

New 2025 CWELCC Funding Approach

Questions and Answers (Q&A) - Licensed Home Child Care Agencies

Released: September 16, 2024

Updated: November 1, 2024 - Additions and changes are noted with "new" or "update".

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

Don't see your question? Email 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 items or services that are optional to families (such as field trips, fees for late pick-ups, etc.). Non-base fees will be treated as follows:

- You can continue to charge non-base fees as listed in your parent handbook.
- 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? Is the extended care part of the \$22 per day fee cap?

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.
- Services charged at an additional cost such as French, music, or yoga are considered optional only when families who choose not to receive the service, have access to the adult supervision during licensing operating hours, and the services do not meet the definition of child care. Optional services are not part of the \$22/day cap.
- 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).

5. **NEW:** If the daily fee is \$22 from 7:00 am to 6:00 pm, and we run a core hours program and an extended hours program, do we have to prorate the \$22 based on the number of hours for each program?

The daily fee applies to the hours of operation you reported through CCLS. Our understanding is that the \$22 a day works as a daily base-fee cap and is not intended to be prorated based on number of hours.

We will confirm this direction following the release of the regulatory amendments expected this fall.

For example: If a child only enrolls to your core hours program (9 am to 4 pm) the maximum they can be charged is \$22. If a child is enrolled for both the core hours and the extended hours, the maximum they can be charged is \$22 also.

6. NEW: Can I change my base fee offerings?

No. Any programs and services included as part of your base-fee on March 27, 2022 (or at your time of CWELCC enrollment, if later) must be included in your base fee and cannot be shifted into non-base fees. All fees (base and non-base) must be outlined in your Parent Handbook.

7. NEW: Are privately placed children still eligible to receive reduced fees in the new funding approach?

We do not anticipate any changes related to privately placed children being eligible for reduced fees. When we receive the Ministry's policy guidelines, any changes to eligibility will be communicated to agencies.

8. 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.

Funding & payments

9. 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 under the age of 6 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 child care subsidy funding.

10. UPDATE: With the new funding approach, will licensed home child care Base Funding, Wage Enhancement Grant (WEG), Home Child Care Enhancement Grant (HCCEG) and Workforce Compensation Funding (WCF) all be included in the total? Or will they be broken up for us?

We are still waiting on the provincial direction, but our understanding is that wage enhancements to support home visitors and home child care providers serving children under the age of 6 are included in your program cost allocation (either in your visitor compensation or provider compensation benchmark components or your legacy top-up if applicable). You will not get separate allocations.

11. The cost of delivering services has dramatically increased from 2023 to 2024. How will this be reflected if the ministry is using 2023 as a benchmark?

The ministry has told us that forecasted inflationary increases of 2.65% of 2024 and 2% for 2025 (combined increase of 4.65%) have been factored into all benchmarks and that the benchmarks represent typical costs for 2025.

If you qualify for a legacy top-up, the legacy top up calculation includes the application of a 1.0465 cost escalation factor to 2023 expenses.

You will also be able to share fixed costs that have significantly increased since 2023 (example, agency office lease costs, etc.) through the Region of Peel's 2025 Legacy Data Spreadsheet collection.

12. NEW: Will we have time to review the proposed funding amounts before they are finalized? What happens if funding is not enough?

We shared estimated funding amounts with you via email on October 30, 2024. We will make an adjustment to allocations in spring 2025 based on updated data (e.g. 2025 fixed costs and wage information). We will also monitor operating trends throughout the year and make updates in the fall to ensure any significant changes are captured in your benchmark allocations.

If you have concerns related to your 2025 allocation, please notify your EYS and send an email to EarlyYearsSystemDivision@peelregion.ca. We will look at the information used to calculate your allocation and determine if an adjustment is needed (for example, if your operating data increases).

13. NEW: Who will provide the legacy top up and will it be separate funding for agencies that have both home child care and centre care?

If you have homes in multiple jurisdictions, the overseeing SSM (the jurisdiction in which your head office is located) will assess you for legacy top up. This means, if your head office is in Peel, we will assess your eligibility for legacy funding.

If you are an agency that has both centre-based and home child care operations, funding will be provided through two separate announcements - one for centre based operations and one for home child care operations.

14. NEW: Will legacy top-up continue in 2026?

Based on the information shared in the 2025 CWELCC cost-based funding [guideline](#), while legacy top-up supports may continue, they will become a rolling

top-up in 2026 and beyond. Page 32 of the provincial guideline provides details on how the rolling top is calculated.

15. NEW! Will there be any emergency funding if providers have one-time, unexpected, non-discretionary costs in 2025 such as emergency capital repairs to minor assets?

If you require funding for one-time, unexpected, non-discretionary costs in 2025, please send an email to EarlyYearsSystemDivision@peelregion.ca and copy your EYS.

In 2025, we will release more details on how providers can access one-time emergency funding. Approvals will be subject to budget availability and in-year recoveries as no separate emergency allocation has been provided by the province at this time.

16. NEW: What base-fee will be used to calculate the expected base-revenue offset? My current fees or the 2025 fees after the January 1, 2025 \$22/day cap?

We will be using your 2025 fees. This means that if after the 52.75% fee reduction your current fees are:

- Over \$22/day: we will use \$22 per day.
- \$22/day or less: your fees stay the same, so we will use your fees as they are.

For clarity, expected registration fees or other mandatory fees are also included in your expected base revenue offset (page 34 of the [provincial guideline](#)),

17. NEW: How will the new minimum wage of \$17.20 impact the benchmark calculations for the Home Visitor component?

We are seeking clarity from the province and will provide an update when available.

18. NEW: How do I distribute the funding to the home providers?

You should continue to follow your agency's existing distribution policies to home providers.

