Ontario

Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Foreword

FOREWORD

PURPOSE OF THE GUIDELINES

The Ministry of Education ("the ministry") publishes the Ontario Child Care and Early Years Funding Guidelines ("the guidelines") to provide information about the funding parameters and related program requirements that apply to Consolidated Municipal Service Managers and District Social Service Administration Boards (CMSMs/DSSABs).

This foreword will outline key information to help navigate the guidelines, including:

A. 2025 Child Care Funding Changes
    - This outlines the significant funding changes being introduced for 2025.

B. Guideline Organization and Updates
    - This outlines the updated organization of guidelines, which is now organized by chapters that combine content by theme and function to improve clarity, transparency, and ease of use.
    - This section highlights the policy updates stemming from the funding changes listed above, outlined by chapter.

C. Child Care Laws in Ontario
    - Provides a reference to the applicable laws that govern child care in Ontario and represent requirements in addition to these guidelines.

A. 2025 CHILD CARE FUNDING CHANGES

The following section outlines the funding changes being introduced for 2025.

Cost-based Funding

Starting January 1, 2025, the new funding approach described in Chapter 2 Division 2: Cost-Based Funding Guideline will take effect. Cost-based funding provides support for operating costs for licensees participating in CWELCC for the delivery of child care to CWELCC-eligible children.

Please note that cost-based funding does not change the direct relationship between CMSMs/DSSABs and licensees, including dispute resolution. For more information on the cost-based funding approach, please refer to Chapter 2 Division 2: Cost-Based Funding Guideline.

Local Priorities

As part of the new child care funding approach, starting 2025, CMSMs/DSSABs will receive local priorities allocations to support child care programs as follows:

- General Operating Expense (in respect of children aged 6 to 12);
- Wage Enhancement Grant (WEG)/Home Child Care Enhancement Grant (HCCEG) and Workforce Compensation (in respect of children aged 6 to 12);
- Professional Learning (in respect of children aged 0 to 12);
- Fee subsidies (in respect of children aged 0 to 12);
- Special needs resourcing (in respect of children aged 0 to 12);
- Capacity building (in respect of children aged 0 to 12); and
- Claims-based funding: Small Water Works and Territory without Municipal Organization (in respect of children aged 0 to 12).

While CMSMs/DSSABs now have more flexibility in how to spend local priorities allocations, the Guidelines include certain limitations on how such funding may be spent (for example, a minimum percentage spent on special needs resourcing; municipal cost share requirements).

Order of Operations

For greater certainty and to ensure consistency across CMSMs/DSSABs going forward, the ministry is clarifying that “base wages” – for the purposes of wage enhancement allocations (such as WEG/HCCEG or Workforce Compensation) – must include any general operating funding provided to licensees for the purposes of improving wages.

Non-CWELCC-Enrolled Licensees

Under the new cost-based funding approach, licensees not participating in CWELCC may continue to run their operations under the existing provincial licensing and regulatory framework. Starting in 2025, the portion of routine funding in respect of children aged 0 to 5 has been integrated into cost-based funding to ensure the success of the CWELCC system. Therefore, routine funding must not be used to directly support licensees not enrolled in CWELCC unless they exclusively serve children aged 6 to 12. The one exception is that existing fee subsidy agreements may continue to be funded until the benefitting child ages out of the program or leaves the licensee.

Non-CWELCC-enrolled licensees serving children aged 0 to 5 can still be supported by indirect funding (such as special needs resourcing or training opportunities) and claims-based funding (such as Small Water Works and Territories without Municipal Organization).

Parent Fee Reduction

Along with implementation of the new funding approach and to support the transition to $10 per day average fees by the end of 2025-26, families with children in programs enrolled in the CWELCC system would see child care base fees capped at $22 per day effective January 1, 2025.

Please refer to O. Reg. 137/15 under the *Child Care and Early Years Act*, 2014 (CCEYA) for additional information on this change.

ELCC Infrastructure Fund

Further information and updates will be provided at a later date.

Innovation Fund

Further information and updates will be provided at a later date.

B. GUIDELINE ORGANIZATION AND UPDATES

New for 2025, the 2024 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline and the 2024 Canada Wide Early Learning and Child Care Guidelines and relevant addendums have been consolidated and organized into chapters. The organizational changes were necessary in order reflect that Ontario is focusing funding in respect of children aged 0 to 5 into the CWELCC system through the new, cost-based funding approach.

The 2025 guidelines changes are primarily structural, for better organization and simplification, include limited substantive changes and consolidation of content by theme/area of focus into the new, chapter-based structure. Re-organization of content to focused/theme-based chapters is meant to help improve clarity, flow and overall ease of use.

Chapter Structure and Summary of Key Changes

Chapter 1: Funding Guideline

- Outlines effective business practices, financial accountability, and robust service system management.
- Content has been consolidated from several sections in the former guidelines to focus financial and administrative guidance in one section for ease of reference.

- Fee subsidy, Ontario Works and Special Needs Resourcing service targets will be unchanged for 2025; however, penalties related to missing these targets will not be applied for the year in recognition of the significant change underway.
- Clarifies the order of operations for cost sharing requirements.

Chapter 2, Division 1: CWELCC Participation Guideline

- This chapter includes all information relevant to CWELCC participation and cost-based funding.
- Small updates to Cost-Based Funding Guideline to provide additional clarity, as per an October 22, 2024 memo from the ministry.

Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline

- Describes cost-based funding parameters and supports CMSMs/DSSABs in the administration of that calculation.

Chapter 3: Local Priorities Guideline

- Describes funding largely outside of the CWELCC system (such as Wage Enhancement/Home Child Care Enhancement Grants, Workforce Compensation, Professional Learning, Capacity Building, Small Water Works, Territories without Municipal Organization and Flexibility Funding, including programs such as Special Needs Resourcing and fee subsidies).
- Updates to reflect **eligibility changes** - due to the integration of various funding streams into cost-based funding, most local priorities funding will now only be directly accessible to licensees enrolled in CWELCC or exclusively serving children aged 6 to 12 (includes “grandparenting” of fee subsidies), as per an August 1, 2024 memo from the ministry.
    - All licensees can still be supported by indirect funding (such as special needs resourcing or training opportunities) and claims-based funding (such as Small Water Works and Territories Without Municipal Organization).
- **More flexible General Operating Expense** funding line: Consolidates many former stand-alone funding lines. Repairs and Maintenance, Play-based Materials and Equipment, Transformation and Licensed Home Child Care Base Funding have all been rolled-in into General Operating Expense. This is to streamline flexibility funding and reduce administrative burden.

- **Clarifying order of operations for wage supports**, as per an August 1, 2024 memo from the ministry.
- **Special Needs Resourcing (SNR)**: to reflect the smaller 'base' for SNR spending outside of cost-based funding, SNR spending requirements have changed from a minimum of 4.1% of child care allocations (2024) to 8.5% of the 'Local Priorities – Flexibility Funding' allocations (2025). Note: this higher percentage equates to the same overall spending level across the province.

Chapter 4: Indigenous-Led Child Care and Child and Family Programs Guidelines

- Outlines supports to Indigenous communities related to child care and early years.
- No substantive changes for 2025.

Chapter 5: Infrastructure Guideline

- Describes Start-up Grants.
- No substantive changes for 2025
- Will include new ELCC infrastructure program, for which details will be available at a later date.

Chapter 6: EarlyON Guideline

- Describes EarlyON Child and Family Centre programs and services.
- No substantive changes for 2025.

Chapter 7: EFIS Reporting Requirements Guideline

- Combines reporting requirements related to service data for all funding programs.

C. CHILD CARE LAWS IN ONTARIO

In addition to the funding requirements contained within these guidelines, CMSMs/DSSABs and all licensees are required to comply with the applicable laws that govern child care in Ontario.

These requirements are set out in the *Child Care and Early Years Act, 2014* (CCEYA) and its regulations (O. Reg. 137/15, O. Reg. 138/15) which supports Ontario's vision for the early years.

The CCEYA sets out the authority for the Minister of Education to issue policy statements for the purpose of guiding early years programs and services. The Minister issued a policy statement naming *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming and pedagogy in licensed child care settings across Ontario.

O. Reg. 137/15 includes program-related requirements for centre-based and home child care programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years* and help licensees put the ideas and approaches of this pedagogical framework into practice.

O. Reg. 138/15 outlines the framework for funding, cost sharing, and financial assistance for child care and early years programs in Ontario. It details the responsibilities of municipalities and the provincial government in sharing costs, as well as the eligibility criteria and application process for financial assistance to parents/guardians.

In these guidelines, the relevant laws may be referred to as "legislation", "the CCEYA", "the Act", "the statute", "the regulations" or "O. Reg. 137/15" and "O. Reg. 138/15".

The above mentioned Act and regulations are not meant to be an exhaustive list of all laws that govern child care in Ontario, but an overview of the key legislation and regulations referenced in the guidelines. Please refer to other legislation as applicable.

Ontario

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Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Chapter 1: Funding Guideline

NOVEMBER 2024

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PART 1: INTRODUCTION

OVERVIEW

This document ("Chapter 1: Funding Guideline" or "the funding guideline") provides Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) with guidance on managing, and administering child care and early years services. It details both the ministry's business practices and financial oversight while setting out the standards CMSMs/DSSABs are expected to follow in their local service planning and operations.

The funding guideline focuses on aligning service delivery with provincial standards through effective business practices, financial accountability, and robust service system management.

By establishing consistent requirements for both the ministry and CMSMs/DSSABs, the funding guideline promotes a coordinated effort to deliver high-quality, consistent, and responsive child care services across Ontario.

1.A CMSM/DSSAB SERVICE SYSTEM MANAGEMENT

CMSMs/DSSABs are the designated child care and early years service system managers responsible for planning and managing licensed child care services and EarlyON Child and Family Centres in their communities. Legislation sets out the requirement that CMSMs/DSSABs develop local plans that reflect the "provincial interest" for child care and early years programs and services established in legislation (refer to section 49 (1) of the *Child Care and Early Years Act, 2014* (CCEYA)).

Local service planning processes should reflect current legislation, regulations and policies/directives, including this guideline as well as engagement with licensees.

The ability to strengthen the quality of child care and early years programs and enhance system integration requires the strategic leadership of CMSMs/DSSABs to initiate, sustain and monitor local planning and development.

1.B FRENCH LANGUAGE SERVICES

CMSMs/DSSABs serving areas designated under the *French Language Services Act, 1990* (FLSA) are required to meet the specific requirements outlined in their transfer payment agreement.

Where the CMSM/DSSAB serving areas designated under the FLSA is not at full capacity, it is required to submit a plan to the ministry annually to build capacity. The 2026 French Language Service plans are due to the ministry by March 31, 2025.

Additionally, all CMSMs/DSSABs are required to ensure the provision of French-language child care, EarlyON Child and Family Centres and supports for children with special needs where there is an identified need.

Priority is given to French-language school boards or licensees that have the capacity to deliver high-quality French language child care, EarlyON Child and Family Centres and supports for children with special needs, wherever possible. CMSMs/DSSABs may also consider partnering with neighbouring CMSMs/DSSABs to enter into shared purchase of service agreements to meet the needs of more dispersed French-language communities.

1.C QUALIFICATIONS UPGRADE PROGRAM

The ministry funds the Early Childhood Education Qualifications Upgrade Program (ECE QUP) which supports individuals working within the early years sector who have been accepted to an Ontario College of Applied Arts and Technology program to pursue their Early Childhood Education (ECE) diploma and become eligible to apply for membership with the College of Early Childhood Educators (CECE). Support is provided through education grants, travel grants and training allowances.

Francophone, First Nation, Métis and Inuit communities have identified challenges recruiting and retaining qualified early childhood educators to deliver culturally responsive programs. In an effort to better support these communities, the ECE QUP prioritizes Francophone, First Nation, Métis and Inuit applicants in obtaining their ECE qualifications.

The ECE QUP also includes a Leadership Grant Stream which was established to support professional development opportunities for program staff (such as RECEs) aspiring to leadership positions or responsibilities and for RECEs interested in obtaining Resource Teacher/ Consultant qualifications).

ECE diploma graduates registered in the ECE QUP program are eligible for a one-time payment to cover their initial registration fees with the CECE.

For more information on the ECE QUP, please visit the program’s website at https://www.ecegrants.on.ca/qualifications-upgrade/.

1.D COMMUNICATIONS

All public announcements regarding provincial and federal investments in Ontario's child care and early years system are potential joint communication opportunities for the provincial government, federal government, school boards, CMSMs/DSSABs, municipalities and community partners.

Any such communications opportunities should remain confidential until they are announced publicly by the Province of Ontario and the Government of Canada (where applicable), or jointly by the provincial government, federal government (where applicable), and CMSMs/DSSABs.

The intent is to help promote the role of the Province, the federal government, CMSMs/DSSABs, and community partners in bringing new investments to local communities.

Please see the chart below for expectations regarding announcements:

CMSM/DSSAB Announcement	Recognition Expectation
Announcement related to Child Care	Clearly acknowledge contributions made by the Province of Ontario
Announcement related to funding for Child Care received through the Canada Wide Early Learning and Child Care (CWELCC) program	Clearly acknowledge contributions made by the Province of Ontario and the Government of Canada
Announcements related to EarlyON Child and Family Centres	Clearly acknowledge contributions made by the Province of Ontario and the Government of Canada

Public Communications

School boards, CMSMs/DSSABs and community partners should not issue a news release or any other public communication directed at media regarding major child care and early years investments, without:

- First contacting the Ministry of Education through ministryofeducation@ontario.ca about your plan to publicly communicate these major child care and early years investments; and
- Publicly recognizing the Ministry of Education's role in providing funding; and

- Inviting the Minister of Education to attend any events related to your investment announcement.

The Ministry of Education may also choose to issue its own news releases or hold events about investments in child care and early years projects, in addition to those prepared by school boards, CMSMs/DSSABs and community partners.

The intent of this protocol is to promote the role of both the Ministry of Education and stakeholders in bringing new child care and early years projects to local communities.

Major Announcements and Events

Important: For all major child care and early years investments the Minister of Education must be invited as early as possible to the event. Invitations can be sent to ministryofeducation@ontario.ca. School boards, CMSMs/DSSABs and community partners will be notified at least four to six weeks in advance of their opening event as to the Minister's attendance. If the date of the event changes at any time after the Minister has received the invitation, the change must be confirmed at the email address above.

If the Minister of Education is unavailable, the invitation may be shared with a government representative who will contact the CMSM/DSSAB, school board or community partner to coordinate the details (for example, joint announcement). CMSMs/DSSABs, school boards and community partners are not expected to delay their announcements to accommodate the Minister or a Member of Provincial Parliament (MPP); the primary goal is to make sure that the Minister is aware of the announcement opportunity.

Other Events

For all other media-focused public communications opportunities, such as sod turnings, an invitation to your local event must be sent to the Minister of Education by email (ministryofeducation@ontario.ca) with at least three weeks' notice. Please note that if the date of the event changes at any time after the Minister has received the invitation, the change must be confirmed at the email address above.

CMSMs/DSSABs, school boards and community partners are not expected to delay these events to accommodate the Minister. Only an invitation needs to be sent; a response is not mandatory to proceed.

Acknowledgement of Support

The support of the Government of Ontario must be acknowledged in media-focused communications of any kind, written or oral, relating to new investments. Similarly, CMSMs/DSSABs announcements related to funding received through the CWELCC program must clearly acknowledge that the contributions were made by the Province of Ontario and the Government of Canada. This acknowledgment could include but is not limited to, any report, announcement, speech, advertisement, publicity, promotional material, brochure, audio-visual material, web communications or any other public communications.

For minor interactions on social media, or within social media where there is a limited restriction on content, municipalities, school boards, CMSMs/DSSABs, and community partners are not required to include government acknowledgement.

In addition, when engaged in reactive communications (for example, media calls), CMSMs/DSSABs, school boards and community partners do not have to acknowledge government funding; however, if possible, such an acknowledgement is appreciated.

Note: Unless the ministry specifies that it requires joint communications to the sector, CMSMs/DSSABs should not utilize the provincial logo on any external communications.

1.E DUTY TO REPORT

Everyone, including members of the public and professionals who work closely with children, is required by law to report suspected cases of child abuse or neglect. Anyone with reasonable grounds to suspect that a child is or may be in need of protection must report it to a children's aid society.

More information on the duty to report, what happens when a report is made and how to recognize signs of abuse and neglect can be found here.

PART 2: MINISTRY BUSINESS PRACTICE REQUIREMENTS

2.A TRANSFER PAYMENT BUSINESS PROCESS

Child care funding is flowed through a five-year Transfer Payment Agreement (the Agreement) with schedules that may be replaced without the requirement of a signature. The Agreement includes funding for services related to both Child Care and EarlyON Child and Family Centres. The Agreement sets out the terms and conditions of the funding and provides annual funding allocations.

In 2025, funding will flow through the existing Agreement to CMSMs/DSSABs.

The Agreement is available on the Transfer Payment Ontario (TPON) online platform. TPON is an online platform that provides one-window access to funding information. Recipients will be notified when their Agreement, new or amended Schedules are available, and will be able to log into the platform to review them.

Technical support for TPON is available through **TPON Client Care**:

Monday to Friday from 8:30 a.m. to 5:00 p.m. EST except for government and statutory holidays:

- Toll-free telephone: 1-855-216-3090
- TTY/Teletypewriter (for the hearing impaired): 416-325-3408 or 1-800-268-7095
- Email: TPONCC@ontario.ca

Visit ontario.ca/GetFunding to access a variety of Transfer Payment Ontario reference guides and videos. In accordance with the Government of Ontario's Transfer Payment Accountability Directive, and consistent with the principles of prudent fiscal management, funds may be flowed to recipients based on the time period specified on the budget schedule (that is, the calendar year indicated on the budget schedule) when:

- The Agreement is signed (for the first year of the 5-year Agreement); or,
- After the budget schedule is provided and the 30-day time period within which the recipient has the right to terminate the Agreement has passed.

The contracting process will consist of the following three stages: contracting; payment; and financial reporting.

2.B CONTRACTING

The Agreement between the ministry and CMSMs/DSSABs:

- Sets out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;

- Documents the respective rights, responsibilities, and obligations of the ministry and CMSMs/DSSABs;

- Includes specific, measurable results for the money received, reporting requirements, and any corrective action the Ontario government is entitled to take if agreed upon results are not achieved; and,

- Subject to the *Freedom of Information and Protection of Privacy Act*, *1990* the *Municipal Freedom of Information and Protection of Privacy Act, 1990* and other relevant legislation, allows for inspection by the Province or independent professionals identified by the Province of any relevant financial and non-financial documents relating to the program to verify program progress and financial information including the recipients' allocation and expenditure of funds. In addition, the agreements do not limit the power or authority of the Auditor General of Ontario.

2.C PAYMENT

Budget Schedule

The budget schedule of the Agreement identifies the ministry's allocations to CMSMs/DSSABs for the calendar year. The budget schedule will be updated and provided to CMSMs/DSSABs on at least an annual basis. As with all new schedules, if the recipient does not agree with all or any new schedules, the recipient may terminate the Agreement immediately by giving notice to the Province within 30 days of the Province providing the new schedules.

Payment Mechanics

Monthly cash flow percentages as indicated in the table below may initially be based upon the prior year's submissions or budget schedule. Monthly cash flow will be based on the new budget schedule after:

1. The time period to which the new budget schedule relates commences, and;
2. The 30-day time period from when the schedule was made available within which the CMSM/DSSAB has the right to terminate the Agreement has passed.

The ministry may adjust entitlement and the resulting cash flow to reflect forecasted or actual under-spending that is reported in the current year's Interim Report (if applicable). A final cash flow adjustment will be completed following the review of the Financial Statements submission.

Month	Percentage
January	8.3%
February	8.3%
March	8.4%
April	8.3%
May	8.3%
June	8.4%
July	8.3%
August	8.3%
September	8.4%
October	8.3%
November	8.3%
December	8.4%

The above payment schedule applies to allocations that are provided for the entire calendar year. For allocations with specific time periods noted, payment will flow in accordance with the noted allocation timeframes in the budget schedule.

Based on Budget Schedule:

The monthly cash flow will be updated after both the time period for which the budget schedule relates commences, and the budget schedule is made available and the 30-day time period within which the CMSM/DSSAB has the right to terminate the Agreement has passed.

Based on Interim Report:

If the Interim Report submission reflects a different entitlement amount than in the budget schedule, upon ministry review, the cash flow for the subsequent payments may be adjusted.

Given the implementation of the new, cost-based funding approach to CWELCC, the interim report has been cancelled for 2025 to reduce administrative burden during this transition period.

Based on Financial Statements:

When the CMSM/DSSAB submits its Financial Statements submission, if the entitlement calculated in the Financial Statements submission exceeds the total amount paid for that year, the amount owing to the recipient will be flowed out upon completion of the review of the Financial Statements submission by the ministry financial analyst. Any amounts owing by the CMSM/DSSAB to the ministry will be deducted from a future month’s cash flow amount. The CMSM/DSSAB will not be required to issue a cheque for the recoverable amount.

2.D FINANCIAL REPORTING

The cornerstone of the Ontario government’s performance management framework for the child care and early years program is accountability for service. Service information strengthens accountability for results, informs the public and decision-makers and other public officials, influences policy, signals areas needing attention and improvement and emphasizes the “differences that have been made” by a program or service. Financial reporting is one such way that the ministry demonstrates accountability.

Financial Reporting Cycle

As stated in the Reports Schedule of the Agreement, CMSMs/DSSABs are expected to provide the following submissions to the ministry as per the following cycle:

Submission Type	Due Date
Transfer Payment Agreement	No signature/submission is required for new Schedules*
Interim Report	Not applicable for 2025
Financial Statements	May 29, 2026

*If the recipient does not agree with all or any new schedules, the recipient may terminate the Agreement immediately by giving notice to the Province within 30 days of the Province providing the new schedules.

Interim Reporting

The Interim Report submission allows CMSMs/DSSABs to report in-year performance against financial and service data targets. The Interim Report is submitted annually by each CMSM/DSSAB to the ministry. The Interim Report is for the period from January 1 to June 30 of the calendar year, with a projection of expenditures and service data to December 31 of the calendar year. Further details will be provided as part of instructions to the Interim Report.

CMSMs/DSSABs may submit the following to the ministry:

1. A Recipient Active submission from EFIS
2. Signed copies of the following documents from the Recipient Active submission of the Interim Report:
    a) Certificate pages
    b) Adjusted Gross Expenditures pages
    c) Summary of Entitlement pages

Given the implementation of the new, cost-based funding approach to CWELCC and to reduce administrative burden during this time of transition, the interim report has been cancelled for 2025. The ministry reserves the right to request *ad hoc* in-year reporting from CMSMs/DSSABs.

Financial Statements Reporting

The Financial Statements reporting submission represents the CMSM's/DSSAB's performance against its financial and service targets for the year. It is due five months following the CMSM's/DSSAB's year-end date, and includes the following six elements:

1. Audited financial statements of the CMSM/DSSAB;

2. A post-audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the rationale as to why it is not available;

3. A special purpose audit report[1], which includes the breakdown of expenditures and other restrictions for child care and EarlyON Child and Family programs funded by the ministry and outlined in this guideline.

    - To further enhance accountability through financial statements, the standardized Excel template provided by the ministry to support financial reporting must be completed and included as part of the special purpose audit report. Completion of the Excel template accompanied by an audit or review engagement report is a requirement for the financial reporting submission and allows for the independent verification of expenditures reported within the Education Finance Information System (EFIS);

4. A Recipient Active submission from EFIS;

5. Signed copies of the following documents from the Recipient Active submission of the Financial Statements:

    a) Certificate Page

    b) Sign-Off Report page

6. A policies and procedures document to understand the financial accountability mechanisms that the CMSM/DSSAB has in place for the use of public funds to ensure that funds are used for the purposes intended in accordance with the Agreement and guidelines.

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[1] Sample Word and Excel templates will be provided at a later date.

In addition to the items listed above, DSSABs are requested to submit a copy of the following for any Territory Without Municipal Organization (TWOMO) allocations as part of the financial statements reporting submission:

- Approved DSSAB budget; and
- Levy Apportionment details.

2.E VARIANCE REPORTING

As part of the Financial Statements review, CMSMs/DSSABs will be required to provide explanations for significant variances and the impacts on staff and services.

Significant variance reports are required as per the following chart:

Expense/Data Type	Significant Variance Reporting
Major Expenditure Category	+/- $25,000 and +/- 10% (or more) compared to its prior year's Financial Statements
Service Data	+/- 10% and +/- 10 Children (or more) compared to its prior year's Financial Statements
Service Target Data	+/- 10% and +/- 10 Children (or more) compared to its prior year's Financial Statements

2.F BASIS OF ACCOUNTING

CMSMs/DSSABs are required to report their revenues and expenditures using the modified accrual basis of accounting as directed by this guideline.

Modified Accrual Basis of Accounting

The modified accrual basis of accounting requires the inclusion of short-term accruals of normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of year-end. Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year the goods or services are received.

Expenditures made once each year (such as insurance) must be treated consistently from year-to-year.

Non-cash transactions are not recognized as these expenses do not represent actual cash expenditures related to the current period[2].

- Note: As part of the cost-based funding accountability framework, exceptions to the non-cash transactions rule may apply. For instance, amortization expenses may also be eligible if specific conditions are met. For full details, refer to Part 3.1 of Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline for more information.

CMSMs/DSSABs should report capital expenditures in the period that the associated capital project being constructed is complete and ready for use. If construction of the capital project progresses across multiple years, capital expenditures should be reported in the period that the expenditures were actually incurred and not in the period that the allocations were committed.

2.G INADMISSABLE EXPENDITURES FROM NON-ARM'S LENGTH AGENCIES

All expenditures arising from transactions not conducted at arms-length from the CMSM/DSSAB (for example, transactions in which both parties to the transaction may not be acting independently of each other due to a previous relationship) are inadmissible unless transacted at fair market value.

2.H POLICY FOR LATE FILING

The ministry acknowledges that the majority of CMSMs/DSSABs provide signed transfer payment agreements, updated financial submissions and related information on a timely basis. The intent behind the late-filing process outlined below is to ensure the ministry has the information required to demonstrate accountability for public funds. The ministry will

[2] Non-cash transactions include:

a) provisions for pension expenses
b) provisions for unused sick leave and wage settlements
c) provisions for repairs or replacements
d) provisions for bad debts
e) retainer fees for legal services
f) provisions for amortization

However, related payments are admissible.

continue to support CMSMs/DSSABs with timely financial documentation filing through regional outreach, training, and ministry resources.

Policy for late filing of financial submissions, including:

a) Financial reporting (Interim Report, Financial Statements)

b) Queries related to financial reporting and financial statements review

c) Financial documentation (such as Audited Financial Statements, Review Engagement Reports)

Where a CMSM/DSSAB files its submission after a specified filing deadline, the ministry will inform the CMSM/DSSAB that the submission is overdue and may reduce cash flow by 50% of the monthly payment (unless an extension has been granted).

Upon submission of ministry requirements, the ministry will revert back to the normal monthly payment process and will include in that monthly payment the total amount withheld up to that point.

The ministry reserves the right to suspend funding (in year or in the subsequent year(s)). Should a CMSM/DSSAB have any outstanding submissions, the ministry may exercise its discretion by not providing funding in the subsequent calendar year.

2.I BUSINESS PRACTICES WITH LICENSEES

Standards And Requirements

CMSMs/DSSABs are required to:

- Ensure that funds are used in accordance with the Agreement and the government's policies, procedures, and guidelines;
- Monitor the use of funds with licensee on an annual basis;
- Reconcile licensee use of funds and recover funds as required;
- Have policies and procedures in place to fulfill all reporting requirements to the ministry. This accountability applies to both licensees from whom CMSMs/DSSABs have purchased service as well as services directly operated by CMSMs/DSSABs. In addition, the delivery agent's financial policies and procedures are subject to ministry review, and;

- Conduct cost reviews for CWELCC-eligible centres/agencies with disproportionately high top-up allocations, per the cost review selection criteria outlined for cost-based funding in Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline.

The ministry encourages CMSMs/DSSABs working with multi-site child care licensees that are located in more than one CMSM/DSSAB service area to work together to align reporting policies and procedures.

Reconciliation

CMSMs/DSSABs must have a comprehensive reconciliation process in place with licensees. This process allows CMSMs/DSSABs to reconcile actuals against allocations, assist in recovering unused funds as indicated below, and provide supporting documents for audit purposes. The CMSM's/DSSAB's reconciliation process should be documented, retained, and is subject to ministry review.

Recoveries

Identified unused funds must be recovered from licensees within two years of the claim being discovered. These funds must be identified as offsetting revenues in the year that the unused funds relate to (for example, if the unused funds pertain to the previous calendar year, then the previous Financial Statement submission should be adjusted to reflect the recovery).

Major Capital

CMSMs/DSSABs are required to advise the ministry of any knowledge regarding the sale/transfer/renovation of child care properties that previously received capital funding from the Ontario government.

2.J FINANCIAL FLEXIBILITY

This section outlines the flexibility CMSMs/DSSABs have in spending their child care allocations between funding components.

For specific requirements and additional details, CMSMs/DSSABs should refer to the corresponding chapters in these guidelines. The following tables offer an overview of the flexibility for each funding component.

Table 1: Cost-Based Funding Flexibility:

Funding is enveloped and must be used exclusively for Cost-Based Funding (CBF) expenditures, as outlined in the CBF chapter referenced below.

Program/Expenditure	Eligibility	Additional Flexibility Notes	Chapter Reference
Cost-Based Funding (CBF)	CWELCC-enrolled licensees (in respect of CWELCC-eligible children)	Excess Local Priorities - Flex Funding may support these expenditures, but CBF cannot be used for Flex Funding expenses.	Chapter 2, Division 2; Chapter 3, Part 7 for eligible expend-itures

Table 2: Local Priorities - Flex Funding Flexibility:

This funding provides CMSMs/DSSABs with flexibility to allocate funding across various programs and expenses within the Local Priorities - Flex Funding allocation. Excess funds can support eligible expenditures under Cost-Based Funding (CBF).

Program/ Expenditure	Eligibility	Additional Flexibility Notes	Chapter Reference
General Operating, (including Repairs and Maintenance, Play-Based Materials and Equipment, Transformation, LHCC Base Funding) and Pay Equity Memorandum of Settlement.	CWELCC-enrolled licensees (in respect of non-CWELCC-eligible children) Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children	Expenditures related to CWELCC-enrolled licensees (in respect of CWELCC-eligible children) are supported through CBF.	Chapter 3, Part 7.1 and 7.2

Program/ Expenditure	Eligibility	Additional Flexibility Notes	Chapter Reference
Capacity Building	CWELCC-enrolled licensees and non-CWELCC-enrolled licenses exclusively serving non-CWELCC-eligible children. Other licensees (if indirect support)	A minimum expenditure requirement is included in the 2025 TPA - Schedule D for Capacity Building.	Chapter 3, Part 7.3
Special Needs Resourcing	CWELCC-enrolled licensees and non-CWELCC-enrolled licenses exclusively serving non-CWELCC-eligible children. Other licensees (if indirect support)	A minimum expenditure requirement is included in the 2025 TPA - Schedule D for Special Needs Resourcing.	Chapter 3, Part 7.4
Fee Subsidy	Refer to the chapter reference noted to the right for further details.	Includes: Fee Subsidy, Fee Subsidy - Ontario Works (Formal/Informal), Fee Subsidy- Camps & Children's Recreation	Chapter 3, Part 7.5 to Part 7.7

Table 3: Local Priorities – Other Funding

Flexibility:

This funding is enveloped for each program/expenditure and must be used solely for its designated purposes. No flexibility exists to transfer funds in or out of each of these allocations, with limited exceptions for Wage Enhancement/Home Child Care Enhancement Grant (WEG/HCCEG), as detailed in the table below.

Program/Expenditure	Eligibility	Flexibility/ Additional Notes	Chapter Reference
Wage Enhancement/Home Child Care Enhancement Grant (WEG/HCCEG)	CWELCC-enrolled licensees (in respect of non-CWELCC-eligible children) Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children	Flexibility exists to use excess WEG/HCCEG funds for eligible programs/expenditures within Local Priorities – Flex Funding for children aged 6 to 12 only. While flexibility exists for excess funding under WEG/HCCEG, CMSMs/DSSABs must first ensure that all eligible wage enhancement funding needs are met. WEG expenditures related to CWELCC-enrolled licensees (in respect of CWELCC-eligible children) are supported through CBF.	Chapter 3, Part 2
Workforce Compensation	CWELCC-enrolled licensees (in respect of non-CWELCC-eligible children) Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children	Funding is enveloped and cannot be transferred. Workforce Compensation expenditures related to CWELCC-enrolled licensees (in respect of CWELCC-eligible children) are supported through CBF.	Chapter 3, Part 3

Program/Expenditure	Eligibility	Flexibility/ Additional Notes	Chapter Reference
Professional Learning	CWELCC-enrolled licensees Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children EarlyON	Funding is enveloped and cannot be transferred.	Chapter 3, Part 4
Small Water Works (SWW)	CWELCC-enrolled licensees Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children	Funding is enveloped and cannot be transferred.	Chapter 3, Part 5
Territories Without Municipal Organization (TWOMO)	CWELCC-enrolled licensees Non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children	Funding is enveloped and cannot be transferred.	Chapter 3, Part 6

Other Allocations

Flexibility:

This section outlines other funding allocations, which are enveloped and must be used for their designated purposes. No flexibility exists to transfer funds in or out of these allocations. Each funding stream serves a specific purpose, as described in the corresponding chapters of the guidelines.

- General Administration (Chapter 1, Part 3)
- Administration - Wage Enhancement (WEG) / Home Child Care Enhancement Grant (HCCEG) (Chapter 1, Part 3)
- Indigenous-led Child Care and Early Years Programs (Chapter 4)
- Start-up Grants (Chapter 5)
- EarlyON (Chapter 6)

2.K MUNICIPAL COST SHARE REQUIREMENTS

CMSMs/DSSABs must meet their full municipal cost share obligations. Required municipal cost share contribution levels as outlined in Schedule D of the Agreement remain the same as 2024.

Cost-share requirements apply to the provincial portion of the following funding categories:

- Cost-Based Funding – includes an 80/20 provincial/municipal component
- Local Priorities (Flex Funding) – includes an 80/20 provincial/municipal component
- Administration – includes an 50/50 provincial/municipal component

Please note that there is no cost share requirement (100% provincial) for the following programs under Local Priorities:

- Wage Enhancement Grant/Home Child Care Enhancement Grant
- Workforce Compensation
- Professional Learning
- Small Water Works

- Territory without Municipal Organization

Refer to Schedule D of the Agreement for further details on allocations and respective cost sharing components.

2.L FUNDING ALLOCATION ORDER

Under the Province's CWELCC agreement, federal funding will be incremental ensuring that provincial or municipal investments are maintained. As per CWELCC obligations, provincial funds must be spent first, followed by municipal contributions, and finally by federal funding.

The 2025 child care funding entitlement for cost-shared funding will be calculated in the following order:

1) provincial funding
2) municipal contribution based on cost share requirements
3) federal funding

Refer to Schedule D of the Agreement for further details on allocations from each funding source.

2.M CONTRACTUAL SERVICE TARGETS FOR CHILD CARE

In accordance with the [Transfer Payment Accountability Directive], there are contractual service targets for child care tied to the Agreement to support accountability and facilitate funding recovery, where required. There continues to be no contractual service targets for EarlyON Child and Family Centres; however, reporting of data elements will continue.

The ministry acknowledges that the child care and early years sector has been deeply engaged with the transformative work of implementing the CWELCC system and that contractual service targets are based on the context for the sector prior to the roll-out of CWELCC.

In recognition of the significant change underway, service targets will remain unchanged for 2025, and penalties related to missing service targets are not being applied for the year. The ministry will evaluate the impact of the shift to cost-based funding on service targets and will be consulting with CMSMs/DSSABs to review and potentially update service targets starting 2026 to reflect the evolving landscape of CWELCC.

Local Priorities - Flex Funding Contractual Service Targets

There are three contractual service targets associated with CMSMs'/DSSABs' Local Priorities - Flex Funding allocation related to fee subsidy, Ontario Works (OW) and Special Needs Resourcing (SNR). These targets are provided in the Agreement.

For 2025, while the ministry will not impose penalties where targets are not achieved, CMSMs/DSSABs should continue to maintain fee subsidy and OW spending to ensure continued support for lower-income families. This will also help avoid significant adjustments in 2026 as new controls are established. Note: see Chapter 3, Part 7.4 for spending requirements related to SNR.

CMSMs/DSSABs must continue to track spending and report data, as this will help to support accurate reporting and to inform consultations for 2026. Please refer to Chapter 7: EFIS Reporting Requirements for more information.

Local Priorities - Flex Funding Service Targets (provincial funding and required municipal cost share)

Target	Expense Category	Contractual Target	Description
1	Fee Subsidy (Regular and Camps and Children's Recreation)	Total of the Average Monthly Number of Children Served	Total average monthly number of infants, toddlers, preschoolers, kindergarten*, school aged** served including children served in licensed child care, camps, board-operated before and after school programs, and children's recreation programs
2	Special Needs Resourcing	Total of the Average Monthly Number of Children Served	Total average monthly number of children served from 0 up to kindergarten* and school aged**
3	Ontario Works (formal and informal)	Total of the Average Monthly Number of Children Served (formal and informal)	Total average monthly number of infants, toddlers, preschoolers, kindergarten* and school aged children** served for Ontario Works formal and total average monthly number of children served for Ontario Works informal.

*Kindergarten includes both junior and senior kindergarten.
**School Age includes both the primary and junior school age categories (children aged 6 to 12).

Monitoring of Service Targets

Service targets are limited to actuals achieved solely with Local Priorities – Flex Funding and required municipal cost share. In 2025, the ministry will monitor service targets without applying penalties to support ongoing assessment and reporting accuracy:

1. Should the Recipient project the inability to meet Local Priorities – Flex Funding service targets, they should immediately inform their ministry financial analyst.
2. While there will be no funding adjustments for service targets not achieved in 2025, CMSMs/DSSABs must continue to track service target achievements in their Financial Statements submission to the ministry in EFIS.

2.N COST-BASED ALLOCATION HOLDBACK

The ministry is withholding a portion of child care funding – specifically cost-based funding for 2025 – to minimize recoveries at the end of the year. This will be known as the "cost-based allocation holdback" for 2025.

The cost-based allocation holdback includes two components: operating capacity holdback and contingency holdback.

Please refer to the 2025 Funding Allocations Technical Paper on how the two components were determined.

Operating Capacity Holdback

Operating capacity holdback covers the cost of program take up that exceeds the assumed operating capacity, up to the full licensed capacity.

CMSMs/DSSABs are being funded to support licensed capacity:

- For centre-based licensees: number of licensed child care spaces (infant, toddler, preschool, kindergarten and family age group) as reported in the Child Care Licensing System as at December 31, 2022; plus
- For home-based agency licensees: number of eligible children enrolled in licensed home child care (aged 0 to 5) as reported in the 2023 Child Care Operator Survey as at December 31, 2022; plus
- The projected number of spaces to be enrolled in 2023, 2024 and 2025 as per Directed Growth Targets (communicated to CMSMs/DSSABs on May 24, 2023).

However, the ministry withholds the difference between each CMSM's/DSSAB's cost-based allocation at full licensed capacity and the CMSM's/DSSAB's cost-based allocation at assumed operating capacity. Please refer to the technical paper for further details.

For 2025, assumed operating capacity is defined as the number of child care spaces that the ministry has estimated will be operating during the calendar year by CMSM/DSSAB. Refer to 'Definitions' in Chapter 2, Division 1 for more information.

CMSMs/DSSABs have the flexibility to provide additional funding up to the licensee's assumed operating capacity where the CMSM/DSSAB determines a licensee's operating capacity changes. CMSMs/DSSABs may access their holdback to support enrolment up to full licensed capacity by demonstrating that space occupancy exceeds the assumed operating capacity.

For clarity, CMSMs/DSSABs should allocate funding based on licensees' planned operating capacity. If the total of the funding allocated to licensees is greater than the CMSM's/DSSAB's cost-based allocation after adjusting for the holdback, the CMSM/DSSAB should submit a request to the ministry for approval to release their operating holdback, which will require the submission of an appropriate template and supporting documentation. The template will be made available in early 2025.

The ministry reserves the right to adjust funding allocations during the year based on drop-out rates or major fluctuations in space assumptions.

Contingency Holdback

Contingency holdback covers other non-discretionary cost pressures within the CMSM/DSSAB. The ministry recognizes that certain unexpected cost pressures may arise during the year that may require additional funding support.

CMSMs/DSSABs may request the release of contingency holdback funds by providing evidence of the specific need for additional funding beyond the operational capacity holdback. Requests should be accompanied by documentation demonstrating the non-discretionary nature of the cost pressure, and may include explanations of unforeseen circumstances (such as significant changes in operating costs), or other exceptional factors.

The ministry will review the request and while CMSMs/DSSABs are trusted to assess their financial needs accurately, approval will be contingent upon the submission of appropriate evidence and subject to availability of funds. The ministry reserves the right to recover any unspent contingency hold back funds at the end of the year, based on final review of the actual expenditures as part of the financial statement submission.

2.O AUDITS

Auditing is a cornerstone of good financial governance. It is an unbiased and objective assessment of whether public resources are managed responsibly and effectively to achieve intended results. Audits:

- Support organizations in achieving accountability;
- Identify nonconformity and required corrective actions leading to improved operations;
- Highlight areas of good practice; and,
- Identify trends and emerging challenges.

The ministry will undertake audits on CMSMs/DSSABs on a rotational basis. The audit strategy entails a review of CMSM/DSSAB adherence to specific requirements, such as regulations, guidelines, policies, and directives – otherwise known as a compliance audit.

In consideration of CMSM/DSSAB work on CWELCC, the ministry will monitor the situation and may make changes to the audit approach as necessary.

Compliance Audit Objectives

- To strengthen accountability within the child care sector;
- To ensure that expenditures and data elements driving the funding entitlement are properly reported in financial submissions;
- To address material financial risks identified in previous audit reports that continue to be applicable today;
- To gather field intelligence on data and validate/strengthen existing processes and inform future policy decisions; and,
- To obtain best practices contributing to continuous sector improvement.

Audit Scope

As a result of the new child care funding approach starting in 2025, the ministry will review the audit approach and scope on child care funding. Additional information will be provided once available.

PART 3: ADMINISTRATION FUNDING

3.A PURPOSE

To support CMSMs/DSSABs in their role as service system managers, this expense is intended to support administrative costs associated with all types of child care funding, including cost-based funding and all funding initiatives under local priorities.

3.B ELIGIBILITY

All designated delivery agents under the *Child Care and Early Years Act, 2014* (CMSMs/DSSABs) are eligible to receive administration funding.

3.C ELIGIBLE EXPENSES

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentary evidence that is retained for a period of no less than seven years.

CMSMs/DSSABs are required to cost share the provincial portion of child care administration funding, including wage enhancement/home child care enhancement grant administration, at a rate of 50/50 provincial/municipal.

Administration expenses must represent actual expenses incurred for program administration and may not be expressed solely in terms of a percentage of program expenditures.

CMSMs/DSSABs have the flexibility to use EarlyON administration funding to support child care general administration expenditures. This flexibility is available where EarlyON administration funding (up to 10% of the EarlyON allocation as noted in the budget schedule) has not been fully utilized for EarlyON expenditures (that is, EarlyON, including for administration or EarlyON program services, at the discretion of the CMSM/DSSAB).

The following list defines the range of administrative expenditures.

Staffing

Payment of gross salaries and wages, vacation pay, sick pay, compassionate pay, overtime and statutory holiday pay for staff involved in managing the child care service system and support staff.

Benefits

Employer contributions for pension (including CPP), employment insurance, workers' compensation (WSIB Insurance), employee benefit plans, and other legal requirements of the employer.

Purchased Professional Services

Purchased professional services that are not client related, including costs incurred in purchasing professional services for which the CMSM/DSSAB itself does not employ staff (such as fees for administrative or corporate legal work, audit or bookkeeping fees).

Accommodation

Reasonable costs to a maximum of fair market value for accommodation required for the management of the child care service system and related administration. Fair market value for purchased accommodation is defined as the probable estimated dollar price of the property if that property were exposed for sale in the open market by a willing seller and allowing a reasonable time for a willing buyer.

A fair market value estimate must be accompanied by an indication of the exposure time linked to the value estimate. Exposure time is the estimated length of time the property would have been for sale on the open market before a hypothetical purchase at market value. Exposure time precedes the effective date of the value estimate and is based upon past market trends as they affect the type of real property under consideration.

The above definition of fair market value must also be applied to rented accommodations, whereby the estimated dollar amount is a rental price, and the willing parties are the owner and the tenant.

In the case of owned buildings, the eligible annual cost will be based on fair market value of rent or imputed rent.

Travel

Reimbursement of staff costs for travel required to carry out the management of the delivery and administration of child care, including travel costs in Ontario that are associated with attendance at meetings relevant to child care service delivery. CMSMs/DSSABs are to refer to the Ontario Public Service Travel Directive as a guide.

Education and Staff Training

Staff development and educational opportunities which assist in the management and administration of the child care system. Travel, accommodation, and costs associated with educational conferences or seminars within Ontario and Quebec.

