



# **Early Learning and Child Care**

## **Child Care Operating Grant**

### **Terms and Conditions**

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## Background

The priorities for the Government of Nova Scotia include the following key priorities:

- Health Promotion and Protection;
- Youth, Families and Communities;
- Community Safety;
- Economic Development and Infrastructure; and
- Environment.

These initiatives are focused on strengthening the social service system, enabling the government to improve outcomes for Nova Scotia's youth, families, and communities.

One of the priorities of the Department of Community Services Early Learning and Child Care (ELCC) program is to strengthen the child care sector by providing services and funds to "ensure that all Nova Scotia children enjoy a good start in life and are nurtured and supported by caring families and communities". This is compatible with the Department's goal of "self reliant people, strong families and inclusive communities".

A number of investments will be made in Early Learning and Child Care including providing funding support to full-day and part-day child care facilities to improve the wages and benefits of child care workers.

This document describes the Department of Community Services terms and conditions regarding the **Child Care Operating Grant**.

## Terms and Conditions Overview

The purpose of the **Child Care Operating Grant** program is to provide funding support to licensed, full-day and part-day child care centres.

A key component of this initiative is the Child Care Operating Grant–Agreement. This Agreement will better clarify the responsibilities of the centre(s) and the Department and ensure adequate accountability for the funding provided through this grant.

**Note: Please refer to “Appendix A – Definitions” for definitions of the terms used throughout this Terms and Conditions document.**

### Grant Description

The Child Care Operating Grant is available to licensed full-day and part-day child care centres (non-profit and commercial centres). The appropriate funding formula is determined by the license type (full-day or part-day) the child care centre holds. This funding support is intended to help promote salary and benefits to the staff of the child care centres, providing a foundation for staff recruitment and retention. A portion of this grant funding is also intended to support general operating expenses. Grant funds are NOT to be used for capital expenses.

**The Funding formula** for approved child care centres operating with a **full-day license** will be:

- **Toddler/Pre-School** spaces will receive \$3 per day per FTE;
- **Infant** spaces will receive \$8 per day per FTE;
- **School Age** spaces will receive \$2 per day per FTE; and

**The Funding formula** for approved child care centres operating with a **part-day license** will be:

- **Children** (*infant, toddler, pre-school and school age*) will receive \$2 per day per FTE.

Calculation of a centre’s funding will be based on Full Time Equivalent (FTE) number of enrolled children in each age group, multiplied by the daily per child dollar amount, multiplied by the number of annual operating days. For the purposes of FTE calculations the minimum FTE value is .33 and should be assigned to individual children as follows:

- A child attending in the morning without lunch is .33 FTE.
- A child attending in the afternoon without lunch is .33 FTE.
- A child attending before school only is .33 FTE.
- A child attending after school only is .33 FTE.
- A child attending in the morning only and being served lunch is .67 FTE.
- A child attending in the afternoon only and being served lunch is .67 FTE.
- A child attending in the morning and afternoon whom is served lunch is 1.0 FTE.

Please refer to the Child Care Operating Grant application for examples.

FTE  $\times$  daily per child dollar amount  $\times$  annual operating days

## ***Eligibility Criteria - Centres***

In order to be eligible to receive a Child Care Operating Grant, the applicant centre must be a licensed full-day or part-day child care centre (non-profit or commercial).

A centre is not eligible for Child Care Operating grant funding if:

- The centre's license to operate a day care centre has been suspended, cancelled or not renewed;
- The Department has issued a written directive to the centre due to compliance violations or deficiencies;
- The centre has not signed a Portable Subsidized Child Care Spaces Agreement (licensed full-day centres only);
- A court has granted a bankruptcy petition or appointed a trustee for the centre;
- The facility is under a garnishment order from the Canada Revenue Agency.
- The centre ceases operations; or

Centres receiving funding must be in compliance with:

- The *Day Care Act*. R.S., N.S., 1989, c. 120, s.1 and Day Care Regulations;
- The Child Care Operating Grant Terms and Conditions; and
- The Child Care Operating Grant Agreement.

Centres that fail to meet the eligibility criteria may be audited and have their grant funding adjusted or terminated.

Additional spaces, added by an increase in licensed capacity during the fiscal year, are eligible for funding. Funding eligibility would be as of the date the approved expanded spaces were occupied.

