



Ministry of Education

**Canada-Wide Early Learning and Child Care System
Guidelines**

ADDENDUM TO

**Ontario Child Care and EarlyON Child and Family
Centres Service Management and Funding Guideline
(2022)**

***For Consolidated Municipal Service Managers and
District Social Services Administration Boards***

Released August 2022

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HIGHLIGHT OF CHANGES

Terminology

- CWELCC System service agreement – formerly “purchase of service agreement”
- Changed enrolment date for licensees to November 1, 2022

Overview & Key Principles

- Added: Key Principles for Service System Managers when interpreting and implementing these guidelines

Section 1 – Participation

- Clarified: licensees applying to the CWELCC System may withdraw their application at any time, or terminate their participation in the System, subject to the terms of their CWELCC System service agreement. CMSMs/DSSABs must not impose any penalties on licensees for terminating their contract.
- Added: CMSMs/DSSABs must make every effort to ensure Licensee applications are processed to confirm eligibility within 10 calendar days of the date of the application, and both parties would be required to execute an agreement within 30 calendar days of date of an application. Licensees would be required to provide rebates to families within 20 calendar days of receiving refunds from the service system manager.
- Added: CMSMs/DSSABs with child care funding available in 2022 may enter into a service agreement for 2022 child care funding with Licensees who have opted out of the CWELCC System
- Added: CMSMs/DSSABs are able to provide Special Needs Resourcing funding to support children and families in the CWELCC program through their regular Purchase of Service process.
- Added: CMSM/DSSAB to develop a plan to increase access for children in receipt of fee subsidy and children with special needs to the Licensee’s child care programs.
- Clarified: reporting on November 14 is to list Licensees who have opted in to the CWELCC System as opposed to a list of Licensees who have opted out

Section 2 – Accountability

- Clarified: meaning of CMSMs/DSSABs maintaining their existing municipal investment in child care for 2022
- Clarified: purpose of CWELCC funding
- Added: as base fees continue to be reduced as part of this phased approach to implementing CWELCC, the ministry will develop a new long-term, sustainable funding model for the CWELCC System
- Clarified: Information collected from Licensees to support implementation should be kept to the minimum amount necessary to meet the reporting requirements outlined in the CWELCC Guidelines while ensuring financial accountability for public funds is maintained.
- Added: The ministry understands that a Licensee’s cost structure may vary depending on the service and unique care being provided.
- Added: licensees operating as for-profit corporations or individuals can continue to earn profit and licensees operating as not-for-profit corporations will be permitted a surplus amount to build reserves or re-invest in the organization
- Removed: Additional parameters for expenditure categories
- Removed: Ineligible expenditures for CWELCC System
- Added: licensees opting into the CWELCC agreement without an existing service agreement with their municipalities will not be required to submit audited financial statements.
- Removed: Undue profits

Section 3 – Administrative Spending Guidance

- Clarified: Ineligible expenditures incurred by a CMSM/DSSAB

Section 4 – Fee Reduction

- Clarified: eligibility for children in home child care (both agency and privately placed), and fee capping for home child care providers
- Clarified: until a decision on participation is made by the home child care agency, fees for eligible children must be capped at March 27, 2022 levels. This includes fees set by the agency as well as fees set by the provider.
- Clarified: duration of program closure periods for licensees in receipt of full funding for fee reduction

- Clarified: a fee reduction of up to 25% on base parent fee will apply regardless of program type or duration. An example is provided of the calculation for fee reduction depending on fee structure
- Clarified that licensees are only required to reduce and refund base fees and not non-base fees.
- Added a section under “Funding” to clarify how fee reduction funding can be provided to Licensee as part of a two-step process
- Removed: Eligible expenses for licensees
- Added the examples of age groups for service data required for fee reduction reporting under “Average monthly number of children”

Section 5 – Fee Subsidy Parental Contribution

- Added: information on eligibility for recipients of Ontario Works, including LEAP participants and Ontario Disability Support Program recipients in approved employment assistance activities, as well as temporary guardians
- Added: CMSMs/DSSABs projecting costs below the 2019 fee subsidy expenditure threshold for children 0-5 years, less 25%, have the discretion to approve fee subsidies within the threshold to respond to community needs

Section 6 – Workforce Compensation

- Added: in a definition of statutory benefits
- Clarified: eligibility of staff serving children 0-12 and 6-12 for workforce compensation; the former via the CWELCC System and the latter via direct application to the CMSM/DSSAB
- Clarified: wage floor and annual increases are not a wage cap, and identifies the minimum wage that RECEs can earn under the CWELCC System

CWELCC – Technical Paper

- Clarified that CWELCC funding for home child care was allocated to CMSMs/DSSABs based on the location of the home child care agency.

DEFINITIONS

In this guideline, the following terms will have the following meanings:

“Base fee” means any fee or part of a fee that is charged in respect of a child for child care, including anything a licensee is required to provide under the *Child Care and Early Years Act, 2014* (CCEYA), or anything a licensee requires the parent to purchase from the licensee, 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 CCEYA.

“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 any child under six years old; and up until June 30 in a calendar year, any child who (a) turns six years old between January 1 and June 30 in that calendar year, and (b) is enrolled in a licensed infant, toddler, preschool or kindergarten group, a licensed family age group, or home child care, as defined in the CCEYA.

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

“Licensee” means a home child care agency or child care centre-based operator as defined in the CCEYA.

“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 licensee 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 their child but failed to provide), as defined in the CCEYA.

OVERVIEW & KEY PRINCIPLES

This document is to be used as a technical document for Service System Managers to administer the Canada-Wide Early Learning and Child Care (CWELCC) agreement between the Province of Ontario and the Government of Canada in 2022.

This addendum to the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022) (“CWELCC Guidelines”) will provide CMSMs/DSSABs with information on recent changes arising from the new investments through the Canada-Wide Early Learning and Child Care (CWELCC) Agreement.

It also outlines the parameters and general principles under which the Ministry of Education (the ministry) will flow funding to CMSMs/DSSABs in 2022 under the CWELCC System, and describes the requirements of the funding, including obligations for CMSMs and DSSABs.

Please note that previous direction outlined in the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022) continues to remain in place, with the exception of the new investments described below, until they are superseded or replaced by a revised guideline. In the event of a conflict between this document and the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022), this document will prevail.

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

1. **Quality Focused:** A primary focus in implementing the agreement and these CWELCC Guidelines must be on ensuring the delivery of high-quality child care, as defined in the *Child Care and Early Years Act, 2014 (CCEYA)*.
2. **Child and Family Focused:** A focus on increasing affordability for parents/guardians with a goal of processing applications on an ongoing basis and getting rebates and cost reductions to parents as quickly as possible.
3. **Protection of For-Profit and Non-Profit Spaces:** Commitment to the protection of for-profit and non-profit child care spaces in the province, helping to support predominantly female entrepreneurs across the province to meet the varying child care needs of Ontarians.
4. **Efficient Administrative System:** Commitment to an efficient administrative system, with collection of minimally necessary information from licensees, to support timely enrolment and implementation of the CWELCC system.

CANADA-WIDE EARLY LEARNING AND CHILD CARE SYSTEM

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.

Through its 2021 Budget, the federal government committed to investing in a national child care system with all provinces and territories, as well as Indigenous organizations. As part of this agreement, Ontario will receive \$13.2 billion over six years beginning in 2021-22.

Funding under the Canada-Wide Early Learning and Child Care Agreement (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) Providing a 25% fee reduction retroactive to April 1, 2022, building to a 50% reduction in average parent costs (based on 2020 levels) for licensed early learning and child care by the end of calendar year 2022 and reaching an average fee of \$10 a day by 2025-26 for licensed child care spaces;
- b) Creating 86,000 new high-quality, affordable licensed child care spaces (relative to 2019 levels), 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.

Initial Transition

The ministry understands that 2022, the initial year of roll-out for the CWELCC System, will be a year of transition and adjustment for the early years and child care sector. Ontario is taking a phased approach to implementing the CWELCC System, with a 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.

This phased approach will allow the ministry to engage with service system managers and the broader early years and child care sector, provide the time for sector partners to align with the terms and conditions of the CWELCC System, and enable the ministry to make the necessary implementation adjustments as the early years and child care landscape evolves.

Implementation

Ontario will provide funds to CMSMs/ DSSABs to support the objectives for licensed child care programs under the CWELCC System. These CWELCC Guidelines and the funds detailed in Budget Schedule D4 of its associated 2018 Child Care and EarlyON Transfer Payment Agreement (amended April 2022), is provided specifically in support of the objectives under the CWELCC System and is separate and distinct from Budget Schedules D1, D2 and D3 2022

Child Care, EarlyON and Workforce Allocations.

Nothing in these CWELCC Guidelines detracts from the Licensee's obligations under the *Child Care and Early Years Act, 2014 (CCEYA)* or any other legislation and to the extent of a conflict the legislative requirements will govern. The CWELCC Guidelines are made up of the following parts:

Section 1: Participation

Section 2: Accountability

Section 3: Administrative Spending Guidance

Section 4: Fee Reduction

Section 5: Fee Subsidy – Parental Contribution Reduction

Section 6: Workforce Compensation

Appendix A: 2022 CWELCC Funding Formula Technical Paper

Appendix B: CWELCC Funding Formula Tip Sheet

Appendix C: 2022 CWELCC System Service Agreement Checklist

Appendix D: Sample CWELCC Application Form

Appendix E: Template Letter from Licensees for Parents

SECTION 1: PARTICIPATION

1.1: PURPOSE

All Licensees whether they provide home child care or centre-based programs serving children under the age of 6 (or turning 6 before June 30) in Ontario are eligible to apply to participate in the CWELCC System through their CMSM/DSSAB.

Participation in the CWELCC System is optional; however, Licensees are encouraged to participate and CMSMs/DSSABs are encouraged to enrol Licensees so that families can benefit from fee reductions.

Licensees who wish to provide rebates to parents and reduced fees by December 31, 2022 must indicate their intention to opt in to the CWELCC System by November 1, 2022.

If a Licensee decides not to proceed with their application at any time, they may withdraw the application. Once enrolled in the CWELCC System, if a Licensee no longer wishes to continue to participate, they may withdraw from the CWELCC system and, subject to the terms and conditions of their CWELCC service agreement, they may terminate their CWELCC System service agreement with the CMSM/DSSAB. CMSMs/DSSABs must not impose any penalties on licensees for terminating their contract.

1.2: CONTEXT

The CWELCC System provides Ontario with an opportunity to leverage federal investments to address the priorities important to Ontario's children, families, workers, and businesses.

1.3: ELIGIBILITY CRITERIA

- Licensees participating in the CWELCC System must have a CWELCC System service agreement with the CMSM/DSSAB in the areas they provide care.
- CMSMs/DSSABs must enter into a CWELCC System service agreement with Licensees who apply for participation in the CWELCC System, and meet all the criteria below, regardless of whether the Licensee is a for-profit or not-for-profit operator, unless the CMSM/DSSAB has evidence of an exceptional circumstance (see Declining an Application below); Licensees must work with the CMSM/DSSAB to operate under the terms and conditions of the agreement.
- The ministry has provided CMSMs/DSSABs with a checklist of recommended parameters (Appendix B) to be considered for inclusion in their CWELCC System service agreement with the Licensee.
- Licensees participating in the CWELCC System will need to demonstrate financial viability to the CMSM/DSSAB. For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, has not serviced their debt, or are approaching bankruptcy.
- All Licensees, regardless of participation in the CWELCC System, must maintain current

parent fees for eligible children unless a fee increase was communicated to families/parents on or before March 27, 2022. All licensed child care programs serving eligible children are subject to the fee freeze until one of two conditions is met:

- The Licensee notifies the CMSM/DSSAB, staff and the parents of eligible children in writing that they are NOT participating in the CWELCC System this year and will not be subject to terms and conditions of the System; or
 - The Licensee participates in the CWELCC System and is subject to the regulatory rules for base and non-base fees in participating programs (pursuant to O. Reg. 137/15 (s.77.4) made under the CCEYA).
- Licensees participating in the CWELCC System must maintain existing (pre-CWELCC System announcement on March 27, 2022) licensed spaces for children ages 0-5 (e.g., a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the CMSM/DSSAB and the CMSM/DSSAB should determine whether this may result in a funding adjustment or recovery from the Licensee.
 - Licensees must complete and submit an application to the CMSM/DSSAB to demonstrate that they meet the stipulated criteria in order to be eligible to participate in the CWELCC System. The ministry has provided CMSMs/DSSABs with a sample application form for reference (Appendix C).

1.4: IMPLEMENTATION

As service system managers, CMSMs and DSSABs are required to have a policy and plan in place for the intake and administration of funding to Licensees that express interest in participating in the CWELCC System.

