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# 2024 CWELCC Workforce Compensation Funding Guidelines

CITY OF HAMILTON

## Table of Contents

Introduction .....	3
“NEW” Ontario’s Workforce Strategy .....	3
Overview of CWELCC Workforce Compensation .....	3
Section 1: Eligibility for Annual Increase (AI) and Wage Floor (WF) .....	4
Annual Increase (AI) .....	4
Wage Floor (WF) .....	5
Determining Staff Eligibility .....	6
Eligible positions .....	6
Ineligible Positions .....	6
Order of Operations .....	7
2024 Annual Increase and Wage Floor Funding Approval and Cashflow .....	8
Section 2: Eligibility for Minimum Wage Offset Funding .....	9
Eligible Positions .....	10
Ineligible Positions .....	10
2024 Minimum Wage Offset Funding Approval .....	10
Section 3: Accountability and Reporting Requirements .....	11
Annual Increase and Wage Floor Compensation Funding .....	11
Minimum Wage Offset Funding .....	11
Questions about the CWELCC Workforce Compensation .....	11

## Introduction

The Canada-Wide Early Learning Child Care (CWELCC) system includes funding to support recruitment and retention of Ontario's child care workforce through improved compensation for low wage earners. The purpose of the Workforce Compensation funding is to provide compensation for eligible Registered Early Childhood Educators (RECEs) working in licensed childcare programs participating in the CWELCC system. Workforce Compensation funding will also be provided to eligible licensees to offset wage increases for non-RECE staff associated with the increased minimum wage (effective October 1<sup>st</sup>, 2023).

## “NEW” Ontario’s Workforce Strategy

In 2024, the Ontario government announced a new Child Care Workforce Strategy to respond to the existing workforce shortages in the licensed child care sector. This includes increases to the wage floor and wage eligibility ceiling effective January 1, 2024.

## Overview of CWELCC Workforce Compensation

Workforce Compensation supports licensees with recruiting and retaining RECEs through improved compensation for low wage earners through the following funding components:

- **Annual Increase (AI)** – for the 2024 funding year, all eligible staff will receive up to a \$2/hour top-up. Funding is provided for eligible RECE staff to receive an annual wage top-up of up to \$1/hour plus benefits on January 1, compounded from the previous year to a Wage Eligibility Ceiling cap.
- **Wage Floor (WF)** – funding is provided for eligible RECE staff to receive a wage top-up to bring the hourly wage up to the RECE wage floor of that given year. This funding ensures all eligible staff earn at least a minimum of the annual wage floor rate, plus corresponding benefits.
- **Minimum Wage Offset** – funding is provided to eligible licensees to offset wage increases for eligible non-RECE staff to cover the incremental amount needed to bring wages for eligible staff from \$15.00/hour to \$16.55/hour for 2024.
- **Benefits** – funding up to 17.5% is provided to eligible licensees to support them in meeting their statutory benefit requirements and additional benefits provided by the licensee.

## Section 1: Eligibility for Annual Increase (AI) and Wage Floor (WF)

Workforce compensation funding supports recruitment and retention of Ontario's child care workforce through improved compensation for lower-wage earners. It includes compensation enhancements for registered early childhood educator (RECE) staff (annual wage and wage floor increases) and support to licensees for non-RECE staff (minimum wage offset). The Annual Increase and Wage Floor funding components are focused on supporting Registered Early Childhood Educator (RECE) staff working in licensed child care programs.

To qualify for the CWELCC workforce compensation funding, licensees must be enrolled in CWELCC and apply for the Provincial Wage Enhancement Grant (WEG) on behalf of eligible staff. WEG funding will be added to the base wage of staff when considering eligibility for the annual wage increase and wage floor. Benefits should not be included when calculating the hourly wage.

Workforce compensation funding must be considered in addition to and not reduce other planned compensation increases for eligible staff. CWELCC funding cannot be used to reduce or offset planned merit increases or increases beyond the ceiling.

The Annual Increase and Wage Floor compensation is provided through the CWELCC system for eligible RECE staff employed by a CWELCC participating licensee. To ensure equity of wages across staff serving different age groups, and to avoid these increases being passed onto parents/guardians through higher fees, workforce compensation funding can be provided to all eligible staff in licensed child care programs including those serving children 6-12 years of age.

CWELCC-enrolled licensees are eligible for workforce compensation funding from their enrolment date up to and including December 31, 2024.

