs.

Funding provided by the ministry must only be used for the project identified in the approved applications. The Journey Together funding can be used on capital expenditures where approved. Any funds committed to specific capital projects must be spent by March 31, 2019.

Any funding not spent on the prescribed expenditures or in accordance with the priorities of this funding outlined above or in the Budget schedule will be recovered by the ministry.

INADMISSIBLE EXPENDITURES

Funding may not be used to support direct specialized services. This includes programs and services offered by regulated health professionals working within their scope of practice (e.g. occupational therapy, audiology and speech language pathology, physiotherapy).

This also includes early intervention and screening programs and services that are funded by other ministries and/or levels of government.

Funding may not be used to support child care where parents do not remain onsite.

FINANCIAL FLEXIBILITY

First Nations have the flexibility to move funds between one-time operating and ongoing operating expenditures under *The Journey Together* allocation. First Nations **cannot** transfer funds between operating and capital expenditures.

REPORTING REQUIREMENTS

First Nations are required to report financial and service data to the ministry related to *The Journey Together* expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements - Attestation submission.

In addition to total expenses, First Nations are required to report on *The Journey Together* data elements outlined below:

- Number of Visits Made by Parents/Caregivers
- Number of Children Served
- Number of Visits Made By Children
- Number of Parents/Caregivers Served
- Number of Professionals in Workshops/Seminars
- Number of Referrals
- Number of Parents/Caregivers in Workshops/Seminars
- Program Locations

REQUIRED DOCUMENTATION

First Nations should maintain service and financial records for each site where the service above is being provided.

SERIOUS OCCURRENCE PROTOCOL

First Nations and Transfer Payment Agencies (TPAs) that are funded for child and family programs under *The Journey Together* are required to report serious occurrences (SOs) to the Ministry of Education. First Nations and TPAs are required to submit to the ministry reports for serious occurrences (SORs) that take place in child and family centres if they fall into any of the categories below. First Nations and TPAs must submit SORs to the ministry within 24 hours of a serious occurrence:

1. Death of a child;
2. Serious injury to a child that requires treatment by a regulated health professional (doctor, nurse, dentist, etc.) and/or a serious injury that involves the police, fire or ambulance/EMS/paramedics;

3. Allegation of abuse and/or neglect of a child;
4. Child is missing (if the child is still missing when the SOR is submitted); or
5. High potential for public criticism of the Ministry of Education and/or if the situation may lead to questions being asked by the media.

Please submit your SOR by email to EYIBSOR@ontario.ca or by fax to 647-724-0943 or by toll free fax to 888-996-3889. The ministry will acknowledge receipt of your SOR, review all information, and contact you if any follow up is required. First Nations and TPAs should use the Ministry of Education’s Child and Family Program Serious Occurrence Report Form to report a serious occurrence. The Serious Occurrence forms can be found in Appendix E.

The summary below outlines the ministry’s protocol that First Nations and Transfer Payment Agencies are to follow for child and family programs (i.e. BBBF, CCRC, OEYC or The Journey Together) when a serious occurrence has taken place:

Child and Family Program Serious Occurrence Protocol

Timeframe	Responsibility
Immediately	First Nations and Transfer Payment Agencies will: <ul style="list-style-type: none"> • Address health & safety of client(s). • Notify Children’s Aid Society, as appropriate. • Notify all other applicable parties, as required.
Serious Occurrence Report (Within 24 hours)	First Nations and Transfer Payment Agencies will: <ul style="list-style-type: none"> • Determine if the incident is a serious occurrence to be reported to the ministry. • Submit Serious Occurrence Report (SOR) to the Ministry of Education by email to EYIBSOR@ontario.ca or by fax to 647-724-0943 or by toll free fax to 888-996-3889.
Within 7 business days if follow up action was requested and/or taken	First Nations and Transfer Payment Agencies will: <ul style="list-style-type: none"> • Complete and Submit Part 2 of the Serious Occurrence Report (SOR) to the Ministry of Education by email to EYIBSOR@ontario.ca or by fax to 647-724-0943 or by toll free fax to 888-996-3889.
Upon Receipt of SOR	Ministry of Education will: <ul style="list-style-type: none"> • Acknowledge receipt of SOR. • Review all information and action taken by the First Nation or transfer payment agency. • Determine if further ministry follow-up is required (if so, the ministry will work with the First Nation or transfer payment agency).

