

WAGE SUBSIDY POLICY AND GUIDELINES FOR SERVICE PROVIDERS

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SECTION 1 - WAGE SUBSIDY OVERVIEW

Intent

These guidelines provide child care providers with information on the distribution and reconciliation of the wage subsidy grant program. The guidelines cover:

- Eligibility
- Funding conditions
- Distribution guidelines
- Funding calculations
- Monitoring and reporting.

To receive and maintain wage subsidy funding, programs are required to comply with these guidelines.

Overview

Children's Services is responsible for managing and planning child care services within the City of Toronto, including the wage subsidy program. The Ontario Child Care Management Guidelines provided by the Province of Ontario, require the City to plan and manage the wage subsidy program within the parameters of provincial legislation, regulations, standards and policies. In 2011, provincial responsibility for the wage subsidy program moved from the Ministry of Children and Youth (MCYS) to the Ministry of Education (EDU) as part of Full Day Early Learning Kindergarten implementation. All existing policies remain in effect until they are revised by EDU.

As the Service System manager, the City is required to develop policies and protocols for the management of wage subsidy, ensuring these funds are managed in an effective and accountable manner, including:

- November 30, December 1 and 2, 2004, Toronto City Council adopted the following (1)(v) "Agreeing that all expansion takes place through public and/or not for profit delivery. Existing for-profit programs may be grand-parented" this means that all new public funding, including wage subsidy grants, would be directed to not-for-profit programs only.
- In July 2011, Children's Services provided direction to Operators of Third Party Extended Day programs that they would be required to establish a cost-recovery per diem that did not include wage subsidy.

Wage Subsidy Components

Wage subsidy refers to one or more of the following grants; Wage Enhancement Grant, Direct Operating Grant and Provider Enhancement Grant. Depending on the type of program offered, a staff person may receive one or more of the above. It does not include pay equity funding or wage improvement.

Direct Operating Grant

The Direct Operating Grant (DOG) was introduced in 1987, so that licensed child care centres and private home child care agencies could increase salaries and benefits of staff and maintain the affordability of services. The grant is calculated according to the number of children enrolled and the hours of operation. As of 1992, licensed commercial child care has been entitled to 50% of the grant.

Wage Enhancement Grant

The Wage Enhancement Grant (WEG) was introduced in 1991, so that licensed child care centres unable to meet Pay Equity Act requirements could increase compensation for employees. Permanent staff delivering child care services in not-for-profit organizations are eligible to receive this grant. Commercial Child Care, Municipalities, Hospitals, and Universities/Colleges are not eligible. Home child care providers are not eligible. However, the home child care staff and administrators are eligible. The grant is calculated according to full time equivalent staff (FTE), average enrolment and months of operation. The calculation for resource centres and special needs resourcing is slightly lower due to Ministry constraints applied in 1994/95 and 1995/96.

Provider Enhancement Grant

The Provider Enhancement Grant (PEG) was introduced in 1992, so that not-for-profit private-home child care agencies could provide increased payments to private home child care providers. The grant is calculated by days of service provided and operating days.

Best Start Wage Subsidy

In 2005, the Province of Ontario introduced Best Start, a plan for healthy development, early learning and child care. The first phase of Best Start was to increase access to child care through an expansion of the child care system for children birth to 5 years of age with an emphasis on JK/SK children. As part of Best Start, additional wage subsidy was allocated to support the expansion.

Best Start Wage Subsidy is similar to Wage Subsidy as it has the same components. Best Start Direct Operating Grant, Best Start Provider Enhancement Grant and Best Start Wage Enhancement Grant, however, are only available to programs under Best Start serving children birth to 5 years of age.

For the purposes of these guidelines the Best Start Wage Subsidy is used synonymously with Wage Subsidy as there is no difference in the policies and calculations, only the age groups for which the grant applies (0 to 5yrs).

Best Start Wage Subsidy funds were provided to support the expansion of licensed child care system. Best Start allocated funds (2005/06 onwards) to support staff in:

- new programs and licensed expansions serving children in JK and SK- priority under the Best Start Strategy,
- new programs and licensed expansions serving children aged birth to 5 years of age,
- new enrolment of children aged birth to 5 years of age to fill existing vacant licensed capacities.

Best Start Wage Improvement

In 2006, funds were provided under Best Start to provide additional wage improvements to attract and retain early childhood education professionals through increased wages. These funds are available to both licensed group and home child care programs with a fee subsidy service contract with Children's Services. These funds are available to programs serving children birth to 12 years of age in both not-for-profit and commercial child care centres.

These guidelines address the direct operating, wage enhancement and wage improvement grants only. Where pay equity was embedded in the total wage subsidy amount, these amounts have been separated for the purpose of these guidelines and the reconciliation of the wage subsidy grant.

Pay Equity

Pay equity legislation was introduced in 1988, with job-to-job comparisons of jobs done by a proportionally higher number of women to those done by men in the same organization.

On July 1, 1993, the proportional value and proxy method of comparison were introduced. Child care programs were deemed to be part of the public sector and were directed to develop pay equity plans using the proxy method of comparison. The Municipality of Metropolitan Toronto was deemed the comparator for child care in Toronto.

In 1994, the Province of Ontario provided a pay equity grant in the amount of 3% of an organizations 1993 payroll. In 1997, it provided another pay equity grant to assist employers to meet retroactive payments and help employers to bring their programs up to date with pay equity adjustments to January 1, 1998. Commercial operators were not eligible for either of these grants; however they are still obligated to adhere to pay equity legislation.

Although funding has since been capped, all employers are obligated to continue to make pay equity adjustments annually until they reach the comparator pay levels established in their pay equity plans.

The 1994, pay equity funding approved for child care programs was incorporated into wage subsidy Ministry of Children and Youth Services contracts, and hence transferred to the City within the wage subsidy funding envelope.

SECTION 2 - WAGE SUBSIDY ELIGIBILITY

Children's Services Service Plan and Wage Subsidy

The first Service Plan for Child Care Services in Metropolitan Toronto was adopted by Council in 1993, and provided a framework for the management of licensed child care. The plan was founded on principles that would ensure that service was delivered in a rational, accountable and equitable manner that maximized the use of available resources. Every four years the City updates and develops a revised Service Plan which sets out the current vision for the child care system.

When Children's Services enters into a service contract for fee subsidies, not-for-profit service providers may request funding for wage subsidy. Applications for new wage subsidy are reviewed against the Service Plan principles of age and geographic equity and the availability of funds.

The City's ability to achieve an equitable wage subsidy program is contingent upon an increase in the financial resources currently supporting the wage subsidy program. The City must work within the existing funding envelope which limits the ability to address ongoing service pressures.

Requests for New Wage Subsidy Funding

All requests for wage subsidy funding are to be directed, in writing, to Service System Planning and Policy Development, Children's Services Division. Written requests must demonstrate that the application for wage subsidy supports the principles of the service plan and the program is incorporated as not-for-profit.

NOTE:

- Effective December, 2004, new wage subsidy funding is available to programs incorporated as not-for-profit organizations.

