

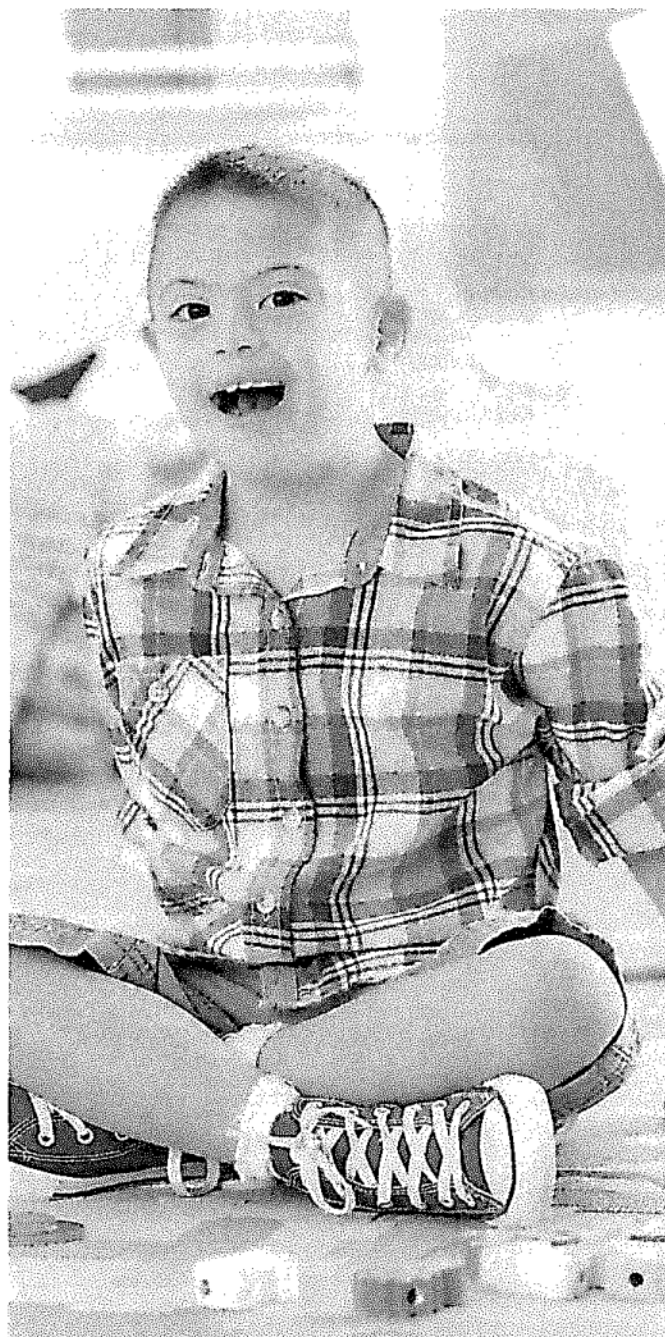
PROVINCE OF BRITISH COLUMBIA

# CHILDCARE BC UNIVERSAL \$10-A-DAY PROTOTYPE SITES - 2021 INTAKE

POLICY AND PROCEDURES MANUAL – V1

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FALL 2021 – V.1



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## INTRODUCTION

The Ministry of Children and Family Development (MCFD) is pleased to provide information regarding the Childcare BC Universal \$10-a-day Prototype Site 2021 Intake and Funding Agreement for fiscal 2021/22 and fiscal 22/23. These provincially funded new \$10-a-day Prototype Sites will build on the federally-funded \$10-a-day Prototype Sites (established in 2018) and continue to test and evaluate funding and operational models that will help move BC toward an inclusive, universal child care system.

Since November 2018, the Province has benefitted from the qualitative and quantitative information provided through selected \$10-a-day Prototype Sites. The learnings and adjustments made over the last three years have helped create a picture of the needs required by all types of licensed child care providers and the families they serve, across diverse landscapes and populations in British Columbia. Over the coming term, we look forward to learning more from selected/approved Sites through further data collection and consultation, which will help inform Government's next steps as we continue to build the path to universal child care in our province.

Thank you for your interest in participating in this exciting opportunity and we look forward to engaging with potential new Sites in the months ahead.

Sincerely,

The Universal Child Care \$10-a-day Prototype Team  
The Ministry of Children and Family Development

Fall 2021

## KEY CONTACT

For questions about the transition process or operating as a Universal Child Care \$10-a-day Prototype Site, please contact the **Ministry Liaison** at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca) or 1-888-338-6622, Option 7.

## KEY DATES

- December 2021 - March 2022 – Funding Agreements finalized and signed.
- The first of every month – Operational funding payment for the month is issued.
- 20th of every month – Monthly \$10-a-day Prototype Site Report for the previous month is due to the Ministry.
- March 31, 2023 – Conclusion of current term of Funding Agreement.<sup>1</sup>
- September 30, 2023–Financial Statements due to the Ministry.

## OPERATING A 2021 INTAKE UNIVERSAL CHILD CARE \$10-A-DAY PROTOTYPE SITE

### THE \$10-A-DAY PROTOTYPE SITE COMMUNITY

There are currently over 50 federally-funded Universal Child Care \$10-a-day Prototype Sites across the province. Under Budget 2021, the Province of BC committed to more than doubling the number of \$10-a-day Prototype Site and spaces available to families. In July 2021, additional federal funding was also announced to expand the total number of \$10-a-day Prototype spaces to roughly 12,500 by December 2022. \$10-a-day Prototype Sites are encouraged to communicate with each other, share learnings and support peer-to-peer collaboration.

To support this, the Ministry will establish a SharePoint forum for Sites selected through the 2021 intake process to communicate with each other (a link will be shared with approved Sites). In addition, all Sites are encouraged to contact the Ministry directly with any questions or concerns, at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca).

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<sup>1</sup> If applicable, Sites will be notified with options for renewal or extension as per the terms of the Funding Agreement



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## WHAT ARE THE OBLIGATIONS OF A \$10-A-DAY PROTOTYPE SITE?

For the term of the \$10-a-day Prototype Site Funding Agreement, the operator of the \$10-a-day Prototype Site must continue to meet all requirements to maintain a child care facility license in good standing under the Child Care Licensing Regulation, and:

- **Abide by the terms and conditions** of the Funding Agreement;
- **Reduce parent fees** to a maximum of \$200 per month, per child for full-time monthly enrolment for regular hours, exclusive of fees charged for extended hours and/or additional program/extracurricular activities;
- Complete the **Monthly \$10-a-day Prototype Site Report** by the 20th of the following month (e.g., May 2022's report must be submitted by June 20, 2022);
- Submit **financial statements**, as described in the Funding Agreement, within six months of the end of the term of the Funding Agreement<sup>2</sup> (within 6 months of March 31, 2023);
- Be willing to provide **services to families who are eligible to receive the Affordable Child Care Benefit** and to children with support needs;
- Complete the annual **Child Care Provider Profile Survey** each year as requested by the Ministry;
- **Participate in the evaluation process** as requested by the Ministry, which may include in-person visits, staff and voluntary parent surveys, focus group sessions and other opportunities to provide feedback;
- As per section 17 of your Funding Agreement, **not make any public announcements to the media** without prior written approval from the Ministry;
- **Communicate to families of children** in their care regarding their participation in Government's *Childcare BC* plan as a Universal Child Care \$10-a-day Prototype Site, (e.g., explain the benefits for the families and share information regarding the Affordable Child Care Benefit to further reduce their monthly child care fee, if eligible);
- **Share approved information** with families including inviting families to participate in the evaluation process (note – family participation in the evaluation process will be voluntary); and
- **At the end of the Funding Agreement term**, repay the Ministry all Surplus Funding<sup>3</sup>, as follows:
  - Not-for-Profit, Public, Indigenous-led or Home-based organizations – Surplus Funding exceeding 5% of the total value of the Funding Agreement (excluding any payments received for Early Childhood Educator Wage Enhancement [ECE-WE] which will be reconciled through a separate process); OR

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<sup>2</sup> Government's fiscal year ends March 31.

<sup>3</sup> Surplus Funding will be calculated by the Ministry, at the end of the Funding Agreement term, as follows (so long as all services have been delivered): Revenue received under the Funding Agreement (except ECE-WE) – Eligible Expenses = Surplus/Deficit

- All other organizations - repay the Ministry all Surplus Funding exceeding 3% of the total value of the Funding Agreement (excluding any payments received for ECE-WE).

## MONTHLY REPORTING

The \$10-a-day Prototype Site Monthly Report (Monthly Report) is due on the 20th of each month – covering the month prior. \$10-a-day Prototype Sites must complete their monthly reporting by entering data into the online reporting platform. The link to the monthly reporting platform will be provided via the \$10-a-day Prototype Sites SharePoint Site.

For each Monthly Report Sites will need to provide the following to the Ministry, based on the previous month:

- Capacity and enrolment numbers for all types of care;
- Number of full time and part time staff and any staff vacancies;
- Early Childhood Educator Wage Enhancement (ECE-WE) hours;
- All operational expenses and revenues; and
- Additional information as requested.

## OPERATIONAL FUNDING

### 2021 INTAKE \$10-A-DAY PROTOTYPE OPERATIONAL FUNDING

MCFD will issue regularly scheduled, individualized operating funding payments to each \$10-a-day Prototype Site for the term of the Site's Funding Agreement, comprised of:

- Funding to cover approved eligible expenses (see Appendix A for a full listing) including an approved inflationary adjustment up to 4.7%, minus a parent fee of \$10 per day for each operational full-time operational space;
- A 5% Contingency Funding Allowance to assist Sites with fluctuating and/or unexpected approved eligible expense costs.
- Funding for the ECE Wage Enhancement at the same rate the provider would be entitled to as a non-\$10-a-day Prototype Site

Sites may have additional sources of funding beyond the operational funding provided by the Ministry, e.g., fund-raising, grants, donations, etc. Using other sources of funding to pay for approved eligible expenses may result in a Site's funding from the Ministry being re-couped as part of the financial review process (which will occur at the end of the Funding Agreement term) if this results in Surplus Funding.

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\$10-a-day Prototype Sites will be eligible for the ECE-WE and other initiatives as approved by the Ministry. \$10-a-day Prototype Sites may still access other Ministry New Spaces Fund<sup>4</sup> and/or Maintenance funding programs, based on the eligibility requirements of these programs.

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#### FUNDING NOT-FOR-PROFIT PROVIDERS

In BC, not-for-profit organizations, also known as societies, are independent, democratic organizations that are required to comply with the *Societies Act* and their own constitution and bylaws. A society must be overseen by a Board of Directors which is legally responsible for the governance of the organization. In order to ensure that Societies are well-established and maintain strong connections to their local community, not-for-profit Sites will be expected to maintain for the duration of the Funding Agreement:

- an open membership;
- a Board of Directors comprised of majority elected, unpaid board members;
- board members selected from the entire membership;
- the majority of the elected board members be full time BC residents; and
- registration as a not-for-profit under the *Societies Act*.

Funding for Not-For-Profit Sites will be provided based on approved eligible expenses (see Appendix A, Column A). Surplus Funding for these Sites will be calculated by the Ministry at the end of each Site's Funding Agreement term, up to a maximum of 5% of the total value of the Funding Agreement (excluding any payments received for ECE-WE which will be reconciled through a separate process). See 'Surplus Funding' section for more details.

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#### FUNDING HOME-BASED PROVIDERS

Funding for Home-based Sites will be calculated by the Ministry based on approved eligible expenses (see Appendix A, Column B). The Ministry will calculate eligible home and business-related expenses for Home-based Sites based on business use only (i.e., home space and time, vehicle business use only).

**Example:** A home-based provider uses 50% of their 3,500 square foot personal residence exclusively for the provision of child care, Monday to Friday, 12 hours per day. The provider's monthly mortgage payment (principle plus interest) is \$3,000.

***Proportional Use Calculation:***

Full Payment x space used % x time used % = business related expense amount; E.g.

\$3,000 x 50% of the space x 35% of the time = \$525 monthly approved eligible expense

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<sup>4</sup> Sites that choose to add net/new operational spaces (above the levels outlined in their Funding Agreement) will not receive additional funding under their Funding Agreement to deliver the new spaces at \$10/day.

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The Proportional Use Calculation will be applied by the Ministry to all other home related expense, such as BC Hydro, when determining a Home-based Site's monthly funding level. A template will be provided to Home-based Sites to assist them in providing the necessary information to the Ministry to determine their funding.

Surplus Funding for these Sites will be calculated by the Ministry at the end of the Site's Funding Agreement term up to a maximum of 5% of the total value of the Funding Agreement (excluding any payments received for ECE-WE which will be reconciled through a separate process). See 'Surplus Funding' section for more details.

**NOTE: Home-Based providers are required to declare a wage/salary in their monthly and financial reporting comparable to the wage of an Early Childhood Educator or Child Care Manager.**

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#### FUNDING CORPORATIONS, PARTNERSHIPS AND SOLE PROPRIETORS (NOT HOME-BASED)

Funding for Corporations, Partnerships and Sole Proprietors (excluding Home-based Sites) will be calculated by the Ministry based on approved eligible expenses (see Appendix A, Column C). Surplus Funding for these Sites will be calculated by the Ministry at the end of each Site's Funding Agreement term up to a maximum of 3% of the total value of the Funding Agreement (excluding any payments received for ECE-WE which will be reconciled through a separate process). See 'Surplus Funding' section for more details.

