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General Operating Fund: Staff Wages and Benefits

2020 Guideline

Peel Region Licensed Child Care Service Providers Centre-Based Programs

**Early Years and Child Care Services
Release Date: December 5, 2019**

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SECTION 1: INTRODUCTION

This Guideline is intended to provide licensed child care centre-based service providers with key information regarding the Staff Wages and Benefits (SWB) component of the 2020 General Operating Fund (GOF). To learn more about SWB requirements, service providers should review this Guideline and their Early Years and Child Care (EYCC) Services Fee Subsidy and Funding Agreement (Agreement).

The Region will work with service providers to ensure that all Early Years and Child Care (EYCC) funding programs that support SWB investments align with the priorities identified in the [EYCC Service System Plan: 2019-2024](#), and are sustainable and streamlined.

The Region will continue to work with service providers to review current funding streams that support staff salaries (including GOF, Historical, Pay Equity and Wage Enhancement Grant funding), to explore options to simplify funding distribution, reporting requirements and reduced administration requirements. The Region will also be reviewing how funding is distributed to enhance SWB funding across the broader system and will be seeking to engage you in 2020 to inform changes.

Details on how to participate in the Region's review will be communicated at a later date.

Objective and Overview

Funding for SWB is intended to retain qualified staff by enhancing staff wages and benefits to improve access to high quality, affordable, licensed child care services for families in Peel.

Components (as applicable)	Priorities	Outcomes
Staff Wages and Benefits (SWB)	Foster a Thriving Workforce	<ul style="list-style-type: none"> • Enhance staff wages and benefits above mandatory requirements. • Reduce the wage gap between Early Childhood Educators working in licensed child care settings and school boards, by working towards increasing wages for ECE's working in child care up to the school board rate of \$21.01 to \$27.75 per hour.
Historical Funding		<ul style="list-style-type: none"> • Maintain previous years staff wage/benefit grants
Pay Equity		<ul style="list-style-type: none"> • Continue to meet pay equity obligations
Administration Funding	<ul style="list-style-type: none"> • Offset a portion of incremental audit and administration expenses. 	

SECTION 2: ELIGIBILITY CRITERIA

To be eligible to receive GOF- SWB, service providers are required to satisfy the following requirements:

1. Be a licensed child care provider in Peel Region with a signed EYCC Services Fee Subsidy and Funding Agreement dated on or before **October 31, 2019**.

UPDATE

Notes:

- Programs supported through Capital Funding investments will be prioritized to receive SWB.
 - Historical Funding is only available to service providers who previously received the former Wage Subsidy in 2015.
2. Demonstrate the Region's Authentic Participation requirements:
 - a) Inclusion of children in receipt of fee subsidy;
 - b) Continuous quality enhancement practices; and
 - c) Inclusion of children with special needs by participating in Peel Inclusion Resource Services.
 3. Meet minimum wage (\$14.00 per hour) and mandatory benefit requirements **without** utilizing GOF (SWB and /or Historical Funding) or Wage Enhancement Grant (WEG) or other provincial funding.
 4. Have sound business management practices.
 5. Be in good standing with respect to financial/contract compliance and reporting requirements for all funds provided. Non-compliance with this requirement might impact service provider eligibility for all EYCC funding programs.

Late Filing of Required Documents

The Region has implemented a new [Late Filing Policy](#) in efforts to increase accountability and transparency with EYCCS funding programs. Failure to submit complete information on time will result in progressive penalties, as outlined in your Agreement.

Change in Operator, Transfer, Sale or Closure

In the event of:

- A shares transfer when the licence remains unchanged, a new service provider may be eligible to receive SWB and may be considered ineligible to receive Historical Funding.
- An asset sale or for any reason where a new licence is issued, the service provider may be considered ineligible to receive SWB and will no longer be eligible to receive Historical Funding.
- Closure: If a program ceases to operate, the Region at its discretion may prorate the agency's GOF funding amount.

