

2024 CWELCC Operating Budget Question and Answer Document

V. 2 (revised as of March 13, 2024)

General

1. Why is Peel asking for a CWELCC Operating Budget for 2024?

- Beginning in 2024, we are requiring providers participating in CWELCC to submit an annual (calendar year - January to December) operating budget to:
 - Meet Ministry's requirements as we assess your 2024 Emerging Issues Funding (EIF) eligibility and determine allocations;
 - Identify system needs and inform other financial viability supports; and
 - Better understand CWELCC costs as we prepare for the implementation of the new CWELCC funding formula.

2. I am participating in CWELCC in Peel but did not get a 2024 CWELCC operating budget template. Who should I contact?

- Templates were sent by email on March 4 and 5.
- If you cannot find the email (after checking your inbox, junk, and trash folders), contact us at EarlyYearsSystemDivision@peelregion.ca.

3. What happens if we cannot submit our 2024 CWELCC operating budget by March 25?

- CWELCC operating budgets are required in Peel. We strongly encourage you to do your best to meet the operating budget deadline as extensions may impact on our ability to issue funding payments in September.
- If you cannot submit your complete operating budget by March 25, 2024:
 - Email us at EarlyYearsSystemDivision@peelregion.ca BEFORE the due date.
 - Your email must include the reason why you need more time, and how much extra time you need.
- Requests for extensions will be considered on a case-by-case basis.

4. What happens if I do not provide my complete CWELCC Operating Budget template?

- CWELCC operating budgets are required in Peel. Failure to submit is a violation of the EYCC (Early Years and Child Care) Agreement and may result in action such as suspended payments, reduction or cancellation of funding and ineligibility for financial viability supports.
- To qualify for the Emerging Issues Fund (EIF) and other viability support funding (e.g., TOG) you must submit your CWELCC operating budgets.
- There will not be an application process for EIF or other viability funding. Not submitting a CWELCC operating budget will deem a child care provider ineligible for financial viability supports.

5. What supporting documents do I need to send with my completed budget template?

- Once we receive your submission, we will let you know what supporting documents are required (if any).
- We may ask for supporting documents for expenses that changed by \$10,000 or more than 10% compared to your most recent financial statements.
- Examples of required documents may include (but are not limited to): lease agreements, collective agreements, copies of staff payroll register, T4s, paystubs, staffing schedules, distribution of Home Child Care (HCC) payments, timesheets, contracts, invoices and receipts, and mortgage documents specifying the current mortgage carrying costs.

6. How do I complete my 2024 CWELCC operating budget template if I opened last year and/or have never completed a Financial Annual Information Return (FAIR) statement before?

- This is a budget process. You may forecast based on expected enrolment and costs to the best of your ability.
- If you have 2023 actuals available, enter them in Tab 4, column O, of your template.
- If you have operated for less than 12 months, you must indicate the number of months you have operated in the variance explanation column.
- Contact us at EarlyYearsSystemDivision@peelregion.ca if you need additional support.

7. My fiscal year does not align with a calendar year (e.g., Sept. 2023 to Aug. 2024) How do I submit?

- Submissions must reflect a 12-month period for both revenues and expenses.
- You can use your last year's actuals or budget as a starting point; however, you should make the necessary changes to reflect the 2024 January to December period.

8. Can I use my existing budget to complete my template?

- You can use your existing budget if you do not anticipate any significant changes to your revenues and/or costs from Jan. 1 to Dec. 31, 2024.
- If you anticipate significant changes, you should add them to your existing budget to ensure your submission accurately reflects your 2024 revenues and expenses.
- Include your best estimates of what will happen in the 2024 calendar year.
- For example, you may want to factor in known employer-paid wage increases, rent increases or 2024 insurance cost increases.

