

2022 Guidelines for Provincial Wage Enhancement Grant for Licensed Child Care Centres in the City of Toronto

COVID-19:

Please note as per Provincial directive to be eligible for Provincial Wage Enhancement, operators must continue to access and maximize supports through federal financial support programs where available, and as eligible.

It is the responsibility of the operator to accurately determine appropriate actions for their Agency regarding access and eligibility of these federal financial supports. Operators are required to include all payments made to employees in respect of Provincial Wage Enhancement (PWE) in any COVID-19 wage subsidy application(s) in order to be eligible for PWE funding.

PWE funding can be provided to staff for the hours worked where staff are normally in an eligible position supporting ratio. This includes staff that are temporarily taking on new roles to support the health and safety requirements, in response to Covid-19, as set out by their local public health unit and the ministry's operational guidance, including fulfilling cleaning, screening and other duties.

TABLE OF CONTENTS

Introduction and Overview	3
Section 1: Deadlines and Application Requirements	5
Section 2: Conditions and Eligibility for application	6
Section 3: Determination of Centre Funding	8
Section 4: Grant distribution.....	10
Section 5: Monitoring and Reporting	14
Centre Closures, Change in Operator, Transfer or Sale.....	16
Section 6: Provincial Wage Enhancement Grant Inquiries	16
Appendix A- Requirements for a Complete Application.....	17
Appendix B - Benefits	18
Appendix C- Provincial Wage Enhancement Policy and Distribution Plan Development Guide.....	19
Appendix D - 2022 Provincial Wage Enhancement Grant Legal Terms and Conditions	20
Appendix E – note disclosure.....	21
Appendix F- Flexibility in Distribution for Incorporated, Multi-Site Agencies	22
Appendix G- Frequently Asked Questions (FAQ).....	23

Introduction and Overview

In 2014 Government of Ontario Budget included a funding investment to support a wage enhancement in the licensed child care sector. In 2022, the Ontario government has made an ongoing funding commitment to support a wage enhancement for eligible child care professionals working in licensed child care settings and Provincial Wage Enhancement will continue to be funded for 2022.

The Provincial Wage Enhancement (PWE) Funding has the following goals:

- Close the wage gap between RECE wages in the education sector and licensed child care sectors;
- Stabilize licensed child care operators by helping them retain RECEs/child care staff; and
- Support greater employment and income security.

These goals support the Ministry's priorities to:

- Stabilize and transform the existing child care system to increase program choice and reliability for parents and support consistent, higher quality child care services to support children's learning and development; and
- Support licensed home child care agencies and strengthen the licensed home child care system.

The *2022 Guidelines for the Provincial Wage Enhancement Grant for Licensed Child Care Centres in the City of Toronto* provides information about the implementation of the Provincial Wage Enhancement for licensed child care centres and their staff.

These guidelines provide licensed child care centres with information on requirements and procedures about:

- Eligibility
- Funding Conditions
- Funding Calculations
- Distribution
- Monitoring and Reporting

PWE funding cannot be used to meet minimum wage requirements. General Operating Funding, Pay Equity and One-Time Stability Grant are not part of the Provincial Wage Enhancement Grant.

Please refer to Appendix G for Frequently Asked Questions (FAQ).

Table 1 provides an overview of the Sectors and Roles.

Table 1: Overview of Sectors and Roles

Sector	Role
<p>Province of Ontario, Ministry of Education <i>Grant flows from the Province to the City of Toronto, Children's Services</i></p>	<ul style="list-style-type: none"> • Established the Provincial Wage Enhancement (PWE) program • Set the guidelines and requirements for the grant • Sets the total funding allocation for Child Care Municipal Service System Manager (CMSM)
<p>City of Toronto, Children's Services <i>Grant flows from City of Toronto to Licensed Child Care Operators</i></p>	<ul style="list-style-type: none"> • Child Care Municipal Service System Manager (CMSM) • Manages and plans child care services within the City of Toronto • Administers the Provincial Wage Enhancement Grant • Manages the PWE application approvals based on the total funding allocation available
<p>Licensed Child Care Operators <i>Grant is distributed by Licensed Child Care Agency to Eligible Staff</i></p>	<ul style="list-style-type: none"> • Licensed by the Ministry of Education to provide care for children 0-12 years • Apply for grant based on eligible positions and hours worked in 2021 or a comparable prior year and pay grant to eligible staff working in eligible positions in 2022 • Licensed centres created and operating in 2022 can apply for the grant based on the estimated number of hours to be worked
<p>Eligible Centre Staff</p>	<ul style="list-style-type: none"> • Employed by and work for a licensed child care agency/centre in 2021 • Provide care for children aged 0 - 12 years

Note: Eligibility criteria is used to determine entitlement (based on hours worked in 2021 or a comparable prior year) and to determine payments to staff in 2022. For new licensees that open in the current year, please estimate number of hours to be worked in 2022.

Section 1: Deadlines and Application Requirements

Operators that were not in compliance with the terms and conditions of prior years' Provincial Wage Enhancement (PWE) may not be eligible to receive funding in 2022.

Please refer to the full listing of legal terms and conditions in Appendix D.

Deadlines and actions required are presented in Table 2 below.

