Ontario

Ministry of Education

Ontario Child Care Service Management and Funding Guideline 2019

For Consolidated Municipal Service Managers and District Social Services Administration Boards

June 2019

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SECTION 1: INTRODUCTION

The Ministry of Education (the "ministry") is pleased to release the *2019 Ontario Child Care Program Service Management and Funding Guideline* ("guideline") for Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs).

The purpose of the guideline is to provide up to date child care funding and reporting requirements for service system managers. It outlines the parameters under which the ministry can flow child care funding to CMSMs/DSSABs, and describes the requirements of the funding, including obligations for service system managers.

Please direct any related questions or concerns to your Early Years Advisor or Financial Analyst as applicable. A full list of ministry contacts can be found on the ministry webpage.

Note: The 2019 guideline does not reflect any of the proposed regulatory amendments posted to the Ontario Regulatory Registry from April 4 through May 19th, 2019 (anticipated earliest effective date of September 1, 2019).

The guideline aligns with the legislation that governs the provision of child care and early years including the *Child Care and Early Years Act, 2014* (CCEYA), the Education Act, and the Early Childhood Educators Act, as well as the regulations within each act.

CMSM and DSSAB Service System Management

Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) are the designated child care service system managers responsible for planning and managing licensed child care services in their communities. Child care services are managed by CMSMs and DSSABs through a local service planning process that reflects current child care legislation, regulations and policies/directives, including this consolidated guideline as well as engagement with local licensees.

In addition to managing child care services, CMSMs and DSSABs are also responsible for the local management of all ministry-funded child and family programs. This responsibility integrates child and family programs into a cohesive system of services and supports known as EarlyON Child and Family Centres.

The ability to strengthen the quality of child care and early years experiences and enhance system integration requires the strategic leadership of CMSMs and DSSABs to initiate, sustain and monitor local planning and development. The legislation sets out the requirement that CMSMs and DSSABs develop local plans that reflect the "provincial interest" for child care and early years programs and services established in legislation (refer to section 49 (1) of the *Child Care and Early Years Act, 2014*).

FRENCH LANGUAGE SERVICES

In areas designated under the *French Language Services Act*, CMSMs and DSSABs are required to meet the specific requirements outlined in their service agreement. Where the CMSM or DSSAB is not at full capacity, it is required to submit a plan to the ministry annually to build capacity. The 2019 French Language Service plans are due to the ministry by August 30, 2019.

PUBLIC ANNOUNCEMENTS

Announcements regarding child care and early years programs are communications opportunities for the provincial government and CMSMs and DSSABs. CMSM and DSSAB announcements related to funding for child care and early years programming must clearly acknowledge the contributions made by the Province of Ontario. Similarly, CMSMs and DSSABs announcements related to funding received through the ELCC must clearly acknowledge that the contributions were made by the Province of Ontario and the Government of Canada. In addition, any such communications opportunities should remain confidential until they are announced publicly by the Province of Ontario or jointly by the provincial government and CMSMs and DSSABs.

The intent is to help promote the role of the Ministry of Education, CMSMs and DSSABs, and community partners in bringing new investments to local communities. Information on the announcement protocol, can be found in the Communication Protocol Requirements shared in the 2019: EYCC02 2019 Child Care and Early Years Allocations memo.

SECTION 2: MINISTRY BUSINESS PRACTICE REQUIREMENTS

TRANSFER PAYMENT BUSINESS PROCESS

OVERVIEW OF CONTRACTING PROCESS

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 recipients only upon signature of the Agreement (for the first year), or after the new budget schedule is provided and the 30 day time period within which the CMSM or DSSAB has the right to terminate the Agreement has passed.

The contracting process will consist of the following three stages: contracting; payment; and financial reporting.

CONTRACTING

Service agreements between the ministry and CMSMs and DSSABs:

- 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 CMSMs and DSSABs;
- Include specific, measurable results for the money received, reporting requirements, and any corrective action the Ontario government is entitled to take if agreed upon results are not achieved; and,
- Subject to the *Freedom of Information and Protection of Privacy Act*, the *Municipal Freedom of Information and Protection of Privacy Act* and other relevant legislation, allow for inspection by the Province and/or independent professionals identified by the Province of any relevant financial and non-financial documents relating to the program to verify program progress and financial information including the Recipients' allocation and expenditure of funds. In addition, the agreements do not limit the power or authority of the Auditor General of Ontario.

FINANCIAL REPORTING

The cornerstone of the Ontario government's performance management framework for the child care program is accountability for service. Service information strengthens accountability for results, informs the public and decision-makers and other public officials, influences policy, signals areas needing attention and improvement and emphasizes the "differences that have been made" by a program or service. Financial reporting is one such way that the ministry demonstrates accountability.

Financial Reporting Cycle

As stated in the Reports Schedule of the service agreement, CMSMs and DSSABs are expected to provide the following submissions to the ministry as per the following cycle:

Submission Type	Due Date
Service Agreement Amendments	Monthly cash flow is based on 2019 budget schedule when the schedule is provided and the 30 day time period within which the CMSM or DSSAB has the right to terminate the Agreement has passed- no signature/submission required for amendments*
Estimates	Not Required for 2019 and ongoing
Interim Report (previously Revised Estimates)	September 30, 2019
Financial Statements	May 29, 2020

* If the Recipient does not agree with all or any New Schedules, the Recipient may terminate the Agreement immediately by giving Notice to the Province within 30 days of the Province providing the New Schedules.

In-Year Funding Adjustments

As per the service agreement, the ministry adjusts entitlement and the resulting cash flow to reflect under spending which is expected or forecasted following the submission of the Interim Report (previously Revised Estimates) and Financial Statements (where actual under spending is reported).

These adjustments will result when the following occurs:

- Projected or actual spending levels indicate that the CMSM or DSSAB will not generate an entitlement amount to the same level that was communicated prior to the start of the calendar year;

- The ministry identifies through its review process that projected spending levels should be adjusted to reflect an amount that more closely reflects previous years' actuals, trends and expectations for the current calendar year. This process is completed through discussions between the ministry and CMSMs and DSSABs.

- Please note that if the signed agreement is received after the calendar year has ended (i.e. a year after the effective date), then the ministry will no longer process the agreement, and any funds already flowed out for that year will be recovered. As agreement amendments do not require a signature in 2019, this policy is not applicable this year.

POLICY FOR LATE FILING

The ministry acknowledges that the majority of CMSMs and DSSABs 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 CMSM and DSSAB partners with timely financial documentation filing through regional outreach, training and ministry resources. Late filing policies of financial submissions are implemented as follows:

Policy for late filing of financial submissions, including:

a) Financial reporting (Interim Report (previously Revised Estimates)), Financial Statements)

b) Queries related to financial reporting and financial statements review

c) Financial documentations (e.g. Audited Financial Statements, Review Engagement Reports, etc.)

Where a CMSM or DSSAB files its 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 CMSM or DSSAB that the submission is overdue.

- After 31 days, cash flow will be reduced by 50 per cent of the monthly payment. The ministry will work with the CMSM or DSSAB to discuss any challenges with providing the information and to offer support.

Upon submission of ministry requirements, the ministry will revert back to the normal monthly payment process and will include in that 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 CMSM or DSSAB have any outstanding submissions the ministry may exercise its discretion by not providing funding in the subsequent calendar year.

SERVICE/ CONTRACTUAL TARGETS

In compliance with the Transfer Payment Accountability Directive, there are contractual service targets tied to the child care service agreement to support accountability and facilitate funding recovery.

In 2019, an amended approach to contractual service targets is being implemented. The ministry will re-evaluate the approach in 2020.

<u>General Allocation</u>

There are three contractual service targets associated with CMSMs' and DSSABs' general allocation (i.e. excluding child care expansion plan and ELCC funding), which are a compilation of three expense categories and data elements related to fee subsidy, Ontario Works and Special Needs Resourcing (SNR). These targets are included in the 2019 Child Care Service Agreement amendments.

CMSMs and DSSABs will be provided with service targets. The service targets will be based on the 2018 targets (as provided in the final 2018 Child Care Service Agreement) and adjusted up or down proportionally, aligning with the % change in general allocation as compared to 2018.

Should the CMSM or DSSAB not meet all of the three contractual service targets by 10 per cent or more, and 10 children or more in the aggregate, the Recipient's entitlement will be reduced by 1 per cent to reflect the underachievement of contractual service targets. This one-time funding adjustment will be processed upon review of the Financial Statement submission by the ministry.

For example:

If a CMSM or DSSAB has a service target of 70 children but EFIS submissions identify 61 children were served, they <u>have met the service target</u>.

- Number of children missed is 9
- Percentage is 13% (9 children missed/ 70 children identified in service target)

In this scenario the service target was met because the number of children missed is less than 10.

If a CMSM or DSSAB has a service target of 70 children but EFIS submissions identify 60 children were served, they have not met the service target.

- Number of children missed is 10
- Percentage is 14% (10 children missed/ 70 children identified in service target)

In this scenario the service target was not met because BOTH the number of children missed equals 10 and the percentage missed is more than 10%.

Children who receive fee subsidy for camps and children's recreation programs and/or before and after school child care should be included in the fee subsidy contractual service target. Children who receive Ontario Works child care funding should be counted under Ontario Works regardless of the type of program they attend. Children who receive SNR funding should be counted as part of the SNR contractual service target. If a child receives both SNR and fee subsidy funding, they should be counted under both service targets as they are receiving two different types of services.

CMSMs and DSSABs will report on all regular data elements not included in the contractual service targets in schedule 1.2 of their Interim Report (previously Revised Estimates), and Financial Statement reports. Schedule 1.2 should reflect the data elements achieved by all sources of funding (i.e. provincial required cost share, additional municipal funding and parent fees).

Contractual Service Targets (provincial funding and required municipal cost share)

Target	Expense Category	Contractual Target	Description
1	Fee Subsidy	Total of the Average Monthly Number of Children Served	Total average monthly number of infants, toddlers, preschoolers, kindergarten*, school aged** served including children served in licensed child care, camps, board-operated before and after school programs, and children's recreation programs
2	Special Needs Resourcing	Total of the Average Monthly Number of Children Served	Total average monthly number of children served from 0 up to kindergarten* and school aged**
3	Ontario Works	Total of the Average Monthly Number of Children Served (formal and informal)	Total average monthly number of infants, toddlers, preschoolers, kindergarten* and school aged children** served for Ontario Works formal and total average monthly number of children served for Ontario Works informal.

*"Kindergarten" includes both junior and senior kindergarten.
**"School Age" includes both the primary and junior school age categories (age 6-12).

Expansion Targets

In 2019, CMSMs/DSSABs will be provided with an expansion plan target that is based on the Year 2 target identified in the executed 2018 final agreements.

Should the Recipient not meet the 2019 expansion plan service target by 10% or more and 10 children or more in the aggregate, the Recipient's expansion plan entitlement will be reduced by 1% of the entitlement to reflect the underachievement of the expansion plan service targets. This one-time funding adjustment will be processed upon review of the 2019 Financial Statement submission by the ministry.

For example:

If the expansion plan service target for 2019 is 70 children but EFIS submissions identify 61 children were served, the CMSM or DSSAB has met the service target.

- Number of children missed is 9
- Percentage is 13 % (9 children missed/ 70 children identified in service target)

In this scenario the 2019 expansion plan service target was met because the number of children missed is less than 10.

If the expansion plan target for 2019 is 70 children but EFIS submissions identify 60 children were served, the CMSM or DSSAB has not met the service target.

- Number of children missed is 10
- Percentage is 14% (10 children missed/ 70 children identified in service target)

In this scenario the 2019 expansion plan service target was not met because BOTH the number of children missed equals 10 and the percentage missed is more than 10%.

ELCC Targets

CMSMs and DSSABs will be provided with the ELCC targets for 2019 as reported in the executed 2018 final service agreements.

Should the Recipient not meet the ELCC target by 10% or more and 10 children or more in the aggregate, the Recipient's ELCC entitlement will be reduced by 1% to reflect the underachievement of the ELCC service target. This one-time funding adjustment will be processed upon review of 2019 Financial Statement submission by the ministry.

For example:

If the ELCC service target is 70 children but EFIS submissions identify 61 children were served, the CMSM or DSSAB has met the service target.

- Number of children missed is 9
- Percentage is 13 % (9 children missed/ 70 children identified in service target)

In this scenario the service target was met because the number of children missed is less than 10.

If the ELCC service target is 70 children but EFIS submissions identify 60 children were served, the CMSM or DSSAB has not met the service target.

- Number of children missed is 10
- Percentage is 14% (10 children missed/ 70 children identified in service target)

In this scenario the service target was not met because BOTH the number of children missed equals 10 and the percentage missed is more than 10%.

The ministry also requires CMSMs and DSSABs to achieve the service targets established in the 2018 Agreement for ELCC funding by December 31, 2019.

Should the Recipient not meet the ELCC target established in the 2018 service agreement by December 31, 2019 by 10% or more and 10 children or more in the aggregate, the Recipient's 2018 ELCC entitlement will be reduced by 1% to reflect the underachievement of the ELCC service target. This one-time funding adjustment will be processed upon review of 2019 Financial Statement submission by the ministry.

Reporting

Service targets and data are reported in schedule 1.1, 1.1A and 1.1B of EFIS and are limited to actuals achieved solely with provincial funding and required municipal cost share (only applicable to general allocation and expansion plan targets – i.e. schedule 1.1 and 1.1A).

CMSMs and DSSABs will report on all regular data elements not included in service targets in schedule 1.2, 1.2A and 1.2B of their Interim Report (previously Revised Estimates), and Financial Statement reports. These schedules should reflect the data elements achieved by all sources of funding (i.e. provincial required cost share, if any, additional municipal funding and parent fees).

Service targets are monitored by the ministry through a two-step progressive action process:

1. Should the recipient project the inability to meet general allocation, expansion plan or ELCC service targets, they will immediately inform their ministry Early Years Advisor and Financial Analyst;

2. The ministry will affect a one-time recovery of funds if general allocation, expansion plan or ELCC service targets are not met by year-end as identified to the ministry in the Financial Statement submission.

ESTIMATES REPORTING

The ministry no longer requires the submission of Estimates Reporting.

INTERIM REPORT (PREVIOUSLY REVISED ESTIMATES)

The Interim Report (previously Revised Estimates) submission allows CMSMs and DSSABs to report in-year performance against financial and service data targets. The Interim Report is submitted annually by each CMSM or DSSAB to the ministry. The Interim Report is for the period ending June 30, with a projection of expenditures and service data to December 31.

FINANCIAL STATEMENTS REPORTING

The Financial Statements reporting submission represents the CMSM or DSSAB's performance against its financial and service targets for the year. It is due five months following the CMSM or DSSAB's year-end date, or May 29, 2020 and includes the following five elements:

1. Audited financial statements of the CMSM or DSSAB;
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 special purpose audit report[1] which includes the breakdown of expenditures and other restrictions for child care funded by the ministry and outlined in this guideline;
4. A Recipient Active EFIS submission;
5. Signed copies of the following three documents printed out from the Recipient Active EFIS submission of the 2019 Financial Statements:
    a) Cover Page
    b) Adjusted Gross Expenditure pages
    c) Funding Entitlement Calculation Summary of Entitlement pages

[1] The special purpose audit report will allow for the independent verification of data reported within EFIS. Sample word and excel templates will be provided at a later date.

VARIANCE REPORTING

Variance reporting is required where there are significant variances in expenditures and/or service data. CMSMs and DSSABs will be required to report significant variances, provide a reason for variances and the impacts on staff and services as part of the Financial Statements submission.

Variances

Significant variances are identified as follows:

- A variance report is required if the major expenditure category is +/- $25,000 and +/-10% or more from prior year Financial Statements.
- A variance report is required if the service data category is +/- 10 children and +/-10% or more from prior year Financial Statements.
- With respect to service targets, a variance report is required if service data is +/-10 children and +/-10% or more from the total service target.

Significant Variance

	Variance Reporting
Major Expenditure Category	+/- $25,000 and +/- 10%
Service Data	+/- 10% and +/- 10 Children
Service Target Data	+/- 10% and +/- 10 Children

PAYMENT

Budget Schedule

The Budget Schedule identifies the ministry’s allocation to CMSMs and DSSABs.

Payment Mechanics

Monthly cash flow percentages as indicated in the table below will initially be based upon the prior year’s Interim Report (previously Revised Estimates) submissions or budget schedule until the current year’s budget schedule takes effect after the 30 day time period from when it was made available within which the CMSM or DSSAB has the right to terminate the Agreement has passed.

The ministry then adjusts entitlement and the resulting cash flow to reflect forecasted or actual under-spending that is reported in the current year Interim Report and upon completion of the Financial Statement review.

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

Based on Budget Schedule:

The initial monthly cash flow will be updated once the 2019 budget schedule is provided and the 30 day time period within which the CMSM or DSSAB has the right to terminate the Agreement has passed.

Based on Interim Report (previously Revised Estimates):

If the Interim Report (previously Revised Estimates) submission in EFIS reflects a different entitlement amount than in the budget schedule, the cash flow for the subsequent payments will be adjusted.

Based on Financial Statements:

When the CMSM or DSSAB submits their Financial Statements, if the entitlement calculated in the Financial Statements exceeds the total amount paid for that year, the difference will be cash flowed to the recipient after the review of the Financial Statements submission by the Financial Analyst. Any amounts owing by the CMSM or DSSAB to the ministry will be deducted from a future month's cash flow amount. The CMSM or DSSAB is not required to issue a cheque for the recoverable amount.

BASIS OF ACCOUNTING

CMSMs and DSSABs are required to report their revenues and expenditures using the modified accrual basis of accounting as directed by this guideline.

Modified Accrual Basis of Accounting

The modified accrual 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 or receivable usually within 30 days of year-end. 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 each year (e.g. insurance) must be treated consistently from year-to-year.

Non-cash transactions are not recognized as these expenses do not represent actual cash expenditures related to the current period[2].

CMSMs and DSSABs should report capital expenditures in the period that the associated capital project being constructed is complete and ready for use. If construction of the capital project progresses across multiple years, capital expenditures should be reported in the period that the expenditures were actually incurred and not in the period that the allocations were committed.

INADMISSABLE EXPENDITURES FROM NON-ARM'S LENGTH AGENCIES

All expenditures arising from transactions not conducted at arms-length from the CMSM or DSSAB (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.

AUDITS

Auditing is a cornerstone of good public sector governance. It is an unbiased and objective assessment of whether public resources are managed responsibly and effectively to achieve intended results.

Audits fulfill a number of roles:

- Support organizations in achieving accountability;
- Identify non conformity and required corrective actions leading to improved operations;
- Highlight areas of good practice; and
- Identify trends and emerging challenges.

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[2] Non-cash transactions include:

a) provisions for pension expenses
b) provisions for unused sick leave and wage settlements
c) provisions for repairs or replacements
d) provisions for bad debts
e) retainer fees for legal services
f) provisions for amortization

However, related payments are admissible.

The ministry developed an initial audit strategy for CMSMs and DSSABs in 2015 and will undertake audits on CMSMs and DSSABs on a rotational basis each fiscal year. The audit strategy is being implemented in phases and entails a review of CMSM and DSSAB adherence to specific requirements, such as regulations, guidelines, policies, and directives – otherwise known as a compliance audit.

Compliance Audit Objectives

- To strengthen accountability within the child care sector;
- To ensure that expenditures and data elements driving the funding entitlement are properly reported in EFIS;
- To address material financial risks identified in previous audit reports that continue to be applicable today;
- To gather field intelligence on data and validate/strengthen existing processes and inform future policy decisions; and
- To obtain best practices contributing to continuous sector improvement.

Audit Scope

The audits will focus primarily on regular fee subsidy, but does not preclude the inclusion of other audit components and ministry investments.

CHILD CARE FUNDING FORMULA

The Child Care Funding Formula is a transparent approach to funding that responds to demand for services and helps stabilize fees and improves reliability of child care to support licensees and parents.

In response to feedback from the sector and to align with the new child care plan, in 2019 the ministry will be considering updates to the Child Care Funding Formula that would come into effect in the future to address sector feedback and reduce administrative burden.

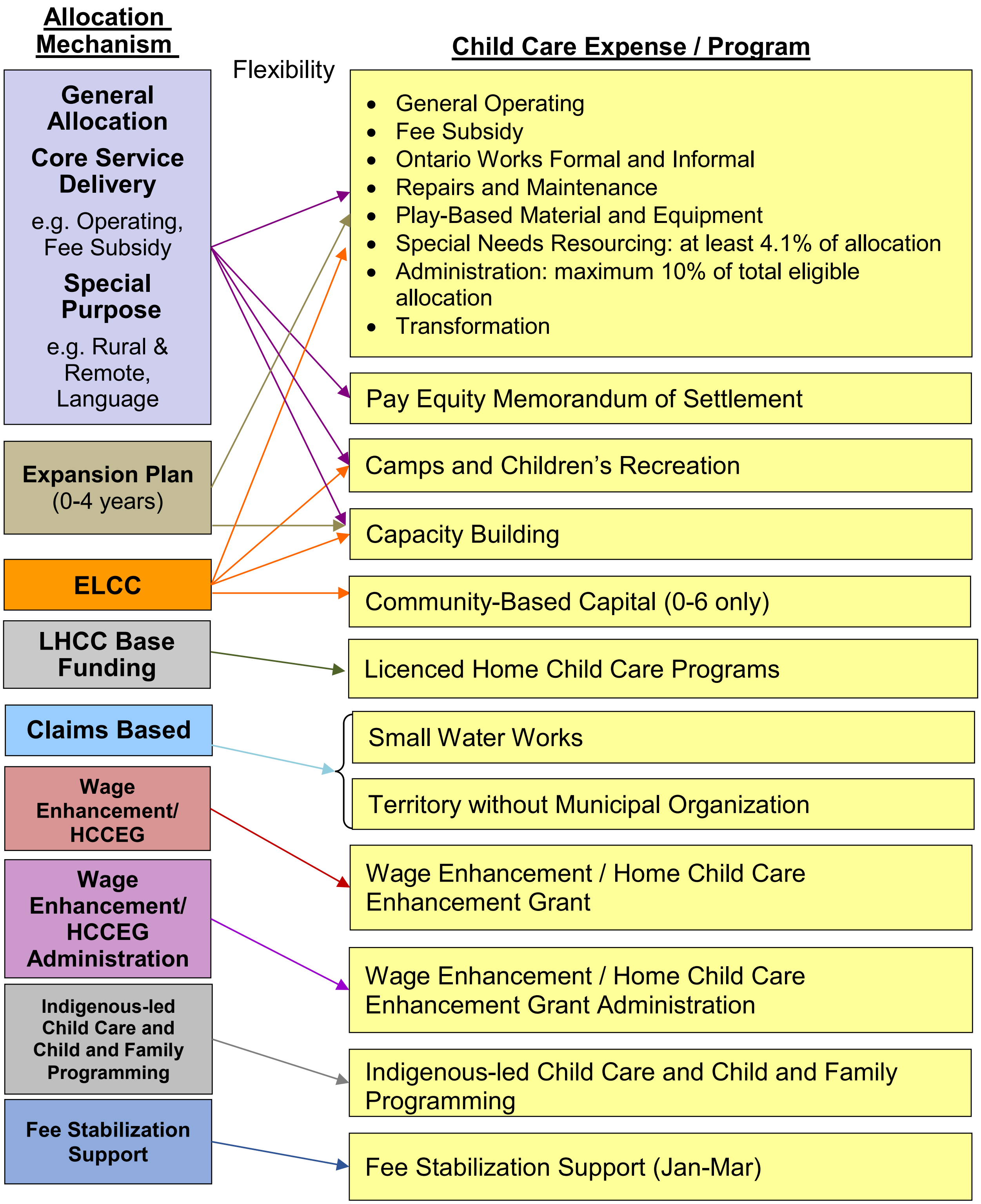
FINANCIAL FLEXIBILITY

Purpose

This section details the financial flexibility CMSMs and DSSABs have in spending their allocations between expense lines in order to best respond to the local needs of their communities.