Technology

The ministry funds 100% of the design, development, basic installation, and training costs of the Ontario Child Care Management System (OCCMS).

The ministry will not cost share in any aspect of the development of new technology systems developed independently by CMSMs/DSSABs before or after designation that duplicates the functions of OCCMS. However, the ministry will continue to cost share in expenditures associated with maintaining fee subsidy systems that existed prior to 1998.

To support CMSMs/DSSABs in their role as service system managers, the ministry will allow administration funding to be used for expenditures for IT systems, such as computer hardware, software, network access charges, operating costs, system enhancements, software updates, computer supplies and maintenance required to support the management of child care delivery and administration that do not duplicate the functionality of OCCMS.

Please note that any interface between OCCMS and other IT systems should be discussed with the Province as this could impact the program functionality.

General Office Expenses

Costs associated with the following items may be required to support the management of the child care system:

- Telephone, internet and fax (may include rentals, regular charges, long distance)
- Postage and courier

- Office supplies (may include stationery, forms, maps, books, periodicals)
- Printing (may include production, translation, printing and other costs)
- Photocopier rental and services
- Insurance payments (fidelity, fire, public liability, theft, other) including bonding and liability insurance for staff
- Office equipment and maintenance
- Building maintenance (may include janitorial, cleaning, minor repairs)
- Bank transaction charges
- Collection and bad debt costs (may include court fees, credit bureau etc.)
- Advertising and marketing (job postings, newsletters)
- Research, consultation, and professional services
- Moving and relocation
- Security
- Records Management
- Minor miscellaneous expenses

Note: The shareable cost of administration definitions outlined above are functional in nature.

Management functions of the child care system may be dedicated or prorated for the portion associated with the management of the child care system, if shared with other departments and offices.

In determining employee salaries and wages, include total gross salary and wage payments to all full-time, part-time, temporary, relief and staff on paid leave of absence. Total salaries equal gross pay including overtime, paid vacation, paid sick leave, and statutory holidays. The employer’s share of employee benefits can be included when calculating benefit costs.

3.D WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS ADMINISTRATION EXPENSES

Purpose

To support CMSMs/DSSABs with the implementation of wage enhancement/home child care enhancement grants (WEG/HCCEG), the ministry provides funding for administration to support the implementation at the CMSM/DSSAB and licensee levels.

Funding Allocations

CMSMs/DSSABs are required to cost share WEG/HCCEG administration funding. The 50/50 allocation is included in the budget schedule.

Eligible Expenses

The wage enhancement administration funding allocation is to be used to fund administrative processes associated with implementing WEG/HCCEG such as creation of processes, outreach to licensees, training and support (including resource costs).

CMSMs/DSSABs are required to provide a minimum of 1.4% of the total WEG/HCCEG administration funding to licensees in respect to the administration cost of WEG/HCCEG for staff providing services to children aged 6 to12 years old. Refer to the budget schedule of the Agreement. In determining administration funding to licensees, CMSMs/DSSABs should take into consideration the capacity of various licensees to administer WEG/HCCEG.

The minimum WEG/HCCEG administration funding that CMSMs/DSSABs must provide to licensees has been reduced from 10% in 2024 to 1.4% in 2025, as WEG/HCCEG funding in respect of children aged 0 to 5 (including licensee-level administration costs) has been incorporated into cost-based funding. As a result, CMSMs/DSSABs are only required to provide WEG/HCCEG administration funding to licensees in respect to the administration cost of WEG/HCCEG funding for staff providing services to children aged 6 to12 years old. If less than 1.4% of WEG/HCCEG administration funding is provided to licensees serving children aged 6 to12, the difference will be recovered by the ministry.

The WEG/HCCEG administration grant provided in 2015 was a grant that allowed CMSMs/DSSABs to carry forward unused funds and will continue to be included in reporting. CMSMs/DSSABs are encouraged to utilize any remaining funds from the 2015 administration grant.

Administration funding provided to CMSMs/DSSABs in 2025 cannot be carried forward and any unused funds by December 31, 2025 will be recovered by the ministry.

3.E INELIGIBLE EXPENDITURES

Expenses that do not directly support the provision of child care services are ineligible and include the following:

- Interest expenses incurred on capital or operating loans
- Costs associated with administering regional quality assessment programs/tools
- Professional organization fees paid on behalf of staff for membership in professional organizations
- Property tax expenses
- Fundraising expenses
- Donations to charitable institutions or organizations
- Bonuses, gifts and honoraria
- Capital loans
- Mortgage financing
- Reserve Funds

3.F RECOVERY

Where a CMSM/DSSAB exceeds the Administration funding allocation, the CMSM/DSSAB may use flexibility from EarlyON administration funding where available. Otherwise, any additional expenditure must be funded with 100% CMSM/DSSAB contributions.

3.G REPORTING REQUIREMENTS

Administration expenditures will be reported and monitored through financial submissions. CMSMs/DSSABs will also report on the administrative service data in their Financial Statements submissions. Please refer to Chapter 7: EFIS Reporting Requirements for more information.

Please note that administration funding provided to CMSMs/DSSABs cannot be carried forward to the following calendar year and any unused funds by December 31 of the calendar year will be recovered by the ministry.

Ontario

Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Chapter 2, Division 1: CWELCC Participation Guideline

NOVEMBER 2024

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DEFINITIONS

Unless otherwise specified, the terms used in this document have the same meaning as set out under the *Child Care and Early Years Act, 2014*, its regulations and the Transfer Payment Agreement between Ontario and the Consolidated Municipal Service Manager (CMSM) and District Social Services Administration Boards (DSSAB).

“Assumed Operating Capacity” means the number of child care spaces that the ministry has estimated will be operating during the calendar year by CMSM/DSSAB. It was calculated by Canada-wide Early Learning and Child Care (CWELCC)-enrolled licensee and rolled up by CMSM/DSSAB as follows:

- For child care centres, their operating capacity as at December 31, 2022 plus 8/9 of the difference between their licensed and their operating capacity as at December 31, 2022 to a maximum ceiling of their licensed capacity;
- For home child care agencies, the number of eligible children enrolled in home child care as at December 31, 2022;
- For new spaces, as per space targets for 2023, 2024, and 2025 in the Directed Growth Plans communicated on May 24, 2023.

“**CWELCC**” means the Canada-wide Early Learning and Child Care System for early years and child care and the related funding provided to support it through an agreement entered into by the Province of Ontario and the Government of Canada.

“**Directed Growth**” means the Province’s plan to target child care space growth to areas of high need. In alignment with the Province’s CWELCC Access and Inclusion Framework to support better access to child care for communities that have traditionally faced barriers, CMSMs/DSSABs have an approved target number of new spaces to create, supported by CWELCC funds.

“Enrolment date” means the date when a CWELCC service agreement between the CMSM/DSSAB and a licensee becomes effective.

“**Funds**” means the money the ministry provides to the CMSM/DSSAB to allocate pursuant to the CWELCC System.

“Licensed Capacity” means:

- For a licensed child care centre, the maximum number of children, including the number in each age category, permitted to be receiving child care at one time as set out in the licence of the child care centre; or
- For licensed home child care, the maximum number of children permitted to be receiving child care in the home at one time as set out in the agreement between the licensed home child care agency and home child care provider.

“Operating Capacity” means the number of spaces a licensed child care centre/home child care is planning to serve as per the centre/agency’s staffing complement and budget, to a maximum ceiling of the licensed capacity.

OVERVIEW & KEY PRINCIPLES

This document ("Chapter 2, Division 1: CWELCC Participation Guideline" or "the CWELCC Participation Guideline") is to be used as a technical document for CMSMs/DSSABs to administer participation in the Canada-wide Early Learning and Child Care (CWELCC) System as per the CWELCC Agreement between the Province of Ontario and the Government of Canada.

Nothing in the CWELCC Participation Guideline detracts from the eligible centre/agency's obligations under the *Child Care and Early Years Act, 2014* (CCEYA), its regulations, or any other applicable legislation and, in the event of a conflict, legislative requirements will prevail.

Direction outlined in the remaining chapters of the *Ontario Early Years and Child Care Funding Guidelines* remains in place.

When administering participation in the CWELCC System, the following overarching principles should be adhered to:

1. **Quality:** Ensure the delivery of high-quality child care, as defined in the CCEYA and its regulations.
2. **Child and family focused:** Affordability for parents/guardians should be increased while ensuring high-quality care for children.
3. **Protection of spaces regardless of auspice:** The child care spaces provided by both for-profit and not-for-profit centres/agencies in the province should be protected, helping to support (predominantly female) entrepreneurs across the province to meet the varying child care needs of Ontarians.
4. **Efficient administration:** Administrative processes and systems should collect the minimum information necessary from licensees, and support timely enrolment and implementation of CWELCC.

CANADA-WIDE EARLY LEARNING AND CHILD CARE SYSTEM

Funding under CWELCC will be used to build and leverage the success of Ontario's existing early learning and child care system by increasing quality, accessibility, affordability, and inclusivity in early learning and child care. Initial objectives include:

- Reaching an average base fee of $10 a day by March 31, 2026 for licensed child care spaces by introducing a 25% average base fee reduction in 2022, increased to a 50% reduction (based on 2020 levels) for licensed child care starting on December 31, 2022, and a base fee cap of $22 a day as of January 1, 2025;

- Creating 86,000 new, high-quality, affordable licensed child care spaces (relative to 2019 levels) by December 31, 2026, predominantly through not-for-profit licensed child care;

- Addressing barriers to provide inclusive child care; and

- Valuing the early child care workforce and providing them with training and development opportunities.

Initial Transition

Ontario has taken a phased approach to implementing CWELCC, with an initial focus on the immediate objectives of affordability for families and system stability, before moving on to addressing the objectives of increasing accessibility and inclusion over the longer term.

This phased approach allows the ministry to engage with CMSMs/DSSABs and the broader early years and child care sector, and provides the necessary time for sector partners to align with the terms and conditions of CWELCC, while enabling the ministry to make the necessary implementation adjustments as the early years and child care landscape evolves.

Implementation

Ontario provides funds to CMSMs/DSSABs to support the objectives for licensed child care programs under CWELCC, and CMSMs/DSSABs provide funds to enrolled licensees.

The CWELCC guidelines in this chapter (the CWELCC Participation Guideline and the CWELCC Cost-Based Funding Guideline) and associated funds detailed in the appropriate budget schedule of transfer payment agreements support the objectives of the CWELCC system. These are separate and distinct from other budget schedules in transfer payments agreements, which may support other child care priorities.

CWELCC Cost-Based funding approach

Effective January 1, 2025, the Province has moved from a revenue replacement to a cost-based funding approach. For details, please refer to Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline.

PART 1: PARTICIPATION

1.A PURPOSE

Licensees that provide home child care or centre-based programs serving eligible children in Ontario may apply to participate in CWELCC through their CMSM/DSSAB, provided their application complies with the requirements of O. Reg. 137/15.

CWELCC provides Ontario with an opportunity to leverage a set federal investment envelope to address the priorities important to Ontario’s children, families, workers, and businesses.

1.B ELIGIBILITY

Licensees must complete and submit an application to their CMSM/DSSAB in accordance with the requirements set out in O. Reg. 137/15 as well as any local application processes and requirements established by the CMSM/DSSAB.

CMSMs/DSSABs are required to ensure that opportunities for community-based delivery participation are exhausted before direct child care delivery by the CMSM/DSSAB.

- All licensees enrolling into CWELCC need to demonstrate their financial viability to their CMSMs/DSSABs, and licensees enrolled in CWELCC need to maintain that financial viability to continue to receive CWELCC funding from CMSMs/DSSABs. For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, has not serviced their debt, or is approaching bankruptcy.

- New licensees who enrol into CWELCC must align their base fees in accordance with O. Reg. 137/15.

- All licensees participating in CWELCC must maintain existing (pre-CWELCC announcement on March 28, 2022) licensed child care spaces for children aged 0 to 5 (for example, a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the CMSM/DSSAB and the CMSM/DSSAB should determine whether this may result in a funding adjustment or recovery from the licensee.

- Licensed child care centres participating in CWELCC must have a CWELCC service agreement with the CMSM/DSSAB in the areas they provide care, whereas licensed home child care agencies may have multiple CWELCC service agreements: with the CMSM/DSSAB overseeing that eligible agency (that is, the CMSM/DSSAB service area associated with the head office in the Child Care Licensing System), and with secondary CMSMs/DSSABs that fund eligible agencies for homes created within the secondary service area after the specified date (refer to Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline).

1.C IMPLEMENTATION

Licensees must apply to participate in CWELCC in accordance with the process set out by their CMSMs/DSSABs. If a program chooses not to participate and will be operating outside of the CWELCC system, they must notify their CMSM/DSSAB through the licence application process and inform parents/guardians that they are not participating through their parent handbook.

The parent handbook must clearly indicate whether the program is enrolled in CWELCC or not enrolled in CWELCC.

Funding provided through CWELCC is specific to meeting CWELCC objectives. Licensees enrolled in CWELCC are not by default eligible to access other child care funding.

Licensees enrolled in CWELCC will, however, now automatically receive the Wage Enhancement Grant (WEG)/Home Child Care Enhancement Grant (HCCEG) and workforce compensation in respect of children aged 0 to 5 as part of their overall program cost allocation under Cost-Based Funding, as it is included in the benchmarks. Licensees enrolled in CWELCC must comply with the requirements surrounding WEG for eligible staff (for further information on WEG for other licensees, please see Chapter 3: Local Priorities Guideline, Part 2).

Other child care funding:

- CMSMs/DSSABs are able to provide Special Needs Resourcing (SNR) funding to support children and families in the CWELCC program through their regular purchase of service process.
- Licensees enrolled in CWELCC are encouraged to work with their CMSMs/DSSABs to develop plans to increase access for children in receipt of fee subsidies and children with special needs to the licensees' child care programs.

For further details on WEG/HCCEG, SNR, and fee subsidy funding, please see Chapter 3: Local Priorities Guidelines.

CMSMs/DSSABs must ensure that for the duration of the CWELCC service agreement:

- Licensees maintain their licences to operate in good standing in accordance with the CCEYA. Both regular and provisional licences are considered licences in good standing. CMSMs/DSSABs are required to stop funding a child care program that has its licence revoked or suspended and in accordance with the terms and conditions of the CWELCC service agreement.

- Licensees reduce and set base fees in accordance with O. Reg. 137/15.

- Licensees meet their workforce compensation obligations with respect to providing wage floors and increases to eligible staff.

- Licensees complete the annual data collection exercise, currently referred to as the Licensed Child Care Operations Survey, which may be amended from time to time, as required by the ministry, under O. Reg. 137/15.

    - If licensees fail to submit the required data by the compliance deadline, CMSMs/DSSABs are required to withhold funding from non-compliant licensees.

    - The ministry will provide CMSMs/DSSABs with a list of non-compliant licensees, and the CMSM/DSSAB must notify these licensees that their funding will be withheld.

    - CMSMs/DSSABs are responsible for reinstating funding once notified by the licensee that the data collection exercise has been fully completed.

    - Licensees must submit their overdue survey information to both the CMSM/DSSAB and the ministry before funding can be reinstated by the CMSM/DSSAB.

- If a licensee that is a corporation transfers shares of the corporation in sufficient numbers that would allow the person acquiring the shares to make a change to the corporation’s board of directors, the licensee would remain enrolled in CWELCC and must maintain the applicable base fee.

- If a licensee sells substantially all its assets and the purchaser obtains a new licence to operate a child care centre or a home child care agency, they will no longer be enrolled in CWELCC and would be treated as a new licensee entirely.

1.C (1) New licensees

Child care licensees are required to set their base fees in accordance with O. Reg. 137/15 of the CCEYA.

1.C (2) New (active) home child care premises

Home child care agency licensees may have differentiated capacities by service area. If a Licensed Home Child Care (LHCC) agency oversees licensed home child care premises in multiple service areas, its licence specifies the maximum number of approved home child care premises the agency may oversee in each specific CMSM/DSSAB service area.

If CWELCC-enrolled LHCC agencies wish to expand (for example, oversee more home child care premises than is currently set out on their licence for a given service area), they are required to demonstrate that the CMSM/DSSAB where the new premises would be located has advised that an increase in the approved capacity for their service area is eligible for CWELCC funding before the ministry approves the revision request. For clarity, LHCC agencies that are not enrolled in CWELCC are not required to obtain CMSM/DSSAB approval before making a revision request.

Increases in capacity for LHCC agencies count towards the region's Directed Growth Plan targets.

1.C (3) CWELCC Auspice Targets

As per the CWELCC Agreement, Ontario is required to maintain the proportion of not-for-profit licensed child care spaces for children aged 0 to 5 at 70% or above by the end of the CWELCC Agreement.

For the purposes of the CWELCC Agreement, all home child care agency licensees are deemed to be not-for-profit licensed child care, regardless of auspice.

To ensure compliance with CWELCC, targets have been set for each CMSM/DSSAB regarding the proportion of not-for-profit new spaces created as part of the CWELCC space allocation:

- CMSMs/DSSABs where less than 90% of their spaces are currently not-for-profit must maintain their rates in new spaces.
- CMSMs/DSSABs where 90% or more of their current spaces are not-for-profit are permitted to reduce their current rate of not-for-profit new spaces to 90%.

1.C (4) Non-participation

Licensees that serve children aged 0 to 5 and do not participate in CWELCC must continue to run their operations under the existing provincial licensing and regulatory framework. As of January 1, 2025, licensees that do not participate in CWELCC must not directly receive any funding from their CMSMs/DSSABs that they may have previously had access to (for example, wage enhancements, general operating) and may continue to set their own parent fees and wages.

Licensees are required to indicate in their parent handbook that they are not participating in CWELCC and must include their fee amounts.

If a licensee decides not to proceed with their application to participate in CWELCC at any time, they may withdraw the application. Once enrolled in CWELCC, if a licensee no longer wishes to continue to participate, they may withdraw from CWELCC and, subject to the terms and conditions of their CWELCC service agreement with their CMSM/DSSAB and any applicable provisions in O. Reg. 137/15, terminate that agreement. CMSMs/DSSABs must not impose any additional penalties on licensees for terminating their contracts.

1.C (5) Declining an application

O. Reg.137/15, provides the reasons that CMSMs/DSSABs may decline a licensee's application for CWELCC enrolment if:

- The CMSM/DSSAB believes the licensee is not financially viable or will not be operated in a manner that will be financially viable; or
- The CMSM/DSSAB believes the licensee will use the funding for improper purposes; or
- The program/space to be created is inconsistent with the CMSM's/DSSAB's directed growth plan. For greater clarity for parents/guardians and licensees, CMSMs/DSSABs should post their directed growth plans, including priority neighbourhoods for CWELCC funding, prominently on their websites.

1.C (6) Appeals

CMSMs/DSSABs are required to have a local dispute resolution process in place that is publicly posted to allow for licensees to bring forward issues regarding CWELCC eligibility and funding decisions. Licensees must go through the CMSM/DSSAB local dispute resolution process before bringing forward issues regarding CWELCC eligibility and funding decisions to the ministry.

1.C (7) Fees During a Closure Period

CMSMs/DSSABs should follow this guidance as part of their funding framework with enrolled licensees in respect of fees during a closure period:

- If a licensee charges fees to parents/guardians during a closure period, the licensed child care program may not exceed two consecutive weeks of closure, and not more than four weeks of closure within a calendar year. This guidance also applies to statutory holidays. If a licensee charges fees to parents/guardians for a statutory holiday closure, the statutory holiday would count towards the closure limits set out above.

- This guidance applies to all CWELCC-enrolled licensed centre-based and home child care providers during periods of closure. For greater clarity, when considering home-based child care, it applies to closures at the provider level where families are unable to access child care but are required to pay for the day.

- CMSMs/DSSABs have the discretion to further restrict the period of closure (that is, may not exceed 10 consecutive days) or to allow the calculation of closure days to be based on the school year as opposed to a calendar year, if the total number of days does not exceed the allowable amount as determined by the Province and the CMSM/DSSAB.

- For closures due to events outside a licensee's control (for example, a natural disaster/major weather event, pandemic, school board strike) the days of closure are not counted toward the closure limits set out above.

- If a program does not charge fees for the closure period, the days of closure do not need to be counted in the closure limits set out above. In accordance with O. Reg. 137/15, licensees must disclose in their parent handbook the times when the services are offered and the holidays observed, the base fee and any non-base fees that may be charged, and whether the licensee is enrolled in CWELCC.

1.D REPORTING REQUIREMENTS

CMSMs/DSSABs are required to report to the ministry the CWELCC enrolment status of licensed child care programs with an active licence, as per the Child Care Licensing System, on a quarterly basis.

Where needed, the ministry will work with CMSMs/DSSABs for updates and data relating to, for example, applications to participate in CWELCC, applications that have been denied, and information pertaining to priority populations or priority neighbourhoods.

Where requested, CMSMs/DSSABs are required to submit reports to the ministry at tpa.edu.EarlyLearning@ontario.ca.

Records of Enrolment

For each CWELCC-enrolled licensee, CMSMs/DSSABs are required to maintain records of enrolment in electronic format (data and supporting documentation) and provide the following to the ministry upon request:

- Opt-in date for licensees who opted into CWELCC on or before December 31, 2022, or application date for licensees who applied to enroll in CWELCC on or after January 1, 2023
- Service agreement execution date (date of enrolment)
- De-enrolment notice date (date the licensee expresses in writing desire to de-enroll), if applicable
- Rationale for de-enrolment, if applicable
- Service agreement termination effective date (date of de-enrolment), if applicable

PART 2: ACCOUNTABILITY

2.A REQUIREMENTS FOR CMSMs/DSSABs

To ensure the effective administration of CWELCC, CMSMs/DSSABs must adhere to key accountability measures. The following outlines specific responsibilities and procedures:

CMSMs/DSSABs must:

- Provide CWELCC funding to licensees with due consideration to operating capacity and enrolment changes during the year, and work with new licensees to ensure adequate funding is provided.
- Fund new active child care premises from funding provided for projected spaces to enroll in the calendar year.
- Review licensees' operating capacities and consider the impact of short-term and long-term vacancies. While short-term vacancies could be created from time to time when children transition out of care or between rooms, spaces should be occupied most of the time where staff are available and there is demand for spaces. CMSMs/DSSABs should monitor waiting lists and long-term vacancies that remain unmitigated.
- Review licensees' child care operations for eligible children for long-term vacancies that continue unfilled.
- For newly enrolled licensees, provide funding only for the portion of the year between the enrolment date and December 31 of the calendar year.
- Have policies and plans in place for the intake of CWELCC applications and administration of funding to licensees participating in CWELCC.
- Have policies and procedures in place as part of their financial review and reconciliation process with licensees.
- Ensure funding provided to licensees as operating grants support CWELCC objectives.
- Review and validate that the inputs for licensees' Cost-Based Funding allocation are both reasonable and consistent with licensees' operational plans (for

example, assumptions about operating capacity should not be based on licensed capacity where sufficient staffing is not in place).

- Ensure that once inputs have been reviewed and confirmed, Cost-Based Funding allocations follow the established formulas and requirements as outlined in Chapter 2, Division 2: Cost-Based Funding Guideline.

- Require sufficient and appropriate information from licensees in receipt of CWELCC funding to enable CMSMs'/DSSABs' verification that the funding provided was used for the purposes intended, while ensuring transparency, accuracy and accountability. CMSMs/DSSABs may request additional documentation as necessary to meet these requirements.

- Regularly review O. Reg. 137/15 to ensure they are aware of any updates made to the regulation so that they can continue to ensure compliance in support of the implementation of the fee reduction for licensees participating in CWELCC.

- Keep information collected from licensees to support implementation to the minimum amount necessary to meet the reporting requirements outlined in this Guideline while ensuring financial accountability for public funds is maintained.

- Have policies and procedures in place, as part of the year-end financial review and reconciliation process with licensees, to ensure that CWELCC funding was used to support the actual and eligible costs incurred by a licensee as per the requirements of this guideline; and collect licensees annual attestations confirming CWELCC funds were used for the purposes intended and according to the requirements of this guideline.

- Have policies and procedures in place with licensees to fulfill all reporting requirements to the ministry and take reasonable and progressively corrective actions where licensees do not comply with reporting requirements.

Funding parameters and controls described above apply to all licensees (not-for-profit, for-profit, and directly operated by the CMSM/DSSAB).

2.B REQUIREMENTS FOR LICENSEES

To provide further clarity on funding to licensees, the purpose of CWELCC is not to limit or standardize a licensee's current operations nor is it intended to come at a cost to licensees themselves, as enrolment in CWELCC should not require fundamental changes to program delivery.

The ministry understands that licensees' cost structures may vary depending on the service and unique care being provided. As a result, CMSMs/DSSABs will provide funding to licensees that participate in CWELCC so they can continue to operate the portion of the child care program serving eligible children based on existing cost structures while reducing their base fees charged to parents/guardians.

CMSMs/DSSABs should follow this guidance as part of their funding framework with CWELCC-enrolled licensees:

- As a requirement by their respective CMSMs/DSSABs, licensees should submit an annual attestation, signed by an officer with appropriate signing authority (that is, director or equivalent), confirming that CWELCC funding has been used in accordance with its intended purpose, as outlined within the parameters provided by CMSMs/DSSABs. For clarity, this annual attestation does not replace the requirement for licensees to provide financial information and financial statements.

- Licensees must charge base fees in accordance with O. Reg. 137/15.

- Financial information, as required by CMSMs/DSSABs must be submitted to verify: a) that the funding provided was used for the purpose intended; and b) that financial viability has been maintained (which may include audited financial statements).

- Licensees must submit comprehensive and accurate operational plans to ensure that their Cost-Based Funding allocation is appropriately calculated. These plans should provide the necessary details to support the calculation and reflect the operational realities of the program.

- Vacancy rates should be managed proactively by licensees to minimize unfilled spaces. Licensees should work together with CMSMs/DSSABs on addressing vacancies effectively across eligible centres or agencies to make the best use of available resources.

- Licensees should consult with CMSMs/DSSABs if they are unsure about the eligibility of certain costs and should avoid incurring ineligible costs that may be subject to recovery as part of the financial reconciliation.

- Licensees are expected to cooperate with CMSMs/DSSABs and external auditors regarding compliance and cost reviews. This includes providing all necessary documentation related to cost-based funding, cost calculations, and service delivery.

PART 3: CHILD CARE WAGE ENHANCEMENT (WEG), HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG) AND WORKFORCE COMPENSATION

Under CWELCC Cost-Based Funding, WEG/HCCEG and Workforce Compensation funding in respect of staff serving children aged 0 to 5 has been reinvested into Cost-Based Funding allocations and the enhancements are included in the program staffing and supervisor benchmarks for centres, and home child care visitor benchmark for home agencies.

For clarity, there is no longer a notional allocation for WEG/HCCEG and Workforce Compensation for these particular staff, as it is included in total amount allocated through Cost-Based Funding (see Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline for more details on benchmarks). As of 2025, there is no longer an application requirement in respect of staff serving children aged 0 to 5.

As WEG/HCCEG funding and Workforce Compensation funding for staff is being provided through Cost-Based Funding allocations, enrolled licensees must adhere to the eligibility and accountability requirements for Cost-Based Funding, Workforce Compensation, and WEG/HCCEG, as applicable.

These requirements are detailed in Part 2 and Part 3 of Chapter 3: Local Priorities Guideline.

Ontario

Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline

NOVEMBER 2024

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DEFINITIONS

Unless otherwise specified, the terms used in this document have the same meaning as set out under the *Child Care and Early Years Act, 2014*, its regulations and the Transfer Payment Agreement between Ontario and the CMSM/DSSAB.

"active home" means a home child care premises, overseen by an eligible agency, at which child care is currently being provided to at least one eligible child or that plans to accept at least one eligible child during the calendar year.

"active home seat" means a child care space in an active home, in which an eligible child is enrolled or could be enrolled immediately (without the need for additional, essential steps to accommodate that child) at any given point on a particular service day, and in respect of which the home or agency charges a base fee for enrolled children.

"benchmark(s)" means the standardized cost metric(s) published by the Ontario Ministry of Education in Schedule A for the calendar year.

"calendar year" means the period from January 1 and December 31. For clarity, if a particular year is specified in this guideline (such as "2025"), it refers to the respective calendar year.

"costs", for the purpose of assessing eligible costs, means:

(a) recurring costs, incurred for an eligible centre's/agency's daily operations such as wages, food, accommodation, or eligible amortization expenses; and,

(b) non-recurring (upfront or amortized) costs incurred by the eligible centre/agency,

on minor repairs to capital infrastructure; or,

to replace, enhance, or purchase minor capital assets used for regular operation, such as kitchen or HVAC equipment.

"eligible centre/agency", means a child care centre/home child care agency that is:

(a) enrolled in CWELCC; and,

(b) eligible for funding under CWELCC (for example, the licensee maintains financial viability as described in Chapter 2, Division 1: CWELCC Participation Guideline. .

“eligible costs” means costs incurred in respect of an eligible centre/agency in the calendar year for the purpose of providing licensed child care for eligible children, and which are:

(a) attributable to the provision of child care included in the base fee for eligible children;

(b) appropriate for the provision of child care for eligible children; and,

(c) reasonable in quality and amount incurred, having regard to all the relevant circumstances.

For greater certainty, the following are not eligible costs:

(d) costs deemed to be in lieu of profits (such as in-kind benefits or perks directly or indirectly for the benefit of a controlling owner);

(e) costs for capital renewal for major repairs of sites of existing spaces;

(f) financing costs exceeding Canada Small Business Financing Program Rates;

(g) costs funded by another public source or reimbursed by another source (such as by insurance claims); and,

(h) any penalties, fines, forfeitures, or liquidated damages.

"existing centre/agency” means an eligible centre/agency that is not a new centre/agency.

“legacy centre/agency” means an eligible centre/agency:

(a) enrolled in CWELCC on or before August 8, 2024 and that has maintained a continuous CWELCC service agreement with the CMSM/DSSAB since that date; or,

(b) that submitted an application for enrolment in CWELCC on or before August 8, 2024, which application was not withdrawn at any time following August 8, 2024 and, as a result of that application, was enrolled in CWELCC and has maintained a continuous CWELCC service agreement with the CMSM/DSSAB since the date of enrollment.

“licensed space” means a child care space in an eligible centre, in which, pursuant to the centre’s licence, the centre is authorized to enrol a child (not required to be an “operating space”) and charges a base fee for enrolled children. Alternate capacity is not considered for the purpose of counting licensed spaces.

“new centre/agency” means an eligible centre/agency in the first calendar year enrolled in CWELCC (cannot be a legacy centre/agency).

“operating space” means a child care space in an eligible centre, in which an eligible child is enrolled or could be enrolled immediately (without the need for additional, essential steps to accommodate that child, such as hiring additional staff to meet regulatory requirements) at any given point on a particular service day, and in respect of which the centre charges a base fee for enrolled children. Alternate capacity is considered for the purpose of counting operating spaces.

“service day” is a 24-hour period that begins in the calendar year, starting at the time the eligible centre or active home normally first begins to accept children into care or the end of the previous 24-hour period, during which the licensee is enrolled in CWELCC in respect of the eligible centre/agency and charges a base fee per the parent handbook, even if the centre or home is not open (for example, on a statutory holiday). For clarity, the number of service days in a calendar year cannot exceed the number of calendar days in the calendar year.

“vacancy rate” means the number of operating spaces or active home seats, in which no child is enrolled, divided by the total number of operating spaces or active home seats in the eligible centre/agency.

INTRODUCTION

This document (the **"CWELCC Cost-Based Funding Guideline"** or "this guideline") describes the calculation of **cost-based funding** for eligible centres/agencies under the Canada-wide Early Learning and Child Care (CWELCC) Agreement for 2025 and subsequent calendar years and provides guidance for CMSMs/DSSABs to support the administration of that calculation.

For clarity, the cost-based funding approach described in this guideline replaces the previous, "revenue replacement" approach, which—until December 31, 2024—provided funding based on the revenue "lost" due to mandatory caps and reductions of parent fees pursuant to O. Reg. 137/15.

Starting with 2025, licensees are funded based on eligible costs incurred in the calendar year in respect of eligible centres/agencies, up to a maximum amount of funding determined by the formula described in this guideline.

To support the principles and smooth implementation of cost-based funding, CMSMs/DSSABs and licensees should adopt an approach of open, early, and appropriate communication. For example, CMSMs/DSSABs may provide licensees with early guidance related to cost eligibility. For clarity, such guidance or communication should be intended to minimize the risk of unexpected cost-recoveries and potential disputes and not to provide a final determination of cost eligibility, as such a determination cannot be made until reconciliation.

For information and guidance about early years and child care funding, beyond the calculation of CWELCC cost-based funding, including administration of the CWELCC program more broadly, CMSMs/DSSABs should refer to Chapter 1: Funding Guideline.

Objectives & Overarching Principles

The CWELCC cost-based funding approach (sometimes referred to as the "funding formula") is guided by the following objectives and principles, which CMSMs/DSSABs must consider in the administration of CWELCC cost-based funding:

Objectives:

- **Support licensee participation** in the CWELCC program by providing appropriate funding to enable parent fee reductions prescribed in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014.*

- **Support wage enhancements** under Ontario's Child Care Workforce Strategy for eligible centres/agencies.

- **Improve access** to high-quality and affordable child care by supporting growth spaces.

Principles:

- **Transparent**: Clear and consistent approach, both locally and across CMSMs/DSSABs so that licensees know what to expect from CMSMs/DSSABs.
- **Representative**: Funding is responsive to how child care is delivered in Ontario and based on the true costs of providing child care to eligible children.
- **Simple**: Easy to understand with minimal administrative burden.
- **Accountable**: Cost control structures and safeguards ensure accountability for and equitable distribution of public funding.

The cost-based funding approach is designed to balance these principles. For example, benchmarks were developed to balance simplicity with representativeness by using statistical techniques to turn standard and clear data metrics – such as spaces/active homes – into cost drivers, representative of costs typically incurred for the delivery of child care in Ontario. Building benchmarks into cost-based funding limits the data required to determine funding without oversimplifying into a "one size fits all" approach.

Key Concepts

From the introduction of CWELCC in 2022 through to December 31, 2024, licensees were funded based on a replacement of revenue "lost" due to base fee reductions now imposed under O. Reg. 137/15. While a revenue replacement approach is transparent and simple to implement, it is not responsive to the true cost of providing child care in Ontario.

For 2025 and future calendar years, the cost-based funding approach seeks to address this issue by providing funding based on the typical (representative) costs of providing high-quality child care to eligible children in Ontario.

Cost-based funding is calculated per eligible centre/agency.

The cost-based funding approach is structured around the following basic concepts, described in further detail in Table 1, below:

(1) **Program costs**: Funding is provided to support eligible costs.

(2) **Amount in lieu of profit/surplus:** In addition to covering eligible costs, the cost-based funding approach builds in an amount to recognize opportunity costs associated with CWELCC enrollment and the risk of running a business, or for licensees to reinvest in child care. The calculation of an amount in lieu of profit/surplus also reflects the need for safeguards around public funding and profit margins, as required under the Canada-Ontario CWELCC agreement.

When planning for the use of funding in lieu of profit/surplus (for example, for investment in major capital assets), licensees should consider that the Allocation in Lieu of Profit/Surplus is subject to re-calculation (and potential reconciliation) after year-end if the Actual Program Costs, as described in Table 1 below, are less than the Program Cost Allocation.

(3) **Base fee revenue:** Fees continue to be collected (for example, from families) to provide child care as reflected in base fees, with restrictions on the amounts that can be charged as set out in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*.

(4) **Cost-based funding:** The sum of funding for program costs and the associated amount in lieu of profit/surplus, offset by base fee revenue.

(5) **Funding allocations vs actual funding:** Under the cost-based funding approach, the amount of funding a licensee can receive in respect of an eligible centre/agency ("Actual Cost-Based Funding") crystalizes upon the assessment, at the time of reconciliation, of eligible costs incurred for the eligible centre/agency during the calendar year.

To enable licensees to incur eligible costs in respect of eligible centres/agencies to provide child care to eligible children during the calendar year, CMSMs/DSSABs issue advanced payments (per relevant CWELCC service agreements) of a "Cost-Based Funding Allocation" determined by the same formula, somewhat analogous to tax withholdings on an employee's pay, where their actual tax liability is determined at the end of the year.

To ensure accountability over public funds, Cost-Based Funding Allocations set the maximum amounts that could be claimed in eligible costs in respect of eligible centres/agencies upon reconciliation. In other words, this cost-based approach is not a pure "cost reimbursement" model.

CONCEPT	THROUGHOUT CALENDAR YEAR (Notional "Allocations")	AT END OF CALENDAR YEAR ("Actuals", after reconciliation)
PROGRAM COSTS The eligible costs of providing child care	**PROGRAM COST ALLOCATION** *Benchmark allocation <u>plus</u> any applicable top-up allocation* ● "Benchmark allocation" represents the typical costs of providing quality child care in a geographic region, based on planned operating spaces ● "Top-up allocation" supports eligible centres/agencies with cost structures that exceed benchmark allocations, and eligible centres/agencies adding new spaces/active homes (including new centres/agencies). ● CMSMs/DSSABs can adjust Program Cost Allocations during the calendar year (for example, due to in-year operating space changes or one-time amounts for emergency repairs)	**ACTUAL PROGRAM COSTS** *Reported by licensee and a subset verified by third party and CMSM/DSSAB* ● Actual amount of eligible costs incurred for an eligible centre/agency to provide child care reflected in base fees during the calendar year. ● Cannot exceed the Program Cost Allocation, including any in-year adjustments.
BASE FEE REVENUE OFFSET Collected from families and available to apply towards program costs or profit/surplus	**EXPECTED BASE FEE REVENUE OFFSET** ● Amount of base fee revenue estimated to be earned in the calendar year based on planned operating spaces. ● Adjusted by an allowed vacancy rate when it offsets the Program Costs Allocation (for example, recognizing turnover).	**ACTUAL BASE FEE REVENUE OFFSET** ● The amount of base fee revenue earned from families and fee subsidy revenue for eligible children in the calendar year. ● Cannot be lower than the Expected Base Fee Revenue Offset, which is adjusted by the allowed vacancy rate.
AMOUNT IN LIEU OF PROFIT/SURPLUS To recognize the risk of operating a business or to reinvest in child care, while safe-guarding public funds	**ALLOCATION IN LIEU OF PROFIT/SURPLUS** *Function of the Program Cost Allocation <u>plus</u> a flat amount* ● Provided with and based on the Program Cost Allocation.	**ACTUAL AMOUNT IN LIEU OF PROFIT/SURPLUS** *Function of benchmark allocation & Actual Program Costs <u>plus</u> flat amount* ● Final amount of funding provided in lieu of profit/surplus, based on Actual Program Costs.
COST-BASED FUNDING To enable CWELCC-enrolled licensees to meet the objectives of the CWELCC program, including reducing parent fees at eligible centres/agencies	**COST-BASED FUNDING ALLOCATION** *Program Cost Allocation <u>plus</u> Allocation in Lieu of Profit/Surplus <u>minus</u> Expected Base Fee Revenue Offset* ● Total amount of notional funding provided to support the costs of providing child care at an eligible centre/agency throughout the calendar year.	**ACTUAL COST-BASED FUNDING** *Actual Program Costs <u>plus</u> Actual Amount in Lieu of Profit/Surplus <u>minus</u> Actual Base Fee Revenue Offset* ● Final amount of funding available for an eligible centre/agency for a calendar year, based on Actual Program Costs. ● CMSMs/DSSABs must recover any overpayments promptly and return to the Ministry (this means, no carry-over provisions). ● CMSMs/DSSABs may offset overpayments from subsequent payments if there is an ongoing funding arrangement with the licensee.

Table 1. *The cost-based funding approach is structured around four key concepts, which are calculated and disbursed as notional amounts before crystalizing to final ("actual") amounts (that is, amounts retained by the licensee) after all eligible costs have been incurred, at the end of the calendar year.*

Process Cycle for CMSMs/DSSABs

Before the Calendar Year	During the Calendar Year	After the Calendar Year
• Receive licensees' operational plans *(and legacy data - 2025 only)* • Calculate Cost-Based Funding Allocations *(and legacy top-ups – 2025 only)* • Update service agreements *(as needed)* • Schedule regular (advance) payments to licensees • Select eligible centres/ agencies for cost reviews	• Pay licensees as per schedule • Process any in-year funding change requests (based on changes to operating plans or emergency funding) • Perform cost reviews	• Collect licensees' annual attestations and standardized financial reports • Select sample for Direct Engagements to Report on Compliance • Review standardized financial reports, as appropriate, to identify any further risks of cost ineligibility • Calculate and recover overpayments

Table 2. *The process of delivering cost-based funding for a particular calendar year involves steps in advance of, during, and after the calendar year.*

PART 1: COST-BASED FUNDING ALLOCATION

Overview

An eligible centre's/agency's CWELCC **Cost-Based Funding Allocation** is an amount of funding provided to support the costs of providing child care throughout the year. The Cost-Based Funding Allocation is calculated as (**1.1)** a **Program Cost Allocation**; *plus* **(1.2)** an **Allocation In Lieu of Profit/Surplus**; *minus* **(1.3)** the centre's/agency's **Expected Base Fee Revenue Offset**.

At a high level,

1.1 The **Program Cost Allocation** calculation involves two main components:

(a) **Benchmark Allocation**: Calculate the cost-based benchmark allocation for the eligible centre/agency. The benchmark allocation is adjusted for regional differences by applying the appropriate geographic adjustment factor.

The purpose of the benchmark allocation is to generate notional, cost-based funding amounts that represent typical costs incurred for eligible centres/agencies, adjusted for regional differences, to help ensure that similar eligible centres/agencies receive similar funding.

A centre's/agency's individual, eligible costs by type do not need to align with each benchmark allocation component (for example, some centres/agencies may have relatively high accommodation cost but low operations costs, or vice versa).

(b) **Plus, Top-Up Allocation:** Calculate and add to the benchmark allocation calculated in 1.1(a), any applicable *top-up allocation* for the centre/agency, which may include one or more of a:

i. **Legacy top-up** for legacy centres/agencies in 2025 to support their legacy cost structures in the transition to cost-based funding, if such structures mean that eligible costs will exceed their individual benchmark allocations for the calendar year. This is to avoid legacy centres/agencies having to significantly change their operating models due to the implementation of cost-based funding. (Only applies to 2025 and becomes part of the rolling top-up after 2025.)

ii. **Growth top-up** for new centres/agencies in the calendar year, or existing centres/agencies that expand **with** new licensed spaces/active homes in the calendar year. This is to recognize that typical costs may vary within economic regions and to encourage growth. For information on other sources of funding, which may be available to support licensee growth (such as Start-up Grants), please see Chapter 3: Local Priorities Guideline, and Chapter 5: Infrastructure Guideline.

iii. **Rolling top-up** for eligible centres/agencies in calendar years after 2025 who received a top-up in the **previous** calendar year (either legacy top-up, growth top-up, rolling top-up, or some combination). This is to ensure that cost structures are covered from one calendar year to the next (Only applies to calendar years after 2025.)

New centres/agencies should develop their operating plans or budgets to fit within their Program Cost Allocation for the applicable calendar year.

1.2 **The Allocation In Lieu of Profit/Surplus** calculation involves three steps:

(a) **Base rate amount** of 4.25% applied to the sum of the benchmark allocation and top-up allocation.

(b) **Plus, a premium rate amount** of 3.5% applied only to the benchmark allocation.

(c) **Plus, a flat amount** of $6,000 for each calendar year for the eligible centre/agency.

1.3 **Expected Base Fee Revenue Offset:** Subtract, from the amount calculated by adding allocations from 1.1 and 1.2, the estimated revenue expected from base fees and fee subsidies for eligible children at the eligible centre/agency during the calendar year.

CMSMs/DSSABs must pay Cost-Based Funding Allocations in regular installments, at the beginning of every payment period, throughout the calendar year and must reconcile those allocations against Actual Cost-Based Funding based on Actual Program Costs. To avoid the recovery of significant overpayments at year-end, a licensee may agree to a lower Cost-Based Funding Allocation for an eligible centre/agency, which could create funding flexibility for CMSMs/DSSABs.

Information Required to Calculate Program Cost Allocations

Licensees must submit the following information to their CMSMs/DSSABs to support the calculation of Program Cost Allocations for each eligible centre/agency for the calendar year:

- Operating plan(s) for each eligible centre/agency for the calendar year, which may include, as applicable:
  - Planned number of operating spaces by age group;
  - Planned number of active homes;
  - Planned number of active home seats for eligible children;
  - Planned number of service days by age group or active homes;

- The typical number of hours of service provided by the eligible centre/agency for each eligible age group; and
- A copy of the eligible centre's/agency's parent handbook or an indication of where the handbook is publicly available.

- For legacy centres/agencies (for 2025 only), if requiring a legacy top-up:
  - Evidence of fixed costs for the calendar year (for example, a copy of a rent receipt or lease);
  - Operating budgets for 2025; and
  - 2023 audited financial statements and related financial reports (such as general ledgers), as needed to support the assessment of legacy costs.

To calculate Program Cost Allocations for eligible centres/agencies, CMSMs/DSSABs will input the following details applicable to the calendar year, each of which form elements of the calculations described in the next section.

