

2023 Canada-Wide Early Learning and Child Care Funding Guidelines for Licensed Child Care

Toronto Children's Services

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These Guidelines were prepared based on the Ministry of Education's "Canada-Wide Early Learning and Child Care Guidelines" released in June 2023

General

Purpose

This document outlines the parameters and principles under which Toronto Children's Services (TCS) will allocate funding through the Canada-Wide Early Learning and Child Care (CWELCC) system and ensure compliance of the program and the Service Agreement in 2023.

These parameters and principles must be read in conjunction with the “*Ministry of Education's Canada-Wide Early Learning and Child Care System Guidelines*”, released in June 2023 and [O. Reg. 236/22: GENERAL](#), [O. Reg. 237/22: FUNDING, COST SHARING AND FINANCIAL ASSISTANCE](#), and [O. Reg. 137/15: GENERAL](#). In the event of a conflict between TCS's “*2023 Canada-Wide Early Learning and Child Care Funding Guidelines for Licensed Child Care*” and the Ministry of Education's guidelines and regulations, the Ministry of Education's guidelines and regulations prevail.

Overview

- On March 28, 2022, the Federal government and the Province of Ontario announced the Canada-Wide Early Learning and Child Care (CWELCC) funding agreement that will reduce the cost of child care in Ontario to an average of \$10 per day by 2025-2026 fiscal year.
- CWELCC is a five-year plan and will be implemented in stages with fee reductions increasing year after year until an average fee of \$10/day is achieved.
- CWELCC will:
 - Reduce fees for eligible licensed child care for eligible children on an incremental basis until an average of \$10/day child care is achieved at the end of the 2025-2026 fiscal year
 - Create more affordable, quality licensed child care spaces
 - Support early childhood workers through enhanced compensation, training, and professional learning opportunities; and
 - Improve accessibility by addressing barriers to providing inclusive and flexible child care.

As the legislated service system manager for child care and early years services, Toronto Children's Services is tasked with planning and managing child care and early years programs for the City of Toronto.

TCS's role in the Canada-Wide Early Learning and Child Care system is:

- Implementing the provincial guidelines
- Establishing local policies, procedures, and funding approaches
- Developing and implementing an application and approval process for the CWELCC system
- Contracting for CWELCC funding through Service Agreements with eligible child care and Home Child Care Agencies
- Implementing ongoing fiscal oversight, monitoring and reconciliation of CWELCC system funding
- Reporting to the Ministry of Education and Toronto City Council on the CWELCC system

CWELCC Fee Reductions & Workforce

When CWELCC was introduced licensed child care programs were required to freeze their fees as of March 27, 2022, unless an increase in fee was communicated to families prior to that date. The CWELCC reductions are based on these frozen fees.

In 2022, Ontario families with eligible children in licensed child care programs participating in the CWELCC system received fee refunds and reductions of up to 25% (to a minimum of \$12/day), to be made retroactively to April 1st, 2022.

Families in receipt of the income-based fee subsidy received a 25% fee reduction based on their assessed fee, without the minimum of \$12 per day.

In 2023, the fees were reduced to 52.75% (inclusive of the 25% reduction introduced in 2022).

Families in receipt of the income-based fee subsidy received a 50% fee reduction based on their assessed fee, without the minimum of \$12 per day.

The 2023 CWELCC Workforce Compensation funding supports recruitment and retention of the child care workforce through an updated wage floor and an Annual Wage increase for eligible RECEs. In addition, Operators are eligible for compensation to offset required minimum wage increases for non-RECE staff that came into effect October 1, 2022

Child Eligibility

All families enrolled in CWELCC licensed child care for eligible age children qualify for the 2023 Fee Reduction, including families with an income-based fee subsidy.

Funding under the CWELCC system is intended to support children under the age of six according to the terms of the Canada-Ontario Canada-Wide Early Learning and Child Care Agreement.

Ontario Regulation [137/15](#) under the *Child Care and Early Years Act, 2014 (CCEYA)*, defines “eligible child” under the CWELCC system as:

- a) any child, until the last day of the month in which the child turns six years old, and
- b) up until June 30 in a calendar year, any child who,
 - i. turns six years old between January 1 and June 30 in that calendar year, and
 - ii. is enrolled in a licensed infant, toddler, preschool or kindergarten group, a licensed family age group, or home child care; (“enfant admissible”).

Fee Reductions for children turning six years of age

To be eligible for CWELCC fee reductions that will help with the cost of child care, children need to be under the age of six, and enrolled in a licensed child care program participating in CWELCC.

