

Canada-Wide Early Learning and Child Care System (CWELCC)

2026 Halton Region Guidelines for Child Care Operators

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Section 1: Introduction

Purpose

Halton Region's Canada-Wide Early Learning and Child Care (CWELCC) Guidelines are incorporated into and form part of each Early Years and Child Care Funding Agreement between the Region and an Operator. These Guidelines set out requirements related to participation in the CWELCC System in Halton and provide direction to Operators of licensed child care centres and licensed home child care agencies to support implementation and compliance with Ministry and Regional requirements.

These Guidelines align with the Ministry's [Ontario Child Care and Early Years Funding Guidelines for Consolidated Municipal Service Managers and District Social Services Administration Boards](#) ("Ministry's Guidelines"). The Ministry's Guidelines set out the parameters of CWELCC funding investments and requirements for Service System Managers (SSMs) in administering CWELCC and other early years and child care funding.

Nothing in these Guidelines lessens or replaces an Operator's obligations under the *Child Care and Early Years Act, 2014* (CCEYA), its regulations, or any other applicable legislation. In the event of a conflict, legislative requirements shall prevail. These Guidelines are subject to updates by the Region based on provincial direction.

Operators are responsible for reviewing their Agreement including the incorporated Guidelines for full requirements related to their participation in CWELCC. The Region may exercise its discretion under the Agreement to implement remedies if the Operator fails to comply with any applicable requirement.

Operators can contact their assigned Halton Region Quality and Accountability Specialist or e-mail childcareservices@halton.ca with any questions about these Guidelines.

Halton Region's Role as Service System Manager

Halton Region is a designated SSM for child care under the CCEYA. The Province of Ontario provides funds to Halton Region to support the objectives for licensed child care programs under CWELCC, and Halton Region provides these funds to enrolled Operators. As SSM, Halton Region is required to ensure funds are used in accordance with the province's funding requirements including the Ministry's Guidelines.

Section 2: Definitions

Unless otherwise specified, the terms used in these Guidelines have the same meaning as set out under the CCEYA, its regulations and the Agreement.

“Active Home” means a home child care premises, overseen by an Eligible Agency, at which child care is currently being provided to at least one Eligible Child or that plans to accept at least one Eligible Child during the calendar year.

“Active Home Seat” means a child care space in an Active Home, in which an Eligible Child is enrolled or could be enrolled immediately (without the need for additional, essential steps to accommodate that child) at any given point on a particular Service Day, and in respect of which the home or agency charges a Base Fee for enrolled children.

“Actual Amount in Lieu of Profit/Surplus” refers to an amount that recognizes opportunity costs associated with CWELCC enrollment and the risk of running a business, or for Operators to reinvest in child care.

“Actual Base Fee Revenue Offset” refers to the amount of Base Fee Revenue earned from families and fee subsidy revenue for Eligible Children in the calendar year. This amount cannot be lower than the Expected Base Fee Revenue Offset, which is adjusted by the allowed vacancy rate.

“Actual Cost-Based Funding” refers to the lesser of the total sum of all Eligible Costs incurred for the Eligible Centre/Agency during the calendar year, and the Program Cost Allocation for the Eligible Centre/Agency.

“Actual Program Cost” refers to the actual amount of Eligible Costs incurred for an Eligible Centre/Agency to provide child care reflected in Base Fees during the calendar year, which cannot exceed the Program Cost Allocation, including any in-year adjustments.

“Agreement” means the Early Years and Child Care Funding Agreement between Halton Region and an Operator that outlines the terms and conditions of CWELCC funding and other early years and child care funding as applicable to the Operator, and other requirements for participating CWELCC programs in Halton Region.

“Base Fee” means any fee or part of a fee that is charged in respect of a child for child care, including anything an Operator is required to provide under O. Reg. 137/15 or anything an Operator requires a Parent to purchase from the Operator, but does not include a Non-Base Fee.

“Benchmark Allocation” means the typical costs of providing quality child care in a geographic region, based on planned Operating Spaces.

“CCEYA” means the *Child Care and Early Years Act, 2014*, S.O. 2014, c. 11, Sched. 1, including Ontario Regulation 137/15 (O. Reg. 137/15) and any other regulations made under the Act, as amended or successor legislation

“**CCLS**” means Child Care Licensing System. CCLS is the Ministry’s internet-based application that manages licensing activities, including licence applications and revisions. Applicants, Operators, SSMs and Ministry staff have access to CCLS.

“**Child Care Operator**” or “**Operator**” for the purposes of these Guidelines means a licensed child care centre under the CCEYA or a licensed home child care agency.

“**Cost-Based Funding**” refers to the funding approach for CWELCC to better reflect the true cost of providing child care, in which Operators are funded based on Eligible Costs incurred in the calendar year, up to a maximum amount determined through a Ministry prescribed formula.

“**CWELCC**” means the Canada-Wide Early Learning and Child Care System for early years and child care and the related funding provided to support it through an agreement between the Province of Ontario and the Government of Canada.

“**Eligible Centre/Agency**” means a child care centre or home child care agency that is:

- a) enrolled in CWELCC; and
- b) eligible for funding under CWELCC.

“**Eligible Child(ren)**” means:

- a) any child, until the last day of the month in which the child turns six years old, irrespective of the type of licensed child care program in which the child is enrolled, and
- b) up until June 30 in a calendar year, any child who
 - i. turns six years old before July 1 of 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.

“**Eligible Costs**” means costs incurred in respect of an Eligible Centre/Agency in the calendar year for the purpose of providing licensed child care for Eligible Children, and which are:

- a) attributable to the provision of child care included in the Base Fee for Eligible Children;
- b) appropriate for the provision of child care for Eligible Children; and,
- c) reasonable in quality and amount incurred, having regard to all the relevant circumstances.

For greater certainty, the following are not Eligible Costs:

- a) costs deemed to be in lieu of profits (such as in-kind benefits or perks directly or indirectly for the benefit of a controlling owner);
- b) costs for capital renewal for major repairs of sites of existing spaces;
- c) financing costs exceeding Canada Small Business Financing Program Rates;
- d) costs funded by another public source or reimbursed by another source (such as by insurance claims); and,
- e) any penalties, fines, forfeitures, or liquidated damages.

“Enrollment Date” means the date when an Agreement between Halton Region and the Operator becomes effective.

“Existing Centre/Agency” means an Eligible Centre/Agency that is not a New Centre/Agency.

“Expected Base Fee Revenue Offset” means the amount of Base Fee Revenue estimated to be earned in the calendar year based on planned Operating Spaces. This amount is adjusted by an allowed vacancy rate when it offsets the Program Costs Allocation (for example, recognizing turnover).

“Growth Top-Up” is an allocation for new centres/agencies in the calendar year, or Existing Centres/Agencies that expand with new Licensed Spaces/Active Homes in the calendar year.

“Halton’s Directed Growth Plan” means the plan developed by Halton Region to create new child care spaces in Halton Region’s jurisdiction in accordance with the principles set out in the document provided by the Ministry to Halton Region entitled, [“Ontario’s Access and Inclusion Framework 2023”](#), dated June 2023. The plan provides information to Operators about CWELCC enrollment and expansion and aligns with the Ministry’s space allocations for Halton Region.

“Legacy Centre/Agency” means an Eligible Centre/Agency:

- (a) enrolled in CWELCC on or before August 14, 2024 and that has maintained a continuous Agreement with Halton Region since that date; or,
- (b) that submitted an application for enrollment in CWELCC on or before August 14, 2024, which application was not withdrawn at any time following August 14, 2024 and, as a result of that application, was enrolled in CWELCC and has maintained a continuous Agreement with Halton Region since the date of enrollment.

“Legacy Top-Up” was an allocation for Legacy Centres/Agencies provided in 2025 to support their legacy cost structures in the transition to Cost-Based funding, if such structures meant that Eligible Costs exceeded their individual Benchmark Allocations for the calendar year.

“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 the child care centre; or
- For licensed home child care agencies, 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.

“Licensed Space” means a child care space in an Eligible Centre, in which, pursuant to the centre’s licence, the centre is authorized to enrol a child (not required to be an “Operating

Space”) and charges a Base Fee for enrolled children. Alternate capacity is not considered for the purpose of counting Licensed Spaces.

“**Long-Term Vacancy**” means an Operating Space that is unused, even though sufficient staff are available to meet required ratios, and the space could be occupied, due to reasons other than those specified under “Short-Term Vacancies.” Vacancies that last longer than three months are considered Long-Term Vacancies.

“**Ministry**” means the Ministry of Education and its successors and any other Ministry that may be transferred responsibility for the CCEYA.

“**New Centre/Agency**” means an Eligible Centre/Agency in the first calendar year enrolled in CWELCC (cannot be a Legacy Centre/Agency).

“**Non-Base Fee**” means, (a) any fees charged for optional items or optional services, such as transportation or field trips, or (b) any fees charged pursuant to an agreement between the Parent and the Operator in respect of circumstances where the Parent fails to meet the terms of the agreement, such as, (i) fees for picking up a child late, and (ii) fees to obtain items that the Parent agreed to provide for their child but failed to provide.

“**Non-Compliance**” refers to an Operator not meeting requirements stated in Halton Region’s or the Ministry’s CWELCC Guidelines, and the Agreement.

“**Operating Capacity**” means the number of children the centre/home child care is planning to serve as per the Operator’s staffing complement and budget, to a maximum ceiling of the Licensed Capacity.

“**Operating Space**” means a child care space in an Eligible Centre, in which an Eligible Child is enrolled or could be enrolled immediately (without the need for additional, essential steps to accommodate that child, such as hiring additional staff to meet regulatory requirements) at any given point on a particular Service Day, and in respect of which the centre charges a Base Fee for enrolled children. Alternate capacity is considered for the purpose of counting Operating Spaces.

“**Parent**” includes a person having lawful custody of a child or a person who has a demonstrated intention to treat a child as a child of his or her family. This includes caregivers and guardians.

“**Quality System Framework**” means the Region’s endorsed Quality System Framework as described in the Quality Schedule of the Agreement.

“**Quality Engagement Cycle**” means the process that Operators must participate in to demonstrate their commitment to quality early learning and child care which includes, but is not limited to, site visits and meetings with Regional staff, completion and submission of required data and documentation, collaborative goal setting, and the development and implementation of action plans.