DATA ELEMENTS:

Name: Number of Visits Made by Parents/Caregivers

Definition:

The total number of visits that parents/caregivers made to the child and family program.

Frequency: Allocation \$350,000 and Above: Interim Report, Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Children Served

Definition:

The number of children, age 0 – 6, that received services at some point during the fiscal year. A child is reported in the initial quarter in which he/she received services and counted once during the fiscal year. This data element is only used when a child participates in an early learning activity.

For example, in the first quarter, if 15 children received service this would be reported at the end the first quarter. If 5 additional new children received service during the second quarter a total of 20 children would be reported at the end of the second quarter.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Visits Made By Children

Definition:

The total number of visits that children, age 0 – 6, made to the child and family program.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Parents/Caregivers Served

Definition:

The number of parents/caregivers who actively participated in a program, either with their children or separately. A parent/ caregivers is reported in the initial quarter in which he/she received services and counted only once during the fiscal year.

For example, in the first quarter, if 15 parents/caregivers received service, this would be reported at the end the first quarter. If 5 additional new parents/ caregivers received service during the second quarter, a total of 20 parents/caregivers would be reported at the end of the second quarter.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Professionals in Workshops/Seminars

Definition:

The total number of adults participating in workshops/seminars provided though this service to assist them in their professional capacity. Participants are counted each time they attend a program within the reporting period. If a program, workshop, or seminar lasts more than one day, a person is counted once, whether or not the person attended the full workshop or seminar.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Referrals

Definition:

The total number of referrals made to support other early learning and family- centred services. Each referral is to be counted only once in the budget year. A referral is the outcome of a process. The process begins either with a parent/ caregiver bringing a question about the child/family to centre staff member or with a staff member bringing an observation about the child's development to a parent/ caregiver. A referral is made when discussion results in the parent being given contact information (in-person, over the phone, or by e-mail) for a particular program or service that could be of assistance, other than those being offered at the centre.

Frequency: Allocation \$350,000 and Above: Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Parents/Caregivers in Workshops/Seminars

Definition:

The total number of parents/caregivers participating in workshops/seminars to assist them in their parenting/caregiver role. Participants are counted each time they attend a program within the fiscal year. If a program, workshop or seminar lasts more than one day, a person is counted once, whether or not the person attended the full workshop or seminar.

Frequency: Allocation \$350,000 and Above: Interim Report, Financial Statements (EFIS – Data Elements Schedule)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Program Locations

Definition:

The civic address (street number, street name, unit/floor number, city and postal code) of all child and family program sites supported with EDU funding.

Frequency: Allocation \$350,000 and Above: Interim Report, Financial Statements (EFIS - to be confirmed)

Allocation Below \$350,000: Financial Statements (Attestation)

SECTION 6

ONTARIO WORKS CHILD CARE

SECTION 6: ONTARIO WORKS CHILD CARE

PURPOSE

Ontario Works (OW) Child Care funding is to be used to enable OW participants to work, or engage in employment assistance activities while their children are being cared for in a safe and nurturing environment.

ALLOCATIONS

First Nations and TPAs can access two types of OW child care funding- Ontario Works Formal and Ontario Works Informal, which are described in detail below. Ontario Works Child Care funding is available through detail codes A402/A403- Ontario Works Child Care. This allocation can be found in the Budget Schedule of the child care agreement, if applicable.

ELIGIBLE EXPENDITURES

Ontario Works child care funding covers the cost of child care for children in First Nations communities whose parents are eligible for income assistance under the *Ontario Works Act, 1997* (OWA) and are employed and/or participating in employment assistance activities under the OWA. OW child care may be provided for children under the age of 13, as defined by the *Child Care and Early Years Act, 2014*.

