

## **New CWELCC Funding Approach**

### **Questions and Answers (Q&As) for Licensed Child Care Centre-Based Providers**

**Released: September 13, 2024**

**Updated: November 1, 2024** - Additions and changes are signaled with the words "**NEW!**" or "**UPDATED!**" as appropriate.

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

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

Email us at [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 the Expression of Interest or CWELCC Expansion Application Process.

### 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 pay for an academic day and have the option of before and/or after (extended) care? Is the extended care part of the \$22/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 (your hours of operation in the Child Care Licensing System), the service is not optional, 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.

## Funding & payments

**7. What funding types will providers participating in the CWELCC program receive in 2025?**

In 2025, providers participating in CWELCC will receive their funding for children under the age of 6 through the CWELCC cost-based funding approach. If the CWELCC provider also serves children 6-12 years old, they will also receive funding to support those programs, as well as subsidy and enhanced program support funding.

**8. UPDATE! With the new funding approach, will the General Operating Funding (GOF), Wage Enhancement Grant (WEG), 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 program staff and supervisors serving children under the age of 6 are included in your program-cost allocation (either in your program staffing and supervisor benchmark components or your legacy top-up, if applicable). You will not get separate allocations.

**9. 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 (e.g. accommodation costs, insurance, property tax, etc.) through the Region of Peel's 2025 Legacy Data Spreadsheet collection.

**10. NEW! Will we have time to review the proposed funding amounts before they are finalized? What happens if my allocation 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 capacity 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 email [EarlyYearsDivision@peelregion.ca](mailto:EarlyYearsDivision@peelregion.ca) and copy your EYS. We will look at the information used to calculate your allocation and determine if an adjustment is needed (for example, if your operating capacity increases).

**11. 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](mailto: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.

## Funding components

**12. Schedule A: 2025 Benchmark Tables on page 52 of the [provincial guideline](#) shows that supervisors will be receiving \$301.38/day per centre per service day. Page 61 gives a total amount of \$91,403.13 for the Supervisor Component Calculation. Is this a new supervisor salary? If so, what happens when a centre has 2 supervisors?**

The amount of page 61 is **not** the new salary for supervisors. Instead, it is the supervisor component applicable to the centre described in example 3.

The cost-based [guideline](#) shared by the ministry on August 15 tells us how to calculate your 2025 CWELCC funding but does not set requirements regarding staff/supervisor salaries.

Benchmarks are not intended to limit or limit employer discretion on supervisor wages.

Cost-based funding is flexible. You will be spending on your total, not on a specific component. For example, if you can spend more on program staff than indicated on your program staff benchmark, you could do it within your total funding amount.

**13. Is the funding based on one supervisor per site or is it per program? I.e. where there is an ELCC and a BA program running at the same site.**

The supervisor component of the funding is calculated per eligible centre (page 18 of the [provincial guideline](#)) and prorated to support the portion of the services provided to CWELCC eligible children only. Page 19 of the [provincial guideline](#) includes a useful example.

Please note, the funding formula will support your current staffing model (as of August 15, 2024).

**14. We provide high quality services on top and above licensing requirements (such as teacher’s professional development, high quality materials, French programs over ratio, etc.). How does the new funding approach treat these additional costs? Should we start winding down our supports?**

We acknowledge and celebrate the diversity of programs offered in Peel.

The 2025 cost-based funding approach is not intended to change your operations.

If you are a legacy provider and your benchmark allocations are not enough to cover your eligible costs for the calendar year, you may qualify for a legacy top-up.

The legacy top-up should help you transition towards the cost-based funding for services covered by your base-fees with minimal impact to your cost-structure, allowing you to maintain the quality of your program.

**15. NEW! How will the new minimum wage of \$17.20 impact the benchmark calculations for the Program Staff component?**

The Ministry has told us that “the allocations are based on benchmarks that account for cost escalation, including anticipated changes like minimum wage increases.”

**16. NEW! Our lease is up for renewal in 2025, and we anticipate a 25% increase on the rent per square foot. Will CWELCC cover the increased cost?**

The cost-based funding approach covers the cost of your 2025 lease agreement through:

- Your benchmark allocations: if your costs, including the increased cost of your lease are at or below your benchmark allocations.
- Legacy top-up (as applicable): If your legacy costs, including the cost of your lease, are higher than your benchmark allocations.

The province recognized that the cost variances of rental agreements, may not follow the general cost escalation assumptions and has directed us to collect 2025 fixed costs information such as your rental agreement costs to determine your legacy costs.