- **Effective August 2011, during the transition to Full Day Early Learning Kindergarten (FDELK), requests for new wage subsidy funding will not be approved until a reinvestment strategy is determined.**

Positions Eligible for Wage Subsidy

Wage subsidy is intended to improve the salary and benefits of permanent employees working in licensed child care programs, special needs or family resource programs and increase payments to home child care providers. It does not apply to contract positions.

A permanent position (full or part-time) is part of a program's regular staffing complement. The following list identifies some of the types of eligible permanent positions:

- Trained and untrained teachers
- Supervisors/administrators
- Private home child care home visitors

- Resource teachers/special needs consultants/educators
- Clerical staff
- Cooks
- Housekeeping and Janitorial Staff
- Bus drivers

The following list identifies some of the types of **non eligible** positions:

- Persons working on a short term project.
- Students and staff whose salaries are covered by employment programs under the Provincial and or Federal government.
- Persons paid on a fee for service or contract basis. For example, someone who provides accounting services, janitorial services etc.
- **Persons working in a 3rd party program (see Appendix I)**

Determination of Wage Subsidies

Wage subsidy funding (direct operating, wage enhancement, provider enhancement) available to a program is contingent upon the type of service provided and/or the incorporation status of the agency. Programs offering commercial child care prior to Dec 2004 are entitled to 50% of the direct operating grant and are not eligible for the wage enhancement grant. Commercial programs licensed after December 2004 are not eligible for wage subsidy funding.

Wage subsidy components listed below:

- Direct Operating Grant – licensed child care centres, commercial operators are only entitled to 50% of the total grant.
- Provider Enhancement Grant - for provider's under contract with a not-for-profit home child care agency.
- Wage Enhancement Grant – staff working in not-for-profit licensed child care, licensed home child care agency, family resource programs and agencies providing support to children with special needs with a contract with Children's Services.

SECTION 3 - WAGE SUBSIDY CALCULATIONS AND GUIDELINES FOR DISTRIBUTION:

Calculating the Direct Operating Grant (DOG)

The calculations for the Direct Operating Grant incorporate:

- the operating capacity for a child care program for each age group served (i.e. infants, toddlers, preschoolers, kindergarten and school age children)
- the hours of operation each week
- the number of months per year

Commercial child care centres licensed as of December 7, 1987 are eligible for 50% of the calculated Direct Operating Grant. This is a result of various government policies and directives as well as insufficient funding levels.

The calculations for the Direct Operating Grant allow for changes in months the program is offered. For programs that maintain their service options consistently for 12 or 10 months only the basic calculation is used.

The alternate program calculation is used for programs that change the type of program offered within the year. Examples would include programs that offer a part-time kindergarten during the school year and then offer a full day program in the summer or where a nursery school offers part time care and then offers a licensed summer camp.

Direct Operating Grant Formula

$$\frac{(\text{Operating Capacity} \times \text{Age weightings} \times \text{Months Open})}{\text{Divided by Range}} \times \$4.836 = \text{direct Operating Grant}$$

To view calculation sheet, see Appendix A.

Operating Capacity: The number of children the program is staffed for on an ongoing basis. The operating capacity may be less than licensed capacity and cannot exceed the licensed capacity.

Age Weightings: The number of points assigned to each age group. The dollar value of each point is \$4.836

Number of Months: The number of months the program operates in a year for each age group. The operating capacity may be different for some months of the year, or may operate at a different number of hours for some months of the year. Such as part- time kindergarten or school age for 10 months of the year and full day for 2 months in the summer.

Range: The range is based on the number of hours the program operates in a week.

Operating Hours per Week	Range
1 – 9 hours per week	8
10 – 19 hours per week	4
20 – 39 hours per week	2
40 or more hours per week	1

Calculating the Wage Enhancement Grant (WEG)

Permanent positions within not-for-profit licensed group and licensed home child care, funded special needs support services and family resource programs cost shared with the province are eligible for this funding. Service providers may use a portion of the funding to cover the associated increases in the employer’s mandatory benefit costs.

Wage Enhancement Grant Formula (WEG)

Licensed Group Child Care and Home Child Care Employees (non profit only)

of FTE x \$2,570= = _____

To view the calculation sheet see Appendix A, part B

Special Needs and Family Resource Program Employees.

The funding per FTE position is adjusted to incorporate a 1994/95 Expenditure Control Plan (ECP) constraint of 0.5% and 1995/96 ECP constraint of 1%.

of FTE x \$2,532 = _____

To view the calculation sheet see Appendix B and Appendix C

Full Time Equivalents (FTE’s)

The number of FTE positions refers to the number of full time equivalents employed at least 35 hours per week and 52 weeks in a year. Positions employed for less than 35 hours per week are pro-rated to determine the fraction of FTE.

To calculate FTE’s for staff who works less than the standard hour work day, the following is needed:

- the number of hours worked a day
- the number of days worked a year for each permanent employee on payroll
- the number of days in operation a year
- the standard hours of work day.

Determine total number of hours worked a year by all permanent employees. For each staff, multiply the number of hours worked a day by the number of days worked a year.

Scenarios

1. If all staff work the same # of hours a day and the same number of days a year

7 or more hours a day (up to 8.8 hours) and 261 days a year, FTE calculation is not needed.

2. Where staff works a different number of days in the year

FTE needs to be determined whether the hours worked a day is the standard or different.

For example: 7 hours a day x 205 days a year = 1435 hours divided by 7 standard hours a day divided by 261 standard operating days = .78 FTE.

3. Where the standard work day is less than 7 hours a day and where the number of days worked a year is the same or different.

Divide total hours worked a year, by operating days a year, by 7 hours, irrespective of what the standard hours work day is i.e. 6 hours a day.

For example: Program operates 5.5 hours a day, staff works 6 hours a day. So the standard hours work day is 6 hours a day (less than full time 7 hours a day). The operating days are 251 days a year. The FTE's will be calculated as total hours 7,530 (5 staff x 251 days) divided by 251 days, divided by 7 hours = 4.28. This is the number of FTEs to use on the wage subsidy form.

CALCULATING THE PROVIDER ENHANCEMENT GRANT (PEG) AND HOME CHILD CARE DIRECT OPERATING GRANTS

Provider Enhancement Grant – Providers Only

The provider enhancement grant was established to compensate providers who independently contract out their services to a licensed home child care agency.

Only home child care providers who are under contract with a licensed not-for-profit home child care agency are eligible for this funding. The maximum amount a provider may receive per year is \$2,000. The entire amount of the grant must be distributed to home child care providers.

Provider Enhancement Grant Formula

$$\text{Average Daily Enrolment in Previous 12 months} \times 6.45 \text{ points} \times \text{Months Open} = \text{Points}$$

$$\text{Points} \times \$4.836 = \text{Provider Enhancement Grant}$$

To view the calculation sheet see Appendix D

Home Child Care Direct Operating Grant – Agency Staff and Providers

The home child care direct operating grant is distributed to agency staff working in licensed home child care agencies and their contracted home child care providers.

The home child care direct operating grant formula requires agencies to determine the average daily enrolment for the previous 12 months. Commercial operators are eligible for 50% of the total direct operating grant.

The maximum increase to an individual salary and benefits funded by the home child care direct operating grant is \$6,395 in a not-for-profit licensed child care agency and \$3,197.50 in a commercial agency.

