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# **2023 General Operating Fund Staff Wages and Benefits Guideline**

**Effective: January 1, 2023**

**Peel Region Licensed Child Care Service Providers  
Centre-Based Programs**

**Early Years and Child Care Services  
Release Date: December 8, 2022**

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## SECTION 1: INTRODUCTION

This Guideline provides licensed child care centres with information regarding the 2023 General Operating Fund (GOF) to support staff wages and benefits for January 1 to December 31, 2023. Please review this Guideline and your Early Years and Child Care Services (EYCCS) GOF Agreement to learn more about funding requirements.

With the introduction of CWELCC, it is important to maintain consistency and stability for you and your staff in 2023. The Region is delaying the implementation of the new GOF approach previously communicated until further information about the Province's new funding formula for 2024 is released. We will review all funding programs for staff wages and benefits in preparation for the Province's new funding formula and communicate updates to you as they are available.

### Funding Objectives

Components (as applicable)	Strategic Priority	Objectives
Staff Wages and Benefits (SWB) (now includes Historical Funding)	High Quality Child Care  Outcome: Service providers recruit and retain qualified staff	<p><b>*Important:</b> As of January 1, 2023, Historical Funding (applicable to eligible agencies only) has been merged with Staff Wages and Benefits (SWB) allocation to streamline funding and reduce reporting requirements. This combined funding must be used to:</p> <ul style="list-style-type: none"> <li>Enhance program staff wages and benefits above mandatory pay requirements.</li> <li>Reduce the wage gap between Early Childhood Educators (ECEs) working in licensed child care settings and school boards.</li> <li>Continue to enhance/maintain eligible staff wages and benefits at the previous year level.</li> </ul>
Pay Equity		<ul style="list-style-type: none"> <li>Continue to meet pay equity obligations.</li> </ul>
Administration Funding	<ul style="list-style-type: none"> <li>Offset a portion of incremental audit and administration expenses associated with implementing EYCCS programs funded by the Region.</li> </ul>	

### Funding Conditions

- All GOF must be spent by **December 31, 2023**.
- GOF must be used to support licensed child care operations/spaces licensed under the [Child Care and Early Years Act \(CCEYA\)](#) located in Peel Region only.

## SECTION 2: ELIGIBILITY CRITERIA

To be eligible to receive the 2023 GOF, you must:

- Be a licensed child care provider in Peel Region with a signed EYCCS Fee Subsidy Agreement dated on or before **October 31, 2019**.
- Demonstrate the Region's Authentic Participation requirements:
  - 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 (note: effective October 1, 2022 the provincial government increased the minimum wage to \$15.50 per hour) and mandatory benefit requirements **without** utilizing GOF, WEG or other provincial funding. Exception: the only funding that should be used to support the minimum wage is the CWELCC Funding.
  4. Submit revised market rate fee schedules to the Region sixty (60) calendar days before market rate changes come into effect.
    - Note: This requirement is only applicable to programs, such as school age programs and centres not participating in the CWELCC if child care fees are not frozen.
  5. Be open and providing services, unless otherwise directed to close by Peel Public Health (PPH) or the Province of Ontario.
  6. Have business management practices which align with the Region’s priorities identified in the [Early Years and Child Care Service System Plan: 2019-2024](#).
  7. Be in good standing with respect to financial and contractual compliance, and reporting requirements for all funds provided. Non-compliance with this requirement might impact eligibility for all EYCCS funding programs.

**Change in Operator, Transfer, Sale or Closure:**

The transfer of EYCCS Agreements, including GOF (SWB, Historical Funding and/or Pay Equity) from one party to another due to a shares transfer, asset sale, or amalgamation will be at the Region’s discretion. Please see the [Service Provider Handbook](#) for more information related to changes in business.

Note: If a program ceases to operate, the Region will discuss funding impacts and restrictions with you, and at its discretion may prorate your GOF funding amount. The Region reserves the right to review continued GOF eligibility on a case-by-case basis.

