



WELLINGTON CANADA-WIDE EARLY LEARNING AND CHILD CARE GUIDELINES-2024

The Wellington Canada-Wide Early Learning and Child Care (CWELCC) Guideline is part therein of the Canada-Wide Early Learning and Child Care Agreement. It provides guidance to licensed Child Care Service Providers, Accountants, Bookkeepers, Auditors, and other services providing support to the Child Care Service Provider as to the supports available through this funding. It also provides child care staff with a clear understanding of available financial supports.

OVERVIEW AND KEY PRINCIPLES

This document outlines the parameters and general principles under which the Ministry of Education (the ministry) will flow funding to the County (designated CMSM for Wellington and Guelph) in 2024 under the CWELCC System, and describes the requirements of the funding, including obligations for the County.

Please note that direction outlined in the Wellington CWELCC Guideline (2024) continues to remain in place, until they are superseded or replaced by a revised guideline.

When implementing these Wellington CWELCC Guidelines, the following overarching principles should be kept in mind:

1. **Quality**: These CWELCC Guidelines must be implemented in a way as to ensure the delivery of high-quality child care, as defined in the *CCEYA*.
2. **Child and family focused**: Affordability for parents/guardians should be increased with a goal of processing applications on an ongoing basis and getting rebates and cost reductions to parents/guardians as quickly as possible.
3. **Protection of spaces regardless of auspice**: The child care spaces provided by both for-profit and not-for-profit Child Care Service Providers in the province should be protected, helping to support predominantly female entrepreneurs across the province to meet the varying child care needs of Ontarians.
4. **Efficient administration**: Administrative processes and systems should collect the minimum information necessary from Child Care Service Providers and support timely enrolment and implementation of CWELCC.

DEFINITIONS

“Base fee” means any fee or part of a fee that is charged in respect of a child for child care, including anything a Child Care Service Provider is required to provide under the *Child Care and Early Years Act, 2014* (CCEYA), or anything a Child Care Service Provider requires the parent to purchase from the Child Care Service Provider, but does not include a non-base fee.

“CMSM/DSSAB” means a Consolidated Municipal Service Manager/District Social Services Administration Board (CMSM/DSSAB) designated as a Service System Manager as defined in the CCYEA.

“CWELCC System” means the Canada-Wide Early Learning and Child Care System for early years and child care funding provided for in an agreement entered into by the Province of Ontario and the Government of Canada.

“Eligible child” means:

- a) any child that is under six years old, to the end of the month that they turn six, that is enrolled in a licensed infant, toddler, preschool, kindergarten, or primary/junior school age group, a licensed family age group, or licensed home child care, and;
- b) any child turning six between January 1 and June 30 (e.g. while they are still in kindergarten) remain eligible until June 30 (end of school year) providing that they are enrolled in a licensed preschool or kindergarten age group, a licensed family age group, or licensed home child care. They cannot be enrolled in a primary/junior or junior school age group.

Example 1: A child turning 6 years of age in November will be eligible until November 30.

Example 2: A child turning 6 years of age in February and enrolled in a kindergarten age group will be eligible until June 30.

“Parent” means the person or persons who are the natural parents of a child or the person or persons having legal custody or guardianship of a child.

“Funds” or “Funding” means the money the Ministry provides to the CMSM/DSSAB to allocate pursuant to the CWELCC System.

“Non-base fee” means any fees charged for optional items or optional services, such as transportation or field trips, or any fees charged pursuant to an agreement between the parent and the Child Care Service Provider in respect of circumstances where the parent fails to meet the terms of the agreement (e.g. fees for picking up a child late, fees to obtain items that the parent agreed to provide for the child but failed to provide), as defined in the CCEYA.

“Child Care Service Provider” means a licensed home child care agency or licensed child care centre-based operator as defined in the CCEYA.

“Home child care agency” means a licensed agency for home child care with authority to contract self-employed home child care providers to provide home child care.

“Agreement” means this Canada-Wide Early Learning and Child Care Agreement, the schedules and guidelines attached and as amended from time to time.

“County” means The Corporation of the County of Wellington.

“County Staff” means the staff of the County authorized to exercise the rights and perform the duties of the County under the Agreement.

“Director” means the Director of Children’s Early Years Division, County of Wellington, or appointed designate.

“Fee holiday” means a (period where parents pay no fees) and must not be funded with CWELCC funding.

“Fiscal year” means the calendar year beginning January 1st and ending December 31st.

“Operating Capacity” means the number of children the Child Care Service Provider is serving according to the programme’s staffing complement, to a maximum of the licensed capacity.

“Semi-fixed costs” means Child Care Service Provider costs that are fixed for a set level of operating capacity, but that become variable when the operating capacity is exceeded (for example, staff wages).

“Supervisor” means a person, appointed by a Child Care Service Provider, who shall be responsible for planning and directing the child care programme, be in charge of the children, oversee the staff, and responsible to the Child Care Service Provider for the day-to-day operation and management of each licensed child care programme and/or home child care agency.

“Waitlist” means a list of children who are waiting to be enrolled in child care that is not immediately available but may be in the future.