For the initial transition year of the CWELCC System, all child care programs licensed as of March 28, 2022, are required to notify parents and staff by November 1, 2022, whether or not they intend to participate in the CWELCC System. Under O. Reg. 137/15, all Licensees are subject to this requirement and must communicate one of the following to parents and staff:

- the Licensee is choosing NOT to participate in the CWELCC System and will not be subject to terms and conditions of the CWELCC System; or
- the Licensee will be applying to a CMSM/DSSAB to participate in the CWELCC System.

Licensees applying to participate in the CWELCC System are required under O.Reg.137/15 to communicate to all parents and staff when a decision is made by the CMSM/DSSAB within 14 days of the CMSM/DSSAB's notification of their approval or denial.

CMSMs/DSSABs must make every effort to ensure Licensee applications are processed and eligibility is confirmed within 10 calendar days of the date of the application, and both parties would be required to execute an agreement within 30 calendar days of date of an application. Licensees

would be required to provide rebates to families within 20 calendar days of receiving refunds from the service system manager. (See Section 4: Fee Reduction)

Regional quality assessment programs/tools must not be used as qualifying criteria by the CMSM/DSSAB in CWELCC System application and funding approvals and must not be used as a condition of participation in the CWELCC System.

Funding provided through the CWELCC System is specific to meeting the CWELCC System's objectives. Licensees entering into a new CWELCC System service agreement are not by default eligible to access 2022 Child Care, EarlyON and Workforce Allocations (with the exception of the Wage Enhancement Grant) if they are not already in receipt of this funding.

CMSMs/DSSABs are able to provide Special Needs Resourcing funding to support children and families in the CWELCC program through their regular Purchase of Service process.

Ontario is working toward developing an inclusion plan that supports increased access to child care for children of low-income families, vulnerable children, children from diverse communities, children with special needs and Francophone and Indigenous children. As part of the initial roll out of the CWELCC System, Licensees entering into new CWELCC System service agreements are encouraged to work with their CMSM/DSSAB to develop a plan to increase access for children in receipt of fee subsidy and children with special needs to the Licensee's child care programs.

1.4.1: New Licensees Post April 1, 2022

Child care programs/operators that obtain their licence after March 27, 2022, will be required to set their parent fees at or below a regional maximum, as set out by age group pursuant to O.Reg.137/15 of the CCEYA, unless a specific fee amount was communicated to parents before the requirement under the regulation became effective.

These regional maximum fees would apply until one of the two conditions is met: 1) the Licensee provides notification to CMSM/DSSAB, parents and staff that the Licensee is not participating in the CWELCC System, or 2) the Licensee receives notice from the CMSM/DSSAB that its application for the CWELCC System has been accepted in which case the base fees must be reduced (see Section 4: Fee Reduction).

1.4.2: Operating the CWELCC System

CMSMs/DSSABs must ensure that for the duration of the CWELCC System service agreement:

- Licensees maintain their licence to operate in good standing in accordance with the CCEYA and are not in contravention of the CCEYA. CMSMs/DSSABs are required to stop funding a child care program that has its licence revoked or suspended by the ministry (director).
- Licensees reduce and set parent fees in accordance with O. Reg. 137/15. Licensees are required per O. Reg.137/15 (s.77.3(4)) to keep a copy of their CWELCC System service agreement, in electronic or hard copy format, on the child care premises, and available for ministry inspection.

- Licensees maintain the aged 0-5 spaces for which they are receiving fee reduction funding (e.g., a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the CMSM/DSSAB and CMSMs/DSSABs should determine whether this may require adjusting or recovering funding from the Licensee.
- Licensees complete the annual *Licensed Child Care Operations Survey*, as required by a ministry director, under O. Reg. 137/15 (s.77). CMSMs/DSSABs are required to withhold funding to Licensees until the CMSM/DSSAB has confirmed that the survey has been submitted. CMSMs/DSSABs will receive confirmation from the ministry upon the Licensee's submission of the survey.

1.4.3: Non-Participation

Licensees that have notified their CMSM/DSSAB that they will not participate in the CWELCC System may continue to run their operations under the existing provincial licensing and regulatory framework. Licensees can also continue to participate through their existing purchase of service agreements with their local CMSM/DSSAB (if applicable). Licensees that do not participate will not receive CWELCC System funding and may continue to set their own parent fees.

Licensees are required to indicate in their parent handbook that they are not participating in the CWELCC system and must include their fee amounts.

Unlicensed child care programs, including unlicensed home child care, authorized recreational programs and school board-operated extended day programs, are not eligible to participate in the CWELCC System. Unlicensed providers that wish to participate in the CWELCC System may want to consider applying to the ministry for a licence under the CCEYA to operate a child care centre or home child care agency, or reach out to a local home child care agency to begin providing child care that is overseen by the home child care agency.

The ministry may make an adjustment to the Fee Reduction and Workforce Compensation allocations provided to CMSMs/DSSABs to account for Licensees that opt-out and do not participate. Where the number of Licensees opting out exceeds 2% of the total Licensees within the CMSM's/DSSAB's region, the ministry will adjust CWELCC allocations prior to the Financial Statement reporting cycle between the ministry and CMSMs/DSSABs as outlined in the 2022 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guidelines.

1.5: REPORTING

CMSMs and DSSABs will be required to report to the ministry on the following data for Licensee participation in the CWELCC System for 2022:

- By November 14, 2022, a list of Licensees that have indicated they have chosen to participate in the CWELCC System, by the November 1 deadline.
- Total number of Licensees submitting an application to participate in the CWELCC System.

- Total number of Licensees who have signed a new CWELCC System service agreement with the CMSM/DSSAB, including auspice.
- List of Licensees whose applications have been declined, and the rationale for denying enrolment in the CWELCC System.
- CMSM/DSSAB expenditures to support administration, implementation, transition, and IT costs associated with supporting the CWELCC System (see Administrative Spending Guidance section).

1.5.1: Targets

The ministry is taking a phased approach to implementing the CWELCC System by focusing on the immediate objectives of affordability and wage improvements, before moving on to develop a new funding formula and addressing the objectives of increasing access and inclusion over the longer term.

The ministry will negotiate with CMSMs and DSSABs the contractual service targets associated with accessibility (child care space creation and/or expansion), quality (workforce professional development), and inclusion prior to 2023.

1.5.2: Appeals

CMSMs/DSSABs are required to have a local dispute resolution process in place to allow for Licensees to bring forward issues regarding CWELCC System eligibility and funding decisions.

1.5.3: Declining an Application

Under the CWELCC System, there may be exceptional circumstances where the CMSM/DSSAB has strong concerns around entering into a CWELCC System service agreement with a Licensee. Exceptional circumstances include the CMSM/DSSAB having reason to believe:

- the child care centre or home child care agency is not financially viable or will not be operated in a manner that will be financially viable; or
- the Licensee will use the funding for improper purposes.

CMSMs/DSSABs are required to report to the ministry within five business days all Licensees whose applications have been declined due to such exceptional circumstances and the rationale. The ministry reserves the right to discuss with the CMSM/DSSAB on a case-by-case basis the decision to decline an application and may work with the CMSM/DSSAB to develop public messaging around such decisions. CMSMs/DSSABs are encouraged to contact their [Early Years Advisor](#) to discuss a funding decision regarding a Licensee.

SECTION 2: ACCOUNTABILITY

The framework and parameters described in this section are applicable to the portion of the Licensee's child care business for eligible children to support fee reduction, as well as funding for eligible staff to support workforce compensation (see Sections 4 and Section 6 for further information on eligibility).

Funding to support the objectives of the CWELCC System will be provided as operating grants from CMSMs/DSSABs to Licensees.

CWELCC funding does not displace existing provincial operating funding currently being provided to a Licensee. CWELCC funds support the objectives of the CWELCC System and are provided in addition to any provincial and ELCC funding being provided to Licensees.

In accordance with section 4.11.6 of the Canada-Ontario CWELCC agreement, CMSMs/DSSABs must also continue to maintain their existing municipal investments in child care. CMSMs/DSSABs will not use CWELCC Funds to displace municipal spending on child care and early years programs and services that are already approved and in place for 2022.

Note that any requirements related to existing provincial and ELCC funding based on the 2022 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guidelines must continue to be met.

To provide further clarity on funding to Licensees, the purpose of the CWELCC System is not to limit or standardize a Licensee's current operations nor is it intended to come at a cost to Licensees themselves, as enrolment in the CWELCC System should not require fundamental changes to program delivery.

The ministry understands that a Licensee's cost structure may vary depending on the service and unique care being provided. As a result, CMSMs/DSSABs will provide funding to Licensees that participate in CWELCC so they can continue to operate the portion of the child care program serving eligible children based on existing cost structures while reducing their base fees charged to parents.

CWELCC funding is designed to fully offset the reduction in revenue from reduced base fees, while also improving compensation for eligible qualified workers.

To ensure consistent financial management practices across all Licensees and to ensure that adequate funding is available as Licensees enrol in the program throughout the year, CMSMs/DSSABs should not provide funding to reduce base fees for eligible children in excess of what is required to meet the CWELCC initiatives.

Non-base fees charged by the Licensee to parents for things that are not included in the base fee, as well as their associated costs, must be omitted by CMSMs/DSSABs when determining the funding amounts to be flowed to enrolled Licensees.

For mandated increases related to workforce compensation, funding should be provided to Licensees for all eligible staff in accordance with the parameters set out in the section on

Workforce Compensation of the CWELCC Guidelines.

CMSMs/DSSABs must have policies and procedures in place as part of their financial review and reconciliation process with Licensees. Any unspent funding provided to Licensees during the funding year, or funding not used for its intended purpose, must be recovered by the CMSM/DSSAB and returned to the ministry.

Note that all funding parameters and controls described will apply to all Licensees regardless of whether they are a not-for-profit, for-profit, or directly operated by the CMSM/DSSAB. The ministry recognizes the valuable role all operators play in providing affordable and high-quality child care for families.

2.1: FUNDING AND ACCOUNTABILITY CONSIDERATIONS

CMSMs/DSSABs should follow the below guidance as part of their new funding framework with Licensees:

- Licensees operating as for-profit corporations or individuals can continue to earn profit and licensees operating as not-for-profit corporations will be permitted a surplus amount to build reserves or re-invest in the organization.
- Licensees may be subject to changing costs (for example, rent changes) and this may impact their capacity to participate in CWELCC. CMSMs and DSSABs should work with licensees to manage such cost changes to support their continued participation in CWELCC.
- As base fees continue to be reduced as part of the phased approach to implementing CWELCC, the ministry will develop a new long-term, sustainable funding model for the CWELCC System with further information to be provided.
- Information collected from Licensees to support implementation should be kept to the minimum amount necessary to meet the reporting requirements outlined in the CWELCC Guidelines while ensuring financial accountability for public funds is maintained.
- CMSMs/DSSABs should review the Licensee's child care operations for eligible children for long term vacancies that continue to remain unfilled and whether adjustments to the funding are required where long term vacancies are identified and not mitigated.
- CMSMs/DSSABs must also verify that any 2022 increases to parent fees in child care for eligible children were permitted in accordance with the requirements set out in O. Reg. 137/15, (i.e., a fee increase must have been communicated to families/parents prior to March 27, 2022).
- CMSMs/DSSABs will be provided with specific allocations under a transfer payment agreement with the Province to support base fee reductions for eligible children and workforce compensation in accordance with the requirements under this CWELCC Guidelines.
- CMSMs/DSSABs may use the funding provided from their fee reduction allocation to support

Workforce Compensation, and vice versa, where needed, as long as the CMSMs/DSSABs ensure that adequate funding is available to meet each specific objective.