“Reconciliation” refers to the comparison between the funding provided to an Eligible Centre/Agency and the Eligible Centre’s/Agency’s Actual Cost-Based Funding for the calendar year.

“Resource Consultant” means an individual appointed or otherwise designated by the Region to support the Operator’s educators to build their capacity to support child development and the active and meaningful participation of children in their programs.

“Rolling Top-Up” is an allocation for Centres/Agencies who received a top-up in the previous calendar year (either Legacy Top-up, Rolling Top-Up, or some combination) to ensure that cost structures are covered from one calendar year to the next. (Only applies to calendar years after 2025).

“Service Day” means a 24-hour period that begins in the calendar year, starting at the time the Eligible Centre or Active Home normally first begins to accept children into care or the end of the previous 24-hour period, during which the Operator is enrolled in CWELCC in respect of the Eligible Centre/Agency and charges a Base Fee per the Parent Handbook, even if the centre or home is not open (statutory holidays where Parents are charged fees). The number of Service Days in a calendar year cannot exceed the number of calendar days in the calendar year.

“Service System Manager” means a municipality or district social services administration board designated by the regulations as a Service System Manager in accordance with subsection 65 (1) of the CCEYA.

“Short-Term Vacancy” means an Operating Space that is temporarily unused. These Vacancies may occur periodically due to normal transitions and operational change. Typically, these Vacancies last no longer than three months.

“Special Needs” means a child whose cognitive, physical, social, emotional or communicative needs, or whose needs relating to overall development, are of such a nature that additional supports are required for the child.

“Tiered Model” refers to a three-level approach to inclusion that provides varying levels of support based on the needs of children and educators:

- Tier 1 – Universal Design for Learning (Class-Wide Support): Offers strategies and practices that equip all educators to support the learning and participation of every child.
- Tier 2 – Targeted Inclusion Support: Provides time-limited, focused assistance for an individual child and their child care educator to address specific developmental or inclusion needs.
- Tier 3 – Child-Specific Support: Delivers intensive, individualized support for children with complex needs, including coordinated services and the development of a Family Centre Plan.

“Top-Up Allocation” supports Eligible Centres/Agencies with cost structures that exceed Benchmark Allocations, and Eligible Centres/Agencies adding new spaces/Active Homes (including new centres/agencies).

“Undue Hardship” means a substantial and demonstrable burden that cannot be reasonably mitigated. A claim of Undue Hardship may only be established where the Operator provides clear, objective evidence of:

- Significant direct financial costs, assessed in relation to the Operator’s operations after considering available funding sources and internal reallocations;
- Documented health or safety risks that cannot be addressed through reasonable modifications, supports, or risk-mitigation strategies; or
- Material operational constraints that are unavoidable and cannot be resolved through adjustments to staffing, scheduling, program delivery, resource supports, or other feasible alternatives.

“Vacancy” means an Operating Space or Active Home Seat that is not occupied by an Enrolled Child and that is not a held space, in which sufficient staff are available to meet required ratios. Vacancies are based on Operating Capacity, not Licensed Capacity. A held space means a space that Halton Region has asked an Operator to hold for it to be occupied by a child in receipt of fee subsidy or a child with special needs, in accordance with the Agreement.

Section 3: CWELCC Participation

Eligible Programs

To participate in CWELCC in Halton, Operators must:

- Be a licensed child care centre or licensed home child care agency serving Eligible Children;
- Complete and submit an application to Halton Region in accordance with the requirements set out in Ontario Regulation 137/15 of the CCEYA (“**O. Reg. 137/15**”) as well as any local application processes and requirements established by Halton Region;
- Maintain their licence in good standing in accordance with the CCEYA;
- Set and reduce Base Fees in accordance with O. Reg. 137/15 under the CCEYA;
- Demonstrate that the programs/spaces to be created are consistent with [Halton Region’s Directed Growth Plan](#);
- Maintain (and not reduce) existing licensed child care spaces for children aged 0 to 5;
- Demonstrate and maintain financial viability to the satisfaction of Halton Region; and
- Enter into an Agreement with Halton Region.

Additionally, Operators in CWELCC must:

- Demonstrate commitment to high quality, accessible and inclusive child care and early years services;

- Demonstrate commitment to high quality programming and fully and actively participate in the Region's Quality Engagement Cycle as set out in see Schedule C of the Agreement; and
- Align with [Halton Region's Early Learning and Child Care Plan \(ELCCP\)](#).

Inclusion Requirements

The Inclusion Requirements Schedule of the Agreement requires Operators to admit children without discrimination on the basis of Special Needs and requires Operators to provide accommodations up to the point of Undue Hardship.

Operators shall work collaboratively with the Region, primarily through the Region's Resource Consultants, to help build educator capacity in supporting child development and ensuring the active, meaningful participation of all children in their programs.

Further, Operators are required to engage with their Resource Consultant to promote inclusive practices in the classroom as outlined in the Tiered Model of Inclusion. This includes:

- Enabling educators to prioritize class wide supports within the natural environment, daily routines, and schedules for all children;
- Facilitating the development and review of Family Centre Plans; and;
- Participating in Family Service Coordination for families and/or the program, as needed.

Fee Subsidy Requirements

CWELCC-enrolled Operators are required to support fee subsidy placements and provide inclusive services for children with special needs. Operators shall work with the Region to develop plans to increase access for children receiving fee subsidy and children with special needs and comply with all related policies, directions and plans issued or amended by the Region.

As outlined in Section 7 of the Agreement, Operators must not cap or restrict the number of children receiving fee subsidy, nor refuse enrolment to a child on the basis that the child has been approved for fee subsidy. To increase access for children in receipt of fee subsidy and children with special needs, the Region may request that Operators hold Vacancies to help the Region coordinate placements.

The Agreement also includes a Fee Subsidy Schedule, which sets out additional Operator requirements related to participation in the fee subsidy program that Operators must comply with.

Quality Engagement Cycle

Operators in CWELCC are required to participate in the Region's Quality Engagement Cycle, which is included in the Quality Requirements Schedule of the Agreement. Through the Quality Engagement Cycle, the Region will monitor compliance and

alignment with CWELCC system goals and priorities, and establish time limited action plans for individual Operators, as needed.

The Region will actively engage with Operators to support understanding of CWELCC guidelines, reporting requirements and expectations outlined in the Agreement, including the Region's Quality and Inclusion requirements and Quality System Framework.

The Region offers workshops and capacity building opportunities for Operators, from time-to-time to support program and reporting compliance. Operators may also contact the assigned Quality and Accountability Specialist at any time regarding a reporting or compliance question.

Ineligible Programs

Unlicensed child care programs, including unlicensed home child care, authorized recreational programs and school board operated extended day programs are not eligible to participate in CWELCC.

Directed Growth Plan

The Region is required to develop a [Directed Growth Plan for Halton](#). This plan is used to guide how and where new CWELCC spaces approved by the Province for expansion are allocated.

Any future updates related to new CWELCC enrollment, expansion opportunities will be made available on Halton.ca.

Declining CWELCC Enrollment

Halton Region may decline an Operator's enrollment in CWELCC for one or more of the following reasons:

- The Operator cannot demonstrate financial viability to the Region's satisfaction or will not be operated in a manner that will be financially viable to the satisfaction of the Region;
- The Region has reason to believe the Operator could use the funding improperly;
- The proposed program or spaces are inconsistent with [Halton Region's Directed Growth Plan](#), including misalignment with Ministry-established auspice targets and the policy objectives of Ontario's CWELCC [Access and Inclusion Framework](#).

The Region may also decline an Operator's enrollment in CWELCC due to insufficient funding and CWELCC spaces from the Provincial Government.

Licence Revisions and Alternate Capacities

Licence revisions or requests to use alternate capacities that seek to add CWELCC child care spaces and/or require additional funding cannot be approved by the Region at this time due to limited space allocations and funding from the Province.

If Operators are considering a licence revision request, including any changes to spaces, age groups, alternate capacities or program hours, they must first connect with their Halton Region Quality and Accountability Specialist or contact childcareservices@halton.ca prior to submitting the request in CCLS. Quality and Accountability Specialists will work with Operators to understand the reasons for the requested licensing revision, including potential impacts to CWELCC spaces and funding.

After consulting with the Region and receiving approval for the revision, Operators can submit a licence revision in CCLS to seek formal approval from the Region and complete the licensing process with the Ministry.

Leaving the CWELCC System

If a CWELCC-enrolled Operator no longer wishes to continue in CWELCC, they may withdraw by providing written notice to Halton Region or by providing notification to terminate their Agreement as outlined in the terms and conditions of the Agreement. Halton Region will not apply any penalties on Operators for terminating the Agreement in accordance with its terms and conditions.

If an Operator has children in receipt of fee subsidy enrolled, upon the Operator's withdrawal from CWELCC, fee subsidy funding will continue in accordance with the Ministry's Guidelines until the child(ren) withdraws from program or ages out, whichever comes first. No new children approved for fee subsidy will be placed at the Centre/Agency.

An Operator who is disenrolling from CWELCC must notify the following people at least 30 days before the disenrollment date:

- A Parent of every Eligible Child enrolled at a child care centre the Operator operates or at a home child care premises that it oversees;
- Every employee of a child care centre or home child care agency the Operator operates; and
- Every home child care provider in each home child care premises that the Operator oversees.

The Operator shall not penalize a Parent for withdrawing their child from a child care centre or home child care premises, including applying financial penalties, provided that:

- a) The Parent gives notice of withdrawal within 30 days of receiving the Operator's notice of disenrollment; and
- b) at least 30 days prior to the date the parent intends to withdraw the child, unless an agreement between the Parent and the Operator authorizes the Parent to give less than 30 days notice of withdrawal.

As a result of an Operator's withdrawal from CWELCC:

- Families with Eligible Children will not benefit from the fee reduction; and
- Staff that qualify for workforce compensation will not get access to the funding.

Operators that leave CWELCC will no longer receive CWELCC funding, General Operating/Licensed Home Child Care Enhancement Funding, Wage Enhancement Funding, and other direct funding such as Enhanced Support Funding for children with complex needs, and Professional Learning Funding.

