# 2025 Canada-Wide Early Learning and Child Care (CWELCC) Cost-Based Funding Guidelines

## Questions and Answers
## October 2024

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## Cost-Based Funding Approach

**Q54. Why is there a new funding approach?**

A54. Halton Region is the Service System Manager for early years and child care in Halton. In this capacity, the Region is required by the Ministry of Education to implement this new funding approach. The Ministry of Education, as primary funder of early years and child care, sets out program and funding requirements that the Region must implement for the CWELCC system, and other early years and child care funding. Halton Region cannot change the funding approach locally for Halton child care operators.

The new cost-based funding approach marks a significant shift from the revenue replacement model that runs until December 31, 2024. Under the new provincial funding model, child care operators will receive a benchmark allocation based on standardized cost-based metrics of typical costs to operate child care. These costs and the associated allocation have been determined by the Ministry of Education. This will ensure similar child care centres receive comparable levels of funding. Child care operators will have flexibility to use these allocations to cover eligible costs related to the delivery of licensed child care.

The Ministry of Education has stated that this approach provides certainty, transparency, and equal treatment, while safeguarding the use of public CWELCC funds. The intention of the new Cost-Based Funding model is to provide a simplified funding allocation that better reflects the true cost of providing child care.

**Q55. Will operators need to sign a new service agreement with Halton Region?**

A55: At this time, operators are not required to sign a new service agreement with Halton Region due to the announcement of a new cost-based funding approach for 2025.

The CWELCC Schedule within the current Child Care Service Management or Wage Enhancement Grant Agreements relates specifically to CWELCC funding and requires the Region to determine an operator's CWELCC funding amount "in accordance with the *Child Care and Early Years Act* and the Guidelines". The term "Guidelines" is defined in the agreement to include guidelines issued from time to time by the Ministry in relation to funding provided under the agreement. This means that the Region is required, even under the current agreement, to implement any changes or updates introduced by the Ministry to the funding model, including the recently announced change to a cost-based funding model.

**Q56. Will there be another stream of funding (either within the benchmark or legacy) that will replace the cost-escalation in the new model?**

A56. Cost escalation funding will not be provided as a separate allocation in the 2025 Cost-Based Funding Approach. The Ministry of Education has indicated that the new funding approach accounts for cost escalation and other policy changes.

The benchmarks for the calendar year, as set out by the Ministry of Education, are based on statistical analysis of data collected from the child care sector (and other sources) and account for cost escalation. For legacy top-up, the Ministry has included a cost escalation factor and operating scaling factor to adjust 2023 legacy costs, recognizing that costs may have changed between 2023 and 2025.

**Q57. In the case of muti-site centres, can operators offset any shortages in funding with another centres' funding? Will operators reconcile as one organization?**

A57. Cost-based funding is calculated for each eligible centre/agency (that is, at the licence level), even if managed by the same licensee. Multi-site licensees will receive cost-based funding allocations, and need to track eligible costs, at the licence level. Halton Region will then reconcile at year end for each eligible centre/agency. Funding cannot be reallocated between licenses.

## Benchmark Allocations

**Q58. How are the costs associated with providing additional services (i.e. French and music lessons) covered within the new funding approach?**

A58. The benchmark allocations are based on typical costs so an eligible centre's cost structure may not align with the benchmark allocations. Each operator has flexibility within the funding model as each individual, eligible costs do not need to align with each benchmark allocation component. For example, some centres/agencies may have relatively high operations costs but low accommodations costs and can use the funding within their allocation as needed.

Operators can also apply for a legacy top-up if the benchmark allocation is insufficient. To account for differences in 2025, a legacy top-up can support operators in the transition to cost-based funding, if their eligible costs will exceed their benchmark allocations for the calendar year. This is to avoid legacy centres/agencies having to unnecessarily and significantly change their operating models due to the implementation of cost-based funding.

There is no requirement introduced through the new model to discontinue offering additional services that have been offered as part of base fees. If additional services such as French and music lessons are included in the base fees, this can continue to take place and associated costs may be included as eligible expenses. The programs and services (including program quality, hours, availability, and other elements) offered as of March 27, 2022 under the operator's base fee must be maintained. Families should not experience any reduction in service offerings, or surcharges from services that were originally part of base fees prior to the introduction of CWELCC.

**Q59. How is the CWELC ancillary staff multiplier taking into account the staff experience and qualifications?**

A59. The ancillary multiplier is a standardized metric determined by the Ministry of Education. It is intended to reflect typical ancillary costs (such as supplementary benefits or supply coverage for vacation days and sick days). The ancillary multiplier is a constant and does not change based on staff experience or qualification level.

