Ontario

Ministry of Education

# Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

# Chapter 3: Local Priorities Guideline

**JANUARY 2025**

# TABLE OF CONTENTS

# PART 1: INTRODUCTION

## GENERAL PURPOSE

Local priorities funding is to be used by Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) for the following:

- Wage Enhancement/Home Child Care Enhancement Grant;
- Workforce Compensation;
- Professional Learning;
- Small Water Works;
- Territory without Municipal Organization; and
- Flexibility Funding (includes general operating expense, fee subsidy, special needs resourcing, and capacity building, among others).

## GENERAL ELIGIBILITY

To be eligible for direct Local Priorities funding set out in this guideline, licensed centres/agencies must be enrolled in CWELCC or exclusively serve children aged 6 to 12.

Licensed centres/agencies serving children aged 0 to 5 and not enrolled in the CWELCC system are not eligible for direct Local Priorities funding, with the exception of existing fee subsidy agreements.

Existing fee subsidies agreements with non-CWELCC-enrolled centres/agencies serving children aged 0 to 5 may continue to be funded until the benefitting child ages-out of the program or leaves the licensee.

For clarity, local priorities funding may be used to support initiatives that do not involve direct funding to ineligible licensed centres/agencies, but that may provide indirect benefit to ineligible centres/agencies (for example, special needs resourcing or capacity building consultation or training opportunities).

# PART 2. CHILD CARE WAGE ENHANCEMENT (WEG) / HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG)

## 2.A PURPOSE

Registered early childhood educators (RECEs) and other child care program staff play a key role during the critical years of a child's development. However, there is a significant wage gap between RECEs working in the publicly funded education system and those in the licensed child care sector. This wage gap creates challenges in retaining qualified professionals to deliver affordable, high-quality services.

The Province has made an ongoing funding commitment to support a wage enhancement for eligible child care professionals working in eligible centres/agencies. WEG/HCCEG will help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario.

WEG supports an increase of up to $2 per hour, plus 17.5% benefits (applied only to any WEG increase) for eligible positions. The HCCEG supports an increase of up to $20 per day for eligible home child care providers contracted with an eligible home child care agency.

The purpose of the wage enhancement is to:

- Help close or narrow the wage gap between RECE wages in the education sector and licensed child care sector;
- Stabilize eligible licensed centres/agencies by helping them retain eligible staff/home child care providers; and
- Support greater employment and income security for eligible positions/home child care providers.

This section provides information on eligibility criteria and requirements for three groups:

- Non-CWELCC-enrolled centres/agencies, exclusively serving children aged 6 to 12.
- CWELCC-enrolled centres/agencies serving children aged 0 to 12, for the 6 to 12 component.
- CWELCC-enrolled centres/agencies serving children aged 0 to 5 (note: WEG/HCCEG funding is now built into benchmark allocations under cost-based funding).

## 2.B ELIGIBILITY

Licensed child care centres and home child care agencies enrolled in CWELCC serving children aged 0 to 5 will receive WEG/HCCEG funding (for these centres/agencies, WEG/HCCEG funding in respect of eligible positions serving children aged 0 to 5 is built into the benchmarks of cost-based funding.)

Licensed centres/agencies exclusively serving children aged 6 to 12 are eligible to apply for WEG/HCCEG funding.

Licensed centres/agencies created in 2024 that are enrolled in CWELCC or exclusively serving children aged 6 to 12 are eligible to apply for WEG/HCCEG in the calendar year the centre/agency begins operations.

Where an application is received and eligibility is met based on the criteria set out in this section, WEG/HCCEG funding must be provided by the CMSM/DSSAB to the licensed centre/agency. See section below on Eligible Expenses for further information.

### Wage Eligibility Ceiling

As the intent of WEG/HCCEG is to help close the wage gap between RECEs working in the publicly funded education sector and eligible positions/home child care providers in licensed child care settings, the ministry has established an hourly wage maximum of $32.81 per hour for WEG and $328.10 per day for full HCCEG ($196.86 for partial HCCEG).

For clarity, the wage eligibility ceiling is not a wage cap, and licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling once other regulatory and guideline requirements are met (that is, using other sources of funding beyond WEG/HCCEG or workforce compensation to increase wages above the ceiling).

This wage eligibility ceiling aligns with the top of the funded Educator Salary Matrix for RECEs working in school boards in the Kindergarten program expressed as an hourly wage. The wage eligibility ceiling is based on the funded matrix for the 2024-25 school year.

## Wage Enhancement Grant (WEG) - Child Care Centre Positions and Home Child Care Visitors

Note: Eligibility criteria is used to determine entitlement (based on hours worked in the previous or comparable prior calendar year) and to determine payments to staff for the current calendar year. For licensed centres/agenices that open in the current calendar year, the number of hours to be worked must be estimated.

To be eligible for WEG, the position must be:

- Employed in a licensed centre/agency that is enrolled in CWELCC or exclusively serving children aged 6 to 12; and
- Categorized as a child care supervisor, RECE, home child care visitor, or otherwise counted toward adult-to-child ratios under the *Child Care and Early Years Act, 2014*, including those in place to maintain higher adult-to-child ratios than required under the Act.

The following are ineligible positions:

- Non-program staff positions (such as cooks or custodial staff);
- Special needs resourcing-funded resource teachers/consultants and supplemental staff;
    - The only exception to the two above noted positions is if the position spends at least 25% of their time to support ratio requirements, in which case the position would be eligible for wage enhancement for the hours worked in the eligible position supporting ratio.
- Staff hired through a third party (such as a temp agency).

*1. Full Wage Enhancement*

To be eligible to receive the full WEG of $2 an hour plus 17.5% in benefits, an eligible position must have an associated base wage, excluding the prior year's wage enhancement, of $30.81 or less per hour (that is, $2 or more below the wage eligibility ceiling of $32.81).

*2. Partial Wage Enhancement*

Where an eligible position has an associated base wage rate, excluding the prior year's wage enhancement, between $30.82 and $32.80 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to $32.81 per hour without exceeding the eligibility ceiling.

For example, if an RECE has a base wage rate, excluding the previous year's wage enhancement, of $31.40 per hour, the position would be eligible for wage enhancement of $1.41 per hour plus 17.5% in benefits applied only to that wage enhancement amount.

## Home Child Care Enhancement Grant (HCCEG) - Home Child Care Providers

To be eligible for HCCEG, the home child care provider must:

- Hold a contract with a licensed home child care agency that is enrolled in CWELCC or exclusively serving children aged 6 to 12; and
- Provide services to one or more children (including privately placed children; excluding the provider's own children).

*1. Full Home Child Care Enhancement Grant*

In order to be eligible to receive the full HCCEG of $20 per day, an eligible home child care provider must:

- Provide full-time services, on average (6 hours or more a day); and
- Receive base daily fees, excluding prior year's HCCEG, of $308.10 or less (that is, $20 below the eligibility ceiling of $328.10). Note: those receiving base daily fees between $308.10 and $328.10 would be eligible for an amount to bring fees up to the $328.10 eligibility ceiling.

*2. Partial Home Child Care Enhancement Grant*

In order to be eligible to receive the partial HCCEG of $10 per day, an eligible home child care provider must:

- Provide part-time services, on average (less than 6 hours a day); and
- Receive base daily fees, excluding prior year's HCCEG of $186.86 or less (that is, $10 below the eligibility ceiling of $196.86). Note: those receiving base daily fees between $186.86 and $196.86 would be eligible for an amount to bring fees up to the $196.86 eligibility ceiling.

Please note: Information on privately placed children must be considered when determining eligibility and payments for the HCCEG.

## Supplemental Grant

The ministry will provide an additional supplemental grant of $150 for each eligible centre-based position or home visitor position and $50 for each eligible home child care provider. The supplemental grant allows eligible centres/agencies some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations.

The supplemental grant must be used to support eligible positions'/home child care providers' hourly wage/daily income or benefits.

The supplemental grant provides eligible centres/agencies with the flexibility to cover salary shortfalls (due to increased hours in program or new eligible positions/home child care providers) and additional benefits, (for example, vacation days, sick days, professional development days or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes must be recovered.

CMSMs/DSSABs should work with licensees to set priorities on how to use the supplemental grant.

## Eligible Expenses

WEG/HCCEG funding (including the supplemental grant) is an enveloped allocation in respect of eligible positions serving children aged 6 to 12. (For eligible centres/agencies, WEG/HCCEG funding in respect of eligible positions serving children aged 0 to 5 is built into the benchmarks of cost-based funding.) WEG/HCCEG funding must be directed solely to eligible positions to increase wages and benefits or to eligible home child care providers to increase daily income. WEG/HCCEG funding cannot be used to support child care system expansion or reduce fees (exceptions listed below regarding new added flexibility).

Eligible centres/agencies may only use the funding for the intended purposes of:

- Increasing wages of eligible positions by up to $2 per hour plus 17.5% benefits based on their current wage rate for all hours worked in program, including overtime hours,

  *Please note: WEG cannot exceed $2 per hour in program and the wage eligibility ceiling of $32.81 per hour. Licensees may exceed 17.5% for benefits if the supplemental grant is used to support additional benefit expenses.*

- Providing a daily increase of up to $20 for eligible home child care providers based on current hours of service provided.

  *Please note: HCCEG cannot exceed $20.00 per day and the daily eligibility ceiling of $328.10.*

## Flexibility

*1. WEG / HCCEG allocation*

CMSMs/DSSABs have flexibility with respect to the use of their WEG/HCCEG allocation. Refer to Chapter 1, Part 2.J, as well as Part 7 of this guideline for further information on overall funding flexibility.

Please note that prior to exercising this flexibility, CMSMs/DSSABs must be able to fully satisfy the WEG/HCCEG funding needs within their respective service areas in accordance with the eligibility criteria as set out in the Agreement and this section of the Guideline.

Once the WEG/HCCEG funding needs are fully satisfied, CMSMs/DSSABS have the flexibility to use any excess from their notional WEG/HCCEG funding, found in the 2025 Agreement to support other Local Priorities expenditures (note: flexibility for WEG/HCCEG only crystalized at year-end).

It is important to note that where an application is received by the CMSM/DSSAB, and eligibility criteria are met, CMSMs/DSSABs must provide the eligible centre/agency funding so that all eligible positions/home child care providers receive WEG/HCCEG.