Child care is an essential support that allows OW participants to partake in employment assistance activities in order to make the transition to employment and achieve financial independence. First Nations and TPAs who receive OW Child Care funding are designated OW delivery agents under the *Ontario Works Act, 1997*. In addition, the First Nation being funded directly or TPA designated to serve First Nations communities must be delivering the full OW program i.e. financial assistance and employment assistance.

In First Nation communities with a licensed child care centre, OW and Child Care Administrators are encouraged to work collaboratively to ensure that child care supports are available for OW participants and to determine the child care services appropriate for OW participants within their communities while protecting confidentiality of families.

ONTARIO WORKS FORMAL CHILD CARE

Ontario Works Formal Child Care funding may cover the cost of licensed child care and home child care services provided to children of OW participants in First Nation communities. Ontario Works Formal child care funding is a type of fee subsidy, which is financial assistance provided on behalf of parents for the cost of licensed child care services or home child care services up to the actual cost of the licensed child care (as specified in section 8.7 of the Ontario Works Policy Directives).

Ontario Works Formal Child Care funding may be provided for children in attendance at a licensed child care centre operated by a First Nation/TPA or for the purchase of child care or home child care services for children whose parents are eligible for income assistance under the *Ontario Works Act, 1997* (as defined in O.Reg. 138/15).

Reporting Requirements

First Nations are required to report financial and service data to the ministry related to Ontario Works expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenses, First Nations are required to report on the Ontario Works data element outlined in the subsection below. This data element includes:

- Number of children served
- Number of Participants/Families Served - Ontario Works
- Average Monthly Number of Infants Served
- Average Monthly Number of Toddlers Served
- Average Monthly Number of Preschoolers Served
- Average Monthly Number of Kindergarten Children Served
- Average Monthly Number of School-Age Children Served

OW FORMAL CHILD CARE DATA ELEMENTS:

Name: Number of children served - Ontario Works

Definition:

The number of children of Ontario Works participants provided with child care in licensed child care settings. Each child is counted only once in the fiscal year.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Participants/Families Served - Ontario Works

Definition:

The number of Ontario Works families receiving fee subsidies. Each participant/family is counted only once in the fiscal year.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Infants Served

Definition:

The average monthly number of infants of Ontario Works participants provided with child care in licensed child care settings. Each infant is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of infants of Ontario Works participants provided with child care in licensed child care settings. For infants, younger than 18 months of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Toddlers Served

Definition:

The average monthly number of toddlers of Ontario Works participants provided with child care in licensed child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of toddlers of Ontario Works participants provided with child care in licensed child care settings. For toddlers, 18 months of age or older but younger than 30 months of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Preschoolers Served

Definition:

The average monthly number of preschoolers of Ontario Works participants provided with child care in licensed child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of preschoolers of Ontario Works participants provided with child care in licensed child care settings. For preschoolers, 30 months of age up or older but younger than 4 years of age. Each child will move up to the next age group according to their birth date.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of Kindergarten Children Served

Definition:

The average monthly number of JK children of Ontario Works participants provided with child care in licensed child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of JK children of Ontario Works participants provided with child care in licensed child care settings. For Kindergarten children who are 44 months of age or older, as of August 31st of each year, but younger than 68 months of age.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Average Monthly Number of School-Age Children Served

Definition:

The average monthly number of school-aged children of Ontario Works participants provided with child care in licensed child care settings. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children of Ontario Works participants provided with child care in licensed child care settings. For school-aged children who are 68 months of age or older but younger than 13 years of age (under 18 for children with special needs).

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

ONTARIO WORKS INFORMAL CHILD CARE

Ontario Works Informal Child Care funding may cover the cost of informal (unlicensed) child care provided to children of OW participants in First Nation communities. Informal child care provides an additional option for parents requiring more flexible arrangements for part time, short term and irregular care arrangements to meet OW participation requirements. The payment level to OW participants for informal care is the actual cost of the informal child care up to the prescribed maximum per child (as specified in the Ontario Works Policy Directives).

Please refer to the Ministry of Community and Social Service's Ontario Works Policy Directives for more information about OW formal and informal child care supports.