See Financial Flexibility Diagram on page 25.

Financial Flexibility Diagram



The diagram illustrates spending flexibility available between allocation mechanisms and child care expenses/programs.

Note that in 2019, Fee Stabilization Support allocations are only provided for January to March 31, 2019.

General Allocation funding is divided into two allocations:

1. Core Service Delivery
2. Special Purpose

Allocation and expense reporting functions are separated to increase flexibility for CMSMs and DSSABs to allocate funding to local priorities.

Funding provided through the core service delivery allocation and most special purpose allocations (Language, Indigenous, Cost of Living, Rural, and Repairs and maintenance) can be used for the following expenses:

- General Operating,
- Fee Subsidy,
- Ontario Works (formal and informal),
- Repairs and Maintenance,
- Play Based Material And Equipment,
- Special Needs Resourcing (at least 4.1% of allocation),
- Administration (maximum 10% of total eligible allocation),
- Transformation,
- Pay Equity Memorandum of Settlement,
- Camps and Children’s Recreation, and
- Capacity Building.
- Small Water Works – SWW is a claims-based program. Cash flow will be adjusted to reflect SWW claims. Funding may only be spent on approved claims

- Territory Without Municipal Organization – TWOMO is a claims-based program. Cash flow will be adjusted to reflect TWOMO claims. Funding may only be spent on approved claims

To align with the ministry priorities of supporting quality and transforming the child care sector some allocations have limited flexibility:

- Child Care Expansion Plan Funding - Expansion Plan (for children 0-4 years) can be used on General Operating, Fee Subsidy, Ontario Works (formal and informal), Repairs and Maintenance, Play Based Material and Equipment, Special Needs Resourcing (at least 4.1% of allocation), Administration (maximum 10% of total eligible allocation), Transformation, and Capacity Building.

- Child Care ELCC Funding - ELCC can be used on General Operating, Fee Subsidy, Ontario Works (formal and informal), Repairs and Maintenance, Play Based Material and Equipment, Special Needs Resourcing (at least 4.1% of allocation), Administration (maximum 10% of total eligible allocation), Transformation, Camps and Children's Recreation, and Capacity Building. It also includes expenses for Community-Based Capital for children aged 0-6.

- Wage Enhancement/HCCEG.

- Wage Enhancement/HCCEG Administration Funding.

- Funding for Indigenous-led child care and child and family programs (formerly Journey Together).

- Fee Stabilization Support (January to March 31, 2019).

- Capacity Building – this allocation is the minimum amount which may be spent on Capacity Building.

- Base Funding for Licensed Home Child Care - this allocation is the minimum amount which may be spent on General Operating for Licensed Home Child Care.

BUSINESS PRACTICES WITH SERVICE PROVIDERS

STANDARDS AND REQUIREMENTS

CMSMs and DSSABs are required to:

- Ensure that funds are used in accordance with the service agreement and the Government's policies, procedures, and guidelines;
- Monitor the use of funds with service providers on an annual basis; and
- Reconcile service provider use of funds and recover funds as required.

CMSMs and DSSABs must also have policies and procedures in place to fulfill all of their reporting requirements to the ministry. This accountability applies to both service providers from whom CMSMs and DSSABs have purchased service as well as services directly operated by CMSMs and DSSABs. In addition, the delivery agent's financial policies and procedures are subject to ministry review.

The ministry encourages service system managers working with multi-site operators that are located in more than one CMSM or DSSAB region to work together to align reporting policies and procedures.

RECONCILIATION

CMSMs and DSSABs must have a comprehensive reconciliation process in place with service providers. This process allows CMSMs and DSSABs to reconcile actuals against allocation, assist in recovering unused funds as indicated below and provide supporting documents for audit purposes. The CMSM's or DSSAB's reconciliation process should be documented, retained and is subject to ministry review.

RECOVERIES

Identified unused funds must be recovered from service providers within two years of the claim being discovered. Contact your ministry Financial Analyst once the funds have been recovered in order to update the relevant EFIS submission and for further assistance with the recovery process.

MAJOR CAPITAL

CMSMs and DSSABs are required to advise the ministry of any knowledge regarding the sale/transfer/renovation of child care properties that previously received capital funding from the Ontario government.

SECTION 3: CHILD CARE EXPANSION PLAN

PURPOSE

Child Care Expansion Plan funding (“expansion plan”) will increase access to licensed child care for children aged 0-4 years.

The 2019 expansion plan funding includes two components:

1. Ongoing funding to continue to support the first two years of the expansion plan.

2. Operating funding to support school-based capital spaces that have opened through the expansion plan.

PRIORITIES

Expansion plan funding must be spent to sustain previous years’ growth and on the following priorities focused on increasing access to affordable child care for children 0-4 years.

1. To support additional fee subsidies; and/or

2. Increased access.

If these two priorities cannot be met due to local considerations, service system managers may use this funding by broadly reducing licensed child care fees and increasing affordability for children aged 0-4 years old. The ministry’s expectation is that service system managers demonstrate they have attempted to meet the two priorities before exploring this option.

ELIGIBILITY CRITERIA

Expansion plan funding must be used to sustain previous years’ growth, and can support new full and/or partial fee subsidies and increased access for children aged 0-4 years old to licensed child care (centre-based and home child care). Examples of increased access include, but are not limited to, new child care spaces available as a result of additional staff, increased hours, or other program changes that increase the number of children served by a program.

If the priorities of fee subsidies and access cannot be met due to local considerations, expansion funding may be used to reduce fees and broadly increase affordability. If this option is exercised, the ministry will require additional information on how the expansion plan service target is met through reduced fees and the number of children that were supported as a result of these reductions.

FUNDING METHODOLOGY

Please see the technical paper for details of the funding methodology.

A minimum threshold of 4.1% must be spent on SNR, and consistent with the new 2019 administration threshold, a maximum of 10% of the allocation may be used towards administration expenses.

ACCOUNTABILITY MECHANISMS

To ensure accountability of child care expansion plan investments, targets are tied to expansion plan funding which will support and sustain new fee subsidies, net new spaces and/or enhanced affordability in licensed child care for children 0-4 years.

Accountability requirements to support the expansion plan build on extensive accountability mechanisms already in place for the sector (e.g. the child care funding formula, compliance audit strategy and CMSM and DSSAB reporting requirements). These additional accountability measures include:

1. Enveloping funding on prescribed expenditures;
2. Expansion plan service target to meet the commitments of this plan; and
3. Ministry reporting requirements including assurance by external auditors.

1. Enveloped Allocation

Investments supporting the child care expansion are enveloped, which mandates that this funding can only be spent on incremental expenditures (i.e. additional expenditures above the previous year's related expenditures, less municipal contributions above the minimum cost share requirement for the 0-4 age group in the general allocation).

Municipal contributions above the minimum cost share requirement attributed to the 0-4 age group will be calculated using the proportionate share of the total expenditures spent on the 0-4 age group.

If a CMSM or DSSAB's general allocation (excluding other allocations) decreased in 2019 compared to 2018, incremental expenditures will be calculated using the 2018 expenditure net of 100% municipal contributions for the 0-4 age group less the decrease in the allocation in 2019.

Any funding not spent on the prescribed expenditures and the priorities noted above will be recovered by the ministry upon the ministry's review of the Financial Statements submission. CMSMs and DSSABs will be required to report expenditure and service data on the incremental use of funding through two financial reporting cycles (Interim

Report (previously Revised Estimates) and Financial Statements). Please refer to Reporting Requirement details below.

2. Expansion Target

In 2019, an expansion plan service target tied to the child care expansion plan investment has been added to each CMSM and DSSAB service agreement to support accountability (Schedule C). The expansion target is a provincial estimate for what can be achieved with the funding provided and is based on the Year 2 target identified in the executed 2018 final agreements.

For more information, please refer to Section 2: Ministry Business Practices Requirements – Service Targets.

3. Assurance by External Auditors

CMSMs and DSSABs are required to provide assurance by external auditors with their Financial Statement submission on the expansion plan expenditures. This requirement can be met in the following formats:

- Included as a note to the audited Financial Statements;
- Included as a schedule to the audited Financial Statements; or
- Included as part of a separate audit or review engagement report.

ALLOWABLE EXPENSES

Consistent with current practices, the requirements in Section One – Introduction, and Section Two – Ministry Business Practice Requirements, apply to this investment. CMSMs and DSSABs may use this allocation for expense categories (listed below) per the eligibility requirements listed in this guideline, with a priority on fee subsidies and general operating. As this is an enveloped allocation, funds cannot be transferred out of the expansion plan funding for use on other priorities. Below is a list of eligible expenses related to expansion plan funding. Please refer to sections 7 and 8 of this guideline for further details.

- Fee subsidy (including Ontario Works)
- General operating
- Special needs resourcing
- Capacity building
- Transformation
- Repairs and maintenance
- Play-based material and equipment
- Administration

CMSMs and DSSABs have flexibility to spend the expansion plan allocations on any of these expense categories, except in situations where the expense category has limited flexibility to address specific purposes (e.g. capacity building). Additional details on financial flexibility are provided in the Ministry Business Practice Requirements section of this guideline (section 2).

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

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report expansion plan expenditures and service data in their Interim Report (previously Revised Estimates) and Financial Statements by age group[3] in their region indicated below.

- General operating
- Fee subsidy
- Ontario Works
- Special needs resourcing
- Transformation
- Administration (age group reporting is not required)
- Repairs and maintenance
- Play-based material and equipment
- Capacity building

Also, total adjusted gross expenditure is required to be reported by type of setting (i.e. centre or home-based).

Service data required for expansion plan funding:

- Number of children served for fee subsidies through expansion plan funding.
- Average monthly number of fee subsidies provided by age group through expansion plan funding.
- Number of children served through increased access by age group through expansion plan funding.

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[3] Age group expenditure reporting for expansion plan will be reported in one category: 0-4 years (i.e. infants, toddlers and preschoolers).[4] 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.

- Number of children served through increased affordability by age group through expansion plan funding.

Where possible please avoid duplication in reporting. Further directions will be provided as part of the EFIS instructions with the Interim Report (previously Revised Estimates) and Financial Statements report submissions.

SECTION 4: THE CANADA-ONTARIO EARLY LEARNING AND CHILD CARE AGREEMENT

PURPOSE

The Early Learning and Child Care (ELCC) Agreement supports parents, families and communities across Canada in their efforts to ensure the best possible future for their children. Ontario's Action Plan under the ELCC supports a shared commitment by the Ontario and Federal governments to provide investments in early learning and child care to increase quality, accessibility, affordability, flexibility, and inclusivity, with prioritization for children aged 0-6 years old.

PRIORITIES

ELCC funding must be spent to sustain previous years' growth and can support new full and/or partial fee subsidies and increased access on the following priorities:

- Supporting children aged 0-6 years old through additional fee subsidies, increased access, broadly reducing licensed child care fees and increasing affordability, and/or community-based capital projects excluding capital projects for child care programs that run during school hours for kindergarten and school-age children.

- Supporting children aged 0-12 years old through additional fee subsidies, increased access and/or broadly reducing licensed child care fees and increasing affordability.

ELIGIBILITY CRITERIA

Stream 1: Support for children 0-6 years of age (80% of the ELCC allocation)

For the purpose of ELCC funding, Children are defined as 6 years old if a child is six years old or is turning six by December 31st in the current calendar year.

A. Additional fee subsidies

ELCC funding should sustain previous years' growth and can support new full and/or partial fee subsidies for licensed child care (centre-based and home-based) beyond the general allocation provided. Fee subsidy should be prioritized for children in licensed child care. If no other options are available, funding can be used towards fee subsidies for children in children's recreation programs and camps.

B. Increased Access

Examples of increased access include, but are not limited to, new child care spaces available as a result of additional staff, increased hours, or other program changes that increase the number of children served by a program and sustaining previous years' growth.

C. Community Based Capital Funding

Funding for children 0-6 years of age can also be used to create and support new community-based capital projects, excluding capital projects for child care programs that run during school hours for kindergarten and school-age children. Capital funds may be used for retrofits, renovations or expansion projects, but cannot be used to purchase land or buildings.

When selecting a new or current community based child care project, CMSMs and DSSABs should consider:

- Local child care plans,
- Accommodation pressures/service gaps and demand,
- Cost effectiveness,
- Location,
- Available operating funding,
- Capacity of program to access funds through other means,
- Program budget and financial history,
- Child care licensing history,
- Current licensed and operational capacity,
- Age groups,
- Long-term viability, and
- Investment in quality programming.

All ELCC funded capital projects are required to be created, retrofitted, renovated, and/or expanded to accommodate a maximum group size for each age grouping for children 0 to 6 years old.

On September 1, 2017, a new licensed age group - “family age grouping” for children 0–12 years was introduced for licensed child care centres. This new group allows the placement of children of different ages in the same group in the same play activity room.

A family age group, as set out in Schedule 4 in Ontario Regulation 137/15, may be an option for licensees as follows:

- A centre that has 15 or fewer children where the family age group is the only age category in the centre.
- A separate child care program that runs outside of a centre’s standard operating hours (i.e. evenings, overnight, and weekends).
- A centre that wishes to license a family age group alongside other age groups.

Please refer to the fact sheet for more information:
www.edu.gov.on.ca/childcare/FamilyAgeGroupings.pdf

It is important that CMSMs/DSSABs are taking into consideration licensee viability, and flexibility where appropriate, when determining appropriate mix of age groupings. Licensees must provide documentation to the CMSM or DSSAB to demonstrate that they are operationally sound.

If ELCC funding for 0-6 year olds is used for community based capital projects, CMSMs and DSSABs will report on project budgets, expenditures, locations, the licensees name, current capacity by age group, proposed capacity, expected construction start date, expected completion. Reporting will be required in the Interim Report (previously Revised Estimates) and Financial Statements for capital projects.

D. Increased affordability

If the priorities above cannot be met due to local considerations, ELCC funding may be used to reduce fees and broadly increase affordability (including sustaining previous years’ growth). If this option is exercised, the ministry will require additional information on how the targets were met through reduced fees and the number of children that were supported as a result of these reductions.

Stream 2 – Local System Priorities for children 0-12 years of age (20% of the ELCC allocation)

ELCC funding in this stream may be used to sustain previous years’ growth and support child care that reflects the particular local and regional needs for children 0-12 years old.

Similar to stream 1, funding for this stream is prioritized for additional fee subsidies and increased access, however can also be used to broadly support affordability. Funding **cannot** be used to support capital projects.

FUNDING METHODOLOGY

Please see the technical paper for details of the funding methodology.

Thresholds for ELCC funding include a minimum requirement to spend 4.1% of the allocation on SNR, and a maximum threshold of 10% of the allocation may be used towards administration expenses.

CARRY FORWARD OF FUNDS

CMSMs and DSSABs had the ability to carry forward up to 10 per cent of the 2018 ELCC funding to 2019. The funds carried forward from 2018 must be expensed by December 31, 2019. There is no carry forward in 2019.

In 2018, CMSMs and DSSABs were required to spend the lesser of 4.1% of the 2018 ELCC allocation and 4.1% of the 2018 total ELCC gross expenditures on SNR at a minimum. Where the SNR minimum required threshold calculated based on 2018 expenditures is less than that determined by the 2018 allocation, the difference in 2018 SNR requirement can be carried forward to 2019 and must be met using the 2018 operating carry forward in addition to the 2019 SNR requirement.

In 2018, where CMSMs and DSSABs did not fully spend the maximum allowable expenditures on administration and operating carry forward was available, unused admin expenditures threshold was allowed to be carried forward to 2019. Any unused 2018 and 2019 funds (i.e., funds not spent by December 31, 2019) will be recovered by the ministry.

ACCOUNTABILITY MECHANISMS

Funding is provided under the ELCC to support and sustain new fee subsidies, net new spaces and/or enhanced affordability in licensed child care with a prioritization for children aged 0-6. Accountability measures for ELCC funding build on existing accountability mechanisms (e.g. the child care funding formula, compliance audit strategy and CMSM and DSSAB reporting requirements) and align with the child care expansion plan and include:

1. Enveloping funding on prescribed expenditures;
2. ELCC targets; and
3. Ministry reporting requirements including assurance by external auditors.

1. Enveloped Allocation

The investments supporting the ELCC are enveloped, which mandates that this funding can only be spent on incremental expenditures (i.e. additional expenditures above the previous year's expenditures less municipal contributions above the minimum cost share requirement in the general allocation).

Municipal contributions above the minimum cost share requirement attributed to each age group will be calculated using the proportionate share of the total expenditures spent on the respective age group.

If a CMSM or DSSAB's general allocation (excluding other allocations) decreased in 2019 compared to 2018, incremental expenditures will be calculated using the 2018 expenditure net of 100% municipal contributions for both the 0-6 age group and all age groups less the decrease in the allocation in 2019.

Any funding not spent on the prescribed expenditures and the priorities noted above will be recovered by the ministry upon review of the Financial Statements submission. CMSMs and DSSABs will be required to report expenditure and service data on the incremental use of funding through two financial reporting cycles (Interim Report (previously Revised Estimates) and Financial Statements). Please refer to Reporting Requirement details below.

2. ELCC Targets

In 2019, an ELCC target tied to the ELCC investment has been added to each CMSM and DSSAB service agreement to support accountability (Schedule C). The 2019 ELCC target will be based on the ELCC target provided in the final 2018 child care agreement issued in September 2018.

For more information, please refer to Section 2: Ministry Business Practices Requirements – Service Targets.

3. Assurance by External Auditors

CMSMs and DSSABs are required to provide assurance by external auditors with their Financial Statement submission on the ELCC expenditures. This requirement can be met in the following formats:

- Included as a note to the audited Financial Statements;
- Included as a schedule to the audited Financial Statements; or
- Included as part of a separate audit or review engagement report.

ALLOWABLE EXPENSES

Consistent with current practices, the requirements in Section One – Introduction, and Section Two – Ministry Business Practice Requirements, apply to this investment. CMSMs and DSSABs may use this allocation for expense categories (listed below) per the eligibility requirements listed in this guideline, with a priority on fee subsidies and general operating. As this is an enveloped allocation, funds cannot be transferred in or out of ELCC funding for use on other priorities. Below is a list of eligible expenses related to ELCC funding. Please refer to sections 7 and 8 of this guideline for further details.

- Fee subsidy (including Ontario Works, children's recreation programs and camps)
- General operating
- Special needs resourcing
- Capacity building
- Transformation
- Repairs and maintenance
- Play-based material and equipment
- Administration
- Community-based capital projects (for children aged 0-6 only)

Note: fee subsidy and special needs resourcing should be prioritized for children in licensed child care. If no other options are available, funding can be used towards children in children's recreation programs and camps.

CMSMs and DSSABs have flexibility to spend the ELCC allocation on any of these expense categories, except in situations where the expense category has limited flexibility to address specific purposes (e.g. capacity building). Additional details on financial flexibility are provided in the Ministry Business Practice Requirements section of this guideline (section 2).

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

ELCC administration funding can be used only for developing and administering ELCC programs.

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report ELCC expenditures and service data in their Interim Report (previously Revised Estimates) and Financial Statements by age group[4] indicated below.

- General operating
- Fee subsidy (including Ontario Works)
- Camps and children's recreation programs
- Special needs resourcing
- Transformation
- Administration (age group reporting is not required)
- Repairs and maintenance
- Play-based material and equipment
- Capacity building
- Community-based capital projects (for children aged 0-6 only)

Also, total adjusted gross expenditure is required to be reported by type of setting (i.e. centre or home-based).

Service data required for ELCC funding:

- Number of children served for fee subsidies
- Average monthly number of fee subsidies provided by age group
    - This data will be collected for camps and children's recreation programs as well.
- Number of children served through increased access by age group
- Number of children served through increased affordability by age group
- Number of children by age group as a result of community based capital projects; Community based capital project budgets, locations, name of licensee, current capacity by age group, proposed capacity, expected construction start date, expected completion.
- Number of licensed early learning and child care spaces by age group and type of setting (i.e. centre or home-based).

Where possible please avoid duplication in reporting.

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[4] 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.

Further information on the ELCC entitlement calculation will be available in the EFIS instructions document. Please contact your ministry Financial Analyst if you have any questions.

SECTION 5: INDIGENOUS-LED CHILD CARE AND CHILD AND FAMILY PROGRAMMING

PURPOSE

The Province is working with our partners to increase access to culturally relevant, Indigenous-led child care and early years programs in urban and rural areas. These programs, formerly known as the *Journey Together*, are to be delivered by Indigenous-led organizations, working with service system managers.

PRIORITIES

Funding for Indigenous-led child care and child and family programs must be spent on the following priorities:

- Increasing access to culturally relevant licensed child care and child and family programs; and,
- Programming delivered by Indigenous-led organizations working with CMSMs/DSSABs.

ELIGIBILITY CRITERIA

Due to the unique nature of this funding, CMSMs/DSSABs submitted applications for programs specific to the needs and intended outcomes for their community. Funding provided by the ministry **must** only be used for the projects identified in the approved applications. Any significant changes to the approved program or activities must be reported to and approved by the ministry.

A) Operating Funding

Ongoing operating expenditures must align with the existing expense categories in sections 7 and 8 of the funding guideline, however a minimum amount for capacity building and the minimum expenditure of 4.1% on special needs resourcing do not apply.

As per previously approved proposals, CMSMs and DSSABs are permitted to use up to 10% of the operating allocation to support administration in 2019.

*Please note: Elder honoraria is an admissible expense for Indigenous-led child care and child and family program allocations.

B) Community Based Capital Funding

The funding for Indigenous-led child care and child and family programs can be used on capital expenditures **where approved as per proposals**, including capital retrofit and expansion, improvements to facilities and playgrounds, and/or purchase of new equipment. Licensees must provide documentation to the CMSM or DSSAB to demonstrate that they are operationally sound.

Any funds committed to specific capital projects must be spent in the year as outlined in project submissions and the budget schedule included in CMSM and DSSAB service agreements. Capital commitments need to be communicated to the licensee and approved by the CMSM or DSSAB. Proper documentation (e.g. funding letter/service contract to licensee(s)) must be kept by the CMSM or DSSAB.

Funding Flexibility

CMSMs and DSSABs have the flexibility to move funds between one-time operating and ongoing operating allocations for Indigenous-led child care and child and family program. CMSMs and DSSABs **cannot** transfer funds between operating and capital allocations nor can they be transferred between approved projects.

Funding provided by the ministry must only be used for the project identified in the approved proposal.

For the approved joint projects, funding within the Indigenous-led child care and child and family program envelope may be used for EarlyON programs (e.g., for a combination of licensed child care and child and family programs). For more information on the Indigenous-led child and family programs funding and accountability requirements, please refer to the *EarlyON Child and Family Centres Business Practices and Funding Guideline for Service System Managers (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.

FUNDING METHODOLOGY

Funding for Indigenous-led child care and child and family programs is enveloped and allocated based on program proposals approved by the ministry. As this is an enveloped allocation, funds may only be spent according to the approved proposals.

