

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

## **2023 Halton Region Guidelines for Child Care Operators**

September 2023



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## **Section 1: Introduction**

### **Purpose of the Guidelines**

The purpose of these Guidelines is to provide information to operators of licensed child care centres and licensed home child care agencies regarding implementation of the Canada-Wide Early Learning and Child Care (CWELCC) System in Halton, including eligibility, enrollment, fee reductions, wage compensation, funding, and accountability requirements.

These Guidelines align with the Ministry of Education's [Canada-Wide Early Learning and Child Care Guidelines for Consolidated Municipal Service Managers and District Social Services Administration Boards \(June 2023\)](#) ("EDU CWELCC Guidelines") which describe the parameters of CWELCC funding investments and requirements for Consolidated Municipal Service Managers (CMSMs) in administering the CWELCC System.

These Guidelines are subject to updates based on provincial direction. The CWELCC System is a major transformation of licensed child care in Ontario and 2023 will continue to be a year of transition and adjustment for the early years and child care sector. Given the transformational nature of CWELCC, Halton Region may revise its existing guidelines and practices in future.

### **Background**

On March 28, 2022, the Province of Ontario and Government of Canada announced the signing of the CWELCC agreement. Funding provided under the CWELCC agreement will be used to build on 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. Funding provided to Ontario under this agreement is intended to achieve the objectives of:

- Providing a 25% child care fee reduction retroactive to April 1, 2022, building to a 50% reduction in average Base fees (based on 2020 levels) for licensed child care by the end of calendar year 2022;
- Reaching an average child care fee of \$10 a day by 2025-26 for licensed child care operators enrolled in the CWELCC System;
- Creating 86,000 new high-quality, affordable licensed child care spaces, predominately through not-for-profit licensed child care operators;
- Addressing barriers to providing inclusive child care; and
- Valuing the early childhood workforce and providing them with training and development opportunities.

Halton Region is the CMSM for early years and child care, responsible for coordinating the planning, administering, and operation of early years and licensed child care programs across the region. Halton Region provides oversight of the CWELCC System to achieve the objectives set out in the CWELCC agreement. The CWELCC System aligns with [Halton's Early Learning and Child Care Plan](#).

## Section 2: Definitions

**“Base fee”** means mandatory costs parents/caregivers must pay to receive child care. This includes anything an operator is required to provide under the *Child Care and Early Years Act, 2014*, and any items or services that are part of the fee outlined in the operator’s Parent Handbook. If the parent/caregiver is required to pay for items or services to receive care, they are considered part of the Base fee.

**“CCEYA”** means the *Child Care and Early Years Act, 2014*, S.O 2014, c. 11, Sched. 1 and accompanying regulations, as amended or successor legislation.

**“Child Care Operator” or “Operator”** for the purposes of these Guidelines means a licensed child care centre under the CCEYA or the head office in the case of a multi-site operator, or a licensed home child care agency.

**“CMSM”** means Consolidated Municipal Service Manager (CMSM). Halton Region is the designated CMSM responsible for planning and administering licensed child care and early years services in Halton Region.

**“CWELCC Service Agreement”** means an agreement between Halton Region and Child Care Operators to receive CWELCC funding. There are two types of CWELCC Service Agreements:

- A Child Care Service Management Agreement (CCSMA) with CWELCC - Operators with a CCSMA are required to participate in the Region’s fee subsidy program, Regional quality initiatives, and to have a Memorandum of Understanding for inclusion services to support children with special needs. They also receive wage enhancement grant and CWELCC funding, and General Operating Grant funding if available.
- A Wage Enhancement Grant (WEG) Agreement with CWELCC – An agreement that allows eligible operators to receive wage enhancement grant funding to support staff wages and CWELCC funding.

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

**“Eligible child”** means:

- a) any child, until the last day of the month in which the child turns six years old, irrespective of the type of licensed child care program in which they are enrolled, and
- b) up until June 30 in a calendar year, any child who
  - i. turns six years old between January 1 and June 30 in that calendar year, and
  - ii. is enrolled in a licensed infant, toddler, preschool or kindergarten group, a licensed family age group, or home child care.

**“Enrolment date”** means the date when a CWELCC service agreement becomes effective, and it normally is the date when the agreement is executed by Halton Region and the Operator.

**“Licensed Capacity”** means:

- For a child care centre, the maximum number of children, including the number in each age category, permitted to be receiving child care in the child care centre at one time as set out in the licence of the child care centre.
- For home child care, the maximum number of children permitted to be receiving child care in the home at one time as set out in the agreement between the licensed home child care agency and home child care provider.

**“Ministry”** means the Ministry of Education and its successors and any other ministry that may be transferred responsibility for the CCEYA.