Table 2: Deadlines and Actions

Deadline	Actions
February 01, 2022	Operator receives a pre-populated application form and makes the required changes to reflect the current application as per the instructions and in accordance with the guidelines.
March 18, 2022*	Deadline for submission of PWE application forms. *Application deadline for new centres opened after March 18, 2022 is December 31, 2022
Week of April 18, 2022	City of Toronto notifies operators of approved PWE grant amount
Week of April 25, 2022	City of Toronto disperses payment of PWE
Within 60 calendar days after payment is received	Operator pays all eligible staff for 2022 hours according to the PWE distribution plan
Payroll that covers December 31, 2022	Operator pays final 2022 PWE to all eligible staff
February 14, 2023	Operator submits Provincial Wage Enhancement Reconciliation by location
Within 4 months of the agency's fiscal year end in which the 2022 grant is received	<p>NOTE: If an agency has received aggregate (total) funding from the City of Toronto in the amount of \$20,000 or greater and <u>does not</u> have a Service Agreement, a signed review engagement report is required, including a Note disclosure to the financial statements. (see Appendix E)</p> <p>If an agency has received aggregate (total) funding from the City of Toronto in the amount of \$20,000 or greater and <u>does</u> have a Service Agreement, a signed audited financial statement is required, including a Note disclosure to the financial statements (see Appendix E)</p>

Section 2: Conditions and Eligibility for application

The eligibility for the 2022 Provincial Wage Enhancement (PWE) is based on three levels of assessment:

- Centre eligibility
- Eligibility of a staff position
- Eligibility of the person occupying the staff position

The eligibility requirements are listed in Table 3 for each level of assessment.

Table 3: Application Eligibility Requirements for Child Care Centres and Staff

Centre Eligibility	Child Care Staff Position Eligibility	Child Care Staff Eligibility
<ul style="list-style-type: none"> • Must be a licensed child care centre operating in the City of Toronto • Must have eligible staff positions • Must submit online application¹ no later than March 18, 2022 • Must submit all supporting documents, if applicable. <p>See Appendix A for details regarding the full application requirements</p>	<ul style="list-style-type: none"> • Must have existed in a centre in a position between January 1, 2021 and December 31, 2021*, and continue to exist in 2022 • For full eligibility, the hourly wage must be less than or equal to \$26.59 including all existing base funding (excluding 2021 PWE) • For partial eligibility, the hourly wage must be between \$26.60 and \$28.59, including all existing base funding (excluding 2021 PWE) • Must include all eligible positions in the applications <p>*Not applicable for centres that open in 2022</p>	<ul style="list-style-type: none"> • Must be employed in 2022 in a position eligible for the grant by an employer who has applied for and has been approved for funding • For full eligibility, the hourly wage must be less than or equal to \$26.59 including all existing base funding (excluding 2021 PWE) • For partial eligibility, the hourly wage must be between \$26.60 and \$28.59, including all existing base funding (excluding 2021 PWE)

Definition of Terms:

- **Operator:** A general term used to refer to the person(s) that operates a child care service.
- **Agency:** A legally constituted entity.
- **Centre:** A location-based child care program. One application should be completed for each licensed child care centre.

Staffing Position and Eligibility

The general guideline is that the position is eligible if it is categorized as a child care supervisor, RECE or otherwise counted toward adult to child ratios under the Child Care and Early Years Act (CCEYA).

Only staff who are issued a T4 or T4A are eligible.

¹To ensure compliance with the Accessibility for Ontarians with Disabilities Act (AODA), the City of Toronto Children's Services can provide an alternate option if an operator is unable to complete the application online. For details please contact tcsfunding@toronto.ca.

Applications must include all eligible positions within a centre.

Table 4: Eligibility of Staff Positions

Program Staffing Position in a Licensed Child Care Centre	Eligibility
Non-Program Staff <ul style="list-style-type: none"> • Administrator/Director • Housekeeper, custodial staff • Other 	Eligible for a partial wage enhancement on a prorated basis if staff spends at least 25% of the time in a child care staff position to support Child Care and Early Years Act (CCEYA) ratio requirements.
RECE Program Staff	Eligible
Assistant Program Staff	Eligible
Casual or Supply staff	Eligible under the following conditions: Staff are counted towards ratio These hours have not already been included in the regular position being filled (See Table 5: Calculation for more detail).
Summer Staff	Eligible if the position existed in the qualifying period and if other eligibility criteria are met.
Supervisor, as indicated on the license	Eligible to receive the wage enhancement for 100% of the time they are working in a licensed child care setting, regardless of the amount of time they are working directly with children, if hourly wage is eligible.
Resource teachers/consultants/ special needs resource positions or supplemental staff employed to support children with special needs and staff hired through a third party (i.e. temp agency)	Ineligible Positions

Section 3: Determination of Centre Funding

Once the eligibility of the child care staff positions is established, the operator needs to determine the wage amount per category (Table 5) and then calculate the funding per centre (Table 6).