**Q60. Are mandatory benefits and deductions (CPP/EI/EHT/Vacation) included in the ancillary benefits for program staff and supervisors?**

A60. The ancillary multiplier is a standardized metric determined by the Ministry of Education. It is intended to reflect typical ancillary costs multiplier is a standardized metric determined by the Ministry of Education. It is intended to reflect costs such as supplementary benefits or supply coverage for vacation days and sick days. In addition, the benchmark allocation for program staff and supervisors is intended to include benefits costs. Program staffing benchmarks incorporate licensee obligations related to workforce compensation, including mandatory employer contributions and premiums (such as Canada Pension Plan, Employment Insurance, Workplace Safety Insurance Board) and Employer Health Tax, as well as provincial workforce policy.

**Q61. If an operator is significantly underspent in Program Staffing and Supervisor components, does the operator have the freedom to spend up to their benchmark for existing staff?**

A61. Yes, an operator’s individual eligible costs do not need exactly align with each benchmark allocation, as some individual costs may vary. For example, if an operator has higher accommodation costs but lower program staffing and supervisor costs, they have flexibility to reinvest underspending from staffing costs into their accommodations costs.

**Q62. Are positions such as kitchen staff or floater positions included in the program staffing component?**

A62. The operations benchmark accounts for non-program staff pay and benefits. Eligible expenses in the operations benchmark include pay and benefits of non-program staff (such as cooks), food, overhead costs (such as centralized staff, licensing or professional fees), program equipment and supplies, office expenses, utilities, cleaning, insurance, and other (such as training, advertising, transportation, IT equipment).

Operators can also apply for a legacy top-up if the benchmark allocation is insufficient to fully cover their non-program staffing costs.

**Q63. Can cost allocations change over time? Will there be a reconciliation process?**

A63. It is important to note that operators will receive an initial funding allocation for 2025 based on the data collected through the 2025 Cost-Based Funding Workbook.

The Ministry’s 2025 Cost-Based Funding Model Guidelines outline that Service System Managers (Halton Region) will compare the funding provided through the cost-based allocation to an operator’s actual cost-based funding required for the calendar year and recover any overpayments. There will be a reconciliation process to recover unused funding, which is still to be developed as the Region awaits further direction and tools from the Ministry.

The Ministry of Education’s 2025 Cost Based Funding Guidelines (pg. 8) indicate that under the cost-based funding approach, the amount of funding a licensee can receive (“Actual Cost-Based Funding”) crystalizes upon the assessment, at the time of reconciliation, of eligible costs incurred for the eligible centre/agency during the calendar year.

To ensure accountability over public funds, Cost-Based Funding Allocations set the maximum amounts that could be claimed by licensees. In other words, this cost-based approach is not a pure “cost reimbursement” model.

**Q64. The current formula for kindergarten children is only representative of partial day funding. How are the costs of non-instructional, full day programming accounted for?**

A64. The Ministry has indicated that the benchmarks apply to all programs that the operator is choosing to operate. The benchmarks were calculated considering the cost structures of all programs, including those operating in the evening, overnight and weekends, or those with longer hours. This means the benchmarks represent typical costs per space for the applicable age group.

If a legacy centre/agency’s benchmark allocation does not fully cover their eligible costs, they can apply for a legacy top-up located in section 3 of the 2025 Cost-Based Funding Workbooks distributed to operators Friday October 18, 2024.

In addition, if the expected base fee revenue calculated in cell D223 is significantly different due to the non-instructional day programming offered, please provide a comment in cell E223 and provide your forecasted base fee revenue in cell F223.

## Legacy Top-Up

**Q65: If benchmark funding is sufficient, should operators apply for legacy top-up?**

A65. Yes, if the benchmark allocation estimated in an operator’s workbook does not appear to be sufficient to cover the organization’s CWELCC eligible costs, the Region encourages operators to apply for a legacy top-up.

Legacy top-up is for legacy centres/agencies to support their legacy cost structures in the transition to cost-based funding, if such structures mean that eligible costs will exceed their individual benchmark allocations for the calendar year. Completing the legacy top-up section of the cost-based workbook can support in maximizing the estimated cost-based funding allocation.