- If your child turns six between January 1 and June 30 and is enrolled in a CWELCC participating Preschool, Kindergarten, Family-Age Group or Home Child Care (enrolled through the agency or privately) program, they are eligible for a fee reduction until June 30.
- If your child turns six years of age after June 30, and is enrolled in a CWELCC participating Preschool, Kindergarten, Family Age Group or Home Child Care (enrolled through the agency or privately) program, they are eligible for a fee reduction until the end of the month in which they turn six.

- If your child is enrolled in a CWELCC participating School-Age program and turns six, they are eligible until the end of the month they turn six.

Service Agreement

- The Service Agreement is the contract between the City of Toronto and an Agency. Operators who have been approved into CWELCC will have a Service Agreement containing “*Schedule 17-Canada-Wide Early Learning and Child Care Funding Requirements*”.
- For a sample Service Agreement, please refer to:
<https://www.toronto.ca/community-people/community-partners/early-learning-child-care-partners/canada-wide-early-learning-child-care-agreement-cwelcc/>

Transfer or Sale of Operations by Operators Enrolled in the CWELCC System

To administer any changes to the shares of a corporation or any transfer of control, the agency must inform Toronto Children’s Services of their intent with as much notice as possible. These processes take time and need to be completed in advance of the Agency making such changes, in order for TCS to clearly understand and communicate the implications to the Service Agreement and CWELCC funding. If any agency is considering a *Transfer of Shares* or a *Substantial Sale of Assets* reach out to your District Consultant to discuss the process.

It is first important for TCS to understand if an Agency’s business decision qualifies as a *Transfer of Shares* or a *Substantial Sale of Assets*.

Transfer of Shares

If an Agency has shares and transfers enough shares of the corporation that would be sufficient to allow the person acquiring the shares to make a change to the corporation’s board of directors, the Operator remains enrolled in CWELCC and is subject to the CWELCC agreement referred to in subsection [\(3\). O. Reg. 236/22, s.3](#).

Substantial Sale of Assets

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

Requirements of CWELCC Program

Both Licensed Group Child Care Centres and Licensed Home Child Care Agencies participating in CWELCC must comply with the CWELCC requirements to qualify and continue to receive funding under CWELCC, including:

#	Program Compliance Area	Program Compliance Requirements
1.	Parent Handbooks	<ul style="list-style-type: none"> ▪ highlight participation in CWELCC ▪ list all mandatory fees and their reduction as required by O. Reg. 137/15 ▪ lists all statutory and non-statutory closure days for 2023 ▪ list hours of operation (must match license) ▪ services provided (age grouping) must match the Provincial Licence ▪ ensure that there are no barriers for enrollment and access to child care services for families
2.	Parent Fees and Deposits	<ul style="list-style-type: none"> ▪ Operators may not collect a higher fee and then refund families. ▪ A refund is only permissible in 2023 if the agency's approval was in 2023 and only for up to 20 days after the initial payment was received. After funding is received CWELCC agencies must reduce fees on a go-forward basis. ▪ CWELCC funding cannot be applied towards non-refundable deposits for children who do not end-up enrolled at the Agency ▪ HCC providers who are charging a fee different from the Agency rate for privately placed children must ensure the fees are frozen at the rate that was charged prior to March 27, 2022. HCC Providers must provide the HCC agency with their individual fee memos/schedules reflecting the rates they are charging for all privately placed eligible children. HCC agencies need to ensure that all contracted HCC providers are adhering to the fee freeze requirements. ▪ Agencies cannot charge different fees to families in the same program. For example, a family with an infant that is over-aged in a toddler room, cannot be charged the infant rate; they can only be charged the toddler rate (the rate against which fee reductions will be calculated).
3.	Service Levels	<ul style="list-style-type: none"> ▪ Get approval from TCS before revising service levels, including but not limited to, <ul style="list-style-type: none"> ○ Program revisions and usage of alternate capacities ○ Changes to operating hours ○ Changes to operating days ▪ Agencies may not exceed two consecutive weeks of closure and not more than four weeks of closure within a calendar year, where parents are charged full fees. If an agency exceeds the days of closure an agency may either <ul style="list-style-type: none"> a) open additional days to bring the total to 20 days or below, this approach will allow the location to maintain the same fees, or b) not charge families for the excess days of closure and reduce the fees proportionate to the excess number of days of closure ▪ The programs and services (including program quality, hours, availability, and other elements) offered as of March 27, 2022 must be maintained. <ul style="list-style-type: none"> ○ Families should not experience any dilution in service offerings, or surcharges from services that were originally part of base fees prior to the introduction of CWELCC ○ If any reduction in programs, services or offerings is requested it must be reflected by a proportionate reduction in fees for families.

