

The following is an excerpt from the 2017 Ontario Child Care and Child and Family Programs Service Management and Funding Guideline

SECTION 5: WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG)

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS PURPOSE

Registered Early Childhood Educators (RECEs) and other child care program staff play a key role during the critical years of a child's development. However, there is a significant wage gap between RECEs working in the publicly funded education system and those in the licensed child care sector. This wage gap creates challenges in retaining qualified pedagogical professionals to deliver affordable, high quality services.

The 2014 Budget included an investment of \$269 million for the first three years of this ongoing investment to support a wage enhancement in the licensed child care sector. The wage enhancement/HCCG benefits low-income child care program staff in the sector, helps retain RECEs, and supports access to stable, high-quality child care programs for children in Ontario. The wage enhancement will also help to close the wage gap between registered early childhood educators (RECEs) working in full-day kindergarten (FDK) programs and RECEs/other child care program staff working in licensed child care settings.

The 2017 wage enhancement grant supports an increase of up to \$2 per hour, plus 17.5 percent benefits for licensed program staff and home visitors. In addition, the HCCEG supports an increase of up to \$20 per day for home child care providers contracted with a licensed home child care agency.

GOALS

The goals of the enhancement are to:

- close the wage gap between RECE wages in the school board and licensed child care sectors;
- stabilize licensed child care operators by helping them retain RECEs/child care staff; and
- support greater employment and income security.

These goals support the ministry's priorities to:

- stabilize and transform the existing child care system to increase program reliability for parents and support consistent, higher quality child care services to support children’s learning and development; and
- support licensed home child care agencies and strengthen the licensed home child care system.

ELIGIBILITY

All licensed child care centres and home child care agencies that opened before January 1, 2017 are eligible to apply for wage enhancement/HCCEG funding, regardless of auspice, participation in municipal quality initiatives, or current purchase of service status with their local CMSM or DSSAB. Licensed centres or agencies that are created in 2017 will only be eligible to apply in 2018.

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, the ministry has established an hourly wage maximum of **\$26.68**/hour for wage enhancement and **\$266.80** per day for full HCCEG (**\$160.08** for partial HCCEG).

This wage cap aligns with the top of the existing school board Educator Salary Matrix for RECEs working in FDK. In 2017, the wage cap has increased by approximately 1.5% to align with adjustments to the salary and wages of the school-based ECE grid stated in the current three year central labour agreements.

Wage Enhancement - Child Care Centre Program Staff and Home Child Care Visitors

Note: Eligibility criteria is used to determine entitlement (based on hours worked in 2016) and to determine payments to staff in 2017.

Full Wage Enhancement

To be eligible to receive the full 2017 wage enhancement of \$2 an hour plus 17.5 per cent in benefits, staff must:

- Be employed in a licensed child care centre or agency;
- Have an associated base wage excluding prior year’s wage enhancement of less than \$24.68 per hour (i.e. \$2 below the wage cap of \$26.68); and

- Be in a position categorized as a child care supervisor, RECE, home child care visitor, or otherwise counted toward adult to child ratios under the *Child Care Early Years Act* (CCEYA).

Child care program positions that are in place to maintain lower adult-child ratios than required under the CCEYA, and meet the eligibility outlined above, are also eligible for wage enhancement.

Partial Wage Enhancement

Where an eligible centre-based or home visitor position has an associated base wage rate excluding prior year's wage enhancement between \$24.69 and \$26.68 per hour, the position is eligible for a partial wage enhancement. The partial wage enhancement will increase the wage of the qualifying position to \$26.68 per hour without exceeding the cap.

- For example, if an RECE position has a base wage rate, excluding the previous year's wage enhancement, of \$25.50 per hour, the position would be eligible for wage enhancement of \$1.18 per hour.

Ineligible Positions (Non-Program Staff):

- Cook, custodial and other non-program staff positions are not eligible for wage enhancement funding.
- SNR-funded resource teachers/consultants and supplemental staff are not eligible for wage enhancement funding.
- The only exception to the above is if the position spends at least 25 per cent of their time to support ratio requirements; in which case the staff would be eligible for wage enhancement for the hours worked in the eligible position supporting ratio.
- Staff hired through a third party (i.e. temp agency) are not eligible for wage enhancement.

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

Full Home Child Care Enhancement Grant

In order 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 prior year's HCCEG, of less than \$246.80 (i.e. \$20 below the cap of \$266.80).

Partial Home Child Care Enhancement Grant

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 providers own children);
- Provide part time services on average (less than 6 hours a day); and
- Receive base daily fees, excluding prior year's HCCEG of less than \$150.08 (i.e. \$10 below the cap of \$160.08).

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

Supplemental Grant

The ministry will provide an additional supplemental grant of \$150 for each eligible centre based FTE or home visitor FTE and \$50 for each eligible home child care provider. The supplemental grant allows operators some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations.

