

2012: EL4

MEMORANDUM TO: Directors of Education
Consolidated Municipal Service Managers
District Social Services Administration Boards

FROM: Jim Grieve
Assistant Deputy Minister
Early Learning Division

DATE: November 8, 2012

SUBJECT: **Schools-First Child Care Capital Retrofit Policy –
Funding and Implementation**

I am writing to provide you with additional information regarding the Schools-First Child Care Capital Retrofit Policy. The direction provided in this memorandum supplements the information that was provided to you in the memorandum of July 10, 2012: EL3 - Schools-First Child Care Capital Retrofit Policy.

Context

Following the release of 2012: EL3 memorandum, the Ministry engaged with partners including school board business officials, the Operations, Maintenance and Construction Committee (OMC), as well as the Expert Panel on Capital Standards for advice on the proposed funding and implementation components of the Schools-First Child Care Capital Retrofit Policy. The approach outlined in this memorandum reflects much of their advice and we are thankful for it.

The following three sections complement and support the policy scope and objectives set out in 2012: EL3, released on July 10, 2012:

- Eligible/Ineligible Expenses;
- Funding Formula, Allocations and Targets; and
- Implementation Requirements.

Eligible/Ineligible Expenses

As noted in 2012: EL3, investments may be made in previously licensed child care space, or space not required for instructional purposes. Where space not required for instructional purposes by the school board is converted to child care space under this policy, this space must be classified as unloaded space in the School Facilities Inventory System (SFIS).

Eligible Expenses:

- Expenses incurred to meet *Day Nurseries Act* (DNA) and/or Building Code standards, that qualify under the Tangible Capital Assets Guide (TCA), revised April 2012, and include for example:
 - building a wall/partition for a separate infant sleep area;
 - renovating or adding washrooms for toddlers;
 - renovating serving/food preparation/storage area;
 - fencing an outdoor space; and
 - window replacement (exceptional circumstance where required to meet DNA standards).
- First-time equipping (under the TCA) is an eligible expense where necessary. In many cases adequate and useable equipment will be able to be moved if an operator is relocating. Eligible first-time equipping may include:
 - Indoor: furniture and equipment that is suitable for younger age groups (adding a change table, toys, furniture, fixtures and small appliances).
 - Outdoor: surfacing, storage, natural environments to support program approaches that align with the Early Learning Framework, outdoor equipment to meet needs of younger groups as per requirements of the DNA.

Ineligible Expenses:

- Renovations funded through other sources. School boards will expense renovation costs one time only (e.g., the Renewal Grant cannot cover the cost of these projects).
- Major structural renovations or reconstruction of the building envelope, or expansion of the gross floor area of the school.
- Renovations to space that already meets licensing requirements for the intended age group and the replacement of equipment that can be relocated from the existing community-based program and is suitable for use in the new space to serve the licensed age group.
- Operating expenses associated with the relocation or consolidation of programs (e.g., moving costs, legal fees). The Ministry is providing Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) with resources to support these needs.
- Regular maintenance and repair costs of existing child care space in schools.

Funding Formula, Allocations and Targets

Funding Formula:

The funding formula incorporates current data on licensed child care spaces and full-day kindergarten (FDK) enrolment at maturity with the Geographic Adjustment Factor (GAF). See Appendix A for an example of the funding formula.

Determining Allocations:

Funding Formula Benchmarks:

The funding formula approach is based on a base amount of \$92,000 per room which was determined by using:

- an average of 20 child care spaces per room. This benchmark is reflective of the weighted average of the current licensed space distribution and maximum group sizes; and
- an estimated average cost of \$4,600 per space which is based on the Best Start standards of \$4,000 per space for renovation costs and adjusted for inflation.

School-Based Licensed Capacity: (80 per cent of allocation)

School-based licensed capacity is seen as an indicator of two key factors relevant to the program. First, it is an indicator of child care space that may be available for retrofit as four- and five-year-olds move into FDK. Second, it may also be indicative of an operator in schools who may require transition assistance to reconfigure their service model as four- and five-year-olds move to FDK.