## ***Grant Distribution Criteria***

All full-day and part-day licensed child care centres receiving the Child Care Operating Grant must distribute the funding provided through this grant in accordance with the following criteria:

- A minimum of 75% of the funds allocated to the child care centre **must** be spent on salary and benefits for staff;
- A maximum of 25% of funds can be spent on operating expenses.
- A minimum of 60% of the centre's total revenue must be spent on salary and benefits;
- All facility staff are eligible to receive salary and benefit enhancement as a result of this grant funding; and
- No director may receive more than the *average* staff increase.

Centres who fail to meet the distribution criteria may be audited and have their grant funding adjusted.

## ***Grant Allocation – Grandparented Funding***

Centres that had previously received the discontinued Infrastructure, Equipment, Salary Enhancement and/or the Infant Grants will not receive less funding under the Child Care Operating Grant. Where the new funding model would result in a lower amount than what was received from the Infrastructure, Equipment, Salary Enhancement and/or the Infant Grants, the existing centres will be 'grandparented' and will continue to receive their current level of funding.

'Grandparented' funding will continue until a reconciliation period shows a decrease in enrolment in excess of the greater of four (4) FTE's or 10%.

Details as follows:

- 'Grandparented' funding allotments will be adjusted or decreased by the same percentage (%) enrolment has decreased;
- 'Grandparented' amounts cannot increase.

***Note: All centres, even those who may be 'grandparented', are encouraged to apply for funding under the new Child Care Operating Grant. Applicant centres that are 'grandparented' will be required to enter into the same Child Care Operating Grant Agreement as newly approved centres.***

## ***Grant Timelines***

Funding will be distributed quarterly based on the government fiscal year (1 April – 31 March). Funding installments will be processed on the first business day of each quarter.

Funding will be reconciled every 12 months using the preceding calendar year's 12 month average monthly enrolment FTE's. Reconciliations occur in February, for the prior January 1<sup>st</sup> to December 31<sup>st</sup> calendar year. There will be four funding installments between each reconciliation period.

## ***Application Quality Control***

A random sampling of applications will be reviewed to ensure the FTE enrolment utilization numbers provided for the requested period do not exceed the licensed capacity of the centre. If an anomaly is found, the Centre's attendance and enrolment records will be reviewed to verify the information provided is accurate.

## ***Communication to Centre Staff***

Centres are required to provide all staff with:

- Access to a copy of these Child Care Operating Grant Terms and Conditions;
- Details on the amount of funding the centre will be receiving;
- Details on how this funding was calculated;
- Details on how the funding is being distributed within their centre; and
- A cheque insert/notification indicating what portion of their salary/benefits is being impacted or provided by this funding.

## Application Process

### ***Required Documentation***

All full-day and part-day licensed Child Care Centres, non-profit and commercial, are eligible for the Child Care grant, funding. The submitted application package must contain:

- a complete, signed Application form; and
- a complete, signed Portable Subsidized Child Care Spaces Agreement (licensed full-day child care centres only).

A CCOG application is required from a Child Care Centre which is not already receiving CCOG funding. A centre which is receiving CCOG funding must submit their annual Utilization Statement within the prescribed timeframe. A centre currently in receipt of CCOG funding must also submit their annual accountant prepared financial statements (Review Engagement or Audited) within 120 days of their fiscal year end.

### ***Contact Information***

Centres requiring additional information about the grant are requested to contact their regional ECDO. The grant application form will be available on the Department's web site for downloading (<http://www.gov.ns.ca/coms/families/ELCCProgram.html>).

### ***Submission of the Application package***

Please ensure the application is complete and submitted in full. All documents must be forwarded to the Centre's regional ECDO in order for the applications to be considered for grant funding. The Centre should create a photocopy of the application and supporting documentation for their records.

Submitted application packages should be addressed to the attention of the '***Child Care Centre Operating Grant Application***' and either mailed, faxed or dropped off to the Centre's regional ECDO.

***Note: Faxed applications will be accepted; however, a signed original must follow and be on file before any funding will be distributed.***

The regional ECDO's will perform an eligibility/completeness check of the application before forwarding it to Head Office for review and processing.



## **Grant Application Review Process**

### ***Applications Checked for Eligibility and Completeness***

Once the application packages are received by the region they will be checked to confirm the Centres meets the basic eligibility requirements for the grant and to confirm the application package is complete. An application must be complete in order to be considered.