**SECTION 3: GOF COMPONENTS AND ELIGIBLE EXPENSES**

2023 GOF Eligible Expenses	
Component	Description of Eligible Expenses
Staff Wages and Benefits (SWB) (includes former Historical Funding to eligible Providers) *	<p><b>*Important:</b> As of January 1, 2023, Historical Funding (applicable to eligible agencies only) has been merged with the Staff Wages and Benefits (SWB) allocation to streamline funding and reduce reporting requirements. This combined funding must be used to:</p> <ul style="list-style-type: none"> <li>• Enhance eligible licensed child care program staff wages (over-and-above existing minimum wage requirements).</li> <li>• Support incremental employer mandatory benefit costs that result from GOF wage enhancements.</li> <li>• Continue to offset the employee or employer portion related to a non-mandatory benefit plan (e.g., health and dental benefits). The amount used to support this should not exceed the amount expensed in the previous year.</li> </ul>

2023 GOF Eligible Expenses	
Component	Description of Eligible Expenses
	<ul style="list-style-type: none"> <li>Continue to enhance/maintain eligible staff wages and benefits with the distribution approach used in 2022 for SWB and former Historical Funding, where possible.</li> </ul>
Pay Equity	<ul style="list-style-type: none"> <li>Pay Equity is only available for Service Providers identified by the Province as eligible to receive Pay Equity Funding. You must use this funding to meet pay equity obligations under your plan and the <i>Pay Equity Act</i>. You must contact the Region once pay equity obligations are achieved.</li> </ul>
Administration Funding	<ul style="list-style-type: none"> <li>Offset incremental audit and/or administration/bookkeeping costs incurred to administer Region of Peel funding or reporting requirements.</li> <li>Support internal process to track data and expenditures to fulfill reporting requirements (both regional and provincial).</li> <li>Additional costs associated with the internal payment processes required to provide GOF/WEG to staff.</li> </ul>
Expenses not listed above are considered ineligible. See <a href="#">Appendix A</a> for ineligible expenses.	

## SECTION 4: ELIGIBLE AND INELIGIBLE POSITIONS

As a reminder, as of **July 1, 2022**, the positions eligible for GOF were aligned with the Wage Enhancement Grant (WEG) to better meet the funding objectives for GOF. Your impacted staff should have already been notified of this change as of July 1, 2022.

### Eligible Positions

To receive GOF in 2023, staff must work in one of the following eligible positions:

- Registered Early Childhood Educator (RECE)
- Supervisor or Assistant Supervisor
- Program staff without ECE or Early Child Care Assistant
- Supply staff (regular casual employment status)
- Summer staff that work for numerous weeks each year to cover ratios (permanent)
- Director-approved program staff (e.g., Montessori Teachers)

### Ineligible Positions (Non-Program Staff)

The following positions are **not eligible** to receive GOF (SWB with Historical Funding):

- Bus Drivers\*
- Cook/Housekeeping\*
- Custodian/Janitorial\*
- Clerical/Administrator\*
- Special Needs Resourcing 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)
- Staff hired through a third party (i.e., temp agency)

\*Positions shaded above would be eligible if they spend at least 25% of their time supporting ratio requirements under the CCEYA, then they would be eligible for GOF only for the number of hours worked to support ratios. Staff would be eligible for the staff enhancement for the hours worked in the eligible position supporting ratios and the supervision of children in the program. These positions cannot be a third-party and must receive a T4 or T4A to be eligible.

Note: If you have surplus funding due to positions becoming ineligible for GOF you may distribute this to eligible staff throughout 2023. Refer to **Section 6** for direction on how to redistribute surplus GOF.

### **For-Profit Owners/Operators Eligibility**

Owners/operators in a supervisor role or in another position to **support ratios** are eligible to receive at 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** is \$2,500. Based on the average, owners/operators in a full-time supervisor role would be eligible to receive up to a maximum of \$2,500 and \$1,250 if they support ratios 50% of the time.

## **SECTION 5: DISTRIBUTION OF GOF-SWB**

### **Distribution and Payment to Staff**

1. To issue GOF, you must:
  - Ensure that you meet your regulatory requirements for [minimum wage and mandatory benefits](#). Continue to enhance/maintain eligible staff wages and benefits with the distribution approach used in 2022 for SWB and former Historical Funding, where possible. Note: any changes to staff wages may impact the grant amount that staff receive under the CWELCC Workforce Compensation Funding.
2. Distribute GOF to all eligible staff for hours worked/paid as part of the **regular payroll schedule/process** (e.g., this means that if staff are paid their regular wages on a weekly basis, then GOF should also be issued weekly).
  - One-time and/or cash payments are not permitted.
  - GOF cannot be carried over to 2024.
3. Include a '**General Operating Fund**' notation with associated amounts payable on each paystub.

Note: if you are changing the GOF amount for eligible staff within 2023, it is your obligation to communicate in writing the change to all impacted staff.

- “Hours worked/paid” may include paid time for statutory holidays, vacation time, personal time, sick days, program hours/days, paid planning time, paid professional learning hours and paid time spent participating in meetings mandated by the organization.
- The maximum number of hours that will be supported through the GOF (SWB and Historical Allocation) is **2080 hours per year** per staff.