Table 5: Determination of the Wage Enhancement Funding

Eligible Amount	Determination of Wage Enhancement Amount Per Category
Full wage enhancement of \$2.00 per hour	<ul style="list-style-type: none"> The hourly wage for a child care staff position, including all wage grants, base funding and pay equity; but excluding 2021 PWE is less than or equal to \$26.59 per hour. The child care staff must be paid the full wage enhancement of \$2.00 per hour.
Partial wage enhancement of less than \$2.00 per hour	<ul style="list-style-type: none"> The hourly wage for a child care staff position including all wage grants, base funding and pay equity; but excluding 2021 PWE is between \$26.60 per hour and \$28.59 per hour. The intent of the partial wage enhancement is to increase the wage of the qualifying position up to the \$28.59 per hour provincial wage enhancement cap.
Benefits	<ul style="list-style-type: none"> Benefits of 17.5% of the salary component. This includes the employer mandatory benefits as well as statutory holiday (3.59%) and vacation pay (4%) for employees. Operators whose mandatory benefits are less than 9.91% may use the remaining amount toward salary or to fund additional benefit expenses, additional vacation/statutory holidays.
Supplemental Grant	<ul style="list-style-type: none"> An amount of \$150.00 per funded FTE to cover shortfalls in Provincial Wage Enhancement salaries (which may cover additional days worked, sick days and training hours) and benefits. <i>Funded FTE</i> is calculated based on 7.25 hours per standard work day in the application as per Provincial direction.
Administration Funding	<ul style="list-style-type: none"> A minimum of 10% (percent) of the City's allocated administrative funding from the Province is required to be paid to operators. The administration funding for each operator is determined by taking the maximum amount of administration funding available and dividing it by the sum of all approved applications. This results in a percentage. This percentage is then applied to each application based on the amount of the approved funding per location.

Note:

- Where multiple staff share a position, operators should enter the lowest wage rate in the application form.
- If there was turnover in a position, operators should enter the wage rate associated with the position as of December 31, 2021.
- If a position existed in January to December 2021 but no longer exists in 2022, the operator is **not entitled** to receive the PWE for that position and should not apply for it.

Table 6 shows how to calculate the Centre funding based on the assessment of full and partial wage enhancement for eligible positions.

Table 6: Calculation for the Application of Centre Funding

The PWE funding amount is calculated based on the 2021 hours worked or a comparable prior year, in each eligible position.

For licensed centres created and operating in 2022, the PWE funding is calculated based on the estimated 2022 hours to be worked in each eligible position.

Payment to eligible staff in these positions is based on the actual hours worked in 2022.

Grant Type	Calculation of Centre Funding
Provincial Wage Enhancement	<p>The following are required to determine the funding for an eligible position:</p> <ul style="list-style-type: none"> • The number of hours worked in the position for the year (see below for two options) • The percentage of time the position is eligible (minimum 25%) • Eligibility rate: full or partial (for details, refer to Table 5) • The operator has two options in terms of reporting the hours worked in an eligible position by both regular and supply staff in the application form to generate their 2022 funding entitlement: <ol style="list-style-type: none"> 1. Review the total annual 2021 hours for each eligible position, including any overtime. This should provide enough hours to cover the casual/supply staff for time off for sick, vacation, etc. If this method is used, casual/supply position hours would not need to be applied for separately. <p>OR</p> <ol style="list-style-type: none"> 2. Review the hours the employee in the position worked in 2021, not including hours for sick days, vacation days and statutory holidays. If this method was used, review the casual/supply hours worked in 2021 separately and entered as another position. <ul style="list-style-type: none"> • If a new position(s) was added to your centre after January 1, 2021 and before December 31, 2021 use the "New position Calculator" in the online app to calculate the full annual hours for the position in 2022. • Licensed centres created and operating in 2022, should enter the estimated number of hours to be worked in 2022 for each eligible position • The centre funding will be calculated in the online Provincial Wage Enhancement Application Form based on the information that you enter. • Please refer to the "Online Operator Application Instructions for Operators". • The annual Salary component for eligible positions is determined by the hours worked multiplied by the eligibility rate per hour multiplied by the percentage of time worked in the position. • The Benefit amount is based on 17.5% multiplied by the salary calculated. This includes the statutory holiday and vacation pay for employees (7.59%) and the employer mandatory benefits. See Appendix B for additional benefit information. • The Supplemental grant component is based on the number of centre-based funded FTEs determined through the online application. • An Administration funding amount per centre will be determined and paid upon approval, based on the maximum available funding. • City of Toronto Children's Services reserves the right to limit the maximum hours per position on the online application.

Section 4: Grant distribution

If child care staff exceeds the hourly threshold at any time during the year, excluding wage enhancement or HCCEG, they will no longer be eligible to receive the wage enhancement.

The centre funding is based on the approved application of the hours staff worked in positions that existed in the previous or comparable prior year. In some circumstances, the calculated funding amount in the application may not be sufficient to pay current staff who are in eligible positions in the distribution year.

Some examples where the funding may not be enough to cover a staff in an eligible position or current hours:

- for a position based on a staff member who was over the maximum salary amount of \$28.59 amount (ineligible) and has been replaced by a staff member whose current salary is under \$28.59 (eligible)
- where there was lower operating capacity for a period of the year which resulted in fewer hours in the application
- where there are new eligible positions in 2022 that did not exist in 2021, therefore were not in the application

The Supplemental Grant provides additional funding which can be used to offset situations such as those noted above. Please see Section 4: Grant Distribution.

Operators must have an **updated** PWE Policy and Procedures that is in compliance with the current year's PWE Guidelines and used as a base to determine the distribution plan for the approved funding. The plan must cover the distribution for each component of the grant:

- Salary and benefits
- Supplemental Grant
- Administration Funding

The Agency's updated PWE Policy and Procedures should be available to all staff.

The 2022 Provincial Wage Enhancement (PWE) grant will be paid by the City of Toronto Children's Services in three installments, the week of;

1. April 25, 2022: Q1 and Q2 – 2022 PWE
2. June 27, 2022: Q3 – 2022 PWE
3. September 26, 2022: Q4 – 2022 PWE

For newly licensed centres created and operating in 2022 payment will depend on application approvals.

For the agencies with accumulated deficits as noted in the audit or financial statements, payments may be paid monthly. For agencies who do not submit reconciliation and financial reports such as audited financial statements or review engagement report on time and/or do not meet requirements, payments may be held.