**NOTE: Corporations, Partnerships and Sole Proprietors (excluding Home-based) are not eligible to receive funding to cover mortgage payments for privately held assets. See Appendix A for further details.**

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#### DIRECT DEPOSIT

Be sure to set up an electronic funds transfer (EFT). This will allow for faster payments and shorter timelines to help avoid disruptions in case mail service is impacted. Each month the Sites receives payment, an email will also be received with an Electronic Statement of Payment.

- Providers who already receive direct deposit payments for the Affordable Child Care Benefit and Child Care Operating Funding Program do not need to re-apply.
- Complete a [direct deposit application](#), attach a personal void cheque or EFT form from the Site's financial institution or have the Site's financial institution complete Part 2 of the application.

Send the completed application with supporting documentation to the Ministry Liaison at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca). The Site will continue to receive payments by cheque until the application is processed which can take 4-6 weeks to process.

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#### UNEXPECTED CIRCUMSTANCES

The Ministry may grant, at its sole discretion, an increase to a Site's funding level in the event of extraordinary/unforeseen circumstances over the course of the Funding Agreement term which is deemed outside of the Site/operator's control.

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To receive additional funding, Sites will be required to demonstrate to the Ministry they have exhausted all other provincial funding programs and are facing unexpected operational expenses, including those resulting from, but not limited to:

- Unexpected, unplanned, and significantly expensive maintenance, repairs, or replacement of equipment due to damage or health and safety concerns (provided the facility has exhausted funding provided under the Childcare BC Maintenance Fund);
- A sudden and unexpected rent/lease or mortgage increase;
- A sudden and unexpected increase in operational expenses; and/or
- A sudden or unexpected increase/pressure outside of the control of the provider that impacts the facility's ability to remain operational.

\$10-a-day Prototype Sites wishing to be considered for additional funding under the above criteria will be required to present evidence to the Ministry that these unexpected expenses are authentic, are at arm's length from the Site's staff/operator and that operators have sought funding from other sources, if available. Any increase in funding associated will be proportional to that expenditure. Situations that will not be considered under this policy include, but are not limited to:

- Any cost increases arising from a landlord or staff member not at arm's length from the Site's staff/operator (e.g., a family member of a Home-based Site raises the rent beyond a reasonable amount);
- Retroactive funding requests for costs incurred prior to receiving confirmation from the Ministry that the expense(s) will be covered;
- Repairs that may be covered by Childcare BC Maintenance Fund and/or other funding source(s); and
- Capacity increase that may be covered through the Childcare BC New Spaces Fund and/or other funding sources.

Please contact the Ministry Liaison at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca) if you are experiencing an unanticipated increase in expenses that require additional operating revenue to remain viable.

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#### CLOSURE POLICY

Closure periods are any days in which a facility is not open and providing licensed child care, but do not include Provincial Statutory Holidays<sup>5</sup>.

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<sup>5</sup> New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, B.C. Day, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day and Boxing Day.



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**Planned/Scheduled Closures:** Childcare BC Universal \$10-a-day Prototype Sites may temporarily close during Statutory Holidays, as well as for two consecutive weeks per month, to a maximum of four weeks per fiscal year (the Maximum Scheduled Closure Period<sup>6</sup>) and continue to receive full funding for the period of closure.

**Additional Closures**

If a Site plans to temporarily close for a period of time which exceeds the Maximum Scheduled Closure Period, the Site must obtain written approval from the Ministry, prior to the closure. Further, the Site must not charge parent fees for the Additional Closure period, without prior written approval from the Ministry.

**Closures Due to Unforeseen Circumstances (e.g., inclement weather)**

If a Site must close due to unforeseen circumstances, the Site must contact the Ministry Liaison at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca) as soon as possible, and ideally before the temporary closure.

**Closures Due to COVID-19**

In the event a \$10-a-day Prototype Site temporarily closes by Health Authority Order or voluntarily due to exposure to COVID-19, the Site must immediately contact the Ministry Liaison at [MCF.Prototype@gov.bc.ca](mailto:MCF.Prototype@gov.bc.ca) and the following policies apply:

- **Operational Funding and the ECE-WE**
  - \$10-a-day Prototype Sites will continue to receive their regular operational funding, as per the Funding Agreement in place at the time of exposure, including during a period of temporary closure due to exposure to COVID-19 at the facility.
  - The Ministry may (in its discretion, and on a case-by-case basis) reduce the operational funding to cover fixed costs only (E.g., rent/lease) if the period of temporary closure extends beyond 14 calendar days. Sites in this circumstance should contact the Ministry to discuss options.
  - ECE-WE will not be provided during any periods of temporary closure.
- **Parent Fees and the Affordable Child Care Benefit (ACCB)**
  - A \$10-a-day Prototype Site that temporarily closes due to COVID-19 may not charge parent fees for the period of closure and is required to refund or credit parent fees that were collected in advance of the closure period.
  - Under the Child Care Subsidy Regulation, the ACCB is not available when a parent fee is not charged.
  - Any ACCB received in advance by the \$10-a-day Prototype Site for the period of temporary closure must be returned to the Ministry. The \$10-a-day Prototype Site should contact ACCB program through the Service Provider Portal or their usual contact preference to self-report the overpayment for assessment.

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<sup>6</sup> For clarity, the Maximum Scheduled Closure Period is defined as two consecutive weeks per month, to a maximum of four weeks per fiscal year, but does NOT include temporary closures for Provincial Statutory Holidays.

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## OVERPAYMENTS AND UNEARNED REVENUE

Overpayments are addressed in section 13.1 of the Funding Agreement, which provides:

“If funding is paid to you in an amount to which you were not eligible or entitled to receive under the terms of this Agreement, or you have reported expenditures using funding provided to you through this Agreement on expenses outside of those listed in the Eligible Operating Expenses table in Schedule B, then unless otherwise agreed by us, you will repay the full amount of any such overpayment as a debt due to us and we may, after consultation with you and, at our option, do any or all of the following:

1. recover the amount owed as a debt due to us in accordance with the *Financial Administration Act*; or
2. avail ourselves of any of the options set out in section 12.2 a. to d.

For clarity, funding paid to you in an amount you were not eligible or entitled to receive includes any overpayments made as the result of clerical or administrative error or miscalculation on our part or as a result of incorrect information supplied by you to us.”

### ***Clerical or Administrative Error***

Funding for child care spaces is provided in error because of misinformation provided to or by the Ministry, administrative error or miscalculation. For example:

- part-time spaces being incorrectly funded as full-time spaces;
- funding calculations based on incorrect information about the Site’s operational expenses; and/or
- funding calculations based on incorrect information about a Site’s maximum capacity.

Overpayments can also be a result of funds being pre-paid to a Site for contracted services that were not delivered (“unearned revenue”).

### ***Unearned Revenue***

Unearned Revenue can occur when the Site fails to use the funding as required under the Funding Agreement or for expenses deemed ineligible. For example:

- Ceasing to provide child care at the Site as required under the Funding Agreement; or
- Failing to provide a wage increase to Early Childhood Educators (ECEs) in the manner required when funding was received specifically for this purpose.

Unearned Revenue may also occur when service has not been deemed delivered, such as when funding is provided for enrolment based on maximum capacity, but enrolment is less than maximum capacity for a period of three consecutive months or more.

- Under section 3.3 of the Funding Agreement, if enrollment at a \$10-a-day Prototype Site falls below maximum capacity for a period of three consecutive months or more, the Ministry may adjust funding to reflect actual enrolment numbers. The funding amount that a \$10-a-day

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Prototype Site receives over and above the actual enrolment numbers would be considered an 'overpayment' under the Funding Agreement.

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#### **SURPLUS FUNDING**

Surplus Funding will be calculated by the Ministry at the end of the Funding Agreement term, based on the following formula:

Total revenue received under the Funding Agreement (except ECE-WE) – Eligible / Approved Expenses = Surplus/Deficit.

At the end of the Funding Agreement term, all Sites will be required to repay the Ministry all Surplus Funding, as follows:

- Not-for-Profit, Public, Indigenous-led or Home-based organizations – Surplus Funding exceeding 5% of the total value of the Funding Agreement (excluding any payments received for ECE-WE which will be reconciled through a separate process); OR
- All other organizations - Surplus Funding exceeding 3% of the total value of the Funding Agreement (excluding any payments received for ECE-WE).

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#### **REPORTING AND FINANCIAL REVIEWS**

##### ***Monthly Reporting***

The Ministry monitors and reviews \$10-a-day Prototype Site capacity, costs and expenditures through the Monthly Reports submitted by \$10-a-day Prototype Sites on the 20<sup>th</sup> of each month relating to the previous month. It is essential that these reports are completed on time to allow for communication with individual Sites as necessary to clarify or gather additional information before month end. Monthly Reports indicating a Site's funding is not at an appropriate level or is being used for ineligible expenses will result in further action by the Ministry.

##### ***Adjustments Based on Reported Enrolments***

If a \$10-a-day Prototype Site is operating under capacity (un-enrolled child care spaces) for a period of three consecutive months<sup>7</sup> or if the Ministry determines that a Site was funded for a larger capacity than it is able to provide or at a higher level than is warranted under the terms of the Funding Agreement, the Ministry will contact the \$10-a-day Prototype Site regarding the discrepancy and may adjust future funding amounts to

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<sup>7</sup> Funding agreements will be adjusted when a site falls below 80% enrolment for three consecutive months

better reflect actual enrollment/capacity as described in Schedule A of the Funding Agreement<sup>8</sup>. As per Ministry Financial Policy, under enrolment for more than 3 consecutive months will result in unearned revenue that must be recovered in full, including any Contingency Funding Allowance paid based on full enrolment.

### **Financial Review**

Financial Statements as outlined in Schedule D of the Funding Agreement are required by September 30, 2023 (6 months after the end of the term). During its review of these Financial Statements, the Ministry will determine if the Site will be required to repay any Surplus Funding. See Surplus Funding section for more information.

### **PARENT FEES**

Sites must continue to collect parent fees at prescribed levels, as follows:

<b>Enrollment</b>	<b>Maximum Fee</b>
Full days (4 hours or more), full time (M-F)*	\$200/month
Full days, part time (e.g., full day, 3x per week)	\$10/day to a maximum of \$200/month
Half days (four hours or less), full time (M-F)	\$140/month
Half days, part time (e.g., half day, 3x per week)	\$7/day to a maximum of \$140/month

\*Full time as per existing hours of service; does not include extended hours (before 6 am, after 7 pm, or overnight service).

Parent fees listed above do not include fees charged for extended hours and/or additional program/extracurricular activities. Note: The Ministry will require evidence of collection efforts by the Site prior to deeming unpaid fees an eligible expense.

### **AFFORDABLE CHILD CARE BENEFIT (ACCB)**

All \$10-a-day Prototype Sites must accept families eligible to receive the ACCB. Please note, reimbursement of prepaid parent fees once ACCB is received is not considered an approved eligible expense. Parents and operators can find more information on the ACCB here: [www.gov.bc.ca/affordablechildcarebenefit](http://www.gov.bc.ca/affordablechildcarebenefit)

### **ECE WAGE ENHANCEMENT (ECE-WE)**

\$10-a-day Prototype Site do not have to apply to receive the ECE WE. The Funding Agreement will include the Wage-Top-Up Funding Payments for each month, paid on the 1<sup>st</sup> day of the month on the day the Funding

<sup>8</sup> Please note, funding discrepancies involving Young Parent Program (YPP) facilities and/or spaces will be considered on the basis of factors specific to the Site's status as a YPP

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Agreement begins. The amount will be pre-determined as per the Site's application and ECE-WE eligibility. The pre-determined amount can be subject to adjustments during the Funding Agreement and will be reviewed by the Ministry for reconciliation 6 months after the end of the Funding Agreement. This reconciliation will result in one of three possible outcomes:

- A. Reconciliation results in no payment from the Site being required;
- B. Reconciliation results in additional payment from the Ministry to the Site; or
- C. Reconciliation results in repayment to the Ministry from the Site, which will be invoiced with payment due within 30 days.

In order to receive the ECE-WE for eligible ECE Staff, Sites must:

- Pay Wage-Top-Up Funding to eligible ECE staff in accordance the [ECE-WE Funding Guidelines](#);
- Within 30 days of receipt, issue the ECE-WE to eligible ECE staff, including staff who have earned the ECE-WE but are no longer employed at the \$10-a-day Prototype Site; and
- Pay the ECE-WE to eligible staff in advance of receiving reimbursement from the Ministry.

For additional information regarding the ECE-WE, please refer to the ECE-WE Funding Guidelines.