The Ministry drew primarily from the current data on licensed child care spaces and assumed that approximately 30 per cent of preschool child care spaces (preschool groups include children from the ages of 2.5 years to five years) were for four- and five-year-olds and added all the junior kindergarten (JK) and senior kindergarten (SK) licensed child care spaces. Each board's share of this total number of spaces was used to determine 80 per cent of its allocation.

FDK Enrolment: (20 per cent of allocation)

While licensing data is an indicator of the opportunity for retrofits and the challenges of operators in distress, stakeholders advised the Ministry to reflect child population in a portion of the allocation. It was determined that FDK enrolment at maturity was the best available proxy for estimating child care needs at a school board level for children under age four.

Minimum Allocations:

Recognizing that some school boards may have limited licensed child care spaces for four- and five-year-olds in schools, the Ministry established a minimum multi-year allocation for each school board to renovate/retrofit three rooms (see Appendix B for allocations and space conversion targets).

Space Conversion Targets:

While the funding formula is based on an average of 20 spaces per room, the Ministry has set space conversion targets at an average of 16 spaces per room in order to provide greater flexibility in implementation. This target is based on the current maximum group size average across infant (maximum 10), toddler (maximum 15) and preschool (maximum 24) groupings under the DNA.

Implementation Requirements

Funding:

The amendments to Ontario Regulation 136/12 “Grants for Student Needs – Legislative Grants for the 2012/13 School Board Fiscal Year” under the *Education Act* to reflect the 2012/13 school-year funding allocations to school boards for the Schools-First Child Care Capital Retrofit Policy have been made by the Lieutenant Governor in Council as O. Reg. 331/12. These amendments implement the funding investments.

Funding provided to school boards must meet the requirements of the Schools-First Child Care Capital Retrofit Policy as defined in this memorandum and in 2012: EL3.

School boards will be held responsible and accountable for implementing appropriate measures to ensure that project costs are within the total approved funding allocation and are compliant with the criteria for eligible expenditures (see Appendix B for allocations and space conversion targets).

For school years 2012/13 to 2013/14, if a school board's capital expenditure is less than the allocated amount, the school board would be required to use the difference only for eligible project costs, as specified in the amendments to Ontario Regulations 136/12 – Grants for Student Needs – Legislative Grants for the 2012/2013 School Board Fiscal Year and O. Reg. 193/10 (Restricted Purpose Revenues).

It is expected that funding will be fully expended by **August 31, 2015**, and that space conversion targets will be met. School boards would be allowed to place funding in deferred revenue until the eligibility requirements have been met. Funding would flow to school boards once the planning template has been submitted to the Ministry, no later than **January 14, 2013** (see Appendix C for the Child Care Capital Retrofit Plan 2012/13 – School Board and CMSM/DSSAB). The Ministry will review submissions and follow-up with school boards should there be a need for clarification or any questions with regards to proposed plans.

Planning:

School boards and CMSMs/DSSABs are required to develop a local child care plan for retrofit investments together. This partnership is required because the best approaches to implementing the initiative locally will incorporate both relevant school board facility assessments and a broader child care system transformation plan, led by the CMSMs/DSSABs. This means communicating early and often to develop the plan and complete the template annually for three years.

All plans for investments under the Schools-First Child Care Retrofit Policy need to be consistent with, or complementary to, the CMSMs/DSSABs child care system plan. Similarly, the Ministry expects that all plans for investments will reflect prudent achievable results given school boards' Asset Management Plans, and that investments will be made in facilities with a long-term service life. It is the Ministry's expectation that neither Directors of Education or CMSM/DSSAB senior management will sign off on plans or reports that do not meet these tests.

Successfully implementing the Schools-First Child Care Capital Retrofit Policy will require cooperation and discussion between not only a school board and CMSM/DSSAB but also between co-terminus school boards and local child care operators. When identifying a potential school site for relocation of a community-based child care program, transparent and cooperative planning between co-terminous school boards and CMSMs/DSSABs will be essential. Program viability and community needs will guide decision-making and help local partners identify the most suitable space.

The Ministry's Early Learning Education Officers and Child Care Advisors will be actively engaged in the planning process and provide ongoing support to school boards and CMSMs/DSSABs during this process.