Home Child Care Direct Operating Grant Formula

$$\begin{aligned} &\text{Average Daily Enrolment in Previous 12 months} \times 11.5 \text{ points} \times \text{Months Open} = \text{Points} \\ &\text{Points} \times \$4.836 = \text{Home Child Care Direct Operating Grant} \end{aligned}$$

To view the calculation sheet see Appendix D

Calculating Average Daily Enrolment (ADE) in Home Child Care

Average daily enrolment is determined by using the formula below. For the purposes of the Provider Enhancement Grant and Direct Operating Grant for Home Child Care, each partial or full day of enrolment is counted as one operating day. Statutory holidays should be included in both the Enrolment Days (numerator) and Operating Days (denominator).

Average Daily Enrolment Formula:

$$\frac{\text{Total \# of Actual Days of Service Provided in the Previous 12 Months}}{\text{Total \# of Operating Days in the Previous 12 Months}}$$

All employed program positions shall receive a reasonable portion of the grant. All contracted home child care providers with a not-for-profit licensed home child care agency shall receive a portion of the grant up to an individual maximum of \$2,000.

Where the agency is a multi-service agency, the Operator/ Board of Directors will determine if non-program staff receives a portion of the home child care direct operating grant. These positions must work in the home child care component of the agency. In addition, each licensed home child care agency shall determine the distribution of grant funds between staff salaries and benefits and home child care provider payments.

DISTRIBUTION OF WAGE SUBSIDY

Payment Maximums

Distribution of wage subsidy to employees will not exceed \$9,534 per full time equivalent (FTE) position in a not-for-profit organization or \$3,482 in a commercially operated child care program. This amount includes the combined total of the full direct operating grant in the amount of \$6,964 and the maximum wage enhancement grant of \$2,570. This does not include Wage Improvement funding.

In the event of a change of ownership, the new operator may request approval to maintain the wage subsidy allocation. This request must be done in writing to the Children's Services, District Operations.

Distribution of the Provider Enhancement Grant will not exceed \$2,000 annually per provider under contract in a not-for-profit organization. Providers under contract with a commercially operated home child agency are not eligible for the provider enhancement grant.

Distribution of the Wage Subsidy Grant

The funds are to be directed in a way that is consistent with the intent of the wage subsidy program - to increase the salary and benefits of staff employed in licensed child care services, funded resource centres and funded support services for children with special needs.

It is the responsibility of the Board of Directors or Owner (service providers) to ensure:

- the amounts per each FTE do not exceed the maximums listed above. The maximums listed above for wage subsidy include the amount assigned to benefits; they do not refer to approved pay equity plans. The split between wage subsidy and pay equity is shown on the Children's Services' budgets where operators have a Service Contract with the City.
- Each employee receives a reasonable portion of the grant.
- Funds are assigned to positions and not individuals.
- Wage subsidy funding is above and beyond legislated minimum wage levels.
- The distribution of wage subsidy is consistent with the achievement of the service provider's pay equity plan. All payments to employees must also be reflected in the job rates used by the service provider in pay equity calculations and should be included in the salary for the employee.
- Wage subsidy payments are in addition to any planned pay equity or other salary increases.
- Wage subsidy funds not utilized in accordance with these guidelines or in accordance with the service contract are returned to Children's Services.

A portion of the wage subsidy funding may be allocated toward mandatory employer contributions related to increases to salary and benefits as a result of the implementation of the wage subsidy funding. A portion of the approved wage subsidy amount may also be allocated to non-mandatory staff benefits.

Service providers operating licensed home child care agencies shall distribute a portion of wage subsidy (direct operating component) to enhance payments to home child care providers as well as to employees of the agency such as home visitors.

Service providers in receipt of wage subsidy funding must have a policy, which governs the distribution of wage subsidy. The service provider is required to communicate to staff and home child care providers how wage subsidy funding is distributed, as well as any changes that may occur in the distribution.

Where a centre is unable to distribute the wage subsidy due to staff vacancies, the wage subsidy allocated to the position is not to be redistributed amongst the remaining staff. All unassigned wage subsidy is to be reported to Children's Services and returned. See Reporting and Monitoring Section for further details.

Service providers are required to report changes in operating capacity or service levels immediately. Where there is a reduction in operating capacity or service levels due to reduced enrolment, wage subsidy may be reduced for a period of time to ensure no overpayment. Reductions will become permanent if the enrolment does not return to full capacity within 12 months.

Children's Services Payment of the Wage Subsidy Grants

The annual wage subsidy funding is paid out in quarters and is provided in advance of each quarter, unless otherwise stipulated. In turn, wage subsidy funding must be paid out in full to each eligible position prior to the end of the quarter in which it is received.

SECTION 4 - REPORTING AND MONITORING OF WAGE SUBSIDY

Overview

The monitoring of wage subsidy is conducted through the use of the Special Purpose Report in the Agency audit, and the annual Wage Subsidy, Wage Improvement Utilization Statement. In addition, once a year a wage subsidy entitlement form will be completed to determine the amount of wage subsidy that the program is entitled to receive.

Special Purpose Report and Audit

All service providers in receipt of \$20,000 or more in wage subsidy funding (wage subsidy, pay equity and wage improvement) must provide Children's Services with an audit within four months of the organization's year end.

The audit must include a Special Purpose Report which indicates the amount of wage subsidy received, the amount expensed and any under expenditures. This information can be provided by the auditor as a note, where they verify that the funds received under wage subsidy were used for the purposes that they were intended for. See Appendix G and H for a copy of the letter outlining the requirements and example of the note to the Financial Statement relating to Wage Subsidy.

Reporting Changes in Operating Capacity

In order to monitor the use of wage subsidy, service providers are responsible for reporting all changes to operating capacity and any reductions in service levels and/or staffing to Children's Services immediately. Any decrease to operating capacity, service levels and/or staffing if not addressed, will result in a surplus on the Grant Utilization Statement and a year-end recovery.

- Where there is a change to the operating capacity, wage subsidy entitlement is recalculated to reflect the new operating capacity. This may occur when a centre opens or closes a room, or converts it to another age group.
- When there is a reduction in service levels due to reduced enrolment, wage subsidy may be reduced for a period of time to ensure no overpayment. Reductions will become permanent if the enrolment does not return to full capacity within 12 months.

If the enrolment increases or the program creates a new service offering after a permanent the wage subsidy reduction, the process for requesting new wage subsidy is described on pg 4.

- During the implementation of FDELK, wage subsidy allocations will be proportionally recalculated and reduced to reflect the hours of service provided when a group size of 4 & 5 year olds leaves the child care centre to attend a full day kindergarten program (see Appendix J).

Home child care agencies that experience typical fluctuations in enrolment are not required to report these changes in operating capacity. However, where agencies intend to reduce staff permanently, these changes are to be reported promptly and a recalculation of the wage subsidy will be completed.

Increases in operating capacity and/or staffing levels will not result in an automatic increase in wage subsidy. A request must be made, in writing to, Children's Services, Service System Planning and Policy Development. The request will be reviewed against the principles and direction of the Service Plan and are contingent upon the availability of funding.