“Vacancy” means as an unoccupied space that a Child Care Service Provider could enroll a child(ren) into. This means that there is enough staff to operate the space, but there is no child currently enrolled in the space.

SERVICE DESCRIPTION

The Government of Canada has identified child care as a national priority to enhance early learning and childhood development, support workforce participation and contribute to economic recovery.

The federal government committed to investing in a national child care system with all provinces, territories as well as Indigenous organizations.

Funding under CWELCC will be used to build and leverage the success of Ontario's existing early learning and child care system by increasing quality, accessibility, affordability, and inclusivity in early learning and child care, towards achieving the objectives of:

- a) Reaching an average base fee of \$10 a day in 2025-26 for licensed child care spaces by introducing a 25 per cent average base fee reduction in 2022, increased to a 50 per cent reduction (based on 2020 levels) for licensed child care starting on December 31, 2022;
- b) Creating 86,000 new high-quality, affordable licensed child care spaces (relative to 2019 levels), by December 31, 2026, predominantly through not-for-profit licensed child care;
- c) Addressing barriers to provide inclusive child care; and
- d) Valuing the early childhood workforce and providing them with training and development opportunities.

Ontario has taken a phased approach to implementing CWELCC, with an initial focus on the immediate objectives of affordability for families and system stability, before moving on to addressing the objectives of increasing accessibility and inclusion over the longer term.

Ontario will provide funds to the County to support the objectives for licensed child care programmes under the CWELCC System, and the County will provide funds to enrolled Child Care Service Providers.

The Canada-Wide Early Learning and Child Care Agreement (core, schedules and guidelines) is a legal document that outlines the funding conditions for Child Care Service Providers receiving CWELCC funding.

It is the responsibility of the Child Care Service Provider to read, understand, acknowledge, and ensure compliance with the Agreement in its entirety.

It is also the responsibility of the Child Care Service Provider to ensure all services used to support the requirements also perform their services in compliance of the Agreement.

PARTICIPATION

Eligibility Requirements

- Child Care Service Providers must hold and maintain a license in good standing in accordance with the CCEYA.
- Child Care Service Providers must complete the annual *Licensed Child Care Operators Survey*, as required under section 77 of O. Reg. 137/15 in order to receive funding under the CWELCC System.
- Funding provided through CWELCC is specific to meeting CWELCC objectives. Child Care Service Providers enrolled in CWELCC are not by default eligible to access 2024 Child Care Allocations if they are not already in receipt of this funding (e.g., General Operating Grant). Child Care Service Providers will however continue to be able to apply for the Wage Enhancement Grant (WEG) as a prerequisite to accessing CWELCC wage compensation funding for eligible staff.
- Child Care Service Providers must complete and submit an application to the County to demonstrate that they meet the regulatory requirements to be eligible to participate in the CWELCC System.
- Under O. Reg. 137/15 (s.77.3(2)), the County may enroll into CWELCC only those Child Care Service Providers that align with the County's approved Directed Growth allocation and the provincial Access and Inclusion Framework and, the County has discretion to deny enrollment to Child Care Service Providers where the programme is not consistent with the County's Directed Growth Plan.
- If CWELCC-enrolled Licensed Home Child Care Agencies wish to expand (e.g., oversee more home child care premises than is currently set out on their license for a given service area), they are required to demonstrate to the County where the new premises would be located and, these premises must align with the County's Directed Growth Plan.
- All Child Care Service Providers enrolling into CWELCC will need to demonstrate their financial viability to the County, and Child Care Service Providers enrolled in CWELCC will need to maintain their financial viability to continue to receive funding from the County.
- New Child Care Service Providers who enroll into CWELCC must align their fees to rates capped on March 27, 2022 and reduce fees on a go-forward basis in accordance with O. Reg. 137/15 (s.77.1(1)).
- All Child Care Service Providers participating in CWELCC must maintain existing (pre-CWELCC announcement on March 28, 2022) licensed child care spaces for

children ages 0 to 5 (for example, a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the County and the County should determine whether this may result in a funding adjustment or recovery from the Child Care Service Providers.

- Child Care Centres participating in CWELCC must have a CWELCC Agreement with the County in the areas where care is provided, whereas licensed home child care agencies must have a CWELCC Agreement with the CMSM where the head office is located.
- As part of the CWELCC System, Child Care Service Providers operating as for-profit corporations or individuals can continue to earn profit and, Child Care Service Providers operating as not-for-profit corporations are permitted a surplus amount to build reserves or re-invest in the organization.
- The County will ensure consistent financial management practices, where both not-for-profit and for-profit Child Care Service Providers enrolled in the CWELCC System are treated in a similar manner.

Non-Participation – Voluntary

Child Care Service Providers that have notified the County that they will not participate in CWELCC may continue to operate under the existing provincial licensing and regulatory framework. Child Care Service Providers that do not participate will not receive CWELCC funding and may continue to set their own parent fees. They may also continue to maintain existing agreements with the County such as General Operating Grants, Fee Subsidy, and Wage Enhancement Grants.