## APPENDIX A

### ELIGIBLE EXPENSES UNIVERSAL CHILD CARE \$10-A-DAY PROTOTYPE 2021 INTAKE

Column A - Not-for-Profit, Public, or Indigenous-led Sites

Column B - Home-Based organizations Sites

Column C – Corporations, Partnerships or Sole Proprietors (Not Home-Based)

Expense Type	A	B	C	Comments
<b>FACILITY</b>				
Mortgage (Principal plus interest)	Eligible	Partial	Ineligible	Partial for Home-Based Providers based on Proportional Use Calculation
Rent/Lease	Eligible	Partial	Eligible	
Strata Fees	Eligible	Partial	Eligible	
Property Taxes	Eligible	Partial	Eligible	
Utilities (electricity, gas, water, phone, internet, insurance)	Eligible	Partial	Eligible	
Upkeep (garbage removal, recycling charges, cleaning supplies)	Eligible	Partial	Eligible	
Facility maintenance and improvements (repairs, appliance/furniture replacement, snow removal)	Eligible	Partial	Eligible	
Insurance	Eligible	Partial	Eligible	
Janitorial services (by arm's length third party)	Eligible	Eligible	Eligible	
Vehicle(s) <sup>9</sup> – capital or lease costs	Eligible	Ineligible	Eligible	Must be used only for child care services
<b>HUMAN RESOURCES</b>				
Wages and benefits for child care staff (ECEs, ECE assistants, Responsible Adults, substitutes)	Eligible	Eligible	Eligible	Home-Based providers are required to declare a wage/salary, comparable to the wage of an ECE or Child Care Manager
Professional development and education	Partial	Partial	Partial	Up to a maximum allowance
Professional dues (membership fees)	Eligible	Eligible	Eligible	

<sup>9</sup> Only vehicles used by the program to transport enrolled children and when an additional fee is not charged for this service. If parents pay extra for this service, vehicle-related costs will not be considered an eligible expense. Personal use vehicles (with or without) advertising on the side are not considered an eligible expense.

ADMINISTRATION <sup>10</sup>				
Wages and benefits for non-child care staff (management / administrators, maintenance)	Eligible	Ineligible	Eligible	Not applicable for Home-Based Providers
Audit/Reviews	Eligible	Eligible	Eligible	Only covered where a provider's total funding agreement > \$100K
Business License	Eligible	Eligible	Eligible	
Accounting/Legal	Eligible	Eligible	Eligible	
Meals/Entertainment (business related)	Ineligible	Ineligible	Ineligible	
Office supplies and equipment	Eligible	Eligible	Eligible	
Amortization/Depreciation of Capital Assets	Ineligible	Ineligible	Ineligible	
Bank Charges	Eligible	Eligible	Eligible	
Fundraising Costs	Ineligible	Ineligible	Ineligible	
Recruitment and Retention (ECEs, ECE assistants, Responsible Adults, substitutes)	Eligible	Ineligible	Eligible	To be negotiated
Loans Repayment	Partial	Partial	Partial	To be negotiated
Taxes and CRA	Ineligible	Ineligible	Ineligible	
PROGRAM COSTS				
Food (meal programs for enrolled children)	Eligible	Eligible	Eligible	
Non-standard hours (extended hours, flexible care, overnight care)	Eligible	Eligible	Eligible	
Program supplies and equipment (books/toys, diapers, bedding, art materials, strollers, clothing <sup>11</sup> , other program equipment)	Eligible	Eligible	Eligible	
Non-Monetary Staff Bonuses/Gifts	Ineligible	Ineligible	Ineligible	
Health and Safety Supplies	Eligible	Eligible	Eligible	
Advertising and promotion	Ineligible	Ineligible	Ineligible	
Field trips	Partial	Partial	Partial	Up to a maximum allowance
Rental (equipment/off-site room)	Eligible	Eligible	Eligible	
Travel/Mileage/Vehicle Maintenance	Eligible	Partial	Eligible	Pro-rated for Home-Based Providers based on km used for business

<sup>10</sup> Administration costs are not to exceed 10% of the total Funding Agreement value

<sup>11</sup> Sites will be permitted a small clothing allowance for emergency clothing for children (e.g., dry socks, clean underwear, etc.). Funding for uniforms will not be considered an eligible expense.

OTHER				
Bad debts <sup>12</sup>	Ineligible	Ineligible	Ineligible	
Specialized instruction (yoga, dance)	Ineligible	Ineligible	Ineligible	Parents can be charged additional fees for such services on a cost-recovery basis only
Staff appreciation/events/meetings	Partial	Partial	Partial	Up to a maximum allowance
Vehicle rental	Ineligible	Ineligible	Ineligible	
Parent events (food, child-minding)	Partial	Partial	Partial	Up to a maximum allowance
Consulting	Ineligible	Ineligible	Ineligible	
Equipment purchases (capital assets, not including vehicles)	Ineligible	Ineligible	Ineligible	
Home improvement (owned property)	Ineligible	Ineligible	Ineligible	
ACCB Parent Fee rebate	Ineligible	Ineligible	Ineligible	
"Decorating" non child care areas	Ineligible	Ineligible	Ineligible	

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<sup>12</sup> "Bad debts" refers to debt incurred when families do not pay their parent fees.

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## Helpful Links

### Universal Child Care Prototype Sites

[www.gov.bc.ca/childcareprototypesites](http://www.gov.bc.ca/childcareprototypesites)

### Childcare BC

<https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children>

### ECE Recruitment and Retention Strategy

<https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children/recruitment-retention-strategy>

### The Affordable Child Care Benefit

[www.gov.bc.ca/affordablechildcarebenefit](http://www.gov.bc.ca/affordablechildcarebenefit)

### Child Care Resource and Referral

<http://www.ccr.bc.ca/>

### ECE-WE Funding Guidelines

[https://www2.gov.bc.ca/assets/gov/family-and-social-supports/child-care/child-care-operating-funding/2021-22\\_ece-we\\_funding\\_guidelines.pdf](https://www2.gov.bc.ca/assets/gov/family-and-social-supports/child-care/child-care-operating-funding/2021-22_ece-we_funding_guidelines.pdf)

### Childcare BC Maintenance Fund

<https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children/running-daycare-preschool/childcare-bc-maintenance-fund>

## MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT

DATE: November 19, 2021  
CLIFF#: 262504

DATE OF PREVIOUS NOTE (if applicable): June 25, 2021  
PREVIOUS CLIFF # (if applicable): 261316

**PREPARED FOR:** Kevena Hall, ADM, Child Care Division

**ISSUE:** Clarification of mortgage payments, eligible expenses, home based expenses and contingency funding for 2021 Intake \$10aDay sites.

### **BACKGROUND:**

Budget 2021 committed to converting 3,960 child care spaces (including 3,750 spaces at newly designated \$10aDay facilities, and 210 spaces at previously established \$10aDay facilities) to new \$10aDay spaces, through a net provincial investment of \$25.65M in FY 21/22, increasing to \$42.63M/year ongoing in FY 22/23.<sup>1</sup>

In order to develop a funding model to limit surplus and eliminate/limit funding of private assets of for-profit organizations and home-based providers, funding for the new 2021 Intake will be calculated based on expenses, (see CLIFF 261316). Given this shift in approach, further clarity is required regarding what types/portions of mortgage payments will be eligible, which expenses should be considered as eligible, the calculation/funding for home-based providers and whether a contingency funding allowance will be required under the new model.

The second Universal Child Care Prototype Site Application process was launched on July 20, 2021 and closed on Sept 7, 2021. This decision is time-sensitive, as negotiations with selected sites are targeted for the week of November 22<sup>nd</sup>.

### **DISCUSSION:**

The Ministry is seeking direction regarding the following four questions pertaining to 2021 Intake of \$10aDay sites:

1. For the purpose of expense eligibility, how will "mortgage payments" be defined?
2. Which expenses will be considered eligible for funding?
3. How will home-based providers' expenses be calculated and funded?
4. Should the Ministry provide a Contingency Funding Allowance in order to prevent temporary deficits and ensure sustainability?

#### 1. Mortgage Payment (Definition)

The Ministry has publicly committed<sup>2</sup> to providing operating funding towards mortgages for not-for-profit, public, Indigenous-led, and home-based child care facilities; however, funding for private assets of for-profit providers will not be permitted. The Ministry can further clarify public spending toward private assets by defining what is considered a "mortgage payment" for the purposes of the \$10aDay initiative.

<sup>1</sup> Gross investment for FY 21/22 is \$37.95M and \$63.1M ongoing annualized before the estimated cost saving impacts to ACCB, Base CCOF & CCFRI expenditures are factored in.

<sup>2</sup> Via the \$10aDay Application Guide released in July 2021.



For the 2021 Intake, the Ministry proposes that “mortgage payment” be defined as “principal and interest only” and not include other elements such as insurance, property taxes, etc<sup>3</sup>. For all providers depreciation of the asset would not be an eligible expense as this is a business expense reserved for the replacement of the asset at a future date. The proportion of a provider’s mortgage payment funded will depend on auspice, as follows:

- 100% of the mortgage payment (principal and interest) of not-for-profit, public and Indigenous-led entities;
- An amount of the mortgage payment (principle and interest) proportionate to the amount of property space and time that area is being used for child care purposes for home-based providers, using the calculation noted in Section #3;
- 0% of mortgage payments (principal and interest) of for-profit entities (except home-based providers).

Other ownership related business costs such as property taxes, strata fees and utilities would continue to be eligible for funding for all auspices. All \$10aDay sites, including for-profit and home-based providers, will be required to declare the site’s full expenses, (including mortgages and interest payments), even those not considered as eligible under the \$10aDay program, so that the full operational expenditures are known and understood by the Ministry. This allows the Ministry to evaluate the sustainability of both the site and the overall funding model.

#### **Options:**

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<sup>3</sup> Sites’ mortgages will only be funded at the rates submitted in their initial application in order to prevent sites from re-amortizing their mortgage over a shorter period of time, driving up the costs of their monthly payment and increasing the amount of public funding they receive.

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DECISION and SIGNATURE

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DATE SIGNED

6 of 11

Kevena Hall  
ADM, Child Care Division

**Attachments:**

Appendix A: Eligibility for Mortgage Payments

Appendix B: Eligible Expenses under the 2021 Intake \$10-a-Day Funding Model

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## Appendix A: Eligibility for Mortgage Payments

		Non-profit, Public, Indigenous-led	Home-Based Sites (11% of spaces / 20% of applicants)	Corporation, Partnership, or Sole Proprietors <sup>7</sup> (with non-homebased childcare sites)
Private home is the principal place of business ?		No	Yes	No
DEFINED MORTGAGE	Mortgage Principal * <i>not a tax deduction</i>	Eligible 100%	Eligible Proportional to Business Use	Not Eligible
	Mortgage Interest * <i>tax deductible</i>			Not Eligible
OTHER Home ownership costs	Property Tax * <i>tax deductible</i>			Eligible
	Strata fees & Utilities * <i>tax deductible</i>			Eligible



Eligible to claim costs related to mortgage/ownership



Eligible to claim rented or leased space costs partial costs related to mortgage/ownership



Not eligible to claim costs related mortgage eligible for other ownership related business costs

<sup>7</sup> For the purpose of this Note, "sole proprietors" does not include home-based child care providers.



**Appendix B: Eligible Expenses under the 2021 Intake \$10aDay Funding Model**

Eligible Expenses	Yes	Yes – Partial	No	Comments
<b>FACILITY</b>				
Mortgage	X	X	X	Yes for Public, Non-Profit, and Indigenous-led providers; No for Corporations, Partnerships and Sole Proprietors; and Yes Partial for home-based providers based on proportional use calculation
Rent/Lease	X	X		Pro-rated for home-based providers based on proportional use calculation
Strata Fees	X	X		Pro-rated for home-based providers based on proportional use calculation
Property Taxes	X	X		Pro-rated for home-based providers based on proportional use calculation
Utilities (electricity, gas, water, phone, internet, insurance)	X	X		Pro-rated for home-based providers based on proportional use calculation
Upkeep (garbage removal, recycling charges, cleaning supplies)	X	X		
Facility maintenance and improvements (repairs, appliance/furniture replacement, snow removal)	X	X		
Janitorial services (by arm's length third party)	X			
Insurance	X	X		Pro-rated for home-based providers based on proportional use calculation
Vehicle(s) <sup>8</sup> – capital or lease costs	X			
<b>HUMAN RESOURCES</b>				
Wages and benefits for child care staff (ECEs, ECE assistants, Responsible Adults, substitutes)	X			
Professional development and education		X		To be negotiated
Professional dues (membership fees, WorkSafe BC)	X			
<b>ADMINISTRATION<sup>9</sup></b>				

<sup>8</sup> Only vehicles used by the program to transport enrolled children and when an additional fee is not charged for this service. If parents pay extra for this service, vehicle-related costs will not be considered an eligible expense. Personal use vehicles (with or without) advertising on the side are not considered an eligible expense.

<sup>9</sup> Administration costs are not to exceed 10% of the total Funding Agreement value

Eligible Expenses	Yes	Yes – Partial	No	Comments
Wages for non-childcare staff (management/administrators, maintenance)	X			
Audit/Reviews	X		X	Only covered where a provider's funding agreement > \$100K
Business License	X			
Accounting/Legal	X			
Meals/Entertainment			X	
Office supplies and equipment	X			
Amortization/Depreciation			X	
Bank Charges	X			
Admin Staff Wages	X			N/A for home-based
Admin Staff Benefits	X			N/A for home-based
Fundraising			X	
Recruitment and Retention (ECEs, ECE assistants, Responsible Adults, substitutes)	X			To be negotiated
Loans Repayment		X		Must be negotiated at the time the Funding Agreement is put in place and will be based on what the loan is for
Taxes and CRA			X	
<b>PROGRAM COSTS</b>				
Food (meal programs)	X			
Non-standard hours (extended hours, flexible care, overnight care)	X			
Supplies and equipment (books/toys, diapers, bedding, art materials, strollers, clothing <sup>10</sup> , other program equipment)	X			
Non-Monetary Staff Bonuses/Gifts			X	
Health and Safety Supplies	X			
Advertising and promotion			X	
Field trips		X		To be capped – up to \$100 per child per year
Rental (equipment/off-site room)	X			
Automobile/travel/mileage	X	X		Pro-rated for home-based providers based on km driven for work as a percentage of the total km in the year.
<b>OTHER</b>				
Bad debts <sup>11</sup>			X	Can be covered by Contingency Funding or considered as a Hardship Claim

<sup>10</sup> Sites will be permitted a small clothing allowance for emergency clothing for children (e.g., dry socks, clean underwear, etc.). Funding for uniforms will not be considered an eligible expense.