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report the following expenditure data for Indigenous-led child care and child and family programs by approved project in their Interim Report (previously Revised Estimates) and Financial Statements:

- One time adjusted operating expenses.
- Ongoing adjusted operating expenses.
- Adjusted administration expenses.
- Adjusted Community based Capital expenses.

Note: Expenditures for joint child care and EarlyON projects should be reported in the Child Care EFIS submissions.

New service data required by project for child care and joint child care and child and family programs includes:

- Number of children served.
- Average monthly number of fee subsidies provided by age group.
- Capital projects: capital project budgets, locations, name of licensee/EarlyON centre, current capacity by age group, proposed capacity (i.e. post construction), construction start date, expected completion date.

Note: If approved for a joint child care and child and family program, CMSMs and DSSABs are required to submit the service data outlined above as well as the service data outlined in the EarlyON Child and Family Centres (2019) Guideline. Service data should be reported separately in the respective EFIS submissions.

In addition, CMSMs and DSSABs in partnership with the Indigenous-led organizations are required to submit a status update on how their child care program is helping to meet the goals identified for Indigenous-led child care and child and family programs funding. The ministry will provide a template for written submissions to be submitted at the same time as 2018 Financial Statements.

SECTION 6: FEE STABILIZATION SUPPORT

Funding for Fee Stabilization Support was a one-time transition allocation to address increases to parent fees as a result of the increase to the minimum wage requirement.

As of March 31st, 2019, the funding commitment to Fee Stabilization Support has ended. This change will help focus funding towards the child directly and help maintain affordable, accessible child care for families across the province.

Fee Stabilization Support allocation and cash flow have been provided for the period of January to March as part of the 2019 Child Care allocations.

As in 2018, FSS funding provided in 2019 may be used to support compensation, including increased vacation and sick leave entitlements, for licensed child care staff.

FUNDING METHODOLOGY

Funding for the fee stabilization support from January to March 31, 2019 has been allocated to CMSMs and DSSABs based on their proportionate share of the total 2017 wage enhancement allocations. There are no municipal cost sharing requirements associated with this investment and CMSMs and DSSABs 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. Fee stabilization support funding flowed to CMSMs/DSSABs after March 31, 2019 will be recovered through a future month’s cash flow.

REPORTING REQUIREMENTS

- Total adjusted gross expenditure
- Total adjusted 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

SECTION 7: CORE SERVICE DELIVERY

FEE SUBSIDY EXPENSE

PURPOSE

Child care plays a key role in helping to promote healthy child development and helping children to reach their full potential. It is 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.

ELIGIBILITY

Fee subsidy for eligible families is subject to the availability of subsidy funds within the budget of the CMSM or DSSAB and space availability within a child care program.

Ontario Works Recipients

Ontario Works and other social assistance recipients are deemed automatically eligible for fee subsidy and are not required to be assessed under the income test. To be eligible for subsidy, parents must be participating in approved employment assistance activities unless the child or parent has a special need or the child has a social need.

Per Ontario Works Policy Directives, participants of the Learning, Earning and Parenting (LEAP) program, a targeted strategy of Ontario Works that provides child care assistance and other supports to young parents on social assistance to help them finish high school and develop parenting skills, may receive child care fee subsidies in order to participate in activities.

Individual child care transition plans must be established for social assistance recipients to provide continuity of care for the child. As a social assistance recipient moves to full-time employment and exits social assistance, child care assistance remains available as long as the parent is considered eligible under the income test.

Child Care Fee Subsidy – Parents Who Qualify Based on Income

Parents who are eligible under the provisions of the income test may be eligible for fee subsidies for children 12 years of age or under. Fee subsidy funds can be used to support full and part-time child care in licensed child care centres and in homes working under licensed child care agencies, third party programs and board-operated before and/or after school programs and non-instructional days.

Please note: Under the *Day Nurseries Act*, parents of children with special needs could be eligible for fee subsidies for children under 18 years of age. While the *Child Care and*

Early Years Act, 2014 defines a child as under the age of 13 years, to support continuity of care, children with special needs who were in receipt of a service or who received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until they turn 18 years, provided that they meet other eligibility criteria that are unrelated to age (see Ontario Regulation 138/15). For example, if a person with special needs started to receive financial assistance at age 12 years on August 30, 2017, he/she is eligible to continue receiving that financial assistance until he/she turns 18 in the year 2023. This provision means that these adolescents will not experience a financial assistance disruption based on their age.

Fee subsidies may also be available for children enrolled in before and after school, camps or children's recreation programs. Please see the Before and After School Programs and Camps and Children's Recreation Program sections of this guideline for additional information.

Child Care for Ontario Works Participants

Child care fee subsidies are an important support for Ontario Works participants including LEAP participants and Ontario Disability Support Program (ODSP) recipients in approved employment assistance activities. Funds for Ontario Works participants may be used for licensed or unlicensed (informal) child care to enable parents to participate in approved employment assistance activities.

Considerations regarding child care arrangements may include the number of children, age of the children and hours of care needed. The transition between subsidized part-day and subsidized full-day care as parents' and children's needs change should be seamless and support the substantiated needs of children and families.

The ministry recognizes that the use of unlicensed child care options for Ontario Works participants has declined and licensed options have increased. To support this trend, and align with the ministry's approach to promoting the use of licensed child care options, CMSMs and DSSABs must prioritize the use of licensed child care for Ontario Works participants. This means that Ontario Works participants may only access unlicensed child care when a licensed child care arrangement is not possible due to the client's needs and the availability of service (e.g. need for weekend/overnight care).

Unlicensed child care may be provided by occasional caregivers, neighbours, etc. Paid care provided by relatives outside of the Ontario Works benefit unit[5] is permitted as long as receipts are provided.

Ontario Works participants may receive assistance for the actual cost of licensed child care and up to pre-established ceilings for unlicensed child care. Maximum payment levels for unlicensed child care are specified under O. Reg. 134/98, Subsection 49.1 (2) of the *Ontario Works Act, 1997*.

Ontario Works participants will be required to produce receipts on request for either unlicensed or licensed care purchased directly.

Documentation Requirements

CMSMs and DSSABs are required to establish a formal policy, or include language in their existing policies, on the prioritization of licensed child care options and the use of unlicensed child care options for Ontario Works participants effective January 1, 2016. Policies should have the following components:

- Funding under the *Child Care and Early Years Act, 2014* for unlicensed child care may only be accessed by Ontario Works participants when a licensed child care arrangement is not available due to:

    a) Limited licensed child care options (e.g. remote location, inaccessibility, etc.);

    b) Licensed child care options do not meet the needs of Ontario Works clients (e.g. need for weekend, overnight, or intermittent care); and

    c) Short-term child care need.

- In cases where unlicensed child care arrangements are approved, CMSMs and DSSABs will be required to document the rationale for the provision of funding. CMSMs and DSSABs have the flexibility to determine the appropriate documentation tools and processes for their regions. Documentation should be copied and retained on file for a period of seven years so that the existence of the documents can be verified in future file reviews.

[5] The benefit unit is defined as “a person and all of his or her dependents on behalf of whom the person applies for or receives basic financial assistance”.

The ministry may request to review Ontario Works policies. CMSMs and DSSABs can contact their Early Years Advisor for support with the documentation requirement.

The ministry also recommends that Ontario Works participants who are approved for unlicensed child care arrangements receive resources on the differences between licensed and unlicensed child care. For resources on child care in Ontario visit the Ministry of Education website.

FEE SUBSIDY MANAGEMENT

CMSMs and DSSABs are encouraged to provide a flexible mix of subsidies for part- and full-day child care, across all age groups, which reflect the range of local service needs. A seamless transition should be provided between subsidized part-day and full-day care, or part-week and full-week care as the needs of parents and children change. While taking into account parental choice, CMSMs and DSSABs are expected to leverage fee subsidy funds as appropriate to support licensees as they convert their programs to serve younger age groups.

Determining the Amount of Child Care to Subsidize

CMSMs and DSSABs are to determine the amount of subsidized child care for each eligible family in accordance with the policy statement "*Access to Subsidized Child Care*" (please see Appendix B). The parent's employment or education activities that result in a need for child care should be documented. However, where a parent works regular, full-time hours (at least 35 hours a week without rotating shifts), CMSMs and DSSABs are discouraged from documenting actual parental shifts worked as part of the attendance records. Additionally, information pertaining to a parent's illness or disability where the illness or disability is the reason for needing child care should be documented. This includes documenting necessary information regarding a child's special or social needs.

User Fees

CMSMs and DSSABs are strongly discouraged from adopting parent fee practices that cause subsidized parents to pay fees that may exceed their ability to pay as determined by the income test.

CMSMs and DSSABs may not charge user fees to social assistance recipients who are not engaged in paid employment.

IMPLEMENTATION

To complement the standard income test, the ministry continues to encourage CMSMs and DSSABs to adopt a standard approach to managing demand for fee subsidies based on local needs. This approach allows for flexibility at the local level while introducing more consistency across CMSMs and DSSABs in managing access to fee subsidy.

CMSMs and DSSABs have historically undertaken local planning processes to assess the socio- economic factors and to determine the appropriate allocation approach for fee subsidy funds that best meet the needs of their community. CMSMs and DSSABs should continue to use the local policies they already have in place to support the distribution of fee subsidies to children and families; however Ontario Works participants should be prioritized where possible.

Examples of socio-economic factors that could be used to allocate fee subsidies in a CMSM or DSSAB include:

- Income levels of families with children;
- Geographic areas, such as wards, lower tier municipalities, territory without municipal organization;
- High growth areas;
- Social assistance recipients;
- Children’s age groups; and
- Cultural and linguistic groups such as Indigenous peoples and Francophones.

CMSMs and DSSABs continue to have the flexibility to provide immediate child care subsidy to families facing exceptional circumstances, such as referrals from children’s aid societies or victims of domestic violence.

CMSMs and DSSABs are expected to plan for the transition to employment for social assistance recipients so that continuity of child care support is available.

Wait list policies are to take into account families with children enrolled in before- and after school programs at schools.

Before and After School Programs (Extended Day Fee Subsidies)

CMSMs and DSSABs are to fund subsidies based on 100 per cent of school-board established before- and after-school rates per O. Reg. 221/11 (Extended Day and Third Party Programs made under the Education Act).

To make the best use of subsidy dollars it is recommended that school boards establish a before-school rate, an after-school rate and a combined rate for the before- and after-school program per O. Reg. 221/11 (Extended Day and Third Party Programs).

CMSMs and DSSABs are to establish overall framework agreements with school boards that will cover all school sites where boards are directly operating before- and after- school programs, for the provision of fee subsidies. Where a board has entered into an agreement with a qualified third-party provider, CMSMs and DSSABs will continue with existing contractual processes in place (e.g. continue or enter into purchase of service agreements with individual providers).

In 2015, the extended day fee subsidy expense and data reporting requirements were integrated with general fee subsidy. This means that CMSMs and DSSABs are no longer required to report children receiving extended day fee subsidies separately from those receiving regular child care fee subsidies (e.g. all 4 year olds receiving fee subsidy may be tracked as one group). Please note, the Extended-Day Fee Subsidy care codes, Extended Day Fee Subsidy funding source and Board of Education – EDP Building Type will remain in the Ontario Child Care Management System to support CMSMs and DSSABs that may still be required to report locally on these numbers.

Fee Subsidy Management with Children and Licensees

CMSMs and DSSABs have discretion regarding local fee subsidy management. Most CMSMs and DSSABs in the province use the best practice under which the “subsidy follows the child” in allocating fee subsidy funding. This benefits children and families by helping support the choices for child care that best meet their needs. In others, funding is committed to specific child care centres, such that parents may only enrol their child if there is a vacancy for a subsidized space in the centre.

While CMSMs and DSSABs have flexibility in setting their community waitlist priorities for local fee subsidy management, applicants for fee subsidy that meet the eligibility criteria (outlined below) cannot be denied eligibility (e.g. post-graduate students or full day kindergarten students).

DETERMINING ELIGIBILITY

This portion of the guideline reviews the policies and practices related to determination of eligibility for fee subsidy.

Eligible Families

Social assistance recipients are eligible for full subsidy without being subject to the income test. This includes:

- A person eligible for income support under the *Ontario Disability Support Program Act, 1997*; and
- A person eligible for income assistance under the *Ontario Works Act, 1997* who is employed or participating in employment assistance activities under the Act or both.

Other parents may be eligible for full or partial subsidy based on the income test formula detailed below.

Income Test

CMSMs and DSSABs must use the income test prescribed by O. Reg. 138/15- Funding, Cost-sharing and Financial Assistance made under the *Child Care and Early Years Act, 2014,* to determine eligibility for fee subsidy and the amount of the parental contribution. CMSMs and DSSABs are responsible for administering the income test and verifying information. CMSM and DSSAB staff specifically designated to process applications for fee subsidy must administer the income test.

Questions and answers about the income test are available on the Financial Analysis and Accountability Branch website under the 2019 Guideline link and may be requested from your Early Years Advisor.

Definition of Income

For the purposes of income testing, the definition of income is "adjusted income" as defined under section 122.6 of the *Income Tax Act* (Canada). This definition includes net income from line 236 on the income tax returns of both spouses.

Verification of Income

Amendments to Section 9 of Ontario Regulation 138/15 (Child Care and Early Years Act, 2014) were made to update language, where appropriate and ensure the new consolidated federal child benefit (Canada Child Benefit) is treated in the same manner as its predecessor benefits.

Federal child benefits were referenced in regulation specifically as the Canada Child Tax Benefit Notice. Section 9 of Ontario Regulation 138/15 outlines how parents can apply for fee subsidy to help with the costs of child care. As part of this application they had the option of submitting a Canada Child Tax Benefit Notice to verify income.

The amendment replaced references to the Canada Child Tax Benefit Notice with a generic reference to a notice of payment "under section 122.61 of the *Income Tax Act* (Canada). O. Reg. 226/16, s. 1." Effective July 1, 2016 this notice of payment is called the Canada Child Benefit Notice.

All applicants for child care fee subsidy (and where applicable the applicant's spouse), as well as recipients already receiving fee subsidy and being assessed under the income test, are required to provide a copy to the CMSM or DSSAB of either the most recent available Notice of Assessment or Canada Child Benefit (CCB) Notice or notice of payment under section 122.61 of the *Income Tax Act* (Canada) to the CMSM or DSSAB.

This means that all applicants (and where applicable the applicant's spouse) are required to file an income tax return annually in order to be considered for fee subsidy eligibility.

Applications for fee subsidy may be taken and eligibility reviews may be conducted at any time during the calendar year. Generally speaking, in the latter half of the calendar year, parents will be required to present the *Notice of Assessment* or *CCTB* Notice or Canada Child Benefit Notice for the previous calendar year. In the first half of the calendar year, until documentation is available for the previous tax year, applicants may present the documentation for two years earlier. Older documentation is not acceptable.

There is an exception for recent immigrants defined as people who were not residents of Canada in the previous year and had no Canadian income to report for income tax purposes. They are not required to have filed an income tax return and their adjusted income should be considered "zero" in the first year.

For more details regarding legislative authority, calculation of the parental contribution and significant changes in income, please refer to the Child Care Fee Subsidies Legislative Authority and Technical Details Guide in Appendix C.

BUSINESS PRACTICES

Case File Reviews and Protocols

CMSMs and DSSABs require a clear policy to determine when an applicant or recipient's file/application requires review. The policy may include reviewing files based on the child's age and associated change in programming as well as expected changes in circumstances (e.g. students who are beginning or finishing their studies). In order to maintain up-to-date information on parents' eligibility, CMSMs and DSSABs will at minimum review individual files at least once a year.

As a best practice, CMSMs and DSSABs should establish and communicate their own internal case file review protocols. The protocols may include such aspects as:

- Ensuring file reviews are completed at regular intervals;
- Communicating that random file reviews may be conducted; and
- Ensuring protocols are in place to report the monitoring results and complete the necessary follow up for non-compliance with program requirements.

CMSM and DSSAB policies and protocols may be requested by the ministry and may be subject to ministry review.

Conflict of Interest

Policies should be established that provide a clear audit trail and reduce the potential for conflict of interest in conducting assessments or reviews. Staff of child care and recreation programs must not be involved in the application process. Applicant source documents should be copied and retained on file as per the file retention section below so that the existence of the documents can be verified in future file reviews.

Protection of Privacy

The collection of documentation related to an application for fee subsidy is subject to the *Municipal Freedom of Information and the Protection of Privacy Act*. CMSMs and DSSABs must protect the confidentiality of an applicant's personal information and related documents.

Purchase of Service Contracts

CMSMs and DSSABs may enter into agreements with service providers for the delivery of child care services in a way that can achieve the agreed outcomes, respects the principle of fair treatment to all service providers and supports parental choice. Service system managers may also provide fee subsidy to licensed programs that are directly operated by a municipality or school board.

To be eligible to enter into fee subsidy purchase of service agreements, recreation programs must meet the requirements outlined in the Camps and Children's Recreation Program section of this guideline.

Before- and After- School Programs Offered Directly By School Boards

As board-operated before- and after-school programs are governed under the *Education Act*, no additional standards will be required by CMSMs and DSSABs when entering into agreements with school boards.

Before- and after-school programs provided by third party providers (licensed child care programs) must follow regulations under the *Child Care and Early Years Act, 2014*. This includes delivering programs consistent with the Minister's Policy Statement that sets out *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming. The Minister's Policy Statement applies to all licensed child care settings. School boards that directly deliver before- and after-school programs are required to adopt the approaches outlined in *How Does Learning Happen?* to support consistency and alignment across the province. See the Before and After School Program Guideline at http://www.edu.gov.on.ca/childcare/before-after-school-programs-k-gr6-policies-guidelines-jan2017e.pdf.

Protocols for Child Care Licences

The ministry's Child Care Licensing System (CCLS) notifies CMSMs and DSSABs whenever a new child care licence has been issued, a licence is renewed, revised, amended, suspended, terminated or closed. CMSMs/DSSABs can search and view licences and other licensing related documents (e.g. licensing letters, inspection reports) in CCLS. They can also generate licensing and serious occurrence data reports about child care centres and home child care agencies in their geographic area. CMSMs and DSSABs should review this information when contracting with child care service providers.

File Retention

Copies of applicants' documents related to income testing, identification of a child's special or social need or a parent's illness or disability must be verified and retained for a period of seven years. Please note that documentation relating to special needs of a parent or child are for the purposes of determining the level of fee subsidy only. There is no required documentation for receipt of Special Needs Resourcing. Closed fee subsidy files should be retained for seven years from the date of closure.

Complaint Resolution and Appeals

As a best practice and to provide information on internal review and appeal processes to fee subsidy clients, CMSMs and DSSABs should establish and communicate their own internal policy regarding complaint and appeal processes. These may include:

- How to submit a request for an internal review/appeal;
- Internal appeal timelines;
- Staff training on internal review and appeal processes; and
- How decisions and reasons for decisions will be communicated.

CMSMs and DSSABs should review their internal policies regarding complaints and appeals on a regular basis (e.g. annually).

Complaints and appeals received should also be reviewed at least annually to monitor trends and identify service improvements. The ministry may review a representative sample of complaints/appeals.

Overpayments

Families do not need to report in-year changes in income prior to their annual review. However, a family could still become ineligible for subsidy if they no longer had a valid reason for service and continue to use child care without advising the CMSM or DSSAB. It is also possible that a CMSM or DSSAB could learn that an applicant misrepresented their status, such as a parent applying as a single person if they were in fact married. CMSMs or DSSABs may establish or continue to apply existing policies to collect overpayments in situations where fee subsidies were provided to clients for periods of time when they in fact were not eligible for assistance or were eligible for a lower amount of assistance.

REPORTING REQUIREMENTS

Monitoring and Reporting Process

CMSMs and DSSABs report financial and service activity data in EFIS in the Interim Report (formerly Revised Estimates) and Financial Statements submissions. CMSMs and DSSABs may refer to the current service agreement and EFIS instructions for required service data elements and definitions.

- CMSMs and DSSABs are responsible for reporting the following expenses related to fee subsidy in EFIS: Total gross expenditures for fee subsidy, OW formal and OW informal fee subsidy by age groups[6];
- Required parent contribution and other offsetting revenues by age group.

In addition, CMSMs and DSSABs are responsible for reporting on the following data elements for child care fee subsidies and OW:

- Average monthly number of children served by age group for fee subsidy and OW formal;
- Average monthly number of children served, OW informal;
- Number of children served (cumulative) for fee subsidy, OW formal and informal;
- Consolidated average monthly number of fee subsidies provided through general allocation, ELCC, expansion plan and funding for Indigenous-led child care and child and family programs by family income level (e.g. under $20K, $20K-$30K, $30K-$40K, $40K-$50K, etc.); and
- Consolidated total number of fee subsidies provided through general allocation, ELCC, expansion plan and funding for Indigenous-led child care and child and family programs by family income level (e.g. under $20K, $20K-$30K, $30K-$40K, $40K-$50K, etc.).

Required Documentation

At a minimum, CMSMs and DSSABs maintain the following documentation on fee subsidy payments:

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[6] 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.

- Record of payments to child care service providers; and
- Monthly invoices from service providers reporting child attendance.

Other financial practices and reporting requirements for CMSMs and DSSABs are detailed in the Ministry Business Practices section of this guideline. CMSMs and DSSABs must retain required documentation for at least seven years. For further assistance (e.g. monitoring and reporting requirements) please contact the ministry.

CAMPS AND “CHILDREN’S RECREATION PROGRAMS” (CHILDREN’S RECREATION) EXPENSE

PURPOSE

This section details the funding eligibility requirements for camps and “children’s recreation programs”. All other current ministry protocols for the administration of fee subsidies and Special Needs Resourcing funding apply as well. Please see the Fee Subsidy and Special Needs Resourcing sections of this guideline for further information.

ELIGIBILITY REQUIREMENTS

Effective July 1, 2018, section 1 of Ontario Regulation 138/15 under the *Child Care and Early Years Act, 2014* defines “children’s recreation program” as a program that is operated by:

A) An organization recognized under Regulation 797 of the Revised Regulations of Ontario, 1990 (Recreation Programs) made under the *Ministry of Tourism and Recreation Act* as a children’s recreation service provider by a resolution passed by the local service system manager, municipality, school board or First Nation; or

B) An authorized recreational and skill building program as defined under the *Child Care and Early Years Act, 2014* and its regulations (see paragraphs 1 to 4 of subsection 6 (4) of the CCEYA and the criteria set out in section 3.1 of Ontario Regulation 137/15 made under the CCEYA); or

C) A member of the Ontario Camps Association.

Fee subsidies may be provided to children enrolled in one of three types of “children’s recreation programs” described above who are six years old or older (or turning six in the current calendar year and enrolled in a children’s recreation program provided on or after September 1st).

Bill 66, Restoring Ontario’s Competitiveness Act, 2019 received Royal Assent on April 3, 2019. Effective July 1, the age of eligibility for authorized recreational and skill building programs as noted above will be reduced to 4 years old or older.

Authorized recreational and skill building programs (After-School Care):

“Authorized recreational and skill building programs” are defined in the CCEYA. An “authorized recreational and skill building program” is one that:

- Operates once a day for no more than 3 hours on weekdays

- Promotes recreational, artistic, musical or athletic skills or provide religious, cultural or linguistic instruction
- Is not operated in a person's home
- Is operated by one of the following:
    - Service manager, a municipality, school board, First Nation, or the Métis Nation of Ontario;
    - By a member of the YMCA or a member of Boys and Girls Clubs of Canada;
    - An Ontario After School Program funded by the Ministry of Tourism, Culture and Sport (MTCS);
    - A member of a provincial sports or multi-sport organization recognized by MTCS where the program activities are related to the sport or sport related to the organization;
    - Operated by an MTCS agency or attraction (e.g. Royal Ontario Museum, Ontario Science Centre); or
    - A program authorized by the local service system manager or First Nation.

