

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

**FROM:** Phil Graham  
Assistant Deputy Minister  
Early Years and Child Care Division

**DATE:** November 27, 2020

**SUBJECT:** **2021 Child Care Funding Approach**

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Thank you for your continued partnership and commitment to a stable and high-quality child care system that supports Ontario families. In addition to supporting the well-being and healthy development of children, we know that a strong early years and child care sector is also critical to support broader efforts to reopen Ontario's economy.

The Ministry of Education ('ministry') recognizes the importance and the need for a stable funding approach in 2021 for early years and child care, which is predictable, easy to understand and supports our partners to respond to the needs of parents, caregivers and families. I am pleased to provide you with information in advance of the municipal funding year in regards to 2021 funding in support of early years and child care.

### **2021 Child Care Funding Approach**

We have heard from many of you on the need for municipalities to have sufficient time to plan in advance of the January 1, 2021 funding year, particularly given the uncertainty associated with the COVID-19 pandemic. To this end, I am pleased to inform you that details on the 2021 funding allocations for Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) are being made available to you in December. The annual allocations will be the same as the allocations communicated to you in October 2019 and this funding is intended to continue to support high quality, accessible, safe and affordable child care and early years services and programs.

In response to your feedback regarding needing a stable funding approach for 2021, the funding methodology and associated data elements used to update allocations will not be revised for 2021.

In addition, we are also pleased to let you know that, due to the current unique circumstances resulting from COVID-19 and in response to your feedback, the ministry will provide a one-time transitional grant of \$49M to CMSMs and DSSABs in 2021 to offset and assist with the new required cost share for provincial child care administration. This one-time grant may also be used to assist with the provision of child care programs and services as well as other COVID-19 related operating costs such as support for reduced capacity, enhanced cleaning and personal protective equipment (PPE).

As previously communicated, starting on January 1, 2021, CMSMs and DSSABs will be required to cost share provincial child care administrative funding, including wage enhancement/home child care enhancement grant administration, at a rate of 50/50 provincial/municipal. With this one-time transitional grant, CMSM's and DSSAB's total allocation will remain at the same level as the allocation for the 2020 funding year for both Child Care and EarlyON programs and services. (Note: The 2020 allocation refers to the allocation communicated to each CMSM and DSAAB in October 2019 and does not include additional COVID-19 related funding adjustments provided by the Province throughout the 2020 funding year.)

This funding will support our partners so they can effectively serve their communities during these challenging times. The ministry has worked to eliminate redundant or burdensome requirements and will continue to engage with the sector on ways to reduce additional requirements and administration burden, where possible.

As a reminder, CMSMs and DSSABs will continue to cost share Expansion Plan operating funding at a rate of 80/20 provincial/municipal. The Expansion Plan cost share remains voluntary and is not required. CMSMs and DSSABs are encouraged to continue finding opportunities to reduce administrative costs through process improvements and other means in anticipation of the previously communicated 2022 administrative threshold change.

The current Ontario-Canada Early Learning and Child Care (ELCC) agreement is in effect until March 31, 2021. ELCC allocations for the period of April to December 2021 are pending renegotiation. As such, revisions to the ELCC funding methodology, and resulting updates to funding allocations and service targets may take place if federal investments change. The ministry will keep partners informed as this process evolves with federal partners.

## **Safe Restart Funding**

Further to the federal Safe Restart Funding (SRF) memo sent on August 14<sup>th</sup>, we are pleased to have released the SRF budget schedule and payment to our CMSM/DSSAB partners.

CMSMs/DSSABs continue to have the flexibility to spend 2020 SRF funds by March 31, 2021. This flexibility is in addition to the 2021 allocations. The ministry continues to work with the Federal government to determine what additional funding support may be available into 2021.

## **Next Steps**

The ministry is providing this update on the 2021 funding approach as soon as the information became available, and remains committed to providing 2021 Child Care and EarlyON Child and Family Centre Transfer Payment Agreements (the Agreements) and the 2021 Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline in the coming weeks, as we understand that these documents are instrumental in the planning process. The Agreements will be available on the Transfer Payment Ontario (TPON) online platform, which provides one-window access to funding information.

The ministry continues to encourage CMSMs and DSSABs to work in partnership with child care operators during this unprecedented time to ensure that operators continue to have transparency in their funding and remain sustainable, to support broader efforts to reopen the economy and a return of the workforce to pre-COVID levels.

The ministry also recognizes that there may need to be different and flexible approaches during this time, which may result in updates to the ministry's funding approach. I want to assure you that we remain committed to supporting the child care sector in a way that is safe for children and staff and provides sustainability for the sector.

Thank you for your ongoing collaboration and partnership as we work to support the child care sector in 2021. I look forward to working together to continue to strengthen the early years and child care system throughout Ontario.

Thank you,  
Phil Graham