

Provincial
Home Child Care
Enhancement Grant -
HCCEG
User Guide
for
Licensed Home
Child Care Agencies

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Introduction

Purpose

The purpose of this guide is to provide the required information to eligible licensed home child care agencies, herein called 'agencies', to apply, distribute and reconcile the Home Child Care Enhancement Grant (HCCEG) as funded by the Province of Ontario and administered by Halton Region.

Background

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

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

Effective 2016, the HCCEG funding will support an increase of up to \$20 per day for providers working with licensed home child care agencies (in 2015 HCCEG supported up to \$10 per day).

Halton Region administers the HCCEG funding to eligible licensed home child care agencies that are required to follow the standards of the Halton Region Child Care Service Management agreement and this User Guide in order to comply with the requirements.

If you have questions or comments, please contact

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

Eligibility Criteria

Program Eligibility

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

Agencies are required to apply for HCCEG funds through an application process detailed on www.halton.ca.

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

HCCEG Policy

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

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

This policy must be posted, provided or available to all providers.

HCCEG/WEG Agreement

A legally binding contract must be properly executed between Halton Region and the agency before HCCEG funding can be issued.

Agencies with a Child Care Service Management Agreement have met all the legal agreement requirements to receive HCCEG funding.

Non-contracted agencies, who do not have a Child Care Service Management Agreement, must secure a WEG/HCCEG agreement with Halton Region before HCCEG funding will be provided. The following requirements must be met to secure the agreement:

- Copy of your Insurance Certificate, with the following insurance limits and the Region of Halton added as “additional insured”:
 - Comprehensive General Liability limit of \$5 million per occurrence; and if the policy includes an aggregate limit, it must not be less than \$10 million in the aggregate;
 - If providing transportation: Automobile liability insurance limit of \$5 million per occurrence; and,
 - WSIB coverage and a copy of your existing WSIB Clearance Certificate. If your program is exempt from WSIB, please provide evidence of Employers liability or Contingent Employers Liability.
- Copy of the Articles of Incorporation, Letters Patent and the by-laws of the corporation;
- Copy of the Operator’s Conflict of Interest policy if a non profit corporation;
- Copy of the CIA AR that was filed for the corporation of filing from the Canada Revenue Agency; OR,
- Copy of the Corporate Profile Report located at www.oncorp.com dated 0

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

Program Sale

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

Program Closure

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

Eligible Home Child Care Providers

Eligibility is applicable to home child care providers included on application, as well as providers eligible to receive the HCCEG payments.

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

- Hold a contract with a licensed home child care agency;
- Provide services to one child or more (including privately placed children; excluding the provider's own children);
- Provide full time services on average (6 hours or more a day); and,
- Receive base daily fees, excluding HCCEG, of \$20 less than the *wage cap** identified by EDU annually.

In order to be eligible to receive the partial HCCEG of \$10 per day, home child care providers must:

- Hold a contract with a licensed home child care agency;
- Provide services to one child or more (including privately placed children; excluding the provider's own children);
- Provide part time services on average (less than 6 hours a day); and,
- Receive base daily fees, excluding HCCEG, of \$10 less than the *wage cap** identified by EDU annually.

Please note: information on privately placed children must be considered when determining eligibility and payments for the HCCEG.

*Wage Cap

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

In 2015 and 2016 the wage cap is \$262.70 per day for full HCCEG (\$157.62 for partial HCCEG).

In 2017 the Ministry increased the wage cap by 1.5% to \$266.80 per day for full HCCEG (\$160.08 for partial HCCEG).

In 2018 the Ministry increased the wage cap by approx. 1.5% to \$270.70 per day for full HCCEG (\$162.42 for partial HCCEG).

Additional Information - Eligible Home Child Care Providers

Effective 2016, Agencies have the flexibility to pay HCCEG funding to current eligible providers for their days worked, even if the provider did not have a contract with the home agency in the previous year and was not included on the application. The flexibility to provide funding to current providers may cause a shortfall in funding for the year, in which case the supplemental grant can be used to fund some of the additional time for new providers.