Child Care Service Providers are required to indicate in their parent handbook that they are not participating in CWELCC and must include their parent fee amounts.

Non-Participation – Application declined by the County

Amendments made under O. Reg.137/15 (s.77.3(2)) have expanded the reasons that the County may decline a Child Care Service Provider's application for enrolment to include the following:

- The County believes the Child Care Service Provider is not financially viable or will not be operated in a manner that will be financially viable; or
- The County believes the Child Care Service Provider will use the funding for improper purposes; or

- If the application for enrolment is submitted on or after January 1, 2023, and the programme/space to be created is inconsistent with the County's child care and early years programmes and services plan with respect to:
 - the demand for child care, and
 - the capacity and locations of existing child care centres and premises where home child care is provided.
- The County may also decline applications for enrolment in CWELCC if the proposed new spaces do not align with:
 - the County's Directed Growth Plan; or
 - auspice targets established by the ministry for the County regarding the proportion of for-profit and not-for-profit new spaces created as part of the CWELCC space allocation.

Child Care Service Providers that have had their application to enroll in CWELCC declined by the County may appeal the decision in writing to the Director of Children's Early Years.

FUNDING CONSIDERATIONS

Funding amounts to the Child Care Provider will be determined at the discretion of the County and be used to support actual and eligible costs.

Child Care Service Providers are required to use funds to support the CWELCC System objectives in accordance with the Agreement, applicable legislation, regulations, and applicable guideline requirements provided to the Child Care Service Provider.

Funds will be reconciled where not used in accordance with the requirements established by the County that apply to Child Care Service Providers.

Child Care Service Providers are required to provide sufficient financial or other information related to their child care operations as required by the County for review.

Information submitted by the Child Care Service Provider will be subject to review by the County to advance an accountability framework that ensures responsible oversight of a CWELCC System that is sustainable and financially viable.

FUNDING INITIATIVES UNDER THE CWELCC SYSTEM

1. Fee Reduction

Fee reduction funding is focused on reducing parent fees for families with eligible children in licensed child care in accordance with Wellington CWELCC Guidelines as may be amended from time to time.

Child Care Service Providers are required to provide a refund or provide a credit towards child care for eligible children to parents where a base fee higher than the reduced base fee is charged for an eligible child, retroactive to the Child Care Service Provider's CWELCC System enrollment date and for any period after the CWELCC enrollment date where excess base fees has been prepaid for.

The County has the right to verify the timelines and accuracy of refunds and fee reductions made by the Child Care Service Provider.

For 2024, the ministry is continuing the revenue replacement approach to support the implementation of the fee reduction that came into effect December 31, 2022. Fee reduction funding supports a 52.75 per cent reduction (relative to 2020 levels) in base fees for eligible children.

Child Care Service Providers are required to communicate their CWELCC enrollment status to all parents within 14 days of the Child Care Service Provider being notified by the County of the results of their application.

The Child Care Service Provider cannot charge a base fee that is higher than the applicable base fee for an eligible child, 21 calendar days after the Child Care Service Provider is notified by the County of their enrollment date.

While short-term vacancies could be created from time to time when children are transitioning between spaces or rooms, spaces should be occupied most of the time where staff are available and there is demand for spaces. The County must monitor waitlists and long-term vacancies that remain unmitigated.

Eligible and Ineligible Fees

Fees for children who are not eligible (that is, school-age children over the age of 6) are not eligible for CWELCC funding.

Base fees, as defined in O. Reg. 137/15, for eligible children are eligible for CWELCC funding. The regulation sets out rules regarding what Child Care Service Providers are permitted to charge parents as part of their daily base fee.

Non-base fees, as defined in O. Reg. 137/15, are not eligible for CWELCC funding and are not subject to reduction parameters set out in this section.

Fee holidays are not eligible and must not be funded with CWELCC funding.

Licensed Home Child Care Agencies participating in the CWELCC system must ensure that home child care providers charge parents of eligible children a base fee determined in accordance with O.Reg.137/15, which applies to children who are agency placed and those children that are privately placed in the provider's care.

Programmes may not exceed two consecutive weeks of closure, and no more than four weeks of closure within a calendar year where parents are charged full fees. All closure dates must be clearly outlined in the parent handbook.

For closures due to events outside a Child Care Service Provider's control (i.e., natural disaster/weather event, pandemic, school board strike) the days of closure are not counted towards the closure limits set above.

Cap on Fees

In accordance with O. Reg. 137/15, a cap on all base fees **and** non-base fees in child care for eligible children must be maintained by the Child Care Service Provider at a child care centre it operates or at a home child care premise that it oversees.

- If a Child Care Service Provider was licensed on or before March 27, 2022, the cap on the base fee **and** on non-base fees for child care is the amount charged to parents of eligible children on March 27, 2022.
- If a Child Care Service Provider became licensed after March 27, 2022, the cap on the base fee for eligible children is based on a regional maximum as set out in O. Reg. 137/15, which provides a table of capped fees by age and CMSM.