**“Non-base fee”** means optional items or services that parents/caregivers are not required to pay to receive child care. For example, if an Operator charges parents/caregivers separately for certain items (e.g., field trips, transportation) and the parent/caregiver is not required to pay for those items or services to receive care, they are considered part of Non-base fees. Non-base fees also include any fees charged as part of an agreement between the parent/caregiver and the operator 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). Non-base fees cannot impact the ability of a family to access child care.

**“Operating Capacity”** means the number of children the centre/home child care is planning to serve as per the operator’s staffing complement and budget, to a maximum ceiling of the licensed capacity.

### **Section 3: Eligibility**

#### **Eligible Programs**

Child Care Operators serving Eligible children may apply to participate in the CWELCC System. This includes both not-for-profit and for-profit/commercial Child Care Operators.

To participate in the CWELCC System, operators must meet the following criteria:

- Be a licensed child care centre or home child care agency serving Eligible children;
- Enter into a CWELCC Service Agreement with Halton Region;
- Maintain their licence in good standing in accordance with the CCEYA and must not be in contravention of the CCEYA;
- Demonstrate financial viability to the satisfaction of Halton Region;
- Set and reduce Base fees in accordance with Ontario Regulation 137/15; and
- Maintain existing licensed spaces for Eligible children.

Licensed child care centres participating in CWELCC must have a CWELCC service agreement with the CMSM in the areas they provide care. Licensed home child care agencies must have a CWELCC service agreement with the CMSM where their head office is located.

## **Ineligible Programs**

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.

Licensed child care programs serving only children aged 6-12 years are not eligible; however, funding is available to support workforce compensation for Registered Early Childhood Educators (RECEs) working in school age programs.

## **Section 4: 2023 Enrollment**

The Ministry has transitioned the CWELCC opt-in process for licensed child care programs to targeted enrollment in 2023.

As of January 1, 2023, new licensed programs and/or new spaces for existing operators participating in CWELCC must be consistent with EDU CWELCC Guidelines, Access and Inclusion Framework, [Halton Region's Early Learning and Child Care Plan](#) and the Ministry's directed CWELCC growth plan for Halton Region. Approvals will also be subject to availability of funding.

Operators that enroll in the CWELCC System in 2023 will receive funding only for the portion of the year between the Enrolment date and December 31, 2023, with no funding provided towards retroactive rebates.

Operators who received floor plan approval from the Ministry related to increases in capacity prior to January 1, 2023 will be enrolled and provided with CWELCC funding to support the new spaces.

As part of the application process, Operators must demonstrate that they meet certain criteria as outlined below:

### **Financial Viability**

Operators must demonstrate financial viability to participate in the CWELCC System.

Information collected through the application process will be used to determine the risk (if any) to an Operator's ongoing financial viability. If concerns regarding financial viability are identified (e.g. an Operator has accumulated arrears, has not serviced their debt, auditor has identified going concern issues or is approaching bankruptcy), Halton Region may request additional documentation to ensure the Operator is able to meet financial obligations under CWELCC, including staff wages and other operating costs. This may include a bank statement/letter from a financial institution, a financial statement (audited or unaudited), a business plan, or any other relevant documents as may be determined by Halton Region.

## **Access and Inclusion, and Priorities for CWELCC Space Expansion**

To be approved for participation in 2023, Operators may be asked to demonstrate that the operation of the child care centre or home child care agency is consistent with the Ministry's Access and Inclusion Framework as well as Halton Region's Early Learning and Child Care Plan. This includes increasing access to licensed spaces for:

- Low-income families
- Vulnerable communities
- Diverse communities
- Children with special needs
- Francophone families
- Indigenous families
- Families needing more flexible models of care, including evening, weekend, and overnight care

To support alignment with the Ministry's Access and Inclusion Framework, approved Operators will be encouraged to enter into a Child Care Service Management Agreement (CCSMA) with CWELCC. CCSMAs require Operators to enter into a Memorandum of Understanding for inclusion to support children with special needs, provision of fee subsidy, and participation in Regional quality initiatives. A CCSMA supports access to CWELCC for all families in Halton and provides additional supports to Operators for high quality care.

## **Application Process**

Halton Region will communicate opportunities for receipt of applications to all Operators. Information about the application process will also be posted on [Halton.ca](https://www.halton.ca).

Licensed home child care agencies are to apply with the CMSM in the location of their head office. Licensed home child care agencies must submit one application for all home child care providers. Licensed child care centre operators with multiple sites will submit one application for all sites in Halton under their head office and indicate for which licensed sites they are applying.

Halton Region will review application information and communicate a decision in writing to the Operator.

As required by Ontario Regulation 137/15 of the CCEYA, Operators must communicate to all parents and staff within 14 days of Halton Region's notification of the approval or denial of their application.

## **Parent Handbook**

As per Ontario Regulation 137/15 under the CCEYA, Operators must disclose in their Parent Handbook whether they are enrolled in the CWELCC System. Upon request, operators must submit their parent handbook(s) to confirm compliance with CWELCC requirements.

