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2019 Mitigation Fund Guideline

Intended for:

Peel Region Licensed Child Care Providers

The Region reserves the right to amend the guidelines and other relevant documents at its absolute discretion. Revised guidelines will be published on the Region's website at <http://www.peelregion.ca/children/working/service-providers/index.htm>

**Early Years and Child Care Services
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SECTION 1: INTRODUCTION

This guideline is intended to provide you with key information regarding the Mitigation Fund. To learn more about the funding requirements, please review this guideline and your Early Years and Child Care (EYCC) Services Fee Subsidy and Funding Agreement (the ‘Agreement’).

Objective and Overview

The Mitigation Fund provides assistance to licensed child care programs whose viability is at risk to ensure that families and children attending these programs continue to have access to child care that meets their needs.

Mitigation Funding helps support unforeseen circumstances/costs that impact service provider’s ongoing viability. The Mitigation Fund is:

- **Application based:** In order to receive this funding, you need to apply and demonstrate that you meet the funding eligibility criteria.
- **Your last resource:** This funding is available when you do not have any other resources available to overcome threats to your financial viability. You must have exhausted all other available resources before applying as applicable (e.g. use your agency’s reserves/retained earnings, make an insurance claim, apply/use other financial resources, etc.). Service Providers may not use other Regional funding as a last resource.
- **Subject to funding availability and approval from the Region:** You should not make financial commitments in expectation of receiving the Mitigation Fund until your application has been approved and an amending ‘Agreement’ has been executed. If you incur any expenses prior to the execution of your amending ‘Agreement’, you do so at your own risk.
- **One-time and short-term:** Recipients of Mitigation funding are expected to continue planning and budgeting for ongoing expenses and future contingencies to build your long-term viability.
- **Supplementary:** Your main source of income is expected to be revenue from families (including the child care fee-subsidy program). The Mitigation Fund is not to replace other income sources.

SECTION 2: CAN I APPLY?

You can apply for the Mitigation Fund if you meet ALL the following eligibility criteria:

1. Be a licensed child care provider in Peel Region with a signed EYCC Services Fee Subsidy and Funding Agreement dated on or before **October 31, 2017**;
2. Be facing unforeseen circumstances/operational pressures/costs that impact your ongoing viability;
3. Be in good standing /full compliance with the requirements of your EYCC Services Fee Subsidy and Funding Agreement, the guidelines and any applicable reporting requirements for all funds provided;

SECTION 3: APPLICATION PROCESS

When do I apply?

You must send a completed application and any applicable supporting documents **on or before November 4, 2019**. Incomplete applications will not be considered.

How do I apply?

In order to apply for Mitigation Fund, you must:

Before applying

STEP 1. Read and understand this Guideline and the [Application for Mitigation Fund](#).

STEP 2. If entitled to receive compensation from another source for the unforeseen circumstances/operational pressures/costs that you are applying for, you must:

- a) Pursue the compensation from the other source prior to applying for Mitigation Funding (e.g. file an insurance claim, etc.); and/or
- b) Use the funds from the other source first;
- c) Advise the Region of the potential other source;
- d) Ensure that receiving Mitigation Fund does not waive receipt of any compensation or underwrite the repayment of any obligation of a third party; and

Note: If your Mitigation Fund application is approved and you receive compensation for the same unforeseen circumstances/operational pressures/costs that were covered by the Mitigation Fund, you must advise the Region as soon as compensation is received. You will be required to reimburse the Region the amount of the Mitigation Funding received, which, in the discretion of the Region, was intended for the same costs.

STEP 3. Exhaust all other available resource's e.g. reserves, retained earnings, etc.

To Apply

STEP 4. Complete **all** sections of the [Application for Mitigation Fund](#).

STEP 5: Submit the [Application for Mitigation Fund](#), and any other documents (e.g.: estimates and quotes, insurance claim, lease agreement, etc.) that support your request for Mitigation Fund by e-mail to EarlyYearsSystemDivision@peelregion.ca

Based on the nature of your application, the Region may also ask you to submit:

- a) [A cash flow statement](#)
- b) [Template – EYCCS Financial Annual Information Return \(XLS\)](#) tabs A1 – Identification and A2 – Financial Position as of the date of the Mitigation Fund Application
- c) Any other document required to assess/verify the merit of your application.

