



Ministry of Education

**Canada-wide Early Learning and Child Care System:
Questions and Answers for Licensees**

August 2022

Contents

Enrolment Process 3

Funding 7

Operating Budgets and Expenditures..... 8

Parent Fees..... 9

Fee Subsidies 10

Workforce Compensation..... 11

Enrolment Process

1. What are the revised enrolment dates for licensees?

The ministry has revised the enrolment date and extended the deadline for enrolment to November 1, 2022 to allow for additional time for licensees to make decisions about enrolment and preserve parent entitlements to fee rebates and reductions.

As per the amended regulations, existing licensees are required to notify parents, staff and home child care providers of their intention to enrol in the CWELCC system by November 1, 2022.

2. What are the new service standards for processing applications and rebates?

Licensees that wish to enrol in the CWELCC system in 2022 to reduce parent fees by 25% retroactive to April 1, 2022 and reduce parent fees by 50% on December 31, 2022 would be required to notify their municipality by November 1, 2022.

Licensees and municipalities would be required to comply with specific processing timelines that would ensure parent fee rebates are provided prior to December 30, 2022.

Municipalities would be required to process applications and confirm eligibility within 10 calendar days of date of application. Municipalities and licensees are required to execute an agreement within 30 calendar days of date of application.

Licensees would be required to provide rebates to families within 20 calendar days of receiving funding from the service system manager.

Licensees would be permitted to provide rebates as a refund (e.g. e-transfer, cheque) or a credit towards child care.

Licensees that notify their municipalities of their intention to enrol in the CWELCC system between November 2, 2022 and December 30, 2022 will provide parent fee rebates and reductions in line with application processing timelines, which may be after January 1, 2023.

Licensees who notify their service system manager of their intention to enrol in the CWELCC system after January 1, 2023 will forego funding for parent rebates but will be required to reduce fees by 50% as of the date of their enrolment.

3. How do licensed child care centres and home child care agencies apply to be part of the CWELCC system?

Licensees can apply to participate in the CWELCC system through their Consolidated Municipal Service Manager or District Social Services Administration Board.

In Ontario, Consolidated Municipal Service Managers and District Social Services Administration Boards are designated under the *Child Care and Early Years Act, 2014*, as service system managers are responsible for planning, managing and coordinating child care within their regions. Service system managers are responsible for enrolling child care providers in the CWELCC system and determining the level of funding for each provider. Once the licensee is identified to be eligible, they can enter into a purchase of service agreement with the service system manager to receive funding under the CWELCC system.

The list of Consolidated Municipal Service Managers and District Social Services Administration Boards is available on the ministry's website at [service system managers for child care and early years programs](#).

4. Are there any circumstances that licensed child care centres and home child care agencies will be denied enrolment in the CWELCC system?

In exceptional circumstances, the service system manager can deny enrolment in the CWELCC System. Those circumstances are outlined in regulation and relate to the identification of concerns that the child care centre or home child care agency is not financially viable, will not be operated in a manner that will be financially viable, or will use the funding for improper purposes.

5. I submitted my program's application before the updated guideline was released. Does the 10-day period to confirm my program's eligibility start from the time that I submitted?

As the 10 calendar day requirement for the approval of a licensee's application is new that time period begins as of August 29, 2022 and will be maintained from that point forward.

6. Can licensees who opt in choose to opt out later?

Licensees who decide not to proceed with enrolment may withdraw their application at any time.

Once enrolled in the CWELCC system, if a licensee no longer wishes to continue to participate, they may terminate their CWELCC service agreement with the service system manager, in accordance with the terms and conditions within the service agreement. The CMSMs/DSSABs may not impose any penalties for termination of contract.

7. If licensees participate in CWELCC, will they be required to make any changes to their program as a result of enrolling in CWELCC?

No, the ministry understands that a licensee's cost structure may vary depending on the service and uniqueness of their program. Participation in the CWELCC program does not require any changes to the existing program delivery or cost structure.

8. Can licensees who opt in to the CWELCC system increase their base fees i.e. mandatory parent fees?

No, once licensees are enrolled in the CWELCC system and have received funding to reduce their fees to the new base fee as per the fee reduction rules set out in O. Reg. 137/15 under the *Child Care and Early Years Act, 2014*, they are required to maintain its new base fee until they are provided funding to reduce them again, or they are no longer participating in the CWELCC system.