## **Declining CWELCC Enrollment**

Halton Region may decline an Operator's enrollment in the CWELCC System for one or more of the following reasons:

- The Operator is not financially viable;
- The Region has reason to believe the Operator will not be operating in a manner that will be financially viable;
- The Region has reason to believe the Operator will use the funding for improper purposes;
- If the application for enrolment is submitted on or after January 1, 2023, and the program/space to be created is inconsistent with the Ministry's Access and Inclusion Framework or Halton Region's Early Learning and Child Care Plan;
- There is insufficient CWELCC funding to support enrolment in the CWELCC System;
- The Region exceeds the Ministry's CWELCC space allocation target in their growth plan to enroll a child care program into the CWELCC System;
- To comply with auspice targets set by the Ministry, as required.

If Halton Region declines an operator's enrollment for any reason, the Region is required to notify the Ministry.

## **Appeal Process – Enrollment in CWELCC System**

An Operator may appeal the Region's decision to decline enrollment in the CWELCC System. Request for an appeal must be sent in writing to the Director of Children's Services. Appeals related to financial viability will be reviewed in collaboration with Halton Region's Finance Department. Appeals can be sent to the attention of the Director of Children's Services by e-mailing [childcareservices@halton.ca](mailto:childcareservices@halton.ca). The subject of the e-mail should be: Appeal – CWELCC Enrollment Decision.

Should an Operator be dissatisfied with the decision of the Director of Children's Services, appeals can be escalated to the Commissioner of Social and Community Services. Request for a secondary appeal must be sent in writing by emailing [childcareservices@halton.ca](mailto:childcareservices@halton.ca). The subject of the e-mail should be: Second Appeal – CWELCC Enrollment Decision. The decision of the Commissioner shall be final.

## **Termination of a CWELCC Service Agreement**

Once enrolled in the CWELCC System, if an Operator no longer wishes to continue to participate, they must provide 90 days' advance written notice to terminate their CWELCC Service Agreement. Halton Region will not impose any penalties on Operators for terminating their agreement. Operators who terminate their CWELCC Service Agreement will not receive further CWELCC funding and may set their own fee amounts.

The Region will reconcile and recover excess funding from operators upon termination of their CWELCC Service Agreement.

Operators who wish to terminate their CWELCC Service Agreement can provide notice in accordance with the terms of the agreement.

Where an Operator does not adhere to the requirements set out in these Guidelines or the CWELCC Service Agreement, the Region may take corrective action as outlined in the agreement. This may include the suspension of funding, repayment of funds and/or termination of the CWELCC Service Agreement.

### **Sale of a Child Care Centre or Home Child Care Agency**

If a Child Care Operator 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 Operator continues to be enrolled in CWELCC and must maintain the applicable Base fee.

Upon a transfer of shares, the Operator's CWELCC Service Agreement will be maintained and assigned and CWELCC funding will continue to be provided, subject to an eligibility review by Halton Region to ensure continuing compliance with the agreement. If the CWELCC Service Agreement is not assigned or the eligibility review results in a determination of ineligibility, the agreement will be terminated.

If an Operator sells substantially all its assets and the purchaser obtains a new licence to operate a child care centre or a home child care agency, the CWELCC Service Agreement will be terminated and the child care centre/home child care agency will no longer be enrolled in CWELCC. The Operator who has purchased the child care centre/home child care agency would need to apply to Halton Region to participate in the CWELCC System.

## **Section 5: CWELCC Funding Approach**

### **Funding Approach for 2023**

Halton Region is committed to a system that provides affordable, accessible, inclusive and high quality child care for all families. Halton Region understands that Operators' cost structures, programming and services may vary and accordingly, the Region will work with Operators to understand their unique programs.

In 2023, CWELCC funding is designed to offset the reduction in revenue from reduced Base fees, improve compensation for eligible staff, and recognize cost escalation.

The Region will fund operators based on operating capacity and collect relevant information to support appropriate funding levels. The Region will consider the impact of vacancies to variable costs, fixed cost and semi-fixed costs (such as staffing costs, where applicable). Where funding is deemed to be excessive due to vacancies, Halton Region will recover the funding for variable and semi-fixed costs not incurred by the Operator and return such funding to the Ministry.

The Region will provide regular payments prior to the beginning of each month to support Operators' cash flow.

The Region reserves the right to modify the funding allocation approach at any time to ensure funding is appropriately allocated to meet the objectives of the CWELCC System and maximize available funding to support CWELCC spaces.

**Cost Escalation**

Halton Region will provide 2.75% cost escalation funding to all Operators enrolled in CWELCC as of December 31, 2022 to support with increasing costs beyond revenue replacement. Cost escalation funding can only be used to address operating cost increases beyond the control or discretion of the operator, such as salaries and wages, benefits, operations and accommodations. Cost escalation funding will be reconciled.

Cost escalation funding will be provided only for the portion of the year between the Enrolment date and December 31, 2023 for newly enrolled Operators.