The Region reserves the right to review continued eligibility of GOF-SWB on a case-by-case basis.

UPDATE

SECTION 3: ELIGIBLE EXPENSES

2020 GOF-SWB Eligible Expenses	
Expense Category	Description
Staff Wages and Benefits (use as per your most recent approved GOF Funding Distribution Plan)	
Staff wage enhancement	<ul style="list-style-type: none"> • Enhance licensed child care program staff wages (over-and-above existing minimum wage requirements). • Support incremental employer mandatory benefit costs that result from GOF wage enhancements.
Staff benefit enhancement	<ul style="list-style-type: none"> • Implement or enhance non-mandatory benefits (e.g. basic health and retirement plan). Workplace benefits enhance job satisfaction and are a critical component in successful staff retention. A benefits package that includes a group retirement plan is proven to attract and retain employees in Canada. • Offset the employee or employer portion related to a non-mandatory benefit plan (e.g. health and dental benefits).
Historical Funding	
Enhancements to staff wages & benefits	<ul style="list-style-type: none"> • Improve the wage and benefits of eligible positions working in a licensed child care program (over-and-above existing wages and regulatory requirements for minimum wage and mandatory benefits). • Staff positions should not receive less than what they received in 2015 Wage Subsidy payments. • Service providers may use a portion of the Historical funding to cover mandatory employer contributions resulting from increased salary and benefit costs related to Historical allocation funded salary and benefit costs as pre-approved by the Region.
Administration Funding	
Audit/ Administration/ Bookkeeping costs	<ul style="list-style-type: none"> • Offset incremental audit and/or administration/booking costs incurred to administer Region of Peel funding or reporting requirements i.e.: <ul style="list-style-type: none"> ○ Audit costs ○ Administration/bookkeeping costs related to Regional requirements
Expenditures not listed on the table above are considered ineligible. See Appendix B for examples of ineligible expenses. For questions about eligible and ineligible expenses, please email EarlyYearsSystemDivision@peelregion.ca .	

SECTION 4: ELIGIBLE POSITIONS – GOF STAFF WAGES AND BENEFITS AND HISTORICAL FUNDING

2020 GOF SUMMARY OF ELIGIBLE (GREEN) AND INELIGIBLE (RED) POSITIONS	General Operating Fund (GOF) - Staff, Wages & Benefits			General Operating Fund (GOF) - Historical		
	Salaries (above minimum wage)	Employer's Mandatory Benefits ^{1, 2}	Employer's Non-Mandatory Benefits	Salaries (above minimum wage)	Employer's Mandatory Benefits ^{1, 2}	Employer's Non-Mandatory Benefits ³
Child Care Program Staff						
Registered Early Childhood Educators (RECE)	✓	✓	✓	✓	✓	✓
Supervisor	✓	✓	✓	✓	✓	✓
Assistant Supervisor	✓	✓	✓	✓	✓	✓
Program Staff without ECE	✓	✓	✓	✓	✓	✓
Early Child Care Assistants	✓	✓	✓	✓	✓	✓
Supply Staff (regular casual employment status)	✓	✓	✓	✓	✓	✓
Permanent summer staff that work for numerous weeks each year to cover ratios	✓	✓	✓	✓	✓	✓
Director-approved program staff (take the place of an RECE e.g. Montessori Teachers)	✓	✓	✓	✓	✓	✓
Non-Program Staff						
Bus Drivers	✓	✓	✓	✓	✓	✓
Housekeeping	✓	✓	✓	✓	✓	✓
Cooks	✓	✓	✓	✓	✓	✓
Special Needs Resourcing Staff	✗	✗	✗	✓	✓	✓
Janitorial staff	✗	✗	✗	✓	✓	✓
Administrator	✗	✗	✗	✓	✓	✓
Clerical staff	✗	✗	✗	✓	✓	✓
Maintenance Staff	✗	✗	✗	✗	✗	✗
Unpaid Students	✗	✗	✗	✗	✗	✗
Volunteers	✗	✗	✗	✗	✗	✗
Students not in a permanent position	✗	✗	✗	✗	✗	✗
Owners/Operators who do not occupy an eligible position	✗	✗	✗	✗	✗	✗
Fee for service contracts (including temporary staffing agencies)	✗	✗	✗	✗	✗	✗
Notes:						
1. Service providers should seek professional financial guidance regarding employer mandatory benefit payments to staff. Additional information is available on the Canada Revenue Agency website: <i>Employers' Guide - Payroll Deductions and Remittances</i>						
2. Only incremental employer mandatory benefit costs that result from GOF- SWB or GOF- Historical salary enhancements.						
3. If previously approved by the Province						
Service providers should contact their EYS if they have any questions regarding:						
<ul style="list-style-type: none"> • The eligibility of a position • A position not listed on this chart 						