**Q66. Is there a cap on the legacy top-up?**

A66. Legacy top-up is to support centres/agencies legacy cost structures in the transition to cost-based funding, if such structures mean that eligible costs will exceed their individual benchmark. There is no specific cap of legacy top-up however, the Region is required by the Ministry of Education to conduct cost reviews of operators with high legacy-top up allocations. In the cost reviews the operator's eligible expenses will be assessed for being attributable to the provision of child care for CWELCC eligible children, appropriate and reasonable.

**Q67. For legacy top-up, *one* controlling owner employed by the licensee can be claimed. What percentage ownership is considered to be a controlling owner?**

A67. As part of the legacy top-up, operators can add one controlling owner's compensation for labour across all licenses they operate. The compensation amount is the minimum of:

- The 2023 salary and benefits for the one controlling owner multiplied by the cost escalation factor and,
- $465, applicable to only one legacy centre/agency per operator, multiplied by the number of service days in the calendar year for that centre/agency.

The controlling owner's compensation for labour can only be claimed once per operator, including operators with more than one eligible centre/agency or operators with more than one controlling owner. The controlling owner is a decision the operator can make and it is not based on a percentage of ownership.

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

The Ministry has recently clarified however, that the Cost-Based Funding approach is intended to recognize an amount of the controlling owner's compensation for labour.

As such, the first bullet point of Step 1e in the CWELCC Cost-Based Funding Guideline (pg. 30) will be revised to make this clear, and will reflect the following type of adjustment in bold: "The 2023 compensation for labour for the one controlling owner employed by the licensee, including the salary and benefits subtracted in step 1a, and dividends in lieu of salary, multiplied by the cost escalation factor of 1.0465 as described in step 1b."

If your organization has a controlling owner and is applying for legacy top-up, please report the salary and benefits for one controlling owner in line 164 of the 2025 Cost-Based Funding Workbook. The controlling owner's compensation for labour can only be claimed once per operator, including operators with more than one eligible centre/agency or operators with more than one controlling owner.

Costs claimed in the legacy top-up will be subject to evaluation of cost eligibility, including whether the costs are attributable to the provision of child care for CWELCC eligible children, are appropriate and are reasonable.

**Q68. Does the Executive Director salary fall under Controlling Owner?**

A68. In calculating the new cost-based funding, benchmark allocations are used to represent the typical costs of providing quality child care (i.e. program staffing, supervisor, accommodations and operations). The benchmark allocation includes an operations component which can be used to support overhead costs such as Executive Director salary and benefit costs.

Controlling owner's compensation for labour is only to be added if an operator is applying for legacy top-up. If applying for the legacy top-up, and in situations where the Executive Director is the same person as the controlling owner, the executive director salary can be claimed under GIFI 8874 - Management and administration fees. In this case, no amount should be entered in for the controlling owner's compensation for labour. Please contact your program analyst if you require support determining how to report specific costs in the legacy-top up.

**Q69. Does legacy top-up funding apply only in 2025?**

A69. The legacy top-up is specifically allocated for 2025 to help centres/agencies transition to the new cost-based funding model. Starting in 2026, rolling top-up is for eligible centres/agencies who received a top-up in the previous year, such as legacy top-up. For 2026, the Ministry of Education has indicated that the rolling top-up will be calculated using the 2025 actual eligible costs. More information about rolling top-up is expected to be provided by the Ministry at a later date.

## Allocation in Lieu of Profit/Surplus

**Q70. In the case of a child care with multiple owners, is the allocation of profit 8%, or will there be a different arrangement for centres with multiple owners?**

A70. The controlling owner's compensation for labour can only be claimed once per operator, including operators with more than one eligible centre/agency or operators with more than one controlling owner.

In addition to controlling owner's compensation for labour, operators will receive an allocation in lieu of profit/surplus. This allocation is separate from the controlling owner's compensation. The amount in lieu of profit/surplus is not calculated based on how many controlling owners an operator may have. It is calculated for each centre/license as follows:

- The base rate amount of 4.25% multiplied by the program cost allocation, which includes the benchmark allocation and top-ups; plus

- The premium rate amount, where the Region will multiply the premium rate of 3.5% by the benchmark allocation; plus
- A flat amount of $6,000 added for the eligible centre or agency.

Together, these components are added together to provide the total allocation in lieu of profit/surplus.

**Q71. How will the 2025 CWELCC Cost-Based Funding Approach address shareholders who typically receive dividends?**

A71. The Ministry of Education has indicated that an average profit/surplus margin of 8% is about double what was seen in the sector in 2022 – and is higher than investments with moderate to low risk. Also, unlike revenue replacement or free market approaches, no licensee will experience losses with respect to the cost caring for eligible children under this approach. The cost-based funding ensures everyone receives a guaranteed return.

