

Provincial
Wage Enhancement Grant -
WEG
User Guide
for
Licensed Child Care Centres
& Home Visitors

January 2018



halton.ca ☎ 311



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Introduction

Purpose

The purpose of this guide is to provide the required information to eligible licensed child care operators and licensed home child care agencies, herein called 'service providers' and 'agencies', to apply, distribute and reconcile the provincial Wage Enhancement Grant (WEG) as funded by the Province of Ontario and administered by Halton Region.

Background

In 2014, the Province of Ontario and the Ministry of Education (EDU) invested \$269 million to Ontario for the following three years to support a wage enhancement in the licensed child care sector. The WEG/HCCCEG initiative is intended to be an ongoing investment.

This wage enhancement will benefit low-income child care program staff in the sector, help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario. The wage enhancement will also help close the wage gap between registered early childhood educators (RECEs) working in full-day kindergarten (FDK) programs in the publicly funded education system and RECEs/other child care program staff and providers working in licensed child care settings.

Effective 2016, the WEG funding supports an increase of up to \$2 per hour plus 17.5 percent benefits to RECEs and other child care program staff working in licensed child care centres and home visitors working with licensed home child care agencies (in 2015 WEG supported up to \$1/hour plus benefits).

Halton Region administers the WEG funding to eligible service providers and agencies who are required to follow the standards of the Halton Region Child Care Service Management agreement and this User Guide in order to comply with the requirements.

If you have questions or comments, please contact:

Child Care Services Coordinator
(905) 825-6000 ext. 2521

Eligibility Criteria

Program Eligibility

All licensed child care service providers and agencies are eligible to apply for WEG funding, and WEG Administration Grant funding if available, regardless of auspice, participation in municipal quality initiatives, or current agreement status with Halton Region (contracted vs. non-contracted).

Note: at this time, Family Support Programs are not eligible to apply for WEG funding.

Service providers and agencies are required to apply for WEG funds through an application process detailed on www.halton.ca.

Beginning in 2018, licensed centres or agencies created in 2018 are eligible to apply for WEG or HCCEG in the year the program begins operations.

WEG Policy

All service providers and agencies are required to provide a copy of their WEG Policy to Halton Region for review and approval to ensure the following key commitments are included:

- Reference to Halton Region WEG User Guide and/or guidelines;
- Identification of WEG funding on paystubs through one of the acceptable options (details included in Distribution section);
- Issue WEG payment to staff on each pay cycle and within the year that it is allocated to the service provider or agency;
- Inform staff about the WEG entitlement and process; and,
- Track and reconcile the WEG funding.

This policy must be posted, provided or available to all staff in their program.

WEG Agreement

A legally binding contract must be properly executed between Halton Region and the service provider or agency before WEG funding can be issued.

Service providers and agencies with a Child Care Service Management Agreement have met all the legal agreement requirements to receive WEG funding.

Non-contracted service providers and agencies, who do not have a Child Care Service Management Agreement, must secure a WEG agreement with Halton

Region before WEG funding will be provided. The following requirements must be met to secure the WEG agreement:

- Copy of your Insurance Certificate, with the following insurance limits and the Region of Halton added as “additional insured”:
 - Comprehensive General Liability limit of \$5 million per occurrence; and if the policy includes an aggregate limit, it must not be less than \$10 million in the aggregate;
 - If providing transportation: Automobile liability insurance limit of \$5 million per occurrence; and,
 - WSIB coverage and a copy of your existing WSIB Clearance Certificate. If your program is exempt from WSIB, please provide evidence of Employers liability or Contingent Employers Liability.
- Copy of the Articles of Incorporation, Letters Patent and the by-laws of the corporation;
- Copy of the service provider’s Conflict of Interest policy if a non profit corporation;
- Copy of the CIA AR that was filed for the corporation of filing from the Canada Revenue Agency; OR,
- Copy of the Corporate Profile Report located at www.oncorp.com dated within 30 days.

The WEG Agreement is in place for a 3 year term. Annually, a Schedule A will be issued for completion and a new corporate profile report will be required. Also, a new certificate of insurance is required upon it’s anniversary date.

Program Sale

As per the Ministry of Education 2018 Ontario Child Care and Service Management and Funding Guideline, in cases of program transfers/amalgamations, the approved wage enhancement may be distributed to staff through the transferred/amalgamated program provided there are no substantial changes to either the program offered or the staff employed under the new arrangement. Halton staff will confirm eligibility as needed with provincial staff.