The Region will reconcile and recover repayable CWELCC funding from Operators upon termination of the Agreement.

Sale or Change in Control of a Child Care Centre or Home Child Care Agency

If an Operator that is a corporation transfers shares of the corporation in sufficient numbers that would allow the person acquiring the shares to make a change to the corporation's board of directors, the Operator will continue to be enrolled in CWELCC and must maintain the applicable Base Fees.

Upon a transfer of shares, the Operator's Agreement will be maintained and assigned (if assignment is required) and CWELCC funding will continue to be provided, subject to an eligibility review by Halton Region to ensure continuing Agreement compliance. If the eligibility review results in a determination of ineligibility, the Agreement will be terminated.

If an Operator sells substantially all of its assets and the purchaser wishes to enrol in CWELCC, the purchaser must submit a new application for enrollment and the existing Agreement will be terminated.

Operators must provide the Region with the required notice under the Agreement prior to effecting any change in control of any child care centre or home child care agency. Operators considering a transfer of shares or a sale of substantially all the assets should contact their assigned Halton Region Quality and Accountability Specialist in advance to discuss.

Section 4: CWELCC Cost-Based Funding Allocations

Cost-Based Funding Allocation Overview

The Cost-Based Funding model funds Operators based on Eligible Costs incurred in the calendar year, up to a maximum amount determined by the Ministry's mandated formula described in [Chapter 2, Division 2 of the Ontario Child Care and Early Years Funding Guidelines](#).

In 2026, the Region will collect relevant financial information from Operators to determine appropriate funding levels. Operators must complete all data collection submissions and provide supporting documentation as required by the Region to confirm costs, budgets, and operational details, whenever requested, within the timeframe stipulated by the Region.

Under Cost-Based Funding, Operators will receive a Benchmark Allocation for program costs, based on operating data and standardized metrics prescribed by the Ministry.

Funding allocations are determined by adding together the following funding components:

1. **Program Cost Allocation:** which consists of the Benchmark Allocation, Rolling Top-Up (applies only to Operators who received Legacy Top-up or Growth Top-up in 2025) and Growth Top-Up (where an Operator is approved for additional CWELCC spaces).
2. **Allocation in Lieu of Profit/Surplus:** which recognizes the opportunity, cost and risk of operating a business and allows for reinvesting in child care. This allocation is made up of the sum of three components for each licence: Base rate amount, premium rate amount and flat amount.
3. **Expected Base Fee Revenue Offset:** (Note that this component is a **negative** amount and is subtracted from the total funding allocation): For Eligible Centres, the estimated Base Fee Revenue is the sum of the Base Fee Revenue associated with each Operating Space for Eligible Children. For Eligible Agencies, the estimated Base Fee Revenue is the sum of the Base Fee Revenue associated with each Active Home Seat for Eligible Children, whether paid directly to the Agency or to the home child care provider. This amount is adjusted by a factor of 0.95 (5% vacancy rate) in 2026 to account for vacancies (for example, due to child turnover or room transition).

Non-Base Fees and other sources of revenue (e.g. donations, fundraising) are not included in the calculation of Cost-Based Funding allocations (i.e. these sources of revenue do not reduce Cost-Based funding).

Wage Enhancement Grant (WEG)/Home Child Care Enhancement Grant (HCCEG), General Operating Funding, Pay Equity and CWELCC Workforce Compensation (wage floor, annual increase and minimum wage offset) with respect to children aged 0 to 5 are built into the Benchmark Allocation.

Please note that the Ministry’s funding model calculates cost-based allocations using licensed infant, toddler, preschool and kindergarten spaces. Where no Rolling-Top is applicable, Cost-Based Funding is not provided for CWELCC eligible children in primary/junior school age or junior school age rooms. Operators are still required to reduce Base-Fees for CWELCC Eligible Children placed in primary/junior or school-age programs.

Benchmark Allocation Components – Child Care Centres

The table below summarizes each benchmark component for Eligible Centres:

Table 1: Benchmark Allocation Centres

Benchmark Component for Eligible Centres:	Eligible Costs
Program Staffing	Pay and benefits for program staff (counted towards ratio requirements).

Supervisor	Pay and benefits for supervisors.
Accommodations	Accommodations costs including rent, mortgage payments, property taxes, maintenance and minor repairs, and related costs (furniture and equipment).
Operations	All other operating costs including pay and benefits for non-program staff, food, overhead costs, program equipment and supplies, office expenses, utilities, cleaning, insurance and other (advertising, training, transportation, IT).

Benchmark Allocation Components – Home Child Care Agencies

The table below summarizes each benchmark component for eligible licensed home child care agencies:

Table 2: Benchmark Allocation Agencies

Benchmark Component for Eligible Agencies	Eligible Costs
Provider Compensation	Compensation for home child care providers.
Visitor Compensation	Compensation for home child care visitors.
Agency Operations (Variable) and Agency Operations (Fixed)	Fixed and variable costs for Eligible Agencies (such as accommodation and operating costs for head office and pay and benefits for head office staff).

Funding Flexibility

Operators have flexibility to use their allocations to cover Eligible Costs related to the delivery of licensed child care for Eligible Children. Eligible Costs do not need to align with each Benchmark Allocation component (e.g. Program Staffing Costs, Operations Costs, Accommodation Costs). For example, some centres may have relatively high operations costs but low accommodation costs and can use the funding within their allocation as needed. Similarly, home child care agencies may have high provider compensation costs, and low operations costs and can use the funding within their allocation as needed.

Operators are encouraged to use funding flexibility to provide high quality programming in alignment with the Region’s Quality System Framework. Benchmarks are also not intended to limit Operators’ discretion with respect to staff wages.

Eligible and Ineligible Costs

Eligibility of costs will be evaluated by the Region in accordance with [Chapter 2, Division 2 of the Ontario Child Care and Early Years Funding Guidelines](#).

Operators must demonstrate eligibility of costs for CWELCC funding upon the Region's request. For a cost to be eligible and supported with Cost-Based funding, the cost must be determined to be "attributable" to the provision of child care for Eligible Children and "appropriate" and "reasonable" in the Region's sole discretion.

For further clarity:

- Costs are **attributable** if incurred, directly or indirectly, for the provision of child care included in Base Fees.
- Costs are **appropriate** in nature and character for the provision of child care for Eligible Children if 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; and,
 - Provide due regard for access and inclusion, health and safety and quality.
- Costs which are attributable to and appropriate for the provision of child care included in Base Fees for Eligible Children, are **reasonable** if, having regard to all relevant circumstances, the:
 - Quality of the good or service; and,
 - Amount incurred, given the quality of the good or service, do not exceed what would be incurred by an ordinary prudent person in the operation of a comparable business providing child care to Eligible Children.

Please see the [Appendix A](#) for a cost eligibility assessment tool.

If cost ineligibility risks are identified at any time, the Region will follow up with the Operator for additional details and assess cost eligibility. Operators must maintain relevant documentation (e.g. receipts, quotes) that can be requested for further verification to determine eligibility. The Region may adjust funding to exclude or reduce ineligible costs based on reasonableness, appropriateness and attribution.

Examples of Eligible and Ineligible Costs

The Ministry provides the following example to illustrate how the Attributable, Appropriate and Reasonable criteria are applied:

An Eligible Centre's purchase of a new refrigerator would be an Eligible Cost if it meets all three criteria of being deemed attributable, appropriate and reasonable. In general, the cost of a new refrigerator might be:

- *Attributable* to the provision of child care included in Base Fees (that is, purchased for the purpose of providing safe food to the children);
- *Appropriate*, as a cost reasonably expected to be incurred by an ordinary prudent person in the operation of a comparable child care centre providing food to

children, and necessary to providing safe and healthy food, as part of the Base Fee; and

- *Reasonable* in quality and amount incurred, if the quality of the refrigerator does not exceed what is reasonably fit-for-purpose for the centre's needs, and if the Operator obtained a competitive price for a refrigerator of that quality.

The table below provides additional examples of eligible and ineligible costs:

Table 3: Cost Eligibility

Cost Description	Eligibility Type	Analysis
Accrued interest on shareholder equity	Ineligible	Accrued interest on shareholder equity is not a cost attributable to the provision of child care.
Audit services	Eligible	Audited financial statements are contractual stipulations of the Agreement.
Bad debt expense	Eligible	Subject to rule 3*, and if the bad debt expense refers to the portion of accounts receivable that is deemed uncollectible and if it does not exceed the Operator's accounts receivable at any given time.
Income Taxes	Ineligible	While a legitimate obligation for Operators, income taxes are not costs attributable to the provision of child care.
Insurance Premiums	Eligible	If the insurance is used to mitigate the Operator's potential financial risks and safeguard the well-being of children, staff and the overall child care facility, such as from accidents, injuries, property damage and liability claims, including as required for licensing.
	Ineligible	If the object of the insurance is not attributable to the provision of child care.
Minor repairs such as fixing a broken window	Eligible	If it is a minor repair of a window of a facility in which child care included in the Base Fee is delivered.
	Ineligible	If the cost refers to the unnecessary replacement of all the windows in the facility.
Franchise fees	Eligible	If incurred for the purpose of operating an Eligible Centre/Agency 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.
Royalty Fees	Ineligible	Royalty fees that are meant to remit benefits unlinked to care (e.g. profit) to the franchise owner are not eligible as they are not attributable to the provision of child care.
Kitchen equipment	Eligible	If required for the provision of child care, such as a fridge, microwave, kettle, or oven.

