MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT

Child Care Fee Reduction Initiative (CCFRI)

Funding Guidelines 2020/21

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1. Introduction

The Child Care Fee Reduction Initiative (CCFRI) within the Child Care Operating Funding (CCOF) Program provides funding to make child care more affordable for families across the province. Funding is available to eligible, licensed child care organizations to reduce monthly child care fees.

Eligible child care organizations must apply to the Ministry of Children and Family Development (Ministry) to receive CCFRI funding. These guidelines explain how CCFRI applications will be assessed for the April 1, 2020-March 31, 2021 Funding Agreement Term.

As the purpose of CCFRI is to make child care more affordable for B.C. families, the standards outlined in these guidelines are intended to ensure that the greatest possible benefit is passed along to parents in the form of reduced monthly parent fees.

The CCFRI is an important part of the Childcare BC plan. Eligible organizations must participate in the CCFRI to receive funding through other Childcare BC initiatives, including the Childcare BC New Spaces Fund, Maintenance Fund, Start-Up Grants, and Early Childhood Educator Wage Enhancement (ECE-WE). This ensures organizations funded by the Childcare BC plan are demonstrating a commitment to offering affordable child care for families.

CCFRI funding is available to eligible licensed Group and Family child care facilities for children in the “Under 36 Months” and/or the “3 Years to Kindergarten” categories (Parent Fee Reduction Eligible Care Categories). Enrolled organizations receive Parent Fee Reduction Payments, which are given to parents in the form of reduced parent fees, for up to the following amounts for full-time care (pro-rated amounts apply for part-time care):

- $350/month for Group infant/toddler care (Under 36 months);
- $200/month for Family infant/toddler care (Under 36 months);
- $100/month for Group care for children aged 3 years to Kindergarten; and
- $60/month for Family care for children aged 3 years to Kindergarten.

2. What’s New for 2020/21

The Ministry has made the following important changes to the CCFRI for 2020/21:

- The Early Childhood Educator Wage Enhancement doubles to $2 per hour on April 1, 2020.
- The Administrative Top-Up funding under the CCFRI increases to 20% on April 1, 2020.
- Approved parent fees will be posted on the CCFRI website to improve communication with parents and the public.
- A new Program Confirmation Form where information can be saved and updated.
3. Application Criteria

To be eligible to apply for the CCFRI, a facility must:

- Be approved by the Ministry to receive CCOF Base Funding; and
- Provide child care to children in the Parent Fee Reduction Eligible Care Categories.

4. Approval Criteria

To be approved for the CCFRI, a facility must:

- Submit a 2020/21 Parent Fee Schedule that includes the fees charged for children enrolled in the Parent Fee Reduction Eligible Care Categories, including any planned fee increases. This Parent Fee Schedule must align with the parent fee assessment standards in these guidelines, as determined by the Ministry; and
- Submit a 2020/21 closure schedule that is acceptable under the CCFRI Closure Policy (see page 12), as determined by the Ministry.

If the Ministry approves a facility for the CCFRI, written notice of this approval, or of temporary approval (if applicable), will be provided. Please note the Ministry may, at its discretion, revise policies and standards relating to approval of parent fees at any time.

5. Parent Fee Assessment

For facilities that were enrolled in the CCFRI for 2019/20, the Ministry will assess Parent Fee Schedules for April 2020 through March 2021. For facilities that were not enrolled in the CCFRI for 2019/20, the Ministry will also assess the facility’s Parent Fee Schedules from April 2019 through March 2020.

For the 2020/21 Funding Agreement Term, the definition of a parent fee increase has been clarified to specify that the parent fee increase includes increases to the cost of services (such as meals and snacks or pick-up and drop-off) that providers previously included in the parent fee. Increases to the costs of these services will be assessed as a parent fee increase under the CCFRI and will not be considered an increase to, or introduction of, an optional fee.

