

2025 CWELCC Funding Approach

Teleconference Series: Session #4

Centre-Based Child Care Providers

Early Years & Child Care Services

October 3, 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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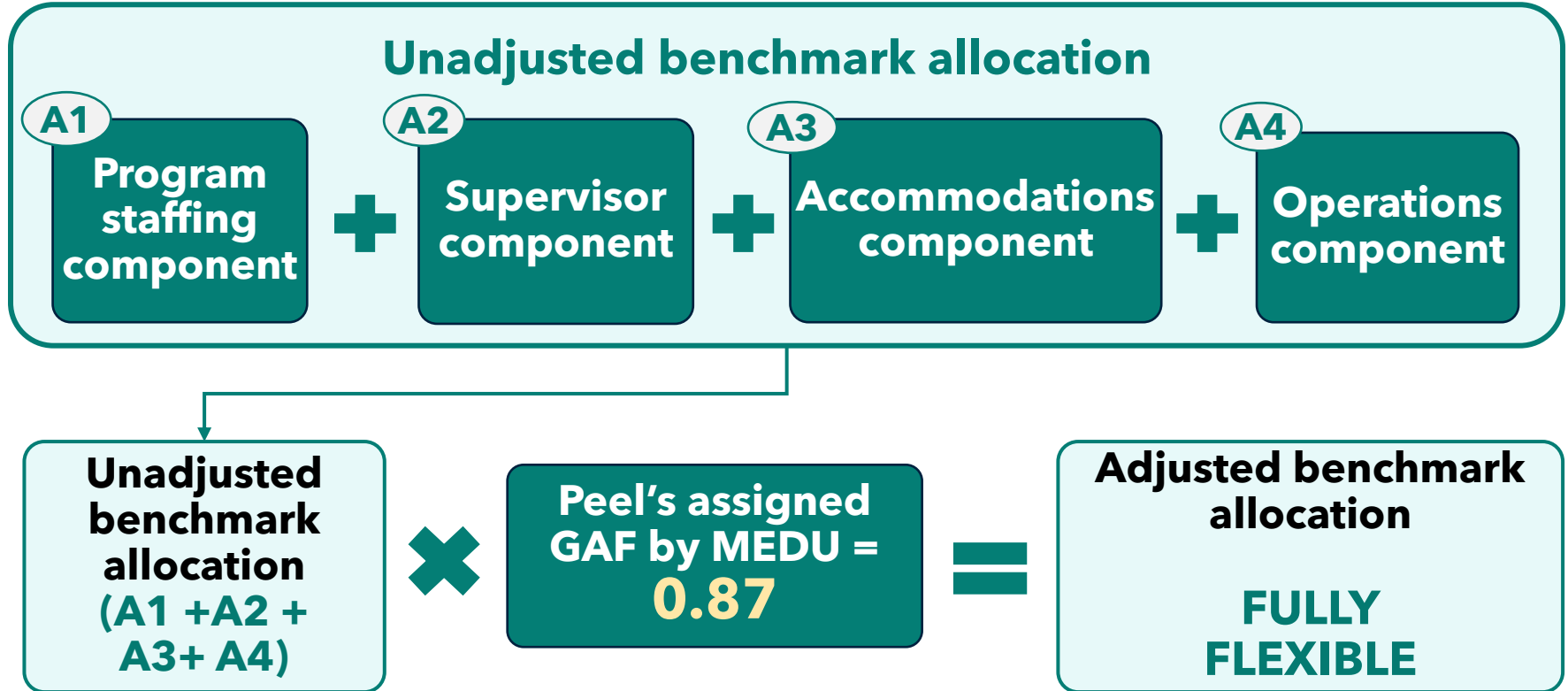
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- Include the best information available at the time of release and are subject to provincial direction.

Agenda

- [Recap](#)
- [Legacy top-up](#)
- [Growth top-up](#)
- [When will my allocation be updated?](#)
- [Next Steps](#)
- Q&As



Recap: Benchmark allocation



Recap: Key take aways

- Your allocation is **flexible**. You will be managing your **total CWELCC allocation** not the individual funding formula component level.
 - There is no “supervisor amount” or “lease amount” that you are restricted to.
- There are no “caps” on expenses.
- Expenses must be **appropriate** and **attributable** to child care operations and charged at a **reasonable** level and **documented**.



