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Early Years and Child Care Division

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

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

DATE: May 11, 2020

SUBJECT: Child Care & EarlyON Sector Funding – COVID Outbreak

Thank you again for your continued partnership during this unprecedented, and evolving time.

We know that the COVID-19 outbreak is having significant impacts on families and on the child care sector. This memo sets out details of Ontario's child care sustainability funding approach. This funding approach will be in place during the closure period and will align with the timing of federal supports.

The objective of the funding approach during the closure period is to support financial sustainability across the child care sector, as we know that a stable and accessible child care system will be critical to Ontario's recovery following the COVID-19 outbreak. While our Child Care Funding Formula includes a variety of different funding lines, given the unprecedented times, and that child care services are not currently being provided, as well as the urgency of the situation, we have framed the supports into the two areas of operations: Fixed Overhead Costs and Salary and Wage supports.

Child Care Centres

Fixed Overhead Costs

As part of the Federal COVID-19 Economic Response Plan, and in partnership with Ontario, the federal and provincial governments have announced the Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA). The federal government designed the program and program details are being finalized by the federal government. To receive more information, visit the Canadian Mortgage and

Housing Corporation's website and sign-up to receive additional details including when the application process opens:

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>

Provincial funding will be provided by the Ministry of Education for eligible child care operators who benefit from the OCECRA to pay the tenant portion (25%) of rent as outlined in OCECRA. The other 12.5% of provincial funding for those that benefit from OCECRA will flow through the OCECRA process. Child care operators should work with their landlords to determine whether they will benefit from this program.

Please note that school boards will not be charging rent to child care or EarlyON centres located in schools that have closed until the end of the closure period. Child care and EarlyON centre staff will be permitted to enter schools during the closure period to obtain materials and other tools required to support the implementation of the sustainability plan.

Funding will also be provided for other eligible fixed monthly overhead costs, so centres are able to re-open operations following the conclusion of the state of emergency.

Provincial funding will 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 to confirm the fixed overhead costs of operators and the applicable 25% tenant portion of rent under OCECRA. For further clarity, 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.

The province will directly fund child care operators who do not have a purchase of service agreement. The Ministry will provide an application form as part of their application process.

Salary and Wage Supports

The federal government has announced supports for businesses and individuals related to COVID-19, including the Canada Emergency Wage Subsidy (CEWS) for businesses and the Canada Emergency Response Benefit for individuals.

For your ease of reference, below is a link to the federal government site that outlines all federal supports in Canada's COVID-19 Economic Response Plan:

<https://www.canada.ca/en/departement-finance/economic-response-plan.html>

All child care centres will be required to apply for Federal COVID-19 Economic Response Plan funding to support staffing costs retroactively to March 15, 2020.

We encourage child care operators to research and optimize these federal supports

for staff not working during the emergency closure period so that they are in a position to re-open following the conclusion of the declaration of emergency and to ensure staff are supported throughout the outbreak.

CMSMs/DSSABs that have committed to providing top-up funding for salaries and wages above the Canada Emergency Wage Subsidy will be required to use municipal funding.

In order to ensure no funding gaps before the Federal COVID-19 Economic Response Plan funding is provided, CMSMs/DSSAB's monthly cash flow will continue so that CMSMs/DSSABs are prepared to action Ontario's child care sustainability funding approach across the sector. Funding will be reconciled starting in August.

Home Child Care Providers

While home child care providers are permitted to operate, the Ministry recognizes that many providers have closed or have seen a reduction in the number of children in their care as a result of COVID-19.

In addition to funding for emergency child care, the following Provincial funding will continue to flow through CMSMs/DSSABs for home child care:

- Base funding for licensed home child care agencies
- Wage enhancement grant funding for licensed home child care providers who have remained active
- Regular funding, including fee subsidy funding, for home child care operators who have continued to operate and serve families

The Province will provide funding to cover the fees for families that are eligible for emergency child care directly to licensed home child care agencies who do not have a purchase of service agreement with a CMSM/DSSAB for general operating/base funding for home child care and/or fee subsidy. The Ministry will provide an application form as part of their application process.

EarlyON Child and Family Centres

While physical EarlyON Child and Family Centres are closed under an Emergency Order, many centres have continued to provide virtual programming. Provincial funding, including salaries and wages, will be provided for the days/hours worked.

EarlyON Child and Family Centres will also be supported through the Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA).

Provincial funding will be provided to service providers to pay the tenant portion (25%) of rent as outlined in OCECRA. Funding will also be provided for other eligible fixed monthly overhead costs, so centres are able to re-open operations following the conclusion of the state of emergency.

Operating funding for Indigenous-led, off-reserve programming and Special Needs Resourcing funding will continue to be provided for days/hours worked to provide service.

Next Steps

A sample budget template is attached for ease of completion and to ensure consistency, where possible. Financial Analysts and Early Years Advisors at the Ministry will work with CMSMs/DSSABs on individual plans and the funding required during this period.

Municipal contributions represent an important component of funding to the early years and child care sector. In addition to ministry commitments outlined above and federal supports announced, we encourage CMSMs/DSSABs to maintain municipal contributions, where possible.

If CMSMs/DSSABs have or receive questions about issues with eligibility or other requirements, please reach out to your Financial Analyst and Early Years Advisor at the Ministry. We are committed to working with you throughout this period.

Additional Supports for Child Care Centres and Home Child Care Agencies

The following changes have been made to provide additional supports to the child care sector during these unprecedented times:

- Licensing application, renewal and revision fees will be waived during the emergency closure period and for 60 days after the order is lifted.
- Licenses set to expire during the emergency closure period will be automatically extended by 6 months.
- The requirement to provide updated vulnerable sector checks and first aid training renewals for existing child care centre staff and home child care providers and their families will be extended during the mandatory closure period. During this time, child care providers will maintain strict health and safety measures as regulated by the *Child Care and Early Years Act, 2014*.

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