If an application package is not complete the Centre will be contacted to request the missing information.

### ***Applications Reviewed and Evaluated by Head Office***

Applications will be forwarded to Head Office by the region. Head Office will process the application and determine the annual grant funding. Centres will be notified, in writing, of their status and funding allocations.

### ***Compliance Evaluation Criteria***

As stated in the Eligibility Criteria section, Centres with written directives are ineligible to receive funding under the Child Care Operating Grant.

***Notification of Approved Applications***

Centres approved for the grant will be sent a Child Care Operating Grant notification letter and a copy of the Child Care Operating Grant Agreement.

Centres must return the Child Care Operating Grant Agreement to Head Office with the appropriate Centre signatures before any funding will be distributed.

The Agreement will then be signed by an authorized Department of Community Services signatory and a photocopy will be returned to the Centre. The original signed contract will be filed at Head Office with the Centre's application file.

## Disbursement of Funds Process

The distribution of funds can begin once the Centre has been approved for grant funding and the signed copy of the Child Care Operating Grant Agreement has been received at Head Office.

Funding will be processed quarterly, in advance, on the 1<sup>st</sup> business day of each quarter (April, July, October and January).

Grant funding is calculated as an annual amount based on the Centre's operating days and average monthly enrolment FTE's, to a maximum of the Centre's licensed capacity. Funding will be determined using the previous calendar year's average monthly enrolment FTE's. Grant funding will be reconciled every 12 months, based on the previous 12 months average monthly enrolment FTE's. The annual funding level for individual applicants will be determined based on the FTE information provided in the Utilization Statement and will be disbursed equally in four quarterly payments (April, July, October and January).

Prorated funding amounts will be paid to approved applicants retroactive to their date of license. If their date of license occurred in the previous fiscal year the payment will be retroactive to April 1<sup>st</sup> of the current governmental fiscal year.

## Recovery of Funds Process

The reconciliation process will recalculate the annual funding amount based on the average monthly enrolment FTE's and the operating days reported in the Utilization Statement for the preceding calendar year. Future quarterly installments will be adjusted upward or downward based on this recalculation. Over payments and under payments for the preceding reporting period will be calculated only in cases where the period over period change in full time equivalent (FTE) children exceeds 4 FTE's or 10% of licensed capacity (whichever is greater). Any monies owing (under payment) will be added as an adjustment to the next quarterly instalment. Monies owed (overpayment) will be deducted as adjustments to the next 2 quarterly instalments unless otherwise stipulated by the Department.

Centres requiring help in completing the average monthly enrolment FTE's are requested to contact their regional ECDO.

If a Centre ceases operations, at any point during the contracted period, the Department may perform a review of the grant distributions to recover overpayments.

Centres will be required to demonstrate their compliance with the grant distribution criteria. A template for the funding Utilization Statement will be provided.

## **Accountability Process**

The Grant funding must be used in accordance with these Terms and Conditions and the conditions outlined in the Child Care Operating Grant Agreement.

Funding Utilization Statements will be used to assess the Centre's adherence to the Grant distribution criteria outlined in the Terms and Conditions Overview section. Utilization Statements will be required for the preceding calendar year, in February. Centres receiving CCOG funding also must submit accountant prepared financial statements (Review Engagement or Audited) within 120 days of their fiscal year end.

Centres that do not meet the Grant distribution criteria may be audited and will be required to submit a work plan which describes how they will achieve the Grant distribution criteria. These Centres may be required to provide Utilization Statements on a quarterly basis until such time as they demonstrate they have met the distribution criteria. The Department reserves the right to require quarterly reporting for a longer period of time.

Work plans will be reviewed by a committee which, may recommend the appropriate course of action, including a reduction or termination of the Centre's Grant funding.

## Evaluation Process

For evaluation purposes, Centres will be required to:

- Participate fully in evaluations of the Child Care Operating Grant and provide any information requested by the Department in respect of these evaluations; and
- Make Centre staff available to participate in the evaluation process at mutually agreeable times during the term of the Child Care Operating Grant Agreement or for up to seven years after the end of the fiscal year in which the grant funding expires, whichever is longer.

## Appendix A - Definitions

For purposes of the Child Care Operating Grant the following definitions apply:

“Department” means the Department of Community Services.