Additionally, the Cost-Based Funding Guideline does not impose any restrictions on how the amount in lieu of profit/surplus can be used. Licensees are free to use this amount as they see fit – such as reinvesting in child care or compensation to shareholders.

The approach provides certainty, transparency, and equal treatment while also helping safeguard the sound and reasonable use of public funds, ensuring that costs and earnings of licensees that participate in the CWELCC system are reasonable, as required by section 4.2 of the CWELCC agreement.

## Base Fees, Non-Base Fees and Fee Reduction

**Q72. Are non-base fees, such as trips and extracurriculars, covered under this funding?**

A72. Non-base fees are optional items or services that parents/caregivers are not required to pay to receive child care. Operators can continue with their non-base fees that were in place as of March 2022. Non-base fees are not included in the calculation of cost-based funding and do not need to be included in the 2025 Cost-Based Funding Workbook.

**Q73. If fees are capped at $22 per day, does that mean all CWELCC age groups pay the same rate?**

A73. To support the transition to a $10 per day average fees by the end of 2025-26, child care base fees for CWELCC operators will be capped at $22 per day, effective January 1, 2025. This means that, starting January 1, 2025, base fees would be either $22 or the current reduced base fee charged to parents on December 31, 2024, whichever is less. If families are currently paying less than $22 per day (e.g. a fee that is under the cap) their fee will stay the same. The $22 per day fee cap applies across all CWELCC eligible age groups. It is important to note that the reduction in base fees is subject to Regulatory approvals and is still to be confirmed by the Province.

**Q74. Do we charge subsidized families $22/day as well?**

A74. Families in receipt of fee subsidy will pay their daily parental contribution as indicated on the CSF 30 issued by their child care representative.

**Q75. How will half day program fees shift in the future?**

A75. At this time the Province has not released any direction on shifting half day program fees specifically. To support the transition to a $10 per day average fees by the end of 2025-26, child care base fees for CWELCC operators will be capped at $22 per day, effective January 1, 2025. This means that, starting January 1, 2025, base fees would be either $22 or the current reduced base fee charged to parents on December 31, 2024, whichever is less. If families are currently paying less than $22 per day (e.g. a fee that is under the cap), which may be the case in half day programs, their fee will stay the same. It is important to note that the reduction in base fees is subject to Regulatory approvals and is still to be confirmed by the Province.

The 2025 Cost-Based Funding approach moves away from a revenue replacement model, to fund the operational costs of providing high quality child care. This is a fundamental shift in how CWELCC operators will be funded. Under the new cost-based funding model, operators will receive benchmark funding that is representative of the typical costs of providing high-quality child care in Ontario, and are able to apply for legacy top-ups if the benchmark funding is insufficient.

**Q76. Childcare fees have been frozen for over two years. Is this being considered?**

A76. The current 2024 CWELCC revenue replacement approach funds operators based on revenue loss due to mandatory fee reductions for families. The 2025 Cost-Based Funding approach moves away from a revenue replacement model, to fund the operational costs of providing high quality child care. This is a fundamental shift in how CWELCC operators will be funded.

Under the new cost-based funding model, operators will receive benchmark funding that is representative of the typical costs of providing high-quality child care in Ontario. If the benchmark funding is not sufficient to cover a centre’s costs, operators will be able to apply for legacy top-up funding.

**Q77. If I have multiple different rates, how do I calculate the base-fee revenue?**

A77. The estimated base fee revenue is the sum of the base fee revenue associated with each operating space for eligible children. To calculate the estimated base fee revenue, operators will take the total number of operating spaces that are charged each different daily base fee, multiplied by that base fee, multiplied by the number of service days those spaces would be charged that base fee. Then operators can add all the different base fees that apply to eligible children. Expected registration fees or other mandatory fees should also be included in Estimated Base Fee Revenue. Please see example below:

| Fee Type | Daily base fee | | Number of operating spaces | | Number of service days | Total |
|---|---|---|---|---|---|---|
| Full time infant rate | $21 | x | 24 | x | 261 | $131, 544 |
| Part time infant rate | $22 | x | 15 | x | 261 | $86,130 |
| | | | | | Mandatory fees and registration fees | $12,500 |
| | | | | | Estimated base fee revenue | $230,174 |

Operators can provide comments in Section 8: Expected Base Fee Revenue Offset of their 2025 Cost Based Funding Workbook, if the expected base fee revenue is significantly different from the value calculated. In the example above, the estimated base fee revenue calculated by the operator would be added to the ‘Licensee Forecast Base Fee Revenue’ cell.

