



United Counties of
Leeds and Grenville

Canada Wide Early Learning
and Child Care System
(CWELCC) Transitional Guidelines

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INTRODUCTION

The United Counties of Leeds and Grenville (Leeds Grenville) is the Consolidated Municipal Service Manager (CMSM) responsible for planning and managing licensed child care, including the Canada Wide Early Learning and Child Care (CWELCC) System within Leeds and Grenville. As such, the Children's Services Department has set out policies and guidelines, contained within this document, which must be followed by all Operators who have a purchase of service agreement with Leeds Grenville and are enrolled in the CWELCC System.

Definitions

Actual Cost means funding to support the costs incurred in the portion of the Operator's child care business for eligible children, net of generated revenues received by the Operator from base fees, any provincial and current ELCC funding, municipal funding, and other revenues provided to an Operator to support the costs associated with base fees for eligible children.

Arm's Length Transaction means transactions in which two or more unrelated and unaffiliated parties agree to do business, acting independently and in their self-interest.

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

Base Wage means the hourly rate paid by the employer plus General Operating top-up plus Pay Equity.

CCEYA means Child Care and Early Years Act (2014).

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, 2014.

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.

Fair Market Value means the price an asset would sell for on the open market when certain conditions are met. The conditions are: the parties involved are aware of all the facts, are acting in their own interest, are free of any pressure to buy or sell, and have ample time to make the decision.

Financial Viability means that revenue meets or exceeds expenditures.

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

Leeds Grenville means the Corporation of the United Counties of Leeds and Grenville.

Licensed Child Care Operator (the Operator) is defined as the business organization responsible for the delivery of licensed child care services as licensed by the Ministry of Education, Ontario.

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 Operator 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.

O. Reg. 137/15 means the General Regulation under the Child Care and Early Years Act, 2014.

Profit Threshold means the break-even point at which a business becomes profitable. This threshold is reached when the total cost to run your business is equal to its total revenues. Above this threshold, the business is deemed to have entered a profit zone.

Schedule A is the schedule entitled Schedule "A", attached to and forming part of the Service Agreement that identifies funding allocations being provided by Leeds Grenville.

CANADA WIDE EARLY LEARNING AND CHILD CARE (CWELCC) 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. 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:

- 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 parent fee of \$10 a day by 2025-26 for licensed child care spaces;
- Creating 86,000 new high-quality, affordable licensed child care spaces across the province (relative to 2019 levels), predominantly through not-for-profit licensed child care;
- Addressing barriers to provide inclusive and accessible child care; and
- Valuing the early childhood workforce and providing them with training and development opportunities.

Purpose

All licensed Operators with programs serving children under the age of six (or turning six before June 30 in that calendar year) within Leeds and Grenville are eligible to apply to participate in the CWELCC System, even those that do not currently have a Service Agreement with Leeds Grenville.

Participation in the CWELCC System is optional; however, Operators are encouraged to participate so that families can benefit from fee reductions.

Operators will be able to choose to participate in the CWELCC System, or not participate and operate outside the CWELCC System. Leeds Grenville may deny an application for enrollment in limited circumstances outlined in O. Reg.137/15.

Operators that wish to participate in the CWELCC System must indicate their intent to do so to Leeds Grenville by November 1, 2022.

Eligibility Criteria

1. Operators participating in the CWELCC System within Leeds and Grenville must enter into a purchase of service agreement with Leeds Grenville and operate under the criteria outlined in this Guideline to receive funding from Leeds Grenville to reduce child care fees for eligible children and increase compensation for eligible staff.
2. Operators participating in the CWELCC System will need to demonstrate financial viability to Leeds Grenville.
3. All Operators, 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 (1) of two (2) conditions is met:
 - The Operator notifies Leeds Grenville, staff and the parents of eligible children in writing that they are NOT participating in the CWELCC System this year (because they have opted-out or due to their application being denied) and will not be subject to terms and conditions of the System; or
 - The Operator participates in the CWELCC System and is subject to the regulatory rules for parent fees in participating programs pursuant to O. Reg. 137/15 (s.77.4) made under the CCEYA.

4. Operators 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 Leeds Grenville to determine whether this may result in a funding adjustment or recovery from the Operator.
5. Operators must complete and submit an application to Leeds Grenville to demonstrate that they meet the stipulated criteria in order to be eligible to participate in the CWELCC System.

Enrollment in CWELCC System

Operators applying to participate in the CWELCC System are required under O. Reg. 137/15 to communicate to all parents and staff, within 14 days of notification from Leeds Grenville, of their approval or denial for the CWELCC System.

Operators enrolled in the CWELCC System are subject to the rules and regulations as set out in this Guideline.