Cost Description	Eligibility Type	Analysis
	Ineligible	Coffee machines or wine fridges would not be eligible as they are not attributable to the provision of child care.
3 rd party loans – interest	Eligible	When loans are directly related to non-recurring Eligible Costs if there is a contractual obligation that establishes interest and repayment requirements. Eligible financing costs must not exceed those stemming from interest rates in alignment with the Canada Small Business Financing Program rates ¹ .
3 rd party mortgages – principal loans and interest	Eligible Ineligible	When the mortgage is on facilities actively used to deliver child care included in the Base Fee. The principal amount of a loan is not eligible under Cost-Based Funding. If the mortgage is on facilities not actively used to deliver child care in the Base Fee (for example, the facility is vacant), as it would not be necessary or economical or needed for health and safety.
Loans where the lender is a shareholder (including mortgages) — interest	Eligible	When loans are directly related to non-recurring Eligible Costs and a contractual obligation that establishes interest and repayment requirements exists. Due to the non-arms-length relationship with shareholders, Operators would have to demonstrate the interest rate is comparable to market rates and not artificially higher.
Licensing fees, professional fees, and other government fees	Eligible	Ministry of Education licensing fees, professional fees (e.g. hiring an accountant), and other government fees (e.g. Corporate Profile Report from the Government of Ontario) would be eligible if they meet the principle-based definition of Eligible Costs.
Costs covered by other government funding	Ineligible	Costs that are covered by other government funding including CWELCC funding (e.g. start-up funding), or insurance claims, are not Eligible Costs.
Vehicle expenses	Eligible	Mileage expenses which are attributable to delivering child care that are reasonable and aligned with the Ontario Public Service (OPS) Travel, Meal and Hospitality Directive . For example, mileage costs associated with sourcing food for children’s meals, or home child care visitor visits to provider

¹ Loans issued by Crown corporations, such as the Business Development Bank of Canada (BDC), are considered loans from federal or provincial governments and are therefore exempt from the cost-based funding program’s interest rate restrictions.

Cost Description	Eligibility Type	Analysis
	Ineligible	homes. Or mileage costs used to transport children from school to the child care program if included in the Base Fee. Purchase or lease of a personal vehicle, including existing vehicle payments, and repairs and maintenance of a personal vehicle.
Owner Salaries	Eligible	In general, salaries, wages and benefits paid to owners for their labour are eligible expenses, like compensation for any other employee, and are not capped at a specific amount. Salaries for owners must be reasonable for the operation of a comparable child care Centre/Agency.
Storage Unit Leases	Eligible	Eligible when storing child care supplies and equipment, or in time-limited situations (e.g. completing a renovation). All storage unit leases must be economical/reasonable.
	Ineligible	Storage costs for personal assets which are not attributable to the delivery of child care or are not economical/reasonable and other cost saving options are available.
HVAC System Maintenance	Eligible	Minor repairs or maintenance of existing HVAC systems to maintain these systems in good working repair.
	Ineligible	Full replacement of HVAC systems are considered a major capital expenses are not an Eligible Cost.
Minor renovations due to safety or licensing concerns	Eligible	Minor capital repairs to meet healthy and safety requirements (e.g. public health requirements, licensing, fire code). For example, replacing defective fire or smoke detection devices or addressing tripping hazards due to damaged flooring.
	Ineligible	Full flooring replacements to add new hardwood floors to enhance the aesthetic of the centre. This would be considered a major capital expense and is not an Eligible Cost.
Home office expenses	Eligible	Eligible if the expenses are required for the provision of child care, such as a printer used to print enrollment packages and child menus.
	Ineligible	Purchase of new home office equipment or furniture does not contribute to the provision of child care for Eligible Children.
Amortization expenses Depreciation	Eligible	Eligible if the related asset is an Eligible Cost and was purchased before the announcement date (August 14, 2024) and not claimed as an eligible expense under previous/other government funding (see rule*3). Proof of purchase

Cost Description	Eligibility Type	Analysis
		documentation and a reasonable amortization schedule is required to confirm eligibility of any amortization expenses which are claimed.
Historical loan costs	Ineligible	Principal repayments on historical loans are not Eligible Costs. Shareholder loans used to address general cash flow for Eligible Costs are not Eligible Costs.
Professional development and training	Eligible	Eligible if the professional development and/or training (e.g. First Aid and CPR) is reasonable, appropriate and aligns with the Ontario Public Service (OPS) Travel, Meal and Hospitality Directive . Operators are encouraged to first explore other cost saving options such as opportunities through The Halton Resource Connection (THRC) .

Subject to *Rule 3 of the “Specific Rules for Assessing Eligible Costs” in [Chapter 2, Division 2 of the Ontario Child Care and Early Years Funding Guidelines](#): Costs funded by another public source are excluded from Eligible Costs for the purposes of calculating CWELCC Cost-Based funding.

Operators should consult with their Halton Region Quality and Accountability Specialist if unsure about the eligibility of certain costs and should avoid incurring ineligible costs that will be subject to recovery as part of Reconciliation.

Major and Minor Capital Costs

Operators are encouraged to proactively plan for unexpected major and minor capital costs, as the Region cannot guarantee availability of funding to support these costs. The Region does not have dedicated funding to support unexpected minor or major capital repairs.

Minor capital typically refers to smaller-scale projects, investments, or assets that are less costly, typically, but not always, under \$15,000.

Major capital refers to significant, large-scale projects or investments, typically, but not always exceeding \$15,000, involving the purchase of long-term physical or fixed assets used in the operation of licensed child care for children 0-5.

Refer to [Appendix B](#) for an eligibility assessment tool for major and minor capital expenses.

Operators may use profit surplus/reserves, or other sources of revenue such as Non-Base Fee revenue, fundraising, and loans to cover major capital costs which are not eligible for cost-based funding. Minor capital repairs can be supported under the cost-based funding allocation.

Operators are encouraged to create a long-term capital or facility renewal plan, since major capital is not funded under Cost-Based Funding. These plans should include:

- Preventative maintenance to reduce the likelihood of significant unplanned major capital repairs in the future; and
- Timely replacement of aging equipment that may result in cost savings.

Payment Practices

The Region will provide Operators with an initial annual Cost-Based Funding allocation, divided into regular monthly payments to support Operators' cash flow. The Region reserves the right to modify funding allocations based on Reconciliation and cost reviews, or any erroneous information reported by Operators at any time.

Operators that enroll in CWELCC in 2026 will receive funding only for the portion of the year between the Enrollment Date and December 31, 2026, with no funding provided towards retroactive fee reductions.

The Region will hold back 15% of payments for CWELCC-enrolled Operators that reported a significant overallocation or trending lower enrolment to reduce the need for year-end recoveries and associated financial hardship.

Operators who receive a higher allocation through the Cost-Based Funding allocation than required to cover actual costs, may choose to agree to a lower Cost-Based Funding allocation to avoid the recovery of significant overpayments at year-end.

Section 5: Fee Reductions, Service Levels and Closure Periods

Eligibility

Children in participating in licensed infant, toddler, preschool, kindergarten, family age group or licensed home child care programs who meet this age criteria are eligible for fee reductions:

- Children who turn 6 years old between January and June, are eligible until June 30 of that year.
- Children who turn 6 years old between July 1 and December 31 are eligible until the end of the month they turn 6.

Children in a primary/junior school-age program at a participating licensed child care centre are eligible until the end of the month they turn 6 years old.

Fee Reduction Requirements

In 2026, there are no changes to child care fees. Operators must continue to reduce Base Fees for CWELCC Eligible Children to the lower of:

- \$22 a day.
- The base fee charged on December 31, 2024, if the Operator was enrolled in the CWELCC on that day.

- The applicable amount set out in the CCEYA, if the Operator was not enrolled in CWELCC on December 31, 2024.

Operators newly joining CWELCC in 2026 within Halton Region must set their Base Fees in accordance with [Ontario Regulation 137/15](#) of the CCEYA. Parents must be charged this new Base Fee within 30 calendar days of the Operator enrolling in CWELCC.

Once Operators are enrolled in CWELCC and reduce the fees for Eligible Children to the new Base Fees, Operators are required to maintain the reduced Base Fees. This can only be adjusted if further reductions are required, or until the Eligible Children are no longer participating in CWELCC.

The reduction on Base Fees will apply regardless of program type or duration and should be based on the total amount paid per day.

If Operators have collected pre-paid fees exceeding the daily cap of \$22 (including deposits or advance fees), Operators are required to issue a credit or refund for the excess amount.

Operators in CWELCC must submit, upon request, Parent handbook(s) to the Region and other information required in the Region’s sole discretion, to confirm that fee reductions have been implemented correctly and to confirm compliance with fee reduction requirements.

Please see examples of Base Fees and Non-Base Fees below:

Base Fee Examples	Non-Base Fee Examples
Play materials, supplies, equipment, and furnishings such as cots, cribs, bedding	Late pick up fees for services provided beyond operational hours outlined in the Parent handbook.
Supervision by adult during operational hours	Optional transportation and field trips (if separate fee charged)
Lease/occupancy costs	Bank processing fees (such as nonsufficient funds) in accordance with the terms of the agreement between the Parent and Operator.
Food and catering costs (where required by regulation for children under 44 months and where mandatory for Parents)	Diapers, sunscreen (if optional)

Development and implementation of individualized plans (medical, special needs, anaphylaxis)	Any other optional items or services where an additional fee is charged (e.g. optional access cards and camera access).
Other mandatory costs paid directly to Operators to support the operation of the child care program (e.g. deposit/registration fees)	
Mandatory uniform costs	
Any programs or services included as part of the core day programming and included as part of the child care fee paid by families.	

Registration Fees and Deposit Fees

Deposits or pre-payments applied towards fees in the future (e.g. last month's fees or annual/semester-based tuition payments) are permitted but must be considered in the overall Base Fee charged to eligible families when determining compliance with the maximum daily cap. The amount charged as a pre-payment must be applied to a future number of Service Days and this amount cannot exceed the maximum daily cap of \$22 per day.

For example, a program charges \$22 per day for a toddler space. During registration, the program would like to charge a deposit of \$550 to be applied to the last month's fees.

- \$550 divided by \$22 = 25 days
- The program may charge the \$550 deposit if this fee is applied to the last 25 Service Days.
- If the program would like to apply the fee to a typical month of service (i.e. 21 expected Service Days), the fee must be reduced to \$462 (\$22 multiplied by 21 days).

CWELCC funding cannot be applied towards non-refundable deposits for children who do not enroll at the child care centre/home child care agency.