SECTION 5: GOF - STAFF WAGES AND BENEFITS (SWB)

Distribution to Staff

In order to issue the GOF- SWB, service providers will:

STEP 1. Ensure that they meet their regulatory requirements for [minimum wage and mandatory benefits](#). Since January 1, 2018, the minimum wage in Ontario is \$14 per hour.

STEP 2. Continue to use their most recently approved GOF Funding Distribution Plan methodology and follow the process described in the In-Year Funding Changes and Increase/Decrease in Staff Complement subsection of this guideline.

UPDATE

Note: Service providers that are unable to continue using their most recent approved GOF Funding Distribution Plan in 2020, are required to:

- Contact their Early Years Specialist as soon as they become aware of the change; and
- Follow the process outlined on [Appendix C](#).

Payment to Staff - Requirements

Service providers are required to:

1. Distribute funding to eligible staff positions as part of the regular payroll process (e.g. biweekly / monthly). **Important** - Year-end and/or cash payments are not permitted.
2. Include a 'General Operating Fund' notation and the amount payable on **each** paystub. Service providers without an automated payroll system are required to provide eligible staff with a letter describing their GOF gross and net entitlement.
3. Distribute the full staff wages and benefits funding. **GOF may not be carried over to 2021.**

In-Year Funding Changes and Increase/Decrease in Staff Complement

The *GOF template change request document* is no longer required when service providers experience an in-year change on their funding amount and/or an increase/decrease to their staff complement. Service providers that experience these changes are required to meet the requirements outlined below:

Service providers that experience an in-year change on their funding amount and/or an increase or decrease to their staff complement are required to:		Type of Change		
		In-Year Funding Changes	Increase in Staff Complement	Decrease in Staff Complement
1.	Inform their Early Years Specialist as soon as the change is known	N/A	✓	✓
2.	Reallocate SWB funds among all eligible staff using their most recently approved GOF Funding Distribution Plan/Policy	✓	✓	✓
3.	Update the Staff Communication Letter accordingly	✓	✓	✓
4.	Review the Staff Communication Letter with all staff <i>within 2 weeks of the change</i>	✓	✓	✓
5.	Keep all signed Staff Communication Letters on file for 7 years for regional review, as required	✓	✓	✓
Notes: <ul style="list-style-type: none"> • Early Years Specialists may ask to see the Staff Communication Letter during program visits. • In cases where a service provider needs to change their policy (e.g. removing the seniority criteria), a GOF template change request document will still be required. Service providers should refer to Appendix C for direction on changing their GOF staff distribution policy. 				

Service providers that experience an in-year decrease in staff complement may also chose to allocate any unused funds at the end of the year equitably to all eligible staff. In this case, service providers are required to meet the surplus requirements outlined in the SWB Funding – Surplus & Shortfall section of this guideline.

SWB Funding - Surplus & Shorfall

The Region provides SWB funding with the expectation that service providers will spend these funds through regular payroll. Good financial management allows service providers to become aware of potential surplus (unspent funding) or shortfalls (staff payments exceed the funding amount).