The Ministry of Education is taking steps to prioritize and promote the use of licensed child care options for OW participants. The ministry encourages First Nations and Transfer Payment Agencies to promote the use of licensed child care for OW participants and to document where OW participants are either unable to secure licensed child care or licensed child care does not effectively support the participants' activities as documented in the OW Participation Agreement. Information on the differences between informal and licensed child care options can be found on the [Ministry of Education website](#).

COST-SHARING REQUIREMENTS

Ontario Works Formal Child Care (A402) is cost-shared on an 80% provincial/20% First Nations basis under the *Child Care and Early Years Act, 2014*. Ontario Works Informal Child Care (A403) is funded 100% by the Province under the *Child Care and Early Years Act*.

FINANCIAL FLEXIBILITY

The Ontario Works Formal (A402) and Informal (A403) detail codes are combined and First Nations receive one allocation under Ontario Works Child Care- A402/A403 in the Budget Schedule of the service agreement. The blending of the Ontario Works Formal (A402) and Informal (A403) detail codes provides First Nations and TPAs with the flexibility to spend their allocation in a way that best meets community need. Although First Nations and TPAs receive a combined allocation under A402/A403, they will be required to report their expenditures on A402 and A403 separately in their financial submissions.

The calculation of the First Nation or TPA's entitlement under Ontario Works Child Care-A402/A403 will take into account the different cost sharing requirements for the two detail codes. See the example below.

Ontario Works Child Care Funding: Example of Entitlement Calculation

A First Nation is entitled to receive a maximum combined Ontario Works child care allocation of \$30,000. Based on community need, the First Nation has determined that 1/3 of their allocation will be used for Formal Child Care (A402) and 2/3 of their allocation will be used for Informal Child Care.

A402/A403 OW Child Care Allocation \$30,000¹⁵

Community Need Analysis:

A402 Ontario Works Formal Child Care- (\$30,000 X 1/3) \$10,000

A403 Ontario Works Informal Child Care- (\$30,000 X 2/3)

\$20,000

Costs that must be incurred in order to receive full allocation:

	EDU Share	First Nation Share	Total Costs Incurred¹⁶
A402 Ontario Works- Formal Child Care (80/20 Cost Share)	\$10,000	\$2,500	\$12,500
A403 Ontario Works- Informal Child Care (100% funded by EDU)	\$20,000	\$0	\$20,000
Total	\$30,000	\$2,500	\$32,500

Reporting Requirements

First Nations are required to report financial and service data to the ministry related to Ontario Works Informal Child Care expenses. First Nations that report in EFIS will provide this information in their Financial Statements submissions. First Nations that do not report in EFIS will provide this information in their year-end Financial Statements-attestation submission.

In addition to total expenses, First Nations are required to report on the Ontario Works Informal Child Care data element outlined in the subsection below. This data element includes:

- Average Monthly Number of Children Served
- Number of Children Served
- Number of Participants/Families Served

¹⁵ As outlined in the Budget Schedule of the child care service agreement.

¹⁶ If the cost incurred by the First Nation is less than \$32,500 the amount of funding the First Nation receives from the ministry will decrease.

OW INFORMAL CHILD CARE DATA ELEMENTS

Name: Average Monthly Number of Children Served – Ontario Works Informal

Definition:

The average monthly number of children receiving Ontario Works Informal child care. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of children receiving Ontario Works Informal child care in each month.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Children Served - Ontario Works

Definition:

The number of children of Ontario Works participants provided with child care in informal child care settings. Each child is counted only once in the fiscal year.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

Name: Number of Participants/Families Served - Ontario Works

Definition:

The number of Ontario Works participants receiving funding for informal child care arrangements. Each participant/family is counted only once in the fiscal year.

Frequency: Allocation \$350,000 and Above: Financial Statements
(EFIS – Schedule 1.1)

Allocation Below \$350,000: Financial Statements (Attestation)

APPENDIX A:
REVIEW (AUDIT) ENGAGEMENT
REPORT REQUIREMENTS

APPENDIX A: REVIEW (AUDIT) ENGAGEMENT REPORT REQUIREMENTS

First Nations and TPAs are required to adhere to the review engagement report requirements for Child Care Services and Child and Family programs (where applicable) by one of two methods:

1. Separate Review Engagement*; or
2. Details / notes to their audited financial statements.

Enclosed is a sample template of each method for reference purposes.

