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2016: EYCC2

MEMORANDUM TO: Chief Administrative Officers, CMSMs/DSSABs
General Managers/Commissioners,
CMSMs/DSSABs Children's Service Managers,
CMSMs/DSSABs

FROM: Julia Danos
Director, Early Years Implementation Branch
Early Years Division
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Marie Li
Director, Financial Analysis & Accountability Branch
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DATE: **January 19, 2016**

SUBJECT: **2016 Child Care Wage Enhancement Implementation**

The 2014 Budget included an investment of \$269 million over three years to support a wage enhancement in the licensed child care sector. Providing the best possible care for our children also means recruiting and retaining the best possible Registered Early Childhood Educators (RECEs) and child care program staff. In doing so, children are better able to learn and parents can be confident in the quality of their child care programs.

The wage enhancement initiative has a number of key goals:

- to close the wage gap between RECEs working in the publicly funded education system and those in the licensed child care sector;
- to help stabilize child care operators by supporting their ability to retain RECEs and non- RECE program staff; and

- to reduce poverty by supporting greater employment and income security.

In order to meet these goals, the wage enhancement initiative is intended to be an ongoing investment.

We appreciate and acknowledge the key role of service system managers in making the first year of the wage enhancement a success. Thanks to outreach by service system managers, there was a high uptake rate for the wage enhancement and home child care enhancement grant (HCCEG) in 2015. Based on information reported in the 2015 Revised Estimates, 94% of licensed centres applied for wage enhancement and 91% of licensed home child care agencies applied for HCCEG.

In response to extensive sector feedback, the ministry has revised the implementation approach for 2016 by allowing for greater flexibility and reducing administration.

Detailed information on the distribution of funds and reporting requirements are included in the 2016 Ontario Child Care and Family Support Program Service Management and Funding Guideline and in the 2016 service agreements. The ministry has also provided CMSMs and DSSABs with sample application forms and questions and answers to support the implementation of wage enhancement/HCCEG in 2016, along with the service agreement package.

Wage Enhancement Amount in 2016:

Consistent with the government's commitment, effective January 1, 2016 the wage enhancement will support an increase of up to \$2 per hour, plus 17.5 percent benefits. In addition, the Home Child Care Enhancement Grant (HCCEG) will support an increase of up to \$20 per day in 2016 for home child care providers.

Supplemental Grant:

In addition to the increases mentioned above, the ministry will also provide an supplemental grant of \$150 for each eligible centre based FTE or home visitor FTE and \$50 for each eligible home child care provider. The supplemental grant provides operators with flexibility to cover salary shortfalls, and/or additional benefits. The grant can be used to fund additional eligible staff and/or hours in program, vacation days, sick days, PD days and/or other benefits.

Allocation

CMSMs and DSSABs will receive a notional allocation for wage enhancement and HCCEG in their 2016 service agreements, based on double the 2015 allocation. The allocation is included in Table A of the service agreement memo and in the Budget Schedule of the service agreement.

The 2016 wage enhancement entitlement and cash flow to CMSMs and DSSABs will be based on the aggregate of 2016 application forms submitted to the ministry in Estimates submissions. The updated 2016 cash flow will begin once the ministry has received

Estimates submissions in EFIS, as well as the signed 2016 service agreement.

Wage Enhancement Administration Funding

To support CMSMs and DSSABs with the implementation of the wage enhancement/HCCEG initiative, the ministry is providing child care service system managers with one-time funding for administration in 2016 as part of the service agreement.

Wage enhancement/HCCEG administration allocations are equivalent to the amount provided in 2015. The allocation is included in Table A of the service agreement memo and in the Budget Schedule of the service agreements.

In 2016, CMSMs and DSSABs are required to provide a minimum of 10% of their administration funding to operators to support the implementation of wage enhancement/HCCEG. Any unused 2016 wage enhancement administration funding will be recovered by the ministry.

Application Process

The 2016 application process incorporates feedback and advice provided by the sector. The application forms are simplified and will calculate each operator's funding entitlement for 2016 using 12 months of actual data from 2015. Wage enhancement and HCCEG application templates are included with the 2016 Ontario Child Care and Family Support Program Service Management and Funding Guideline and service agreement package.

Please note: the 2016 application forms and Q&A's replace the versions sent in 2015.

All licensed child care centres and home child care agencies that opened before January 1, 2016 with eligible staff and/or providers are eligible to apply for wage enhancement/HCCEG, regardless of auspice or current purchase of service status.

All operators must apply in 2016 for the wage enhancement of up to \$2 plus benefits or the HCCEG of up to \$20. If an operator applied in 2015, they must apply again in 2016 for all positions or providers that would be eligible for wage enhancement/HCCEG.

CMSMs/DSSABs will be required to establish an application process for licensed child care centres and Home Child Care agencies that will be **posted on public websites** with a clear deadline for submissions of March 31st, 2016.

Changes for 2016 (Appendix A)

The ministry received a great deal of feedback from the sector on improvements to the implementation process throughout this transition year, some of which is reflected in the changes for year two.

Appendix A of this memo outlines the changes in the wage enhancement/HCCEG

approach in 2016. Additional details are available in the 2016 Ontario Child Care and Family Support Program Service Management and Funding Guideline.