Annual Entitlement of Wage Subsidy

The annual entitlement worksheet allows operators to determine the amount of wage subsidy they are entitled to and highlights, in some cases, the historical under funding of the grant. This also allows Children's Services to identify the pressures in the wage subsidy program. For programs that have an agreement for fee subsidy, this annual entitlement is completed as part of the program's annual budget submission.

Wage Subsidy and Wage Improvement Utilization Statement

All programs in receipt of wage subsidy and/or wage improvement funding are required to reconcile the funding the agency received from Children's Services at the end of the City's calendar year, December 31.

A Wage Subsidy / Wage Improvement Utilization Statement is required for **each site** receiving wage subsidy, wage improvement and pay equity. A separate grant utilization form is required for each program operated by a multi-service or multi-site agency. An agency that operates a home child a family resource centre and 2 licensed child care centres would submit 4 separate utilization forms.

The Wage Subsidy / Wage Improvement Utilization Statement provides a breakdown of the wage subsidy (pay equity, wage subsidy, and wage improvement) received and requires the breakdown of how the funds were allocated for salaries and benefits. This includes both mandatory and non-mandatory benefits.

Where the submitted Wage Subsidy / Wage Improvement Utilization Statement identifies a surplus of wage subsidy, a cheque for the amount is to be forwarded to the Budget Consultant with a letter of explanation. Cheques are to be made payable to Treasurer, City of Toronto.

In the case of home child care agencies, the reconciliation is completed in conjunction with a review of the agencies average daily enrolment as per the calculation formula listed in the home child care direct operating grant section. This recognizes the ongoing change in operating capacity home child care agencies experience throughout the year.

Completing the Wage Subsidy and Wage Improvement Utilization Statement

See Appendix F for details regarding the information required for the completion of the grant utilization report for both wage subsidy and wage improvement. To view the Wage Subsidy / Wage Improvement Utilization Statement see Appendix E.

Requirements for New Centres/Agencies

New Service providers applying for wage subsidy must comply with the following;

- Incorporated as not-for-profit organization.
- Requests for wage subsidy funding are to be made in writing to Children's Services Service System Planning and Policy Development.
- New centres are not automatically entitled to wage subsidy funding. The approval of wage subsidy is contingent upon the availability of wage subsidy and will be made in accordance with the principles of the service plan (please see note on pg 4 regarding new wage subsidy and FDELK).
- New centres that are eligible (i.e. wage subsidy is available and the request is in accordance to the principles of the service plan) for wage subsidy must also be approved for, or currently hold, a service contract with Children's Services.

Multi Site, Multi Service Agencies

In addition to the general requirements listed above, service providers of multi site and multi service agencies must also comply with the following;

- The wage subsidy entitlement for multi site/multi service operators will be completed at the site level and must be distributed to the sites for which the entitlement was calculated.
- Any changes to operating capacity within a multi service agency or a closure of a service, for which wage subsidies are approved for, are to be reported to the agency's Children's Services Consultant immediately and the agency's wage subsidy entitlement will be recalculated to reflect the change.
- Multi Site, Multi service agencies are not allowed to redistribute wage subsidy between sites.

Change in Operator, Transfer or Sale

Wage subsidy may be transferred to a new service provider as a result of a sale and or change in ownership. The new service provider should submit this request in writing to Children's Services, District Operations. A new entitlement of wage subsidy will be established based on the new operating capacity.

Agency Closures

Service providers must inform Children's Services immediately in writing of their intentions to cease operations. Wage subsidy will then be flowed monthly to reduce the risk of overpayment.

Prior to the closure of the program, the wage subsidy must be reconciled using the Wage Subsidy and Wage Improvement Utilization Statement. Programs in receipt of \$20,000 or more of wage subsidy must also provide Children's Services with an audited financial statement and special purpose report within four months after the closure of the program.

SECTION 5 - WAGE IMPROVEMENT GUIDELINES

Overview

Under the Provincial Government's Best Start initiative, Children's Services received wage improvement funds to address wages in the licensed child care sector (both not for profit and commercial centres). The Guiding Principles for a Best Start Framework adopted by City Council stated that "all staff will be paid fair wages on established wage scales that recognize training and experience".

Not-for-profit and commercial child care centres with a fee subsidy service contract with Children's Services are eligible for wage improvement funding for early childhood program staff who directly supervise the children and provide programming, including;

- trained staff
- supervisor
- early childhood educators or Director approved program staff
- private home child care home visitors
- untrained program assistants and program staff with incomplete training

Guideline for the Distribution of Wage Improvement Funding

Wage improvement funds should be used to attract and retain Early Childhood Educators and untrained staff and support the establishment of wage scales for program staff.

Implementation must respect organizational pay scales, collective agreements and pay equity plans.

The City will ensure that Wage Improvement funds are used to improve wages of program staff. Funding should not be used to:

- Off-set parental contributions in programs with unusually low full fee rates.
- Address internal wage inequities where there are excessively large gaps between minimum and maximum hourly wages within a group of employees.
- Replace mandated pay equity increases or other regular wage increases.

Up to 10% of the wage improvement funding may be used to offset the increase in mandatory benefits as a result of pay increases. Mandatory benefits include Canadian Pension Plan, Employment Insurance and 4% vacation pay. Wage Improvement funding can not be allocated to non-mandatory benefits.

Prior to the distribution of wage improvement funds, a Children's Services Consultant will assess the reasonableness of the agency's distribution plan based on the approved salary scale, operating costs, parent fees and per diem rates of the centre. The amount of Wage Improvement funding distributed to individual staff positions is recorded on the centre's annual budget submission package and the total reported should not exceed the approved allocation.

Reporting the Distribution of Wage Improvement

As per provincial guidelines, the distribution of wage improvement funding is to be reported on the Wage Subsidy and Wage Improvement Utilization Statement and must be submitted on an annual basis. See Appendix F for details of the information required to complete the Wage Subsidy and Wage Improvement Utilization Statement.

A completed Wage Subsidy and Wage Improvement Utilization Report (Appendix E) is required for each site at the end of each calendar year, December 31.

Change in Operator, Transfer or Sale

Where there is a change in ownership the wage improvement funding may be transferred to a new service provider. Requests to transfer wage improvement funding are to be done in writing to Children's Services, District Operations. The amount transferred can not exceed the amount approved to the original operator.

The new owner is required to submit a new pay scale and pay the wage improvement to staff following the pay scale and new payment plan.

Agency Closures

Operators must inform Children's Services immediately in writing of their intentions to cease operations. Wage improvement will then be flowed monthly to reduce the risk of overpayment.

Prior to the closure of the program the wage improvement must be reconciled using the Wage Subsidy and Wage Improvement Utilization Report. Programs in receipt of \$20,000 or more of wage subsidy (combined wage subsidy, pay equity and wage improvement) must also provide Children's Services with an audited financial statement and special purpose report within four months after the closure of the program.

Change in Operating Capacities

When there is a change to operating capacities that results a decrease in the number of staff employed at a center, the wage improvement may be reallocated to the remaining staff. The redistribution of wage improvement is subject to the approved pay scales and plan submitted to Children's Services. Requests for redistributing the wage improvement are to be submitted to the Children's Services Budget Consultant.

