

**Human
Services**

10 Peel Centre Dr.
Suite B
PO Box 2136, STN B
Brampton, ON
L6T 0E3
EarlyYearsSystem
Division@peelregion.ca
tel: 905-791-1585

peelregion.ca

2023 Licensed Home Child Care Base Funding Guideline

January 1 to December 31, 2023

Peel Region

**Licensed Home Child Care Agencies with a Fee
Subsidy Agreement with the Region of Peel**

**Early Years and Child Care Services
Released: February 14, 2023**

Updated: November 2023

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OVERVIEW

This Guideline provides Licensed Home Child Care (LHCC) agencies with information regarding 2023 LHCC Base Funding. LHCC agencies should review this Guideline and their Early Years and Child Care Services (EYCCS) Agreements to learn more about funding requirements.

FUNDING OBJECTIVE:

This Guideline supports streamlined, funding to licensed home child care agencies to improve access to affordable, high quality, inclusive and accountable licensed child care services for families in Peel.

The 2023 LHCC Base Funding model includes the following components:

1. Fee Reduction Operating Grant (FROG) to support children 6-12 years not eligible for CWELCC
2. Payments to Home Child Care Providers
3. Enhancements to Staff Wages and Benefits (includes Historical Funding where applicable)
4. Base Operating/Administration Funding (includes CWELCC Transition Operating Grant to eligible agencies only)

IMPORTANT: Underspending in a LHCC Base Funding component **cannot** be used to support other components, **unless allowed by the Region.**

- Example: Leftover FROG cannot be used to support Base Operating/Admin expenses.
- Funding not used within the allotted component will be recovered by the Region as part of the reconciliation process.

FUNDING CONDITIONS:

1. All Base Funding must be spent according to this Guideline by December 31, 2023.
2. Base Funding 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.
3. Base Funding can only be used to support the portion of the expenses not eligible for other government supports.
4. Failure to comply with Regional policies, including the [Deadline Compliances Policy](#), may result in your agency being ineligible for this or Regional funding and/or funding reductions to future EYCC funding.

SECTION 1: ELIGIBILITY CRITERIA

To be eligible for LHCC Base Funding in 2023, you must:

1. Be a LHCC agency in Peel Region with a signed EYCCS Fee Subsidy Agreement dated on or before October 31, 2021.
2. Provide child care to at least one agency-placed child from Peel in 2022 and continue to do so in 2023.
3. Be open and providing services.
4. Demonstrate the Region's Authentic Participation requirements:
 - a) Inclusion of children in receipt of fee subsidy
 - b) Continuous quality enhancement practices
 - c) Inclusion of children with special needs by participating in Peel Inclusion Resource Services (PIRS).
5. Meet [minimum wage](#) requirements (effective October 1, 2022 the provincial government increased the minimum wage to \$15.50 per hour) and mandatory benefit requirements without using LHCC Base Funding, Wage Enhancement Grant (WEG) or other Regional/Provincial funding. The only funding that should be used to support the minimum wage is the CWELCC Funding, as applicable.
6. 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 with child care fees not frozen (e.g. school age programs and agencies not participating in the CWELCC).
7. Have business management practices which align with the Region's priorities identified in the [Early Years and Child Care Service System Plan: 2019-2024](#).
8. Be in good standing with respect to financial/contract compliance and reporting requirements for all funds provided. Non-compliance with this requirement may impact LHCC agency's eligibility for all EYCC funding programs.
9. Comply with all EYCCS program/policies, financial, contract (any EYCCS contract), and/or system planning data reporting requirements.

Change in Operator, Transfer, Sale or Closure:

The Region reserves the right to review continued Base Funding eligibility on a case-by-case basis.


The transfer of EYCC Agreements, including Base Funding 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.

If an LHCC agency ceases to operate, the Region will discuss funding impacts and restrictions with you, and at its discretion may prorate your Base Funding amount.