REVIEW ENGAGEMENT REPORT

This report should contain 3 elements:

- A. Review Engagement Report;
- B. Schedule of Revenues and Expenditures for Child Care Services and / or Schedule of Revenues and Expenditures for Child and Family Programs;
and
- C. Notes to Review Engagement Report.

DETAILS / NOTES TO THE AUDITED FINANCIAL STATEMENTS

- D. Sample note disclosure

** First Nations/ TPAs can choose a separate audit engagement*

A. Review Engagement Report

To XXX,

At the request of <name of First Nation or TPA>, we have reviewed the Schedules of Revenues and Expenditures for Child Care Services (and for Child and Family Programs, if applicable) for the year ended March 31, 2019. These schedules meet the financial reporting requirements specified by the Ministry of Education (see note 1(b)). Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussions related to information supplied to us by the First Nations.

A review does not constitute an audit and consequently we do not express an audit opinion on this financial information.

Based on our review, nothing has come to our attention that causes us to believe that this financial information is not, in all material aspects, in accordance with the <name of First Nation or TPA>'s basis of accounting.

The schedule(s) of revenue and expenditures has/have been prepared solely for the information and use of the addressee and the Ministry of Education for the stated purpose, and should not be used by anyone other than the specified users, or used for any other purpose.

Chartered Accountants

Date

Name of First Nation / TPA

B. Schedule of Revenues and Expenditures – Child Care Services

For the year ended March 31, 2019

(Unaudited)

	REVENUES				GROSS EXPENDITURES	SURPLUS/ (DEFICIT)
	Ministry of Education (Schedule 3.1, line 1.1 / Schedule D of 2017-18 Service Agreement)	Legislated Cost Share	Other (Schedule 2.4, line 1.1 + line 1.2 + lines 1.3 to 1.5)	Total	Ministry of Education (Schedule 2.4, line 1.0)	
A370 – Fee Subsidy						
A371 – Fee Subsidy						
A375 – Repairs & Maintenance						
A377 – Special Needs Resourcing						
A392 – Wage Subsidy						
A394 – Pay Equity Union Settlement						
A402 – Ontario Works Formal						
A403 – Ontario Works Informal						
A404 – Child Care Transformation						
A405 – Child Care Supervisor Network Capacity						
A406 – Wage Enhancement/HCCEG						
A407 – Wage Enhancement/HCCEG Administration						
A515 - Small Water Works						
Fee Stabilization Support						
TOTAL	\$	\$	\$	\$	\$	\$

Name of First Nation / TPA

C. Schedule of Revenues and Expenditures – Child and Family Programs

For the year ended March 31, 2019

(Unaudited)

	REVENUES				GROSS EXPENDITURES	SURPLUS/ (DEFICIT)
	Ministry of Education (Schedule "Entitlement", Tab: Allocations or Schedule D of 2017- 182 Service Agreement)	Legislated Cost Share	Other	Total	Ministry of Education (Schedule "Expenditures", Tab: Adjusted Gross Expenditures)	
A387 – Child Care Resource Centres						
A462 – Ontario Early Years Centres						
A520 – Better Beginnings Better Futures						
The Journey Together						
TOTAL	\$	\$	\$	\$	\$	\$

**C. Schedule of Revenues and Expenditures – Child and Family Programs,
cont.**

Name of First Nation / TPA

**Notes Accompanying Schedule of Revenues & Expenditures – Child Care
Services and/or Child and Family Programs**

For the year ended March 31, 2019

(Unaudited)

The <name of First Nation/ TPA> Child Care Services Program (and/or Child and Family Program), is a program funded by the Ministry of Education that aims to <insert purpose>.

a. Significant Accounting Policies

a) Revenue recognition

Revenue is recognized when it is determined to be receivable.

b) Basis of Accounting

<Insert basis of accounting used>

D. Notes to the Financial Statements

Note <insert number>. CHILD CARE AND/OR CHILD AND FAMILY PROGRAM SERVICE AGREEMENT WITH THE MINISTRY OF EDUCATION

<Name of First Nation/ TPA> has a child care and/or child and family program service agreement with the Ministry of Education. A requirement of the service agreement is the production of supplementary information by detail code (funding type), which summarizes all revenues and expenditures relating to the service agreement(s).