The supplemental grant must be used to support staff, home visitors' and providers' hourly/daily wage or benefits.

It provides operators with the flexibility to cover salary shortfalls (due to increased hours in program or new staff/providers) and additional benefits, (e.g. vacation days, sick days, PD days and/or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes will be recovered.

CMSMs/DSSABs should work with operators to set priorities on how to use the supplemental grant.

APPLICATION PROCESS

Note: The new 2017 application forms replace previous applications provided in 2016.

If an operator applied in 2016 for wage enhancement/HCCEG, they will need to apply again in 2017 for all positions or home child care providers that would be eligible.

Information on eligibility will be gathered through the application process administered by CMSMs and DSSABs. 2016 information will be gathered on application forms and used to determine funding entitlement for 2017.

Note: Wage enhancement/HCCEG payments to staff and home child care providers will be made based on 2017 time in program.

Operators should enter total hours worked in 2016 for each eligible position, including overtime hours. Please note the base hourly wage rate or home child care provider fees entered in the application form should exclude previous wage enhancement/HCCEG amount received.

The ministry has provided sample application forms and related instructions to CMSMs/DSSABs including: an application form for licensed child care centre positions and home child care visitors, and another application form for home child care providers working with licensed home agencies.

While the application process is required, the templates are samples and the CMSM or DSSAB may prefer to use their own forms to determine eligibility and entitlement calculations required by the ministry. Any forms posted online should make reference to the wage enhancement/HCCEG being funded by the Government of Ontario.

In order to support the goals of the wage enhancement/HCCEG, the application process must be easily accessible to the public. To this end, CMSMs and DSSABs are required to:

- Post the application on their public website for a minimum period of 45 calendar days
- Post email/telephone contact information for inquiries related to the wage enhancement.
- Determine application due date to align with financial reporting deadlines.

PUBLIC INQUIRIES

As the service system managers for child care, CMSMs and DSSABs are required to manage public inquiries related to the wage enhancement/HCCEG. In order to manage

these inquiries, CMSMs and DSSABs may wish to post information regarding the wage enhancement/HCCEG along with contact information on their website.

REPORTING IN ESTIMATES

A notional wage enhancement/HCCEG amount will be included in the budget schedule of the 2017 Child Care and Child and Family Program Services Agreement. The ministry will adjust entitlements and resulting cash flows based on the aggregate of 2017 operator applications as reported to the ministry through the 2017 Estimates submission and the 2017 Revised Estimates submission (if required).

To ensure timely payments to operators and staff, CMSMs and DSSABs should provide an accurate Estimates submission to the ministry. If required, CMSMs/DSSABs can submit a revised entitlement to the ministry through their Revised Estimates submission.

If the entitlement reported through Estimates or Revised Estimates submissions exceeds the wage enhancement/HCCEG allocation included in the 2017 service agreement, an amended service agreement will be required. Please see the reporting requirements section below for details on the required data.

The ministry will not adjust allocations beyond Revised Estimates submissions.

The ministry will continue to cash flow the 2016 approved wage enhancement/HCCEG entitlement until the 2017 signed service agreement and 2017 entitlement (provided through 2017 Estimates reporting) are submitted.

PAYMENTS TO OPERATORS

CMSMs and DSSABs may need to enter into new funding agreements/arrangements with licensed child care centres and/or home child care agencies for the provision of wage enhancement/HCCEG funding if there is no current purchase of service agreement. Wage enhancement/HCCEG accountabilities and data collection may be built into existing purchase of service agreements and reporting processes by CMSMs and DSSABs.

Note: CMSMs and DSSABs will continue to have full discretion in determining which operators they enter into purchase of service agreements with for the provision of other child care services (e.g. fee subsidy, special needs resourcing, general operating, etc.).

If child care staff or home child care providers exceed the cap at any time during the year, excluding wage enhancement or HCCEG, they will no longer be eligible to receive the increase.

If at any point a home child care provider stops serving children, the home child care agency must terminate the transfer of HCCEG funds to the provider.

ALLOWABLE EXPENSES

Wage enhancement/HCCEG funding (including the supplemental grant) is an enveloped allocation. Wage enhancement/HCCEG funding must be directed solely to licensed child care staff and home visitors to increase wages and benefits, and to home child care providers to increase daily income. Wage enhancement/HCCEG funding cannot be used to support child care system expansion or reduce fees.

CMSMs and DSSABs and operators may only use the funding for the intended purposes of:

- Increasing wages of eligible centre-based staff and home visitors by up to \$2 per hour plus 17.5 percent benefits based on their current wage rate for all hours worked in program, including overtime hours,

Please note: the salary increase cannot exceed \$2 per hour in program and the wage cap of \$26.68 per hour. Operators may exceed 17.5 per cent for benefits if the supplemental grant is used to support additional benefit expenses.