#	Program Compliance Area	Program Compliance Requirements
4.	Service Agreement with TCS	<ul style="list-style-type: none"> ▪ Operate in accordance with the Service Agreement with the City of Toronto ▪ Maintain the licence to operate in good standing in accordance with CCEYA ▪ Keep a copy of the Service Agreement at the centre or agency ▪ Be financially viable
5.	Provincial Annual Survey	<ul style="list-style-type: none"> ▪ Complete the Provincial annual "Licensed Child Care Operations Survey," as mandated by O. Reg. 137/15 s.77
6.	Toronto Children's Services Data Collection	<ul style="list-style-type: none"> ▪ Complete all data collection as requested by the given deadline, including the annual CWELCC Operator Survey as part of the reporting requirements to the Ministry of Education
7.	Financial Reporting, Audits and Documentation	<ul style="list-style-type: none"> ▪ The detailed compliance requirements are captured below in the section titled: Record Keeping and Reporting
8.	Confirmation of the Program Registry	<ul style="list-style-type: none"> ▪ Agencies must confirm their program and operational details, such as age groups served, operational capacities, fees, and operating days, to TCS as part of the annual Budget submission or 2023 Program Registry Review process. ▪ Agencies must provide supporting documentation deemed necessary by TCS to confirm the 2023 operational details, whenever requested, within the stipulated timeframe. ▪ Operational plans cannot be changed without prior consent from TCS

Withdrawing from CWELCC in 2023

An Agency may withdraw from CWELCC, subject to the terms and conditions of their Service Agreement. The termination clause in the Service Agreement requires a 60-day notice period for Operators who choose to terminate the Agreement. The termination must be in writing. If funding was provided for a period that the Operator is not participating, that funding must be immediately returned.

Programs that withdraw are still required to submit Audited Financial Statements by a Licensed Public Accountant for analysis and funding reconciliation.

An Agency that is withdrawing from CWELCC must immediately notify the families they serve.

- The families have the right to withdraw from the agency without any financial penalty once they have been notified
- Families can give the Agency 30 days' notice of withdrawal (or less if that is the Agency's policy).

As a result of withdrawing from the CWELCC system:

- Families with eligible children will not benefit from the 2023 Fee Reduction
- Employees that qualify for Workforce Compensation will not get access to the funding; and
- Parent fees are no longer subject to the fee freeze

Revenue Replacement Funding

The 2023 CWELCC Revenue Replacement Funding will be determined based on the operational details finalized in the Annual Budget or a separate Program Registry Review process and detailed in Schedule 17.1 or 17.3.

Although the allocation is calculated using the specifics of Infant, Toddler, Preschool, and Kindergarten operating details the funding is not assigned to those programs and can be used to support the revenue replacement of all spaces used by eligible children. For example, the allocation does not include a separate calculation for School-Aged programs. However, agencies that have eligible children in their School-Aged programs can use the allocation to support the revenue replacement for the reduced fee of eligible children.

Agencies that exclusively operate School-Age only Programs (6 to 12 years old) must submit data on average enrollment of the eligible-aged children that attend to determine the funding allocation. TCS will supply the forms for this data submission to School-Age only agencies.

Multi-Age Grouping (Family Grouping by CCEYA definition) will be funded for the allocation at the preschool rate. If there is no preschool rate, it will be paid at the next, lower eligible age group (e.g., toddler rate).

If the initial funding allocation provided to the Agency by TCS is not sufficient to cover the fee reductions for 2023, Operators should contact TCS. TCS will request and review the reduction documentation and work with the Agency to determine if an additional funding allocation is required.

TCS reserves the right to update the funding formula and may request additional information such as attendance to ensure funding is based on the child care services provided.

The tables below detail how the Revenue Replacement Funding is calculated for Group Child Care and Home Child Care Agencies.

Group Child Care

[Daily Frozen Fees X Operating Capacity X 2023 Licenced Capacity X 52.75%

Daily Frozen Fees (Fee Freeze)	Daily fees used to calculate the funding allocation are based on frozen fees of March 27, 2022. The Frozen Fees must be net of non-base fees (fees charged for optional items or services such as but not limited to transportation or late fees). Non-base fee items must be excluded. Only base fees (fees charged in respect of children for child care including anything Operators are required to provide under CCEYA) are allowed.
Operating Capacity	Operating Capacity used to calculate the funding allocation is based on operational details submitted. Operating capacity is the planned capacity and is often less than the licensed capacity.
Number of Operating Days Served	Number of Operating Days Served cannot be greater than 260 days as there are only 260 operating days (excluding weekends) in 2023.

If the frozen fee is a monthly fee, it will be converted to a daily fee using the denominator of 21.75 days. If the frozen fee is an annual fee it will be converted to a daily fee by dividing by the number of month's (either 12 months for a year or 10 months for a program that follows the school calendar) then divided by 21.75 days.