For eligible centres:

A Program staffing benchmarks (Schedule A) for the calendar year

B The number of operating space-days for each eligible age group for the calendar year, calculated as the sum of the planned number of service days applicable to each operating space

For example, 10 infant operating spaces for 200 service days and 5 infant operating spaces for 100 service days would be (10 x 200) + (5 x 100) = 2,500 infant operating space-days

C The program staffing ancillary multiplier (Schedule A) for the calendar year

D The total number of service days for the centre during the calendar year

E Supervisor benchmark (Schedule A) for the calendar year

F The eligible child ratio, calculated as the number of operating space-days for eligible children during the year (each weighted by its respective program staff to child ratio as defined in O. Reg. 137/15), divided by the total number of operating space-days (including for ineligible children) in the eligible centre during the calendar year (each weighted by its respective program staff to child ratio as defined in O. Reg. 137/15). For the purpose of this calculation, family age group spaces are weighted by the program staff to child ratio applied to the toddler age group, as defined in O. Reg. 137/15

For example, an eligible centre with 15 toddler spaces (eligible; weighted at a ratio of 1/5) for 261 days and 14 primary/junior school spaces (ineligible; weighted at a ratio of 1/15) for 187 days would have an eligible child ratio of [15 x 261 x (1/5)]/[(15 x 261 x (1/5)) + (14 x 187 x (1/15))] = 81.77%

G The supervisor ancillary multiplier (Schedule A) for the calendar year

H Accommodations benchmarks (Schedule A) for the calendar year

I The number of licensed spaces for each eligible age group

J Operations (fixed) benchmarks (Schedule A) for the calendar year

K The number of licensed space-days for each eligible age group for the calendar year, calculated as the sum of the number of service days applicable to each licensed space

For example, 10 infant spaces for 200 service days (per the parent handbook) and 5 infant spaces for 100 service days (per the parent handbook) would be (10 x 200) + (5 x 100) = 2,500 infant licensed space-days

L Operations (variable) benchmarks (Schedule A) for the calendar year

M The program staff to child ratio for each eligible age group, as defined in O. Reg. 137/15 (for example 3/10 for infants), except for family age groups, which use the toddler ratio (1/5) for simplicity

N The typical number of hours of service provided by the centre for each eligible age group for the calendar year

For eligible agencies:

O Home child care provider compensation benchmark (Schedule A) for the calendar year

P The number of active home-days for the calendar year, calculated as the sum of the number of planned service days applicable to each active home in the eligible agency

For example, 5 active homes for 261 service days and 1 active home for 365 service days would be (5 x 261) + (1 x 365) = 1,670 active home-days

Q Home visitor compensation benchmark (Schedule A) for the calendar year

R Home visitor ancillary multiplier (Schedule A) for the calendar year

S Home child care agency operations (variable) benchmark (Schedule A) for the calendar year

T Home child care agency operations (fixed) benchmark (Schedule A) for the calendar year

For eligible centres and agencies:

U The whole number of months (partial or full) in the calendar year in which the eligible centre/agency participates in CWELCC, divided by 12

In-year Adjustments

Go-Forward Adjustments to Cost-Based Funding Allocations

The calculations that result in the Cost-Based Funding Allocation allow for in-year adjustments stemming from, for example:

- A change in operating space-days due to a change in staffing complement;
- A change in licensed spaces for an existing centre/agency;
- The agreement of a licensee to reduce their Program Cost Allocation for an eligible centre/agency to reduce the need for year-end recoveries;
- The determination of the previous year's actual eligible costs, affecting the rolling top-up for an eligible centre/agency; or
- The licensee stops participating in CWELCC in respect of that eligible centre/agency.

If an in-year change is required, the Cost-Based Funding Allocation must be updated (for example, by replacing the old number of operating space-days with the new number) on a go-forward basis.

Using Funding Flexibility to Cover One-Time, Unexpected Costs

CMSMs/DSSABs may use any funding flexibility (such as where a licensee has agreed to a lower Cost-Based Funding Allocation) to support eligible centres/agencies that incur non-discretionary and unexpected eligible costs above their Program Cost Allocations (such as emergency capital repairs to minor assets). In cases where such non-discretionary and unexpected costs are not eligible (such as major capital repairs), the costs could be deemed eligible and reported separately by the CMSM/DSSAB. For greater certainty, such deemed eligible costs would not affect the eligible centre's/agency's Actual Cost-Based Funding. CMSMs/DSSABs must implement a fair and transparent process, such as an application, to allocate any such funding. In considering such support, CMSMs/DSSABs may consider, for example, other revenue sources available to the eligible centre/agency such as reserves and non-base fee revenue, noting that financing costs may be eligible costs.

1.1 Program Cost Allocation

Program Cost Allocations are calculated by eligible centre/agency.

1.1(a) Benchmark Allocation (adjusted for geographic differences)

STEP 1: Calculate each component of an eligible (A) centre's or (B) agency's unadjusted benchmark allocation

Benchmarks are designed to represent typical costs incurred by licensed child care centres and home child care agencies in Ontario in each of the components described in Table 3, below.

Benchmark Component	Eligible costs represented (see Part 3)
A. Eligible Centres	
A.1 Program Staffing	Pay and benefits for program staff in eligible centres (that is, counting towards ratio requirements in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*)
A.2 Supervisor	Pay and benefits of supervisors working in eligible centres
A.3 Accommodations	Accommodations costs for eligible centres, including rent, mortgage payments, property taxes, maintenance and minor repairs, and other related costs such as furniture and equipment
A.4 Operations	All other operating costs of eligible centres, including pay & benefits of non-program staff (such as cooks), food, overhead costs (such as centralized staff, licensing or professional fees), program equipment and supplies, office expenses, utilities, cleaning, insurance, and other (such as training, advertising, transportation, IT equipment)
B. Eligible Agencies	
B.1 Provider Compensation	Compensation for home child care providers.
B.2 Visitor Compensation	Compensation for home child care visitors.
B.3 Agency Operations (Variable); and B.4 Agency Operations (Fixed)	Fixed and variable costs for eligible agencies (such as accommodation and operating costs for the head office, and pay and benefits for head office staff).

Table 3. *Benchmark allocations are calculated using standardized cost metrics, designed to represent typical costs incurred by licensed child care centres and home child care agencies in Ontario.*

To calculate the relevant components of an eligible centre's/agency's unadjusted benchmark allocation, CMSMs/DSSABs must apply benchmarks for the calendar year, as set out in Schedule A, across licence-specific characteristics, such as:

- Operating space-days/home-days (representing variable costs)
- Licensed spaces/space-days (representing fixed costs)

- Applicable age group for eligible centres (infant, toddler, preschool, kindergarten, family age group)
- Licence type (centre-based or home child care)
- Licence setting (community or publicly funded school)

Benchmarks for the calendar year, as set out in Schedule A, are based on statistical analysis of data collected from the sector (and other sources) and account for cost escalation, including due to policy changes (such as the Child Care Workforce Strategy). The ministry reviews and publishes benchmarked amounts at least annually in advance of the relevant calendar year.

For technical details describing how the ministry determines benchmarks set out in Schedule A for the calendar year, refer to the 2025 Funding Allocations Technical Paper. .

The sum of all amounts calculated in this step establish the unadjusted benchmark allocation for the eligible centre/agency. The benchmark allocation is the unadjusted benchmark allocation multiplied by the geographic adjustment factor described in step 2 of this section.

Representative case examples for the calendar year can be found in Schedule D.

A.1 Child Care Centres: Program Staffing Component

To calculate an eligible centre's program staffing component, sum the products of the following calculation for each age group, for which the centre has operating spaces (that is, infant, toddler, preschool, kindergarten, or family age group):

A x B x C

where,

"A" is the program staffing benchmark for the appliable age group (infant, toddler, preschool, kindergarten, or family age group) for the calendar year (Schedule A);

"B" is the number of operating space-days in the eligible centre, calculated as the sum of the planned number of service days applicable to each operating space, for the same age group; and,

"C" is the program staffing ancillary multiplier for the calendar year (Schedule A), reflecting typical ancillary costs (such as supplementary benefits or supply coverage for vacation days and sick days).

For example, using *illustrative* amounts for explanatory purposes, the program staffing component for an eligible centre with 100 operating space-days for infants, toddlers and preschoolers during the calendar year, would be calculated as follows:

Illustrative Program Staffing Component Calculation:	**A**	**x**	**B**	**x**	**C**	**=**	**Total**	
Infant	$5	x	100	x	1.1	=	$550	
Toddler	$4	x	100	x	1.1	=	$440	+
Preschool	$3	x	100	x	1.1	=	$330	+
Kindergarten	$2	x	-	x	1.1	=	$0	+
Family age group	$4	x	-	x	1.1	=	$0	+
Program staffing component							**$1,320**	**=**

Illustrative amounts above are not representative of program staffing benchmarks or eligible centre characteristics. See Schedule A for benchmarks and the ancillary multiplier for the calendar year, which are to be applied to licence-specific characteristics when calculating an eligible centre's benchmark allocation.

Program staffing benchmarks incorporate licensee obligations related to workforce compensation, including mandatory employer contributions and premiums (such as Canada Pension Plan, Employment Insurance, Workplace Safety Insurance Board) and Employer Health Tax, as well as provincial workforce funding as outlined in the Chapter 3: Local Priorities Guideline. Benchmarks are not intended to limit licensee discretion with respect to program staff wages.

A.2 Child Care Centres: Supervisor Component

An eligible centre's supervisor component is calculated per eligible centre, by applying the supervisor benchmark and ancillary multiplier for the calendar year (Schedule A) to the number of service days for the centre, adjusted for the proportion of operating spaces designated for eligible children at the centre during the calendar year, as follows:

D x E x F x G

where,

"D" is the total number of service days for the eligible centre during the calendar year;

"E" is the supervisor benchmark for the calendar year (Schedule A);

"F" is the eligible child ratio for the centre, calculated as the number of operating space-days for eligible children during the year (each weighted by its respective program staff to child ratio as defined in O. Reg. 137/15), divided by the total number of operating space-days (including for ineligible children) in the eligible centre during the calendar year (each weighted by its respective program staff to child ratio as defined in O. Reg. 137/15). For the purpose of this calculation, family age group spaces are weighted by the program staff to child ratio applied to the toddler age group, as defined in O. Reg. 137/15; and

"G" is the supervisor ancillary multiplier for the calendar year (Schedule A), reflecting typical ancillary costs (such as supplementary benefits or supply coverage for vacation days and sick days).

For example, using *illustrative* amounts for explanatory purposes, an eligible centre with 15 toddler spaces (eligible; weighted at a ratio of 1/5) and 30 primary/junior school spaces (ineligible; weighted at a ratio of 1/15) – that is, an eligible child ratio of [15 x (1/5)]/[(15 x (1/5)) + (30 x (1/15))] = 3/5, or 60% – for 100 service days during the calendar year, would have their supervisor component calculated as follows:

Illustrative Supervisor Component Calculation:	D	x	E	x	F	x	G	=	Total (per centre)
Supervisor component:	100	x	$10	x	60%	x	1.1	=	**$660**

Illustrative amounts above are not representative of supervisor benchmarks. See Schedule A for benchmarks and the ancillary multiplier for the calendar year, which are to be applied to licence-specific characteristics when calculating an eligible centre's benchmark allocation.

Supervisor benchmarks incorporate employer obligations with respect to workforce compensation, such as mandatory employer contributions and premiums (such as Canada Pension Plan, Employment Insurance, Workplace Safety Insurance Board) and Employer Health Tax, as well as provincial workforce funding as outlined in the Chapter 3: Local Priorities Guideline. Benchmarks are not intended to limit employer discretion with respect to supervisor wages.

A.3 Child Care Centres: Accommodations Component

To calculate an eligible centre's accommodations component, sum the products of the following calculation for each age group, for which the eligible centre has licensed spaces (that is, infant, toddler, preschool, kindergarten, or family age group):

H x I x U

where,

"H" is the accommodations benchmark for the age group (infant, toddler, preschool, kindergarten, or family age group) and setting (community setting or publicly funded school setting) applicable to the eligible centre for the calendar year (Schedule A)

"I" is the number of licensed spaces in the eligible centre for the same age group; and

"U" is the whole number of months (partial or full) in the calendar year in which the eligible centre/agency participates in CWELCC, divided by 12.

For example, using *illustrative* amounts for explanatory purposes, the accommodations component for an existing eligible centre in a community setting with licensed spaces for 15 infants, 15 toddlers and 15 preschoolers would be calculated as follows:

Illustrative Accommodations Component Calculation:	**H**	x	**I**	x	**U**	=	**Total**	
Infant	$2,500	x	15	x	1	=	$37,500	
Toddler	$2,000	x	15	x	1	=	$30,000	+
Preschool	$1,800	x	15	x	1	=	$27,000	+
Kindergarten	$1,500	x	-	x	1	=	$0	+
Family age group	$3,000	x	-	x	-	=	$0	+
Accommodations component							**$94,500**	=

Illustrative amounts above are not representative of accommodations benchmarks. See Schedule A for benchmarks for the calendar year. The appropriate accommodations benchmark table is selected based on whether the eligible centre is located in a publicly funded school setting or a community setting.

A.4 Child Care Centres: Operations Component

The operations component of an eligible centre's benchmark allocation contains two parts: a fixed component and a variable component. The **operations component (fixed)** represents typical fixed operational costs, such as utilities and insurance. The operations component (variable) represents typical variable operating costs, such as pay and benefits for non-program staff, food, and program equipment and supplies.

To calculate an eligible centre's operations component (fixed), sum the products of the following calculation for each age group, for which the eligible centre has licensed spaces (that is, infant, toddler, preschool, kindergarten, or family age group):

J x K

where,

“J” is the operations (fixed) benchmark for the calendar year (Schedule A), by applicable centre setting (community setting or publicly funded school setting) and age group; and

“K” is the number of licensed space-days in the eligible centre, calculated as the sum of the number of service days applicable to each licensed space, for the same age group.

For example, using *illustrative* amounts for explanatory purposes, the operations component (fixed) for an eligible centre with 150 licensed space-days for infants, toddlers and preschoolers during the calendar year, would be calculated as:

Illustrative Operations Component (fixed) Calculation *(i)*	**J**	x	**K**	=	**Total**	
Infant	$5	x	150	=	$750	
Toddler	$5	x	150	=	$750	+
Preschool	$5	x	150	=	$750	+
Kindergarten	$3	x	-	=	$0	+
Family age group	$5	x	-	=	$0	+
Operations component (fixed)					**$2,250**	=

Illustrative amounts above are not representative of operations benchmarks. See Schedule A for benchmarks for the calendar year. The appropriate operations benchmark table is selected based on whether the eligible centre is located in a publicly funded school setting or a community setting.

To calculate an eligible centre’s **operations component (variable)**, sum the products of the following calculation for each age group, for which the eligible centre has operating spaces (that is, infant, toddler, preschool, kindergarten, or family age group):

L x B

where,

“L” is the operations (variable) benchmark for the calendar year (Schedule A), by applicable centre setting (community setting or publicly funded school setting) and age group; and

“B” is the number of operating space-days in the eligible centre, calculated as the sum of the planned number of service days applicable to each operating space, for the same age group.

For example, using *illustrative* amounts for explanatory purposes, the operations component (variable) for the same eligible centre, with 100 operating space-days for infants, toddlers and preschoolers during the calendar year, would be calculated as:

Illustrative Operations Component (variable) Calculation *(ii)*	**L**	x	**B**	=	**Total**	
Infant	$2	x	100	=	$200	
Toddler	$2	x	100	=	$200	+
Preschool	$2	x	100	=	$200	+
Kindergarten	$3	x	-	=	$0	+
Family age group	$2	x	-	=	$0	+
Operations component (variable)					**$600**	**=**

Illustrative amounts above are not representative of operations benchmarks. See Schedule A for benchmarks for the calendar year. The appropriate operations benchmark table is selected based on whether the eligible centre is located in a publicly funded school setting or a community setting.

An eligible centre's **total operations component** is calculated as the sum of the ***fixed*** operations component and the ***variable*** operations component.

Using the *illustrative* examples for calculating the *fixed* and *variable* operations components, above, the eligible centre's operations component would be calculated as:

Illustrative Operations Component (total) Calculation *(iii)*

Fixed operations component	$2,250	
Variable operations component	$600	+
Operations Component *Total*	**$2,850**	=

B.1 Home Child Care Agencies: Provider Compensation Component

Calculate an eligible agency's provider compensation component as follows:

O x P

where,

"O" is the home child care provider compensation benchmark for home child care agencies for the calendar year (Schedule A); and,

"P" is the number of active home-days for the eligible agency, calculated as the sum of the number of planned service days applicable to each active home in the agency.

The home child care provider compensation benchmark is intended to cover costs associated with providing child care for eligible children, not to provide a compensation "floor" or "ceiling" for home child care providers.

For example, using *illustrative* amounts for explanatory purposes, the provider compensation component for an eligible agency with 5 active homes, all of which are planned to be open for 261 days per year, would be calculated as:

Illustrative Provider Compensation Calculation:	**O**	x	**P**	=	**Total**
Provider Compensation	$15	x	[5 x 261 =] 1,305	=	**$19,575**

Illustrative amounts above are not representative of provider compensation benchmarks. See Schedule A for benchmarks for the calendar year.

B.2 Home Child Care Agencies: Visitor Compensation Component

Calculate an eligible agency's home visitor component as follows:

$$Q \times P \times R$$

where

"Q" is the home visitor compensation benchmark for home child care agencies for the calendar year (Schedule A);

"P" is the number of active home-days for the eligible agency, calculated as the sum of the number of service days applicable to each active home in the agency; and,

"R" is the home visitor ancillary multiplier for the calendar year (Schedule A), reflecting typical ancillary costs (such as coverage for supplementary benefits).

For example, using *illustrative* amounts for explanatory purposes, the visitor compensation component for an eligible agency with 5 active homes, all of which are open for 261 days for the calendar year, would be calculated as:

Illustrative Visitor Compensation Calculation:	**Q**	x	**P**	x	**R**	=	**Total**
Visitor Compensation:	$15	x	[5 x 261 =] 1,305	x	1.1	=	**$21,532.50**

Illustrative amounts above are not representative of visitor compensation benchmarks. See Schedule A for benchmarks and the ancillary multiplier for the calendar year.

Home visitor compensation benchmarks incorporate employer obligations with respect to workforce compensation, such as mandatory employer contributions and premiums (such as Canada Pension Plan, Employment Insurance, Workplace Safety Insurance Board) and Employer Health Tax, as well as provincial workforce funding as outlined in the Chapter 3: Local Priorities Guideline.

Benchmarks are not intended to limit employer discretion with respect to home visitor wages.

B.3 Home Child Care Agencies: Agency Operations (Variable) Component

Calculate an eligible agency's operations (variable) component as follows:

S x P

where,

"S" is the home child care agency operations (variable) benchmark for the calendar year (Schedule A); and

"P" is the number of active home-days for the eligible agency, calculated as the sum of the number of service days applicable to each active home in the agency.

B.4 Home Child Care Agencies: Agency Operations (Fixed) Component

Calculate an eligible agency's operations (fixed) component as follows:

T x U

where,

"T" is the home child care agency operations (fixed) benchmark for the calendar year (Schedule A); and

"U" is the whole number of months (partial or full) in the calendar year in which the eligible centre/agency participates in CWELCC, divided by 12.

For example, using *illustrative* amounts for explanatory purposes, the operations component for an eligible agency with 5 active homes, all of which are open for 261 days for the calendar year, would be calculated as:

Illustrative Agency Operations Calculation:	S	x	P	+	T	x	U	=	Total
Agency Operations:	$15	x	[5 x 261 =] 1,305	+	1,000	x	1	=	**$20,575**

Illustrative amounts above are not representative of agency operations benchmarks. See Schedule A for benchmarks for the calendar year.

STEP 2: Sum components and apply geographic adjustment factor ("GAF")

Cost structures may vary across eligible centres/agencies for many reasons, including geographic location, reflecting differing local rents, labour markets, electricity costs, and food prices, among others. To adjust for such differences, unadjusted benchmark allocations have a "geographic adjustment factor" (GAF) applied to recognize the impact of (broad) geography on costs.

Calculate the benchmark allocation by multiplying the unadjusted benchmark allocations determined by step 1 of this section (for clarity, the sum of all that apply) by the GAF for the calendar year for the economic region in which the CMSM/DSSAB is included (Schedule B).

Home child care agencies with active homes in multiple economic regions

Where an eligible agency has active homes in service areas of multiple CMSMs/DSSABs, the CMSM/DSSAB overseeing the eligible agency (that is, the CMSM/DSSAB service area associated with the head office in the Child Care Licensing System (or "**overseeing CMSM/DSSAB**")) should refer to Schedule B to determine whether different GAFs apply to those CMSMs/DSSABs.

If different GAFs apply, apply a weighted GAF to components B.1 through B.3 as follows:

(1) Sum the product of each distinct GAF and the number of active home-days ("P" in the calculations above) for that distinct GAF

(2) Divide the result of (1) by the total number of active home-days across all homes ("P")

For B.4, apply the GAF that applies to the overseeing CMSM/DSSAB.

For clarity, where an eligible agency has active homes in service areas of multiple CMSMs/DSSABs, to which the same GAF applies (that is, no distinct GAFs), the weighting calculation described above yields the same result as simply using that GAF.

1.1(b): Add Top-Up Allocation (if applicable)

As benchmark allocations are based on typical costs incurred by licensed child care centres and home child care agencies in Ontario, adjusted for regional differences, an eligible centre's/agency's individual cost structure may not align with benchmark allocations. To account for potential differences in cost structures, there are three types of top-up, some combination of which may apply in a particular calendar year:

- A **legacy top-up** for legacy centres/agencies to support their legacy cost structures in the transition to cost-based funding, if such structures mean that eligible costs will exceed their individual benchmark allocations for the calendar year. This is to avoid legacy centres/agencies having to necessarily and significantly change their operating models due to the implementation of cost-based funding. (Only applies to 2025 and becomes part of the rolling top-up after 2025.)

- A **growth top-up** for new centres/agencies, or existing centres/agencies that expand with new licensed spaces/active homes in the calendar year. This is to recognize that typical costs may vary within economic regions and to encourage growth.

- A **rolling top-up** for existing centres/agencies who received a top-up in the previous calendar year (either legacy top-up, growth top-up, rolling top-up, or some combination). This is to ensure that cost structures are covered from one calendar year to the next. (Only applies to calendar years after 2025.)

1.1(b)(i) Legacy Top-Up (applies only to 2025 and only to legacy centres/agencies)

STEP 1: Calculate the legacy centre's/agency's legacy costs for existing licensed spaces or active homes (if applicable)

This step only applies to 2025 and only to legacy centres/agencies.

Legacy costs are costs that are consistent with legacy centres'/agencies' 2023 cost structures, adjusted for eligibility, cost escalation, and changes to operating practices and fixed costs.

<u>STEP 1a</u>: Calculate 2023 Adjusted Costs

Using audited 2023 Statement of Operations and related supporting materials where needed (for example, a general ledger), calculate total eligible costs for 2023 (excluding all ineligible costs). This should be done at the licence level, using a reasonable split of costs if the 2023 Statement of Operations is aggregated across multiple licences or if it includes services not included in the base fee.

Where a legacy centre/agency can reasonably demonstrate that 2023 was an "abnormal" year (that is, not representative of expected or typical operations due to events or circumstances, such as major illness, parental leave, or unforeseen closures), then the calculations in this step can use a single, "typical" month from 2023 instead of the entire year, with the resulting legacy costs for that month multiplied by 12. In the absence of such a month, the legacy centre/agency would be treated as a new centre/agency for the purposes of calculating the Program Cost Allocation.

Where a legacy centre/agency does not have an audited 2023 Statement of Operations (for example, because the centre/agency first began operations in early 2024), a CMSM/DSSAB-approved operating budget for 2024 may be substituted for such an audited statement for the purposes of this calculation, provided such approval was given prior to August 8, 2024. In such a case, the CMSM/DSSAB must apply a **cost-escalation factor of 1.02** (in place of 1.0465) in step 1b, below. In the absence of such an approved operating budget, the legacy centre/agency would be treated as a new centre/agency for the purposes of calculating the Program Cost Allocation.

Where costs are incurred by a legacy centre/agency to serve both eligible (age 0 to 5) and ineligible children (age 6 to 12), a reasonable methodology to split eligible costs (that is, those attributable to the provision of child care included in the base fee) from ineligible costs must be employed. For example, a reasonable methodology could employ the following to determine eligible shares of costs by cost type, where all operating spaces or active homes operate for the same number of service days (otherwise, the below could also adjust for such differences):

- For program staffing and operating costs, determine an eligible share by weighting operating spaces by age group using the program staff-to-child ratio for each age group as defined in O. Reg. 137/15 and typical hours of service for each age group, including only eligible age groups in the numerator;

  For example, using <u>illustrative</u> amounts for explanatory purposes, a legacy centre with 15 toddler spaces (eligible; staff to child ratio of 1/5; 10.5 hours per day) and 30 primary/junior school spaces (ineligible; weighted at a ratio of 1/15 and 4.5 hours per day) could use an eligible share for program staffing and operating costs of:
  [15 x (1/5) x 10.5]/[(15 x (1/5) x 10.5) + (30 x (1/15) x 4.5)] = 31.5/40.5 = 78%

- For supervisor costs, determine an eligible share by weighting operating spaces by age group using the program staff-to-child ratio for each age group as defined in O. Reg. 137/15, including only eligible age groups in the numerator;

  For example, the same legacy centre with 15 toddler spaces (eligible; staff to child ratio of 1/5) and 30 primary/junior school spaces (ineligible; weighted at a ratio of 1/15) could use an eligible share for supervisor costs of:
  [15 x (1/5)]/[(15 x (1/5)) + (30 x (1/15))] = 3/5 = 60%

- For accommodation costs, determine an eligible share by weighting licensed spaces by the maximum group size ratios as defined in O. Reg. 137/15, including only eligible age groups in the numerator;

  For example, the same legacy centre with 15 toddler spaces (eligible; weighted using maximum group size ratio of 1/15) and 30 primary/junior school spaces (ineligible; weighted using maximum group size ratio of 1/30) could use an eligible share for accommodation costs of:
  [15 x (1/15)]/[(15 x (1/15)) + (30 x (1/30))] = 1/2 = 50%

- For legacy agencies, determine a ratio by dividing the number of eligible children enrolled by the total children enrolled.

Calculate **2023 adjusted costs** by ***subtracting*** the following from the total eligible costs for 2023:

- 2023 non-recurring costs, such as major repairs;
- 2023 fixed costs, specifically: contracted accommodation costs (such as pursuant to a rental agreement), insurance, and property tax (to minimize the impact of fixed cost variances that may not follow cost escalation assumptions);
- funding attributable to 2023 CWELCC workforce compensation funding (such as to cover bringing wages up to the applicable wage floor or $1/hour annual increases, as required), the wage enhancement grant, or home child care enhancement grant (to minimize the impact of policy changes that may not follow cost escalation assumptions); and
- 2023 salary and benefits for one controlling owner employed by the licensee.

<u>STEP 1b</u>: Multiply 2023 Adjusted Costs by Scaling Factors

To recognize that costs may have changed between 2023 and 2025, multiply 2023 adjusted costs (per step 1a) by the cost escalation factor (1) and the appropriate operating scaling factor (2):

(1) **Cost escalation factor***:* 1.0465 (cumulative Ontario CPI for 2024 and 2025 per the 2024 Ontario Budget) to adjust for higher prices;

(2) **Operating scaling factor (for legacy centres):** for each eligible age group, calculate the following:

B x M x N

where,

"B" is the number of operating space-days in the legacy centre, calculated as the sum of the planned number of service days applicable to each operating space, for the age group for the calendar year;

"M" is the program staff-to-child ratio for the same age group, as defined in O. Reg. 137/15 (for example 3/10 for infants), except for family age groups, which use the toddler ratio (1/5) for simplicity; and

"N" is the typical number of hours of service provided by the legacy centre for the same age group for the calendar year.

The operating factor is the sum of the result of the formula across all eligible age groups for 2025 (planned) divided by the sum of all eligible age groups for 2023 (actual).

-OR-

Operating scaling factor (for legacy agencies): divide the total number of active home-days for the legacy agency (calculated as the sum of service days across all active homes in the agency, or "P" in the calculations in section 1.1(a)B.1 through B.3, above) for 2025 (planned) by the total number of active home-days for the agency for 2023 (actual).

For clarity, if mixed age groups are used whereby eligible children are enrolled in ineligible age group spaces (that is, primary/junior school age or junior school age), the operating scaling factor may include equivalent parameters for these age groups, but only in respect of eligible children enrolled in such spaces by the legacy centre.

<u>STEP 1c</u>: Add 2025 "workforce funding"

To the result of step 1b, add the funding attributable to workforce compensation funding (such as to cover bringing wages up to the applicable wage floor or $1/hour annual increases, as required), the wage enhancement grant (WEG), and the home child care enhancement grant (HCCEG), see Chapter 3: Local Priorities Guideline, Part 2 and 3 for details.).

<u>STEP 1d</u>: Add 2025 Fixed Costs

To the result of step 1c, add the 2025 equivalent of fixed costs removed from 2023 adjusted costs in step 1a (specifically: contracted accommodation costs (such as pursuant to a rental agreement), insurance, and property tax), which should be consistent with auditable documentation.

STEP 1e: Add 2025 Controlling Owner's Compensation for Labour

In 2023, some legacy centres/agencies may have provided dividends or other benefits in lieu of salary to controlling owners who contribute labour to the operation of their child care businesses. Since these forms of compensation are not eligible costs under the cost-based funding approach, they are excluded from the calculation of a legacy centre's/agency's legacy top-up.

Recognizing this exclusion, to the result of step 1d, add the minimum of:

- The 2023 compensation for labour for the one controlling owner employed by the licensee, including the salary and benefits subtracted in step 1a and dividends in lieu of salary, multiplied by the cost escalation factor of 1.0465 as described in step 1b; and
- $465, applicable to only one legacy centre/agency per licensee, multiplied by the number of service days in the calendar year for that centre/agency.

Controlling owner's compensation for labour can only be claimed once per licensee, including licensees with more than one eligible centre/agency or licensees with more than one controlling owner.

The result of step 1e are the legacy costs for the eligible centre/agency as required for step 2.

STEP 2: Calculate the legacy centre's/agency's legacy top-up for existing licensed spaces or active homes (if applicable)

This step only applies to 2025 and only to legacy centres/agencies.

Calculate the legacy top-up by subtracting the benchmark allocation for the legacy centre/agency (as calculated in section 1.1(a)) from the centre's/agency's legacy costs as determined in step 1 of this section.

For clarity, the sum of the benchmark allocation and the legacy top-up would provide a sufficient Program Cost Allocation to the legacy centre/agency to cover its legacy costs as defined by step 1.

1.1(b)(ii) Growth Top-up (for existing centres/agencies that expand or for new centres/agencies)

STEP 1: Calculate growth top-up (if applicable) for new licensed spaces in existing centres or new active homes associated with existing agencies

This step only applies to existing centres/agencies that expand with new licensed spaces/active homes in the calendar year.

Calculate the benchmark allocation as would be determined by the new spaces/active homes only (per section 1.1(a)) with the following ***exceptions*** for the first calendar year in which the new licensed spaces/active homes are created:

- In the calculation of the *child care centres: supervisor component* (1.1(a)A.2), the supervisor benchmark ("E" in the calculation) for the calendar year is deemed to be zero.
- In the calculation of the *child care centres: accommodation component* (1.1(a)A.3), multiply the result by the whole number of months (partial or full) in the calendar year in which the new spaces will be licensed, divided by 12 (equivalent to applying "U" in the calculation to the new spaces).
- In the calculation of the *home child care agencies: operations (fixed) component* (1.1(a)B.4), the home child care agency operations benchmark (fixed) ("T" in the calculation) for the calendar year is deemed to be zero.

Calculate the growth top-up for the existing centre/agency by multiplying the resulting benchmark allocation for the new spaces/active homes (adjusted for exceptions) by the CMSM/DSSAB-specific growth multiplier for the calendar year (Schedule C).

Add the resulting benchmark allocation for the new spaces/active homes (adjusted for exceptions) to the existing benchmark allocation (based on existing spaces).

STEP 2: Calculate new centre's/agency's growth top-up (if applicable)

This step only applies to new centres/agencies.

Calculate the benchmark allocation (per section 1.1(a)).

Calculate the growth top-up for the new centre/agency by multiplying the resulting benchmark allocation for the new spaces/active homes by the CMSM/DSSAB-specific growth multiplier for the calendar year (Schedule C).

For new agencies, the growth multiplier for the calendar year for the CMSM/DSSAB in which a new active home is located should be applied, except for the agency's operations (fixed) component, for which the growth multiplier for the calendar year for the overseeing CMSM/DSSAB should be applied.

1.1(b)(iii) Calculate the existing centre/agency's rolling top-up (if applicable)

This step only applies to calendar years after 2025 and only to existing centres/agencies who received a top-up in the previous calendar year (either legacy top-up, growth top-up, rolling top-up, or some combination).

Calculate the rolling top-up ratio by dividing:

(1) *If before the previous calendar year's actual eligible costs are known:* the sum of all top-ups in the Program Cost Allocation for the previous calendar year

-OR-

Once the previous calendar year's actual eligible costs are known: actual eligible costs for the previous calendar year minus the total benchmark allocation received for the previous calendar year, or zero, whichever is greater

by

(2) the total benchmark allocation received for the previous calendar year (including any adjustments made).

Calculate the rolling top-up by multiplying the benchmark allocation (per section 1.1(a)) by the rolling top-up ratio.

1.2 Allocation in Lieu of Profit/Surplus

In addition to the cost-based Program Cost Allocation outlined above, CMSMs/DSSABs must provide an Allocation in Lieu of Profit/Surplus, which recognizes the opportunity cost and the risk of operating a business and allows for reinvesting in child care. This allocation is made up of the sum of three components for each licence.

1.2 (a) Base rate amount

Multiply the base rate of 4.25% by the Program Cost Allocation (benchmark allocation and top-ups).

1.2 (b) Plus, a premium rate amount

Multiply the premium rate of 3.5% by the benchmark allocation (per section 1.1(a)) for the eligible centre/agency.

1.2 (c) Plus, a flat amount

Add a flat amount of $6,000 for the eligible centre/agency for the calendar year. Multiply the $6,000 by the whole number of months (partial or full) in the calendar year in which the eligible centre/agency participated in CWELCC, divided by 12.

For example, using notional amounts for illustrative purposes, the Allocation in Lieu of Profit/Surplus for an eligible centre with a benchmark allocation of $300,000 and a legacy top-up of $100,000 would be calculated as the sum of:

(1) **4.25%** x ($300,000 + $100,000) = $17,000

(2) **3.5%** x $300,000 = $10,500

(3) **$6,000**

or $33,500 (equivalent to 8.375% of the sum of their benchmark allocation and legacy top-up).

If in this notional example, the new centre/agency joined CWELCC on April 15 of the calendar year, the flat amount would be calculated as: $6,000 x (9/12) = $4,500.

Like the Program Cost Allocation, this allocation is meant as an in-year estimate of the Actual Amount in Lieu of Profit/Surplus, until Actual Program Costs are determined at reconciliation (see Part 2). Upon reconciliation, the base rate of 4.25% would be applied to Actual Program Costs and the premium rate of 3.5% would be applied to Actual Program Costs *up to the benchmark allocation* (as described in section 1.1(a)).

1.3 Expected Base Fee Revenue Offset

An eligible centre's/agency's Program Cost Allocation plus Allocation in Lieu of Profit/Surplus is offset by the Expected Base Fee Revenue for the calendar year to be earned from families, or others on behalf of families (this means, including fee subsidies).

1.3 (a) Estimated Base Fee Revenue: Child Care Centres

For eligible centres, the estimated base fee revenue is the sum of the base fee revenue associated with each operating space for eligible children. In aggregate, to calculate the estimated base fee revenue, sum across all distinct daily base fees that apply to eligible children, the total number of operating spaces that are charged that daily base fee, multiplied by that base fee, multiplied by the number of service days those spaces would be charged that base fee. For certainty, expected registration fees or other mandatory fees should also be included in Estimated Base Fee Revenue.

1.3 (b) Estimated Base Fee Revenue: Home Child Care Agencies

For eligible agencies, the estimated base fee revenue is the sum of the base fee revenue associated with each active home seat for eligible children, whether paid directly to the agency or to the home child care provider. In aggregate, to calculate the estimated base fee revenue, sum across all distinct daily base fees that apply to eligible children, the total number of active home seats expected to be charged that fee, multiplied by that base fee, multiplied by the number of service days those active home seats would be charged that base fee. For certainty, expected registration fees or other mandatory fees should also be included in Estimated Base Fee Revenue.

1.3 (c) Expected Base Fee Revenue Offset (Adjusted for Maximum Vacancy Rate)

CMSMs/DSSABs must ensure that the inputs and assumptions, if any, used for the calculation of the Program Cost Allocation (for example, total number of operating spaces, the number of service days, and total number of active homes) are consistent with those used for the base fee revenue calculations in 1.3(a) and 1.3(b). CMSMs/DSSABs must ensure all base fee revenue as described in the parent handbook, such as one-time mandatory fees, are included.

To account for vacancies (for example, due to child turnover or room transition), multiply the estimated base fee revenue by 0.90 for 2025, or 0.95 for subsequent calendar years to generate the Expected Base Fee Revenue Offset, which is used to calculate the eligible centre's/agency's Cost-Based Funding Allocation.

CMSMs/DSSABs and licensees should work together to minimize vacancy rates (for example, work across eligible centres/agencies to match vacancies in one eligible centre/agency with a waitlist in another).

Home Child Care Agencies with Active Homes in Multiple Service Areas

When an eligible agency has active homes in multiple CMSM/DSSAB service areas, the overseeing CMSM/DSSAB receives an allocation to cover all the agency's active homes in its service area, as well as those falling in other CMSM/DSSAB service areas as of a date specified by the Province when it communicates the allocations for the calendar year (for the purposes of this section, the "specified date") but not active homes created within other ("secondary") CMSM/DSSAB service areas after the specified date.

In turn, the overseeing CMSM/DSSAB must allocate funding to eligible agencies, as described in this guideline, to cover all such active homes, including those within "secondary" CMSM/DSSAB service areas as of the specified date.

If an eligible agency created an active home in another CMSM/DSSAB service area after the specified date (in alignment with that CMSM's/DSSAB's Directed Growth Plan), the "secondary" CMSM/DSSAB must allocate funding to the eligible agency on account of those active homes, until such time as the Province provides a new specified date.

This approach minimizes administrative burden while ensuring CMSMs/DSSABs can continue to manage directed growth planning in their respective service areas.

Funding provided by the secondary CMSM/DSSAB must include:

(a) the **benchmark allocation** components described in 1.1(a) B.1 through B.3, with the applicable GAF adjustment (as described in 1.1(a), Step 2), multiplied by 1.0775 to account for the corresponding Allocation in Lieu of Profit/Surplus,

plus

(b) **the growth top-up** (as described in 1.1(b)(ii) for new active homes only), multiplied by 1.035 to account for the corresponding Allocation in Lieu of Profit/Surplus,

minus

(c) the Expected Base Fee Revenue Offset applicable to active homes created in their respective service area after the specified date.

At the end of the calendar year, the secondary CMSM/DSSAB must inform the overseeing CMSM/DSSAB of the amount paid to the agency with respect to the active homes created in the secondary CMSM's/DSSAB's service area.

The overseeing CMSM/DSSAB is then responsible for calculating the Actual Cost-Based Funding for the eligible agency—including all active homes within or outside the CMSM's/DSSAB's service area, including new active homes—at the end of the calendar year (see Part 2, below).

When the ministry communicates allocations for the next calendar year, the funding (and, responsibility for allocating that funding) for any active homes created between the previous and new specified dates will shift to the overseeing CMSM/DSSAB.

For clarity, regardless of the funding responsibility, eligible children enrolled in active homes created in secondary CMSMs/DSSABs are counted towards the secondary CMSM's/DSSAB's growth targets, according to its Directed Growth Plan.

CMSM/DSSAB	Operational Responsibilities	Funding Responsibilities
Overseeing	• Carry out key responsibilities under this guideline for the eligible agency, such as calculating legacy top-up, reconciliation, and cost reviews	• Fund eligible agency for all active homes other than active homes created in secondary CMSMs/DSSABs after the specified date
Secondary	• Approve new homes within their service area, in alignment with their Directed Growth Plan • At the end of the calendar year, inform the overseeing CMSM/DSSAB of the amount paid to the agency with respect to the active homes created in the secondary service area to facilitate reconciliation	• Fund eligible agency for all active homes created within its service area after the specified date

Table 4. *To minimize administrative burden while ensuring CMSMs/DSSABs continue to manage Directed Growth planning in their respective service areas, secondary CMSMs/DSSABs fund eligible agencies for homes created within the secondary service area after the specified date and report that funding to the overseeing CMSM/DSSAB.*

PART 2: ACTUAL COST-BASED FUNDING (Reconciliation)

CMSMs/DSSABs must compare the funding provided to an eligible centre/agency against the eligible centre's/agency's Actual Cost-Based Funding for the calendar year and recover any overpayments.

These comparisons (also known as 'reconciliations') must be performed annually, after the end of the calendar year.

On reconciliation, CMSMs/DSSABs must evaluate eligible costs (see Part 3) incurred for the eligible centre/agency during the calendar year and calculate any overpayment, if applicable.

The **overpayment** calculation involves two steps: (1) **Funding Provided** in respect of the eligible centre/agency, minus (2) the eligible centre's/agency's **Actual Cost-Based Funding:**

(1) The **Funding Provided** in respect of the eligible centre/agency is the total sum of all the licensee's receipts during the calendar year in respect of the Cost-Based Funding Allocation for that eligible centre/agency.

(2) The **Actual Cost-Based Funding** refers to the: (a) Actual Program Cost, plus (b) Actual Amount In Lieu of Profit/Surplus, minus (c) Actual Base Fee Revenue.

(a) The Actual Program Cost is calculated as the lesser of the total sum of all eligible costs incurred for the eligible centre/agency during the calendar year, and the Program Cost Allocation for the eligible centre/agency.

For clarity, the Actual Program Cost is a single amount (not considered line-by-line funding) that cannot be greater than the Program Cost Allocation.

(b) The Actual Amount In Lieu of Profit/Surplus is:

i. Base rate amount of 4.25% applied to the Actual Program Cost;

ii. plus, a premium rate amount of 3.5% applied to the lesser of the Actual Program Cost and the benchmark allocation portion of the eligible centre/agency's Program Cost Allocation;

iii. plus, a flat amount of $6,000 for the calendar year provided to the eligible centre/agency as a prorated amount for the calendar year (as described in section 1.2).

For clarity, the Actual Amount in Lieu of Profit/Surplus cannot be greater than the Allocation in Lieu of Profit/Surplus. That is because the Actual Amount in Lieu of Profit/Surplus uses the Actual Program Cost (to calculate the base rate and the premium rate amounts), which cannot exceed the Program Cost Allocation.

(c) The Actual Base Fee Revenue Offset is the greater of the eligible centre/agency's base fee revenue related to eligible children earned by the eligible centre/agency during the calendar year (which includes the total sum of the parent fees and fee subsidy revenue), and the Expected Base Fee Revenue Offset for the eligible centre/agency (including any in-year adjustments). CMSMs/DSSABs could use their funding flexibility to allow the Actual Base Fee Revenue Offset to fall below the Expected Base Fee Revenue Offset for the eligible centre/agency if there were extenuating circumstances for a vacancy rate higher than 10% for 2025 or 5% for subsequent calendar years.

Reconciliation of Cost-Based Funding Allocations can be performed periodically throughout the calendar year. The purpose of these in-year reconciliations would be to identify overpayments for cash management purposes and to avoid the recovery of significant actual overpayments on determination of Actual Cost-Based Funding at year-end.

CMSMs/DSSABs that recover in-year overpayments may use such recoveries to increase their funding flexibility and reallocate to eligible centres/agencies as needed.

However, recovering an in-year overpayment must not reduce an eligible centre's/agency's potential maximum funding for the calendar year. That is, an eligible centre/agency, from whom a CMSM/DSSAB has recovered in-year overpayments, may be entitled to a return of those amounts up to their Actual Cost-Based Funding as determined at year-end. It is therefore recommended that CMSMs/DSSABs recovering in-year overpayments communicate early and clearly with affected licensees.

At the end of the year, CMSMs/DSSABs must return to the ministry any unallocated amounts and all overpayment recoveries from licensees.

PART 3: ACCOUNTABILITY FRAMEWORK

3.1 Applying the Principle-Based Definition of Eligible Costs

CMSMs/DSSABs must assess whether a centre's/agency's costs are eligible for cost-based funding when calculating legacy top-ups in 2025 and, for 2025 and future calendar years, when evaluating Actual Cost-Based Funding on reconciliation and conducting cost reviews.

The principle-based definition of eligible costs, described in detail below, is designed to balance the objective of supporting licensee participation in the CWELCC program by providing appropriate funding, representative of the true costs of providing child care, with the need to build in cost control structures and safeguards to ensure accountability over and equitable distribution of public funds. The intent is to provide a clear and consistent approach to evaluating eligible costs, while imposing minimal administrative burden for both CMSMs/DSSABs and licensees and supporting high-quality learning environments for the benefit of eligible children in the licensee's care.