*2. Benefits Funding*

In respect of positions that serve children aged 6 to 12, benefits of 17.5% support eligible centres/agencies in meeting their statutory benefit requirements.

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

Any residual benefits funding can be used to support wage enhancement salaries per the above allowable expenses. Please note this is one-way funding flexibility only, that is, salary funding cannot be used for benefits.

The supplemental grant provides eligible centres/agencies with the flexibility to cover additional benefits, (for example, vacation days, sick days, professional development days or other benefits) once mandatory benefits are covered.

Any funding not used for the intended purpose will be recovered by the ministry.

## 2.C APPLICATION PROCESS

CMSMs/DSSABs are required to develop a method to determine WEG/HCCEG eligibility and payments within their service area.

Note: WEG/HCCEG payments to eligible staff/home child care providers should be made based on their time in program in 2025. Eligible centres/agencies no longer have an application requirement in respect of positions serving children aged 0 to 5.

## 2.D PUBLIC INQUIRIES

As the service system managers for child care, CMSMs/DSSABs are required to manage public inquiries related to the WEG/HCCEG. In order to manage these inquiries, CMSMs/DSSABs may wish to post information regarding the WEG/HCCEG along with contact information on their website.

## 2.E REPORTING IN FINANCIAL STATEMENTS

A notional WEG/HCCEG amount in respect of eligible positions serving children aged 6 to 12 will be included in the budget schedule of the Agreement under Local Priorities. The ministry will adjust entitlements and resulting cash flows based on information reported to the ministry through the Financial Statements submission.

The allocation for WEG/HCCEG in respect of eligible positions serving children aged 6 to 12 will be capped at the notional allocation included in the budget schedule unless the amount reported through the Financial Statements submission exceeds the notional allocation, which will require an updated budget schedule.

Please refer to Chapter 7: EFIS Reporting Requirements for information on reporting requirements.

## 2.F PAYMENTS TO ELIGIBLE CENTRES/AGENCIES

CMSMs/DSSABs may need to enter into new funding agreements/arrangements with eligible centres/agencies for the provision of WEG/HCCEG funding where there are no current purchase of service agreements. WEG/HCCEG accountabilities and data collection may be built into existing purchase of service agreements and reporting processes by CMSMs/DSSABs.

Note: CMSMs/DSSABs will continue to have full discretion in determining which licensees they enter into purchase of service agreements with for the provision of other child care services (such as fee subsidy, special needs resourcing, general operating expense), where those licensees meet the eligibility requirements.

If eligible positions/home child care providers exceed the wage eligibility ceiling at any time during the calendar year, excluding WEG/HCCEG, they will no longer be eligible to receive the WEG//HCCEG for the remainder of that calendar year. Any ongoing increases would need to be funded through other revenue sources.

If at any point an eligible home child care provider stops serving eligible children, the eligible agency must terminate the transfer of HCCEG funds to the provider.

## 2.G RECONCILIATION

CMSMs/DSSABs are required to have a reconciliation process for use of WEG/HCCEG funding by eligible centres/agencies, which can be built into processes already established for child care.

CMSMs/DSSABS must ensure that, for the purposes of reporting the reconciliation at year end, salaries and benefits payments are tracked separately. CMSMs/DSSABs are required to collect FTE data as part of the reconciliation process.

CMSMs/DSSABs may use WEG/HCCEG funding surpluses from one eligible centre/agency to offset deficits in another eligible centre/agency within their service area.

## 2.H LICENSEE ACCOUNTABILITY

To help ensure licensee accountability and the appropriate use of provincial funds, CMSMs/DSSABs must inform licensees of:

- The purpose of the WEG/HCCEG funding;
- The eligibility requirements;
- Associated reporting requirements;

- CMSM/DSSAB auditing policies;
- The process for reconciling WEG/HCCEG funding with licensees at year end (such as submission of financial statements); and,
- The recovery process for funds not utilized in accordance with the eligible expenditures.

WEG/HCCEG funding is an enveloped allocation; CMSMs/DSSABs and licensees are required to use the funding for the purpose of increasing wages of eligible positions/home child care providers. The following accountability mechanisms should be put in place by CMSMs/DSSABs for licensees:

- A statement completed by the participating centre/agency which attests that 100% of WEG/HCCEG funding was provided directly to eligible positions/home child care providers (this statement can be included in the funding agreement).
- An approach for confirming eligible centre/agency compliance with service agreements and guidelines (such as audit procedures, special purpose reports, request for T4 statements to confirm wages).
- Reporting requirements that reflect service and financial data required by the ministry (please see section 2.E Reporting in Financial Statements for details).

In accordance with Chapter 1, Part 2.I, if a CMSM/DSSAB determines that a licensee has failed to meet the funding conditions outlined in their agreement for the provision of WEG/HCCEG funding, the CMSM/DSSAB must recover all misused funds. CMSMs/DSSABs are responsible for establishing a process for confirming and ensuring licensee compliance with guideline requirements.

## Program Closure

Where an eligible centre/agency applied for WEG/HCCEG and closes during the calendar year, CMSMs/DSSABs are to work with the licensee to meet the accountability requirements and support payments to eligible positions/home child care providers for hours/days worked before the closure. Any unused funds must be recovered.

In cases of program transfers/amalgamations, CMSMs/DSSABs have discretion to:

1. Receive wage/staffing information from amalgamated or transferred programs; or
2. Transfer wage enhancement funding from the former licensee to the amalgamated or transferred program,

provided the following applies:

- There are no substantial changes to either the program offered or staff employed under the new arrangement,
- The transformation supports continuity of care and program viability, and
- The CMSM/DSSAB has mechanisms in place to ensure accurate information and accountability for the transfer of funding.

## 2.I PAYMENTS TO ELIGIBLE POSITIONS/HOME CHILD CARE PROVIDERS

WEG/HCCEG funding for eligible positions is based on data from the previous or a comparable calendar year (for licensees that open in the current calendar year, estimated number of hours to be worked); however, wage enhancement payments should be provided to eligible positions for each hour worked in the calendar year. Licensees have the flexibility to fund their current year's eligible positions, even if the position did not exist in the previous calendar year.

Similarly, HCCEG payments should be provided to eligible home child care providers for each day worked in the calendar year. Agencies have the flexibility to fund providers eligible in the calendar year, regardless of whether the provider had a contract with the agency in the previous calendar year. The compensation rate (partial or full) will be based on their services in the calendar year.

CMSMs/DSSABs may begin flowing funds to eligible centres/agencies for the WEG/HCCEG as soon as they have the information necessary to calculate entitlement.

Licensees must include WEG/HCCEG payments in each pay cheque or payment made.

Licensees may notify eligible positions/home child care providers of the amount provided to them through this initiative on staff pay cheques/home child care provider fee transfers, or through a separate letter. If licensees make this notification, then payments must be labeled as follows:

- Provincial child care wage enhancement; or
- Provincial home child care enhancement grant

# PART 3: WORKFORCE COMPENSATION

## 3.A PURPOSE

Workforce compensation funding supports recruitment and retention of Ontario's child care workforce through improved compensation for lower-wage earners. It includes:

- compensation enhancements for registered early childhood educator (RECE) staff (annual wage and wage floor increases) and
- support to licensees for non-RECE staff (minimum wage offset).

These supports may impact CWELCC-enrolled and non-CWELCC-enrolled centres/agencies differently, and have different requirements based on the age-groups of children being served.

This section provides information on eligibility criteria and requirements for three groups:

- Non-CWELCC-enrolled centres/agencies, exclusively serving children aged 6 to 12.
- CWELCC-enrolled centres/agencies serving children aged 0 to 12, for the 6 to 12 component.
- CWELCC-enrolled centres/agencies serving children aged 0 to 5 (note: workforce compensation funding is now built into benchmark allocations under cost-based funding).

## 3.B ELIGIBILITY

Workforce compensation requirements must be met by the following eligible centres/agencies:

- Annual wage increases (up to the eligibility ceiling) and wage floor increases:
    - Centres/agencies participating in CWELCC serving children aged 0 to 12; or
    - Centres/agencies exclusively serving children aged 6 to 12.
- Minimum wage offset:
    - Centres/agencies participating in CWELCC serving children aged 6 to 12; or
    - Centres/agencies exclusively serving children aged 6 to 12.

Funding to meet workforce compensation requirements by eligible centres/agencies will be allocated through two different funding streams:

- Local Priorities for positions serving children aged 6 to 12; and
- Benchmark allocations under cost-based funding for positions serving children aged 0 to 5.

CWELCC-enrolled licensees are eligible for funding to meet workforce compensation requirements from their enrolment date up to and including December 31 of the calendar year.

Funding to support workforce compensation requirements should not interfere with a licensee's salary and compensation decisions or practices, including obligations under collective agreements. Where a licensee is participating in CWELCC or exclusively serving children aged 6 to 12 and eligibility is met based on the criteria set out in this section, workforce compensation funding must be provided by the CMSM/DSSAB to the licensee for positions serving children aged 6 to 12. Note: CWELCC-enrolled centres/agencies with eligible positions serving children aged 0 to 5 have workforce compensation funding built into their benchmark allocations under cost-based funding, and must meet workforce compensation requirements.

### Alignment with Wage Enhancement Grant (WEG)

The child care WEG will continue to be provided to support the retention of qualified professionals to deliver affordable, high-quality services for eligible centres/agencies

To qualify for workforce compensation increases on behalf of eligible staff serving children aged 6 to 12, eligible centres/agencies will be required to apply for and receive WEG for such positions.

### Eligible Positions

#### *Annual wage and wage floor increases*

To be eligible to receive annual wage and wage floor increases, staff must be RECE staff employed by an eligible centre/agency (as per above) and be in one of the following positions ("eligible RECE staff"):

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

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

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

However, non-program staff who are RECEs and whose positions require them to spend at least 25% of their time supporting ratio requirements under O. Reg. 137/15 are eligible for annual wage and wage floor increases for the hours that they are supporting ratio requirements.

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

Note that workforce compensation funding is tied to the position, not the individual staff. However, an individual staff's base wage will determine how much CWELCC funding can be provided. Workforce compensation funding is provided for all eligible staff that continue in their existing positions, newly fill existing positions (for example, replace a previous staff member), or fill newly created positions.