- CMSMs/DSSABs are fully responsible for budgeting to ensure that the allocated funds are prioritized for each respective initiative first, and that adequate funding is available to support these priorities.
- Excess funding, if any, cannot be used to support fee subsidies, additional administration funding for CMSMs/DSSABs beyond the specified administration allocation provided, expenditures supporting 6-12 age groups, lowering daily base fees beyond what is required under O. Reg. 137/15, fee holidays (i.e., a period where parents pay no fees to Licensees as CMSMs/DSSABs are covering the fees), and enhancing wages beyond what is mandated as part of workforce compensation funding.
- During the term of the CWELCC System funding agreement, a licensed child care program may not exceed two consecutive weeks of closure, and not more than four weeks of closure within a calendar year where parents are charged full fees. CMSM/DSSAB has the discretion to further restrict the period of closure (i.e., may not exceed 10 consecutive days) and/or to allow the calculation of closure days to be based on the school year as opposed to a calendar year, as long as the total number of days does not exceed the allowable amount as determined by the province and the CMSM/DSSAB.
- If a program does not charge fees for the closure period, the days of closure do not need to be counted in the limits set out above. In accordance with O. Reg. 137/15 under the CCEYA, Licensees must disclose in their parent handbook the times when the services are offered and the holidays observed, the base fee and any non-base fees that may be charged, and whether or not the licensee is enrolled in the CWELCC System.
- If a Licensee that is a corporation transfers shares of the corporation in sufficient numbers that would allow the person acquiring the shares to make a change to the corporation's board of directors, the Licensee would remain enrolled in the CWELCC System and must maintain the applicable base fee.
- If a Licensee sells substantially all its assets and the purchaser obtains a new licence to operate a child care centre or as a home child care agency, to continue operating the child care program, the purchaser must:
 - Charge base fees in accordance with O. Reg. 137/15 for newly issued licences described above under Cap on Fees (i.e., set base fees at or below a regional maximum). Refer to O. Reg. 137/15 for further details.
 - Apply to participate in the CWELCC System in accordance with the process set out by the CMSM/DSSAB or notify the CMSM/DSSAB and parents that they do not wish to participate.

2.2: FINANCIAL REPORTING PROCESS

As part of the year-end financial review and reconciliation process with licensees, CMSMs/DSSABs must have policies and procedures in place to ensure that CWELCC System funding was used to support the actual cost incurred by a licensee associated with a mandated reduction in a licensee's base fee as defined under O. Reg. 137/15 as well as support for mandated wage increases for eligible staff.

CMSMs and DSSABs must have policies and procedures in place with Licensees to fulfill all reporting requirements to the ministry. CMSMs/DSSABs should take reasonable and progressive corrective actions where a Licensee does not comply with reporting requirements.

All child care Licensees in receipt of CWELCC funding must submit financial information as well as audited financial statements to the CMSM/DSSAB to verify that the funding provided was used for the purpose(s) intended.

For 2022, licensees opting into the CWELCC agreement without an existing service agreement with their municipalities will not be required to submit audited financial statements.

For the period where a Licensee charged a base fee that was higher than the applicable maximum base fee, funding should be provided to support retroactive refunds to parents for that period.

Similar to child care licensees, for home child care providers, funding will be provided to fully offset the reduction in revenue from reduced base fees.

2.3: REPORTING TO THE MINISTRY

CMSMs/DSSABs will be required to report back to the ministry in accordance with the ministry's established reporting processes and timelines as set out in the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline 2022.

For each CWELCC System funding initiative (i.e., fee reduction, workforce compensation etc.), CMSMs/DSSABs will be required to track and report on service data and expenditures using CWELCC System funding, separately from the 2022 service data and expenditures using provincial and ELCC funding released earlier this year.

2.4: COMPLIANCE AUDITS

CMSMs/DSSABs will be required to undertake audits on a random sample of Licensees in receipt of CWELCC System funding on an annual basis to confirm that funding has been used for its intended purpose. Note that where a CMSM/DSSAB directly operates child care, audits for those directly operated programs should be performed by a third-party and not the CMSM or DSSAB.

Audit strategies for local implementation should be designed by the CMSM/DSSAB and should include a review of the Licensee for compliance related to the policies, parameters and directives as set out in this guideline.

The audit program must focus on compliance to ensure that the goals of the CWELCC System 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.

Where the CMSM/DSSAB determines that funding was not used as intended or where the Licensee did not meet the terms and conditions set out in the CWELCC System service agreement between the CMSM/DSSAB and Licensee, the CMSM/DSSAB may recover funding and the Licensee may be deemed ineligible to receive future funding.

SECTION 3: ADMINISTRATIVE SPENDING GUIDANCE

3.1: PURPOSE

In their role as service system managers, CMSMs/DSSABs will be required to work with Licensees that wish to enrol in the CWELCC System, which includes entering into new CWELCC System service agreements and working with Licensees to implement the goals of the CWELCC System.

To support CMSMs/DSSABs in their role as service system managers, CWELCC System administration funding is being provided as a specific allocation under the transfer payment agreement with the ministry to support administrative costs associated with the implementation of the CWELCC System.

Funding provided to support other CWELCC programs (i.e., Fee Reduction, Workforce Compensation) must not be used to support a CMSM's/DSSAB's administrative costs. Administration funding to support CWELCC is restricted to the specific administration allocation provided in the transfer payment agreement.

3.2: ELIGIBILITY CRITERIA

All CMSMs/DSSABs receiving funding under the CWELCC System are eligible to receive CWELCC System administration funding.

3.2.1: Eligible Expenses

The CWELCC System administration allocation is additional administration funding provided on top of the administration funding provided by the ministry earlier in the year.

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentation that is retained for a period of no less than seven years.

There will be no administration cost sharing requirements on the CWELCC System administration allocation.

CWELCC System administration expenses must represent actual expenses incurred for program administration and may not be expressed solely in terms of a percentage of program expenditures.

CMSMs/DSSABs may use administration expenditures to support costs related to implementation, transition and IT costs associated with supporting the CWELCC System.

For more information on eligible expenditures please refer to the Administration section of the 2022 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline, which defines the range of administrative expenditures that are eligible for administration funding.

3.2.2: Ineligible Expenditures

Expenses incurred by a CMSM/DSSAB that do not directly support the administration of the CWELCC System are ineligible and include the following:

- Costs associated with administering regional quality assessment programs/tools
- Professional organization fees paid on behalf of staff for membership in professional organizations

3.3: REPORTING

The CWELCC System administration expenditures are to be tracked separately from other child care administration funding for reporting purposes.

CWELCC System administration expenditures will be reported and monitored through financial submissions. CMSMs/DSSABs will also report on the following administrative service data in their Financial Statements submissions:

- Number of full-time equivalent staff by position;
- Number of staff (head count);
- Total salaries associated with each position type; and
- Total benefits for all staff.

Data and expenditures reported as part of administration in the child care core service delivery should not be reported as part of the CWELCC System.

SECTION 4: FEE REDUCTION

4.1: PURPOSE

Making child care more affordable for families is a key part of the implementation of the CWELCC System.

CMSMs/DSSABs will work with child care licensees who choose to enrol in the CWELCC System in their regions to provide operating grants that will enable the base fee reduction for families.

This section of the guideline provides an overview of the objectives, eligibility, implementation, expenditures and reporting requirements related to the Fee Reduction Funding.

4.2: OBJECTIVES

A graduated approach to fee reductions will begin in Spring 2022 as follows:

- A fee reduction of up to 25% (to a minimum of \$12 per day) for eligible children retroactive to April 1, 2022.
- A 50% fee reduction on average for eligible children by the end of calendar year 2022.
- \$10 per day average child care fees for eligible children by the end of fiscal year 2025-26.

4.3: ELIGIBILITY CRITERIA

Funding under the CWELCC System is intended to support children under the age of 6 (0-5 year olds), with some exceptions for children with birthdays early in the year who are 6 years of age but are still enrolled in kindergarten. Eligible children for whom fees must be reduced are defined under O. Reg. 137/15:

- Any child, until the last day of the month in which the child turns 6 years old (irrespective of the type of licensed child care program in which they are enrolled); and
- Up until June 30 in a calendar year, any child who,
 - turns six years old between January 1 and June 30 in that calendar year; and
 - is enrolled in a licensed infant, toddler, preschool, or kindergarten group, a licensed family age group, or home child care (all eligible children receiving home child care at a premises overseen by an agency are eligible for the fee reduction - both agency placed and privately placed).

4.4: IMPLEMENTATION REQUIREMENTS

4.4.1: Overview

Amendments to O. Reg.137/15 have been made to support the implementation of the CWELCC System. CMSMs/DSSABs must review the updated regulation to ensure adherence and

compliance in support of the implementation of the fee reduction for Licensees participating in the CWELCC System.

For definitions of Base Fees and Non-Base Fees, please refer to the Definition section at the beginning of this CWELCC Guidelines.

4.4.2: Cap on Fees

In order to prevent Licensees from raising fees after the agreement between Canada and Ontario was executed, but before the Licensee enters into the CWELCC System, 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 a Licensee at a child care centre it operates or at a home child care premise that it oversees.

For home child care providers, until a decision on CWELCC System participation is made by the home child care agency, fees for eligible children must be capped at March 27, 2022 levels. This includes fees set by the agency as well as fees set by the provider. While the cap on fees has been communicated publicly by the Ministry, agencies may wish to inform providers of their obligation to cap fees in accordance with the regulation and begin collecting fee information in preparation for the enrolment process.

Note that the cap on fees does not apply to fees charged to parents for children who are not eligible (i.e., school age children over 6 years), as these children are not entitled to funding under the CWELCC System.

Licensees will continue to be subject to the capped fee until one of two conditions is met:

- The Licensee notifies their CMSM/DSSAB and parents of eligible children in writing that they are NOT participating in the CWELCC System in 2022; or,
- The Licensee receives notice from the CMSM/DSSAB of the results of its application to enrol in the CWELCC System.

4.4.3: Additional Information

If a Licensee was licensed on or before March 27, 2022, the cap on the base fee and on non-base fees for child care for eligible children is the amount charged on March 27, 2022, and the Licensee must not charge a parent a higher base fee or non-base fees after that day unless a specific fee increase had already been communicated to parents/families on or before that day. Where a Licensee chooses to participate in CWELCC, CMSMs/DSSABs must review the fee increase for reasonability, which must be specific to 2022.

In some cases, CMSMs/DSSABs may need to work with Licensees to determine an initial base fee, in the case where the fee charged to parents does not include all required elements (e.g., parents are charged separately for meals, which is a requirement under regulation), or to exclude elements that should not be included in a base fee.

If a Licensee becomes licensed after March 27, 2022, the cap on the base fee is based on a regional maximum as set out in O. Reg 137/15, which provides a table of capped fees by program

and CMSM/DSSAB. These regional maximum fees would also apply to any new age groups that a Licensee starts to operate after March 27, 2022 (e.g., they apply to revise their licence to add an infant room), or where a Licensee begins operating an age group after March 27, 2022 that it had not operated for at least two years (e.g., a licensee wishes to use an alternate capacity that has not been used recently or re-open a room that was closed during the pandemic). See O. Reg. 137/15 for further details. The Licensee must not charge a parent a higher daily base fee after that day, unless a specific fee increase had already been communicated to parents on or before that day based on the conditions noted above.

Regardless of the maximum fees set out in O. Reg. 137/15, CMSMs/DSSABs should determine whether the maximum fee is a reasonable base fee for new Licensees who are subject to these maximums (e.g., it may not have been reasonable for a new licensee who is operating in an area with significantly lower than average costs to have charged the regional maximum fee).

4.4.4: Fee Reduction

For Licensees that enrol in the CWELCC System, O. Reg. 137/15 sets out rules regarding what Licensees will be permitted to charge parents as part of their daily base fee.

Licensees enrolled in the CWELCC System must ensure that parents of an eligible child are charged a base fee determined as follows:

If the Licensee’s base fee, based on the section above, is more than \$11.99 per day, the Licensee’s new base fee once in the CWELCC System will be the greater of:

- \$12 per day; and,
- the amount of the capped base fee, less 25 percent.

Note that if this base fee is less than \$12 per day, the fee should be maintained.

To support the applicable fee reduction, service system managers will provide funding for licensees. As an example of how this funding should be provided to Licensees, see the table below.

	Prior to Enrolment	After Enrolment (once base fees are reduced)
Base fee charged to parents	\$100	\$75
CWELCC funding to offset the revenue reduction to Licensees		\$25
Total Revenue received by Licensee	\$100	\$100

The fee reduction on base fees will apply regardless of program type or duration and should be based on the total amount paid per day. In the case of a before and after school program, if parents pay for only before school care, or only after school care, each individual fee must be reduced by 25% provided that it does not go below \$12/day. If parents pay for both before and

after school care, the overall combined fee must be reduced by 25%.

For example:

	Before CWELCC – per day	After Enrolment – per day
Before School Care Only	\$12	Stays at \$12
After School Care Only	\$14	Reduced to \$12
Before and After School Care (as a single fee)	\$26	Reduced to \$19.50

Licensees are also required to reduce the cost of a full fee space that is occupied by an eligible child receiving fee subsidy. Please refer to Section 5 of the CWELCC Guidelines for further details.

If a home child care agency is enrolled in the CWELCC System, home child care Licensees must also charge the parent of an eligible child a base fee determined based on the above. The base fee would apply to children who are agency placed and those children that are privately placed in the provider’s care. CMSMs/DSSABs should work with agencies to ensure that parents of eligible privately placed children also receive a fee reduction.