The following sections provide further guidance on how to evaluate whether costs incurred by the licensee in the calendar year for the purpose of providing child care for eligible children in an eligible centre/agency in Ontario are:

- Attributable to the provision of child care included in the base fee for eligible children;
- Appropriate for the provision of child care for eligible children; and,
- Reasonable in quality and amount, having regard to all the relevant circumstances.

"Attributable" and "appropriate" determine whether a licensee's cost is, by nature, eligible for CWELCC funding, while the "reasonableness" of a cost determines whether the quality and amount (that is, in full or partial amount) of that cost is eligible for coverage.

<u>Attributable</u>

Costs are *attributable* if they are incurred, directly or indirectly, for the provision of child care included in base fees.

<u>Appropriate</u>

Costs are *appropriate* in nature and character for the provision of child care for eligible children if they:

(a) Represent types of costs that are necessary or would reasonably be expected to be incurred by an ordinary prudent person in the operation of a comparable business providing child care for eligible children; and,

(b) Provide due regard for access and inclusion, health and safety and quality.

For clarity, administration costs, costs incurred for health and safety, and costs incurred for cultural or religious purposes should be considered among appropriate costs.

Reasonable

A licensee's costs, which are attributable to and appropriate for the provision of child care included in base fees for eligible children, are *reasonable* if, having regard to all relevant circumstances, the:

(a) Quality of the good or service; and,

(b) Amount incurred, given the quality of the good 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.

For clarity, a "comparable business" for the purpose of evaluating eligible costs means a business providing child care meeting the requirements of the *Child Care and Early Years Act, 2014*, and may mean a business:

(a) Offering a similar child care program to eligible children in a similar setting (child care centre or home child care overseen by a home child care agency); and,

(b) In similar circumstances (for example, located in the same or similar region, providing child care for children of similar ages, or with similar religious or cultural considerations)

For example, an eligible centre's purchase of a new refrigerator would be an eligible cost if it meets all three criteria described above. In general, the cost of a new refrigerator might be:

- Attributable to the provision of child care included in base fees (that is, purchased for the purpose of providing safe food to the children);
- Appropriate, as a cost reasonably expected to be incurred by an ordinary prudent person in the operation of a comparable child care centre providing food to children, and necessary to providing safe and healthy food, as part of the base fee; and
- Reasonable in quality and amount incurred, if the quality of the refrigerator does not exceed what is reasonably fit-for-purpose for the centre's needs, and if the licensee obtained a competitive price for a refrigerator of that quality.

The particular refrigerator that meets the three criteria may differ, depending on the centre's circumstances. For example, consideration may be given to:

- The number of children served at the eligible centre
    - For example, the purchase of a second refrigerator may be appropriate where necessary to store enough food for the number of children cared for at the centre;
- The complexity of dietary needs at the eligible centre, including for religious purposes
    - For example, a refrigerator with particular features may be reasonable in quality based on dietary needs or religious considerations, and reasonable in amount incurred if the eligible centre paid a competitive price for a refrigerator with those features;
- The urgency of need and timely availability of options to meet that urgency
    - For example, a high delivery charge may be reasonable to obtain a refrigerator in a timely manner to ensure continued operations, if no other appropriate and reasonable options are available.

Having considered the above, the cost of a new refrigerator might be ineligible (partly or fully) if, for example, the refrigerator:

- Is located, without reasonable explanation, far away from the facility in which the child care included in the base fee is provided (in which case it may fail the attributable test);
- Was purchased second-hand and, due to an irreparable condition, cannot store food at a safe temperature (in which case it would fail the appropriate test);
- Is "top-of-the-line", with features not required to deliver child care at the centre (in which case it may fail the reasonable test);
- It is meant to replace a reasonably working refrigerator already supporting the delivery of child care included in the base fee, or supplement that refrigerator when a second refrigerator when a second refrigerator is not needed (in which cases it may fail either the appropriate or reasonable tests);or,
- Was purchased for a price higher than others clearly available in a timely manner (in which case it may fail the reasonable test).

Specific Rules for Assessing Eligible Costs

Notwithstanding the application of the principle-based definition of “eligible costs”, described above, the following specific rules apply, which support the principle of value-for-money:

(1) **Controlling Owner’s Compensation for Labour**

For the purpose of calculating an eligible centre’s/agency’s legacy top-up, controlling owner’s compensation for labour is accounted for as described in step 1e, under the calculation of legacy costs. In general, salaries, wages and benefits paid to owners for their labour are eligible expenses, like compensation for any other employee, and are not capped at a specific amount.

(2) **Costs deemed to be in lieu of profits**

Costs deemed to be in lieu of profits (such as in-kind benefits or perks directly or indirectly for the benefit of a controlling owner) are excluded from eligible costs. For example, year-end performance bonuses for the controlling owner.

(3) **Costs funded by another public source or reimbursed by another source (such as by insurance claims)**

Costs funded by another public source are excluded from eligible costs for the purposes of calculating CWELCC cost-based funding.

For example, capital set-up costs incurred for the purpose of creating new spaces are excluded from CWELCC cost-based funding if these costs are covered by other government funding such as Start-up Grant funding.

As an additional example, amortization expenses would be eligible only if the related asset was purchased before the announcement date and not claimed as an eligible expense under previous/other government funding, including CWELCC funding. Similarly, costs reimbursed by insurance claims are not eligible costs.

For greater certainty, the availability of other revenue sources beyond base fees (such as donations or non-base fees), does not impact cost eligibility or otherwise offset cost-based funding.

(4) **Capital Renewal for Major Repairs of Sites of Existing Spaces**

Capital renewal funding for major repair costs is not included in benchmarks. For greater certainty, nothing in this section affects a licensee’s obligations under any legislation, such as O. Reg. 137/15, the *Building Code Act, 1992*, the *Fire Protection and Prevention Act, 1997*, and other health and safety standards, where applicable.

Some capital renewal costs (for example, in publicly funded school settings) could be covered by school boards or other government funding.

(5) **Costs for ineligible children**

Eligible costs attributable to providing child care to both eligible and ineligible children (for example, ages 6 to 12) are split using a reasonable methodology (for example, step 1(a) under the calculation of legacy costs, above).

(6) **Financing Costs exceeding Canada Small Business Financing Program Rates**

Eligible financing costs must not exceed those stemming from interest rates in alignment with the Canada Small Business Financing Program rates (for example, prime plus 3% for term loans and prime plus 5% for lines of credit). Loans from the federal or Ontario governments are exempt from this restriction.

(7) **Penalties, fines, forfeitures, or liquidated damages**

Any penalties, fines, forfeitures, or liquidated damages incurred by the licensee are excluded.

(8) **Gains or losses resulting from the sale of tangible capital assets purchased with cost-based funding**

Any gains or losses resulting from the sale of tangible capital assets purchased with cost-based funding must reduce (in the case of a gain) or increase (in the case of a loss) eligible costs for the calendar year in which the sale takes place.

Examples: Assessing Eligible Costs

The following examples speak to the attributable and appropriate tests in determining whether costs are eligible, by their nature. The reasonableness test, which would determine whether the amount(s) incurred are eligible (fully or partially), would come next.

Description	Analysis
Accrued interest on shareholder equity	Ineligible, as accrued interest on shareholder equity is not a cost attributable to the provision of child care.
Audit services	Eligible, as audited financial statements are contractual stipulations of the CWELCC service agreement.
Bad debt expense	Eligible, subject to the rule 3 above, and if the bad debt expense refers to the portion of accounts receivable that is deemed uncollectible and if it does not exceed the licensee's accounts receivable at any given time.

Description	Analysis
Depreciation or amortization	Eligible, if related to an asset that is an eligible cost and subject to rule 3, above.
Income taxes	Ineligible. While income taxes are a legitimate obligation for licensees, they are not costs attributable to the provision of child care.
Insurance premiums	Eligible, if the insurance is used to mitigate the licensee's potential financial risks and safeguard the well-being of children, staff and the overall child care facility, such as from accidents, injuries, property damage and liability claims, including as required for licensing. Ineligible, if the object of the insurance is not attributable to the provision of child care.
Fixing a broken window	Eligible, if it is a minor repair of a window of a facility in which child care included in the base fee is delivered. Ineligible, if the cost refers to the unnecessary replacement of all the windows in the facility.
Franchise fees	Eligible, if incurred for the purpose of operating an eligible child care centre/agency and necessary to that operation, or if an ordinary prudent person in the operation of a comparable child care business would incur such a fee.
Kitchen equipment	Eligible, if required for the provision of child care, such as a fridge, microwave, kettle, or oven, whereas a coffee machine or wine fridge would not be eligible.
3rd party loans – interest	Eligible, when loans are directly related to non-recurring eligible costs if there is a contractual obligation that establishes interest and repayment requirements. Eligible financing costs must not exceed those stemming from interest rates in alignment with the Canada Small Business Financing Program rates, as described in the Specific Rules, above.
3rd party mortgages - principal and interest	Eligible, when the mortgage is on facilities actively used to deliver child care included in the base fee. Ineligible, if the mortgage is on facilities not actively used to deliver child care in the base fee (for example, the facility is vacant), as it would not be necessary or economical or needed for health and safety. While CMSMs/DSSAB s must mitigate risks of funding vacant facilities, they may use discretion and allow short-term vacancies (for example, during start-up or regular closure periods).
Loans where the lender is a shareholder (including mortgages) - interest	Eligible, when loans are directly related to non-recurring eligible costs and a contractual obligation that establishes interest and repayment requirements exists. Due to the non-arms-length relationship with shareholders, licensees would have to demonstrate the interest rate is comparable to market rates and not artificially higher.

3.2 Process for Ensuring Cost Eligibility for CWELCC Funding

(1) Licensees should be made aware of eligibility criteria and understand that using CWELCC funding for ineligible costs may result in year-end recoveries. To minimize this risk, licensees should not incur ineligible costs. If in doubt, before incurring the cost, licensees may seek guidance from their respective CMSM/DSSAB related to cost eligibility. For clarity, such guidance or communication should be intended to minimize the risk of unexpected cost-recoveries and potential disputes and not to provide a final determination of cost eligibility, as such a determination cannot be made until reconciliation.

(2) Per the requirement of Chapter 2, Division 1: CWELCC Participation, Part 2.B, to submit financial information, as required by CMSMs/DSSABs, following the end of the calendar year, licensees submit an annual attestation, signed by an officer with appropriate signing authority (that is, director or equivalent), confirming that CWELCC funding has been used in accordance with its intended purpose, as outlined within the parameters provided by CMSMs/DSSABs.

(3) Licensees submit standardized financial reports for each eligible centre/agency following the end of the calendar year providing the breakdown of eligible costs, following the categorization of components of benchmark allocations (for example, program staffing, accommodations).

(4) Per the Compliance Assurance section below, CMSMs/DSSABs select a subset of eligible centres/agencies to undergo further scrutiny of eligible costs as identified on their standardized financial reports for the previous calendar year through a Direct Engagement to Report on Compliance, giving third-party assurance that all costs are eligible.

- Licensees should keep relevant information (such as receipts, quotes, details of circumstances, appropriate to the nature and amount of the cost).
- The Direct Engagement to Report on Compliance should confirm that amounts claimed are attributable to goods or services listed, and that a reasonable methodology has been employed to pro-rate costs, where necessary.

(5) In addition to those selected for a Direct Engagement to Report on Compliance, CMSMs/DSSABs may review standardized financial reports or other available information and identify any risk of cost ineligibility.

(6) Where a risk of cost ineligibility is identified, the CMSM/DSSAB follows up with the licensee for more information relevant to their assessment of eligible costs (such as copies of receipts, quotes, details of circumstances).

(7) The CMSM/DSSAB reviews information provided by the licensee to assess the eligibility of costs claimed. In conducting that review, the CMSM/DSSAB could:

(a) consult with other CMSMs/DSSABs, as appropriate, to support consistency of administration;

(b) consider costs incurred by comparable eligible centres/agencies.

(8) Where the CMSM/DSSAB identifies an ineligible cost, the CMSM/DSSAB must:

(a) Document the rationale for identifying that cost as ineligible;

(b) Adjust the eligible centre's/agency's eligible costs used in determining their Actual Cost-Based Funding to either:

i. Where the cost is either unattributable or inappropriate, remove the ineligible cost from the Actual Program Costs; or,

ii. Where the cost is attributable and appropriate, but unreasonable, adjust the total cost, included in the Actual Program Costs, down to a reasonable amount (that is, remove the ineligible portion of the total cost).

(9) In case of disagreement, the CMSM/DSSAB and licensee must follow the dispute resolution process established by the CMSM/DSSAB, as referenced in Chapter 2, Division 1: CWELCC Participation, Part 1.C (6). .

Compliance Assurance: Direct Engagement to Report on Compliance

Until December 31, 2024, CMSMs/DSSABs were required to undertake annual compliance audits on a random samples of licensees in receipt of CWELCC funding to confirm that funding was used for its intended purpose.

Starting with the 2025 calendar year, as part of the reconciliation process after the end of each calendar year, CMSMs/DSSABs must select a 5% sample of eligible centres/agencies that received cost-based funding for the calendar year, to undergo a Direct Engagement to Report on Compliance to support the CMSM/DSSAB's verification that the offsetting base fee revenue and costs reported on the standardized financial report were eligible and in compliance with this guideline. It should also confirm that amounts claimed for the eligible centre/agency on their standardized financial report are eligible costs, and that a reasonable methodology has been employed to pro-rate costs, where necessary.

A Direct Engagement to Report on Compliance is performed by an independent third-party practitioner (that is, an external professional auditor) under the reasonable assurance engagement in accordance with *Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance*.

The practitioner's responsibility is to express an opinion on the licensee's compliance with this guideline in all significant respects. The practitioner may indicate that the practitioner's report is intended solely for specific users and any intended restriction on the distribution or use of the report.

To support operational efficiency, CMSMs/DSSABs are responsible for the performance of the Direct Engagement to Report on Compliance for the selected eligible centre/agency and pay for it on their behalf. The cost of the Direct Engagement to Report on Compliance can be deemed by the CMSM/DSSAB to be an eligible cost incurred by the eligible centre/agency and attributed to that eligible centre/agency for the purposes of reporting to the ministry. The licensee does not need to know or report the cost as an eligible cost to the CMSM/DSSAB. A separate reporting line will be available for CMSMs/DSSABs to input this cost as a chargeback to the licensee's expenditure at year end to the ministry. For greater certainty, such costs should not affect Actual Cost-Based Funding for the selected eligible centre/agency.

3.3 Cost Reviews

To support Ontario's cost control framework, in accordance with sound and reasonable use of public funding as required under the CWELCC agreement, the Ministry is directing CMSMs/DSSABs to review the costs of legacy (for 2025) or existing (for calendar years after 2025) eligible centres/agencies with the most disproportionately high top-up allocations, per the cost review selection criteria outlined below.

The goal of these cost reviews is not to reduce quality, but to gradually shift the overall cost of providing child care (that is, child care included in base fees) towards more standardized costs, as represented by benchmark allocations.

Cost Review Selection

Existing centres/agencies whose top-up ratios, calculated as the eligible centre's/agency's legacy top-up (for 2025 only) or rolling top-up (for calendar years after 2025) divided by their benchmark allocation, exceeds the CMSM/DSSAB-specific growth multiplier for the calendar year (Schedule C) are subject to being selected for a cost review. Existing centres/agencies who were selected for a cost review in a previous calendar year are not subject to a new cost review in the current calendar year as long as the licensee continues to work on their cost reduction actions (that is, any existing centre/agency may only be selected for one cost review).

By March 31 of each calendar year, after calculating eligible centres'/agencies' Cost-Based Funding Allocations for the calendar year, CMSMs/DSSABs must select and engage for a cost review:

(1) the top 10% of all existing centres/agencies in descending order of top-up ratio, or

(2) the total number of existing centres/agencies subject to cost reviews,

whichever group is smaller.

Cost reviews must be completed by December 31 of the calendar year.

Cost Review Process

In collaboration with each existing centre/agency selected for a cost review, the CMSM/DSSAB should seek to identify potential cost reductions, such as:

- Any costs that are, in fact, ineligible, in which case the CMSM/DSSAB must reduce the existing centre's/agency's Cost-Based Funding Allocation for the calendar year; or
- Opportunities for improved efficiencies in eligible costs, considering all the circumstances, including costs that:
    - may not provide significant value to the quality of the child care being provided, such as redundant costs that could be eliminated; or
    - could be incurred in more efficient ways, such as through bulk ordering, outsourcing of certain tasks, or other common business approaches.

It is possible that no such cost reductions can be found, in which case no further actions need to be taken. For example, reductions of eligible costs may not be possible where those costs are incurred due to particular circumstances, such as:

- an existing long-term lease;
- geographic remoteness;
- dietary restrictions where food supply is limited and the cost is higher;
- staffing costs associated with child care being provided in a particular language where labour supply is limited or more expensive; or,
- costs associated with specific value propositions included in base fees, including music or swimming lessons or other pedagogical inclusions.

In cases where opportunities for improved efficiencies in eligible costs are identified and agreed upon between the CMSM/DSSAB and licensee, the CMSM/DSSAB may reduce the existing centre's/agency's Cost-Based Funding Allocation in accordance with a reasonable schedule by which the costs can be reduced (for example, accounting for time-limited contractual obligations). This schedule may last beyond the end of the calendar year but should not exceed December 31 of the third subsequent calendar year.

Cost reviews for each calendar year should be completed by December 31 of that calendar year, including the identification of a reasonable schedule to reduce eligible costs where applicable.

Cost Review Reporting

CMSM/DSSABs must report back to the Ministry, by March 31 of the next calendar year, the following information in a cost review template , for each existing centre/agency reviewed:

- Licence number;
- Summary of findings, including rationale for continued high costs where potential reductions are not found;
- Schedule, by which costs could potentially be reduced (where appropriate); and
- Potential aggregate cost savings by calendar year, as appropriate.

SCHEDULES

Schedule A: 2025 Benchmark Tables

Child Care Centres

	Variable
	per operating space-day
PROGRAM STAFFING	
Infant	$92.03
Toddler	$56.48
Preschool	$39.23
Kindergarten	$15.03
Family age group	$56.48
Plus, ancillary costs of:	13.4%

	Fixed
	per centre per service day
SUPERVISOR	
All centres	$301.38
Scales with 0-5 operating capacity (from 0% to 100%), weighted by staffing ratio	
Plus, ancillary costs of:	16.2%

	Variable	Fixed
	per operating space-day	per licensed space-day
OPERATIONS		
Community Setting		
Infant	$1.64	$15.09
Toddler	$1.64	$15.09
Preschool	$1.64	$15.09
Kindergarten	$5.55	$5.07
Family age group	$1.64	$15.09
Public School Setting		
Infant	$3.80	$9.61
Toddler	$3.80	$9.61
Preschool	$3.80	$9.61
Kindergarten	$3.56	$1.56
Family age group	$3.80	$9.61

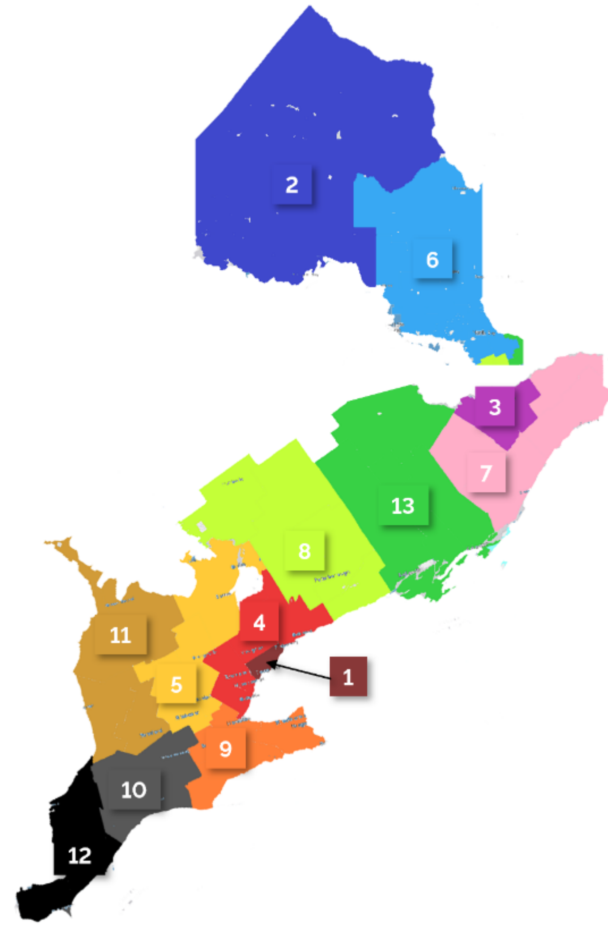
	Fixed
	per licensed space per year
ACCOMMODATIONS	
Community Setting	
Infant	$2,571.84
Toddler	$1,972.39
Preschool	$1,735.54
Kindergarten	$1,598.66
Family age group	$2,958.99
Public School Setting	
Infant	$1,622.91
Toddler	$974.25
Preschool	$797.58
Kindergarten	-
Family age group	$1,241.79

Home Child Care

	Variable	Fixed
	per active home-day	per agency per year
HCC AGENCIES		
Provider compensation	$155.02	
Agency operations	$23.34	$75,856.39
Visitor compensation	$21.68	
Plus, ancillary costs (for visitor compensation):	5.0%	

Schedule B: 2025 Geographic Adjustment Factors

	Geographic Adjustment Factor Region	Service System Manager	Geographic Adjustment Factor
	1. Toronto – City	City of Toronto	1.07
	2. Northwest	Kenora, Rainy River, Thunder Bay	1.02
	3. Ottawa – City	City of Ottawa	0.94
	4. Toronto – surrounding areas	Durham, York, Peel, Halton	0.87
	5. Kitchener-Waterloo-Barrie	Waterloo, Simcoe, Dufferin, Wellington	0.87
	6. Northeast	Algoma, Greater Sudbury, Cochrane, Nipissing, Parry Sound, Sault Ste Marie, Timiskaming, Manitoulin-Sudbury	0.85
	7. Ottawa – surrounding areas	Cornwall, Prescott & Russell, Leeds & Grenville, Lanark	0.85
	8. Muskoka-Kawarthas	Northumberland, Peterborough, Kawartha Lakes, Muskoka	0.84
	9. Hamilton-Niagara Peninsula	Hamilton, Niagara, Brantford, Norfolk	0.82
	10. London	London, Oxford, St. Thomas	0.81
	11. Stratford-Bruce Peninsula	Stratford, Bruce, Grey, Huron	0.80
	12. Windsor-Sarnia	Windsor, Chatham-Kent, Lambton	0.80
	13. Kingston-Pembroke	Kingston, Lennox & Addington, Hastings, Renfrew	0.79



Schedule C: 2025 Growth Multipliers

Geographic Adjustment Factor Region	Service System Manager	Growth Top-Up
1. Toronto - City	City of Toronto	0.15
2. Northwest	Kenora District Services Board	0.15
	Rainy River District Social Services Administration Board	0.30
	Thunder Bay District Social Services Administration Board	0.15
3. Ottawa - City	City of Ottawa	0.15
4. Toronto - surrounding areas	Regional Municipality of Durham	0.15
	Regional Municipality of Halton	0.09
	Regional Municipality of Peel	0.23
	Regional Municipality of York	0.11
5. Kitchener-Waterloo-Barrie	County of Dufferin	0.13
	County of Simcoe	0.10
	County of Wellington	0.15
	Regional Municipality of Waterloo	0.22
6. Northeast	City of Greater Sudbury	0.28
	Algoma District Services Administration Board	0.08
	District of Cochrane Social Services Administration Board	0.03
	District of Nipissing Social Services Administration Board	0.15
	District of Parry Sound Social Services Administration Board	0.15
	District of Sault Ste Marie Social Services Administration Board	0.12
	District of Timiskaming Social Services Administrations Board	0.15
	Manitoulin-Sudbury District Services Board	0.23
7. Ottawa - surrounding areas	City of Cornwall	0.00
	County of Lanark	0.30
	United Counties of Leeds & Grenville	0.15
	United Counties of Prescott and Russell	0.30
8. Muskoka-Kawarthas	City of Kawartha Lakes	0.17
	City of Peterborough	0.15
	County of Northumberland	0.14
	District Municipality of Muskoka	0.15
9. Hamilton-Niagara Peninsula	City of Brantford	0.03
	City of Hamilton	0.21
	Norfolk County	0.20
	Regional Municipality of Niagara	0.10
10. London	City of London	0.14
	City of St. Thomas	0.12
	County of Oxford	0.19
11. Stratford-Bruce Peninsula	City of Stratford	0.17
	County of Bruce	0.15
	County of Grey	0.15
	County of Huron	0.21
12. Windsor-Sarnia	City of Windsor	0.14
	County of Lambton	0.15
	Municipality of Chatham-Kent	0.19
13. Kingston-Pembroke	City of Kingston	0.15
	County of Hastings	0.15
	County of Lennox & Addington	0.02
	County of Renfrew	0.30

Schedule D: 2025 Case Examples

Representative example #1 (small centre)

A new centre in the **"Ottawa – City"** economic region **in a community setting** plans to operate one room with **24 preschool spaces for 261 days** (that means, open weekdays all year), **running at 100% capacity.** The average daily base fee revenue per preschool space is expected to be $22.

(1) Program Cost Allocation

Calculate cost-based benchmark allocation, adjusted for geographic differences.

Step 1: Calculate unadjusted benchmark allocations.

Program Staffing Component Calculation:	**A**	x	**B**	x	**C**	=	**Total**
Preschool	$39.23	x	[24 x 261 =] 6,264	x	1.134	=	$278,665.44
Program staffing component:							**$278,665.44**

=

Supervisor Component Calculation:	**D**	x	**E**	x	**F**	x	**G**	=	**Total (per centre)**
Supervisor Component:	261	x	$301.38	x	100%	x	1.162	=	**$91,403.13**

Accommodations Component Calculation:	**H**	x	**I**	=	**Total**
Preschool	$1,735.54	x	24	=	$41,652.96
Accommodations component:					**$41,652.96**

=

Operations Component (fixed) Calculation:	**J**	x	**K**	=	**Total**
Preschool	$15.09	x	[24 x 261 =] 6,264	=	$94,523.76
Operations component (fixed):					**$94,523.76**

=

Operations Component (variable) Calculation:	L	x	B	=	Total	
Preschool	$1.64	x	[24 x 261 =] 6,264	=	$10,272.96	
Operations component (variable):					**$10,272.96**	=

Step 2: Sum components and apply GAF.

Program staffing	$278,665.44	
Supervisor	$91,403.13	+
Accommodations	$41,652.96	+
Operations	$94,523.76 $10,272.96	+ +
Unadjusted benchmark allocation	**$516,518.25**	=
GAF (Ottawa-City)	0.94	x
Benchmark allocation	**$485,527.16**	=

Add to benchmark allocation: growth top-up.

Benchmark allocation	$485,527.16	
Growth multiplier (Ottawa)	0.15	x
Growth top-up	**$72,829.07**	=
Benchmark allocation	$485,527.16	+
Program Cost Allocation	**$558,356.23**	=

(2) <u>Allocation in Lieu of Profit/Surplus</u>

Allocation in Lieu of Profit/Surplus for the centre, with a benchmark allocation of $485,527.16 and a growth top-up of $72,829.07, would be calculated as the sum of:

1. 4.25% x ($485,527.16 + $72,829.07) = $23,730.14
2. 3.5% x $485,527.16 = $16,993.45
3. $6,000

or $46,723.59 (equivalent to 8.37% of their Program Cost Allocation).

(3) Expected Base Fee Revenue Offset

Daily base fee	x	Number of operating spaces expected to be charged this fee	x	Number of service days these spaces would be charged this fee	=	Total	
$22	x	24	x	261	=	$137,808	
Estimated base fee revenue						**$137,808**	
Adjustment for maximum vacancy rate						0.90	**x**
Expected Base Fee Revenue Offset						**$124,027.20**	**=**

Total Cost-Based Funding Allocation:

Program Cost Allocation	$558,356.23	
Allocation in Lieu of Profit/Surplus	$46,723.59	**+**
Expected Base Fee Revenue Offset	$124,027.20	**−**
Total Cost-Based Funding Allocation	**$481,052.62**	**=**

Representative example #2 (small-medium centre)

A legacy centre in the **"London"** economic region (meaning CMSMs/DSSABs of London, Oxford, and St. Thomas) **in a school setting** plans to operate one room with **26 kindergarten spaces** plus another 1/2 room with **15 primary/ junior school spaces for 202 days** (which means open for school year, net of breaks). They are licensed for an additional 15 primary/junior spaces (1/2 room) – that means, **running at 73% capacity.** The average daily base fees revenue per kindergarten space is expected to be $13.

(1) Program Cost Allocation

Calculate cost-based benchmark allocation, adjusted for geographic differences.

Step 1: Calculate unadjusted benchmark allocations.

Program Staffing Component Calculation:	A	x	B	x	C		=	Total
Kindergarten	$15.03	x	[26 x 202 =] 5,252	x	1.134		=	$89,515.19
Program staffing component:								**$89,515.19**

=

Supervisor Component Calculation:	D	x	E	x	F*	x	G	=	Total (per centre)
Supervisor Component	202	x	$301.38	x	66.67%	x	1.162	=	**$47,163.10**

where F = [26 x 202 x (1/13)]/[(26 x 202 x (1/13)) + (15 x 202 x (1/15))] = 66.67%

Accommodations Component Calculation:	H	x	I	=	Total
Kindergarten	$0	x	26	=	$0
Accommodations component:					**$0**

=

Operations Component (fixed) Calculation:	J	x	K	=	Total
Kindergarten	$1.56	x	[26 x 202 =] 5,252	=	$8,193.12
Operations component (fixed):					**$8,193.12**

=

Operations Component (variable) Calculation:	L	x	B	=	Total
Preschool	$3.56	x	[26 x 202 =] 5,252	=	$18,697.12
Operations component (variable)					**$18,697.12** =

Step 2: Sum components and apply GAF.

Program staffing	$89,515.19	
Supervisor	$47,163.10	+
Accommodations	$0	+
Operations	$8,193.12 $18,697.12	+ +
Unadjusted benchmark allocation	**$163,568.53**	=
GAF (London)	0.81	x
Benchmark allocation	**$132,490.51**	=

Add to benchmark allocation: legacy top-up.

Legacy costs *(calculated)*	$134,366.73	
Benchmark allocation	$132,490.51	−
Legacy top-up	**$1,876.22**	=
Benchmark allocation	$132,490.51	+
Program Cost Allocation	**$134,366.73**	=

(2) Allocation in Lieu of Profit/Surplus

Allocation in Lieu of Profit/Surplus for the centre, with a benchmark allocation of $132,490.51 and a legacy top-up of $1,876.22, would be calculated as the sum of:

1. 4.25% x ($132,490.51 + $1,876.22) = $5,710.59
2. 3.5% x $132,490.51 = $4,637.17
3. $6,000

or $16,347.76 (equivalent to 12.17% of the Program Cost Allocation).

(3) Expected Base Fee Revenue Offset

Daily base fee	x	Number of operating spaces expected to be charged this fee	x	Number of service days these spaces would be charged this fee	=	Total	
$13	x	26	x	202	=	$68,276	
Estimated base fee revenue						**$68,276**	**+**
Adjustment for maximum vacancy rate						0.90	**x**
Expected Base Fee Revenue Offset						**$61,448.40**	**=**

Total Cost-Based Funding Allocation:

Program Cost Allocation	$134,366.73	
Allocation in Lieu of Profit/Surplus	$16,347.76	**+**
Expected Base Fee Revenue Offset	$61,448.40	**−**
Total Cost-Based Funding Allocation	**$89,266.09**	**=**

Representative example #3 (medium-large centre)

A legacy centre in the **"Toronto – surrounding areas"** economic region (meaning CMSMs/DSSABs of Durham, York, Peel, and Halton) **in a community setting** plans to operate five rooms with **88 age 0-5 spaces** (10 infant, 30 toddler, and 48 preschool) **for 261 days** (which means all weekdays throughout the year). They are licensed for an additional 13 kindergarten spaces (or 1/2 room) – that means, **running at 87% capacity.** The average daily base fees revenue per space are expected to be $22 for infant, $22 for toddler and $22 for preschool.

(1) Program Cost Allocation

Calculate cost-based benchmark allocation, adjusted for geographic differences.

Step 1: Calculate unadjusted benchmark allocations.

Program Staffing Component Calculation:	**A**	x	**B**	x	**C**	=	**Total**
Infant	$92.03	x	[10 x 261 =] 2,610	x	1.134	=	$272,384.87
Toddler	$56.48	x	[30 x 261 =] 7,830	x	1.134	=	$501,498.35
Preschool	$39.23	x	[48 x 261 =] 12,528	x	1.134	=	$557,330.88
Program staffing component:							**$1,331,214.10**

=

Supervisor Component Calculation:	**D**	x	**E**	x	**F**	x	**G**	=	**Total (per centre)**
Supervisor Component	261	x	$301.38	x	100%	x	1.162	=	**$91,403.13**

Accommodations Component Calculation:	**H**	x	**I**	=	**Total**
Infant	$2,571.84	x	10	=	$25,718.40
Toddler	$1,972.39	x	30	=	$59,171.70
Preschool	$1,735.54	x	48	=	$83,305.92
Kindergarten	$1,598.66	x	13	=	$20,782.58
Accommodations component:					**$188,978.60**

=

Operations Component (fixed) Calculation:	**J**	x	**K**	=	**Total**	
Infant	$15.09	x	[10 x 261 =] 2,610	=	$39,384.90	
Toddler	$15.09	x	[30 x 261 =] 7,830	=	$118,154.70	
Preschool	$15.09	x	[48 x 261 =] 12,528	=	$189,047.52	
Kindergarten	$5.07	x	[13 x 261 =] 3,393	=	$17,202.51	
Operations component (fixed):					**$363,789.63**	=

Operations Component (variable) Calculation:	**L**	x	**B**	=	**Total**	
Infant	$1.64	x	[10 x 261 =] 2,610	=	$4,280.40	
Toddler	$1.64	x	[30 x 261 =] 7,830	=	$12,841.20	
Preschool	$1.64	x	[48 x 261 =] 12,528	=	$20,545.92	
Operations component (variable)					**$37,667.52**	=

Step 2: Sum components and apply GAF.

Program staffing	$1,331,214.10	
Supervisor	$91,403.13	+
Accommodations	$188,978.60	+
Operations	$363,789.63 $37,667.52	+ +
Unadjusted benchmark allocation	**$2,013,052.98**	=
GAF (Toronto – Surrounding Areas)	0.87	x
Benchmark allocation	**$1,751,356.09**	=

Add to benchmark allocation: legacy top-up.

Legacy costs *(calculated)*	$1,265,217.53	
Benchmark allocation	$1,751,356.09	−
Legacy top-up (floor of $0)	**$0**	=
Benchmark allocation	$1,751,356.09	+
Program Cost Allocation	**$1,751,356.09**	=

(2) Allocation in Lieu of Profit/Surplus

Allocation in Lieu of Profit/Surplus for the centre, with a benchmark allocation of $1,751,356.09 and a legacy top-up of $0, would be calculated as the sum of:

1. 4.25% x ($1,751,356.09 + $0) = $74,432.63
2. 3.5% x $1,751,356.09 = $61,297.46
3. $6,000

or $141,730.09 (equivalent to 8.09% of the Program Cost Allocation).

(3) Expected Base Fee Revenue Offset

Daily base fee	x	Number of operating spaces expected to be charged this fee	x	Number of service days these spaces would be charged this fee	=	Total	
$22	x	10	x	261	=	$57,420	
$22	x	30	x	261	=	$172,260	+
$22	x	48	x	261	=	$275,616	+
Estimated base fee revenue						**$505,296**	+
Adjustment for maximum vacancy rate						0.90	x
Expected Base Fee Revenue Offset						**$454,766.40**	=

Total Cost-Based Funding Allocation:

Program Cost Allocation	$1,751,356.09	
Allocation in Lieu of Profit/Surplus	$141,730.09	+
Expected Base Fee Revenue Offset	$454,766.40	−
Total Cost-Based Funding Allocation	**$1,438,319.78**	=

Representative example #4 (large centre)

A legacy centre in the **"Toronto - City"** economic region **in a school setting** plans to operate five rooms with **117 age 0-5 spaces** (15 toddler, 24 preschool, 78 kindergarten) plus another 2 rooms with **60 primary/ junior school spaces for 261 days** (which means, all weekdays throughout the year). They are licensed for an additional 10 infant spaces (1 room) – that means, **running at 95% capacity**. The average daily base fees revenue per space are expected to be $22 for toddler, $21 for preschool and $16 for kindergarten ($21 for full-day program on 74 non-school days and $14 for Before and After program on 187 school days).

(1) Program Cost Allocation

Calculate cost-based benchmark allocation, adjusted for geographic differences.

Step 1: Calculate unadjusted benchmark allocations.

Program Staffing Component Calculation:	**A**	x	**B**	x	**C**	=	**Total**
Toddler	$56.48	x	[15 x 261 =] 3,915	x	1.134	=	$250,749.17
Preschool	$39.23	x	[24 x 261 =] 6,264	x	1.134	=	$278,665.44
Kindergarten	$15.03	x	[78 x 261 =] 20,358	x	1.134	=	$346,982.16
Program staffing component:							**$876,396.77** =

Supervisor Component Calculation:	**D**	x	**E**	x	**F***	x	**G**	=	**Total (per centre)**
Supervisor Component:	261	x	$301.38	x	75%	x	1.162	=	**$68,552.35**

**where F = [(15 x 261 x (1/5)) + (24 x 261 x (1/8)) + (78 x 261 x (1/13))]/[(15 x 261 x (1/5)) + (24 x 261 x (1/8)) + (78 x 261 x (1/13)) + (60 x 261 x (1/15))] = 75%*

Accommodations Component Calculation:	**H**	x	**I**	=	**Total**
Infant	$1,622.91	x	10	=	$16,229.10
Toddler	$974.25	x	15	=	$14,613.75
Preschool	$797.58	x	24	=	$19,141.92
Kindergarten	$0	x	78	=	$0
Accommodations component:					**$49,984.77** =

Operations Component (fixed) Calculation:	**J**	x	**K**	=	**Total**
Infant	$9.61	x	[10 x 261 =] 2,610	=	$25,082.10
Toddler	$9.61	x	[15 x 261 =] 3,915	=	$37,623.15
Preschool	$9.61	x	[24 x 261 =] 6,264	=	$60,197.04
Kindergarten	$1.56	x	[78 x 261 =] 20,358	=	$31,758.48
Operations component (fixed):					**$154,660.77** =

Operations Component (variable) Calculation:	**L**	x	**B**	=	**Total**
Toddler	$3.80	x	[15 x 261 =] 3,915	=	$14,877.00
Preschool	$3.80	x	[24 x 261 =] 6,264	=	$23,803.20
Kindergarten	$3.56	x	[78 x 261 =] 20,358	=	$72,474.48
Operations component (variable):					**$111,154.68** =

Step 2: Sum components and apply GAF.

Program staffing	$876,396.77	
Supervisor	$68,552.35	+
Accommodations	$49,984.77	+
Operations	$154,660.77 $111,154.68	+ +
Unadjusted benchmark allocation	**$1,260,749.34**	=
GAF (Toronto – City)	1.07	x
Benchmark allocation	**$1,349,001.79**	=

Add to benchmark allocation: legacy top-up.

Legacy costs *(calculated – see below)*	$1,790,973.71	
Benchmark allocation	$1,349,001.79	−
Legacy top-up	**$441,971.92**	=
Benchmark allocation	$1,349,001.79	+
Program Cost Allocation	**$1,790,973.71**	=

Calculation of Legacy Costs

Step 1a: Calculate 2023 Adjusted Costs

Using audited 2023 Statement of Operations, total costs for age 0 to 12 are as follows:

Costs related to program staffing:	
Salaries and wages	1,080,000
Bonuses	60,000
Employee benefits	80,000
Group insurance benefits	12,000
Costs related to supervisor:	
Salaries and wages	125,000
Bonuses	30,000
Employee benefits	8,000
Group insurance benefits	5,000
Costs related to accommodation:	
Occupancy costs	70,000
Repairs and maintenance	10,000
Security	5,000
Costs related to operations:	
Fundraising event	5,000
Advertising and promotion	10,000
Accounting fees	3,000
Management and administration fees	110,000
Restructuring costs	20,000
Directors' fees	50,000
Insurance	10,000
TOTAL EXPENSES	**$1,693,000**

In 2023, the operating reality was:

	Infant	Toddler	Preschool	Kindergarten	Family	Primary/ Junior	Junior
Operating spaces	6	15	16	26		30	
Operating days	250	250	250	250		250	
Typical hours of service	10	10	10	5		5	
Licensed spaces	10	15	24	78		60	

Using the methodology to split out 0-5 costs per section 1.1(b)(i), the eligible shares are:

- Program staffing and operations:
  - 0-5: 6 x (3/10) x 10 + 15 x (1/5) x 10 + 16 x (1/8) x 10 + 26 x (1/13) x 5 = 78
  - 6-12: 30 x (1/15) x 5 = 10
  - Eligible share: 78 / (78+10) = 88.64%
- Supervisor:
  - 0-5: 6 x (3/10) + 15 x (1/5) + 16 x (1/8) + 26 x (1/13) = 8.8
  - 6-12: 30 x (1/15) = 2
  - Eligible share: 8.8 / (8.8+2) = 81.48%
- Accommodation:
  - 0-5: 10 x (1/10) + 15 x (1/15) + 24 x (1/24) + 78 x (1/26) = 6
  - 6-12: 60 x (1/30) = 2
  - Eligible share: 6 / (6+2) = 75%

With these splits, the total eligible costs for 2023 is $1,472,620.40, calculated as the sum of follows:

Eligible costs related to program staffing:	
Salaries and wages (1,080,000 x 88.64%)	957,312
Bonuses (60,000 x 88.64%)	53,184
Employee benefits (80,000 x 88.64%)	70,912
Group insurance benefits (12,000 x 88.64%)	10,636.80
Eligible costs related to supervisor:	
Salaries and wages (125,000 x 81.48%)	101,850
Bonuses (30,000 x 81.48%)	24,444
Employee benefits (8,000 x 81.48%)	6,518.40
Group insurance benefits (5,000 x 81.48%)	4,074
Eligible costs related to accommodation:	
Occupancy costs (70,000 x 75%)	52,500
Repairs and maintenance (10,000 x 75%)	7,500
Security (5,000 x 75%)	3,750
Eligible costs related to operations:	
Advertising and promotion (10,000 x 88.64%)	8,864
Accounting fees (3,000 x 88.64%)	2,659.20
Management and administration fees (110,000 x 88.64%)	97,504
Restructuring costs (20,000 x 88.64%)	17,728
Directors' fees (50,000 x 88.64%)	44,320
Insurance (10,000 x 88.64%)	8,864
TOTAL ELIGIBLE COSTS	**$1,472,620.40**

Note: The $5,000 fundraising event cost is excluded as it is not attributable to the provision of child care included in the base fee for eligible children, and therefore is not an eligible cost.

The 2023 adjusted costs are calculated as:

Total eligible costs for 2023	**1,472,620.40**
Less: 2023 non-recurring costs	
Restructuring costs	(17,728)
Repairs and maintenance (only non-recurring)	(1,500)
Less: 2023 fixed costs	
Occupancy costs	(52,500)
Insurance	(8,864)
Property tax (not applicable as in this example the cost is covered by the landlord)	(0)
Less: 2023 CWELCC workforce compensation and WEG/HCCEG *(calculated)*	(45,000)
Less: 2023 salary and benefits for one controlling owner employed by the licensee *(assumed to be included in the supervisor cost for this example)*	(136,886.40)
2023 adjusted costs	**$1,210,142**

Step 1b: Multiply 2023 Adjusted Costs by Scaling Factors

In 2025, operating reality is expected to be:

	Infant	Toddler	Preschool	Kindergarten	Family	Primary/ Junior	Junior
Operating spaces		15	24	78		60	
Operating days		261	261	261		261	
Typical hours of service		10	10	5		5	
Licensed spaces	10	15	24	78		60	

The operating scaling factor is calculated as:

- 2025: 15 x 261 x (1/5) x 10 + 24 x 261 x (1/8) x 10 + 78 x 261 x (1/13) x 5 = 23,490
- 2023: 6 x 250 x (3/10) x 10 + 15 x 250 x (1/5) x 10 + 16 x 250 x (1/8) x 10 + 26 x 250 x (1/13) x 5 = 19,500
- Operating scaling factor: 23,490 / 19,500 = 1.2046

The 2025 adjusted costs are calculated as:

2023 adjusted costs	**1,210,142**
Multiply: cost escalation factor (provided in this guideline)	1.0465
Multiply: operating scaling factor	1.2046
2025 adjusted costs	**$1,525,521.83**

The 2025 fixed costs are calculated consistent with auditable documentation:

Occupancy costs (as per latest lease agreement)	77,000
Add: Insurance (as per latest insurance policy)	12,085.88
Add: Property tax (as per latest municipal bill)	0
2025 fixed costs	**$89,085.88**

<u>Legacy costs</u>

2025 adjusted costs	**1,525,521.83**
<u>Step 1c:</u> add 2025 "WEG, HCCEG, and workforce compensation" funding *(calculated separately, following Chapter 3: Local Priorities Guideline)*	55,000
<u>Step 1d:</u> add 2025 fixed costs	89,085.88
<u>Step 1e:</u> add 2025 controlling owner's compensation for labour Minimum of: • 136,886.40 x 1.0465 = 143,251.62 • 465 x 261 days = 121,365	121,365
Legacy costs	**$ 1,790,972.71**

(2) Allocation in Lieu of Profit/Surplus

Allocation in Lieu of Profit/Surplus for the centre, with a benchmark allocation of $1,349,001.79 and a legacy top-up of $441,971.92, would be calculated as the sum of:

1. 4.25% x ($1,349,001.79 + $441,971.92) = $76,116.38
2. 3.5% x $1,349,001.79 = $47,215.06
3. $6,000

or $129,331.44 (equivalent to 7.22% of the Program Cost Allocation).