Camps

Effective July 1, 2018, pursuant to Ontario Regulation 138/15, parents of children in "camps" - as defined in paragraph 9 of subsection 4 (1) of the Act (CCEYA) – who also meet other eligibility criteria are by regulation eligible for fee subsidy. Fee subsidy may be provided for children attending a camp who are four years old or older (or turning four in the current calendar year and enrolled in a camp provided on or after September 1st).

Eligible Camps:

- Operate for no more than 13 weeks in a calendar year.
- Operate on days where instruction is not typically provided for pupils in schools.
- Are not operated at a person's home.

Children with Special Needs: Age Eligibility Transition

Under the *Day Nurseries Act*, parents of children with special needs could be eligible for fee subsidies for children up to 18 years of age. While the *Child Care and Early Years Act, 2014* defines a child as under the age of 13 years, to support continuity of care, 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/services until they turn 18 years, provided that they meet other eligibility criteria that are unrelated to age (see Ontario Regulation 138/15). For example, if a person with special needs started to receive financial assistance at age 12 years on August 30, 2017, he/she is eligible to continue receiving that financial assistance until he/she turns 18 years in the year 2023. These provisions mean that these adolescents will not experience a financial assistance/service disruption based on their age. Please see section 28 of Ontario Regulation 138/15 for the provisions that speak to this transition approach.

Program Requirements:

Service system managers are required to have program requirements in place that support the health, safety and well-being of children enrolled in camps or “children’s recreation programs” with whom CMSMs and DSSABs are entering into a purchase of service agreement for the provision of fee subsidies and/or SNR. At a minimum these requirements should include standards related to the following health, safety and well-being provisions:

1) Liability Insurance
2) Safe Arrival and Departure of Children
3) Vulnerable Sector Check
4) Adult Supervision
5) Programming Quality Assurance (e.g. HIGH FIVE certification or Accredited by the Ontario Camps Association)

Camps and children’s recreation programs must also meet these requirements in order for CMSMs and DSSABs to permit the provision of SNR to children enrolled in these programs, and amend their service agreements with SNR agencies accordingly.

Service system managers may also wish to consider additional program requirements in their purchase of service agreement with operators such as requirements outlined in the ministry’s resource document: *Authorizing Recreational and Skill Building Programs*.

GENERAL ADMINISTRATION

CMSMs and DSSABs are responsible for assessing and monitoring the eligibility of camps and “children’s recreation programs” for child care funding based on the above requirements. They may also set additional eligibility criteria. However, when determining whether or not to establish a purchase of service agreement with a camp or “children’s recreation program” that meets the ministry’s funding eligibility requirements, CMSMs and DSSABs should, as much as possible, take into consideration the wishes and needs of the family receiving the subsidy.

CMSMs and DSSABs may not enter into a purchase of service agreement with any camp or “children’s recreation program” until they are satisfied that the program meets all of the eligibility requirements stated above. However, if a CMSM or DSSAB wishes to consider a camp or “children’s recreation program” for a purchase of service agreement that does not meet all of the ministry’s minimum requirements for funding eligibility at the time of the initial assessment, the CMSM or DSSAB is encouraged to give the camp or “children’s recreation program” operator sufficient time to make the changes necessary to meet the requirements.

Camp and “children’s recreation programs” fee subsidies were created with the intention of increasing choice and flexibility for families. Service system managers and other organizations that already have funding in place to subsidize the cost of camp and “children’s recreation programs” for families in financial need (e.g., “welcome policies”) must not use child care fee subsidy funding as a replacement for this funding.

REPORTING REQUIREMENTS

CMSMs and DSSABs will be required to report on the following data elements in the Interim Report (formerly Revised Estimates) and Financial Statements submissions regarding camps and children’s recreation:

- Total gross expenditures by age groups[7];
- Required parent contribution and other offsetting revenues by age group;
- Average monthly number of kindergarten children served-fee subsidies (applicable to camps only);
- Average monthly number of school-age children served-fee subsidies;
- Number of kindergarten children served-fee subsidies (applicable to camps only); and
- Number of school-age children served-fee subsidies.

[7] 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.

GENERAL OPERATING EXPENSE

PURPOSE

The purpose of the General Operating expense is to support the costs of operating licensed child care programs in order to reduce wait times and fees for services, stabilize service levels, and (where funds allow), improve access to high quality affordable early learning and child care services for children and their families.

ELIGIBILITY CRITERIA

Licensees are required to demonstrate to the CMSM or DSSAB that they are able to meet their minimum wage and mandatory benefits requirements without operating funding in order to qualify for funding.

Effective July 1, 2018 under Ontario Regulation 138/15, service system managers are able to provide general operating funding to extended day programs to alleviate high fees to parents.

PRIORITIES

CMSMs and DSSABs will use the following principles to inform operating funding priorities while balancing local needs:

- Stabilizing and transforming the existing child care system to enable high-quality, consistent services;
- Allocating funds efficiently, equitably and with transparency;
- Increasing choice, convenience and reliability for parents;
- Supporting licensed home child care agencies and strengthening the licensed home child care system through predictable and consistent base funding;
- Supporting programs that serve the diverse needs of their communities, including children with special needs, Indigenous children, and Francophone children;

Key considerations that must be supported through CMSM and DSSAB policies regarding general operating allocations include:

- Stabilizing child care fees;
- Retaining qualified stable staffing and supporting quality programming;

- Aligning with full-day kindergarten implementation and supporting licensees to expand programs for younger age groups by:
    - Mitigating higher operating costs for younger age groups (ages 0-3.8);
    - Supporting the implementation of the Schools-First Child Care Capital Retrofit policy.
- Prioritizing funding based on child care licensing history, financial history and viability of programs.
- Capacity of programs to access funds through other means.

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.

LICENSED HOME CHILD CARE BASE FUNDING

The government has provided operating funding to support a base funding model for licensed home child care agencies. The intent of licensed home child care base funding (LHCC base funding) is to support the provision of stable, predictable funding to assist agencies with forecasting, planning, and actively recruiting more providers.

The LHCC base funding allocation for CMSMs/DSSABs is outlined in the Budget Schedule of the service agreement, and is based on the address of licensed home child care agencies as recorded in the Child Care Licensing System (CCLS) database. The 2019 LHCC base funding allocations were determined by multiplying the benchmark amount of $6,900 by the number of active homes for home child care agencies as of March 31, 2018. The number of active homes was determined using 2018 licensed child care survey data as reported by licensed home child care agencies.

To assist with program planning, service system managers can view select 2018 Licensed Child Care Survey data as an appendix to the EYCC memo released with the

2019 guideline at the Financial Analysis and Accountability Branch website to see the number of active homes reported within their boundaries.

With the use of this funding, service system managers must work with licensed 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 or additional fee subsidies.

Flexibility

The ministry provides CMSMs and DSSABs with flexibility to use LHCC base funding for 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 SWW, TWOMO and adjustments” in schedule 3.1 in EFIS and the recovery calculated for LHCC.

Based on the allocation, it is recommended that CMSMs and DSSABs provide a minimum of **$6,900** for each active home an agency oversees. However, CMSMs and DSSABs have flexibility in setting their per-home amount, and are encouraged to adapt existing local practices to provide stable, predictable funding to agencies even if below the recommended amount.

As LHCC Base Funding allocations are based on the location of home child care agencies rather than the location of active homes, CMSMs/DSSABs should collaborate with their counterparts to fund agencies, and build a shared understanding of local policies that cross municipal boundaries.

As service system managers, CMSMs and DSSABs are responsible for making decisions about the provision of LHCC base funding to individual licensees, subject to provincial requirements. CMSMs/DSSABs are not required to enter into new purchase of service agreements with licensed home child care agencies where it does not meet community needs.

CMSMs/DSSABs are required to have a policy and approach in place for the equitable allocation of general operating funding to licensees in their communities. CMSMs or DSSABs may wish to use their previous funding policies to inform their general operating allocation approach.

INADMISSIBLE EXPENSES

Inadmissible expenditures include:

- 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;
- Debt costs including principal and interest payments related to capital loans, mortgage financing, and operating loans;
- Property taxes (Under Review);
- Fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators; and
- Any other expenditure not listed under the allowable expenses section.

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report on the following data elements regarding general operating, in their EFIS Financial Statement submission:

- Total gross expenditures by age groups[8];
- Total other offsetting revenues by age groups;
- Total adjusted gross expenditures with regards to general allocation excluding other allocations except for SWW 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).

[8] 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.

CMSMs and DSSABs may use their discretion to determine which funding stream may appropriately support fee subsidies (i.e. LHCC base funding or General Allocation) for children within the LHCC sector.

IMPLEMENTATION

As service system managers, CMSMs and DSSABs are required to develop a policy for the equitable allocation of general operating funding to licensees in their community, based on the above noted priorities and principles. The policy must be shared with the community and may be requested by the ministry.

That being said, the ministry’s expectation is that CMSMs and DSSABs will develop local strategies and modify operating funding policies to support increased access to licensed home child care programs.

CMSMs and DSSABs should build on their existing community consultation processes in developing their general operating policies and are strongly encouraged to require that licensees use operating funding allocations to support stable ongoing operating and wage base funding, rather than allocating as lump sums.

PAY EQUITY MEMORANDUM OF 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 through CMSMs and DSSABs to provide child care.

EXPENDITURE REQUIREMENTS

The Province will continue to flow funding as agreed in the Memorandum of Settlement to CMSMs and DSSABs as part of the core services delivery allocation. CMSMs and DSSABs are required to continue to flow the pay equity funding to service providers. Service providers are required to continue to meet their pay equity obligations.

REPORTING REQUIREMENTS

CMSMs and DSSABs will report on pay equity memorandum of settlement expenses in EFIS in their Interim Report (previously Revised Estimates) and Financial Statements submissions. CMSMs and DSSABs will also be required to report on the number of contracts they have with licensed child care programs and non-profit agencies that receive funding under the pay equity memorandum of settlement.

Please Note:

The integration of the pay equity expense under the core services delivery allocation does not relieve CMSMs and DSSABs or licensees from their obligations to comply with the Pay Equity Memorandum of Settlement.

Wage enhancement/HCCEG funding may not be used to fund pay equity obligations that are not fully covered by Pay Equity Memorandum of Settlement funding or to cover any additional pay equity obligations. Wage enhancement/HCCEG funding is an enveloped allocation and can only be used for its intended purpose.

SPECIAL NEEDS RESOURCING EXPENSE

INTRODUCTION

This section of the guideline provides an overview of the ministry's current policies, standards, requirements and expectations with respect to the management of Special Needs Resourcing (SNR) funding and includes: the purpose of SNR, eligibility and expenditure requirements; direction for planning and collaboration; the reporting process and required documentation.

PURPOSE

Special Needs Resourcing funding is to be used to support the inclusion of children with special needs in licensed child care settings, including home child care, camps and "children's recreation programs", at no additional cost to parents / guardians. Under Ontario Regulation 138/15, a "child with special needs" means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

Local special needs services and supports continue to evolve over time to meet the diverse and changing needs of children, their families, and communities. The funding approach for SNR established through the child care funding formula enhances the ability of CMSMs and DSSABs to respond to these needs.

Any planned expansion of SNR-funded services and supports at the local level must comply with this guideline and Ontario Regulation 138/15 by supporting the inclusion of children with special needs in licensed child care settings, camps, and children's recreation programs. The ministry will continue to support CMSMs and DSSABs which have provided services that fall outside the scope of SNR funding, while they transition these services for children and their families. There is to be no expansion of programs considered out of scope.

The ministry will continue to work with its partners to modernize Ontario's child care system and plan for an increasingly integrated early years system.

ELIGIBILITY AND PROVISION OF SERVICES

Services and supports purchased through SNR funding are for children with special needs under 13 years of age in licensed child care centres and home child care (licensed) and for children with special needs in camps (age 4 years and up) and children's recreation programs (age 6 years and up). (Please refer to the Camps and Children's Recreation section of the guideline for age eligibility and the definition of "camp" and "children's recreation program").

Bill 66, Restoring Ontario's Competitiveness Act, 2019 received Royal Assent on April 3, 2019. Effective July 1, the age of eligibility for authorized recreational and skill building programs as noted above will be reduced to 4 years old or older.

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 were in receipt of a service or received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until that child turns 18, provided that they meet other eligibility criteria that are unrelated to age (see Ontario Regulation 138/15). 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/service disruption based on their age.

All service providers and regulated child care programs involved in the provision of SNR services must comply with legislative and regulatory requirements for provision of services, obtaining parental consent for service and information exchange for any purpose (e.g. referrals).

SNR EXPENDITURE REQUIREMENTS AND STAFFING

CMSMs and DSSABs are required to spend a **minimum of 4.1 per cent** of their child care allocation, as outlined in the budget schedule of the service agreement, on SNR. CMSMs and DSSABs are encouraged to consider local community needs when determining their SNR expenditure and may wish to spend a larger percentage of their total allocation as required. Where a CMSM or DSSAB does not meet the minimum spending requirement of 4.1 per cent of their total child care allocation, the ministry will recover all remaining unspent funds.

SNR funding is made available to CMSMs and DSSABs to:

- Hire or acquire the services of a resource teacher/consultant and/or supplemental staff where necessary (including salary and benefits) to support the inclusion of children with special needs;

- Provide professional development opportunities to support staff in licensed child care settings working with children with special needs and their parents/families to support inclusion; and

- Purchase or lease specialized/adaptive equipment and supplies to support children with special needs.

Please Note: SNR-funded resource teachers/consultants and supplemental staff may not be counted toward the required ratio of employees to children in licensed child care programs as specified in Ontario Regulation 137/15.

At a minimum, the ministry recommends that resource teachers/consultants hold a diploma in Early Childhood Education, have additional training/experience/education related to working with children with special needs, and hold a standard first aid including infant/child CPR certificate. Requirements for resource teachers/consultants directly employed by licensed child care programs are outlined in section 55 of Ontario Regulation 137/15 made under the *Child Care and Early Years Act, 2014*.

Resource teachers/consultants typically provide a wide range of services and supports for children with special needs and their families. They may support several children in multiple locations and can also provide professional learning experiences for individuals working with children with special needs in licensed child care settings, camps and children's recreation programs. These supports may include providing child care staff with program adaptation strategies and professional development, supporting the development of individualized support plans (per Ontario Regulation 137/15 – see section 52), conducting developmental screens, providing referrals to community agencies, providing information and resources for parents and obtaining specialized equipment as required.

PLANNING AND COLLABORATION

CMSMs and DSSABs are encouraged to collaborate in the planning and provision of services and supports with SNR service providers, licensees, parents, schools/school board personnel, and other professionals and community service programs and agencies such as Healthy Babies Healthy Children, Infant Development, Preschool Speech and Language, early years community planning tables, EarlyON Child and Family Centres, children's mental health, and autism service providers. Cross-disciplinary collaboration will help to improve SNR services, promote seamlessness between services for children and their families, support transitions between support settings, and minimize potential barriers to service delivery.

REPORTING REQUIREMENTS

CMSMs and DSSABs report actual financial and service activity data to the ministry through EFIS as part of their Interim Report (formerly Revised Estimates) and Financial Statements.

CMSMs and DSSABs are required to report on total gross expenditures and other offsetting revenues by age groups, as well as the data elements outlined in Appendix A of this guideline. Data elements include:

- Number of child care programs supported (centre-based and home-based);
- Number of children served, up to and including age 12;
- Number of children served, age 13-18;
- Average monthly number of children served up to and including kindergarten;
- Average monthly number of children served – school age; and
- Number of full-time equivalent staff.

For more information on financial practices, reporting requirements and definitions please refer to the Ministry Business Practices Requirement section of this guideline.

REQUIRED DOCUMENTATION

At minimum, CMSMs and DSSABs must maintain the following SNR documentation:

- Record of payments to SNR service providers; and,
- Reports from service providers that include actual expenditures and service data that support CMSMs and DSSABs in completing their Interim Report (formerly Revised Estimates) and Financial Statements.

CMSMs and DSSABs must retain required documentation for at least seven years.

ADMINISTRATION EXPENSE

PURPOSE

To support CMSMs and DSSABs in their role as service system managers, this expense is intended to support administrative costs associated with all types of child care funding.

ELIGIBILITY CRITERIA

All designated delivery agents under the *Child Care and Early Years Act, 2014* (CMSMs and DSSABs) are eligible to receive administration funding.

ALLOWABLE EXPENSES

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 that is retained for a period of no less than seven years.

The following list defines the range of administrative expenditures that are cost sharable between the ministry and CMSMs and DSSABs.

The benchmark for administration expenditures is a maximum of 10 per cent of the total CMSM or DSSAB General Allocation, less funding for Other Allocations (except for Small Water Works) and including Base Funding for Licenced Home Child Care, as outlined in the budget schedule of the service agreement. This 10 per cent includes both provincial and municipal 50 per cent cost-shared amounts. Administration expenses must represent actual expenses incurred for program administration, and may not be expressed solely in terms of a percentage of program expenditures.

Staffing

Payment of gross salaries and wages, vacation pay, sick pay, compassionate pay, overtime and statutory holiday pay for staff involved in managing the child care service system and support staff.

Benefits

Employer contributions for pension, employment insurance, workers' compensation, employee benefit plans, and other legal requirements of the employer.

Purchased Professional Services

Purchased professional services that are not client related, including costs incurred in purchasing professional services for which the CMSM or DSSAB itself does not employ staff (e.g. fees for administrative or corporate legal work, audit or bookkeeping fees).

Accommodation

Reasonable costs to a maximum of fair market value for accommodation required for the management of the child care service system and related administration. Fair market value for purchased accommodation is defined as the probable estimated dollar price of the property if that property were exposed for sale in the open market by a willing seller and allowing a reasonable time for a willing buyer.

A fair market value estimate must be accompanied by an indication of the exposure time linked to the value estimate. Exposure time is the estimated length of time the property would have been for sale on the open market before a hypothetical purchase at market value. Exposure time precedes the effective date of the value estimate and is based upon past market trends as they affect the type of real property under consideration.

The above definition of fair market value must also be applied to rented accommodations, whereby the estimated dollar amount is a rental price, and the willing parties are the owner and the tenant.

In the case of owned buildings, the eligible annual cost will be based on fair market value of rent or imputed rent.

Travel

Reimbursement of staff costs for travel required to carry out the management of the delivery and administration of child care. Travel costs in Ontario that are associated with attendance at meetings relevant to child care service delivery. CMSMs and DSSABs are to refer to the Ontario Public Service Travel Directive as a guide.

Education and Staff Training

Staff development and educational opportunities which assist in the management and administration of the child care system. Travel, accommodation and costs associated with educational conferences, seminars etc. within Ontario and Quebec.

Technology

The ministry funds 100 per cent of the design, development, basic installation and training costs of the Ontario Child Care Management System (OCCMS).

The ministry will not cost share in any aspect of the development of new technology systems developed independently by CMSMs and DSSABs before or after designation that duplicates the functions of OCCMS. However, the ministry will continue to cost share in expenditures associated with maintaining fee subsidy systems that existed prior to 1998.

To support CMSMs and DSSABs in their role as service system managers, the ministry will allow administration funding to be used for expenditures for IT systems e.g. computer hardware, software, network access charges, operating costs, system enhancements, software updates, computer supplies and maintenance required to support the management of child care delivery and administration that do not duplicate the functionality of OCCMS.

Please note that any interface between OCCMS and other IT systems should be discussed with the province as this could impact the program functionality.

General Office Expenses

Costs associated with the following items may be required to support the management of the child care system:

- Telephone, internet and fax (may include rentals, regular charges, long distance, etc.)
- Postage and courier
- Office supplies (may include stationery, forms, maps, books, periodicals)
- Printing (may include production, translation, printing and other costs)
- Photocopier rental and services
- Insurance payments (fidelity, fire, public liability, theft, other) including bonding and liability insurance for staff
- Office equipment and maintenance
- Building maintenance (may include janitorial, cleaning, minor repairs)
- Bank transaction charges
- Collection and bad debt costs (may include court fees, credit bureau etc.)
- Advertising and marketing (job postings, newsletters)

- Research, consultation and professional services
- Moving and relocation
- Security
- Records Management
- Minor miscellaneous expenses

Note: The shareable cost of administration definitions outlined above are functional in nature.

Management functions of the child care system may be dedicated or prorated for the portion associated with the management of the child care system, if shared with other departments and offices.

In determining employee salaries and wages, include total gross salary and wage payments to all full-time, part-time, temporary, relief and staff on paid leave of absence. Total salaries equal gross pay including overtime, paid vacation, paid sick leave, statutory holidays etc. The employer's share of employee benefits can be included when calculating benefit costs.

INADMISSIBLE EXPENDITURES

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

1. Interest expenses incurred on capital or operating loans
2. Professional organization fees paid on behalf of staff for membership in professional organizations
3. Property tax expenses
4. Fundraising expenses
5. Donations to charitable institutions or organizations
6. Bonuses, gifts and honoraria
7. Capital loans
8. Mortgage financing
9. Reserve Funds

RECOVERY

Should a CMSM or DSSAB choose to exceed the Child Care Administration Maximum Allowable Expenditure (10 per cent of total 2019 General allocations less funding for Other Allocations (except for Small Water Works) and including Base Funding for Licenced Home Child Care); any additional expenditure must be funded with 100 per cent municipal contributions. If the additional spending over and above the maximum allowable expenditure is not funded with 100 per cent municipal contributions, the ministry will recover the overspent funds equal to the amount of overspending on administration above the maximum allowable expenditure.

REPORTING REQUIREMENTS

Administration expenditures will be reported and monitored through the Interim Report (formerly Revised Estimates) and Financial Statements submissions. CMSMs and DSSABs will also report on the following administrative service data in EFIS in their Financial Statements submissions:

- Number of full-time equivalent staff by position;
- Number of staff (head count);
- Total salaries associated with each position type; and
- Total benefits for all staff.

SECTION 8: SPECIAL PURPOSE

CAPACITY BUILDING EXPENSE

PURPOSE

Capacity building funding is intended to support professional learning and development opportunities that build the capacity of licensees, supervisors, program staff/caregivers, home visitors, home child care providers and non-profit volunteer board members to support the provision of high quality programs for children ages 0 to 12.

CONTEXT

The *Child Care and Early Years Act, 2014* legislation and accompanying regulations will help to further support Ontario's vision for the early years. Ontario Regulation 137/15 under the *Child Care and Early Years Act, 2014* includes program-related requirements for centre-based and home child care programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years* and help child care settings put the ideas and approaches of this pedagogical framework into practice. The regulation can be found on the Government of Ontario website.

The *Child Care and Early Years Act, 2014* sets out the authority for the Minister of Education to issue policy statements for the purpose of guiding early years programs and services. The Minister has issued a policy statement naming *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming and pedagogy in licensed child care settings across Ontario. The Minister's policy statement is available on the Ministry of Education's website.

In partnership with the government of Canada, the ministry of Education established in 2018 a Provincial, Francophone and Indigenous Centre of Excellence (CoE) to:

- Support alignment with *How Does Learning Happen? (HDLH)* and promote cohesion in pedagogical approaches and practises across early years programs, including Full-Day Kindergarten;
- Build the pedagogical leadership capacity of program staff working in the early years sector through innovative professional learning networks and strategies; and
- Create linkages to and/or develop professional learning resources that are responsive to the needs of the sector and accessible online.

