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Early Years and Child Care Division

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Ontario 

TO: Consolidated Municipal Service Managers and District Social Service Administration Boards

FROM: Shannon Fuller
Assistant Deputy Minister
Early Years and Child Care Division

DATE: June 11, 2020

SUBJECT: Child Care & EarlyON Sector Funding – Reopening Plan

Thank you again for your continued partnership during this unprecedented, and evolving time. The health and safety of Ontario's children and families is our mutual priority and we appreciate your ongoing feedback.

We know that the COVID-19 outbreak is having significant impacts on families and on the child care sector. Further to the memo sent on June 9 with operational guidance, I am pleased to provide you with the funding guidance for Ontario's child care reopening plan and the funding approach that will be in place during the reopening period until the end of August.

The objective of the funding approach is to build upon the principles set out in the sustainability plan, and to support the child care sector financially as it transitions to reopening and serving families.

Funding Guidance for Reopening Child Care

The government has announced that, starting June 12, child care centres are able to reopen throughout the province to support parents returning to work. Centres are required to follow strict operational requirements to support the health and safety of children, families and staff. The operational guidance document can be accessed at the following link:

<http://www.edu.gov.on.ca/childcare/child-care-re-opening-operational-guidance.pdf>

The funding guidance document that we are releasing today (attached to this memo), provides the funding parameters that CMSMs/DSSABs must follow while supporting operators and the child care sector during the child care reopening period until the end of August. The funding parameters can be summarized by the following points:

- Available federal supports in Canada's COVID-19 Economic Response Plan must continue to be maximized.
- Funding will be provided to assist with reduced capacity in child care centres that reopen and increased personal protective equipment (PPE) and cleaning costs (over and above regular cleaning costs prior to COVID-19).
- Funding will also be provided to support the increased staffing levels required in child care centres for reopening (such as, screening, cleaning, coverage etc.).
- Funding continues to be provided following the sustainability plan principles (i.e. funding parameters during the closure period) for child care centres and EarlyON Child and Family Centres that remain closed in the reopening phase, to support eligible fixed overhead costs and EarlyON virtual programming.

Provincial funding to support reopening child care will be contingent on operators not increasing parent fees. Operators will need to maintain parent fees at a pre-closure level (i.e. in March 2020) until the end of August. CMSMs/DSSABs should work with operators to ensure that parent fees will not be higher than the fees charged prior to the closure period.

Similar to the closure period, provincial funding will continue to be provided through CMSMs/DSSABs for child care operators that have a purchase of service agreement for general operating and/or fee subsidies. CMSMs/DSSABs will work directly with child care operators in their area.

Child care operators who do not have a purchase of service agreement can apply directly to the province for funding to support this reopening phase. Not having a purchase of service agreement is defined as not having a purchase of service agreement for general operating and/or fee subsidy funding with a CMSM/DSSAB.

Please note that school boards will continue to not charge rent to child care or EarlyON centres located in schools until schools reopen in September.

Funding Reconciliation

The Ministry is committed to streamlining the funding reconciliation for the closure and reopening periods. The reconciliation will follow the following principles:

- The Ministry will work in partnership with CMSMs/DSSABs in a flexible and supportive way, while ensuring the reconciliation process is completed following the established parameters.
- Expenditures must meet the parameters outlined by the Ministry for the sustainability plan and for the reopening phases. The Ministry will continue to work closely with partners throughout the reopening phases.

- Completing Emergency Child Care budgets should be the priority to support these programs. The Ministry will continue to work with service system managers throughout the emergency period and will review the actual costs incurred.
- No repayment of funds is expected from CMSMs/DSSABs. Based on the reconciliation, should there be funds owing to the Ministry related to the closure period and reopening phases, it will be offset from a future cash flow payment, and this will apply as we move forward to the reopening phases.
- No repayment of funds is expected from operators. Based on the reconciliation between operators and CMSMs/DSSABs, should there be funds owing from the operators to CMSMs/DSSABs related to the closure period and reopening phases, it should be offset from a future cash flow payment and this should apply as we move forward to the reopening phases.
- No repayment of funds is expected from staff that received provincial funding for wages during the closure period prior to the announcement of the sustainability plan principles. Operators are required to optimize the supports available through the Federal COVID-19 Economic Response Plan that best meet the needs of their staff. We continue to encourage service system managers to use municipal contributions and Federal ELCC funding to support the wage top-up retroactively, to ensure that operators and their staff are supported.
- The reconciliation should not place undue hardship on municipal budgets. It is expected that Federal ELCC funding and municipal contributions will be sufficient to cover the 25% top-up portion of wages. If there is a shortfall, provincial funding can be used to support this commitment in order to not create undue municipal pressures.

Canada Emergency Commercial Rent Assistance (CECRA) Update

On May 11, the government announced that provincial funding will be provided by the Ministry of Education for eligible child care operators who benefit from the CECRA to pay the tenant portion (25%) of rent as outlined in CECRA.

We have heard from you that many landlords were not eligible or did not apply for the CECRA, and as a result, these operators are still struggling with rent costs. I am pleased to let you know that provincial funding will now be provided for child care operators whose landlords were not eligible for the CECRA program during the closure period. Operators whose landlords are not eligible for CECRA can receive 75% of their rent for the closure period from the Province. For operators with landlords that are unwilling to apply for CECRA, the ministry will fund the 25% tenant portion of rent for the closure period.

These supports are being provided in conjunction with the recent change to temporarily suspend commercial tenancy evictions by landlords that have small

business tenants that would be eligible for rent support through the *Canada Emergency Commercial Rent Assistance (CECRA)* program.

Ontario Child Care Tax Credit

In 2019, the government introduced the Ontario child care tax credit, which is a support available to parents to assist with parent fees. Eligible families can claim up to 75% of their eligible child care expenses, including services provided by child care centres, homes and camps.

For more information, please visit the child care tax credit website:

<https://www.ontario.ca/page/ontario-child-care-tax-credit>

Next Steps

Financial Analysts and Early Years Advisors at the Ministry will continue to work with CMSMs/DSSABs on individual plans and the funding reconciliation during the closure and reopening stages. We are committed to streamlining the funding reconciliation for the closure and reopening periods and will provide CMSMs and DSSABs with further direction.

We are grateful for your partnership and look forward to our continued collaboration going forward. The Ministry continues to depend on service system managers, and your knowledge of the needs of your communities, to make decisions that best support the early years and child care sector in your service areas. Please continue to let us know how we can support your efforts during this challenging time.

Thank you,
Shannon Fuller