### *Minimum wage offset*

To be eligible for the minimum wage offset, eligible centres/agencies must employ staff in the following positions ("eligible non-RECE staff"):

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

In addition, to be eligible for a minimum wage offset, centres/agencies must employ eligible non-RECE staff in positions that were earning:

- below $15.50 per hour immediately before October 1, 2022 (not including WEG funding); and/or
- below $16.55 per hour immediately before October 1, 2023 (not including WEG funding)

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

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

However, eligible centres/agencies can receive minimum wage offset funding for non-RECE staff in non-program positions that require them to spend at least 25% of their time supporting ratio requirements under O. Reg. 137/15. Minimum wage offset funding is provided to the centre/agency for the hours these staff spend supporting ratio requirements.

### 3.C ANNUAL WAGE INCREASE AND WAGE ELIGIBILITY CEILING

CMSMs/DSSABs must provide eligible centres/agencies with funding to support annual wage increases for eligible positions earning (including base wage, general operating funding and WEG) less than the wage eligibility ceiling for that year.

Effective each January 1 from 2023 to 2026, eligible licensees must increase the hourly wage of eligible RECE staff whose wages (including base wage, general operating funding and WEG) fall below the wage eligibility ceiling for the year (wage eligibility ceilings for 2022 through 2026 are set out in the table below). For example, to receive the annual wage increase for 2025, eligible RECE program staff must have an hourly wage below $27 per hour. For eligible RECE child care supervisors and RECE home child care visitors, their hourly wage (including general operating funding and WEG) must be below $30 per hour (for 2025).

The annual wage increase is up to $1 per hour plus 17.5% in benefits (applied only to the wage increase amount), compounded year-over-year, up to the wage eligibility ceiling for the calendar year. That is, an eligible position would receive up to a $1 per hour increase in 2023, up to an additional $1 per hour increase in 2024, up to an additional $1 per hour increase in 2025 (that is, $1 per hour for 2023, $1 per hour for 2024, and $1 per hour for 2025, for a total of up to $3 per hour by the end of 2025), and so on, up to the wage eligibility ceiling set for the calendar year.

Annual wage increase funding is tied to the position and not the individual staff. This means that all eligible RECE staff can receive up to $3 per hour wage increase funding for 2025, whether those RECE staff are continuing in their existing eligible positions, newly filling an existing eligible position, or filling a newly created eligible position.

The wage eligibility ceilings come into effect on January 1 of each calendar year.

| Wage Eligibility Ceiling* | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **RECE Program Staff** | $25.00 | $25.00 | $26.00 | $27.00 | $28.00 |
| **RECE Child Care Supervisors or RECE Home Child Care Visitors** | $25.00 | $25.00 | $29.00 | $30.00 | $31.00 |

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

For clarity, the wage eligibility ceiling is not a wage cap, and licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling once other regulatory and guideline requirements are met (that is, using other sources of funding beyond workforce compensation to increase wages above the ceiling).

Benefits should not be included when calculating the hourly wage.

## 3.D WAGE FLOOR

Each year from 2023 to 2026, CMSMs/DSSABs must provide eligible centres/agencies funding to support wage floor increases for eligible RECE staff.

Eligible centres/agencies are required to bring the wage of all eligible RECE staff up to the wage floor of the given calendar year as identified in the table below. All new, eligible RECE staff hired during the calendar year must earn at least the wage floor identified for the applicable year, plus corresponding benefits.

The wage floors come into effect on January 1 of the each calendar year.

| Hourly Wage Floor 2022 to 2026* | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **RECE Program Staff** | $18.00 | $19.00 | $23.86 | $24.86 | $25.86 |
| **RECE Child Care Supervisors or RECE Home Child Care Visitors** | $20.00 | $21.00 | $24.86 | $25.86 | $26.86 |

*In addition to the hourly wage, staff are required to receive benefits. To determine annual wage and wage floor increase eligibility, licensees must follow this order of operations:

## 3.E ORDER OF OPERATIONS

The following order of operations must be followed when determining wage supports:

1. Base wage (including minimum wage obligations or any employer-based wage improvements such as obligations from collective agreements);
2. General operating funding used to support wage improvements (other than WEG and workforce compensation);

3. WEG (up to $2 per hour, up to a maximum wage of $32.81 per hour as per Part 2 of this guideline chapter);
4. Workforce compensation annual wage increases of up to $1 per hour, compounded year-over-year, up to the wage eligibility ceiling for the calendar year; and
5. Workforce compensation incremental amount to reach the wage floor for the calendar year, if applicable.

## 3.F MINIMUM WAGE OFFSET

Minimum wage offset was established when CWELCC was introduced to offset the impact, at that time, of minimum wage increases through the transition into CWELCC. With the introduction of cost-based funding, funding for salaries and wages in respect of positions serving children aged 0 to 5 is now covered as an eligible expense. For 2025, to continue to support affordability for families with children aged 6 to 12, despite fees not being frozen for that group, the minimum wage offset is being held at current levels.

As of October 1, 2023, minimum wage legislation required licensees to bring the wages of their staff to at least $16.55 per hour. To offset the cost of minimum wage increases for eligible licensees, CMSMs/DSSABs were required to provide minimum wage offset funding to licensees to cover the incremental amount needed to bring wages for eligible staff from $15.00 to $16.55 per hour in 2024. This incremental funding amount will continue to be funded for 2025 for those that received the funding in 2024. No funding above 2024 amounts will be provided.

To offset the cost of increasing minimum wage for an eligible non-RECE position that earned $15 per hour in 2022, the minimum wage offset funding is cumulative up to $1.55 (that is, $16.55 per hour minus $15 per hour).

Minimum wage offset funding is tied to the position and not the individual staff. This means that licensees can receive minimum wage offset funding of up to $1.55 for eligible non-RECE staff that were in eligible positions in 2024, whether those staff were continuing in their existing position, newly filling an existing eligible position, or filling a newly created eligible position.

It is understood that licensees could have used other sources (for example, parent fees) to fund wage increases beyond minimum wage (such as across-the-board or merit increases). In these cases, the minimum wage offset funding would equal the remaining amount required to bring such wage to $16.55 (that is, $1.55 minus wage increases provided by the licensee in addition to minimum wage increases).

*Example: A licensee who employed an eligible non-RECE staff in March 2022 earning minimum wage ($15 per hour) and used cost escalation funding to provide annual increases (above the minimum wage) as follows:*

*As of October 1, 2022, the minimum wage increased to $15.50*

*As of January 1, 2023, the base wage increased 2.75% to $15.93 (wage increased $0.43)*

*As of October 1, 2023, the minimum wage increased to $16.55*

*As of January 1, 2024, the base wage increased 2.1% to $16.90 (wage increased $0.35)*

*In 2024, the licensee would be eligible to receive minimum wage offset of $1.12 per hour ($16.55 minus $15.00 minus $0.43 = $1.12). The licensee would cover the rest of the wage increase with cost escalation funding ($0.43 and $0.35).*

*As minimum wage offset funding is frozen at 2024 levels, licensees would be eligible to receive the same minimum wage offset of $1.12 per hour in 2025.*

To offset minimum wage increases that occurred prior to March 2022 (when the fees were frozen) or any that occurred after October 1, 2023, licensees should use other funding sources (such as general operating, parent fees).

## 3.G BENEFITS

In respect of positions that serve children 6 to 12, workforce compensation funding includes up to 17.5% in benefits (applied only to any workforce compensation increase) to support centres/agencies in meeting their statutory benefit requirements and additional benefits provided by the licensee (17.5% includes up to two weeks of vacation and nine statutory days).

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

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

## 3.H IMPLEMENTATION

CMSMs/DSSABs must:

- Develop a method to determine annual wage, wage floor and minimum wage offsets, and allocation of 17.5% for benefits, within their service area.
- Develop an application process to enroll eligible centres/agencies for workforce compensation funding (which could mirror current WEG funding processes), as needed.
- Adhere to the workforce compensation funding parameters detailed above.
- Manage public inquiries related to workforce compensation. To manage these inquiries, CMSMs/DSSABs may wish to post information regarding workforce compensation along with contact information on their website.
- Direct workforce compensation funding to eligible centres/agencies to increase wages and benefits (as applicable) of their eligible RECE staff.

Eligible licensees must:

- Share information, in writing with eligible staff, about changes to the wage floor and wage eligibility ceiling that come into effect January 1 of each calendar year up to and including 2026. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and compounded annual wage increases for each calendar year up to and including 2026.
- Ensure eligible RECE staff receive wages consistent with the workforce compensation changes that came into effect on January 1 of each calendar year within 32 calendar days of receiving funding allocations for this purpose.
- Seek independent legal advice on implementing the wage floor and annual wage increase if they are subject to the terms of a collective agreement.
- 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.
- Consider workforce compensation in addition to, and not to reduce other, planned compensation increases for eligible staff. For example, the annual wage increase

and wage floor cannot be used to reduce or offset planned merit increases for eligible staff.

In addition, eligible centres/agencies newly enrolled in CWELCC must:

- Ensure workforce compensation requirements are in place and wages are paid to eligible RECE staff accordingly on or before 32 calendar days after the service agreement with the CMSM/DSSAB is signed (the enrolment date).
- Share information, in writing, about the wage floor, annual wage increase, and wage eligibility ceiling with eligible staff upon receiving confirmation of enrolment in CWELCC from their CMSM/DSSAB and as new staff are hired. The information must provide eligible staff with an understanding of upcoming changes to their wages resulting from the workforce compensation funding. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and annual wage increases for each calendar year up to and including 2026.

## 3.I ACCOUNTABILITY REQUIREMENTS

CMSMs/DSSABs must monitor licensees' compliance with communication and payments to staff of annual wage and wage floor increase requirements to ensure licensees are using CWELCC funding as per these guidelines.

In accordance with Chapter 1, Part 2.I, if a CMSM/DSSAB determines that a licensee has failed to meet the funding conditions outlined in their agreement for the provision of workforce compensation funding, the CMSM/DSSAB must recover all misused funds. CMSMs/DSSABs are responsible for establishing a process for confirming and ensuring licensee compliance with guideline requirements.