### Annual Increase (AI)

Effective each January 1 from 2023 to 2026, CWELCC-enrolled licensees must increase the hourly wage of eligible RECE staff whose wages (including WEG) fall below the wage eligibility ceiling for the year. The CWELCC annual wage increase is up to \$1.00/hour plus benefits, compounded year-over-year, up to the wage eligibility ceiling. This means that an eligible RECE staff would receive up to a \$1.00/hour increase in 2023, up to \$2.00/hour increase in 2024, and so on, up to the wage eligibility ceiling set for the year.

For clarity, to receive the annual wage increase for 2024, eligible RECE Program Staff must be receiving WEG funding, and their hourly wage including WEG on December 31, 2023, must be below \$26.00/hour. For eligible RECE Child Care Supervisors and RECE Home Child Care Visitors, their hourly wage including WEG on December 31, 2023, must be below \$29.00/hour.

Annual wage increase funding is tied to the position and not the individual staff. This means that all eligible RECE staff can receive up to \$2.00/hour in wage increase funding for 2024, whether those RECE staff are continuing in their existing eligible positions, newly filling an existing eligible position, or filling a newly created eligible position.

Wage eligibility ceilings for 2023 through 2026 are set out in the table below:

Wage Eligibility Ceiling 2022 to 2026*	2023	2024	2025	2026
RECE Program Staff	\$25.00	\$26.00	\$27.00	\$28.00
RECE Child Care Supervisors & RECE Home Child Care Visitors	\$25.00	\$29.00	\$30.00	\$31.00

\*In addition to the hourly wage, staff are required to receive benefits.

The wage eligibility ceiling is not a wage cap, but rather the maximum wage that can be reached using Workforce Compensation funding for that year. Licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling (that is, using other sources of funding for increases beyond the ceiling).

### Wage Floor (WF)

Eligible licensees are required to bring the wage of all eligible RECE staff up to the wage floor of the given year as identified in the table below. All new eligible staff hired during the year must earn at least the wage floor for the applicable year, plus corresponding benefits.

After applying the Annual Increase (AI) funding, eligible RECE staff earning less than the wage floor will receive a wage top-up to bring the hourly wage up to the RECE wage floor of that given year. Please refer to the [Order of Operations](#) section of this document for further information and examples on how to calculation this funding allocation for staff.

For 2024, the wage floor for RECE Program Staff is \$23.86/hour, and the wage floor for RECE Child Care Supervisors and RECE Home Child Care Visitors is \$24.86/hour.

The wage floor for 2023 through 2026 are set out in the table below. Note: The new wage floor for 2024 came into effect on **January 1, 2024**:

Hourly Wage Floor 2023 to 2026*	2023	2024	2025	2026
RECE Program Staff	\$19.00	\$23.86	\$24.86	\$25.86
RECE Child Care Supervisors & RECE Home Child Care Visitors	\$21.00	\$24.86	\$25.86	\$26.86

\*In addition to the hourly wage, staff are required to receive benefits.

## Determining Staff Eligibility

To be eligible for CWELCC wage compensation (Annual Increase, Wage Floor), staff must meet the below criteria:

To receive the Annual Increase (AI) funding up to a \$2.00/hour increase for 2024, staff must:

- Be employed by an eligible licensee (CWELCC enrolled),
- Be working in an eligible position (see below),
- Be receiving WEG funding, and
- Have an hourly base wage plus WEG below the wage eligibility ceiling

To receive the Wage Floor funding to increase the hourly wage to the current year RECE wage floor, staff must:

- Be employed by an eligible licensee (CWELCC enrolled),
- Be working in an eligible position (see below),
- Be receiving WEG funding,
- Be receiving AI funding, and
- Have an hourly base wage plus WEG plus AI below the RECE wage floor

### Eligible positions:

- RECE Program Staff (including RECE Supply Staff)
- RECE Child Care Supervisors
- RECE Home Child Care Visitors

### Ineligible Positions

- Director approved Child Care Supervisors or Home Child Care Visitors, but do not have a RECE designation
- Non-RECE program staff
- Non-program staff such as:
  - Cook, Custodial and other non-program staff positions.
- SNR-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party (i.e., temp agency)

Exception: Non-program staff who are RECE's and whose positions require them to spend at least 25% of their time to support ratio requirements as outlined in the CCEYA, are eligible for annual wage and wage floor increases for the hours that they are supporting ratio requirements.