The requirements of licensed child care operators for the distribution of PWE are presented in Table 7.

Table 7: Requirements for Licensed Child Care Operators for Distribution of the Provincial Wage Enhancement Grant (PWE)

The PWE funding amount is calculated based on the 2021 hours worked or a comparable prior year in each eligible position. **Payment to all eligible staff in these positions is based on the actual hours worked in 2022.**

For newly licensed centres created and operating in 2022, the funding amount is calculated based on 2022 estimated hours.

All PWE payments given to staff must provide a breakdown of hours.

Categories	Requirements
Salary and mandatory benefits component	<p>Ensure that salary, benefits and supplemental grant are used as follows:</p> <p>Salary</p> <ul style="list-style-type: none"> • Approved funding amounts are based on eligible positions and not individuals • Distribute funds to all eligible staff in all eligible positions included in the application, for all hours worked in 2022 • If there is shortfall, and more than one person filling an eligible position in 2022, payment for hours worked must be determined by the operator's distribution policy/plan • The hourly wage includes base funding and Pay Equity, if applicable, but excludes PWE • The PWE salary component paid per staff does not exceed \$2.00 per hour • The full hourly PWE rate paid must be at \$2.00 per hour • The partial hourly PWE rate must be paid at the amount that brings the wage up to \$28.59 • PWE funding is above Provincially-legislated minimum wage • PWE payments are in addition to any planned pay equity or other salary increases • PWE funds used to fund overtime hours are not paid as time and a half • A surplus in salary funding cannot be used for benefits • Supplemental grant may be used to support a shortfall in this category <p>Benefits</p> <ul style="list-style-type: none"> • 7.59% of the benefits is used to cover staff's 4% vacation pay and 3.59% of public holiday pay • Up to 9.91% of the benefits is used to cover employer portion of the mandatory benefits • If the mandatory benefits are less the 9.91%, the remaining amount in the benefit funding may be used to support additional benefits such as vacation, sick days or any shortfall in the salary component (must be outlined in distribution policy/procedures) • If the supplemental grant is used to support additional benefit expense, the total benefits may exceed 17.5% <p>Flexibility</p> <ul style="list-style-type: none"> • Eligible positions not included in the application may be funded at the discretion of the operator, in accordance with their distribution policy/plan and in compliance with the guidelines

Categories	Requirements
	<ul style="list-style-type: none"> • There is flexibility to use the Supplemental Grant toward new eligible positions in 2022 for salaries and benefits • An operator can redistribute surplus PWE due to vacant positions to offset any shortfalls in other positions • There is flexibility to distribute the funds within a multi-site agency under prescribed conditions; see Appendix F for details. • Funds are not to be used to lower or offset parent fees. • Funds are not to be used to meet minimum wage requirements. <p>Variance</p> <ul style="list-style-type: none"> • All unused PWE funds must be reported in the Provincial Wage Enhancement Grant Reconciliation and returned to the City of Toronto • PWE funds not used in accordance with these guidelines and the terms and conditions will be recovered by the City
Supplemental Grant	<ul style="list-style-type: none"> • The Supplemental Grant (\$150 per funded Full Time Equivalent (FTE)) provides operators with flexibility to cover salary for additional hours/new positions and/or additional benefits • The Supplemental Grant can be used to fund additional eligible staff and/or hours in program, vacation days, sick days, training and/or other benefits • The Supplemental Grant cannot be used to support Administration Funding • Operators need to set priorities on how to use the Supplemental Grant in their distribution policy/plan
Administration Funding	<ul style="list-style-type: none"> • Administration funding must only be used for the administration of Provincial Wage Enhancement (PWE) such as: admin staff or additional bookkeeper hours, upgrading payment systems, internal payment processes, training for staff related to this initiative, and internal processes to complete and track data and expenditures.
Payment of PWE	<ul style="list-style-type: none"> • Operators must clearly indicate on staff paystubs the portion of PWE funding that is being provided, or through a separate letter, with a label of "Provincial Child Care Wage Enhancement". • Operators should include a PWE payment on each paycheque rather than as a lump sum • Operators must begin to pay staff their 2022 PWE within 60 calendar days of receipt of funding • Payment must include all hours worked retroactive from January 1, 2022 to the date the payment is being made to all eligible staff. • Operators must fully pay out the final 2022 PWE payment to staff for each eligible position/staff in the payroll that covers December 31, 2022.

Categories	Requirements
Policy and Procedures	<ul style="list-style-type: none">• Operators must have a PWE policy, procedures and a distribution plan which complies with these guidelines• The policy must include an internal complaint and resolution process• The policy must be reviewed and approved by the Operator/Board of Directors or designate• The policy and distribution plan should be shared with staff and be available for reference. Operators should notify staff if they decide not to apply for PWE.• Toronto Children's Services may request a copy of your policy and distribution plan• Operators must refer to and follow their PWE Policies and Procedures when distributing funds• See Appendix C for a guide to developing a Provincial Wage Enhancement Policy and Procedures.

Section 5: Monitoring and Reporting

The monitoring and reporting of Provincial Wage Enhancement (PWE) are made up of:

- Review of required records
- Compliance review of operators' Provincial Wage Enhancement distribution and overall expenditures
- Provincial Wage Enhancement Reconciliation
- Financial reporting requirements
- Municipal Freedom of Information and Protection of Privacy Act

Each requirement is presented with a description in Table 8.