The three centres are led by a team of partners that represent the regional and geographic diversity within Ontario and support the strengths and diversified professional learning needs of the early years sector. Further information can be found on the new website for the Centres of Excellence for Early Years and Child Care at [https://ceeycc-cepege.ca.](https://ceeycc-cepege.ca)

ELIGIBILITY CRITERIA

CMSMs and DSSABs may support professional learning and development opportunities per the allowable expenses below, or CMSMs and DSSABs may provide capacity building funding for the purposes outlined in the allowable expenses section below to:

- Centre-based and home-based licensees, i.e. non-profit, profit and directly operated;
- Agencies that provide early learning professional learning and development (including SNR agencies); and/or
- Post-secondary institutions to develop and deliver early years professional learning and development (e.g. certificate courses, workshops).

Professional learning and development opportunities may be designed to engage 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 programs. **Capacity building funding is not intended to support or enforce compliance with purchase of service agreements between CMSMs or DSSABs and licensees.**

PRIORITIES

In addition to funding system-wide professional learning and development priorities, CMSMs and DSSABs should prioritize capacity building funding for licensed child care programs and/or agencies that:

- Have limited access to professional learning and development opportunities;
- Require support in improving program quality;
- Have limited capacity in business administration; and/or
- Serve Francophone or Indigenous children and families.

MINISTRY RESOURCES

The following ministry resources have been developed to strengthen quality in early years settings:

- *How Does Learning Happen? Ontario's Pedagogy for the Early Years*;
- Introductory Guides to *How Does Learning Happen? Ontario's Pedagogy for the Early Years*;
- Think, Feel Act: Lessons from Research about Young Children research briefs and videos;
- The Early Learning Framework website; and
- Putting How Does Learning Happen into Practice: Program Expectations for Licensed Child Care E-Modules.

CMSMs and DSSABs should support the use of these resources by their local licensees through Capacity Building.

ALLOWABLE EXPENSES

CMSMs and DSSABs have discretion to direct funding to support a range of professional learning opportunities, as follows:

- Professional learning and development opportunities that align with the *Child Care and Early Years Act, 2014* regulations and ministry policy (e.g., workshops, mentoring and coaching, networks that are delivered in-person, virtually, etc.);
- 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*, promote reflective practice and collaborative inquiry, and support the new regulatory requirements under the *Child Care and Early Years Act, 2014* (e.g. post-diploma training programs);
- Establishment of professional learning communities of practice to support early years program staff; Professional learning and development opportunities related to child care program business administration (e.g., budgeting, leadership, human resource management, policy development, and board governance etc.);
- Professional learning and development opportunities related to the health, safety and well-being of children (e.g., nutrition, first aid, environmental health, communicable diseases, etc.);

- Release time and overtime to support staff in participating in professional learning and development opportunities; and/or

- Travel costs (in accordance with the OPS Travel Directive) to support attendance at professional learning and development opportunities (municipal policies pertaining to travel and accommodation apply).

Note: see the Administration section of this guideline for related allowable CMSM and DSSAB expenses.

Note: While capacity building funding is intended to support licensed child care programs, partnerships with other community organizations and initiatives such as community colleges and full-day kindergarten and EarlyON Child and Family Centres are encouraged to promote inter-professional learning opportunities.

REPORTING REQUIREMENTS

CMSMs and DSSABs will be required to report total capacity building expenditures and total other offsetting revenues by age groups[9] through EFIS.

IMPLEMENTATION

As service system managers, CMSMs and DSSABs are required to have a policy and plan in place for the use of capacity building funding in their community as well as equitable distribution to licensees as required, based on the above noted priorities. Local policies must be shared with the community to ensure a transparent approach and may be requested by the ministry.

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[9] 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.

TRANSFORMATION EXPENSE

PURPOSE

Transformation funding supports program viability and facilitates child care transformation. CMSMs and DSSABs are encouraged to work collaboratively with school boards and licensees to align the use of transformation funding with investments under the Schools-First Child Care Capital Retrofit policy and provincial investment for construction of new child care spaces in schools wherever possible.

ELIGIBILITY CRITERIA

Transformation is intended to cover one-time costs for licensees, including licensed child care centres and home child care agencies that are involved **in business transformation activities and/or require business transformation supports.**

Business transformation activities are defined as, but not limited to: the amalgamation of two or more centres in a school or community setting; the relocation of a child care centre to a school or within the community; or, the retrofitting of an existing child care centre to serve younger age groups.

Business transformation supports include the following one-time expenses:

- Legal costs (available only to licensees that are amalgamating);
- Lease termination costs (available only to licensees that are amalgamating and/or relocating);
- Moving costs (available only to licensees that are amalgamating and/or relocating);
- Business planning costs;
- IT upgrades to facilitate internet connectivity for business purposes;
- Play-based material and equipment;
- Operating funding to support the viability of licensees that are transforming their business model; and/or
- Funding to home child care agencies for home visitors to facilitate the potential movement of providers from unlicensed to licensed child care.

ELIGIBLE EXPENDITURES

Eligible expenditures under Transformation are grouped under three categories:

Amalgamation of Two or More Licensees

- Amalgamation to support legal costs for two or more licensees that are amalgamating.

Relocation of a Licensee and/or Amalgamation of Two or More Licensees

- Lease Costs (i.e., to cover the expense of terminating a lease); and/or
- Moving Costs.

Business Transformation Supports

- Support business planning costs;
- Technology upgrade costs that facilitate internet connectivity for business purposes;
- Play-based material and equipment;
- One-time operating funding to support the viability of licensees that are transforming their business model; and/or
- Funding to home child care agencies for home visitors to facilitate the potential movement of providers from unlicensed to licensed child care.

REPORTING REQUIREMENTS

Transformation expenditures will be reported and monitored through the Interim Report (formerly Revised Estimates) and Financial Statements submissions.

In addition to the total expenditure and other offsetting revenues on Transformation by age group, CMSMs and DSSABs will be required to report in EFIS, as part of the Financial Statements submissions, on:

- Total number of licensed child care centres and home child care agencies supported; and,
- Total licensed capacity (i.e. spaces) of child care centres and home child care agencies supported (cumulative).

SMALL WATER WORKS EXPENSE

PURPOSE

Small Water Works (SWW) funding supports costs related to small water systems for licensed child care centres. CMSMs and DSSABs with child care centres that have historically received SWW funding will receive an allocation in 2019.

The 2019 allocations for SWW are based on the on the higher of reported expenses of either 2018 Revised Estimates or 2017 Financial Statements, as this funding is claims-based. CMSMs and DSSABs will report their SWW expenditures in their financial submissions. The ministry will verify the amount reported in the Financial Statement Submission with the CMSM or DSSAB and may require supporting documentation during the year-end reporting process. Following the review, the ministry will adjust SWW entitlement based on expenditures reported in Financial Statements.

LEGISLATIVE AUTHORITY

Drinking water systems that supply water to a child care centre where the source of the water is not from a municipal water service connection are required to comply with O. Reg. 170/03 under the *Safe Drinking Water Act, 2002*.

ELIGIBLE EXPENDITURES

SWW 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.

REPORTING REQUIREMENTS

The CMSM or DSSAB will report their SWW expenditures (including eligible expenditures above the allocated amount in your service agreement) and number of licensed centres supported in their Financial Statements.

REQUIRED DOCUMENTATION

CMSMs and DSSABs are not required to submit receipts for SWW expenditures and other offsetting revenues to the ministry; however, receipts must be kept on file as the ministry may request this information per the service agreement.

TERRITORY WITHOUT MUNICIPAL ORGANIZATION

PURPOSE

Territory without Municipal Organization (TWOMO) funding for child care helps support the costs for child care services provided in a territory without municipal organization. The 2019 allocations are based on the higher of reported expenses of either 2018 Revised Estimates or 2017 Financial Statements, as this funding is claims-based.

ELIGIBILITY

TWOMO funding only applies to DSSABs with a territory without municipal organization, which is a territory outside the geographical area of any municipality or First Nation.

EXPENDITURE AND REPORTING REQUIREMENTS

Funding for TWOMO under the child care funding formula is a special purpose allocation. The funding is calculated in four stages:

- Stage 1: The municipal levy is calculated based on:
    - The total approved DSSAB Budget;
    - Less other sources of revenue (provincial, federal and other funding).
- Stage 2: The TWOMO share of the municipal levy is determined using the municipal attribution or ‘share’ percentage.
- Stage 3: Non EDU related allocations are subtracted from the municipal levy to find the total EDU child care program allocation.
- Stage 4: The percentage of municipal levy that the child care program allocation represents is used to calculate the MEDU portion of the TWOMO levy.

DSSABs will revise this calculation, as necessary, in their Interim Report (formerly Revised Estimates) and Financial Statements submissions to reflect the 2019 approved DSSAB budget and municipal levy.

Additional details on entering TWOMO information in EFIS are available in the EFIS reporting instruction package.

REQUIRED DOCUMENTATION

Along with their Financial Statement submission, DSSABs are requested to submit a copy of the following:

- Approved DSSAB budget; and

- Levy Apportionment details.

The ministry will verify the amount reported in the Financial Statements submission with the DSSAB's supporting documentation sent to the ministry during the year-end reporting process.

PLAY-BASED MATERIAL AND EQUIPMENT EXPENSE

PURPOSE

Play-based material and equipment funding is intended to help licensees create enriching environments both indoors and outdoors with open ended materials that promote children's learning and development through exploration, play and inquiry consistent with the views, four foundations and pedagogical approaches of *How Does Learning Happen? Ontario's Pedagogy for the Early Years*. Please see the Ministry of Education website for additional information and refer to Section 19 of Ontario Regulation 137/15 for provincial requirements of play-based materials, equipment and furnishings.

Play-based material and equipment funding may be used to purchase non-consumable supplies/equipment to support the ongoing regular operation of the child care program (e.g. kitchen supplies, IT etc.).

ELIGIBILITY

All licensees are eligible to receive play-based material and equipment funding. CMSMs and DSSABs are not required to seek prior approval from the ministry on play-based material and equipment expenditures; however funding should be prioritized for licensees who can demonstrate that the funding will be used to support children's active exploration and learning through play.

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report expenditures and other offsetting revenues by age groups in the Interim Report (formerly Revised Estimates) and Financial Statements and the total number of licensed child care centres and home child care agencies in receipt of play- based material and equipment funding in Financial Statements.

REPAIRS AND MAINTENANCE EXPENSE

PURPOSE

The purpose of repairs and maintenance funding is to support licensed child care centres and home child care agencies that are not in compliance with licensing requirements or may be at risk of not being in compliance with licensing requirements under the *Child Care and Early Years Act, 2014*. Funding is intended to cover one-time repair and maintenance costs.

ELIGIBILITY CRITERIA

All licensed child care centres and home child care agencies are eligible for repairs and maintenance funding. CMSMs and DSSABs are not required to seek prior approval from the ministry on repairs and maintenance expenditures; however, funding should be prioritized for child care service providers that can demonstrate that they are not in compliance or are at risk of not being in compliance with licensing requirements under the *Child Care and Early Years Act, 2014*.

EXPENDITURE REQUIREMENTS

Some common health and safety issues that may be eligible for repairs and maintenance funding include:

Food Preparation

Repair or replacement of:

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

Washrooms

Repair or replacement of:

- Fixtures
- Partitions
- Flooring material
- Change table

Major Systems

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
- Secure entrances
- Wiring upgrades

Play Area

Repair or replacement of:

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

Code Compliance

- Ontario Fire Code orders/recommendations
- Ontario Building Code orders/recommendations
- *Health Protection and Promotion Act* orders/recommendations

CMSMs and DSSABs should prioritize repairs and maintenance expenditures at a system level amongst their child care licensees in alignment with community priorities. The above list is a guide and not an exhaustive list. Repairs and maintenance funding cannot be used for program expansion. Repairs and maintenance funding must be paid to licensees on a claims-basis.

REPORTING REQUIREMENTS

CMSMs and DSSABs are required to report total gross expenditure and other offsetting revenues by age group[10] in the Interim Report (formerly Revised Estimates) and Financial Statements submissions and the number of licensed child care centres and home child care agencies in receipt of repairs and maintenance funding.

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[10] 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.

SECTION 9: WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG)

PURPOSE

Registered early childhood educators (RECEs) and other child care program staff play a key role during the critical years of a child's development. However, there is a significant wage gap between RECEs working in the publicly funded education system and those in the licensed child care sector. This wage gap creates challenges in retaining qualified pedagogical professionals to deliver affordable, high quality services.

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 wage enhancement/HCCEG will help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario. The wage enhancement will also help to close the wage gap between registered early childhood educators (RECEs) working in the kindergarten program and RECEs/other child care program staff working in licensed child care settings.

The 2019 wage enhancement grant supports an increase of up to $2 per hour, plus 17.5 percent benefits for licensed program staff and home visitors. In addition, the HCCEG supports an increase of up to $20 per day for home child care providers contracted with a licensed home child care agency.

GOALS

The goals of the enhancement are to:

- Close the wage gap between RECE wages in the education sector 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 choice and 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.

ELIGIBILITY

All licensed child care centres and home child care agencies are eligible to apply for wage enhancement/HCCEG funding, regardless of participation in municipal quality initiatives, or current purchase of service status with their local CMSM or DSSAB.

Licensed centres or agencies created in 2019 are eligible to apply for wage enhancement or HCCEG in the year the program begins operations.

Wage Cap

As the intent of the wage enhancement is to close the wage gap between RECEs working in the publicly funded education sector, and RECEs, child care program staff and providers in licensed child care settings, the ministry has established an hourly wage maximum of **$27.47** per hour for wage enhancement and **$274.70** per day for full HCCEG (**$164.82** for partial HCCEG).

This wage cap aligns with the top of the existing school board Educator Salary Matrix for RECEs working in the Kindergarten program. In 2019, the wage cap has increased by approximately 1.5% to align with adjustments to the salary and wages of the school-based ECE grids in accordance with the current education sector labour agreements.

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

Note: Eligibility criteria is used to determine entitlement (based on hours worked in 2018) and to determine payments to staff in 2019. For licensees that open in the current year, please estimate number of hours to be worked.

Full Wage Enhancement

To be eligible to receive the full 2019 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 $25.47 per hour (i.e. $2 below the wage cap of $27.47); 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*.

Child care program positions that are in place to maintain higher employee-child ratios than required under the *Child Care and Early Years Act*, 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 $25.48 and $27.47 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to $27.47 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 $25.90 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.
- SNR-funded resource teachers/consultants and supplemental staff.
- The only exception to the two above noted positions 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).

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 (including privately placed children; excluding the provider's 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 $254.70 (i.e. $20 below the cap of $274.70).

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 (including privately placed children; 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 $154.82 (i.e. $10 below the cap of $164.82).

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

Supplemental Grant

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 licensees 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 licensees with the flexibility to cover salary shortfalls (due to increased hours in program or new staff/providers) and additional benefits, (e.g. vacation days, sick days, PD days and/or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes will be recovered.

CMSMs/DSSABs should work with licensees to set priorities on how to use the supplemental grant.

APPLICATION PROCESS

Beginning in 2019, the requirement of CMSMs/DSSABs to follow the ministry-determined application process for the wage enhancement/home child care enhancement grant has been removed. CMSMs/DSSABs are required to develop a method to determine wage enhancement/home child care enhancement grant entitlement within their region.

Note: Wage enhancement/HCCEG payments to staff and home child care providers should be made based on their time in program in 2019.

PUBLIC INQUIRIES

As the service system managers for child care, CMSMs and DSSABs are required to manage public inquiries related to the wage enhancement/HCCEG. In order to manage these inquiries, CMSMs and DSSABs may wish to post information regarding the wage enhancement/HCCEG along with contact information on their website.

REPORTING IN INTERIM REPORT (FORMERLY REVISED ESTIMATES)

A notional wage enhancement/HCCEG amount will be included in the budget schedule of the 2019 Child Care Service Agreement. The ministry will adjust entitlements and resulting cash flows based on information reported to the ministry through the Interim Report (formerly Revised Estimates) submission.

To ensure timely payments to licensees and staff, CMSMs and DSSABs should provide an accurate Interim Report (formerly Revised Estimates) submission to the ministry.

Wage Enhancement/HCCEG allocation will be capped at the notional allocation included in the 2019 budget schedule unless the amount reported through the Interim Report (formerly Revised Estimates) submission exceeds the notional allocation, which will require an updated budget schedule. The ministry will not adjust allocations beyond Interim Report (formerly Revised Estimates) submissions.

Please see the reporting requirements section below for details on the required data.

PAYMENTS TO LICENSEES

CMSMs and DSSABs may need to enter into new funding agreements/arrangements with licensed child care centres and/or home child care agencies for the provision of wage enhancement/HCCEG funding if there is no current purchase of service agreement. Wage enhancement/HCCEG accountabilities and data collection may be built into existing purchase of service agreements and reporting processes by CMSMs and DSSABs.

Note: CMSMs and DSSABs will continue to have full discretion in determining which licensees they enter into purchase of service agreements with for the provision of other child care services (e.g. fee subsidy, special needs resourcing, general operating, etc.).

If child care staff or home child care providers exceed the cap at any time during the year, excluding wage enhancement or HCCEG, they will no longer be eligible to receive the increase.

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.

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 to support child care system expansion, or reduce fees.

CMSMs and DSSABs and licensees 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 percent 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 $27.47 per hour. Licensees 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 $274.70.

Benefits Funding and Flexibility

Benefits of 17.5 per cent support licensees in meeting their statutory benefit requirements.

Once all statutory benefits requirements are met (including up to 2 weeks of vacation and 9 statutory days), 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.

Supplemental grant provides licensees with the flexibility to cover additional benefits, (e.g. vacation days, sick days, PD days and/or other benefits) once mandatory benefits are covered.

Any funding not used for the intended purpose will be recovered by the ministry.

RECONCILIATION

CMSMs and DSSABs are required to have a reconciliation process for licensee use of wage enhancement/HCCEG funding, which can be built into processes already established for child care.

Please ensure that for the purposes of reporting the reconciliation at year end, salaries and benefits payments are tracked separately by the licensee and CMSMs and DSSABs.

CMSMs and DSSABs will be required to collect FTE data as part of the reconciliation process.

CMSMs and DSSABs may use wage enhancement/HCCEG funding surpluses from one centre/agency to offset deficits in another centre/agency (within the same CMSM or DSSAB).

LICENSEE ACCOUNTABILITY

To help ensure licensee accountability and the appropriate use of ministry funds, CMSMs and DSSABs must inform licensees of:

- The purpose of the wage enhancement/HCCEG funding;
- The eligibility requirements;
- Associated reporting requirements;
- CMSM or DSSAB auditing policies;
- The process for reconciling wage enhancement/HCCEG funding with licensees at year end (e.g. submission of operator financial statements); and,
- The recovery process for funds not utilized in accordance with the eligible expenditures.

Entitlement is based on previous years' information (for licensees that open in the current year, estimated number of hours to be worked), however licensees have the flexibility to provide wage enhancement/HCCEG to current eligible staff/providers and they also have flexibility in the use of the supplemental grant.

CMSMs/DSSABs should support licensees with setting priorities for the distribution of funds, for example, to staff who were eligible in 2018 and continue to be eligible in

2019. A licensee may then determine feasibility of funding newly created positions or newly joining providers in the year. In the case of expanded staffing, providers, or hours, licensees may run short before the end of the year.

Wage enhancement/HCCEG funding is an enveloped allocation; CMSMs and DSSABs and licensees are required to use the funding only for the purpose of increasing wages of eligible child care staff. The following accountability mechanisms should be put in place by CMSMs and DSSABs for licensees:

- A statement completed by the participating licensee which attests that 100 per cent of wage enhancement/HCCEG funding was provided directly to eligible child care staff, home child care visitor or home child care provider (this statement can be included in the funding agreement).

- An approach for confirming licensee compliance with service agreements and guidelines (e.g. audit procedures, special purpose reports, request for T4 statements to confirm wage increase, etc.).

- Reporting requirements that reflect service and financial data required by the ministry (please see reporting requirement section for details).

- If a centre or agency closes, CMSMs and DSSABs are to work with the licensee to meet the requirements listed above and support payments to eligible staff and/or home child care providers for hours worked before the closure. Any unused funds would be recovered.

In the event that a CMSM or DSSAB determines that a licensee has **failed to meet the funding conditions outlined in their agreement** for the provision of wage enhancement/HCCEG funding, the CMSM or DSSAB must recover all misused funds. Additionally, non-compliant licensees may be deemed ineligible to receive future wage enhancement funding. CMSMs and DSSABs are responsible for establishing a process for confirming licensee compliance.

Program Closure

Where a centre or agency applied for wage enhancement/HCCEG and closes mid-year, CMSMs and DSSABs are to work with the licensee to meet the accountability requirements and support payments to eligible staff and/or home child care providers for hours worked before the closure.

In cases of program transfers/amalgamations, CMSMs and DSSABs have discretion to:

1. Receive wage/staffing information from amalgamated or transferred programs.

2. Transfer wage enhancement funding from the former licensee to the amalgamated or transferred program.

Provided the following applies:

- 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 CMSM and DSSAB has mechanisms in place to ensure accurate information and accountability for the transfer of funding.

PAYMENTS TO STAFF AND PROVIDERS

Wage enhancement/HCCEG funding entitlements are based on 2018 data (for licensees that open in the current year, estimated number of hours to be worked); however, wage enhancement payments should be provided to eligible positions for each hour worked in 2019. Licensees have the flexibility to fund their current year's eligible positions, even if the position did not exist in 2018.

Similarly, HCCEG payments should be provided to eligible home child care providers for each day worked in 2019. Agencies have the flexibility to fund current year eligible providers, regardless of whether the provider had a contract with the agency in 2018. The compensation rate (partial or full) will be based on their current year services.

CMSMs and DSSABs may begin flowing funds to licensees for the wage enhancement/HCCEG as soon as they have the information to calculate the wage enhancement entitlement for centres and home child care agencies.

Licensees must include wage enhancement or HCCEG payments in each paycheque or payment made.

In addition, licensees 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

CMSMs and DSSABs will be required to report on the following expenses and service data elements in the EFIS Interim Report (formerly Revised Estimates) and Financial Statement submissions:

Expenditures:

In the Interim Report (formerly Revised Estimates) Submissions (based on the hours worked in the previous year):

- Full and partial wage enhancement funding including salary component and benefits component for:
    - RECEs,
    - Supervisors,
    - Other program staff, and
    - Home child care visitors
- Full and partial HCCEG required for home child care providers;

In Financial Statements Submissions:

<u>All expenditures below should include any funding from the supplemental grant in the Financial Statement submissions:</u>

- 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 child care centres or sites receiving wage enhancement; and
- Number of home child care agencies receiving HCCEG.

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS ADMINISTRATION EXPENSES

PURPOSE

To support CMSMs and DSSABs with the implementation of the wage enhancement/HCCEG initiative, the ministry is providing child care service system managers with funding for administration to support the implementation at the CMSM and DSSAB and operator levels. In 2019, the requirement of CMSMs/DSSABs to follow the ministry-determined application process for the wage enhancement/home child care enhancement grant has been removed.

FUNDING ALLOCATIONS

Administration allocations in 2019 will be the same as the allocations in 2018. The allocation will be included in the budget schedule of the 2019 child care service agreements.

ALLOWABLE EXPENSES

The wage enhancement administration funding allocation is to be used to fund administrative processes associated with implementing the wage enhancement/HCCEG such as creation of wage enhancement/HCCEG processes, outreach to licensees, training and support (including resource costs), etc.