Cost escalation funding will be allocated to Operators as follows:

For Child Care Centres:

|  |
|--|
| <b>(A x B x C x 2.75%) + (D x 2.75%)</b><br>where,   |
| <b>A</b> is the number of eligible child care licensed spaces as of December 31, 2022. For new Operators, this represents the number of eligible licensed spaces as of the Enrolment date. |
| <b>B</b> is the capped daily Base fee (i.e., as of March 27, 2022 or regional maximum for new Operators enrolled in 2022 or 2023).   |
| <b>C</b> is the number of days the Operator operates in a year.  |
| <b>D</b> is the Operator's General Operating Grant for 2022 to support children 0-5 years old only, where applicable.  |

For Home Child Care Agencies:

$$(A \times B \times C \times 2.75\%) + (D \times 2.75\%)$$

where,

**A** is the number of eligible children enrolment as of December 31, 2022. For new licensed home child care agencies, this represents the number of eligible children enrolled on the Enrolment date with consideration to changes in enrolment during the year.

**B** is the capped daily Base fee (i.e., as of March 27, 2022 for Operators enrolled in 2022 and Operators who opted out in 2022 and enroll in 2023, or regional maximum for new Operators enrolled in 2022 or 2023).

**C** is the number of days the Operator operates in a year.

**D** is the Operator's General Operating Grant for 2022 to support children 0-5 years old only, where applicable.

**Appeal Process – Funding Allocations**

An Operator may appeal their approved funding allocation in writing to the Director of Children's Services. Appeals can be sent to the attention of the Director of Children's Services by e-mailing [childcareservices@halton.ca](mailto:childcareservices@halton.ca). The subject of the e-mail should be: Appeal – CWELCC Funding Allocation.

Should an Operator be dissatisfied with the decision of the Director of Children's Services, appeals can be escalated to the Commissioner of Social and Community Services. Request for a secondary appeal must be sent in writing by emailing [childcareservices@halton.ca](mailto:childcareservices@halton.ca). The subject of the e-mail should be: Second Appeal – CWELCC Funding Allocation. The decision of the Commissioner shall be final.

**Funding Approach for 2024**

The Ministry is developing a CWELCC cost-based funding formula for 2024. Additional details on the 2024 funding formula will be provided to all Operators when they become available.

**Base fees and Non-base fees**

CWELCC funding is to be used to support reductions in Base fees charged to parents/caregivers. Non-base fees are ineligible for CWELCC funding.

The table below provides some examples of Base fees and Non-base fees, however Halton Region recognizes that practices may differ across the child care sector. Halton Region will work with Operators who participate in the CWELCC System to understand their programs and fee practices.

| Base fee Examples   | Non-base fee Examples   |
|---|---|
| Play materials, equipment and furnishings such as cots, cribs, bedding  | Late pick up fees for services provided beyond operational hours, outlined in the parent handbook       |
| Supervision by adult during operational hours   | Optional transportation and field trips (if separate fee charged)                                       |
| Lease/occupancy costs   | Not Sufficient Funds fees in accordance with the terms of the agreement between the parent and operator |
| Food and catering costs   | Diapers, sunscreen (if optional)  |
| Development and implementation of individualized plans (medical, special needs, anaphylaxis)  | Any other optional items or services where an additional fee is charged                                 |
| Other mandatory costs to support the operation of the child care program (e.g. deposit/registration fees*)                            |   |
| Any programs or services included as part of the core day programming and is included as part of the child care fee paid by families. |   |

### Registration Fees and Deposit Fees

Registration fees are frozen at March 27, 2022 levels. Families are eligible for a 52.75% fee reduction for registration fees for eligible children. For example, if the registration fee is \$100, Operators must collect \$47.25 from families and the remaining \$52.75 can be funded through CWELCC.

If an Operator charges a deposit fee which is applied towards child care services at a later date (e.g. the month the child leaves care), Operators must reduce the deposit fees by 52.75% for eligible children. Operators cannot claim the remaining 47.25% from CWELCC as an upfront deposit, as the deposit collected from families must be applied against the reduced fee when the family leaves child care. For example, if the regular fee deposit is \$1000 (equivalent to 2 weeks of care), it must be reduced to \$472.50 in 2023. When the family gives notice that they are leaving, the deposit of \$472.50 can be applied to their last two weeks of care. At that time, Operators can claim the CWELCC portion of the fee for the last two weeks.

## **Closure Periods and Unexpected Closures**

During the term of an Operator's CWELCC Service Agreement, closure of licensed child care programs may not exceed two consecutive weeks, and not more than four weeks of closure within a calendar year where parents are charged full fees. CWELCC funding will be adjusted if closures exceed the maximum allowable limits. 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.

Operators must provide Halton Region with notice in writing, a minimum of eight weeks in advance of any closures that have the possibility to exceed two consecutive weeks, where care would not be provided.