SECTION 2: FUNDING COMPONENTS / REQUIREMENTS

| Component | Objective | Eligible Expenses / Funding Requirements |
|--|--|---|
| <p>Fee Reduction Operating Grant (FROG)</p> <p>In GovGrants, the FROG is called the “operating” budget category</p> | <p>Improve affordability for families with children 6-12 years</p> | <ul style="list-style-type: none"> • You must use this funding to continue reducing daily market child care fees by \$6.00 per day for all agency enrolled full-fee children 6-12 years in full-day and part-day care, as these children are not eligible for the CWELCC program. <ul style="list-style-type: none"> ○ Families in receipt of fee subsidy are not eligible to receive the FROG and are required to pay their parental contribution stated on their Confirmation of Fee Assistance letter. ○ Families with children 0-5 years of age do not qualify for the FROG and will have their fees reduced by 52.75% in 2023 through the CWELCC fee reduction funding program. • You must revise and share your market rate schedule (with families) to reflect fee reduction. • You must share the Region’s Parent Notice by December 31, 2022 (attached in email sent to agencies on December 8, 2022) to all full-fee families to inform them about the applicable child care fee reduction available to them in 2023. |
| <p>Payments to Home Child Care (HCC) Providers</p> | <p>Retain/attract HCC providers through increased compensation</p> | <ul style="list-style-type: none"> • You must use this funding to increase payments (above budgeted costs) to HCC providers. • Distribution to HCC providers must be based on each individual provider’s proportion of the total agency payments to providers and should: <ul style="list-style-type: none"> ○ Be based on your payments to providers only. Do not include Provincial/Regional funding. ○ Occur in alignment with providers regular payment process. Note: Provider payment amounts must be calculated and paid at least quarterly, even if regular agency payments occur less frequently. Example: if HCC providers receive agency payments monthly, the provider payment amount should be calculated and paid monthly. Communicate the distribution methodology to HCC providers. • See Appendix A for example on distributing funding to HCC providers. <p>Note: You have the option to use your Base Operating/Admin funding amount (in addition to your Payment to Provider funding amount) to further enhance payments to providers.</p> <p>IMPORTANT: If you are experiencing a reduced number of active homes (compared to January 2020), you must reduce your monthly allocation based on the number of current active homes before you allocate payments to HCC providers. Example: If in January 2023, 50% of providers are working/caring</p> |

| Component | Objective | Eligible Expenses / Funding Requirements |
|---|--|---|
| | | <p>for children (compared to January 2020), you must reduce your monthly Base Funding provider payment allocation by 50% and issue payments using the Base Funding methodology. Unused funding will be recovered at reconciliation.</p> <p>IMPORTANT: If your number of active homes has increased (compared to January 2020), you can distribute the full amount of your provider payment allocation. If you are experiencing significant increases in the number of home providers that are caring for children, please inform your Early Years Specialist. You will be required to provide updated data to validate adjustments to funding in this component.</p> |
| <p>Staff Wages and Benefits (SWB) Home Visitors RECE</p> <p>Includes Historical Funding (eligible agencies only)</p> | <p>Retain and recruit qualified staff in licensed child care</p> <p>Reduce wage gap between Registered Early Childhood Educators working in licensed child care settings and school boards</p> | <p>NEW: Effective 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 continue to enhance staff wages and benefits at the previous year level.</p> <p>You must use this funding to:</p> <ul style="list-style-type: none"> • Enhance staff wages for Home Visitors (above regulatory requirements). • Continue to enhance your staff wages at the same levels as last year so your staff are not negatively impacted. • Meet your regulatory requirements for minimum wage and mandatory benefits without using Base Funding, WEG or other provincial funding. • Support incremental employer mandatory benefit costs from wage enhancements. • Home Visitors who receive T4 or contracted Home Visitors are eligible. <p>Reminder: The eligible positions for SWB were aligned with the provincial Wage Enhancement Grant (WEG) in 2022. This means supervisors and non-program staff are not eligible to receive enhancements from SWB or Historical Funding unless the position requires staff to spend at least 25% of their time in a Home Visitor position, approved on the agency's licence and would receive this funding for the hours worked in that position.</p> <p>Note: You have the option to use your Base Operating/Admin funding amount (in addition to your SWB funding amount) to further enhance staff wages/benefits.</p> <p>Note: If you used Historical Funding in 2022 to enhance payments to providers, you may use underspending from the SWB component to continue to do so in 2023.</p> |