Using the common denominator of 21.75 days considers the annual and monthly fluctuation of the days of operations. TCS will work with operators who are interested in converting their annual or monthly frozen fees into the daily fee (using the denominator of 21.75 operating days).

Home Child Care

[Daily Frozen Fees X Average Daily Enrollment X 2023 Licensed Capacity X 52.75%

Daily Frozen Fees (Fee Freeze)	Daily fees used to calculate the funding allocation are based on the frozen fees paid by families as of March 27, 2022. The Frozen fee must be net of non-base fees (fees charged for optional items or services such as but not limited to transportation or late fees). Non-base fee items must be excluded. Only base fees (fees charged in respect of children for child care including anything Operators are required to provide under CCEYA) are allowed.
Average Daily Enrollment	Average Daily Enrollment is used to calculate the funding allocation is based on submitted information (either through the annual budget or the data collection form). <i>Average Agency Enrollment is calculated using the following formula: Total daily enrollment per service per month ÷ Days of operation per service per month</i>
Number of Operating Days Served	If the HCC Agencies offers weekend care the number of Operating Days Served may exceed 260 days in 2023.

The funding for Home Child Care Agencies will come from the Service System Manager (Municipality) where the head office is located. TCS will base the Home Child Care Agency allocation on a data collection form and will include funding for all the provider homes, even if they are located outside of Toronto in 2023.

Calculating the Fee Refund Reduction for Subsidized Families

TCS uses a single fee collector, which means even if there are multiple children in more than one location, the parent contribution of the fee is billed to one child, at one location. Therefore, Operators may not have the necessary information to calculate the new reduced assessed fee for a family in receipt of fee subsidy.

TCS has created a new report, "CWELCC Fee Reduction Report" that captures the daily assessed fee, the daily CWELCC reduction, and the new daily and monthly parental contribution.

Operators must use this information to calculate the fee refunds/reductions to families in receipt of fee subsidy.

How Operators can access the report

1. Go to the Providers Online Portal via Online Services (<https://www.toronto.ca/community-people/community-partners/early-learning-child-care-partners/online-services/>)
2. The “CWELCC Fee Reduction Report” is hosted in the Attendance application. Login with the User ID and Password provided to you by Toronto Children's Services to enter your Attendance
3. On the top right-hand side, select 'Applications' in the main menu, then select 'Attendance' to go to the Attendance application landing page
4. From the Attendance landing page, select 'Attendance' once more to launch the application
5. Select 'Reports' to get to the list of available Attendance reports
6. Select the “CWELCC Fee Reduction” report from the list. Then choose the Year and Month.
7. Click Download Report
8. The report will download in PDF format for your Child Care Centre or Home Child Care Agency

2023 Cost Escalation Funding

In 2023, all Agencies participating in CWELCC will receive an additional 2.75% of Cost Escalation funding to support cost increases beyond the licensee’s control that may impact their capacity to participate in CWELCC.

Agencies with a Fee Subsidy Agreement with TCS

- All CWELCC participating locations will receive 2.75% Cost Escalation on Schedule 17.1.
- CWELCC participating locations with fee subsidy may receive an Additional Budget Increase funding on Schedule 17.1 supporting expenses in the approved budget that are beyond the 2.75% Cost Escalation.
- CWELCC participating locations with fee subsidy will continue with 2022 per diem rates on Schedule 1.1. Approved increases supporting fee subsidy will be paid through the additional budget increase funding, identified above.
- School Age & Non-CWELCC participating locations with fee subsidy will receive approved 2023 per diem increases on Schedule 1.1.
- Updated Schedule 1.1 and General Operating Funding Schedule 1.3 can be accessed through Online Services.
- Individuals must have a "Signing Authority" administration role to view the Service Agreement, Schedules, and budget reports. To view these documents in Online Services, click on "Financial" and then selecting "Agency Contract."
- Schedule 17.1s reflecting the Affordability and 2.75% Cost Escalation will be emailed to agencies.
- The per diem rates listed in Schedule 1.1 and the General Operating Funding listed in Schedule 1.3 are in effect from January 1, 2023, and replace the previous Schedules.
- For HCC Agencies, the agency must distribute the 2.75% cost escalation to the providers to support the operation and the implementation of CWELCC funding for the year and for no other purpose.

Agencies that do not have a Fee Subsidy Agreement with TCS

- All CWELCC participating locations will receive 2.75% Cost Escalation on Schedule 17.1.
- Schedules 17 reflect changes retroactively to January 1, 2023.