(3) Expected Base Fee Revenue Offset

Daily base fee	x	Number of operating spaces expected to be charged this fee	x	Number of service days these spaces would be charged this fee	=	Total	
$22	x	15	x	261	=	$86,130	
$21	x	24	x	261	=	$131,544	+
$21	x	78	x	74	=	$121,212	+
$14	x	78	x	187	=	$204,204	+
Estimated base fee revenue						**$543,090**	+
Adjustment for maximum vacancy rate						0.90	x
Expected Base Fee Revenue Offset						**$488,781**	=

Total Cost-Based Funding Allocation:

Program Cost Allocation	$1,790,973.71	
Allocation in Lieu of Profit/Surplus	$129,331.44	+
Expected Base Fee Revenue Offset	$488,781.00	−
Total Cost-Based Funding Allocation	**$1,431,524.15**	=

Representative example #5 (home child care agency)

A new agency plans to operate **10 active homes** (out of 35 approved) in the "Northeast" economic region (meaning CMSMs/DSSABs of Algoma, Greater Sudbury, Cochrane, Nipissing, Parry Sound, Sault Ste Marie, Timiskaming, Manitoulin-Sudbury). **7 active homes plan** to operate for **261 days** (which means all weekdays) and **3 plan** to operate for **45 days** (which means only for summer weekdays). The homes average **4 children aged 0-5**. 20 active home seats are expected to be charged daily base fee revenue of $22 for 261 days, 10 active home seats are expected to be charged daily base fee revenue of $22 for 45 days, and 10 active home seats are expected to be charged daily base fee revenue of $12 for 261 days.

(1) Program Cost Allocation

Calculate cost-based benchmark allocation, adjusted for geographic differences.

Step 1: Calculate unadjusted benchmark allocations.

Provider Compensation Calculation:	O	x	P	=	Total
Provider Compensation Component:	$155.02	x	[7 x 261 + 3 x 45 =] 1,962	=	**$304,149.24**

Visitor Compensation Calculation:	Q	x	P	x	R	=	Total
Visitor Compensation Component:	$21.68	x	[7 x 261 + 3 x 45 =] 1,962	x	1.05	=	**$44,662.97**

Operations Calculation:	S	x	P	+	T	=	Total
Operations Component:	$23.34	x	[7 x 261 + 3 x 45 =] 1,962	+	$75,856.39	=	**$121,649.47**

Step 2: Sum components and apply GAF.

Provider Compensation	$304,149.24	
Visitor Compensation	$44,662.97	+
Operations	$121,649.47	+
Unadjusted benchmark allocation	**$470,461.68**	=
GAF (Northeast)	0.85	x
Benchmark allocation	**$399,892.43**	=

Add to benchmark allocation: growth top-up.

Benchmark allocation	$399,892.43	
Growth multiplier (Algoma*)	0.08	x
Growth top-up	**$31,991.39**	=
Benchmark allocation	$399,892.43	+
Program Cost Allocation	**$431,883.82**	=

**Assuming the agency and active homes are located in Algoma.*

(2) <u>Allocation in Lieu of Profit/Surplus</u>

Allocation in Lieu of Profit/Surplus for the agency, with a benchmark allocation of $399,892.43 and a growth top-up of $31,991.39, would be calculated as the sum of:

1. 4.25% x ($399,892.43 + $31,991.39) = $18,355.06
2. 3.5% x $399,892.43 = $13,996.24
3. $6,000

or $38,351.30 (equivalent to 8.88% of the Program Cost Allocation).

(3) Expected Base Fee Revenue Offset

Daily base fee	x	Number of active home seats expected to be charged this fee	x	Number of service days these active home seats would be charged this fee	=	Total	
$22	x	20	x	261	=	$114,840	
$22	x	10	x	45	=	$9,900	+
$12	x	10	x	261	=	$31,320	+
Estimated base fee revenue						**$156,060**	**+**
Adjustment for maximum vacancy rate						0.90	**x**
Expected Base Fee Revenue Offset						**$140,454**	**=**

Total Cost-Based Funding Allocation:

Program Cost Allocation	$431,883.82	
Allocation in Lieu of Profit/Surplus	$38,351.30	+
Expected Base Fee Revenue Offset	$140,454	−
Total Cost-Based Funding Allocation	**$329,781.12**	**=**

Ontario

Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Chapter 3: Local Priorities Guideline

NOVEMBER 2024

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PART 1: INTRODUCTION

GENERAL PURPOSE

Local priorities funding is to be used by Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) for the following:

- Wage Enhancement/Home Child Care Enhancement Grant;
- Workforce Compensation;
- Professional Learning;
- Small Water Works;
- Territory without Municipal Organization; and
- Flexibility Funding (includes general operating expense, fee subsidy, special needs resourcing, and capacity building, among others).

GENERAL ELIGIBILITY

To be eligible for direct Local Priorities funding set out in this guideline, licensed centres/agencies must be enrolled in CWELCC or exclusively serve children aged 6 to 12.

Licensed centres/agencies serving children aged 0 to 5 and not enrolled in the CWELCC system are not eligible for direct Local Priorities funding, with the exception of existing fee subsidy agreements.

Existing fee subsidies agreements with non-CWELCC-enrolled centres/agencies serving children aged 0 to 5 may continue to be funded until the benefitting child ages-out of the program or leaves the licensee.

For clarity, local priorities funding may be used to support initiatives that do not involve direct funding to ineligible licensed centres/agencies, but that may provide indirect benefit to ineligible centres/agencies (for example, special needs resourcing or capacity building consultation or training opportunities).

PART 2. CHILD CARE WAGE ENHANCEMENT (WEG) / HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG)

2.A PURPOSE

Registered early childhood educators (RECEs) and other child care program staff play a key role during the critical years of a child's development. However, there is a significant wage gap between RECEs working in the publicly funded education system and those in the licensed child care sector. This wage gap creates challenges in retaining qualified professionals to deliver affordable, high-quality services.

The Province has made an ongoing funding commitment to support a wage enhancement for eligible child care professionals working in eligible centres/agencies. WEG/HCCEG will help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario.

WEG supports an increase of up to $2 per hour, plus 17.5% benefits (applied only to any WEG increase) for eligible positions. The HCCEG supports an increase of up to $20 per day for eligible home child care providers contracted with an eligible home child care agency.

The purpose of the wage enhancement is to:

- Help close or narrow the wage gap between RECE wages in the education sector and licensed child care sector;
- Stabilize eligible licensed centres/agencies by helping them retain eligible staff/home child care providers; and
- Support greater employment and income security for eligible positions/home child care providers.

This section provides information on eligibility criteria and requirements for three groups:

- Non-CWELCC-enrolled centres/agencies, exclusively serving children aged 6 to 12.
- CWELCC-enrolled centres/agencies serving children aged 0 to 12, for the 6 to 12 component.
- CWELCC-enrolled centres/agencies serving children aged 0 to 5 (note: WEG/HCCEG funding is now built into benchmark allocations under cost-based funding).

2.B ELIGIBILITY

Licensed child care centres and home child care agencies enrolled in CWELCC serving children aged 0 to 5 will receive WEG/HCCEG funding (for these centres/agencies, WEG/HCCEG funding in respect of eligible positions serving children aged 0 to 5 is built into the benchmarks of cost-based funding.)

Licensed centres/agencies exclusively serving children aged 6 to 12 are eligible to apply for WEG/HCCEG funding.

Licensed centres/agencies created in 2024 that are enrolled in CWELCC or exclusively serving children aged 6 to 12 are eligible to apply for WEG/HCCEG in the calendar year the centre/agency begins operations.

Where an application is received and eligibility is met based on the criteria set out in this section, WEG/HCCEG funding must be provided by the CMSM/DSSAB to the licensed centre/agency. See section below on Eligible Expenses for further information.

Wage Eligibility Ceiling

As the intent of WEG/HCCEG is to help close the wage gap between RECEs working in the publicly funded education sector and eligible positions/home child care providers in licensed child care settings, the ministry has established an hourly wage maximum of $32.81 per hour for WEG and $328.10 per day for full HCCEG ($196.86 for partial HCCEG).

For clarity, the wage eligibility ceiling is not a wage cap, and licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling once other regulatory and guideline requirements are met (that is, using other sources of funding beyond WEG/HCCEG or workforce compensation to increase wages above the ceiling).

This wage eligibility ceiling aligns with the top of the funded Educator Salary Matrix for RECEs working in school boards in the Kindergarten program expressed as an hourly wage. The wage eligibility ceiling is based on the funded matrix for the 2024-25 school year.

Wage Enhancement Grant (WEG) - Child Care Centre Positions and Home Child Care Visitors

Note: Eligibility criteria is used to determine entitlement (based on hours worked in the previous or comparable prior calendar year) and to determine payments to staff for the current calendar year. For licensed centres/agenices that open in the current calendar year, the number of hours to be worked must be estimated.

To be eligible for WEG, the position must be:

- Employed in a licensed centre/agency that is enrolled in CWELCC or exclusively serving children aged 6 to 12; and
- Categorized as a child care supervisor, RECE, home child care visitor, or otherwise counted toward adult-to-child ratios under the *Child Care and Early Years Act, 2014*, including those in place to maintain higher adult-to-child ratios than required under the Act.

The following are ineligible positions:

- Non-program staff positions (such as cooks or custodial staff);
- Special needs resourcing-funded resource teachers/consultants and supplemental staff;
    - The only exception to the two above noted positions is if the position spends at least 25% of their time to support ratio requirements, in which case the position would be eligible for wage enhancement for the hours worked in the eligible position supporting ratio.
- Staff hired through a third party (such as a temp agency).

1. Full Wage Enhancement

To be eligible to receive the full WEG of $2 an hour plus 17.5% in benefits, an eligible position must have an associated base wage, excluding the prior year's wage enhancement, of $30.81 or less per hour (that is, $2 or more below the wage eligibility ceiling of $32.81).

2. Partial Wage Enhancement

Where an eligible position has an associated base wage rate, excluding the prior year's wage enhancement, between $30.82 and $32.80 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to $32.81 per hour without exceeding the eligibility ceiling.

For example, if an RECE has a base wage rate, excluding the previous year's wage enhancement, of $31.40 per hour, the position would be eligible for wage enhancement of $1.41 per hour plus 17.5% in benefits applied only to that wage enhancement amount.

Home Child Care Enhancement Grant (HCCEG) - Home Child Care Providers

To be eligible for HCCEG, the home child care provider must:

- Hold a contract with a licensed home child care agency that is enrolled in CWELCC or exclusively serving children aged 6 to 12; and
- Provide services to one or more children (including privately placed children; excluding the provider's own children).

1. Full Home Child Care Enhancement Grant

In order to be eligible to receive the full HCCEG of $20 per day, an eligible home child care provider must:

- Provide full-time services, on average (6 hours or more a day); and
- Receive base daily fees, excluding prior year's HCCEG, of $308.10 or less (that is, $20 below the eligibility ceiling of $328.10). Note: those receiving base daily fees between $308.10 and $328.10 would be eligible for an amount to bring fees up to the $328.10 eligibility ceiling.

2. Partial Home Child Care Enhancement Grant

In order to be eligible to receive the partial HCCEG of $10 per day, an eligible home child care provider must:

- Provide part-time services, on average (less than 6 hours a day); and
- Receive base daily fees, excluding prior year's HCCEG of $186.86 or less (that is, $10 below the eligibility ceiling of $196.86). Note: those receiving base daily fees between $186.86 and $196.86 would be eligible for an amount to bring fees up to the $196.86 eligibility ceiling.

Please note: Information on privately placed children must be considered when determining eligibility and payments for the HCCEG.

Supplemental Grant

The ministry will provide an additional supplemental grant of $150 for each eligible centre-based position or home visitor position and $50 for each eligible home child care provider. The supplemental grant allows eligible centres/agencies some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations.

The supplemental grant must be used to support eligible positions'/home child care providers' hourly wage/daily income or benefits.

The supplemental grant provides eligible centres/agencies with the flexibility to cover salary shortfalls (due to increased hours in program or new eligible positions/home child care providers) and additional benefits, (for example, vacation days, sick days, professional development days or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes must be recovered.

CMSMs/DSSABs should work with licensees to set priorities on how to use the supplemental grant.

Eligible Expenses

WEG/HCCEG funding (including the supplemental grant) is an enveloped allocation in respect of eligible positions serving children aged 6 to 12. (For eligible centres/agencies, WEG/HCCEG funding in respect of eligible positions serving children aged 0 to 5 is built into the benchmarks of cost-based funding.) WEG/HCCEG funding must be directed solely to eligible positions to increase wages and benefits or to eligible home child care providers to increase daily income. WEG/HCCEG funding cannot be used to support child care system expansion or reduce fees (exceptions listed below regarding new added flexibility).

Eligible centres/agencies may only use the funding for the intended purposes of:

- Increasing wages of eligible positions by up to $2 per hour plus 17.5% benefits based on their current wage rate for all hours worked in program, including overtime hours,

  Please note: WEG cannot exceed $2 per hour in program and the wage eligibility ceiling of $32.81 per hour. Licensees may exceed 17.5% for benefits if the supplemental grant is used to support additional benefit expenses.

- Providing a daily increase of up to $20 for eligible home child care providers based on current hours of service provided.

  Please note: HCCEG cannot exceed $20.00 per day and the daily eligibility ceiling of $328.10.

Flexibility

1. WEG / HCCEG allocation

CMSMs/DSSABs have flexibility with respect to the use of their WEG/HCCEG allocation. Refer to Chapter 1, Part 2.J, as well as Part 7 of this guideline for further information on overall funding flexibility.

Please note that prior to exercising this flexibility, CMSMs/DSSABs must be able to fully satisfy the WEG/HCCEG funding needs within their respective service areas in accordance with the eligibility criteria as set out in the Agreement and this section of the Guideline.

Once the WEG/HCCEG funding needs are fully satisfied, CMSMs/DSSABS have the flexibility to use any excess from their notional WEG/HCCEG funding, found in the 2025 Agreement to support other Local Priorities expenditures (note: flexibility for WEG/HCCEG only crystalized at year-end).

It is important to note that where an application is received by the CMSM/DSSAB, and eligibility criteria are met, CMSMs/DSSABs must provide the eligible centre/agency funding so that all eligible positions/home child care providers receive WEG/HCCEG.

2. Benefits Funding

In respect of positions that serve children aged 6 to 12, benefits of 17.5% support eligible centres/agencies in meeting their statutory benefit requirements.

Once all statutory benefits requirements are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the eligible position.

Any residual benefits funding can be used to support wage enhancement salaries per the above allowable expenses. Please note this is one-way funding flexibility only, that is, salary funding cannot be used for benefits.

The supplemental grant provides eligible centres/agencies with the flexibility to cover additional benefits, (for example, vacation days, sick days, professional development days or other benefits) once mandatory benefits are covered.

Any funding not used for the intended purpose will be recovered by the ministry.

2.C APPLICATION PROCESS

CMSMs/DSSABs are required to develop a method to determine WEG/HCCEG eligibility and payments within their service area.

Note: WEG/HCCEG payments to eligible staff/home child care providers should be made based on their time in program in 2025. Eligible centres/agencies no longer have an application requirement in respect of positions serving children aged 0 to 5.

2.D PUBLIC INQUIRIES

As the service system managers for child care, CMSMs/DSSABs are required to manage public inquiries related to the WEG/HCCEG. In order to manage these inquiries, CMSMs/DSSABs may wish to post information regarding the WEG/HCCEG along with contact information on their website.

2.E REPORTING IN FINANCIAL STATEMENTS

A notional WEG/HCCEG amount in respect of eligible positions serving children aged 6 to 12 will be included in the budget schedule of the Agreement under Local Priorities. The ministry will adjust entitlements and resulting cash flows based on information reported to the ministry through the Financial Statements submission.

The allocation for WEG/HCCEG in respect of eligible positions serving children aged 6 to 12 will be capped at the notional allocation included in the budget schedule unless the amount reported through the Financial Statements submission exceeds the notional allocation, which will require an updated budget schedule.

Please refer to Chapter 7: EFIS Reporting Requirements for information on reporting requirements.

2.F PAYMENTS TO ELIGIBLE CENTRES/AGENCIES

CMSMs/DSSABs may need to enter into new funding agreements/arrangements with eligible centres/agencies for the provision of WEG/HCCEG funding where there are no current purchase of service agreements. WEG/HCCEG accountabilities and data collection may be built into existing purchase of service agreements and reporting processes by CMSMs/DSSABs.

Note: CMSMs/DSSABs will continue to have full discretion in determining which licensees they enter into purchase of service agreements with for the provision of other child care services (such as fee subsidy, special needs resourcing, general operating expense), where those licensees meet the eligibility requirements.

If eligible positions/home child care providers exceed the wage eligibility ceiling at any time during the calendar year, excluding WEG/HCCEG, they will no longer be eligible to receive the WEG//HCCEG for the remainder of that calendar year. Any ongoing increases would need to be funded through other revenue sources.

If at any point an eligible home child care provider stops serving eligible children, the eligible agency must terminate the transfer of HCCEG funds to the provider.

2.G RECONCILIATION

CMSMs/DSSABs are required to have a reconciliation process for use of WEG/HCCEG funding by eligible centres/agencies, which can be built into processes already established for child care.

CMSMs/DSSABS must ensure that, for the purposes of reporting the reconciliation at year end, salaries and benefits payments are tracked separately. CMSMs/DSSABs are required to collect FTE data as part of the reconciliation process.

CMSMs/DSSABs may use WEG/HCCEG funding surpluses from one eligible centre/agency to offset deficits in another eligible centre/agency within their service area.

2.H LICENSEE ACCOUNTABILITY

To help ensure licensee accountability and the appropriate use of provincial funds, CMSMs/DSSABs must inform licensees of:

- The purpose of the WEG/HCCEG funding;
- The eligibility requirements;
- Associated reporting requirements;

- CMSM/DSSAB auditing policies;
- The process for reconciling WEG/HCCEG funding with licensees at year end (such as submission of financial statements); and,
- The recovery process for funds not utilized in accordance with the eligible expenditures.

WEG/HCCEG funding is an enveloped allocation; CMSMs/DSSABs and licensees are required to use the funding for the purpose of increasing wages of eligible positions/home child care providers. The following accountability mechanisms should be put in place by CMSMs/DSSABs for licensees:

- A statement completed by the participating centre/agency which attests that 100% of WEG/HCCEG funding was provided directly to eligible positions/home child care providers (this statement can be included in the funding agreement).
- An approach for confirming eligible centre/agency compliance with service agreements and guidelines (such as audit procedures, special purpose reports, request for T4 statements to confirm wages).
- Reporting requirements that reflect service and financial data required by the ministry (please see section 2.E Reporting in Financial Statements for details).

In accordance with Chapter 1, Part 2.I, if a CMSM/DSSAB determines that a licensee has failed to meet the funding conditions outlined in their agreement for the provision of WEG/HCCEG funding, the CMSM/DSSAB must recover all misused funds. CMSMs/DSSABs are responsible for establishing a process for confirming and ensuring licensee compliance with guideline requirements.

Program Closure

Where an eligible centre/agency applied for WEG/HCCEG and closes during the calendar year, CMSMs/DSSABs are to work with the licensee to meet the accountability requirements and support payments to eligible positions/home child care providers for hours/days worked before the closure. Any unused funds must be recovered.

In cases of program transfers/amalgamations, CMSMs/DSSABs have discretion to:

1. Receive wage/staffing information from amalgamated or transferred programs; or
2. Transfer wage enhancement funding from the former licensee to the amalgamated or transferred program,

provided the following applies:

- There are no substantial changes to either the program offered or staff employed under the new arrangement,
- The transformation supports continuity of care and program viability, and
- The CMSM/DSSAB has mechanisms in place to ensure accurate information and accountability for the transfer of funding.

2.I PAYMENTS TO ELIGIBLE POSITIONS/HOME CHILD CARE PROVIDERS

WEG/HCCEG funding for eligible positions is based on data from the previous or a comparable calendar year (for licensees that open in the current calendar year, estimated number of hours to be worked); however, wage enhancement payments should be provided to eligible positions for each hour worked in the calendar year. Licensees have the flexibility to fund their current year's eligible positions, even if the position did not exist in the previous calendar year.

Similarly, HCCEG payments should be provided to eligible home child care providers for each day worked in the calendar year. Agencies have the flexibility to fund providers eligible in the calendar year, regardless of whether the provider had a contract with the agency in the previous calendar year. The compensation rate (partial or full) will be based on their services in the calendar year.

CMSMs/DSSABs may begin flowing funds to eligible centres/agencies for the WEG/HCCEG as soon as they have the information necessary to calculate entitlement.

Licensees must include WEG/HCCEG payments in each pay cheque or payment made.

Licensees may notify eligible positions/home child care providers of the amount provided to them through this initiative on staff pay cheques/home child care provider fee transfers, or through a separate letter. If licensees make this notification, then payments must be labeled as follows:

- Provincial child care wage enhancement; or
- Provincial home child care enhancement grant

PART 3: WORKFORCE COMPENSATION

3.A PURPOSE

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).

These supports may impact CWELCC-enrolled and non-CWELCC-enrolled centres/agencies differently, and have different requirements based on the age-groups of children being served.

This section provides information on eligibility criteria and requirements for three groups:

- Non-CWELCC-enrolled centres/agencies, exclusively serving children aged 6 to 12.
- CWELCC-enrolled centres/agencies serving children aged 0 to 12, for the 6 to 12 component.
- CWELCC-enrolled centres/agencies serving children aged 0 to 5 (note: workforce compensation funding is now built into benchmark allocations under cost-based funding).

3.B ELIGIBILITY

Workforce compensation requirements must be met by the following eligible centres/agencies:

- Annual wage increases (up to the eligibility ceiling) and wage floor increases:
    - Centres/agencies participating in CWELCC serving children aged 0 to 12; or
    - Centres/agencies exclusively serving children aged 6 to 12.
- Minimum wage offset:
    - Centres/agencies participating in CWELCC serving children aged 6 to 12; or
    - Centres/agencies exclusively serving children aged 6 to 12.

Funding to meet workforce compensation requirements by eligible centres/agencies will be allocated through two different funding streams:

- Local Priorities for positions serving children aged 6 to 12; and
- Benchmark allocations under cost-based funding for positions serving children aged 0 to 5.

CWELCC-enrolled licensees are eligible for funding to meet workforce compensation requirements from their enrolment date up to and including December 31 of the calendar year.

Funding to support workforce compensation requirements should not interfere with a licensee's salary and compensation decisions or practices, including obligations under collective agreements. Where a licensee is participating in CWELCC or exclusively serving children aged 6 to 12 and eligibility is met based on the criteria set out in this section, workforce compensation funding must be provided by the CMSM/DSSAB to the licensee for positions serving children aged 6 to 12. Note: CWELCC-enrolled centres/agencies with eligible positions serving children aged 0 to 5 have workforce compensation funding built into their benchmark allocations under cost-based funding, and must meet workforce compensation requirements.

Alignment with Wage Enhancement Grant (WEG)

The child care WEG will continue to be provided to support the retention of qualified professionals to deliver affordable, high-quality services for eligible centres/agencies

To qualify for workforce compensation increases on behalf of eligible staff serving children aged 6 to 12, eligible centres/agencies will be required to apply for and receive WEG for such positions.

Eligible Positions

Annual wage and wage floor increases

To be eligible to receive annual wage and wage floor increases, staff must be RECE staff employed by an eligible centre/agency (as per above) and be in one of the following positions ("eligible RECE staff"):

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

For clarity, the annual wage and wage floor increases do not apply to non-RECE program staff and non-program staff such as a:

- Cook, custodial or other non-program staff position;
- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff person hired through a third party (for example, a temp agency).

However, non-program staff who are RECEs and whose positions require them to spend at least 25% of their time supporting ratio requirements under O. Reg. 137/15 are eligible for annual wage and wage floor increases for the hours that they are supporting ratio requirements.

Program staff, child care supervisors, or home child care visitors that are director-approved to be employed in these positions, but do not have a RECE designation, are not eligible for the wage floor or annual wage increase supported by workforce compensation funding.

Note that workforce compensation funding is tied to the position, not the individual staff. However, an individual staff's base wage will determine how much CWELCC funding can be provided. Workforce compensation funding is provided for all eligible staff that continue in their existing positions, newly fill existing positions (for example, replace a previous staff member), or fill newly created positions.

Minimum wage offset

To be eligible for the minimum wage offset, eligible centres/agencies must employ staff in the following positions ("eligible non-RECE staff"):

- 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, centres/agencies must employ eligible non-RECE staff in positions that were earning:

- below $15.50 per hour immediately before October 1, 2022 (not including WEG funding); and/or
- below $16.55 per hour immediately before October 1, 2023 (not including WEG funding)

The minimum wage offset does not apply to non-program staff such as a:

- Cook, custodial and other non-program staff position;
- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff hired through a third party (for example, a temp agency)

However, eligible centres/agencies can receive minimum wage offset funding for non-RECE staff in non-program positions that require them to spend at least 25% of their time supporting ratio requirements under O. Reg. 137/15. Minimum wage offset funding is provided to the centre/agency for the hours these staff spend supporting ratio requirements.

3.C ANNUAL WAGE INCREASE AND WAGE ELIGIBILITY CEILING

CMSMs/DSSABs must provide eligible centres/agencies with funding to support annual wage increases for eligible positions earning (including base wage, general operating funding and WEG) less than the wage eligibility ceiling for that year.

Effective each January 1 from 2023 to 2026, eligible licensees must increase the hourly wage of eligible RECE staff whose wages (including base wage, general operating funding and WEG) fall below the wage eligibility ceiling for the year (wage eligibility ceilings for 2022 through 2026 are set out in the table below). For example, to receive the annual wage increase for 2025, eligible RECE program staff must have an hourly wage below $27 per hour. For eligible RECE child care supervisors and RECE home child care visitors, their hourly wage (including general operating funding and WEG) must be below $30 per hour (for 2025).

The annual wage increase is up to $1 per hour plus 17.5% in benefits (applied only to the wage increase amount), compounded year-over-year, up to the wage eligibility ceiling for the calendar year. That is, an eligible position would receive up to a $1 per hour increase in 2023, up to an additional $1 per hour increase in 2024, up to an additional $1 per hour increase in 2025 (that is, $1 per hour for 2023, $1 per hour for 2024, and $1 per hour for 2025, for a total of up to $3 per hour by the end of 2025), and so on, up to the wage eligibility ceiling set for the calendar year.

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 $3 per hour wage increase funding for 2025, whether those RECE staff are continuing in their existing eligible positions, newly filling an existing eligible position, or filling a newly created eligible position.

The wage eligibility ceilings come into effect on January 1 of each calendar year.

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

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

For clarity, the wage eligibility ceiling is not a wage cap, and licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling once other regulatory and guideline requirements are met (that is, using other sources of funding beyond workforce compensation to increase wages above the ceiling).

Benefits should not be included when calculating the hourly wage.

3.D WAGE FLOOR

Each year from 2023 to 2026, CMSMs/DSSABs must provide eligible centres/agencies funding to support wage floor increases for eligible RECE staff.

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

The wage floors come into effect on January 1 of the each calendar year.

Hourly Wage Floor 2022 to 2026*	2022	2023	2024	2025	2026
RECE Program Staff	$18.00	$19.00	$23.86	$24.86	$25.86
RECE Child Care Supervisors or RECE Home Child Care Visitors	$20.00	$21.00	$24.86	$25.86	$26.86

*In addition to the hourly wage, staff are required to receive benefits. To determine annual wage and wage floor increase eligibility, licensees must follow this order of operations:

3.E ORDER OF OPERATIONS

The following order of operations must be followed when determining wage supports:

1. Base wage (including minimum wage obligations or any employer-based wage improvements such as obligations from collective agreements);
2. General operating funding used to support wage improvements (other than WEG and workforce compensation);

3. WEG (up to $2 per hour, up to a maximum wage of $32.81 per hour as per Part 2 of this guideline chapter);
4. Workforce compensation annual wage increases of up to $1 per hour, compounded year-over-year, up to the wage eligibility ceiling for the calendar year; and
5. Workforce compensation incremental amount to reach the wage floor for the calendar year, if applicable.

3.F MINIMUM WAGE OFFSET

Minimum wage offset was established when CWELCC was introduced to offset the impact, at that time, of minimum wage increases through the transition into CWELCC. With the introduction of cost-based funding, funding for salaries and wages in respect of positions serving children aged 0 to 5 is now covered as an eligible expense. For 2025, to continue to support affordability for families with children aged 6 to 12, despite fees not being frozen for that group, the minimum wage offset is being held at current levels.

As of October 1, 2023, minimum wage legislation required licensees to bring the wages of their staff to at least $16.55 per hour. To offset the cost of minimum wage increases for eligible licensees, CMSMs/DSSABs were required to provide minimum wage offset funding to licensees to cover the incremental amount needed to bring wages for eligible staff from $15.00 to $16.55 per hour in 2024. This incremental funding amount will continue to be funded for 2025 for those that received the funding in 2024. No funding above 2024 amounts will be provided.

To offset the cost of increasing minimum wage for an eligible non-RECE position that earned $15 per hour in 2022, the minimum wage offset funding is cumulative up to $1.55 (that is, $16.55 per hour minus $15 per hour).

Minimum wage offset funding is tied to the position and not the individual staff. This means that licensees can receive minimum wage offset funding of up to $1.55 for eligible non-RECE staff that were in eligible positions in 2024, whether those staff were continuing in their existing position, newly filling an existing eligible position, or filling a newly created eligible position.

It is understood that licensees could have used other sources (for example, parent fees) to fund wage increases beyond minimum wage (such as across-the-board or merit increases). In these cases, the minimum wage offset funding would equal the remaining amount required to bring such wage to $16.55 (that is, $1.55 minus wage increases provided by the licensee in addition to minimum wage increases).

Example: A licensee who employed an eligible non-RECE staff in March 2022 earning minimum wage ($15 per hour) and used cost escalation funding to provide annual increases (above the minimum wage) as follows:

As of October 1, 2022, the minimum wage increased to $15.50

As of January 1, 2023, the base wage increased 2.75% to $15.93 (wage increased $0.43)

As of October 1, 2023, the minimum wage increased to $16.55

As of January 1, 2024, the base wage increased 2.1% to $16.90 (wage increased $0.35)

In 2024, the licensee would be eligible to receive minimum wage offset of $1.12 per hour ($16.55 minus $15.00 minus $0.43 = $1.12). The licensee would cover the rest of the wage increase with cost escalation funding ($0.43 and $0.35).

As minimum wage offset funding is frozen at 2024 levels, licensees would be eligible to receive the same minimum wage offset of $1.12 per hour in 2025.

To offset minimum wage increases that occurred prior to March 2022 (when the fees were frozen) or any that occurred after October 1, 2023, licensees should use other funding sources (such as general operating, parent fees).

3.G BENEFITS

In respect of positions that serve children 6 to 12, workforce compensation funding includes up to 17.5% in benefits (applied only to any workforce compensation increase) to support centres/agencies in meeting their statutory benefit requirements and additional benefits provided by the licensee (17.5% includes up to two weeks of vacation and nine statutory days).

Statutory benefit requirements are benefits centres/agencies are required to provide their staff as determined by legislation (for example, vacation days or statutory holidays) or obligations the centres/agencies has as an employer (for example, Canada Pension Plan or Employment Insurance contributions, or Employer Health Tax).

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.

3.H IMPLEMENTATION

CMSMs/DSSABs must:

- Develop a method to determine annual wage, wage floor and minimum wage offsets, and allocation of 17.5% for benefits, within their service area.
- Develop an application process to enroll eligible centres/agencies for workforce compensation funding (which could mirror current WEG funding processes), as needed.
- Adhere to the workforce compensation funding parameters detailed above.
- Manage public inquiries related to workforce compensation. To manage these inquiries, CMSMs/DSSABs may wish to post information regarding workforce compensation along with contact information on their website.
- Direct workforce compensation funding to eligible centres/agencies to increase wages and benefits (as applicable) of their eligible RECE staff.

Eligible licensees must:

- Share information, in writing with eligible staff, about changes to the wage floor and wage eligibility ceiling that come into effect January 1 of each calendar year up to and including 2026. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and compounded annual wage increases for each calendar year up to and including 2026.
- Ensure eligible RECE staff receive wages consistent with the workforce compensation changes that came into effect on January 1 of each calendar year within 32 calendar days of receiving funding allocations for this purpose.
- Seek independent legal advice on implementing the wage floor and annual wage increase if they are subject to the terms of a collective agreement.
- Include workforce compensation payments in each pay cheque or payment made. Workforce compensation may not be paid at the end of the year as a lump sum payment.
- Consider workforce compensation in addition to, and not to reduce other, planned compensation increases for eligible staff. For example, the annual wage increase

and wage floor cannot be used to reduce or offset planned merit increases for eligible staff.

In addition, eligible centres/agencies newly enrolled in CWELCC must:

- Ensure workforce compensation requirements are in place and wages are paid to eligible RECE staff accordingly on or before 32 calendar days after the service agreement with the CMSM/DSSAB is signed (the enrolment date).

- Share information, in writing, about the wage floor, annual wage increase, and wage eligibility ceiling with eligible staff upon receiving confirmation of enrolment in CWELCC from their CMSM/DSSAB and as new staff are hired. The information must provide eligible staff with an understanding of upcoming changes to their wages resulting from the workforce compensation funding. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and annual wage increases for each calendar year up to and including 2026.

3.I ACCOUNTABILITY REQUIREMENTS

CMSMs/DSSABs must monitor licensees' compliance with communication and payments to staff of annual wage and wage floor increase requirements to ensure licensees are using CWELCC funding as per these guidelines.

In accordance with Chapter 1, Part 2.I, if a CMSM/DSSAB determines that a licensee has failed to meet the funding conditions outlined in their agreement for the provision of workforce compensation funding, the CMSM/DSSAB must recover all misused funds. CMSMs/DSSABs are responsible for establishing a process for confirming and ensuring licensee compliance with guideline requirements.

3.J REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

PART 4: PROFESSIONAL LEARNING

4.A PURPOSE

The ministry is to provide funding to support professional learning to improve recruitment and retention of the Registered Early Childhood Educator (RECE) workforce and other program staff, and to support the implementation of the CWELCC Agreement. This funding supports professional learning opportunities that build capacity of the early years and child care sector to support the provision of high-quality programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years*.

Access to continuous professional learning opportunities can support higher levels of staff engagement, growth, recognition, professional efficacy and satisfaction. Enhancing current professional learning supports to include mental health information for the child care and early years workforce will promote more meaningful relationships, enriched experiences and a greater sense of well-being for children, educators and families.

4.B ELIGIBLITY

Eligible recipients

CMSMs/DSSABs may enter into service agreements with child care licensees and EarlyON centres to provide professional learning funding for eligible staff and eligible expenses.

Eligible staff

CMSMs/DSSABs must prioritize funding to provide the following staff with the opportunity to participate in one professional learning day:

- Program staff and supervisors in licensed child care centres that are enrolled in CWELCC or exclusively serving children aged 6 to 12
- Home visitors and providers in home child care agencies that are enrolled in CWELCC or exclusively serving children aged 6 to 12
- Program staff and supervisors in EarlyON Child and Family Centres

CMSMs/DSSABs may also support professional learning days for additional staff such as non-program staff (such as cooks), management (such as executive directors), resource consultants, and authorized recreation and skill building program staff, to meet local professional learning priorities within approved funding allocations for professional learning.

Eligible expenses

CMSMs/DSSABs must cover the expenses incurred by eligible recipients, including:

- Release time/supply staff to support the participation of eligible staff in the professional learning day or mentorship programs;
- Wages and benefits for additional hours worked to participate in the professional learning day (such as evening or weekend professional learning session);
- Costs associated with waiving parent fees on the professional learning day;
- Costs associated with the development and implementation of professional learning resources and mentorship programs;
- Travel costs (in accordance with the Ontario Public Service Travel Directive) to support attendance at professional learning opportunities (municipal policies pertaining to travel and accommodation may also apply if CMSMs/DSSABs choose to support expense claims above the thresholds set out in the Directive); and
- Costs associated with hiring non-profit organizations or post-secondary institutions to develop or deliver early years professional learning for eligible staff.

4.C IMPLEMENTATION

CMSMs/DSSABs should prioritize funding to support professional learning opportunities that build on or complement existing capacity-building initiatives that respond to the needs of their communities. CMSMs/DSSABs have flexibility to determine how to implement one professional learning day and should consider the following:

- Priority areas for professional learning, as described in the section below;
- Timing and approach to implementation based on the availability of supply staff (for example, two half professional learning days);
- Supporting equitable access for all eligible staff, providers and supervisors in licensed child care programs and EarlyON Child and Family Centres; and
- Approaches that minimize disruption for families, through timely communication to provide families with sufficient time to plan for alternate care on a professional learning day where programs will be closed (for example, eligible licensees should communicate the date of the professional learning day on their website or in the parent/guardian information board, choosing dates that typically have lower enrolment).

Through the regular year-end reconciliation process, CMSMs/DSSABs must recover any funding that eligible recipients do not spend by December 31 of the calendar year, on the prescribed eligible expenditures and return to the ministry.

Priority Areas

CMSMs/DSSABs are encouraged to embed some or all of the following priority areas into the development of their professional learning strategies:

- Mental health and resilience training for staff;
- Early years and child care pedagogical practices aligned with *How Does Learning Happen?*;
- Anti-racism, diversity, equity and inclusion practices;
- Incorporating Indigenous perspectives and pedagogies;
- Supporting educators in building capacity to support children with special needs through inclusive practices;
- Equity-based Communities of Practices (for Francophone and Indigenous communities); or
- Strengthening management/administration skills for those in director/supervisory roles as well as those considering moving into these roles (for example, staff supervision, financial management, communication strategies).

Professional learning priorities should be offered in an integrated manner. For example, early years and child care pedagogical practices should be integrated with mental health and anti-racism and inclusive practices.

Mentoring Programs

CMSMs/DSSABs may use professional learning funding to support mentoring programs for individuals who may benefit the most (for example, ECE diploma students or new staff and supervisors).

CMSMs/DSSABs may build on existing mentoring programs or pilot new mentoring programs.

4.D REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

PART 5. SMALL WATER WORKS

5.A PURPOSE

Small Water Works (SWW) funding supports costs related to small water systems for licensed child care centres.

5.B ELIGIBILITY

Drinking water systems that supply water to a child care centre where the source of the water is not from a municipal water service connection are required to comply with O. Reg. 170/03 under the *Safe Drinking Water Act, 2002*.

SWW funding should be used to support regular ongoing water testing and maintenance expenses which are limited to the following expense categories – laboratory testing, chemicals, supplies/filters, courier costs, maintenance of water treatment equipment including replacement UV bulbs and training. Costs related to the purchase and installation of systems and equipment are not eligible.

5.C REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

5.D REQUIRED DOCUMENTATION

CMSMs/DSSABs will report their SWW expenditures in their financial submissions. The ministry will verify the amount reported in the Financial Statement Submission with the CMSM/DSSAB and may require supporting documentation during the year-end reporting process.

Following the review, the ministry will adjust SWW entitlement based on expenditures reported in Financial Statements.

CMSMs/DSSABs are not required to submit receipts for SWW expenditures and other offsetting revenues to the ministry; however, receipts must be kept on file as the ministry may request this information per the service agreement.

PART 6. TERRITORY WITHOUT MUNICIPAL ORGANIZATION

6.A PURPOSE

Territory without Municipal Organization (TWOMO) funding for child care helps support the costs for eligible child care services provided in a territory without municipal organization.

6.B ELIGIBILITY

TWOMO funding only applies to DSSABs with a territory without municipal organization, which is a territory outside the geographical area of any municipality or First Nation.

Funding is calculated in four stages:

- Stage 1: The municipal levy is calculated based on:
    - The total approved DSSAB Budget;
    - Less other sources of revenue (provincial, federal and other funding).
- Stage 2: The TWOMO share of the municipal levy is determined using the municipal attribution or 'share' percentage.
- Stage 3: Funding from sources other than the ministry are subtracted from the municipal levy to find the total child care program allocation provided by the ministry.
- Stage 4: The percentage of municipal levy that the child care program allocation represents is used to calculate the Province's portion of the TWOMO levy.

DSSABs will revise this calculation, as necessary, in financial submissions to reflect the 2025 approved DSSAB budget and municipal levy.

Additional details on entering TWOMO information will be available in the reporting instruction package.

6.C REPORTING REQUIREMENTS

Please refer to Chapter 7: EFIS Reporting Requirements for more information.

PART 7. FLEXIBILITY FUNDING

OVERVIEW

This section details the flexibility CMSMs/DSSABs have in spending their Local Priorities allocations between expense lines in order to best respond to the needs of their communities.

Flexibility funding can be used on the following expenses:

- General Operating Expense;
- Pay Equity Memorandum of Settlement;
- Fee Subsidy (including Formal and Informal Ontario Works and Camps and Children's Recreation);
- Special Needs Resourcing; and
- Capacity Building.

Flexibility funding can also be used to support shortfalls in cost-based funding, WEG/HCCEG, and workforce compensation. CMSMs/DSSABs must first ensure that all requirements in other expense categories are met first before utilizing this flexibility.

7.1 GENERAL OPERATING EXPENSE

7.1.A PURPOSE

The General Operating expense provides CMSMs/DSSABs a flexible line of funding with broad eligibility criteria in order to support shifting needs, regional differences, or emerging priorities in their communities, while minimizing administrative burdens. This allocation supports the costs of operating eligible licensed child care programs to reduce wait times and parent fees, stabilize service levels, support compliance with licensing requirements, cover one-time repairs and maintenance costs and business transformation costs, and improve access to high-quality, affordable early learning and child care services. (Prior to 2025, such expenses were covered under multiple funding programs.)

7.1.B ELIGIBILITY

Eligible licensees must be enrolled in CWELCC or exclusively serve children aged 6 to 12. They must demonstrate to their CMSMs/DSSABs that they can meet minimum wage and mandatory benefits requirements without operating funding. Under O. Reg. 138/15, CMSMs/DSSABs can provide general operating funding to extended day programs to alleviate high fees for parents/guardians.

Eligible Expenses

General operating expense funding may be used for ongoing costs attributable to child care provided by an eligible licensee, including:

- Staff wages and benefits
- Compliance with Ontario codes and licensing requirements
- Lease and occupancy costs
- Utilities
- Administration
- Transportation for children
- Resources
- Nutrition
- Supplies
- Play-based materials and equipment
- Repairs and Maintenance
- Business transformation expenses
- Licensed Home Child Care Base (LHCC) Funding

Provincial funding can only offset salary costs above the licensees' regulatory requirements for minimum wage and mandatory benefits (such as employer contributions to the Canada Pension Plan or Employment Insurance). CMSMs/DSSABs can use WEG/HCCEG funding to support general operating expenses once they have fully met their WEG/HCCEG funding requirements (see Part 1 of this guideline chapter). Other funding to support wage improvements (WEG/HCCEG and workforce compensation) is to be provided in addition to existing staff wages, including any general operating funding provided to licensees to support wages. For clarity, WEG/HCCEG funding may not be used to replace general operating funding provided to licensees to support wages.

Additional Details:

- **Repairs and Maintenance:**
  CMSMs/DSSABs do not need prior approval from the ministry for these expenditures but should prioritize funding for providers not in compliance or at risk of non-compliance with licensing requirements under the *Child Care and Early Years Act, 2014*.

- **Business Transformation Expenses:**
  Business transformation activities include amalgamation, relocation, and retrofitting of child care centres. Supports include legal costs, lease termination costs, moving costs, business planning costs, IT upgrades, play-based materials and equipment, and operating funding for business model transformation.
- **Licensed Home Child Care (LHCC) Base Funding:**
  The intent of LHCC base funding is to support the provision of stable, predictable funding to assist agencies with forecasting, planning, and actively recruiting more providers.

For further examples of eligible and ineligible expenses, please refer to the *2024 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline.*

7.2 PAY EQUITY MEMORANDUM OF SETTLEMENT

7.2.A PURPOSE

To enable the Province to continue to support eligible organizations with the cost of implementing proxy pay equity.

7.2.B ELIGIBILITY

As a result of the May 2003 Memorandum of Settlement, the Province announced additional proxy pay equity funding for eligible non-profit licensees. In order to be eligible, child care programs are required to be enrolled in CWELCC or exclusively serve children ages 6 to 12 and:

- Have a proxy order from the Pay Equity Commission;
- Have posted pay equity plan(s) based on proxy comparisons;
- Have current or outstanding proxy obligations; and
- Receive funding through CMSMs/DSSABs to provide child care.