| Component | Objective | Eligible Expenses / Funding Requirements | | | | | | | | | | |
|---|--|---|--|--|--------------------|---|------------------------|------------------------------|--|--|--|--|
| <p>Base Operating/ Administration Funding</p> <p>Includes existing admin amount: WIF, WEG/HCCG, Base Funding</p> | <p>Support eligible agencies that have Fee Subsidy Agreement (FSA)</p> | <p>You may use the funding from this component towards:</p> <ul style="list-style-type: none"> • Administration Expenses: offset incremental audit and/or administration/bookkeeping costs to administer reporting requirements • Occupancy costs: agency lease/rent, utilities • Special Purpose Expenses: purchase program supplies and resources that are owned by the agency and loaned to providers. Refer to section on Special Purpose expenses and Appendix B for the eligible expenses • Staff Wages/Benefits and/or Payments to Providers: support enhancements in these Base Funding components, on agency discretion | | | | | | | | | | |
| <p>CWELCC Transition Operating Grant (TOG) (eligible agencies only)</p> <p>The TOG includes:</p> <p>Part A: Cost Escalation Amount</p> <p>Part B: Operating Amount</p> <p>In GovGrants, TOG Part A is in the “Other” category and TOG Part B is under the “Base Operating” category</p> | <p>If you have both FSA and CWELCC Agreement with the Region, the CWELCC TOG is being flowed through Base Funding and you can use your TOG to support these expenses.</p> <p> On July 19, 2023, we announced a one-time funding increase to the 2023 CWELCC TOG. On September 26, 2023, we communicated that to give you more flexibility, we are merging the eligible expenses between TOG Part A and Part B. This means that you may use your TOG funding to support any eligible expense in Part A or Part B as listed below.</p> | <table border="1" data-bbox="337 1024 1544 1730"> <tr> <td colspan="2" data-bbox="347 1031 1500 1094">Part A: Cost Escalation Amount - Supports inflationary expenses and other changes to costs such as:</td> </tr> <tr> <td data-bbox="391 1094 732 1157">✓ rent/lease costs</td> <td data-bbox="732 1094 1500 1157">✓ staff salaries and benefits e.g cost of living increases eligible for program staff and management staff)</td> </tr> <tr> <td data-bbox="391 1157 732 1199">✓ nutrition/food costs</td> <td data-bbox="732 1157 1500 1199">✓ payments to home providers</td> </tr> </table> <ul style="list-style-type: none"> • Note: you are encouraged to redirect a portion of the TOG to the home providers to support the cost of delivering child care. • This funding will be reconciled but not recovered. <p>Part B: Operating Amount includes:</p> <ol style="list-style-type: none"> 1. Administration amount – your existing admin funding to support EYCC programs (WEG, WIF, Base Funding) has been consolidated and flowed through TOG. 2. Additional operating amount – you have flexibility to use this amount to support the following expenses: <table border="1" data-bbox="347 1556 1544 1692"> <tr> <td data-bbox="347 1556 1146 1619">✓ Costs to implement CWELCC (e.g. software upgrades to support automation of fee reductions and enrolment)</td> <td data-bbox="1146 1556 1544 1619">✓ Costs to meet reporting requirements</td> </tr> <tr> <td data-bbox="347 1619 1146 1692">✓ Other changing costs not covered through inflationary allocation</td> <td data-bbox="1146 1619 1544 1692">✓ Cost of audited financial statements</td> </tr> </table> <p>If your enrolment is at full capacity, you may use TOG to reduce registration fees by 52.75%</p> <ul style="list-style-type: none"> • This funding will be reconciled, and any unspent funding will be recovered. <p>Note: This funding can be used to support eligible staff time to complete Regional surveys, such as our Workforce surveys, Quality Initiative survey)</p> | Part A: Cost Escalation Amount - Supports inflationary expenses and other changes to costs such as: | | ✓ rent/lease costs | ✓ staff salaries and benefits e.g cost of living increases eligible for program staff and management staff) | ✓ nutrition/food costs | ✓ payments to home providers | ✓ Costs to implement CWELCC (e.g. software upgrades to support automation of fee reductions and enrolment) | ✓ Costs to meet reporting requirements | ✓ Other changing costs not covered through inflationary allocation | ✓ Cost of audited financial statements |
| Part A: Cost Escalation Amount - Supports inflationary expenses and other changes to costs such as: | | | | | | | | | | | | |
| ✓ rent/lease costs | ✓ staff salaries and benefits e.g cost of living increases eligible for program staff and management staff) | | | | | | | | | | | |
| ✓ nutrition/food costs | ✓ payments to home providers | | | | | | | | | | | |
| ✓ Costs to implement CWELCC (e.g. software upgrades to support automation of fee reductions and enrolment) | ✓ Costs to meet reporting requirements | | | | | | | | | | | |
| ✓ Other changing costs not covered through inflationary allocation | ✓ Cost of audited financial statements | | | | | | | | | | | |

| Component | Objective | Eligible Expenses / Funding Requirements |
|-----------|-----------|--|
| | | <ul style="list-style-type: none"> Refer to the 2023 CWELCC LHCC Guideline for list of ineligible TOG expenses. See Appendix D on how your TOG allocation was calculated. |