## SECTION 6: GOF SURPLUS AND SHORTFALL

You should continuously review your GOF budget (funding amount) and forecast how much you expect to spend. Changes in staff complement within your GOF budget amount may result in the following situations:

Situation	Requirements
<b>Balanced Budget:</b> you spend your funding in full through regular payroll	No action is required.
<b>Shortfall:</b> you run out of funding before December 31, 2023	<p>New staff joining the program/site at any point during 2023 can receive GOF if the position is eligible and can be supported within your existing GOF funding allocation.</p> <p>Increases in staff complement will not result in a change to the funding allocation. If you run out of GOF you may choose to:</p> <ul style="list-style-type: none"> <li>• Stop GOF payments to all staff. If you choose this option, you are required to clearly communicate this decision to staff and your Early Years Specialist; or</li> <li>• Maintain salary and/or benefit enhancements. In this case, staffing costs over and above the approved GOF funding amount are your sole responsibility.</li> </ul>
<b>Surplus:</b> you expect to have leftover funding by the end of December 31, 2023	<ul style="list-style-type: none"> <li>• If you haven’t already, you must use your GOF surplus to enhance program staff wages and benefits (SWB) for Workforce Innovation Funding (WIF) funded hours, where applicable.</li> <li>• Once you meet the requirement above, you may redistribute remaining funding equitably amongst eligible staff based on hours worked/paid.</li> <li>• Any unused surplus funding will be recovered through the Region’s Reconciliation process.</li> </ul>

## SECTION 7: REPORTING AND ACCOUNTABILITY

GOF must be used for its intended purpose and cannot be used to generate revenue. This means that provincial/regional child care funding cannot be used to contribute (directly or indirectly) to an agency's reserves, surplus, profit, and/or retained earnings, etc. GOF must be invested into the program in alignment with the outcomes and requirements in this Guideline and your EYCCS GOF Agreement.

- All eligible expenses must be used to support licensed child care spaces / operations in Peel only.
- All expenses should be claimed only once. If you claim the same eligible expense in more than one funding components or claim an ineligible expense, the Region reserves the right to deem all funding categories ineligible and recover funding in whole or in part.
- Additional reporting or audit requirements may be implemented on a case-by-case basis.

To monitor the performance and impact of the funding and ensure that all GOF is used according to the requirements in this Guideline, the [Service Provider Handbook](#) and your EYCCS GOF Agreement, the following accountability measures have been implemented:

### Requirement to Keep and Provide Supporting Documentation

- Retain all original supporting documentation for a minimum of seven years.
- Provide copies of staff communication letters, staff payroll records, T4 statements, bank statements, cancelled cheques, and pre-and-post GOF paystubs upon request.
- Additional reporting or audit requirements may be implemented on a case-by-case basis.

### Requirement to Submit Information on Time

- The Region has implemented policies to increase accountability with our funding programs. Failure to submit complete information on time will result in progressive penalties, as outlined in the [Deadline Compliance and Hold Policies](#), your EYCCS GOF Agreement and the [Service Provider Handbook](#).

### GOF Reconciliation Report

- You are required to submit your GOF Final Reconciliation Report by **January 31, 2024, or as otherwise instructed by the Region** through [GovGrants](#).

### Other Financial Reporting Requirements

- You should refer to the [Service Provider Handbook](#), the [EYCCS Financial Annual Information Return Guideline](#) and your EYCCS Agreements for information on the Region's financial reporting requirements.

## Key Performance Indicators (KPIs)

You are required to submit KPIs as part of your GovGrants GOF progress reports to monitor the impact of the funding. This may include submitting data such as:

- Number of RECE employed with the agency (as of January 1<sup>st</sup> of the funding year)
- Number of RECE employed with the agency (as of December 31<sup>st</sup> of the funding year)
- Number of RECE who left the agency between January 1<sup>st</sup> to December 31<sup>st</sup> of the funding year
- Number of RECE who joined the agency between January 1<sup>st</sup> to December 31<sup>st</sup> of the funding year
- Number of eligible staff supported by GOF by position (e.g., RECEs, non-RECE program staff, supervisors, non-program staff)
- Average per hour staff enhancement supported through GOF

## GOF and Rate Increase Requests

- Costs covered through GOF cannot be used as a means to request or justify a request for a rate increase. This requirement only applies to programs where child care fees are not frozen (e.g., school age programs and centres not participating in the CWELCC).

## Audit Approach

You may be selected for a Compliance Audit (previously called a Funding Review) or a Funding Inspection. Please refer to the Region's EYCCS [Service Provider Handbook](#) for more information on our accountability and reporting requirements.