The regional maximum fees also apply to any new age groups of eligible children that a Child Care Service Provider begins operating after March 27, 2022 (for example, if a Child Care Service Provider applies to revise a license to add an infant room), or where a Child Care Service Provider begins operating an age group after March 27, 2022 that they have not operated for at least two years (for example, a Child Care Service Provider wishes to use an alternate capacity that has not been used recently or re-open a room that was closed during the pandemic).

Further, in accordance with O. Reg. 137/15, Child Care Service Providers continue to be subject to the capped fee until one of two conditions is met:

- The Child Care Service Provider notifies the County in writing that they are not participating in CWELCC, or
- The Child Care Service Provider receives notice from the County that their request to enroll in CWELCC was denied.

Note that the cap on fees does not apply to fees charged to parents for children who are not eligible, as these children are not eligible for funding under CWELCC.

Fee Reduction

The County and Child Care Service Providers must continue to ensure that the applicable fee reduction is in place.

The County will provide fee reduction funding to Child Care Service Providers based on operating capacity (see definitions). The County will review the Child Care Service Providers child care operations for eligible children and monitor long term vacancies that continue to remain unfilled. Funding will be adjusted where long term vacancies are identified and not mitigated.

Newly enrolled Child Care Service Providers will only receive eligible funding starting the date of enrollment.

Once Child Care Service Providers are enrolled in CWELCC and reduce their fees for eligible children to the new base fee, they are required to maintain the reduced base fees until they are either required to reduce them again or, they are no longer participating in CWELCC.

Example of how fee reduction funding will be provided is as follows:

	Prior to CWELCC Enrollment	After Enrollment in 2022 (once base fees were reduced by 25%)	Effective December 31, 2022 (fees are further reduced by 37%)
Base fee charged to parents for eligible children	\$100	\$75	\$47.25
CWELCC funding to offset the revenue reduction to Child Care Service Provider	N/A	\$25	\$52.75
Total revenue received by Child Care Service Provider	\$100	\$100	\$100

The fee reduction on base fees will apply regardless of the programme type or duration and should be based on the total amount paid per day. If the resulting base fee for eligible children is less than \$12 per day, a \$12 per day fee should be maintained. In the case of a before and after school programme, if parents pay for only before school care, or only after school care, each individual fee must be reduced provided the fee does not

go below \$12 per day. If parents pay for both before and after school care, the overall combined fee must be reduced. For example:

	Before CWELCC (per day)	After Enrollment in 2022 (once base fees were reduced by 25%)	Effective December 31, 2022 (fees are further reduced by 37%)
Before School Care only	\$12	Stays at \$12	Stays at \$12
After School Care only	\$14	Reduced to \$12	Stays at \$12
Before and After School Care (as a single fee)	\$26	Reduced to \$19.50	Reduced to \$12.29

2. Workforce Compensation and Annual Wage Increase

Note on New Ontario Workforce Strategy:

On November 16, 2023 the Ministry of Education issued a memo introducing the Ontario Workforce Strategy. It announced that in 2024, the wage floor will increase from \$20 per hour to \$23.86 per hour for eligible RECE programme staff and from \$22 per hour to \$24.86 per hour for Supervisors and RECE Home Child Care Visitors. The wage floor will then increase by \$1 per hour each year up to 2026.

As updated CWELCC guidelines and funding allocations are pending, the current 2024 Canada-Wide Early Learning and Child Care Guidelines released by the Ministry of Education in November 2023, remain in effect. This section will be updated when guidelines for the new Ontario Workforce Strategy are released.

Workforce compensation funding supports recruitment and retention of Ontario’s child care workforce through improved compensation for lower-wage earners. It includes compensation enhancements for registered early childhood educator (RECE) staff (annual wage and wage floor increases) and non-RECE programme staff (minimum wage offset).

Child Care Service Providers must be enrolled in CWELCC to access workforce compensation funding and will be required to adhere to all the parameters of the CWELCC System. CWELCC-enrolled Child Care Service Providers are eligible for

workforce compensation funding from their CWELCC enrolment date up to and including December 31, 2024.

The Ministry of Education funds the portion of the workforce compensation allocation which is used for compensation for staff in licensed child care programmes serving children aged 6-12, who are ineligible for Fee Reduction through CWELCC, to ensure equity of wages across staff serving different age groups, and to avoid these increases being passed onto parents through higher fees.

To qualify for workforce compensation increases under CWELCC, Child Care Service Providers are required to apply for Wage Enhancement Grant (WEG) on behalf of eligible staff. WEG funding will be added to the base wage of staff when considering eligibility for the annual wage increase and wage floor.

Eligible and Ineligible Positions

Annual wage and wage floor increases

To be eligible to receive annual wage and wage floor increases, staff must be employed by an eligible Child Care Service Provider (as per above) and be in one of the following positions:

- RECE Programme Staff
- RECE Child Care Supervisor
- RECE Home Child Care Visitor

For clarity, the annual wage and wage floor increases do not apply to non-RECE programme staff and non-programme staff such as a:

- Cook, custodial or other non-programme staff position;
- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff person hired through a third party (for example, a temp agency).