- Providing a daily increase of up to \$20 for eligible licensed home child care providers based on current hours of service provided.

Please note: the daily wage increase cannot exceed \$20.00 and the daily cap of \$266.80.

Benefits Funding and Flexibility

Benefits of 17.5 per cent support operators in meeting their statutory benefit requirements.

Once all statutory benefits requirements are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5 per cent can be used to fund other benefit expenses paid by the employer on behalf of the employee.

Any residual benefits funding can be used to support wage enhancement salaries per the above allowable expenses. Please note this is one-way funding flexibility only, that is, salary funding cannot be used for benefits.

Any funding not used for the intended purpose will be recovered by the ministry.

RECONCILIATION

CMSMs/DSSABs are required to have a reconciliation process for operator use of wage enhancement/HCCEG funding, which can be built into processes already established for child care. The ministry provided sample reconciliation templates in 2015 and 2016. Please note that sample reconciliation templates will no longer be provided by the

ministry. CMSM/DSSABs can refer to previous sample templates for reconciliation details.

Please ensure that for the purposes of reporting the reconciliation at year end, salaries and benefits payments are tracked separately by the operator and CMSMs and DSSABs.

CMSMs and DSSABs will be required to collect FTE data as part of the reconciliation process.

CMSMs and DSSABs may use wage enhancement/HCCEG funding surpluses from one centre/agency to offset deficits in another centre/agency (within the same CMSM or DSSAB).

OPERATOR ACCOUNTABILITY

To help ensure operator accountability and the appropriate use of ministry funds, CMSMs and DSSABs must inform operators of:

- The purpose of the wage enhancement/HCCEG funding;
- The eligibility requirements;
- Associated reporting requirements;
- CMSM or DSSAB auditing policies;
- The process for reconciling wage enhancement/HCCEG funding with operators at year end (e.g. submission of operator financial statements); and,
- The recovery process for funds not utilized in accordance with the eligible expenditures.

Entitlement is based on previous years' information, however operators have the flexibility to provide wage enhancement/HCCEG to current eligible staff/providers and they also have flexibility in the use of the supplemental grant.

CMSMs/DSSABs should support operators with setting priorities for the distribution of funds, for example, to staff who were eligible in 2016 and continue to be eligible in 2017. An operator may then determine feasibility of funding newly created positions or newly joining providers in the year. In the case of expanded staffing, providers, or hours, operators may run short before the end of the year.

The following accountability mechanisms should be put in place by CMSMs and DSSABs for operators:

- A statement completed by the participating licensee which attests that 100 per cent of wage enhancement/HCCEG funding was provided directly to eligible child care staff, home child care visitor or home child care provider (this statement can be included in the funding agreement).
- An approach for confirming operator compliance with service agreements and guidelines (e.g. audit procedures, special purpose reports, request for T4 statements to confirm wage increase, etc.)
- Reporting requirements that reflect service and financial data required by the ministry (please see reporting requirement section for details).
- If a centre or agency closes, CMSM/DSSABs are to work with the operator to meet the requirements listed above and support payments to eligible staff and/or home child care providers for hours worked before the closure. Any unused funds would be recovered.

In the event that a CMSM or DSSAB determines that an operator has **failed to meet the funding conditions outlined in their agreement** for the provision of wage enhancement/HCCEG funding, the CMSM or DSSAB must recover all misused funds. Additionally, non-compliant operators may be deemed ineligible to receive future wage enhancement funding. CMSMs and DSSABs are responsible for establishing a process for confirming operator compliance.

Program Closure

Where a centre or agency applied for wage enhancement/HCCEG and closes mid-year, CMSM/DSSABs are to work with the operator to meet the accountability requirements and support payments to eligible staff and/or home child care providers for hours worked before the closure.

If the program closes prior to the CMSM/DSSAB entering into a wage enhancement agreement with the program, no funding should be transferred.

In cases of program transfers/amalgamations, the approved wage enhancement may be distributed to staff through the transferred/amalgamated program provided there are no substantial changes to either the program offered or staff employed under the new arrangement, the transformation supports continuity of care and program viability, and the CMSM/DSSAB has mechanisms in place to ensure accurate information and accountability for the transfer of funding.

PAYMENTS TO STAFF AND PROVIDERS

Wage enhancement/HCCEG funding entitlements are based on 2016 data; however, wage enhancement payments should be provided to eligible positions for each hour

worked in 2017. Operators have the flexibility to fund their current year's eligible positions, even if the position did not exist in 2016.

Similarly, HCCEG payments should be provided to eligible home child care providers for each day worked in 2017. Agencies have the flexibility to fund current year eligible providers, regardless of whether the provider had a contract with the agency in 2016. The compensation rate (partial or full) will be based on their current year services.