Expenditure Requirements

The Province will continue to flow funding as agreed in the Memorandum of Settlement to CMSMs/DSSABs as part of the Local Priorities allocation. CMSMs/DSSABs are required to continue to flow the pay equity funding to eligible licensees. Note: The integration of the pay equity expense under the Local Priorities allocation does not relieve CMSMs/DSSABs or licensees from their obligations to comply with the Pay Equity Memorandum of Settlement.

Once WEG/HCCEG requirements have been fully met, CMSMs/DSSABs have the flexibility to use remaining WEG/HCCEG funding to support other child care expenditures, such as Pay Equity Memorandum of Settlement.

7.3 CAPACITY BUILDING EXPENSE

7.3.A PURPOSE

Capacity building funding is intended to support professional learning and development opportunities that build the capacity of licensees, supervisors, program staff/caregivers, home visitors, home child care providers and non-profit volunteer board members to support the provision of high-quality programs for children aged 6 to 12.

Please see Chapter 1: Funding Guideline for information regarding professional learning opportunities for Francophone professionals and Chapter 4: Indigenous-Led Child Care and Family programs for Indigenous professionals.

7.3.B ELIGIBILITY

CMSMs/DSSABs may support professional learning and development opportunities, in support of centres/agencies enrolled in CWELCC or exclusively serving children aged 6 to 12, per the allowable expenses below or provide capacity building funding for the purposes outlined in the allowable expenses section below to:

- Eligible licensees;
- Agencies that provide early learning professional learning and development (including special needs resourcing agencies); or
- Post-secondary institutions to develop and deliver early years professional learning and development (such as certificate courses or workshops). Professional learning and development opportunities may be designed to engage child care supervisors, program staff, resource consultants, supplemental special needs resourcing staff, cooks, home child care providers, home visitors, other staff or boards of directors of licensed programs.

Eligible Expenses

CMSMs/DSSABs have discretion to provide direct funding to support a range of professional learning opportunities for eligible licensees, as follows:

- Professional learning and development opportunities that align with the *Child Care and Early Years Act, 2014* regulations and ministry policy (for example, workshops, mentoring and coaching, networks that are delivered in-person, virtually);
- Program-related professional learning opportunities that align with the views and approaches outlined in *How Does Learning Happen? Ontario's Pedagogy for the Early Years*, promote reflective practice and collaborative inquiry, and support the new regulatory requirements under the *Child Care and Early Years Act, 2014* (such as post-diploma training programs);
- Establishment of professional learning communities of practice to support early years program staff; professional learning and development opportunities related to child care program business administration (for example, budgeting, leadership, human resource management, policy development, board governance);
- Professional learning and development opportunities related to the health, safety and well-being of children (for example, nutrition, first aid, environmental health, communicable diseases);
- Release time and overtime to support staff in participating in professional learning and development opportunities; or
- Travel costs (in accordance with the OPS Travel Directive) to support attendance at professional learning and development opportunities (CMSM/DSSAB policies pertaining to travel and accommodation apply).

Capacity building funding cannot be used to support or enforce compliance with purchase of service agreements between CMSMs/DSSABs and licensees.

A minimum expenditure requirement is included in the 2025 TPA - Schedule D for Capacity Building.

Note: see Part 3 of Chapter 1: Funding Guideline for related allowable CMSM/DSSAB expenses.

Note: While capacity building funding is intended to support licensed child care programs, partnerships with other community organizations and initiatives such as community colleges, full-day kindergarten and EarlyON Child and Family Centres are also encouraged to promote inter-professional learning opportunities.

7.3.C IMPLEMENTATION

In addition to funding system-wide professional learning and development priorities, CMSMs/DSSABs should prioritize capacity building funding for licensees that:

- Have limited access to professional learning and development opportunities;
- Require support in improving program quality;
- Leverage resources for licensees and program staff in supporting children with special needs;
- Have limited capacity in business administration; or
- Serve Francophone or Indigenous children and families.

As service system managers, CMSMs/DSSABs are required to have a policy and plan in place for the use of capacity building funding in their service area as well as equitable distribution to licensees as required, based on the above noted priorities.

Local policies must be shared with the community to ensure a transparent approach and may be requested by the ministry.

Ministry Resources

The following ministry resources have been developed to strengthen quality in early years settings:

- *How Does Learning Happen? Ontario's Pedagogy for the Early Years*
- Introductory Guides to *How Does Learning Happen? Ontario's Pedagogy for the Early Years*;
- Think, Feel Act: Lessons from Research about Young Children;
- Think, Feel, Act: Empowering Children in the Middle Years;

CMSMs/DSSABs should support the use of these resources by their local licensees through Capacity Building.

7.4 SPECIAL NEEDS RESOURCING EXPENSE

7.4.A PURPOSE

Special needs resourcing (SNR) funding is to be used to support the inclusion of children with special needs in eligible licensed child care settings (including licensed home child care), camps and “children’s recreation programs”, at no additional cost to families / caregivers. Under O. Reg. 138/15, a “child with special needs” means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

Any planned expansion of SNR-funded services and supports must comply with this guideline and O. Reg. 138/15 by supporting the inclusion of children with special needs in eligible licensed child care settings, camps, children’s recreation programs, EarlyON Child and Family Centres, and Indigenous-led Child Care and Family Settings. There is to be no expansion of programs considered out of scope for SNR funding.

The ministry continues to review SNR policies to further support the inclusion of all children, as well as consistency and continuity across the sector. The ministry is committed to working with partners to modernize Ontario’s child care system and plan for an increasingly integrated early years system.

Principles of SNR service delivery include:

1. **Inclusion:** All children are able to actively and meaningfully participate in licensed child care and early years programs and are supported to form authentic, caring relationships with their peers and educators (for example, a class-wide approach which does not separate or exclude children with individualized 1:1 treatment/actions).
2. **Capacity Building:** Research demonstrates that supporting educator capacity to increase their skills, knowledge and access to resources helps address the needs of all children in their programs and fosters effective inclusive practices[1].

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[1] “Inclusion: How the Scene Has Changed” (Bricker, 2000) concluded that two critical variables are necessary for effective models of inclusion that foster positive outcomes for children: professionals’ attitudes and beliefs and having the skills and knowledge to address the needs of all children in the programs.

3. **Integrated Supports:** Children and families benefit from the intentional efforts of educators who collaborate and make relevant, timely referrals and connections to other programs and services to support their needs.
4. **Foundational Conditions:** Ontario's pedagogy for the early years (*How Does Learning Happen?*) articulates a strength-based view of children, families and educators supported by four foundations that are essential for all children to grow and flourish: Belonging, Well-Being, Engagement, and Expression[2]

7.4.B ELIGIBILITY

To receive direct SNR funding, licensees must be enrolled in CWELCC or exclusively serve children aged 6 to 12. Ineligible licensees may be supported indirectly by CMSM/DSSAB SNR services and supports (such as consultants).

Services and supports purchased through SNR funding are for the inclusion of children with special needs under 13 years of age in licensed child care settings, for children with special needs in camps and children's recreation programs (age 4 years and up), and for children in early years program settings. Please refer to the Camps and Children's Recreation portion of this guideline (Part 7.7) for age eligibility and the definition of "camp" and "children's recreation program".

Please note that the *Child Care and Early Years Act, 2014* defines "child" as a person who is younger than 13 years old. However, families of children with special needs who were in receipt of a service or received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until that child turns 18, provided that they meet other eligibility criteria that are unrelated to age (see O. Reg. 138/15). For example, if a person with special needs started to receive financial assistance at age 8 on January 1, 2017, they are eligible to continue receiving that financial assistance until they turn 18 in the year 2026. This means that these adolescents will not experience a financial assistance/service disruption based on their age.

All licensees and eligible licensed child care programs involved in the provision of SNR services must comply with legislative and regulatory requirements for the provision of services, obtaining parental consent for service, and the exchange of information for any purpose (such as referrals).

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[2] How Does Learning Happen? Ontario's Pedagogy for the Early Years (Ministry of Education, Ontario, 2014).

SNR Expenditure Requirements and Staffing

CMSMs/DSSABs are required to spend a minimum of 8.5% of their Local Priorities – Flex Funding allocation, as outlined in the Agreement, on SNR. CMSMs/DSSABs are encouraged to consider local service area needs when determining their SNR expenditure and may wish to spend a larger percentage of their total allocation as required. Where a CMSM/DSSAB does not meet the minimum spending requirement of 8.5% of their Local Priorities – Flex Funding allocation, the ministry will recover all remaining unspent funds.

SNR funding is made available to CMSMs/DSSABs to:

- Hire or acquire the services of a resource consultant (see "Resource Consultant" under Special Needs Regulatory Requirements for more details) or supplemental staff where necessary (including salary and benefits) to support the inclusion of children with special needs;
- Provide professional development opportunities to support staff in licensed child care and early years settings, (that is, licensed child care centres or home child care, in-home services, before and after school programs, authorized recreation, skill building programs, EarlyON Centres and Indigenous-led child and family programs) working with children with special needs and their families to support inclusion; or
- Purchase or lease specialized/adaptive equipment and supplies to support children with special needs. Specialized equipment may be specific to an individual child or may be used by more than one child and retained as a program resource. If specific to an individual child, the equipment/resource may follow the child to school, to support seamless transitions.

Local SNR services and supports continue to evolve over time to meet the diverse and changing needs of children, families, and communities. Any expansion of SNR-funded services and supports must comply with this guideline and O. Reg. 138/15 by supporting the inclusion of children with special needs in eligible licensed child care settings, camps, and children's recreation programs.

<u>INELIGIBLE EXPENSES (out of scope expenditures) are as follows</u>:

- Treatment services (for example, individual therapeutic service provision through existing programs like Preschool Speech and Language and Blind Low Vision programs);

- Case Management of programs and services outside of child care;
- Supports to children and families in their homes;
- Child care fees to cover operating costs for licensed child care; and
- Nursing Supports.

The ministry previously required CMSMs/DSSABs to develop SNR transition plans to eliminate out-of-scope program expenditures (for example, referral pathways for sharing information about a range of provincially funded specialized services for families and timelines for the discontinuation of out-of-scope SNR service delivery). In 2024 the ministry maintained support for those CMSMs/DSSABS executing SNR transition plans to eliminate out-of-scope SNR expenditures. The ministry expects that the execution of transition plans by CMSMs/DSSABs are completed in 2024, after which funding for out-of-scope expenditures will be discontinued. For clarity, as of January 1, 2025, the ministry will no longer fund ineligible SNR expenses.

7.4.C PLANNING AND COLLABORATION

Service system managers are encouraged to collaborate in the planning and provision of services and supports with SNR service providers, licensees, families, schools/school board personnel, other professionals and community service programs and agencies such as, Healthy Babies Healthy Children, Infant and Child Development, Preschool Speech and Language, Coordinated Service Planning for children with multiple or complex special needs, Children’s Treatment Centres, early years community planning tables, EarlyON Child and Family Centres, children’s mental health, and Ontario Autism Program (including OAP core clinical services and the OAP entry to school program). Cross-disciplinary collaboration will help to improve SNR services, promote seamless transitions between services for children and their families, support transitions between support settings, and minimize potential barriers to service delivery.

To support CMSMs/DSSABs, SNR agencies, and child care and early years programs in making appropriate referrals for children with special needs, here are some links to other provincial program guidelines, services and resources:

- Coordinated Service Planning - Policy and Program Guidelines
- Smart Start Hubs
- Transitioning to School

- Family Managed Home Care
- Early child development | Ontario.ca
- Children with special needs | Ontario.ca
- Ontario Autism Program – Guidelines for Core Clinical Services and Supports
- Ontario Autism Program – Entry to School Program
- Assistive Devices Program | ontario.ca
- EDU Special Equipment Amount (SEA) guidelines

7.4.D REQUIRED DOCUMENTATION

At minimum, CMSMs/DSSABs must maintain the following SNR documentation:

- Record of payments to SNR service providers (including a record of specialized equipment and supplies as applicable); and
- Reports from SNR service providers that include actual expenditures and service data that support CMSMs/DSSABs in completing their Interim Report and Financial Statements.

CMSMs/DSSABs must retain required documentation for at least seven years.

7.5 FEE SUBSIDY

7.5.A PURPOSE

Child care plays a key role in promoting healthy child development and helping children to reach their full potential. It is an essential support for many families as it helps to balance the demands of career and family while participating in the workforce or pursuing education or training.

7.5.B ELIGIBILITY

As of January 1, 2025, fee subsidies can no longer support families with children enrolled in centres/agencies that serve children aged 0 to 5, if the centre/agency is not enrolled in CWELCC. For greater clarity, in addition to meeting the eligibility requirements for fee subsidy in this section, to receive fee subsidy, children must also be enrolled in one of the following programs:

- CWELCC-enrolled centre/agency (fee subsidy available for children aged 0 to 12)
- A centre/agency exclusively serving children aged 6 to 12
- Camps and children's recreation programs
- Before and after school program offered directly by school boards
- Before and after school programs operated by third party programs
- Unlicensed child care for Ontario works participants as described below

The exception to this criteria is existing fee subsidy agreements at otherwise ineligible centres/agencies that serve children aged 0 to 5. Funding for these existing fee subsidy agreements may continue until the benefiting child ages-out of the program or leaves the centre/agency.

Fee subsidy for eligible families is subject to the availability of fee subsidy funds within the budget of the CMSM/DSSAB and space availability within an eligible child care program.

O. Reg. 138/15 requires CMSMs/DSSABs to make reasonable efforts to work together, or with eligible child care programs, to facilitate access for eligible families seeking subsidized child care outside of their home region.

Ontario Works Recipients

Ontario Works and other social assistance recipients are deemed automatically eligible for fee subsidy and are not required to be assessed under the income test. To be eligible for subsidy, families must be participating in approved employment assistance activities unless the child or parent/guardian has a special need or the child has a social need.

Per Ontario Works Policy Directives, participants of the Learning, Earning and Parenting (LEAP) program, a targeted strategy of Ontario Works that provides child care assistance and other supports to young families on social assistance to help them finish high school and develop parenting skills, may receive child care fee subsidies in order to participate in activities.

Individual child care transition plans must be established for social assistance recipients to provide continuity of care for the child. As a social assistance recipient moves to full-time employment and exits social assistance, child care assistance remains available as long as the parent/guardian is considered eligible under the income test.

Child Care Fee Subsidy – Families Who Qualify Based on Income

Families who are eligible under the provisions of the income test may be eligible for fee subsidies for children 12 years of age or under. Fee subsidy funds can be used to support full- and part-time child care in licensed child care, camps, children's recreation programs and extended day programs operated by school boards (before and after school programs and non-instructional days).

Please note: Under the former *Day Nurseries Act*, families of children with special needs could be eligible for fee subsidies for children under 18 years of age. While the *Child Care and Early Years Act, 2014* defines a child as under the age of 13 years, to support continuity of care, children with special needs who were in receipt of a service or who received financial assistance before August 31, 2017 will be allowed to continue to receive assistance/services until they turn 18 years, provided that they meet other eligibility criteria that are unrelated to age (see O. Reg. 138/15). For example, if a person with special needs started to receive financial assistance at age 8 years on January 1, 2017, they are eligible to continue receiving that financial assistance until they turn 18 in the year 2026. This provision means that families of these adolescents will not experience a financial assistance disruption based on their child's age.

Child Care for Ontario Works Participants

Child care fee subsidies are an important support for Ontario Works participants, LEAP participants and Ontario Disability Support Program (ODSP) recipients in approved employment assistance activities. Funds for Ontario Works participants may be used for eligible licensed child care, or unlicensed child care to enable parents/guardians to participate in approved employment assistance activities. Ontario Works participants may only access unlicensed child care when a licensed child care arrangement is not possible due to the client's needs and the availability of service (such as a need for weekend/overnight care). The ministry also recommends that Ontario Works participants receive information describing the differences between eligible licensed and unlicensed child care. Resources on child care in Ontario can be found here.

Considerations regarding child care arrangements may include the number of children, age of the children and hours of care needed. The transition between subsidized part-day and subsidized full-day care as families' and children's needs change should be seamless and support the substantiated needs of children and families. Unlicensed child care may be provided by occasional caregivers or neighbours. Paid care provided by relatives outside of the Ontario Works benefit unit[3] is permitted as long as receipts are provided.

Ontario Works participants may receive assistance for the actual cost of eligible licensed child care and up to pre-established ceilings for unlicensed child care. Maximum payment levels for unlicensed child care are specified under O. Reg. 134/98, Subsection 49.1 (2) of the *Ontario Works Act, 1997*.

Ontario Works participants will be required to produce receipts on request for either unlicensed or eligible licensed care purchased directly.

Documentation Requirements

CMSMs/DSSABs are required to establish a formal policy, or include language in their existing policies, on the use of unlicensed child care options for Ontario Works participants effective January 1, 2016. Policies should have the following components:

- Funding under the *Child Care and Early Years Act, 2014* for unlicensed child care may only be accessed by Ontario Works participants when an eligible licensed child care arrangement is not available due to:

  a) Limited licensed child care options (such as in a remote location);
  b) Licensed child care options do not meet the needs of Ontario Works clients (such as a need for weekend, overnight, or intermittent care); or
  c) Short-term child care need.

- In cases where unlicensed child care arrangements are approved, CMSMs/DSSABs will be required to document the rationale for the provision of funding. CMSMs/DSSABs have the flexibility to determine the appropriate documentation tools and processes for their regions. Documentation should be copied and retained on file for a period of seven years so that the existence of the documents can be verified in future file reviews.

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[3] The benefit unit is defined as "a person and all of his or her dependents on behalf of whom the person applies for or receives basic financial assistance".

Determining Eligibility

This portion of the guideline reviews the policies and practices related to determination of eligibility for fee subsidy.

Social Assistance

Social assistance recipients are eligible for full subsidy without being subject to the income test. This includes:

- A person eligible for income support under the *Ontario Disability Support Program Act, 1997*; and
- A person eligible for income assistance under the *Ontario Works Act, 1997* who is employed or participating in employment assistance activities under the Act or both.

Other parents/guardians may be eligible for full or partial subsidy based on the income test formula detailed below.

Income Test

CMSMs/DSSABs must use the income test prescribed by O. Reg. 138/15 - Funding, Cost-sharing and Financial Assistance made under the *Child Care and Early Years Act, 2014,* to determine eligibility for fee subsidy and the amount of the parental contribution. CMSMs/DSSABs are responsible for administering the income test and verifying information. CMSM/DSSAB staff specifically designated to process applications for fee subsidy must administer the income test.

Questions and answers about the income test are available on the Financial Analysis and Accountability Branch website.

Definition of Income

For the purposes of income testing, the definition of income is “adjusted income” as defined under section 122.6 of the *Income Tax Act* (Canada). This definition includes net income from line 236 on the income tax returns of both spouses.

Verification of Income

All applicants for child care fee subsidy (and where applicable the applicant’s spouse), as well as recipients already receiving fee subsidy and being assessed under the income test, are required to provide a copy of either the most recent available Notice of Assessment or Canada Child Benefit (CCB) Notice or notice of payment under section of the *Income Tax Act* (Canada) to the CMSM/DSSAB.

This means that all applicants (and where applicable the applicant's spouse) are required to file an income tax return annually in order to be considered for fee subsidy eligibility.

Applications for fee subsidy may be taken and eligibility reviews may be conducted at any time during the calendar year. Generally speaking, in the latter half of the calendar year, applicants will be required to present the *Notice of Assessment* or CCB Notice for the previous calendar year. In the first half of the calendar year, until documentation is available for the previous tax year, applicants may present the documentation for two years earlier. Older documentation is not acceptable.

There is an exception for recent immigrants defined as people who were not residents of Canada in the previous year and had no Canadian income to report for income tax purposes. They are not required to have filed an income tax return and their adjusted income should be considered "zero" in the first year.

7.5.C IMPLEMENTATION

Fee Subsidy Management

CMSMs/DSSABs are encouraged to provide a flexible mix of subsidies for part- and full-day child care, across all age groups, which reflect the range of local service needs. A seamless transition should be provided between subsidized part-day and full-day care, or part-week and full-week care as the needs of families change.

Determining the Amount of Child Care to Subsidize

CMSMs/DSSABs are to determine the amount of subsidized child care for each eligible family in accordance with O. Reg. 138/15 and this guideline chapter. The applicant's employment or education activities that result in a need for child care should be documented. However, where a parent/guardian works regular, full-time hours (that is, at least 35 hours a week without rotating shifts), CMSMs/DSSABs are discouraged from documenting actual shifts worked as part of the attendance records. Additionally, information pertaining to an illness or disability where the illness or disability is the reason for needing child care should be documented. This includes documenting necessary information regarding a child's special or social needs.

User Fees

CMSMs/DSSABs are strongly discouraged from adopting parent fee practices that cause subsidized parents/guardians to pay fees that may exceed their ability to pay as determined by the income test.

CMSMs/DSSABs may not charge user fees to social assistance recipients who are not engaged in paid employment.

Prioritization

O. Reg. 138/15 requires CMSMs/DSSABs to process completed subsidy applications in accordance with the date they are received and make reasonable efforts to support eligible families to access child care in the location that best meets the family's needs.

To complement the standard income test, the ministry continues to encourage CMSMs/DSSABs to adopt a standard approach to managing demand for fee subsidies based on local needs. This approach allows for flexibility at the local level while introducing more consistency across CMSMs/DSSABs in managing access to fee subsidy.

CMSMs/DSSABs have historically undertaken local planning processes to assess the socio-economic factors and to determine the appropriate allocation approach for fee subsidy funds that best meet the needs of their service area. CMSMs/DSSABs should continue to use the local policies they already have in place to support the distribution of fee subsidies to children and families; however, Ontario Works participants should be prioritized where possible.

Examples of socio-economic factors that could be used to allocate fee subsidies in a CMSM/DSSAB include:

- Income levels of families with children;
- Geographic areas, such as wards, lower tier municipalities, territory without municipal organization;
- High-growth areas;
- Social assistance recipients;
- Children's age groups; and
- Cultural and linguistic groups such as Indigenous peoples and Francophones.

CMSMs/DSSABs continue to have the flexibility to provide immediate child care subsidy to families facing exceptional circumstances, such as referrals from children's aid societies or victims of domestic violence.

CMSMs/DSSABs are expected to plan for the transition to employment for social assistance recipients so that continuity of child care support is available.

CMSMs/DSSABs may want to consider factors such as the family's current employment situation or income when prioritizing applicants for fee subsidies.

Before and After School Programs (Extended Day Fee Subsidies)

CMSMs/DSSABs are to fund fee subsidies based on 100% of school-board established before and after school rates per O. Reg. 221/11 (Extended Day and Third Party Programs made under the *Education Act*).

To make the best use of subsidy dollars it is recommended that school boards establish a before-school rate, an after-school rate, and a combined rate for the before and after school program per O. Reg. 221/11.

CMSMs/DSSABs are to establish overall framework agreements with school boards that will cover all school sites where boards are directly operating before and after school programs, for the provision of fee subsidies. Where a board has entered into an agreement with an eligible third-party program, CMSMs/DSSABs will continue with existing contractual processes in place (such as to continue or enter into purchase of service agreements with individual providers).

Fee Subsidy Program Discretion

CMSMs/DSSABs have discretion regarding local fee subsidy management. Fee subsidy management could include CMSMs/DSSABs establishing local policies to have families receiving fee subsidy be prioritized for enrolment with eligible licensees. CMSMs/DSSABs should consider local service area needs when determining if such a policy is required to support access to child care spaces for these families.

Fee subsidy management also includes the process for allocating fee subsidy funding. Most CMSMs/DSSABs in the province use the best practice under which the "subsidy follows the child within the service area" in allocating fee subsidy funding. This benefits children and families by helping support the choices for child care that best meet their needs. In other CMSMs/DSSABs, funding is committed to specific child care centres, such that families may only enroll their children if there is a vacancy for a subsidized space in the centre.

While CMSMs/DSSABs have flexibility in setting their service area waitlist priorities for local fee subsidy management, applicants for fee subsidy that meet the eligibility criteria (outlined below) cannot be denied eligibility (for example, children whose parents/guardians are post-graduate students or children who are eligible for full-day kindergarten).

Wait list policies are to take into account families with children enrolled in before and after school programs at schools.

Changes made under O. Reg. 138/15 to facilitate access to cross-jurisdictional fee subsidy placements do not negate provincial or local policies regarding eligibility or priority.

7.5.D BUSINESS PRACTICE

Case File Reviews and Protocols

CMSMs/DSSABs require a clear policy to determine when an applicant or recipient's file/application requires review. The policy may include reviewing files based on the child's age and associated change in programming as well as expected changes in circumstances (such as students who are beginning or finishing their studies). In order to maintain up-to-date information on families' eligibility, CMSMs/DSSABs will at minimum review individual files at least once a year.

As a best practice, CMSMs/DSSABs should establish and communicate their own internal case file review protocols. The protocols may include such aspects as:

- Ensuring file reviews are completed at regular intervals;
- Communicating that random file reviews may be conducted; and
- Ensuring protocols are in place to report the monitoring of results and complete the necessary follow up for non-compliance with program requirements.

CMSM/DSSAB policies and protocols may be requested by the ministry and may be subject to ministry review.

Conflict of Interest

Policies should be established that provide a clear audit trail and reduce the potential for conflict of interest in conducting assessments or reviews. Staff of child care and recreation programs must not be involved in the application process. Applicant source documents should be copied and retained on file as per the file retention section below so that the existence of the documents can be verified in future file reviews.

Protection of Privacy

The collection of documentation related to an application for fee subsidy is subject to the *Municipal Freedom of Information and Protection of Privacy Act*. CMSMs/DSSABs must protect the confidentiality of an applicant's personal information and related documents.

Purchase of Service Contracts

CMSMs/DSSABs may enter into agreements with eligible licensees for the delivery of child care services in a way that can achieve the agreed outcomes, respects the principle of fair treatment to all licensees, and supports family choice. CMSMs/DSSABs may also provide fee subsidy to eligible licensed programs that are directly operated by a municipality or school board.

To be eligible to enter into fee subsidy purchase of service agreements, recreation programs must meet the requirements outlined in the Camps and Children's Recreation Program section of this guideline.

Before and After School Programs Offered Directly by School Boards

As board-operated before and after school programs are governed under the *Education Act*, no additional standards will be required by CMSMs/DSSABs when entering into agreements with school boards.

School boards that directly deliver before and after school programs are required to adopt the approaches outlined in *How Does Learning Happen? Ontario's Pedagogy for the Early Years* to support consistency and alignment across the province.

Before and After School Programs Operated by Third Party Programs

Before and after school programs provided by third party programs (licensed child care programs or authorized recreational and skill building programs) must follow regulations under the *Child Care and Early Years Act, 2014*. This is consistent with the Minister's Policy Statement that sets out *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming.

The Minister's Policy Statement applies to all licensed child care settings. See the Before and After School Program Guidelines.

Where programs are offered on school premises and adjacent to the instructional day, CMSMs/DSSABs should consider opportunities to align with school board Policy/Program Memoranda and other protocols to best support children in those programs, as appropriate.

Protocols for Child Care Licensees

The ministry's Child Care Licensing System (CCLS) notifies CMSMs/DSSABs whenever a new child care licence has been issued, renewed, revised, amended, suspended, terminated or closed. CMSMs/DSSABs can search and view licenses and other licensing related documents (such as licensing letters or inspection reports) in CCLS. They can also generate licensing and serious occurrence data reports about child care centres and home child care agencies in their geographic area.

CMSMs/DSSABs should review this information when contracting with child care licensees.

File Retention

Copies of fee subsidy applicants' documents related to income testing, identification of a child's special or social need or a parent's/guardian's illness or disability must be verified and retained for a period of seven years. Please note that documentation relating to the special needs of a parent/guardian or child are for the purposes of determining the level of fee subsidy only. There is no required documentation for receipt of SNR. Closed fee subsidy files should be retained for seven years from the date of closure.

Complaint Resolution and Appeals

As a best practice and to provide information on internal review and appeal processes to fee subsidy clients, CMSMs/DSSABs should establish and communicate their own internal policy regarding complaint and appeal processes. These may include:

- How to submit a request for an internal review/appeal;
- Internal appeal timelines;
- Staff training on internal review and appeal processes; and
- How decisions and reasons for decisions will be communicated.

CMSMs/DSSABs should review their internal policies regarding complaints and appeals on a regular basis (for example, annually).

Complaints and appeals received should also be reviewed at least annually to monitor trends and identify service improvements. The ministry may review a representative sample of complaints/appeals.

Overpayments

Families do not need to report in-year changes in income prior to their annual review. However, a family could still become ineligible for subsidy if they no longer have a valid reason for service and continue to use child care without advising their CMSM/DSSAB.

It is also possible that a CMSM/DSSAB could learn that an applicant misrepresented their status, such as a parent/guardian applying as a single person if they were, in fact, married.

CMSMs/DSSABs may establish or continue to apply existing policies to collect overpayments in situations where fee subsidies were provided to clients for periods of time when they in fact were not eligible for assistance or were eligible for a lower amount of assistance.

7.5.E REQUIRED DOCUMENTATION

At a minimum, CMSMs/DSSABs maintain the following documentation on fee subsidy payments:

- Record of payments to child care centres/agencies; and
- Monthly invoices from centres/agencies reporting child attendance.

Other financial practices for CMSMs/DSSABs are detailed in the Ministry Business Practices section of the Chapter 1: Funding Guideline. CMSMs/DSSABs must retain required documentation for at least seven years. For further assistance (such as monitoring and reporting requirements) please contact the ministry.

7.6 FEE SUBSIDY – PARENTAL CONTRIBUTION REDUCTION

7.6.A PURPOSE

Fee subsidy is an essential support for many families that enables eligible parents/guardians to participate in the workforce or pursue education or training. O. Reg. 138/15 ensures that families accessing subsidized child care continue to see financial relief under CWELCC, through a reduction in their parental contributions by 50% in respect of CWELCC-eligible children.

As CWELCC is implemented in Ontario, the fee subsidy model will continue to be an option for families who require financial assistance. O. Reg. 138/15 sets out an income-test formula that CMSMs/DSSABs must use to calculate the amount of subsidy that can be provided for a family, as well as the amount of money that a family must contribute to the cost of child care (called the “parental contribution”).

7.6.B ELIGIBILITY

Fee subsidy recipients will have access to the parental contribution reductions if their child is eligible for fee subsidy and enrolled with a licensee that is participating in CWELCC.

7.6.C IMPLEMENTATION

As part of the implementation of CWELCC, amendments were made under O. Reg. 138/15 to mandate a reduction to the parental contribution for families with eligible children (as defined under O. Reg. 137/15) attending a CWELCC-enrolled program. This reduction of 50% (with no floor of $12 for families receiving subsidy) remains in place.

If a family has at least one eligible child, as defined in O. Reg. 137/15, who receives care from a centre/agency that is enrolled in CWELCC, their CMSM/DSSAB is to reduce the parental contribution amount calculated via the income test for any child care provided on or after December 31, 2022, as follows: $A \div B \times C \times 0.50$, where,

> **A** is the total parental contribution calculated via the income test
>
> **B** is the total number of children that the calculated parental contribution pertains to
>
> **C** is the number of eligible children, who hold a space with a centre/agency that has enrolled in CWELCC, that the family is required to pay a parental contribution for.
>
> *Example: If a fee subsidy family has two children aged 7 and 4, the 50% parental contribution reduction would only apply to the 4-year-old (enrolled at a licensed centre participating in CWELCC) as the 7-year-old is not a CWELCC-eligible child. The 50% reduction would then be reduced by half, as it only applies to one of the two children.*

As noted in O. Reg. 137/15, licensees are required to reduce the cost of full-fee spaces that are occupied by eligible children receiving fee subsidies. CWELCC fee reductions may be reduced by less than 50% due to the $12 per day floor. However, fee subsidy recipients will benefit from a full 50% parental contribution reduction as the $12 per day floor does not apply.

CMSMs/DSSABs are required to calculate the parental contribution reduction for eligible fee subsidy families and reduce parental contribution amounts accordingly.

Eligible fee subsidy families will not see a reduction in parental contribution in cases where their children occupy spaces with a centre/agency that is not enrolled in CWELCC.

Please see below for an illustrative example of fee subsidy calculations for a family with a child enrolled at a licensee participating in CWELCC.

Illustrative Example: A family with one child in licensed child care is accessing fee subsidy with a parental contribution of $30 per day calculated in accordance with the income test. The base fee for the space the child occupies is $100 per day prior to CWELCC enrolment (that is, the fee charged to full fee-paying families). For this family, the fee is paid through a parental contribution of $30 and a fee-subsidy of $70.

Effective December 31, 2022, the base fee of the space (in the now-CWELCC-enrolled centre) decreased to $47.25 a day [($100 X (100%-25%) X (100%-37%)]. The parental contribution for this family (only one child who is CWELCC-eligible) decreased to $15 (50% of the $30 income-test-based parental contribution). The fee subsidy was then reduced to $32.25 (the remainder of the base fee), with CWELCC covering $52.75 (the remainder of the full-cost fee).

Effective January 1, 2025, the new fee cap reduces the base fee to $22, which is still higher than the parental contribution of $15 (so the family remains eligible for fee subsidy, which now covers $7). CWELCC covers $78 (the remainder of the full-cost fee).

Breakdown of $100 full-cost space (that is, fee charged to full-fee paying families)	**Prior to CWELCC enrolment**	**Effective Dec. 31, 2022**	**Effective Jan. 1, 2025**
Base fee per O. Reg. 137/15	$100	$47.25 = $100 x (100% – 25%) x (100% – 37%)	$22 (new fee cap)
Parental contribution	$30 (from income test)	$15 = $30 x 50%	$15 = $30 x 50% (as less than $22)
Fee subsidy = (base fee – parental contribution)	$70 = ($100 – $30)	$32.25 = ($47.25 – $15)	$7 = ($22 – $15)
CWELCC funding = (cost of space – base fee)	n/a	$52.75 = ($100 – $47.25)	$78 = ($100 - $22)
Total revenue to licensee	**$100**	**$100**	**$100**

7.7 CAMPS AND “CHILDREN’S RECREATION PROGRAMS” (CHILDREN’S RECREATION) FEE SUBSIDY EXPENSE

7.7.A PURPOSE

This section details the funding eligibility requirements for camps and “children’s recreation programs” to receive fee subsidies. All other current ministry protocols for the administration of fee subsidies and SNR funding apply as well. Please see the Fee Subsidy and SNR sections of this guideline for further information.

7.7.B ELIGIBILITY

Section 1 of O. Reg. 138/15 under the *Child Care and Early Years Act, 2014* (CCEYA) defines “children’s recreation program” as a program that is operated by:

a) An organization recognized under Regulation 797 of the Revised Regulations of Ontario, 1990 (Recreation Programs) made under the *Ministry of Tourism and Recreation Act* as a children’s recreation service provider by a resolution passed by the local service system manager, municipality, school board or First Nation; or

- An authorized recreational and skill building program as defined under the CCEYA and its regulations (see paragraphs 1 to 4 of subsection 6 (4) of the CCEYA and the criteria set out in O. Reg. 137/15); or

b) A member of the Ontario Camps Association.

Fee subsidies may be provided to children enrolled in one of three types of “children’s recreation programs” described above who are four years old or older.

Authorized recreational and skill building programs

“Authorized recreational and skill building programs” are defined in the CCEYA. An “authorized recreational and skill building program” is one that:

- Operates once a day for no more than 3 hours on weekdays;
- Promotes recreational, artistic, musical or athletic skills or provide religious, cultural or linguistic instruction;
- Is not operated in a person’s home; and

- Is operated by one of the following:
    - A CMSM/DSSAB, municipality, school board, First Nation, or the Métis Nation of Ontario;
    - A member of the YMCA or a member of Boys and Girls Clubs of Canada;
    - An organization that delivers Ontario's After School Program funded by the Ministry of Tourism, Culture and Sport (MTCS);
    - An organization that is recognized by Parks and Recreation Ontario as a HIGH FIVE accredited organization;
    - A Friendship Centre that is a member of the Ontario Federation of Indigenous Friendship Centres;
    - A member of a provincial sport organization or multi-sport organization recognized by MTCS, where the program's activities are related to the sport or sports promoted by the organization;
    - MTCS or its agencies (for example, the Royal Ontario Museum, Ontario Science Centre);
    - Authorized by a CMSM/DSSAB to offer child care in their service area provided that the program can demonstrate to the CMSM/DSSAB that it offers programming that supports the health, safety, and well-being of children; or
    - Authorized by a First Nation to offer child care on their territory provided that the program can demonstrate to the First Nation that it offers programming that supports the health, safety and well-being of children.

Authorized recreational and skill building programs with expanded hours

The O. Reg. 137/15 allows the following authorized recreational providers to operate before and after school programs with expanded hours (more than 3 hours each day) on weekdays during the school year, upon ministry approval:

- A CMSM/DSSAB, municipality or First Nation;
- An organization delivering Ontario's After School Program funded by MTCS;

- A member of YMCA Canada or Boys and Girls Clubs of Canada; and,
- A Friendship Centre that is a member of the Ontario Federation of Indigenous Friendship Centres.

Camps

Pursuant to O. Reg. 138/15, families with children in “camps” - as defined in paragraph 9 of subsection 4 (1) of the CCEYA – who also meet other eligibility criteria are by regulation eligible for fee subsidy. Fee subsidy may be provided for children attending a camp who are four years old or older (or turning four in the current calendar year and enrolled in a camp provided on or after September 1).

Eligible Camps:

- Operate for no more than 13 weeks in a calendar year.
- Operate on days where instruction is not typically provided for pupils in schools.
- Are not operated at a person’s home.

7.7.C IMPLEMENTATION

CMSMs/DSSABs are required to have program requirements in place that support the health, safety and well-being of children enrolled in camps or “children’s recreation programs” with whom CMSMs/DSSABs are entering into a purchase of service agreement for the provision of fee subsidies or SNR. At a minimum, these requirements should include standards related to the following health, safety and well- being provisions:

1) Liability Insurance
2) Safe Arrival and Departure of Children
3) Vulnerable Sector Check
4) Adult Supervision
5) Programming Quality Assurance (such as HIGH FIVE certification or Accredited by the Ontario Camps Association)

Camps and children’s recreation programs must also meet these requirements in order for CMSMs/DSSABs to permit the provision of SNR to children enrolled in these programs, and amend their service agreements with SNR agencies accordingly.

CMSMs/DSSABs may also wish to consider additional program requirements in their purchase of service agreement with licensees such as the conditions outlined in the ministry’s resource document: *Authorizing Recreational and Skill Building Programs*.

7.7.D GENERAL ADMINISTRATION

CMSMs/DSSABs are responsible for assessing and monitoring the eligibility of camps and “children’s recreation programs” for child care funding based on the above requirements. They may also set additional eligibility criteria. However, when determining whether or not to establish a purchase of service agreement with a camp or “children’s recreation program” that meets the ministry’s funding eligibility requirements, CMSMs/DSSABs should, as much as possible, take into consideration the wishes and needs of the family receiving the subsidy. CMSMs/DSSABs may not enter into a purchase of service agreement with any camp or “children’s recreation program” until they are satisfied that the program meets all of the eligibility requirements stated above. However, if a CMSM/DSSAB wishes to consider a camp or “children’s recreation program” for a purchase of service agreement that does not meet all of the ministry’s minimum requirements for funding eligibility at the time of the initial assessment, the CMSM/DSSAB is encouraged to give the camp or “children’s recreation program” licensee sufficient time to make the changes necessary to meet the requirements.

Camp and “children’s recreation programs” fee subsidies were created with the intention of increasing choice and flexibility for families. CMSMs/DSSABs and other organizations that already have funding in place to subsidize the cost of camp and “children’s recreation programs” for families in financial need (such as “welcome policies”) must not use child care fee subsidy funding as a replacement for this funding.

7.7.E REPORTING REQUIREMENTS

For Local Priorities – Flexibility Funding, please refer to Chapter 7: EFIS Reporting Requirements for more information.

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Chapter 4: Indigenous-led Child Care and Child and Family Programs Guideline

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PART 1: INDIGENOUS-LED CHILD CARE AND CHILD AND FAMILY PROGRAMS

1.A PURPOSE

The Province has worked to increase access to Indigenous-led child care and EarlyON Child and Family programs in urban and rural areas. These programs also support Indigenous communities in determining and assessing child care and early years needs and providing direct support to children and families. To that end, Indigenous-led programs are to be developed and delivered by Indigenous organizations, working in partnership with CMSMs/DSSABs.

1.B FUNDING ELIGIBILITY

Ongoing operating expenditures for child care components must align with the existing expense categories in Chapter 3: Local Priorities Guideline; however, a minimum amount for capacity building and the minimum expenditure of 8.5% on special needs resourcing do not apply. Ongoing operating expenditures for child and family components must align with the existing expense categories in Chapter 6: EarlyON Guideline.

As per previously approved proposals, CMSMs/DSSABs are permitted to use up to 10% of the operating allocation to support program administration in 2024.

*Please note: Elder honoraria is an admissible expense for Indigenous-led child care and EarlyON Child and Family program allocations.

Funding Flexibility

Funding provided by the ministry must only be used for the project identified in the approved proposal.

Indigenous-led Child Care and EarlyON Child and Family Program funding is enveloped and allocated based on program proposals approved by the ministry. As this is an enveloped allocation, funds may only be spent according to the approved proposals. Any funding not spent on the prescribed expenditures or in accordance with the priorities of this funding outlined above or in the Agreement, will be recovered by the ministry.

Flexibility may be exercised by CMSMs/DSSABs in collaboration with Indigenous-led organizations to respond to emerging needs. CMSMs/DSSABs are encouraged to work with Indigenous-led programs to support and prioritize the placement of Indigenous children (fee subsidy or otherwise) in these programs.

Financial flexibility is only permitted within each of the following categories where more than one project in the category has been approved by the ministry:

- Indigenous-led child care programs;
- Indigenous-led child and family programs; and
- Indigenous-led joint programs for child care and child and family programs.

There is no flexibility in funding allocation between these three distinct program categories of Indigenous-led programs.

Any significant changes to the approved program or activities must be reported to and approved by the ministry.

1.C REPORTING REQUIREMENTS

Expenditure Reporting

CMSMs/DSSABs are required to report expenditure data for Indigenous-led child care and child and family programs by approved project in financial reporting submissions. Please refer to Chapter 7: EFIS Reporting Requirements for a list of the required data elements and definitions.

Note: Expenditures for child care and joint child care and EarlyON Child and Family programs should be reported in the child care schedule of the EFIS submission. Expenditures for EarlyON Child and Family Centre projects should be reported in the EarlyON schedule of the EFIS submission.

Child Care Service Data Requirements

Service data required by project for child care and joint child care and child and family programs. Please refer to Chapter 7: EFIS Reporting Requirements for a list of the required data elements and definitions.

Indigenous-led EarlyON Child and Family Centres Service Data Requirements

Service data required by project for Indigenous-led EarlyON Child and Family programs. Please refer to Chapter 7: EFIS Reporting Requirements for a list of the required data elements and definitions.

Note: If approved for a child care program, service data should be reported in the child care schedule of the EFIS submission. If approved for an EarlyON Child and Family Centre program, service data should be reported in the EarlyON schedule of EFIS submission. If approved for a joint child care and EarlyON Child and Family Centre program, the service data outlined above should be reported by CMSMs/DSSABs in the respective EarlyON and Child Care schedule of the EFIS submission without double counting.

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Chapter 5: Infrastructure Guideline

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PART 1: START-UP GRANTS

1.A PURPOSE

Ontario's Action Plan for implementing CWELCC includes developing a framework for targeted space creation and providing funding for Start-up Grants to support the creation of new, affordable child care spaces for eligible children in targeted locations and for populations most in need.

Start-up Grants will support directed growth by enabling space creation in neighbourhoods that have had historically lower rates of space availability that may not be accommodated through natural growth.

1.B ELIGIBILITY

In keeping with the ministry's commitment to support all licensees regardless of auspice, for-profit and not-for-profit child care licensees who are enrolled in CWELCC are eligible to apply for Start-up Grants.

Funding for Start-up Grants is available to support the creation of new licensed child care spaces approved for enrolment in CWELCC in alignment with the CMSM's/DSSAB's Directed Growth Plan.

To access funding for Start-up Grants, CMSMs/DSSABs require a commitment from the licensee to:

- Remain enrolled in CWELCC for the remainder of the current CWELCC agreement (this means until March 31, 2026)
- Spend the Start-up Grant funding from the date the service agreement between the licensee and the CMSM/DSSAB is executed to December 31, 2026; and
- Prioritize the creation of and access to new licensed full-day child care spaces for children 0 to 4 years old in communities with vulnerable children and children from diverse populations, including, but not limited to, children living in low-income families, children with disabilities and children needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers to Canada, and official language minorities.

Capital projects for licensed child care programs for kindergarten and school-aged children and before and after school programs are not eligible for Start-up Grant funding.

Start-up Grants must fund projects required for child care facilities to be created, retrofitted, renovated, or expanded to accommodate a maximum group size for each age grouping for eligible children.