## Eligible Expenses

**Q78. How do operators apply for capital expenditures or major renovation costs?**

A78. As per the 2025 CWELCC Cost-Based Funding Guidelines, costs for capital renewal for major repairs of sites of existing spaces are not eligible costs. Operators should plan proactively for non-discretionary costs and consider using other revenue sources available such as reserves and non-base fee revenue, other government funding or loans to cover such costs.

The Ministry is not providing a separate funding allocation to support emergency, unexpected costs in 2025. The Region has been directed by the Ministry to do an in-year reconciliation to recover cost-based funding overpayments from operators to redistribute as necessary. Funding recovered in-year may be reallocated to support emergency expenses, however this is not guaranteed.

Further, should there be a need to borrow to address an emergency, operators should be aware that financing costs could be eligible costs under cost-based funding.

**Q79. How will eligible costs be assessed under the new funding approach?**

A79. The 2025 Cost-Based Funding approach moves away from a revenue replacement model, to fund the operational costs of providing high quality child care. This is a fundamental shift in how CWELCC operators will be funded. Under the new cost-based funding model, operators will receive benchmark funding that is representative of the typical costs of providing high-quality child care in Ontario. If the benchmark funding is not sufficient to cover a centre’s costs, operators will be able to apply for legacy top-up funding.

Eligible expenses will be determined by focusing on three core principles. Expenses must be:

1. Attributable, directly or indirectly, for the provision of child care included in base fees;

2. Appropriate in nature and character for the provision of child care for eligible children. This means that they:
   - Represent types of costs that are necessary or would reasonably be expected to be incurred by an ordinary prudent person in the operation of a comparable business providing child care for eligible children
   - Provide due regard for access and inclusion, health and safety and quality; and
3. Reasonable for the quality of the good or service and the amount incurred.

**Q80. Are franchisee fees covered in cost-based funding?**

A80. Franchisee fees may be an eligible expense, if incurred for the purpose of operating an eligible child care centre and necessary to that operation or if an ordinary, prudent person in the operation of a comparable child care business would incur such a fee.

If an operator is applying for a legacy-top up, franchise fees may be included in row 145 of the workbook - Reimbursement of parent company expense (corporations only) - GIFI 9272.

## Operating Capacity

**Q81. How should the data be reported in the workbook for programs that have different children attending for the morning and afternoon programs (i.e. nursery programs)?**

A81. We recognize programs have a unique operating model and we will work with operators through the data collection workbook validation process to ensure data aligns with the Ministry of Education's guidelines to calculate the benchmark allocation.

To keep the calculation as simple as possible while trying to represent the true costs of providing child care in Ontario, cost-based funding is provided based on spaces and not children enrolled in the spaces. The number of operating spaces reported in the calculator should reflect this guidance from the Ministry of Education.

The number that has been auto-populated in the workbook reflects each operator's licensed capacity. Please report your operating capacity in cell E35. Please count each operating space once (i.e. 12 as opposed to 24) and in cell E37, please provide the service hours for the program. The service hours should capture both the morning and afternoon program.

In Halton Region's 2025 Cost-Based Funding workbook, there are opportunities to add comments on possible discrepancies in the calculation based on pre-populated data. Please add any relevant comments and the program analyst assigned to your organization may reach out for further discussion.

**Q82. What is alternate capacity?**

A82. The Ministry of Education is responsible for licensing child care centres in Ontario and providing approval for alternate licensed capacity.

Alternate capacity is when a child care operator has one or more of the rooms in their proposed program licensed with an alternate capacity. The primary use of the room may be licensed for a capacity of # and age group of children but alternately, you can operate the room with a capacity of # and age group of children.

For example: Room 2 is licensed for a capacity of 15 toddler children or an alternate capacity of 15 preschool children. The alternate capacity cannot exceed the primary capacity of the room.

**Q83. How does alternate capacity contribute to the CWELCC cost-based funding calculations?**

A83. The 2025 Cost-Based Funding workbook utilizes pre-populated 2023 licensed space data to calculate fixed costs (e.g. accommodations). Operating spaces are used in calculations of variable costs (e.g. staffing). Operators should report their operating spaces reflecting any alternate capacities that were in use in 2023, or that they plan to use in 2025. Operators are asked to add a comment in Section 2: Licensee Capacity and Service Information if there are discrepancies in the licensed spaces data or if they are using an alternate capacity.