APPENDIX A: CALCULATION OF WAGE SUBSIDY ENTITLEMENT – CHILD CARE CENTRES

Agency ID _____
 Site Name _____
 Centre Loc. ID _____
 Commercial _____
 (Preschool ratio is 1 to 8; JK/SK ratio is 1 to 10 and Kindergarten ratio is 1 to 12)

Hours of Operation per week	Equivalent Range
1 - 9 hrs.	8
10 -19 hrs.	4
20 - 39 hrs.	2
>39 hrs.	1

Part A:
Direct Operating Grant: Basic Program

Age Group	Operating Capacity	X	Points per Space	X	# of Months Operated in Year	/	Hours/Week range/see chart above	=	Points	X	\$ per Points	=	Direct Operating Grant
Infant		X	36	X		/		=	-	X	4.836	=	\$ -
Toddler		X	24	X		/		=	-	X	4.836	=	\$ -
Preschool (1:8)		X	15	X		/		=	-	X	4.836	=	\$ -
JK/SK (1:10)		X	12	X		/		=	-	X	4.836	=	\$ -
Kindergarten (1:12)		X	10	X		/		=	-	X	4.836	=	\$ -
School-Age		X	8	X		/		=	-	X	4.836	=	\$ -
Total													\$ -

Direct Operating Grant: Alternate Program

Age Group	Operating Capacity	X	Points per Space	X	# of Months Operated in Year	/	Hours/Week range/see chart above	=	Points	X	\$ per Points	=	Direct Operating Grant
Infant		X	36	X		/		=	-	X	4.836	=	\$ -
Toddler		X	24	X		/		=	-	X	4.836	=	\$ -
Preschool (1:8)		X	15	X		/		=	-	X	4.836	=	\$ -
JK/SK (1:10)		X	12	X		/		=	-	X	4.836	=	\$ -
Kindergarten (1:12)		X	10	X		/		=	-	X	4.836	=	\$ -
School-Age		X	8	X		/		=	-	X	4.836	=	\$ -
Total													\$ -

Part B:
Wage Enhancement Grant (Non-Profit only)

# Months Operate	# of FTE	X	\$FTE	=	WEG
12		X	2,570	=	\$ -
11		X	2,356	=	\$ -
10		X	2,142	=	\$ -
		X	0	=	\$ -

Total WEG Entitlement = \$ -

Non-Profit Entitlement Level:

Total Direct Operating Grant Entitlement	\$ -
Total WEG Entitlement	\$ -
Total Approved Pay Equity	
Total Annualized Entitlement	\$ -

Commercial Entitlement Level:
 50% of Direct Operating Grant Entitlement \$ -

Total Current Funding _____

Variance (negative amount is overfunded) _____

APPENDIX B

CALCULATION OF WAGE SUBSIDY ENTITLEMENT- SPECIAL NEEDS PROGRAM

Site Name: _____

Site Loc ID: _____

Agency ID _____

Calculation of Wage Subsidy Entitlement

# Months Operate	# of FTE	X	\$FTE	=	WEG
12		X	\$2,532	=	\$0
11		X	\$2,321	=	\$0
10		X	\$2,110	=	\$0
		X	\$0	=	\$0

Total WEG Entitlement = \$0

Total Approved Prior 1998 Pay Equity = _____

Total Annualized Entitlement = \$0

Total Current Funding = _____

Variance (negative amount is overfunded) \$0

APPENDIX C

CALCULATION OF WAGE SUBSIDY ENTITLEMENT- FAMILY SUPPORT PROGRAM

Site Name: _____

Site Loc ID: _____

Agency ID: _____

Calculation of Wage Subsidy Entitlement

# Months Operate	# of FTE	X	\$FTE	=	WEG
12		X	\$2,532	=	\$0
11		X	\$2,321	=	\$0
10		X	\$2,110	=	\$0
		X	\$0	=	\$0

Total WEG Entitlement = _____ \$0

Total Approved Prior 1998 Pay Equity = _____

Total Annualized Entitlement = _____ \$0

Total Current Funding = _____

Variance (negative amount is overfunded) _____ \$0

APPENDIX D

CALCULATION OF WAGE SUBSIDY ENTITLEMENT – HOME CHILD CARE

Agency Name: _____

Agency ID: _____

Commercial _____

Part A: Direct Operating Grant (Agency Staff and Providers)

Average Daily Enrollment	X	Points	X	Number of Months*	=	Points	X	\$ per Point	=	Total DOG
		11.50				0.00		\$4.836		\$ -

* The number of months the program operates in a year.

Part B: Provider Enhancement Grant (Providers only)

Average Daily Enrollment	X	Points	X	Number of Months*	=	Points	X	\$ per Point	=	Total PEG
		6.45				0.00		\$4.836		\$ -

* The number of months the program operates in a year.

Non-Profit Entitlement Level:

Total Direct Operating Grant Entitlement:	\$ -
Total Provider Enhancement Grant Entitlement:	\$ -
Total Wage Enhancement Grant Entitlement:	\$ -
Total Approved Pay Equity:	_____
Total Annualized Entitlement:	\$ -

Part C: Wage Enhancement Grant (Agency Staff only)

# of FTE	X	\$FTE	=	Total WEG
		\$2,570		\$ -
				\$ -
Total WEG:				\$ -

Commercial Entitlement Level:

50% of Direct Operating Grant Entitlement:	\$ -
--	------

Total Current Funding

Variance (negative amount is overfunded)

APPENDIX E: WAGE SUBSIDY & WAGE IMPROVEMENT UTILIZATION

For the Year Ending _____

SECTION 1: BASIC PROGRAM INFORMATION

Agency Name: _____	Agency ID _____
Site Name: _____	Location ID _____
Address: _____	Non-Profit _____
Telephone: _____	Commercial _____
Reporting Period: _____	

SECTION 2: WAGE SUBSIDY

Staff Positions	Number of Full Time Equivalent Staff/Providers	Salaries (\$)			City Use Only
		Total Salaries excluding Wage Subsidy (A)	Wage Subsidy (DOG, WEG, PEG & Prior 1998 Pay Equity) (B)	Total Salaries (C) (C = A + B)	
Program Staff 0 - 5 years				0	
Program Staff 6 - 12 years				0	
Supervisor				0	
Other Non-Program Staff				0	
Private-Home Day Care Visitors				0	
TOTAL	0	0	0	0	
Number of Private-Home Day Care Providers:		0	PEG payments in sect-3, row-8	0	

SECTION 3: VARIANCE REPORT FOR WAGE SUBSIDY

1. Total Wage Subsidy Received (cannot exceed contracted amount)	\$	-	
2. LESS Prior 1998 Pay Equity Funding (if included in #1)	\$	-	
3. Net Regular Wage Subsidy (1 - 2)	\$	-	
4. Amount Used for Salaries	\$	-	
5. Amount Used for Employers' Mandatory Benefit Costs	\$	-	
6. Amount Used for Non-Mandatory Benefit Costs	\$	-	
7. Sub-total: Salaries & Benefits (4+5+6)	\$	-	
8. Amount Used for Private-Home Day Care Provider Payments	\$	-	
9. Amount Used for Non-Salary Purposes (Previously Approved by Ministry)	\$	-	
10. Total Regular Wage Subsidy Used (7+8+9)	\$	-	
11. Variance* (3-10)	\$	-	

*Where a surplus exists, please attach a cheque.