## 3.J REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

# PART 4: PROFESSIONAL LEARNING

## 4.A PURPOSE

The ministry is to provide funding to support professional learning to improve recruitment and retention of the Registered Early Childhood Educator (RECE) workforce and other program staff, and to support the implementation of the CWELCC Agreement. This funding supports professional learning opportunities that build capacity of the early years and child care sector to support the provision of high-quality programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years*.

Access to continuous professional learning opportunities can support higher levels of staff engagement, growth, recognition, professional efficacy and satisfaction. Enhancing current professional learning supports to include mental health information for the child care and early years workforce will promote more meaningful relationships, enriched experiences and a greater sense of well-being for children, educators and families.

## 4.B ELIGIBLITY

### Eligible recipients

CMSMs/DSSABs may enter into service agreements with child care licensees and EarlyON centres to provide professional learning funding for eligible staff and eligible expenses.

### Eligible staff

CMSMs/DSSABs must prioritize funding to provide the following staff with the opportunity to participate in one professional learning day:

- Program staff and supervisors in licensed child care centres that are enrolled in CWELCC or exclusively serving children aged 6 to 12
- Home visitors and providers in home child care agencies that are enrolled in CWELCC or exclusively serving children aged 6 to 12
- Program staff and supervisors in EarlyON Child and Family Centres

CMSMs/DSSABs may also support professional learning days for additional staff such as non-program staff (such as cooks), management (such as executive directors), resource consultants, and authorized recreation and skill building program staff, to meet local professional learning priorities within approved funding allocations for professional learning.

### Eligible expenses

CMSMs/DSSABs must cover the expenses incurred by eligible recipients, including:

- Release time/supply staff to support the participation of eligible staff in the professional learning day or mentorship programs;
- Wages and benefits for additional hours worked to participate in the professional learning day (such as evening or weekend professional learning session);
- Costs associated with waiving parent fees on the professional learning day;
- Costs associated with the development and implementation of professional learning resources and mentorship programs;
- Travel costs (in accordance with the Ontario Public Service Travel Directive) to support attendance at professional learning opportunities (municipal policies pertaining to travel and accommodation may also apply if CMSMs/DSSABs choose to support expense claims above the thresholds set out in the Directive); and
- Costs associated with hiring non-profit organizations or post-secondary institutions to develop or deliver early years professional learning for eligible staff.

## 4.C IMPLEMENTATION

CMSMs/DSSABs should prioritize funding to support professional learning opportunities that build on or complement existing capacity-building initiatives that respond to the needs of their communities. CMSMs/DSSABs have flexibility to determine how to implement one professional learning day and should consider the following:

- Priority areas for professional learning, as described in the section below;
- Timing and approach to implementation based on the availability of supply staff (for example, two half professional learning days);
- Supporting equitable access for all eligible staff, providers and supervisors in licensed child care programs and EarlyON Child and Family Centres; and
- Approaches that minimize disruption for families, through timely communication to provide families with sufficient time to plan for alternate care on a professional learning day where programs will be closed (for example, eligible licensees should communicate the date of the professional learning day on their website or in the parent/guardian information board, choosing dates that typically have lower enrolment).

Through the regular year-end reconciliation process, CMSMs/DSSABs must recover any funding that eligible recipients do not spend by December 31 of the calendar year, on the prescribed eligible expenditures and return to the ministry.

## Priority Areas

CMSMs/DSSABs are encouraged to embed some or all of the following priority areas into the development of their professional learning strategies:

- Mental health and resilience training for staff;
- Early years and child care pedagogical practices aligned with *How Does Learning Happen?*;
- Anti-racism, diversity, equity and inclusion practices;
- Incorporating Indigenous perspectives and pedagogies;
- Supporting educators in building capacity to support children with special needs through inclusive practices;
- Equity-based Communities of Practices (for Francophone and Indigenous communities); or
- Strengthening management/administration skills for those in director/supervisory roles as well as those considering moving into these roles (for example, staff supervision, financial management, communication strategies).

Professional learning priorities should be offered in an integrated manner. For example, early years and child care pedagogical practices should be integrated with mental health and anti-racism and inclusive practices.

### Mentoring Programs

CMSMs/DSSABs may use professional learning funding to support mentoring programs for individuals who may benefit the most (for example, ECE diploma students or new staff and supervisors).

CMSMs/DSSABs may build on existing mentoring programs or pilot new mentoring programs.

## 4.D REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

# PART 5. SMALL WATER WORKS

## 5.A PURPOSE

Small Water Works (SWW) funding supports costs related to small water systems for licensed child care centres.

## 5.B ELIGIBILITY

Drinking water systems that supply water to a child care centre where the source of the water is not from a municipal water service connection are required to comply with O. Reg. 170/03 under the *Safe Drinking Water Act, 2002*.

SWW funding should be used to support regular ongoing water testing and maintenance expenses which are limited to the following expense categories – laboratory testing, chemicals, supplies/filters, courier costs, maintenance of water treatment equipment including replacement UV bulbs and training. Costs related to the purchase and installation of systems and equipment are not eligible.

## 5.C REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

## 5.D REQUIRED DOCUMENTATION

CMSMs/DSSABs will report their SWW expenditures in their financial submissions. The ministry will verify the amount reported in the Financial Statement Submission with the CMSM/DSSAB and may require supporting documentation during the year-end reporting process.

Following the review, the ministry will adjust SWW entitlement based on expenditures reported in Financial Statements.

CMSMs/DSSABs are not required to submit receipts for SWW expenditures and other offsetting revenues to the ministry; however, receipts must be kept on file as the ministry may request this information per the service agreement.

# PART 6. TERRITORY WITHOUT MUNICIPAL ORGANIZATION

## 6.A PURPOSE

Territory without Municipal Organization (TWOMO) funding for child care helps support the costs for eligible child care services provided in a territory without municipal organization.

## 6.B ELIGIBILITY

TWOMO funding only applies to DSSABs with a territory without municipal organization, which is a territory outside the geographical area of any municipality or First Nation.

Funding is calculated in four stages:

- Stage 1: The municipal levy is calculated based on:
    - The total approved DSSAB Budget;
    - Less other sources of revenue (provincial, federal and other funding).
- Stage 2: The TWOMO share of the municipal levy is determined using the municipal attribution or 'share' percentage.
- Stage 3: Funding from sources other than the ministry are subtracted from the municipal levy to find the total child care program allocation provided by the ministry.
- Stage 4: The percentage of municipal levy that the child care program allocation represents is used to calculate the Province's portion of the TWOMO levy.

DSSABs will revise this calculation, as necessary, in financial submissions to reflect the 2025 approved DSSAB budget and municipal levy.

Additional details on entering TWOMO information will be available in the reporting instruction package.

## 6.C REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

# PART 7. FLEXIBILITY FUNDING

### OVERVIEW

This section details the flexibility CMSMs/DSSABs have in spending their Local Priorities allocations between expense lines in order to best respond to the needs of their communities.

Flexibility funding can be used on the following expenses:

- General Operating Expense;
- Pay Equity Memorandum of Settlement;
- Fee Subsidy (including Formal and Informal Ontario Works and Camps and Children's Recreation);
- Special Needs Resourcing; and
- Capacity Building.

Flexibility funding can also be used to support shortfalls in cost-based funding, WEG/HCCEG, and workforce compensation. CMSMs/DSSABs must first ensure that all requirements in other expense categories are met first before utilizing this flexibility.

## 7.1 GENERAL OPERATING EXPENSE

### 7.1.A PURPOSE

The General Operating expense provides CMSMs/DSSABs a flexible line of funding with broad eligibility criteria in order to support shifting needs, regional differences, or emerging priorities in their communities, while minimizing administrative burdens. This allocation supports the costs of operating eligible licensed child care programs to reduce wait times and parent fees, stabilize service levels, support compliance with licensing requirements, cover one-time repairs and maintenance costs and business transformation costs, and improve access to high-quality, affordable early learning and child care services. (Prior to 2025, such expenses were covered under multiple funding programs.)

### 7.1.B ELIGIBILITY

Eligible licensees must be enrolled in CWELCC or exclusively serve children aged 6 to 12. They must demonstrate to their CMSMs/DSSABs that they can meet minimum wage and mandatory benefits requirements without operating funding. Under O. Reg. 138/15, CMSMs/DSSABs can provide general operating funding to extended day programs to alleviate high fees for parents/guardians.

## Eligible Expenses

General operating expense funding may be used for ongoing costs attributable to child care provided by an eligible licensee, including:

- Staff wages and benefits
- Compliance with Ontario codes and licensing requirements
- Lease and occupancy costs
- Utilities
- Administration
- Transportation for children
- Resources
- Nutrition
- Supplies
- Play-based materials and equipment
- Repairs and Maintenance
- Business transformation expenses
- Licensed Home Child Care Base (LHCC) Funding

Provincial funding can only offset salary costs above the licensees' regulatory requirements for minimum wage and mandatory benefits (such as employer contributions to the Canada Pension Plan or Employment Insurance). CMSMs/DSSABs can use WEG/HCCEG funding to support general operating expenses once they have fully met their WEG/HCCEG funding requirements (see Part 1 of this guideline chapter). Other funding to support wage improvements (WEG/HCCEG and workforce compensation) is to be provided in addition to existing staff wages, including any general operating funding provided to licensees to support wages. For clarity, WEG/HCCEG funding may not be used to replace general operating funding provided to licensees to support wages.

Additional Details:

- **Repairs and Maintenance:**
  CMSMs/DSSABs do not need prior approval from the ministry for these expenditures but should prioritize funding for providers not in compliance or at risk of non-compliance with licensing requirements under the *Child Care and Early Years Act, 2014*.

- **Business Transformation Expenses:**
  Business transformation activities include amalgamation, relocation, and retrofitting of child care centres. Supports include legal costs, lease termination costs, moving costs, business planning costs, IT upgrades, play-based materials and equipment, and operating funding for business model transformation.
- **Licensed Home Child Care (LHCC) Base Funding:**
  The intent of LHCC base funding is to support the provision of stable, predictable funding to assist agencies with forecasting, planning, and actively recruiting more providers.