Inquiries Regarding the CWELCC System

All questions and inquiries about the operation of the CWELCC System within Leeds and Grenville should be directed to:

Children's Services Department
United Counties of Leeds and Grenville
25 Central Ave. W. Suite 100, Brockville, ON K6V 4N6
T: 613-342-3840, x 2127
Fax: 1-833-775-0561
Email: childrenservices@uclg.on.ca

FUNDING TERMS AND CONDITIONS

The following terms and conditions will govern CWELCC System Funding.

Leeds Grenville

- Funding amounts to Operators will be determined at the discretion of Leeds Grenville based on actual costs.
- Information submitted by the Operator for eligibility of expenditures will be subject to review as part of Leeds Grenville's funding and reconciliation process.
- Leeds Grenville has the discretion and right to:
 - Determine eligibility of an Operator's revenues, costs and expenses, based on CWELCC System funding requirements provided to Operators and to adjust funding provided based on review.
 - Review and to confirm that an Operator 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).
 - Deny funding for expenses, or to only pay what is deemed to be fair market value, as determined by Leeds Grenville.
 - Deny funding for expenditures arising from transactions not conducted at arm's length.
 - Deny funding for ineligible expenditures, based on applicable guidelines and parameters provided by Leeds Grenville to Operators.
 - Determine the amount of funding that can be spent by Operators on administration expenses.
 - Deny funding for administration expenditures above what has been determined by Leeds Grenville for each Operator.
 - Require Operators to seek approval if additional administration funding is required by the Operator above what is allowed.
 - Determine if an Operator's operation in child care for eligible children is sustainable and financially viable. Leeds Grenville has the discretion to define sustainable and financial viability.

- 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 be communicated to families/parents prior to March 27, 2022).
- Verify that Operators 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 an Operator as determined by Leeds Grenville.

Operator

Operators with a Service Agreement for the CWELCC System are required to:

- Ensure inclusivity of children in need of fee subsidy and of children with special needs.
- Use CWELCC System funds to support CWELCC System objectives in accordance with the purchase of service agreement, applicable legislation, regulations and applicable guideline requirements provided to Operators.
- Return CWELCC System funds to Leeds Grenville where funds are not used in accordance with the requirements established by Leeds Grenville that apply to Operators.
- Set parent fees in accordance with O. Reg. 137/15. This includes regulations regarding rate freezes and base fees.
- Maintain licensed spaces for children aged 0 to 5 years for which they are receiving fee reduction funding.
- Maintain their license and function in a manner that is consistent with the requirements set out in the Child Care and Early Years Act, 2014 and the Early Childhood Educators Act, 2007, including the Code of Ethics and Professional Misconduct Regulation.
- Apply for Wage Enhancement Grant (WEG) funding on an annual basis. Information collected in the WEG will be used to determine Workforce Compensation funding.

- Provide sufficient and detailed financial or other information related to their child care operations as required by Leeds Grenville in a timely manner.
- Have sound business management practices and be in good standing with respect to financial/contract reporting requirements as set out by Leeds Grenville and contained within these Guidelines.
- Allow Leeds Grenville staff or such other person(s) appointed by Leeds Grenville, at all reasonable times, to inspect and audit such records of account.
- Maintain all financial and documentation pertaining to the CWELCC System for no less than seven (7) years following the life of purchase of service agreement. In the event the Operator ceases operations, the Operator shall not, without the prior written consent of the Leeds Grenville, dispose of any records related to the services provided for under this Agreement.
- Complete the annual Licensed Child Care Operations Survey as required by the Ministry Director, under O. Reg. 137/15 (77).
- Maintain a copy of the purchase of service agreement in electronic or hard copy format, on the child care premises and available for ministry inspection.
- Not close for more than two (2) consecutive weeks and/or for more than four (4) weeks within a calendar year while receiving full funding from the CWELCC System. Full base fees cannot be charged by an Operator for any closure beyond these timelines.

Fee Rates and Licensed Spaces

Operators must maintain existing parent fee rates, as of March 27, 2022, unless previously communicated to parents. Operators who obtain their license after March 27, 2022 will be required to set parent fees at or below the regional maximum, as set out by age group pursuant to O. Reg. 137/15 of the CCEYA and outlined in the charts below:

Centre –Based Programs	Infant	Toddler	Preschool	Kindergarten	School Age	Family Age Group
Full Day Programs	\$53.98	\$44.09	\$40.68	\$39.59	\$39.59	\$44.09
Before and After School Programs				\$22.44	\$19.88	

Home Child Care Programs	Younger than 2 years	2-3 years	4-6 years	4-5 years *
Full Day Programs	\$48.89	\$48.89	\$48.89	\$48.89
Before and After School				\$23.85

* fee also applies to children six (6) years of age who are still eligible for the CWELCC System

Operators 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 Leeds Grenville and Leeds Grenville will determine whether this will result in a funding adjustment or recovery from the Operator.