- Toronto Children's Services communicated a budget process for operators who wished to demonstrate the need for additional funding beyond the 2.75%. The Process is referred to as the Additional Budget Increase. This process will have a defined timeline and require financial documentation to support the request for additional funding. The requests will be subject to review and approval by Toronto Children's Services.
- For HCC Agencies, the agency shall distribute the 2.75% cost escalation to the agency and the providers, pro rata, based on the 2023 fee split percentage already agreed upon between the agency and the providers. This funding should be used to support the operation of the agency and the providers and their implementation of CWELCC for the funding year and for no other purpose.

Additional Budget Increase Funding

Funding for Agencies with fee-subsidy agreements with TCS is determined based on the annual budget and operating plan submitted by them. These Agencies use the annual budget process to highlight the changes to their operating plan, expenses, and revenue. This is also applicable to HCC Agencies that have a Service Agreement with TCS.

Funding for centre-based programs that do not have a fee-subsidy agreement with TCS is determined based on the operational details finalized in the 2023 Program Registry Review process. The Agencies that can demonstrate expenses beyond their control may request additional funding through the "Additional Budget Increase Funding" process.

The Additional Budget Increase Funding process is optional, and non-participation does not affect CWELCC enrollment or the funding allocation determined based on the 2023 Program Registry Review process.

For 2023, this process was launched on May 15, 2023, and Agencies that do not have a fee-subsidy agreement had till June 5, 2023, to express interest in participating in this process.

The information and documents required to be eligible to participate in 2023 were:

- List of Location IDs within the Agency applicable to the request
- 2022 Audited Financial Statement, following the Audit Guidelines
- Details of three recent payroll runs
- 2023 insurance certificate with "City of Toronto" added as additional insured
- Current lease agreement, if applicable
- Mortgage statement, if applicable

Agencies may be requested to submit additional information such as T4, T5, PD7A, or other, to support their budget submissions. The outcome of the budget submission is determined based on the timely submission of the information listed above and the finalized Program Registry.

The Additional Budget Increase Funding submission follows the existing [Budget Guidelines](#) and is subject to a predefined timeline.

Workforce Compensation

IMPORTANT! Agencies enrolled in CWELCCS with eligible staff must apply and be approved for the 2023 Provincial Wage Enhancement (PWE), which is referred to as the Wage Enhancement Grant in the Ministry of Education 2023 Guidelines.

There are three CWELCC Workforce Compensation funding programs available in 2023: Wage Floor, Annual Wage Increase and Minimum Wage Offset.

The Wage Floor and Annual Wage Increases are effective January 1, 2023. All eligible RECE staff must continue to receive Provincial Wage Enhancement (PWE) as the Workforce Compensation funding is in addition to PWE. Agencies will continue to report on meeting minimum wage requirements as determined by TCS and the Ministry of Education.

Workforce Compensation must be considered in addition to (and not reduce) other planned compensation increases for staff (e.g., this funding cannot be used to reduce already planned wage increases).

For clarity, to determine the RECE wage eligibility, the following order of operations must be followed:

1. 2022 base wage as of December 31, 2022 (by employer)
2. PWE (\$2/hour, up to threshold of \$28.59 as per PWE guidelines)
3. CWELCC Annual Wage Increase (\$1/hour, up to \$25/hour)
4. CWELCC incremental Wage Floor funding (up to maximum), if applicable

Annual Wage Increase & Wage Floor

To be eligible for the Annual Wage Increase and/or Wage Floor funding RECE staff must meet the following criteria:

- Be employed by a licensed childcare agency participating in the CWELCC system
- Be an RECE Program Staff, RECE Child Care Supervisor, or RECE Home Child Care Visitor
- Be in receipt of Provincial Wage Enhancement (PWE) funding (Agencies must apply for PWE to qualify for Workforce funding); and
- Have a wage¹ including PWE

RECE Staff in School-Age programs (i.e., ages 6 to 12) are also eligible for the Annual Wage Increase and Wage Floor funding. Even though some agencies may not serve children eligible for the fee reduction in the School-Age programs they must opt-into the CWELCC system to apply for the Workforce Compensation funding.

Ineligible positions for the Annual Wage Increase and Wage Floor include:

- Non-RECE Program Staff (including Director approved staff).
- Non-Program Staff (e.g., cook, custodian),²

¹ Benefits should not be included in calculating the hourly or base wage

²Exception: Cook or custodial staff could be eligible if they are RECE and spend at least 25% of their time supporting CCEYA [ratio](#) requirements (only these hours supporting ratio requirements would be eligible for both types of funding).

- SNR-funded Resource Teachers or Consultants and Supplemental Staff; and
- Staff hired through third parties (e.g., temp agency).