## Order of Operations

Use the following order of operations to determine the annual wage and wage floor increase eligible allocations for RECE staff:

1. **Hourly Base Wage** (as at December 31, 2023) paid by the employer, *prior to any wage supplements*.
  - The base wage does not include General Operating Grant (GOG) payments or benefits.
  - Licensees must pay a base wage equal to or greater than the minimum wage as per Ontario Employment Standards Act.
2. **Provincial Wage Enhancement Grant (WEG)** (\$2.00/hour, up to a maximum of \$30.59/hour).
3. **CWELCC Workforce Annual Increase (AI) funding** (annual wage increases of \$1.00/hour, compounded year over year, up to the wage eligibility ceiling for the year (2024 = \$2.00/hour); and
4. **CWELCC Workforce Wage Floor (WF) funding, if applicable** (incremental amount to reach the wage floor after receiving the annual increase)

Example 1: The eligibility for a RECE program staff with a base wage of \$18.00/hour.

Year	Base Wage (A)	WEG (B)	CWELCC Annual Wage Increase (C)	CWELCC Wage Floor Increase (D)	New Wage* (A+B+C+D)
2023	\$18.00	\$2.00	\$1.00	\$0.00	\$21.00
2024	\$18.00	\$2.00	\$1.00 + \$1.00	\$1.86	\$23.86

\*In addition to the hourly wage, staff are required to receive benefits.

Example 2: The eligibility for a RECE program staff with a base wage of \$22.50/hour.

Year	Base Wage (A)	WEG (B)	CWELCC Annual Wage Increase (C)	CWELCC Wage Floor Increase (D)	New Wage* (A+B+C+D)
2023	\$22.50	\$2.00	\$0.50	\$0.00	\$25.00
2024	\$22.50	\$2.00	\$1.00 + \$0.50	\$0.00	\$26.00

\*In addition to the hourly wage, staff are required to receive benefits.

*Example 3: A newly hired RECE program staff in 2024 in an existing eligible position, with a base wage of \$17.00/hour.*

Year	Base Wage (A)	WEG (B)	CWELCC Annual Wage Increase (C)	CWELCC Wage Floor Increase (D)	New Wage* (A+B+C+D)
2024	\$17.00	\$2.00	\$1.00 + \$1.00	\$2.86	\$23.86

\*In addition to the hourly wage, staff are required to receive benefits.

## Information to Staff

Licensees are required to share, in writing, information about the Annual Increase and Wage Floor increase with eligible staff (both current and as new staff are hired). The information must provide eligible staff with an understanding of upcoming annual changes to their wages resulting from the CWELCC workforce compensation funding. Workforce Compensation funding must be included and itemized in each pay cheque and cannot be paid as a lump sum at the end of the year.

To support this communication, licensees have been provided a letter to be issued to eligible employees to support the communication/conversation around these funding allocations.

## 2024 Annual Increase and Wage Floor Funding Approval and Cashflow

To provide continuity with staff wages, cashflow payments will be provided for the first 2 Quarters of 2024 (January to June) based on the 2023 approvals with an increase to allow for the compounded increase of \$2.00/hour for staff eligible for the Annual Increase funding. The **initial** 2024 Workforce Compensation funding approval is based on information reported by the licensee on the **2024 Annual Service Contract Return Budget submission**.

An incremental retroactive funding allocation will be provided to licensees in July 2024 for the period of January to June to adjust for the increase to the wage floor rate. The last 2 Quarterly payments in 2024 will be adjusted going forward to factor in the increase to the wage floor rate.

The calculation of the Annual Increase and Wage Floor funding will include an allocation of 17.5% for benefits. The benefit component is to support licensees in meeting their legislated benefit requirements (Canada Pension Plan, Employment insurance, Employer Health Tax and Workplace Safety & Insurance Board) and statutory benefit requirements (vacation days, statutory holidays). Once all statutory benefit requirements are met, any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee.



## Section 2: Eligibility for Minimum Wage Offset Funding

CWELCC Workforce Compensation funding includes a Minimum Wage offset allocation for eligible licensees, to cover the cost of the wage increase to meet minimum wage legislation of eligible non-RECE program staff and non-RECE supervisors. As of October 1, 2023, minimum wage legislation requires licensees to bring the wages of their staff to at least \$16.55/hour.