CMSMs and DSSABs are required to provide a minimum of 10 per cent of the total 2019 administration funding to licensees to support implementing wage enhancement/HCCEG. In determining administration funding to licensees, CMSMs/DSSABs should take into consideration the capacity of various licensees to administer the wage enhancement. CMSMs and DSSABs that provided more than 10 per cent of administration funding to licensees in previous years are encouraged to continue to do so in 2019.

If less than 10 per cent of 2019 wage enhancement administration funding is provided to licensees, the difference will be recovered by the ministry.

REPORTING REQUIREMENTS

CMSMs and DSSABs will be required to report on the following expenses and service data elements in the EFIS Interim Report (formerly Revised Estimates) and Financial Statement submissions:

- Total administration funds spent (including funds provided to licensees);

- Total administration funding provided to centres and home child care agencies; and
- Total number of centres and home child care agencies who received administration funding.

The wage enhancement/HCCEG administration grant provided in 2015 was a grant that could be carried forward. Therefore, unused 2015 administration grant funding will continue to be reported on and will not be recovered by the ministry. However, please note that administration funding provided to CMSMs and DSSABs in 2019 cannot be carried forward and any unused funds by December 31, 2019 will be recovered by the ministry.

APPENDIX A: DATA ELEMENTS AND DEFINITIONS

FINANCIAL DATA (APPLICABLE TO ALL DETAIL CODES)

Name: Adjusted Gross Expenditures

Definition:

The Adjusted Gross Expenditures are expenditures approved for ministry subsidies. This is the amount upon which the ministry subsidy formula is applied.

The total Adjusted Gross Expenditure amount in Schedule 2.3, 2.3A and 2.3B is the sum of expenditures under each expense category shown in the “gross expenditure” columns, less Required Parental Contribution (including Parental Fee for directly operated) and Other Offsetting Revenues. It is referred to as "adjusted" because columns Required Parental Contribution and Other Offsetting Revenues of Schedule 2.3 are deducted from the “gross expenditure” column.

Each eligible expense category will be reported by age grouping (excluding Administration, Pay Equity and SWW)[11,12].

Total adjusted gross expenditure will be reported by type of setting (i.e. home based or centres).

EFIS Schedule: Schedule 2.3, 2.3A and 2.3B Adjusted Gross Expenditures

Frequency: Interim Report; Financial Statements

Name: Gross Expenditures

Definition:

Schedule 2.3, titled “Schedule of Adjusted Gross Expenditures”, identifies the sum of the total costs for the delivery of a service under each expense category by age grouping. This data may be useful in analyzing the costs of a unit of service. Although the ministry may only fund a portion of this total cost, it is important to know the gross expenditures under each expense category and not only the portion the ministry subsidizes.

EFIS Schedule: Schedule 2.3, 2.3A and 2.3B Adjusted Gross Expenditures

Frequency: Interim Report; Financial Statements

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[11] Age group expenditure reporting will be reported in three categories: 0-4 years (e.g. infants, toddlers and preschoolers), 4-6 years (kindergarten) and 6 and up (school aged).

[12] If expenditures impact multiple age groups, please determine reporting proportionately based on service data estimates derived from EFIS.

SERVICE DATA

CHILD CARE PURCHASE OF SERVICE AGREEMENTS

Name: Purchase of Service Agreements – Child Care **Definition:** Purchase of service agreements held between a CMSM or DSSAB and a child care licensee or agency for the provision of child care and social services.

DATA ELEMENTS:

Name: Number of Licensed Centre-Based Sites for which the CMSM or DSSABs has Purchase of Service Agreements **Definition:** The total number of licensed centre-based sites covered by purchase of service agreements held between a CMSM or DSSAB and child care licensee for the provision of child care services. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of Licensed Home Child Care Agencies for which the CMSM or DSSABs has Purchase of Service Agreements **Definition:** The total number of licensed home child care agencies with purchase of service agreements with a CMSM or DSSAB for the provision of child care services. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of School Board Operated Programs for which the CMSM or DSSABs has Purchase of Service Agreements **Definition:** The total number of sites operated by a school boards with purchase of service agreements with a CMSM or DSSAB for the provision of child care services. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements

Name: Number of Licensed Child Care Spaces (centre and home based, excluding board operated programs) Supported Through a Purchase of Service Agreement **Definition:** The total number of licensed (centre and home based, excluding board operated programs) child care spaces that receive support as a result of provincial child care funding (i.e. total licensed capacity of child care centres that hold purchase of service agreements with a CMSM or DSSAB). **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of Child Care Spaces Supported Through a Purchase of Service Agreement with a School Board. **Definition:** The total number of child care spaces located in a board operated program that receive support as a result of provincial child care funding (i.e. total licensed capacity of a board operated child care program that hold purchase of service agreements with a CMSM or DSSAB). **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements

CHILD CARE EXPANSION PLAN

Name: Number of Children Served – Fee Subsidy **Definition:** The number of children aged 0-4 years old receiving fee subsidies. Each child is counted only once. **EFIS Schedule: Schedule 1.2A** other Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Number of Children Served – Increased Access **Definition:** The number of children that received services due to increased access. Information will be entered by age group. **EFIS Schedule: Schedule 1.1A** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Number of Children Served – Increased Affordability **Definition:** The number of children served through increased affordability. Information will be entered by age group. **EFIS Schedule: Schedule 1.1A** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Children Served – Fee Subsidy **Definition:** The average monthly number of children aged 0-4 receiving fee subsidy. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children receiving fee subsidy in each month. Information will be entered by age group. **EFIS Schedule: Schedule 1.1A** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.

Name: Number of Children Served – Fee Subsidy **Definition:** The number of children receiving fee subsidies. Each child is counted only once. **EFIS Schedule: Schedule 1.2B** Other Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Number of Children Served – Increased Access **Definition:** The number of children that received services due to increased access. Information will be entered by age group. **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Number of Children Served – Increased Affordability **Definition:** The number of children served through increased affordability. Information will be entered by age group. **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Children Served – Fee Subsidy **Definition:** The average monthly number of children receiving fee subsidy. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children receiving fee subsidy in each month. Information will be entered by age group. **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Community- based capital projects (for children aged 0-6 only) **Definitions:** The number of children served by age group as a result of community based capital projects **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements

Name: Community- based capital projects (for children aged 0-6 only) **Definitions:** Capital project data including the capital projects budgets, locations, name of licensee, current capacity by age group, proposed capacity by age group, expected construction start date, expected completion. **EFIS Schedule: Schedule 1.3** Community Based Capital Projects **Frequency:** Interim Report; Financial Statements
Name: Number of licensed early learning and child care spaces **Definitions:** Number of licensed early learning and child care spaces supported by ELCC funding. Information will be entered by age group and type of setting (i.e. centre or home-based). **EFIS Schedule: Schedule 1.2B** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Kindergarten Children Served – Fee Subsidies Camps **Definition**: The number of kindergarten children enrolled in camps receiving fee subsidies. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps in each month. For Kindergarten children who are 44 months of age or older but younger than 68 months of age. **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.
Name: Average Monthly Number of School-Age Children Served – Fee Subsidies Camps and Children’s Recreation **Definition**: The number of school-age children enrolled in camps or recreation programs receiving fee subsidies. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps or recreation programs in each month. **EFIS Schedule: Schedule 1.1B** Contractual Service Targets **Frequency:** Interim Report; Financial Statements.

INDIGENOUS-LED CHILD CARE AND CHILD AND FAMILY PROGRAMS

Expense Type:

Indigenous-led Child Care and Child and Family Programs

Expense Definition:

Funding to delivery agents to increase access to culturally relevant, Indigenous-led licensed child care and child and family programs.

DATA ELEMENTS:

Name: Number of children served

Definition:

The number of children served through increased access to culturally relevant, Indigenous-led licensed child care and child and family programs.

Frequency: Interim Report; Financial Statements

Name: Average Monthly Number of Children Served by age group – Fee Subsidy

Definition:

The average monthly number of children receiving funding for Indigenous-led child care and child and family programs. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children receiving fee subsidy in each month. Information will be entered by age group.

Frequency: Interim Report; Financial Statements.

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:** Interim Report; Financial Statements
Name: Number of child care centres or sites and home child care agencies 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:** Interim Report; Financial Statements

CORE SERVICES

CHILD CARE FEE SUBSIDIES

Expense Type:

Child Care Fee Subsidy

Expense Definition:

Child Care subsidies used to purchase spaces from non-profit and for-profit child care centres and home child care agencies through contracts with delivery agents. Children enrolled in school board-operated before-and after-school programs camps and children’s recreation programs may also be subsidized.

DATA ELEMENTS:

Name: Average Monthly Number of Infants Served

Definition:

The number of infants receiving fee subsidy. Each infant is counted once every month. The number reported 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.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements.

Name: Average Monthly Number of Toddlers Served

Definition:

The number of toddlers receiving fee subsidy. Each toddler is counted once every month. The number reported 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.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements.

Name: Average Monthly Number of Preschoolers Served

Definition:

The number of preschoolers receiving fee subsidy. Each preschooler is counted once every month. The number reported 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.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements.

Name: Average Monthly Number of Kindergarten Children Served **Definition:** The number of Kindergarten children receiving fee subsidy (includes JK and SK). Each child is counted once every month. The number reported 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 31 of each year, up to and including 6 years of age. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of School-Age Children Served **Definition:** The number of school-aged children receiving fee subsidy (includes Junior school age). Each child is counted once every month. The number reported 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 as of August 31 of each year, but younger than 13 years of age (under 18 for children with special needs). **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of Children Served – 0-12 **Definition:** The number of children aged 0-12 receiving fee subsidies (and 0-18 where children with special needs are eligible). Each child is counted only once in the budget year. Please include fee subsidies for school-aged children enrolled in camps and children's recreation, school board operated before and after school programs. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Consolidated Total Number of Children Served by Income Level **Definition:** Total number of children served receiving fee subsidies, funded through the general allocation, ELCC, expansion plan and funding for Indigenous-led child care and child and family programs by family income level (e.g. under $20K, $20K-$30K, $30K-$40K, $40K-$50K, etc.) **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements

Name: Consolidated Average Monthly Number of Children Served Income Level

Definition:

Total average monthly number of children receiving fee subsidies, funded through general allocation, ELCC, expansion plan and funding for Indigenous-led child care and child and family programs by family income level (e.g. under $20K, $20K-$30K, $30K-$40K, $40K-$50K, etc.)

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Financial Statements

ONTARIO WORKS CHILD CARE

Expense Type:

Ontario Works Child Care

Expense Definition:

Covers costs of formal and informal child care arrangements of Ontario Works (OW) participants.

DATA ELEMENTS:

Name: Number of children served - OW Formal

Definition:

The number of children of Ontario Works participants provided with child care in licensed child care settings. Also includes children enrolled in school and board-operated before-and-after school programs. Each child is counted only once in the budget year.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Interim Report; Financial Statements

Name: Average Monthly Number of Infants Served – OW Formal

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 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.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements

Name: Average Monthly Number of Toddlers Served – OW Formal **Definition:** The average monthly number of toddlers of Ontario Works participants provided with child care in licensed child care settings. The number reported 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. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Preschoolers Served - OW Formal **Definition:** The average monthly number of preschoolers of Ontario Works participants provided with child care in licensed child care settings. The number reported 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 or older but younger than 4 years of age. Each child will move up to the next age group according to their birth date. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Kindergarten Children Served - OW Formal **Definition:** The average monthly number of Kindergarten children of Ontario Works participants provided with child care in licensed child care settings (includes JK and SK). Also includes children enrolled in school board-operated before-and-after school programs. The number reported is the year-to-date average (mean) of the number of Kindergarten 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 31 of each year, but younger than 68 months of age. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of School-Age Children Served - OW Formal **Definition:** The average monthly number of school-aged children of Ontario Works participants provided with child care in licensed child care settings (includes Junior school age). Also includes children enrolled in school and board-operated before-and-after school programs. Each child is counted once every month. The number reported 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, as of August 31 of each year, but younger than 13 years of age (under 18 for children with special needs). **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements

Name: Average Monthly Number of Children Served – OW Informal

Definition:

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

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements

Name: Number of Children Served - OW Informal

Definition:

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

EFIS Schedule: Schedule 1.2 Other Service Target

Frequency: Interim Report; Financial Statements

CAMPS AND CHILDREN'S RECREATION

Expense Type:

Camps and Children's Recreation

Expense Definition:

Child Care subsidies used to purchase spaces from camps and children's recreation programs (as defined in Section 1 of O. Reg. 138/15 under the Child Care and Early Years Act) through agreements with delivery agents.

DATA ELEMENTS:

Name: Average Monthly Number of Kindergarten Children Served – Fee Subsidies Camps

Definition:

The number of kindergarten children enrolled in camps receiving fee subsidies. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps in each month. For Kindergarten children who are 44 months of age or older but younger than 68 months of age.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements.

Name: Average Monthly Number of School-Age Children Served – Fee Subsidies Camps and Children's Recreation

Definition:

The number of school-age children enrolled in camps or recreation programs receiving fee subsidies. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps or recreation programs in each month.

EFIS Schedule: Schedule 1.1 Contractual Service Targets

Frequency: Interim Report; Financial Statements.

Name: Number of Kindergarten Children Served – Fee Subsidies Camps

Definition:

The number of kindergarten children enrolled in camps receiving fee subsidies. Each child is counted only once in the budget year.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Interim Report; Financial Statements

Name: Number of School-Age Children Served – Fee Subsidies Camps and Children's Recreation

Definition:

The number of school-age children enrolled in camps or recreation programs receiving fee subsidies. Each child is counted only once in the budget year.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Interim Report; Financial Statements

GENERAL OPERATING

Expense Type:

Child Care Operating

Expense Definition:

MEDU funding paid through the Delivery Agent to child care licensees to support ongoing costs, including: staff wages (above minimum wage only) and benefits, lease and occupancy costs, utilities, administration, resources, transportation, nutrition, supplies, and maintenance.

DATA ELEMENTS:

Name: Number of Licensed Child Care Programs Receiving Operating Funding **Definition:** The number of licensed child care programs (including extended day) that receive operating funding to support ongoing child care costs including: staff wages (above minimum wage only) and benefits, lease and occupancy costs, utilities, administration, resources, transportation, nutrition, supplies, and maintenance. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements
Name: Number of Contracts **Definition:** The number of child care centres and home child care agencies, receiving general operating funding. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements
Name: Number of Licensed Spaces Supported **Definition:** The total licensed capacity of all child care centres supported through general operating funding. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements

PAY EQUITY MEMORANDUM OF SETTLEMENT

Expense Type: Pay Equity Union Settlement **Expense Definition:** Funding provided to child care programs (centre and/or home child care) as a result of the April 23, 2003 Memorandum of Settlement between the government and five unions.

DATA ELEMENT:

Name: Number of Contracts with Licensed Child Care Licensees and non-profit Agencies **Definition:** The number of contracts with licensed child care licensees/head offices (centre and/or home child care) and non-profit agencies (e.g. SNR, OEYCs, etc.) that receive funding under the pay equity union settlement. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements

SPECIAL NEEDS RESOURCING

Expense Type: Special Needs Resourcing **Expense Definition:** Funding to Delivery Agents to purchase staff (resource teachers/consultants or supplemental staff), equipment, supplies or services for children with special needs.

DATA ELEMENTS:

Name: Number of Licensed Child Care Programs Supported – Special Needs Resourcing **Definition:** The number of licensed child care sites (i.e. a licence issued based on specific physical location) and home child care agencies that receive support for SNR through direct funding or service from a resource teacher/ consultant or supplemental staff. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of Children Served, 0 to 12 years - Special Needs Resourcing **Definition:** The number of children aged 0 to 12 with special needs receiving SNR. Each child is counted only once in the budget year. Include SNR supporting children enrolled in camps and children's recreation programs in separate table. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements

Name: Number of Children Served, age 13-18 - Special Needs Resourcing **Definition:** The number of children age 13-18 with special needs receiving SNR. Each child is counted only once in the budget year. Include SNR supporting school-aged children enrolled in camps and children's recreation programs in separate table. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of Children Served up to and including Kindergarten - Special Needs Resourcing **Definition:** The average monthly number of children with special needs up to and including Kindergarten receiving SNR. Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of children served each month. Include SNR supporting kindergarten children enrolled in camps programs. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Average Monthly Number of School-Age Children Served – Special Needs Resourcing **Definition:** The average monthly number of school-aged children receiving SNR (includes Junior school age). Each child is counted once every month. The number reported is the year-to-date average (mean) of the number of school-aged children receiving SNR. For school-aged children who are 68 months of age or older but younger than 13 years of age. Include SNR supporting school-aged children enrolled in camps and children's recreation programs. **EFIS Schedule: Schedule 1.1** Contractual Service Targets **Frequency:** Interim Report; Financial Statements
Name: Number of Full Time Equivalent (FTE) Staff -Special Needs Resourcing **Definition:** The number of resource teachers/consultants or supplemental staff responsible for the delivery of the service. Full-time equivalent is based on a minimum of 35 hours per week. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Interim Report; Financial Statements

CHILD CARE ADMINISTRATION

Expense Type: Child Care Administration **Expense Definition:** Amount paid to child care delivery agents for administrative costs as defined in the Child Care Administrative Cost Sharing Guideline. The expenditure benchmark for administration will be a maximum ceiling of ten per cent of the total CMSMs/DSSABs allocation, less funding for Other Allocations (except for Small Water Works) and including Base Funding for Licenced Home Child Care.

DATA ELEMENTS:

Name: Number of full-time equivalent staff by position **Definition:** The total number of full-time equivalent staff by position supported through administration funding. Full-time equivalent is based on a minimum of 35 hours per week. **EFIS Schedule: Schedule 2.2** - Staffing (Child Care Administration) **Frequency:** Financial Statements
Name: Number of staff (head count) by position **Definition:** The total number of staff (head count) by position supported through administration funding. **EFIS Schedule: Schedule 2.2** - Staffing (Child Care Administration) **Frequency:** Financial Statements
Name: Total salaries associated with each position type **Definition:** The total salaries associated with each position type. In determining employee salaries and wages include total gross salary and wage payments to all full-time, part-time, temporary, relief and staff on paid leave of absence. Total salaries equals gross pay including overtime, paid vacation, paid sick leave, statutory holidays etc. **EFIS Schedule: Schedule 2.2** - Staffing (Child Care Administration) **Frequency:** Financial Statements

Name: Total benefits of staff

Definition:

The total benefits of staff supported through administration funding.

EFIS Schedule: Schedule 2.2 - Staffing (Child Care Administration)

Frequency: Financial Statements

SPECIAL PURPOSE

TRANSFORMATION

Expense Type:

Transformation

Expense Definition

Funding to support viability and facilitate child care transformation within communities. This funding is available for eligible child care licensees that are involved in business transformation activities and/or require business transformation supports.

DATA ELEMENT:

Name: Number of Licensed Child Care Programs Supported

Definition:

The number of licensed child care centres and home child care agencies that receive transformation funding for costs related to business transformation activities and/or supports.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Financial Statements

Name: Number of Licensed Spaces Supported

Definition:

The total licensed capacity of all licensed child care centres supported through transformation funding for costs related to business transformation activities and/or supports.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Financial Statements

SMALL WATER WORKS

Expense Type:

Small Water Works Child Care

Expense Definition:

Operating expenditures related to small water works regulation that came into effect on December 19, 2001. (Chemical and Biological testing, engineer's reports).

Legislation: *Safe Drinking Water Act*

DATA ELEMENT:

Name: Number of Licensed Programs Supported

Definition:

The number of licensed child care centres located on small water systems receiving funding to support the costs related to regular ongoing water testing and maintenance expenses.

EFIS Schedule: Schedule 1.2 Other Service Targets

Frequency: Financial Statements

PLAY-BASED MATERIAL AND EQUIPMENT

Expense Type:

Play-Based Material and Equipment

Expense Definition:

Funding for child care licensees to purchase play-based material and equipment to help 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.* Play-based material and equipment funding may also be used to purchase equipment that supports the ongoing operation of the child care program.

DATA ELEMENT:

Name: Number of Licensed Programs Supported **Definition:** The number of licensed child care centres and home child care agencies that received funding to purchase play-based material and equipment to help create enriching environments. Funding may also be used to purchase equipment that supports the ongoing operation of the child care program. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements

REPAIRS AND MAINTENANCE

Expense Type: Repairs and Maintenance **Expense Definition:** Funding to delivery agents to address repair and maintenance needs of agencies providing licensed child care programs.

DATA ELEMENTS:

Name: Number of licensed programs supported for repairs and maintenance **Definition:** The number of licensed programs, child care centres or home child care agencies that received funding to address health and safety concerns. **EFIS Schedule: Schedule 1.2** Other Service Targets **Frequency:** Financial Statements

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

Expense Type:

Wage Enhancement/HCCEG

Expense Definition:

MEDU funding paid through the CMSMs/DSSABs to licensed child care centres and home child care agencies to support a wage enhancement of up to $2 per hour, plus benefits for eligible child care staff or an increase of up to $20 per day for home child care providers.

DATA ELEMENTS:

Name: Number of Fully and Partially Eligible RECEs, Supervisors, 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.

One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25 hrs/day).

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Interim Report and Financial Statements

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.

One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25 hrs/day).

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Interim Report and Financial Statements

Name: Number of Fully Eligible Home Child Care Providers Receiving HCCEG

Definition:

The number of home child care providers who have or will receive a full ($20.00/day) Home Child Care Enhancement Grant.

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Interim Report and Financial Statements

Name: Number of Partially Eligible Home Child Care Providers Receiving HCCEG **Definition:** The number of home child care providers who have or will receive a partial ($10.00/day) Home Child Care Enhancement Grant. **EFIS Schedule: Schedule 4.3** Wage Enhancement Schedule **Frequency:** Interim Report and Financial Statements
Name: Number of Child Care Centres or Sites Receiving Wage Enhancement **Definition:** The number of licensed child care centres or sites that have or will receive wage enhancement. This data element is for centre-based only. **EFIS Schedule: Schedule 4.3** Wage Enhancement Schedule **Frequency:** Interim Report and Financial Statements
Name: Number of Home Child Care Agencies Receiving HCCEG **Definition:** The number of home child care agencies who have or will receive HCCEG. Home child care agencies can have multiple home child care providers. **EFIS Schedule: Schedule 4.3** Wage Enhancement Schedule **Frequency:** Interim Report and Financial Statements

WAGE ENHANCEMENT/ HOME CHILD CARE ENHANCEMENT GRANT ADMINISTRATION

Expense Type: Wage Enhancement/ Home Child Care Enhancement Grant Administration **Expense Definition:** Amount paid to child care delivery agents to manage the additional administrative costs, as defined in the guideline, associated with implementing the Wage Enhancement/Home Child Care Enhancement Grant.

DATA ELEMENTS:

Name: Number of Child Care Centres that received Wage Enhancement Administration Funding **Definition:** The number of licensed child care centres that have or will receive wage enhancement administration funding from CMSMs/DSSABs to support administrative effort associated with implementing the wage enhancement/HCCEG. This data element is for centre based only **EFIS Schedule: Schedule 4.3** Wage Enhancement Schedule **Frequency:** Interim Report and Financial Statements
Name: Number of Home Child Care Agencies that received Wage Enhancement Administration Funding **Definition:** The number of home child care agencies that have or will receive wage enhancement administration funding from CMSMs/DSSABs to support administrative effort associated with implementing the wage enhancement/HCCEG. **EFIS Schedule: Schedule 4.3** Wage Enhancement Schedule **Frequency:** Interim Report and Financial Statements

APPENDIX B: POLICY STATEMENT: ACCESS TO SUBSIDIZED CHILD CARE

January 1, 2017

Glossary of Terms

Child care fee subsidy:

- Funding to offset the cost to parents for licensed child care or approved school-age recreation programs (as described in paragraphs 5, 6 and 8 of section 6 of the Regulation).