“ECDS” means Early Childhood Development Services.

“ECDO” means Early Childhood Development Officer and refers to regional staff of the Department of Community Services responsible for licensing child care centres and providing supported child care consultation.

“Child” means a person less than thirteen years of age.

In licensed child care there are four program types that serve different groups of children:

- An “Infant” means a child who is 17 months of age or younger;
- “Toddler” means a child who is between the age of 18 months and the age of 35 months inclusive;
- “Preschooler” means a child who is between 36 months and five years of age (who are not enrolled in school) inclusively; and
- “School age” means a child who is less than thirteen years of age and is attending school.

For purposes of the funding model described in these Terms and Conditions the only distinction is between A) Infants, B) Toddlers & Preschoolers and C) School Age.

“Centre” and “child care centre” means a facility which provide full-day or part-day licensed day care under the Day Care Act. R.S. N.S., 1989, c.120.

“Attendance” means to be present at a Centre. For purposes of these Terms and Conditions, attendance refers to the attendance records all facilities are required to keep per the Day Care Regulations.

“Enrolment” means to be registered to attend a Centre. For purposes of these Terms and Conditions, enrolment is a measurement of the number of children who have registered to attend the Centre. Enrolment can be described in terms of days, weeks, months and/or years. A centres “enrolment” can be greater than their licensed capacity **but** a centres daily “attendance” cannot exceed its licensed capacity.

“FTE” means full time equivalent. It is a means of measuring utilization and represents the number of children at a centre. A full-day child would be 1 FTE where as a part-day child would be a percentage of 1 FTE. Centres will be required to calculate part-day children into FTE’s during the application process. Please refer to the Child Care Operating Grant application for examples.

*For example, assume a centre has 3 full-day children enroled; Child A, Child B and Child C. Child A attends daily, 5 days a week; Child B attends 2 days a week; Child C attends three days a week. The centre would have 2 FTE’s out of their licensed capacity.*

“Part day child care” refers to one of the following: (Part FTE)

- Care for the complete morning program combined with a noon meal;
- The noon meal combined with care for the complete afternoon program; or
- Any portion of a day not including a noon meal.

“Occupied” means enroled. A space is occupied if the centre’s enrolment of 1 or more children occupies that space.

“Benefits” means:

- Employer’s cost of the statutory staff benefits associated with the increased wages provided as a result of this grant. Statutory staff benefits are Employment Insurance (EI) and Canada Pension Plan (CPP);
- Worker’s Compensation;
- Employer’s contribution to paid maternity leave (in excess of EI);
- Dental coverage;
- Extended health care coverage;
- Paid sick days;
- Life Insurance;
- Retirement/pension plan;
- Professional Development;

“Total revenue” is the total number of dollars a centre receives from all sources.

“Wages” mean money paid to an employee for work done, which is usually calculated on an hourly, daily or piecework basis.

“Capital expenses” means expenses for basic assets such as property, fixtures or machinery, but not for day-to-day operations such as payroll and maintenance. Capital expenses should enhance the value of the centre’s assets. A guiding rule for determining if an expense is “capital” or “operational” is based on the useful life of that item; “operating” expenses have a useful life of less than a year.

“Operating” expenses mean expenses for maintenance of the assets of the centre or the cost of running the day-to-day operations of the centre.

“Director” means the chief administrative officer, owner, operator, executive director, manager and/or administrator who works on site, full or part time, at the centre.

“Operator” means the individual, partnership, group, company or Board of Directors in whose name a license to operate a day care facility under the Day Care Act has been issued.

“Eligible staff” means all directors and child care staff, full and part time, who are employed by the Centre receiving the Child Care Operating Grant.

“Government Fiscal year” means the provincial government business year which runs for the twelve months from April 1<sup>st</sup> of any given year until March 31<sup>st</sup> of the following year.

“Reporting period” means the January 1<sup>st</sup> to December 31<sup>st</sup> calendar year for which FTE’s are reported.



“Calendar Year” means January 1<sup>st</sup> to December 31<sup>st</sup>.

Annual “Operating Days” means the number of days the centre will be open for the calendar year. If a centre is open on the following statutory holidays, New Year’s Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day and Boxing Day they will be considered operating days. Voluntary closures for special holidays are not considered operating days.

“Working Days” refers to week days (Monday to Friday).