For further examples of eligible and ineligible expenses, please refer to the *2024 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline.*

## 7.2 PAY EQUITY MEMORANDUM OF SETTLEMENT

### 7.2.A PURPOSE

To enable the Province to continue to support eligible organizations with the cost of implementing proxy pay equity.

### 7.2.B ELIGIBILITY

As a result of the May 2003 Memorandum of Settlement, the Province announced additional proxy pay equity funding for eligible non-profit licensees. In order to be eligible, child care programs are required to be enrolled in CWELCC or exclusively serve children ages 6 to 12 and:

- Have a proxy order from the Pay Equity Commission;
- Have posted pay equity plan(s) based on proxy comparisons;
- Have current or outstanding proxy obligations; and
- Receive funding through CMSMs/DSSABs to provide child care.

#### Expenditure Requirements

The Province will continue to flow funding as agreed in the Memorandum of Settlement to CMSMs/DSSABs as part of the Local Priorities allocation. CMSMs/DSSABs are required to continue to flow the pay equity funding to eligible licensees. Note: The integration of the pay equity expense under the Local Priorities allocation does not relieve CMSMs/DSSABs or licensees from their obligations to comply with the Pay Equity Memorandum of Settlement.

Once WEG/HCCEG requirements have been fully met, CMSMs/DSSABs have the flexibility to use remaining WEG/HCCEG funding to support other child care expenditures, such as Pay Equity Memorandum of Settlement.

## 7.3 CAPACITY BUILDING EXPENSE

### 7.3.A PURPOSE

Capacity building funding is intended to support professional learning and development opportunities that build the capacity of licensees, supervisors, program staff/caregivers, home visitors, home child care providers and non-profit volunteer board members to support the provision of high-quality programs.

Please see Chapter 1: Funding Guideline for information regarding professional learning opportunities for Francophone professionals and Chapter 4: Indigenous-Led Child Care and Family programs for Indigenous professionals.

### 7.3.B ELIGIBILITY

CMSMs/DSSABs may support professional learning and development opportunities, in support of centres/agencies enrolled in CWELCC or exclusively serving children aged 6 to 12, per the allowable expenses below or provide capacity building funding for the purposes outlined in the allowable expenses section below to:

- Eligible licensees;
- Agencies that provide early learning professional learning and development (including special needs resourcing agencies); or
- Post-secondary institutions to develop and deliver early years professional learning and development (such as certificate courses or workshops). Professional learning and development opportunities may be designed to engage child care supervisors, program staff, resource consultants, supplemental special needs resourcing staff, cooks, home child care providers, home visitors, other staff or boards of directors of licensed programs.

## Eligible Expenses

CMSMs/DSSABs have discretion to provide direct funding to support a range of professional learning opportunities for eligible licensees, as follows:

- Professional learning and development opportunities that align with the *Child Care and Early Years Act, 2014* regulations and ministry policy (for example, workshops, mentoring and coaching, networks that are delivered in-person, virtually);
- Program-related professional learning opportunities that align with the views and approaches outlined in *How Does Learning Happen? Ontario's Pedagogy for the Early Years*, promote reflective practice and collaborative inquiry, and support the new regulatory requirements under the *Child Care and Early Years Act, 2014* (such as post-diploma training programs);
- Establishment of professional learning communities of practice to support early years program staff; professional learning and development opportunities related to child care program business administration (for example, budgeting, leadership, human resource management, policy development, board governance);
- Professional learning and development opportunities related to the health, safety and well-being of children (for example, nutrition, first aid, environmental health, communicable diseases);
- Release time and overtime to support staff in participating in professional learning and development opportunities; or
- Travel costs (in accordance with the OPS Travel Directive) to support attendance at professional learning and development opportunities (CMSM/DSSAB policies pertaining to travel and accommodation apply).

Capacity building funding cannot be used to support or enforce compliance with purchase of service agreements between CMSMs/DSSABs and licensees.

A minimum expenditure requirement is included in the 2025 TPA - Schedule D for Capacity Building.

Note: see Part 3 of Chapter 1: Funding Guideline for related allowable CMSM/DSSAB expenses.

Note: While capacity building funding is intended to support licensed child care programs, partnerships with other community organizations and initiatives such as community colleges, full-day kindergarten and EarlyON Child and Family Centres are also encouraged to promote inter-professional learning opportunities.

### 7.3.C IMPLEMENTATION

In addition to funding system-wide professional learning and development priorities, CMSMs/DSSABs should prioritize capacity building funding for licensees that:

- Have limited access to professional learning and development opportunities;
- Require support in improving program quality;
- Leverage resources for licensees and program staff in supporting children with special needs;
- Have limited capacity in business administration; or
- Serve Francophone or Indigenous children and families.

As service system managers, CMSMs/DSSABs are required to have a policy and plan in place for the use of capacity building funding in their service area as well as equitable distribution to licensees as required, based on the above noted priorities.

Local policies must be shared with the community to ensure a transparent approach and may be requested by the ministry.

#### Ministry Resources

The following ministry resources have been developed to strengthen quality in early years settings:

- *How Does Learning Happen? Ontario's Pedagogy for the Early Years*
- Introductory Guides to *How Does Learning Happen? Ontario's Pedagogy for the Early Years*;
- Think, Feel Act: Lessons from Research about Young Children;
- Think, Feel, Act: Empowering Children in the Middle Years;

CMSMs/DSSABs should support the use of these resources by their local licensees through Capacity Building.

# 7.4 SPECIAL NEEDS RESOURCING EXPENSE

## 7.4.A PURPOSE

Special needs resourcing (SNR) funding is to be used to support the inclusion of children with special needs in eligible licensed child care settings (including licensed home child care), camps and “children’s recreation programs”, at no additional cost to families / caregivers. Under O. Reg. 138/15, a “child with special needs” means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

Any planned expansion of SNR-funded services and supports must comply with this guideline and O. Reg. 138/15 by supporting the inclusion of children with special needs in eligible licensed child care settings, camps, children’s recreation programs, EarlyON Child and Family Centres, and Indigenous-led Child Care and Family Settings. There is to be no expansion of programs considered out of scope for SNR funding.

The ministry continues to review SNR policies to further support the inclusion of all children, as well as consistency and continuity across the sector. The ministry is committed to working with partners to modernize Ontario’s child care system and plan for an increasingly integrated early years system.

Principles of SNR service delivery include:

1. **Inclusion:** All children are able to actively and meaningfully participate in licensed child care and early years programs and are supported to form authentic, caring relationships with their peers and educators (for example, a class-wide approach which does not separate or exclude children with individualized 1:1 treatment/actions).
2. **Capacity Building:** Research demonstrates that supporting educator capacity to increase their skills, knowledge and access to resources helps address the needs of all children in their programs and fosters effective inclusive practices[1].

---

[1] “Inclusion: How the Scene Has Changed” (Bricker, 2000) concluded that two critical variables are necessary for effective models of inclusion that foster positive outcomes for children: professionals’ attitudes and beliefs and having the skills and knowledge to address the needs of all children in the programs.

3. **Integrated Supports:** Children and families benefit from the intentional efforts of educators who collaborate and make relevant, timely referrals and connections to other programs and services to support their needs.
4. **Foundational Conditions:** Ontario's pedagogy for the early years (*How Does Learning Happen?*) articulates a strength-based view of children, families and educators supported by four foundations that are essential for all children to grow and flourish: Belonging, Well-Being, Engagement, and Expression[2]

### 7.4.B ELIGIBILITY

To receive direct SNR funding, licensees must be enrolled in CWELCC or exclusively serve children aged 6 to 12. Ineligible licensees may be supported indirectly by CMSM/DSSAB SNR services and supports (such as consultants).

Services and supports purchased through SNR funding are for the inclusion of children with special needs under 13 years of age in licensed child care settings, for children with special needs in camps and children's recreation programs (age 4 years and up), and for children in early years program settings. Please refer to the Camps and Children's Recreation portion of this guideline (Part 7.7) for age eligibility and the definition of "camp" and "children's recreation program".

Please note that the *Child Care and Early Years Act, 2014* defines "child" as a person who is younger than 13 years old. However, families of children with special needs who were in receipt of a service or received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until that child turns 18, provided that they meet other eligibility criteria that are unrelated to age (see O. Reg. 138/15). For example, if a person with special needs started to receive financial assistance at age 8 on January 1, 2017, they are eligible to continue receiving that financial assistance until they turn 18 in the year 2026. This means that these adolescents will not experience a financial assistance/service disruption based on their age.

All licensees and eligible licensed child care programs involved in the provision of SNR services must comply with legislative and regulatory requirements for the provision of services, obtaining parental consent for service, and the exchange of information for any purpose (such as referrals).

[2] How Does Learning Happen? Ontario's Pedagogy for the Early Years (Ministry of Education, Ontario, 2014).

## SNR Expenditure Requirements and Staffing

CMSMs/DSSABs are required to spend a minimum of 8.5% of their Local Priorities – Flex Funding allocation, as outlined in the Agreement, on SNR. CMSMs/DSSABs are encouraged to consider local service area needs when determining their SNR expenditure and may wish to spend a larger percentage of their total allocation as required. Where a CMSM/DSSAB does not meet the minimum spending requirement of 8.5% of their Local Priorities – Flex Funding allocation, the ministry will recover all remaining unspent funds.

SNR funding is made available to CMSMs/DSSABs to:

- Hire or acquire the services of a resource consultant (see “Resource Consultant” under Special Needs Regulatory Requirements for more details) or supplemental staff where necessary (including salary and benefits) to support the inclusion of children with special needs;
- Provide professional development opportunities to support staff in licensed child care and early years settings, (that is, licensed child care centres or home child care, in-home services, before and after school programs, authorized recreation, skill building programs, EarlyON Centres and Indigenous-led child and family programs) working with children with special needs and their families to support inclusion; or
- Purchase or lease specialized/adaptive equipment and supplies to support children with special needs. Specialized equipment may be specific to an individual child or may be used by more than one child and retained as a program resource. If specific to an individual child, the equipment/resource may follow the child to school, to support seamless transitions.

Local SNR services and supports continue to evolve over time to meet the diverse and changing needs of children, families, and communities. Any expansion of SNR-funded services and supports must comply with this guideline and O. Reg. 138/15 by supporting the inclusion of children with special needs in eligible licensed child care settings, camps, and children’s recreation programs.