Financial Documentation Requirements

Corporate financial reporting is the cornerstone of good governance; it provides an overview as to whether resources are being managed responsibly and effectively to achieve intended and targeted results. Leeds Grenville will work with Operators to review and reconcile all CWELCC System funding annually.

Operators must submit the following financial documents and reports to Leeds Grenville on an annual basis, and when requested by Leeds Grenville:

Audited Financial Statements

Operators must submit audited financial statements for the organization as a whole on a yearly basis to allow Leeds Grenville to assess the agency’s overall financial condition. Operators must remain financially viable to continue to receive CWELCC System funding.

Board Approved Annual Budget

Operators must submit a Board approved annual budget to Leeds Grenville on a yearly basis.

Segregated Schedule of Revenues and Expenditures

Supplementary information segmented by service including a schedule of revenue and expenditures must be submitted. Supplementary information schedules require a minimum of a review report prepared by an independent professional accountant.

Post Audit Management letter

This letter is issued by an independent professional accountant subsequent to the completion of the annual audit.

Interim Finance

As part of the reporting submissions, Operators will be required to report on and provide explanations for significant variances and the impacts on staff and services for child care operations located within Leeds Grenville. Significant variance reports are required as per the following chart:

Expense/Data Type	Significant Variance Reporting
Major Expenditure Category	+/- 10% (or more) compared to its prior year's Financial Statements
Service Data	+/- 10% (or more) compared to its prior year's Financial Statements

Leeds Grenville will review all financial submissions and will follow up with Operators on any CWELCC System expenditure reported to determine reasonability of variances and/or eligibility of expenditure.

Basis of Accounting – Schedule Revenues and Expenses

Operators are required to report their revenues and expenditures using the modified accrual basis of accounting. The modified accrual accounting requires the inclusion of short-term accruals of normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of year-end.

Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year the goods or

services are received. Expenditures made once each year (e.g. insurance), must be treated consistently from year to year.

Non-cash transactions are not recognized as these expenses do not represent actual cash expenditures related to the current period; however, related payments are admissible.

Non-cash transactions include:

- Provisions for pension expenses;
- Provisions for unused sick leave and wage settlements;
- Provisions for repairs or replacements;
- Provisions for bad debts;
- Retainer fees for legal services;
- Provisions for amortization.

Any other financial documentation requested by Leeds Grenville relevant to the funding, administration and operation of the CWELCC System must be provided by Operators.

Supporting Documentation Requirements

In addition to the financial documentation requirements, the following supporting documents will also be required from Operators on an annual basis where applicable:

- Copy of current lease/rental or mortgage agreement.
- Board approved annual budget.
- Proof of five (5) million dollars in insurance. NOTE: it is a requirement that Leeds Grenville is named as a 3rd party insured.
- List and contact information for the current Board of Directors.
- Proof of Board of Director Insurance.
- Copy of the Parent Handbook.
- Signing Authority Form.
- Any other supporting documentation requested by Leeds Grenville relevant to the funding, administration and operation of the CWELCC System.

Miscellaneous

Reporting Year

Unless otherwise required, the Operator must submit to Leeds Grenville audited financial statements, statement of revenue and expenses, and requested supporting documents within five (5) months of the calendar year-end. Interim Finance reports must be submitted no more than 45 days after June 30 each year.

Late Filing

Where an Operator submits required documents after the deadline, Leeds Grenville will take the following action until the submission has been received:

- Two (2) weeks after the deadline, inform the Operator that the submission is overdue.
- After 30 days, cash flow of CWELCC System funding will be reduced by fifty per cent (50%) of the Operator's monthly payment. Leeds Grenville will work with the Operator to discuss any challenges with providing the information and to offer support.

Upon receipt of submission requirements, Leeds Grenville will revert back to the standard monthly payment process and will include the total amount withheld up to that point.

Leeds Grenville reserves the right to suspend CWELCC System funding or any other funding categories, in year or in the subsequent years. Should an Operator have outstanding submissions, Leeds Grenville may exercise its discretion by not providing funding in the subsequent calendar year until the submissions have been received. Further, Leeds Grenville may exercise its discretion to terminate the Agreement if submissions have not been received.

Payments

CWELCC System funding will be provided as outlined in Schedule "A" of the Service Agreement.

Recovery of Funds

As part of the reconciliation process, Operators who have unused funds will have this amount deducted from future payments and/or the Operator will need to make payment

in the amount of funds owing, payable to the Corporation of the United Counties of Leeds and Grenville. This includes excess funding provided during the funding year, or funding not used for its intended purpose.

Where expenditures are ineligible, not related to child care, are deemed to not be at a fair market value, or is with a related company, Leeds Grenville has the right to withhold funding, reject the expense, recover funding already paid, or only provide funding for the expenditures Leeds Grenville deems to be fair market value.