- Eligibility for child care fee subsidies: Parents who are eligible for assistance, as identified in section 8 of the Ontario Regulation 138/15, and parents of children in social need (defined on p. 132 of this policy statement), may be eligible for fee subsidies for children under 13 years of age. Parents of children with special needs may be eligible for fee subsidies for children under 18 years of age if they were in receipt of a service or received financial assistance before August 31, 2017. They 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). Parents eligible for fee subsidies include Ontario Works participants, recipients of income support under the Ontario Disability Support Program (ODSP), as well as other parents who are in financial need. The latter category captures ODSP employment supports clients who are in financial need but who are not in receipt of income support under ODSP.

Service System Manager:

- Municipality or district social services administration board designated as a service system manager by the Regulation. In this policy statement, service system managers are referred to as Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs).

Full-day child care:

- Child care that is provided for 6 or more hours in a day.

Child with special needs:

- A child who has special needs means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

Ministry:

- The Ministry of Education.

Ontario Works child care:

- The provision of funding to participants in employment assistance activities under the Ontario Works Act, 1997 for the temporary care for and supervision of a child where the care and supervision is provided to enable the participants to so participate.

- Ontario Works participants (including participants in Learning, Earning and Parenting (LEAP), as well as ODSP income support recipients participating in Ontario Works) may receive assistance up to the actual cost of licensed care, and up to pre-established ceilings for unlicensed care.

Parent:

- Includes a person having lawful custody of a child or a person who has demonstrated a settled intention to treat a child as a child of his or her family (as per subsection 2. (1) of the *Child Care and Early Years Act, 2014*).

Part-day child care:

- Child care that is provided for less than 6 hours in a day.

Recognized needs:

- Reasons for needing child care that are laid out within the scope of this policy statement, and that are to be considered by CMSMs and DSSABs when determining the amount of subsidized child care to provide. The term may include needs associated with the child, needs associated with the parent, or both.

The Regulation:

- Ontario Regulation 138/15 (Funding, Cost Sharing and Financial Assistance) made under the *Child Care and Early Years Act, 2014*.

Introduction

High quality child care plays a key role in promoting healthy child development and helping children arrive at school ready to learn. 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.

That is why it is important to fund child care fee subsidies in a way that takes into consideration both the needs of parents and the best interests of children.

Purpose

This policy statement articulates provincial expectations regarding the provision of child care fee subsidies, specifically clarifying the flexibility available to CMSMs and DSSABs in determining the appropriate amount of child care for which a fee subsidy may be provided. The policy statement recognizes the decision-making authority of CMSMs and DSSABs at the local level, and provides them with a framework within which they may exercise discretion in balancing the needs of children and parents.

Role of Consolidated Municipal Service Managers and District Social Services Administration Boards

In their role as child care service system managers, CMSMs and DSSABs cost-share, plan and manage prescribed child care services, including fee subsidies and Ontario Works child care, within the parameters of legislation, regulations, standards and policies established by the ministry.

CMSMs and DSSABs are responsible for maintaining a flexible mix of subsidies for part- and full-day child care, across all age groups that reflects the range of local service needs. They are also responsible for implementing practices that provide for a seamless transition between subsidized part-day and subsidized full-day care as parents' and children's needs change.

CMSMs and DSSABs are to determine the amount of subsidized child care for each eligible family in accordance with the framework outlined in this document.

Statement of Policy

CMSMs and DSSABs may provide child care fee subsidies to parents who are financially eligible, and to parents of children with special or social needs (see p. 132 for definition of social need). In the case of Ontario Works participants, CMSMs and DSSABs may provide child care fee subsidies or Ontario Works child care. To be eligible for Ontario Works child care, parents must be participating in recognized activities (outlined on p. 133). When providing fee subsidies or Ontario Works child care, CMSMs and DSSABs should take into account a family's reasons for needing child care in order to determine the amount of child care to subsidize.

Consideration should be given to both the recognized needs of the parent and the recognized needs of the child when determining whether funding for full-day or part-day child care is appropriate. As a general rule, funding for full-day child care should only be provided where the family's collective needs require it.

If the child has a special or social need, the amount of subsidized child care provided should be based primarily on what is in the child's best interests. In all other cases, the amount of subsidized child care should be based on the parent's recognized needs, although even then, the best interests of the child should always be considered in order to help support the child's early learning and avoid undue disruption for the child.

This policy statement recognizes certain needs as appropriate for the provision of child care fee subsidies and Ontario Works child care. These are outlined below, by funding type.

Determining the Amount of Child Care to Subsidize

It is important for CMSMs and DSSABs to exercise discretion in determining the amount of child care to subsidize for any particular family. Consideration should be given to the schedules and staffing of child care programs in which subsidized children are enrolled, and allowance should be made for extenuating circumstances (e.g. a parent's fluctuating work hours), so that as much as possible, unreasonable disruptions to a child's care or a parent's ability to pursue and maintain employment are avoided.

Recognized Needs for Provision of Child Care Fee Subsidies

The following is a list of reasons for needing child care that are to be considered by CMSMs and DSSABs when determining the amount of child care for which to provide a fee subsidy.

- **Children's recognized needs**
    - A child with special needs: means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.
    - Social need: The child may require child care to address a social need due to issues with the home/family environment, and is referred to the CMSM and DSSAB for child care by a Children's Aid Society, Public Health Unit, family physician, or another early intervention/prevention agency/professional recognized by the CMSM or DSSAB. Social need includes situations where the need is directly related to the child, as well as situations where the child's need is the result of a greater family need.

Child care fee subsidies may be provided where children have special or social needs, even if their parents do not have recognized needs themselves. CMSMs or DSSABs have discretion to determine the appropriate amount of subsidized child care for children with special or social needs. The child's best interests should play a primary role in these decisions, but if the parent also has recognized needs, the parent's circumstances should also be taken into consideration.

- **Parents' recognized needs**
  - No parent in a household is able to care for his/her children due to participation in one or more of the following activities:
    - Employment;
    - Attendance at an educational program, including lab work, field placements, co-op placements, practical, and case studies/team meetings;
    - Attendance at a training program, including lab work, field placements, co-op placements, practical, and case studies/team meetings;
    - Study/preparation associated with education and/or training; and
    - Travel associated with the above activities.
    - <u>Other circumstances</u>, such as (but not limited to) the following:
      - In the opinion of a medical or other relevant professional, a parent is unable to care for his/her child because of an illness or disability (if there is another parent, he/she is engaged in activities as noted above);
      - No parent in a household is able to care for the child in between participation in activities as noted above (e.g., while sleeping during the day after working the night shift, etc.); and
      - A parent who already has a child care fee subsidy becomes temporarily unemployed.

CMSMs and DSSABs are responsible for setting local policies regarding how much study/preparation time to permit per parent. Policies should take into account the workload associated with the educational/training programs in which parents are involved.

In circumstances where a parent is not participating in any of the activities listed above but still requires child care, or needs child care in between periods of participation, determining the appropriate amount of child care to subsidize may be more complex.

CMSMs and DSSABs have discretion to determine the appropriate amount of subsidized child care based on a consideration of the parent's needs and what would be in the best interests of the child.

It is not possible for this policy statement to capture every specific situation in which it may be appropriate to provide subsidized child care. There may be situations where parents are facing exceptional circumstances, and CMSMs and DSSABs will need to address those situations on a case-by-case basis.

Recognized Needs for Provision of Ontario Works Child Care

The following is a list of reasons for needing child care that are to be considered by CMSMs and DSSABs when determining the amount of child care for which to provide Ontario Works child care funding.

- Parents' recognized needs
    - No parent in a household is able to care for his/her children due to participation in:
        - Employment assistance activities under the OWA; and
        - Travel associated with the above activities.

It should be noted that Ontario Works child care funding is not the only mechanism through which Ontario Works participants may receive assistance with their child care costs. They may also have access to child care fee subsidies. If an Ontario Works participant wishes to access a child care fee subsidy, his/her needs should be considered in accordance with the recognized needs set out in the fee subsidy section of this document.

APPENDIX C: FEE SUBSIDY LEGISLATIVE AUTHORITY AND TECHNICAL DETAILS

LEGISLATIVE AUTHORITY

The following information identifies the specific sections of the legislation and regulations that relate to financial eligibility for fee subsidies. It outlines how provincial funds are allocated to CMSMs and DSSABs for the provision of prescribed child care services.

Family Composition

Family composition is a key component in determining eligibility for fee subsidy. Criteria used in the application process include the definition of the family unit and the determination of adjusted income to be used in calculating the parental contribution toward the cost of child care. This includes applicants who identify themselves as a parent.

Section 1 of the *Child Care and Early Years Act, 2014* defines a “parent” as:

> “Parent” includes a person having lawful custody of a child or a person who has demonstrated a settled intention to treat a child as a child of his or her family.

The determination of adjusted income also includes applicants who identify themselves as:

- Couples in a relationship with some permanence and/or
- Couples cohabiting for a period not less than three years.

Section 29 of the *Family Law Act (FLA)* states:

> “Spouse” means a spouse as defined in subsection 1 (1), and in addition includes either of two persons who are not married to each other and have cohabited,
>
> a. Continuously for a period of not less than three years, or
>
> b. In a relationship of some permanence, if they are the natural or adoptive parents of a child.

In cases where the applicants (couples) have cohabited for a period less than three years and have a child together, the parents have an obligation to support the child. Subsection 31 (1) of the *Family Law Act* (FLA) states:

> "Every parent has an obligation to provide support for his or her unmarried child who is a minor or is enrolled in a program of education, to the extent that the parent is capable of doing so."

Income Test

Section 1 of O. Reg. 138/15 includes the following definition:

> "Adjusted income" means adjusted income as defined in section 122.6 of the *Income Tax Act* (Canada).

Section 8 of O. Reg. 138/15 defines categories of persons who are eligible for fee subsidy:

(1) The following persons are eligible, as parents, for assistance with the cost of a service listed in paragraph 1, 2, 5, 6, 7 or 8 of subsection 6 (1):

1. Persons eligible for income support under the *Ontario Disability Support Program Act, 1997*.
2. Persons eligible for income assistance under the Ontario Works Act, 1997 who are employed or participating in employment assistance activities under that Act or both.
3. Persons who are eligible for assistance on the basis of their adjusted income.

(2) A parent described in paragraph 1 or 2 of subsection (1) who is the recipient of a subsidy,

(a) Shall, subject to clause (b), be fully subsidized for the cost of the service; or

(b) Shall be provided with the amount of funding for the service described in paragraph 7 of subsection 6 (1), if applicable.

(3) A parent described in paragraph 3 of subsection (1) who is the recipient of a subsidy shall be provided with an amount of funding for the service determined under section 10.

(4) The document entitled "Policy Statement: Access to Subsidized Child Care," as amended from time to time, which is available on a Government of Ontario website, shall be referred to for the purposes of determining a person's eligibility for financial assistance under this section and sections 9 to 12.

Section 9 of O. Reg. 138/15 defines the documentation necessary for the verification of income:

(1) Every year parents may apply to a service system manager for assistance with the cost of a service referred to in subsection 8 (1).

(2) Subject to subsection (3), parents applying for assistance with the cost of a service referred to in subsection 8 (1) on the basis of their adjusted income shall file with the service system manager,

a. A copy of their Notice of Assessment or Canada Child Tax Benefit Notice for the previous year; or

b. If their Notice of Assessment or Canada Child Tax Benefit Notice for the previous year is not available, a copy of their most recent available Notice of Assessment or Canada Child Tax Benefit Notice.

(3) Parents who are applying for assistance with the cost of a service referred to in subsection 8 (1) on the basis of their adjusted income that were non-residents in Canada in the previous year are not required to file the documents referred to in subsection (2) and their adjusted income is deemed to be $0 for the purpose of their application for assistance.

(4) The adjusted income of a person for the purpose of this Regulation shall be determined by an administrator appointed under the *Ontario Works Act, 1997*, a director or such person as the director approves.

Section 10 provides the formula for calculating the amount that parents receiving subsidy are expected to pay toward the cost of child care:

10. (1) The amount of the subsidy for a service referred to in subsection 8 (1) for which a parent is eligible on the basis of their adjusted income is calculated as follows:

1. Determine the amount the parent would pay for the service if the parent did not receive any subsidy.

2. Determine the amount the parent shall pay as calculated under subsection (2), (3) or (4).

3. Subtract the number determined under paragraph 2 from the number determined under paragraph 1.

(2) A parent shall not pay any of the cost of the service for their children if the parent,

a. has a total adjusted income of $20,000 or less; or

b. the amount the parent would contribute on the basis of their adjusted income for each month of child care, as calculated under subsection (3), is less than $10.

(3) If a parent has a total adjusted income of more than $20,000 and the child is in receipt of the service on a full-time basis, the service system manager shall calculate a monthly amount that the parent shall pay, as follows:

$$[(A \times 0.10) + (B \times 0.30)] \div 12$$

where,

A is the amount by which their adjusted income exceeds $20,000 but is not more than $40,000, and

B is the amount by which their adjusted income exceeds $40,000.

(4) If a parent has a total adjusted income of more than $20,000 and the child is in receipt of the service on a part-time basis, the service system manager shall calculate a daily amount that the parent shall pay as follows:

$$A \div (B \times 4.35)$$

where,

A is the monthly amount paid by the parent for the service determined under subsection (3), and

B is the number of days per week the child is in receipt of the service.

Section 11 of O. Reg 138/15 describes the provisions for a family that includes a parent with a disability or child with special needs:

11. (1) Despite the definition of “adjusted income” in subsection 1 (1), if a parent of a child has a disability or the child is a child with special needs, the service system manager shall reduce the adjusted income of the parent by the amount of any expenses related to the parent’s disability or to the child’s special needs for which the parent is not reimbursed and for which there are no deductions under the *Income Tax Act* (Canada) and the reduced adjusted income shall be treated as the parent’s adjusted income for the purposes of section 10.

(2) For the purposes of this section, a parent has a disability if,

a. The person has a substantial physical or mental impairment that is continuous or recurrent and that is expected to last one year or more; and

b. The direct and cumulative effect of the impairment on the person's ability to attend to his or her personal care, function in the community and function in a workplace results in a substantial restriction in one or more of these activities of daily living.

(3) For the purposes of this section, a determination regarding whether a person has a disability or a child is a child with special needs may only be made by a health practitioner whose profession is regulated under the *Regulated Health Professions Act, 1991* and who is acting within the scope of his or her practice.

Section 66.6 deals with in-year decreases in income:

12. (1) A parent may apply to the service system manager during the year for a reduction in the amount he or she pays for the cost of a service referred to in subsection 8 (1) if the parent has a reduction in their adjusted income of 20 per cent or more during the year compared to their adjusted income,

a. In the previous year; or

b. In the year before the previous year, if proof of their adjusted income is not available for the previous year.

(2) In applying for a reduction under subsection (1), the parent shall provide satisfactory evidence of the amount of the reduction in income to the service system manager.

(3) If a service system manager is satisfied that there has been a reduction of 20 per cent or more in adjusted income, the service system manager shall re-calculate the amount that the parent pays for the service using the reduced adjusted income as the basis of the calculation under section 10.

Services

Under O. Reg. 138/15, Subsection 6(1) , the provision of child care by a child care centre, home child care in a premises overseen by a home child care agency, in-home services, children's recreation programs and funding for participants in employment assistance activities under the *Ontario Works Act, 1997* are services for which parents may receive financial assistance.

Persons with Disabilities or Special Needs

Families in which a parent has a disability or a child has special needs are able to have disability-related expenses deducted from adjusted income. This reduced income will then be used to determine eligibility for fee subsidy and to calculate the parental contribution for child care.

For a child, he or she must meet the definition of a "child with special needs" in O. Reg. 138/15:

- A child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

For a parent, the definition of a person with a disability is consistent with the definition used for purposes of the Ontario Disability Support Program, i.e.:

- A person has a substantial physical or mental impairment that is continuous or recurrent and expected to last one year or more; and
- the direct and cumulative effect of the impairment on the person's ability to attend to his or her personal care, function in the community and function in a workplace, results in a substantial restriction in one or more of these activities of daily living.

To determine whether a parent qualifies based on this definition, the CMSM/DSSAB will need to request a note from a health practitioner whose profession is regulated under the *Regulated Health Professions Act, 1991* and who is acting within the scope of his or her practice.

If the parent is eligible to claim the disability amount, line 316 on the personal income tax form, a qualified person, usually a medical doctor, must have certified that the parent is eligible to claim the amount. This certification may also be used to establish that the parent qualifies to have disability- related expenses deducted for purposes of the fee subsidy income test.

Eligible expenses that may be subtracted from adjusted income are those that are not deductible and for which a credit cannot be claimed through the income tax system. Eligible expenses must not be reimbursable, for example through insurance or a government program.

Applicants for child care subsidy will need to bring documentation for disability-related expenses that they wish to have deducted from adjusted income, including:

- Receipts for the disability-related expenses which must have been incurred in the same calendar year as the adjusted income;

- A copy of the completed income tax return for the most recent tax year to show the expenses that may have been deducted or claimed as credits; in particular, the disability supports deduction (line 215) and the medical expenses (claimed on lines 330 and 331) should be reviewed.

- A note signed by an eligible professional if the parent has a disability or evidence that the parent is eligible to claim the disability amount, line 316 on the personal income tax form. In the latter case, the parent should provide a copy of the certified Form T2201, *Disability Tax Credit Certificate*.

Calculation of Parental Contribution

Fee subsidies are available across a broad range of income levels. Families with an adjusted annual income of up to $20,000 are eligible for full fee subsidy and no calculation of a parental contribution is required.

For families with adjusted income above $20,000, parental contribution is calculated based on 10% of their adjusted income over $20,000.

<u>Example:</u>

1. A family with adjusted income of $25,000 annually would have a parental contribution of 10% of $5,000 annually or $500.

When the family's annual adjusted income is above $40,000, parental contribution is calculated at 10% of the amount over $20,000 up to $40,000 *plus* 30% of the amount over $40,000.

<u>Example:</u>

2. A family with an annual adjusted income of $45,000 would have a parental contribution of 10% of $20,000 ($2,000) plus 30% of $5,000 ($1,500). Total annual parental contribution would be $3,500.

No family will pay more than the total cost of child care for all children in the family. If the calculated parental contribution exceeds the cost of child care, the family is not eligible for fee subsidy.

Monthly and Daily Contribution Calculations

The monthly parental contribution is calculated by dividing the annual parental contribution amount by 12.

Examples:

3. A family with an annual adjusted income of $25,000 has an annual parental contribution amount of $500. Their monthly contribution amount would be $41.67.

4. A family with an annual adjusted income of $45,000 has an annual parental contribution amount of $3,500. Their monthly contribution amount would be $291.67.

The income test is designed such that parents pay the monthly parental contribution as calculated above in each month that their child(ren) need child care regardless of the number of days of child care per week. The daily contribution amount is calculated using the following formula:

$$\frac{Monthly\ parental\ contribution}{Days\ of\ care\ per\ week\ x\ 4.35}$$

Examples:

1. A family with an annual adjusted income of $25,000 has a monthly parental contribution amount of $41.67. The family requires five days of care per week. To calculate their daily contribution amount:

$$\frac{41.67}{5\ x\ 4.35} = \$1.92/day$$

2. A family with an annual adjusted income of $45,000 has a monthly contribution amount of $291.67. The family requires 5 days of care per week. To calculate their daily contribution amount:

$$\frac{291.67}{5\ x\ 4.35} = \$13.41/day$$

3. A family with an annual adjusted income of $45,000 has a monthly contribution amount of $291.67. The family requires 3 days of care per week. To calculate their daily contribution amount:

$$\frac{291.67}{3\ x\ 4.35} = \$22.40/day$$

Minimal Subsidy or Parental Contribution

When the parental contribution is calculated to be less than $10/month the CMSM/DSSAB is to provide a full subsidy to the family. Similarly, the CMSM or DSSAB is not expected to provide a subsidy to the family if the subsidy amount is less than $10/month.

Change in Family Composition

There are situations where the family composition changes from a one-parent family to a two-parent family. This may occur as the result of a marriage or a couple cohabiting for a period not less than three years. In this case, a parent already receiving subsidy is expected to report the change in circumstances to the CMSM or DSSAB at the earliest opportunity. The most recent available *Notice of Assessment* must be provided for the new parent. The combined adjusted income for both parents will then be used to confirm eligibility for fee subsidy and the parental contribution recalculated.

Significant Changes in Income

The income test is based on the annual adjusted income for the most recent available tax year. In most cases, parents are not expected to report in-year increases in income. Any changes in income will be taken into account at the time of the next subsidy review.

Income in the most recent tax year may not reflect the family's current financial situation in cases where families experience a significant decrease in income (e.g. family break-up). In this case, families may apply for a reduced parental contribution. For purposes of the income test, a significant change of income is defined as a decrease of 20% or more compared to adjusted income for the most recent available tax year. Appropriate documentation must be provided by parents to enable the CMSM or DSSAB to verify the change in income, such as pay slips, pension benefit statements or RRSP receipts.

In such cases, the following calculation provides an example of a method to determine if a significant change in income has occurred. This calculation estimates adjusted income for the current calendar year and compares it to the adjusted income for the most recent available tax year.

STEP 1:

Calculate the sum of the following types of income:

- Gross employment income, before any deductions including income tax, Canada Pension Plan, Employment Insurance, employer pension plan, union dues
- Old Age Security pension
- Canada Pension Plan benefits
- Interest and other investment income

STEP 2:

Calculate the sum of the following deductions from income; all deductions are limited to those that may be claimed for income tax purposes:

- Registered pension plan contributions
- RRSP contributions
- Annual union, professional and like dues

STEP 3:

Subtract the sum of the deductions from the sum of all types of income to determine the estimated adjusted income for the current calendar year.

STEP 4:

Determine the family's "adjusted income" as defined by the federal government for purposes of the Canada Child Tax Credit for the most recent available tax year.

STEP 5:

Subtract the estimated adjusted income for the current year (Step 3) from the adjusted income for the most recent available tax year (Step 4). Calculate the difference as a percentage of the adjusted income for the most recent available tax year. If the percentage is 20% or more, the estimated adjusted income for the current year may be used for purposes of the income test.

<u>Example:</u>

Gross earnings were $1,000/week for 12 weeks and estimated at $600/week for 40 weeks

Step 1: Estimated income for the current calendar year: Gross earnings = $1,000 x 12 + $600 x 40 = $12,000 + $24,000 = $36,000	A	$36,000
Step 2: Deductions from income Registered Pension Plan - $50/week for 12 weeks	B	$600

Step 3: Estimated adjusted income for current calendar year	C = A - B	$35,400
Step 4: Adjusted income for most recent available tax year	D	$50,000
Step 5: Decrease in income: subtract current year from most recent available tax year	E = D – C	$14,600
Percentage decrease	F = E/D x 100%	29%

Since the decrease is more than 20%, the estimated adjusted income of $35,400 for the current year may be used to calculate the parental contribution for child care.

APPENDIX D: CHILD CARE FUNDING FORMULA TECHNICAL PAPER

Ministry of Education

Child Care Funding Formula: Technical Paper 2019

Introduction

The Ministry of Education is committed to a vision for the early years where Ontario's children and families are well supported by a system of responsive, high-quality, accessible, and increasingly integrated early years programs and services that contribute to healthy child development today and a stronger future tomorrow.