Legacy top-up



Cost-based funding at a high level

1.1 Program cost allocation

Everyone

1.1a Benchmark allocation
(reduced by Peel's 0.87 geographic adjustment factor) 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

What is the legacy top-up?

- Supports the cost of your organization's operational structure
- Helps legacy centres **keep** their cost structures.
- We will assess your eligibility for the legacy top-up. Providers **do not** have to apply.
- Not every provider/agency will be eligible for the legacy top-up.



What is a legacy centre/agency?

An eligible centre/agency that:

- ✓ Enrolled in CWELCC with Peel on or before **August 14, 2024.**

OR

- ✓ Applied for CWELCC enrollment with Peel on or before **August 14, 2024**, and was enrolled as a result of the Expansion application.

AND

- ✓ Has continuously participated in CWELCC.



Who qualifies for legacy top-up?

To qualify:

- You must be a [legacy centre/licensed home child care agency](#)
- Your 2023 eligible costs (brought to 2025 levels) must be higher than your adjusted benchmark allocations (post-GAF).
- You must provide all required information to assess your eligibility and finalize your top-up amount (See slide "[What we need from providers](#)").



How it will be calculated (simplified)

Step 1 - Determine your eligible 2023 costs (pp. 27-8)

Using your **2023 Audited Financial Statements/FAIR**, we will:

- Split costs by age group: 0-6 and 6-12
- Remove ineligible costs (6-12, non-base fee).

Step 2 - Bring your 2023 eligible costs to 2025 levels (pp. 28-30)

- Apply MEDU's cost escalation factor of 1.0465
- Apply provider specific [operating scaling factor](#)
- Adjust for 2025 fixed costs, [controlling owner compensation for labour](#) and workforce funding (as applicable).

Step 3 - Calculate legacy top-up (pp. 30-31)

- Compare your step 2 costs with your benchmark allocation. If your eligible legacy costs are higher, your legacy top-up is the difference.

In Peel, the top-up will be calculated at a head office level because the FAIR is provided by head office.

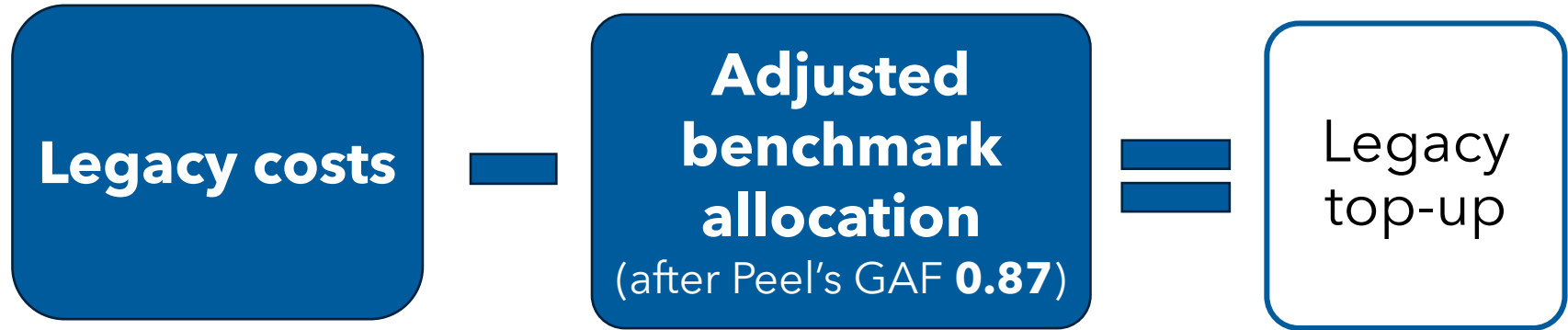


Operating scaling factor

- Reflects cost changes due to operational changes (e.g. increase to operating days or operating spaces) by comparing your 2023 and 2025 operating spaces:
 - ✓ Operating space days by age group
 - ✓ Program staff-to child ratio (3/10 for infants, 1/5 for toddlers, 1/8 for preschoolers and 1/13 for kindergarten children)
 - ✓ Typical number of hours of service