Program Closure

If a service provider or agency in receipt of WEG funding closes, Halton will work with the service provider or agency to meet the accountability requirements and support payments to eligible staff for hours worked before the closure. Any unused funds will be recovered.

Persons Eligible

Eligibility is applicable to positions included on application, as well as staff eligible to receive the WEG payments.

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 agency;
- Have an associated base wage, excluding WEG, of \$2 less than the *wage cap** identified by EDU annually; and,
- Be in a position categorized as a child care supervisor, RECE, home child care visitor, or otherwise counted toward adult to child ratios under the Child Care Early Years Act (CCEYA).

Child care program positions that are in place to maintain lower adult-child ratios than required under the CCEYA, and meet the eligibility outlined above, are also eligible for WEG when working greater than 25% of their time on ratio and with the children.

Where an eligible child care centre staff or home visitor position has an associated base wage rate, excluding WEG, that's within \$2 of the *wage cap**, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to the wage cap without exceeding it.

*Wage Cap

As the intent of the WEG funding is to close the wage gap between RECEs working in publicly funded schools and RECEs/ child care program staff in licensed child care settings, EDU has established an hourly wage maximum. This wage cap aligns with the top of the existing school board Educator Salary Matrix for RECEs in FDK. The cap applies when determining entitlement and for payments to staff and home visitors.

In 2015 and 2016 the wage cap is \$26.27 per hour for child care centre staff and home visitors.

In 2017 the Ministry increased the wage cap 1.5% to \$26.68 per hour for child care centre staff and home visitors.

In 2018 the Ministry increased the wage cap approx. 1.5% to \$27.07 per hour for child care centre staff and home visitors.

Eligible Positions (Program Staff)

- Supervisors who qualify and are required under the CCEYA are eligible to receive the WEG for 100% of the time they are working in a licensed child care program;
- Program staff including Early Childhood Assistants, float staff and supply staff;
- Home visitors working with licensed home child care agencies;
- Non-program staff positions (including cooks, bus drivers, owners/administrators) may be eligible for WEG where at least 25% of the non-program staff position is used to support adult to child ratios. Staff would be eligible for WEG for the hours worked in the eligible position supporting ratio;
- Supplemental staff or support facilitators who are employed by the licensed child care program (special needs agency staff are excluded) and are supporting adult to child ratios would be eligible for WEG for the time in ratios; and,
- Child care owners who are identified as the 'approved supervisor' or 'home visitor' for the purpose of the CCEYA, and draw a salary and receive a regular pay cheque.

Ineligible Positions (Non-Program Staff)

- Cook, custodial and other non-program staff positions;
- Bus drivers - any time spent on the bus is not eligible;
- Owners, directors and administrators;
- Resource Consultants or staff employed to support the integration of children with special needs are not eligible for WEG funding if their positions are not counted toward the required adult to child ratios. They are also not eligible when they are hired and paid through a Special Needs agency and are not employed directly by licensed child care programs; and,
- Staff hired through a third party (i.e. temp agency).

Benefits Funding

Each service provider and agency will receive funding to support 17.5% benefits to meet their statutory benefit requirements. Following is a breakdown of the statutory benefits included in the 17.5%:

- CPP (Canada Pension Plan), funded at 4.95% for employer contribution;
- EI (Employment Insurance), funded at 2.63% for employer contribution;
- WSIB (Workers Safety & Insurance Board), funded at 1.10%;
- EHT (Employer Health Tax), funded at 1.23%;
- Vacation Pay, funded at 4% of gross pay per the Employment Standards Act; and,
- Public Holiday Pay, funded at 3.59%, representing the following 9.36 days: New Year's Day, Family Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Labour Day, Thanksgiving, Christmas and Boxing Day.

Once all statutory benefit requirements are met (including two weeks vacation and nine public holidays), any remaining funding within the 17.5% can be used to:

- Fund other benefit expenses paid by the employer on behalf of the employee; and,
- Support WEG salaries - there is funding flexibility from the benefit component to the salary component. Please note, this is one way funding flexibility only-- salary funding cannot be used for benefits.

Service providers and agencies that provide benefits at a higher rate than 17.5%, can use the supplemental grant for the additional benefits cost.