SECTION 4: WAGE IMPROVEMENT

Staff Positions	Number of Full Time Equivalent Staff/Providers	Salaries (\$)			City Use Only
		Salaries (including Wage Subsidy & All Pay Equity Grants) (D)	Wage Improvement (E)	Total Salaries (C) (C = A + B)	
Program Staff 0 - 5 years				0	
Program Staff 6 -12 years				0	
Supervisor				0	
Private-Home Day Care Visitors				0	
TOTAL	0	0	0	0	

SECTION 5: VARIANCE REPORT FOR WAGE IMPROVEMENT

12. Total Wage Improvement Received		
13. Amount Used for Salaries		
14. Amount Used for Employers' Mandatory Benefit Costs		
15. Total Amount Used for Salaries & Benefits (13+14)		0
16. Variance* (12-15)		0

* Where a surplus exists, please attach a cheque.

SERVICE PROVIDER	City Use Only
I verify that the Wage Subsidies have been used for the purposes intended, as stated above.	Recovery Required
Signing Officer:	Consultant Signature
Signing Officer:	Date
Date:	Data Entry

NOTES ON WAGE SUBSIDY UTILIZATION

Section 3: VARIANCE REPORT FOR WAGE SUBSIDY	
Line	Explanation
<u>1</u>	Total Wage Subsidy received by service provider for the previous calendar year including Direct Operating Grant, Provider Enhancement Grant, Wage Enhancement Grant and Prior 1998 Pay Equity funding (excluding Wage Improvement Funding and 1999-2005 pay equity funds resulting from the Memorandum of Settlement)
<u>2</u>	Prior 1998 Pay equity funding if included in line 1
<u>3</u>	Line 1 minus line 2 equals net wage subsidy
<u>4</u>	Wage Subsidy used to increase salaries
<u>5</u>	Wage Subsidy used to pay the employer's share of benefit costs (CPP, Worker's Compensation, Employment Insurance, Ontario Health Tax) resulting from the wage subsidy funding
<u>6</u>	Wage Subsidy used towards non-mandatory benefits (i.e. Dental Plan, Group Insurance)
<u>7</u>	Sub-total of salaries and benefits (4+5+6)
<u>8</u>	Private-home day care agencies only: the total Wage Subsidy distributed to private-home day care providers
<u>9</u>	Wage Subsidy used for non salary purposes, where approved by the child care service system manager
<u>10</u>	The total of lines 7+8+9
<u>11</u>	Variance: Line 3 minus Line 10

Section 5: VARIANCE REPORT FOR WAGE IMPROVEMENT

Line	Explanation
<u>12</u>	Total Best Start Wage Improvement received by service provider for the previous fiscal year
<u>13</u>	Best Start Wage Improvement used to increase salaries
<u>14</u>	Best Start Wage Improvement used to pay the employer's share of benefit costs (CPP, Worker's Compensation, Employment Insurance, Ontario Health Tax)
<u>15</u>	Sub-total of salaries and benefits (13+14)
<u>16</u>	Variance: Line 12 minus Line 15

NOTE:

If wage subsidy, Wage Improvement Funding and funding under the Pay Equity Memorandum of Settlement exceed \$20,000, an audited financial statement, including third party verification in the special purpose report that funding was used for the purposes intended must be submitted with these utilization statements.

APPENDIX F

GUIDELINES FOR COMPLETING THE WAGE SUBSIDY UTILIZATION REPORT

SECTION 2: WAGE SUBSIDY					
Staff Positions	Number of Full Time Equivalent Staff/Providers	Salaries (\$)			City Use Only
		Total Salaries excluding Wage Subsidy (A)	Wage Subsidy (DOG, WEG, PEG & Prior 1998 Pay Equity) (B)	Total Salaries (C) (C = A + B)	
Program Staff 0 - 5 years				0	
Program Staff 6 - 12 years				0	
Supervisor				0	
Other Non-Program Staff				0	
Private-Home Day Care Visitors				0	
TOTAL	0	0	0	0	
Number of Private-Home Day Care Providers:					

COLUMN	SECTION 2: WAGE SUBSIDY EXPLANATION
	Number of Full Time Equivalent Staff/Providers: Report the number of staff and/or Home Child Care providers who received Wage Subsidy for the year covered in this report.
A	Total Salaries Excluding Wage Subsidy (A) : Report base salaries only. DO NOT include Wage Subsidy grants. <u>DO NOT include benefits or mandatory** deductions in this column.</u>
B	Wage Subsidy (DOG, WEG, PEG, Prior 1998 Pay Equity*) (B): From Section 3, Line 2 (Prior 1998 Pay Equity) and Line 4 (Amount Used for Salaries) report the amount distributed to staff salaries only . The total of this column should match the sum of Line 2 + Line 4 in Section 3 (Variance Report for Wage Subsidy) *** unless your agency has historical approval to use Prior 1998 PE for benefits. <u>DO NOT include any benefits or mandatory** deductions in this column.</u>
C	Total Salaries (C): Report the sum of (A) Base Salary + (B) Wage Subsidy. <u>DO NOT include any benefits or mandatory** deductions in this column.</u> THIS COLUMN WILL BE AUTOMATICALLY CALCULATED UNLESS COMPLETED MANUALLY.
***	***if you have historical documented Ministry Approval to use Prior 1998 Pay Equity for benefits, confirm this with your Budget Consultant prior to submitting your form.
**	** Mandatory deductions may include: CPP, Employment Insurance, Workers Compensation, Ontario Health Tax, 4% Vacation Pay
*	*Prior 1998 Pay Equity is not the same as 1999 - 2005 Pay Equity which is to be reported on a separate Utilization form.

SECTION 3: VARIANCE REPORT FOR WAGE SUBSIDY

1. Total Approved Wage Subsidy (per Service Contract)	\$	-	
2. LESS Prior 1998 Pay Equity Funding (if included in #1)	\$	-	
3. Net Regular Wage Subsidy (1 - 2)	\$	-	
4. Amount Used for Salaries	\$	-	
5. Amount Used for Employers' Mandatory Benefit Costs	\$	-	
6. Amount Used for Non-Mandatory Benefit Costs	\$	-	
7. Sub-total: Salaries & Benefits (4+5+6)	\$	-	
8. Amount Used for Private-Home Day Care Provider Payments	\$	-	
9. Amount Used for Non-Salary Purposes (Previously Approved by Ministry)	\$	-	
10. Total Regular Wage Subsidy Used (7+8+9)	\$	-	
11. Variance* (3-10)	\$	-	