To ensure we can include your 2025 lease cost, you must ensure you include the updated amount in your 2025 legacy data spreadsheet, and that you attach a copy of the rental agreement.

**17. NEW! Will legacy top-up continue in 2026?**

Based on the information shared on 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.

**18. 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](#)),

### **19. 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%.

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

No, there are no restrictions on how providers 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.

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

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

### **22. 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

### 23. **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:

- 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](#).
- Providers 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

### 24. **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.

## **25. 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. For 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's](#) 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.

## **26. NEW! Will we be funded to host field trips and special events?**

Cost-based funding supports costs that are attributable to the provision of child care included in the base fee for eligible children (page 39 of the [provincial guideline](#)).

Your parent handbook must include information about the base and non-base fees that may be charged ([O. Reg. 137/14, s. 45](#))

This means that if at the time you joined CWELCC if these activities were covered through your base-fees (according to your parent handbook), then the new CWELCC cost-based funding will cover the cost of the activity. In this case, the cost of the activities would be included in your fee and would be currently either \$0 or reduced by 52.75%.

If at the time you joined CWELCC charges for these activities were considered non-base fees (according to your parent handbook), then the costs associated with the activities do not qualify for CWELCC cost-based funding.

**27. NEW! Due to lack of qualified staff, we pay staff’s tuition or a portion of their college tuition. Will that be funded?**

Staff tuition costs not supported through the [qualifications upgrade program](#), qualifies for CWELCC cost-based funding if you are able to meet program requirements and manage your expenses within your program cost allocation and the cost is:

- Attributable to the provision of child care included in the base fee for eligible children (if you provide services to children ages 6 and over it will be prorated);
- Appropriate for the provision of child care for eligible children; and,
- Reasonable in quality and amount, having regard to all the relevant circumstances.

Since in 2023 these costs were supported through the Workforce Innovation Fund, these costs should be reflected on your 2023 Audited Financial Statements and FAIR and, thus, will be taken into consideration as we assess your eligibility for a legacy top-up.

## Changes to capacity

**28. Some of the benchmark calculations are based on operating capacity. How do you calculate this if your operating capacity changes during the year (e.g. mid-year change to alternate capacity because of children moving to new age group, etc.)?**

Your initial allocation will be based on your June 2024 operating capacity. 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 on a monthly basis and is as accurate.

## Impacts of provincial definition of base wage

**29. 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:

- General operating funding (GOF) 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 employees should be held constant until they become eligible for additional increases.
- This means that staff will not see a pay reduction but may not get next year’s \$1/hour annual wage increase if their wages, including GOF 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

### 30. What happens if a provider opts out as of January 1, 2025, and wants to come back in January 2026?

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

Providers who opt-out CWELCC and later change their mind may find difficult to come back in. That is why we encourage you to review the documents and look at the numbers before you decide.

- 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.

### 31. Do providers who opt out of CWELCC qualify for funding and/or other supports?

From now to December 31, 2024, nothing changes. Providers 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, these providers 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

### **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 service providers receiving Cost-Based Funding must meet the wage compensation enhancements required under their workforce strategy.

Please note, that the change in direction related to the application of General Operating wage enhancement 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.

Based on our [2024 guidelines](#), preschool and kindergarten children who:

- turn 6 between January 1 and June 30 qualify until June 30 of that year.
- turn 6 between July 1 and December 31 qualify until the end of the month they turn 6 years old.

In the example provided, if the child is enrolled in a preschool or kindergarten program and turns 6 on August 2nd, they would qualify until August 31st.

### **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.

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. For details, review page 19 of our [2024 guidelines](#).

Closure days for which fees are not being charged should not be included.

### **35. Our center has PA days for teacher trainings, are we compensated for these days?**

We are pending provincial guidance. Unless we tell you otherwise, the existing rules continue to apply.

Based on our [2024 guidelines](#), if you charge families and/or Peel for the PA days, these days count towards your 20 annual allowable closure days.

### **36. Will we be compensated for statutory holidays or snow/emergency days?**

We are pending provincial guidance. Unless we tell you otherwise, the existing rules continue to apply.

Based on our [2024 guidelines](#), closures due to statutory holidays or events outside of your control such as inclement weather are compensated (we pay you and you pay your staff) and do not count towards the maximum closure limit.

### **37. If I change my hours of operation will that have an impact on my funding?**

Your hours of operation are part of your licensing.

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.

## **Other resources-NEW!**

Ministry of Education [Child Care Webinars](#), [CWELCC cost-based child care funding estimator](#), and [CWELCC cost-based funding guideline](#).

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