Application Process

WEG Application

Service providers and agencies are required to apply for WEG funds through an application process detailed on www.halton.ca. The application and instructions will be provided by Halton Region for the time frame outlined by the EDU each year. Applications will be posted for 45 days.

A separate application is required for each site. Organizations with multiple sites will be contacted by Halton Region to develop a custom application template.

Any service provider and agency that has not submitted a WEG application by the deadline will not be allocated WEG funding. Service providers and agencies who miss the application deadline may apply for WEG funding the following year.

Information on eligible positions and hours for all of the previous year will be gathered through the application process to generate the current year funding entitlement.

WEG payments to staff are based on hours worked during the funding year (i.e., 2018 WEG funding is paid to staff for eligible hours worked in 2018).

Service providers and agencies should enter total hours worked in previous year for each eligible position, including overtime hours and supply position hours. In the case of a program that opened mid-year, or expanded during the year, hours worked can be estimated for a full year.

The base hourly wage rate entered in the application form should exclude the WEG amount.

Supplemental Grant

Starting in 2016, EDU included a supplemental grant for service providers and agencies. The entitlement is automatically calculated within the applications at \$150 per FTE.

The supplemental grant gives service providers and agencies some flexibility to provide and implement WEG and must be used to support the hourly wage or benefits of staff and home visitors. It also provides service providers and agencies with flexibility to cover salary shortfalls due to increased hours in program or new staff and additional benefits, such as vacation days, sick days, and PD days, once mandatory benefits are covered.

Distribution

Payment to Service Providers & Agencies

WEG funding will be issued to a service provider and agency via direct deposit once all requirements for the legal agreement with Halton Region have been met.

The schedule of WEG funding payments to service providers and agencies will be provided by Halton Region annually.

Payments to Staff

WEG funding (including the supplemental grant) must be directed solely to licensed child care staff and home visitors to increase wages and benefits. WEG funding cannot be used to support operating costs, expansion or reduce fees.

Service providers and agencies must issue WEG funds to staff based on their hours worked during the funding year (i.e., 2018 WEG funds are issued to staff based on hours worked in 2018).

WEG payments must be made to staff on each regular pay cycle. Lump sum or quarterly payments of WEG/HCCCEG funding to staff/providers are not permitted in 2018.

All WEG payments to staff must be made before December 31.

Service providers and agencies must notify child care staff and home visitors of the amount of WEG provided to them on staff pay cheques, or through a separate letter, labeled as follows:

- Provincial child care wage enhancement grant (WEG)

Effective 2016, service providers and agencies have the flexibility to pay WEG funding to current eligible positions for their hours worked, even if the position did not exist in the previous year and was not included on the application. The flexibility to provide funding to current staff may cause a shortfall in funding for the year, in which case the supplemental grant can be used to fund some of the additional time for new staff.

Service providers and agencies in receipt of WEG funding will:

- Ensure the transparent distribution of the funds using:
 - separate account or general ledger for the WEG funds;
 - WEG funding indicated on paystub, or separate letter;
 - clear policies; and,
 - communication to staff regarding the calculation and distribution;
- Allocate the correct amount of funding to each eligible staff, using hours worked within the funding year (i.e., 2018 WEG funding is paid to staff for hours worked in 2018);
- Pay WEG to eligible staff for to all work hours, including overtime, but excluding:
 - Off-site professional learning;
 - Time off (i.e., sick time, personal leave, maternity leave, etc.); and,
 - Vacation time over 2 weeks;

- Pay WEG/benefits to eligible recipients for two weeks of vacation and public holidays;
- Ensure the salary increase does not exceed \$2 per hour in program and hourly wage does not exceed the wage cap. Operators may exceed 17.5 per cent for benefits if the supplemental grant is used to support additional benefit expenses;
- meet mandatory minimum wage and mandatory benefit requirements without WEG/HCCFG funding in order to qualify for the funding;
- Provide WEG in addition to pay equity and GOG payments;
- Cease WEG payments if a child care staff exceeds the wage cap at any time during the funding year; and,
- Make all attempts to contact staff that leave the program mid-year to ensure they receive their WEG entitlement.

If the funding received by the service provider or agency in the current year is fully spent before the end of the year, the service provider or agency is not responsible to supplement the additional funds needed.