If you have any questions related to the 2016 child care wage enhancement/HCCEG implementation strategy as described in this memo, please contact your regional Child Care Advisor. If you have questions related to wage enhancement/HCCEG application forms and reporting requirements, please contact your Financial Analyst.

We would like to thank you for your ongoing feedback and advice, and look forward to continuing our collaborative relationship over the coming year.

Sincerely,

Original signed by:

Julia Danos
Director, Early Years Implementation
Branch
Early Years Division

Marie Li
Director, Financial Analysis &
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Financial Policy & Business Division

Enclosures:

- 2016 Wage Enhancement Application Template
- 2016 Home Child Care Enhancement Grant Application Template
- 2016 Wage Enhancement and Home Child Care Enhancement Grant Questions and Answers document

cc: Nancy Matthews, Assistant Deputy Minister, Early Years Division
Child Care Advisors, Early Years Implementation Branch
Financial Analysts, Financial Analysis & Accountability Branch

APPENDIX A: WAGE ENHANCEMENT/HCCEG CHANGES FOR 2016

Application Timelines

2015	2016
Wage enhancement/HCCEG applications were posted on CMSMs/DSSABs websites for a period of 45 – 60 days with a deadline for submissions by June 30, 2015.	Wage enhancement/HCCEG applications must be posted on CMSMs/DSSABs websites for a period of 45 days with a deadline for submissions by March 31, 2016.

Application Timelines

2015	2016
<p>Allocation:</p> <p>CMSMs/DSSABs received a grant letter for administration which was 10% of their initial wage enhancement allocation. If funds were not spent in 2015 they could be carried forward.</p>	<p>CMSMs and DSSABs will be funded the equivalent of the 2015 wage enhancement administration amount through 2016 service agreements, and must provide a minimum of 10% of administration funding to operators. Funding not used for the intended purpose in 2016 will be recovered by the ministry.</p>
<p>Reporting:</p> <p>Amount of 2015 grant expenditures.</p>	<p>Number of operators provided administration funding and total administration funding provided to operators.</p>

Wage Enhancement

2015	2016
<p>Amount:</p> <p>Wage enhancement provided an increase of up to \$1/hour plus up to 17.5% benefits for eligible centre based staff and home child care visitors.</p>	<p>Wage enhancement will provide an increase of up to \$2/hour plus 17.5% benefits for eligible centre based staff and home child care visitors.</p>
<p>Distribution of Funds:</p> <p>2015 wage enhancement was provided to RECEs, home child care visitors and other child care program staff that were employed in a licensed child care position that existed in a licensed child care centre or home child care agency between January 1, 2014 and October 31, 2014.</p>	<p>Flexibility to distribute wage enhancement to current eligible staff/positions in licensed child care centres that opened before January 1, 2016.</p> <p>(Please note the funding entitlement will be based on 12 months of data from 2015).</p>

2015	2016
Supplemental Grant: N/A	Supplemental grant of \$150 per eligible centre based and home visitor FTE provided to operators to cover shortfalls in wage enhancement salaries (for example additional days worked, sick days and PD days) and benefits.
Benefits Flexibility: Flexibility to move benefits funding within the 17.5%. Residual benefits funding will be recovered by the ministry	Operators may use any residual benefits funding for salaries. The flexibility is only one way; therefore, salary funding cannot be used for benefits.
Reporting: N/A	Number of ineligible positions will be collected by the ministry in estimates submissions.
Number of licenced child care programs receiving wage enhancement funding	Number of licensed child care centres or sites receiving wage enhancement. Number of operators for child care centres receiving wage enhancement.

Home Child Care Enhancement Grant

2015	2016
HCCEG Amount: HCCEG provided an increase of up to \$10/ days for eligible home child care providers.	HCCEG will provide an increase of up to \$20/ days for eligible home child care providers.
HCCEG Eligibility: Home child care providers were eligible to receive a full HCCEG of \$10 a day if they served the equivalent of 2 or more children a day. If they served the equivalent of less than 2 children a day, the eligible home child care provider would receive \$5 a day.	Home child care providers are eligible to receive a HCCEG if they serve one child or more based on the average hours worked over a year, as follows: Part time (less than 6 hours a day on average) = \$10/day Full time (6 hours or more a day on average) = \$20/day
Distribution of Funds: In order to receive 2015 HCCEG, home child care providers must have held a contract with a licensed home child care agency between January 1, 2014 and October 31, 2014.	Flexibility to distribute HCCEG to current eligible home child care providers who hold a contract with the licensed agency that opened before January 1, 2016. (Please note funding entitlement will be based on 12 months of data from 2015.)
Supplemental Grant: N/A	Supplemental Grant to operators of \$50 per eligible home child care provider to cover shortfalls or additional days, such as PD days.

2015	2016
<p>Reference to Agency Placed Children: HCCEG eligibility is based on children enrolled in a home child care providers program who have been assigned to them by a licensed home child care agency.</p>	<p>Agencies will attest that each eligible provider has not included one's own child in the application process for HCCEG.</p>
<p>Reporting: N/A</p>	<p>Number of ineligible home child care providers will be collected by the ministry in estimates submissions.</p>
<p>N/A</p>	<p>Number of home child care agencies receiving HCCEG</p>