<u>INELIGIBLE EXPENSES (out of scope expenditures) are as follows</u>:

- Treatment services (for example, individual therapeutic service provision through existing programs like Preschool Speech and Language and Blind Low Vision programs);

- Case Management of programs and services outside of child care;
- Supports to children and families in their homes;
- Child care fees to cover operating costs for licensed child care; and
- Nursing Supports.

The ministry previously required CMSMs/DSSABs to develop SNR transition plans to eliminate out-of-scope program expenditures (for example, referral pathways for sharing information about a range of provincially funded specialized services for families and timelines for the discontinuation of out-of-scope SNR service delivery). In 2024 the ministry maintained support for those CMSMs/DSSABS executing SNR transition plans to eliminate out-of-scope SNR expenditures. The ministry expects that the execution of transition plans by CMSMs/DSSABs are completed in 2024, after which funding for out-of-scope expenditures will be discontinued. For clarity, as of January 1, 2025, the ministry will no longer fund ineligible SNR expenses.

### 7.4.C PLANNING AND COLLABORATION

Service system managers are encouraged to collaborate in the planning and provision of services and supports with SNR service providers, licensees, families, schools/school board personnel, other professionals and community service programs and agencies such as, Healthy Babies Healthy Children, Infant and Child Development, Preschool Speech and Language, Coordinated Service Planning for children with multiple or complex special needs, Children's Treatment Centres, early years community planning tables, EarlyON Child and Family Centres, children's mental health, and Ontario Autism Program (including OAP core clinical services and the OAP entry to school program). Cross-disciplinary collaboration will help to improve SNR services, promote seamless transitions between services for children and their families, support transitions between support settings, and minimize potential barriers to service delivery.

To support CMSMs/DSSABs, SNR agencies, and child care and early years programs in making appropriate referrals for children with special needs, here are some links to other provincial program guidelines, services and resources:

- Coordinated Service Planning - Policy and Program Guidelines
- Smart Start Hubs
- Transitioning to School

- Family Managed Home Care
- Early child development | Ontario.ca
- Children with special needs | Ontario.ca
- Ontario Autism Program – Guidelines for Core Clinical Services and Supports
- Ontario Autism Program – Entry to School Program
- Assistive Devices Program | ontario.ca
- EDU Special Equipment Amount (SEA) guidelines

### 7.4.D REQUIRED DOCUMENTATION

At minimum, CMSMs/DSSABs must maintain the following SNR documentation:

- Record of payments to SNR service providers (including a record of specialized equipment and supplies as applicable); and
- Reports from SNR service providers that include actual expenditures and service data that support CMSMs/DSSABs in completing their Interim Report and Financial Statements.

CMSMs/DSSABs must retain required documentation for at least seven years.

## 7.5 FEE SUBSIDY

### 7.5.A PURPOSE

Child care plays a key role in promoting healthy child development and helping children to reach their full potential. It is an essential support for many families as it helps to balance the demands of career and family while participating in the workforce or pursuing education or training.

### 7.5.B ELIGIBILITY

As of January 1, 2025, fee subsidies can no longer support families with children enrolled in centres/agencies that serve children aged 0 to 5, if the centre/agency is not enrolled in CWELCC. For greater clarity, in addition to meeting the eligibility requirements for fee subsidy in this section, to receive fee subsidy, children must also be enrolled in one of the following programs:

- CWELCC-enrolled centre/agency (fee subsidy available for children aged 0 to 12)
- A centre/agency exclusively serving children aged 6 to 12
- Camps and children's recreation programs
- Before and after school program offered directly by school boards
- Before and after school programs operated by third party programs
- Unlicensed child care for Ontario works participants as described below

The exception to this criteria is existing fee subsidy agreements at otherwise ineligible centres/agencies that serve children aged 0 to 5. Funding for these existing fee subsidy agreements may continue until the benefiting child ages-out of the program or leaves the centre/agency.

Fee subsidy for eligible families is subject to the availability of fee subsidy funds within the budget of the CMSM/DSSAB and space availability within an eligible child care program.

O. Reg. 138/15 requires CMSMs/DSSABs to make reasonable efforts to work together, or with eligible child care programs, to facilitate access for eligible families seeking subsidized child care outside of their home region.

## Ontario Works Recipients

Ontario Works and other social assistance recipients are deemed automatically eligible for fee subsidy and are not required to be assessed under the income test. To be eligible for subsidy, families must be participating in approved employment assistance activities unless the child or parent/guardian has a special need or the child has a social need.

Per Ontario Works Policy Directives, participants of the Learning, Earning and Parenting (LEAP) program, a targeted strategy of Ontario Works that provides child care assistance and other supports to young families on social assistance to help them finish high school and develop parenting skills, may receive child care fee subsidies in order to participate in activities.

Individual child care transition plans must be established for social assistance recipients to provide continuity of care for the child. As a social assistance recipient moves to full-time employment and exits social assistance, child care assistance remains available as long as the parent/guardian is considered eligible under the income test.

## Child Care Fee Subsidy – Families Who Qualify Based on Income

Families who are eligible under the provisions of the income test may be eligible for fee subsidies for children 12 years of age or under. Fee subsidy funds can be used to support full- and part-time child care in licensed child care, camps, children's recreation programs and extended day programs operated by school boards (before and after school programs and non-instructional days).

Please note: Under the former *Day Nurseries Act*, families of children with special needs could be eligible for fee subsidies for children under 18 years of age. While the *Child Care and Early Years Act, 2014* defines a child as under the age of 13 years, to support continuity of care, children with special needs who were in receipt of a service or who received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until they turn 18 years, provided that they meet other eligibility criteria that are unrelated to age (see O. Reg. 138/15). For example, if a person with special needs started to receive financial assistance at age 8 years on January 1, 2017, they are eligible to continue receiving that financial assistance until they turn 18 in the year 2026. This provision means that families of these adolescents will not experience a financial assistance disruption based on their child's age.

## Child Care for Ontario Works Participants

Child care fee subsidies are an important support for Ontario Works participants, LEAP participants and Ontario Disability Support Program (ODSP) recipients in approved employment assistance activities. Funds for Ontario Works participants may be used for eligible licensed child care, or unlicensed child care to enable parents/guardians to participate in approved employment assistance activities. Ontario Works participants may only access unlicensed child care when a licensed child care arrangement is not possible due to the client's needs and the availability of service (such as a need for weekend/overnight care). The ministry also recommends that Ontario Works participants receive information describing the differences between eligible licensed and unlicensed child care. Resources on child care in Ontario can be found here.

Considerations regarding child care arrangements may include the number of children, age of the children and hours of care needed. The transition between subsidized part-day and subsidized full-day care as families' and children's needs change should be seamless and support the substantiated needs of children and families. Unlicensed child care may be provided by occasional caregivers or neighbours. Paid care provided by relatives outside of the Ontario Works benefit unit[3] is permitted as long as receipts are provided.

Ontario Works participants may receive assistance for the actual cost of eligible licensed child care and up to pre-established ceilings for unlicensed child care. Maximum payment levels for unlicensed child care are specified under O. Reg. 134/98, Subsection 49.1 (2) of the *Ontario Works Act, 1997*.

Ontario Works participants will be required to produce receipts on request for either unlicensed or eligible licensed care purchased directly.

## Documentation Requirements

CMSMs/DSSABs are required to establish a formal policy, or include language in their existing policies, on the use of unlicensed child care options for Ontario Works participants effective January 1, 2016. Policies should have the following components:

- Funding under the *Child Care and Early Years Act, 2014* for unlicensed child care may only be accessed by Ontario Works participants when an eligible licensed child care arrangement is not available due to:

  a) Limited licensed child care options (such as in a remote location);
  b) Licensed child care options do not meet the needs of Ontario Works clients (such as a need for weekend, overnight, or intermittent care); or
  c) Short-term child care need.

- In cases where unlicensed child care arrangements are approved, CMSMs/DSSABs will be required to document the rationale for the provision of funding. CMSMs/DSSABs have the flexibility to determine the appropriate documentation tools and processes for their regions. Documentation should be copied and retained on file for a period of seven years so that the existence of the documents can be verified in future file reviews.

[3] The benefit unit is defined as "a person and all of his or her dependents on behalf of whom the person applies for or receives basic financial assistance".

## Determining Eligibility

This portion of the guideline reviews the policies and practices related to determination of eligibility for fee subsidy.

### *Social Assistance*

Social assistance recipients are eligible for full subsidy without being subject to the income test. This includes:

- A person eligible for income support under the *Ontario Disability Support Program Act, 1997*; and
- A person eligible for income assistance under the *Ontario Works Act, 1997* who is employed or participating in employment assistance activities under the Act or both.

Other parents/guardians may be eligible for full or partial subsidy based on the income test formula detailed below.

### *Income Test*

CMSMs/DSSABs must use the income test prescribed by O. Reg. 138/15 - Funding, Cost-sharing and Financial Assistance made under the *Child Care and Early Years Act, 2014,* to determine eligibility for fee subsidy and the amount of the parental contribution. CMSMs/DSSABs are responsible for administering the income test and verifying information. CMSM/DSSAB staff specifically designated to process applications for fee subsidy must administer the income test.

Questions and answers about the income test are available on the Financial Analysis and Accountability Branch website.

### *Definition of Income*

For the purposes of income testing, the definition of income is "adjusted income" as defined under section 122.6 of the *Income Tax Act* (Canada). This definition includes net income from line 236 on the income tax returns of both spouses.

### *Verification of Income*

All applicants for child care fee subsidy (and where applicable the applicant's spouse), as well as recipients already receiving fee subsidy and being assessed under the income test, are required to provide a copy of either the most recent available Notice of Assessment or Canada Child Benefit (CCB) Notice or notice of payment under section of the *Income Tax Act* (Canada) to the CMSM/DSSAB.

This means that all applicants (and where applicable the applicant's spouse) are required to file an income tax return annually in order to be considered for fee subsidy eligibility.

Applications for fee subsidy may be taken and eligibility reviews may be conducted at any time during the calendar year. Generally speaking, in the latter half of the calendar year, applicants will be required to present the *Notice of Assessment* or CCB Notice for the previous calendar year. In the first half of the calendar year, until documentation is available for the previous tax year, applicants may present the documentation for two years earlier. Older documentation is not acceptable.