<sup>11</sup> "Bad debts" refers to debt incurred when families do not pay their parent fees.

Eligible Expenses	Yes	Yes – Partial	No	Comments
Specialized instruction (yoga, dance)			X	Parents can be charged additional fees for such services on a cost-recovery basis only
Staff appreciation/events/meetings		X		To be capped at \$35 per staff per year
Vehicle rental			X	
Parent events (food, child-minding)		X		To be capped at \$25 per space per year
Consulting			X	
Equipment purchases (capital assets)			X	
Home improvement (owned property)			X	
ACCB Parent Fee rebate			X	
"Decorating" non child care areas			X	

**MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT  
DECISION NOTE**

**DATE:** May 21, 2021

**CLIFF#:** 255844

**PREPARED FOR:** The Honourable Katrina Chen, Minister of State for Child Care

**ISSUE:** Approach to for-profit space creation in Childcare BC Year 4 (2021/22) and beyond

**BACKGROUND:**

In September 2020, the Priorities and Accountabilities Cabinet Committee (P&A) approved the recommendation that by Year 10 of the Childcare BC plan, only public organizations, Indigenous governments, and non-profits would be eligible for provincial child care space creation funding. As a result, space creation grants would no longer be available to for-profit providers.<sup>1</sup>

This approach was recommended to P&A in order to:

- Ensure the investment of public space creation funding into non-profit and publicly-owned facilities;
- Further signal government's move away from market-based child care towards a universal, coordinated child care system;
- Recognize that as government moves towards a universal, publicly-funded, flat fee model of child care delivery, it may be cost prohibitive for for-profit providers to remain in the sector, making the creation of these spaces unviable in the medium-term; and
- Align with recommendations from the Provincial Child Care Council (PCCC) and the Coalition of Child Care Advocates of BC (CCCABC), who have long sought to end the provision of public funding to create for-profit capital assets.

Since that time, the Federal Government has announced the 2021/22 budget, including a commitment to build a Canada-wide, community-based system of quality child care. This commitment includes a focus on expanding non-profit (including public) child care spaces and a 50% reduction in average fees for regulated child care spaces by the end of 2022, building towards an average of \$10 a day for all regulated spaces in Canada by 2025-26.

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**DISCUSSION:**

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<sup>1</sup> With the exception of personal residence-based providers, who would continue to be eligible for Start-Up Grants to become licensed. Appendix A summarizes the September 2020 P&A decision.

## Summary of Operational Child Care & Space Creation

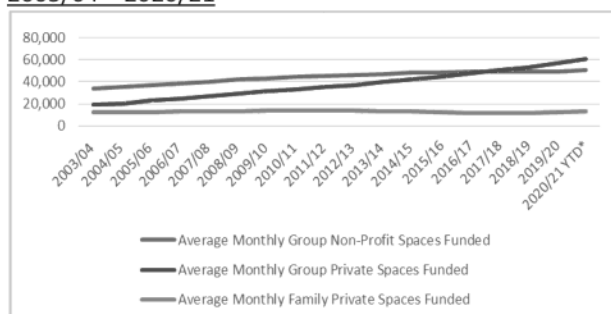
When considering operational child care broadly (Table 1), among operational CCOF and Prototype Site (PT) facilities in 2020/21,<sup>2</sup> 37% were run by for-profit group providers, which delivered 48% of the operational child care spaces. This means for-profit group child care providers make up the largest market-share of the child care sector in BC today.

**Table 1: Average Monthly Child Care Facility and Spaces by Child Care Provider Type, FY 2020/21**

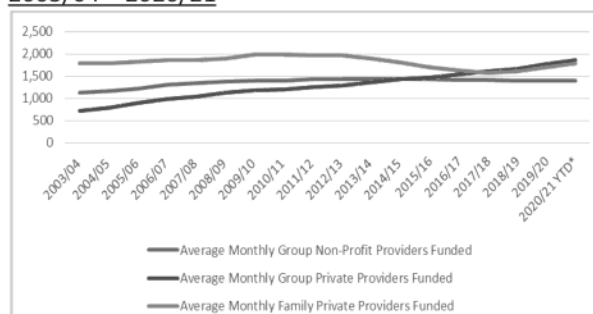
Child Care Provider Type	Facilities	%	Spaces	%
For-Profit Group	1,851	37%	60,968	48%
Non-Profit Group (includes public)	1,418	28%	52,234	41%
Family	1,774	35%	12,850	10%
<b>British Columbia</b>	<b>5,043</b>		<b>126,052</b>	

As shown in Figures 1 & 2, over the last three years, growth in the child care sector has been led by for-profit providers, with both the number of for-profit providers and the spaces they deliver outstripping not-for-profit and family providers starting in 2017/18.

**Figure 1: Average Monthly CCOF Spaces by Auspice, 2003/04 – 2020/21**



**Figure 2: Average Monthly CCOF Facilities by Auspice, 2003/04 – 2020/21**



Note: The CCOF data was extracted on 5 Jan 2021. The 2020/21YTD information were calculated using April to December 2020 data. Due to contract modifications and contract renewals, the 2020/21YTD CCOF figures are anticipated to increase in the remainder of the fiscal year. Average monthly Group and Family providers funded may not add up to average monthly all licensed providers funded due to rounding.

The ongoing growth among for-profit child care providers appears to be steady over the last 15 years. Starting in 2016/17 it appears not-for-profit/public space creation slowed and there may have been a slight acceleration of for-profit space creation. While only a small number of these providers have accessed New Space Funding grants, they all have opted to take advantage of one or more of the operation focused funding programs, including CCOF, CCFRI, ACCB and ECE wage enhancements. The uptake of these programs by for-profit providers indicates our current programs that offer funding for operational expenses highly benefits the for-profit business model, and are to date are not hindering for-profit space creation. In comparison, not-for-profit and public space creation appears to have levelled off.

<sup>2</sup> Does not include child care providers not enrolled in the CCOF or PT sites programs.

**Table 2** illustrates that in the first three years of the New Spaces Fund, 403 projects were funded representing over 18,000 spaces.<sup>3</sup> Of these, only 31.3% of projects representing 33.3% of spaces funded were for-profit projects. Many of these projects are still in development and are not yet operational, with a higher portion of for-profit provided spaces already operational. While the data in Table 2 is not directly comparable to the data in Figures 1 and 2, it is notable that the majority of not-for-profit/public projects funded by New Spaces Fund are not yet operational and would not yet be represented in the CCOF data.

Table 2: New Spaces Fund Funded Projects and Spaces (Years 1-3), by Child Care Provider Type

Provider Type	Projects Funded	Projects Operational	Spaces Funded	Spaces Operational
For-Profit	126 (31.3%)	64 (70.3%)	6,270 (33.3%)	2,846 (83.7%)
Public	201 (49.9%)	12 (13.2%)	9,747 (51.8%)	333 (9.8%)
Not-for-Profit	68 (16.9%)	12 (13.2%)	2,735 (14.5%)	200 (5.9%)
Family	8 (2.0%)	3 (3.3%)	58 (0.3%)	22 (0.6%)
<b>TOTAL</b>	<b>403</b>	<b>91</b>	<b>18,810</b>	<b>3,401</b>

**Decision Required: Should BC stop or reduce space creation funding to for-profit space creation starting in 2021/22:**

The decision to discontinue or reduce business/corporation eligibility to create privately owned child care facilities through the New Spaces Fund is distinct from, and does not impact, for-profit provider eligibility for operating funding.

For-profit providers will remain eligible for operating funding (provided that they opt-into the universal child care system), which will continue to support both current and expanded for-profit child care operations. Continued access to operating funding may encourage for-profit providers to create new child care spaces, regardless of the availability of space creation funding.

Eliminating or reducing space creation funding to create privately owned child care facilities may not significantly change the future growth of the for-profit child care sector given that the majority of new for-profit child care spaces did not receive space creation funding. Rather, the growth among for-profit providers may be most influenced by access to the operation funding programs.

However, discontinuing funding for privately owned capital projects would indicate Government's commitment to funding the growth of facilities owned by public and non-profit entities, which may best support public and not-for-profit providers, in alignment with the Federal child care plan, advice from PCCC and advocates, and most other Canadian jurisdictions (Appendix B). The resultant funds can in turn be spent on supporting expanding new public and not-for-profit child care spaces.

Notably, 2020/21 CCOF data shows that for-profit child care providers charge higher parent fees (Table 3) and pay their staff less<sup>4</sup> than the not-for-profit and public child care providers. Therefore, supporting expansion of public and not-for-profit child care providers also supports

<sup>3</sup> Numbers include Rapid Renovation Fund spaces, but do not include the MOU with the City of Vancouver.

<sup>4</sup> CCOF data shows median hourly wages were 8% higher for staff at non-profit facilities than for those at private facilities in 2020/21.

growth of child care that charge more affordable fees to families and better support the workforce.

Table 3: CCOF Facility Median Fees (2020/21), by Provider Type and Care Type

Provider Type	For-Profit	Non-Profit	Family
Group Infant	\$1,350	\$1,200	\$1,000
Group Toddler	\$1,260	\$1,075	\$950
Group 3 to 5	\$950	\$900	\$900

Notes: New CCOF facilities are defined as those that were not a part of the CCOF program in 2019/20; All parent fees are before the Child Care Fee Reduction Initiative (CCFRI) fee reduction; Data is as of 1 Mar 2020; Data Source: CCOF database and 2020/21 Provider Profile Survey

It is unknown what impacts the COVID-19 pandemic might have on applications for, and realization of, space creation. For-profit space creation projects tend to have lower up-front costs and tend to be renovations, which are realized more quickly than other projects. Incentivizing the creation of these spaces may contribute to economic recovery in the short-term.

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## OPTIONS:

**Option 1: (Recommended)** Discontinue for-profit eligibility (privately owned facility development) for the New Spaces Fund . Do not create any additional incentive programs.

*Pros:*

- For-profit space creation is trending upward indicating that funding space creation will further enable the disproportionate grow of this portion of the sector
- Immediately delivers on the P&A direction to discontinue funding for-profit capital projects by Year 10.
- Aligns with federal direction and the approach of most other Canadian jurisdictions.
- Immediately discontinues spending public funds on private for-profit assets, in alignment with recommendations from advocates and PCCC.
- Stops directly funding the expansion of for-profit child care and immediately shifts and prioritizes space creation funding towards public/not-for-profit space creation projects.

- For-profit providers would continue to be eligible for operating funding programs (CCOF, CCFRI, ECE-WE, ACCB) and in-home for-profit providers (including licensed family, in-home multi-age, group, and group multi-age programs) would continue to be funded through Start-Up Grants.

*Cons:*

- For-profit providers and opposition will likely object to this policy change, but it will be supported by advocates and the PCCC.
- COVID-19: For-profit space creation may contribute to economic recovery in the short term; however, these investments may have a lower long-term return on investment and poorer alignment to a universal child care system and economic recovery due to higher parent fees and lower staff wages.


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**RECOMMENDATION:**

**Option 1:** Discontinue for-profit eligibility for the New Spaces Fund. Do not create any additional incentive programs.

1 / 

June 17, 2021

**DECISION and SIGNATURE**

**DATE SIGNED**

Hon. Katrina Chen  
Minister of State for Child Care

**Attachments:**

- A. Priorities and Accountabilities Submission Recommended Options, September 2020
- B. Cross-Jurisdictional Scan of Capital Funding Eligibility by Applicant Type
- C. Overview of Potential Incentive Program Structures

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## A. Priorities and Accountabilities Submission Recommended Options, September 2020

Decision Point	Recommended Option
<u>Decision 1:</u> What should the governance and service delivery model look like in BC?	s.13
<u>Decision 2:</u> Who should be eligible to receive public funds for building new child care spaces by Year 10 of Childcare BC?	
<u>Decision 3:</u> How much should families pay for child care by Year 10 of Childcare BC?	
<u>Decision 4:</u> Who should be eligible to receive public funds for operating existing/new child care by Year 10 of Childcare BC?	

**B. Cross-Jurisdictional Scan of Capital Funding Eligibility by Applicant Type**

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**MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT  
DECISION NOTE**

**DATE:** June 25, 2021  
**CLIFF#:** 261316

**DATE OF PREVIOUS NOTE (if applicable):** May 21, 2021  
**PREVIOUS CLIFF # (if applicable):** 259381

**PREPARED FOR:** Honourable Katrina Chen, Minister of State for Child Care

**ISSUE:** Addressing Surplus and Private Assets at provincially-funded Universal Child Care Prototype Sites

**BACKGROUND:**

Budget 2021 announced a commitment to expanding access to \$10-a-day child care for families in communities across BC by converting 3,750 child care spaces<sup>1</sup> to new \$10-a-day spaces, through a new provincial investment of \$25.65M in FY 21/22, increasing to \$42.63M in FY 22/23.