Calculating the legacy top-up - A visual



This means that if:

- Your legacy costs are **more** than your adjusted benchmark allocation, you **qualify** for a legacy top-up.
- Your legacy costs are the **same or less** than your adjusted benchmark allocation, you **do not qualify** for a legacy top-up and your organization unique costs are covered through benchmark allocation

Legacy top-up

Controlling owner compensation for labour

Recap: Controlling owner compensation for labour

- The controlling owner compensation for labour will be included in your legacy top-up if you have been deemed eligible to receive the legacy top-up.
- If you have not been deemed eligible for the legacy top-up, your total CWELCC benchmark allocation will cover the cost of your operation. This includes child care roles performed by an owner.
- There is 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 total funding allocation and expenses must be **reasonable, attributable, appropriate** and **documented**.



Recap: Key take aways

- **Example 1:** Patricia is an owner of AAA child care centre and a Supervisor. She can pay herself any amount as long as she is within her allocation, it is a reasonable amount and documented (e.g. T4).
- **Example 2:** Paul is an owner AA child care centre. Paul is the repairperson for the centre (plumbing, appliance repairs, drains,) and provides strategic direction for the centre. He can compensate himself for both of those functions at a reasonable amount through a CRA compliant invoice (e.g. T4, invoice).
- Patricia and Paul can continue to pay themselves for these reasonable expenses, which are attributable and appropriate for the delivery of child care, as long as they manage within their centre's Total CWELCC allocation.



Growth top-up



Cost-based funding at a high level

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Some

1.1b Top-ups for legacy costs
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Key terms

Eligible centre: A licensed child care centre that:

- Participates in CWELCC in Peel
- Qualifies for CWELCC funding (for example, is financially viable)

New centre: A centre in the first calendar year of CWELCC enrollment.

Existing centre: An eligible centre that is not new.



Who qualifies for growth top-up in 2025?

New centres or existing centres that expand with new licensed spaces*.

The [new centre](#)/new licensed spaces must :

- Be approved by Peel to participate in CWELCC through Peel's expansion application process **after August 14, 2024.**

Note: If you submitted an expansion application prior to August 14 you may qualify for a [legacy](#) top-up.



Growth top-up - expansion-approved new centres (p. 32)

Step 1: Calculate adjusted benchmark allocation (September 26 presentation, step 1.1 a)

Step 2: Calculate growth top-up

1.1a Adjusted benchmark allocation



**Peel's 2025 growth multiplier
2025=0.23**



1.1c Growth top-up

Step 3: Calculate your program-cost allocation

1.1a Adjusted benchmark allocation



1.1c Growth top-up



1.1 Program cost allocation

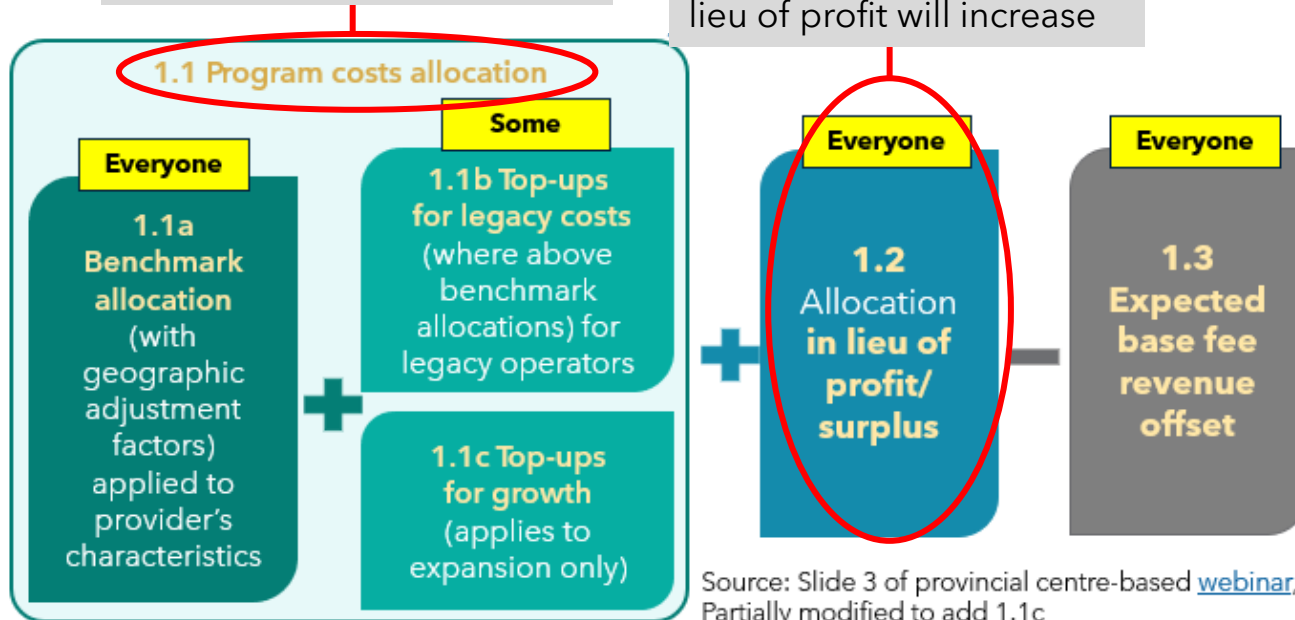
How do top-ups impact your allocation?