COLUMN**SECTION 3: VARIANCE REPORT FOR WAGE SUBSIDY EXPLANATION**

1	Report the Total Wage Subsidy received by service provider for the year being reported on. This may include Direct Operating Grant, Provider Enhancement Grant, Wage Enhancement Grant and Prior 1998 Pay Equity funding. DO NOT include Wage Improvement Funding or 1999-2005 Pay Equity funds (Memorandum of Settlement).
2	Report any Prior 1998 Pay Equity Funding if included in line 1
3	Line 1 minus Line 2 equals net Wage Subsidy. This row will be automatically calculated unless completed manually
4	Report the amount of Regular Wage Subsidy used to increase salaries.
5	Report the amount of Regular Wage Subsidy used to pay the employers' share of mandatory** benefit costs
6	Report the amount of Regular Wage Subsidy used towards non-mandatory benefits (i.e. Dental Plan, Group Insurance)
7	Sub-total of salaries and benefits (= Line 4+5+6) This row will be automatically calculated unless completed manually
8	Private-home Day Care Agencies only: Report the total Wage Subsidy distributed to Private-Home Day Care Providers
9	Report any Wage Subsidy used for non-salary purposes, where approved by the Child Care Service System Manager.
10	Sum of Lines 7 + 8 + 9. This total must not exceed the funding amount reported in Line 3. This row will be automatically calculated unless completed manually.
11	Variance: Line 3 minus line 10. This row will be automatically calculated unless completed manually

SECTION 4: WAGE IMPROVEMENT

Staff Positions	Number of Full Time Equivalent Staff/Providers	Salaries (\$)			City Use Only
		Salaries (including Wage Subsidy & All Pay Equity Grants) (D)	Wage Improvement (E)	Total Salaries (F) (F = D + E)	
Program Staff 0 - 5 years				0	
Program Staff 6 -12 years				0	
Supervisor				0	
Private-Home Day Care Visitors				0	
TOTAL	0	0	0	0	
Number of Private-Home Day Care Providers:					

COLUMN SECTION 4: WAGE IMPROVEMENT EXPLANATION

	Number of Full Time Equivalent Staff: Report the number of staff who received Wage Improvement Funding for the year covered in this report. (Note that non-program staff are not listed as an option as these staff are not eligible for WIF)
D	Salaries (including Wage Subsidy and all Pay Equity Grants) (D) : Report the total salaries including wage subsidy and ALL pay equity grants. DO NOT include Wage Improvement or benefits/mandatory** deductions in this column.
E	Wage Improvement (E): Report how the amount on Line 13 Section 5 (Amount Used for Salaries) was distributed by staff positions. The total of this column will be automatically calculated and should match Line 13, Section 5.
F	Total Salaries (F) : This column will be automatically calculated. Reports the sum of (D) + (E). DO NOT include benefits/mandatory deductions in this column.
**	** Mandatory deductions may include: CPP, Employment Insurance, Workers Compensation, Ontario Health Tax, 4% Vacation Pay

SECTION 5: VARIANCE REPORT FOR WAGE IMPROVEMENT

12. Total Wage Improvement Received		
13. Amount Used for Salaries		
14. Amount Used for Employers' Mandatory Benefit Costs		
15. Total Amount Used for Salaries & Benefits (13+14)		0
16. Variance* (12-15)		0

COLUMN SECTION 5: VARIANCE REPORT FOR WAGE IMPROVEMENT EXPLANATION

12	Report the total Best Start Wage Improvement funding received by the service provider in the year being reported on.
13	Report the amount of Best Start Wage Improvement funding used to increase salaries
14	Report the amount of Best Start Wage Improvement used to pay the employers' share of mandatory** benefit costs. This amount cannot exceed 10% of the funding.
15	Sub-total of salaries and benefits (= Line 13+14): This amount cannot exceed the funding amount on Line 12. This amount will automatically be calculated.
16	Variance: (= Line 12 - Line 15). This column will automatically be calculated.
**	** Mandatory deductions may include: CPP, Employment Insurance, Workers Compensation, Ontario Health Tax, 4% Vacation Pay

APPENDIX G

REQUIREMENTS FOR SPECIAL PURPOSE / AUDIT REPORTS FOR WAGE SUBSIDIES

Dear Operator

The City of Toronto, Children's Services has been designated by the Ministry of Children and Youth Services as the services system manager for child care services in the City of Toronto. As part of this designation Children's Services is required to plan and manage the wage subsidy program within the parameters of legislation, regulations, standards and policies established by the Province.

Wage subsidy is governed by the Ontario Child Care Management Guidelines and the Day Nurseries Act, Regulation 262 section 1. Wage subsidy as defined under the Day Nurseries Act provides funding to services for the purpose of improving the salaries and staff benefits of child care workers. This enhances staff stability and makes licensed child care more affordable to parents. Wage subsidy is available to licensed day nurseries, licensed private home-day care agencies, resource centres and agencies providing special needs resourcing. Wage Subsidies specifically refers to the combined amount of the District Operating Grant (DOG), the Wage Enhancement Grant (WEG) and the Pay Equity Grants. It also includes the Provider Enhancement Grant (PEG) for enhancing payments for persons providing private-home day care.

In November 2004, the Ministry of Children and Youth Services (MYCS) announced Ontario's Best Start Strategy. Under Best Start, funding was extended to provide wage subsidies to staff positions in new and expanded spaces created through Best Start and to support an increase to the average salary of early childhood program staff in the existing child care system. This funding is referred to as Wage improvement and is included in the Wage subsidy program.

Under the Ontario Child Care Management guidelines Children's Services under Section 3, 3.6, is required to collect;

"audited financial statements from services providers who have received more than \$20,000.00 in total wage subsidy and /or Best Start wage improvements and funding under the Pay Equity Memorandum of Settlement that include third party special purpose reports, verifying that wage subsidies and/or wage improvement have been used for the purpose(s) intended".

A special purpose report must be included as part of an agency financial audit to reconcile wage subsidy allocation against expenditures.

APPENDIX H

Example Of The Note To The Financial Statements Relating To Wage Subsidy

TORONTO CHILDREN'S SERVICES WAGE SUBSIDIES				
	WAGE SUBSIDY	PAY EQUITY Prior 1998	PAY EQUITY 1999 – 2005	WAGE IMPROVEMENT
Deferred from prior years ⁽¹⁾				
Received in this Fiscal Year ⁽²⁾				
Wage Subsidies expanded in this fiscal year / according to Day Nurseries Act, Regulation 262, amended to Ontario Regulation 277/98 section 1 ⁽³⁾				
Wage Subsidies returned to Children's Services this fiscal year ⁽⁴⁾				
Wage Subsidies deferred to future years (1) + (2) - (3) - (4)				

Children's Services to provide letter to organization to confirm this for each fiscal year end

APPENDIX I**BUDGET GUIDELINES****THIRD-PARTY OPERATORS OF EXTENDED DAY PROGRAMS****Purpose:**

To provide service providers with the policy and budget information needed to make an informed decision about entering into a third-party agreement with a school board. Third-party agreements are for providing extended day (before- and after-school) programs in Full-Day Kindergarten schools.

Key Policy Points:

- Operators who choose to provide extended day programs on behalf of the school board must be licensed under the Day Nurseries Act. Licensed third-party programs with a contract for fee subsidy with the City will have operating criteria assessments completed annually.
- Third-party operators must be eligible for a fee subsidy service contract with the City and may be required to adhere to the City's service contract requirements as well as to any contract conditions set by the school board.
- Children's Services will enter into fee subsidy agreements with child care programs operating under a school board third-party agreement only when operators provide care for 12 months of the year where there is a need. This will ensure families have the year-round service required to participate in school or the workforce.
- In accordance with Children's Services Occupancy Agreements, all third-party arrangements are expected to be offered in shared space. The City does not pay for exclusive space for before- and after-school programs.