This represents the first time provincial funding will be directed to support the delivery of \$10-a-day child care under Childcare BC, and offers the Ministry the opportunity to:

- Increase access to \$10-a-day child care into new communities in BC based on provincially-determined selection criteria and priorities;
- Broaden the initiative to enhance learnings into specific child care types; and
- Collect additional data on the costs of various types of child care, to support the development of a flat-fee funding formula in a universal system.

Briefing Note 259381 discusses MCFD's approach to expanding the number of \$10-a-day spaces, including how applications will be prioritized and assessed, contract length, and a timeline for implementing the expansion work.

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**DISCUSSION:**

**Decision #1: Surplus/Profit & Unearned Revenue**

During the 2018 application intake for Universal Child Care Prototype Sites (Prototype Sites or \$10-a-day sites), providers were asked to specify their current sources of revenue, rather than their costs for operating a child care facility. BC's current funding model for Prototype Sites replaces their identified sources of revenue (e.g. parent fees, government funding, fundraising, etc.) with provincial funding to ensure that "No child care provider is financially worse off as a

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<sup>1</sup> Additionally, Budget 2021 approved an increase of approximately 210 new \$10-a-day spaces at the current 51 Prototype Sites, for a total space increase of roughly 3,960 \$10-a-day spaces in 21/22.

result of participating in the Universal Child Care Prototype Sites Project”.<sup>2</sup> This funding model does not consider pre-existing profit margins, and as a result, some Prototype Sites receive provincial funding in excess of their operating expenses with the extra funding going to “profit”.<sup>3</sup> Additionally, each time a Funding Agreement is renegotiated, providers have the opportunity to request additional funding towards their growing operating costs. The Ministry reviews each of these requests individually and as a collective to ensure that the additional funding is justified and distributed equitably.

In addition, the Financial Reporting and Management Requirements MCFD Staff and Contractors, considers “unearned revenue” as funds that were pre-paid to a service provider for contracted services not delivered; “surplus” (or profit) is the amount of revenue that exceeds expenditures and occurs when expenses are less than the income received. A “significant surplus” is when the remaining funds exceed 5% or more of the total annualized contract value.

Unearned revenue at Prototype Sites typically occurs when enrolment or staffing levels at the facility measurably change over a number of months. When this occurs, Funding Agreements and payments are adjusted to better reflect the new enrolment or staffing level and to eliminate unearned revenue.

For Prototype Sites, the funding calculation involves (Prototype Site Operating Funding + Parent Fees) – (Expenses) = Surplus/Profit. According to the Malatest Final Evaluation report, Prototype Sites averaged a 2% surplus at the end of February 2020.<sup>4</sup> s.13; s.17

s.13; s.17

s.13; s.17

Expanding the number of

\$10-a-day sites offers an opportunity to modify the funding process to reduce the likelihood of surplus.

Moving forward, the Ministry could establish an expectation of zero or minimal surplus at the end of the Funding Agreement period, although to do so would require shifting how the Ministry funds new Provincial Prototype Sites. As discussed above, current practice is to fund sites based on their current sources of *revenue* (i.e. parent fees, fundraising, grants, etc) without consideration for the costs in operating a facility. In order to prevent surpluses from occurring, a revised practice would need to focus on *anticipated expenses* and provide sufficient funding to cover those costs. Focusing on expenses would also allow the Ministry to limit paying for privately-held assets such as mortgages.

In addition to modifying the way new \$10-a-day sites are funded, consideration must also be given for what to do in the event that a surplus occurs. The Ministry could:

1. Recoup all surplus at the end of the contract (no profit allowed); OR
2. Allow sites to retain *up to* 5% surplus at the Ministry’s discretion (i.e. based on reasons for the surplus to offset any future deficits that may occur and/or direct the use

<sup>2</sup> Universal Child Care Prototype Sites Policy and Procedures Manual, pg. 4

<sup>3</sup> Under the Societies Act, “societies must not distribute any of its money or other property other than (b) in furtherance of the purposes of the society.” Thus, not-for-profit organizations cannot profit from bring a Prototype Site.

<sup>4</sup> Pg. 83



of any surplus to specific activities.<sup>5</sup> Any remaining surplus beyond the 5% must be repaid to the Ministry. Funding Agreements that yield a 5% surplus, over more than one year, would require renegotiation of cost and/or service output targets (see Appendix A).

Setting different rates of surplus based on the auspice of the provider (i.e. up to 5% not-for-profit, public, Indigenous-led, and home-based sites and up to 3% for all corporations, partnerships, and sole proprietors) would allow the Ministry to control the amount of surplus for-profit organizations would be eligible to retain as profit. However, doing so could have implications across the broader social sector.

Careful consideration will need to be given to scenarios where sites without a surplus experience unexpected capital and/or emergency financial pressures. It is expected this approach to funding costs versus revenues would result in an increase in the number of hardship claims, requiring Ministry resources to approve/deny such requests. The Ministry has routinely retained a reserve of funding to manage these situations with exiting sites, but the amount of reserve will likely need to increase. s.13

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Switching to focus on expenses will impact the staffing resources needed to support the program. Additional staff with financial expertise would be needed to analyse financial statements for each site and the staffing resources, time and workload processes needed for recouping surplus funds would increase significantly.

s.13

## **Decision #2: Operating Funding used for Private Assets**

Using government funding to pay for privately-held assets is not a prudent use of public funds. Currently, rent/lease/mortgage payments (for both not-for-profit and for-profit providers) represent roughly 20% of an average provider's monthly operating expenses (with wages comprising the remaining 80%). s.17

s.17

Going forward, the Ministry could continue to provide operating funding towards mortgages for not-for-profit, public, Indigenous-led, and home-based sites, but not for for-profit sites. Funding for mortgages at home-based sites will need to align with Canadian Revenue Agency processes and calculations for determining business expenses. Home-based providers will also be required to claim a wage/salary (as this is not consistent practice across home-based

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<sup>5</sup> Allowing up to a 5% surplus is consistent with S. 46 of the Terms and Conditions of the Service Agreement Effective January 13, 2015 between MCFD and Contractors. Although Prototype Sites Funding Agreements do not have the same terms and conditions, the intent is to follow established practice.

s.17

providers). Arms-length lease/rent payments at for-profits providers will remain as an eligible expense as contributing to these costs does not result in public funding being used to secure a private asset.

s.13

### **Decision #3: Not-for-Profit/Society Governance**

In BC, not-for-profit organizations, also known as societies, are independent, democratic organizations that are required to comply with the *Societies Act* and their own constitution and bylaws. A society must be overseen by a Board of Directors which is legally responsible for the governance of the organization. s.13

s.13

In order to ensure that Societies are well-established and maintain strong connections to their local community, the following criteria<sup>7</sup> could be used as eligibility requirements:

- provincial registration as a society for a minimum of 4 years (if less than 4 years, societies must provide a letter of community support);
- an open membership;
- a majority elected, unpaid board members;
- board members selected from the entire membership, and
- the majority of the elected board members are full time BC residents.

s.13

### **OPTIONS:**

#### **Decision #1: Surplus/Profit & Unearned Revenue**

s.13

Option 1B: Revise the funding formula for new \$10-a-day sites to focus on expenses and limit the amount of surplus up to 5% of the Funding Agreement for all not-for-profit, public, Indigenous-led, and home-based sites and up to 3% for all corporations, partnerships, and sole proprietors (excluding home-based). **(RECOMMENDED)**

s.13

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<sup>7</sup> These criteria align with those used under the Community Gaming Grant program to determine organizational eligibility.

s.13

## **Decision #2: Operating Funding used for Private Assets**

s.13

Option 2B: Do not fund private assets (i.e. mortgages) of for-profit organizations and limit funding of private assets of home-based providers in alignment with Canada Revenue Agency business expense calculations and processes. **(RECOMMENDED)**

### *Implications*

- Public funds will not be going towards private assets for for-profit organizations
- Recognizes the dual-role of “residence” and “business” used by home-based providers
- Aligns with established federal business practices
- Unknown implications without additional sector engagement
- Will reduce interest in the initiative from for-profit and possibly for home-based providers
- May preference home-based providers who do not have a mortgage

## **Decision #3: No-for-Profit/Society Governance**

Option 3A: Establish assessment criteria to determine the stability and experience of not-for-profit organizations (including a requirement of 4 years of Provincial registration; or letter of community support from societies will less than 4 years’ experience) **(RECOMMENDED)**

s.13


## **RECOMMENDATIONS:**

**Option 1B:** Revise the funding formula for new \$10-a-day sites to focus on expenses and limit the amount of surplus up to 5% of the Funding Agreement for all not-for-profit, public, Indigenous-led, and home-based sites and up to 3% for all corporations, partnerships, and sole proprietors (excluding home-based).

**Option 2B:** Do not fund private assets of for-profit organizations and limit funding of private assets of home-based providers in alignment with Canada Revenue Agency business expense calculations and processes.

**Option 3A:** Establish assessment criteria to determine the stability and experience of not-for-profit organizations (including a requirement of 4 years of Provincial registration; or letter of community support from societies will less than 4 years' experience).

1B, 2B, 3A

  
**DECISION and SIGNATURE**

Katrina Chen

Minister of State for Child Care

July 15, 2021

**DATE SIGNED**

**Attachments:**

- A. Options and implications of revising the funding formula to limit/manage surplus

**Contact**

**Assistant Deputy Minister:**

*Kevena Hall  
Child Care Division  
778-974-5557*

**Alternate Contact  
for content:**

*Aleksandra Stevanovic  
Executive Director, Child Care  
Policy  
Jonathan Barry  
Executive Director, Child Care  
Capital and ECE Registry*

**Prepared by:**

*Julie Adams  
Manager, Child Care Policy  
250-208-3417*

Appendix A: Options and implications of revising the funding formula to limit/manage surplus'

Table 1: Implications of revising the funding formula to focus on expenses and limit surplus'

Implications	
Revised funding model to cover identified expenses	s.13

Table 2: Options for Surplus

Options for Surplus	Implications
1A: Surplus of up to 5% permitted for all sites; surplus above 5% is recouped at the end of the funding agreement term	s.13

Options for Surplus	Implications
	s.13
<p>1B: Revise the funding formula for new \$10-a-day sites to focus on expenses and limit the amount of surplus up to 5% of the Funding Agreement for all not-for-profit, public, Indigenous-led, and home-based sites and up to 3% for all corporations, partnerships, and sole proprietors (excluding home-based).</p>	<p>s.13; s.17</p> <p>s.13</p>
<p>1C: No surplus permitted for all sites (all surplus recouped at the end of the funding agreement term)</p>	

Options for Surplus	Implications
	s.13

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Withheld pursuant to/removed as

s.12



**PROVINCIAL CHILD CARE COUNCIL**  
**Affordability Working Group**  
**Meeting Notes**  
**Tuesday, August 3, 2021**  
**4:00 – 6:00 PM**  
Via: Zoom Teleconference

**Working Group:** Kim Adamson (Chair), Kevin Campbell, Tyler Summers

**Council:** Sandra Menzer, Rena Laberge, MaryLynne Rimer

**MCFD:** Teresa Butler, Kate Cotie, Julie Adams, Susan Karim, Michelle Kirby, Tam Scott

**EDUC:** Angie Calleberg

**Regrets:** Kelly Sidhu, Debra Bryant, Sarah Kozlowski

**Agenda Topics:**

s.12

**Discussion Notes:**

s.12

s.12

Meeting adjourned 5:58 PM.

## Questionnaire – Quebec Childcare Model

Thank you for your time in assisting us in our work to inform the design of a universal childcare model (UCM) in BC. We are undertaking this work on behalf of the BC Ministry of Children and Family Development (MCFD). We greatly appreciate all honest feedback, lessons learned and any information/materials you can share with us to help us inform the development of a UCM in BC.

We have conducted a preliminary jurisdictional scan and are in the process of engaging key stakeholders here in BC. However, a number of gaps remain in the information we require to support the Ministry in building out a UCM. Specifically, our work has revealed that there is only a limited amount of publicly available information related to public sector universal funding models (UFM), particularly as they relate to childcare.

Quebec has been a true innovator in this space. Specifically, we understand that Quebec has a mature universal childcare model, and we are hoping that we can learn from this experience and available resources to support the development of a similar model here in BC. We would therefore be grateful if you would consider answering the questions below as best as you can. Please indicate if you are not clear on how best to respond to a particular question and we can provide clarification.

We understand that this is a significant effort for you and so if you have available materials / documentation (e.g., presentation materials, procedures manuals, policy documents, guides) that cover a range of the questions below, we would be grateful to receive these. We can then revise our questions, based on a review of these materials. Please note that we will treat these materials with strict confidentiality as we have signed individual NDAs with MCFD.

At a high level, the four questions we are trying to answer are:

1. What is the design of Quebec's Universal Childcare System?
2. How is Quebec's Universal Childcare System funded?
3. What is the governance / assurance (quality, financial, operations) model for Quebec's Universal Childcare System?
4. How was Quebec's Universal Childcare System implemented?