A key step in modernizing the child care sector was the introduction of a funding formula and framework in 2013. Now in its seventh year, the Child Care Funding Formula and framework provides Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) with flexibility to determine how to allocate child care funding to best meet the needs of children, families and child care operators within their community.

The Child Care Funding Formula is evidence-based, relying on publicly available data to drive an equitable funding allocation for municipal child care service managers across the province. In 2015, the Ministry introduced funding benchmarks to further support the formula's transparency.

Background

The objective of the Child Care Funding Formula is to modernize the approach to the provision of operating funding. The Child Care Funding Formula better meets the needs of child care operators and parents by allowing for a more equitable approach to funding that responds to demand for services, helps stabilize fees, and improves reliability.

Under the terms of the Memorandum of Understanding between the Association of Municipalities of Ontario (AMO) and the Province of Ontario, and the Toronto-Ontario Cooperation and Consultation Agreement (TOCCA), the Ministry of Education along with municipal members of the Child Care Funding Formula Working Group (CCFFWG) endorsed the following broad objectives to guide the development of the funding formula:

- **Efficiency**: Informed by evidence and experience to address inequities in historical funding allocations, while distributing and simplifying funding to maximize its impact on the sector;

- **Responsiveness**: Based on the most up-to-date data available, adjusts to changes in the sector, and responds to the need for services;

- **Predictability and Transparency:** Service managers can expect a measure of continuity in funding, subject to annual updates of publicly available data;

- **Quality:** Supports consistency in approach, access for families and provides high quality programs for children; and
- **Accountability**: Uses enveloping and reporting requirements which support funding objectives.

Purpose

To support greater transparency for system users, this paper contains details of the underlying formulae and criteria used in calculating the 2019 General allocations.

The Child Care Funding Formula is based on data elements which are publicly available. The data are mainly drawn from Ministry of Finance and Statistics Canada sources.

Overview of the Funding Formula

Components and Allocations

The funding formula includes two main allocation components: Core Services Delivery and Special Purpose. The majority of the funding has been allocated via the Core Services Delivery allocation and is intended to provide stable operating funding to the child care sector. In response to the unique costs of providing services in certain areas and to certain target populations, special purpose allocations are used to target funding to those areas.

Funding in 2019 **($ Millions)**

Categories	***Sub-Categories***	**Funding**
Core Services Delivery Allocation	*Core Services Delivery Allocation*	$882.1M
Special Purpose	*Remote/Rural*	$36.1M
Special Purpose	*Language*	$65.4M
Special Purpose	*Cost of Living*	$39.1M
Special Purpose	*Indigenous*	$4.7M
Special Purpose	*Capacity Building*	$6.4M
Special Purpose	*Repairs and Maintenance*	$2.3M
Special Purpose	*Utilization*	$36.8M
Small Water Works[13]	*Small Water Works*	$0.3M
Territory without Municipal Organization[14]	*Territory without Municipal Organization*	$1.3M
Total		**$1.07B**

[13] 2019 funding for Small Water Works was allocated based on the higher of reported expenses of either 2018 revised estimates or 2017 financial statements.

[14] 2019 funding for Territory Without Municipal Organization was allocated based on the higher of reported expenses of either 2018 revised estimates or 2017 financial statements.

Structure

There are nine components in the Child Care Funding Formula (this excludes Small Water Works and Territory Without Municipal Organization, which are allocated on a claims-basis).

Allocations for all components besides the Utilization and Capping are based on fourteen separate data elements (e.g. Ontario's 3.9 to 12 year old population, average monthly Ontario Works caseload, and population with no diploma or degree).

- The same data element may be used in the calculation of one or more components. For example, the number of children aged 0 to 3.8 years old is used in Core Service Delivery, and Capacity Building.
- More than one data element may be used to calculate a single component. For example, the Language component is based on: 1) the population with no knowledge of either official language and 2) the population who speak French at home.

Benchmarks

The Child Care Funding Formula follows a benchmark-based model. In a benchmark-based model, allocations for a funding formula's components are based on, for example, a "dollar per child" value determined by the ministry. If demographic changes create a pressure on the ministry's child care budget, the benchmarks may decrease (as the formula is not an open-ended entitlement).

The benchmarks utilized in the calculation of the 2019 allocations are listed in the sections below.

Updates to the 2019 Child Care Funding Formula

Data Element Updates

The following data elements were updated for the 2019 allocations:

Data Element	Source
LICO (Low Income Cut-Off)[15]	2016 Census of Canada
Population density	2016 Census of Canada
Education	2016 Census of Canada
Knowledge of official languages	2016 Census of Canada
Mother tongue (population speaking French at home)	2016 Census of Canada
Indigenous children (0 to 4 year olds) living off reserve	2016 Census of Canada
Rural and Small Community Measure (RSCM)	Ministry of Finance
Cost of Living	Ministry of Finance population estimates
0 to 12 year olds living in large municipalities	Ministry of Finance population estimates
Weighted number of 0 to 3.8 year olds	Ministry of Finance population estimates
Number of 4 and 5 year olds	Ministry of Finance population estimates
Number of 3.9 to 12 year olds	Ministry of Finance population estimates
Number of un-weighted 0 to 12 year olds	Ministry of Finance population estimates

Note: Ministry of Finance population estimates are based on Statistics Canada's 2011 Census data.

[15] Changes to LICO data (2011 to 2016 data) will be phased in over a 4 year period.

Core Services Delivery Allocation

The largest portion of funding – $882.1 million – is flowed through the Core Services Delivery allocation. The purpose of the Core Services Delivery allocation is to support the availability of licensed child care for all parents and to assist eligible families with access to licensed/accredited child care and early childhood education programs.

The data elements included in calculating the distribution of this allocation were selected because they are reliable and transparent measures of child care service demand and fee subsidy need:

- Statistics Canada's Low Income Cut Off (LICO) data, which is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family;
- Ministry of Finance population estimate data for children 0 to 3.8 years (weighted) and for children 3.9 to 12 years old;
- Statistics Canada's Level of Education Attainment data, which measures the population with no certificate, diploma or degree; and
- Ontario Works (OW) caseload data provided by the Ministry of Children, Community and Social Services.

Each CMSM's and DSSAB's allocation is calculated using the benchmark for the Core Services Delivery data elements.

Core Services Delivery Allocation Data Elements	2019 Benchmark
Low Income Cut Off (LICO) data	$2080.92 per family
0 to 3.8 years (weighted)[16]	$1313.62 per child
3.9 to 12 years	$41.59 per child
Level of Education Attainment	$22.62 per person
Ontario Works Caseload	$158.96 per case

[16] Weighting is based on staffing ratios outlined in the CCEYA based on age groups. Please see next page for CCEYA requirements.

Child Care and Early Years Act – Staffing Ratios

Age Category	Age Range of Category	Ratio of Employees to Children
Infant	Younger than 18 months	3 to 10
Toddler	18 months or older but younger than 30 months	1 to 5
Preschool	30 months or older but younger than 6 years	1 to 8
Kindergarten	44 months or older but younger than 68 months	1 to 13
Primary/junior school age	68 months or older but younger than 13 years	1 to 15
Junior school age	9 years or older but younger than 13 years	1 to 20

Special Purpose Allocation

In recognition of the variable costs associated with providing child care across the province, and in response to feedback received from the CCFFWG, the child care funding formula includes a Special Purpose allocation to supplement the Core Services Delivery allocation. This funding reflects the unique local and regional costs of providing services in certain areas and to certain target populations. The Special Purpose allocation includes the following components and adjustments:

- Rural/Remote Component – $36.1 million,
- Language Component – $65.4 million,
- Cost of Living Component – $39.1 million,
- Indigenous Component – $4.7 million,
- Capacity Building Component – $6.4 million,
- Repairs and Maintenance Component – $2.3 million,
- Utilization Adjustment – $36.8 million,
- Capping Adjustment, and

The Special Purpose allocation totals $190.8 million in 2019.

Rural/Remote Component

The Rural/Remote Component recognizes the increased costs of providing child care services in rural areas and large geographic areas with highly dispersed populations. This component is based on two data measures:

- Population density - determines the population dispersion rate within CMSMs and DSAABs. The more dispersed the population, the more costly it is for service providers to serve those areas. This measure is calculated by:
    - Land mass divided by total population
- The Rural and Small Community Measure (RSCM) - determines the proportion of the population that resides in rural areas or small communities.

The Rural/Remote Component funding totals $36.1 million in 2019 and is based on the following data elements and benchmarks:

Remote/Rural Component Data Elements	2019 Benchmark
Population Density	$3,277,950 per square km per person
Rural and Small Community Measure	
Northern & 100% Rural	$76.91 per person
Northern & < 100% Rural	$52.96 per person
<300,000 total population and 100% Rural	$11.08 per person
<300,000 total population and < 100% Rural	$7.02 per person
>300,000 total population	$0.00 per person

Language

This component recognizes the unique costs of providing child care services to those who speak French most often at home and to those who have no knowledge of either official language.

The population speaking French most often at home data element divides CMSMs and DSSABs into 3 tiers:

- Tier 1: CMSMs and DSSABs with total populations less than or equal to 150,000, or CMSMs and DSSABs with total populations greater than 150,000 with less than or equal to five percent of the provincial total of those identified as speaking French most often at home;
- Tier 2: CMSMs and DSSABs with total populations greater than 150,000 that have greater than five percent and less than or equal to twenty percent of the provincial total of those identified as speaking French most often at home;
- Tier 3: CMSMs and DSSABs with total populations greater than 150,000 that have greater than twenty percent of the provincial total of those identified as speaking French most often at home.

The Language Component funding totals $65.4 million in 2019 and is based on the following data elements and benchmarks:

Language Component Data Elements	2019 Benchmark
No knowledge of either official language	$133.89 per person
Those that speak French most often at home	
Total population less than 150,000 or total population greater than 150,000 with between 0 and 4.9%	$25.64 per person
Total population greater than 150,000 with between 5.0% and 19.99% speaking French at home	$51.28 per person
Total population greater than 150,000 with 20% or more speaking French at home	$76.93 per person

Cost of Living Component

This component recognizes that there are higher costs of providing child care services in certain areas when compared to the provincial average. Funding is allocated based on:

- 0 to 12 child populations in large CMSMs/DSSABs (greater than 125,000), to capture the unique issues facing communities with large populations.
- Data from Statistics Canada's 2011 Survey of Household Spending (SHS), which is based on household expenditure estimates and population size.
- Factors were derived to determine a weighting of each CMSMs and DSSABs total population data.

The Cost of Living Component funding totals $39.1 million in 2019 and is based on the following data elements and benchmarks:

Cost of Living Component Data Elements	2019 Benchmark
Survey of Household Spending	
Population of 0 to 99,999	$1.75 per person
Population of 100,000 to 249,999	$1.90 per person
Population of 250,000 to 999,999	$1.99 per person
Population of 1,000,000 and over	$2.15 per person
0 to 12 year old population in communities with > 125,000 total population	**$10.34 per person**

Indigenous Component

The Indigenous component of the funding formula supports the unique costs of providing culturally appropriate child care services for families identifying themselves as Indigenous living off reserve. Funding is allocated using Statistics Canada data on the number of children between the ages of zero to four with Indigenous ancestry who live off reserve. This funding should be used with the overall objective of increasing access to licensed child care for Indigenous children and families.

The Indigenous Component funding totals $4.7 million in 2019 and is based on the following data element and benchmark:

Indigenous Component Data Element	2019 Benchmark
0 to 4 year olds with Indigenous ancestry	$131.63 per child

Capacity Building Component

This component aims to improve the provision of high quality child care by making funding available for professional development opportunities.

Capacity Building funding totals $6.4 million in 2019 and is based on the following data elements and benchmarks:

Capacity Building Component Data Elements	2019 Benchmark
0 to 3.8 years (weighted)[17]	$17.75 per staff for ratio
3.9 to 12 years	$2.98 per child

Repairs and Maintenance

Repairs and Maintenance funding supports licensed child care service providers and home child care agencies to ensure that they meet the licensing requirements under the *CCEYA* relating to their physical infrastructure/facilities.

[17] The weighting is based on the staffing ratios outlined in the CCEYA based on age groups

The Repairs and Maintenance funding totals $2.3 million in 2019 and is based on the following data elements and benchmarks:

Repairs and Maintenance Data Elements	2019 Benchmark
4 and 5 year olds	$6.18 per child
0 to 12 year olds	$0.23 per child

Utilization Component

The utilization component was developed to reflect funding needs and demand for child care services based on the level of voluntary CMSM and DSSAB contributions. Utilization funding encourages service managers to contribute more than their minimum cost share requirement to support their local child care service system.

The 2019 calculation for the utilization component uses 2017 Financial Statement data to determine the level of municipal contribution in relation to the municipal minimum cost share requirements. In 2019, the total utilization component funding pool is $36.8 million. The utilization component depends on the level of all municipal contributions in 2017 financial statements, in conjunction with the change in funding from 2018 to 2019.

The utilization component is based on two factors:

- The CMSM/DSSAB's change in funding over the prior year (2018 vs. 2019); and
- The CMSM/DSSAB's contribution in relation to its minimum cost share requirements in its most recently submitted Financial Statements to the Ministry (i.e. 2017 Financial Statements).

The table below summarizes how the utilization mechanism works:

Scenario	A Increase (Decrease) in Funding 2019 vs. 2018	B 2017 Over (Under) Contribution compared to minimum required cost share	C Utilization adjustment only applies to those that underspend	D Receives Utilization Allocation
1	Increase	Over-contribution, where B > A	$0	B-A is used to determine proportionate share of utilization allocation
2	Increase	Over-contribution, but B < A	$0	$0
3	Increase	Under-contribution	50% of underspending B	
4	Decrease	Over-contribution	$0	B is used to determine proportionate share of utilization allocation
5	Decrease	Under-contribution, where (B) < (A)	$0	$0
6	Decrease	Under-contribution, but (B) > (A)	50% of difference from (B)-(A)	

In scenarios 1 and 4, utilization funding is provided to those CMSMs and DSSABs who exceeded their municipal cost share requirement in 2017. Their utilization allocation is equal to its proportionate share of the individual CMSM/DSSAB specific municipal over-contribution relative to the total over-contributions of all CMSMs and DSSABs province wide.

However, in scenario 2, CMSMs and DSSABs that experience an increase in funding from 2018 to 2019 that is greater than their 2017 over-contribution are not eligible to receive the utilization allocation.

In scenario 3, CMSMs and DSSABs that did not meet their minimum cost share requirement in 2017 will have their funding adjusted provided that the CMSM’s/DSSAB’s funding (before the utilization and capping) has increased from the prior year (i.e. 2018 to 2019). In this case, the utilization adjustment is equal to one half of a CMSM’s/DSSAB’s underspending in 2017 (i.e. total child care recovery).

In scenario 5, CMSMs and DSSABs that did not meet their minimum cost share requirement in 2017 but experience a decrease in funding from 2018 to 2019 that is greater than their under-contribution are not subject to a utilization adjustment.

In scenario 6, where the CMSM's/DSSAB's funding has decreased from 2018 to 2019, and the decrease is less than their 2017 under-contribution, the utilization adjustment is equal to one half of the difference between the decrease in funding from prior year and their under-contribution in 2017.

Capping Adjustment

In order to allow service system managers to adjust to the funding formula, the ministry implemented a 10 percent cap for all CMSMs/DSSABs that saw a decrease in General allocation funding in comparison with their 2012 allocations.

There will be no changes to the capping mechanism in 2019. This means that in 2019, no CMSM's or DSSAB's General allocation has decreased by more than 10 percent when compared to its 2012 allocation.

For those CMSMs/DSSABs that contribute to the capping mechanism because their 2019 General allocation exceeds their 2012 allocation by more than ten percent, their capping contribution has been determined as follows:

1. Calculate the total amount of capping funding needed so that no CMSM/DSSAB General allocation in 2019 decreases by more than ten percent compared to their 2012 allocation;

2. Subtract 110 percent of a CMSM's/DSSAB's 2012 allocation from its 2019 General allocation (excluding their cap contribution);

3. Determine each CMSMs/DSSABs proportional contribution to funding the amount of capping required in step one above by dividing the amount in step two by the total amount province-wide; and

4. Multiply the percentage generated in step 3 with the amount in step 1 to identify a CMSM/DSSAB's contribution to the capping mechanism.

Application of Capping Adjustment in 2019

Applying the capping adjustment to 2019 allocations has resulted in the following:

- 32 CMSMs/DSSABs contribute to the capping pool. Their contribution is proportional to the size of their General allocation increase.

- 10 CMSMs and DSSABs that do not gain or lose more than 10% of their General allocation compared to 2012 are not affected by the capping calculation (do not contribute to the capping pool).

- 5 CMSMs/DSSABs are capped in 2019 and therefore receive funding from the capping pool. The capping mechanism limits their losses to ten percent from 2012 funding levels.

Small Water Works and Territory Without Municipal Organization

Small Water Works

The Ministry provides funding ($0.3 million) to support costs related to small water systems for licensed child care centres (e.g. wells, septic systems).

CMSM and DSSAB small water works allocations are based on the higher of reported expenses of either 2018 revised estimates or 2017 Financial Statements as this funding is claims-based.

Territory Without Municipal Organization (TWOMO)

The Ministry provides funding to support territories without municipal organization ($1.3 million). TWOMO funding only applies to DSSABs for territory without municipal organization (e.g. area with no municipality or First Nation) and is intended to support the cost of child care services and service system administration provided in territories without municipal organization.

TWOMO allocations for DSSABs are based on the higher of reported expenses of either 2018 revised estimates or 2017 Financial Statements as this funding is claims-based.

Child Care Expansion Plan

The child care expansion plan was allocated through a funding mechanism that utilizes many of the data elements of the Child Care Funding Formula. The Expansion Plan allocations were determined separately from General child care funding to enable the ministry to redirect funding previously aimed at older children (3.9 to 12 year olds) to infants, toddlers and preschoolers under the expansion plan. In addition, year 1 expansion plan allocations were calculated using 2017 data and year 2 expansion plan allocations were calculated using 2018 data.

Under the expansion plan's funding mechanism:

- The utilization component is removed;
- As the funding is targeted for expansion, the capping component is removed;
- Small Water Works and Territories without Municipal Organization funding have been removed as they are claims based;
- Funding previously allocated by the 3.9 to 12 year old benchmarks in the Core Services Delivery Allocation and the Capacity component of the CCFF are shifted to the corresponding 0 to 3.8 year old benchmarks in each of the two allocations/components.

In addition to the modified funding mechanism, Expansion Plan allocations also include adjustments to account for planned capital openings under the initiative.

In 2019 the expansion plan allocations include the following updates:

- The allocation intended for fee subsidies, through the modified funding mechanism, is consistent with 2018 and has been provided for the full 12 months.
- Adjustments have been made to reflect actual school-based capital openings under the expansion plan and projected openings in 2019

Early Learning Child Care Agreement (ELCC)

ELCC funding was allocated through a funding mechanism that utilizes many of the data elements of the Child Care Funding Formula. Two distinct ELCC allocations were determined separately from general child care funding, one is intended for 0 to 6 year olds and the other is for 0 to 12 year olds. ELCC allocations were calculated using 2017 data and remain unchanged from 2018.

Under the ELCC's funding mechanism:

- The utilization component is removed;
- As the funding is targeted for expansion, the capping component is removed;
- Small Water Works and Territories without Municipal Organization funding are removed as they are claims based;
- For the ELCC funding dedicated to 0 to 6 year olds, funding previously allocated by the 3.9 to 12 year old benchmarks in the Core Services Delivery Allocation and the Capacity component of the CCFF is shifted to the corresponding 0 to 3.8 year old benchmarks in each of the two allocations/components;
- For the ELCC funding dedicated to 0 to 12 year olds, no further changes were made to the funding mechanism.

Base Funding for Licensed Home Child Care

The Base Funding for Licensed Home Child Care allocations for CMSMs/DSSABs are based on the address of licensed home child care agencies as recorded in the Child Care Licensing System (CCLS) database[18]. The 2019 allocations were determined by multiplying the benchmark amount of $6,900 by the number of active homes for home child care agencies as of March 31, 2018. The number of active homes was determined using 2018 licensed child care survey data as reported by licensed home child care agencies.

[18] Ministry approved adjustments in 2018, to the location of homes among CMSM/DSSABs, have been reflected in 2019 allocations

Fee Stabilization Support

The Fee Stabilization Support allocations have been provided only for the period of January to March 2019 and were calculated by:

- A provincial total of 2017 Wage Enhancement funding was determined.
- A percentage share of the 2017 Wage Enhancement funding provincial total was calculated for each CMSM and DSSAB.
- Each CMSM and DSSAB’s Fee Stabilization Support allocation was determined by multiplying the percentage share by $12.5 million.

Special Needs Resourcing and Administration Expenditure Benchmarks

Based on an analysis of prior year expenditures the Ministry has developed expenditure benchmarks to ensure spending in administration and Special Needs Resourcing (SNR) is maintained at reasonable levels.

- The expenditure benchmark for administration shall not represent an amount greater than 10 percent of any CMSMs and DSSABs 2019 allocation. The TWOMO allocation, Wage Enhancement/Home Child Care Enhancement Grant (HCCEG), and Administration for Wage Enhancement/HCCEG are not included in this benchmark calculation.

- The expenditure benchmark for Special Needs Resourcing shall not represent an amount less than 4.1 percent[19] of any CMSMs and DSSABs 2019 allocation. The TWOMO allocation, Wage Enhancement/HCCEG, Administration for Wage Enhancement/HCCEG and the Fee Stabilization Support allocation are not included in this benchmark calculation.

The Ministry continues to monitor expenditures for these two program categories.

[19] CMSMs/DSSABs can spend a greater portion of their allocation on SNR depending on local need.

Cost Share Requirements

The Child Care Funding Formula streamlines cost sharing and makes the provisions simpler and easier to understand. The cost share amounts have been calculated such that no CMSM/DSSAB will see an increase to their minimum cost share amount from 2018, even if their General allocation will be increasing in 2019. Where the General allocation in 2019 is decreasing, cost share requirements will be reduced in proportion to the decrease in funding.

Where there is a reduction in funding under the Child Care Funding Formula, CMSMs and DSSABs will see their cost share requirements reduced as follows:

- A 50/50 cost share equal to the CMSM/DSSAB’s 2018 administration allocation which was previously cost shared;
- An 80/20 amount equal to all the detail codes previously cost shared at 80/20 such that the total cost share requirement does not exceed the total 2018 minimum cost share amount.
- The reduction in the cost share requirement equals the percentage change in 2019 General Allocation compared to 2018, multiplied by CMSM’s/DSSAB’s 2018 minimum cost share amount.

Abbreviations

Term	Definition
AMO	Association of Municipalities of Ontario
CCEYA	*Child Care and Early Years Act, 2014*
CCFF	Child Care Funding Formula
CCFFWG	Child Care Funding Formula Working Group
CCLS	Child Care Licensing System
CMSM	Consolidated Municipal Service Managers
ELCC	Early Learning Child Care Agreement
DSSAB	District Social Services Administration Board
LICO	Low Income Cut-Off
OW	Ontario Works
RSCM	Rural and Small Community Measure
SHS	Survey of Household Spending
SNR	Special Needs Resourcing
SWW	Small Water Works
TOCCA	Toronto-Ontario Cooperation and Consultation Agreement
TWOMO	Territory Without Municipal Organization