

2025 CWELCC Funding Approach

Teleconference Series:
Session #3

Centre-Based Child Care Providers

Early Years & Child Care Services
September 26, 2024



Housekeeping items

- This meeting is being **recorded** and will be shared with the presentation.
- Your microphone will be muted unless called upon during the question period.
- You can participate by using the chat function to raise any questions you have.
- You can also email us at earlyyearssystemdivision@peelregion.ca or contact your Early Years Specialist.

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Disclaimer: This slide deck contains examples to be used for informational purposes only and do not replace the requirements and rules set out in the [Child Care and Early Years Act, 2014](#) its [regulations](#), your service agreement, the CWELCC guideline and/or the service provider handbook.

Agenda

- [Key terms](#)
- [Funding overview](#)
- [Owner/operators](#)
- [Next steps](#)
- Q&As



Key Terms



Licensed space/capacity

- A child care space in which a centre is authorized to enroll a child based on their main licence.
- Your licensed capacity is the sum of your licensed spaces set out in your main licence.
- Does not include your alternate capacity.

Alternate capacity

- Flexible approach that allows child care providers to operate a licensed child care room to serve children of a different age group.
- This flexibility must be approved by EDU and be included in your licensing conditions.



Licensed capacity vs. alternate capacity - examples

- Licensed capacity (page 1 of your licence)

2. Licensed capacity of child care centre:

| | | |
|------------|--|-----|
| Schedule 1 | Infant (under 18 months) | 10 |
| Schedule 1 | Toddler (18 months up to 30 months) | 38 |
| Schedule 1 | Preschool (30 months up to 6 years) | 31 |
| Schedule 1 | Primary/Junior School Age (68 months up to 13 years) | 21 |
| Total | | 100 |

- Alternate capacity (the “or” within the conditions of your licence)

(11) School Age Room/Preschool Room 3 is licensed for 21 Primary/Junior School Age children OR with an alternate capacity for 20 preschool children.



Operating capacity

- The number of children you can serve as per your staffing complement and budget, to a maximum ceiling of your licensed capacity.
- If you are using your alternate capacity, we will use this in the calculation (variable components only).



Operating capacity (cont.)

- In Peel, your operating capacity is calculated using your reported enrolment and staffing ratios. For example*:

| If you are licensed for... | Your reported enrolment is... | Your operating capacity is... | Because... |
|----------------------------|-------------------------------|-------------------------------|--|
| 15 toddlers | 9 toddlers | 10 toddlers | The toddler staff ratio is 1:5, so one more toddler can be enrolled immediately. |
| 24 preschoolers | 21 preschoolers | 24 preschoolers | The preschool staff ratio is 1:8, so three more preschoolers can be enrolled immediately. |



Operating space-days "B"

- Used to calculate variable costs.
- The total number of service days times the operating space for each age group in the calendar year.

Example:

- A preschool room has an operating capacity of 16 until a new staff is hired and an additional 8 children can be enrolled in the class. This would mean:
 - 16 preschool operating spaces for 261 service days and 8 preschool operating spaces for 200 service days would be $(16 \times 261) + (8 \times 200) = 5,776$ preschool operating space-days.



Service day

- The number of days (24-hour period) you are planning to operate in the calendar year (January 1 - December 31) for which you charge a base fee per your Parent Handbook.
- In most cases, it is 261 days/year.
- This may include:
 - Public holidays
 - Program closures within your maximum closure limit (20 days)



Benchmark & benchmark allocation

Benchmark - Standard

- The standard costs typically incurred for the delivery of child care in Ontario, as set by MEDU.
- Listed in “Schedule A” of the guideline.
 - ✓ Helps limit the data needed.
 - ✓ Responsive to your operations (e.g., operating and/or licensed capacity).