CMSMs/DSSABs may enter into service agreements with licensees to flow Start-up Grant funding, regardless of head office location.

Eligible centre-based applicants can receive a grant of up to $350,000 for every 20 child care spaces created. Eligible home child care licensees can receive grants of up to $1,200 per CWELCC space created, to a maximum of $7,200 per provider.

Eligible expenses

Eligible expenses for licensed child care centres include:

- Play-based materials, equipment, and furnishings (both indoors and outdoors) as outlined in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*.
- Non-consumable supplies/equipment to support the ongoing regular operation of the child care program (for example, appliances, IT, supplies to support learning environments while adhering to health and safety requirements).
- Renovations, additions, or repairs to licensed child care facilities or potential child care facilities as approved by CMSMs/DSSABs.
- Changes to outdoor play space that are required as a result of the expansion of child care spaces in the centre so that the licensee continues to comply with O. Reg. 137/15. Funding to cover the costs incurred to make outdoor play space changes are subject to the overall project cap of $350,000 per 20 child care spaces created.
- Leasehold improvements.

Eligible expenses for home child care licensees:

- Play-based materials, equipment, and furnishings (both indoors and outdoors) as outlined in O. Reg. 137/15 that can be transferred between home child care licensees as required.

Ineligible expenses:

- Purchase of land or buildings
- Debt costs, including principal and interest payments related to capital loans, mortgage financing, and operating loans

- Property taxes
- Expenditures related to care of children aged 6 to 12
- School-based child care spaces
- Indoor and outdoor renovations, additions or repairs to home child care licensee premises or potential home child care licensee premises.

1.C IMPLEMENTATION

Licensees must apply for Start-up Grants from the CMSM/DSSAB where the proposed new spaces are to be located.

Application process

CMSMs/DSSABs must establish an equitable and transparent process for licensees to apply. The application process must capture details on how the projects will improve access to licensed child care in communities with vulnerable children and children from diverse populations including:

- children living in low-income families
- children with special needs
- Indigenous children
- Black and other racialized children
- children of newcomers to Canada
- Francophone children

The Start-up Grant funding application must include an estimated date for the creation of the new licensed full-day child care spaces, and this date should be from the date of the application to December 31, 2026. The ministry has created a sample application form that is intended to assist CMSMs/DSSABs in their administration of the Start-up Grant application process. CMSMs/DSSABs are not required to use this sample application and may wish to consult with their legal counsel to obtain legal advice on the application or the administration process.

When approving applications for Start-up Grants, CMSMs/DSSABs should consider:

- cost effectiveness
- available operating funding
- capacity of program to access funds through other means
- program budget and financial history
- child care licensing history
- current licensed and operational capacity
- age groups (serving primarily eligible children and prioritizing the creation of full-time spaces)
- long-term viability
- investment in quality programming.

Home child care agency expansion

Home child care agency licensees may apply for Start-up Grants through the CMSM/DSSAB where the proposed new home child care premises will be located. If the home child care agency licensee is seeking to expand (that is, add new approved home child care premises in excess of their existing licensed capacity for a given service area), the licensee must request a revision to their licence in the Child Care Licensing System (CCLS).

Prior to the ministry reviewing, the request will be sent to the CMSMs/DSSABs associated with the home child care premise(s). Once the CMSMs/DSSABs have endorsed the increase in capacity, the ministry will proceed with reviewing and processing the revision request.

For clarity, prior to receiving Start-up Grant funding, home child care agency licensees must receive written confirmation from the respective CMSMs/DSSABs that the proposed new home child care premises align with their Directed Growth Plans/service system plans and are eligible to receive CWELCC funding.

Applicants whose floor plans are pending ministry approval

At their discretion, CMSMs/DSSABs may provide conditional approval of Start-up Grants to applicants whose floor plans are pending ministry approval, and for which the CMSMs/DSSABs have confirmed CWELCC eligibility (refer to Chapter 2, Division 1: CWELCC Participation).

CMSMs/DSSABs should consider legal and risk management implications of conditional approvals to service agreements and abide by ministry requirements regarding the development of service agreements for Start-up Grants below.

Service agreements

Upon approval of the Start-up Grant application, CMSMs/DSSABs must enter into a service agreement with the licensee. Funding is not considered committed and must not be flowed to applicants until there is a fully executed service agreement.

Service agreements for Start-up Grants between CMSMs/DSSABs and home child care licensees must include a commitment from the home child care licensee to maintain the number of approved child care spaces in the service area for the duration of the CWELCC agreement, even if the home child care licensee or capacity of home child care licensee changes prior to March 31, 2026.

If the licensee withdraws from CWELCC or ceases their operations, CMSMs/DSSABs must recover the Start-up Grant funding and return to the ministry as part of regular financial reporting processes.

Managing start-up projects

Where projects continue into the following year (that is, beyond the year of the expected completion date), CMSMs/DSSABs may continue to fund using the following year's Start-up Grant allocation, where available.

Wherever possible, CMSMs/DSSABs should provide funding to licensees on demonstrated cash needs and minimize large advance lump sum payments. For example, CMSMs/DSSABs could provide funding on milestones, such as 20% of the approved funding upon execution of the service agreement, 50% upon confirmation of receipt of construction permits, 20% upon confirmation of structural framing for renovations or additions, and 10% upon confirmation of a child care centre opening for business.

CMSMs/DSSABs must ensure licensees complete work and use the Start-up Grant funding on or before December 31 of the year when the project was to create the new licensed child care spaces. For example, licensees with a service agreement referring to a project set for completion by November 30, would have until December 31 to complete the work and use the funds provided.

1.D ACCOUNTABILITY REQUIREMENTS

CMSMs/DSSABs must track and report Start-up Grant expenditures separately from other CWELCC and child care administration.

CMSMs/DSSABs must have policies and procedures in place with licensees to fulfill all reporting requirements to the ministry. CMSMs/DSSABs should take reasonable and progressive corrective actions where a licensee does not comply with reporting requirements related to Start-up Grants.

Should the applicant fail to use funding in accordance with the terms and conditions of their purchase of service agreement, CMSMs/DSSABs must have policies and procedures in place as part of their financial review and reconciliation process related to the recovery of funds.

Unused funding

Any funding provided to licensees during the funding year that remains unspent by the end of the project term (on or before December 31 of the year that the project was targeted for completion), or funding was not used for its intended purpose, it must be recovered by the CMSM/DSSAB. This could also include withholding payments or reduce funding to a licensee when the licensee does not meet the obligations related to the use of the funding.

CMSMs/DSSABs have until December 31 of the funding year to enter into service agreements that will commit funds to licensees. By December 31, if an application is still pending full execution of the service agreement, without exception, funding will be considered uncommitted and must be returned to the ministry.

As part of the regular annual financial reporting process, CMSMs/DSSABs will return to the ministry any funding that was:

- Not committed to licensees by December 31
- Committed but not paid to licensees by December 31 of the year when the project was supposed to complete

- Recovered from licensees who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses

1.E REPORTING REQUIREMENTS

As part of the regular reporting processes and timelines described in Chapter 1: Funding Guideline, CMSMs/DSSABs are required to report financial and service data.

Financial data required for Start-up Grants include the following figures as at December 31:

- Funding commitments entered during the year
- Disbursements made on prior year commitments
- Disbursements made on current year commitments
- Funding recovered on prior year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding recovered on current year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding committed but not paid to applicants by December 31 of the year when the project was supposed to complete (amount to be returned to the ministry)
- Funding commitments completed during the year (that is, fully completed projects)
- All expenditure requirements must be submitted by type of setting (centre- or home-based), and by auspice (for-profit, not-for-profit)

Service data required for Start-up Grants includes the following:

- Number of net new licensed child care spaces supported with Start-up Grants by age group (infant, toddler, preschool)
- Number of net new licensed child care spaces supported with Start-up Grants broken down by auspice (for-profit, not-for-profit)
- Number of net new licensed child care spaces supported with Start-up Grants by type of setting (child care centre, home child care).

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PART 1: EARLYON CHILD AND FAMILY CENTRES

1.A OVERVIEW

EarlyON Child and Family Centres (EarlyON) offer high-quality, free drop-in and pre-registered programs for children 0 to 6 and their families. They provide welcoming environments where children, families and caregivers can learn, grow and connect together. EarlyON programs and services are offered through a variety of service delivery methods to meet the unique needs of families in their communities, including mobile, virtual and outdoor programs as well as phone services.

EarlyON programs are supported by:

- A legislative framework that recognizes the role of Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs);
- Investments in EarlyON Child and Family Centres;
- Early Years Accommodations in Schools: Reference Guide (2018)
- The *Better Schools and Student Outcomes Act, 2023*; and
- A provincial pedagogy for the early years to guide service providers and educators: *How Does Learning Happen, Ontario's Pedagogy for the Early Years* (HDLH).

CMSMs/DSSABs are responsible for the local management of EarlyON Child and Family Centres as part of their responsibility for the service system management of child care and other human services.

1.B GUIDING PRINCIPLES

It is expected that CMSMs/DSSABs, school boards and local service providers will be guided by the following principles when developing, delivering, and evaluating EarlyON Child and Family Centre programs and services:

Child & Family Centres:	All programs and services are designed and delivered to meet the unique needs of parents/guardians, caregivers and young children to support their learning, development and well-being.
Welcoming:	EarlyON Child and Family Centres provide a warm and welcoming environment based on the foundational conditions for supporting growth and long-term success (belonging, well-being, engagement and expression). See below for more information on HLDH.

High Quality:	Programs and services are designed to support positive experiences and outcomes and foster nurturing relationships between children, parents/guardians and caregivers, and are based on the latest evidence and research.
Inclusive:	Programs and services are accessible and responsive to children, parents/guardians and caregivers with varying abilities and cultural, language, socio-economic, sexual orientation and religious backgrounds.
Integrated:	Programs and services are developed, coordinated, and delivered in a cohesive manner in collaboration with broader community services, school boards, early years partners, primary care providers, parents/guardians, and caregivers.
Community Led:	Communities, educators, parents/guardians, and caregivers are engaged in designing EarlyON Child and Family Centre programs and services that embrace and build on their strengths, address identified gaps and meet their unique needs on an ongoing basis.

1.C OBJECTIVES

EarlyON Child and Family Centres must be designed and delivered to achieve the following key goals and objectives:

- Children have access to play and inquiry-based learning opportunities alongside their parents/guardians and caregivers and experience positive developmental health and well-being. This could include play and inquiry-based experiences in the EarlyON program where children 0 to 6 years engage with older siblings on school closure days, evenings or weekends.

- Parents/guardians and caregivers have access to high-quality services that support them in their role as their children's first educators, enhance their well-being, and enrich their knowledge about early learning and development.

- Parents/guardians and caregivers have opportunities to strengthen their relationships with their children through play.

- Services and supports are responsive to community needs.

- Francophone children and families have access to French-language programs and gain enhanced knowledge about language and identity acquisition.

- Indigenous children and families have access to culturally responsive programs and services.

- Parents/guardians and caregivers are provided with timely, relevant and up to date information about community and specialized services.

1.D PEDAGOGICAL FRAMEWORK FOR EARLYON CHILD AND FAMILY CENTRES

EarlyON programs must reflect the view of children, parents/guardians, caregivers and educators as competent, capable, curious and rich in potential and experience. Guided by *How Does Learning Happen? Ontario's Pedagogy for the Early Years* (HDLH), EarlyON Child and Family Centres provide an environment that engages parents/guardians and caregivers as co-learners and leaders in influencing positive experiences and outcomes for children, families and the community.

CMSMs/DSSABs, local service providers and school boards offering EarlyON Child and Family Centre programs and services are required to apply the principles in HDLH to guide the development and delivery of programs. HDLH supports the adoption of cohesive pedagogical approaches across early years settings, based on the four foundations for learning: belonging, well-being, engagement and expression. The following documents are available to help strengthen program quality in early years settings including EarlyON Child and Family Centres:

- *How Does Learning Happen? Ontario's Pedagogy for the Early Years*
- *Think, Feel Act: Lessons from Research about Young Children*

1.E BRANDING AND WEBSITE

Branding

EarlyON branding and signage builds on efforts to increase public awareness of EarlyON Child and Family Centres. CMSMs/DSSABs and EarlyON agencies have the ability to produce these products locally and can produce EarlyON signage (including promotional materials) for their communities by utilizing EarlyON funding to cover the costs.

EarlyON signage must be produced in alignment with the ministry's Visual Identity Guideline. Brand assets (such as logos) and templates are available for download through the Dropbox website.

CMSMs/DSSABs are required to submit mock-ups of customized signage to the ministry for approval, prior to production and may contact the ministry at EarlyON@ontario.ca for assistance with EarlyON branding and signage.

Website

The ministry hosts the [EarlyON Child and Family Centre website](), where parents/guardians, and caregivers can easily access information on EarlyON programs and services. The website includes a searchable map of EarlyON programs. CMSMs/DSSABs are responsible for updating the EarlyON website with information on EarlyON programs located within their region through the EarlyON Centre Location Administration Application. It is important that CMSMs/DSSABs make timely updates to reflect the current status of their programs and services to ensure families have access to the most up-to-date information. The data collected by this application are also used by the ministry to monitor the delivery of EarlyON programs across the province. Each location listed in the application must be updated every three months and users will be sent a reminder email when an update is required. CMSMs/DSSABs can contact the ministry at EarlyON@ontario.ca for assistance with the EarlyON Centre Location Administration Application.

PART 2: EARLYON FUNDING APPROACH

2.A ALLOCATIONS AND EXPENSES

CMSMs/DSSABs have flexibility to spend EarlyON allocations on any of the expense/program categories to meet the provincial requirements to deliver mandatory core services and customized community connections for EarlyON Child and Family Centres. Please note there is a maximum expenditure requirement for Administration, and a minimum expenditure requirement for Child Care and Early Years Planning and Data Analysis Services.

Additional details regarding all the expense categories are outlined in Part 5 of this guideline chapter.

2.B MUNICIPAL CONTRIBUTIONS

EarlyON Child and Family Centres are funded through contributions made by the Government of Ontario and the Government of Canada. CMSMs/DSSABs are encouraged to maintain or consider making municipal contributions to enhance programs and services and support integration with other human and early years programs and services, where appropriate. Any municipal contributions made by CMSMs/DSSABs must be reported to the ministry through financial reporting.

PART 3: FRAMEWORK FOR EARLYON CHILD AND FAMILY CENTRES

3.A MANDATORY CORE SERVICES

To achieve the intended goals and outcomes of EarlyON Child and Family Centre programs, the ministry has identified a suite of mandatory core services that must be available to children and families across the province. CMSMs/DSSABs are required to plan and oversee the local delivery of these core services related to:

- Supporting early learning and development,
- Engaging parents/guardians and caregivers, and
- Making connections for families.

CMSMs/DSSABs can choose to directly operate EarlyON Child and Family Centres or enter into a purchase of service agreement with publicly funded school boards or non-profit local service providers.

CMSMs/DSSABs must prioritize EarlyON Child and Family Centre funding to ensure the provision of consistent, high-quality core services at no fee to participants.

Supporting Early Learning and Development

EarlyON Child and Family Centres must offer drop-in programs and other programs and services that promote responsive adult-child relationships, encourage children's exploration, play and inquiry, based on the pedagogy in HDLH.

Early learning and development programs are most effective when the context for learning is foregrounded in relationships and focused on supporting the development of strategies, dispositions, and skills for lifelong learning through play and inquiry.

Engaging Parents/Guardians and Caregivers

EarlyON Child and Family Centres must actively work to engage with parents/guardians and caregivers. This includes:

- Inviting conversations and information sharing about their children's interests, child development, parenting, nutrition, play and inquiry-based learning, and other topics that support their relationship with their children.

- Providing targeted outreach opportunities that are responsive to community needs.

- Collaborating with other support programs to enhance parent/guardian and caregiver well- being, enrich adult-child relationships, and to support parents/guardians and caregivers in their role(s).

As noted above, parent/guardian and caregiver engagement may take place in a variety of formats depending on the needs of individuals within the community. Engagement may include group discussions, informal one-on-one engagement, printed and electronic resources or other engagement opportunities as appropriate.

Making Connections for Families

EarlyON Child and Family Centres must continuously look for opportunities to facilitate stronger relationships within their local community and assist parents/guardians and caregivers in accessing services and supports that respond to a family's unique needs. This includes:

- Ensuring EarlyON staff have relationships with community partners and an in-depth knowledge of community resources to allow for seamless transitions for families who may benefit from access to specialized or other services.

- Responding to a parent/guardian and caregiver concern about their child's development through conversations and observations. In some cases, staff may direct parents/guardians and caregivers to seek additional supports from primary care or other regulated health professionals.

- Sharing information and facilitating connections with specialized community services (such as children's rehabilitation services; gender-based violence support for families), coordinated service planning, public health, education, child care, and child welfare, as appropriate.

- Early Identification and connecting parents/guardians and caregivers to specialized services and resources (such as Smart Start Hubs).

- Providing information about programs and services available for the whole family beyond the early years.

Informed by their local service planning process, CMSMs/DSSABs have the flexibility to determine how these services are delivered, the design and development of programs to meet core services, and who will deliver EarlyON Child and Family Centre programs and services.

3.B SERVICE DELIVERY METHODS

CMSMs/DSSABs have the flexibility to offer EarlyON programs and services through a variety of service delivery methods. CMSMs/DSSABs are required to establish mandatory centres and are expected to leverage other service delivery options to meet the unique needs of families in their service areas. This may include providing outdoor, mobile, phone, or virtual programs and services. The ministry strongly encourages providing families with multiple avenues to access EarlyON programs.

EarlyON programs and services are intended to be community-based (including schools, community buildings/spaces, and common areas within residential areas and natural outdoor spaces) and must never be offered within individual homes.

Schools-Based Approach

Schools provide an environment where services can be co-located and integrated for seamless access by families within neighbourhoods. Co-location provides many benefits for families including reducing transitions, building stronger connections between children, families, and early years/school professionals, and supporting a continuum of learning through a consistent approach to early years pedagogy.

The ministry encourages the use of a schools-based approach in alignment with other child care and early years initiatives, where possible. This includes locating EarlyON Child and Family Centres within schools. Details can be found in the Early Years Accommodations in Schools: Reference Guide.

Mandatory Centres

Mandatory Centres are physical program sites where children, parents/guardians and caregivers can participate in-person. Centres may be located within schools or community buildings or may be stand-alone sites. CMSMs/DSSABs must offer centre-based core services year-round and at least five days per week, including either Saturday or Sunday. This requirement may be met by offering the core services in different centres on different days of the week.

CMSMs/DSSABs may choose to have several centres within their service areas, operating at different times and on different days of the week. CMSMs/DSSABs may also consider offering evening services to expand access. However, this is not mandatory and should be based on identified community needs.

Optional Service Delivery Methods

Mobile Services

CMSMs/DSSABs can offer programs and services outside of centres to further integrate EarlyON Centres with broader community services and to enhance service access (for example, mobile programs for residents living in high-density areas, weekly programs in libraries in rural communities). Mobile programs often involve "set-up and take-down" and operate in a shared space.

Mobile services may have regular or irregular days, times, and locations of operation. CMSMs/DSSABs and service providers must establish an appropriate mechanism to communicate information about these services and their locations, dates and times of operations.

CMSMs/DSSABs may also consider coordinating transportation options to increase program accessibility where necessary and feasible.

Outdoor Programs

As stated in HDLH, children thrive in programs where they can engage in vigorous physical play in natural outdoor spaces and playgrounds that present manageable levels of challenge. While these environments need to be safe, it is also important to provide children with opportunities for a reasonable degree of risk taking. CMSMs/DSSABs are encouraged to offer EarlyON programs in natural outdoor settings, such as a community park, and discuss the benefits of outdoor play with parents/guardians and caregivers.

Outdoor programs may have regular or irregular days, times, and locations of operation. CMSMs/DSSABs and service providers must establish an appropriate mechanism to communicate information about these programs and their locations, dates and times of operations, including cancellations/rescheduling due to inclement weather.

Virtual Programs, Services and Resources

Virtual EarlyON programs have become a key service delivery option for families accessing early years supports. CMSMs/DSSABs are encouraged to continue providing virtual programs, services, resources, and information to support the diverse needs of families.

CMSMs/DSSABs are encouraged to work with service providers to ensure that best practices are being followed when hosting a virtual program. The list below provides helpful tips for securing a virtual session and ways to exercise caution when facilitating these sessions. Please note that this list is not exhaustive and may not apply to all online platforms.

Tips include:

- Offer pre-registration for virtual programs;
- If applicable in the application, turn on pre-meeting setting features (for example, view and admit participants, remove participants, turn on virtual waiting room);
- Disable user-controlled features (such as chat box, file share, screen sharing);
- Provide a password for each meeting session; and,
- Limit the re-use of access codes.

Local Phone Lines

Information about EarlyON Centres' programs and services, including about child development, parenting supports and play and inquiry-based learning, can be embedded in existing community phone-based information services (such as 211 or 311).

3.C CUSTOMIZED COMMUNITY CONNECTIONS

Community Partnerships to Support Core Service Delivery

The ministry recognizes the importance of integrating EarlyON Child and Family Centres within the broader context of local community services (such as child care, public health, employment and training programs, recreation programs, public libraries, schools, and specialized services), to meet its core service requirements. Joint community-based planning supports greater integration resulting in easier access and better client experiences.

Leveraging Partnerships to Create Customized Community Connections

For EarlyON Child and Family Centres to be effective, supports for parents/guardians and caregivers related to early learning and development must be developed with an understanding of the unique characteristics, needs and priorities of the community that is being served.

CMSMs/DSSABs may identify a specific priority or need in a given neighbourhood, community or service area. In such cases, CMSMs/DSSABs may wish to leverage and further develop the partnerships that EarlyON Child and Family Centres have with different community services to develop specific strategies or targeted approaches to support this identified priority.

For example, in a community that has many newcomers to Canada, an EarlyON Child and Family Centre may wish to work more closely with settlement services to coordinate services for such families. This may include hosting a series of information sessions that relate to newcomers at the EarlyON Child and Family Centre (such as housing, employment, education) or using the EarlyON Child and Family Centre as a hub to access other programs (such as language classes).

Customized community connections should only be considered once the EarlyON Child and Family Centre core service expectations are being met on a regular and consistent basis.

Child Minding

EarlyON Child and Family Centres may offer child minding services during parent/guardian and caregiver programs or to allow parents/guardians and caregivers to access other community services (such as postpartum depression support programs, employment and training services), provided that parents/guardians and caregivers remain onsite in accordance with requirements under the *Child Care and Early Years Act, 2014* (CCEYA).

Respite Child Care

Respite child care is intended to support parents/guardians who require emergency short-term or occasional care for their children. CMSMs/DSSABs have the option of working with service providers to offer respite child care, as a customized community connection, in EarlyON Child and Family Centres.

CMSMs/DSSABs funding respite care using their EarlyON allocations determine which locations would offer this service. CMSMs/DSSABs should work with EarlyON centres to determine the prioritization of respite child care for families in their communities.

If provincial EarlyON funding is insufficient to cover all expenses related to respite child care, CMSMs/DSSABs may work with EarlyON centres to establish fees for respite care or find alternative funding sources to help cover the costs of delivering this service. Where a fee is charged, respite child care must be offered as a not-for-profit, full-cost-recovery program.

Respite child care should only be considered once the EarlyON Centre core service expectations are being met on a regular and consistent basis in a community.

EarlyON Child and Family Centres that provide respite child care must comply with legislative and regulatory requirements for unlicensed child care included in the CCEYA:

- Providing care for no more than 5 children at any one time (section 6 (3) 2 of the CCEYA);
- The group of children must not include more than three children who are younger than two years old (section 6 (3) 2 of CCEYA)*;*

- Child care can only be provided at one premises per corporation (section 7 of the CCYEA);
- EarlyON Centres must disclose to parents/guardians that they are unlicensed and retain a record of that disclosure (section 12 of the CCEYA);
- Providing receipts for payment, when requested (section 15 of the CCEYA);
- Parents/guardians must not be prevented from accessing their children or the premises where child care is provided (with limited exceptions listed in section 10 (1) and 10 (2) of the CCEYA); and
- Providers must not have been convicted of an offence identified in section 9 of the CCEYA or have had their authority to practice restricted by the College of Early Childhood Educators, the Ontario College of Teachers or the College of Social Workers and Social Service Workers (section 9 of the CCEYA).

In addition, EarlyON providers must disclose to parents/guardians and caregivers that children may be on the premises with parents/guardians and caregivers who have not submitted a Vulnerable Sector Check.

Under section 30 (1) of the CCEYA, the ministry has the authority to enter and inspect a premise where it suspects on reasonable grounds that child care is provided.

CMSMs/DSSABs are responsible for ensuring that up-to-date records of the name and addresses of EarlyON locations providing respite child care are reported to the ministry. Updates should be sent to EarlyON@ontario.ca.

3.D REGISTERED EARLY CHILDHOOD EDUCATOR (RECE) STAFF REQUIREMENT

Programs in EarlyON Child and Family Centres should be designed to foster positive outcomes and support nurturing relationships for children, parents/guardians and caregivers based on the latest evidence and research. RECEs play a critical role in delivering early years programs and have specialized knowledge and expertise related to child development as well as play and inquiry-based learning that is essential to delivering high-quality early years programs and services, such as drop-in programs in EarlyON Centres.

CMSMs/DSSABs are required to ensure that mandatory core services related to supporting early learning and development at every EarlyON Child and Family Centre are overseen by an RECE in good standing with the College of Early Childhood Educators. The ministry recommends RECE qualifications for all staff delivering services related to early learning and development.

Aligned with the other mandatory core services, CMSMs/DSSABs have the flexibility to determine if additional staff with specialized skill sets may be responsive to community needs. It is expected that staff will engage in continuous professional learning opportunities to keep informed of the latest research on adult education, child development, play and inquiry-based pedagogy, and other relevant topics.

RECE Staffing Considerations

EarlyON Child and Family Centres must employ at least one RECE at every centre. In recognition of the current RECE shortage, CMSMs/DSSABs have the discretion to approve an employee who is not an RECE in place of an RECE where an EarlyON Child and Family Centre has tried but is unable to recruit at least one RECE to oversee mandatory core services related to supporting early learning and development. This provision does not apply to persons that:

- Have been members of the College of Early Childhood Educators in the past, but have resigned or had their membership suspended, cancelled or revoked, or who have let their membership lapse.
- Have satisfied the educational requirements to be registered as members of the College of Early Childhood Educators but have not become members.

In determining whether to grant approval for a non-RECE employee, the CMSM/DSSAB should consider the proposed candidates' experience and expertise including previous experience in child and family programs or membership in another relevant regulated profession (such as social work or nursing).

It is expected that these non-RECE staff would also engage in continuous professional learning opportunities to keep informed of the latest research on adult education, child development, play and inquiry-based pedagogy, and other relevant topics.

CMSMs/DSSABs must review the conditions for these approvals for non-RECE staff on an annual basis to monitor compliance with this requirement, identify challenges and develop strategies to support service providers in meeting the RECE staffing expectation. This may include transition planning, ensuring capacity to deliver core services related to early learning and development, and human resource approaches (such as recruitment and staffing strategies, qualifications upgrading).

CMSMs/DSSABs must document the reasons for granting approvals for non-RECE staff and will be required to report the number of service providers and number of staff that have been approved an exemption through financial reporting.

Legacy Provision (formerly "Grand-parenting" Provision)

CMSMs/DSSABs may also grant an exemption from the RECE requirement for EarlyON Child and Family Centres employing a staff person to oversee mandatory core services who is not an RECE but who has at least 10 years of experience working in a child and family program setting as of January 1, 2019. This provision is intended to support the retention of long-tenured child and family program staff in their positions, including the rehiring of staff who have recently left their position, but where that position has not yet been filled.

In order to qualify under this legacy provision, a staff person must have been employed for a total of 10 or more years, as of January 1, 2019 in one or more of the following child and family programs:

- Ontario Early Years Centres
- Parenting and Family Literacy Centres
- Child Care Resource Centres
- Better Beginnings, Better Futures.

This provision does not apply to persons that:

- Have been members of the College of Early Childhood Educators in the past, but have resigned or had their membership suspended, cancelled or revoked, or who have let their membership lapse.
- Have satisfied the educational requirements to be registered as members of the College of Early Childhood Educators but have not become members.

In addition, this provision does not apply to new hiring for positions that will oversee the delivery of mandatory core services related to supporting early learning and development. For any new hiring for such positions, EarlyON Child and Family Centres are required to recruit a RECE. Where they are unable to do so, the CMSM/DSSAB may grant approval for staff as described above.

CMSMs/DSSABs will be required to report the number of service providers and number of staff that have been provided an exemption or qualify under the legacy provision through financial reporting.

3.E ADDITIONAL EARLYON CHILD AND FAMILY CENTRE REQUIREMENTS

CMSMs/DSSABs must ensure that appropriate policies and procedures are in place to ensure that EarlyON Centre programs and services are delivered in a way that promotes the health, safety and well-being of children and families being served. This includes ensuring that policies and procedures are in place for service providers regarding:

- Vulnerable Sector Checks
- First Aid
- Emergency Plans
- Sanitation and maintenance
- Workplace health and safety relating to staff
- Complaints and resolutions processes
- Reporting serious incidents to the CMSM/DSSAB and processes for determining appropriate, if any, response is required.

Where an incident has occurred that may result in media attention, CMSMs/DSSABs are required to report this to the ministry at EarlyON@ontario.ca.

Duty to Report

Everyone, including members of the public and professionals who work closely with children, is required by law to report suspected cases of child abuse or neglect. Anyone with reasonable grounds to suspect that a child is or may be in need of protection must report it to a children's aid society.

More information on the duty to report, what happens when a report is made and how to recognize signs of abuse and neglect can be found here.

PART 4: EARLYON CHILD AND FAMILY CENTRES – SUPPORTING PROGRAMS AND SERVICES

The following details programs, services and networks that support the delivery of EarlyON Child and Family Centre programs in communities across Ontario.

4.A RÉSEAUX INTERAGIR (formerly REGIONAL FRENCH LANGUAGE NETWORKS)

French Language school boards and early years and child care service providers offering services in French are members of Réseaux Interagir that:

- Network with other Francophone organizations/professionals sharing resources and policies;
- Collaborate on French professional learning; and
- Collaborate with other organizations offering services in French so that providers can make connections for families towards services in French.

The intent of these groups is to:

- Strengthen partnerships between French language service providers, school boards and CMSMs/DSSABs to support the provision of high-quality early years and child care French-language services across the province;
- Identify emerging and established promising practices related to the delivery of early years and child care French-language services in minority and majority language settings; and
- Identify service gaps and work within local early years and child care community planning processes to address them through innovative solutions.

For more information regarding Réseaux Interagir, please contact the ministry: https://efis.fma.csc.gov.on.ca/faab/Contact_Us.htm.

4.B PROFESSIONAL LEARNING FOR THE FRANCOPHONE AND INDIGENOUS SECTORS

Through the Canada-Ontario Early Learning and Child Care Agreement, the ministry is investing $1.5M to support professional learning opportunities for Francophone and

Indigenous early years professionals. These opportunities are designed to better meet their needs through more targeted, differentiated cultural and regional approaches.

Funds aim to enhance culturally relevant programs and the delivery of high-quality child care and early years programs, in alignment with *How Does Learning Happen?*, which will help promote Francophone and Indigenous cultures in Ontario and also create linkages to or develop professional learning resources that are responsive to the needs of the sector.

4.C MENTAL HEALTH SUPPORT

This funding will leverage local expertise and enhance existing mental health resources and capacity building strategies to support children, families and the workforce in early years settings based on community needs.

The government recognizes that over the past few years, the COVID-19 pandemic has had a significant impact on children and families. The COVID-19 pandemic and associated lockdowns have negatively impacted the mental health of children, families and caregivers, by increasing stress, and other mental health symptoms including, irritability, hyperactivity, inattention, depression and anxiety. Early identification of mental health challenges and providing supports as early as possible is critical and can lead to improved achievement in school and better health outcomes in life.

Beginning in 2022, the government is allocating a total of $9 million in funding ($3 million per year for three years) toward mental health supports for the early years and child care sector to CMSMs and DSSABs and First Nations that will support enhanced services to families and their children through EarlyON Child and Family Centres.

EarlyON Child and Family Centres will use this funding to build further capacity in the system for mental health initiatives by:

- Supporting the coordination of regional mental health supports for children, parents/guardians and caregivers, and staff
- Enhancing current professional learning supports to include mental health information for the child care and early years sector
- Supporting alignment with Ontario's provincial pedagogy for early years and child care settings: "*How Does Learning Happen? Ontario's Pedagogy for the Early Years*".

Funding for Mental Health Supports has been included as part of the 2025 EarlyON allocations. Funding can be used to support mental health initiatives as noted above. CMSMs/DSSABs have the flexibility to use the funding to support core services in general or service delivery methods EarlyON expenditures.

PART 5: EARLYON CHILD AND FAMILY CENTRES – ELIGIBLE EXPENSES

5.A OPERATING: MANDATORY CORE SERVICES AND CUSTOMIZED COMMUNITY CONNECTIONS EXPENSE

Purpose

To support the costs of operating a system of EarlyON Child and Family Centres.

Most EarlyON funding should fall under this expense category and prioritize the delivery of EarlyON Child and Family Centres and their programs to ensure that funds are focused on serving the needs of children and their families.

Priorities

CMSMs/DSSABs will use the following principles to inform EarlyON Centre operating funding priorities while balancing local needs:

- Stabilize and transform programs so that they are inclusive and responsive to local needs;
- Increase access and consistency of programs and services;
- Align with the Schools-Based approach and supporting the implementation of the Early Years Capital Program;
- Support programs that serve Indigenous and Francophone children; and
- Co-locate with other early years or community programs.

CMSMs/DSSABs may choose to offer not-for-profit full-cost-recovery programs that meet an identified need in their service area (such as infant massage session offered by specialized professionals). These services should only be considered once the EarlyON Child and Family Centre core service expectations are being met on a regular and consistent basis.

Eligibility

Funding may be provided to non-profit service providers, publicly funded school boards or municipalities who offer EarlyON Child and Family Centre programs and services and meet the requirements set out in this guideline.

CMSMs/DSSABs must prioritize funding to deliver mandatory core services that are responsive to local needs. Funding may be used for ongoing costs including:

- Funding to support salary and benefit expenditures staff to deliver core services.
- Hiring or acquiring the services of a special needs resource consultant to support the delivery of core services to children with special needs and their families/caregivers, specifically making connections for families to specialized services (such as screening, early intervention, resources and supports).
- Lease and occupancy costs, rental fees for mobile services and other operating costs such as utilities (including closed-end leases of a vehicle to support the delivery of programs where funding does not support transfer of ownership or purchase of a vehicle during or at the end of the lease).
- Service provider administration costs.
- Light meals or snacks for program participants.
- IT costs to support the delivery of virtual programs (such as annual web-based account fees; additional costs related to security features for web-based programs).
- Branding and marketing costs, such as signage and promotional materials.
- Transportation services to support outreach and participation in programs (including costs for public transit, gas, and general auto repair and maintenance).
- Resources for families and caregivers related to early learning and development (such as materials for inquiry-based play), additional community services and supports, or information to support parents/guardians and caregivers in their role.
- Supplies to support the delivery and daily operation of programs as well as maintenance costs related to the general upkeep, safety, and maintenance of EarlyON Child and Family Centre facilities.
- Operating costs for service providers that are involved in transformation activities or require business transformation supports such as integrating, sun-setting, establishing or relocating centres (such as legal fees or costs for lease termination, moving, business planning, recruitment and onboarding of new staff, or staffing transitions).

For clarity, funding cannot be used to support direct specialized services. This includes programs and services offered by regulated health professionals working within their scope of practice (for example, occupational therapy, audiology and speech language pathology, physiotherapy). This includes early intervention and screening programs and services that are funded by other ministries or other orders of government. Service providers may direct parents/guardians and caregivers to:

- The Early Years Check-In developmental screening tool or other free screening tools to assess their child's developmental status;
- The Play & Learn website for suggested activities to support children's development;
- Speak with early years professionals, Resource Consultants or healthcare providers about their concerns; or
- Visit a SmartStart Hub at a Children's Treatment Centre.

Additionally, the following expenses are not eligible:

- Bonuses (including retiring bonuses), gifts and honoraria paid to staff, unless they are provided as a retroactive wage increase that will be maintained the following year or an Indigenous elder honoraria.
- Financing costs including principal and interest payments related to capital loans, mortgage financing, or operating loans;
- Property taxes;
- Fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators.

Reporting Requirements

CMSMs/DSSABs are required to report the following expenditures:

- Total core service delivery and customized community connections funding allocated to service providers (including virtual programs); and
- Total core service delivery and customized community connections expenditures on salaries and benefits, lease and utilities, and other.

5.B PROFESSIONAL LEARNING AND CAPACITY BUILDING EXPENSE

Purpose

To support professional learning and development opportunities that builds the capacity of staff and non-profit volunteer board members to provide high-quality, inclusive EarlyON Child and Family Centre programs and services.

Priorities

Capacity building funding must be prioritized by CMSMs/DSSABs to be locally responsive to children and families in communities and for service providers that:

- Require support in improving quality or aligning programming with HDLH;
- Have limited access to professional learning;
- Have limited capacity in business administration; or
- Serve Francophone or Indigenous children and families.

CMSMs/DSSABs should prioritize funding to support professional learning opportunities where their existing capacity does not meet service-area demand.

CMSMs/DSSABs may wish to build on or complement existing capacity building initiatives in their communities to implement professional learning strategies for EarlyON program staff and supervisors as outlined in Chapter 3: Local Priorities Guideline.

Eligibility

Funding may be provided to EarlyON Child and Family Centres to engage in professional learning and development. Funding may also be provided to non-profit organizations or post-secondary institutions to develop or deliver early years professional learning and development for EarlyON staff.

Funding may support:

- Program-related professional learning opportunities related to:
  - Implementing and practicing pedagogical approaches described in HDLH; or
  - Reflective practice and collaborative inquiry.

- Professional learning and development opportunities for EarlyON staff related to core service delivery and well-being of children and families such as:
    - healthy child development;
    - pre- and post-natal care;
    - adult and parent/guardian education;
    - diversity and inclusion;
    - community development and outreach; or
    - cultural competency.
- Capacity building of EarlyON staff to ensure core services support the inclusion of children with special needs and their families (such as through the support of an SNR consultant).
- Establishing communities of practices to support EarlyON staff.
- EarlyON business administration (such as program management, human resources, budgeting, leadership, policy development).

Note: While capacity building funding is intended to support EarlyON Child and Family Centre programs, partnerships with other community organizations and initiatives are encouraged to promote inter-professional learning opportunities.

Reporting

CMSMs/DSSABs will be required to report total professional learning/capacity building expenditures.

5.C ADMINISTRATION EXPENSES

Purpose

To support administrative costs incurred by CMSMs/DSSABs for the local management of EarlyON Child and Family Centres.

Eligibility

CMSMs/DSSABs may use up to 10% of their total EarlyON allocation for administration costs that represent actual expenses incurred for program administration and may not be expressed solely in terms of a percentage of program expenditures.

CMSMs/DSSABs have the flexibility to use EarlyON administration funding to support child care general administration expenditures. This flexibility is available where EarlyON administration funding has not been fully utilized for EarlyON expenditures (that is, EarlyON, including for administration or EarlyON program services).

Eligible expenses include:

- Payment of gross salaries and wages, vacation pay, sick pay, compassionate pay, overtime and statutory holiday pay for staff involved in managing the EarlyON Child and Family Centre system and support staff.
    - This may include total gross salary and wage payments to all full-time, part-time, temporary, relief and staff on paid leave of absence. Total salaries equals gross pay, including overtime, paid vacation, paid sick leave, and statutory holidays. The employer's share of employee benefits can be included when calculating benefit costs.
- Employer contributions to pensions (including CPP), employment insurance, workers' compensation (WSIB insurance), employee benefit plans, and other legal requirements of the employer.
- Purchased professional services that are not client related, including for which the CMSM/DSSAB itself does not employ staff (such as fees for administrative or corporate legal work, audit or bookkeeping fees).
- Reasonable costs to a maximum of fair market value for accommodation required for the management of the EarlyON system and related administration. Fair market value for purchased accommodation is defined as the probable estimated dollar price of the property if that property were exposed for sale in the open market by a willing seller and allowing a reasonable time for a willing buyer. A fair market value estimate must be accompanied by an indication of the exposure time linked to the value estimate. Exposure time is the estimated length of time the property would have been for sale on the open market before a hypothetical purchase at market value. Exposure time precedes the effective date of the value estimate and is based upon past market trends as they affect the type of real property under consideration. This definition of fair market value must also be applied to rented accommodations, whereby the estimated dollar amount is a rental price, and the willing parties are the owner and the tenant. In the case of owned buildings, the eligible annual cost will be based on fair market value of rent or imputed rent.

- Reimbursement of staff costs for travel required to carry out the management of the delivery and administration of EarlyON Child and Family Centres. Travel costs in Ontario that are associated with attendance at meetings relevant to EarlyON Child and Family Centre service delivery. CMSMs/DSSABs are to refer to the Ontario Public Service Travel Directive.

- Staff development and educational opportunities which assist in the management and administration of the EarlyON system, including travel, accommodation and costs associated with educational conferences or seminars within Ontario or Quebec.

- Computer hardware, general office software, network access charges, operating costs, general operating system enhancements, general office software updates, computer supplies and maintenance.

Costs associated with the following items may be required to support the management of the EarlyON Child and Family Centre programs and services:

- Telephone, internet, fax (may include rentals, regular charges, long distance)

- Postage and courier

- Office supplies (may include stationery, forms, maps, books, periodicals)

- Printing (may include production, translation, printing, and other costs)

- Photocopier rental and services

- Insurance payments (fidelity, fire, public liability, theft, other) including bonding and liability insurance for staff

- Office equipment and maintenance

- Building maintenance (may include janitorial, cleaning, minor repairs)

- Bank transaction charges

- Collection and bad debt costs (may include court fees, credit bureau)

- Advertising and marketing (job postings, newsletters)

- Research, consultation, and professional services

- Moving and relocation

- Security
- Records Management
- Minor miscellaneous expenses

For clarity, expenses that do not directly support the management of the EarlyON Child and Family Centre system are not eligible, including:

- Interest expenses incurred on capital or operating loans
- Professional organization fees paid on behalf of staff for membership in professional organizations
- Property tax
- Fundraising expenses
- Donations to charitable institutions or organizations
- Bonuses, gifts and honoraria
- Financing costs
- Reserve Funds
- Development or purchase of quality assurance tools.

Any eligible expenditure exceeding the Administration Maximum Allowable Expenditure (10% of the total EarlyON Child and Family Centre allocation) must be funded with municipal contributions or the ministry will recover the overspent funds.

Reporting Requirements

CMSMs/DSSABs are required to report on staff and position, salaries and benefits, and total administration expenditures. Please refer to Chapter 7: EFIS Reporting Requirements for data elements and definitions.

5.D EARLY YEARS PLANNING AND DATA ANALYSIS SERVICES EXPENSE

Service System Planning

CMSMs/DSSABs are the designated service system managers responsible for planning and managing licensed child care services and early years programs at the local level.

CMSMs/DSSABs must develop service plans reflective of provincial interests set out in the CCEYA.

Service planning should be done in the context of the full range of coordinated early years and care services for children and families. This planning includes engaging and consulting with children and families, service providers, school boards, and community agencies in order to deliver and implement a Child Care and Early Years Service System Plan.

CMSMs/DSSABs are required to develop or revise service system plans to address requirements as set out in the legislation, regulations, and provincial policy. Service system plans must be approved by the council of the municipality, or by the members of a DSSAB. Service plans, including plans for directed growth under CWELCC, should be posted in an area easily accessible to the public.

Additionally, *Ontario's Access and Inclusion Framework, 2023* may be referenced to support CMSMs/DSSABs in developing and implementing local service plans with an increased focus on access and inclusion. System planning should support access to services for lower-income families, vulnerable children, children from racialized communities, children with special needs, Francophone, Black and Indigenous children.

The ministry is continuing to provide dedicated funding to support meaningful community planning processes that inform service system planning decisions.

Purpose

To support CMSMs/DSSABs in service system planning and data analysis activities.

- Ensure child care and early years services are responsive to the needs of children and their families.
- Ensure that local early years programs and services are reflective of relevant, current research and evidence.
- Lead local knowledge mobilization and act as a resource in the community related to early years research and data including the Early Development Instrument (EDI) and related community measures.

Priorities

- Ensure the active engagement of Indigenous and Francophone partners in the planning, management and delivery of responsive programs and services.
- Facilitating smooth transitions and seamless care for children and families.
- Solicit advice and support local coordination and planning to enhance integration between early years services, schools, and specialized community services.
- Increasing access to address unmet demand for child care and early years services.

Minimum Expenditure Requirement

CMSMs/DSSABs are required to spend a minimum amount of their total EarlyON Child and Family Centre allocation on Child Care and Early Years Planning and Data Analysis Services, recognizing the importance of evidence-informed decision making.

This minimum expenditure amount is set out in the 2025 budget schedule for EarlyON Child and Family Centres. Where a CMSM/DSSAB does not meet the minimum spending requirement, the ministry will recover unspent funds.