Service providers are encouraged to continuously review their SWB budget (funding amount) and forecast (how much they are expecting to spend by December 31, 2020) so that they can take in-year corrective action.

Changes in staff complement within a fixed-funding amount may result on one of the following situations:

Situation	Requirements
<p>Balanced Budget - Service provider fully spends funding through regular payroll</p>	<p>No action is required.</p>
<p>Shortfall - Service provider runs out of funding before December 31, 2020</p>	<p>Increases in staff complement will not result in a change to the funding allocation. Service providers that run out of SWB funding before the end of the year may choose to:</p> <ul style="list-style-type: none"> • Stop GOF-SWB payments to staff. Service providers that choose this option are required to clearly communicate this decision to staff and their Early Years Specialist; or • Maintain salary and/or benefit enhancements. In this case, staffing costs over and above the approved SWB funding amount are the sole responsibility of the service provider.
<p>Surplus - Service provider expects to have leftover funding by December 31, 2020</p>	<p>Service providers that expect to have leftover funding by December 31, 2020 may choose to:</p> <ul style="list-style-type: none"> • Use unspent funding to further enhance staff wages by making a year-end-payment to staff by December 31, 2020. Service providers that choose this option are required to: <ol style="list-style-type: none"> a) Distribute unspent funding to staff in equal proportion to total hours worked from January 1, 2020 to November 30, 2020 among all eligible staff as per their approved GOF Funding Distribution Plan Template. Owners/Operators are not eligible to receive the year-end payment and should not be included on this calculation. See the How to Distribute Year-End Unspent Funding to Staff for instructions on how to calculate the year-end payment. b) Make the payment through the regular payroll process before December 31, 2020. OR • Return unspent funding to the Region. Funds unspent at the end of the year are considered surplus and will be recovered through the reconciliation process.

How to Distribute Year-End Unspent Funding to Staff?

STEP 1. Divide the leftover amount by the total number of hours worked by all eligible staff as per your approved distribution template (see numbers in red).

STEP 2. Multiply the result of Step 1 by the number of hours worked by each staff.

Leftover amount: $\frac{\$560}{3,330} =$ \$0.17

Position	Hours Worked		Step 1 Result		Year-end Distribution to Staff (salaries and increased mandatory employer contributions)
RECE	960	✘	\$0.168	≡	\$161.28
RECE	400	✘	\$0.168	≡	\$67.20
ECA	960	✘	\$0.168	≡	\$161.28
ECA	450	✘	\$0.168	≡	\$75.60
ECA	560	✘	\$0.168	≡	\$94.08
Total Hours	3,330				

Important - Additional payments to staff will result in increased mandatory employer contributions. Service providers must consider additional mandatory employer contributions

For-Profit Owners/Operators Eligibility

Owners/Operators in a supervisor role or in another position to **support ratios** are eligible to receive at a maximum an amount equal to the **average enhancement amount** distributed to staff if they are employed by the child care agency and receive a T4. This amount will be **prorated** according to the amount of time the Owner/Operator spends in that role. The total eligible amount is the maximum allowed regardless of the number of Owners/Operators. Owners/Operators have the option to accept the funding or flow it back into the program to further enhance staff wages.

For example: Service provider 'A' received \$20,000 to support staff wages and benefits. The average amount distributed to staff as an **enhancement** equaled \$2,500. Based on the average, the Owner/Operator in a full-time supervisor role is eligible to receive a maximum of \$2,500 as automatically calculated by the Funding Distribution Plan. If the Owner/Operator supports ratios 50% of the time they would be eligible to receive \$1,250.

Important: Owners/Operators are **not eligible** for a surplus SWB year-end payment.

SECTION 6: HISTORICAL FUNDING

This funding is available to service providers who previously received Wage Subsidy in 2015. Historical Funding is intended to improve wages and benefits of eligible staff positions working in a licensed child care program and increase payments to home child care providers, making child care more affordable for families.