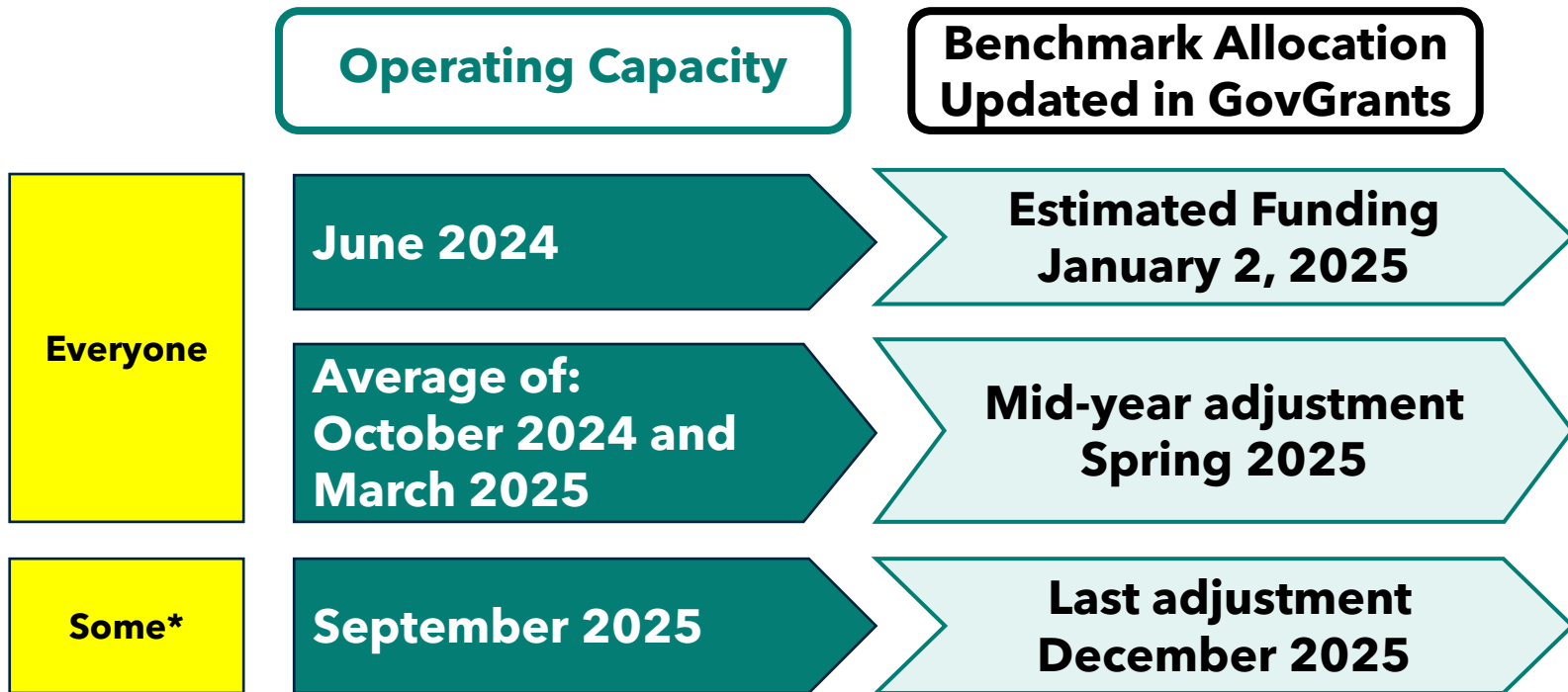
Benchmark allocation - Standard applied to you

- The application of the benchmarks to the geographic region and your operations (operating and/or licensed spaces).