Assessment of my Application

Important: Approval of Mitigation Fund requests are subject to the sole discretion of the Region of Peel and the availability of funds at the time of the request.

We will consider your application on its merits, based on how:

- well it meets the criteria:
 - **Criterion 1:** Existence of unforeseen circumstances/operational pressures/costs that impact your ongoing viability.
 - **Criterion 2:** Efficient and effective use of the funding (how you will use the funding and how the funding will allow your child care program to continue operating and achieve/improve your program's long-term viability)
- it provides value with relevant money (see appendix);
- well your agency aligns with the priorities identified in the [EYCC Service System Plan 2019-2024](#). This includes an assessment of:
 - The affordability of your 0-4 full-time municipal rates;
 - Whether or not your market rates are higher than your municipal rates;
 - Your average ECE hourly wages without ROP funding;
 - The number of children in receipt of fee-subsidy that you serve as a proportion of your total enrollment; and
- Good is your financial health.

Note: Where relevant, applications for programs operating in an area where child care need has been identified will be prioritized.

Application Approval and Payment

If your application is approved, we will issue an amending ‘Agreement’. In order to accept the funding and receive a payment, you must return your signed amending ‘Agreement’ by **December 2, 2019**. If we do not receive your signed amending ‘Agreement’ on time, we will consider that your application for Mitigation Fund was withdrawn.

SECTION 4: FUNDING CONDITIONS

What the Mitigation Fund funding can be used for

The pressures/costs/activities that require to be offset through the Mitigation Fund must be identified during the application process. You must use the funding as described on your approved Mitigation Fund Application. Any changes must be pre-approved in writing by the Region and reported during the reconciliation process.

Important: Funding used for expenses that were not approved will be recovered through the reconciliation process.

What expenses can Mitigation Fund be used for?

Depending on the nature of the unforeseen operational pressure/cost/event, you may apply for funding to:

- temporarily meet child care operating costs;
- help with additional costs that result from an unforeseen event or circumstance;
- support other reasonable expenses, as agreed with the Region, to ensure the continuity of the delivery of child care services;
- develop a sustainability plan (including the cost of hiring a qualified child care business consultant);
- implement changes to your business practices to improve the viability of your child care program as per your sustainability plan.
- meet standard child care operating costs during transition to a more sustainable business model.

What the Mitigation Fund cannot be used for?

The Mitigation Fund cannot be used for:

- Costs/expenses not included on your Mitigation Fund application;
- Costs/expenses included on your Mitigation Fund application but not approved by the Region; and
- Expenses claimed and not approved through the 2019 one-Time Special Purpose Funding.

Note: Mitigation funding must not be used toward debt costs (including principal and interest payments related to capital loans, mortgage financing, tax liabilities, operating loans, etc.); property taxes, franchise fees or non-arm's length transactions not transacted at fair market value (see Appendix A for a definition).

Which are my obligations with regards to the funding?

As a recipient of the Mitigation Fund, you must:

1. Use the Mitigation Fund as stated on your approved application. Changes must be pre-approved by the Region in writing and reported during the reconciliation process.
2. Use and administer the Mitigation Fund in accordance with your funding memorandum, the 'Agreement', the Guideline and any further provincial and regional policies, procedures and requirements as communicated.
3. Use the Mitigation Fund on time (on or before December 31, 2019), efficiently and effectively.
4. Meet any other funding conditions specific to your Mitigation Fund application, as determined by the Region.
5. Keep all original documents that supported the claims made on your application and the use of the Mitigation Fund for a minimum of 7 years (e.g. quotes, invoices, lease agreements, insurance claim, etc.)

SECTION 5: FUNDING ACCOUNTABILITY AND REPORTING REQUIREMENTS

Requirement to Use the Funding for the Purpose Intended

The Mitigation Fund must be used for its intended purpose. You may not use Mitigation Fund to generate a revenue and/or increase the value of your agency. Provincial/regional child care funding cannot be used to contribute (directly or indirectly) to your reserves, surplus, profit, and/or retained earnings, etc. as applicable.