Cost-based funding at a high level - How do the top-ups impact my allocation?

If you qualify, your program cost allocation will increase

If you qualify, the base rate of your allocation in lieu of profit will increase



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

When will my allocation be updated?



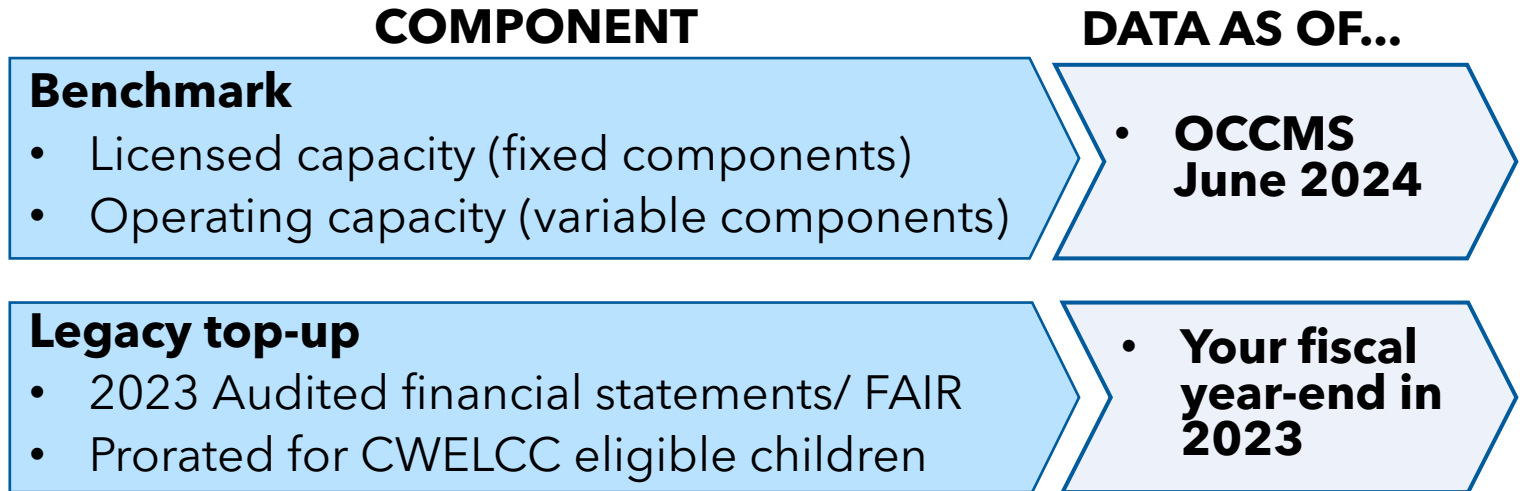
2025 CWELCC funding business cycle:

1. Estimated CWELCC Allocation

When?
2024

- **Estimated Allocations communicated:** October 2024
- **GovGrants announcement:** December 2024
- **Payments start:** January 2, 2025

How?
(data)



2025 CWELCC funding business cycle:

2. Mid-Year CWELCC Allocation

When?
2025

- **GovGrants amendment:** Spring 2025
- **Payments adjusted:** 2 weeks after amendment

COMPONENT

DATA AS OF...