The Ministry’s review and assessment of a facility’s application follows one of the following four scenarios that best applies to that facility’s Parent Fee Schedule:
Scenario A: No Parent Fee Increase(s)

The facility does not plan to increase parent fees over the new Funding Agreement Term and has maintained an approved Parent Fee Schedule over the previous Funding Agreement Term*

The Ministry will approve the Facility to enroll in the CCFRI (subject to other eligibility and approval criteria being met)

*For clarity, a facility has not maintained an approved Parent Fee Schedule over the past Funding Agreement Term if that facility:

- Did not apply to enroll in the CCFRI;
- Was not approved to enroll in the CCFRI in 2019/20; or
- Was approved to enroll in the CCFRI in 2019/20 but then implemented a fee increase not approved by the Ministry.

Fast Stat:
In 2019/20, approximately 60% of eligible facilities who applied were approved to enroll in the CCFRI with no Parent Fee Increase
Scenario B: Parent Fee Increases are Nominal and/or Align with Parent Fees in their Region

Parent fees that align with those charged by other child care providers in a facility’s geographic region and/or nominal parent fee increases may:

- Support parents’ abilities to access affordable child care that is comparable to the cost of care in other facilities in their region; and
- Help facilities to plan for routine increases to the cost of operating their business.

Nominal and/or Regionally Aligned Fee Increase Proposed

A nominal fee increase is one determined by the Ministry to be a minor amount
A regionally aligned increase is where the current fee is below the median for their Service Delivery Area and the increase is in line with the provincial range.

Review

The Ministry will review the proposed parent fee increase(s) to determine if:

- The facility’s parent fee is below the median fee for their region (Service Delivery Area) and the increase is in line with the provincial range of standard annual increases
- The parent fee increase(s) is a nominal amount (for all Parent Fee Reduction Eligible Care Categories)

Approval

The facility will be approved to enroll in the CCFRI (subject to other eligibility and approval criteria being met)
Scenario C: Historical Parent Fee Increase(s)

Parent fee increases that align with how a facility has historically increased fees may:

- Lead to predictable parent fee increases that can help families to plan their expenses; and
- Help facilities plan for routine increases to the cost of operating their business.

A historical parent fee increase is one that is similar to an established pattern of previous parent fee increases in both:

- Timing (e.g. every 6 months, every 1 year, or every 2 years); and,
- Amount

The Ministry will review the proposed parent fee increase(s) to determine if it aligns with the facility's historical parent fee increase pattern. Further information may be requested from the Facility.

The Facility will be approved to enroll in the CCFRI (subject to other eligibility and approval criteria being met).

To reduce the compounded effects of fee increases over time, a fee increase will only be considered historical if it aligns with an established fee increase pattern in terms of timing (e.g., every 6 months, every year, or every 2 years) and dollar amount (for example, an increase of $35 each year).

Please note: A parent fee increase previously approved under the Fee Increase Exceptions Policy will not normally be considered as part of a facility’s historical parent fee pattern. For exceptions, see the Fee Increase Exceptions Policy section (see page 9).

Scenario D: Exceptional Parent Fee Increase(s)
An Exceptional Fee Increase Proposed

An exceptional parent fee increase is one that is not nominal, not in line with other fees in their region, or not historical (for any Parent Fee Reduction Eligible Care Categories)

Review & Further Information

The parent fee increase(s) will be reviewed, and further information and/or documentation will be requested from the Facility

Assessment

The Ministry will assess the Facility’s circumstances to determine whether the reason for the Facility’s exceptional parent fee increase is acceptable according to the Parent Fee Increase Exceptions Policy

Approval or Alternate Fee Schedule

Result 1: The Facility will be approved for the CCFRI, subject to other eligibility and approval criteria being met and the process ends here

Result 2: The Ministry will contact the Facility to discuss an alternate Parent Fee Schedule and you will continue to the next step of the process

Facility Accepts, Declines or Provides Additional Information

Option 1: The facility accepts the alternate Parent Fee Schedule. The Facility’s application for the CCFRI will be approved, subject to other eligibility and approval criteria being met

Option 2: The facility declines the alternate Parent Fee Schedule. The Facility’s application for the CCFRI will not be approved. The Facility may request reconsideration of the decision

Option 3: The facility provides additional information for consideration. The Facility’s circumstances will be re-assessed, and the Facility will be contacted to be advised of the outcome
Parent Fee Increase Exceptions Policy

Facilities may be approved for the CCFRI with an exceptional fee increase. This approval will be determined based on the facility’s ability to demonstrate, to the Ministry’s satisfaction, that it has exhausted all other relevant Ministry child care funding programs prior to increasing parent fees, and that at least one of the parent fee increase exceptions described in this section applies.