Funding Conditions:

Service providers that are in receipt of Historical Funding are required to:

1. Use this funding consistently with previous Wage Subsidy payments provided to eligible staff positions. This includes:
 - a. Ensuring that staff do not receive less than what they received in 2015.
 - b. Using funding for [eligible expenses](#) only.
 - c. Allocating a reasonable portion of the funding to each position in a way consistent with the achievement of their pay equity plan.
2. Include Historical Funding payments in the job rates used by service providers in pay equity calculations (as applicable).
3. Promptly report to the Region any significant reductions in service levels (including reduced operating capacity) and/or staffing that is not temporary in nature. Funds will be recovered through the Region's annual reconciliation process.
4. Ensure that the **Payment to Staff Position Requirements** section of this guideline are met (these requirements are also applicable to Historical Funding).

SECTION 8: GOF – STAFF WAGES AND BENEFITS PAYMENT TO SERVICE PROVIDERS

To support system stability, GOF-SWB monthly payments will remain unchanged for 2020, and service providers are required to continue using their most recent approved GOF staff distribution methodology as approved by their Early Years Specialist.

The Region will work with service providers on any concerns that arise from any changes to the Guidelines. If, however, a service provider does not agree with the changes, they may terminate their Agreement by giving Notice to the Region within 30 days of the Region providing the new Guidelines.

SECTION 9: ACCOUNTABILITY MEASURES

The following accountability measures are in place to ensure that GOF- SWB is used for its intended purpose and in accordance with Regional and Provincial requirements:

1. In-Year Reporting Requirement / Interim Reconciliation
 - Service providers may be required to submit data including actual and projected enrollment, staff wages, and any other information deemed necessary as requested by the Region.
2. Proof of Payments to Staff
 - Service providers may be required to provide copies of staff payroll records, T4 statements, bank statements, cancelled cheques, and pre-and-post GOF paystubs.
3. The Region may conduct random audits of service providers' use of 2020 GOF (including SWB). Additional reporting or audit requirements may be implemented on a case-by-case basis.
4. Service providers who submit a *Rate Increase Request* are prohibited from including costs offset by GOF or any other Regional Funding. Service providers will be required to provide additional documentation if a rate increase request exceeds the Cost of Living.
5. The GOF must be used for its intended purpose. Service providers may not use funding to generate a revenue. This means that provincial/regional child care funding cannot be used to contribute (directly or indirectly) to service providers' reserves, surplus, profit, and/or retained earnings, etc. as applicable. All GOF must be invested into the program in alignment to the outcomes and requirements outlined in this guideline and your Agreement.

SECTION 10: RECONCILIATION AND REPORTING REQUIREMENTS

Final Reconciliation Report

Service providers are required to submit a Final Reconciliation Report. To enhance accountability and transparency and inform service providers on the information that needs to be collected to complete the 2020 reconciliation, a draft reconciliation package will be provided at a later date.

Important: The draft reconciliation package is for informational purposes only and subject to change. The Region will be communicating the final reconciliation requirements once available.

Recoveries

Service providers must return GOF funding to the Region in the following situations:

- Unspent funding;
- Closure of an agency; and,
- GOF funding not used in accordance with the terms of the of the Agreement or this Guideline.

When the Region determines that a service provider must return all or part of their GOF funding amount, the service provider will be notified by e-mail.

The amount owed must be repaid to the Region within thirty (30) calendar days of the date of the e-mail in order to maintain ongoing eligibility for funding. **No repayment agreements will be allowed.**

If the Region determines that a Service Provider did not use GOF-SWB funding as intended and / or did not meet their responsibilities as set out in this Guideline or the Agreement, the GOF will be recovered, and the Service Provider may be deemed ineligible to receive future EYCC funding.