Operating capacity data used in benchmark allocations

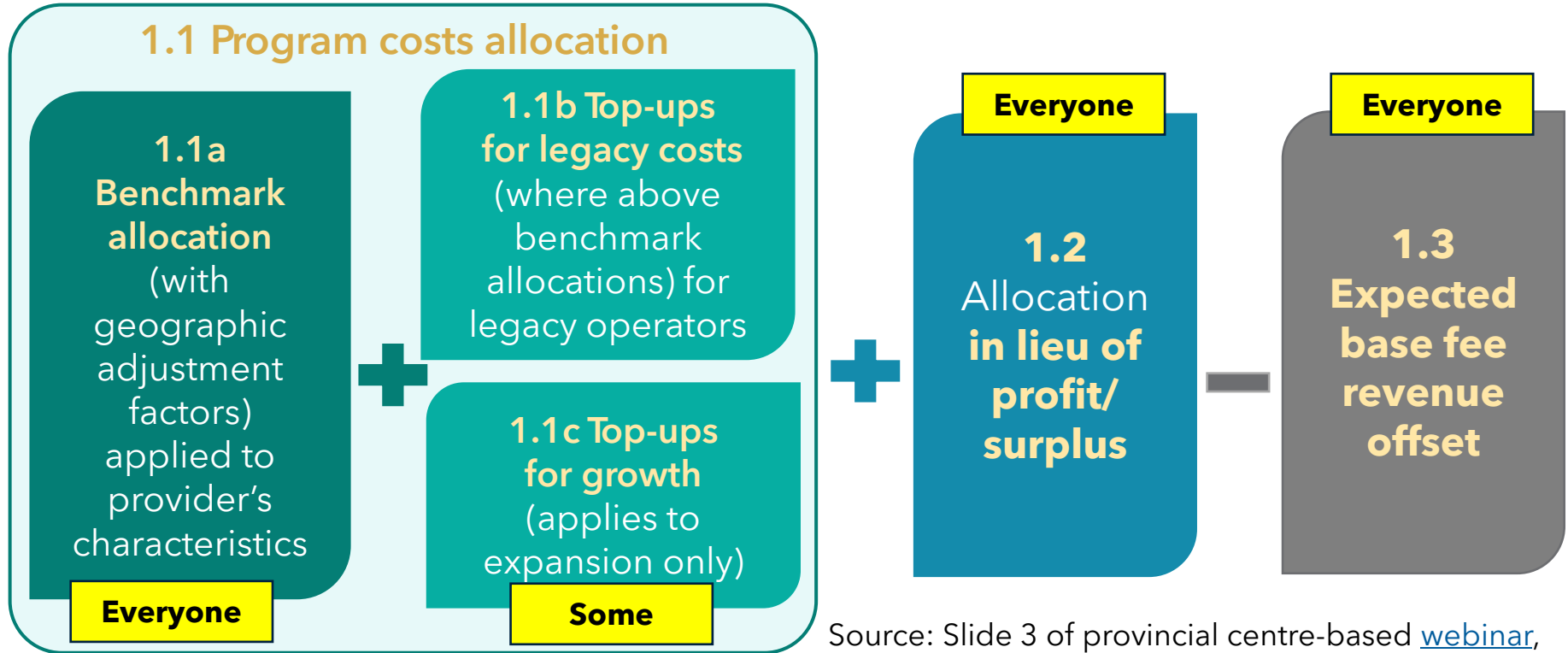
We will base your allocations on operating capacity data reported in OCCMS:



Funding Overview

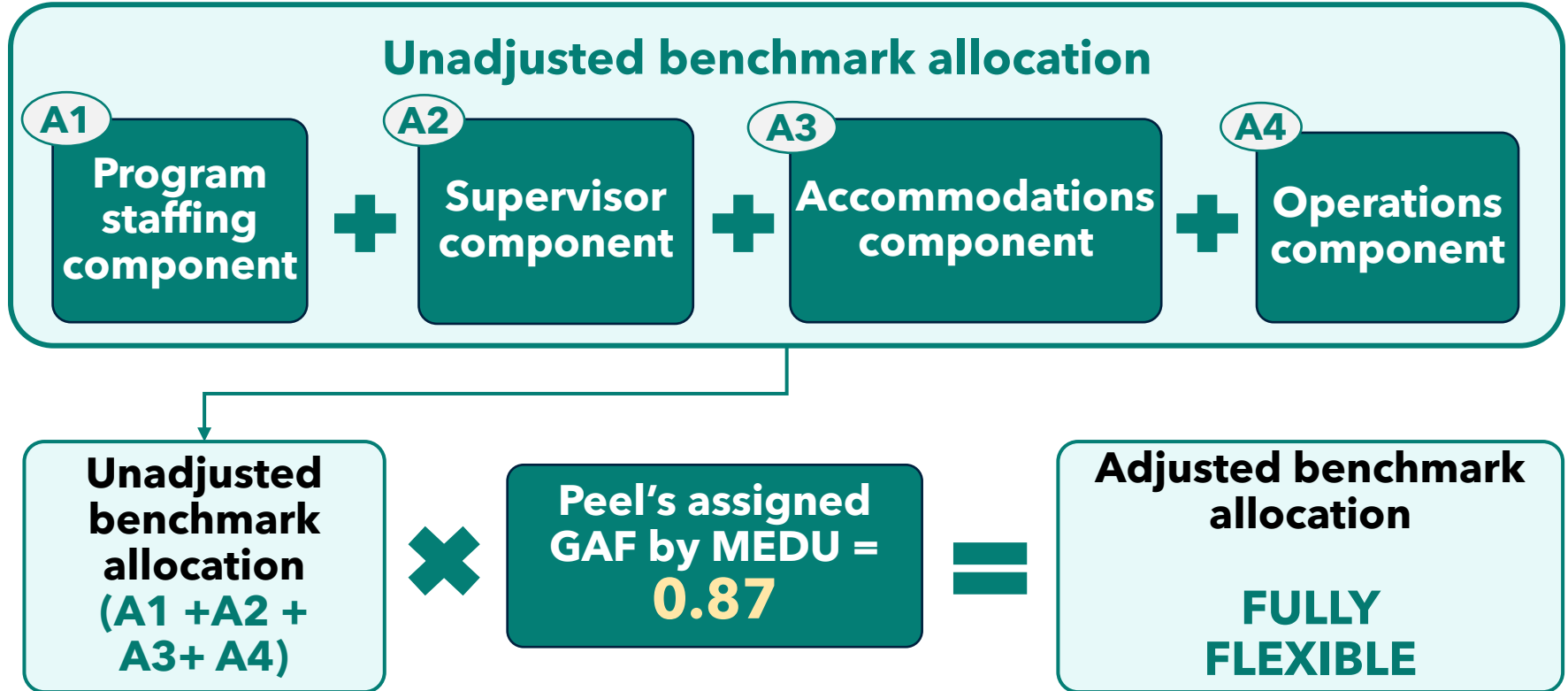


Cost-based funding at a high level



Source: Slide 3 of provincial centre-based [webinar](#), Partially modified to add 1.1c

1.1a Benchmark allocation



1.1a Benchmarks - community & public school

A1

Program staffing component - variable

| | | | | | |
|----------------|---------|---|------------------------|---|---|
| Infant | \$92.03 | ✕ | Operating space-day | ✕ | 1.134 (to include ancillary costs) |
| Toddler/family | \$56.48 | | | | |
| Preschool | \$39.23 | | | | |
| Kindergarten | \$15.03 | | | | |

A2

Supervisor component - fixed

| | | | | |
|--|---|---|---|--|
| \$301.38 (per centre, per operating day) | ✕ | 0-6 share of operating capacity weighted by staffing ratio* | ✕ | 1.162 (to include ancillary costs) |
|--|---|---|---|--|

*For an example of the proration method Peel will be using, see pg. 19 of the Ministry's CWELCC Cost-Based Funding Guideline.

Ancillary costs "C" (1.134) & "G" (1.162)

- The typical costs of supplementary benefits or supply coverage for vacation days and sick days.
- Includes group life insurance, supplementary health and dental benefits, and supplementary pension.



1.1a A3 & A4 Benchmarks - community-based

A3

Accommodations - **fixed**

| | | |
|--------------|------------|---|
| Infant | \$2,571.84 | × Licensed space × Number of months agency participates in CWELCC ÷ 12 |
| Toddler | \$1,972.39 | |
| Preschool | \$1,735.54 | |
| Kindergarten | \$1,598.66 | |
| Family age | \$2,958.99 | |

A4

Operations component- **variable & fixed**

| Age group | Operations variable | Operations Fixed | | |
|----------------|-----------------------|----------------------|--------|---------|
| Infant | × Operating space-day | × Licensed space-day | | |
| Toddler/family | | | \$1.64 | \$15.09 |
| Preschool | | | | |
| Kindergarten | | | \$5.55 | \$5.07 |