Benchmark

- Licensed capacity (fixed components)
- Operating capacity (variable components)

Average of:

- **October 2024**
- **March 2025**

How?
(data)

Legacy top-up

- 2025 legacy spreadsheet
- 2025 fixed costs, owner compensation
- Dec 31, 2024 salary data

Collected:

- **Q4 2024**
- **Q1 2025**

*We will monitor operating capacity trends in the fall to ensure any significant changes are captured in your benchmark allocations. If needed, a second in-year adjustment may be made using September 2025 data to support an amended payment in December 2025.

2025 CWELCC funding business cycle:

3. Actual cost-based funding amounts*

What?
2026

- Reconciliation – Report actual cost-based funding (all components) and recover overpayments

How?
(data)

ALL FUNDING COMPONENTS

- Reconciliation
- 2025 Audited Financial Statements and FAIR

COLLECTED

- Q1 2026 (TBC)
- April 30, 2026

2025 CWELCC funding business cycle:

What?

1. Estimated CWELCC Allocation

2. Mid-Year Updated CWELCC Allocation

3. Reconciliation

When?

- **October (memo)**
- **December (GovGrants announcement)**

- **Spring 2025**

- **Starting January 2026**

*There may be a further update in the fall if there are significant changes in operating data.

What we need from Providers?

What?	Why?	How?	When?
Accurate: <ul style="list-style-type: none"> • Enrolment data • Operating capacity 	To get your benchmark allocation (variable components) right	OCCMS reporting	Monthly
<ul style="list-style-type: none"> • 2023 Controlling Owners Compensation for Labour 	To re-calculate legacy top-up (as applicable)	2025 legacy data spreadsheet	Released: Nov 1, 2024 Due: Nov 30, 2024
<ul style="list-style-type: none"> • 2025 fixed cost (occupancy, insurance, property taxes) 			
<ul style="list-style-type: none"> • Projected 2025 operating capacity by age group 	To understand system wide 2025 operating levels		
<ul style="list-style-type: none"> • 2024 staff wage data (Base wage, workforce grant breakdown, total annual program hours, etc.) 	To calculate legacy top-up and ensure you have enough funding to meet your 2025 Workforce obligations (GO, WEG, WCF)	2024 reconciliation	Due January 31, 2025

What's next?



What's next?

- Continue to send us your questions to earlyyearssystemdivision@peelregion.ca
 - Answers will be shared at the teleconferences based on the Roadmap release plan
- Q & A document will be shared in the coming weeks
- Next teleconference (Reporting & Accountability) Oct 22, 2024
- Information on Workforce Compensation, Wage Enhancement Grant and General Operating - released in November



What can you do to prepare?

1. Continue to **ask** questions
2. **Wait** for 2025 legacy data spreadsheet, **gather** information requested and **provide** Peel with information by deadlines listed (listed on slide 29)
3. **Review** your 2025 Estimated CWELCC Allocation (will be released late October)
4. **Compare** your 2025 operating budget forecast to your 2025 Estimated CWELCC Allocation
5. **Look** for opportunities to maximize your total allocation





Questions?

Thank You!