## Workforce Compensation and Wage Enhancement Grant

**Q84. Did the order of operations change regarding GOG? Please confirm this change for 2024 base hourly wage calculations.**

A84. As outlined in section 6.2.6 “Order of Operations” in the 2024 CWELCC Guidelines, the order of operations for calculating wages for eligible RECEs is:

1. Base wage by employer (includes any employer-based wage improvements such as obligations from collective agreements and minimum wage increases);
2. Wage Enhancement Grant;
3. CWELCC annual wage increases of $1 per hour, compounded year over year, up to the wage eligibility ceiling for the year; and
4. CWELCC incremental amount to reach the wage floor, if applicable.

The Ministry has recently confirmed that the General Operating (GOG) and Pay Equity funding should be included in the reported base wage (step one of the above order of operations) for eligible staff. The Ministry has found that different service system managers may have been inconsistently applying provincial guidelines regarding eligibility for wage improvements (such as CWELCC wage supports). This means that staff in some regions may have received their entire CWELCC wage increases up front, rather than gradually.

In 2025, the base wages – for the purposes of determining workforce funding payments to staff (such as WEG/HCCEG or wage enhancements as part of CWELCC) – must include any GOG provided to staff to improve their wages. Staff must not see any reduction in their wages in 2025 as a result of these changes.

Please note that we are working with 2024 Ministry Guidelines at this time, as the complete guidelines for 2025 have not been released yet. The Region will develop a workforce compensation calculator to support operators in determining workforce compensation eligibility for eligible staff in 2025, once the Ministry of Education releases further guidelines to confirm the eligibility requirements.

Operators must complete the 'Wage Subsidy' section of the 2025 Cost-Based Funding Workbook. In row I, operators will input the Base Hourly Wage, excluding WEG, CWELCC, but including **GOG and Pay Equity,** any employer-based wage improvements from obligations such as collective agreements and minimum wage increases.

**Q85. Are float staff and supply staff eligible for workforce compensation? Are they to be included in the 'Wage Subsidy' tab and how should their time be reported?**

A85. Operators may enter the float and supply staff information in the Wage Subsidy tab if the staff is eligible for Wage Enhancement Grant (WEG) funding.

To be eligible to receive the full wage enhancement of $2 an hour plus 17.5 per cent in benefits, staff must:

- Be employed in a licensed child care centre or home child care agency;
- Have an associated base wage, excluding WEG, of $2 less than the wage cap of $30.59 per hour identified by the Ministry of Education (EDU) in 2024; and
- Be in a position categorized as a child care supervisor, RECE, home childcare visitor, or otherwise counted toward adult to child ratios under the Child Care and Early Years Act, 2014 (CCEYA).

Where an eligible centre-based or home visitor position has an associated base wage rate, excluding WEG, between $28.60 and $30.58 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to $30.59 per hour without exceeding the cap.

WEG funding is to be provided in addition to existing staff wages, including General Operating Grant (GOG) funding. Therefore, the associated base wage must exclude WEG, but include GOG funding.

To be eligible for CWELCC workforce compensation funding (annual wage increase and wage floor), staff must be employed by a child care operator that is participating in the CWELCC System, be a Registered Early Childhood Educator (RECE) program staff, an RECE supervisor or an RECE home child care visitor and receive Wage Enhancement Grant (WEG) funding. The only exception for non-program staff (cooks, custodial and other non-program staff positions) is they hold an RECE designation and the position spends at least 25 per cent of their time to support ratio requirements as outlined in the CCEYA, in which case the staff would be eligible for the wage floor and annual wage increase for the hours they are supporting the ratio requirements.

Please note that we are working with 2024 Ministry Guidelines at this time, as the complete Guidelines for 2025 have not been released yet. We are hoping to receive the Guidelines shortly and will update operators if there are any changes to workforce compensation.

**Q86. Will there be minimum wage offset funding in 2025?**

A86. There will not be a separate funding allocation to fund operators for increases to minimum wage. This is a change in approach from the Ministry of Education's 2022 and 2023 revenue replacement approach where operators may have been eligible to receive Minimum Wage Offset funding. The Ministry of Education has indicated that new funding approach accounts for cost escalation and other policy changes.

**Q87. Where is non-RECE staff data inputted into the workbook?**

A87. Non-RECE staff data can be included in the Wage Subsidy tab. Row E will reflect their designation (i.e. RECE, non-RECE, Director Approved).

**Q88. The 2024 wage floor for RECE program staff is $23.86. Will this increase for 2025?**

A88. Per current Guidelines, the 2025 wage floor for RECE program staff is $24.86/hour, and $25.86/hour for RECE child care supervisors or RECE home child care visitors.