Other Base Fee Requirements

Operators must:

- Submit to the Region, upon request, Parent handbook(s) and other information required in the Region’s sole discretion, to confirm that fee reductions have been implemented correctly and to confirm compliance with fee reduction requirements.
- Ensure Parents are refunded for any overpayments between the Enrollment Date and the date the Parent started paying lower fees. An overpayment is the difference between the “old” Base Fee and the “new” Base Fee being charged to Parents.
- Pay refunds for overpayments to Parents within 60 calendar days of the Enrollment Date. For example, a child care centre that enrolled in CWELCC on April 1 and lowered fees on May 1 must provide a refund for overpayments between these days. The refund must be provided on or before May 30 (which is within 60 calendar days of the Enrollment Date).
- Work with home child care providers to ensure that Base Fees are reduced for all Eligible Children (both agency and privately-placed children). Licensed home child care agencies are required to have policies and procedures in place to validate the fee rates charged to privately placed families and confirm that fees were paid to providers (e.g. proof of provider’s taxable income, proof of Parent fee payment/receipts).

Service Levels

The programs and services (including program quality, hours, availability, and other elements) offered as of March 27, 2022, must be maintained. Operators participating in CWELCC cannot introduce new Base Fees or Non-Base Fees.

Families must also not experience any reduction 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.

Closure Periods and Unexpected Closures

If an Operator charges fees to Parents during a closure period, the licensed child care program may not exceed two consecutive weeks (10 business days total) of closure, and not more than four weeks (20 business days total) of closure within a calendar year. This guidance also applies to statutory holidays. If an Operator charges fees to Parents for a statutory holiday closure, the statutory holiday will count towards the closure limits set out above.

Operators with programs that operate on an academic calendar (September-June) must adhere to closure period requirements above based on the calendar year.

For home-based child care, the closure requirements above apply to closures at the provider level where families are unable to access child care but are required to pay for the day.

For closures due to events outside an Operator's control (for example, a natural disaster/major weather event, pandemic, school board strike) the days of closure are not counted toward the closure limits set out above.

Operators may choose to close for additional days above the closure day limit above but cannot charge fees to families for these additional closure days and are not eligible to receive Cost-Based Funding for these additional closure days.

Where an Operator wishes to close beyond the allowable period of closure, the Operator must notify their Halton Region Quality and Accountability Specialist in writing with:

- A minimum of eight weeks notice in advance for planned closures; and
- 24 hours notice for unplanned closures.

To support transparency and to allow families to plan appropriately, Operators are strongly encouraged to provide a reasonable period of notice (e.g. 60 days) to families when making changes to closure periods.

Closure Periods and Fee Subsidy

Operators may claim fee subsidy for an approved child for up to 20 closure days per calendar year. If an Operator charges fees to Parents for a statutory holiday closure, the statutory holiday will count towards the closure limits. Parental contributions can continue to be collected for up to 20 closure days.

Operators must report their monthly closure days on the Web Record of Attendance (Web ROA) through the Ontario Child Care Management System (OCCMS).

Fee Subsidy Parental Contribution Reductions

Fee subsidy will be maintained in CWELCC for families who are eligible through the existing fee subsidy model, using the income test set out by the Ministry. Families in receipt of fee subsidy with children 0-5 years old are eligible for a 50% fee reduction of the parental contribution. This fee reduction will only apply to families who receive care from an Operator that is enrolled in CWELCC.

As of January 1, 2025, per provincial direction, fee subsidies can no longer support families with children enrolled in Centres/Agencies that serve children aged 0 to 5, if the Centre/Agency is not enrolled in CWELCC. The exception is for existing fee subsidy agreements which may continue until the benefiting child ages out of the program or leaves the Centre/Agency voluntarily.

Fee subsidies can no longer support full day kindergarten child care spaces as full day kindergarten is accessible through the public school system.

If a Parent has at least one Eligible Child enrolled in a child care centre or home child care agency that is part of CWELCC, Halton Region will reduce the parental contribution amount calculated via the income test for any child care provided on or after December 31, 2022, as follows:

Figure 2 – Fee Subsidy Parental Contribution Reduction

$A \div B \times C \times 0.50$
where,

A is the total parental contribution calculated via the income test.

B is the total number of children that the calculated parental contribution pertains to.

C is the number of Eligible Children, who hold a space with an Operator that has enrolled in CWELCC, that the parent is required to pay a parental contribution for.

Example:

If a fee subsidy family has two children aged 7 and 4, the 50% parental contribution reduction would only apply to the 4-year-old. The 50% reduction would then be reduced by half, as it only applies to one of the two children.

Families in receipt of fee subsidy are eligible to have the parental contribution reduced to less than \$12.00 per day, as there is no floor for reduction for fee subsidy parental contribution.

Reductions to the parental contribution amounts for 2026 will be calculated through OCCMS. Halton Region will advise Operators of reduced parental contribution amounts for families in receipt of fee subsidy through the Children’s Services Form (CSF30) Approval Letter.

Section 6: Workforce Compensation

Workforce compensation funding supports recruitment and retention of Ontario’s child care workforce through improved compensation for eligible staff. Operators are expected to pay staff for all closure days (where families pay fees), within allowable limits, to support retention of qualified and experienced staff. Operators are expected to pay staff for professional learning days and unexpected closures. Please note that Operators have flexibility to use their allocations to cover Eligible Costs related to the delivery of licensed child care for Eligible Children, including program staffing. Operators must work within their existing CWELCC funding allocation.

Staff and home providers must not see any reduction in their wages.

Operators must consider workforce compensation funding in addition to, and not to reduce, other planned compensation increases for eligible staff (e.g. cost of living increases), including obligations under collective agreements. For example, workforce compensation funding cannot be used to reduce or offset planned merit increases for eligible staff.

Eligible Positions – Annual Increase and Wage Floor Increase

To be eligible for annual increase and wage floor increase funding, staff must be employed by a CWELCC-enrolled Operator and be in one of the following positions:

- RECE Program Staff
- RECE Child Care Supervisor
- RECE Home Child Care Visitor

The annual wage and wage floor increases do not apply to non-RECE program staff and non-program staff such as:

- Cooks, custodial staff, non-program staff
- Special Needs Resource (SNR)-funded Teachers/Consultants, Supplemental Staff
- Staff hired through a third party (e.g. temporary agency)
- Program staff, child care supervisors, or home child care visitors that are director approved to be employed in these positions, but do not have a RECE designation.

However, non-program staff who are RECEs and whose positions require the staff to spend at least 25% of the time supporting ratio requirements under [O. Reg. 137/15](#) are eligible for annual wage and wage floor increases for the hours that the staff are supporting ratio requirements.

Wage Enhancement Grant (WEG) - Child Care Centre Positions and Home Child Care Visitors

WEG supports an increase of up to \$2 per hour, plus 17.5% benefits (applied only to any WEG increase) for eligible positions. 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 \$33.81 per hour identified by the Ministry of Education for 2026; 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 CCEYA.

Where an Eligible Centre-based or home child care visitor position has an associated base wage rate, excluding WEG, between \$31.82 and \$33.80 per hour, the position is

eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to \$33.81 per hour without exceeding the cap.

Home Child Care Enhancement Grant (HCCEG) for Home Child Care Providers

HCCEG supports an increase of up to \$20 per day for eligible home child care providers contracted with an eligible home child care agency. To be eligible for HCCEG, the home child care provider must:

- hold a contract with a licensed home child care agency that is enrolled in CWELCC or exclusively serving children aged 6 to 12; and
- provide services to one or more children (including privately placed children, excluding the provider's own children).

For 2026, the Ministry of Education has established a maximum of \$338.10 per day for full HCCEG and \$202.86 for partial HCCEG.

Full HCCEG

To be eligible to receive the full HCCEG of \$20 per day, an eligible home child care provider must:

- provide full-time services, on average (6 hours or more a day); and
- receive base daily fees, excluding prior year's HCCEG, of \$318.10 or less (that is, \$20 below the eligibility ceiling of \$338.10). Note: those receiving base daily fees between \$318.10 and \$338.10 would be eligible for an amount to bring fees up to the \$338.10 eligibility ceiling.

Partial HCCEG

To be eligible to receive the partial HCCEG of \$10 per day, an eligible home child care provider must:

- provide part-time services, on average (less than 6 hours a day); and
- receive base daily fees, excluding prior year's HCCEG of \$202.86 or less (that is, \$10 below the eligibility ceiling of \$202.86). Note: those receiving base daily fees between \$192.86 and \$202.86 would be eligible for an amount to bring fees up to the \$202.86 eligibility ceiling.

Annual Increase

CWELCC-enrolled Operators must increase the hourly wage of eligible RECE staff by up to \$4 per hour in 2026, if their hourly wages are below the wage eligibility ceiling of:

- \$28 per hour (including WEG) for RECE program staff.
- \$31 per hour (including WEG) for RECE supervisors and RECE home visitors.

Annual wage increase funding is tied to the position and not the individual staff. Annual increased funding must be provided to eligible RECE staff who are:

- continuing in existing positions;

- newly filling an existing position (e.g. replacing a previous staff member); or
- filling a newly created position in 2026.

The wage eligibility ceiling is not a wage cap, but rather the maximum wage that can be reached using Workforce Compensation funding for that year. Operators can choose to increase eligible RECE staff wages above the wage eligibility ceiling (i.e. using other sources of funding for increases beyond the ceiling).

Wage Floor

Operators are required to bring the wage of all eligible staff up to the wage floor. In 2026, the wage floor for RECE program staff is \$25.86/hour, and \$26.86/hour for RECE child care supervisors or RECE home child care visitors.