9. Are we to estimate our revenue and expenses?

- Your operating budget is an opportunity to look ahead and understand what pressures you may be facing later in the year, rather than responding to pressures after your viability has already been impacted.
- You are asked to predict based on known or anticipated changes such as historical costs and enrollment, current contract obligations, base fees, known cost increases (e.g., collective agreements, renewal of rental agreements, insurance, catering/grocery costs etc.) to estimate your revenues and expenses to the best of your ability.

Tab 3. Rates and Capacity Information

10. Are closure dates considered as operating days (when fees are charged)?

- Yes, they are considered as operating days and should be included on the template if they are within the 20 CWELCC allowable closure days.
- Closure days for which fees are not being charged should not be included.

11. We have different part time and full-time rates. What rates should we use in Tab 3 of the operating budget?)

- If you have different part-time and full-time rates, you could take an average of all the rates for each age group. If you know your projected fee revenue in 2024, you could enter the projected amount on cell D14 and E14 in Tab 4 Financial Data.

12. In Tab 4 under gross child care fees, it says to include registration fees, but the amount comes from Tab 3. Where do we report registration fees on Tab 3?

- To include registration fees revenue, you add your estimated registration revenue in Tab 4 as an additional revenue line (other, rows 22 to 26).

Tab 4. Financial Data

13. I provide services for children 0-12. How do I determine which eligible costs are for children ages 0 to 6 and which costs are for children ages 6-12?

- To align with FAIR template approach, reduce administrative burden for providers, and provide consistent supports across the system, the template automatically prorates your costs:
 - All expense lines, other than Program Related Salaries & Benefits, will be prorated by operating capacity.
 - You must enter your projections for children ages 0-6 (CWELCC eligible) under Program Related Salaries and Benefits and revenue for GOF (General Operating Fund), WEG (Wage Enhancement Grant), LHCC (Licensed Home Child Care) base funding.

14. Some of my business costs are not necessary to deliver licensed child care. How do I determine the portion that qualifies?

The following example may help you determine the costs that qualify:

- A child care provider's lease ended on March 31, 2023. The landlord increased both the rent and TMI by 10%. The increased rent and TMI are comparable to other rents in the area.
 - If 100% of the space is used to deliver licensed child care: The expense qualifies as it is reasonable and necessary to deliver the services.

- If 50% of the space is used to deliver licensed child care and 50% of the space is used to deliver services under the *Education Act*, only the portion of the expense related to the delivery of child care (50%) qualifies.

15. What costs should I include in my 2024 CWELCC Budget template?

- Include all costs required to deliver licensed child care for children aged 0-6 and 6-12 in Peel. Review [Q 13](#) on how costs are prorated.
- Please ensure you include costs required to meet legislative, licensing, legal and collective agreement obligations.
- The following costs are not eligible for EIF, but can be included on Tab 4 of your 2024 CWELCC Budget template, which clarification on Tab 4 or 5:
 - Expenses supported by other government funding
 - Disbursement of dividends
 - Replenishment of reserves
 - Costs associated with addressing wage compression (situations where there is only a small difference in pay between employees regardless of their qualifications, skills, experience, or seniority)
 - Costs claimable under your insurance policies
 - Non-arm's length transactions
 - Bad debt expenses
 - Repayment of reverse mortgages.

For licensed home child care agencies: In 2024, CWELCC operating budgets are collected from agencies with a head office in Peel. If your head office is located in Peel and you have homes in other municipalities, your budget should only include the revenue and expenses for those homes that are funded for CWELCC by Peel.

16. What costs should NOT be included in the 2024 CWELCC Budget Template?

- The following costs should not be included in your 2024 CWELCC Budget Template:
 - Costs incurred for the creation of new spaces
 - Prior year's costs or losses (incurred before January 1, 2024)
 - Personal costs (vehicles, assets, or services)
 - Donations to charitable organizations and fundraising
 - Travel expenses and vehicle costs not needed for the transportation of children
 - Fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators.

17. Can I include costs incurred before January 1, 2024?

- No, your 2024 operational budget should only include the costs incurred and the revenue earned from Jan. 1, 2024 to Dec. 31, 2024.
- 2023 supports were made available to providers who applied and qualified for the CWELCC Financial Viability Fund.

