2024 Canada-Wide Early Learning and Child Care (CWELCC)

Allocations and Guidelines

Sector Questions and Answers

December 2023

Space Recalibration and Allocations

#	Question	Answer
1	How does the ministry's Directed Growth methodology address the issues of recalibration and further space allocations?	The ministry will continue to work with CMSMs/DSSABs to monitor CWELCC space creation over time and will recalibrate space allocations as required based on local progress. Recalibration will include moving spaces between the school-based allocation and the community-based allocation as required. Information on the progress of individual CMSMs/DSSABs will be collected via the semi-annual Directed Growth reports as described in Section 1.5 of the CWELCC Guidelines. Further CWELCC spaces allocations will be allotted to CMSMs/DSSABs that indicate their interest to open more spaces than their May 2023 allocation, and where the child care service access rate is below the target access rate of 36.7%.

#	Question	Answer
2	What happens if a project related to the CMSMs'/DSSABs' 2023 allocation is not completed before the end of 2023?	The ministry will work with CMSMs/DSSABs to re-calibrate annual CWELCC targets and ensure targets are achievable. In January 2024 there will be another opportunity for CMSMs/DSSABs to report to the ministry using the Directed Growth Reporting template and to request revisions to their annual space allocations (targets). If a project from a CMSM's/DSSAB's 2023 space allocation is experiencing a delay and will not be completed until 2024, the CMSM/DSSAB can indicate this when submitting their final report for the calendar year. Space targets allocated in 2023 that are delayed and do not open until 2024 will be counted as "created" in 2024, not 2023. The CMSMs'/DSSABs' overall five-year allocation would not change. Please note that this may change in 2025 to ensure that Ontario meets its overall space creation commitment of 86,000 net new CWELCC spaces by 2026.

Funding for General Allocation and CWELCC

#	Question	Answer
1	Will the ministry be continuing with the 5 per cent hold back on the 2024 Child Care and Early Years allocations, including CWELCC?	For 2024, the ministry has removed the 5 per cent holdback policy on the Child Care and Early Years allocations, including CWELCC. In its place, the ministry will withhold a portion of CWELCC funding equal to the difference between a CMSM's/DSSAB's fee reduction allocation calculated at full licensed capacity versus calculated at assumed targeted operating capacity. Funding for 2024 will be cash flowed to CMSMs/DSSABs as indicated in the 2024 transfer payment agreement budget schedules.
2	Are the 2024 funding allocations following the new CWELCC funding formula?	No, the new funding formula is not being introduced at this time. The release and implementation timeline of a revised funding formula will be announced at a later date, with an effective date that provides sufficient time to support implementation. The current allocations were calculated using the existing approach, and the associated data elements remain consistent with last year's. CWELCC funding continues to support revenue replacement, along with workforce compensation, cost escalation and start-up grants. There is also additional funding included this year for emerging issues.

January Float

#	Question	Answer
1	What is the nature of the amount listed as "*January 2024 Funding included in the 2023 Transfer Payment*" in Schedule D3 of the 2024 transfer payment agreement?	This amount represents an adjustment equal to the Fee Reduction and Workforce Compensation funding Allocation portion included in the December 2023 payment, made under the 2023 transfer payment agreement, to cover January 2024 expense at 100% (i.e., not adjusted for the 5% holdback). The adjustment is needed to realign the CWELCC allocations to the calendar year. As per 2023 CWELCC Guidelines and the 2023 transfer payment agreement, CMSMs/DSSABs received CWELCC funding a month in advance. This means that the ministry payment made to CMSMs/DSSABs in early December was meant to be disbursed to licensees during December and for licensees to use to pay costs incurred in January 2024. Since the 2024 CWELCC allocation represents expected expenditures from January to December 2024, the amount *Maximum Funds* under Schedule B of the agreement had to be adjusted. CMSMs/DSSABs should ensure allocations to licensees are adjusted accordingly.
2	How does the adjustment "*Less: January 2024 Funding included in the 2023 Transfer Payment Agreement*" in Schedule D3 impact our monthly cash flow?	CMSMs/DSSABs will continue to receive monthly payments. The adjustment will be spread over January to December 2024 (as indicated in your 2024 transfer payment agreement) to lessen the impact on monthly cash flows.
3	How was the adjustment "*Less: January 2024 Funding included in the 2023 Transfer Payment Agreement*" in Schedule D3 of our transfer payment agreement calculated?	The adjustment was calculated as the Fee Reduction and Workforce Compensation funding portion of the December 2023 payment to cover January 2024 expenses at 100% (i.e., not adjusted for the 5% holdback).