Licensees are permitted to continue charging the higher base fees as of March 27, 2022, for 20 calendar days after the CMSM/DSSAB notifies them that they are enrolled in the CWELCC system. On and after the 21st day after the Licensee is notified by a CMSM/DSSAB of the enrolment date, Licensees cannot charge a base fee that is higher than the reduced base fee to parents of an eligible child.

CMSMs/DSSABs are not permitted to provide fee holidays (i.e., a period where parents pay no fees as CMSMs/DSSABs cover the fees) with CWELCC System funding.

Once Licensees are enrolled in the CWELCC System and reduce their fees to the new base fee, the Licensee is required to maintain its new base fee until they are either required to reduce them again, or they are no longer participating in the CWELCC System.

Where a Licensee chooses not to participate in the CWELCC System, they will not be subject to requirements to reduce base fees.

Non-base fees are not eligible for CWELCC funding and are not subject to the parameters set out above; however, they must meet the definition of non-base fee set out in O. Reg. 137/15. Anything that a parent is required to pay (i.e., mandatory fees) must be included as part of the base fee.

Fees for children who are not eligible children (e.g., school age children) are not subject to the requirements above regarding child care for eligible children.

4.4.5: Retroactive Refunds

In the first year of implementation, the ministry understands that there may be unforeseen circumstances where the process of enrolment for Licensees requires additional time, particularly

for organizations without a current funding relationship with CMSMs/DSSABs.

To allow for this, while also ensuring that financial relief is provided to parents, CMSMs/DSSABs must back-date a Licensee's enrolment for the CWELCC System.

CMSMs/DSSABs who receive an application from a Licensee on or before December 31, 2022, must specify an enrolment date that is backdated to:

- April 1, 2022 if the licensee was licensed as of April 1, 2022; or
- the date the Licensee's licence was issued, in any other case.

Where a base fee that is higher than the base fee determined as per the previous section is charged in respect of an eligible child, the Licensee who enrolled will be required to issue a retroactive refund to the parent for the difference.

Any programs that apply after December 31, 2022, will not be eligible for retroactive enrolment and will only be expected to reduce fees on a go-forward basis.

Licensees are only required to reduce and refund base fees (i.e., mandatory fees) and do not need to reduce or refund non-base fees (i.e., optional fees).

4.4.6: Funding

CWELCC System funding should be provided by CMSMs/DSSABs to Licensees to allow Licensees to provide refunds to parents of eligible children.

CMSMs/DSSABs should work with Licensees to ensure that refunds are provided back to parents within 20 calendar days of receiving funding.

Fee reduction funding can be provided to Licensees as part of a two-step process:

Step 1: Funding for Fee Reduction Rebates for Parents retro to April 1, 2022

CMSMs/DSSABs flow funding to the CWELCC enrolled Licensees in the amount required to cover the cost of the 25% rebate to parents on the base fees retroactive to April 1 or the date the Licensee was licensed – whichever is later.

Step 2: Funding for the 25% reduction in Base Fees Charged by Licensees to parents in 2022

CMSMs/DSSABs flow funding to the CWLECC enrolled Licensees to support the 25% reduced base fees in 2022.

Note: Neither Step 1 or Step 2 require CMSMs/DSSABs to work through a budgeting process with Licensees.

Refer to Section 2 of the CWELCC Guidelines – Financial Reporting for more information.

4.5: CMSMs/DSSABs REPORTING

As part of the regular reporting processes and timelines as described in the 2022 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guidelines, CMSMs/DSSABs are required to report expenditures and service data to the ministry as indicated below:

- Expenditures to support fee reduction (exclude expenditures related to mandated reductions to parental contributions – see Fee Subsidy section below).
- Expenditures to support refunds to parents.

Service data required for Fee Reduction funding includes the following:

- Number of children served through fee reductions (exclude fee subsidy children).
- Average monthly number of children served through fee reductions provided by age group – i.e., infant, toddler, preschool etc, (exclude fee subsidy children).
- Number of licensed child care spaces supported with fee reduction by age group and type of setting (i.e., centre or home-based), including full fee spaces occupied by children receiving subsidies.
- Number of child care centres and home providers supported with fee reduction funding (by auspice – i.e., for-profit, not-for-profit, directly operated by the CMSM/DSSAB).
- Number of children in receipt of required refunds.

All expenditure and data requirements noted above must be submitted by type of setting (i.e., centre or home-based) and by auspice (not-for-profit, for-profit, directly operated by the CMSM/DSSAB).

SECTION 5: FEE SUBSIDY – PARENTAL CONTRIBUTION REDUCTION

5.1: PURPOSE

Fee subsidy is an essential support for many families that enables parents and caregivers to participate in the workforce or pursue education or training. The ministry has made amendments to O. Reg. 138/15 under the CCEYA to ensure that parents accessing subsidized child care also see financial relief under the CWELCC System, through a reduction in their parental contributions.

As the CWELCC System is implemented in Ontario, the fee subsidy model will continue to be an option for families who require financial assistance. O. Reg 138/15 sets out an income test formula that CMSMs/DSSABs must use to calculate the amount of subsidy that can be provided for a family, as well as the amount of money that a family must contribute to the cost of child care (the parent contribution).

No changes have been made to eligibility for access to fee subsidies for recipients of Ontario Works, including Learning, Earning and Parenting (LEAP) participants and Ontario Disability Support Program recipients in approved employment assistance activities. Access for fee subsidy recipients to the parental contribution reductions will depend on whether the eligible child is enrolled with a licensed child care centre or home child care provider that is participating in the CWELCC System. If applicable, refunds are to be provided to the parent/guardian or temporary caregiver who paid fees to the licensed child care provider.

5.2: IMPLEMENTATION

To ensure an equivalent fee reduction is applied to families receiving child care fee subsidy (who do not pay the full cost of a licensed space), amendments have been made under O. Reg 138/15, which require CMSMs/DSSABs to reduce the parent contribution for eligible children (as defined under O. Reg. 137/15 (General)) by 25% (with no floor of \$12 for families receiving subsidy).

If a parent has at least one eligible child, as defined in O. Reg. 137/15 (General), who is enrolled in a child care centre or home child care that is part of the CWELCC System, the CMSM/DSSAB is to reduce the parental contribution amount calculated via the income test, as follows:

$$A \div B \times C \times 0.25$$

where,

A is the total parental contribution calculated via the income test,

B is the total number of children that the calculated parental contribution pertains to,

C is the number of eligible children, who hold a space with a provider that has enrolled in the CWELCC System, that the parent is required to pay a parental contribution for.

For example, if a fee subsidy family has two children aged 7 and 4, the 25% parental contribution reduction would only apply to the 4-year-old. The 25% reduction would then be reduced by half, as it only applies to one of the two children.

As noted in Section 4, licensees are required to reduce the cost of a full fee space that is occupied by an eligible child receiving fee subsidy. Please note CWELCC System fee reductions may be reduced by less than 25% in light of the \$12 floor. However, fee subsidy recipients will benefit from a full 25% parental contribution reduction.

CMSMs and DSSABs are required to calculate the parental contribution reduction for fee subsidy families and ensure the refund is provided to the parents as applicable.

Subsidized parents will not see a reduction in parental contribution in the case where the child occupies a space with a Licensee that is not enrolled in the CWELCC System.

CWELCC funding is to be used for reducing parental contribution and cannot be used to support fee subsidy. Additionally, CWELCC funding does not replace existing provincial operating funding being provided.

CWELCC funding will reduce the cost of a full fee space that is currently occupied by an eligible child receiving fee subsidy by 25% in 2022. As a result, less provincial funding will be required to support the space. The excess provincial funding, previously used to support the fee subsidy space, may not be used to further expand fee subsidy spaces, but may be reinvested in other child care expenses such as general operating costs.

CMSMs/DSSABs must adhere to the following requirement for provincial funding related to supporting fee subsidies.^[1] Provincial funding used to support fee subsidies must be the greater of:

- The CMSM/DSSAB's total 2019 fee subsidy expenditure for children 0-5 years, less 25%

Or

- The corresponding expenditures associated with the number of fee subsidy children 0-5 years, based on the CMSM/DSSAB's contractual service targets in their 2022 transfer payment agreement.

For CMSMs and DSSABs who are projecting costs that are below the 2019 fee subsidy expenditure threshold for children 0-5 years, less 25%, where there is an identified need for fee subsidy placements with a new CWELCC Service Agreement Licensee, the service system manager has the discretion to approve those fee subsidies within the threshold stated above to respond to the urgent needs of families in their communities.

5.3: REPORTING

CMSMs/DSSABs are required to report on expenditures and service data to the ministry as indicated below:

- Expenditures to support the reduction of parental contributions

^[1] Please note this requirement supersedes the direction on fee subsidy expenditures as outlined in the 2022 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline.

- Number of children served through the reduction of parental contributions

All expenditure and data requirements noted above must be submitted by type of setting (i.e., centre or home-based) and by auspice (not-for-profit, for-profit, directly operated).

SECTION 6: WORKFORCE COMPENSATION

6.1: PURPOSE

CMSMs/DSSABs will support recruitment and retention of Ontario's child care workforce through improved compensation for low wage earners by introducing a wage floor, and an annual wage increase for eligible RECEs.

In addition, workforce compensation funding will be provided to Licensees to offset wage increases for non-RECE staff associated with the increased minimum wage that came into effect January 1, 2022.

6.2: WAGE FLOOR AND ANNUAL WAGE INCREASE ELIGIBILITY

Where a Licensee is participating in the CWELCC System and eligibility is met based on the criteria set out in this section, workforce compensation funding must be provided by the CMSM/DSSAB to the Licensee.

6.2.1: Wage Floor

To be eligible to have their wage raised to the wage floor, staff must be employed by a Licensee that is participating in the CWELCC System and be in a position categorized as:

RECE Program Staff
RECE Child Care Supervisor
RECE Home Child Care Visitor

In addition, to be eligible for the wage floor, staff must be receiving wage enhancement funding, and their hourly wage including wage enhancement funding must be below the wage floor. Benefits should not be included when determining the hourly wage (i.e., benefits are in addition to the hourly wages identified in this section).

6.2.2: Annual Increase

To be eligible for an annual wage increase, staff must be employed by a Licensee that is participating in the CWELCC System and be in a position categorized as:

RECE Program Staff
RECE Child Care Supervisor
RECE Home Child Care Visitor

In addition, to be eligible for an annual \$1 per hour wage increase, staff must be receiving wage enhancement funding, and their hourly wage including wage enhancement funding must be below the wage cap of \$25 per hour on January 1st of each eligible year (i.e., base wage plus wage enhancement funding plus annual increase must be below \$25 per hour). Benefits should not be included when determining the base wage.

6.2.3: Ineligible Positions

Non-RECE Program Staff

Non-program staff

The wage floor and annual increase will not apply to non-program staff such as:

- Cook, custodial and other non-program staff positions.
- SNR-funded resource teachers/consultants and supplemental staff.
- Staff hired through a third party (i.e., temp agency).

The only exception to the first two positions noted above is if the staff is an RECE and the position spends at least 25 per cent of their time to support ratio requirements as outlined in the CCEYA, 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.

6.2.4: Director approved staff

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

6.2.5: Alignment with Child Care Wage Enhancement Grant

The child care Wage Enhancement Grant will continue to be provided to support the retention of qualified professionals to deliver affordable, high quality services.

Licensees will be required to apply for the Wage Enhancement Grant to be eligible for the wage floor or annual wage increase under the CWELCC System. Wage enhancement funding will be added to the base wage of staff when considering eligibility for the wage floor and annual wage increase plus benefits.

Wage floor examples: Wage floor of \$18 per hour and wage enhancement funding of \$2 per hour.

Example 1: RECE program staff with base wage of \$15 per hour would qualify to have their wage increase to \$18 per hour ($\$15 + \$2 = \17 per hour which is below \$18 per hour). Workforce compensation funding of \$1 per hour must be provided.

Example 2: RECE program staff with a base wage of \$16 per hour or higher would not qualify to have their wage increase ($\$16 + \$2 = \$18$ per hour which is equivalent to the wage floor.) Workforce compensation funding is not required.

Annual wage increase examples: Wage enhancement funding of \$2 per hour, annual wage increase of \$1 per hour and wage cap of \$25 per hour.

Example 1: RECE program staff with a base wage before wage enhancement funding of \$19 per hour would qualify for a wage increase of \$1 per hour ($\$19 + \$2 + \$1 = \22 per hour which is under the \$25 per hour wage cap). Workforce compensation funding of \$1 per hour must be provided.

Example 2: RECE program staff with a base wage before wage enhancement funding of \$23 per hour or higher would not qualify for an annual wage increase ($\$23 + \$2 + 1 = \$26$, which is above the wage cap). Workforce compensation funding is not required.