Profits & Surplus

Leeds Grenville has the discretion to determine an annual profit/surplus level to be achieved from the provision of child care for the eligible children portion of an Operator's business. Where net profit or surplus exceeds a municipally or provincially established threshold, the Operator will be required to return excess funding.

CWELCC System funding cannot be used to contribute to capital reserves.

Operating Reserves

Operators are permitted to contribute CWELCC System funds towards Operational reserves. Leeds Grenville has the discretion to determine the maximum amount of CWELCC System funds that may be contributed to an Operator's Operational reserves.

Ineligible Expenditures for CWELCC System

Expenses that do not directly support the CWELCC System goals and initiatives (e.g. expenses that are not related to the provision of child care for eligible children and mandated compensation increases for eligible staff), are ineligible.

Enhanced Accountability Requirements

Operators who participate in the CWELCC System must permit Leeds Grenville to audit financial and service records related to the CWELCC System at any reasonable time.

Program Audit

Auditing is a cornerstone of good public sector governance. It is an unbiased and objective assessment of whether public resources are being managed responsibly and effectively to achieve intended results.

Leeds Grenville will undertake a program compliance audit on a rotational basis each fiscal year. Through audits, Leeds Grenville aims to:

- Support organizations in achieving accountability;
- Identify non-conformity and require corrective actions leading to improved operations;
- Highlight areas of good practice;
- Identify trends and emerging challenges; and
- Address financial risks identified in previous audit reports that continue to be applicable.

Compliance Review Objectives

Similar to auditing, regular compliance reviews provide an unbiased and objective review of Operator adherence to specific requirements, such as regulations, guidelines, policies and directives. A program compliance review will be conducted with each Operator on a rotational basis. Through reviews, Leeds Grenville aims to:

- Strengthen accountability with the Child Care and Early Years sector;
- Gather field intelligence on data and validate/strengthen existing processes and inform future policy decisions; and
- Obtain best practices contributing to continuous sector improvement.

Upon receiving a notice of intent to audit and/or review, Operators will be required to work with Leeds Grenville by:

- Ensuring that all requested documents are on-site.
- Being available to answer any questions that arise during the review.

Reporting Business Updates & Changes

Operators must notify Leeds Grenville when there are changes to the Operators business, **before these changes occur**, including:

- Sale of Business;
- Amalgamation;
- Program Relocation;
- Opening of a New Program/Site;
- Expansion of an existing Program/Site; this includes any changes to the number of licensed home child care providers supported by a home child care agency;
- Changes to the number of licensed spaces or implementation of an alternate license capacity;
- Disposition of furnishings or equipment purchased using funds provided by Leeds Grenville;
- Sale/transfer/renovation of child care properties that have received capital funding from the Ontario Government, either directly or through Leeds Grenville;
- Adjustments to License;
- Submission of application or new License;
- Changes to the Board of Directors.

Opting-Out of the CWELCC System After Enrollment

If an Operator who is enrolled in the CWELCC System chooses to opt-out of the CWELCC System they must:

- Notify Leeds Grenville of this decision in writing. This notice must be provided 90 days in advance of the date which the Operator wishes to opt-out of the CWELCC System. Non-Profit Operators must include a copy of Board minutes, which clearly show that the Board of Directors has approved this decision.
- Within 10 business days of notifying Leeds Grenville, Operators must inform parents, in writing, of the decision to opt-out of the CWELCC System.

This letter must include the CWELCC System end-date, the date that a new fee amount will be brought into effect, and the new child care fees.

- Update the Parent Handbook(s) to indicate the Operator is not participating in the CWELCC System and include fee amounts in the handbook.

Opting Out After Enrollment, Then Opting Back In

In the event that an Operator has enrolled in and then opts-out of the CWELCC System, and then wishes to re-apply, the Operator will be required to return to the daily rate for all eligible age groups that was in effect at the time of the initial CWELCC approval.

Sales and Acquisitions of Child Care Businesses

If an 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 would remain enrolled in the CWELCC System and must maintain the applicable base fee set out.

If an Operator sells substantially all of its assets and the purchaser obtains a new license 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 licenses.
- Apply to participate in the CWELCC System in accordance with the process set out by Leeds Grenville or notify Leeds Grenville, parents and staff that they do not wish to participate.

ADMINISTRATION COSTS

Operators may be allowed to spend up to ten percent (10%) of the CWELCC System operating funding received per agency on administration costs for the day-to-day administrative duties involved in the operation of the CWELCC System. Administration expenditures may be used to support costs related to implementation, transition and IT costs associated with supporting the CWELCC System, including administration staffing costs and costs for audited financial statements.

Leeds Grenville will assess each Operator's actual administration needs and will provide funding accordingly.

As per the annual financial audit and compliance review, administration costs will be reviewed for eligibility.

Expenses that do not directly support the administration of the CWELCC System are ineligible for CWELCC System funding.