The Home Provider benchmark is not the new compensation levels or "per diem" amount that you need to bring the home providers to or pay. The provider compensation benchmark is not the floor or ceiling, it is intended to cover costs

associated with providing child care for children under 6 years old (children eligible for CWELCC).

You have full flexibility in how you distribute amounts for eligible expenses within your total program cost allocation.

If you have concerns related to your ability to maintain your existing provider payments within your 2025 cost-based funding allocation, please notify your EYS and send an email to EarlyYearsSystemDivision@peelregion.ca. We will look at the information used to calculate your allocation and determine if an adjustment is needed.

19. How is funding 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 jurisdiction where the head office is located.

- If your agency's head office is located outside of Peel, that jurisdiction 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 jurisdiction 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 guideline](#) (page 36) and the provincial home child care webinar.

20. NEW! What base-fee will be used to calculate the expected base-revenue offset? My current fees or the 2025 fees after the January 1, 2025, \$22/day cap?

We will be using your 2025 fees. This means that if after the 52.75% fee reduction your current fees are:

- Over \$22/day: we will use \$22 per day.

- \$22/day or less: your fees stay the same, so we will use your fees as they are.

For clarity, expected registration fees or other mandatory fees are also included on your expected base revenue offset (page 34 of the [provincial guideline](#)),

21. 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%.

22. Are there 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.

23. 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.

Owner/operators

24. UPDATED: 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?

No. 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.

While there is no cap, before making decisions on salary increases (for the owner or any other employee), you should consider the following:

- Your ability to budget within your program cost allocation.
- All expenses must be reasonable, attributable, appropriate and follow Peel's documentation requirements.
- The provincial cost escalation factors (2.65% for 2024 and 2% for 2025, or a combined increase of 4.65%)

- The impact of the increase on the provincial workforce strategy and/or former wage programs.

In addition to salaries and other eligible expenses:

- To assess your eligibility for the legacy top-up, we will use 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.

Eligible & ineligible costs, spending and flexibility

25. **NEW: What is deemed reasonable when an owner pays themselves for the role they play in their child care?**

According to the [provincial guideline](#), a cost (any cost, including salary costs) is reasonable if the amount incurred (given the quality of the goods or service) do not exceed what would be incurred by an ordinary prudent person in the operation of a comparable business providing child care to eligible children.

Factors such as the size of the organization, scope of tasks and responsibilities, comparable salaries for the same position with the same responsibilities (labour market), the ability of the organization to afford higher or lower salaries and/or the ability of the organization to manage within their budget could impact the assessment of reasonability for any position within the organization, including positions fulfilled by owners.

As these decisions are made, you may want to document the considerations that informed your decisions.

26. **NEW: Are there limitations to increases to staff wages and/or benefits?**

There are no limitations to increases to staff wages and/or benefits as long as you are able to manage all your expenses within your program-cost allocation.

To ensure you can make the most of the funding and that increases are sustainable over time, you may want to consider:

- The impacts the increases have on wage enhancement programs. Example, you may want to ensure that increases don't make staff ineligible for the Ontario child care Workforce Strategy enhancements.
- The provincial cost escalation factors. Based on page 29 of the [provincial guideline](#), cost escalation is based on [Ontario Budget](#) CPI inflation projection

(2.65% for 2024 and 2% for 2025). We anticipate this methodology will continue moving forward.

- The provincial assumptions on ancillary costs regarding supplementary benefits.
- Your organization's ability to maintain the expenses overtime.

Changes to enrollment

27. How do you calculate the allocation if enrollment changes during the year?

Your initial allocation will be based on your June 2024 enrolment and number of active homes.

Mid-year, we will review your enrollment data and other operating data (active home days) 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, on a monthly basis and is as accurate.

Impacts of provincial definition of base wage

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

The ministry told us that:

- 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 affected staff should be held constant until they become eligible for additional increases.
- This means that eligible home visitors will not see a pay reduction but may not get next year's \$1/hour annual wage increase if their wages, including 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

29. 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 the CWELCC program at any time.

Agencies who opt-out as of January from CWELCC and later change their mind may find it difficult to come back in. That is why we encourage you to review the documents and look at the numbers before you make a decision.

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.

30. 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, 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.

31. If my agency is not approved to participate in CWELCC through the Expansion application process, can I still open homes in Peel?

If you decide to operate in Peel without approval from Peel Region to participate in CWELCC that means that you are non-CWELCC-enrolled agency.

Based on the Ministry's memo from August 2024:

- Under the new cost-based funding approach, child care providers who are not participating in CWELCC may continue to run their operations under the existing provincial licensing and regulatory framework.
- As of 2025, non-participating child care providers delivering child care to eligible children will no longer be eligible for EYCC funding from Peel Region that may previously been available.

Other CWELCC requirements

32. NEW: Will Ontario's child care workforce strategy continue under the new funding approach (RECE wage floor and RECE annual wage increase)?

Yes. While we do not have details yet, the Ministry has confirmed that agencies receiving Cost-Based Funding must meet the wage compensation enhancements required under their workforce strategy.

Please note, that the change in direction related to when to apply the Base Funding wage enhancement to Home Visitors may impact staff's eligibility for the additional dollar that was to be added January 1, 2025. The Region is working on a specific communication related to this change.

33. 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 the [2024 CWELCC guidelines](#) for information.

34. 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 the [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 the [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.

35. If there are changes to hours of operation will that have an impact on my funding?

Any changes to your operations must reported to Peel.

Funding impacts depend on the change and its impacts to families and will be assessed on a case-by-case basis.

NEW: Other resources

[Ministry of Education Child Care Webinars](#)

[Ministry of Education CWELCC cost-based child care funding estimator](#)

[Ministry of Education CWELCC cost-based funding guideline](#)

[Peel's 2025 CWELCC funding approach resources](#)