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**2013: ELCC4**

**MEMORANDUM TO:** Children's Service Managers, CMSMs/DSSABs

**FROM:** Pam Musson  
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Andrew Davis  
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**DATE:** March 12, 2013

**SUBJECT:** **Updated 2013 Child Care Service Management and Funding  
Guideline/Questions and Answers**

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In follow-up to the December 18, 2012 release of the new child care funding formula and framework, we are writing to provide you with an updated version of the 2013 Child Care Service Management and Funding Guideline. In keeping with the principle of treating the guideline as a working document through the 2013 transition year, the guideline has been updated to incorporate some of the feedback the Ministry has received from Consolidated Municipal Service Managers/District Social Services Administration Boards (CMSMs/DSSABs), address any errors, and provide further clarification where necessary.

Your input is important to us and we would like to thank you for all of the feedback that you have provided on the new funding formula, framework and guideline through regional teleconferences, discussions with your Child Care Advisors (CCAs) and our annual in-person CMSM/DSSAB event

held on February 4, 2013. Your feedback has been instrumental in informing the revisions included in this updated guideline and the accompanying questions and answers.

While we will continue to seek advice from CMSMs and DSSABs on the implementation of the new funding formula and framework through means such as regional discussions, the provincial/municipal child care reference group and the child care funding formula working group, at this time we are anticipating this will be the final version of the guideline released for the 2013 calendar year.

### **Revisions to the Guideline**

In order to support CMSMs/DSSABs in easily identifying the revisions to the Ontario Child Care Service Management and Funding Guideline, the chart in Appendix A has been developed to provide a high-level overview of the substantive changes to the guideline (please see Appendix A: Updates to the Child Care Service Management and Funding Guideline for more details). Your Child Care Advisor will be available to review the changes with you outlined in the chart.

In addition to the chart, we would like to provide further clarification related to the new language included in the Special Needs Resourcing (SNR) and Fee Subsidy expense sections of the guideline.

#### *Special Needs Resourcing Expense:*

The Ministry recognizes that a wide variety of service delivery approaches have been historically approved and funded and as such will allow CMSMs/DSSABs to maintain their current local service delivery models for the current time.

Going forward, any planned expansion of SNR-funded services and supports at the local level should be focused on licensed child care settings and approved recreation programs for children who are confirmed to attend, are attending, or exiting these programs and their families. In addition, we will be holding regular, ongoing discussions with our municipal partners to learn more about their communities and unique service delivery models for children with special needs and their families. We want to assure you that any future modifications to provincial SNR policies and requirements will be informed by these conversations and the Ministry will provide CMSMs/DSSABs with ample time to adjust service delivery practices, as required. The Ministry will also provide the necessary tools, resources and supports to CMSMs/DSSABs as we transition together to an increasingly integrated early years system and a modern child care sector.

#### *Fee Subsidy Expense:*

New language has been added to this section of the guideline to clarify the provincial policy regarding fee subsidy management as it relates to eligibility. Child care fee subsidies are an essential support for many parents, which help them to balance the demands of career and family while participating in the workforce or pursuing education or training. As such, 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 in the guideline cannot be denied eligibility (e.g. post-graduate students).

## **Questions and Answers**

The Ministry has received a significant number of questions related to the new funding formula, framework and guideline. While CCAs have been providing individualized responses as questions arise, the attached list of questions and answers have been developed to help promote consistent understanding and implementation of the new funding formula and framework across the province. Both the revised guideline and the questions and answers will be posted on the Ministry of Education Financial Analysis and Accountability Branch website at: <http://faab.edu.gov.on.ca/>

## **Regulatory Amendment to Support Funding Formula and Framework**

As part of the December 18, 2012 webcast on the 2013 child care funding formula and framework, the ministry indicated that a minor *Day Nurseries Act* regulatory change was anticipated in early 2013. To support implementation of the new funding formula and framework, O. Reg. 39/13 was filed on January 25, 2013. The regulation amends section 67.1 of Regulation 262 under the *Day Nurseries Act* related to sharing of costs. These amendments fully authorize the use of 80/20 funds to support a General Operating Grant as described in the guideline. More information about the regulatory amendment can be found here:

<http://www.ontariocanada.com/registry/view.do?postingId=12262&language=en>

## **Next Steps**

The Ministry of Education and the Regional Municipality of York are continuing to work together to ensure CMSMs/DSSABs will have support in using the Ontario Child Care Service Management System (OCCMS) within the context of the new funding framework for 2013. Information will be forthcoming regarding next steps from an OCCMS perspective.

The 2013 Child Care Estimates document set in EFIS will be available within the next week and as a reminder, the Estimates are due to the Ministry by April 30, 2013. Regional training sessions will be offered throughout the month of March. If you have not received your invitation or have not registered, please send confirmation of participation to your Child Care Advisor as soon as possible.

We thank you for your ongoing partnership in this important work and your continued commitment to delivering child care services to children and families across the province.