#	Question	Answer
4	How does the adjustment "*Less: January 2024 Funding included in the 2023 Transfer Payment Agreement*" impact our 2023 and 2024 CWELCC reporting in EFIS?	**2023 CWELCC Reporting in EFIS:** The adjustment, which was originally allocated as part of the 2023 transfer payment agreement, was flowed to CMSMs/DSSABs in December 2023 in respect of January 2024 expenses. CMSMs/DSSABs are required to track and report these payments to licensees separately and report these expenditures as part of the 2023 Financial Reporting in EFIS. Upon reconciliation of licensee spending, any unspent funds recovered from licensees related to the advance payment (also referred to as "January float"), which is a part of the 2023 allocations, will be reported on and returned to the ministry, upon the completion of the CMSM's/DSSAB's 2024 reconciliation with licensees. **2024 CWELCC Reporting in EFIS:** In 2024, the ministry will cash flow CWELCC funds through the 2024 transfer payment agreement based on the 2024 CWELCC allocation after the adjustment. CWELCC expenditures using funds from the 2024 transfer payment agreement should be reported as part of the 2024 Financial Reporting in EFIS.

#	Question	Answer
5	Is there any CWELCC funding for January 2025 as part of the funding provided in my 2024 transfer payment agreement Schedule D3?	No, CWELCC funding for January 2025 is not provided in the 2024 funding allocation. Starting in 2024, CWELCC funding will be aligned to the calendar year for disbursements to CMSMs/DSSABs and licensees. This will increase transparency and avoid additional tracking and reconciliation processes. This approach is consistent with the other regular programs offered by the ministry (e.g., child care, EarlyON). CMSMs/DSSABs must continue to disburse timely CWELCC funding to licensees, with due consideration of licensees' financial commitments timing (e.g., payroll, rent or mortgage payments) and avoid undue hardship.

Funding for Administration

#	Question	Answer
1	Directed Growth administration allocation is not listed in our 2024 CWELCC allocation. Are we no longer receiving an allocation for Directed Growth administration?	In 2024, funding for Directed Growth administration is included as part of the CWELCC administration allocation. Please refer to your transfer payment agreement – Schedule D3.

Funding for Emerging Issues

#	Question	Answer
1	Can CMSMs/DSSABs allocate emerging issues funding throughout the year? What flexibility do they have in that regard?	CMSMs/DSSABs have the flexibility to review and allocate emerging issues funding throughout the year, as funding availability permits. While early allocation is encouraged, based on budget analysis, CMSMs/DSSABs may continue to allocate funding based on the evolving needs of the licensees.
2	Can CMSMs/DSSABs request additional reports from licensees who have received emerging issues funding later in the year? Under what circumstances might this be necessary?	CMSMs/DSSABs may request additional information from licensees as part of their financial accountability process during the year to gain a more comprehensive understanding of the appropriateness of the amount allocated and use of the emerging issues funding provided to the licensee or to address any specific concerns that may arise.
3	Why is the ministry requesting a copy of the CMSM’s/DSSAB’s policy and process supporting the approval of funding (such as, licensees’ applications) for emerging issues funds?	Requesting a copy of the CMSM’s/DSSAB’s internal policy and process is crucial for transparency and accountability. It allows the ministry to assess implementation and to ensure that CMSMs/DSSABs have clear and well-defined procedures in place for evaluating and approving non-discretionary costs using emerging issues funding for licensees who demonstrate that their revenue for eligible spaces (including routine funding, fee reduction, wage enhancement, workforce compensation, cost escalation and parent fees) is insufficient. The internal policy and process should align with the ministry’s guidelines and parameters for emerging issues funding.

#	Question	Answer
4	To support the early-year reporting for emerging issues to the ministry, will CMSMs/DSSABs be provided with a template to complete?	The ministry has provided the Reporting Template for Emerging Issues Funding that CMSMs/DSSABs will be required to complete for early-year reporting. Note that timeliness in reporting will inform the ministry assessment of the sector's emerging issues, which will inform strategies to support program sustainment (for example, in finalizing a cost-based funding formula). Review the CWELCC Funding Tip Sheet in Appendix B of the 2024 CWELCC Guidelines for additional insights.
5	What's the difference between the two amounts listed under Emerging Issues in Schedule D3 of the transfer payment agreement?	Funding for Emerging Issues is included under two lines in Schedule D3 of the 2024 transfer payment agreement: • Emerging Issues Funding Allocation • Emerging Issues Funding Allocation (January to March) Both funding lines can be used to address Emerging Issues in accordance with the parameters set out in Section 8 of the CWELCC Guidelines and there is no distinction between them in terms of intent and purpose. The only difference is that funding under the line "*Emerging Issues Funding Allocation (January to March)*" will be paid to CMSMs/DSSABs in equal payments from January to March, whereas the other amount will be paid in 12 installments based on the payment schedule set out in Schedule E of your transfer payment agreement.