For closures due to events outside an operator's control (i.e., natural disaster/weather event, pandemic, school board strike) the days of closure are not counted toward the two consecutive weeks or four total weeks of closure condition. For unplanned closures, Operators are required to provide Halton Region written notice within 24 hours of closure.

Operators must disclose in their Parent Handbook the times when the services are offered the holidays observed, the Base fees and any Non-base fees that may be charged.

## **Section 6: Fee Rates and Reductions**

### **Fee Freeze**

Operators cannot raise their Base fees and Non-base fees higher than the amount charged on March 27, 2022, unless a specific fee increase was communicated to parents/caregivers before March 27, 2022.

For Operators who did not opt-into the CWELCC System in 2022 and are enrolling in 2023, the Base fee for the purposes of fee reduction will be the Base fee in effect during the 2022 fee freeze.

### **Fee Reductions**

Operators enrolled in CWELCC in 2022 were required to reduce their Base fees charged on March 27, 2022 by 25% to the floor of \$12 per day, retroactive to April 1, 2022.

As of December 31, 2022, Child Care Operators were required to further reduce their Base fees charged by an additional 37% to the floor of \$12 per day. This equates to a 52.75% reduction in parent fees from March 2022 levels.

An Operator who enrolls in CWELCC in 2023 is required to directly reduce their Base fees by 52.75% from their fees as of March 27, 2022. Newly enrolled Operators will only receive funding starting on the Enrolment date. Funding will not be provided towards a 25% rebate for 2022.

Halton Region has provided all Operators with a fee reduction calculator to support accurate fee reductions. Operators can contact their Program Analyst if they have difficulty determining their reduced fees.

Operators must submit, upon request, their parent handbook(s) and other information in the Region’s sole discretion, to confirm that fee reductions have been implemented correctly and to confirm compliance with fee freeze and fee reduction requirements.

**Examples**

*Example 1:*  
 For a participating Operator whose fee was \$50 per day in March 2022, implementing the 25 per cent reduction in 2022 would have reduced their fee to \$37.50 per day from April to December. Starting December 31, 2022, the fee would be \$23.63 per day. [ $\$37.50 \times (1 - 0.37)$ ]

*Example 2:*  
 For a participating Operator whose fee was \$25 per day in March 2022, implementing the 25 per cent reduction in 2022 would have reduced their fee to \$18.75 per day from April to December. Starting December 31, 2022, the fee would be \$12 per day, the minimum daily rate.

*Example 3:*  
 An Operator was approved to join the CWELCC System after January 1, 2023. Their fee was \$50 per day in March 2022. After implementing a 52.75 per cent reduction, the fee would be \$23.63 per day.

The 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 an additional 37 per cent on top of their already reduced fees from 2022 (per the examples above) provided that the fee does not go below \$12/day. If parents pay for both before and after school care, the overall combined fee must be reduced by the additional 37 per cent based on their already reduced fees in 2022.

| <b>Examples: Before and After Care Fee Reduction Type of Care</b> | <b>Approved Base fee</b> | <b>Reduced CWELCC Fee</b> |
|---|--------------------------|---------------------------|
| Before School Care Only   | \$12                     | \$12                      |
| After School Care Only  | \$14                     | \$12                      |
| Before + After School Care Combined Rate                          | \$24                     | \$12                      |

All Eligible Children receiving home child care at a premises overseen by a licensed home child care agency are eligible for the fee reduction (both agency-placed and privately-placed). Licensed home child care agencies are required to have policies and procedures in place to validate the fee rates charged to privately placed families and confirm that fees were paid to providers (e.g. proof of provider's taxable income, proof of parent/caregiver fee payment/receipts).

### **Fee Rates for New Operators, New Programs, Re-Opened Rooms, and New Home Providers participating in CWELCC**

Operators must set their Base fees at or below the Halton Region maximum listed in the fee table in [Ontario Regulation 137/15](#) for the following situations:

- A new Operator opens a newly licensed centre or home child care agency after March 27, 2022;
- A multi-site Operator that operates in another jurisdiction (i.e. outside of Halton Region) has a regional fee structure, or fees that vary by site, and is seeking to open a newly licensed centre in Halton Region (unless the fees had been communicated prior to March 27, 2022 for Halton Region);
- An existing Operator opens a new age group under their existing licence (e.g. they apply to revise their licence to add an infant room) after March 27, 2022;
- Where an Operator begins operating an age group after March 27, 2022 that they had not operated for at least two years (e.g. an Operator wishes to use an alternate capacity that has not been used recently or re-open a room that was closed during the pandemic).

Existing Operators in Halton Region opening a newly licensed centre after March 27, 2022 can set their rates at their March 27, 2022 rates if they had posted their rates prior to that date (e.g. online or in their parent handbook).