Table 8: Monitoring and Reporting of PWE

Type of Monitoring/Reporting	Description
<p>Records Required for Review</p>	<p>Operators are required to keep appropriate records verifying the amount of Provincial Wage Enhancement that was distributed to eligible positions/staff. These records must be available for review by City of Toronto Children's Services staff upon request. The required records include but are not limited to:</p> <ul style="list-style-type: none"> • PDF or printed copy of the submitted PWE application • Minutes of Board meetings confirming Provincial Wage Enhancement Policy review and approval • Amount of administration funding expensed, with supporting documentation • Records for PWE grant received, documenting payments made to staff and any outstanding balance • Staff payroll records including T4s and T4As • Amount paid back to the City where applicable <p>As with all financial records, these records must be kept for a minimum of seven years.</p>
<p>Compliance review of Operator Records</p>	<p>City of Toronto Children's Services staff will review the Provincial Wage Enhancement records for selected centres. This will involve a visit to the centre to review the required records. Operators must ensure that all required documents and access to additional financial and staff records are available during the visit.</p>
<p>Provincial Wage Enhancement Reconciliation</p>	<p>All programs in receipt of the PWE grant are required to reconcile the funding the Operator received from the City of Toronto Children's Services at the end of the calendar year. A reconciliation, completed online, is required for each site receiving PWE.</p> <p>Instructions for completing the reconciliation will be available prior to the submission deadline in February 14, 2023 to the City of Toronto Children's Services.</p>

Type of Monitoring/Reporting	Description
<p>Financial Reporting Requirements</p>	<p>Agencies with a Service Agreement in receipt of \$20,000 or more in aggregate (total) City funding in a calendar year must provide the City of Toronto with signed audited financial statements within four months of the Agency fiscal year end.</p> <p>Agencies without a Service Agreement in receipt of \$20,000 or more in aggregate (total) City funding in a calendar year must provide the City of Toronto with a review engagement report within four months of the Agency's fiscal year end.</p> <p>When a centre is part of an Agency with more than one location, the \$20,000 threshold is set at the Agency level.</p> <p>Operators must distribute funds to all eligible positions; restriction of distributions in order to lower the audit/review engagement requirement threshold is not permitted.</p> <p>The financial statements must include a Note disclosure verifying the total grant amount received from Children's Services, the total amount paid to eligible positions/staff, and must certify that the grant funds received were used for the purposes that they were intended. The accompanying financial statements should have a cross-reference to the "Note disclosure".</p> <p>If note disclosure is not provided, then a special consideration report must be submitted supplementing the financial information contained in (audited or reviewed) financial statement. The report must be signed by the same licensed public accountant verifying the funding has been used for the purpose(s) intended. The disclosure must be included as part of the agency's financial statements reconciling grant payments against actual expenditures. See Appendix E for a sample disclosure relating to the grant.</p> <p>Where there is more than one location receiving funding, the financial report must provide a breakdown of revenue and expenses by location.</p> <p>If the audit or review engagement report for the prior year was not received, the operator is deemed non-compliant, and Provincial Wage Enhancement (PWE) payments may be held. Additionally, non-compliant licensees may be deemed ineligible to receive future wage enhancement funding.</p>
<p>Municipal Freedom of Information and Protection of Privacy Act</p>	<p>All information submitted by operators through the grant is subject to access to information requests as stipulated in the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) .</p>

Centre Closures, Change in Operator, Transfer or Sale

Operators must inform the City of Toronto Children's Services immediately in writing of their intentions to close, merge, sell or transfer ownership.

Prior to the closure, PWE payment may be adjusted to reflect the operational change. The eligible staff would receive wage enhancement funding for the hours worked until the program closure. A reconciliation form must be completed and any surplus or remainder of grant for the year **must** be returned.

The Provincial Wage Enhancement (PWE) may not be transferrable to a new operator as a result of a sale, merger, transfer or other change in ownership. The operators must send a transfer request along with the new ownership and operating information to Toronto Children's Services.

The name of the operator must match with the license name, the letters of incorporation, the bank documentation, and any other supporting documentation.

Section 6: Provincial Wage Enhancement Grant Inquiries

The general public, staff and child care operators can obtain general information, technical and non-technical support as listed in Table 9.

Table 9: PWE Inquiries

Type of Inquiry	Type of Information	Where to Get Information or Help
General Inquiries	<p>The following information relating to the eligibility, application for and distribution of Provincial Wage Enhancement (PWE) is available online:</p> <ul style="list-style-type: none"> • Application Process <ul style="list-style-type: none"> ➢ Guidelines ➢ Online Application ➢ Required Documents • Application Status • Payment Schedules 	<p>first go to the Guidelines which can be found at: toronto.ca/children/pwe</p> <p>Online Services login</p> <p>or email your question to: tcsfunding@toronto.ca</p>
Specific technical inquiries from Child Care Centre Operators	Technical support	<p>IT Helpline at (416) 397-5555.</p> <p>Available Monday to Friday from 7:00 a.m. to 6:30 p.m.</p>
Specific non-technical inquiries from Child Care Centre Operators	Non-technical inquiries related to Provincial Wage Enhancement	<p>Email your question to: tcsfunding@toronto.ca or Contact the Budget Consultant assigned to your Centre www.toronto.ca/licensed-child-care</p>

Appendix A- Requirements for a Complete Application

The application period for the 2022 allocation of Provincial Wage Enhancement Grant (PWE) is from February 01, 2022 to March 18, 2022.

Operators must complete online applications and submit supporting documentation **deadline of March 18, 2022**. This is a firm deadline and there will be no extensions.