FEE REDUCTION

Making child care more affordable for families is a key part of the implementation of the CWELCC System. Fee reduction funding is focused on reducing parent fees for families with eligible children in licensed child care.

In order to achieve this goal, base fees for eligible children in licensed child care will be reduced through the provision of operating grants to the Operator.

Objectives

To ensure stability and sustainability of the child care system while working towards Ontario's goals for affordability, access, inclusion and quality, fee reductions will be implemented using a phased approach over the course of the CWELCC System.

A graduated approach to fee reductions will be implemented as follows:

- A fee reduction of up to twenty-five percent (25%), to a minimum of \$12.00 per day, for eligible children retroactive to April 1, 2022.
- A fifty percent (50%) fee reduction on average for eligible children by the end of calendar year 2022.
- \$10.00 per day average child care fees for eligible children by the end of fiscal year 2025 - 2026.

As a first step, 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). Parents of eligible

children will be provided refunds for the entitled period. Leeds Grenville will work with Operators to issue retroactive refunds to parents of eligible children.

Eligibility Criteria

Funding under the CWELCC System is intended to support eligible children in Leeds and Grenville. An eligible child means:

- Any child under six (6) years old; and
- Up-until June 30 in a calendar year, any child who
 - Turns six (6) years old between January 1 and June 30 in that calendar year
 - Is enrolled in a licensed infant, toddler, preschool, or kindergarten group, a licensed family age group, or licensed home child care.

Implementation of Fee Reduction

Base Fees

In accordance with O. Reg. 137.15, a cap on all base fees and non-base fees for eligible children must be maintained by an Operator at a child care centre it operates or at a home child care premise.

The cap on fees does not apply to fees charged to parents for children who are not eligible (e.g. school children over 6 years).

If an Operator 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 Operator must not charge a parent a higher base fee or non-base fee after that day unless a specific fee increase had already been communicated to parents on or before that day. Operators will be required to submit a copy of this communication to Leeds Grenville.

Leeds Grenville will work with Operators to determine the initial base fee. Leeds Grenville has the right to determine what should be included and excluded from the base fee prior to providing funding to support a fee reduction.

If an Operator 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 (refer to chart under [Fee Rates and Licensed Spaces](#) on page 12). These regional maximum fees will apply to any new age groups that an Operator starts to operate after March 27, 2022, or where an Operator begins operating an age group after March 27, 2022 that it had not operated for at least two years. The Operator must not charge a parent a higher daily base fee than the fee from March 27, 2022 unless a specific fee increase had already been communicated to parents on or before that date. Operators must submit a copy of this communication to Leeds Grenville.

Operators not participating in the CWELCC System because they opted-out of the program, or were not approved for the program, will no longer continue to be subject to the capped fee.

Fee Reduction

Operators that enroll in the CWELCC System must adhere to rules regarding what Operators will be permitted to charge parents as part of their daily base fee, as set out in O. Reg. 137/15.

If the cap on an Operators' base fee is more than \$11.99 per day, the Operators' new base fee, once in the CWELCC System, will be the greater of:

- \$12.00 per day; and
- The amount of the capped base fee, less twenty-five percent (25%)

If the fee is less than \$12.00 per day, the fee should be maintained.

The fee reduction on base fees will apply regardless of program type (e.g. Nursery School, Toddler, etc.) or duration and should be based on the total amount paid per day. All eligible spaces will be reduced, including those occupied by an eligible child receiving fee subsidy.

Operators of home child care agencies enrolled in the CWELCC System must also charge the parent of an eligible child a base fee, as determined above. The base fee would apply to children who are agency placed and those children who are privately placed. Leeds

Grenville will work with Operators to ensure that parents of eligible privately placed children also receive a fee reduction.

In the case of before and after school programs, if parents pay for only before school care, or only after school care, each individual fee must be reduced by 25% for eligible children, provided that it does not go below \$12/day. If parents pay for both before and after school care, the overall fee must be reduced by 25%.

Operators are permitted to continue charging higher parent fees for 20 calendar days after Leeds Grenville notifies them that they are enrolled in the CWELCC System. On and after the 21st day the Operator is notified by Leeds Grenville of the enrollment date, Operators cannot charge a base fee that is higher than the applicable base fee to parents of an eligible child.

Once enrolled in the CWELCC System, and fees have been reduced to the new base fee, Operators are required to maintain their new base fee until they are either required to reduce them again, or they are no longer participating in the CWELCC System.

Leeds Grenville has the right to verify the timelines and accuracy related to the implementation of new base fees.

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

Fees for children who are not eligible (e.g. school age children) are not subject to these base fee requirements.

Retroactive Refunds

Operators who are enrolled in the CWELCC System on or before December 31, 2022 will have an enrollment date that is backdated to:

- April 1, 2022 if the Operator was licensed as of April 1, 2022 or
- The date the Operator's license was issued.