### **Home Child Care Agency Fees**

New home child care agencies (licensed after March 27, 2022) that oversee home child care premises in multiple service areas can have regionally based fees (i.e., different fees for different service areas) or can choose to set a single agency fee that is at or below the Halton Region maximum.

Licensed home child care agencies must ensure that any new providers that join an agency after March 27, 2022 have their rates capped at the agency's rate as of March 27, 2022, unless a fee increase was communicated prior to that date.

### **Fee Subsidy Parental Contribution Reductions**

Fee subsidy will be maintained in the CWELCC System for families who are eligible through the existing fee subsidy model, using the income test set out by the Ministry. Families in receipt of fee subsidy with children 0-5 years old are eligible for a 50% rebate of their

parental contribution. This rebate will only apply to families who receive care from an Operator that is enrolled in the CWELCC System.

If a parent has at least one eligible child enrolled in a child care centre or home child care agency that is part of the CWELCC System, Halton Region will reduce the parental contribution amount calculated via the income test for any child care provided on or after December 31, 2022, as follows:

**$A \div B \times C \times 0.50$**   
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.

*Example:*  
If a fee subsidy family has two children aged 7 and 4, the 50% parental contribution reduction would only apply to the 4-year-old. The 50% reduction would then be reduced by half, as it only applies to one of the two children.

Families in receipt of fee subsidy are eligible to have their parental contribution reduced to less than \$12.00 per day, as there is no floor for reduction for fee subsidy parental contribution.

Reductions to the parental contribution amounts for 2023 will be calculated through the Ontario Child Care Management System (OCCMS). Halton Region will advise Operators of reduced parental contribution amounts for families in receipt of fee subsidy.

**Section 7: Wage Compensation**

**Eligible Positions for Wage Floor and Annual Increase**

To be eligible for wage floor and annual increase funding, staff must be employed by a Child Care Operator that is participating in the CWELCC System and be in a position as follows:

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

The wage floor and annual increase do not apply to non-RECE staff and non-program staff such as cooks, custodial staff, non-program staff, Special Needs Resource-funded Teachers/Consultants, Supplemental Staff and staff hired through a third party (e.g. temporary agency). The only exception is if the non-program staff is an RECE and the position spends at least 25% of their time to support ratio requirements. In this case, the staff

would be eligible for the wage floor and annual wage increase for the hours that they are supporting the ratio requirements.

**Annual Increase**

Operators are required to increase the hourly wage of eligible RECE staff by \$1/hour, plus benefits, on January 1 of each year from 2023 to 2026 up to a maximum of \$25 per hour.

To receive an annual wage increase, the staff’s base wage must be below the wage cap of \$25 per hour on January 1, 2023. Staff must also be receiving WEG to be eligible for the annual increase. RECEs hired after January 1, 2023 would be eligible for a \$1/hr wage increase in 2024.

For staff whose base wage falls between \$24.01-\$24.99/hour, funding will be provided to top up their wage to the \$25/hour maximum.

**Wage Floor**

The minimum hourly wage floor for 2023 was set by the Province and came into effect on January 1, 2023. A new minimum wage floor will come into effect on January 1 of each year. In 2023, the wage floor for RECE program staff is \$19/hour, and \$21/hour for RECE child care supervisors or RECE home child care visitors. The hourly wage floor amounts up to 2026 are noted in the table below:

**Table: Minimum Hourly Wage Floor 2022 to 2026**

| <b>Eligible Positions</b>                                       | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| RECE Program Staff  | \$18        | \$19        | \$20        | \$21        | \$22        |
| RECE Child Care Supervisors or<br>RECE Home Child Care Visitors | \$20        | \$21        | \$22        | \$23        | \$24        |

Wage floor funding will bring eligible staff up to the wage floor each year. Wages for existing staff should not be reduced to the wage floor.

**Annual Increase and Wage Floor Implementation**

The following order of operations will be followed in 2023 to determine eligibility for annual wage increase and wage floor funding:

1. 2022 base wage (by employer)
2. WEG (\$2/hour, up to maximum as per WEG guidelines)
3. CWELCC annual wage increase \$1/hour, up to \$25/hour
4. CWELCC incremental wage floor funding, if applicable

Please note:

- Wage compensation funding for 2023 is in addition to any employer wage increases.
- Other wage supports (e.g. General Operating Grant and Pay Equity) are not factored into the determination of CWELCC annual increases for 2023.
- Benefits should also not be included when determining the base wage.

## Examples

### *Example 1:*

- An RECE program staff has a base wage of \$15.50/hour.
- After receiving their WEG of \$2.00 per hour, their wage is now \$17.50/hour.
- As the staff is making less than \$25/hour, they are eligible for the \$1/hour annual increase. This makes their wage \$18.50/hour.
- As the staff has not yet reached the 2023 wage floor (\$19 for RECE program staff) after receiving WEG and the annual wage increase, the staff is eligible for \$0.50 incremental wage floor funding, which brings their wage up to \$19.00/hour.