SECTION 4: PAYMENTS TO HCC PROVIDERS AND STAFF

Some LHCC Base Funding components (Payments to HCC Providers, Staff Wages and Benefits and Historical Funding) require making payments to HCC providers and/or staff.

You are required to:

- Distribute Base Funding components to eligible:
 - Staff as part of the **regular** payroll process (e.g. biweekly / monthly).
 - Home child care providers as part of their **regular** payment process.

Important: Irregular, lump-sum and/or cash payments are not permitted.

NOTE: “Hours worked/paid” may include **paid time** for statutory holidays, vacation time, personal time, sick days, program hours/days, planning time and paid professional development hours.

- Include a ‘LHCC Base Funding’ and amount payable on **each**:
 - Paystub** (applicable to staff) OR
 - Payment** (applicable to home child care providers or contracted home visitors)
- Distribute the Base Funding from January 1 to December 31, 2023. LHCC Base Funding may **not** be carried over to 2024.
 - If your agency pays staff two weeks in arrears, (they must work the two weeks to receive payment) the agency is required to ‘double up’ the LHCC Base Funding portion on the last 2023 payroll / payment (as applicable).

SECTION 5: CHANGES IN STAFF COMPLEMENT

You are encouraged to continuously review your Base Funding so you can take corrective action.

Increases in Staff Complement/Shortfall:

An increase in staff complement and/or shortfall in funding will **not** result in an increase of Staff Wages and Benefits (SWB) funding. New staff joining the agency at any point during 2023 are able to receive SWB if the position is eligible and can be supported within your funding allocation. You must report any changes to staff complement through the in-year reporting process.

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

Decreases in Staff Complement/Surplus:

If you experience a decrease in staff complement and/or expect to have leftover funding by the end of the year you must **not redistribute** to existing staff however you have discretion to use leftover SWB funding toward enhancing payments to home providers. Funding unspent at the end of the year is considered surplus and will be recovered through the Reconciliation and GovGrants recovery process.

SECTION 6: SPECIAL PURPOSE EXPENSES AND PROCESS

Special Purpose type expenses are one-time expenses needed to comply with licensing and health requirements, improve program viability, support business transformation, and enhance quality.

Purchasing Special Purpose Expenses:

- Supports child care spaces licensed under the [CCEYA](#) in Peel.
- Meets licensing and health and safety requirements and [Peel Public Health \(PPH\) direction](#).
- Are non-consumable items.
- Supports reasonable items/work. If you do not know if the items, amounts, quantities, etc. are reasonable, talk to your EYS prior to purchasing/starting the work.

Note: Eligible items must be purchased/completed during **January 1 and December 31, 2023**. You cannot use 2023 Base Funding to advance or on last year's purchases (items/work outside of the eligible purchase period). Refer to **Appendix B** list of eligible expenses.

Reporting Special Purpose Expenses:

- Report the eligible expenses on your **LHCC In-Year Reporting and Final Reconciliation Template** in the **Base Operating Tab**.
- Report in **GovGrants** under the budget category "**Base Operating**".
- Submit supporting documentation (receipts, paid invoices, etc.) as requested.
 - EYS will review and inform you of which receipts to submit in the reconciliation process.
 - You will have three business days to upload your receipts / paid invoices into GovGrants from the day your EYS requests them.
 - Your EYS will review your expenses and supporting documentation. We will ask for additional documents if the documents provided do not meet the requirements and/or the receipts do not match your reconciliation.

To be considered, receipts / paid invoices must meet the following requirements:

Receipt Requirements:

Receipts must include items claimed only and include the:

- date of the purchase
- name, address, and contact information of the seller or supplier
- name, billing and shipping address of the buyer
- full description of the goods or services, quantity and amount. If this is not possible (e.g., a cash register tape), you must write a description of the goods or services on the receipt.
- vendor's business number if they are a GST/HST registrant. If this is not included, GST/HST amounts will not be paid.
- written label with the funding component (e.g. transformation)

Note: if an item is sold or work is completed by someone related by blood, marriage, common-law partnership, or adoption, you must get a minimum of two quotes in addition to receipts / paid invoices.