1.1a A3 & A4 - Benchmarks - public school setting

A3

Accommodations - **fixed**

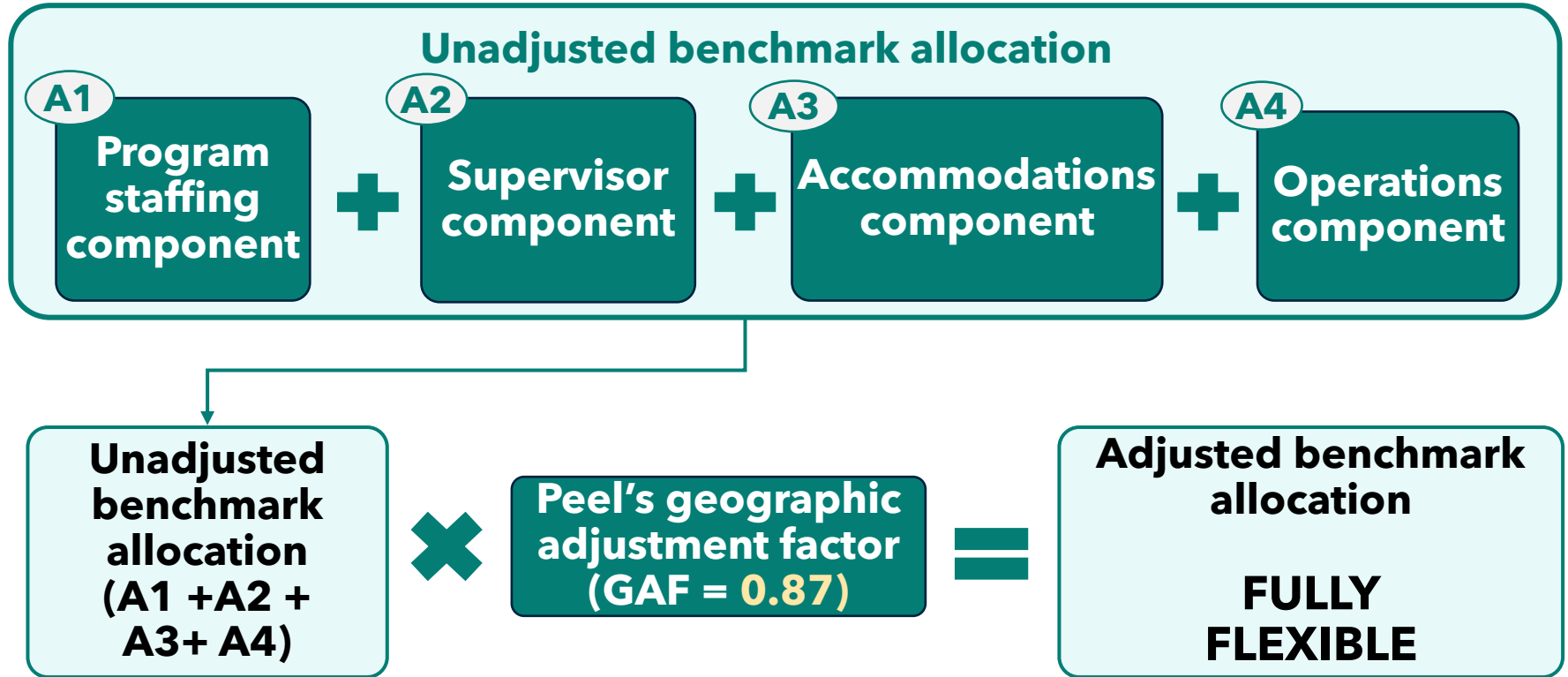
| | | | |
|--------------|------------|--------------------|---|
| Infant | \$1,622.91 | × Licensed space × | Number of months agency participates in CWELCC ÷ 12 |
| Toddler | \$974.25 | | |
| Preschool | \$797.58 | | |
| Kindergarten | N/A | | |
| Family age | \$1,241.79 | | |