Base parent fees in effect on March 27, 2022 for eligible children will need to be reduced by 25% at time of enrolment and further reductions will be required by the end of 2022. Additional costs that would normally be covered through parent fee increases, should be identified in the licensee's operating budget and year end reports to ensure they can be covered through CWELCC fee reduction funding.

Licensees who have opted into the CWELCC system are only required to reduce and refund base fees (i.e., mandatory parent fees) and do not need to reduce or refund non-base fees (i.e., optional fees such as late fees).

9. Can licensees who opted out of the CWELCC program before the extended deadlines were announced reconsider their decision and apply for enrolment?

Yes. Licensees who decided to formally opt-out before the extension was announced (i.e., prior to August 17, 2022) are now allowed to reconsider that decision.

These licensees must meet specific requirements set out by their service system manager, that could include the following:

- The licensee must communicate to all eligible parents that they have applied for enrolment in the CWELCC system.
- The licensee must demonstrate that they have not raised their fees between August 17, 2022 and the date of application (unless that increase was communicated to parents before August 17, 2022).
- The licensee must agree to freeze their fees at current rates until the service system manager makes a decision on their application.

Licensees that are interested in more information about possibly applying should contact their service system manager as soon as possible to begin the process.

Licensees that decide to opt out in the future (i.e., after the extended deadline was announced on August 17, 2022) will not be allowed to apply for enrolment in 2022.

a) How will licensees calculate the new reduced base fees?

When calculating a new, reduced base fee, the licensee is required to reduce their original capped fee (as established by O. Reg 137/15 ss. 77.1 (2) and (3)).

For existing licensees (operating on March 27, 2022), the original capped fee is the fee charged on March 27, 2022, or any planned increase that had been communicated to parents prior to that date.

For new licensees (who were licensed after March 27, 2022), the original capped fee is the fee from the applicable table in the regulation or any other fee that had been communicated to parents prior to March 27, 2022.

Once enrolled, licensees are prohibited from charging an amount that is higher than this new, reduced base fee and must refund parents for any overpayments, retroactive to their enrolment date (e.g., April 1, 2022 or the day their licence was issued).

b) What will the parent's rebate be if the licensee increased their fees after opting out of the program and has now chosen to opt in to the program?

Licensees are required to refund parents for any higher amount paid, including for any fee increases that the licensee implemented after initially opting out of the program. For example:

- A licensee's original capped fee was \$100/day. After opting out of the CWELCC system, this fee was increased to \$110/day.
- Later, the licensee applies for enrolment in the CWELCC system and the new, reduced base fee is calculated at \$75/day (\$100 reduced by 25%).
- Parents must be refunded for the difference between the actual fees they paid and the new, reduced base fee. They will receive a refund of \$25 for every day they paid \$100 and \$35 for every day they paid \$110.

If a licensee increased their fees significantly after opting out of the CWELCC system, service system managers must provide enough funding so that licensees can issue refunds to parents within the required 20-day timeline.

However, service system managers are only required to fund on an ongoing basis in accordance with the original capped fee.

Licensees are encouraged to discuss funding with their service system manager early in the enrolment process so that licensees can determine whether the available funding is sufficient for their program to remain operational.

10. Can for-profit licensees participate in the CWELCC system?

Yes. Ontario recognizes the valuable role for-profit operators have in providing affordable and high quality child care for families.

Contrary to many other provinces, in Ontario, for-profit operators are able to participate in the CWELCC plan and receive funding to create new spaces.

The ministry requires service system managers to ensure there is consistency, where both not-for-profit and for-profit licensees enrolled in the CWELCC system are treated in a similar manner.

Funding

11. What funding is provided under the CWELCC system?

CWELCC System funding in 2022 is intended to support more affordable child care for families. Once enrolled, licensees will be fully funded to provide the required refund to parents (retroactive to April 1 or the date licensees received their license, whichever is later). Licensees will also receive funding to fully offset the loss in revenue resulting from reducing parent fees by 25%. As the CWELCC System continues to be phased in, parent fee reductions will continue over time until an average fee of \$10/day is achieved.

Enrolled licensees will have access to funding to support improved compensation for low-wage earning RECEs working in the child care program. There are two components to the workforce compensation supports available in the first year of the CWELCC:

- a) a mandatory wage floor and;
- b) annual wage increases.

