

Frequently Asked Questions for Child Care Service Providers about Funding and Contribution Agreements

Table 1: Frequently Asked Questions for Child Care Service Providers about Funding and Contribution Agreements

Question	Answer
Why was the child care funding model changed?	The City’s Child Care Modernization Framework was developed in response to the provincially legislated changes. In 2013, the Province of Ontario eliminated Wage Subsidy and introduced a new funding stream called General Operating Expense. All municipalities were required to develop and implement a new funding framework that would be equitable and respond to this change by the end of 2015.
Who did the City consult with when developing the new funding model?	The City consulted with the child care community since 2013 in order to develop a new funding model that addresses local needs. The City incorporated local priorities identified at consultations and through the Stakeholder Reference Group.
What will be the impact on CCSPs?	51% of agencies in Ottawa will see an increase to their total government funding. Some agencies will face more challenges in transitioning to the new Provincial funding framework that will be phased-in beginning January 2016. Council approved a 5-year Sustainability Initiative (2015-2020) to transition CCSPs. The Sustainability Initiative includes allocating \$11.5 million from the child care reserve fund. This will allow time for agencies to adjust to the new funding allocations. As a result of this municipal investment, no CCSP will experience a loss of funding in 2016. Some CCSPs may not experience a change in funding over the next 5 years, pending submission and approval of a business plan outlining the steps the CCSP will take to adjust their operating budgets in response to the new Provincial funding framework.
How was the final 2016 funding calculated?	Providers will receive their contribution agreement with a calculation statement outlining the calculation. It will include the number of licensed spaces, number of subsidized children and the funding per space. The City used the Provincial licensing report as of August 14 th , 2015 to obtain the licensed capacity information. To calculate the Government Priority funding (a component of the General Operating funding), the City used the actual number of subsidized children in care over a 12 month period beginning August 1 st 2014 to July 31 st , 2015. This will be the 12 month period used in subsequent years to determine the government priority funding.

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<p>When and how will the CCSPs receive payment?</p>	<p>With the exception of fee subsidy, providers will receive equal quarterly payments by the 15th of the first month of the quarter (January, April, July, and October). Fee Subsidy will be paid on a monthly basis after the submission of the monthly attendance.</p> <p>Payments will be made within 30 days, however the City will strive to make payments within 10 business days of receiving the attendance. All payments will be made by Electronic Funds Transfer (EFT).</p>
<p>Our full fee rates will be changing in September, can we submit new rates to the City?</p>	<p>Based on past funding practises and practises within the City's purchasing by-law, CCSPs can submit annual inflationary increases to the City upon board approval of increasing full-fee daily rates. Inflationary increases for rates shall be limited to the Statistics Canada Consumer Price Index (CPI) of the prior calendar year unless:</p> <ul style="list-style-type: none"> • The CCSP has included rate increases within their approved viability and sustainability plan; or • The CCSP can demonstrate, to the satisfaction of the City, that their costs have increased significantly from the original rates and the providers cost increases can be independently verified by the City. <p>The City is currently developing the procedure for CCSP to request new rates which will be communicated with CCSPs in 2016.</p>
<p>Will the City cap rates? What happens when per diem rates are above the City average?</p>	<p>The City will assess rates in comparison to the City and or ward average to determine reasonability. If an agency is determined to have excessively high rates in comparison to the City average, the City will inform the agency. If rates cannot immediately be reduced, the City will require the agency to submit a plan on how rates can be reduced over the transition period to better align with the City average. Similar to the stabilization plan the City will provide additional tools and supports to help with this transition in 2016.</p> <p>Please visit www.ottawa.ca/childcare for the listing of the average rates in the City and the average rates by ward.</p>
<p>For Stabilization Funding, when does the viability and sustainability plan need to be submitted to the City?</p>	<p>CCSPs will be required to submit their plans prior to December 31st, 2016. If a CCSP did not apply for stabilization funding or chooses not to submit a plan, their funding for 2017 to 2020 will be reduced as per the 2015 Service Plan / Schedule B (75% of the reduction in 2017, 50% in 2018, 25% in 2019 and 0% in 2020.) The Expert Panel is currently working on supports and tools to assist agencies with their viability &</p>

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	sustainability plan. These will be provided to CCSPs in 2016.
<p>Why is the City changing the financial reporting requirements and what are the new requirements?</p>	<p>As a result of recommendations from the Auditor General and to minimize and consolidate financial reporting the City is changing the financial reporting requirements. Beginning in 2016 CCSPs will no longer be required to submit invoices / pay stubs etc to the City to verify individual program funding.</p> <p>CCSPs will be required to submit a Schedule of Revenues and Expenses – Child Care Funding. This will outline all of the funding received from the City and the associated expenditures by program (Example: GO Funding, Wage Enhancement, and Special Purpose etc). The statement must be reviewed by an auditor and contain a note to certify that funding has been used for its intended purpose. This is called a Review Engagement and it is not as extensive as the Audit engagement used to assess corporate financial statements. This is an allowable expense under GO Funding. This approach is consistent with Provincial reporting requirements for CCSPs who receive funding directly from the Province. Additional details and instructions will be provided in the Child Care Provider User Guide 2016-2020</p>
<p>Why can't the need for audited financial statements be synchronized/ more defined so that only one audited statement is required?</p>	<p>CCSPs can discuss the possibility of including a separate schedule within the corporate financial statements with their accountant and Auditor. Additional details will be outlined in the Child Care Provider Guide 2016-2020.</p>
<p>Do we need a "Review Engagement" if we already have an Audited Financial Statement (AFS)?</p>	<p>Yes you still need it, the AFS does not report if funds were used as intended. Also it needs to align with the calendar year and is more detailed then an AFS.</p>
<p>What are the advances and how do I submit my repayment plan?</p>	<p>Some CCSPs received advances in 1999 when the Province changed the payment system to the Ontario Child Care Management System (OCCMS). CCSPs will be required to repay the advance by December 31st, 2020.</p> <p>The City is currently developing the procedure and will communicate with CCSPs in 2016 to confirm repayment arrangement details. CCSPs will be asked to complete a form and submit no later than December 31st, 2016. Instead of</p>

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	having the CCSP write cheques and submit payments to the City, the City will use the repayment plan to adjust the CCSPs monthly fee subsidy or quarterly GO funding payments, allowing for flexibility and to recover the outstanding amounts.
What can we do if we are experiencing financial difficulties and are at risk of closure?	Emergency Bridge Funding is available to eligible CCSP's who are experiencing financial difficulties and are at risk of closure. Please contact your Child Care Specialists for an application form.