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 Operator who enrolled will be required to issue a retroactive refund to the parent of the difference for:

- Child care provided to eligible children during the period starting on the Operator's enrollment date and the ending on the 20th day after the Operator is notified by Leeds Grenville of the enrollment date; and
- Any period of time after the 20th day referred to in the point for which daily base fees for child care to be provided has been prepaid.

Leeds Grenville will provide an initial CWELCC System cash flow within 28 business days of notification to the Operator of enrollment.

Refunds must be provided to the parent within 20 days after the day the Operator has received the CWELCC System refund funding from Leeds Grenville regardless of whether the child currently receives care from the Operator. Leeds Grenville has the right to verify the timeline and accuracy of refunds to parents.

Operators that enroll after December 31, 2022 will not be eligible for retroactive enrollment and will only be expected to reduce fees on a go-forward basis.

Tracking and Reporting

When Leeds Grenville notifies an Operator of their enrollment in CWELCC System after November 1, 2022, funds must be accrued for 2022 along with any refund payments that will be paid by the Operator to parents after December 31, 2022.

Operators should work with their auditors to ensure funds are captured as part of the Operator's 2022 audited financial statements.

Funding

Leeds Grenville will provide funding to Operators enrolled in the CWELCC System to support eligible expenditures in order to achieve the required fee reduction to base fees for eligible children.

Funding for expenditures will be provided in accordance with the parameters set out in this Guideline, and will not be provided for ineligible expenditures.

CHILD CARE FEE SUBSIDY: PARENTAL CONTRIBUTION REDUCTION

Purpose

Child Care Fee Subsidy (CCFS) is an essential support for many parents that helps to balance the demands of career and family and 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.

Implementation

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 Leeds Grenville will use to calculate the amount of subsidy that can be provided for a family, as well as the amount that a family must contribute to the cost of child care (the parent contribution). CWELCC System funding will reduce the cost of a full fee space that is currently occupied by an eligible child receiving fee subsidy.

WORKFORCE COMPENSATION

Purpose

Workforce Compensation funding is focused on supporting Registered Early Childhood Educator (RECE) staff who 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 a provincial strategy to achieve system growth and ensure increased access to high quality licensed child care in Ontario.

Leeds Grenville will provide Workforce Compensation funding to all eligible RECE staff employed by an Operator 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 six). Home Childcare providers are not eligible to receive Workforce Compensation funding.

Payments to Staff

Operators 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.

Wage Floor & Annual Increase Eligibility

To support the recruitment and retention of Ontario's child care workforce, a wage floor for RECE staff was introduced in Spring 2022. An annual increase of \$1.00 will begin in January 2023 for eligible RECE staff.

To be eligible for the Wage Floor and Annual Increase, Operators must be participating in the CWELCC System and employ staff categorized as:

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

Non-RECE program staff and non-program staff are not eligible for wage floor and annual increases. This includes 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 (2) positions noted above is if the staff is an RECE and the position spends at least twenty-five percent (25%) of their time to support ratio requirements as outlined in the CCEYA. In these situations, the staff would be eligible for the wage floor and annual wage increases for the hours that they are supporting the ratio requirements.

Alignment with Child Care Wage Enhancement Grant

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

Operators will be required to apply for the WEG to be eligible for the wage floor and annual wage increase under the CWELCC System.

In order to receive Wage Floor funding, staff must be receiving wage enhancement grant funding, and their hourly wage (including wage enhancement grant funding) must be below the wage floor.

To be eligible for an annual wage increase of \$1.00 per hour, staff must be receiving wage enhancement grant funding and their hourly wage (including wage enhancement grant funding) must be below the wage cap of \$25.00 per hour on January 1st of each eligible year.

Benefits should not be included when determining the hourly wage.

Hourly Wage Floor

Operators 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 the 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.

Operators will be permitted to continue to pay eligible staff below the wage floor for 31 calendar days after Leeds Grenville notifies them that they are participating in the CWELCC System. On and after the 32nd day, the Operator is required to pay eligible staff at least the wage floor.

Hourly Wage Floor 2022 to 2026*

RECE Program Staff					
	2022	2023	2024	2025	2026
	\$18.00	\$19.00	\$20.00	\$21.00	\$22.00
RECE Child Care Supervisors or RECE Home Child Care Visitors					
	\$20.00	\$21.00	\$22.00	\$23.00	\$24.00

*In addition to the hourly wage, eligible staff are required to receive mandatory (17.5%) 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 \$15.00 per hour and wage enhancement grant funding of \$2.00 per hour, would receive workforce compensation funding of \$1.00 per hour through CWELCC System Funding.