The workforce compensation funding approach for CWELCC is anticipated to remain the same, however the Ministry of Education has not yet released the CWELCC Guidelines for 2025 to confirm this. CWELCC operators are required to increase the hourly wage of eligible RECE staff by $1/hour, plus benefits on January 1st, of each year, compounded from the previous year, from 2023 to 2026 up to the wage eligibility ceiling. The wage floor for 2025 will also come into effect on January 1. The Region expects to receive 2025 Ministry of Education CWELCC Guidelines soon and will update operators if there are any changes.

**Q89. Do all operators need to complete the Wage Subsidy tab, regardless of applying for legacy top-up?**

A89. Yes the Wage Subsidy tab is mandatory for all CWELCC operators to complete.

The information entered in the Wage Subsidy tab will be used for, but not limited to, the following objectives:

1) to calculate an estimated Legacy Top-up allocation (available in 2025 to existing operators only);
2) to provide the estimated 2025 Wage Enhancement Grant and Workforce Compensation totals by site for staff supporting 6 to 12; and
3) to support reporting to the Ministry of Education.

Please note that we are working with 2024 Ministry Guidelines at this time, as the completed Guidelines for 2025 have not been released yet. The WEG hourly cap and CWELCC Annual Increase and Wage Floor eligibility rates reflect current Ministry communication. The Region expects to receive 2025 Ministry of Education CWELCC Guidelines soon and will update operators if there are any changes.

## Programs serving children ages 6-12

**Q90. In the past, WEG, GOG and cost-escalation funding could be used to support the 6-12 portion of a child care business. In 2025, will WEG and GOG still be provided for this in the same manner?**

A90. CWELCC-enrolled operators will continue to receive WEG, GOG and CWELCC workforce compensation funding for school-age staff supporting 6-12 age groups in 2025. School-age programs are not eligible for CWELCC cost-based funding so operators will continue to run their 6-12 operations under the existing provincial licensing and regulatory framework, including setting their parent fees.

Cost escalation funding in the current CWELCC revenue replacement model can only be used to support the CWELCC eligible portion of the business (e.g. children 0-5). Cost escalation funding will not be provided as a separate allocation in the 2025 Cost-Based Funding Approach.

**Q91. Will the wage subsidy tab determine WEG/GOG funding for the 6–12 age group?**

A91. Yes, the Wage Subsidy tab will be used to determine WEG and GOG, as well as CWELCC Workforce Compensation eligibility for staff supporting 6-12 age groups. Operators will select the ‘Age Categories Supported’ to identify the staff supporting children 6-12 on the Wage Subsidy tab.

## License Revisions

**Q92. I would like to make changes to my license to add CWELCC spaces. Can the Region approve it?**

A92. Halton Region does not have any unallocated community-based CWELCC spaces at this time. The number of CWELCC spaces per region is allocated by the Ministry of Education. The next confirmed allocation of community-based spaces for Halton is 347 spaces in 2026. Since 2023, over 3,000 new CWELCC spaces have been requested by Halton operators. Demand for additional CWELCC spaces continues to be high in our community.

Operators are encouraged to review Halton Region’s Directed Growth Plan which will guide the expansion of CWELCC spaces in Halton. In October 2024, Halton Regional Council received an update on the CWELCC Directed Growth Plan for Halton (see link for further information).

As per the current 2024 CWELCC Guidelines, operators must maintain existing licensed spaces for eligible children. As part of the Ministry’s licensing process, operators currently enrolled in

CWELCC seeking a license revision must submit a request in CCLS and seek CMSM advice for any of the following changes:

- Licensed Capacity
- Age group served
- Program hours (e.g. increasing a program from less than six hours to more than six hours)
- Increase the number of approved contracted homes for licensed home child care agencies

Operators will not be able to proceed with the license revision unless the Region has approved the revision for the purpose of CWELCC funding. Operators are encouraged to contact the assigned Halton Region Program Analyst to discuss the license revision prior to submitting the request in CCLS.

Operators can move forward with a licensing revision for non-CWELCC funded spaces for children 0 to 5. Operators will need to work directly with their Ministry Program Advisor to do so and should be aware that request will not be approved by Halton Region for CWELCC funding at this time.