The only exception to the non-programme staff noted above is if the child care staff member is a RECE and the position spends at least 25 per cent of their time to support ratio requirements as outlined in O. Reg. 137/15, in which case the staff would be eligible for the wage floor and annual wage increase for the hours that they are supporting the ratio requirements.

Qualified staff, child care supervisors, or home child care visitors that are director approved to be employed in these positions, but do not have a RECE designation, are not eligible for the wage floor or annual wage increase supported by workforce compensation funding.

Minimum wage offset

To be eligible for the minimum wage offset, eligible Child Care Service Providers must employ staff in the following positions:

- Non-RECE Programme Staff
- Non-RECE Child Care Supervisor
- Non-RECE Home Child Care Visitor

In addition, to be eligible for a minimum wage offset, Child Care Service Providers must employ staff in positions that were earning the minimum wage of \$15.50 per hour (not including WEG funding) prior to the provincial increase to \$16.55 per hour. The minimum wage offset does not apply to non-programme staff such as a:

- Cook, custodial and other non-programme staff position;
- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff person hired through a third party (for example, a temp agency)

The only exception to the positions listed above is if the position spends at least 25 per cent of their time to support ratio requirements as outlined in O. Reg. 137/15. In this case the Child Care Service Provider would be eligible for the minimum wage offset to address the hours that the employee is supporting ratio requirements.

CWELCC Annual Wage Increase

CWELCC-enrolled Child Care Service Providers are required to increase the hourly wage of eligible staff by \$1 per hour plus benefits on January 1 of each year, compounded from the previous year, from 2023 to 2026.

To receive the CWELCC annual wage increases, eligible staff must be receiving WEG funding, and their hourly wage including WEG on December 31, 2023 must be below the wage cap of \$25 per hour. Benefits should not be included when determining the base wage.

CWELCC Wage Floor Increase

Child Care Service Providers are required to bring the wage of all eligible staff up to the wage floor of the given year as identified in the table below. All new eligible staff hired during the year must earn at least the wage floor identified for the applicable year and the corresponding benefits.

The wage floor for 2024 comes into effect on January 1, 2024. For clarity, for 2024, RECE programme staff should have a wage floor of \$20 per hour plus benefits, and RECE child care supervisors or RECE home child care visitors should have a wage floor of \$22 per hour plus benefits.

Hourly Wage Floor 2022 to 2026*	2022	2023	2024	2025	2026
RECE Programme Staff	\$18	\$19	\$20	\$21	\$22
RECE Child Care Supervisors or RECE Home Child Care Visitors	\$20	\$21	\$22	\$23	\$24

*In addition to the hourly wage, staff are required to receive benefits.

Order of Operations

To determine annual wage and wage floor increase eligibility, Child Care Service Providers must follow this order of operations:

1. Base wage by employer (includes any employer-based wage improvements such as obligations from collective agreements and minimum wage increases),
2. WEG (\$2 per hour, up to a maximum of \$30.59 per hour as per the Early Years and Child Care guideline),
3. CWELCC annual wage increase of \$1 per hour, compounded year over year, up to \$25 per hour,
4. CWELCC incremental wage floor increase, if applicable.

Example: RECE wage calculation for staff with a base wage of \$19.50 per hour as of December 31, 2023. Assumes a base wage increase of 2.1% in 2024.

Year	Base Wage per hour	WEG	CWELCC Annual Wage Increase	CWELCC Wage Floor Increase	New Wage
2023	\$19.50	\$2	\$1	\$0	\$22.50
2024	\$19.91	\$2	\$1+\$1	\$0	\$23.91

In addition to the hourly wage, staff are required to receive benefits

Minimum Wage Offset

As of October 1, 2023, minimum wage legislation requires Child Care Service Providers to bring the wages of their staff to at least \$16.55 per hour. To offset the minimum wage increase for eligible Child Care Service Providers, the County is required to provide funding to Child Care Service Providers to cover the incremental amount needed to bring wages for eligible staff from \$15.00 to \$16.55 per hour.

For 2024, further increases to minimum wage (for example, on October 1, 2024) would be supported via cost escalation or emerging issues funding.

Benefits

CWELCC funding includes up to 17.5 per cent in benefits to support Child Care Service Providers in meeting their statutory benefit requirements and additional benefits provided by the Child Care Service Provider (17.5 percent includes up to two weeks of vacation and nine statutory days).

Statutory benefit requirements are benefits Child Care Service Providers are required to provide their staff as determined by legislation (for example, vacation days or statutory holidays) or obligations the Child Care Service Provider has as an employer (for example, Canada Pension Plan or Employment Insurance contributions, or Employer Health Tax).

Once all statutory benefit requirements are met, any remaining funding within 17.5 per cent can be used to fund other benefit expenses paid by the employer.

Wage Increases Above Workforce Compensation Requirements

The ministry is providing an overall cost escalation, which can be used to support general wage increases, including increases above the \$1 per hour, wage increases of non-RECE staff, and wage increases of RECE staff whose salaries are \$25 per hour or higher.

The General Operating Grant should be applied to staff wages after applying the full order of operations.