To confirm Regional funding has been used for its intended purpose and used to support licensed child care spaces and operations in Peel, the Region reserves the right to conduct check-ins at any time and may request the following information:

- Proof of credits or reimbursements/refunds issued to parents or proof of payments to suppliers or staff (e.g., copies of staff payroll registers, T4s, paystubs, staffing schedules, GOF distribution plan, timesheets including number of hours worked, bank statements, cancelled cheques, billing to parents, bank reconciliation statements including outstanding cheques, documentation of staff reassignment to other duties, receipts, invoices, quotations, etc.)
- Proof of revenue generated (e.g., parent fees, funding from government or third-party support programs, including copies of applications and approvals/discounts)
- Actual enrolment data and/or attendance records
- Copies of lease and other long-term agreements, including any amendments
- Additional reporting and/or audit requirements may be implemented on a case-by-case basis.

## Recoveries

The Region may recover all or part of your GOF in any of the following situations:

- You have unspent or surplus funding
- Your funding was not used or reconciled according to the terms of your EYCCS Agreements or this Guideline
- Your funding was used to generate revenue or contribute (directly or indirectly) to reserves, surplus, profit and/or retained earnings, as applicable
- Your funding was used for expenses that were supported by other government funding
- You do not provide supporting documentation for expenses claimed upon the Region's request

- You fail to comply and participate in an audit or an inspection
- You close permanently or your agency's assets are sold in an asset sale within 12 months of receiving GOF

If we determine that you did not use GOF as intended and/or did not meet your responsibilities as set out in this Guideline or the EYCCS Agreements, the funding will be recovered and you may be deemed ineligible to receive future EYCCS funding.

You will be notified by email if we determine that all or part of your GOF must be recovered. The email will include our findings, the total amount you owe and repayment details. The amount owed must be repaid to the Region **upon demand** (by cheque or payment adjustment as determined by the Region). Once your repayment is received, we will assess your ongoing eligibility for EYCCS funding.

## **SECTION 8: CONTACT US**

If you require additional information or have questions about this Guideline, please contact your Early Years Specialist or e-mail: [EarlyYearsSystemDivision@peelregion.ca](mailto:EarlyYearsSystemDivision@peelregion.ca).

## APPENDIX A: INELIGIBLE EXPENSES

2023 GOF Ineligible Expenses	
Expense Category	Description
1. Staffing costs	<ul style="list-style-type: none"> <li>Budgeted wage compression or a situation of pay inequity in which, as the minimum wage increases, the gap between staff paid at minimum wage and those at a more senior/experienced level decrease.</li> <li>Retiring bonuses, gifts and honoraria paid to staff, staff (including Administrator or owner) travel costs, staff uniform costs, etc.</li> <li><b>Staff not employed in a licensed child care program.</b></li> <li>Direct payment to any person who does not receive a T4 or T4A.</li> </ul>
2. Legislative employment law requirements	<ul style="list-style-type: none"> <li>Impacts due to legislative requirements or changes in legislation during the currency of this Agreement</li> </ul>
3. Non-arm's length transactions not transacted at fair market value	<ul style="list-style-type: none"> <li>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.</li> </ul>
4. Professional fees	<ul style="list-style-type: none"> <li>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.</li> </ul>
5. Operating costs other than staff wages and benefits	<ul style="list-style-type: none"> <li>Program supplies and resources</li> <li>Nutrition and meals for children in Programs</li> <li>Occupancy costs (lease/property rentals and utilities)</li> <li>Debt costs, payments related to capital loans, mortgage financing, tax liabilities and operating loans</li> <li>Transportation of children (i.e., vehicle lease, insurance, fuel costs)</li> <li>Property taxes</li> <li>Repairs and maintenance</li> <li>Fees paid as a condition of employment, professional organizations, franchise fees and management fees</li> <li>Organization, franchise management and other fees.</li> </ul>
6. Costs supported through other Region of Peel funding streams	<ul style="list-style-type: none"> <li>Training and Professional Education, Wage Enhancement Grant, Special Purpose, Capital, Mitigation Funding, CWELCC Funding, etc.</li> </ul>
7. Generating Revenue	<ul style="list-style-type: none"> <li>You cannot use GOF to generate revenue. Federal, provincial or regional child care funding cannot be used to contribute (directly or indirectly) to service provider's reserves, surplus, profit, and/or retained earnings, etc. as applicable.</li> </ul>
<p><b>This list is not exhaustive. Any expenditures not listed under the Section: Eligible Expenses in this Guideline are non-admissible.</b></p>	