Key Budget Points:

The following are Third-Party Budget Guidelines for 2012:

- Operators will establish a public fee which reflects the full cost of operating the extended day program.
- Third-party extended day programs will be incorporated into existing centre budgets as another room/service offering.
- Approved per diems will be established based on an average of the total combined operating costs for both the centre and third-party program.

- The City's existing Budget Submission guidelines will be used to establish reasonable costs to operate the third-party program. The following costs will be allowable in the budget submission for a third-party program:
 1. Insurance
 2. Professional development
 3. Programming
 4. Food/snack
 5. Occupancy permit fees
 6. Cleaning
 7. Office
 8. Professional and legal
 9. Supervisory costs for the extended day program (1 hour a day per room)
 10. Maximum administration will be calculated on the entire centre and prorated for the extended day program, based on operating capacity

- The following costs will not be allowable for a third-party operated program:
 1. Lunch (This includes food costs and supervision during the school year as the lunch program is offered during the core Full-Day Kindergarten program)
 2. Amortization
 3. Start-up costs
 4. Occupancy costs (during the school year)
 5. Wage subsidy

- Note that third-party providers will be required to provide service on non-instructional days, for which there will be some differences in allowable costs. For example, lunch will be allowed on these days. Other costs such as staffing and programming will reflect that children are in attendance for the full day instead of the reduced hours they attend on instructional days.

- The City will establish a blended rate to reflect the costs for instructional and non-instructional days from September to June. A summer camp rate will be established to reflect the costs for the summer break period.

- Group sizes must be efficient. 20 kindergarten children is considered efficient for extended day programs.

- Where there is a need, centres must establish a rate for the following service:
 1. Before and after school;
 2. Before school only;
 3. After school only;
 4. Summer

- Full time staff will not be allowed during school instructional days. Staffing costs must reasonably reflect the hours of direct service provided to children.

APPENDIX J

TRANSITION TO EARLY LEARNING - WAGE SUBSIDY REINVESTMENT

Purpose

This fact sheet communicates the Children's Services strategy related to wage subsidy. During the transition and implementation of Full Day Early Learning Kindergarten, as 4 and 5 year olds who are currently in child care programs move to schools with publicly funded full day kindergarten and extended day (Board or 3rd party operated), wage subsidy will be redirected into a central pool where it will be reinvested to support and sustain a child care system for children up to junior kindergarten entry.

Why Wage Subsidy

The strategic reinvestment of wage subsidy funds is necessary to support and sustain a system for children 0 to junior kindergarten entry and is critical to the successful reengineering of the child care system as envisioned in "With our Best Future in Mind: Implementing Early Learning in Ontario."

Although there has been a modest investment of new funds from the Province to support the reengineering of the child care system, the intention has always been that additional resources will come from savings of current resources.

Children's Services continues to communicate to the Province the amount of resources needed to ensure the childcare system remains stable during and following this transition. As circumstances change, we will ensure that our strategies align for the best possible outcomes for the system.

How will this be calculated

- As a group size of 4 and 5 year olds leave a child care centre, the wage subsidy will be recalculated by the proportional amount. There will be no change to wage subsidy if less than a group size leaves.
- A group size is defined by the child to staff ratio and includes;
 - 16 or 24 children operating at a 1:8 ratio → group size is 8
 - 10 or 20 children operating at a 1:10 ratio → group size is 10
 - 12 or 24 children operating at a 1:12 ratio → group size is 12
- During the transition period, as child care centres continue to escort to full day kindergarten programs, wage subsidy will be reduced to reflect the number of hours that service is provided.
- As programs reconfigure to provide care to the younger age groups, Operators can not reallocate wage subsidy funding into new or remaining service offerings, however, they may be approved for a transition period of up to 3 months before adjustments are made.
- Wage subsidy guidelines for recalculating the wage subsidy grant will be applied.

When will this apply

- In the 2012 budget process, the recalculation of wage subsidy will begin.
- For the remainder of 2011, requests for reconfiguration, expansion and/or new service offerings will be reviewed and approved for fee subsidy only. Wage subsidy allocations will be determined through the reinvestment process.

How will reinvestment take place

- Reinvestment of wage subsidy will be strategic and on a system-wide basis.
- Reinvestment decisions will be based on the needs identified in the ward analysis and on criteria for reinvestment.
- Requests for reinvestments into the younger age groups (beginning in 2012), will be done in conjunction with the ward analysis process.
- As per the Service Plan and the principles of age and geographic equity, fee subsidies will be approved in wards that are below their equity level.
- Most wards are over age equity for preschool spaces meaning the likelihood of new subsidized preschool placements is minimal. Centres will continue to receive transfers and accommodate move ups in their centre.
- Extended day programs under a third-party agreement with a school board or board operated are not eligible for wage subsidy.

We are aware that the removal of 4 and 5 year olds out of a centre's licensed capacity will impact per diems for the remaining age groupings so we are investigating alternative funding models that could support the increased fees. We know that the current funding model and wage subsidy program will be insufficient and we continue to work with the Ministry of Education to develop alternative strategies to more adequately address the new early learning system needs.

ADDENDUM - WAGE SUBSIDY SCENARIOS

Below are some scenarios that illustrate the possible impact of recalculating wage subsidy. While this list of scenarios is not exhaustive, it will provide some additional information to operators.

Centre A is a non-profit centre with an operating capacity of 56 PS children and 18 JK/SK's. Centre A's Wage Subsidy Funding in 2010 was \$8,837 - 94% of the centre entitlement for this age group.

A group of 10 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$6,226 a reduction of \$2,468 while maintaining the Wage Subsidy Entitlement of 94%.

As Centre A's total operating capacity is 101 children, the reduction of \$2,468 could potentially result in an approximate 9.4 cent increase to parent daily fees.

Centre B is a commercial centre with an operating capacity of 16 PS children and 20 JK/SK's. Centre B's Wage Subsidy Funding in 2010 was \$3,482 - 85% of the centre's entitlement for this age group.

A group of 10 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$2,031 a reduction of \$1,230 while maintaining the Wage Subsidy Entitlement of 85% .

As Centre B's total operating capacity is 61 children, the reduction of \$1,230 could potentially result in an approximate 7.8 cent increase to parent daily fees.

Centre C is a commercial centre with an operating capacity of 24 PS children and 12 JK/SK's. Centre C's Wage Subsidy Funding in 2010 \$3,482 - 71% of the centre's entitlement for this age group.

A group of 12 SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$2,031, a reduction of \$1,035 while maintaining the Wage Subsidy Entitlement of 71%

As Centre C's total operating capacity is 51 children, the reduction of \$1,035 could potentially result in an approximate 7.8 cent increase to parent daily fees.

Centre D is a non-profit centre with an operating capacity of 32 PS children including 8 JK/SK's. Centre D's Wage Subsidy Funding in 2010 was \$9,534 - 77% of the centre's entitlement for this age group.

A group of 8 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$6,011 a reduction of \$2,719, while maintaining the Wage Subsidy Entitlement of 71%

As Centre D's total operating capacity is 72 children, the reduction of \$2,719 could potentially result in an approximate 14.5 cent increase to parent daily fees.