6.3: IMPLEMENTATION

CMSMs/DSSABs are required to develop a method to determine wage floor and annual wage increase entitlements within their region. In addition, CMSMs/DSSABs are required to monitor compliance of Licensees to the wage floor and annual wage increase requirements.

6.3.1: Information to Staff

Upon receiving confirmation of participation in the CWELCC System from their CMSM/DSSAB, and as new staff are hired, Licensees are required to share, in writing, information about the wage floor and annual wage increase with eligible staff. The information must provide eligible staff with an understanding of upcoming annual changes to their wages as a result of workforce compensation funding. At a minimum, the information about wages must include the wage floor and required annual wage increase for each year up to and including 2026.

6.3.2: Protecting a Sustainable Public Sector for Future Generations Act

Child care staff employed by Licensees with maximum wage increases specified under the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (PSPSFGA) may not be eligible for an increase in compensation to the wage floor or to the \$1 per hour annual wage increase. Licensees are required to meet any applicable obligations under the PSPSFGA.

6.3.3: Alignment with collective agreements

Some Licensees may be subject to the terms of a collective agreement. Licensees should seek independent legal advice on implementing the wage floor and annual wage increase.

6.3.4: Payments to Staff

Licensees must 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.

6.3.5: Payment to Licensees

Workforce compensation funding must first be directed to eligible licensed child care centre staff and home child care visitors to increase wages and benefits as described below. Once these requirements are met, CMSMs/DSSABs will have flexibility with respect to the use of their workforce compensation funding to address other CWELCC System requirements.

It is important to note that CMSMs/DSSABs are not permitted to use workforce compensation funding to provide compensation to staff over and above what is mandated based on the parameters set out in this section of the guideline without approval from the ministry.

6.3.6: Other Compensation Increases

Workforce compensation funding must be considered in addition to and not reduce other planned compensation increases for eligible staff. For example, the wage floor and annual wage increase cannot be used to reduce planned merit increases for eligible staff.

6.3.7: Wage Floor

Licensees are required to bring the wage of all eligible staff up to the wage floor identified in the table below, plus benefits. All eligible staff hired during the identified years must earn at least the wage floor identified for that year, plus benefits as defined below.

The wage floor for 2022 will come into effect April 1, 2022. For all following years, the wage floor will come into effect on January 1 of each year.

Licensees will be permitted to continue to pay eligible staff below the wage floor for thirty-one calendar days after the CMSM or DSSAB notifies them that they are participating in the CWELCC System. On and after the 32nd day after the Licensee is notified by a CMSM or DSSAB of the participation date, the Licensee would be required to pay eligible staff at least the wage floor.

Licensees would then be given one additional month (for a total of 60 calendar days from the day they were notified by the CMSM or DSSAB) to provide staff with a retroactive payment for any wages that were below the wage floor, retroactive to the date of their confirmed participation in the CWELCC System.

Hourly Wage Floor 2022 to 2026*

	2022	2023	2024	2025	2026
RECE Program 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.

Workforce compensation funding must be used to fund the incremental amount required to bring the staff wages to the wage floor. For example, in 2022 a RECE program staff with a base wage of \$15 per hour and wage enhancement funding of \$2 per hour, would receive workforce compensation funding of \$1 per hour.

6.3.8: Retroactive Wage Payments up to December 31, 2022

In the first year of implementation, the ministry understands that the process for Licensees to participate in the CWELCC System will require time, particularly for organizations without a current funding relationship with CMSMs or DSSABs.

To allow for this while also ensuring wage increases are provided to eligible staff, CMSMs/DSSABs must back-date a Licensees participation in the CWELCC system.

CMSMs/DSSABs who confirm a Licensees participation on or before December 31, 2022 must specify a participation date that is backdated to:

- April 1, 2022, if the Licensee was licensed as of April 1, 2022; or
- the date the Licensee's licence was issued in any other case.

Where staff were paid lower wages than specified by the wage floor, the Licensee who participated in the CWELCC System will be required to issue a retroactive payment to the eligible staff of the difference retroactive to the later of the two dates noted above. If there was an increase to wages during this period, workforce compensation should be decreased to reflect the change. Retroactive payments must be paid to eligible staff for the hours worked, regardless of whether they are employed by the Licensee at the time that their participation in the CWELCC System is confirmed.

Any Licensee participating in the CWELCC System after December 31, 2022, will not be eligible for a retroactive payment for wage compensation and will only be expected to implement the wage floor and annual wage increase on a go forward basis.

6.3.9: Annual Wage Increase

Licensees are required to increase the hourly wage of eligible staff by \$1 per hour plus benefits (as described below), on January 1st of each year from 2023 to 2026, inclusive, up to the \$25 per hour wage cap. To be eligible for the \$1 per hour annual increase, the staff's wage must be equal to or greater than the wage floor and less than \$25 per hour. Staff earning at or above \$25 per hour are not eligible for the annual \$1 per hour increase. Staff making \$24.00 to \$24.99 per hour are to have their wages increased to \$25 per hour.

6.3.10: Benefits Funding and Flexibility

Workforce compensation funding includes up to 17.5 per cent in benefits. Benefits of up to 17.5 per cent must support Licensees in meeting their statutory benefit requirements.

Workforce compensation encompasses statutory as well as additional benefits that are provided by the Licensee (e.g., additional vacation or personal days). Statutory benefits are benefits Licensees are required to provide their staff as determined by the law (e.g., vacation days, statutory holidays, Canada Pension Plan, Employment Insurance).

Once all statutory benefit requirements are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5 per cent can be used to fund other benefit expenses paid by the employer on behalf of the employee.

CMSMs/DSSABs are required to develop a method to allocate the wage floor and annual wage increase funding to include up to 17.5 per cent in benefits. Any residual benefits funding can be used to support funding flexibility for expenses.

6.4: REPORTING

CMSMs/DSSABs will report expenditure and service data through regular reporting processes. This data will be used in part to support Ontario's reporting requirements to the Government of Canada under the CWELCC System. Reporting includes:

- Total number of RECE program staff, total number of RECE supervisors and total number of RECE home child care visitors supported by the wage floor.
- Total number of RECE program staff, total number of RECE supervisors and total number of RECE home child care visitors supported by the annual wage increase (starting 2023).
- Actual total expenditure on the wage floor paid out to RECE program staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately.
- Actual total expenditure on the annual wage increase (starting 2023) paid out to RECE program staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately.
- Actual total expenditure on benefits paid out to RECE program staff, RECE supervisors, and RECE home child care visitors. Each staff category reported separately.
- Number of child care centres or sites supported by the wage floor and/or wage increase.
- Number of home child care agencies receiving funding for wage floor and/or wage increase.

All data requirements noted above must be reported by the not-for-profit/for-profit/ directly operated Licensee and separately for staff serving the following age groups: eligible children (i.e., children under 6 years old), children aged 6 to 12 who are not eligible.

In terms of reporting on number of staff, if a staff is serving both categories, they should be included in the category where they mostly work. In terms of actual total expenditures related to these staff, CMSMs/DSSABs should determine an appropriate methodology that proportionately allocates the expenditures between time spent serving under 6 years old eligible children, and time spent serving children aged 6 to 12 who are not eligible under the CWELCC System.

6.5: MINIMUM WAGE OFFSET ELIGIBILITY

Where a Licensee is participating in the CWELCC System and eligibility is met based on the criteria set out in this section, workforce compensation funding must be provided by the CMSM/DSSAB to the Licensee.

To be eligible for the minimum wage offset, Licensees must be participating in the CWELCC System and employ staff in a position categorized as:

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

In addition, to be eligible for a minimum wage offset, Licensees must employ staff that were

earning less than \$15 per hour (not including wage enhancement) on March 31, 2021, or were hired after March 31, 2021, and before January 1, 2022, and had wages below \$15 per hour (not including wage enhancement) Staff hired after December 31, 2021, are not eligible for the minimum wage offset.

6.5.1: Ineligible Positions

The minimum wage offset will not apply to non-program staff such as:

- Cook, custodial and other non-program staff positions.
- SNR-funded resource teachers/consultants and supplemental staff.
- Staff hired through a third party (i.e., temp agency).

The only exception to the first two positions noted above is if the staff is a non-RECE and the position spends at least 25 per cent of their time to support ratio requirements as outlined in the CCEYA in which case the staff would be eligible for the minimum wage offset for the hours that they are supporting the ratio requirements.

6.6: IMPLEMENTATION

CMSMs/DSSABs are required to develop a method to determine minimum wage offset entitlements within their region. In addition, CMSMs and DSSABs are required to monitor compliance of Licensees to the minimum wage offset requirements.

6.6.1: Payment to Licensees

Workforce compensation funding must first be directed to licensed child care centre staff and home child care visitors to increase wages and benefits as described below. Once these requirements are met, CMSMs/DSSABs will have flexibility with respect to the use of their workforce compensation funding to address other CWELCC System requirements. Please see Section 2: Accountability section for more details.

It is important to note that CMSMs/DSSABs are not permitted to use workforce compensation funding to provide compensation to staff over and above what is mandated based on the parameters set out in this section of the guideline without approval from the ministry. Licensees were required to comply with minimum wage legislation and bring the wages of their staff to \$15 per hour as of January 1, 2022. To offset the minimum wage increase, CMSMs/DSSABs are required to provide workforce compensation funding to Licensees to cover the incremental amount needed to bring wages for eligible staff to \$15 per hour.

For example, if an eligible staff was earning \$14.50 on April 20, 2021, the Licensee would receive workforce compensation funding of \$0.50 per hour plus benefits (as described below) to support that staff's wages. Workforce compensation funding for the minimum wage offset must be provided to Licensees starting the date of participation in the CWELCC System up to and including 2026.

6.6.2: Benefits Funding and Flexibility

Workforce compensation funding includes up to 17.5 per cent in benefits. Benefits of up to 17.5 per cent must support Licensees in meeting their statutory benefit requirements.

Once all statutory benefit requirements are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5 per cent can be used to fund other benefit expenses paid by the employer on behalf of the employee.

CMSMs/DSSABs are required to develop a method to allocate the minimum wage offset funding to include up to 17.5 per cent in benefits. Any residual benefits funding can be used to support funding flexibility for expenses.

6.7: REPORTING

CMSMs/DSSABs will report expenditure and service data through regular reporting processes. This data will be used in part to support Ontario's reporting requirements to the Government of Canada under the CWELCC System. Reporting includes:

- Total number of non-RECE program staff, total number of non-RECE supervisors and total number of non-RECE home child care visitors supported by the minimum wage offset.
- Actual total expenditure on the minimum wage offset paid out to Licensees for non-RECE program staff, non-RECE supervisors, and non-RECE home child care visitors. Each staff category is reported separately.
- Benefits paid out to Licensees for non-RECE program staff, non-RECE supervisors, and non-RECE home child care visitors. Each staff category is reported separately.
- Number of child care centres or sites supported by the minimum wage offset.
- Number of home child care agencies receiving funding for minimum wage offset.

All data requirements noted above must be reported by not-for-profit/for-profit/directly operated Licensees and separately for staff serving the following age groups: eligible children (i.e., children under 6 years old), children aged 6 to 12 who are not eligible under the CWELCC System but can still receive Workforce Compensation funding – see below.

In terms of reporting on number of staff, if a staff is serving both categories, they should be included in the category where they mostly work. In terms of actual total expenditures related to these staff, CMSMs/DSSABs should determine an appropriate methodology that proportionately allocates the expenditures between time spent serving under 6 years old eligible children, and time spent serving children aged 6 to 12 who are not eligible children.

6.8: PROGRAMS SERVING CHILDREN AGED 6-12 ELIGIBILITY

Ontario is contributing funding as part of the workforce compensation allocation which will be used

for compensation for staff in licensed child care programs serving children aged 6 to 12, who are currently ineligible to apply for participation in the CWELCC System, to ensure equity of wages across staff serving different age groups, and to avoid these increases being passed onto parents through higher fees.

Licensees with programs serving children who are not eligible children (i.e., aged 6-12) may apply separately to the CMSM/DSSAB for workforce compensation funding.

For Licensees with programs serving any eligible child, including programs serving children 0-12, the Licensee must be a participant in the CWELCC System in order to access workforce compensation (funded through the CWELCC System) for eligible staff and home child care visitors, and will be required to adhere to all the parameters of the CWELCC System.

6.9: IMPLEMENTATION

For all staff and home child care visitors meeting the workforce compensation (wage floor, annual increase, minimum wage offset) eligibility requirements detailed above, CMSMs/DSSABs are required to develop an application process to enrol Licensees for workforce compensation entitlement within their region. This process can mirror current Wage Enhancement processes.