To offset the minimum wage increase for eligible licensees, the Ministry is providing funding to cover the incremental amount needed to bring wages for eligible staff from \$15.00 to \$16.55/hour (this funding is not paid directly to staff). As with the annual increase and wage floor funding, this funding is tied to the position and not the individual staff. See below example:

*Example 1: For an eligible non-RECE position that earned \$15.00/hour in 2022, the minimum wage offset funding provided to a licensee would be cumulative up to \$1.55/hour in 2024 to provide adequate funding to offset the cost of the licensee to bring the base wage rate of the position up to the legislatively required rate of \$16.55/hour.*

Licensees still have the flexibility/discretion to fund wage increases beyond the minimum wage requirement (cost of living increases across the board, merit increases, etc.), through the utilization of other revenue/funding sources (e.g.: cost escalation funding, parent fees). In these cases, the minimum wage offset funding would equal the remaining amount required to bring such wage to \$16.55/hour. See below example:

*Example 2: An eligible non-RECE position that earned \$15.00/hour as of March 2022 had the following subsequent base rate increases in 2022, 2023 and 2024:*

- 1. October 1, 2022 = minimum wage increase to \$15.50/hour;*
- 2. January 1, 2023 = 2.75% cost of living increase ( $\$15.50 \times 2.75\% = \$0.43$ ), bringing rate to \$15.93/hour;*
- 3. October 1, 2023 = minimum wage increase to \$16.55/hour;*
- 4. January 1, 2024 = 2.10% cost of living increase ( $\$16.55 \times 2.10\% = \$0.35$ ), bringing rate to \$16.90/hour*

*In 2024, the eligible minimum wage offset funding provided to the licensee would be \$1.12/hour, which is arrived at as follows:*

$$\$16.55 - \$15.00 = \$1.55 - \$0.43 = \$1.12/\text{hour}$$

*The licensee would cover the \$0.43/hour and \$0.35/hour cost of living increases that were issued to the employee (issued at licensee's discretion) in 2023 and 2024 via cost escalation funding or parent fee revenues.*

**Eligible Positions**

To be eligible for minimum wage offset funding, licensees must employ staff in the following positions:

- Non-RECE Program Staff
- Non-RECE Child Care Supervisor
- Non-RECE Home Child Care Visitor

In addition, to be eligible for a minimum wage offset, licensees must employ staff in positions that were earning the minimum wage of \$15.50/hour (not including WEG funding) prior to the provincial increase to \$16.55/hour.

**Ineligible Positions - the minimum wage offset does not apply to:**

- Non-Program Staff such as: cook, custodial and other non-program staff positions,
- SNR-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party (i.e., temp agency).

The only exception to the above noted positions is if the position spends at least 25% of their time to support ratio requirements as outlined in the CCEYA. In this case, the licensee would be eligible for the minimum wage offset to address only the hours spent supporting ratio requirements.

**2024 Minimum Wage Offset Funding Approval**

Funding approvals for the Minimum Wage Offset will be calculated using the information provided in the year-end 2023 Minimum Wage Offset Reconciliation. Licensees that have questions about their approvals or eligibility should contact City staff to discuss further.

The funding approval will include an allocation of 17.5% for benefits to support licensees in meeting their legislated benefit requirements (Canada Pension Plan, Employment insurance, Employer Health Tax and Workplace Safety & Insurance Board) and statutory benefit requirements (vacation days, statutory holidays).

## Section 3: Accountability and Reporting Requirements

### 1. Annual Increase and Wage Floor Compensation Funding:

As part of the Annual Service Contract (ASC) Business Reporting Cycle, licensees are required to submit the following reporting templates:

#### a) **Mid-Year Reporting template:**

Licensees will submit a mid-year reporting template confirming the funding utilized January to June and forecasting for July to December. This information will be used to determine if adjustments to the funding approval is required.

#### b) **Year End Reconciliation Template:**

Part One of the Year End Reconciliation process requires licensees to submit a Staffing Reconciliation and corresponding payroll summary/register to confirm the distribution for all Workforce Compensation Funding provided. Any unspent funding, or funding not used for its intended purpose, will be recovered by the City of Hamilton.

Part Two of the Year End Reconciliation process requires licensees to submit the completed Year End workbook and audited financial statements for the calendar year as verification the funding provided was used for the purposes intended.

### 2. Minimum Wage Offset Funding:

Licensees receiving the Minimum Wage Offset funding are required to submit a separate minimum wage reconciliation to satisfy the Ministry of Education funding compliance requirements. Un-utilized funding or funding utilized that is not in compliance with Ministry guidelines will be recovered by the City of Hamilton.

## Questions about the CWELCC Workforce Compensation

Any questions about the CWELCC Workforce Compensation funding can be directed to the Contract Analysts by email at [cwelcc@hamilton.ca](mailto:cwelcc@hamilton.ca)