Please note: any parent fee increase(s) associated with an expense covered under the Parent Fee Increase Exceptions Policy must be proportional to that expense. In addition, the expense must be amortized (i.e. spread out) over a minimum of 12 months. For larger expenses, amortization over a longer period may be required, as determined by the Ministry on a case-by-case basis.

Facilities wishing to be considered under this policy will be required to present evidence that such unexpected expenses are genuine and significant.

The following circumstances will not be considered an adequate justification for parent fee increases under this policy:

- Nominal or reasonable rent/lease increases accounted for by an established pattern of routine fee increases;
- Any cost increases arising from an individual not at arm’s length from the facility or organization (e.g. a family member raises the rent beyond a reasonable amount);
- Repairs that may be covered through the Childcare BC Maintenance Fund and/or other Ministry funding source(s); and
- Expansion in the number/type of licensed spaces that may be covered through the Childcare BC New Spaces Fund and/or other Ministry funding source(s).

Any parent fee increase requested for the same/similar reason as a previously-approved parent fee increase must be proportional to any additional expense that has been incurred since.

Note that any parent fee increases previously approved under the Parent Fee Increase Exceptions Policy will not be considered as part of a facility’s historical fee pattern except for cases in which the Ministry determines that:

- The facility has not established a historical parent fee pattern (e.g. new facilities in their first year of operation or facilities that have not implemented a parent fee increase in the past five years) and the expense associated with the parent fee increase is deemed to be recurring; or
- The previous exceptional increase aligns with the facility’s historical fee pattern.

Fast Stat:
In 2019/20, less than 15% of approved facilities applied for an Exceptional Fee Increase
### Parent Fee Increase Exceptions

#### 1. Exceptional Circumstances
The facility is incurring genuine and significant exceptional expenses, including those resulting from, but not limited to:

- Sudden or unexpected significantly expensive maintenance, repairs, or replacement of equipment due to damage or health and safety concerns;
- A sudden or unexpected rent/lease or mortgage increase imposed by an arm’s length landlord or lender;
- A sudden or unexpected increase in operational expenses;
- A sudden or unexpected loss of revenue routinely received from a source other than parent fees or Ministry funding;
- A sudden or unexpected financial pressure outside of the facility’s control that is impacting the facility’s ability to remain operational in the 12 months following the date of application; or
- Unforeseen expenses incurred by a new facility operating within the first 12 months of business that are required for that facility to respond to operational requirements and continue to provide licensed child care.

Expenses may be considered sudden and unexpected when they are outside of the Organization’s control and/or fall outside of the scope of regular increases to the cost of business that are covered by routine parent fee increases. These expenses must occur no more than six months before or after the effective date of a recent or proposed parent fee increase.

#### 2. Direct Care Staff Wages
The facility is implementing a parent fee increase(s) due to an increase(s) in:

- Wages for Direct Care Staff that spend 50% or more of their working time providing direct care to enrolled children, including Early Childhood Educators and Early Childhood Educator Assistants; or
- Any additional expense resulting from an increase in Direct Care Staff wages (e.g. Employer Health Tax, statutory benefits, etc.);

And the Direct Care Staff wage increase(s) is necessary as:

- The facility’s current wage(s) has resulted in loss of Direct Care Staff to other licensed child care facilities or an inability to hire sufficient Direct Care Staff; and
- This is creating immediate health and safety concerns for the facility under the requirements of the Child Care Licensing Regulation (CCLR).

The Ministry may request documentation or other proof to substantiate the health and safety impact, including but not limited to: expiring and non-renewable staffing exemptions granted by the local Health Authority due to an inability to recruit qualified staff, unfilled licensed spaces and/or unplanned closures due to inability to maintain licensing ratios, multiple unfilled/unsuccessful staff position postings, etc.