### *Example 2:*

- An RECE supervisor has a base wage of \$20.00/hour.
- After receiving their WEG of \$2.00 per hour, their wage is now \$22.00/hour.
- As the staff is making less than \$25/hour, they are eligible for the \$1/hour annual increase. This makes their wage \$23.00/hour.
- As the staff has already surpassed the 2023 wage floor (\$21 for RECE supervisors) after receiving WEG and the annual wage increase, the staff is ineligible for incremental wage floor funding.

### *Example 3:*

- An RECE program staff has a base wage of \$22.50/hour
- After receiving their WEG of \$2.00 per hour, their wage is now \$24.50/hour.
- As the staff is making less than \$25/hour, they are eligible for the \$0.50/hour annual increase. This makes their wage \$25.00/hour.
- As the staff has already surpassed the 2023 wage floor (\$19 for RECE program staff) after receiving WEG and the annual wage increase, the staff is ineligible for incremental wage floor funding.

### *Example 4:*

- An RECE home child care visitor has a base wage of \$24.00/hour.
- After receiving their WEG of \$2.00 per hour, their wage is now \$26.00/hour.
- As the staff is making more than \$25/hour, they are ineligible for the annual wage increase.
- As the staff has already surpassed the 2023 wage floor (\$21 for RECE home child care visitors) after receiving WEG, the staff is ineligible for incremental wage floor funding.

## Minimum Wage Offset Eligibility and Implementation

To be eligible for the minimum wage offset, staff must be employed by a Child Care Operator that is participating in the CWELCC System and be in a position as follows:

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

Cooks, custodial staff, non-program staff, Special Needs Resource-funded Teachers/Consultants, Supplemental Staff and staff hired through a third party (e.g. temporary agency) are not eligible for minimum wage offset funding. The only exception 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 these cases, staff would be eligible for the minimum wage offset for the hours they are supporting ratio requirements.

As of October 1, 2022, Child Care Operators were required to comply with minimum wage legislation and bring the wages of their staff to \$15.50 per hour.

To offset the minimum wage increase, funding will be provided to Operators participating in CWELCC to cover the incremental amount needed to bring wages for eligible staff to \$15.50/hour. To be eligible for a minimum wage offset funding, Operators must have employed staff in positions that were earning less than \$15.50 per hour (not including WEG funding) on September 30, 2022. Positions created after September 30, 2022, are not eligible for the minimum wage offset.

### **Staff Benefits**

Wage compensation funding includes up to 17.5% in benefits. Benefits of up to 17.5% will be provided to support Child Care Operators in meeting their statutory benefit requirements. Once all statutory benefit requirements<sup>1</sup> are met, any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee.

## **Section 8: Payment Practices**

### **Payment of Workforce Compensation to Eligible Staff**

Operators must include CWELCC 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. All payments to staff must be made before December 31<sup>st</sup> of each year.

Operators are required to share information in writing (e.g. a letter) about the wage floor and annual wage increases with eligible existing and new 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 annual wage increases for each year up to and including 2026.

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<sup>1</sup> Statutory benefits are benefits operators are required to provide their staff as determined by the law (e.g. vacation days, statutory holidays, Canada Pension Plan and Employment Insurance).

Operators must:

- Allocate the correct amount of funding to each eligible staff, using hours worked within the funding year (i.e. 2023 CWELCC funding is paid to staff for hours worked in 2023);
- Pay CWELCC benefits to eligible recipients to meet statutory benefit requirements. Additional payments for supplemental benefits can also be made if the Operator stays within their allocation of 17.5% for benefits; and
- Make all attempts to contact staff that leave the centre during the year to ensure they receive any CWELCC workforce compensation they are entitled to.

## **Section 9: Accountability**

### **Reporting Child Care Capacity Changes**

Operators 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 Halton Region and funding may need to be adjusted or recovered through reconciliation.

Licensed home child care agencies are required to notify Halton Region when a provider leaves or joins an agency.

Child care operators are required to report updated operating capacity and/or enrollment information to Halton Region upon request.

Operators must notify Halton Region within 30 days of any operating capacity increases within the Operator's existing licensed capacity so that the Region can assess whether adjustments to allocations are required.

### **Licensed Child Care Survey**

The Ministry requires that Operators complete and submit the annual Licensed Child Care Survey. Should an Operator fail to complete the survey, Halton Region will withhold CWELCC funding.

### **Copy of CWELCC Service Agreement**

Operators are required to keep a copy of their CWELCC Service Agreement in either electronic or hard copy format on the child care premises so that it is available for Ministry inspection.

### **Audited Financial Statements**

All Child Care Operators in receipt of CWELCC funding in 2023 must submit financial information, as well as audited financial statements to Halton Region to verify that the funding provided was used for the purpose intended.