A4

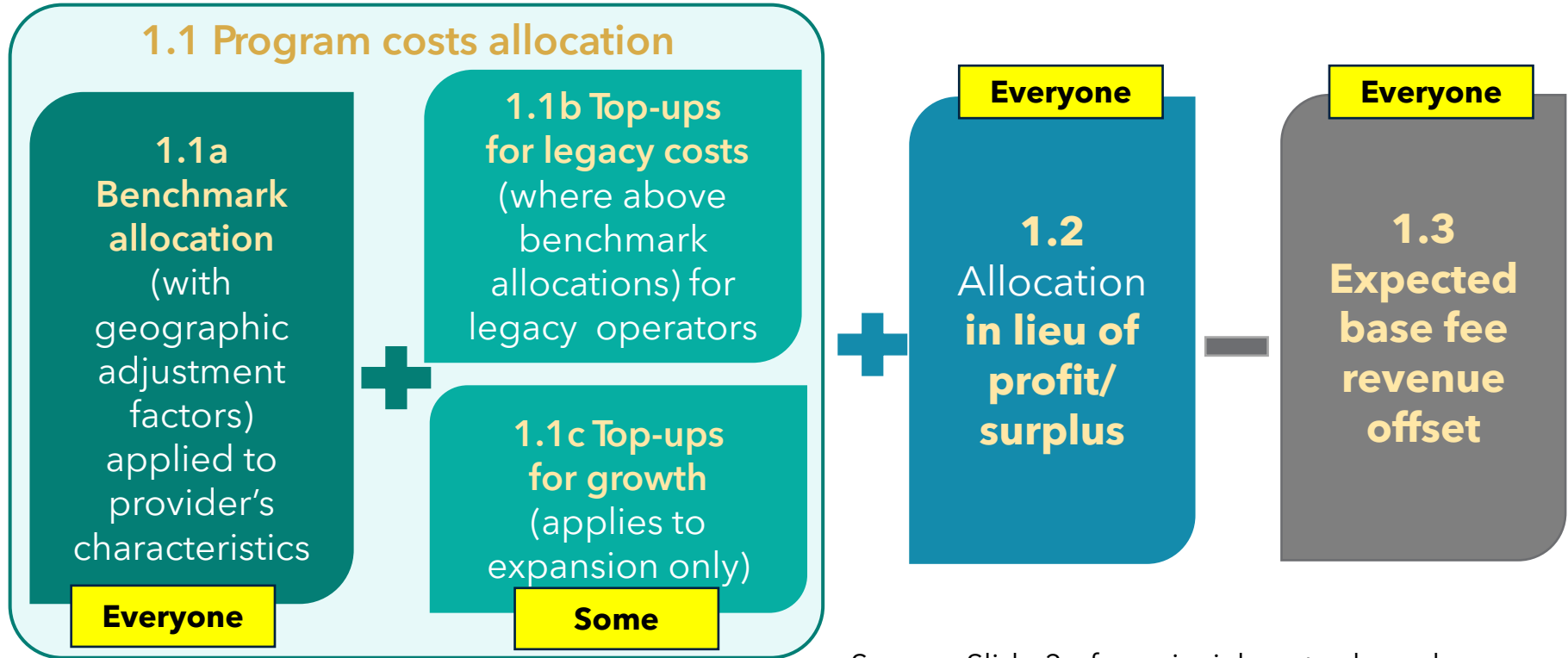
Operations component- **variable & fixed**

| Age group | Operations variable | | Operations Fixed | |
|-----------------|---------------------|-----------------------|------------------|----------------------|
| Infant | \$3.80 | × Operating space-day | \$9.61 | × Licensed space-day |
| Toddler/ family | | | | |
| Preschool | | | | |
| Kindergarten | \$3.56 | | \$1.56 | |

RECAP: Benchmark allocation



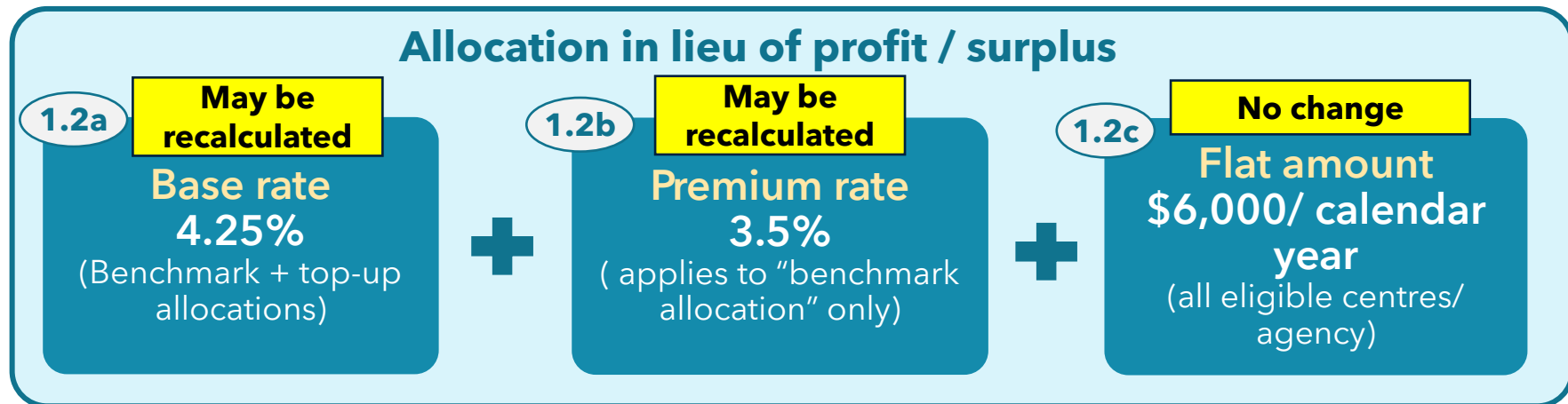
Cost-based funding at a high level



Source: Slide 3 of provincial centre-based [webinar](#), Partially modified to add 1.1c