If you Submit a Paid Invoice:

- It must have a "paid" stamp.
- You must document proof of payment on the invoice (e.g. cheque number or credit card receipt)
- Online orders must include the receipt requirements information including payment details. A credit statement may be required as proof of payment.
- Your invoice must meet all receipt requirements.

REPORTING / RECONCILIATION

LHCC Base Funding 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.

- All LHCC Base Funding must be invested into the program in alignment with the outcomes and requirements in this Guideline and your EYCCS Agreement.
- All eligible expenses for Base Funding must be used to support licensed home child care spaces/operations in Peel.
- All expenses should be claimed only **once** under the various Base Funding components. If you claim the same eligible expense in more than one funding component or claim an ineligible expense, the Region reserves the right to deem those components ineligible and recover funding in whole or in part.

When you receive funding from the Region, you must meet all requirements and responsibilities (such as compliance audits, funding inspections, documentation, retention, etc.) in the [Service Provider Handbook](#), your EYCCS Base Funding Agreement, and the requirements in this Guideline.

A. Requirement to Keep and Provide Supporting Documentation:

- Keep all original supporting documentation for a minimum of seven (7) years for all items claimed (original receipts, invoices, proof of purchase/payment, quotes for non-arm length transactions and/or other supporting documents). We may request documents and verification at any time.
- Provide copies of staff communication letters, proof of payment to staff and HCC providers as required by the Region (e.g., staff payroll records, T4 statements and paystubs (agency staff), HCC distribution methodology, payment statements to HCC providers, copies of bank statements, cancelled cheques etc.)
- Agencies may be required to verify amounts claimed for operating expenses (e.g., detailed invoices and receipts for program supplies, audit fees, bookkeeping, etc.).
- Additional reporting or audit requirements may be implemented on a case-by-case basis.

B. In-Year and Final Reconciliation Reports:

- You must use the Region's Base Funding In-Year Reporting and Final Reconciliation template and submit in the GovGrants technology:
 - In-Year Report due **July 31, 2023** (this will include actuals for the period of January 1, 2023 to June 30, 2023 and a forecast for the remainder of the year) **Suspended this year**
 - Final Reconciliation Report due **January 31, 2024**
- Complete the Base Funding In-Year and Final Reconciliation template with the following:
 - Actual and projected enrolment (to support Fee Reduction Operating Grant)
 - Agency staff wages/payments to home providers
 - Number of active homes
 - Expenditures/other information as requested by the Region to support funding
 - **Transition Operating Grant**. You must report the actual expenditures within the following

categories as specified in the reconciliation template:

- Cost escalation/inflationary expenses and other changing costs
 - Administration costs
 - Audited financial statements
 - Special Purpose
- You must submit any supporting invoices (as requested) by January 31, 2024 with the Base Funding Reconciliation template. Invoices for audited financial statements and accounting/bookkeeping expenses over \$15,000 are required to be submitted with your final reconciliation report.
 - By submitting your Reconciliation, you are required to attest that you have:
 - Exhausted all other available funding, and expenses supported through 2023 Base Funding have not been covered through any other EYCC funding streams and/or other government funding. Other documentation maybe requested.
 - Funding was used according to this guideline and your agreement.

C. Key Performance Indicators (KPI):

You will be required to submit KPI's to monitor the performance and impact of the funding objectives. This includes submitting information such as:

- Number of agency staff supported by the SWB
- Average per hour staff enhancement supported through SWB
- Number of HCC providers supported by SWB underspending
- Number of HCC providers supported by Payments to Providers component
- Number of children supported by the \$6/day rate reduction through the FROG
- Number of RECE employed with the agency (as of January 1 of the funding year)
- Number of RECE employed with the agency (as of December 31 of the funding year)
- Number of RECE who left the agency (in the funding year)
- Number of RECE who joined the agency (in the funding year)
- Number of active homes (as of January 1 of the funding year)
- Number of active homes (as of December 31 of the funding year)
- Number of new active homes that joined the agency (in the funding year)
- Number of homes that left the agency (in the funding year)

D. Other Financial Reporting Requirements:

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

E. 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 or comply with any obligations will result in progressive penalties, as outlined in the [Holds Policy](#), [Deadline Compliance Policy](#), your EYCCS Base Funding Agreement and the [Service Provider Handbook](#).