Annual Wage Increase

An Annual Wage Increase of \$1/hour is required to be applied to eligible RECE staff whose hourly wage, including Provincial Wage Enhancement Grant (PWE) to a cap of \$25/hour.

Wage Floor

The Workforce Compensation Wage Floor funding focuses on supporting low wage Registered Early Childhood Educators (RECEs). The Wage Floor sets the lowest wage eligible staff can be paid.

Childcare Agencies participating in the CWELCC system must raise the wages of any eligible RECE staff paid below the Wage Floor identified in Table 1 below. The 2023 Wage Floor came into effect on January 1, 2023, and the wage increase must be paid to this date, or when the agency's licence was issued, whichever is later.

Licensees are required to bring the wage of all eligible staff up to the Wage Floor identified in the table below.

All eligible staff hired during the year must earn at least the Wage Floor identified for that year, plus benefits as defined in the table.

Table 1: Hourly Wage Floor from 2022 to 2026³

	2022	2023	2024	2025	2026
RECE Program Staff	\$18	\$19	\$20	\$21	\$22
RECE Child Care Supervisors or RECE Home Child Care Visitors	\$20	\$21	\$22	\$23	\$24

The Wage Floor is the lowest an RECE can be paid when a location participates in the CWELCC system, this floor is **NOT** a maximum. *For example, in 2023, a RECE Child Care Program Staff with a base wage of \$16/hr and PWE of \$2/hr would be entitled to workforce compensation funding of \$1/hr to bring them up to the \$19/hr Wage Floor.*

The funding cannot be used to pay wages over and above the minimum Wage Floor established in the CWELCC Ministry of Education guidelines.

Minimum Wage Offset

This funding is only applicable for the minimum wage increase in 2022. Only agencies that had eligible staff in 2022 may be eligible for this funding in 2023.

Workforce Compensation Process

1. **Eligibility:** Licensees will be required to apply and be approved for the 2023 PWE (referred to as the Wage Enhancement Grant in the Ministry of Education 2023 Guidelines) to be eligible for

³ In addition to the hourly wage increase, staff are required to receive the commensurate benefits

the Wage Floor or Annual Wage Increase under CWELCC. Workforce funding payments will be dispersed after PWE approvals.

2. **Application:** The City is working to find efficiencies by aligning the data and submission requirements to the existing PWE and budget processes.
3. **Payment:** There will be a separate payment made to CWELCC participating agencies once the workforce compensation allocation is determined. This payment type is coded 'CWW' and will have a corresponding remark that can be seen in Online Services. Other CWELCC funding can be used to support these costs until workforce funding has been paid to locations and HCC Agencies.
4. **Payment Timing:** The Q1 and Q2 payments will be processed in late May after the 2023 PWE is approved. The Q3 Workforce payment will be processed in late June, with the Q4 payment processed in late September. Operators are required to begin distribution of funds to all eligible staff positions within 60 calendar days of receiving the payment, retroactive to Jan 1, and ensure that the increases are included on each pay going forward.
5. **Reconciliation:** The City is working to align the reconciliation for workforce compensation with PWE and other existing financial processes.
6. **Documenting staff wages:** Operators must clearly indicate on staff paystubs/information the portion of CWELCC funding that is being provided, OR through a separate letter.

In 2023 the Wage Floor and Annual Wage Increase begins January 1, 2023, and agencies must implement these wage increases.

Agencies are required to begin distribution of funds to all eligible staff positions within 60 calendar days of receiving the payment and ensure that the increases are included on each pay going forward.

Agencies must include Workforce Compensation payments in each pay period and not in a lump sum.

Workforce Compensation must be considered in addition to (and not reduce) other planned compensation increases for eligible RECE staff (e.g., this funding cannot be used to reduce planned merit increases).

TCS is required by the province to monitor the compliance of the distribution of Workforce Compensation funding to staff and will complete reviews to ensure compliance with the program.

Record Keeping and Reporting

Operators are responsible for managing the refund and reduction process to families and the Workforce Compensation for staff, including maintaining supporting documentation. It is essential that Operators develop clear policies and procedures to track and monitor the initial fee refund and on-going fee reduction process.

TCS requires that Operators maintain records of funding received, how it was utilized, and the total and average number of children served through a fee reduction. This information is necessary to meet the financial reporting and the audit requirements of TCS.

Financial Reporting Requirements

Operators are required to submit Audited Financial Statements by a Licensed Public Accountant. This financial information is required to verify that the public funding provided was used for its intended purposes. Any excess funding or funding not used for its intended purpose, may be recovered by TCS through a reconciliation process.

The specific audit requirements are detailed in the TCS Audit Guidelines and posted on the [TCS website](#).