Implementation Requirements

Child Care Service Providers must:

- Consider workforce compensation in addition to, and not to reduce other, planned compensation increases for eligible staff. For example, the annual wage increase and wage floor cannot be used to reduce or offset planned merit increases for eligible staff.
- Ensure workforce compensation requirements are in place and wages are paid to eligible staff accordingly on or before 32 calendar days after the agreement with the County is signed (the enrollment date).
- Ensure retroactive payments related to workforce compensation are paid to eligible staff on or before 61 calendar days after the agreement with the County is signed (the enrollment date).
- Provide information, in writing, above the wage floor and annual wage increase with eligible staff upon receiving confirmation of enrollment in CWELCC from the County and as new staff are hired. The information must provide eligible staff with an understanding of upcoming changes to their wages resulting from the

workforce compensation funding. As a minimum, the information about wages must include the wage floor and annual wage increases for each year up to and including 2026.

- Include workforce compensation payments in each pay cheque or payment made. Workforce compensation may not be paid at the end of the year as a lump sum payment.

3. Cost Escalation Funding

Cost escalation funding is being provided to support cost increases that Child Care Service Providers may face that are beyond the Child Care Service Provider's control, which may impact their capacity to participate in CWELCC.

Child Care Service Providers can only use the cost escalation funding to address operating cost increases beyond the control or discretion of the Child Care Service Provider, such as salaries and wages, benefits, operations, and accommodations.

Newly enrolled Child Care Service Providers are only eligible for cost escalation funding applicable to the portion of the year between the enrolment date and December 31, 2024

Funding is provided to Child Care Service Providers using the formula determined by the Ministry of Education. In 2024, cost escalation funding is provided using a cost escalation factor of 4.91%, an increase from the 2023 cost escalation factor of 2.75%.

4. Emerging Issues Funding

Emerging issues funding is available to support Child Care Service Providers in addressing non-discretionary cost pressures.

CWELCC-enrolled Child Care Service Providers can use emerging issues funding exclusively for addressing non-discretionary 2024 cost pressures (that is, those costs beyond the Child Care Service Provider's control), above cost escalation.

Costs are eligible for Emerging Issues Funding if they are:

- Legitimately (properly and reasonably) incurred for child care delivery (that is, required by a Child Care Service Provider to provide care under the CCEYA and its regulations or, if above the regulated requirements, not an optional service);
- Necessary, economical, and with due regard for health and safety;
- Non-discretionary (i.e., cost(s) that the operator must incur, such as arms-length cost increases, requirements to meet health and safety needs or legislative/regulatory obligations); and
- Incurred in relation to the provision of child care for eligible children. Where child care is also provided to ineligible children (such as children aged 6 to 12), costs must be prorated using a method that is reasonable, in the opinion of the County.

Costs are not eligible for Emerging Issues Funding if they are:

- Incurred for the creation of new spaces (as those may be eligible under start-up grant funding);
- Discretionary (i.e., costs that are not necessary to incur, such as increasing staffing ratio above current levels, disbursement of dividends, payment of performance bonuses, increases in owners' compensation, in-kind benefits or perks, or replenishment of reserves);
- Supported by other government funding; or
- Related to:
 - non-cash expenses such as amortization expenses or bad debt expenses;
 - repayment of reverse mortgages; or
 - prior years' costs or losses

Examples of eligible costs:

- Costs incurred for daily operations such as scheduled increases in wages, accommodation cost increases (such as rent or mortgage payments due to higher interest rates);
- Non-recurring costs such as those incurred to repair or replace physical assets (such as kitchen appliances or HVAC equipment for centres), which are necessary to maintain regular operations;
- Financing costs for loans that support non-recurring eligible costs and third-party mortgages. Eligible financing costs should be reasonable (for example, they align to the Canada Small Business Financing Program rates); and
- Audit costs, as audited financial statements are contractual stipulations of the CWELCC agreement.

Applications for Emerging Issues Funding are provided directly to Child Care Service Providers enrolled in the CWELCC System.

5. Start-Up Grants

Ontario's Action Plan for implementing CWELCC includes developing a framework for targeted space creation and providing funding for start-up grants to support the creation of new, affordable child care spaces for eligible children in targeted locations and for populations most in need.

Start-up grants will support directed growth by enabling space creation in neighbourhoods that have had historically lower rates of space availability that may not be accommodated through natural growth.

In keeping with the ministry's commitment to support all Child Care Service Providers regardless of auspice, for-profit and not-for-profit Child Care Service Providers who are enrolled in CWELCC are eligible to apply for start-up grants.

Funding for start-up grants is available to support the creation of new licensed child care spaces approved for enrolment in CWELCC in alignment with the County's Directed Growth Plan.

To access funding for start-up grants, the County requires a commitment from the Child Care Service Provider to:

- Remain enrolled in CWELCC for the remainder of the current CWELCC agreement (this means until March 31, 2026);
- Spend the start-up grant funding within two years from the date the agreement between the Child Care Service Provider and the County is executed; and
- Prioritize the creation of and access to new licensed full-day child care spaces for children 0 to 4 years old in communities with vulnerable children and children from diverse populations, including, but not limited to, children living in low-income families, children with disabilities and children needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers to Canada, and official language minorities.