For new licensed child care centres created and operating in 2022 that would like to apply, please contact tcsfunding@toronto.ca for an application and assistance.

Completed applications can be mailed or delivered to:

Provincial Wage Enhancement Application

Toronto Children's Services

Metro Hall, 10th floor

55 John St.

Toronto, ON M5V 3C6

Attn: Faye Jose, Director Contract & Financial Management

Information to be submitted by March 18, 2022 for Operators Applying for PWE

ALL Operators must submit	New licensed Operators and Operators without a Service Agreement who did not apply in previous years
<ul style="list-style-type: none"> ✓ A completed submitted online application 	<ul style="list-style-type: none"> ✓ A completed submitted online application ✓ A copy of your incorporation papers or business license ✓ A completed Direct Deposit Application form and a void blank cheque. ✓ Name and Address on the Direct Deposit Form must match that on the void cheque.

A listing of all licensed child care operators and their Provincial Wage Enhancement application status will be posted at toronto.ca/children/pwe. Once an application has satisfied all of the requirements to be considered complete, the application status will be updated to "Received".

Appendix B - Benefits

Mandatory Benefits

The Ministry of Education is funding 17.5% for mandatory benefits which includes six categories. PWE is considered income and therefore all statutory payroll deductions apply.

Employer Contributions	Benefits payable to individuals in eligible approved positions
<p>Note: This portion of the benefit funding covers the employer's costs. It is not to be distributed as a payment to staff</p> <ul style="list-style-type: none"> • CPP (Canada Pension Plan), funded at 5.70% for the employer contribution portion • EI (Employment Insurance), funded at 2.21% for the employer contribution, which is 1.4 times the employee contribution • WSIB (Workers Safety & Insurance Board), funded at Sector rate. WSIB is optional for certain employers. Employers who do not pay WSIB may reimburse their workplace insurance costs. • EHT (Employer Health Tax), funded at variable rate based on agency's total remuneration. Certain employers are exempt. 	<p>Note: This portion of the benefit funding is payable to staff</p> <ul style="list-style-type: none"> • Vacation Pay, funded at 4% of gross pay as per the Ontario Ministry of Labour's Employment Standards Act. • Statutory Public Holiday Pay, funded at 3.59%, representing the following nine days: New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas and Boxing Day.

Note: The above categories are defined as mandatory benefits, however the employer may have a surplus of the benefit component of funding if they are exempt from EHT or the workplace insurance is at a lower rate than WSIB. Operators may use any remaining benefit funding for salary component or additional benefits. See Section 4: Grant Distribution.

Appendix C- Provincial Wage Enhancement Policy and Distribution Plan Development Guide

Operators must develop and update their policies and procedures to govern how the Provincial Wage Enhancement (PWE) will be distributed. Policies and procedures must be in compliance with the current year's Guidelines and made available to staff.

The policy must include statements that clearly outline eligibility, distribution and internal complaints.

To develop your policy/distribution plan, consider the following:

- Which positions are eligible and which positions are not
- Which staff are in eligible positions
- How to address casuals/centre supply and turnover. Provide examples/scenarios to illustrate.
- Conditions where staff are ineligible for the grant (e.g. parental or other leaves of absence)
- Set priorities on how to use the Supplemental Grant
- How the Administration funding will be allocated
- When staff will receive payment – i.e. on each payroll based on eligible hours and availability of funding (note: payment must begin within 60 days of receiving funding)
- Your plan to distribute any surplus funding (See Table 7)
- Your plan when funds are exhausted (See Table 7)
- How to address and resolve staff complaints within the agency

Note that:

- PWE is assigned to positions and not individuals
- PWE used to fund overtime pay may not be paid at time and a half
- PWE funding is above Provincially-legislated minimum wage
- PWE payments are in addition to any planned pay equity or other salary increases
- Surplus funding and Supplemental Grant can be used to fund new positions that meet the salary and position type requirements
- Surplus salary component cannot be used toward additional benefit expenses
- The benefit component is approved at 17.5% of the PWE salary component.
- The 17.5% benefit component includes 7.59% which is comprised of two weeks' vacation (4%) and nine statutory holidays (3.59%) to be paid to eligible staff
- The remaining 9.91% of the benefit component may be used towards employer contributions
- Surplus benefit funding may be used to fund salary or other benefits such as additional vacation
- Supply/casual staff who do not receive a T4 or T4A are not eligible for the grant
- Procedure to determine how and when the grant amount will be given to staff in eligible positions
- All PWE payments given to staff must provide a breakdown of hours

Requirements for Operator Policy and Distribution Plan:

- The policy and procedure document must have the agency name and an approval date
- There must be a complaints procedure for staff regarding PWE funding that clearly identifies:
 - Who their complaint/question should be addressed to
 - Who it should be escalated to within the centre/agency if not resolved
- The 2022 PWE agency policy and procedures must be approved by the operator / board of directors prior to making any payments to staff.