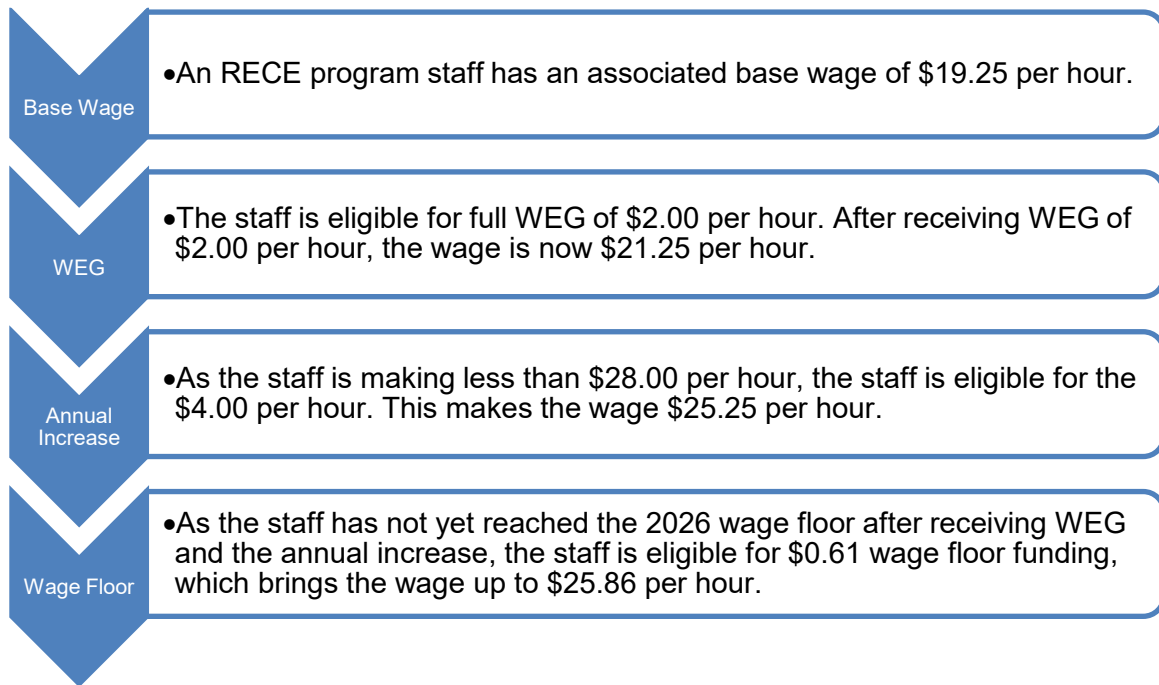
Order of Operations for Annual Increase and Wage Floor

To determine annual wage increase and wage floor eligibility in 2026, Operators must follow this order of operations:

1. Base wage (including minimum wage obligations or any employer-based wage improvements such as obligations from collective agreements, General Operating and Pay Equity Funding used to support wage improvements);
2. WEG (up to \$2 per hour, up to a maximum wage of \$33.81 per hour);
3. Workforce compensation annual wage increases of up to \$4 per hour, if the total from steps 1-2 is less than \$28 per hour for an RECE program staff and \$31 an hour for RECE supervisors and RECE home visitors; and
4. Workforce compensation wage floor funding if the total from steps 1-3 is less than \$25.86 per hour for RECE program staff or \$26.86 per hour for RECE supervisors and RECE home visitors.

Please note that benefits should not be included when determining the base wage.

Figure 3 – Example for Order of Operations



Hours Worked

RECE program staff, RECE supervisors and RECE home child care visitors qualify for WEG (if hourly wage is eligible), annual increase funding and wage floor funding (if eligible) for all hours worked. Further clarification can be found in the table below:

Examples	Eligibility for WEG and CWELCC Workforce Compensation Funding
Eligible staff works in program supporting ratio for CWELCC Eligible Children	Eligible
Planning time hours and paid professional learning time for eligible staff	Eligible
Paid set-up time for eligible staff	Eligible
Paid time spent by eligible staff in meetings mandated by the organization	Eligible
Closure days where families pay fees (planned or unplanned) that are not statutory holidays, vacation or sick days	Eligible
Statutory holidays and vacation (up to 2 weeks)	Eligible and supported through the 17.5% benefits funding

Minimum Wage Offset

Minimum wage offset was established when CWELCC was introduced to offset the impact, at that time, of minimum wage increases through the transition into CWELCC. With the introduction of cost-based funding, funding for salaries and wages in respect of positions serving children aged 0 to 5 is now covered as an eligible expense. For 2026, to continue to support affordability for families with children aged 6 to 12, the minimum wage offset is being held at previous years' levels.

Please see the [Chapter 3, Division 1 of the Ontario Child Care and Early Years Funding Guidelines](#) for more information about minimum wage offset.

Staff Benefits

Workforce compensation funding includes up to 17.5% in benefits. Benefits of up to 17.5% will be provided to support Operators in meeting statutory benefit requirements and additional benefits provided by the Operator (17.5% includes up to two weeks of vacation and nine statutory days).

Statutory benefit requirements are benefits centres/agencies are required to provide their staff as determined by legislation (for example, vacation days or statutory holidays) or obligations the centres/agencies have as an employer (for example, Canada Pension Plan or Employment Insurance contributions, or Employer Health Tax).

Once all statutory benefit requirements are met, any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee.

Staff and Provider Communication and Additional Requirements

It is important that Operators be transparent in communication with their staff and providers regarding their eligibility and entitlements for workforce compensation.

Operators must:

- Clearly indicate on a separate line on each eligible staff's paystub or in the form of a letter CWELCC workforce compensation, WEG, HCCEG, General Operating Funding, and Pay Equity payments, as applicable.
- Share information in writing (e.g. a letter) upon hire and annually about WEG, HCCEG, General Operating Funding, CWELCC wage floor and annual wage increases with eligible existing and new staff and providers.
 - At a minimum, the information about wages must include the staff's base wage, WEG, the wage floor, wage eligibility ceiling, and annual wage increases for 2026, as well as an example of the order of operations for calculating wages.
 - The information must provide eligible staff with an understanding of upcoming annual changes to wages as a result of workforce compensation funding.

- Where they are a licensed home child care agency, additionally notify home child care providers in writing (e.g. a letter or on their home child care provider payments) regarding the amount of HCCEG, General Operating Funding, and any other funding provided to them.
- Have an organizational policy regarding provider compensation and staff wage compensation and provide it to staff, providers and the Region upon request.
- Make all attempts to contact staff that leave the centre during the year to ensure the staff receive any workforce compensation entitlements.

Operators are solely responsible for paying eligible staff and providers correctly and in accordance with Ministry requirements. Operators must:

- Include CWELCC workforce compensation, WEG, HCCEG, General Operating Funding, and Pay Equity payments, as applicable, in each pay cheque or payment made to eligible staff and providers.
 - These payments may not be paid at the end of the year as a lump sum payment.
 - All payments to staff and providers must be made before December 31st of each year.
- Where an Operator identifies that a staff did not receive the required CWELCC wage floor, annual wage increase, or any other applicable wage enhancement, the Operator must issue a retroactive wage payment to the staff. This includes any instances where wages were inadvertently missed, partially applied, miscalculated, or not implemented during the appropriate funding period. Operators must work within their existing CWELCC funding allocation.
- Provide the Region with communication and/or payment records for both existing and new staff and home providers upon request to verify compliance that workforce compensation is being administered in accordance with these Guidelines.
- Seek independent legal advice on implementing the wage floor and annual wage increase if the staff are subject to the terms of a collective agreement.

Section 7: Accountability

Parent Handbook

As per Ontario Regulation 137/15 under the CCEYA, Operators must disclose the following information in the Parent handbook, amongst other information:

- Operator disclosure of whether the program is enrolled in CWELCC;
- Base Fees and any Non-Base Fees that may be charged;
- Fee payment approach that licensees accept (e.g., e-transfers, cheques);
- Fee payment schedule (e.g., Parents are to pay on a weekly, monthly, per “semester”, or per “term” basis); and
- Circumstances in which refunds or credits will or will not be provided (e.g., refunds of pre-paid fees will only be provided in the following circumstances, all tuition is non-refundable).

Operators must submit a copy of their Parent Handbook(s) to the Region by **October 30, 2026**, and upon request throughout the year to verify compliance with Ministry requirements.

Reporting Requirements

Operators must submit all required documentation to the Region within the timelines outlined in the Guidelines or in Regional memos. Adherence to these deadlines is a compliance requirement.

Extensions to reporting timelines are permitted only in extenuating circumstances. Operators must notify their assigned Quality and Accountability Specialist in writing as soon as they become aware of any issues that may impact their ability to meet an established deadline. All requests for extensions must be submitted in writing by the Operator to their Quality and Accountability Specialist or childcareservices@halton.ca.

Reporting Child Care Capacity Changes

Operators must immediately report any reductions in spaces, permanent or temporary closures of rooms or home child care providers, updated Operating Capacity and/or enrollment information to their Halton Region Quality and Accountability Specialist and funding will be adjusted and/or recovered.

Licensed home child care agencies are required to notify their Quality and Accountability Specialist of any reduction in providers. If a provider leaves an agency the provider may be replaced by another home provider; however, the provider must be located within Halton Region.

Operators are required to maintain (and not reduce) existing licensed child care spaces for children aged 0 to 5 to participate in CWELCC. If an Operator reduces spaces, they must report their plan for restoring the spaces as soon as possible to their Halton Region Quality and Accountability Specialist.

Vacancy Requirements

The Ministry of Education requires that the Region review Operators' child care operations for Long-Term Vacancies that continue unfilled. Vacancy rates should be managed proactively by Operators to minimize unfilled spaces.

Quality and Accountability Specialists will work with all Operators to support full utilization of licensed CWELCC spaces. Where Long-Term Vacancies are identified, time limited action plans will be developed to reduce Vacancies. Where Operators do not demonstrate meaningful reduction in Vacancy levels as identified in their action plan, Halton may limit the Operator's funding and reallocate unused capacity elsewhere in the CWELCC system.

Effective March 1, 2026, Operators must report all Vacancies through the monthly Web Record of Attendance (Web ROA) through OCCMS.

Licensed Child Care Survey

The Ministry requires that Operators complete and submit the mandatory annual Licensed Child Care Operations Survey. Halton Region is entitled to withhold CWELCC funding if an Operator fails to complete the survey per mandated provincial direction.

Financial and Operational Information Requirements

All Operators in receipt of CWELCC funding must submit financial and operational information in the prescribed timelines as required by Halton Region. Please note that the submission of financial information is an ongoing requirement for CWELCC-enrolled Operators.

To support the Region with adhering to Ministry reporting requirements, Operators must provide (but not limited to) the following information to the Region upon request:

- Number of Eligible Children served through fee reductions;
- Number of spaces supported with fee reduction by age group;
- Total number of eligible staff supported by the annual wage increase, wage floor and minimum wage offset by position category;
- Actual total expenditure on the annual wage increase, wage floor, minimum wage offset and benefits paid out to eligible staff by position category;
- Number of Active Homes and location of homes (licensed home child care agencies);
- Number of children in receipt of fee subsidy;
- Number of children in receipt of inclusion services; and
- Number of average paid staff vacation and sick days.