Retroactive Wage Payments Up To December 31, 2022

Operators who received confirmation of enrollment in the CWELCC System on or before December 31, 2022, will have their enrollment date backdated to:

- April 1, 2022, if the Operator was licensed as of April 1, 2022; or
- The date the Operator’s license was issued in any other case.

Where staff were paid lower wages than specified by the wage floor, Operators who participate in the CWELCC System will be required to issue retroactive payments 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 will 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 Operator at the time that their participation in the CWELCC System is confirmed.

Operators will be given 60 calendar days from the day they were notified by Leeds Grenville 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.

Any Operator 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.

Wage Floor Examples

Wage floor of \$18.00 per hour and wage enhancement grant funding of \$2.00 per hour.

1. Example: RECE program staff with a base wage of \$15.00 per hour would qualify to have their wage increase to \$18.00 per hour ($\$15.00 + \$2.00 = \17.00 per hour which is below \$18.00 per hour wage floor). Workforce compensation funding of \$1.00 per hour must be provided to the program staff in order to meet the wage floor.
2. Example: RECE program staff with a base wage of \$16.00 per hour or higher would not qualify to have their wage increase ($\$16.00 + \$2.00 = \$18.00$ per hour which is equivalent to the wage floor.) Workforce compensation funding is not required as the program staff already meets the wage floor.

Annual Wage Increase

Effective January 1, 2023, and on January 1st of each subsequent year from 2023 to 2026 inclusive, Operators are required to increase the hourly wage of eligible RECE staff by \$1.00 per hour plus benefits, up to the \$25.00 per hour wage cap. To be eligible for the \$1.00 per hour annual increase, the staff's wage must be equal to or greater than the wage floor and less than \$25.00 per hour cap. Staff earning at or above \$25.00 per hour are not eligible for the annual \$1.00 per hour increase. Staff making \$24.00 to \$24.99 per hour are to have their wages increased to \$25.00 per hour.

Annual Wage Increase Examples

Wage enhancement grant funding of \$2.00 per hour, CWELCC System annual wage increase of \$1.00 per hour and wage cap of \$25.00 per hour.

1. Example: RECE program staff with a base wage before wage enhancement grant funding of \$19.00 per hour would qualify for a wage increase of \$1.00 per hour ($\$19.00 + \$2.00 + \$1.00 = \22.00 per hour which is under the \$25.00 per hour wage cap). Workforce compensation funding of \$1.00 per hour must be provided.
2. Example: RECE program staff with a base wage before wage enhancement grant funding of \$23.00 per hour or higher would not qualify for an annual wage increase ($\$23.00 + \$2.00 + \$1.00 = \26.00 which is above the wage cap). Workforce compensation funding is not required.

Benefits and Flexibility

Workforce Compensation funding includes up to seventeen and a half percent (17.5%) in benefits.

Implementation

Upon receiving confirmation of participation in the CWELCC System from Leeds Grenville, and as new staff are hired, Operators are required to share, in writing, information about the wage floor and annual wage increases 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.

Leeds Grenville will work with Operators to oversee Wage Floor and Annual Increase implementation and will provide funding for the incremental amounts required to support Wage Floor and Annual Increases through the CWELCC System funding.

Child care staff employed by Operators 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 to the \$1.00 per hour annual wage increase. Operators are required to meet any applicable obligations under the PSPSFGA.

Alignment with Collective Agreements

Operators with staff who are under a collective agreement should seek independent legal advice on implementing the wage floor and annual wage increase.

Minimum Wage Offset Eligibility

To be eligible for the Minimum Wage Offset, Operators 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

Eligibility will apply to staff that were earning less than \$15.00 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 \$15.00 per hour (not including wage enhancement). Staff hired after December 31, 2021 are not eligible for the minimum wage offset.

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 (e.g. temp agency).

The only exception to the first two (2) positions noted above is when the staff is a non-RECE and the position spends at least twenty-five percent (25%) 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 they are supporting the ratio requirements.

Implementation

Operators were required to comply with minimum wage legislation and bring the wages of their staff to \$15.00 per hour as of January 1, 2022. To offset the minimum wage

increase, Leeds Grenville will provide workforce compensation funding to Operators to cover the incremental amount needed to bring wages for eligible staff to \$15.00 per hour.

Example: If an eligible staff was earning \$14.50 on April 20, 2021, the Operator would receive workforce compensation funding of \$0.50 per hour plus benefits to support that staff's wages.

Workforce compensation funding for the minimum wage offset will be provided to Operators starting the date of participation in the CWELCC System up to and including 2026.

Leeds Grenville will work with Operators to oversee Minimum Wage Offset implementation and will provide funding for the incremental amounts required through the CWELCC System funding.

Reporting

Operators must report on data for meeting minimum wage offset requirements as determined by Leeds Grenville and the reporting parameters set out in this guideline. Leeds Grenville will provide templates to Operators to assist with their reporting requirements for workforce compensation funds.