A review of these revenues and expenditures, by detail code, are outlined below. The identified surplus / (deficit) position is reflected prior to the application of flexibility in accordance with the Child Care Business Practices, Funding and Service Guideline.

Child Care Services:

	REVENUES				GROSS EXPENDITURES (Schedule 2.4, line 1.0)	SURPLUS / (DEFICIT)
	Ministry of Education (Schedule 3.1, line 1.1 or Schedule D of 2017-18 Service Agreement)	Legislated Cost Share	Other (Schedule 2.4, line 1.1 + line 1.2 + lines 1.3 to 1.5)	Total		
A370 – Fee Subsidy						
A371 – Fee Subsidy						
A375 – Repairs & Maintenance						
A377 – Special Needs Resourcing						
A392 – Wage Subsidy						
A394 – Pay Equity Union Settlement						
A402 – Ontario Works Formal						
A403 – Ontario Works Informal						
A404- Child Care Transformation						
A405- Child Care Supervisor Network– Capacity						
A406- Wage Enhancement/HCCCEG						
A407 – Wage Enhancement/HCCCEG Administration						
A515 – Small Water Works						
Fee Stabilization Support						
TOTAL						

Child and Family Programs:

	REVENUES				GROSS EXPENDITURES (Schedule "Expenditures – Tab: Adjusted Gross Expenditures")	SURPLUS/ (DEFICIT)
	Ministry of Education (Schedule "Entitlement – Tab: Allocations" or Schedule D of 2017-18 Service Agreement)	Legislated Cost Share	Other (Schedule Expenditures – Tab: Adjusted Gross Expenditures, Other Offsetting Revenues)	Total		
A387 – Child Care Resource Centres						
A462 – Ontario Early Years Centres						
A520 – Better Beginnings Better Futures						
The Journey Together						
TOTAL						

These results comprise part of the <insert name of revenue category> and <insert name of expenditure category> that are included in the consolidated statement of operations.

APPENDIX B: ADMISSIBLE/INADMISSIBLE EXPENDITURES

Amortizations

Amortizations (tangibles and intangibles) are inadmissible expenditures under the ministry's modified accrual basis of accounting.

Bonuses, Gifts and Honoraria

Bonuses (including retiring bonuses), gifts and honoraria paid to staff are inadmissible expenses except for in the case that they are provided as a retroactive wage increase that will be maintained the following year.

Capital Expenditures

Capital expenditures are inadmissible except where they have been approved by the ministry.

Capital Loans

Principal and interest on capital loans are inadmissible expenditures

Donations and Transfers

Donations and/or transfer of funds made by the First Nation or TPA to other charitable institutions / organizations are inadmissible expenditures.

Interest on Operating Loans

Interest on operating loans is an inadmissible expenditure.

Lease/Rental Costs when paid to Non-Arm's Length Corporations

Lease/Rental Costs when paid to Non-Arm's Length Corporations which are reasonable are admissible with prior ministry approval, provided expenditures do not exceed those that would be paid if the transaction were at arm's length.

Mortgage Financing

Principal and interest payments are inadmissible expenditures.

Non-Cash Transactions

The modified accrual basis of accounting does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenditures do not represent an actual cash expenditure related to the current period. Non-cash transactions include: provisions for pension expenses; provisions for unused sick leave and wage settlements; provisions for travel expenses; provisions for repairs or replacements; provisions for bad debts; retainer fees for legal services; provisions for amortization. However, related payments are admissible.

Professional Organization Fees

Fees paid on behalf of staff for membership in professional organizations as a condition of employment are inadmissible expenditures.

Property Taxes

Property taxes are inadmissible expenditures.