Capital projects for licensed child care programmes for kindergarten and school-aged children and before and after school programmes are not eligible for start-up grants funding.

Start-up grants must fund projects required for child care facilities to be created, retrofitted, renovated, or expanded to accommodate a maximum group size for each age grouping for eligible children.

Eligible expenses

Eligible expenses for licensed child care centres include:

- Play materials, equipment, and furnishings (both indoors and outdoors) as outlined in Section 19 of O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*.
- Non-consumable supplies/equipment to support the ongoing regular operation of the child care programme (for example, appliances, IT, supplies to support learning environments while adhering to health and safety requirements).
- Renovations, additions, or repairs to licensed child care facilities or potential child care facilities as approved by the County.
- Changes to outdoor play space that are required as a result of the expansion of child care spaces in the centre so that the Child Care Service Provider continues to comply with Section 24 of O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*. Funding to cover the costs incurred to make outdoor play space

changes are subject to the overall project cap of \$90 per square foot to a maximum of \$350,000 per 50 child care spaces created.

- Leasehold improvements.

Eligible expenses for home child care agencies:

- Play materials, equipment, and furnishings (both indoors and outdoors) as outlined in Section 27 of O. Reg. 137/15 under the *Child Care and Early Years Act, 2014* that can be transferred between home child care agencies as required.

Ineligible expenses:

- Purchase of land or buildings
- Debt costs, including principal and interest payments related to capital loans, mortgage financing, and operating loans
- Property taxes
- Expenditures related to care of children aged 6 to 12
- School-based child care spaces
- Indoor and outdoor renovations, additions or repairs to home child care agency premises or potential home child care agency premises.

To apply for a Start-Up Grant, Child Care Service Providers should access the application found on the County of Wellington Children's Early Years Division website pertaining to the Canada-Wide Early Learning and Child Care System (For Operators).

Applications will be reviewed upon receipt and may be submitted throughout the year, but no later than November 30, 2024.

PAYMENTS

Funds will be paid to Child Care Service Providers on a monthly basis or as otherwise indicated by the County.

If required, payments to the Child Care Service Provider may be adjusted by the County following review of mid-year and year-end reports to minimize instances of Child Care Service Providers being assessed in situations of significant under- or over-funding.

ACCOUNTABILITY AND SUPPORT CONSIDERATIONS

The County will support the sustainability and financial viability of Child Care Service Providers through review of revenues and expenses related to their licensed child care operations and CWELCC System funding and may adjust funding levels where appropriate.

The County will review Child Care Service Provider's operations to monitor for long term vacancies that continue to remain unfilled and may adjust funding levels where appropriate.

Should a Child Care Service Provider have concerns surrounding cost escalations that are beyond their control, they must identify and detail these concerns to the County in writing.

Emerging issues funding is available to support Child Care Service Providers in addressing non-discretionary cost increases above cost escalation. CWELCC enrolled Child Care Service Providers can use emerging issues funding exclusively for addressing non-discretionary cost pressures that are beyond the Child Care Service Provider's control.

The County will work the Child Care Service Provider as part of its budgeting and forecasting process to ensure that adequate funding is provided to allow for implementation of the requirements of CWELCC.

FINANCIAL AND STATISTICAL REPORTING

As part of the County's financial review process with Child Care Service Providers, Child Care Service Providers will be required to submit detailed financial information and audited financial statements to the County to verify that the funding provided was used for the purposes intended.

Reports shall be produced and submitted as follows:

- a) The Child Care Service Provider will prepare and submit financial reports of all revenues and expenses at mid-year and year-end. For Child Care Service Providers also in receipt of the Wellington General Operating Grant, only one mid-year and one year-end financial report will be submitted (consolidated reporting).

Templates for the mid-year and year-end financial reports will be provided by the County. The County will work with Child Care Service Providers as part of their budgeting and forecasting process to ensure that appropriate funding will be provided to Child Care Service Providers to allow them to implement the requirements of CWELCC.

b) The Child Care Service Provider will maintain records including:

<p>Fee Reduction</p>	<p>Expenditures:</p> <ul style="list-style-type: none"> To support fee reduction <p>Service data:</p> <ul style="list-style-type: none"> Number of children served through fee reductions (exclude fee subsidy children) Average monthly number of children served through fee reductions provided by age group (exclude fee subsidy children)
<p>Workforce Compensation</p>	<p>Expenditures:</p> <ul style="list-style-type: none"> Actual total expenditure on the wage floor paid out to RECE programme staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately. Actual total expenditure on the annual wage increase paid out to RECE programme staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately. Actual total expenditure on benefits paid out to RECE programme staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately. <p>Service data:</p> <ul style="list-style-type: none"> Total number of RECE programme staff, total number of RECE supervisors and total number of RECE home child care visitors supported by the wage floor. Total number of RECE programme staff, total number of RECE supervisors and total number of RECE home child care visitors supported by the annual wage increase.
<p>Minimum Wage Offset</p>	<p>Expenditures:</p> <ul style="list-style-type: none"> Actual total expenditure on the minimum wage offset paid out to Child Care Service Providers for non-RECE programme staff, non-RECE supervisors, and non-RECE home child care visitors. Each staff category is reported separately. Benefits paid out to Child Care Service Providers for non-RECE programme staff, non-RECE