Eligibility

Funding may be used to:

- Regularly engage in discussions to collect insights from community partners, parents/guardians and caregivers, and children to inform local programs and services.
- Support local planning groups in coordination and planning activities, raise awareness, and share information and research.
- Ensure collection and retention of key local historical data on early years and where appropriate, incorporate these data into early years planning.
- Employ staff to support policy development for local child care and early years service system plans.
- Build capacity, awareness and understanding of early years research among community partners and promote use of research and evaluation findings in evidence-informed decision-making.

Reporting Requirements

CMSM/DSSABs are required to report on staff and position, salaries and benefits, and total child care and early years planning and data analysis expenditures. Please refer to Chapter 7: EFIS Reporting Requirements for data elements and definitions.

Ontario

Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and District Social Services Administration Boards

Chapter 7: EFIS Reporting Requirements

NOVEMBER 2024

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OVERVIEW

This document ("Chapter 7: EFIS Reporting Requirements") outlines the reporting obligations for Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) for child care and EarlyON programs within the Education Financial Information System (EFIS).

It details the required data elements and expenditure categories for interim and year-end reporting, where applicable, for Cost-Based Funding, Local Priorities, EarlyON, and other targeted programs. While additional guidance on reporting is available in other chapters of the guideline, this section focuses specifically on EFIS reporting requirements.

Please note these data elements represent the current EFIS reporting requirements; however, the ministry reserves the right to request further information or modify reporting requirements as needed.

PART 1: CHILD CARE REPORTING REQUIREMENTS – EXPENDITURES

1.A CHILD CARE ADMINISTRATION

(Reported expenditures for Administration must include actual expenditures supported by provincial and municipal cost share funding.)

Name: Child Care Administration **Definition:** Funding to CMSMs/DSSABs for eligible administrative costs associated with managing all types of child care funding, including both cost-based and all funding initiatives under Local Priorities. This funding is cost-shared on a 50/50 basis between the province and the municipality. **Reference:** *Chapter 1: Funding Guideline*
Name: WEG/HCCEG Administration **Definition:** Funding provided to CMSMs/DSSABs to support the administrative costs associated with implementing the Wage Enhancement Grant (WEG) and Home Child Care Enhancement Grant (HCCEG) initiative. This funding is cost-shared on a 50/50 basis between the province and the municipality. A minimum of 1.4% of the total WEG/HCCEG administration funding must be allocated to licensees in respect to the administration costs of WEG/HCCEG for staff providing services to children aged 6 to 12 years old. **Reference:** *Chapter 1: Funding Guideline*

1.B. COST-BASED FUNDING

(The following data elements are required by the ministry to calculate final entitlement for CMSMs/DSSABs under Cost-Based Funding).

Name: Actual Program Cost

Definition: The total of all eligible, reconciled expenditures incurred by all_licensees over the calendar year under Cost-Based Funding to provide child care reflected in base fees during the calendar year.

These expenditures are net of any cost funded by another public source or reimbursed by another source.

For each licensee, this amount is calculated as the lesser of:

The total sum of all eligible costs incurred by the licensee, or

The Program Cost Allocation assigned by the CMSM/DSSAB.

This aggregated amount for all licensees excludes any *Actual Amount in Lieu of Profit/Surplus* and is reported prior to applying any *Actual Base Fee Revenue Offset.*

Refer to Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline, Part 2: Actual Cost Based Funding (Reconciliation) for further details the calculation of Actual Program Cost.

CMSMs/DSSABs should not include expenditures funded through Local Priorities - Flexibility Funding.

Expenditures related to Direct Engagement to Report on Compliance and One-Time Unexpected Costs Expenditure should be excluded from this total and reported separately.

Reference: *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*

Name: Actual Amount in Lieu of Profit/Surplus **Definition:** The final amount provided to all licensees in lieu of profit/surplus based on Actual Program Costs. Refer to Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline, Part 2: Actual Cost Based Funding (Reconciliation) in the guidelines for further details the calculation of Actual Program Cost. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*
Name: Actual Base Fee Revenue Offset **Definition:** The actual amount of base fee revenue earned from families and fee subsidy revenue for eligible children in the calendar year. The Actual Base Fee Revenue Offset cannot be lower than the Expected Base Fee Revenue Offset, which is adjusted by the allowed vacancy rate. Refer to Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline, Part 2: Actual Cost Based Funding (Reconciliation) for further details the calculation of Actual Base Fee Revenue Offset. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*
Name: Direct Engagement to Report on Compliance Expenditure **Definition:** Actual expenditures incurred for third-party audits on a 5% sample of centres/agencies receiving Cost-Based Funding for the calendar year. These costs should be reported separately and not duplicated or included in the Actual Cost-Based Funding Expenditures. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*

Name: One-Time Unexpected Costs Expenditure (within Cost-Based Funding)

Definition: Non-discretionary, unexpected costs incurred by eligible centres/agencies above their Program Cost Allocations, such as emergency repairs to minor assets, as approved by CMSMs/DSSABs.

These expenditures are supported through funding flexibility within Cost-Based Funding (such as when a licensee agrees to a lower allocation).

These costs should be reported separately and not duplicated or included in the Actual Cost-Based Funding Expenditures.

Refer to Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline, Part 1: Using Funding Flexibility to Cover One-Time, Unexpected Costs for further details of One-Time Unexpected Costs Expenditure.

Reference: *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*

(The following items are to be reported by CMSMs/DSSABs for information purposes to provide additional information on the financial allocations and expenditures under Cost-Based Funding).

Name: Aggregated Program Expenditures for Licensees (Detailed Reporting)

Definition: The total aggregated, line-by-line eligible expenditures incurred by all licensees under Cost-Based Funding during the calendar year, net of any cost funded by another public source or reimbursed by another source.

CMSMs/DSSABs should report the full sum of all eligible costs incurred across all licensees by detailed expenditure lines, as follows:

Eligible Centre-Based Program Costs: Program Staffing, Supervisor, Accommodations, and Operations.

Eligible Home Agency Program Costs: Provider Compensation, Visitor Compensation, Agency Operations.

Expenditures must be reported prior to applying the calculation that determines Actual Program Cost as the lesser of the total sum of all eligible costs or the Program Cost Allocation, and would generally align with the total aggregated, line-by-line costs reported in the *Standardized Financial Reports* at the licence-level.

Additionally, report expenditures before making adjustments for the Actual Base Fee Revenue Offset. Ensure that Actual Amount in Lieu of Profit/Surplus is not included in these expenditures.

Reference: *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*

Name: Aggregated Special Needs Resourcing (SNR) Expenditures **Definition:** The total aggregated, eligible SNR expenditures reported by all licensees under Cost-Based Funding during the calendar year, net of any cost funded by another public source or reimbursed by another source. Expenditures must be reported prior to applying the calculation that determines Actual Program Cost as the lesser of the total sum of all eligible costs or the Program Cost Allocation, and would generally align with the total aggregated, line-by-line costs reported in the *Standardized Financial Reports* at the licence-level, as applicable. Note: All reported SNR expenditures should also be included in the Aggregated Program Expenditures for Licensees (Detailed Reporting) above. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*
Name: Legacy Top-Up Allocation (applicable to 2025 only) **Definition:** The amount allocated by CMSMs/DSSABs to centres/agencies with legacy cost structures that exceed individual benchmark allocations under Cost-Based Funding for the calendar year. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*
Name: Growth Top-Up Allocation **Definition:** The amount allocated by CMSMs/DSSABs to new centres/agencies or existing centres/agencies that expand with additional licensed spaces or active homes within the calendar year. **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*
Name: Rolling Top-Up Allocation (applicable to calendar years after 2025) **Definition:** The amount allocated by CMSMs/DSSABs to existing centres/agencies that received a top-up in the previous calendar year (either Legacy, Growth, or Rolling Top-Up or some combination). **Reference:** *Chapter 2, Division 2: CWELLC Cost-Based Funding Guideline*

1.C LOCAL PRIORITIES – OTHER FUNDING

Name: WEG/HCCEG Expenditures

Definition: Funding to CMSMs/DSSABs to licensed child care centres and home child care agencies to support a wage enhancement of up to $2 per hour, plus benefits for eligible child care staff or an increase of up to $20 per day for home child care providers.

CMSMs/DSSABs must report salaries and benefits expenditures separately for both fully and partially eligible positions under the following categories:

Child Care Centre Program Staff and Home Child Care Visitors

Home Child Care Providers

This funding applies to CWELCC-enrolled licensees (for non-CWELCC-eligible children) and non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children. WEG/HCCEG expenditures for CWELCC-enrolled licensees serving children aged 0 –to 5 are supported through Cost-Based Funding and should be excluded.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Workforce Compensation

Definition: Expenditures under workforce compensation to support increased wages and benefits for eligible RECE and non-RECE staff, reported by CMSMs/DSSABs in the following categories:

Wage Floor: Payments made to meet the wage floor for eligible RECE program staff, RECE supervisors, and RECE home child care visitors. Each staff category is reported separately.

Annual Wage Increase: Payments made to provide annual wage increases for eligible RECE program staff, RECE supervisors, and RECE home child care visitors. Each staff category is reported separately.

Minimum Wage Offset: Payments to licensees to offset minimum wage increases for eligible non-RECE program staff, non-RECE supervisors, and non-RECE home child care visitors. Each staff category is reported separately.

Benefits: Expenditures covering benefits for both RECE and non-RECE staff, including RECE program staff, RECE supervisors, RECE home child care visitors, non-RECE program staff, non-RECE supervisors, and non-RECE home child care visitors. Each staff category is reported separately.

All expenditure requirements must be submitted by auspice (that is, for-profit, not-for-profit, or directly operated)

This funding applies to CWELCC-enrolled licensees (for non-CWELCC-eligible children) and non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children. Workforce compensation expenditures for CWELCC-enrolled licensees serving children aged 0 –to 5 are supported through Cost-Based Funding and should be excluded.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Professional Learning **Definition:** Expenses related to professional learning opportunities that build capacity of the early years and child care sector to support the provision of high-quality programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years*. Professional Learning expenditures should all be reported under *Child Care Financial Reporting* in EFIS as follows and should not be duplicated in the *EarlyON Financial Reporting* in EFIS: Total Professional Learning Expenditures – Child Care Total Professional Learning Expenditures – EarlyON **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Small Water Works (SWW) **Definition:** Total operating expenditures on a claim basis related to small water works regulation that came into effect on December 19, 2001. Legislation: Safe Drinking Water Act, 2002 **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Territory Without Municipal Organization (TWOMO) Funding **Definition:** Funding to support child care services in areas without municipal organization, allocated to eligible DSSABs on a claim basis. Expenditures are reported in financial statements, with DSSABs submitting their approved budget and levy apportionment details for verification. **Reference:** *Chapter 3: Local Priorities Guideline*

1.D LOCAL PRIORITIES – FLEXIBILITY FUNDING

(Reported expenditures for Local Priorities – Flexibility Funding must include actual expenditures supported with provincial funding and municipal cost-share amounts.)

Name: General Operating Expense (excluding expenditures for Pay Equity, Capacity Building, Special Needs Resourcing, and Fee Subsidy) **Definition:** Expenditures to support eligible operational expenses for child care services, serving children aged 6 to 12 at both CWELCC-enrolled licensees and non-CWELCC-enrolled licensees exclusively serving non-CWELCC-eligible children. This amount represents the final reconciled expenditures to eligible licensees related to General Operating, Repairs and Maintenance, Play-Based Materials and Equipment, Business Transformation, and Licensed Home Child Care (LHCC). **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Pay Equity Memorandum of Settlement **Definition:** Expenditures related to funding provided to child care programs (centre or home child care) as a result of the April 23, 2003, Memorandum of Settlement between the government and five unions. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Capacity Building Expenditure **Definition:** Expenditures to support professional learning and development of licensees, supervisors, program staff/caregivers, home visitors, home child care providers, and non-profit volunteer board members in delivering high-quality programs. **Reference:** *Chapter 3: Local Priorities Guideline*

Name: Special Needs Resourcing (SNR) Expenditure

Definition: Funding provided to CMSMs/DSSABs to support the inclusion of children with special needs through staffing, equipment, supplies or capacity building initiatives.

CMSMs/DSSABs are required to report on expenditures for the following SNR categories:

- Staffing - Funding for staffing (resource teachers/consultants or supplemental staff) to support the inclusion of children with special needs.
- Equipment/Resource - Funding for specialized/adaptive equipment and supplies to support children with special needs.
- Capacity Building - Funding for training for staff working with children with special needs.

CMSMs/DSSABs must also track and report expenditures as direct support (funds provided to licensees) and indirect support (funds managed and spent by the CMSMs/DSSABs).

Reference: *Chapter 3: Local Priorities Guideline*

Name: Fee Subsidy Expenditure

Definition: Fee subsidies provided through agreements with licensed non-profit and for-profit child care centres and home child care agencies through contracts with delivery agents.

CMSMs/DSSABs are required to report on expenditures for the following fee subsidy categories:

- Fee Subsidy – Exclude expenditures related to Camps and Children's Recreation as well as formal and informal child care arrangements of Ontario Works (OW) participants.

- Camps and Children's Recreation - Subsidies used to purchase spaces from camps and children's recreation programs (as defined in Section 1 of O. Reg. 138/15 under the *Child Care and Early Years Act, 2014*) through agreements with delivery agents.

- Ontario Works Child Care - Expenditures for formal and informal child care arrangements of Ontario Works (OW) participants.

Reference: *Chapter 3: Local Priorities Guideline*

1.E INDIGENOUS-LED CHILD CARE PROGRAMS

Name: Indigenous Led Child Care Programs

Definition: Funding provided to CMSMs/DSSABs to support culturally relevant, Indigenous-led licensed child care programs. CMSMs/DSSABs are required to report expenditures by approved project under the following categories:

- Ongoing operating expenses
- Administration expenses

These reporting requirements apply to the following project types: Indigenous-led child care programs, and Indigenous-led joint programs. Expenditures should be reported net of any offsetting revenues.

Reference: *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*

1.F INFRASTRUCTURE PROGRAMS

Name: Start-up Grants

Definition: Funding to CMSMs/DSSABs to support the creation of new, affordable child care spaces for CWELCC-eligible children in targeted areas through Start-up Grants.

CMSMs/DSSABs are required to report on Start-up Grant expenditures in the following categories:

- Funding commitments entered during the year
- Disbursements made on prior year commitments
- Disbursements made on current year commitments
- Funding recovered on prior year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding recovered on current year commitments from applicants who withdrew from CWELCC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses (amount to be returned to the ministry)
- Funding committed but not paid to applicants by December 31 of the year when the project was supposed to complete (amount to be returned to the ministry)
- Funding commitments completed during the year (that is, fully completed projects)

All expenditure requirements must be submitted by type of setting (centre- or home-based), and by auspice (for-profit, not-for-profit)

Reference: *Chapter 5: Infrastructure Guideline*

PART 2: CHILD CARE REPORTING REQUIREMENTS – SERVICE DATA

1.A GENERAL – SERVICE DATA

Name: Number of Licensed Centre-Based Sites for which the CMSM/DSSAB has Purchase of Service Agreements **Definition:** The total number of licensed centre-based sites covered by purchase of service agreements held between the CMSM/DSSAB and child care licensee for the provision of child care services.
Name: Number of Licensed Home Child Care Agencies for which the CMSM/DSSAB has Purchase of Service Agreements **Definition:** The total number of licensed home child care agencies with purchase of service agreements with the CMSM/DSSAB for the provision of child care services.
Name: Number of School Board Operated Programs for which the CMSM/DSSAB has Purchase of Service Agreements **Definition:** The total number of sites operated by school boards with purchase of service agreements with the CMSM/DSSAB for the provision of child care services.
Name: Number of Licensed Child Care Spaces (centre and home based, excluding board operated programs) Supported Through a Purchase of Service Agreement **Definition:** The total number of licensed (centre- and home-based, excluding school board-operated programs) child care spaces that receive support (that is, total licensed capacity of child care centres that hold purchase of service agreements with the CMSM/DSSAB).
Name: Number of Child Care Spaces Supported Through a Purchase of Service Agreement with a School Board. **Definition:** The total number of child care spaces located in a board operated program that receive support(that is, total licensed capacity of a board operated child care program that hold purchase of service agreements with the CMSM/DSSAB).

2.B ADMINISTRATION FUNDING

Name: Number of staff (head count) by position **Definition:** The total number of CMSM/DSSAB staff (head count) by position supported through administration funding. **Reference:** *Chapter 1: Funding Guideline*
Name: Number of full-time equivalent staff by position **Definition:** The total number of full-time equivalent CMSM/DSSAB staff by position supported through administration funding. Full-time equivalent is based on a minimum of 35 hours per week. **Reference:** *Chapter 1: Funding Guideline*
Name: Total salaries associated with each position type **Definition:** The total salaries by position supported through administration funding, within the CMSM/DSSAB. **Reference:** *Chapter 1: Funding Guideline*
Name: Total benefits for all staff **Definition:** The total benefits for all staff supported through administration funding, within the CMSM/DSSAB. **Reference:** *Chapter 1: Funding Guideline*
Name: Number of Child Care Centres that received Wage Enhancement Administration Funding **Definition:** The number of licensed child care centres that have or will receive wage enhancement administration funding from the CMSM/DSSAB to support administrative effort associated with implementing WEG/HCCEG. **Reference:** *Chapter 1: Funding Guideline*

Name: Number of Home Child Care Agencies that received Wage Enhancement Administration Funding

Definition: The number of home child care agencies that have or will receive wage enhancement administration funding from CMSMs/DSSABs to support administrative effort associated with implementing the WEG/HCCEG.

Reference: *Chapter 1: Funding Guideline*

2.C COST-BASED FUNDING

Name: Number of Child Care Centres supported with Cost-Based Funding **Definition:** The total number of child care centres receiving Cost-Based Funding from the CMSM/DSSAB. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline*
Name: Number of Home Child Care Agencies supported with Cost-Based Funding **Definition:** The total number of home child care agencies receiving Cost-Based Funding from the CMSM/DSSAB. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline*
Name: Number of Home Child Care Active Homes supported with Cost-Based Funding **Definition:** The total number of active homes supported by Cost-Based Funding from the CMSM/DSSAB. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline*
Name: Number of Licensed Child Care Spaces supported with Cost-Based Funding **Definition:** Number of licensed child care spaces supported by Cost-Based funding from the CMSM/DSSAB. Reported by auspice (that is, non-profit, profit, directly operated). **Reference:** *Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline*
Name: Number of Children Served – Special Needs Resourcing (SNR) **Definition:** The number of children with special needs supported through Cost-Based Funding. Each child should be counted once per calendar year. **Reference:** *Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline*

2.D LOCAL PRIORITIES – WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

Name: Number of Fully Eligible staff FTEs including home child care visitors eligible for WEG **Definition:** The number of full-time equivalent staff working in licensed child care centres who have or will receive a full ($2/hour) WEG. One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25hrs/day).
Name: Number of Partially Eligible staff FTEs including home child care visitors eligible for WEG **Definition:** The number of full-time equivalent staff working in licensed child care centres who have or will receive a partial (< $2/hour) WEG. One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25hrs/day).
Name: Number of Fully Eligible Home Child Care Providers Receiving HCCEG **Definition:** The number of home child care providers who have or will receive a full ($20.00/day) HCCEG. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Partially Eligible Home Child Care Providers Receiving HCCEG **Definition:** The number of home child care providers who have or will receive a partial ($10.00/day) Home Child Care Enhancement Grant. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Child Care Centres Receiving WEG **Definition:** The number of licensed child care centres that have or will receive wage enhancement. **Reference:** *Chapter 3: Local Priorities Guideline*

Name: Number of Home Child Care Agencies Receiving HCCEG

Definition: The number of home child care agencies who have or will receive HCCEG. Home child care agencies can have multiple home child care providers.

Reference: *Chapter 3: Local Priorities Guideline*

2.E LOCAL PRIORITIES – WORKFORCE COMPENSATION

CMSMs/DSSABs are required to report on the following data:

- Number of RECE program staff supported by the wage floor.
- Number of RECE supervisors supported by the wage floor.
- Number of RECE home child care visitors supported by the wage floor.
- Number of RECE program staff supported by the annual wage increase.
- Number of RECE supervisors supported by the annual wage increase.
- Number of RECE home child care visitors supported by the annual wage increase.
- Number of child care centres supported by the wage floor or annual wage increase.
- Number of home child care agencies receiving funding for wage floor or annual wage increase.
- Number of non-RECE program staff supported by the minimum wage offset.
- Number of non-RECE supervisors supported by the minimum wage offset.
- Number of non-RECE home child care visitors supported by the minimum wage offset.
- Number of child care centres supported by the minimum wage offset.
- Number of home child care agencies receiving funding for minimum wage offset.

All data requirements noted above must be reported by all licensees and separately for staff serving eligible children and children who are not eligible under CWELCC but can still receive workforce compensation funding.

If a staff member is serving both categories, they should be included in the category where they mostly work.

Reference: *Chapter 3: Local Priorities Guideline*

2.F LOCAL PRIORITIES – PROFESSIONAL LEARNING

Name: Number of child care staff/providers who participated in professional learning **Definition:** Total number of child care program staff and supervisors (RECE and non-RECE) in licensed child care centres, home child care visitors and providers that have participated in the professional learning day. Count each person once. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of EarlyON program staff and supervisors who participated in professional learning **Definition:** Total number of program staff and supervisors (RECE and non-RECE) that have participated in the professional learning day in EarlyON Child and Family Centres. Count each person once. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of child care licensees (centre-based and home child care agencies) supported by professional learning **Definition:** For the child care staff participating in the professional learning day, the associated total number of licensees supported. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of EarlyON Child and Family Centres supported by professional learning **Definition:** For the EarlyON staff participating in the professional learning day, the associated total number of EarlyON Child and Family Centres supported. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of individuals participating in mentorship programs. **Definition:** Number of individuals that have been supported through mentorship programs. Count each person once. **Reference:** *Chapter 3: Local Priorities Guideline*

Name: Number of additional staff who participated in professional learning – Child Care **Definition:** Total number of additional staff that have participated in the professional learning day in child care licensees. Count each person once. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of additional staff who participated in professional learning – EarlyON **Definition:** Total number of additional staff that have participated in the professional learning day in EarlyON Child and Family Centres. Count each person once. **Reference:** *Chapter 3: Local Priorities Guideline*

2.G LOCAL PRIORITIES – SMALL WATER WORKS

Name: Number of Child Care Centres Supported **Definition:** The number of licensed child care centres located on small water systems receiving funding to support the costs related to regular ongoing water testing and maintenance expenses. **Reference:** *Chapter 3: Local Priorities Guideline*

2.H LOCAL PRIORITIES – TERRITORY WITHOUT MUNICIPAL ORGANIZATION

No data reporting requirements.

2.I LOCAL PRIORITIES – FLEXIBILITY FUNDING

2.I (1) General Operating Expense

Name: Number of Child Care Centres supported with General Operating Funding **Definition**: The total number of child care centres supported by general operating support. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Home Child Care Agencies supported with General Operating Funding **Definition**: The total number of home child care agencies receiving general operating support. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Home Child Care Active Homes supported with General Operating Funding **Definition**: The total number of active homes supported by General Operating support. Reported by auspice (that is, non-profit, profit, or directly operated). **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Licensed Child Care Spaces Supported with General Operating Funding **Definition**: Number of licensed child care spaces supported by General Operating funding. Reported by auspice (that is, non-profit, profit, directly operated). **Reference:** *Chapter 3: Local Priorities Guideline*

2.I (2) Pay Equity Memorandum Of Settlement

Name: Number of Contracts with Licensees and non-profit Agencies **Definition:** The number of contracts with licensees and non-profit agencies (such as SNR) that receive funding under the pay equity union settlement. **Reference:** *Chapter 3: Local Priorities Guideline*

2.I (3) Capacity Building

No data reporting requirements.

2.I (4) Special Needs Resourcing

Data Elements:

Name: Number of Licensed Programs Supported **Definition:** The number of child care centres and home child care agencies that receive support for SNR through Local Priorities – Flexibility Funding or indirect services provided. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Children Served, 0 to 12 years **Definition:** The number of children aged 0 to 12 with special needs receiving SNR through Local Priorities – Flexibility Funding. Each child should be counted once per calendar year. Include SNR supporting children enrolled in camps and children's recreation programs in separate table. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Children Served, age 13 to 18 **Definition:** The number of children aged 13 to 18 with special needs receiving SNR through Local Priorities – Flexibility Funding. Each child should be counted once per calendar year. Include SNR supporting school-aged children enrolled in camps and children's recreation programs in separate table. **Reference:** *Chapter 3: Local Priorities Guideline*

Name: Average Monthly Number of Children Served up to and including Kindergarten - Special Needs Resourcing **Definition:** The average monthly number of children with special needs up to and including Kindergarten receiving SNR through Local Priorities – Flexibility Funding. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children served each month. Include SNR supporting kindergarten children enrolled in camps and children’s recreation programs. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Average Monthly Number of School-Aged Children Served – Special Needs Resourcing **Definition:** The average monthly number of school-aged children receiving SNR (includes Junior school age) through Local Priorities – Flexibility Funding. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of school-aged children receiving SNR. For school-aged children who are 68 months of age or older but younger than 13 years of age. Include SNR supporting school-aged children enrolled in camps and children’s recreation programs. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Number of Full Time Equivalent (FTE) Staff **Definition:** The number of resource teachers/consultants or supplemental staff responsible for the delivery of SNR services. Full-time equivalent is based on a minimum of 35 hours per week. **Reference:** *Chapter 3: Local Priorities Guideline*

2.I (5) Fee Subsidy

Name: Average Monthly Number of Infants Served **Definition:** The number of infants receiving fee subsidy. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of infants receiving fee subsidy in each month. For infants, younger than 18 months of age. Each child will move up to the next age group according to their birth date. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Average Monthly Number of Toddlers Served **Definition:** The number of toddlers receiving fee subsidy. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of toddlers receiving fee subsidy in each month. For toddlers, 18 months of age or older but younger than 30 months of age. Each child will move up to the next age group according to their birth date. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Average Monthly Number of Preschoolers Served **Definition:** The number of preschoolers receiving fee subsidy. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of preschoolers receiving fee subsidy in each month. For preschoolers, 30 months of age or older but younger than 4 years of age. Each child will move up to the next age group according to their birth date. **Reference:** *Chapter 3: Local Priorities Guideline*
Name: Average Monthly Number of Kindergarten Children Served **Definition:** The number of Kindergarten children receiving fee subsidy (includes JK and SK). Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of Kindergarten children receiving fee subsidy in each month. For Kindergarten children who are 44 months of age or older, as of August 31 of each year, up to and including 6 years of age. **Reference:** *Chapter 3: Local Priorities Guideline*

Name: Average Monthly Number of School-Aged Children Served

Definition: The number of school-aged children receiving fee subsidy (includes Junior school age). Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of school-aged children receiving fee subsidy in each month. For school-aged children who are 68 months or older as of August 31 of each year, but younger than 13 years of age (under 18 for children with special needs).

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of Children Served – 0 to 12

Definition: The number of children aged 0 to 12 receiving fee subsidies (and 13 to 18 where children with special needs are eligible). Each child should be counted once per calendar year. Please include fee subsidies for kindergarten and school-aged children enrolled in camps, authorized recreational and skill building programs, and school board operated before and after school programs.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Consolidated Total Number of Children Served by Income Level

Definition: Total number of children served receiving fee subsidies, funded through the Local Priorities – Flexibility Funding and funding for Indigenous-led child care and child and family programs by family income level. These will be reported under the following income ranges (under $20K, $20K-$30K, $30K-$40K, $40K-$50K, $50K-$60K, $60K-$70K, $70K-$80K, $80K-$90K, $90K to $100K, above $100K). Each child should be counted once per calendar year.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Consolidated Average Monthly Number of Children Served by Income Level

Definition: Total average monthly number of children receiving fee subsidies, funded through the Local Priorities – Flexibility Funding and funding for Indigenous-led child care and child and family programs by family income level. These will be reported under the following income ranges (under $20K, $20K-$30K, $30K-$40K, $40K-$50K, $50K-$60K, $60K-$70K, $70K-$80K, $80K-$90K, $90K to $100K, above $100K). Each child should be counted once per month.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of Children Served – OW Formal

Definition: The number of children of Ontario Works participants provided with child care in licensed child care settings. Also includes children enrolled in school-board-operated before and after school programs. Each child should be counted once per calendar year.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Average Monthly Number of Children Served – OW Formal

Definition: The average monthly number of children of Ontario Works participants provided with child care in licensed child care settings. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children of Ontario Works participants provided with child care in licensed child care settings.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Average Monthly Number of Children Served – OW Informal

Definition: The average monthly number of children receiving Ontario Works informal child care. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children receiving Ontario Works informal child care in each month.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of Children Served – OW Informal

Definition: The number of children of Ontario Works participants provided with child care in unlicensed child care settings. Each child should be counted once per calendar year.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of Children Served Through the Reduction of Parental Contributions

Definition: The number of children served by CWELCC-enrolled licensees benefiting from the reduction of parental contributions by type of setting (that is, centre or home-based) and by auspice (that is, not-for-profit, for-profit or directly operated).

Reference: *Chapter 3: Local Priorities Guideline*

2.I (6) Camps and Children’s Recreation

Name: Average Monthly Number of Kindergarten Children Served

Definition: The number of kindergarten children enrolled in camps or recreation programs receiving fee subsidies. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps or recreation programs per month. For Kindergarten children who are 44 months of age or older but younger than 68 months of age.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Average Monthly Number of School-Aged Children Served

Definition: The number of school-aged children enrolled in camps or recreation programs receiving fee subsidies. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children enrolled in camps or recreation programs in each month. For school-aged children who are 68 months of age or older, as of August 31 of each year, but younger than 13 years of age (under 18 for children with special needs).

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of Kindergarten Children Served – Fee Subsidies Camps and Children’s Recreation

Definition: The number of kindergarten children enrolled in camps or recreation programs receiving fee subsidies. Each child should be counted once per calendar year.

Reference: *Chapter 3: Local Priorities Guideline*

Name: Number of School-Aged Children Served - Fee Subsidies Camps and Children's Recreation

Definition: The number of school-aged children enrolled in camps or recreation programs receiving fee subsidies. Each child should be counted once per calendar year.

Reference: *Chapter 3: Local Priorities Guideline*

2.J INDIGENOUS-LED CHILD CARE PROGRAMS

Name: Number of children served **Definition:** The number of children served through increased access to culturally relevant, Indigenous-led licensed child care and child and family programs. Each child should be counted once per calendar year. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Average Monthly Number of Children Served by age group – Fee Subsidy **Definition:** The average monthly number of children receiving funding for Indigenous-led child care and child and family programs. Each child should be counted once per month. The number reported is the year-to-date average (mean) of the number of children receiving fee subsidy in each month. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*

2.K INFRASTRUCTURE PROGRAMS

Name: Number of net new licensed child care spaces supported with Start-up Grants broken down by auspice (that is, for-profit, not-for-profit) **Definition:** Number of net new child care spaces that were created, as per fully executed service agreements with CWELCC-enrolled child care licensees, through Start-up Grant funded space creation projects completed by December 31 by auspice (that is, for-profit, not-for-profit). **Reference:** *Chapter 5: Infrastructure Guideline*
Name: Number of net new licensed child care spaces supported with Start-up Grants by type of setting (that is, child care centre, home child care) **Definition:** Number of net new child care spaces that were created, as per fully executed service agreements with CWELCC-enrolled child care licensees, through Start-up Grant funded space creation projects completed by December 31 by type of child care setting (that is, child care centre, home child care). **Reference:** *Chapter 5: Infrastructure Guideline*
Name: Number of net new licensed child care spaces supported with Start-up Grants by age group (that is, infant, toddler, preschool, family age grouping) **Definition:** Number of net new child care spaces that were created, as per fully executed service agreements with CWELCC-enrolled child care licensees, through Start-up Grant funded space creation projects completed by December 31 by age group (that is, infant, toddler, preschool, family age grouping). **Reference:** *Chapter 5: Infrastructure Guideline*

PART 3: EARLYON CHILD AND FAMILY CENTRES REPORTING REQUIREMENTS – EXPENDITURES

Name: EarlyON Expenditures

Definition: The following categories outline the expenditure breakdown required for EarlyON Child and Family Centre reporting. CMSMs/DSSABs are required to report expenditures in EFIS based on these categories.

- Mandatory Core Services and Customized Community Connections
  - Salaries and Benefits - Program Staff
  - Salaries and Benefits - Non-Program Staff
  - Lease and Utilities - Operational
  - Other Expenses - Operational
- Professional Learning and Capacity Building Expenses
- Child Care and Early Years Planning (CCEYP) and Data Analysis Services (DAS)
  - CCEYP and DAS Salaries (by position)
  - CCEYP and DAS Benefits
  - Other Expenses – CCEYP and DAS
- Administration
  - Administration Staff Salaries (by position)
  - Administration Staff Benefits
  - Other Expenses – Administrative
- EarlyON Administration Used for Child Care Administration

Reference: *Chapter 6: EarlyON Guideline*

Name: EarlyON Expenditures – Offsetting Revenues **Definition:** The amount contributed by the municipality or other funding sources towards EarlyON Child and Family Centre program costs, reported as offsetting revenues. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Indigenous-Led EarlyON Child and Family Programs **Definition:** Funding provided to CMSMs/DSSABs to support culturally relevant, Indigenous-led EarlyON child and family programs. CMSMs/DSSABs are required to report expenditures by approved project under the following categories: • Ongoing operating expenses • Administration expenses Expenditures should be reported net of any offsetting revenues. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*

PART 4: EARLYON CHILD AND FAMILY CENTRES REPORTING REQUIREMENTS – SERVICE DATA

4.A EARLYON CHILD AND FAMILY CENTRES

Name: Total Number of New EarlyON Child and Family Centre Sites **Definition:** The number of EarlyON Child and Family Centre physical locations that have opened after January 1, 2018. If a previously open EarlyON Child and Family Centre physical site was relocated and opened after January 1, 2018, include only those sites that have expanded their service offerings. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Total Number of EarlyON Child and Family Centre Sites **Definition:** The number of physical locations where there are EarlyON Child and Family Centres. All locations should be included in reporting the total number of EarlyON Child and Family Centre Sites. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Purchase of Service Agreements **Definition:** Number of service agreements held between the CMSM/DSSAB and a licensee to deliver EarlyON Child and Family Centre programs. **Reference:** *Chapter 6: EarlyON Guideline*

Name: Number of Children Served – All Programs **Definition:** Number of children (aged 0 to 6) that received EarlyON services (indoor/outdoor/virtual) at some point during the calendar year[1]. A child should be counted once per calendar year. For example, if 4-year-old John participated in both an in-person (outdoor or indoor program) and virtual EarlyON Child and Family program, John would be counted once. If John only participated in a virtual program, John would also be counted once. This data element is only used when a child participates in an early learning experience. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Visits made by Children – All Programs **Definition**: The total number of visits that children (aged 0 to 6) made to an (indoor/outdoor/virtual) EarlyON Child and Family Centre program. Count each time a child attended an in-person (outdoor or indoor program) or virtual program that was designed to engage children in an early learning experience. **Reference:** *Chapter 6: EarlyON Guideline*

- [1] A virtual EarlyON program is facilitated by staff and ensures participation and engagement with children, parents/caregivers through web-based applications.
- Engagement is defined as follows:
    - The virtual program is INTERACTIVE (that is, two-way flow of information or conversation between two or more people, but should not include social media interactions such as Facebook likes, video views, shared posts, etc., in this data element);
    - The virtual program is PURPOSEFUL (that is, there is a clear early learning, or early child development, or child health and well-being related purpose for hosting the virtual program)

Name: Number of Parents/Guardians/Caregivers Served – All Programs **Definition:** The number of parents/guardians/caregivers that actively participated in an (indoor/outdoor/virtual) EarlyON program either with their children or separately. A parent/guardian/caregiver is counted once during the calendar year. For example, if the parent/guardian/caregiver of 4-year-old John participated in both an in-person (outdoor or indoor program) and a virtual program, the parent/guardian/caregiver would be counted once. If the parent/guardian/caregiver only participated in a virtual program, the parent/guardian/caregiver would also be counted once. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Visits Made by Parents/Guardians/Caregivers – All Programs **Definition:** Total number of visits that parents/guardians/caregivers made to an EarlyON Child and Family Centres (indoor/outdoor/virtual). Count each time a parent/guardian/caregiver attended an in-person (outdoor or indoor) or virtual program that was designed to engage parents/guardians/caregivers with their children or separately. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Children Served – Virtually **Definition:** Total number of children (aged 0 to 6) that participated in a virtual program or services at some point during the calendar year. Each child should be counted once per calendar year. For example, if 4-year-old John participated in two virtual programs, John would be counted once. If John only participated in one virtual program, John would also be counted once. Note: If John attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Children Served – All Programs AND Number of Children Served – Virtually). **Reference:** *Chapter 6: EarlyON Guideline*

Name: Number of Visits made by Children – Virtually **Definition**: The total number of visits that children (aged 0 to 6) made to an EarlyON Child and Family Centre virtual program. Count each time a child attended a virtual program that was designed to engage children in an early learning experience. Note: If John attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Visits made by Children – All Programs AND Number of Children Served – Virtually). **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Parents/Guardians/Caregivers Served – Virtually **Definition:** Total number of parents/guardians/caregivers that participated in a virtual program/service either with their children or separately at some point during the calendar year. A parent/guardian/caregiver should be counted once per calendar year. For example, if the parent/guardian/caregiver of 4-year-old John participated in two virtual programs, the parent/guardian/caregiver would be counted once. If the parent/guardian/caregiver participated in one virtual program, the parent/guardian/caregiver would also be counted once. Note: If John's parent attended an in-person program as well as a virtual program, they should be included in both data elements (Number of Parents/Caregivers Served – All Programs AND Number of Parents/Caregivers Served – Virtually). **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Visits Made by Parents/Guardians/Caregivers - Virtually **Definition:** Total number of visits that parents/guardians/caregivers made to EarlyON Child and Family Centres virtual program. Count each time a parent/guardian/caregiver attended a virtual program that was designed to engage parents/guardians/caregivers with their children or separately. Note: If John's parent attended an in-person program as well as a virtual program, they should be included in both data elements (Number of Visits Made by Parents/Caregivers – All Programs AND Number of Visits Parents/Caregivers Served – Virtually). **Reference:** *Chapter 6: EarlyON Guideline*

Name: Number of Children Served – Respite **Definition:** The total number of children (aged 0 to 6) that participated in respite child care services at some point during the calendar year. A child should be counted once per calendar year. Note: If John attended respite child care, he should be included in both data elements (Number of Children Served – All Programs AND Number of Children Served – Respite). **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Parents/Guardians/Caregivers Served – Respite **Definition:** The number of parents/guardians/caregivers visits made to an EarlyON program/service to access respite child care (emergency short-term or occasional care), as a customized community connection service. A parent/guardian/caregiver should be counted once per calendar year. Note: If John's parent attended respite child care, they should be included in both data elements (Number of Parents/Caregivers Served – All Programs AND Number of Parents/Caregivers Served – Respite). **Reference:** *Chapter 6: EarlyON Guideline*

4.B MANDATORY CORE SERVICES AND CUSTOMIZED COMMUNITY CONNECTIONS

Name: Number of FTE Program Staff **Definition**: The number of full-time equivalent staff who are involved in the development, design, and delivery of EarlyON Child and Family Centre programs and services. Full-time equivalent is based on a minimum of 35 hours/week. **Reference:** *Chapter 6: EarlyON Guideline*

Name: Number of FTE Non-Program Staff **Definition**: The number of full-time equivalent non-program staff (including cooks, drivers, housekeeping, clerical, financial staff, and chief administrators) employed by EarlyON Child and Family Centres. Full-time equivalent is based on a minimum of 35 hours/week. Exclude FTEs to deliver planning and data analysis services. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of FTE Program Staff that are Registered Early Childhood Educators (RECEs) **Definition**: The number of full-time equivalent program staff who are RECEs. Full-time equivalent is based on a minimum of 35 hours per week. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of FTE Program Staff who are not RECEs who were otherwise approved by the CMSM/DSSAB (excluding the legacy provision) **Definition**: The number of FTE program staff who are not RECEs who were otherwise approved based on their qualifications (excluding the legacy provision). Full-time equivalent is based on a minimum of 35 hours/week. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of Licensees with non-RECE staff who were otherwise approved by the CMSM/DSSAB. **Definition**: The number of licensees that have non-RECE staff who were otherwise approved by the CMSM/DSSAB based on qualifications. **Reference:** *Chapter 6: EarlyON Guideline*

Name: Number of non-RECE Program Staff who were otherwise approved through the legacy provision **Definition**: The number of non-RECE program staff who were otherwise approved by the CMSM/DSSAB because they have 10 or more years of experience working in one or more of the following: Ontario Early Years Centres, Parenting and Family Literacy Centres, Child Care Resource Centres, or Better Beginnings, Better Futures. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Program guided by *How Does Learning Happen?* **Definition**: Confirmation that EarlyON Child and Family Centres programs and services are guided by and align with the foundations in *How Does Learning Happen?* (that is, yes or no). **Reference:** *Chapter 6: EarlyON Guideline*

4.C EARLYON CHILD AND FAMILY CENTRES – ADMINISTRATION

Name: Number of full-time equivalent staff by position **Definition:** The total number of full-time equivalent staff by position who provide administrative support to EarlyON Child and Family Centres. Full time equivalent is based on a minimum of 35 hours per week. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of staff (head count) by position **Definition:** The total number of staff (head count) by position supported through administration funding. **Reference:** *Chapter 6: EarlyON Guideline*

4.D CHILD CARE AND EARLY YEARS PLANNING AND DATA ANALYSIS SERVICES

Name: Number of full-time equivalent staff **Definition:** The total number of full-time equivalent staff to deliver planning and data analysis services. A full-time equivalent is based on a minimum of 35 hours per week. **Reference:** *Chapter 6: EarlyON Guideline*
Name: Number of staff (head count) by position **Definition:** The total number of staff (head count) by position supported through child care and early years planning and data analysis services funding. **Reference:** *Chapter 6: EarlyON Guideline*

4.E INDIGENOUS-LED EARLYON CHILD AND FAMILY

Name: Total Number of Indigenous-led Child and Family Centre Sites **Definition:** The number of physical locations where there are Indigenous-led EarlyON Child and Family Centres. All locations should be included in reporting the total number of Indigenous-led Child and Family Centre Sites. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Number of Purchase of Service Agreements **Definition:** Number of service agreements held between the CMSM/DSSAB and a licensee to deliver Indigenous-led Child and Family Centre programs. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Number of Children Served – All Programs **Definition:** Number of children aged 0 to 6 that received services at some point during the calendar year. A child is reported in the EFIS report in which they received services and should be counted once per calendar year. This data element is only used when a child participates in an Indigenous-led early learning activity. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Number of Visits made by Children – All Programs **Definition**: The total number of visits that children aged 0 to 6 made to Indigenous-led Child and Family Centres. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Number of Parents/Guardians/Caregivers Served – All Programs **Definition:** The number of parents/guardians/caregivers who actively participated in an Indigenous-led program,either with their children or separately. A parent/guardian/caregiver is reported in the EFIS report in which they received services and should be counted once per calendar year. **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*

Name: Number of Visits Made by Parents/Guardians/Caregivers – All Programs

Definition: Total number of visits that parents/guardians/caregivers made to Indigenous-led Child and Family Centres

Reference: *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*

Name: Number of Children Served – Virtually

Definition: Total number of children aged 0 to 6 that participated in an Indigenous-led virtual programs or services at some point during the calendar year. A child should be counted once per calendar year. For example, if 4-year-old John participated in two virtual programs, John would be counted once. If John only participated in one virtual program, John would also be counted once.

Note: If John attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Children Served – All Programs AND Number of Children Served – Virtually).

Name: Number of Visits made by Children – Virtually

Definition: The total number of visits that children aged 0 to 6 made to an Indigenous-led EarlyON Child and Family Centre virtual program. Count each time a child attended a virtual program that was designed to engage children in an early learning experience.

Note: if John attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Visits made by Children – All Programs AND Number of Children Served – Virtually).

Name: Number of Parents/Guardians/Caregivers Served – Virtually **Definition:** The total number of parents/guardians/caregivers that participated in a virtual program/service either with their children or separately at some point during the calendar year. A parent/guardian/caregiver should be counted once per calendar year. For example, if the parent/guardian/caregiver of 4-year-old John participated in two virtual programs, the parent/guardian/caregiver would be counted once. If the parent/guardian/caregiver participated in one virtual program, the parent/guardian/caregiver would also be counted once. Note: if John's parent attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Visits made by Children – All Programs AND Number of Children Served – Virtually). **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*
Name: Number of Visits Made by Parents/Guardians/Caregivers Served - Virtually **Definition:** The total number of visits that parents/guardians/caregivers made to Indigenous-led EarlyON Child and Family Centres virtual program. Count each time a parent/guardian/caregiver attended a virtual program that was designed to engage parents/guardians/caregivers with their children or separately. Note: if John's parent attended an in-person program as well as a virtual program, he should be included in both data elements (Number of Visits made by Children – All Programs AND Number of Children Served – Virtually). **Reference:** *Chapter 4: Indigenous-Led Child Care and Child and Family Programs*