F. Base Funding and Rate Increase Requests:

- You cannot include costs offset by LHCC Base Funding or other Regional funding on your Rate Increase Requests. Note: This requirement is only applicable to programs with child care fees not frozen (e.g. school age programs and agencies not participating in the CWELCC).

AUDIT / RECOVERIES

Audit:

You may be selected for a Compliance audit (previously called a Funding Review) or a Funding Inspection of your LHCC Base Funding. Refer to the Region's EYCCS [Service Provider Handbook](#) for more information on our accountability and reporting requirements. We reserve the right to conduct check-ins at any time and may request the following:

- Copies of lease and other long term agreements including amendments
- Receipts, invoices, quotations, proof of purchase and any other documentation to assess expenses (regardless of the amount of the expense), as requested by the Region
- Enrolment data/attendance records
- Proof of credits/reimbursements to parents and payments to suppliers and staff / home providers. This may include copies of staff payroll registers, payments to providers, distribution methodology, T4's, paystubs, staffing schedules, 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, etc.
- Proof of revenue generated in 2023 (e.g. parent fees, funding from other government supports)
- Copies of application and approved amounts from other government funding if eligible
- Additional reporting or audit requirements may be implemented on a case-by-case basis

As part of both the Provincial and the Regional funding verification processes, Agencies are required to keep all original documentation for a minimum of 7 years.

Recoveries:

The Region may recover all or part of your LHCC Base Funding in any of the following situations:

- You have unspent or surplus funding
- Your funding was not used according to the terms of your EYCC Agreements or this Guideline
- Your funding was used to generate a 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 cease/close operating your business or your agency/program's assets are sold in an asset sale within 12 months of receipt of funding

If we determine that you did not use LHCC Base Funding 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 LHCC Base Funding must be recovered. 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.

CONTACT US

If you have questions about this Guideline or list of ineligible Base Funding expenses (see Appendix C), please email EarlyYearsSystemDivision@peelregion.ca or contact your Early Years Specialist (EYS).

APPENDIX A: Distribution to HCC Providers (Example)

IMPORTANT: If you are experiencing a reduced number of active homes (compared to January 2020), you must reduce your monthly allocation based on the number of current active homes before you allocate payments to HCC providers.

Distribution Example: Agency “A” received a total of **\$48,000** in Payments to Providers funding for 2023.

Step 1. Determine how much funding is available for distribution per pay period. Divide the 2023 Payment to Providers funding amount by the number of pay periods in the year. Example: if the agency pays their HCC providers monthly, divide the funding amount by 12 (months), if the agency pays their HCC providers biweekly, divide the funding amount by 26.

In this example, Agency “A” pays their HCC providers monthly.

$$\begin{array}{rcccl} \$48,000^* & & 12 & & \$4,000 \\ \text{Agency "A" 2022 Payments to} & \div & \text{\# of pay periods} & = & \text{Funding available for} \\ \text{Providers Funding} & & & & \text{distribution per pay period} \end{array}$$

Step 2. Determine how much is the total agency payment to providers per pay period, and each provider’s percentage of the total agency payment to providers for that pay period.

For example, in January 2023, Agency “A” total payments to four HCC providers totalled \$12,000.

| Providers | Total January 2023 Agency Payment to Providers (based on parent revenue) | Percentage of \$12,000 |
|----------------------|--|------------------------|
| Provider “W” | \$ 3,250 | 27.1% |
| Provider “X” | \$ 4,000 | 33.3% |
| Provider “Y” | \$1,250 | 10.4% |
| Provider “Z” | \$ 3,500 | 29.2% |
| Total payment | \$ 12,000 | |

Note: This example is for information purposes only and varies according to each agency’s funding amount, number of pay periods and total agency’s payment to providers.