Prioritizing Projects:

In order to manage projects over the three years of the initiative, the Ministry asks that school boards and CMSMs/DSSABs identify priority projects that may require less intensive capital work and that could be completed quickly and within the 2012/13 school year (e.g., existing licensed child care space for four- and five-year-olds that require minimal work). More complex projects which may involve further negotiations and discussions with CMSMs/DSSABs and child care operators can be targeted for a later date.

When evaluating the potential viability of a program, CMSMs/DSSABs and school boards should consider the following:

- Does the repurposed space meet an identified need in the community? (e.g., if there is demand for infant spaces, will there be repurposed spaces to meet that need?)
- Does the repurposed space meet the needs of children as they age out of one group and into another?
 - Based on best practices, the Ministry recommends that if toddler spaces are created, a preschool room is available with at least enough space to accommodate toddlers

as they transition to preschool.

- Is the repurposed space located at a site where projected enrolment indicates the space will continue to be available for child care over the long term (i.e.: demographics, Accommodation Review Committees, future school board amalgamation and potential school closures have been taken into consideration)?
- Does the repurposed space align with the local child care system plan?
- Does the repurposed space support the long-term re-engineering of a stable child care service in the community?

Child Care Licensing:

Operators of licensed day nurseries are required to achieve and maintain compliance with the standards set out in Ontario Regulation 262 under the DNA at all times. The DNA and its regulations are available on the Ministry's website at: http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_900262_e.htm.

School boards/CMSMs/DSSABs will work with local operators to determine the types of expenditures that are eligible and that are required to meet licensing standards for the retrofitted child care space. It is important that municipalities are involved early in the licensing process to ensure timely issuing of building permits and reduce any delays in obtaining a license for the repurposed space.

To support an efficient planning process and ensure proposed project plans meet provincial standards (i.e., DNA and its regulations), school boards and CMSMs/DSSABs will consult with the Ministry's Child Care Quality Assurance and Licensing Branch (CCQALB) regarding the proposed retrofits. To receive initial approval, a floor plan and renovation plan should be submitted to CCQALB.

Reporting Requirements:

The Ministry requires each school board to submit, jointly with the appropriate CMSM/DSSAB, the Schools-First Child Care Capital Retrofit Plan both an electronic (Excel) and hard copy (joint signed PDF) by no later than **January 14, 2013** to the attention of:

Ministry of Education, Early Learning Division:
900 Bay Street, 24th Floor, Mowat Block, Toronto ON M7A 1L2
SFCCC.earlylearning@ontario.ca

The content of the Child Care Capital Retrofit Plan will continue to be filled in over the three years of this initiative, as both school boards and CMSMs/DSSABs gather information and identify local community-based operators that can be relocated to a school. The Ministry expects that the initial plan will include projects that can be completed in the first year of funding, as well as the expected number of child care spaces to be converted.

Data on actual expenditures and projects completed will be added to the template and submitted no later than **Fall 2013**. Targets will be considered achieved once child care programs have been licensed and opened. As noted earlier, school boards can defer revenue over the first two years of the initiative.

The same schedule will continue, with the template updated twice annually over the three years of the initiative. The following table summarizes key dates for plan submissions over the next three years:

| School Year | Projected Plan | Year-End Actual |
|-------------|-------------------------|-----------------|
| 2012/2013 | Due by January 14, 2013 | Fall 2013 |
| 2013/2014 | Due by January 13, 2014 | Fall 2014 |
| 2014/2015 | Due by January 12, 2015 | Fall 2015 |

Proposed Projects (Not Eligible):

The template also includes a section for projects that school boards and CMSMs/DSSABs would like to identify for funding consideration, although they do not meet the present eligibility criteria of the policy. Information regarding the incremental operating impact of these projects (if any) along with their offset plan will be required.

- As space conversion occurs over the first year of the policy, the Ministry will collect this information to inform an ongoing review of the policy and any changes.

Next Steps

The Ministry is currently reviewing advice and feedback received from the discussion paper on Modernizing Child Care, which is available on the Ministry’s website at <http://www.edu.gov.on.ca>. This information will inform any future policy direction regarding topics identified in the paper such as long-term planning on space for school-based operators, reasonable accommodation costs, facilities and other shared space issues.

