

## **New 2025 CWELCC Funding Approach**

### **Questions and Answers (Q&As) for Licensed Home Child Care Agencies**

**Released: September 16, 2024**

This Q&A document is based on the latest information to date and is subject to change based on any additional provincial guidance. We will continue to update this document to reflect any changes as needed.

#### **Don't see your question?**

Email [EarlyYearsSystemDivision@peelregion.ca](mailto:EarlyYearsSystemDivision@peelregion.ca) or contact your Early Years Specialist.

**Fees** (subject to regulatory amendments to [O. Reg 137/15](#) under the Child Care and Early Years Act, 2014)

#### **1. If fees are capped at \$22/day, does it mean that the fees for all CWELCC age groups are the same?**

It depends on the fees your organization is currently charging. If all your fees for eligible children are currently above the \$22/day cap, then yes, all families will pay the same rate regardless of age group.

\$22/day is the ceiling amount that families will pay. This means that if after the 52.75% fee reduction your fees are:

- Over \$22/day: your fees will be lowered to \$22 per day.
- \$22/day or less: your fees will stay the same.

#### **2. Is the "base-fee" the pre-CWELCC reduced frozen fee?**

Yes. Your approved base fee is your market rate, less any non-base items, as noted in your approval letter from Peel Region when you were approved to enroll in Peel's CWELCC program.

### **3. How will non-base fees be treated?**

Non-base fees are fees for optional services as defined in the regulations (such as field trips, fees for late pick-ups, etc.) and will be treated as follows:

- You can continue to charge non-base fees as listed in your parent handbook before March 27, 2022.
- Non-base fees are not part of the fee cap and will not be factored in the calculation of cost-based funding allocations/funding.
- Costs associated with providing non-base fees services (such as late pickups, field trips, etc.) must be tracked separately as they are not an eligible expense under the cost-based funding approach.

### **4. What happens if families have the option of before and/or after (extended) care?**

Unless otherwise directed by regulatory amendments expected in the Fall:

- If the primary purpose of the “extended care” is child care supervision by an adult during operational hours, the service is not optional, and it is part of the daily base fee and the cap of \$22/day would apply.
- As a general guide, fees listed in your CWELCC approval letter and currently subject to 52.75% reductions are subject to the \$22/day fee cap (except for registration fees).

## **Funding & payments**

### **5. What funding types will agencies participating in the CWELCC program receive in 2025?**

In 2025, agencies participating in CWELCC will receive their funding for children 0-6 years old through the CWELCC cost-based funding approach. If the CWELCC agency also serves children 6-12 years old, they will also receive funding to support those programs, as well as subsidy funding.

### **6. With the new funding approach, will licensed home child care Base Funding and WEG/HCCCEG be included in the final number? Or will they be broken up for us?**

We are still waiting on the provincial guideline, but our understanding is that wage enhancements to support home visitors and home child care providers serving children 0-6 are included either in your Visitor Compensation or Provider Compensation benchmark components for your agency or legacy top-up (if eligible).

In other words, you will not get separate allocations. The cost of continuing with these funding programs will be included in your cost-based funding allocation.

## Funding components

### **7. How will funding be allocated if my home child care agency head office is not in Peel?**

When an eligible agency has active homes in multiple jurisdictions, the overseeing service system manager (SSM) is the region where the head office is located.

- If your agency's head office is located outside of Peel, that region is the overseeing service system manager (SSM) and your agency will receive CWELCC funding from them to cover all the agency's active homes opened before December 31, 2022. If you opened new homes in Peel after December 31, 2022 then Peel is the secondary SSM and your agency will receive funding from Peel for those homes.
- If your agency's head office is in Peel, this means Peel is the overseeing SSM and your agency will receive an allocation from us to cover all the agency's active homes, except for the new active homes that open in another jurisdiction after December 31, 2022 (that region is the "secondary" SSM). Your agency will receive an allocation from the secondary SSM for those homes.

More information on this can be found in the provincial guidelines (page 36) and the provincial home child care webinar.

### **8. Is my profit margin capped at 8%?**

The [provincial guideline](#) (pg. 12) sets the rules related to funding in lieu of profit/surplus. Depending on the size of your operations the profit margin could be slightly greater than or less than 8%.

### **9. Are there any restrictions on how I can spend my amount in lieu of profit/surplus?**

No, there are no restrictions on how agencies use their amount in lieu of profit/surplus.

- Non-profits can keep their eligible amounts and re-invest it into their child care based on their organization's direction.
- Commercial operators can use that amount as they see fit.

**10. If I do not spend all my allocation, can I keep the remaining amount as profit?**

No. Agencies are only able to keep their final amount in lieu of profit/surplus. Excess funding will be recovered through the reconciliation process.

**11. Can we continue to charge families registration fees? If so, are registration fees in addition to the allocation provided in the cost-based profit formula?**

Yes, you can continue to charge families the same registration fees (in amount and frequency) that you charged when you applied to participate in CWELCC, minus 52.75%.