Fee Subsidy – Parental Contribution

#	Question	Answer
1	How is fee subsidy calculated for CWELCC-enrolled programs whose base rate would fall below the $12 per day floor with the mandatory 52.75% fee reduction?	The parental contribution portion of the fee subsidy would see a 50% reduction in line with the reduction in child care fees for full fee-paying families. This may result in the parent paying less than $12/day, as there is no floor to parental contribution for fee subsidy. CWELCC funding would reduce a program's fees by 52.75% to a $12/day floor. CWELCC funding cannot be used for any portion of the child care fee below $12. Any portion of the fee not covered by the CWELCC reduction or the parental contribution must be covered by the provincial fee subsidy allocation.

Start-Up Grants

#	Question	Answer
1	What was the allocation methodology for Start-up Grants?	To inform the 2024 funding allocations, the ministry directed CMSMs/DSSABs to provide multi-year uptake forecasts in early September 2023 to ensure operational alignment with CMSMs'/DSSABs' Directed Growth Plans and to minimize the risk of Ontario not meeting its commitment to create 86,000 CWELCC spaces by end of 2026. The multi-year forecasts were used to determine the split between home-based and centre-based spaces that each CMSM/DSSAB intends to support using Start-up Grants. The split was applied, by CMSM/DSSAB, to their 2024 community space targets, which were determined following the ministry's space recalibration exercise, in their respective Directed Growth Plans. The ministry allocated, as per the Start-up Grants program guidelines, up to $1,000 for home-based spaces and up to $7,000 for centre-based spaces to determine the funding allocations for Start-up Grants. In some cases, this resulted in CMSMs/DSSABs receiving more or less Start-up Grant funding than their reported projected expenditures to align with the caps set out in the CWELCC Guidelines and the total number of community spaces allocated in 2024. At this time, the caps for CWELCC Start-up Grants remain the same at $90 per square foot to a maximum of $350,000 for eligible centre-based projects and up to $6,000 per licensed home child care provider. The ministry recognizes that Start-up Grants do not fully offset the costs of space creation. The ministry will be releasing details on the newly announced Early Learning and Child Care Infrastructure Fund. Feedback received regarding the costs of space creation will be very helpful as the ministry works with federal partners to negotiate the parameters of the new program and we will continue to engage CMSMs/DSSABs as work on the new federal program progresses. More information on the new funding will be released to the sector as it becomes available.

#	Question	Answer
2	In 2023, CMSMs/DSSABs could consider Start-up Grant funds as committed if the CMSM/DSSAB was likely to approve an application still in the approval process as of December 31. Is this still the case in 2024?	In 2024, by December 31, if an application is still in the approvals process and a service agreement **has not** been signed by both parties and executed, without exception, funding will be considered as uncommitted and must be returned to the ministry.

Workforce Compensation

#	Question	Answer
1	How are the annual increases for eligible RECE staff and supervisors calculated?	To determine the workforce compensation for eligible RECE staff, the following order of operations must be followed: 1. Base wage (by employer) 2. WEG ($2/hour, up to a maximum of $30.59/hour as per WEG guidelines) 3. CWELCC annual wage increase of $1/hour, compounded year over year (this is $2/hour in 2024), up to $25/hour 4. CWELCC incremental wage floor funding, if applicable *Example 1: RECE program staff with a 2022 base wage of $15.50/hour would qualify to have their wage increased to $20.55/hour. The new minimum wage of $16.55/hour took effect October 1, 2023. ($16.55/hour + $2 WEG + $1/hour annual wage increase compounded (2023, 2024) = $20.55/hour which is above the 2024 wage floor).* *Example 2: RECE program staff with a 2022 base wage of $19/hour would have their wage increased to $23/hour ($19 + $2 WEG + $1/hour annual increase compounded (2023, 2024) = $23/hour.* *The annual increase of $1/hour is provided for each year from 2023 to 2026.*

Transitional Grants

#	Question	Answer
1	What if the discontinuation of the one-time transitional grant has impacts on service delivery?	The ministry's goal is to ensure continuity in service delivery for families. While the transitional grant is ending, the ministry is committed to working with CMSMs/DSSABs to address any challenges that may arise and maintain stability in the child care sector. While CMSMs/DSSABs are expected to find efficiencies to manage the discontinuation of the one-time transitional grant, specific pressures or other impacts that may impact the CMSM's/DSSAB's ability to meet the requirements set out in the CWELCC or EYCC Guidelines can be flagged to your Financial Analyst.