Other Financial Reporting Requirements

Service providers should refer to the [Service Providers' Handbook](#), [Early Years and Child Care Services Financial Annual Information Return Guideline](#) and their Agreement for information on the Region's financial reporting requirements.

Audit Approach

The Region may conduct site visits to confirm that funding was used for the approved purpose(s). As part of both the Provincial and the Regional funding verification processes, service providers are required to keep all original documentation for a minimum of seven years. Through the Region of Peel's audit selection process, service providers may be contacted to complete a review of GOF-SWB.

SECTION 11: CONTACT US

If you require additional information or have questions about the GOF-SWB for 2020 please contact your Early Years Specialist or e-mail: EarlyYearsSystemDivision@peelregion.ca.

APPENDIX A: GOF ALLOCATION APPROACH

Staff Wages and Benefits (SWB): To promote funding stability, 2020 GOF-SWB monthly allocations will remain unchanged for 2020. If the funding amount is changed, service providers will be contacted by their Early Years Specialist.

APPENDIX B: INELIGIBLE EXPENSES

2020 GOF Ineligible Expenses	
Expense Category	Description
1. Staffing costs	<ul style="list-style-type: none"> Budgeted wage compression Retiring bonuses, gifts and honoraria paid to staff, staff (including Administrator or owner) travel costs, staff uniform costs, etc. Staff not employed in a licensed child care program. Direct payment to any person who does not receive a T4 or T4A.
2. Legislative employment law requirements	<ul style="list-style-type: none"> The impacts of The Fair Workplaces, Better Jobs Act, 2017 (Bill 148) and the Making Ontario Open for Business Act, 2018
3. Non-arm's length transactions not transacted at fair market value	<ul style="list-style-type: none"> A transaction occurs at non-arm's length when it is between two individuals who are related by blood, marriage, common-law partnership or adoption. When this occurs, the transaction would require additional documentation to ensure it has occurred at fair market value.
4. Professional fees	<ul style="list-style-type: none"> Fees paid as a condition of employment such as annual membership fees for the College of Early Childhood Educators and vulnerable sector/criminal reference checks.
5. Operating costs other than staff wages and benefits	<ul style="list-style-type: none"> Program supplies and resources Nutrition and meals for children Occupancy costs Debt costs Transportation of children Property taxes Repairs and maintenance Organization, franchise management and other fees.
6. Costs supported through other Region of Peel funding streams	<ul style="list-style-type: none"> Training and Professional Education, Wage Enhancement Grant, Transformation, Mitigation Funding, etc.
<p>Note: This list is not exhaustive. Any expenditures not listed under the allowable expenses section of this Guideline are non-admissible. If you have any questions, please contact your Early Years Specialist.</p>	

APPENDIX C: CHANGES TO THE GOF STAFF DISTRIBUTION POLICY

Service providers that are unable to continue using their most recently approved GOF-SWB Funding Distribution Plan methodology in 2020, are required to:

1. Contact their Early Years Specialist as soon as they become aware of the change. Your Early Years Specialist will provide you with a *GOF template change request document*, if applicable.
2. Develop a transparent and equitable method of distributing the GOF-SWB amount to eligible positions. Funding may be distributed using some or all of the following categories:
 - Total number of hours worked or a flat amount; and/or
 - RECE qualifications (only recognized qualification).

Note: Early Years Specialists may inform service providers on how to use their staff wages/benefits funding to ensure that the SWB outcomes are achieved.
3. Return a completed *GOF template change request document* and Staff Communication Letter to their Early Years Specialist.
4. Participate in a review of their *GOF template change request document* and provide further information as requested by the Region.
5. Review the Staff Communication Letter with all staff once their *GOF template change request document* has been approved.
6. Adjust staff wages and benefits according to the new approved GOF funding distribution plan.
7. Have all eligible staff sign off on the approved communication letter.
8. Submit a copy of the signed letter to the Region as part of the 2020 GOF Reconciliation Report.