To assist service providers and agencies, Halton will provide a distribution plan spreadsheet. Service providers and agencies do not need to submit this plan to Halton as part of their reconciliation.

Reconciliation – Service Provider Accountability

Service providers and agencies receiving WEG funding are required to reconcile the amount of funding received on an annual basis. The reconciliation provides confirmation the funding was allocated according to the funding guidelines and identifies surplus funds to be recovered.

Halton Region will provide the WEG year-end reconciliation template to the service provider and agency annually. Reconciliation will be completed for only the head office.

As part of the reconciliation, service providers and agencies will be required to sign a statement which attests that 100 % of WEG funding was provided directly to eligible child care staff.

Service providers and agencies will:

- Report only on eligible staff positions;

- Ensure that vacation and public holiday payment is extracted from the salary component and included in the benefits component for reconciliation;
- Use existing payroll method;
- Declare any unused funds;
- Not incur additional costs for employer benefits; and,
- Return the signed original reconciliation template as well as an electronic version to Halton Region by the identified due date.

Service providers and agencies will return unused funds or funds not utilized in accordance with the conditions outlined in this User Guide or Child Care Service Management Agreement. Recovery will be processed within the following funding year, or by direct payment in the case funding is not requested the following year.

In the event that Halton Region determines that a service provider or agency has failed to meet the funding conditions outlined in their agreement for the provision of WEG funding, Halton will recover all misused funds. Additionally, non-compliant service providers or agencies may be deemed ineligible to receive future wage enhancement funding.

Audit

As a means of verifying the WEG funding was distributed appropriately, an audit process is required when combined funding from WEG and General Operating Grant (GOG) exceeds \$50,000.

Annual GOG and/or WEG Received	Requirement
Under \$20,000	Accountant review not required
\$20,000 - \$50,000	<p>Accountant must review reconciliation package</p> <p>Accountant signatures required on: GOG Utilization Statement</p> <p>Designation: Chartered Professional Accountant (CPA) registered in Ontario</p> <p>Deadline: within 120 days after Service Provider's fiscal year end</p>
Over \$50,000	<p>Auditor must review applicable reconciliation packages for GOG and/or WEG and provide fully audited financial statements</p> <p>Auditor signatures required on: Applicable Supplementary Audit Review Form</p> <p>Designation: Chartered Professional Accountant (CPA) registered in Ontario with a Public Accounting License</p> <p>Deadline: within 120 days after Service Provider's fiscal year</p>

The service provider or agency is responsible to cover the cost of the audit. WEG, WEG Administration Grant and GOG funds cannot be used for this purpose.

The service provider or agency will ensure that the person(s) and firm performing the financial statement audit and signing the Supplementary Audit Review Form are independent of the service provider or agency in accordance with the Chartered Professional Accountants of Ontario Rules of Professional Conduct. The person(s) performing the financial statement audit or a member of their immediate family cannot serve as directors, officers or board members for the service provider or agency, or have a financial interest in the organization.

Random WEG Audit

Service providers and agencies will participate in random audits which provide assurance that the WEG funds have been appropriately spent and evidence of sound management practices and accountability. These audits will be completed under section 8.1 of the Child Care Service Management Agreement and section 7.3 of the WEG Agreement.

Public Inquiries

Halton Region receives public inquiries related to the WEG and responds to community questions. In the cases of community questions, Halton Region staff will provide general information and encourage callers to contact the service provider or agency directly with further questions or concerns. In the case that further involvement is needed, Halton Region will follow up with the service provider or agency directly while maintaining communication with the public.

WEG/HCEG Administration Grant

To support service providers and agencies with the implementation and administration of WEG funding, the ministry is providing administration grant funding. Service providers and agencies can use this funding to offset extra costs to administer Halton Region WEG funding on regular payments to staff and home visitors and/or creating internal processes to track and report WEG funding.

Eligible administration costs may include;

- Upgrading payment systems;
- Purchasing new computers & software;
- Paying for additional staffing hours related to WEG; and,
- Developing internal processes to track data and expenditures.

The details for administration grant funding will be posted at www.halton.ca.

Timelines

January-February	- complete reconciliation
January-February	- complete application & agreement requirements
January	- 1 st quarter payment (as per Letter of Intent)
April	- 2 nd quarter payments (adjusted as per application, net recovery)
July	- 3 rd quarter payment
October	- 4 th quarter payment