1.2 Allocation in lieu of profit / surplus (p. 33)

Sum components (p. 33 of provincial guideline)



Important points:

- ✓ 1.2a and 1.2b will change any time your benchmark allocation changes.
- ✓ 1.2a will also change if you qualify for a top-up and your top up changes.
- ✓ 1.2a and 1.2b may be recalculated at reconciliation if your actual program costs are less than your allocation.

1.2 Allocation in lieu of profit/surplus

***Example:** Provider "AAA" received \$1,000,000 in benchmark allocation and \$200,000 in legacy top-up

1.2a

Base rate = \$51,000

1.1a Benchmark = \$1,000,000

+

1.1b Legacy top-up = \$200,000

× 4.25%

1.2b

Premium rate = \$35,000

1.1a Benchmark = \$1,000,000

× 3.5%

1.2c

Flat amount = \$6,000

- ✓ Estimated allocation calculated using program cost allocation
- ✓ Recalculated at reconciliation using actual program costs

=

Allocation in lieu of profit/surplus

\$92,000

*Examples provided for general illustrative and informational purposes only.

Cost-based funding at a high level

1.1 Program costs allocation

Everyone

1.1a Benchmark allocation
(with geographic adjustment factors) applied to provider's characteristics

Some

1.1b Top-ups for legacy costs
(where above benchmark allocations) for legacy operators

1.1c Top-ups for growth
(applies to expansion only)

Everyone

1.2 Allocation in lieu of profit/surplus

Everyone

1.3 Expected base fee revenue offset

1.3 Expected base-fee revenue offset (pg. 34)

Step 1: Calculate estimated base fee revenue

Fees collected from families

1.3a Estimated base fee revenue

$$\text{R1 Estimated base fee revenue:} \times \text{R2 Operating spaces*} \times \text{R3 \# of service days}$$

Step 2: Adjust for maximum vacancy rate and registration revenue

Your allocation is reduced by this amount

Estimated base fee revenue



0.90*
(Maximum vacancy rate of 10% in 2025)



Registration fee revenue**



Expected base revenue offset

Expected base fee revenue offset - Example*

| | |
|--|----------------------------------|
| Operating as: AAA child care | |
| # of operating days/calendar year | 261 (12 operating months) |

| | |
|--------------------------|---|
| Registration Fees | <ul style="list-style-type: none"> • \$100, once. • Parents pay \$47.25 (after 52.75% reduction). • In 2025, expects to receive registration fees for 18 children. |
|--------------------------|---|

| Age Group | Licensed spaces | Enrolment | Operating Spaces | Fees | Operating days |
|-----------|-----------------|---|------------------|------|----------------|
| Infant | N/A | N/A | N/A | N/A | N/A |
| Toddler | 15 | 14 | 15 | \$22 | 261 |
| Preschool | 48 | 23 (Jan to Dec) | 24 | \$22 | 261 |
| | | 20 (Sep to Dec) 2 nd room opens | 24 | | 87 |