Ministry Contacts

If you have any question regarding the Schools-First Child Care Capital Retrofit Policy, please contact Rupert Gordon, Director of the Early Learning Policy and Program Branch, at 416-314-8241 or Rupert.Gordon@ontario.ca.



Jim Grieve
Assistant Deputy Minister
Early Learning Division

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Child Care Advisors, Ministry of Education
Education Officers, Ministry of Education
Child Care Quality Assurance and Licensing Offices

Appendices: Appendix A – Example of the Funding Formula
Appendix B – Allocations and Space Conversion Targets
Appendix C – Child Care Capital Retrofit Plan 2012/13 – School Board and
CMSM/DSSAB

APPENDIX A: EXAMPLE OF THE FUNDING FORMULA

Greenfield DSB is used as an example in the formula below:

| FORMULA | = | BASE AMOUNT PER ROOM (\$92K) | X | Weighted Number of Rooms | | X | Board Specific Geographic Adjustment Factor (GAF) | = | TOTAL FUNDING |
|-------------------------------|---|---------------------------------------|---|--|--|---|--|---|------------------|
| | | | | 80% x Number of Rooms Based on Licensing Data | + 20% x Number of Rooms Based on FDK Enrolment Projections | | | | |
| Example: Greenfield DSB | = | \$92,000 | X | { 0.8 x 10 | + 0.2 x 38 } | x | 1.00 | = | \$1,472,000 |
| | | | | | 16 | | | | |

APPENDIX B: ALLOCATIONS AND SPACE CONVERSION TARGETS

| Name of School Board | 2012-13 School Year (\$) | Total Allocation (\$) | Space Conversion Targets (# of spaces) |
|--|--------------------------------|-----------------------------|---|
| Algoma District School Board | 370,800 | 598,000 | 80 |
| Algonquin and Lakeshore Catholic District School Board | 302,300 | 487,600 | 80 |
| Avon Maitland District School Board | 539,000 | 869,400 | 144 |
| Bluewater District School Board | 239,600 | 386,400 | 64 |
| Brant Haldimand Norfolk Catholic District School Board | 352,500 | 568,600 | 96 |
| Bruce-Grey Catholic District School Board | 179,700 | 289,800 | 48 |
| Catholic District School Board of Eastern Ontario | 539,000 | 869,400 | 144 |
| Conseil des écoles publiques de l'Est de l'Ontario | 2,016,900 | 3,253,100 | 544 |
| Conseil scolaire de district catholique Centre-Sud | 1,745,400 | 2,815,200 | 480 |
| Conseil scolaire de district catholique de l'Est ontarien | 1,008,500 | 1,626,600 | 272 |
| Conseil scolaire de district catholique des Aurores boréales | 260,100 | 419,500 | 48 |
| Conseil scolaire de district catholique des Grandes Rivières | 267,000 | 430,600 | 48 |
| Conseil scolaire de district catholique du Centre-Est de l'Ontario | 2,115,100 | 3,411,400 | 576 |
| Conseil scolaire de district catholique du Nouvel-Ontario | 1,078,100 | 1,738,800 | 240 |
| Conseil scolaire de district catholique Franco-Nord | 276,100 | 445,300 | 64 |
| Conseil scolaire de district des écoles catholiques du Sud-Ouest | 889,800 | 1,435,200 | 240 |
| Conseil scolaire de district du Grand Nord de l'Ontario | 222,500 | 358,800 | 48 |
| Conseil scolaire de district du Nord-Est de l'Ontario | 243,000 | 391,900 | 48 |
| Conseil scolaire Viamonde | 814,600 | 1,313,800 | 224 |
| District School Board of Niagara | 2,115,100 | 3,411,400 | 576 |
| District School Board Ontario North East | 263,500 | 425,000 | 48 |
| Dufferin-Peel Catholic District School Board | 1,483,000 | 2,392,000 | 416 |
| Durham Catholic District School Board | 627,400 | 1,012,000 | 176 |
| Durham District School Board | 912,600 | 1,472,000 | 256 |
| Grand Erie District School Board | 352,500 | 568,600 | 96 |
| Greater Essex County District School Board | 1,497,300 | 2,415,000 | 400 |
| Halton Catholic District School Board | 640,000 | 1,032,200 | 176 |
| Halton District School Board | 1,047,200 | 1,689,100 | 288 |
| Hamilton-Wentworth Catholic District School Board | 1,803,600 | 2,909,000 | 496 |
| Hamilton-Wentworth District School Board | 1,512,700 | 2,439,800 | 416 |
| Hastings and Prince Edward District School Board | 488,300 | 787,500 | 128 |
| Huron Perth Catholic District School Board | 299,500 | 483,000 | 80 |
| Huron-Superior Catholic District School Board | 222,500 | 358,800 | 48 |
| Kawartha Pine Ridge District School Board | 474,500 | 765,400 | 128 |