***Please provide written feedback directly into this Word document to the following questions:***

## **I. Scope of Eligibility**

- a. Who is eligible to access UCM childcare in Quebec?
- b. What ages does your UCM support?
- c. What parents/families (e.g., Quebec resident, citizenship, income)?
- d. What factors do you take into account when calculating the specific Parent Fee paid by a family?
  - i. Family income e.g., flat fee cap or an income sliding scale? Who administers the income-test? How did you establish the fee cap / sliding-scale? Do you adjust based on CPI?
  - ii. Special Needs?
  - iii. Are there differences for 2<sup>nd</sup>, 3<sup>rd</sup> child etc.?
  - iv. Other factors?
- e. Which types of childcare operators are eligible to participate in UCM and receive direct funding (licensed/unlicensed, non-profit, government-run, private centre-based, private home-based sites, schools)?

## II. Scope of Services included in the UCM

- a. Which childcare services can be offered by childcare operators and are funded by the Ministry and which services are explicitly excluded?
  - i. Part-time / full-time childcare
  - ii. Pre / post school care
  - iii. Extended hours
  - iv. Weekends
  - v. Evenings
  - vi. Overnight
- b. What additional services can be offered by childcare operators and are funded by the Ministry? What were the key considerations in making the decision to include or exclude these additional services? What have been the benefits or consequences of these decisions (if known)?
  - i. Snacks & meals
  - ii. Extra-curricular activities (e.g., music, yoga)
  - iii. Educational programming (e.g., reading/writing, math)
  - iv. Inclusion programming
  - v. Transportation
  - vi. Others
- c. What discretion do operators have within the UCM to charge *additional* parent fees (e.g., mandatory fees like registration/enrollment fees, diapers, uniforms/clothing)?
- d. What discretion do operators have within the UCM to charge *optional* parent fees (e.g., choice to pay extra for piano lessons, yoga)?

- e. How does the UCM support access and quality for disadvantaged and diverse families  
e.g., special needs, indigenous populations, other?

### III. Funding Model (FM) Design

- a. How is funding provided to participating childcare operators? Based on a formula, cost-pass through, funding caps, hybrid, other?
- b. How do you account for the range of factors that affect the childcare operator's actual costs?
  - i. Size of facility e.g., # of licensed spaces. Is the funding based on number of spaces, per child per day, other?
  - ii. Enrollment rates, attendance rates? How do you account for under-utilization?
  - iii. Child's age e.g., infant/toddler? Childcare staff certifications / experience? Specialist? (special needs, indigenous training/ certificates)
  - iv. Urban vs rural vs. remote sites? Are other geographic factors (e.g., climate) around relative costs considered?
  - v. Ownership types? (licensed/unlicensed, non-profit, government, private, in-home sites)
- c. What other factors do you consider in establishing the funding for a childcare operator?
- d. How are facility costs accounted for in the funding model? How do you distinguish between non-profit vs private operators, tenant vs. property owners?
  - i. Rent vs. mortgage (principal and interest)
  - ii. Utilities, property insurance & property taxes
  - iii. Vehicles & buses (owned vs. leased)
  - iv. Regular maintenance (annual/monthly) – landscaping
  - v. Emergency facility repairs – burst water tank, roof leak
  - vi. Facility upgrades – accessibility, environmental

- vii. Medium-term maintenance (every 5-10 years) – repainting, appliance replacement
  - viii. Long-term maintenance (every 15+ years) – windows, roof replacements
  
- e. What types of funding are provided for (or accounted for) professional development / training of childcare staff?
  
- f. How do you account for non-childcare human resources costs e.g., facility management, accounting/bookkeeping, HR, cleaning/janitorial, nutritionist/chef?
  
- g. How do you fund childcare for non-standard hours like extended hours, flexible care (last minute drop-in care) and overnight care?
  
- h. What discretion has the Ministry built into the funding model? Are there more common exceptions from the funding model?
  
- i. Did you (or are you) consider/trial other funding models? What was your experience?



#### IV. Funding Processes

- a. What is the flow of funds between the Ministry, parent/family and childcare operator?

At what frequency are funds transacted e.g., monthly, quarterly, other? Can you describe the funding administrative processes e.g., to establish funding for the next period?

- b. What assurance activities does the Ministry conduct, e.g., reports (financial, utilization/enrollment, wait list, quality, other?), audits?
- c. Is funding contingent on childcare operator performance (e.g., quality scores or metrics), licensing compliance audit, reporting/transparency expectations, or other criteria? Please explain what criteria/methodologies you apply.
- d. What is the Ministry's position related to operating surplus or profit while being funded by your UFM?
- e. What are some of the key strengths and weaknesses (if any) with these processes?

## V. Licensed Caregiver Workforce

- a. How have you built workforce capacity (attraction/recruitment, retention) to support the growth of UCM?
- b. Do you have a 'wage-grid' for licensed caregivers? Can you share?
- c. How is the wage-grid incorporated into the funding model?
- d. What experiences with the workforce could you share to help BC's successful transition and growth of a UCM?

## VI. Transition to UCM

- a. What was the transition strategy for UCM in Quebec? Was there some phasing of one or more (or other) ages of children, childcare provider type, geographic, other?
- b. Over what time period did the transition occur?
- c. During the implementation / transition how did you manage the gap between demand and available capacity? What processes / criteria do you use to allocate childcare spaces to families ( e.g., prioritization based on birthdate, income-status, other priority groups, geography, sibling)?
- d. What strategies did you use to incent licensed childcare providers (public, private) to opt-in to the UCM?
- e. What barriers did you observe that may prevent childcare operators from opting into the UCC/UFM in the near term and over the long term?
- f. What strategies did you use to incent unlicensed childcare providers to become licensed and opt-in ( e.g., grants)?
- g. What transitional policies were incorporated? What milestones led to removing these transitional policies?
  - i. Modified funding policies to smooth transition e.g., leases
  - ii. Wage-grid adoption
  - iii. Staffing certifications, staff to child ratios
  - iv. Absenteeism / 'hoarding' of spaces
  - v. Intervening in managing wait lists / access
  - vi. Others?

## VII. Expansion of UCM

- a. How did the UCM childcare capacity grow over time (# of spaces over time by childcare operator type)? What was happening to explain this growth / shift?
- b. Does the current UCM capacity meet Quebec's objectives for childcare access? If not, what are Quebec's strategies to build additional capacity?
- c. How does the Ministry monitor / manage the capacity to meet evolving demands for childcare (e.g., wait list management, prioritized access)?
- d. How do you make use of a public operator registry? How does it work?
- e. Do you make use of a child/parent registry? How does it work?

## VIII. Trends

- a. Given the maturity of Quebec's UCM, do you have a perspective on some longer-term trends in childcare delivery and implications for your own system? (demographic questions affecting demand, unintended consequences of policy or subsidy etc.). Is there anything you would do differently?
- b. Are we missing any important considerations or implications that might not have been covered earlier? Are there any other thoughts, concerns, or information you would like to share with us to help us avoid mistakes or issues down the road in our funding model designs?

## Questionnaire – Jurisdictional Scan of Childcare Models

Thank you for your time in assisting us in our work to inform the design of a universal or low-fee childcare model (UCM) in BC. We are undertaking this work on behalf of the BC Ministry of Children and Family Development (MCFD). We greatly appreciate all honest feedback, lessons learned and any information/materials you can share with us to help us inform the development of a UCM in BC.

We have conducted a preliminary jurisdictional scan and are in the process of engaging key stakeholders here in BC. However, a number of gaps remain in the information we require to support the Ministry in building out a UCM. Specifically, our work has revealed that there is only a limited amount of publicly available information related to public sector universal funding models (UFM), particularly as they relate to childcare.

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We understand that this is a significant effort for you and so, if you have available materials / documentation (e.g., presentation materials, procedures manuals, policy documents, guides) that cover a range of the questions below, we would be grateful to receive these. We can then revise our questions, based on a review of these materials. Please note that we will treat these materials with strict confidentiality as we have signed individual NDAs with MCFD.

At a high level, the four questions we are trying to answer are:

1. What is the design of your jurisdiction's Universal Childcare System?
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3. What is the governance / assurance (quality, financial, operations) model for your jurisdiction's Universal Childcare System?
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  - iv. Inclusion programming
  - v. Transportation
  - vi. Clothing / uniforms
  - vii. Others
- c. What discretion do operators have within the UCM to charge *additional* mandatory parent fees (e.g., fees like registration/enrollment fees, diapers, uniforms/clothing, additional classes, field trips)?



- d. What discretion do operators have within the UCM to charge *optional* parent fees  
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- b. Are we missing any important considerations or implications that might not have been covered earlier? Are there any other thoughts, concerns, or information you would like to share with us to help us avoid mistakes or issues down the road in our funding model designs?





**(Inclusive Universal Child Care /Financial Modelling)**

<b>Issue Date:</b>	<b>July 28, 2021</b>
<b>Required Response Date:</b>	On or before <b><u>August 12, 2021 12:00 pm PST</u></b>
<b>Submission Method:</b>	Please submit your complete response by <b>email only</b> to <a href="mailto:Mathew.Klus@gov.bc.ca">Mathew.Klus@gov.bc.ca</a> ,  <u>Cc:</u> Hiwot.Nigussie@gov.bc.ca

This Request for Proposals (RFP) Invitation is being sent by the Ministry of Children and Family Development to those Qualified Suppliers who had previously qualified under the **Financial Analysis and Economic Modelling** following RFQ SPO-3885, issued by the Strategic Partnerships Office (SPO) of the Ministry of Citizens' Services.

Submissions will be reviewed by assessing a proponent's relevant work experience against the requirements described below. The selected proponent may be required to complete the attached Privacy and Information Sharing: Awareness Training for Contractors and Service Providers course.

**GOVERNMENT CONTACT PERSON**

All enquiries related to this Request for Proposals (RFP) Invitation, including any requests for information and clarification, are to be directed, in writing, to **Mathew Klus** at [Mathew.Klus@gov.bc.ca](mailto:Mathew.Klus@gov.bc.ca), and cc: Hiwot Nigussie at [Hiwot.Nigussie@gov.bc.ca](mailto:Hiwot.Nigussie@gov.bc.ca). Questions and responses that have relevance for the submission will be shared with all parties.

**CONFIDENTIALITY NOTICE**

All information provided in this document as well as all associated documents are strictly confidential and not for distribution. Proponents are reminded of their responsibility under section 10.1 of the Framework Agreement. If you have any questions or concerns, please contact the Ministries in writing through the email address above.

# REQUEST FOR PROPOSAL

**(Future State of Childcare BC Operational Funding /Financial and Data Modelling)**

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# REQUEST FOR PROPOSAL

## (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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### 1.0 BACKGROUND

In British Columbia, child care is delivered through a variety of independent service providers including public, private (for-profit), home-based and not-for-profit providers. Service providers (caring for more than two children or a single sibling group) must be licensed under the *Community Care and Assisted Living Act* and Child Care Licensing Regulations, which outlines specific facility, educator and health/safety requirements for various categories of licensed care.

The Ministry of Children and Family Development (MCFD) is the lead provincial Ministry responsible for implementation of the provincial Childcare BC Plan (2018), which articulates government's commitment to transition from a fragmented system of care to a universal system that will provide affordable, quality and inclusive child care to every family that wants or needs it over a ten-year period (e.g. by 2028). The Plan focuses on three primary "pillars" or priorities of:

1. improving (parent) affordability for all families, with particular priority on low-income families,
2. accessibility (e.g. increasing the number of available licensed inclusive child care spaces over time), and
3. quality (e.g. a well-supported and professional workforce).

In addition, the Plan includes an emphasis on supporting and advancing inclusive child care that is available to all children, including children from diverse backgrounds and children with support needs, as well as supporting the delivery of Indigenous-led child care for Indigenous children. The Plan is provincially funded; however, it is also complemented by federal investments made by the Government of Canada under a bilateral agreement on early care and learning (ELCC Agreement).

Since the release of the Childcare BC plan in 2018, government has restated its commitment in the 2020 Minister mandate letters. These letters included a commitment to move the delivery of child care from MCFD to the Ministry of Education (EDUC) and integrate child care into the broader learning environment by 2023. Additionally, on July 8, 2021, the Government of Canada and the Province of BC announced a new bilateral agreement (in addition to the ELCC Agreement) which will provide BC with \$3.2 billion over a five-year period (and ongoing thereafter), to implement a universal, accessible and high-quality child care system for all families that want or need it. Specifically, in the ELCC Agreement commits to reducing average parent fees regulated and licensed child care for children aged 0-5 by 50 percent by December 2022.

The first three years of the Childcare BC Plan (2018/19 – 2020/21) included a comprehensive set of actions to address the three pillars of improving the affordability, accessibility, and quality of child care. These actions reflected government's initial steps towards a cohesive, publicly managed universal child care system. Specifically, the affordability measures expanded existing benefit

## REQUEST FOR PROPOSAL

### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

programs for families, and created new programs aimed at moving towards a combination of income-tested and universal benefits as well as reducing costs for families at all income levels for licensed inclusive child care, as reflected in Table 1.