### ***Original signed by:***

Pam Musson  
Director  
Early Learning and Child Care Implementation Branch

Andrew Davis  
Director  
Financial Analysis and Accountability Branch

Rupert Gordon  
Director  
Early Learning and Child Care Policy and Program Branch

Attachment: Appendix A: Updates to the Child Care Service Management and Funding Guideline

Copy: Gabriel F. Sékaly, Assistant Deputy Minister, Elementary/Secondary Business and Finance  
Division, Ministry of Education  
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## Appendix A: Updates to the Child Care Service Management and Funding Guideline

Page #	Change(s)	Rationale
<b>Section 1: Introduction</b>		
Page 10	<ul style="list-style-type: none"> <li>4.5% SNR changed in chart to 4.1%</li> <li>Expenses for recreation and extended day have been added into expense / program categories</li> </ul>	<ul style="list-style-type: none"> <li>The 4.5% figure was included in this chart in error.</li> <li>The recreation and extended day expenses were missed in error.</li> </ul>
Page 12	<ul style="list-style-type: none"> <li>Changes were made to the child care administration section.</li> <li>An additional example was added to show the calculation of the Administration benchmark for CMSMs/DSSABs that have decreased funding in 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Changes were made to be consistent with the email clarification provided to CMSMs/DSSABs on January 11, 2013 regarding child care administration.</li> <li>For greater clarification, an additional explanation of the Administration benchmark was added for those CMSMs/DSSABs that have reduced allocations in response to questions from CMSMs/DSSABs.</li> </ul>
<b>Section 2: Ministry Business Practice Requirements, Transfer Payment Business Process</b>		
Page 20	<ul style="list-style-type: none"> <li>Detail added to financial flexibility section</li> </ul>	<ul style="list-style-type: none"> <li>Additional clarity has been provided regarding the rules for allocations with limited financial flexibility.</li> </ul>
Page 20	<ul style="list-style-type: none"> <li>The system needs section has been updated</li> </ul>	<ul style="list-style-type: none"> <li>The language in the system needs section has been updated to reflect the transfer of child care to the Ministry of Education (EDU) and the new funding framework – i.e. the section now references that fee subsidies, wage subsidies and SNR fall under the core service delivery and special purpose allocations.</li> </ul>
<b>Section 3: Core Service Delivery, Fee Subsidy Expense</b>		
Pages 24-32	<ul style="list-style-type: none"> <li>Modification to the format of the fee subsidy expense section.</li> </ul>	<ul style="list-style-type: none"> <li>The format of the fee subsidy expense section has been revised to better align with other sections of the guideline– no substantive content changes have been made.</li> </ul>
Page 27	<ul style="list-style-type: none"> <li>Clarification regarding fee subsidy management related to eligibility criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Greater clarification has been provided regarding fee subsidy management as it relates to parent eligibility (e.g. eligibility for parents enrolled in post-graduate education).</li> </ul>
Page 31	<ul style="list-style-type: none"> <li>Fee subsidy data reporting requirements have been included.</li> </ul>	<ul style="list-style-type: none"> <li>Fee subsidy reporting requirements were omitted from the earlier version in error; they have now been included here.</li> </ul>
Pages 25, 33,	<ul style="list-style-type: none"> <li>The reference to “5.8 years of age as of August 31<sup>st</sup> of the year” has been replaced by</li> </ul>	<ul style="list-style-type: none"> <li>This reference has been revised to be consistent with the current <i>Day Nursery Act</i> regulation.</li> </ul>

Page #	Change(s)	Rationale
42, 66, 67, 69, 71	“6 years of age” throughout the Guideline.	
<b>School-Age Recreation Expense</b>		
Pages 33-36	<ul style="list-style-type: none"> <li>A section for the School-Age Recreation expense has been included.</li> </ul>	<ul style="list-style-type: none"> <li>The MCSS 2000 School-Age Recreation guideline was omitted in error when the new guideline was released in December. The School-Age Recreation expense has been updated to reflect the transfer of child care to EDU, and included in the updated version of the guideline. No substantive changes to the historical policy direction have been made.</li> </ul>
<b>General Operating Expense</b>		
Page 37	<ul style="list-style-type: none"> <li>The requirement for CMSMs/DSSABs to collect documentation from operators to confirm they have met their mandatory wage and benefit requirements has been removed.</li> </ul>	<ul style="list-style-type: none"> <li>Feedback from CMSMs/DSSABs indicated that the requirement to collect documentation from operators to confirm they have met their mandatory wage and benefit requirements would be overly burdensome and therefore the requirement has been removed. As service system managers, CMSMs/DSSABs may determine how to best ensure that their local operators meet all wage and benefit requirements.</li> </ul>
Page 38	<ul style="list-style-type: none"> <li>Clarification was included regarding the general operating allowable expenses.</li> <li>A footnote was added that defines director-approved staff.</li> </ul>	<ul style="list-style-type: none"> <li>In response to CMSM/DSSAB questions, clarification has been included on the following: <ul style="list-style-type: none"> <li>Provincial operating funding cannot be used to increase the per FTE wage rate that was paid by the operator in 2012.</li> <li>CMSMs and DSSABs may continue to flow the amount of wage subsidy/wage improvement that was flowed per operator in 2012 under previously approved wage subsidy/wage improvement grants.</li> </ul> </li> <li>Some edits were also made to align the wording and provide greater clarity.</li> <li>Based on questions from CMSMs/DSSABs, the footnote was added to clarify the meaning of a “Director Approved Staff” which is a data element that will be collected as part of the reporting requirements under General Operating.</li> <li></li> </ul>