18. What are non-discretionary costs?

- Per provincial parameters, non-discretionary costs must meet all the following conditions:
 - Are necessary for the delivery of licensed child care services covered under your CWELCC base fee for children ages 0-6 in Peel. For information on base fees, refer to the 2024 CWELCC guideline.
 - Are reasonable and economical: cost and amounts are required, fair, and not overinflated.
 - Required to meet licensing requirements, including health and safety standards.
 - Are beyond your control (cannot be avoided) and arms-length or non-arm's length and conducted at fair market value (verification required); and
 - Expected to be incurred in 2024 (Jan. 1, 2024, to Dec. 31, 2024).
- Below is an example related to repairs and maintenance:
 - If licensing asks you to fix the fence on your playground, that repair is required and non-discretionary. Otherwise, you will infringe the conditions of your licence.
 - If you want to fix a fence that is safe and in working condition because you want things to look a certain way, that expense is not necessary, and, thus, discretionary.

19. What are discretionary costs?

- Discretionary costs are costs not necessary for the provision of licensed child care for children 0-6 and, thus, are avoidable and/or deferrable without incurring a penalty and without jeopardizing your ability to operate.
- If an expense is under your control or the control of your head office or parent/related company, it is considered discretionary.
- Examples of discretionary costs include:
 - Expenses not required for the delivery of 0-6 licensed child care in Peel
 - Expenses of the non-licensed portion of your business (if applicable)
 - Increases in owners' compensation and/or management fees
 - ✓ Exception: Owners/operators employed by the child care agency (in receipt of a T4) who have held a position for more than one year may claim a reasonable cost of living salary increase if all program staff employed by the agency for one or more years receive a comparable employer-paid increase.
 - Increasing staffing ratios above December 2023 levels
 - Disbursement of dividends (provincial direction)
 - In-kind benefits, perks, bonuses, gifts, or honoraria
 - Replenishment of reserves (provincial direction)
 - Donations to charitable organizations and fundraising
 - Meal expenses unless related to staff training or overtime
 - Costs associated with addressing wage compression (situations where there is only a small difference in pay between employees regardless of their qualifications, skills, experience, or seniority)
- If you hover over the questions on Tab 5 of the 2024 CWELCC operating budget template, you will be able to see definitions of the questions we are asking, including the definition of discretionary costs.

20. Can you define program-related staff? Are supervisor / home visitor salaries reported on program-related staff or management salaries and benefits?

- The CWELCC guideline defines program staff or program related staff as staff employed in a position that supports child care ratio requirements as outlined in the [CCEYA \(Child Care and Early Years Act,\)](#) and the [O. Reg. 137/15](#). In other words, program staff are the staff who work directly with children in the classroom.
- For the purposes of the CWELCC Operating Budget in 2024, please also include the supervisors and/or home visitors salaries in the program related salaries and benefits category (row 30 of the financial data tab).

21. Will Peel be sharing my allocation for cost escalation and minimum wage offset so that I can include those amounts in the revenue section of the template?

- Your cost escalation and minimum wage offset allocations will be available in GovGrants in the coming weeks. Payments start in April for those who qualify.
- You do not need to include these allocations in your 2024 CWELCC Operating Budget submission. We greyed out the applicable rows on your template.
- We will be adding your cost escalation and minimum wage offset allocations to your template. Please note these additions will impact your projected surplus/loss (row 70).

22. For the 2024 CWELCC Operating Budget, do I estimate my agency's program-related salaries and benefits using the Child Care Workforce Compensation RECE salary amounts announced by the province on November 16, 2023?

- No. Your revenue for the CWELCC Workforce Compensation should reflect your current GovGrants CWELCC Compensation allocation. Expenditures should reflect the Wage Compensation amounts in Peel's current 2024 CWELCC guideline (or your actual expense if you pay higher wages).
- In 2024, the current wage floor is \$20/hour for RECE program staff and \$22/hour for RECE supervisors and RECE home visitors.
- Revenue and expenses for the CWELCC Workforce Compensation Funding should be neutral. This means the amount of revenue you include should equal the amount of expense you report.