## Workbook Completion

**Q93. In the workbook under Section 1, it asks for a 2023 audited financial statement. What if a centre has an audited financial statement ending before December 31, 2023?**

A93. In determining an operator's cost-based funding allocation, 2023 audited financial statement (AFS) costs are used to calculate legacy costs, with scaling factors applied. The 2023 AFS covers the period for the operator's fiscal year ending in 2023. For example, if an organization has a fiscal year end of August 31, the AFS to be used would be the AFS for the fiscal year period of September 1, 2022 to August 31, 2023.

**Q94. What happens if a center cannot submit the workbook by the deadline?**

A94. Timely submission of the cost-based workbook is important. Delays or extensions in operator submissions may lead to delays in the Region providing full and accurate allocations by the January 1, 2025 prescribed provincial implementation date. Please contact your program analyst if you anticipate challenges with submitting the workbook by the deadline or require additional support to complete your workbook.

**Q95. Where should one-time registration fees or revenue be recorded in the workbook**

A95. Operators should input data into cell D224 for expected revenue from registration fees or other mandatory fees. Revenue collected from parents for registration fees is included in the base fee revenue offset which is subtracted from the cost-based funding allocation. As a reminder registration fees should be reduced by 52.75% as of January 1, 2025 and are not subject to the $22 cap.

**Q96. What should be categorized under occupancy costs, considering utilities are listed separately?**

A96. For the calculation of the legacy top-up, in Section 3 - Licensee Financial Auditable Information required for Legacy Top-Up, row 95, Occupancy costs (GIFI 8912) refer to costs incurred if the business corporation has a home office and can deduct part of home expenses. This is different than real estate rental (GIFI 8911) as this includes apartment, building, land and office rentals.

## Licensed Home Child Care

**Q97. The benchmark calculator multiplies the number of active homes by the number of days. Many agencies now have more active homes. How will this be addressed?**

A97. Agencies will report the number of active homes in 2025 which is used in the calculation of the benchmark allocation. If the benchmark allocation produced for the licensed home child care agency is not sufficient to cover costs, then the agency should apply for legacy top up.

## Next Steps

**Q98. Once the workbook is complete, when can operators expect allocation amounts?**

A98. CWELCC operators must complete the required workbook(s) for their centre or agency and submit them to childcarefunding@halton.ca no later than **November 6, 2024**. Timely submission of this information is important. Delays or extensions in operator submissions may lead to delays in the Region providing full and accurate allocations by the January 1, 2025, prescribed provincial implementation date.

After Halton Region has had an opportunity to review and validate the data submitted, estimated Cost-Based Funding allocations will be confirmed in a memo to each operator. Allocations are expected to be communicated to CWELCC operators in early December 2024.

**Q99. Will the total funding on Line 237 be divided into 12 monthly payments?**

A99. The total cost-based funding allocation is anticipated be distributed to operators through monthly payments and the Region will confirm this when allocations are communicated to operators.

**Q100. Will there be another webinar on the new approach?**

A100. An additional webinar is not planned for the remainer of 2024. The Region's focus will be reviewing the workbooks to provide operator's estimated Cost-Based Funding allocation in early December. Operators are encouraged to contact their program analyst with any outstanding questions.

## Jurisdictional Differences

**Q101. How was the geographic adjustment factor for Halton determined?**

A101. Cost-based benchmark allocations are adjusted for regional differences by applying the appropriate geographic adjustment factor. The Ministry of Education determined the geographic adjustment factor for Halton Region of 0.87; the same factor that applies to Toronto-surrounding areas and the Kitchener – Waterloo - Barrie area. The Region does not have the ability to change the geographic adjustment factor, it is determined by the Province.

**Q102. Was the cost-based workbook created by Halton Region, the Ministry of Education, or a third-party consultant?**

A102. The cost-based funding workbook was developed by Halton Region. The Ministry of Education tools were utilized to inform the development of Halton Region's workbook. Consultation with other Service System Managers also took place to support consistency of approaches where possible. There may be some variation in approaches or data collected across regions to reflect local circumstances.

**Q103. Should other child care centres in other regions be considered in our Halton Region workbook?**

A103. No, only child care centres in Halton Region should be considered in the Halton Region workbook. The data reported needs to be separated for each individual license within the organization as allocations are calculated at the license-level.

## Non-CWELCC Operators & Opting Out

**Q104. What is the timeline for opting out?**

A104. Child care operators may opt-out of the CWELCC system at anytime. There is no set deadline to inform Halton Region of a decision to opt-out of CWELCC. We strongly encourage operators to provide as much notice as possible to parents regarding their intention to opt-out of the CWELCC system. It is important that families receive as much notice as possible about potential changes to child care fees and can plan accordingly.