Appendix D - 2022 Provincial Wage Enhancement Grant Legal Terms and Conditions

Excerpt from the online application form:

By submitting this application, the Agency acknowledges and agrees that if the Agency's application for wage enhancement funding is approved, the Agency shall comply with the following terms and conditions:

- (a) The Agency shall comply with all the provisions in Toronto's 2022 Guidelines for Provincial Wage Enhancement Grant for Licensed Child Care Centres in the City of Toronto.
- (b) The Agency shall pay the funds in addition to the staff's regular wage rate and all wage grants otherwise paid for the period of January 1, 2022 to December 31, 2022;
- (c) The Agency shall not use wage enhancement funding for any purpose except as set out in clause (a) above;
- (d) The Agency shall identify on staff paycheques the portion of the staff's salary that is provided through wage enhancement funding by using the designation of "Provincial child care wage enhancement".
- (e) Within 45 days of the end of the calendar year to which the wage enhancement funding applies, the Agency shall provide a completed reconciliation form to Toronto (in a form and with such content as approved by Toronto) which form shall confirm that the amount of wage enhancement funding that has been used by the Agency in accordance with the terms and conditions set out above. In the event the Agency has not used all of the wage enhancement funding, the Agency shall remit a cheque payable to "City of Toronto" in the amount of the surplus funding to Toronto along with the completed reconciliation form.
- (f) If the Agency does not have a Service Agreement with the City of Toronto and has received funding including wage enhancement funding in the amount of \$20,000 or greater, within 4 months of the end of the Agency's fiscal year to which the funding applies, the Agency shall provide a review engagement with a note disclosure to Toronto (in a form and with such content as approved by Toronto) which shall confirm that the Agency has used all wage enhancement funding in accordance with the terms and conditions set out above.
If the Agency does have a Service Agreement with the City of Toronto, the Agency shall provide an audited financial statement with a note disclosure to Toronto (in a form and with such content as approved by Toronto) which shall confirm that the Agency has used all wage enhancement funding in accordance with the terms and conditions set out above.
- (g) The Agency shall, for a period of seven years from the date of this application, maintain records which clearly identify the receipt and disbursement of wage enhancement funding and shall make such records available to Toronto at all reasonable times provided that Toronto gives the Agency a minimum of twenty-four (24) hours' notice of its intention to do so; and
- (h) In the event that Toronto determines that the Agency received wage enhancement funding for which it was not eligible or that the Agency used wage enhancement funding contrary to the terms and conditions set out above, the Agency shall promptly repay any amount claimed by Toronto upon written demand by Toronto.

Appendix E – note disclosure

When an agency receives \$20,000 or more in total funding from the City of Toronto in a calendar year, it is required to provide an Auditor's Report or a Review Engagement Report within four months after the agency's fiscal year-end. Both reports must contain a Note to the Financial Statements disclosing the details of the agency's PWE funding. This Note Disclosure on PWE Funding must also be cross-referenced to the Financial Statements. Please see below for a sample of the note format.

Example of the “Note to the Financial Statements Relating to PWE Grants”

Note	Provincial Wage Enhancement (PWE)
Deferred from prior years ⁽¹⁾	
Received in this Fiscal Year ⁽²⁾	
PWE expensed in this fiscal year according to the guidelines ⁽³⁾	
PWE returned to Children's Services this fiscal year ⁽⁴⁾	
PWE deferred to future years (1) + (2) - (3) - (4)	

A Document upload portal is now available for all agencies to upload their Audits, Review Engagement Report, Management Letter and Audit supporting documents beginning with the 2019 Fiscal year. Prior to starting, please review the Document Management guide and video available under Tips, Tricks & Help on the Financial page in Online Services.

Appendix F- Flexibility in Distribution for Incorporated, Multi-Site Agencies

The Province introduced more flexibility in the distribution of the 2016 Provincial Wage Enhancement (PWE) for positions within the Agency for Multi-site Operators and has maintained this flexibility in 2022. For the purposes of PWE, "multi-site operators" means an agency that is incorporated that includes more than one licensed child care centre.

There is no distribution flexibility between Home Child Care Enhancement Grant (HCCEG) and PWE: HCCEG is not interchangeable with PWE and vice versa. The Home Child Care Enhancement Grant allocation is **not** transferrable to group child care centres within the same agency.

Eligibility

Multi-site agencies may be eligible to exercise flexibility in the distribution of PWE for some or all of their locations if they have followed the regular application procedure by submitting an application for each location that is eligible for PWE. Flexibility can be applied when distributing the funds within a multi-site agency under the following conditions. A location must:

- be under the same incorporation
- has been approved by the City of Toronto for 2022 PWE

A location is not eligible to be included in any flexible distribution if the agency:

- has not been approved for current PWE funding
- is separately incorporated
- closed in 2022 (funding can only cover up to closure date)

Approval for Flexibility

Operators that are incorporated with more than one child care location approved for PWE will receive approval from Children's Services to use this flexibility. This approval will be included in the approval letter for PWE.

Distribution

Funding received through an application for a specific location must be distributed at that location, unless approval has been given from TCS to use surplus funding from one location to cover a shortfall at another location under the same incorporated agency.

Closure or Transfer within the Incorporated Agency

If a location within the incorporation closes or transfers ownership, the agency must notify Children's Services immediately.

If there is outstanding information required for a location within the incorporation, all remaining payments may be held until the information is received.

Reconciliation

Funding must be reconciled at the location at which it is expensed.

Further Inquiries

If an operator wishes to be considered for approval for this flexibility and has not been identified in their approval letter, please contact tcsfunding@toronto.ca with all information about the incorporation and Children's Services will determine if the criteria are met.

Appendix G- Frequently Asked Questions (FAQ)

Section 1: Deadlines and Application Requirements

1. What do we need to consider before applying for PWE?

Operators should review the 2022 PWE Guidelines regarding eligibility and responsibilities including submission deadline. Centres that do not submit on time will not be considered for the 2022 PWE.

2. How do staff know if the employer applied for PWE and how can we check the approval status?

Staff can view the centre's approval status only on the Children's Services web page at toronto.ca/children/pwe. Employers should notify staff in writing if they are not applying for the 2022 PWE.