Expected base fee revenue offset - Example*

2025 Registration fees

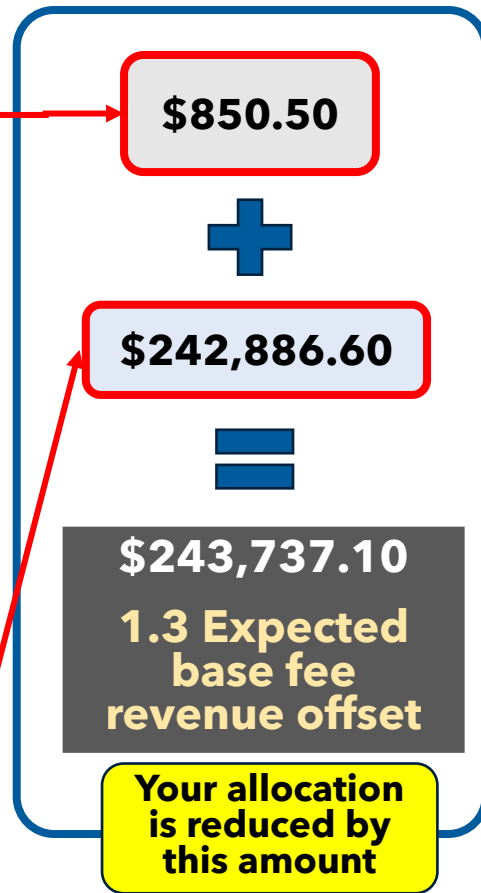
$$\text{Reduced Registration Fees: } \$47.25 \times \text{2025 \# of children expected to pay registration fee: } 18 = \$850.50$$

Daily base- fees

| Age group | Jan 1, 2025 Base Fee | Operating spaces | Service days | TOTAL |
|-----------|----------------------|------------------|--------------|-----------|
| Toddler | \$22/day | 15 | 261 | \$86,130 |
| Preschool | \$22/day | 24 | 261 | \$137,808 |
| | | 24 | 87 | \$46,936 |

TOTAL daily base-fee revenue: \$269,874

$$\text{Daily base-fee revenue} = \$269,874 \times 0.90 = \$242,886.60$$



Owner/operators



Owner/operator compensation

ALLOCATION

There are different ways that owners/operators will be funded through the new funding framework:

- ✓ **Benchmark/Legacy:** T4 for time worked in child care (i.e., Supervisor, Home Visitor Administrator, bookkeeper etc.).
 - No cap (within your benchmark).
 - Amount paid must be reasonable for the position.
- ✓ **Legacy:** Controlling Owner's Compensation for Labour (applies to providers who qualify for a legacy top-up), limited to one owner per head office.
 - This amount is included in your funding allocation, but it does not limit how much you can pay yourself as an owner.
- ✓ **Amount in Lieu of Profit/Surplus:** [Slide 22](#).

EXPENSE

- No cap on how much owner/operators can pay themselves for **eligible** child care expenses.
- While there is no cap, providers must work within their funding allocation, meet your licensing and contractual obligations, and expenses must be **reasonable, attributable and appropriate** and documented.

Meet Taylor - an example*

- Taylor is the owner of “AAA child care centre”. She is also employed as the centre’s supervisor and does the deep cleaning of the centre.
- In 2025, “AAA child care centre” received the following amounts paid monthly:
 - a benchmark allocation
 - a legacy allocation (including the controlling owner's compensation for labour)
 - an amount in lieu of profit/surplus from the Region.
- From the centre’s revenue (parent fees and Peel’s funding for the CWELCC program) , Taylor pays herself the following:
 - a) \$85,000 per year for filling the supervisor role as an employee of the centre (in receipt of T4)
 - b) \$15,000 per year for deep cleaning (charged through a CRA compliant invoice)
- These are eligible child care expenses.
- Taylor can continue to pay herself for these reasonable expenses as long as she manages within the centre’s CWELCC allocation, meets her obligations as a child care operator (licensing and contractual), and maintains her service levels.
- Taylor’s “Amount in Lieu of Profit/Surplus” will be paid to AAA child care centre monthly. The final amount will be confirmed based on eligible actual program spending at reconciliation.



*Example provided for general illustrative and informational purposes only.

Taylor's example - by the numbers

| Funding Formula Component | Allocations | Actual Expenses |
|---|-------------|--|
| Benchmark | \$1,000,000 | \$1,250,000 |
| Legacy Top | \$250,000 | <ul style="list-style-type: none"> Includes Taylor's Supervisor Salary of \$85K and \$15K for cleaning. |
| Amount in Lieu of Profit/Surplus | \$94,150 | \$94,150 |
| Parent Revenue from CWELCC Eligible Child Care (fees +registration) | -\$100,000 | -\$100,000 |
| | | \$1,244,150 |

What is next?



What is next?

- Continue to send questions to earlyyearssystemdivision@peelregion.ca.
- Next teleconference: October 3rd
 - How can you use the funding? – Top-ups
 - Business Cycle
- Mini-drop-in sessions with your EYS: Week of October 7th





Questions?

Thank You!