Step 3. Calculate provider base funding payment for the current pay period. Use the percentage (step 2) to calculate your agency’s LHCC base funding provider payments.

| Available Funding (see Step 1) | Providers | % (see Step 2) | LHCC Base Funding Payment (\$4,000 x each provider’s %) |
|--------------------------------|--------------|----------------|---|
| \$4,000 | Provider “W” | 27.1% | \$1,084 |
| | Provider “X” | 33.3% | \$1,332 |
| | Provider “Y” | 10.4% | \$416 |
| | Provider “Z” | 29.2% | \$1,168 |
| | Total | 100% | \$4,000 |

APPENDIX B: Special Purpose Eligible Expenses

| ELIGIBLE EXPENSES – TRANSFORMATION | |
|--|---|
| Objective: to support program viability by providing one-time business transformation supports | |
| ELIGIBLE EXPENSES – TRANSFORMATION | ELIGIBLE ITEMS * |
| <ul style="list-style-type: none"> IT equipment/upgrades to facilitate internet connectivity for business purposes and, in 2023 to enable agencies/home visitors to participate in the Region’s professional learning day and educators to support in-home virtual consultations with Peel Inclusion Resource Services (PIRS) Resource Consultants (RC), to ensure programs are equipped with the tools that support professional learning for educators. Flat screen TVs are not eligible. | <ul style="list-style-type: none"> Computer* Tablet/iPad* All-in-one printer /scanner/ copier* Modem, Router or Wi-Fi Extender* Two-way Radio Projector and projector screen (1 per Agency)* Conference speakers (1 per Agency)* |
| Child care management/parent/guardian interactive apps (subscription may be covered up to December 31, 2023 calendar year only) | |
| <ul style="list-style-type: none"> Website development/upgrades including mobile capabilities and online social media presence: <ul style="list-style-type: none"> If your website also serves programs located outside of Peel, you must use this formula: $\text{Total cost of the invoices} / \text{Total \# of homes} \times \# \text{ of homes in Peel} = \text{amount claimed}$ <p>If your website serves programs not licensed under the Child Care and Early Years Act (CCEYA) you can only claim a portion of the cost proportional to your licensed program.</p> | |
| Online marketing (e.g., email marketing, social media marketing, Search Engine Optimization (SEO), display advertising, Search Engine Marketing (SEM) and content marketing) and/or radio commercials to support enrollment of families, new home providers or staffing | |
| Print materials | |
| Signage | |
| * Environmental fees are eligible if it is charged at the time the new item is purchased. | |

| ELIGIBLE EXPENSES – PROGRAM SUPPLIES AND EQUIPMENT | | |
|--|--|---|
| Objective: to support one-time costs to meet licensing and/or health & safety requirements | | |
| Furnishings and Equipment for Children | <ul style="list-style-type: none"> Cots Cradles, cribs, or playpens High chairs Quad or more stroller Cot | <ul style="list-style-type: none"> Strollers Chairs Safety gates Safety Gate High Chair Tables Toy shelves Triple stroller Cradle, Crib or Playpen |

| ELIGIBLE EXPENSES – PLAY-BASED MATERIAL AND RESOURCES | |
|---|--|
| Objective: create enriching indoor and outdoor environments with open ended materials that promote learning and development through exploration, play and inquiry consistent with <i>How Does Learning Happen?</i> | |
| ELIGIBLE ITEMS | To be reimbursed, materials purchased must: |
| <ul style="list-style-type: none"> Blocks and construction materials Dramatic play Non-consumable art materials Gross motor / outdoor play Table toys and cognitive play Books, musical instruments, sensory material | <ul style="list-style-type: none"> Be non-consumable. Example: paint is consumable (gets used) and is not eligible; paint brushes are non-consumable and eligible) Eligible items are program resources that are owned by the agency and loaned to providers. Comply with the licensing and health and safety requirements and/or Peel Public Health (PPH) direction |

APPENDIX C: Ineligible Base Funding Expenses

| 2023 Base Funding Ineligible Expenses | |
|---|---|
| Expense Category | Description |
| 1. Staffing costs | <ul style="list-style-type: none"> 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. Retiring bonuses, gifts and honoraria paid to staff (including administrator or owner) travel costs, staff uniform costs, etc. Staff not employed in a licensed child care program. |
| 2. Legislative employment law requirements | <ul style="list-style-type: none"> Impacts due to legislative requirements or changes in legislation during the currency of this Agreement |
| 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 on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators and vulnerable sector/criminal reference checks. |
| 5. Operating costs other than staff wages and benefits and eligible expenses listed in this Guideline. Non-approved operating expenses | <ul style="list-style-type: none"> Debt costs including principal and interest payments related to capital loans, mortgage financing, tax liabilities and operating loans Transportation costs (vehicle lease, insurance, fuel costs) Property taxes Costs supported through other Region of Peel funding streams |
| <p>This list is not exhaustive. Any expenditures not listed under the allowable expenses section of this Guideline are non-admissible. Contact your Early Years Specialist with any questions.</p> | |

APPENDIX D: 2023 LHCC Base Funding Allocation Methodology

To receive a LHCC Base Funding allocation in 2023, agencies were required to have active homes that provided services to at least one agency-placed child from Peel in 2022 and continue to do so in 2023.