For financial and audited financial statements where Operators make payments for workforce compensation related to the 2022 calendar year after December 31, 2022, Operators are required to follow the modified accrual basis of accounting as noted in the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline.

Staff Working In Programs Serving Children Aged 6-12

Ontario is contributing funding as part of the workforce compensation allocation that 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. This aims to ensure equity of wages across staff serving different age groups, and to avoid these increases being passed onto parents through higher fees.

Operators with programs only serving children aged 6-12 that apply to Leeds Grenville for workforce compensation funding are not eligible to participate in the CWELCC System.

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

Duty to Report

Everyone, including members of the public and professionals who work closely with children, are required by law to report suspected cases of child abuse or neglect.

Child care staff are required to make a report to Family and Children's Services (FCS) if the staff member has reasonable grounds to suspect child abuse or neglect has occurred or there is risk that it is likely to occur, regardless of whether the child and/or parent/caregiver is a client.

More information on the duty to report, what happens when a report is made and how to recognize the signs of abuse and neglect can be found at the Ministry of Children's Community and Social Services Children's Aid website <https://www.ontario.ca/page/child-welfare-and-child-protection-services>.

Serious Incident Reporting

As per the CCEYA 2014, Operators are required to complete the Serious Occurrence reports through the Child Care Licensing System (CCLS). As the service system manager, Leeds Grenville's Children's Services Manager has access to these serious occurrence reports, as well as all submitted updates. Operators must provide Leeds Grenville with additional updates, as requested.

At times, other serious incidents may occur that are not required to be reported through CCLS. These serious incidents must be reported directly to the Children's Services Department via email at childrenservices@uclg.on.ca.

Serious incidents that must be reported to the service system manager include:

- Breach of confidentiality involving a client.
- Incidents that may result in media attention.
- Incidents that may significantly affect operations of the child care program.

Conflict of Interest

It is important for the public that Operators accessing Ministry of Education funds distributed by Leeds Grenville are being well managed.

Situations can occur where a person or business interest dealing with an Operator has a conflict of interest that could damage public confidence in these funded programs.

Conflict of interest is a situation where personal or business interests of a party are in conflict with the best interests of the Operator. Conflict of Interest is defined by Leeds Grenville as:

Occurs when, in the course of an employee's duties, the employee is called upon to deal with a matter in which the employee has a direct or indirect personal and/or financial interest. A direct interest can occur when an employee may derive, or be seen to derive, some financial or personal benefit or avoid financial or personal loss. An indirect interest may arise when the potential benefit or loss would be experienced by another person or corporation having a relationship with the employee. Conflict arises when an employee participates in activities, which could advance a personal interest at the expense of Leeds Grenville's interests.

Operators must closely monitor their relationships, arrangements, contracts and agreements and not engage in any that may result in a conflict of interest. Operators must advise Leeds Grenville, Children's Services Department immediately at childrenservices@uclg.on.ca should a conflict of interest arise.

Complaints Resolutions Processes

All Operators will ensure that any/all issues and concerns (complaints) regarding its services are addressed in a timely and transparent manner. Every issue and concern will be treated confidentially, and every effort will be made to protect the privacy of children, staff, students, volunteers and parents/guardians, except when information is disclosed for legal reasons (e.g. to the Ministry of Education, College of Early Childhood Educators, law enforcement authorities and/or Children’s Aid Society).

The Operator should document and maintain a file outlining issues and concerns in detail, including a resolution or outcome to the complaint. This information must be provided to Leeds Grenville upon request.

Reviews (Appeal Process)

It is the responsibility of Operators to bring forward issues regarding program eligibility and funding decisions made by Leeds Grenville, that the Operator disagrees with. All requests for review must be made in writing, detailing the decision(s) and explaining why the Operator disagrees with the decision(s).

Submissions must be clearly marked “Request for Review”, and directed to the Manager of the Children’s Services Department within 30 days of the notice of the decision(s).

Send Requests for Review to:

Manager
Children’s Services Department
United Counties of Leeds and Grenville
200 - 25 Central Ave. W., Brockville, ON K6V 4N6
Email: childrenservices@uclg.on.ca
Fax: 1-833-775-0561

Public Communications

All public announcements regarding municipal, provincial and federal investments in Ontario’s Child Care and Early Years System are potential joint communication

opportunities for the provincial government, federal government, school boards, municipalities, service system managers and community partners.

Operators should not issue a news release or any other public communication directed at media regarding major child care investments and/or opening of new child care programs, without first contacting Leeds Grenville through childrenservices@uclg.on.ca about the Operator's plan to publicly communicate. A copy of the news release must be provided to Leeds Grenville to ensure it contains all the necessary information, such as recognizing the Ministry of Education's and Leeds Grenville's role in providing funding, and follows all prescribed communication protocols.