Page #	Change(s)	Rationale
<b>Pay Equity Memorandum of Settlement</b>		
Page 41	<ul style="list-style-type: none"> <li>Added Special Needs Resourcing (SNR) agencies to the description of the data element.</li> </ul>	<ul style="list-style-type: none"> <li>Some SNR agencies receive funding under the Pay Equity Memorandum of Settlement. This was left out of the original description of the reporting requirements in error and was noted in CMSM/DSSAB feedback.</li> </ul>
<b>Special Needs Resourcing Expense</b>		
Pages 42-43	<ul style="list-style-type: none"> <li>Language was added to the purpose section regarding local service delivery of SNR and considerations going forward in light of the release of the new Ontario Early Years Policy Framework.</li> <li>Content related to resource teachers/consultant qualifications has been amended.</li> </ul>	<ul style="list-style-type: none"> <li>New language has been included to better reflect the range of service delivery models for SNR across the province in response to feedback from CMSMs/DSSABs which have advised the ministry that their services have evolved over time to meet local needs.</li> <li>Content related to resource teacher/consultant qualifications has been amended to clarify the applicability of Section 60 of Regulation 262 under the <i>Day Nurseries Act</i>. The regulatory requirements are for resource teachers employed directly by a licensed child care centre or private-home day care agency. At a minimum, the Ministry recommends that resource teachers/consultants employed by CMSMs/DSSABs and SNR agencies hold a diploma in Early Childhood Education, have additional training/experience/education related to working with children with special needs, and hold a first aid certificate.</li> </ul>
<b>Section 4: Special Purpose, Capacity Building Expense</b>		
Page 48	<ul style="list-style-type: none"> <li>Clarification has been included in the eligibility criteria regarding the use of capacity building funding.</li> </ul>	<ul style="list-style-type: none"> <li>Additional language regarding the intent of capacity building has been included to clarify that it is not intended to support quality with respect to licensing requirements or compliance with purchase of service agreements.</li> </ul>
Page 50	<ul style="list-style-type: none"> <li>The reference to CMSMs/DSSABs submitting an affirmation statement to CCAs if they are unable complete reporting requirements related to the Capacity Building expense has been removed.</li> </ul>	<ul style="list-style-type: none"> <li>CMSMs/DSSABs indicated this requirement would be overly burdensome for the sector. CMSMs and DSSABs are required to discuss any reporting challenges with their CCA when they arise, but a formal affirmation statement will not be required from the Ministry.</li> </ul>
<b>Section 5: Capital Retrofit Expense</b>		
Page 59	<ul style="list-style-type: none"> <li>The allowable expenses section of the Capital Retrofit expense has been updated to</li> </ul>	<ul style="list-style-type: none"> <li>As per the Capital Retrofit memorandum distributed on March 8<sup>th</sup> 2013 to CMSMs and DSSABs, the change to the Capital Retrofit</li> </ul>

Page #	Change(s)	Rationale
	include new information regarding the timing restrictions for committing and expending Capital Retrofit funds.	allowable expenses section reflects the new rule regarding carrying forward Capital Retrofit funding into the next calendar year provided certain conditions have been met as outlined in the memorandum.
<b>Guideline Appendix A: Data Elements and Definitions</b>		
62	<ul style="list-style-type: none"> <li>• The following data elements related to purchase of service agreements have been added:               <ol style="list-style-type: none"> <li>1. Number of sites for which the CMSM or DSSABs has Purchase of Service Agreements</li> <li>2. Number of licensed child care spaces supported through a Purchase of Service Agreement</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Data related to purchase of service agreements will be requested by the Ministry beginning in 2013 and used to support future policy development, planning and implementation related to child care. These data elements were omitted in error when the new guideline was released in December and will only be collected at year-end financial statements to allow CMSMs/DSSABs time to include the data elements in their existing data collection programs.</li> </ul>
62-80	<ul style="list-style-type: none"> <li>• Reduced the frequency of reporting for new data elements.</li> </ul>	<ul style="list-style-type: none"> <li>• CMSMs/DSSABs raised concerns regarding reporting on new data elements too early in the 2013 transition year. In response, new data elements, other than expenditures, will only be collected at year-end Financial Statements (i.e. FTE data for General Operating).</li> </ul>
<b>Guideline Appendix C: Policy Statement: Improving Access to Subsidized Child Care</b>		
83-87	<ul style="list-style-type: none"> <li>• Appended 2004 Fee Subsidy Policy Statement: <i>Improving Access to Subsidized Child Care</i></li> </ul>	<ul style="list-style-type: none"> <li>• The MCYS 2004 Fee Subsidy Policy Statement was omitted in error when the new guideline was released in December and is now included for CMSM/DSSAB reference as prescribed under <i>O. Reg. 366/04</i>. The policy statement supports the implementation of the provincial income test.</li> </ul>