CMSMs/DSSABs must adhere to the compensation funding parameters detailed above for wage floor, annual increase, and minimum wage offset increases to eligible staff.

CMSMs/DSSABs are required to manage public inquiries related to workforce compensation. To manage these inquiries, CMSMs/DSSABs may wish to post information regarding workforce compensation along with contact information on their website.

Funding provided to Licensees for workforce compensation supports staff serving the following age groups: eligible children and children aged 6 to 12 who are not eligible under the CWELCC System.

**APPENDIX A - CANADA-WIDE EARLY LEARNING AND CHILD CARE
(CWELCC) FUNDING FORMULA TECHNICAL PAPER**

Ministry of Education

**CWELCC Funding Formula: Technical
Paper 2022**

Purpose

To support greater transparency for system users, this paper contains details of the underlying formulae and criteria used in calculating the 2022 Canada-Wide Early Learning and Child Care (CWELCC) Allocations to CMSMs/DSSABs.

Overview of the CWELCC Funding Formula

The CWELCC funding formula includes three main allocation categories: Fee Reduction, Workforce Compensation, and CWELCC Administration.

CWELCC Funding in 2022 (\$ Millions)

Category	Preliminary CWELCC Funding (\$M)
Fee Reduction	\$734
Workforce Compensation	\$33
CWELCC Administration	\$18
Total to CMSMs/DSSABs in 2022	\$785

Funding was provided for inflation. This includes inflation for both compensation and non-compensation costs. In 2022 this was captured through the Fee Reduction Allocation as well as the increased child care funding in 2022 through the Canada-Ontario Early Learning and Child Care (ELCC) allocation. Information regarding operating funding to support space expansion will be released later this year.

Fee Reduction Allocation

Fee reduction funding is being provided to CMSMs/DSSABs to support parents, families and communities by reducing fees for eligible children in licensed child care.

CMSMs/DSSABs will work with child care licensees who choose to participate in the CWELCC System in their regions to provide operating grants that will enable the base fee reduction for families.

The 2022 Fee Reduction Allocation is intended to support the first step of fee reduction: all Ontario families with eligible children in participating licensed child care will see a fee reduction of up to 25% (to a minimum of \$12 per day), retroactive to April 1, 2022.

The Fee Reduction Allocation funding totals \$734 million in 2022. The following data elements are used to calculate the allocation:

Fee Reduction Allocation Data Elements	Source
Parent Fees for eligible children	2021 Child Care Operator Survey
Number of Licensed Child Care Spaces	2021 Child Care Licensing System
Number of eligible children enrolled in Licensed Home Child Care	2021 Child Care Operator Survey

Centre-Based Child Care Fee Reduction Formula

The Fee Reduction formula calculates the amount of fee reduction required at the child care centre level and for each age group within each centre. For each eligible age group, where there are licensed spaces, the fee reduction is determined as described below:

2022 Estimated Fee (2021 fee as reported + inflation)	Fee Reduction Formula
> \$16	$(2021 \text{ parent fee} \times \text{inflation} \times 25\% \text{ fee reduction}) \times \text{number of licensed spaces}$
Between \$16 and \$12	$(2021 \text{ parent fee} \times \text{inflation} - \$12 \text{ floor}) \times \text{number of licensed spaces}$
< \$12	\$0 fee reduction

This is calculated for each eligible age group and child care centre and rolled up to the CMSM/DSSAB level. Age groups included in the calculation include infants, toddlers, preschool and kindergarten. Note, kindergarten spaces are assumed to charge a before and after school fee on instructional school days and a full day fee on non-instructional school days. An adjustment is also applied on the centre level for kindergarten spaces that do not operate in the summer months.

Home-Based Child Care Fee Reduction Formula

The Fee Reduction formula for licensed home child care follows the same approach as the centre-based formula. Enrolment data is used as a proxy for the number of spaces in home child care. Age groups included in the calculation include under 2 years, 2-3 years and 4-5 years. Aged 4-5 enrolment is treated the same as the kindergarten age group in centre-based child care as described above regarding before and after school fee vs full day fee however, all homes are assumed to operate year round.

Note that CWELCC funding for home-based child care was allocated to CMSMs/DSSABs based on the location of the home child care agency.

Workforce Compensation Allocation

Workforce compensation funding is focused on supporting Registered Early Childhood Educator (RECE) staff that are low wage earners. In 2022, there will be a wage floor of \$18 for RECE program staff, and \$20 per hour for RECE supervisors and RECE Home Child Care Visitors. In 2022, Non-RECE program staff, Supervisors and Non-RECE Home Child Care visitors should have a wage floor of \$17 per hour (\$15 minimum wage plus \$2 Wage Enhancement). Funding is being allocated to RECE staff to raise their wages to the new floor and allocated to Non-RECE staff to cover the increased minimum wage that came into effect January 1, 2022, and therefore support the \$17 per hour existing wage floor.

The Workforce Compensation Allocation funding totals \$33 million in 2022 which was derived by:

- Using the wage brackets and number of staff in each bracket, assuming a normal distribution within the bracket.
- Growing wages by inflation.
- For each bracket below the floor the following was calculated:
 - Floor - avg for the bracket x number of staff in the bracket

This results in the following proportional distribution by type of staff for each floor:

Proportion	Workforce Compensation Allocation Data Elements	Source
55%	Number of RECE program staff that have wages under \$18	2019 Child Care Operator Survey
12%	Number of RECE supervisors and home visitors that have wages under \$20	2019 Child Care Operator Survey
33%	Number of Non-RECE program staff and supervisors that have wages under \$17	2019 Child Care Operator Survey

Funding is also provided for an inflationary increase, but is included in the Fee Reduction allocation (the assumption being that this wage increase was reflected in the fees already) while the \$33 million reflects the additional funding for the wage floors.

CWELCC Administration Allocation

The CWELCC Administration Allocation is intended to support service system managers with administrative capacity to implement the goals of the CWELCC.

The allocation for CWELCC Administration totals \$18 million in 2022 and is comprised of the following components:

Administration Allocation Data Elements	Benchmark
Base allocation for each CMSM and DSSAB	\$65,600 x (1+17.5% benefits) x 75%
Number of Licensed Child Care Spaces as of March 31, 2021 per Child Care Licensing System (infant, toddler, preschool and kindergarten)	\$70.32 per space x 75%
Home Child Care Enrolment per 2021 Child Care Operator Survey (0-5 years)	\$70.32 per enrolment x 75%

The allocations above have been pro-rated for the 9 months from April to December by 75%.

Appendix B: CWELCC Funding Formula: Tip Sheet

This tip sheet is intended to provide tips to CMSMs and DSSABs to assist them in allocating Canada-Wide Early Learning and Child Care (CWELCC) funding to the licensees that choose to participate in their regions.

General Tips

- Refer to the CWELCC Funding Formula Technical Paper for details on how funding was allocated from the province to CMSMs and DSSABs.
- CMSMs/DSSABs can leverage the province's allocation methodology, in order to allocate funding to licensees where appropriate.
- CMSMs/DSSABs should allocate CWELCC funding to licensees that choose to participate to ensure they can provide retroactive rebates to parents within 20 calendar days

Fee Reduction

- Gather information from licensees on base fees as of March 27, 2022 for eligible children and operating capacity.
- Calculate fee reduction funding based on a 25% reduction to base fees as of March 27, 2022 to a floor of \$12 per day.
- Funding to licensees for fee reduction should cover the full fee reduction to base fees.

Workforce Compensation

- Gather information from licensees on number and type of staff working in each centre, their wages, and estimated hours they will work April to December 2022.
- Allocate funding to licensees to support the wage floor of \$18 per hour for RECE program staff and \$20 per hour for RECE supervisors and home child care visitors.
- For example, if a RECE program staff has a wage of \$17 currently (\$15 wage + \$2 wage enhancement), then they should be allocated \$1 per hour for the estimated hours they will work April to December 2022, to ensure they receive the floor of \$18 per hour.
- Funding has been provided to offset the minimum wage increase for non-RECE staff that took effect January 2022. Please ensure that Licensees are not receiving double funding for this (for example, if they have already raised fees to reflect the increase, then the funding would flow to the Licensee for Fee Reduction and CMSMs/DSSABs should exercise flexibly between funding lines to account for this).

APPENDIX C: 2022 LICENSED CHILD CARE CWELCC SYSTEM SERVICE AGREEMENT CHECKLIST

This “Licensed Child Care CWELCC System Service Agreement Checklist” is a supportive tool that may assist CMSMs/DSSABs in drafting or amending their CWELCC System service agreements with child care Licensees participating in the Canada-Wide Early Learning and Child Care (CWELCC) System. The checklist is not intended to be an exhaustive list of considerations from the ministry, and CMSMs/DSSABs should consult the CCEYA, the CWELCC Guidelines as well as their legal counsel in developing CWELCC System service agreements.

The checklist covers, at a high level, the criteria the province requires of the CMSM/DSSAB and Licensees in order to access CWELCC System funding.

This checklist includes the following:

- Part 1: Licensed Child Care Operator Participation
 - Part 2: Funding Consideration
 - Part 3: Fee Reduction
 - Part 4: Workforce Compensation
 - Part 5: Reporting
 - Part 6: Records and Audit
 - Part 7: Withholding and Recovery of Payments and Right to Set Off
-

Part 1: Licensed Child Care Operator Participation

Participation in the Canada-Wide Early Learning and Child Care System is optional; however, child care Licensees are encouraged to participate so that families can benefit from reduced fees.

The following requirements must be met by the Licensee for enrolment into the CWELCC System:

- Licensee must demonstrate financial viability to the CMSM/DSSAB. For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, have not serviced their debt, or are approaching bankruptcy.
- Licensee must operate in accordance with the CWELCC System service agreement, the *Child Care and Early Years Act, 2014 (CCEYA)* and its regulations, as well as the requirements outlined by the CMSM/DSSAB.
- Licensees must maintain existing (pre-CWELCC System announcement on March 28, 2022) licensed spaces for eligible children. Licensees may not convert any existing spaces for eligible children to other age groups (e.g., converting infant spaces to toddler, or infant spaces to kindergarten) in 2022.
- Licensees must communicate their CWELCC System enrolment status to all parents and staff within 14 days of the licensee being notified by CMSM/DSSAB of the results of their application in accordance with O. Reg. 137/15.
- Licensees must complete the annual *Licensed Child Care Operations Survey*, as required under section 77 of O. Reg. 137/15 in order to continue to receive funding under the CWELCC System.
- Licensees must reduce and refund base fees in accordance with O. Reg.137/15. Licensees are required to keep an electronic or hard copy of their CWELCC System service agreement at the child care centre or home child care agency, and make it available for ministry inspection.
- Licensees must maintain their licence in good standing in accordance with the CCEYA.

Part 2: Funding Considerations

Please see below examples of requirements relating to CWELCC System funding that a CMSM/DSSAB may want to consider in developing terms and conditions to include in its CWELCC System service agreement with a Licensee governing CWELCC System funding. CMSMs/DSSABs may also want to refer to the ministry's Guideline Addendum to assist them in developing additional terms and conditions governing this funding:

- Licensees are required to use CWELCC System Funds to support CWELCC System objectives in accordance with the CWELCC System service agreement, applicable legislation, regulations and applicable guideline requirements provided to Licensees.

- Licensees are required to return CWELCC System Funds to the CMSM/DSSAB where funds are not used in accordance with the requirements established by the CMSM/DSSAB that apply to Licensees.
- Licensees are required to provide sufficient financial or other information related to their child care operations as required by the CMSM/DSSAB for review.
- Information submitted by the Licensee will be subject to review as part of the CMSMs/DSSABs funding and reconciliation process. CMSMs/DSSABs may consider including terms and conditions in their CWELCC System service agreements that provide for the following rights:
 - The right to review and to confirm that the Licensee did not charge fees for eligible children higher than the fees at which it was capped after March 27, 2022 (unless the fees were communicated to parents prior to March 27, 2022).
 - The right to determine if a Licensee's operation in child care for eligible children is sustainable and financially viable. For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, have not serviced their debt, or are approaching bankruptcy.
 - The right to verify that increases to base and non-base fees for the care of eligible children were permitted in accordance with O. Reg. 137/15, (e.g., a fee increase must have been communicated to families/parents prior to March 27, 2022).
 - The right to verify that Licensees are maintaining the spaces for eligible children for which they are receiving funding to reduce base fees (e.g., a licensed infant space must remain an infant space) along with the right to recover funding from the Licensee as determined by the CMSM/DSSAB.
- The requirement for Licensees to report to the CMSM/DSSAB any revisions to capacity or use of alternate capacity for child care spaces currently licensed for ages 0-5.
- Requirement that Licensees do not close for more than 2 consecutive weeks and do not close for more than 4 weeks within a calendar year while the licensee is receiving full funding from the CWELCC System.
- Requirement that full base fees cannot be charged by the Licensee for any closure beyond these timelines. CMSMs/DSSABs may further limit the allowable period of closure (e.g., closures may not exceed 10 consecutive days).