As noted on page 34 of the [provincial guideline](#), registration fees and other mandatory fees count towards your expected base-fee revenue offset (in addition to your base-fees), reducing the amount of funding you qualify for.

## Owner/operators

**12. I paid myself a low salary last year. As an owner, will I only be able to earn that amount as a salary moving forward?**

Salaries, wages, and benefits paid to owners in receipt of a T4 for their labour are eligible expenses, like compensation for any other employee, and are not capped at a specific amount.

Decisions on salary increases for any employee, including owners, should consider your overall budget and yearly cost escalation factors.

Operators who need a legacy top up will have the controlling owner's compensation for labour calculated as described in step 1e (page 30 of the [provincial guideline](#)).

Agencies receive an amount in lieu of profit/surplus as outlined by [provincial guideline](#) and can use that funding as they see fit.

We will go over these concepts in more detail on September 27.

## Changes to enrollment

**13. Some of the benchmark calculations are based on enrollment. How do you calculate this if your enrollment changes during the year?**

Your initial allocation will be based on your June 2024 enrolment. Mid-year, we will review your enrollment data to adjust your allocation.

We need your help to get your allocation right. It is your responsibility to ensure your information is reported in OCCMS on time and is as accurate.

## Impacts of provincial definition of base wage

### 14. Does the ministry's definition of "base wages" affect the calculation of the CWELCC RECE annual wage increase and wage floor? Or does it only impact WEG?

The ministry told us that:

- Licensed home child care Base Funding wage enhancements must be included in the "base wages" for the purposes of calculating eligibility for both WEG and CWELCC workforce compensation funding.
- Wage increases for home visitors should be held constant until they become eligible for additional increases.
- This means that home visitors will not see a pay reduction but may not get next year's \$1/hour annual wage increase if their wages, including licensed home child care Base Funding and WEG are over the 2025 WCF wage eligibility ceiling.
- We will provide you with a tool to help you calculate staff 2025 wages.

## Opting-out

### 15. What happens if an agency opts out as of January 1, 2025, and wants to come back in 2026?

You can decide to opt-out from CWELCC program at any time.

Agencies who opt-out of **January** CWELCC and later change their mind may find it difficult to come back in. That is why we encourage you to wait until you understand the new funding formula and your specific 2025 agency's CWELCC allocation before you make a decision related to CWELCC participation.

If you withdraw from CWELCC and want to rejoin the program later, you will be required to submit a CWELCC Expansion Application form and will be subject to the requirements outlined in [Peel's CWELCC Multi-Year Expansion Plan](#) found on our [website](#). This includes provincial auspice targets.

If you would like to opt out of CWELCC, contact your EYS to discuss next steps.

You must:

- Communicate this decision to your families and staff at least 30 calendar days before your effective termination date.
- Give us at least 60 business days written notice per your EYCC Agreement.

**One-time 2024 exemption:** Considering the impact and timing of the new funding approach, Peel will enforce a 30-calendar-day notice instead of the agreement's 60-business-day notice for the remainder of this year.

## **16. Do agencies who opt out of CWELCC qualify for funding and/or other supports?**

If your agency decides to opt out of CWELCC starting January 1, 2025:

- There will be no funding changes from now to December 31, 2024. Agencies will continue to receive their 2024 funding and PIRS and quality supports.
- If you received the Start-up Grant for your CWELCC expansion project and opt out of CWELCC before March 31, 2026, all Start-up Grant funding (spent and unspent) will be recovered by Peel.

Starting on January 1, 2025, LHCC agencies who opt out, will no longer qualify for regional funding, except child care subsidy for children currently placed until they age out or leave the program.

In the absence of the provincial guidelines, we are unable to make a decision regarding the continuation of the Letter of Agreement option for Peel Inclusion Resource Services (PIRS) supports, CDRCP's professional learning opportunities and Peel's quality initiative in 2025. Information on these programs will be shared at a later date.

## **Other CWELCC requirements**

### **17. Do children who turn 6 from January to June still qualify for CWELCC until the end of June? If a child turns 6 on August 2nd, would they qualify for CWELCC until their birthday?**

We are pending provincial guidance. Unless we tell you otherwise, the existing rules continue to apply. Refer to our [2024 CWELCC guidelines](#) for information.

### **18. Are closure days considered as operating days (when fees are charged)?**

We are pending provincial guidance. Unless we tell you otherwise, the existing program closure rules continue to apply. Refer to our [2024 CWELCC guidelines](#) for details on closure days. That means that closure days within your maximum closure limit for the calendar year are considered operating days and should be included to calculate your benchmark allocations.

Closure days for which fees are not being charged should not be included. Based on our [2024 CWELCC guidelines](#), closures due to statutory holidays or events outside your control such as inclement weather do not count towards the maximum closure limit.