Section 2: Conditions and Eligibility for Application

1. What steps are involved after we apply for PWE?

Following analysis of the submitted application, Operators can access a letter through on-line services, notifying of their approval and funding allocation. The status of the application will also be posted online.

Operators approved for funding must develop/update a PWE Policy and Distribution Plan in compliance with the Guidelines. See Appendix C for assistance with PWE Policy and Distribution.

An audited financial statement or review engagement may also be required to be submitted to the City of Toronto upon your fiscal year end (see Section 5).

2. If an eligible staff leaves during the year, is the newly hired staff eligible for PWE?

Operators must pay each eligible staff for their eligible hours, as long as the position and hours were included in their application. If the position was not included in the application, the operator has the option of using the Supplemental grant and/or any surplus. The operator's PWE Policy and Procedures should outline the eligibility of positions, the use of the Supplemental Grant and how surpluses and shortfalls will be handled. The Operator's PWE Policy must be made available to all staff.

Operators should prioritize the distribution of funds to staff who were eligible in 2021 and continue to be eligible in 2022. Operators should evaluate if it is feasible to fund newly created positions not included in the application so that they do not run short of the funding before the end of the year.

Staff that were in an eligible position and no longer with the agency should be paid up to their last day of employment.

Section 3: Determination of Centre Funding

1. If staff was eligible for PWE in 2021 and received a wage increase in January 2022 that puts them over the wage threshold, are they still eligible to receive PWE?

No. Once a staff wage is above the threshold, they are no longer eligible to receive PWE.

2. How is the Supplemental Grant distributed?

The Supplemental Grant PWE can only be distributed at the same rate (full or partial) up to \$2.00 per hour. It is only for actual hours worked and as a result of shortfalls such as in salaries, additional days worked, sick days and training. PWE goes directly to staff as well as the cost of the benefit associated with the hourly rate.

3. Can the following be recognized as training or benefits and paid through the supplemental grant: CPR/First Aid classes, professional development training courses, workshops, conferences?

The supplemental grant may be used to cover only the work hours/time associated with training and the operator's PWE policy must reference this. Otherwise, the supplemental grant cannot be used to cover this expense. Please refer to Appendix C.

4. Can I see an exact breakdown of the PWE payment received?

Operators can log in to on-line services and view the 'Report' which details the total approved funding and positions; and details the salary component, benefit component, supplemental grant and administration grant. Only the PWE preparer can view this information.

For staff, the PWE amount must be indicated separately on your pay stub.

Section 4: Grant Distribution

1. How is the staff payment calculated?

Determine which staff worked in each of the positions in the application. Add up the total hours worked and multiply \$2.00 (or partial as per eligibility) for the salary component. Do not include sick days, vacation or statutory holidays. Add the benefit component at 4% for vacation and 3.59% for statutory holidays. This is the gross amount paid to each staff. Please refer to Section 4 of the Guidelines.

PWE consists of both a salary and benefit component which is considered income and is subject to payroll taxes accordingly. Please refer to Appendix C.

2. Can the PWE grant be used to pay insurance and other health benefits for the staff?

Yes. The Provincial Wage Enhancement support operators in meeting their mandatory payroll benefits of CPP, EI, WSIB or EHT. Operators whose benefits are less than 9.91% may use the remaining amount to fund additional benefit expenses, additional vacation/stat holidays.

3. If I operate a room with 5 positions but I only applied for 4 positions, can I divide and pay this amount to 5 positions?

No. You cannot divide the funding in this way. PWE must be distributed at the eligible rate (\$2 or partial) per hour to all eligible staff positions that were included in your application, until funding is exhausted. If, however, 5 different staff worked in the 4 positions, then yes, the funds should be distributed to each of the staff for the hours they worked in those eligible positions.

Eligible positions that may not have been included in the application may be funded through the Supplemental Grant or surpluses, at the discretion of the operator, but not "taken" from one position or "divided up" amongst the current staff.

4. Can a multi-location agency give PWE to staff for hours worked at multiple locations?

Yes. The eligible hours must be reported for each position at each location. This should be indicated in your PWE Policy and documented in your financial records. There is also flexibility for multi-location agencies to use a surplus at one location to cover a shortfall at another.

Section 5: Monitoring and Reporting

1. Do we need to submit an audited financial statement or review engagement if we received \$20,000 in September 2022 (for the period January 2022- December 2022) and our year end is August 30, 2022?

The agency is required to submit the 2022 audited financial statements or review engagement with a note disclosure related to the full amount of 2022 PWE approved. The approval is considered "subsequent events" after the fiscal period end and is equal to or greater than the \$20,000 audit/review engagement requirement threshold. The payment to staff must be retroactively applied from January 1, 2022 to August 31, 2022. The accounting treatment for government grants is such that it is recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

2. What will happen if I do not submit audited financial statements or review engagement report?

Toronto Children's Services will recover the entire PWE grant and hold other funding types, if applicable. Other sanctions may apply.

Audited financial statements and review engagements will only be accepted by the City of Toronto if completed by a CPA with a public accounting licence (PAL) and with proper accreditation to complete the review.

3. How can staff contact the City of Toronto if they have concerns about their PWE compensation?

We recommend that staff review and discuss this first with the employer (operator). The operator's PWE Policy and Procedures should be made available to staff and include a complaint and resolution process. If there are further questions or concerns, staff can email tcsfunding@toronto.ca for assistance.