There is an exception for recent immigrants defined as people who were not residents of Canada in the previous year and had no Canadian income to report for income tax purposes. They are not required to have filed an income tax return and their adjusted income should be considered "zero" in the first year.

## 7.5.C IMPLEMENTATION

### Fee Subsidy Management

CMSMs/DSSABs are encouraged to provide a flexible mix of subsidies for part- and full-day child care, across all age groups, which reflect the range of local service needs. A seamless transition should be provided between subsidized part-day and full-day care, or part-week and full-week care as the needs of families change.

#### *Determining the Amount of Child Care to Subsidize*

CMSMs/DSSABs are to determine the amount of subsidized child care for each eligible family in accordance with O. Reg. 138/15 and this guideline chapter. The applicant's employment or education activities that result in a need for child care should be documented. However, where a parent/guardian works regular, full-time hours (that is, at least 35 hours a week without rotating shifts), CMSMs/DSSABs are discouraged from documenting actual shifts worked as part of the attendance records. Additionally, information pertaining to an illness or disability where the illness or disability is the reason for needing child care should be documented. This includes documenting necessary information regarding a child's special or social needs.

#### *User Fees*

CMSMs/DSSABs are strongly discouraged from adopting parent fee practices that cause subsidized parents/guardians to pay fees that may exceed their ability to pay as determined by the income test.

CMSMs/DSSABs may not charge user fees to social assistance recipients who are not engaged in paid employment.

## Prioritization

O. Reg. 138/15 requires CMSMs/DSSABs to process completed subsidy applications in accordance with the date they are received and make reasonable efforts to support eligible families to access child care in the location that best meets the family's needs.

To complement the standard income test, the ministry continues to encourage CMSMs/DSSABs to adopt a standard approach to managing demand for fee subsidies based on local needs. This approach allows for flexibility at the local level while introducing more consistency across CMSMs/DSSABs in managing access to fee subsidy.

CMSMs/DSSABs have historically undertaken local planning processes to assess the socio-economic factors and to determine the appropriate allocation approach for fee subsidy funds that best meet the needs of their service area. CMSMs/DSSABs should continue to use the local policies they already have in place to support the distribution of fee subsidies to children and families; however, Ontario Works participants should be prioritized where possible.

Examples of socio-economic factors that could be used to allocate fee subsidies in a CMSM/DSSAB include:

- Income levels of families with children;
- Geographic areas, such as wards, lower tier municipalities, territory without municipal organization;
- High-growth areas;
- Social assistance recipients;
- Children's age groups; and
- Cultural and linguistic groups such as Indigenous peoples and Francophones.

CMSMs/DSSABs continue to have the flexibility to provide immediate child care subsidy to families facing exceptional circumstances, such as referrals from children's aid societies or victims of domestic violence.

CMSMs/DSSABs are expected to plan for the transition to employment for social assistance recipients so that continuity of child care support is available.

CMSMs/DSSABs may want to consider factors such as the family's current employment situation or income when prioritizing applicants for fee subsidies.

## Before and After School Programs (Extended Day Fee Subsidies)

CMSMs/DSSABs are to fund fee subsidies based on 100% of school-board established before and after school rates per O. Reg. 221/11 (Extended Day and Third Party Programs made under the *Education Act*).

To make the best use of subsidy dollars it is recommended that school boards establish a before-school rate, an after-school rate, and a combined rate for the before and after school program per O. Reg. 221/11.

CMSMs/DSSABs are to establish overall framework agreements with school boards that will cover all school sites where boards are directly operating before and after school programs, for the provision of fee subsidies. Where a board has entered into an agreement with an eligible third-party program, CMSMs/DSSABs will continue with existing contractual processes in place (such as to continue or enter into purchase of service agreements with individual providers).

## Fee Subsidy Program Discretion

CMSMs/DSSABs have discretion regarding local fee subsidy management. Fee subsidy management could include CMSMs/DSSABs establishing local policies to have families receiving fee subsidy be prioritized for enrolment with eligible licensees. CMSMs/DSSABs should consider local service area needs when determining if such a policy is required to support access to child care spaces for these families.

Fee subsidy management also includes the process for allocating fee subsidy funding. Most CMSMs/DSSABs in the province use the best practice under which the "subsidy follows the child within the service area" in allocating fee subsidy funding. This benefits children and families by helping support the choices for child care that best meet their needs. In other CMSMs/DSSABs, funding is committed to specific child care centres, such that families may only enroll their children if there is a vacancy for a subsidized space in the centre.

While CMSMs/DSSABs have flexibility in setting their service area waitlist priorities for local fee subsidy management, applicants for fee subsidy that meet the eligibility criteria (outlined below) cannot be denied eligibility (for example, children whose parents/guardians are post-graduate students or children who are eligible for full-day kindergarten).

Wait list policies are to take into account families with children enrolled in before and after school programs at schools.

Changes made under O. Reg. 138/15 to facilitate access to cross-jurisdictional fee subsidy placements do not negate provincial or local policies regarding eligibility or priority.

## 7.5.D BUSINESS PRACTICE

### Case File Reviews and Protocols

CMSMs/DSSABs require a clear policy to determine when an applicant or recipient's file/application requires review. The policy may include reviewing files based on the child's age and associated change in programming as well as expected changes in circumstances (such as students who are beginning or finishing their studies). In order to maintain up-to-date information on families' eligibility, CMSMs/DSSABs will at minimum review individual files at least once a year.

As a best practice, CMSMs/DSSABs should establish and communicate their own internal case file review protocols. The protocols may include such aspects as:

- Ensuring file reviews are completed at regular intervals;
- Communicating that random file reviews may be conducted; and
- Ensuring protocols are in place to report the monitoring of results and complete the necessary follow up for non-compliance with program requirements.

CMSM/DSSAB policies and protocols may be requested by the ministry and may be subject to ministry review.

### Conflict of Interest

Policies should be established that provide a clear audit trail and reduce the potential for conflict of interest in conducting assessments or reviews. Staff of child care and recreation programs must not be involved in the application process. Applicant source documents should be copied and retained on file as per the file retention section below so that the existence of the documents can be verified in future file reviews.

## Protection of Privacy

The collection of documentation related to an application for fee subsidy is subject to the *Municipal Freedom of Information and Protection of Privacy Act*. CMSMs/DSSABs must protect the confidentiality of an applicant's personal information and related documents.

## Purchase of Service Contracts

CMSMs/DSSABs may enter into agreements with eligible licensees for the delivery of child care services in a way that can achieve the agreed outcomes, respects the principle of fair treatment to all licensees, and supports family choice. CMSMs/DSSABs may also provide fee subsidy to eligible licensed programs that are directly operated by a municipality or school board.

To be eligible to enter into fee subsidy purchase of service agreements, recreation programs must meet the requirements outlined in the Camps and Children's Recreation Program section of this guideline.

## Before and After School Programs Offered Directly by School Boards

As board-operated before and after school programs are governed under the *Education Act*, no additional standards will be required by CMSMs/DSSABs when entering into agreements with school boards.

School boards that directly deliver before and after school programs are required to adopt the approaches outlined in *How Does Learning Happen? Ontario's Pedagogy for the Early Years* to support consistency and alignment across the province.

## Before and After School Programs Operated by Third Party Programs

Before and after school programs provided by third party programs (licensed child care programs or authorized recreational and skill building programs) must follow regulations under the *Child Care and Early Years Act, 2014*. This is consistent with the Minister's Policy Statement that sets out *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming.

The Minister's Policy Statement applies to all licensed child care settings. See the Before and After School Program Guidelines.

Where programs are offered on school premises and adjacent to the instructional day, CMSMs/DSSABs should consider opportunities to align with school board Policy/Program Memoranda and other protocols to best support children in those programs, as appropriate.

### *Protocols for Child Care Licensees*

The ministry's Child Care Licensing System (CCLS) notifies CMSMs/DSSABs whenever a new child care licence has been issued, renewed, revised, amended, suspended, terminated or closed. CMSMs/DSSABs can search and view licenses and other licensing related documents (such as licensing letters or inspection reports) in CCLS. They can also generate licensing and serious occurrence data reports about child care centres and home child care agencies in their geographic area.

CMSMs/DSSABs should review this information when contracting with child care licensees.

## File Retention

Copies of fee subsidy applicants' documents related to income testing, identification of a child's special or social need or a parent's/guardian's illness or disability must be verified and retained for a period of seven years. Please note that documentation relating to the special needs of a parent/guardian or child are for the purposes of determining the level of fee subsidy only. There is no required documentation for receipt of SNR. Closed fee subsidy files should be retained for seven years from the date of closure.

## Complaint Resolution and Appeals

As a best practice and to provide information on internal review and appeal processes to fee subsidy clients, CMSMs/DSSABs should establish and communicate their own internal policy regarding complaint and appeal processes. These may include:

- How to submit a request for an internal review/appeal;
- Internal appeal timelines;
- Staff training on internal review and appeal processes; and
- How decisions and reasons for decisions will be communicated.

CMSMs/DSSABs should review their internal policies regarding complaints and appeals on a regular basis (for example, annually).

Complaints and appeals received should also be reviewed at least annually to monitor trends and identify service improvements. The ministry may review a representative sample of complaints/appeals.

### Overpayments

Families do not need to report in-year changes in income prior to their annual review. However, a family could still become ineligible for subsidy if they no longer have a valid reason for service and continue to use child care without advising their CMSM/DSSAB.

It is also possible that a CMSM/DSSAB could learn that an applicant misrepresented their status, such as a parent/guardian applying as a single person if they were, in fact, married.

CMSMs/DSSABs may establish or continue to apply existing policies to collect overpayments in situations where fee subsidies were provided to clients for periods of time when they in fact were not eligible for assistance or were eligible for a lower amount of assistance.

### 7.5.E REQUIRED DOCUMENTATION

At a minimum, CMSMs/DSSABs maintain the following documentation on fee subsidy payments:

- Record of payments to child care centres/agencies; and
- Monthly invoices from centres/agencies reporting child attendance.