Audited financial statements can be submitted in written or electronic form to [childcarefunding@halton.ca](mailto:childcarefunding@halton.ca). Audited financial statements must have expenditures separated out for the eligible portion of their licensed child care business.

The audited financial statements for centre-based Operators that have more than one site must include a breakdown of revenue and expenses for all sites within Halton Region. Statements should not include sites located outside of Halton Region.

For licensed home child care agencies, the statement must include expenditures for all home child care providers.

The audited financial statements must be audited in accordance with Canadian Auditing Standards and must be prepared using the appropriate accounting standards. The audit and review engagement must include these four main statements:

- Financial Position/Balance Sheet
- Operations/Income Statement
- Change in Equity/Change in Net Assets
- Cash Flow Statement and note disclosures

Auditors must hold a designation of a Chartered Professional Accountant (CPA) registered in Ontario with a Public Accounting Licence. Child Care Operators must ensure that the person(s) and firm performing the financial statement audit are independent of the Operator in accordance with the Chartered Professional Accountants of Ontario Rules of Professional Conduct. The person(s) performing the financial statement audit or a member of their immediate family cannot serve as directors, officers or board members for the Operator, or have a financial interest in the organization.

The auditor must review applicable reconciliation packages for CWELCC.

All operators receiving CWELCC funding in 2023 will be required to submit audited financial statements. This requirement will be in effect as of December 31, 2023.

Completed audited financial statements are due within 120 days of the organization's fiscal year end. This means that for operators with a fiscal year ending December 31, 2023, audited financial statements must be submitted to the Region by April 29, 2024.

For operators with a fiscal year ending prior to December 31, 2023, audited financial statements will be required starting in 2024. Please refer to the table below for further examples.

**Examples:**

| <b>Operator Fiscal Year End Date</b> | <b>Audited Financial Statement Due Date</b> |
|--------------------------------------|---|
| December 31, 2023                    | April 29, 2024                              |
| January 31, 2024                     | May 30, 2024                                |
| February 29, 2024                    | June 28, 2024                               |
| March 31, 2024                       | July 29, 2024                               |
| April 30, 2024                       | August 28, 2024                             |
| May 31, 2024                         | September 28, 2024                          |
| June 30, 2024                        | October 28, 2024                            |
| July 31, 2024                        | November 28, 2024                           |
| August 31, 2024                      | December 29, 2024                           |
| September 30, 2024                   | January 28, 2025                            |
| October 31, 2024                     | February 28, 2025                           |
| November 30, 2024                    | March 30, 2025                              |

Failure to submit audited financial statements in the specified format may result in holds on payment or termination of service agreements.

The Operator is responsible for covering the costs of the audit.

**CWELCC Random Audit**

Auditing is a cornerstone of good public sector governance. The Region will randomly select operators to participate in audits to provide assurance that CWELCC funds have been appropriately spent and provide evidence of sound management practices and accountability. These audits will be completed under section 8 of the CWELCC Service Agreement. The audit will review for compliance with the Ministry of Education’s CWELCC Guidelines and to ensure that the goals of the CWELCC System are achieved, including:

- Consistent implementation of Base fee reductions; and
- Compliance with workforce compensation requirements, including increasing wages to support the mandated wage floor and annual wage increase.

**Section 10: Reconciliation**

**Procedure**

Operators are required to complete an annual reconciliation of CWELCC funding. As 2023 continues to be a transitional year for CWELCC, in-year reconciliation of funding may be required. Halton Region will maintain a comprehensive reconciliation process with Child Care Operators.

Halton Region will:

- Ensure funds are used in accordance with the objectives of the CWELCC System, any agreements with Halton Region and these guidelines;

- Monitor the use of funds with Operators; and
- Reconcile Operators' use of funds and recover funds, as required.

Reconciliation workbooks will be provided to Operators for submission to Halton Region. Reconciliation will be completed at the head office level. Completed reconciliation workbooks should be sent to [ChildCareFunding@halton.ca](mailto:ChildCareFunding@halton.ca).

It is important that Operators submit information in a timely manner and meet all deadlines set by the Region. The information submitted to the Region supports the management and oversight of public funds. The Region will continue to support Operators with timely financial documentation filing through outreach, training and resources.

Child Care Operators must have policies and procedures in place to fulfill all of their reporting requirements to Halton Region.

### **Recoveries**

Unused CWELCC funds will be recovered from Child Care Operators. Recovery may be processed against future funding payments or repayment.

In the event that Halton Region determines that an Operator has failed to meet the funding conditions outlined in their CWELCC Service Agreement, the Region will recover all misused funds and such Operators may be deemed ineligible to receive future CWELCC funding.

### **Section 11: Additional Resources**

- [\*Child Care and Early Years Act, 2014\*](#)
- [Halton - Apply for a Child Care Service Management Agreement](#)
- [Ontario Regulation 137/15: General](#)
- [Ontario Regulation 138/15: Funding, Cost Sharing and Financial Assistance.](#)