Audits are due 4 months after the Agency's fiscal year end.

Meeting the financial reporting requirements is a critical component of CWELCC compliance and maintaining a Service Agreement with TCS.

Records and Compliance Audits

As per the Ministry of Education requirements, TCS will has a compliance audit process, therefore it will be important that Operators:

- Maintain complete financial and service records of accounts of expenditures related to the CWELCC system, for each location, for each year where CWELCC funding is being provided.
- Maintain records for CWELCC expenditures and refunds for a minimum of 7 years, including after a closure of the location/Agency.
- Maintain records related to the funding, expenditures and refunds provided under the CWELCC system when the Operator has terminated the Service Agreement or has closed and is no longer operating.

Sanctions and Service Agreement Termination

Agencies that have a Service Agreement have the responsibility to meet the standard business requirements, policies and Guidelines of Children's Services to be in compliance. If an Agency is not in compliance with its contractual obligations or at risk of non-compliance, actions will be taken to ensure all contractual requirements are met. Children's Services strives to provide support to Agencies to mitigate risk. When a risk of non-compliance is identified, City of Toronto staff will take action to mitigate that risk. This process could include sanctions, up to and including termination of the Service Agreement. Some of the steps Children's Services may take to mitigate compliance risk and remediate noncompliance are:

- Meet with the Child Care Agency's Board and the Agency's staff
- Written notice to the Agency
- Recovery of funding
- Hold to funding increases
- Hold of all funding payments
- Change frequency of payments from Quarterly to Monthly
- Terminate the Service Agreement

It is the responsibility of the Agency to report any changes to its operations that may affect the funding. Failure to report changes will result in action that may include recovery of funding and/or imposing sanctions up to and including termination of the Service Agreement.

Submitting documentation within the timeframe requested is critical to meeting the obligations of the Service Agreement. Agencies that fail to submit required documents in a timely basis may be subject to the following sanctions and penalties:

- Forfeit their funding increases or grant eligibility if no submission is received by budget/grant deadlines;
- Changes to the payment schedule, i.e. stop quarterly advance payments and pay based on monthly actuals;
- Payments suspended until issue is resolved; and/or
- Further sanctions, including but not limited to the termination of the Service Agreement between the City of Toronto and the Agency, the holding and/or recovery of funds, and no consideration for expansions of locations or service levels.

In accordance with City policies and applicable Provincial guidelines, all centres with a Service Agreement must provide TCS with audited financial statements within four months of the organization's fiscal year end. For more information on audited financial statement requirements, visit the Audit Guidelines for Agencies. For the City to effectively maintain financial reporting obligations, TCS will be implementing sanctions and penalties for non-compliance with business deadlines.

2023 Application Process

Applications to be a part of the Canada-Wide Early Learning and Child Care (CWELCC) system changed from open enrollment to targeted enrollment in 2023. Due to the sudden change in eligibility TCS provided existing agencies, that initially opted-out in 2022 with the opportunity to enroll in 2023 through a Transitional opt-in process.

Later in the year a new targeted enrollment process was launched through the 2023 Expansion & Startup application.

2023 Transitional Opt-in Process

This process was launched on February 2, 2023, and was open to Agencies that met the following conditions.

- Agencies that had an existing child care licensed as of December 1, 2023 and opted out of the CWELCC program in 2022
- Agencies offering care to children in the following programs: Infant, Toddler, Preschool, Before and After Kindergarten, and eligible aged children in Before and After School-age programs

Agencies had to express interest in participating in this process by February 28, 2023.

The key components of the program are:

- Approvals are retroactive to January 1, 2023

- Fees are to be set at the fee in place as of March 27, 2022, unless Agencies communicated a fee increase to families before March 27, 2022
- Agencies that increased fees after the Fee Freeze Rate must reset their fees to the Fee Freeze Rate retroactive to January 1, 2023 and refund families the difference at their own expense
- Once approved, the Frozen Fee is to be reduced by 52.75%
- CWELCC funding to replace the 52.75% of the frozen fee revenue
- For Agencies licensed after March 27, 2022, the Fee Freeze rate is based on the provincial cap in the [Ministry of Education Regulations](#)
- Agencies to be provided CWELCC cost escalation funding at 2.75%
- Agencies must meet all the requirements outlined in the Canada-Wide Early Learning and Child Care System Guidelines released in 2022

2023 Expansion and Startup Application

In September 2023 a new application was launched based for targeted growth. The expansion period covers 2023 to 2025. The approach to expansion is targeted and consistent with the Ministry of Education's, *Access and Inclusion Framework*. Priority is given to operators applying to increase access to care in areas with historically lower availability of child care spaces and key socio-economic indicators namely, support child care for vulnerable or underserved populations, particularly low-income families; children with extra support needs; Indigenous families, Francophone families, Black families; other diverse families; and newcomer families.