Other financial practices for CMSMs/DSSABs are detailed in the Ministry Business Practices section of the Chapter 1: Funding Guideline. CMSMs/DSSABs must retain required documentation for at least seven years. For further assistance (such as monitoring and reporting requirements) please contact the ministry.

## 7.6 FEE SUBSIDY – PARENTAL CONTRIBUTION REDUCTION

### 7.6.A PURPOSE

Fee subsidy is an essential support for many families that enables eligible parents/guardians to participate in the workforce or pursue education or training. O. Reg. 138/15 ensures that families accessing subsidized child care continue to see financial relief under CWELCC, through a reduction in their parental contributions by 50% in respect of CWELCC-eligible children.

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

### 7.6.B ELIGIBILITY

Fee subsidy recipients will have access to the parental contribution reductions if their child is eligible for fee subsidy and enrolled with a licensee that is participating in CWELCC.

### 7.6.C IMPLEMENTATION

As part of the implementation of CWELCC, amendments were made under O. Reg. 138/15 to mandate a reduction to the parental contribution for families with eligible children (as defined under O. Reg. 137/15) attending a CWELCC-enrolled program. This reduction of 50% (with no floor of $12 for families receiving subsidy) remains in place.

If a family has at least one eligible child, as defined in O. Reg. 137/15, who receives care from a centre/agency that is enrolled in CWELCC, their CMSM/DSSAB is to 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 centre/agency that has enrolled in CWELCC, that the family 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 (enrolled at a licensed centre participating in CWELCC) as the 7-year-old is not a CWELCC-eligible child. The 50% reduction would then be reduced by half, as it only applies to one of the two children.*

As noted in O. Reg. 137/15, licensees are required to reduce the cost of full-fee spaces that are occupied by eligible children receiving fee subsidies. CWELCC fee reductions may be reduced by less than 50% due to the $12 per day floor. However, fee subsidy recipients will benefit from a full 50% parental contribution reduction as the $12 per day floor does not apply.

CMSMs/DSSABs are required to calculate the parental contribution reduction for eligible fee subsidy families and reduce parental contribution amounts accordingly.

Eligible fee subsidy families will not see a reduction in parental contribution in cases where their children occupy spaces with a centre/agency that is not enrolled in CWELCC.

Please see below for an illustrative example of fee subsidy calculations for a family with a child enrolled at a licensee participating in CWELCC.

*Illustrative Example: A family with one child in licensed child care is accessing fee subsidy with a parental contribution of $30 per day calculated in accordance with the income test. The base fee for the space the child occupies is $100 per day prior to CWELCC enrolment (that is, the fee charged to full fee-paying families). For this family, the fee is paid through a parental contribution of $30 and a fee-subsidy of $70.*

*Effective December 31, 2022, the base fee of the space (in the now-CWELCC-enrolled centre) decreased to $47.25 a day [($100 X (100%-25%) X (100%-37%)]. The parental contribution for this family (only one child who is CWELCC-eligible) decreased to $15 (50% of the $30 income-test-based parental contribution). The fee subsidy was then reduced to $32.25 (the remainder of the base fee), with CWELCC covering $52.75 (the remainder of the full-cost fee).*

*Effective January 1, 2025, the new fee cap reduces the base fee to $22, which is still higher than the parental contribution of $15 (so the family remains eligible for fee subsidy, which now covers $7). CWELCC covers $78 (the remainder of the full-cost fee).*

| **Breakdown of $100 full-cost space (that is, fee charged to full-fee paying families)** | **Prior to CWELCC enrolment** | **Effective Dec. 31, 2022** | **Effective Jan. 1, 2025** |
|---|---|---|---|
| Base fee per O. Reg. 137/15 | $100 | $47.25 = $100 x (100% – 25%) x (100% – 37%) | $22 (new fee cap) |
| Parental contribution | $30 (from income test) | $15 = $30 x 50% | $15 = $30 x 50% (as less than $22) |
| Fee subsidy = (base fee – parental contribution) | $70 = ($100 – $30) | $32.25 = ($47.25 – $15) | $7 = ($22 – $15) |
| CWELCC funding = (cost of space – base fee) | n/a | $52.75 = ($100 – $47.25) | $78 = ($100 - $22) |
| **Total revenue to licensee** | **$100** | **$100** | **$100** |

# 7.7 CAMPS AND "CHILDREN'S RECREATION PROGRAMS" (CHILDREN'S RECREATION) FEE SUBSIDY EXPENSE

## 7.7.A PURPOSE

This section details the funding eligibility requirements for camps and "children's recreation programs" to receive fee subsidies. All other current ministry protocols for the administration of fee subsidies and SNR funding apply as well. Please see the Fee Subsidy and SNR sections of this guideline for further information.

## 7.7.B ELIGIBILITY

Section 1 of O. Reg. 138/15 under the *Child Care and Early Years Act, 2014* (CCEYA) defines "children's recreation program" as a program that is operated by:

a) An organization recognized under Regulation 797 of the Revised Regulations of Ontario, 1990 (Recreation Programs) made under the *Ministry of Tourism and Recreation Act* as a children's recreation service provider by a resolution passed by the local service system manager, municipality, school board or First Nation; or

- An authorized recreational and skill building program as defined under the CCEYA and its regulations (see paragraphs 1 to 4 of subsection 6 (4) of the CCEYA and the criteria set out in O. Reg. 137/15); or

b) A member of the Ontario Camps Association.

Fee subsidies may be provided to children enrolled in one of three types of "children's recreation programs" described above who are four years old or older.

### Authorized recreational and skill building programs

"Authorized recreational and skill building programs" are defined in the CCEYA. An "authorized recreational and skill building program" is one that:

- Operates once a day for no more than 3 hours on weekdays;
- Promotes recreational, artistic, musical or athletic skills or provide religious, cultural or linguistic instruction;
- Is not operated in a person's home; and

- Is operated by one of the following:
    - A CMSM/DSSAB, municipality, school board, First Nation, or the Métis Nation of Ontario;
    - A member of the YMCA or a member of Boys and Girls Clubs of Canada;
    - An organization that delivers Ontario's After School Program funded by the Ministry of Tourism, Culture and Sport (MTCS);
    - An organization that is recognized by Parks and Recreation Ontario as a HIGH FIVE accredited organization;
    - A Friendship Centre that is a member of the Ontario Federation of Indigenous Friendship Centres;
    - A member of a provincial sport organization or multi-sport organization recognized by MTCS, where the program's activities are related to the sport or sports promoted by the organization;
    - MTCS or its agencies (for example, the Royal Ontario Museum, Ontario Science Centre);
    - Authorized by a CMSM/DSSAB to offer child care in their service area provided that the program can demonstrate to the CMSM/DSSAB that it offers programming that supports the health, safety, and well-being of children; or
    - Authorized by a First Nation to offer child care on their territory provided that the program can demonstrate to the First Nation that it offers programming that supports the health, safety and well-being of children.

### *Authorized recreational and skill building programs with expanded hours*

The O. Reg. 137/15 allows the following authorized recreational providers to operate before and after school programs with expanded hours (more than 3 hours each day) on weekdays during the school year, upon ministry approval:

- A CMSM/DSSAB, municipality or First Nation;
- An organization delivering Ontario's After School Program funded by MTCS;

- A member of YMCA Canada or Boys and Girls Clubs of Canada; and,
- A Friendship Centre that is a member of the Ontario Federation of Indigenous Friendship Centres.

### Camps

Pursuant to O. Reg. 138/15, families with children in “camps” - as defined in paragraph 9 of subsection 4 (1) of the CCEYA – who also meet other eligibility criteria are by regulation eligible for fee subsidy. Fee subsidy may be provided for children attending a camp who are four years old or older (or turning four in the current calendar year and enrolled in a camp provided on or after September 1).

### Eligible Camps:

- Operate for no more than 13 weeks in a calendar year.
- Operate on days where instruction is not typically provided for pupils in schools.
- Are not operated at a person’s home.

## 7.7.C IMPLEMENTATION

CMSMs/DSSABs are required to have program requirements in place that support the health, safety and well-being of children enrolled in camps or “children’s recreation programs” with whom CMSMs/DSSABs are entering into a purchase of service agreement for the provision of fee subsidies or SNR. At a minimum, these requirements should include standards related to the following health, safety and well- being provisions:

1) Liability Insurance
2) Safe Arrival and Departure of Children
3) Vulnerable Sector Check
4) Adult Supervision
5) Programming Quality Assurance (such as HIGH FIVE certification or Accredited by the Ontario Camps Association)

Camps and children's recreation programs must also meet these requirements in order for CMSMs/DSSABs to permit the provision of SNR to children enrolled in these programs, and amend their service agreements with SNR agencies accordingly.

CMSMs/DSSABs may also wish to consider additional program requirements in their purchase of service agreement with licensees such as the conditions outlined in the ministry's resource document: *Authorizing Recreational and Skill Building Programs*.

### 7.7.D GENERAL ADMINISTRATION

CMSMs/DSSABs are responsible for assessing and monitoring the eligibility of camps and "children's recreation programs" for child care funding based on the above requirements. They may also set additional eligibility criteria. However, when determining whether or not to establish a purchase of service agreement with a camp or "children's recreation program" that meets the ministry's funding eligibility requirements, CMSMs/DSSABs should, as much as possible, take into consideration the wishes and needs of the family receiving the subsidy. CMSMs/DSSABs may not enter into a purchase of service agreement with any camp or "children's recreation program" until they are satisfied that the program meets all of the eligibility requirements stated above. However, if a CMSM/DSSAB wishes to consider a camp or "children's recreation program" for a purchase of service agreement that does not meet all of the ministry's minimum requirements for funding eligibility at the time of the initial assessment, the CMSM/DSSAB is encouraged to give the camp or "children's recreation program" licensee sufficient time to make the changes necessary to meet the requirements.

Camp and "children's recreation programs" fee subsidies were created with the intention of increasing choice and flexibility for families. CMSMs/DSSABs and other organizations that already have funding in place to subsidize the cost of camp and "children's recreation programs" for families in financial need (such as "welcome policies") must not use child care fee subsidy funding as a replacement for this funding.

### 7.7.E REPORTING REQUIREMENTS

For Local Priorities – Flexibility Funding, please refer to Chapter 7: EFIS Reporting Requirements for more information.