Before accessing this funding, licensees must first apply to their service system manager for the Wage Enhancement Grant for eligible wages.

Licensees continue to have autonomy in developing their annual budgets to align with the program commitments outlined in their program statement and parent handbook.

12. How will the ministry ensure that long term funding under the CWELCC System takes into account actual operating expenses of child care operators?

Getting to \$10 a day child care, on average, is a significant undertaking and the Ontario government is committed to working with operators and municipalities to ensure that existing child care centres can enrol in the new program.

The ministry has established a Minister's Advisory Group with operators and service system managers to have roundtable discussions on developing a child care funding formula. This table will help the ministry to answer key questions related to the variable operating costs, including property costs.

Ontario is prepared to consult widely to ensure the new child care funding formula will support the current property costs of child care centres. No child care center should have to move or close because their property costs are unsupported by the new child care funding formula.

13. Is funding received based on the total number of licensed spaces or is it based on enrolment?

CMSMs/DSSABs decide the funding methodology they use to allocate funds to Licensees, which may consider flowing funding based on licensed spaces.

Operating Budgets and Expenditures

14. Will centres/programs have autonomy in developing their annual budgets?

Licensees continue to have autonomy in developing their annual budgets.

15. Will licensees be able to continue to give wage increases within their regular budgets?

Yes, regular budgets can continue to be used for wage increases.

For further clarity, the previous direction outlined in the *Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline 2022* continues to remain in effect, with the exception of the new investments described in the CWELCC Guidelines until they are superseded or replaced by a revised guideline.

The Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022) indicates that service system managers are required to:

- ensure that funds are used in accordance with the service agreement and the Ontario's policies, procedures, and guidelines;
- monitor the use of funds with service providers on an annual basis; and,
- reconcile service provider use of funds and recover funds as required.

Once these requirements are met, service system managers can apply financial flexibility as per page 26 of the Child Care Financial Flexibility Diagram that illustrates spending flexibility available between allocation mechanisms and child care expenses/programs.

16. If a centre has accumulated a reserve fund to ensure viability during periods of unexpected financial hardship, will the service system manager be required to recover amounts greater than three months of operational expenses?

Not-for-profit Licensees can have reserves greater than three (3) months of operational expenses. The Ministry does not require CMSMs/DSSABs to recover funding from any existing financial reserves that a Licensee has accumulated to date from non-CWELCC funding.

Parent Fees

17. Will the province be providing guidance on fee reductions and standardized parent fees?

Fee reductions will be implemented using a phased approach over the course of the CWELCC agreement. Details regarding the calculation and administration of fee reduction are being provided in the CWELCC Guidelines and will also be effective in regulations under the *Child Care and Early Years Act, 2014*.

A graduated approach to fee reductions will begin in Spring 2022 as follows:

- A 25% fee reduction (to a minimum of \$12 a day) for children aged 0-5 retroactive to April 1, 2022.
- A 50% fee reduction on average by the end of December 2022.

The fees under CWELCC for each service system area is available at [Ontario Regulation 137/15](#).

18. What is a base fee versus a non-base fee?

“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 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.

19. How do licensees apply the fee reduction in the cases where they charge a separate fee for before school care and after school care?

The fee reduction on base fees will apply regardless of program type or duration and should be based on the total amount paid per day. In the case of a before and after school program, if parents pay for only before school care, or only after school care, each individual fee must be reduced by 25%, provided that it does not go below \$12/day. If parents pay for both before and after school care, the overall combined fee must be reduced by 25%.

Fee Subsidies

20. What updates were made to fee subsidy eligibility within CWELCC?

No changes have been made to fee subsidy eligibility and access for recipients of Ontario Works, including Learning, Earning and Parenting participants and Ontario Disability Support Program recipients in approved employment assistance activities.

The ministry made amendments Ontario Regulation 138/15 under the *Child Care and Early Years Act, 2014* to ensure that parents accessing subsidized child care also see financial relief under the CWELCC system, through a reduction in their parental contributions.

Access to parental contribution reductions under the CWELCC system for these fee subsidy recipients will depend on whether the eligible child is enrolled with a licensed child care centre or home child care provider that is participating in the CWELCC system. If applicable, refunds are to be provided to the parent/guardian or temporary caregiver who paid fees to the licensed child care provider.

21. Can service system managers approve new fee subsidies if they have room in their 2022 funding envelope and are projecting costs below the 2019 fee subsidy expenditure threshold?