For more information on the Toronto Children's Services' approach to improve access and inclusion for priority areas and target populations, please see the [June 14, 2023 City of Toronto Council approved report](#), which includes a map of high-priority areas on page 9.

Further to the expansion criteria, the Ministry of Education has directed the City to maintain its current proportion of not-for-profit child care spaces. In Toronto, a minimum of 80% of the new spaces approved must be not-for-profit spaces. This will be monitored and actioned by Children's Service throughout the expansion process.

Eligibility for CWELCC Expansion

New child care spaces must:

- be located in Toronto
- be operational in 2023 (See exception related to Start-Up Grants below)
- provide [full-time access to care](#)
- The agency's license must be in good standing, or the agency must be applying for a new license
- Rooms must align with "Efficient Room Size," "Adequate Next Age-Group Room Sizes," and "Sustainable Planned Enrolment" as described in the [General Operating Funding Guidelines](#)
- Agencies must meet financial viability requirements, as outlined in the application
- Please note that full-day kindergarten programs are not eligible for expansion
- Other eligibility requirements may be developed to support annual allocation

Eligibility for CWELCC Start-Up Grant

The Start-Up Grant is available to for-profit and not-for-profit Licensed Child Care Agencies and Home Child Care Agencies enrolled in CWELCC. Applicants for Start-up Grants must commit to the following:

- Utilize the funds to support the creation of new licensed child care spaces, outside of a school, for children 0 to 4 years of age.
- Participate in the CWELCC system for the remainder of the current CWELCC agreement (March 31, 2026).
- Expense the Start-Up Grant within two years from the date the legal agreement between the applicant and the City of Toronto is executed, on eligible expenses only.

For additional information on the Start-Up Grant, including eligible expenses, please see pages 43 to 57 of the [Ministry of Education Canada-Wide Early Learning and Child Care Guidelines](#) (June 2023)

Glossary of Terms

CCEYA: Is the abbreviation of the *Child Care and Early Years Act, 2014 (CCEYA)*

CWELCC: Is the abbreviation of Canada Wide Early Learning and Child Care which is the name of the agreement between the Federal and Provincial government and the program being implemented in Ontario.

TCS: Is the abbreviation of Toronto Children's Services

Service Agreement: The legal contract that the City of Toronto enters into with Agencies that provide child care services for families and their children. (For a sample Service Agreement, please refer to: <https://www.toronto.ca/community-people/community-partners/early-learning-child-care-partners/canada-wide-early-learning-child-care-agreement-cwelcc/>).

Service Agreement for Fee Subsidy: Schedule 1.1 of the Service Agreement that the City of Toronto enters into with Operators to enroll children whose families are in receipt of income based Child Care Fee subsidies.

Provincial Wage Enhancement (PWE): A wage grant program funded through the Province that Operators apply for annually to improve the salaries and benefits of eligible staff.

Fee Freeze Rate / Frozen Fee: Fee used to calculate the reduced fee paid by families and based on the fee as of March 27, 2022 (or the provincial cap), and "frozen" since that time. Fee Freeze Rates must not include any non-base fees.

Base Fees: Base fee means any fee or part of a fee that is charged in respect of a child for child care, including anything a licensee is required to provide under the *Child Care and Early Years Act, 2014*, or anything a licensee requires the parent to purchase from the licensee. In other words, "base fee" is any fee charged for the provision of child care, including any fees for services or items required by the *Child Care and Early Years Act, 2014*, regulations (Ontario Regulation 137/15), and any other mandatory parent fees.

Non-Base Fees: Non-base fee means any fee charged for optional items or optional services (e.g., transportation) **OR** any fees charged where the parent fails to meet the terms of the agreement with the licensee (e.g., late fees). Non-base fees cannot include anything that would impede a child's participation in the program should their family choose to opt-out of the service.

Wage Floor: The minimum that eligible RECE staff can be paid under the Workforce Compensation funding in the CWELCC system.

Online Services: The technology portal Toronto Children's Services uses to collect information from child care operators (e.g., submitting budgets).

Revenue Replacement: The funding that will replace the revenue that the frozen fee is to be reduced by based on the percent determined by the Ministry of Education. This funding is to be used to replace the portion of the fees that families are not paying (percent determined by the Ministry of Education) when children are enrolled and attending a child care in the CWELCC system.

Licensed Capacity means:

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

Operating Capacity: the number of children the centre/home child care is planning to serve as per the licensee's staffing complement and budget, to a maximum of the licensed capacity.