If we determine that you did not use the Mitigation Fund as intended and /or did not meet your responsibilities as set out in this guideline or your 'Agreement', the Mitigation Fund will be recovered, and you may be deemed ineligible to receive future EYCC funding.

Reporting and Reconciliation

You must accurately report on how the Mitigation Fund was used and how it supported your agency's viability. This includes submitting the Final Reconciliation Report package in February 2020. **Important:** You may be required to provide other documents as requested by the Region.

Recoveries

You must return Mitigation funding to the Region in the following situations:

- Unspent funding;
- Your agency/program closes within a year of receiving the funding;
- You did not use the funding in accordance with the terms of the 'Agreement' or this Guideline;
- You obtain compensation or funding that cover the same costs supported through Mitigation Fund;
- Your application contains false or misleading information (unless at the time the information was provided, you did not know that the information was false or misleading and, with the exercise of reasonable diligence, you could not have known that it was false or misleading).

If we determine that you must return all or part of your Mitigation Fund funding amount, you will be notified by e-mail.

Any amount owed must be repaid to the Region within thirty (30) calendar days of the date of the e-mail in order to maintain ongoing eligibility for regional or provincial funding. **No repayment agreements will be allowed.**

In addition, if we determine that you did not use the funding in accordance with the terms of the 'Agreement' or this Guideline, and/or that false or misleading information was provided on your application, you may be deemed ineligible to receive future EYCC funding.

Other Financial Reporting Requirements

You should refer to the [Service Providers' Handbook](#), the ["Early Years and Child Care Services Financial Annual Information Return Guideline"](#), and your 'Agreement' for information on your financial reporting requirements.

Audit Approach

The Region may conduct site visits to confirm that funding was used for the approved purpose(s). Through the Region of Peel's audit selection process, you may be contacted to complete a review of the Mitigation Fund up to seven (7) years after the date in which you received the funding.

SECTION 6: CONTACT US

If you require additional information or have questions about the Mitigation Fund, please e-mail: EarlyYearsSystemDivision@peelregion.ca

APPENDIX A: LIST OF ACRONYMS AND DEFINITIONS

Term	Definition
'Agreement'	Early Years and Child Care Services Fee Subsidy and Funding Agreement
Execution of an Agreement	An agreement is executed when it has been signed off by the people necessary for it to become effective
EYCC	Early Years and Child Care
F.A.I.R.	Financial Annual Information Return
Licensed Child Care Provider	A service provider who holds a licence issued under the Child Care and Early Years Act, 2014
Non-arm's length transactions	A transaction occurs at non-arm's length when it is between two individuals who are related by blood, marriage, common-law partnership or adoption. When this occurs, the transaction will require additional documentation to ensure it has occurred at fair market value.
Priorities - EYCC Service System Plan	The five priorities identified in the EYCC Service System Plan are: <ul style="list-style-type: none"> • Affordability- <i>Public Funds are used to improve the affordability of licensed child care</i> • Inclusivity- <i>EYCC programs are inclusive of all children</i> • High quality- <i>Service providers continuously improve program quality</i> • Accountability- <i>EYCC system management is future-oriented, responsive and accountable</i> • Accessibility- <i>Service providers expand access to EYCC programs.</i>
Region	The Regional Municipality of Peel
Sustainability	The ability to maintain financial viability in the long-term.
Sustainability Plan	A plan developed in collaboration with a child care business consultant that helps service providers that are operating below the break-even point to achieve long-term financial viability. The plan may include strategies to increase profitability through improved management practices, direct marketing, value-added initiatives, operational efficiencies etc.
Value for Money	This refers to 'value with relevant money' which is generally based on whether the intended outcomes will justify the expenditure by being an efficient, effective, economical and ethical use of public resources. It includes an assessment of: <ul style="list-style-type: none"> • The overall objective to be achieved with the funding; • the relative value of the funding sought; • the extent to which the application demonstrates that outcomes / objectives of the funding and the Region will be achieved; • whether or not the absence of funding is likely to prevent the service provider and government's outcomes being achieved; and • duplication with other government programs/grants.
Viability	The ability of a business to survive, measured by its financial performance and position.