| | | | |
|--|-----------|------------|------|
| Keewatin-Patricia District School Board | 464,900 | 749,800 | 80 |
| Kenora Catholic District School Board | 277,200 | 447,100 | 48 |
| Lakehead District School Board | 693,000 | 1,117,800 | 144 |
| Lambton Kent District School Board | 1,078,100 | 1,738,800 | 288 |
| Limestone District School Board | 302,300 | 487,600 | 80 |
| London District Catholic School Board | 581,800 | 938,400 | 160 |
| Near North District School Board | 203,600 | 328,400 | 48 |
| Niagara Catholic District School Board | 1,410,000 | 2,274,200 | 384 |
| Nipissing-Parry Sound Catholic District School Board | 203,600 | 328,400 | 48 |
| Northeastern Catholic District School Board | 265,200 | 427,800 | 48 |
| Northwest Catholic District School Board | 277,200 | 447,100 | 48 |
| Ottawa-Carleton District School Board | 2,585,000 | 4,169,400 | 704 |
| Ottawa Catholic District School Board | 1,175,000 | 1,895,200 | 320 |
| Peel District School Board | 2,224,600 | 3,588,000 | 624 |
| Peterborough Victoria Northumberland and Clarington Catholic District School Board | 355,900 | 574,100 | 96 |
| Rainbow District School Board | 1,026,700 | 1,656,000 | 240 |
| Rainy River District School Board | 277,200 | 447,100 | 48 |
| Renfrew County Catholic District School Board | 190,000 | 306,400 | 48 |
| Renfrew County District School Board | 191,600 | 309,100 | 48 |
| Simcoe County District School Board | 1,008,500 | 1,626,600 | 272 |
| Simcoe Muskoka Catholic District School Board | 474,500 | 765,400 | 128 |
| St. Clair Catholic District School Board | 658,800 | 1,062,600 | 176 |
| Sudbury Catholic District School Board | 600,700 | 968,800 | 144 |
| Superior-Greenstone District School Board | 267,000 | 430,600 | 48 |
| Superior North Catholic District School Board | 270,400 | 436,100 | 48 |
| Thames Valley District School Board | 1,570,900 | 2,533,700 | 432 |
| Thunder Bay Catholic District School Board | 222,500 | 358,800 | 48 |
| Toronto Catholic District School Board | 2,232,600 | 3,600,900 | 608 |
| Toronto District School Board | 8,930,200 | 14,403,500 | 2432 |
| Trillium Lakelands District School Board | 313,700 | 506,000 | 80 |
| Upper Canada District School Board | 1,018,200 | 1,642,200 | 272 |
| Upper Grand District School Board | 581,800 | 938,400 | 160 |
| Waterloo Catholic District School Board | 798,600 | 1,288,000 | 224 |
| Waterloo Region District School Board | 1,768,200 | 2,852,000 | 496 |
| Wellington Catholic District School Board | 172,900 | 278,800 | 48 |
| Windsor-Essex Catholic District School Board | 1,257,700 | 2,028,600 | 336 |
| York Catholic District School Board | 2,623,800 | 4,232,000 | 736 |
| York Region District School Board | 3,593,500 | 5,796,000 | 1008 |