The chart below outlines the methodology used to calculate the agency's allocations.

| Component | 2023 Allocation Methodology | | | | | | | | | | | | | |
|--|--|--|-------------------------|---|--|--------------------------|--|--|--------------|--|-----|--|-----|--------------------------------|
| Fee Reduction Operating Grant (FROG) | <ul style="list-style-type: none"> The FROG funding amount was based on the LHCC rate reduction target (\$6/day) and enrolment data reported in GovGrants October 2022 for full fee children 6-12 years. <p>Note:</p> <ul style="list-style-type: none"> LHCC agencies should notify their Early Years Specialists of any significant changes to their enrollment as soon as these changes are identified. LHCC agencies will be required to provide updated actual and estimated enrollment. This information may result in adjustments to their funding to avoid over/under funding. | | | | | | | | | | | | | |
| Payments to Home Child Care Providers | <ul style="list-style-type: none"> The Payments to Providers amount is based on the average number of active homes reported by LHCC agencies in June and September 2019 multiplied by \$5,000.00 per home. Note: Newer LHCC agencies with an FSA after 2019, their number of active homes is based on October 2022 (current active homes). | | | | | | | | | | | | | |
| Staff Wages and Benefits (SWB) | <ul style="list-style-type: none"> The SWB amount was calculated at a rate of \$2.35/per hour worked (rounded to \$5000 per FTE) by Home Visitors reported in GovGrants October 2022. | | | | | | | | | | | | | |
| Administration Funding | <ul style="list-style-type: none"> Administration funding is calculated as 10% of an agency's total Base funding amount (excluding the Historical Funding) plus the WEG/HCCCEG and WIF administration funding. | | | | | | | | | | | | | |
| Transition Operating Grant | <table border="1"> <tr> <td>Part A: Cost Escalation</td> <td colspan="2">$2.75\% * (\text{Average Daily Enrolment}) * \text{Rates} + 2.75\% \text{ Inflation on } 2022 \text{ SWB and Payment to Provider components}$</td> </tr> <tr> <td rowspan="4">Part B: Operating Amount</td> <td colspan="2">Administration associated with Base Funding+WEG+WIF:</td> </tr> <tr> <td>Base Funding</td> <td>Administration amounts rolled over from 2022</td> </tr> <tr> <td>WEG</td> <td>Administration amounts rolled over from 2022</td> </tr> <tr> <td>WIF</td> <td>Total 2023 WIF Allocation *10%</td> </tr> </table> | | Part A: Cost Escalation | $2.75\% * (\text{Average Daily Enrolment}) * \text{Rates} + 2.75\% \text{ Inflation on } 2022 \text{ SWB and Payment to Provider components}$ | | Part B: Operating Amount | Administration associated with Base Funding+WEG+WIF: | | Base Funding | Administration amounts rolled over from 2022 | WEG | Administration amounts rolled over from 2022 | WIF | Total 2023 WIF Allocation *10% |
| Part A: Cost Escalation | $2.75\% * (\text{Average Daily Enrolment}) * \text{Rates} + 2.75\% \text{ Inflation on } 2022 \text{ SWB and Payment to Provider components}$ | | | | | | | | | | | | | |
| Part B: Operating Amount | Administration associated with Base Funding+WEG+WIF: | | | | | | | | | | | | | |
| | Base Funding | Administration amounts rolled over from 2022 | | | | | | | | | | | | |
| | WEG | Administration amounts rolled over from 2022 | | | | | | | | | | | | |
| | WIF | Total 2023 WIF Allocation *10% | | | | | | | | | | | | |
| Eligible LHCC Agencies with both FSA and CWELCC Agreement | <ul style="list-style-type: none"> Additional 2.6% to support the administration of CWELCC, costs incurred to meet reporting requirements, cost of audited financial statements and additional changing costs calculated as: $\text{Average Daily Enrolment} * \text{Rates} * (52.75\%) * (2.6\%)$ | | | | | | | | | | | | | |