Applications under this exception policy will be assessed based on the strength of the facility’s business case for increasing parent fees due to wages, as evidenced by the quality of the documentation provided. The amount of the proposed wage increase may also be considered.

**PLEASE NOTE:** If a proposed parent fee increase is due to a wage increase for Direct Care ECEs eligible for ECE-WE, the facility will be required to apply for the ECE-WE prior to approval for any additional proposed parent fee increase under the CCFRI.
3. Priority Service Expansion
The facility is implementing parent fee increases proportionate to a service expansion that meets a priority area of:
- Providing care during expanded, extended, and/or non-traditional hours\(^1\), provided the service is available to all enrolled children; or
- Increased connection to Indigenous community, culture, or language in an Indigenous facility or organization. An Indigenous facility is governed by a majority (at least 51%) of Indigenous peoples (e.g. a Band, a Friendship Centre, a Métis organization etc.). An Indigenous organization is an organization with majority (at least 51%) ownership or management by Indigenous people. The service expansion must be available to all enrolled children. Parent fee increases may be in relation to expenses associated with, but not limited to:
  - Participation of an Elder, culture/language teacher, and/or family members in the child care program (e.g. transportation, honorariums, food);
  - Participation of children in community, language, and/or cultural events or activities (e.g. transportation, admission); or
  - Language or culture resources for use in the child care program.

4. Affordable Child Care for Underserved Populations
The facility meets all of the following criteria:
- Has historically provided care to underserved populations—including Indigenous or low-income populations—at significantly below the regional median range of fees for their area or at no fee;
- Can demonstrate parent fee increases will contribute to the operational sustainability of the organization; and
- Can demonstrate parent fee increases will not substantively increase the actual cost of care for parents/families.

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\(^1\) In cases in which an organization offers Extended Hours (defined as after 7 pm and before 6 am and/or overnight), the organization would be required to obtain the necessary approvals from their Health Authority and to complete a [Change Notification Form](#) in order to modify the Facility’s service details as outlined in Schedule A of their Child Care Operating Funding (CCOF) Funding Agreement. If a Facility offers expanded hours that do not fall in the above defined range of Extended Hours, a modification to the CCOF Funding Agreement will not be necessary.
6. Closure Policy

Closure periods are any days in which a facility is not open and providing licensed child care, but do not include the following provincial statutory holidays: New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, B.C. Day, Labour Day, Thanksgiving Day, Remembrance Day, and Christmas Day.

To be eligible for the CCFRI, Facilities must not charge parents full monthly parent fees for spaces enrolled in the CCFRI for closures over and above two consecutive weeks per month, up to a maximum of four weeks per Funding Agreement Term (the Maximum Closure Period), unless approved in advance in writing by the Ministry.

The Ministry may approve additional closures, at its discretion, if the organization demonstrates a satisfactory business case to the Ministry. In this case, the Ministry will assess whether:

- The closure aligns with a documented history of past closures or is due to circumstances outside of the organization’s control; and
- There are genuine and significant operational expenses related to providing licensed child care for which the organization is responsible during the closure period. The organization must demonstrate to the Ministry’s satisfaction that the collection of parent fees for the closure period is required to maintain the operational viability of the facility.

7. Requests to Raise Parent Fees During the Funding Agreement Term

If a facility requests to raise parent fees during the Funding Agreement Term, the Ministry will assess whether the requested parent fee increase falls under the Parent Fee Increase Exceptions Policy. The Ministry will consider a facility’s request for such increases on a case-by-case basis, taking into consideration the unique circumstances of the facility or organization and the amount of the proposed parent fee increase.

8. Program Contacts

For information about the CCFRI, CCOF base funding, and the ECE-WE, please call the CCOF program Monday to Friday 8:30 am to 4:30 pm at 1-888-338-6622 (option 2) or visit the webpage: www.gov.bc.ca/childcareoperatingfunding
Appendix A: Definitions

Base Payments or CCOF Base Payments: The CCOF payments the Ministry provides to the facility as described in sections 3 and Schedule B (CCOF Base Payments) of the 2020/21 CCOF Funding Agreement based on the child care services the organization provides.