Part 3: Fee Reduction

Fee reduction funds are to be used by CMSMs/DSSABs to support parents, families and communities by reducing base fees for eligible children.

The *Child Care and Early Years Act, 2014* (CCEYA) sets out the rules regarding what

participating Licensees will be permitted to charge parents as part of their base fee (as defined by the CCEYA).

In working towards achieving the required base fee reduction for eligible children, below is a high-level summary of terms and conditions to consider when enrolling a Licensee into the CWELCC System.

CMSMs/DSSABs should refer to O. Reg 137/15 for full details on the fee reduction requirements and should refer to the ministry's CWELCC System funding Guideline Addendum to assist in developing additional terms and conditions to include in their CWELCC System service agreements with participating Licensees.

- Licensees' base fees must be determined in accordance with the requirements set out in O. Reg. 137/15 under the CCEYA. (CMSMs/DSSABs can refer to the regulations and the Guideline Addendum for further details on base fees).
- Licensees must reduce base fees for eligible children only. The term 'eligible children' is defined in O. Reg. 137/15.
- Licensees are required to provide a refund to parents where a base fee higher than the reduced base fee is charged for an eligible child, retroactive to the Licensee's CWELCC System enrolment date and for any period after the CWELCC enrolment date where excess base fees has been prepaid for. CMSMs/DSSABs can refer to the Guideline Addendum for further details.
- 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.
- Licensees are permitted to continue charging the base fees as of March 27, 2022, for 20 calendar days after the CMSM/DSSAB notifies them that they are enrolled in the CWELCC system. On and after the 21st day after the Licensee is notified by a CMSM/DSSAB of the enrolment date, Licensees cannot charge a base fee that is higher than the reduced base fee to parents of an eligible child.
- CMSMs/DSSABs have the right to determine an initial base fee, in the case where the capped fee does not include all of the components required to be included in a base fee under O. Reg. 137/15, or to exclude components that should not be part of a base fee at the discretion of the CMSM/DSSAB.
- Licensees must ensure that components that should be captured by the definition of non-base fees under O. Reg. 137/15 should not be included as a component of base fees.
- Licensees are required to maintain the reduced base fees until they are either required to reduce them again, or if they are no longer participating in the CWELCC System.

- In the case where a Licensee transfers shares of the corporation the licensee continues to be bound by the requirements in O. Reg. 137/15 relating to base fees and non-base fees. In the case where a Licensee sells all of its assets and ceases to be licensed, the purchasing corporation must apply for a licence under the CCEYA and may submit an application to enrol in the CWELCC System, in which case the base fee and non-base fee rules in O. Reg. 137/15 apply to the applicant (CMSMs/DSSABs see regulation and Guideline Addendum for further details).
- CMSMs/DSSABs have the right to verify the timeliness and accuracy of refunds and fee reductions made by Licensees.

Part 4: Workforce Compensation

The commitment, knowledge and experience of Ontario’s diverse range of child care and early years professionals is a key factor in the implementation of the CWELCC System. Workforce compensation funding is focused on supporting Registered Early Childhood Educator (RECE) staff that are low wage earners. Increased compensation for low wage earners will help support the recruitment and retention of RECEs working in the child care sector as part of the provincial strategy to achieve system growth and ensure increased access to high quality licensed child care in Ontario.

Ontario will support the recruitment and retention of Ontario’s child care workforce by providing improved compensation for low wage earners through the implementation of a wage floor and an annual wage increase for eligible RECE staff.

In addition, workforce compensation funding will be provided to Licensees to offset wage increases for non-RECE staff associated with the increased minimum wage that came into effect January 1, 2022.

The following are examples of requirements that apply to Licensees in respect of workforce compensation funding that CMSMs/DSSABs may want to consider in developing terms and conditions to include in their CWELCC System service agreements with Licensees that govern this funding. For additional information relating to workforce compensation funding, CMSMs/DSSABs are encouraged to refer to the Guideline Addendum.

Wage floor and Annual Wage Increase

- Licensees are required to bring the wage of all eligible RECE staff up to the wage floor plus benefits as identified in the ministry’s Guideline Addendum.
- Licensees are required to increase the hourly wage plus benefits of all eligible RECE staff annually as described in the ministry’s Guideline Addendum.
- Workforce compensation funding is provided to eligible RECE staff employed by a Licensee that is participating in the CWELCC System regardless of the age of the children they are supporting (e.g., not limited to staff supporting children under the age

of 6).

- Licensees subject to the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (PSPSFGA) are required to meet any applicable obligations under the PSPSFGA.
- Licensees that are subject to the terms of a collective agreement should seek independent legal advice on implementing the wage floor and annual wage increase.
- Licensees will be required to apply for the Wage Enhancement Grant to be eligible to receive workforce compensation funding.
- Licensees participating in the CWELCC System prior to December 31, 2022, must issue retroactive payments to eligible RECE staff for any period after the Licensee is notified by the CMSM/DSSAAB that they are enrolled in the CWELCC System during which Licensees paid eligible RECE staff wages lower than the wage floor.
- Licensees participating in the CWELCC System after December 31, 2022, will not receive funding to issue retroactive payments to eligible RECE staff for wage compensation funding and will only be expected to implement the wage floor and annual wage increase on a go forward basis.
- Licensees will be permitted to continue to pay eligible RECE staff below the wage floor for thirty-one calendar days after the CMSM/DSSAB notifies them that they are enrolled in the CWELCC System. After 31 days, the Licensee would be required to pay eligible RECE staff at least the wage floor. Licensees would then be given one additional month (for a total of 60 days from the day they were notified by the CMSM/DSSAB) to provide eligible RECE staff with a retroactive payment for any wages that were below the wage floor, retroactive to the date their enrolment in the CWELCC System was confirmed by the CMSM/DSSAAB.
- Licensees are not permitted to use workforce compensation funding to provide compensation to eligible RECE staff over and above what is mandated based on the requirements set out in the Guideline Addendum without approval from the ministry.
- Workforce compensation funding must be considered in addition to and not reduce other planned compensation increases for eligible staff. For example, the wage floor and annual wage increase cannot be used to reduce planned merit increases for eligible staff.
- Licensees must include workforce compensation payments in each pay cheque or payment made to eligible RECE staff.
- Upon receiving confirmation of enrolment in the CWELCC System from their CMSM/DSSAB, and as new eligible RECE staff are hired, Licensees are required to share in writing, information about the wage floor and annual wage increase with eligible RECE staff.

- Licensees must report on data for meeting wage floor and annual wage increase requirements as determined by the CMSM/DSSAB and the reporting parameters set out in the ministry's Addendum to the Funding Guideline.

Minimum Wage Offset

- Licensees must provide eligible non-RECE staff that were earning less than \$15 per hour (not including wage enhancement) on March 31, 2021, or were hired after March 31, 2021 and before January 1, 2022 and had wages below \$15 per hour (not including wage enhancement), minimum wage offset funding.
- Licensees must report on data for meeting minimum wage offset requirements as determined by the CMSM/DSSAB and the reporting parameters set out in the ministry's Addendum to the Funding Guideline.

Part 5: Financial Reporting

As part of the CMSM/DSSAB's financial review process with Licensees at year end, the Licensee will be required to submit financial information to the CMSMs/DSSABs to verify that the funding provided was used for the purpose(s) intended.

Below are examples of requirements for CMSMs/DSSABs to consider related to the financial reporting process when developing terms and conditions to include in their CWLECC System service agreements with Licensees. CMSMs/DSSABs may wish to refer to the CWLECC System Guideline Addendum for additional information:

- Financial reports are prepared and submitted by the Licensee in accordance with the CMSM/DSSAB's reporting requirements and timelines.
- Licensees are required to provide all financial and other information based on CMSM/DSSAB requirements.
- Licensee will work with CMSM/DSSAB to reconcile all CWLECC System funding annually according to the reporting and reconciliation documentation provided by the Ministry.
- CMSM/DSSAB have the right to follow up with Licensee on any CWLECC System expenditures reported to determine reasonability of variances.
- The CMSM/DSSAB will take reasonable and progressive corrective actions on the Licensee who does not comply with reporting requirements.
- Adjustments and recoveries of funding provided will be determined at the discretion of the CMSM/DSSAB based on the CMSM/DSSAB's reconciliation process.

Part 6: Records and Audit

CMSMs/DSSABs will be required to undertake audits on a random sample of Licensees in receipt of CWELCC System funding on an annual basis to confirm that CWELCC System funding has been used for its intended purpose.

See below for examples of requirements for CMSMs/DSSABs to consider in developing terms and conditions to include in their CWELCC System service agreements with Licensees related to the maintenance of proper financial and service records. CMSMs/DSSABs may wish to also refer to the CWELCC System Guideline Addendum for additional information:

The Licensee:

- 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.
- Cannot dispose of any records related to the services provided under the CWELCC System without prior consent from the CMSM/DSSAB, even when the Licensee is no longer operating.
- Must permit the CMSM/DSSAB to audit financial and service records related to the CWELCC System at any reasonable time.
- Must ensure its staff are available for consultation by the CMSM/DSSAB as required.

Part 7: Withholding and Recovery of Payments and Right to Set Off

CMSMs/DSSABs should consider including terms and conditions in their CWELCC System service agreements with licensee that provide them with the right to withhold payment or to reduce funding provided to a Licensee when the Licensee does not meet the obligations relating to the use of CWELCC System funds or other related CMSM/DSSAB funding requirements. See below for examples of requirements for CMSMs/DSSABs to consider in developing terms and conditions for their CWELCC System service agreements.

The CMSM/DSSAB will reserve the right to withhold or recover funding based on the following:

- Funding spent on expenditures unrelated to the objectives of CWELCC.
- Licensee not meeting deadlines relating to request for information, documentation and reporting.
- Licensee not meeting the requirements under the CWELCC System, applicable guidelines or any other specific deadlines noted by the CMSM/DSSAB.

- CWELCC System funds not in used in accordance with the requirements and any applicable guidelines provided by CMSMs/DSSABs to Licensees.
- Licensee did not complete their annual *Licensed Child Care Operations Survey*, as per O.Reg.137/15 (77).

Appendix D: Application Form: CWELCC Enrolment

CMSMs/DSSABs may provide this sample application form to Licensees in their region who wish to enrol in the Canada-wide Early Learning and Child Care (CWELCC) System. Service system managers may modify the form as they see fit, with the assistance of their legal counsel, for their purposes.

Canada-Wide Early Learning and Child Care (CWELCC) System

Funding under the Canada-Wide Early Learning and Child Care (CWELCC) System will be used to build and leverage the success of Ontario's existing early learning and child care system by increasing quality, access, affordability, flexibility and inclusivity in early learning and child care. This will be accomplished by:

- Reducing base fees for eligible children by 25% (to a minimum of \$12 per day), retroactive to April 1, 2022, providing a 50% reduction in average base fees for eligible children by the end of December 2022, and reaching an average of \$10 a day child care fees for eligible children by September 2025 for licensees enrolled in the CWELCC System (Note: The average of \$10 a day is calculated including fee subsidies paid to families. As a result, the rates charged by operators to families will be approximately \$12 a day by September 2025 to achieve a \$10 a day average);
- Creating 86,000 new licensed child care spaces, including more than 15,000 licensed child care spaces created since 2019, with capital start-up grants targeting growth in communities with populations who need them most;
- Ensuring space expansion plans and programming are informed by, and support the needs of, vulnerable and diverse populations in communities; and
- Strengthening the early childhood workforce through enhanced compensation, training and professional learning opportunities.

To be eligible for CWELCC funding, child care operators must apply to their local CMSM/DSSAB to enrol and have or enter into a CWELCC System service agreement with [insert name of the CMSM/DSSAB] and agree to operate under the criteria outlined in the [insert CMSM/DSSAB Guideline] in order to receive this funding to reduce base fees for eligible children.

Licensees that wish to enrol in the CWELCC System must confirm their intent to participate and agree to the conditions outlined in the "Terms of Application" section to the [insert name of the CMSM/DSSAB] by November 1, 2022.

Definitions

In this form, the following terms will have the following meanings:

"CMSM/DSSAB" means the Service System Manager (SSM) as designated under the *Child Care and Early Years Act, 2014* (CCEYA).