23. How to I report my WEG allocation and expenses if I anticipate spending less than my allocation?

- Revenue and expenses should be equal (neutral) for regionally funded programs (e.g., WEG, GO, base funding, Child Care Workforce Compensation funding).
- This means the amount of revenue you include should equal the amount of expense you report. There should be no impact on your bottom line or viability.
- Please report your WEG revenue to reflect the amount you reported in the expenses section.

Tab 5. Financial Questionnaire

24. To retain program staff, I am increasing wages for staff who experience wage compression in 2024 due to CWELCC Workforce Compensation funding and changes to minimum wages. Where in the template should I include this cost?

- Peel is committed to exploring ways to support child care providers with the cost of wage compression for program staff in the short-term. We continue to advocate to the province to recognize years of service in its Workforce Strategy.
- Please include your projected amount for wage compression as part of your total budgeted expense for Program Related Staff Wages and Benefits in Tab 4 - Financial Data (row 30 in the Financial Data worksheet).
- You must also specify the dollar amount that you are projecting to spend on compression cost in the financial questionnaire (Tab 5, question 9).

25. To support retention of program staff, I plan to increase my agency's employer paid wages. Would EIF support increases above the cost escalation amount?

- We understand that you need to make the decisions that are right for your business.
- Before you make decisions on staff compensation, we encourage you to review your revenue and expenses including any ongoing funding (such as cost escalation and WEG) and wait for the outcome of the announced new CWELCC funding formula to ensure you can maintain the increase in the years to come without compromising the viability of your program.
 - As a reminder, the provincial cost escalation for 2023 was 2.75% and for 2024 is 2.1%.
 - We continue to advocate for wages that are reflective of Peel's cost of living.
- EIF supports expenses that are beyond your control such as collective agreement wage increases. Non-mandatory wage increases are discretionary expenses, and, thus, **not covered** by EIF.
- When you complete the template, you are required to provide a rationale for cost increases, including staff salaries. If we have any questions, we will let you know.

Other

26. Will Peel provide additional admin funding to help with the completion of the 2024 CWELCC operating budgets?

- As communicated on March 1, 2024, the Transition Operating Grant (TOG) supports your administration, special purpose, and other operating costs.
- We will release the TOG in late April. Payments start in May for those who qualify.

27. What is the emerging issues funding (the EIF)?

- The EIF is a new provincial funding to help providers whose revenue for eligible spaces is insufficient to support their non-discretionary costs.
- Eligible providers will receive the EIF guideline and allocations in late summer.

28. Can I apply for EIF if after submitting my budget I experience unforeseen costs that are out of my control?

- There will not be an additional application process for EIF in 2024. Your operating budget template will be used to assess your EIF eligibility.
- If after sending your budget you experience unforeseen changes to your revenue and/or costs that are out of your control and impact your financial viability, email us at earlyyearssystemdivision@peelregion.ca. We reserve the right to review your request based on budget availability, verification provided and reasonability.

29. What should I do if the information on my pre-populated template is different from my last year's FAIR?

- To reduce providers' administrative burden, we prepopulated the templates with the latest information we had available.
- If you find discrepancies with your prior year's FAIR, email us at earlyyearssystemdivision@peelregion.ca.

30. Most of the information requested has already been provided to you in our FAIR report yearly, why are you asking for this information again?

- We have heard from the sector that the inflationary amount provided by the province is not sufficient to maintain financial viability for child care providers participating in CWELCC.
- As the FAIR reports on prior year actuals, it cannot be used to determine current year need as it does not reflect 2024 cost increases. You can use your FAIR or current 12-month budget as a starting point for your submission, however you should include any known changes (revenues or expenses) to ensure that we are using accurate information to assess your 2024 financial viability.