	<p>supervisors, and non-RECE home child care visitors. Each staff category is reported separately.</p> <p>Service data:</p> <ul style="list-style-type: none"> • Total number of non-RECE programme staff, total number of non-RECE supervisors and total number of non-RECE home child care visitors supported by the minimum wage offset.
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- c) Child Care Service Providers will work with the County to reconcile all CWELCC System funding according to the reporting and reconciliation documentation provided by the Ministry.
- d) The County has the right to follow up with Child Care Service Providers on any CWELCC System expenditures reported to determine reasonability of variances.
- e) The County will diligently review the Child Care Service Provider’s operating capacity, and consider the impact of short-term and long-term vacancies to variable costs, fixed costs and, semi-fixed costs (such as staffing costs, where applicable). While short-term vacancies could be created from time to time when children are transitioning between spaces and rooms, spaces should be occupied most of the time where staff are available and there is demand for spaces. The County will monitor waitlists and long-term vacancies that remain unfilled.
- f) The County will recover up to 52.75% of the variable and semi-fixed costs avoided as a result of space vacancies and return to the ministry as part of the regular financial reporting process.
- g) The County will take reasonable and progressive corrective actions with Child Care Service Providers that do not comply with reporting requirements.
- h) Adjustments and recoveries of funding provided will be determined at the discretion of the County based on the County’s reconciliation process.
- i) Child Care Service Provider’s revenues and costs related to operating age groups that are not eligible for CWELCC funding should be excluded, outside the mandated wage increases for eligible staff as part of workforce compensation funding.

The County will undertake audits on a random sample of Child Care Service Providers in receipt of CWELCC funding on an annual basis to confirm that funding has been used for its intended purpose. The audit programme will focus on compliance to ensure

that the goals of CWELCC are being achieved, including reduced base fees being implemented consistently, and to ensure compliance with the workforce compensation requirements including increasing wages to support a mandated wage floor and annual wage increase.

Child Care Service Providers will provide each employee with written communication regarding the amount of salary and/or benefit covered by funding. Copies of all communication must be kept on file at the head office of the child care programme and made available to County staff upon request.

Child Care Service Providers must immediately report to the County any significant reduction to the service levels, such as changes to operating capacity, staffing levels, or service levels.

AUDITED FINANCIAL STATEMENTS

Child Care Service Providers in receipt of CWELCC funding must submit financial information, as well as signed audited financial statements to the County to verify that the funding provided was used for the purpose intended.

Unless the County indicates otherwise, an audited financial statement with respect to the funding provided must be submitted within six (6) months of the Child Care Service Provider's financial year end.

1) Signed Audited Financial Statements must:

- a) Include a separate "review engagement of the revenue and expenses for the child care operations" prepared should the Child Care Service Provider deliver other community services and prepare consolidated financial statements.
- b) Be completed and signed by "An accountant licensed under The Public Accounting Act, 2004 (Ontario)." This includes review engagements of revenue and expenses for the child care operations.
- c) Provide disclosure of the Auditor's name, address, the name or firm of the Auditor, the date of the report and the place of issue.

2) The Auditor must include three standard paragraphs:

- i) An "introductory paragraph" identifying that the reports have been audited, and identify any provisions of the agreement, statute, or regulation. It will refer to any disclosure of any significant interpretations of the provisions made by the Child Care Service Provider.

ii) The “scope paragraph” will state that the audit was conducted in accordance with Canadian generally accepted auditing standards, and that the audit was planned and performed with reasonable assurance that the Child Care Service Provider complied with the following:

- Funding was used in accordance with the County of Wellington Guidelines including Canada-Wide Early Learning and Child Care and if applicable to the Child Care Service Provider, the Wellington General Operating Grant.
- Funding was applied to only those sites identified on the Canada-Wide Early Learning and Child Care Agreement – Schedule “A” and, should the Child Care Service Provider be in receipt of the Wellington General Operating Grant, the audit must also state that the Wellington General Operating Grant was applied to only those sites identified on the General Operating Grant Agreement – Schedule “A”.

i) The “Opinion paragraph” the Auditor will express an opinion whether the Child Care Service Provider has complied, in all material respects, with the requirements identified in the Agreements.

- 3) The Child Care Service Provider must maintain complete financial and service records of accounts of expenditures related to the CWELCC System, for each site where CWELCC System funding is being provided, for at least 7 years.
- 4) The Child Care Service Provider cannot dispose of any records related to the services provided under the CWELCC System without prior consent from the County, even when the Child Care Service Provider is no longer operating.
- 5) The Child Care Service Provider must permit the County to audit financial and service records related to the CWELCC system at any reasonable time.

The Child Care Service Provider must ensure its staff are available for consultation by the County as required.