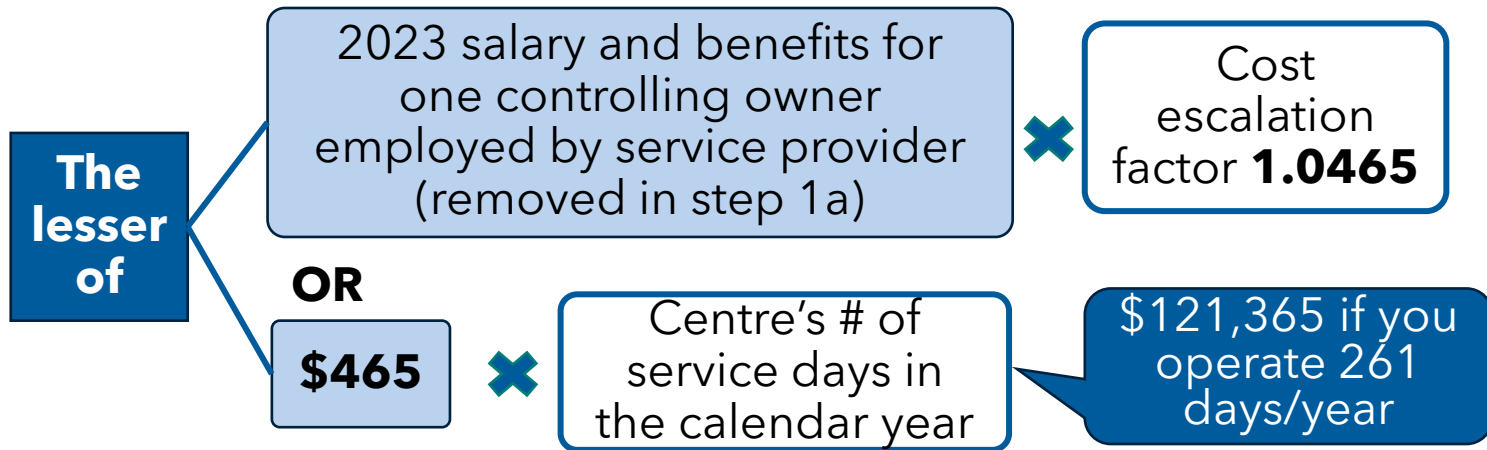
Appendix 1

**How is the
controlling owner
compensation for
labour used to
calculate the legacy
top-up?**



Controlling owner compensation for labour & the legacy top-up

- The 2023 salary and benefits for one controlling owner employed by the provider are **removed** to calculate the adjusted costs for the legacy top-up, **and added again** as follows (p. [30](#)):



Controlling owner compensation for labour & the legacy top-up example 1

- In 2023, the owner/operator of child care "AAA" (single site) was employed (in T4) as a supervisor, making \$80,000 (including benefits). The centre operated 261 days/year.
- In this example, to calculate child care "AAA" legacy top-up, we would use the lesser of:

$$\begin{array}{l} \text{\$80,000} \\ \text{2023 salary and benefits for the one} \\ \text{controlling owner employed by service} \\ \text{provider (previously removed)} \end{array} \times \begin{array}{l} \text{1.0465} \\ \text{Cost} \\ \text{escalation} \\ \text{factor} \end{array} = \text{\$83,720}$$

OR

$$\begin{array}{l} \text{\$465} \\ \text{Cost per day} \end{array} \times \begin{array}{l} \text{261} \\ \text{Centre's \# of service days in the calendar year} \end{array} = \text{\$121,365}$$

Controlling owner compensation for labour & the legacy top-up example 2

- In 2023, the owner/operator of child care “YYZ” (large single site) was employed (in T4) as a supervisor/Director, making \$130,000 including benefits
- In this example, to calculate child care “YYZ” legacy top-up, we would use the lesser of:

$$\begin{array}{l} \text{\$130,000} \\ \text{2023 salary and benefits for the one} \\ \text{controlling owner employed by service} \\ \text{provider (previously removed)} \end{array} \times \begin{array}{l} \text{1.0465} \\ \text{Cost} \\ \text{escalation} \\ \text{factor} \end{array} = \text{\$136,045}$$

OR

$$\begin{array}{l} \text{\$465} \end{array} \times \begin{array}{l} \text{261} \\ \text{Centre's \# of service days in the calendar year} \end{array} = \text{\$121,365}$$

Appendix 2

**Growth top-up for
expansion approved
new licensed spaces
in existing centres**



Expansion approved new licensed spaces in existing centres

Step 1: Calculate new spaces' (only) adjusted benchmark allocation

- Special rules**
- Supervisor benchmark = \$0
 - Accommodation benchmark prorated based on the number of months in the calendar year in which the spaces will be licensed.

Step 2: Calculate growth top-up

New spaces
adjusted
benchmark
allocation



Peel's growth
multiplier for the
calendar year
2025 = 0.23



1.1c Growth top-
up

Expansion approved new licensed spaces in existing centres

Step 3: Calculate your updated program-cost allocation