Service system managers who are projecting costs below the 2019 fee subsidy expenditure threshold for children 0-5 years, less 25%, have the discretion to approve new fee subsidies within the threshold in order to respond to community needs.

22. If licensees choose to opt out of the CWELCC system at this time, will their subsidized families still receive their current approved subsidy?

Families currently in receipt of fee subsidy for their child/children will not be impacted if the licensed child care program chooses not to participate in the CWELCC system. Current parental contributions will continue to apply and will not be discounted to match CWELCC fee reductions.

Service system managers will continue to undertake local planning processes to determine the appropriate allocation approach for fee subsidy funds that best meet the needs of their community, and fee subsidy for eligible families will continue to be subject to the availability of subsidy funds within the service system manager's budget and space availability within a child care program.

Workforce Compensation

23. What is the government doing to meet the need for more child care staff?

As a first step, the ministry is introducing a wage floor of \$18 per hour for Registered Early Childhood Educator (RECE) program staff, and \$20 per hour for RECE Supervisors and RECE Home Visitors in 2022 and will provide \$1 per hour wage increases per year beginning in 2023, up to a maximum of \$25 per hour.

This year enrolled licensees are required to bring the wage of all eligible staff up to the wage floor of \$18/\$20 per hour, plus benefits. The wage increase for 2022 came into effect April 1, 2022. For the following years, the wage increase will come into effect on January 1 of each year.

To be eligible for the \$1 per hour annual increase, the staff's wage must be equal to or greater than the wage floor and less than \$25 per hour. Staff earning at or above \$25 are not eligible for the annual \$1 per hour increase.

Licensees who choose to participate in the CWELCC system will be required to implement wage improvements and share the details with eligible staff for their information.

The agreement will support new early childhood educators, and support improved, stable compensation for Registered Early Childhood Educators working in participating licensed child care, including those providing child care for children six to 12 years old.

Over the summer/fall, the ministry will be consulting on the development of additional initiatives to support recruitment and retention in the sector.

24. Who is eligible for workforce compensation funding under the CWELCC system?

To be eligible for workforce compensation funding, staff must be employed in a licensed child care centre or home child care agency that is participating in the CWELCC system and be in a position categorized as:

- RECE Program Staff, or
- RECE Child Care Supervisor, or
- RECE Home Child Care Visitor.

25. Are non-RECE staff (e.g. director approved staff, non-RECE program staff, kitchen staff, administration staff) or home child care providers eligible for workforce compensation funding under the CWELCC system?

At this time, non-RECE staff are not eligible for the CWELCC system wage floor or annual \$1 per hour increase. Licensees may be eligible for funding through the minimum wage offset provided by the province as outlined in the CWELCC Guidelines in the Minimum Wage Offset Eligibility section.

Funding provided for fee reduction in 2022 has been indexed to inflation, which provides an opportunity to support increased costs, including compensation.

Home child care providers are not eligible for workforce compensation funding. In contrast to the eligible position categories, there is no legislative requirement for home child care providers to be RECEs.

26. Is the staff compensation component of CWELCC only for staff that make less than \$18/hour, or can it be used to subsidize staff salaries even if licensees already pay them more than the wage floor?

The wage floor is intended to support lower income earners that make less than the wage floor. The annual \$1 per hour wage increase is provided to eligible staff who earn below the \$25 per hour cap. Workforce compensation funding, including the wage floor and the annual \$1 per hour increase, must first be directed to eligible staff to increase wages and benefits.

Once these requirements are met, there will be flexibility with respect to the use of workforce compensation funding to address other CWELCC system requirements (e.g., fee reduction). In addition, funding provided for fee reduction in 2022 has been indexed to inflation, which provides an opportunity to support increased costs, including compensation.

Additionally, the previous direction outlined in the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022) continues to remain in effect, with the exception of the new investments described in the CWELCC Guidelines, until they are superseded or replaced by a revised guideline.

The Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022) indicate that service system managers are required to:

- ensure that funds are used in accordance with the service agreement and the Ontario's policies, procedures, and guidelines;
- monitor the use of funds with service providers on an annual basis; and,
- reconcile service provider use of funds and recover funds as required.

Once these requirements are met, service system managers can apply financial flexibility as per of the Child Care Financial Flexibility Diagram that illustrates spending flexibility available between allocation mechanisms and child care expenses/programs.