Financial information, as required by the Region, must be submitted to verify that the funding provided was used for the purpose intended and that financial viability has been maintained. Operators will be required to provide standardized financial reports with a breakdown of Eligible Costs, following the categorization of components of Benchmark Allocations (for example, program staffing, accommodations). The template of this standardized financial report will be provided by the Region to Operators.

Operators must also submit comprehensive and accurate operational plans to ensure that their Cost-Based Funding allocation is appropriately calculated. These plans should provide the necessary details to support the calculation and reflect the operational realities of the program.

Financial Viability

Operators in CWELCC are required to maintain financial viability to continue to participate in the CWELCC System. Financial viability concerns will be monitored by the Region. Financial viability concerns may include but shall not be limited to cases where an Operator has accumulated arrears, has not serviced their debt, has ongoing concern issues identified on audited financial statements, or is approaching bankruptcy or expressing repeated concerns about inability to pay fixed or variable costs.

The Region has the right to request additional information (e.g. budget forecasts, cash flow projections) or assessments of the Operator’s financial position to confirm ongoing financial viability and may engage a third party to support this assessment, in the Region’s sole discretion. Operators are expected to comply with any additional assessments of financial viability or financial management and work towards action plans to support their financial health and sustainability and rectify any financial concerns.

The Region will work with Operators to determine a time limited action plan to reduce risks to financial viability and support ongoing sustainability. Operators are required to fully enroll their spaces and manage costs effectively in order to maintain financial viability while participating in CWELCC.

Audited Financial Statements

Operators in receipt of CWELCC funding must submit audited financial statements to Halton Region on an annual basis to verify that the funding provided was used for the purpose intended. As per the Agreement, Operators that withdraw from CWELCC and terminate the Agreement are required to submit audited financial statements.

Audited financial statements must be submitted in electronic form to childcareservices@halton.ca.

Completed audited financial statements are due within 120 days of the organization’s fiscal year end. This means that for Operators with a fiscal year ending December 31, 2026, audited financial statements must be submitted to the Region by April 30, 2027.

Please refer to the table below for further examples.

Table 8 – Audited Financial Statement Due Dates

Operator Fiscal Year End Date	Audited Financial Statement Due Date
January 31, 2026	May 31, 2026
February 28, 2026	June 28, 2026
March 31, 2026	July 29, 2026
April 30, 2026	August 28, 2026
May 31, 2026	September 28, 2026
June 30, 2026	October 28, 2026
July 31, 2026	November 28, 2026
August 31, 2026	December 29, 2026
September 30, 2026	January 28, 2027
October 31, 2026	February 28, 2027
November 30, 2026	March 30, 2027
December 31, 2026	April 30, 2027

Audited financial statements must meet the following requirements:

- The audited financial statements must be audited in accordance with Canadian Generally Accepted Auditing Standards and must be prepared using the appropriate accounting standards;
- The audit engagement must include four main statements (Statement of Financial Position/Balance Sheet, Statement of Operations/Income Statement, Statement of Change in Equity/Statement of Change in Net Assets and Cash Flow Statement) and note disclosures;
- Operators must ensure that the person(s) and firm performing the financial statement audit are independent of the agency in accordance with the Chartered Professional Accountants of Ontario Rules of Professional Conduct. Auditors must hold a designation of a Chartered Professional Accountant (CPA) registered in Ontario with a Public Accounting Licence.
 - The person(s) performing the financial statement audit or an immediate family member cannot serve as directors, officers or board members for the Operator or agency subject of the audit or have a financial interest in the organization.
- Audited financial statements must contain a notes disclosure that shows the amount received, spent and repayable for CWELCC and other early years and child care funding provided by Halton Region separate from other funding sources.
- Expenditures must be separated out for the CWELCC eligible portion of the licensed child care business (e.g. children 0-5).

Additional documentation is required in the following situations:

- Operators that have more than one site must include a segmented breakdown of revenue and expenses consolidated for all sites within Halton Region, as part of the financial statement notes disclosure.
- Operators serving multiple jurisdictions or are large organizations that complete audited financial statements with consolidated totals for all sites must also provide the Region with a revenue and expense statement for all child care centres located in Halton Region, separate from the larger organization.
- For licensed home child care agencies, the statement must include expenditures for all home child care providers.
- In the case where an Operator that is participating in CWELCC receives funding from multiple SSMs, the Region will require a segmented breakdown of revenue and expenses, consolidated for all sites within Halton Region, as part of the financial statements notes disclosure.

Operators in receipt of CWELCC and early years and child care funding are required to maintain separate ledger accounts to record funding receipts and disbursements.

Failure to submit audited financial statements in the specified format and within the required timeframe may result in holds on future payments and/or termination of Agreements. Operators that are unable to meet the submission deadline must

proactively contact their assigned Quality and Accountability Specialist to request an extension.

Direct Engagement to Report on Compliance

As part of the Reconciliation process after the end of each calendar year, a 5% sample of Eligible Centres/Agencies that received Cost-Based Funding for the calendar year will be selected to undergo a Direct Engagement to Report on Compliance. This involves conducting a Canadian Standard on Assurance Engagements (CSAE) 3531. The Direct Engagement to Report on Compliance will be performed by an independent third-party auditor who will validate if Operators are in full compliance with the Ministry's Guidelines.

The audit will ensure that the goals of CWELCC are achieved, including but not limited to:

- Verification that the offsetting Base Fee revenue and costs reported on the standardized financial report were eligible and in compliance with Ministry Guidelines.
- Confirming that amounts claimed for the Eligible Centre/Agency on their standardized financial report are Eligible Costs, and that a reasonable methodology has been employed to pro-rate costs, where necessary.

Operators must fully cooperate with the Region and external auditors (as applicable) during all mandatory compliance reviews. This includes providing all necessary documentation related to Cost-Based Funding, cost calculations, and service delivery when requested.

Operators must maintain relevant documentation (e.g. receipts, quotes) for a 7-year period after costs have been incurred. Documentation can be requested by the Region for validation during the Direct Engagement to Report on Compliance.

Cost Reviews

The purpose of cost reviews is to ensure sound and reasonable use of public funding under the CWELCC program, and gradually standardize the costs of child care as represented by benchmark allocations, without reducing quality and accessibility.

The Region will review the costs of Legacy (for 2025) and Existing (post-2025) Eligible Centres/Agencies that receive the most disproportionately high Top-Up Allocations. Existing Centres/Agencies whose Top-Up ratios, calculated as the Eligible Centre's/Agency's Legacy Top-Up (for 2025 only) divided by their Benchmark Allocation, exceeds the Halton Region Growth Multiplier (0.09) for the calendar year are subject to being selected for a cost review. Operators selected for a cost review in 2025 will not be selected for a cost review in 2026.

The Region will collaborate with selected Centres/Agencies starting Summer/Fall of the calendar year until the end of the year to assess costs and identify opportunities for reduction. If cost efficiencies are identified and agreed upon by the Region and

Operator, the Region will reduce the centre's Cost-Based Funding Allocation based on a reasonable schedule.

Operators must cooperate with Halton Region during all cost reviews. This includes providing all necessary documentation related to Cost-Based Funding, cost calculations, and service delivery.

Halton Region is required to report cost review results back to the Ministry by March 31, 2027.

Compliance

The Region may, at its discretion, provide support to CWELCC enrolled Operators to address and mitigate instances of Non-Compliance with Agreement requirements. Where appropriate, and having regard to the nature and severity of the Non-Compliance, the Region may implement progressive corrective measures within communicated timelines.

This does not limit the Region's ability to terminate an Agreement with an Operator, or take other actions outlined in the Agreement such as withholding funding, if an Operator is in Non-Compliance with their Agreement.

Operators remain solely responsible for understanding and complying with their obligations under the Agreement. Operators are required to proactively collaborate with the Region to ensure they are compliant with those obligations and communicate regularly with their Quality and Accountability Specialist to raise any issues or concerns about compliance before they occur.

Section 8: Reconciliation

Reconciliation

The Region will conduct an end of year financial Reconciliation to compare Operator funding allocations with Actual Cost-Based Funding calculated based on Actual Eligible Program Costs. The Region may recover funding through Reconciliation where overfunding is identified based on actual Eligible Costs, recalculated Allocation in Lieu of Profit/Surplus, or high vacancy levels.

Halton Region will:

- Ensure funds are used in accordance with the objectives of CWELCC, any Agreements with Halton Region, these guidelines; and,
- Reconcile Operators' use of funds and recover funds, as required.

Operators must have policies and procedures in place to fulfill all reporting requirements to Halton Region.

Operators must report what was spent on Eligible Costs during the year. Some Operators may be required to repay a portion of the allocation. Examples of situations when a repayment may be required include (but are not limited to) the following:

- Actual program costs are less than program cost allocation (benchmark plus applicable top-ups).
- The actual Base Fee revenue earned from families is higher than the Expected Base Fee Revenue Offset allocation.
- CWELCC funding is used for costs that do not meet the eligibility criteria (attributable, appropriate and reasonable).

All Operators are required to fully enroll all CWELCC spaces identified in their operating plan. Cost-Based Funding is allocated based on the operating plan and is contingent on the delivery of those spaces. Where enrollment is significantly below the operating plan the Region reserves the right to recover funding associated with unutilized spaces.

As part of the Reconciliation process, Operators will be required to submit an annual attestation, signed by an officer with appropriate signing authority confirming that CWELCC funding has been used in accordance with its intended purpose, as outlined within the parameters provided by the Region. This annual attestation does not replace the requirement for Operators to provide financial information and audited financial statements.

It is important that Operators submit information in a timely manner and meet all deadlines set by the Region. Information submitted to the Region supports the management and good stewardship of public funds. The Region will continue to support Operators with timely financial documentation submissions through outreach, training, and resources.

Operators will return unused funds or funds not utilized in accordance with the conditions set out in the Agreement including these incorporated Guidelines. The Region may process recovery of such unused or unutilized funds against future funding payments or by seeking direct payment of funding, as appropriate.