Targeted Operating Capacity versus Licensed Capacity

#	Question	Answer
1	What does the line "*Fee Reduction and Workforce Compensation Allocation - Additional Operating Capacity Holdback*" in Schedule D3 of my transfer payment agreement represent?	In 2024, CMSMs/DSSABs have been funded to support licensed capacity. However, the ministry will withhold the difference between the CMSM's/DSSAB's fee reduction allocation at *full licensed capacity* and CMSM's/DSSAB's fee reduction allocation at *assumed targeted operating capacity*. The line "*Fee Reduction and Workforce Compensation Allocation - Additional Operating Capacity Holdback*" may be accessed by CMSMs/DSSABs to support enrolment up to full licensed capacity by demonstrating that space occupancy exceeds the assumed targeted operating capacity.

#	Question	Answer
2	How is the assumed targeted operating capacity calculated?	The assumed targeted operating capacity is calculated as follows: • For child care centres, their operating capacity as at December 31, 2022 plus 2/3 of the difference between their licensed and their operating capacity as at December 31, 2022 to a maximum ceiling of their licensed capacity. • For home child care agencies, number of eligible children enrolled in home child care as at December 31, 2022. • For new spaces, as per space targets for 2023 and 2024 in the Directed Growth Plans communicated on May 24, 2023.
3	Given assumed targeted operating capacity, how should CMSMs/DSSABs provide funding to enrolled licensees in 2024?	Funding should be provided to enrolled licensees for fee reduction based on the licensee’s operating capacity (as per the licensee’s budget) or actual space occupancy. Where the CMSM/DSSAB determines the licensee’s operating capacity changes, CMSMs/DSSABs will have the flexibility within their CWELCC allocation to provide additional funding up to the licensee’s targeted operating capacity. CMSMs/DSSABs may access additional funding to support enrolment up to full licensed capacity by demonstrating the actual operating capacity obligations of a CMSM/DSSAB surpasses their targeted operating capacity.

#	Question	Answer
4	How do CMSMs/DSSABs access their Additional Operating Capacity Holdback?	CMSMs/DSSABs will need to provide specific information to the ministry to demonstrate that the actual operating capacity obligations of a CMSM/DSSAB surpasses their targeted operating capacity. A template has been provided to CMSMs/DSSABs based on the required information needed by the ministry to assess the CMSM/DSSAB requests to release the additional operating capacity holdbacks. Upon receipt of the completed template, the ministry reserves the right to request additional supporting information where required. Questions related to the template and required information can be directed to your Financial Analyst.

Revised Licensed Home Child Care Licensing Approach

#	Question	Answer
1	Will licensed home child care agencies be able to expand their capacity and open new homes for enrolment to CWELCC in 2024?	In 2024, licensed home child care agencies (LHCC) are transitioning to differentiated capacities by service area. If an agency oversees child care in multiple service areas, its licence will specify the maximum number of approved homes the agency may oversee in each specific service area. If CWELCC-enrolled LHCC agencies wish to increase their licensed capacity and open more homes, they are required to demonstrate that the CMSM/DSSAB where the new homes will be located has confirmed that an increase in capacity is eligible for CWELCC funding before the ministry will move forward with the request to revise their licence. Enrolment into CWELCC of new active homes will count towards the Directed Growth Plan targets of the region the home is situated in. LHCC agencies that are not enrolled in CWELCC are not required to obtain CMSM/DSSAB approval before requesting a revision to their licence.

Clarification on Recoveries

#	Question	Answer
1	How does the ministry define “avoidable costs” in the context of CWELCC funding, and what expenses may fall under this category?	“Avoidable costs” refers to those variable or semi-fixed costs that are not incurred due to vacancies in eligible spaces, which may lead to cost savings. Examples of such costs might include food, utilities, supplies, or staffing costs directly impacted by lower-than-expected operating capacity.
2	What is the significance of the 52.75% mentioned in the memo? Where does this percentage come from?	The 52.75% represents the government’s contribution towards the fee reduction for CWELCC. It is equivalent to a 25% reduction of fees followed by a 37% reduction of fees. That is, 1 - (1 - 0.25) * (1 - 0.37).
3	How can CMSMs/DSSABs work with licensees to identify and recover savings related to avoidable variable and semi-fixed costs due to lower operating capacity?	CMSMs/DSSABs can work with licensees to review variances between budgeted and actual expenses as part of the year-end reconciliation of financial information including a review of actual costs and whether there may have been savings related to variable and semi-fixed expenses.
4	Can you provide an example of variances between budgeted and actual expenses that may indicate costs avoided related to vacancies of eligible spaces?	An example of variances between budgeted and actual expenses would be if a child care centre had budgeted for a certain level of staffing but experienced a vacancy in a key position resulting in lower staffing expenses, this may indicate cost savings.