**Table 1. Supports for Parents and Providers under Childcare BC<sup>1</sup>**

Target	Program/Initiative	Detail
Providers	Child Care Operating Funding	Operational funding for licensed facilities – covers roughly 9-12% of an average facility's monthly operating expenses
	ECE Wage Enhancement	Operational funding for licensed facilities to provide \$2/hour wage enhancement to front-line ECEs <sup>2</sup>
	Maintenance Fund	Operational funding for licensed child care providers to conduct emergency repairs/upgrades and/or relocation costs
	New Spaces Fund / Start-up Grants	Grant funding to eligible organizations to support the creation of new licensed child care spaces
Parents	Affordable Child Care Benefit	Income-tested monthly benefits to eligible low- and middle-income families to reduce out of pocket costs of child care (supports children 0-12 years, or higher in some circumstances)
	Child Care Fee Reduction Initiative	Monthly benefit(s) to families (regardless of household income) accessing care at participating facilities to reduce the cost of child care (supports children 0-5 years)
	Supported Child Development (SCD) / Aboriginal SCD	Contractual funding to eligible organizations to enable children with support needs to participate in child care

In addition to the supports outlined in Table 1, the province concurrently supports the delivery of low/no-cost child care through two federally-funded initiatives – the Universal Child Care Prototype Sites which currently support approximately 2,500 licensed child care spaces at over 50 child care facilities located across the province, and an expansion of the Aboriginal Head Start program, currently supporting roughly 650 spaces to provide culturally responsive child care at no cost to Indigenous families. The Province recently announced a provincially-funded expansion of the \$10/day sites under Budget 2021, which will increase these spaces to roughly 6,500 spaces and then with the additional announcement of the Canada Wide Early Learning and Child Care announcement, additional funding will increase the total \$10/day spaces to 12,500 \$10/day spaces

<sup>1</sup> Some of these supports (i.e. CCOF) existed prior to the Childcare BC plan, and were enhanced as part of the plan. Additional supports not reflected in Table 1 include Child Care Resource and Referral programs, the ECE Registry, professional development supports/training for ECE's, facility licensing/monitoring, early learning supports, Young Parent Programs, etc.

<sup>2</sup> Increasing to up to \$4/hr in September 2021.

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## (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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by December 2022, as well as an additional 800 Aboriginal Head Start spaces funded by March 2023.

An arms-length evaluation was conducted on both the Prototype Site and Aboriginal Head Start initiatives between 2018-2020 to help inform next steps towards implementing an inclusive universal child care system and Indigenous-led child care. The [evaluation report](#) identified four potential approaches to funding child care providers to deliver low-cost child care. The results of the evaluation will serve as a source of information to inform the detailed model development.

In order to implement a universal inclusive child care system in BC, a re-envisioned funding model is required to replace some or all the existing array of operating funding streams outlined in Table 1 to support the provision of low-cost inclusive child care, with consideration for additional supports for low-income families and inclusive settings as well as any considerations specific to home-based and culturally safe child care that supports Indigenous families within the universal system.

The intent of the funding model is to support equity of access for any family that wants or needs licensed child care and ensure families pay a consistent low-cost fee within eligible licensed child care categories and provider types. For the child care sector, the funding model must be transparent, equitable and should clarify and streamline the funding structure for different types of child care operations. The funding model will meet provincial commitments under the Canada BC ELCC Agreement.

## 2.0 SCOPE OF WORK

MCFD is seeking the assistance from **one team** of private sector consultants to engage with the child care sector to develop the core components of a funding model and provide financial modelling options to streamline the child care operational funding. The project will provide information to understand the cost and service delivery implications of a future operational funding model or models for licensed child care providers that deliver government funding that enables child care operators to deliver affordable child care to families for a consistent low-cost fee. This future operational funding model will shift from the current system of separate and distinct operating funding programs to an all-inclusive funding approach

The development of funding model(s) to support an inclusive universal child care system is a multi-phase project.

- Building on the policy work to date, through a review of the Provided Materials, as per section 7.0 and a jurisdictional scan, the first phase of the project includes engagement with the child care sector to evaluate and confirm known core components of child care service delivery and identify and evaluate other potential components to be included in the funding model(s). This phase will define the eligible expenses and tiers of service to be covered by provincial funding.

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### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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- The second phase will be the technical development of proposed funding model(s) and detailed costing forecast of each model implementation. This phase will include a second engagement session with child care sector stakeholders to verify inputs and inform model finalization.
  - The third and final phase will be the development of the report and recommendations to the Ministry and presentation of findings.

#### In Scope

- Conducting sector engagement to develop core components of funding model
- International and national jurisdictional scan
- Development of funding model options, which will include a detailed technical analysis
- Consideration of all types of licensed child care service such as centre-based, home-based, or care on school grounds, and consideration of the funding model used by the Ministry of Education
- Conducting sector engagement for input verification
- Report development and presentation of findings

#### Out of Scope

- Organizing and inviting participants for the phase one sector engagement. engagement .
- Organizing and inviting participants for the phase two sector engagement. .
- A funding model for Indigenous-led child care. A funding approach for Indigenous led child care will be established through a parallel process with Indigenous rightsholders.

### 3.0 PROJECT OBJECTIVES

- Analyse current cost of licensed child care operations in British Columbia, with cost driver information as provided by the Ministry in Provided Materials and from sector consultations.
- Model different variations of service inclusion and funding models for all types of licensed inclusive child care, identifying implications for each scenario.
- Provide cost projections of each proposed funding model considering macro-economic and population-based projections, providing an overall costing of the future state of inclusive universal child care when fully implemented, including both the provincial government's estimated funding contribution and estimated total sector operational costs.
- Model the cost implications of various transition rates from the current funding streams to each proposed funding model and the estimated supply of licensed child care spaces at relevant transition points.
- Provide consideration of the model(s)' implementation and effectiveness with child care delivered under the governance of the Ministry of Education and through the evolving service delivery model.

## REQUEST FOR PROPOSAL

### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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- Identify ways in which the non-profit/public/for-profit/home-based child care and public education sectors will respond to and perform in the proposed funding models over the short, medium and long term.

#### 4.0 SCHEDULE

- Work is to begin by August 23, 2021
- Engagement on core components is to take place from August 25 to September 15, 2021
- A high level overview of key learnings from phase one work by September 20, 2020
- The delivery date for the report on core components of service is September 24, 2021
- The delivery date for the draft project report final report is February 15, 2022
- The delivery date of the final project report is May 2, 2022

#### 5.0 ACTIVITIES

The following actions and activities will be required to deliver on the project objectives:

##### Model Development

1. Conduct a jurisdictional scan of operational funding models used in other provincial and international jurisdictions with universal child care systems, including the model used by the Ministry of Education.
2. Conduct sector engagement to seek input on core components of child care service for inclusion in the universal funding model.
3. Analysis of detailed cost drivers of the potential and/or presumed components of the child care funding model in BC.
4. Development of multiple models (variations) for all licensed child care types in B.C. that can be operationalized to deliver affordable care to families for a consistent low cost and working towards \$10/day care, with consideration for all the following:
  - a) Auspice (for profit group, non-profit group, public, and home-based providers)
  - b) Care type (infant, toddler, 3 to 5 years, pre-school, school-age care, multi-age)
  - c) Geographical region (including regional; and urban vs rural vs remote considerations)
  - d) Location (on/off school grounds, centre-based versus home-based)
  - e) Operational costs, based on developed core components
  - f) Support for inclusive child care settings
  - g) Support for culturally safe child care for Indigenous families within the universal system
  - h) Other relevant inputs

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### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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5. Conduct sector engagement with stakeholders to verify inputs and inform model finalization.
6. Cost comparison of the current state of Childcare BC program funding and the future state under each developed funding model option. Analysis will include:
  - a) Estimation of overall cost to the province in shifting from current state to future state of program funding and the estimated total sector operational costs
  - b) Analysis of cost implications in shifting from current state to future state
  - c) Estimated costs of future state over a short, medium and long-term period, inclusive of recommendation on timing of introduction, transitional costs, the pace of system revision (gradual, moderate, rapid), the estimated supply of licenced child care spaces and the rate of parental uptake
  - d) Financial and service delivery impacts for current child care providers in shifting to future state model(s)
7. An assessment of transitional consideration for government as it moves to the Ministry of Education and in consideration of the K-12 system of funding including systems, procedures and processes.

#### Feedback and Presentation

8. A re-engagement with representatives from the child care sector, as invited by government, to present assumptions and inputs into universal funding model development.

#### Project Finalization

9. Final presentation and discussion of models and system implications to ministry representatives.
10. Training sessions with ministry staff on the use of the model, including assumptions and making changes to the model over time.
11. Training session(s) with ministry staff on the approach to implementation and operationalization of the proposed funding models.

## 6.0 DELIVERABLES

#### The Contractor will:

- Attend an initial kick off meeting to discuss project parameters, expectations, and processes.
- Develop a plain language engagement approach and materials that supports indigenous cultural safety in collaboration with Ministry staff
- Meet with the project team every 2 weeks, or on a cadence as determined by the Ministry, to discuss project insights and learnings. The Contractor is expected to provide a written summary, presentation materials, and other working documents to the Ministry of topics covered no later than 72 hours following the meeting.



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- A core component report submitted no later than the date specified in section 4.0 documenting the recommended core components of inclusive child care service and rationale for inclusion in the universal funding model. The contractor will consider and/or incorporate feedback provided by the Province to finalize the core component report.
  - A draft project report submitted no later than the date specified in section 4.0 including at a minimum and considering and/or incorporating feedback provided by the Province.
    - a. analysis of the cost drivers for the core components of the funding model;
    - b. a summary of the jurisdictional scan on funding models used in other international locations with universal child care systems.
    - c. One or more funding model(s) to support the delivery of a flat fee to families developed with consideration to all elements included in section 5.0 (4) a-h
    - d. A current and future state comparative analysis of the proposed funding model(s) and the existing funding approach to Childcare BC delivery, including but not limited to, all elements included in section 5.0 (6) a-d.
    - e. A discussion on transitional considerations for both the government and the child care and education sectors.
    - f. A summary of the feedback and presentation provided to sector stakeholders as per section 5.0 (5)
    - g. Key findings, assumptions and recommendations
    - h. A discussion on limitations to the project's findings
  - Provide a presentation summarizing the engagement process, findings, key themes, and options and/or recommendations, to provincial executive as scheduled by the ministry project team.
  - Submit a final report no later than the date specified in section 4.0 considering and/or incorporating feedback provided by the Province.

## 7.0 PROVIDED MATERIALS

The Ministry will provide of materials outlining current knowledge and policy work related to the cost of operating a child care site in BC. Included materials are listed below. Additional materials may be provided upon contract finalization.

- Evaluation and Analysis of Childcare BC Universal Prototype Sites
- Administrative data from MCFD administered child care programs including:
  - Child Care Operating Funding Program (CCOF)
    - Annual survey results of CCOF/Universal Child Care PT sites providers
  - Child Care Fee Reduction Initiative (CCFRI)
  - Affordable Child Care Benefit (ACCB)

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- Early Childhood Educator Wage Enhancement (ECE WE)
- Canada- British Columbia Canada-wide Early Learning and Child Care Agreement
- Information on the current provincial funding model for K-12 education
  - Current Model [Overview of the 2021/22 Operating Grant Allocation Formula](#)
  - Current operating grant [Manual Operating Grants Manual 2021-22](#)
- Proposed K-12 Public Education model and background materials:
  - [Guiding Principles for the Review: Principles Funding Model](#)
  - Interjurisdictional PDFs attached (Phase 1)
  - A discussion paper used to lead introduce work on the Independent Review: [Independent Review Panel Funding Model What We Heard](#)
  - [‘Improving Equity and Accountability: Report of the Funding Model Review Panel’](#)  
[Independent Review Panel - Final Report](#)
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## 8.0 EVALUATION

The Province will use the following evaluation criteria in identifying the successful proponent:

MANDATORY REQUIREMENT	
1. The Response must be in English and received by email on or before August 12, 2021 12:00 pm PST to <u>Mathew.Klus@gov.bc.ca</u> with attention to Mathew Klus.	PASS/FAIL
2. For this opportunity, the selected proponent(s) <b><u>MUST</u></b> be available to travel to Victoria for meetings identified by the project team when requested, at their own expense.	
3. As part of the submission, Qualified Suppliers should state whether the Qualified Supplier or its proposed consultant or sub-contractor are in a real or potential conflict of interest in delivery of these services. <u>The Province will not enter into a Contract with a Qualified Supplier if, in the sole opinion of the Province, an actual or perceived conflict of interest exists with the Qualified Supplier or proposed consultant or sub-contractor.</u>	
DESIRABLE CRITERIA	
<b>Demonstrated Service Area Experience:</b> Each requirement (1-7) will be scored against the individual's relevant experience provided in each submission. Proponents must clearly demonstrate how the proposed project team meet the desirable criteria.	Points Available
1. A diverse scope of professional designations and expertise such as economist, CPA, or CFA as team members	70%

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### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