Recoveries of Misused Funds

If Halton Region determines that an Operator did not use funding in accordance with the terms and conditions of the Agreement, the Region will recover all misused funds, and such Operators may be deemed ineligible to receive future CWELCC funding.

Section 9: Appeals, Complaints and Funding Adjustment Requests

Operators can request to appeal Regional decisions or share complaints/concerns with the Region by e-mailing their Quality and Accountability Specialist or childcareservices@halton.ca. E-mails from Operators will be acknowledged by the Region within two business days of receiving the e-mail.

For appeals, Operators may request an appeal within 30 days of receiving the Region’s decision. Halton Region will conduct a review of the decision or complaint/concern to confirm all internal evaluation procedures and requirements were properly followed. The Region will consult with the Ministry if required for further confirmation or guidance. The review will be completed by a reviewer that was not involved in the original decision.

The Region may request supporting documentation, at the Region’s sole discretion, as it relates to the appeal, complaint or concern.

Operators will be contacted in writing within 30 days from the Region’s receipt of the e-mail with a decision/response, and the decision/response will be deemed final.

The Region may extend its review timeframes for circumstances outside of the Region’s control, such as consultation with the Ministry. The Region will keep Operators engaged throughout the process and will inform Operators if timelines need to be extended.

The table below provides different types of appeals, complaints and concerns and associated requirements.

Type of Appeal, Concern or Complaint	Requirements
Appeal Process – Eligibility for Enrollment in CWELCC	<p>The subject of the e-mail should be: Appeal – CWELCC Enrollment Decision.</p> <p>Operators are required to provide a summary of the reasons for the appeal, and any other circumstances which may be relevant.</p>
Appeal Process for Cost-Based Funding Allocations	<p>The subject of the e-mail should be: Appeal – Cost-Based Funding Allocation</p> <p>Operators are required to provide a summary of the adjustment requested, reasons for the appeal, and any other circumstances which may be relevant.</p>
Cost Eligibility Dispute Process	<p>The subject line of the e-mail should be: Cost Eligibility Dispute Resolution</p> <p>The e-mail should include a summary, specific cost description and amount of costs in question, and the reasons the Operator believe costs should be deemed eligible under the Ministry’s Guidelines.</p>
Other complaints or concerns	<p>CWELCC operators can bring forward other complaints or concerns about Regional decisions (e.g. CCLS licence revisions) with the subject: Complaint or Concern about CWELCC Regional Decision.</p>

Cost-Based Funding Adjustment Requests

Operational plans must be finalized by **September 25, 2026**. Requests for cost-based funding adjustments will not be considered after this date. Operators are expected to develop realistic and sustainable operational plans prior to the start of the fiscal year, as the Cost-Based Funding model is designed to support planned, predictable operations and is not flexible to support ad hoc adjustments.

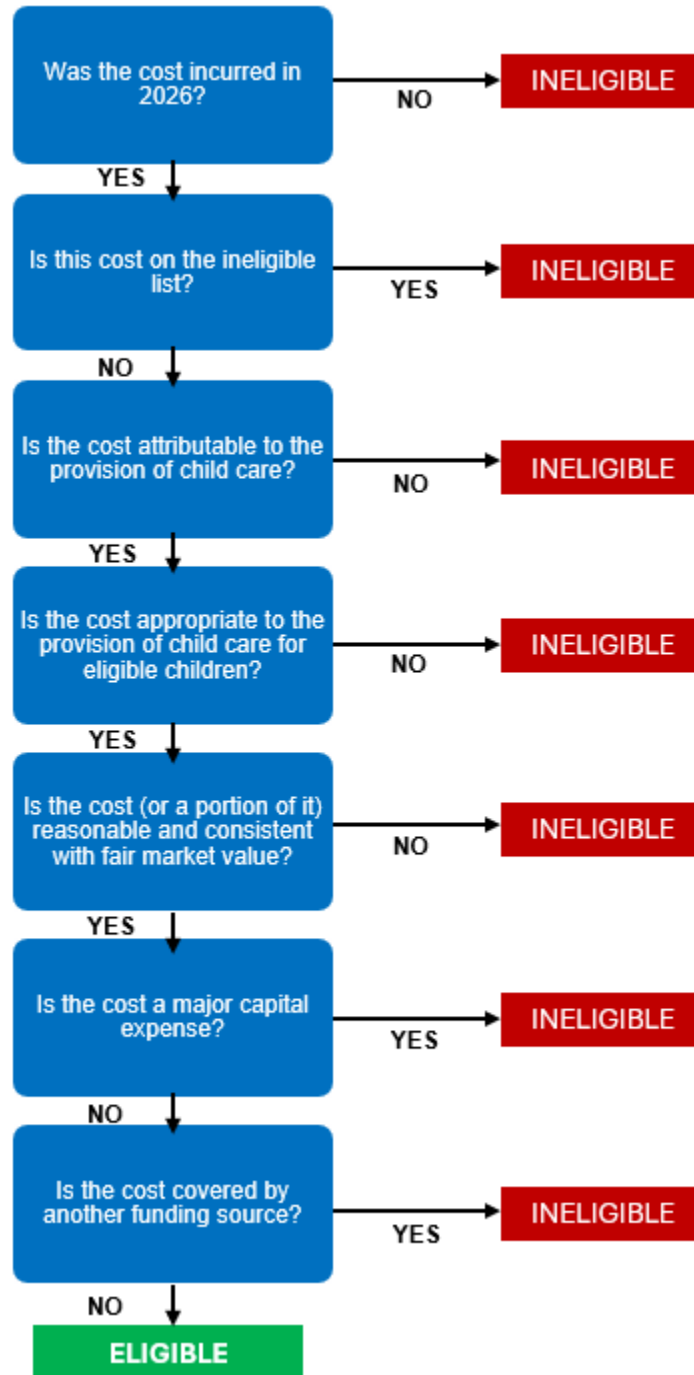
Establishing finalized plans in advance also supports improved financial planning and management and reduces administrative burden for both Operators and the Region.

Allocation adjustments will only be administered in very limited circumstances as allowable under the Ministry's Cost-Based Funding framework. To be considered for a cost-based funding adjustment, Operator requests must be related to one of the following:

- A change in Operating Space-days due to a change in staffing complement;
- A change in Licensed Spaces for an Existing Centre/Agency;
- The determination of the previous year's actual eligible costs, affecting the rolling top-up for an Eligible Centre/Agency;
- Circumstances where an Operator has made an error/omission in their original data Cost-Based Funding Workbook submission resulting in a substantial change to the initial Cost-Based Funding allocation;
- The agreement of an Operator to reduce their initial Cost-Based Funding Allocation for an Eligible Centre/Agency to reduce the need for year-end recoveries; and
- The Operator stops participating in CWELCC in respect of that eligible centre/agency.

Appendices

Appendix A: CWELCC Cost Eligibility Assessment Tool



Appendix B: Eligibility Assessment Tool for Major and Minor Capital Expenses

This Appendix can be used to assess whether a cost is considered major or minor capital, and whether it is eligible or ineligible under CWELCC Cost-Based Funding.

General Principles for Eligible Costs:

For a cost to be eligible under **Cost-Based Funding**, it must be:

1. **Attributable:** Directly or indirectly incurred for child care included in Base Fees.
2. **Appropriate:** Necessary and relevant for child care provision.
 - Provide due regard for access and inclusion, health and safety and quality.
 - Administration costs, costs incurred for health and safety, and costs incurred for cultural or religious purposes should be considered among appropriate costs.
3. **Reasonable:** Reflects what a prudent Operator would incur.
 - 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.

Minor Capital

Minor Capital refers to small scale projects, purchases, or repairs that:


- Are typically (but not always) **under \$15,000**; and
- Have a **useful life of more than one year**.


This may include minor equipment or appliance purchases required to meet licensing or legislative requirements.

Minor repairs to capital infrastructure may include repairing, replacing, or purchasing minor capital assets used for regular operation, such as kitchen equipment.

Examples of Eligible Minor Capital Expenses:

Fixing a Broken Window

 **Eligible** if a minor repair window of a facility in which child care included in the Base Fee is delivered.

 **Ineligible**, if the cost refers to the unnecessary replacement of all the windows in the facility.

Kitchen Equipment

✓ **Eligible** if used for child care (e.g., fridge, microwave, handwashing sink, dishwasher).

✗ **Ineligible**, if the cost refers to unnecessary or aesthetic replacement.

Other Examples of Eligible Minor Capital Expenses:

Eligible Expenses ✓	Ineligible Expenses ✗
Adding storage cabinets for play equipment and learning resources	Coffee machines
Door, lock and accessible entry repairs	Wine fridge
Fixing interior or exterior lighting	Top of the line or luxury equipment
Repairing broken lockers or children's storage cubbies	Aesthetic Improvements that do not contribute to health and safety or the provision of child care
Repairing damaged walls or peeling paint	Minor capital expenses funded through other sources (e.g. insurance claim, another public funding source, tax rebates or credits)
Repairing heating and cooling systems that are not operating effectively	
Repairing leaking toilets or sinks	
Repairing unsafe or damaged flooring	
Servicing or repairing washing and drying machines	
Replacing broken playground shade umbrellas	
Replacing worn out play-based materials used for program classes	
Purchasing or repairing equipment to support children with special needs	

Major Capital Expenses (Not Eligible)

Capital renewal or major replacements of capital assets **are not eligible** under Cost-Based Funding. Major Capital refers to large scale, higher cost projects, usually over \$15,000. These could involve major renovations, capital replacements, or long-term infrastructure work.

Examples of Major Capital (Not Eligible):

✗ Full flooring replacements

- ✗ Full parking lot resurfacing or re-development
- ✗ Full playground reconstructions
- ✗ Replacing all windows in the facility
- ✗ Full replacement of HVAC systems
- ✗ Roofing replacements
- ✗ Interior construction (e.g. reconfigurations of interior walls)
- ✗ Full bathroom or kitchen renovations

Funding Options for Major Capital Expenses

Operators who need to incur major capital costs can use:

- Surplus or profit
- Reserves
- Non-Base Fee revenue
- Fundraising or loans*

*Please note that interest on loans for non-recurring costs may be eligible.