“**Licensee**” means the licensed home child care agency or child care centre.

“**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 any child under six years old; and up until June 30 in a calendar year, any child who (a) turns six years old between January 1 and June 30 in that calendar year, and (b) is enrolled in a licensed infant, toddler, preschool or kindergarten group, a licensed family age group, or home child care.

“**Base fee**” means any fee or part of a fee that is charged in respect of a child for child care, including anything a licensee is required to provide under the CCEYA, or anything a licensee requires the parent to purchase from the licensee, but does not include a non-base fee.

Section 1: Child Care Licensee Basic Information

Licensee Name:	Application Date: <i>yyyy-mm-dd</i>
Licence Number:	Agency/Centre Name:
Location Address: <i>Street Number, Street Name, Unit / Suite Number</i>	Location Address: <i>City / Town, Postal Code</i>
Type of Licensee: <i>Please check one.</i> <input type="checkbox"/> Corporation <input type="checkbox"/> Individual <input type="checkbox"/> First Nation	Auspice: <i>Please check one.</i> <input type="checkbox"/> Not-for-profit <input type="checkbox"/> For-profit
Contact Name: <i>First, Last</i>	Position Title:
Business Telephone Number:	Business Email:
Type of Organization: <input type="checkbox"/> Child Care Centre <input type="checkbox"/> Home Child Care Agency	Type of Program (if applicable): <i>Please check all that apply.</i> <input type="checkbox"/> Indigenous (off-reserve) <input type="checkbox"/> Francophone
Request Type: <i>Please check one.</i> <input type="checkbox"/> New Service Agreement (for those who do not currently have a purchase of service agreement with the service system manager and who want to participate in CWELCC). <input type="checkbox"/> Change to Existing Service Agreement (for those with an existing purchase of service agreements and who want to participate in CWELCC).	

Section 2: Child Care Licensee Site Information

Hours of Operation:	
Types of Service Provided and hours of operation per service: <i>Check all that apply.</i>	
<input type="checkbox"/> Full-day child care	<input type="text"/> hours
<input type="checkbox"/> Part-time child care	<input type="text"/> hours
<input type="checkbox"/> Before and/or after school programs (6-12 yrs)	<input type="text"/> hours
<input type="checkbox"/> Before and/or after school programs (4-5 yrs)	<input type="text"/> hours
<input type="checkbox"/> Licensed home child care	<input type="text"/> hours
Licensed Capacity: <i>As indicated on your Schedule 1 Ministry of Education licence.</i>	
Number of Home Child Care Sites:	
Number of Rooms:	
Room # 1:	Licensed (L) & Operating Capacity (O) Space: Infant: L: <input type="text"/> O: <input type="text"/> Toddler: L: <input type="text"/> O: <input type="text"/> Pre-school: L: <input type="text"/> O: <input type="text"/> Kindergarten: L: <input type="text"/> O: <input type="text"/> School-age: L: <input type="text"/> O: <input type="text"/> Total: L: <input type="text"/> O: <input type="text"/>
<i>Copy and paste the table above to provide the information for each room in your site.</i>	
Total Licensed Capacity:	
Total Operating Capacity:	

Section 3: Base Fees

Base fees are any fee or part of a fee that is charged in respect of a child for child care (i.e., if the Licensee requires parents to pay for something and it is not optional, then it has to be included in base fee). This includes anything the Licensee is required to provide under O.

Reg. 137/15, or anything the Licensee requires the parent to purchase from the Licensee, but does not include a non-base fee.

Base fee information should be the fees as of March 27, 2022. All base fee information should be calculated on a daily basis even if your fees are typically calculated on an hourly, weekly, bi-weekly, monthly, or annual basis. Include your standard fees for children in each age group who are not receiving a fee subsidy.

Licensed Age Group	Base Fee (\$)	Not Applicable
Full Day (6 hours or more)		
Infant (Younger than 18 months)		<input type="checkbox"/>
Toddler (18 months to 29 months)		<input type="checkbox"/>
Preschool (30 months to 6 years)		<input type="checkbox"/>
Kindergarten (44 months to 7 years)		<input type="checkbox"/>
Family Age Grouping (Schedule 4)		<input type="checkbox"/>
Half Day (fewer than 6 hours)		
Infant (Younger than 18 months)		<input type="checkbox"/>
Toddler (18 months to 29 months)		<input type="checkbox"/>
Preschool (30 months to 6 years)		<input type="checkbox"/>
Kindergarten (44 months to 7 years)		<input type="checkbox"/>
Family Age Grouping (Schedule 4)		<input type="checkbox"/>
Before School Only (Kindergarten & School Age)		
Kindergarten (44 months to 7 years)		<input type="checkbox"/>
Family Age Grouping (Schedule 4)		<input type="checkbox"/>
After School Only (Kindergarten & School Age)		
Kindergarten (44 months to 7 years)		<input type="checkbox"/>
Family Age Grouping (Schedule 4)		<input type="checkbox"/>
Before and After School (Kindergarten & School Age)		
Kindergarten (44 months to 7 years)		<input type="checkbox"/>
Family Age Grouping (Schedule 4)		<input type="checkbox"/>

Section 4: Staffing Information

Please indicate the number of staff in each designation.

Do not include staff such as:

- *Cook, custodial and other non-program staff positions.*
- *Special Needs Resource-funded resource teachers/consultants and supplemental staff.*
- *Staff hired through a third party (i.e., temp agency).*

Note that qualified employees, supervisors, or home child care visitors that are not Registered Early Childhood Educators (RECEs) but are otherwise approved by a director under the Child Care and Early Year Act, 2014 (CCEYA) are not eligible for the wage floor or annual wage increase.

Staff Type	Wage (/Hr) & Benefits	Full-time	Part-time	Total
Non-RECE Program Staff (Non-RECE)				
Non-RECE Child Care Supervisor				
Non-RECE Home Child Care Visitor				
RECE Program Staff				
RECE Child Care Supervisor				
RECE Home Child Care Visitor				
Total				

Section 5: Attached Documents

In addition to submitting an application form and signing a CWELCC System Service Agreement, the following documentation must be provided by the Licensed Child Care Service Provider, as applicable:

- Letters patent / articles of incorporation
- Licence issued by the director under the CCEYA (Ministry of Education)
- Certificate of Insurance (confirms a minimum \$2,000,000 liability insurance)
- [Insert any other documents required by the CMSM/DSSAB] to verify applicant eligibility

Section 6: Terms of Application

Please check if you agree and understand that:

- I understand this is an application to determine eligibility to enrol in CWELCC System funding and to enter a CWELCC System Service Agreement with [Name of CMSM/DSSAB].
- I have read and understand the requirements associated with CWELCC System funding as outlined in the [Name of CMSM/DSSAB] Guidelines, including requirements set out under O. Reg 137/15. I understand that, as the licensee, upon approval of my application for enrolment in the CWELCC System, the following terms and conditions apply to my enrolment:
 - Licensees must ensure that, after March 27, 2022, it does not charge a fee higher than its capped fee for any eligible children enrolled at the child care centre it operates or at a home child care premises it oversees unless the fee had already been communicated to parents. See O. Reg 137/15 for additional information about the cap on fees. Licensees are subject to the cap on fees until either the Licensee notifies the CMSM/DSSAB, staff and parents of eligible children in writing they are not applying to enrol in CWELCC in 2022, or the until the Licensee is notified by the CMSM/DSSAB of the decision about enrolment in CWELCC System.

- Licensees are required to reduce their base fee, provide refunds to parents where applicable, in accordance with O. Reg. 137/15, and to increase the wages of Registered Early Childhood Educators to support a mandated wage floor and an annual wage increase as well as any other requirements set by the CMSM/DSSAB.
- Licensees must maintain the age 0-5 spaces for which they are receiving funding to reduce base fees for eligible children. (e.g., a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the [insert name of the CMSM/DSSAB] and CMSMs/DSSABs may determine whether this may require recovering funding from the Licensee.
- As part of the initial roll out of the CWELCC System, Licensees are encouraged to work with their CMSM/DSSAB to develop a plan to ensure eligible children who receive fee subsidy and children with special needs have access to the Licensee's child care programs by January 1, 2025.
- CWELCC funding amounts to Licensees will be determined at the discretion of [insert name of the CMSM/DSSAB].
- Licensees may need to demonstrate financial viability (For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, have not serviced their debt, or are approaching bankruptcy) to [insert name of the CMSM/DSSAB]. In exceptional cases where the Licensee is not able to demonstrate financial viability, or if the CMSM/DSSAB has strong concerns that the funding will be used for improper purposes, the CMSM/DSSAB may deny a licensee's enrolment in the CWELCC.
- Licensees must maintain existing cost structures in child care for eligible children, subsequent to March 27, 2022.
- Licensees acknowledge that [insert name of the CMSM/DSSAB] has the right to review a Licensee's base fee and may require Licensees to make adjustments to the base fee as determined by [insert name of the CMSM/DSSAB].
- Licensees must provide sufficient financial information for review in accordance with the funding, accountability and reconciliation process as determined by [insert name of the CMSM/DSSAB].
- For 2022, licensees opting into the CWELCC agreement who don't already have an existing service agreement with their municipalities are not required to submit audited financial statements as part of the year end reconciliation process with [insert name of the CMSM/DSSAB]. Other Licensees must submit audited financial statements and other financial information as determined by the CMSM/DSSAB to verify that the funding provided was used for the purpose(s) intended. Where a Licensee fails to meet this requirement, funds may be recovered, or the Licensee may be ineligible to receive future funding.
- Any adjustments and recoveries of funding will be determined at the discretion of [insert name of the CMSM/DSSAB] based on the CMSM's/DSSAB's reconciliation process.
- Licensees will be required to apply for the Wage Enhancement Grant to be eligible to receive funding to implement the wage floor and wage increase for Registered Early Childhood Educators employed by the Licensee. See the [insert name of the CMSM/DSSAB] Funding Guidelines for further details.

- During the term of the CWELCC funding agreement, the licensed child care program may not exceed [insert minimum duration] of closure, and not more than [insert maximum duration] weeks of closure in a calendar year while still receiving full funding from the CWELCC System. Base fees cannot be charged for any closure above and beyond these timelines.
 - Licensees must permit the CMSM/DSSAB to audit financial and service records related to the CWELCC System at any time.
 - Licensees must adhere to all requirements as set out in applicable legislation, regulation and local requirements as provided in the [insert name of CMSM/DSSAB] Guidelines.
- I hereby attest that the information included in the application form is accurate at the time of submission.

Notice of Collection of Personal Information

[CMSM/DSSAB may populate this section with language about the rules regarding collection of personal information.]

If you have any questions about the collection or use of the personal information as collected on this form, you may contact: [Insert CMSM/DSSAB contact name, position, and email address].

Authorized Signing Officer Name: <i>First, Last</i>	Signature:	Date: <i>yyyy-mm-dd</i>
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Appendix E: Template Letter from Licensees for parents

Date:
To: Enrolled Families
From: [Name of Licensee Point of Contact]
[Position of Licensee Point of Contact]
[Name of Licensee]
Subject: Canada-Wide Early Learning and Child Care Agreement between the Province of Ontario and the Government of Canada

I am pleased to share that [Insert Name of Licensee] has enrolled in the Canada-wide Early Learning and Child Care (CWELCC) System between the Province of Ontario and the Government of Canada.

We believe that child care provides a strong foundation for early childhood development and well-being of children while parents work and we are committed to providing child care services that meet the needs of your children and families. Participating in the CWELCC System will help us continue to provide high quality child care that is accessible, affordable, inclusive, and sustainable.

As a first step, we will be reducing child care base fees¹ to \$XX a [day/month (insert applicable base fee per age group)].

Fee reduction through the CWELCC is for children under six years old (and any child who turns six years old between January 1 and June 30 in that calendar year), retroactive to April 1, 2022. This means that we will be providing you with a rebate on your fees equal to the amount of the decrease to which you are entitled between April 1 and [Insert today's date].

The Ontario child care fee subsidy program will also continue to be available for eligible families. As we move forward, we will continue to communicate more details to you. If you would like more information about the CWELCC System, please visit the [Insert ON website].

I want to personally thank all of you for your patience as we have worked through the process required for reducing child care fees. If you have any questions, please contact us at [Insert email address and phone number]

Sincerely,

[Name of Licensee Point of Contact]
[Position of Licensee Point of Contact]
[Name of Licensee]

¹ "Base fee" means any fee or part of a fee that is charged in respect of a child for child care, including anything a licensee is required to provide under the *Child Care and Early Years Act, 2014* (CCEYA), or anything a licensee requires the parent to purchase from the licensee, but does not include a non-base fee.