<ol style="list-style-type: none"> <li>2. Minimum 5+ years experience with financial and statistical analysis in a complex environment is required.</li> <li>3. Minimum 5+ years of completing jurisdictional scans within the social sector.</li> <li>4. Minimum of 5+ years of advanced financial modelling and forecasting experience.</li> <li>5. Minimum 5+ years experience with publicly funded social programming, with preference for experience in the child care and/or education sectors.</li> <li>6. Experience with preparing reporting including visual representations of data and financial analysis.</li> <li>7. Minimum of 5+ years experience facilitating discussions with a range of stakeholders with varied perspectives, preferably in the child care sector and/or ECL sectors (This requirement may be met through a sub-contract arrangement)</li> </ol> <p><b>Submission Requirements:</b> Submissions are to be a maximum of <b>ten</b> pages. <u>In the case that a submission is longer than ten pages</u>, only the first <b>ten</b> pages of the submission will be considered by the evaluation panel. Please note that this <b>ten</b>-page limitation does not include title pages, cover letters, or limited important appendices.</p> <p><b>Multiple Submissions:</b> If a Qualified Supplier would like to propose more than one individual for any given opportunity, each proposed individual must have their own separate submission.</p>	
<p><b>Price (Time and Materials):</b> Any fee rates quoted are to be:</p> <ol style="list-style-type: none"> <li>a) In Canadian dollars;</li> <li>b) Inclusive of duty, where applicable;</li> <li>c) Exclusive of all applicable taxes;</li> <li>d) Will not include any costs for management and overhead; and</li> <li>e) Qualified Suppliers are responsible for travel, accommodation and meal expenses for travel to <b>Victoria, BC</b>. All other travel requires prior expense authority approval by the Province of BC before expenses are incurred.</li> </ol> <p><b>Team of Consultants</b></p> <p>Qualified Suppliers are required to provide a <b>Team Hourly Rate</b> and include the <u>hourly rate and anticipated time commitment</u> for each member of its proposed team. The combined anticipated time commitment for all team members <b>must total 100%</b>.</p> <p>The proposed <b>Team Hourly Rate</b> should be calculated by multiplying each proposed team member's hourly rate by their expected time commitment (<b>to a combined total of 100%</b>), and combining these outputs across all team members as illustrated below:</p>	<p><b>30%</b></p>

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### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

Team Members	Anticipated Time Commitment (A)	Hourly Rate (B)	Pro-Rated Hourly Rate (A x B) = (C)
"Consultant A"	70%	\$75	\$52.50
"Consultant B"	20%	\$100	\$20
"Consultant C"	10%	\$150	\$15
<b>Total Time Commitment</b>	<b>100%</b>	<b>Combined Team Hourly Rate</b>	<b>\$87.50</b>

Team Hourly Rates will be scored proportionally, based on the lowest proposed Team Hourly Rate included in any submissions to this RFP Invitation. The proponent who has the lowest proposed Team Hourly Rate will receive full marks (**30%**) towards their total score. Using the lowest proposed Team Hourly Rate as a baseline, the proposed Team Hourly Rate for every other proponent is scored proportionally less, based on how much higher their proposed Team Hourly Rate is from the baseline.

**Note:** If a proponent's response doesn't explicitly provide an overall **Team Hourly Rate**, the proponent will receive **0 marks** for "Price (Time and Materials)".

#### Availability:

The anticipated project term will be from August 23, 2021 to May 31, 2022, with an anticipated time commitment requirement of **75%**.

This is an estimate only and is not a guarantee of billable hours against the contract.

There may also be an option to extend the contract by up to 6 months.

Consultants should describe their availability throughout the term of the engagement, including any known periods of unavailability. Proponents should provide a description of the strategies they will use to manage around this as well as any other constraints that could limit their availability to the client.

Pass/Fail

## REQUEST FOR PROPOSAL

### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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#### 9.0 INSURANCE REQUIREMENTS

Any Contract resulting from this Request for Proposals will require that the Selected Proponent, without limiting its obligations or liabilities and at its own expense, provide and maintain throughout the Contract term, the appropriate insurances with insurers licensed in British Columbia in forms acceptable to the Province. All required insurance will be endorsed to provide the Province with 30 days' advance written notice of cancellation or material change. The Contractor will provide the Province with evidence of the required insurance, in the form of a completed Province of British Columbia Certificate of Insurance, immediately following execution and delivery of the Contract.

#### 10.0 MODIFICATION OF THIS REQUEST FOR PROPOSALS

The Province reserves the right to modify the terms of this Request for Proposals at any time in its sole discretion. This includes the right to cancel this Request for Proposals at any time prior to entering into a contract with the selected Qualified Supplier.

#### 11.0 ACCEPTANCE OF PROPOSALS

This Request for Proposals should not be construed as an agreement to purchase goods or services.

- a) The Province is not bound to enter into a Contract with the proponent who submits the lowest priced proposal or with any proponent. Proposals will be assessed in light of the evaluation criteria. The Province will be under no obligation to receive further information, whether written or oral, from any proponent.
- b) Neither acceptance of a proposal nor execution of a Contract will constitute approval of any activity or development contemplated in any proposal that requires any approval, permit or license pursuant to any federal, provincial, regional district or municipal statute, regulation or by-law.

#### 12.0 DEFINITION OF CONTRACT

Notice in writing to a proponent that it has been identified as the successful Proponent and the subsequent full execution of a written Contract will constitute a Contract for the goods or services, and no proponent will acquire any legal or equitable rights or privileges relative to the goods or services until the occurrence of both such events.

## REQUEST FOR PROPOSAL

### (Future State of Childcare BC Operational Funding /Financial and Data Modelling)

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#### 13.0 LIABILITY FOR ERRORS

While the Province has used considerable efforts to ensure information in this Request for Proposals is accurate, the information contained in this Request for Proposals is supplied solely as a guideline for proponents. The information is not guaranteed or warranted to be accurate by the Province, nor is it necessarily comprehensive or exhaustive. Nothing in this Request for Proposals is intended to relieve proponents from forming their own opinions and conclusions with respect to the matters addressed in this Request for Proposals.

#### 14.0 NO LOBBYING

Proponents must not attempt to communicate directly or indirectly with any employee, contractor or representative of the Province, including the evaluation committee and any elected officials of the Province, or with members of the public or the media, about the project described in this Request for Proposals or otherwise in respect of the Request for Proposals, other than as expressly directed or permitted by the Province.

## UFM – PCCC meeting November 22<sup>nd</sup>

Q Find a participant		
<b>M</b>	Mike (Me)	
<b>CB</b>	Childcare BC Engagement Team (Host)	
<b>SM</b>	Sandra Menzer (Co-host)	
<b>S</b>	SRENAULT (Co-host)	
	Kevin	
<b>MR</b>	MaryLynne Rimer	
<b>A</b>	Andrea.Duncan@bcgeu.ca	
<b>AM</b>	Angie Mattland	
<b>BY</b>	Bev Young	
<b>C</b>	Charlene	
<b>JT</b>	James Tang	
<b>J</b>	Julie	
<b>KC</b>	Kate Cotie, MCFD	
<b>KM</b>	Kristy Maier	
<b>RC</b>	Rita Chudnovsky	
<b>S</b>	samir	
<b>TW</b>	Taya Whitehead (she/her) Seikak	
<b>TB</b>	Teresa Butler, she/her	
<b>TS</b>	Tyler Summers	
<b>VL</b>	Vera LeFranc	

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## UFM Cross-jurisdictional work and Funding Components Consideration

### I. Current Approach to Operational Funding

MCFD currently has an array of funding programs to support and/or offset operating costs, reduce fees for parents, and provide targeted funding to specific groups.

Purpose/Goal	Program/Initiative	Detail
Support/ offset operating costs	Child Care Operating Funding	Operational funding for licensed facilities – covers roughly 9-12% of an average facility's monthly operating expenses
	ECE Wage Enhancement	Operational funding for licensed facilities to provide \$2/hour wage enhancement to front-line ECEs
	Maintenance Fund	Operational funding for licensed child care providers to conduct emergency repairs/upgrades and/or relocation costs
Reduce parent fees	Affordable Child Care Benefit	Income-tested monthly benefits to eligible low- and middle-income families to reduce out of pocket costs of child care (supports children 0-12 years, or higher in some circumstances)
	Child Care Fee Reduction Initiative	Monthly amounts to providers and passed on to families (regardless of household income) accessing care at participating facilities to reduce the cost of child care (supports children 0-5 years)
Targeted support	Supported Child Development (SCD) / Aboriginal SCD	Contractual funding to eligible organizations to enable children with support needs to participate in child care
	Aboriginal Head Start program	Provides culturally responsive child care at no cost to Indigenous families

s.12

## UFM Cross-jurisdictional work and Funding Components Consideration

### III. Approaches Taken in Other P/Ts (not comprehensive; example info provided):

- a) Four jurisdictions in Canada (QC, MB, PEI, NL) currently have funding models based on maximum parent fees that can be charged in licensed centre-based child care that are in receipt of government operating funding:

	Quebec	Manitoba	Prince Edward Island	Newfoundland and Labrador
<b>Funding by auspice</b>	Non-profit and subsidized (publicly funded) for-profit facilities eligible; however, formula for non profits is higher than for for-profits.	Provides operating (and capital) funding only to non-profit organizations and cooperatives	Provides operating funding only to designated Early Years Centres (EYCs), which may be non-profit or for-profit.	All types of services are eligible for all types of funding
<b>Maximum parent fee</b>	Yes (\$8.50/day)	Yes -- \$30/day 0-3, \$20.80 for 3-5. with higher amounts for >10 hrs/day of care, lower rates for family child care homes (\$18.20 and \$22.20, respectively), and all rates pro-rated for part-days.  School-age fees \$6.15-\$10.30/day based on the amount care being accessed.	Yes – fees in 0-5 EYCs range from \$27-\$34/day.  Commitment in Budget 2021 to lower parent fee to \$25/day Jan 2022.	Yes -- Participating regulated child care services required to lower their rates to \$25 per day for infants, toddlers, preschoolers and full-day school-age children (pro-rated for part-time), and \$16 per day for before and after school care
<b>ECE- Wage component</b>	Wage grid set by provincial government	Wage grid (guideline for market competitive ECE wages developed by the Manitoba Child Care Association)	Wage grid set by provincial government	Wage enhancement funding
<b>Non-fee requirements in exchange for operational funding (not comprehensive)</b>		Funded facilities must: <ul style="list-style-type: none"> <li>• accept subsidized families;</li> <li>• enroll children with additional needs if requested;</li> <li>• and meet financial reporting requirements outlined by the ELCC program</li> </ul>	Required to meet a set of criteria: <ul style="list-style-type: none"> <li>• A minimum number of children.</li> <li>• Commitments to inclusion.</li> <li>• High levels of quality measurements, such as additional educational requirements for staff; a uniform wage grid that includes benefits; parental advisory committees</li> </ul>	Full funding amount is based on facilities providing 2 snacks and 1 meal per day, and maintaining a minimum of 70% enrollment.  Facilities will receive reduced funding for not meeting this criteria, and facilities may apply for additional funding if providing

## UFM Cross-jurisdictional work and Funding Components Consideration

	Quebec	Manitoba	Prince Edward Island	Newfoundland and Labrador
				additional meals/snacks (e.g. before and after school care)
<b>Additional Funding components</b>	Additional Inclusion grants for children with special needs	Enhanced Operating Subsidy for Rural and Northern centres  Additional Grants for extended operating hours	Extensive list of inclusion grants which are distributed as operational funding (18% of all operating funding allocated as special needs and autism support funding)  Additional Quality Enhancement Grants	Portion of Operational funding allocated to Child Care Inclusion Program  Additional funding available for child care in rural, remote, and underserved communities—on as-needed basis for start up and developmental costs, in addition to operating funding
<b>Income-tested subsidy</b>	yes	yes	yes	yes

b) Two P/Ts have fee increase caps with more comprehensive funding packages: YK and NS.

Yukon	Nova Scotia
<p>No maximum parent fee, but funding includes:</p> <ul style="list-style-type: none"> <li>fee reduction component (\$700 across the board, pro-rated for part time), plus administrative funding</li> <li>per-child operating funding for: <ul style="list-style-type: none"> <li>Quality Program Enhancement (\$97-\$238 per child, based on age and inclusion of meal program; more for rural)</li> <li>Wage Enhancement (varies by region and worker level)</li> <li>Operational Expenses (\$0.37-\$0.43 for every \$1.00 that the program spends monthly on building expenses, including rent/mortgage, utilities, maintenance, etc.)</li> </ul> </li> <li>fee increase cap (3% for those charging within 10% of Yukon average, and 1% for those charging 10% or more than the Yukon average; new operators can charge no more than 3% above of the Yukon avg fee)</li> <li>special needs supplement</li> </ul> <p>Income-tested subsidy available</p>	<p>No maximum parent fee, but operating funding criteria requires:</p> <ul style="list-style-type: none"> <li>child care centres to cap annual parent fee increases at 3% in the first year for centres charging within 10% of the provincial average fee, and at 1% for centres charging 10% or more above the provincial average</li> <li>payment of wages according to provincially set wage floor (funded through quarterly Quality Investment Grant, calculated on a per-staff basis)</li> <li>A minimum of 75% of the funds allocated to the child care centre must be spent on salary and benefits for staff;</li> <li>A maximum of 25% of funds can be spent on operating expenses</li> <li>A minimum of 60% of the centre's total revenue must be spent on salary and benefits</li> </ul> <p>Funding includes:</p> <ul style="list-style-type: none"> <li>significant inclusion component</li> <li>program enhancement supplement</li> </ul>

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