If at any point, a provider stops serving children or earns more than the cap, the agency must terminate the transfer of HCCEG funds to the provider.

Application Process

HCCEG Application

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

Agencies should also complete the WEG application for home visitor funding. Refer to the WEG User Guide for more details.

Any agency that has not submitted a HCCEG application by the deadline will not be allocated HCCEG funding. Agencies who miss the application deadline may apply for HCCEG funding the following year.

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

HCCEG payment to providers are based on days worked during the funding year (i.e., 2018 HCCEG funding is paid to providers for eligible days worked in 2018).

The 'total payments received' amount entered in the application form should include payments for privately placed children. It should exclude the HCCEG amount and include General Operating Grant amounts.

Supplemental Grant

Effective 2016, EDU included a supplemental grant for agencies. The entitlement is automatically calculated within the applications at \$50 per eligible provider. The supplemental grant gives agencies some flexibility to provide and implement HCCEG but must be used to support the provider daily payments. It provides agencies with flexibility to cover provider payment shortfalls due to increased days of service or new providers.

Distribution

Payment to Agencies

HCCEG funding will be issued to an agency via direct deposit once all requirements for the legal agreement with Halton Region have been met.

The schedule of HCCEG funding payments to agencies will be provided by Halton Region annually.

Payments to Providers

HCCEG funding (including the supplemental grant) must be directed solely to licensed home child care providers to increase provider payments. HCCEG funding cannot be used to support operating costs, expansion or reduce fees.

Agencies must issue HCCEG funds to providers based on their days worked during the funding year (i.e., 2018 HCCEG funds are issued to providers based on days worked in 2018).

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

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

Agencies must notify home child care providers of the amount of HCCEG provided to them on the home child care provider payments, or through a separate letter, labeled as follows:

- Provincial home child care enhancement grant (HCCEG)

Effective 2016, agencies have the flexibility to pay HCCEG funding to current eligible providers for their days worked, even if the provider did not operate in the previous year and was not included on the application. The flexibility to provide funding to current providers may cause a shortfall in funding for the year, in

which case the supplemental grant can be used to fund some of the additional time for new providers.

Agencies in receipt of HCCEG funding will:

- Ensure the transparent distribution of the funds using:
 - Separate account or general ledger for the HCCEG funds;
 - HCCEG funding indicated on provider payment, or separate letter;
 - Clear policies ; and,
 - Communication to providers regarding the calculation and distribution;
- Calculate and issue full or partial entitlement for each eligible provider using:
 - days worked within funding year
 - full or part-time status (over or under 6hours per day); and,
 - fees paid to the provider within funding year;
- Calculate entitlement based on both agency placed and privately placed children;
- Ensure they pay HCCEG to providers who confirm their daily fees do not exceed the wage cap– an attestation model is acceptable;
- Pay up to a maximum of \$10/day per agency for providers working with more than one agency within Halton Region;
- Ensure the payment increase does not exceed \$20 per day and daily fees are at least \$20 under the wage cap;
- Provide HCCEG in addition to base provider payments, and GOG payments;
- Ensure providers who left the agency mid-year are paid their HCCEG entitlement; and,
- Cease payment to providers and end the HCCEG program for the current year in the case that the HCCEG funds are insufficient.

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

To assist agencies, Halton will provide a distribution plan spreadsheet with each approved application.

Reconciliation – Agency Accountability

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

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

As part of the reconciliation, agencies will be required to sign a statement which attests that 100 % of HCCEG funding was provided directly to eligible providers.

Agencies will:

- Report only on eligible providers;
- Use existing payroll method;
- Declare any unused funds; and,
- Return the signed original reconciliation template as well as an electronic version to Halton Region by the identified due date.

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

In the event that Halton Region determines that an agency has failed to meet the funding conditions outlined in their agreement for the provision of HCCEG funding, Halton will recover all misused funds. Additionally, non-compliant agencies may be deemed ineligible to receive future HCCEG funding.

Audit

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

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

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

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

Random WEG/HCCCEG Audit

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

Public Inquiries

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

WEG/HCCEG Administration Grant

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

Eligible administration costs may include;

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

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

Timelines

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