Child Care Operating Funding (CCOF): Funding provided by the Ministry to eligible licensed child care organizations on a per-facility basis to assist with the day-to-day costs of running a licensed child care facility.

Direct Care Staff: Staff employed at the facility on either a full-time, part-time, or casual basis, providing direct care to children at a Facility for 50% or more of their working time and includes, without limitation, Early Childhood Educators and Early Childhood Educator Assistants.

Early Childhood Educator Wage Enhancement (ECE-WE): A wage enhancement for front-line ECEs working in eligible child care facilities of $1.00 per hour worked (increasing to $2.00 per hour in April 2020) plus funding to offset statutory benefits, up to a maximum of 195 hours/month.

Enrolled or Enrolment: The registration of children full-time or part-time in any given month, for a specific category of child care services and on specific days at the facility within the maximum capacity permitted under the Licence.

Enrolment Report: For each facility, the monthly report for each day that the facility is open and providing child care services, sets out:

- The total number of Enrolled spaces and drop-in spaces;
- The number of vacant spaces, if any; and
- Such other information as the Province may reasonably require to administer the CCOF and CCFRI programs.

Extended Hours: Additional hours of operation a facility is open and providing child care before 6:00 a.m., after 7:00 p.m., and/or overnight.

Facility or Licensed Child Care Facility: The physical location of child care services operated by the organization for which a valid child care facility licence has been issued under the Community Care and Assisted Living Act.

Funding Agreement or CCOF Funding Agreement: The agreement under which the following payments are made to a Ministry-approved facility:

- CCOF Base Payments;
- If approved and enrolled, the CCFRI payments; and
- If approved and enrolled, the ECE Wage Enhancement payments.
**Funding Agreement Term:** The period covered by the CCOF Funding Agreement, which aligns with the Ministry’s fiscal year running from April 1 of one year until March 31 of the subsequent year or begins on the first of the month in which approval was granted until March 31.

**Licence or Licensed:** As defined under the *Community Care and Assisted Living Act*, means a medical health officer has issued to an applicant a licence to operate a community care facility and specified in the licence the types of care that may be provided.

**Maximum Closure Period:** A closure period of two consecutive weeks per month, to a maximum of four weeks per CCOF Funding Agreement Term.

**Ministry:** The Ministry of Children and Family Development.

**Nominal Parent Fee Increase:** A fee increase or multiple fee increases over the Funding Agreement Term for an Enrolled space that is deemed as minor and is approved during CCFRI assessment at the Ministry’s sole discretion.

**Optional Fees:** Any fees that a facility charges a Parent for optional services rendered for that Parent’s Enrolled child provided that if the fees are not paid, the Parent's child will receive the usual, continuous care at the facility during the facility’s regular hours. This includes fees charged for meals and pick-up and drop-off services.

**Parent:** A parent or a person standing in the place of a parent with respect to a child Enrolled in a licensed child care facility.

**Parent Fee(s):** The fee the facility charges a Parent or other party for the parent’s child to occupy a child care space at the facility, exclusive of Optional Fees.

**Parent Fee Increase:** Any increase to the Parent Fee for either existing and/or newly Enrolled children, including increases to the cost of services (such as meals and snacks or pick-up and drop-off) that were previously included in the Parent Fee. For clarity, reducing hours of operation or services and charging additional fees for these same hours or services will be considered a Parent Fee Increase.

**Parent Fee Reduction Eligible Care Categories:** Means one or both of the Under 36 Months care category and the 3 Years to Kindergarten care category.

**Parent Fee Reduction Payment:** A payment to facilities approved to enroll in the CCFRI on the condition that those facilities reduce monthly Parent Fees by the following amounts for full-time care (pro-rated amounts apply for part-time care):

- $350/month for Group infant/toddler care (Under 36 months);
- $200/month for Family infant/toddler care (Under 36 months);
$100/month for Group care for children aged 3 years to Kindergarten; and
$60/month for Family care for children aged 3 years to Kindergarten.

**Parent Fee Schedule(s):** The Parent Fees, including any increases, a facility charged or proposes charging over a Funding Agreement Term.

**Organization:** The funding recipient under an existing CCOF Funding Agreement with the Ministry.