CMSMs and DSSABs may begin flowing funds to operators for the wage enhancement/HCCEG as soon as they have the information to calculate the wage enhancement entitlement for centres and home child care agencies from application forms.

Operators must include wage enhancement or HCCEG payments in each paycheque or payment made.

In addition, operators must notify staff or home child care providers of the amount provided to them through this initiative on staff pay cheques/home child care provider fee transfers, or through a separate letter, labeled as follows:

- Provincial child care wage enhancement; or
- Provincial home child care enhancement grant

REPORTING REQUIREMENTS

CMSMs and DSSABs will be required to report on the following expenses and service data elements in their EFIS Estimates, Revised Estimates (if required) and Financial Statement submissions by auspice:

Expenditures:

All expenditures below should include any funding from the supplemental grant.

- Full and partial wage enhancement funding including salary component and benefits component for:
 - RECEs,
 - Supervisors,
 - Other program staff , and
 - Home child care visitors
- Full and partial HCCEG required for home child care providers;

- Actual total wage enhancement salaries and benefits paid out for fully and partially eligible RECE, Supervisors, other program staff and home visitors related to ministry funding only; and
- Actual total HCCEG paid out for fully and partially eligible home child care providers.

Service Data:

- Number of fully and partially eligible RECEs, Supervisors, and non-RECE FTEs eligible for wage enhancement;
- Number of fully and partially eligible home visitor FTEs eligible for wage enhancement;
- Number of fully and partially eligible home child care providers receiving HCCEG;
- Number of ineligible RECEs, Supervisors, and non-RECEs (i.e. exceed the cap);
- Number of ineligible home visitors (i.e. exceed the cap);
- Number of ineligible home child care providers (i.e. exceed the cap);
- Number of child care centres or sites receiving wage enhancement;
- Number of operators for child care centres receiving wage enhancement; and
- Number of home child care agencies receiving HCCEG

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANTS ADMINISTRATION EXPENSES

PURPOSE

To support CMSMs and DSSABs with the implementation of the wage enhancement/HCCEG initiative, the ministry is providing child care service system managers with funding for administration to support the implementation at the CMSM/DSSAB and operator levels.

FUNDING ALLOCATIONS

Wage enhancement/HCCEG administration allocations will be the same as the amount provided in 2016. The allocation will be included in the budget schedule of the 2017 child care and child and family program service agreements.

ALLOWABLE EXPENSES

The wage enhancement administration funding allocation is to be used to fund the administrative effort associated with implementing the wage enhancement/HCCEG such as updates to CMSMs/DSSABs wage enhancement/HCCEG applications and posting on websites, creation of wage enhancement/HCCEG processes, outreach to operators, training and support (including resource costs), etc.

CMSMs and DSSABs are required to provide a minimum of 10 per cent of their 2017 administration funding allocation to operators to support implementing wage enhancement/HCCEG. To support increased uptake of the HCCEG, CMSM/DSSABs are asked to prioritize Home Child Care Agencies for administration funding in 2017. CMSMs and DSSABs that provided more than 10 per cent of administration funding to operators in previous years are encouraged to continue to do so in 2017.

If less than 10 per cent of 2017 wage enhancement administration funding is provided to operators, the difference will be recovered by the ministry.

REPORTING REQUIREMENTS

CMSMs and DSSABs will be required to report on the following expenses and service data elements in their EFIS Estimates, Revised Estimates and Financial Statement submissions by auspice:

- Total administration funds spent (including funds provided to operators);
- Total administration funding provided to centres and home child care agencies;
and

- Total number of centres and home child care agencies who received administration funding.

The wage enhancement/HCCEG administration grant provided in 2015 will continue to be reported on as it was provided as a grant that could be carried forward. However, unused 2015 administration grant funding will not be recovered by the ministry. Please note that unused administration funding that was provided to CMSM/DSSABs in 2016 and 2017 will be recovered by the ministry.

WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT

Expense Type:

Delivery Agent - Wage Enhancement/HCCEG

Expense Definition:

MEDU funding paid through the CMSMs/DSSABs to licensed child care centres and home child care agencies to support a wage enhancement of up to \$2 per hour, plus benefits for eligible child care staff or an increase of up to \$20 per day for home child care providers.

DATA ELEMENTS:

Name: Number of Fully and Partially Eligible RECEs, Supervisors, non-RECE FTEs eligible for Wage Enhancement

Definition:

The number of full-time equivalent staff working in licensed child care centres who have or will receive a full (\$2/hour) or partial (< \$2/hour) wage enhancement in 2017.

One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25 hrs/day).

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates (if required) and Financial Statements

Name: Number of Fully and Partially Eligible home visitor FTEs eligible for Wage Enhancement

Definition:

The number of full-time equivalent home visitors working for a licensed home child care agency who have or will receive a full (\$2/hour) or partial (< \$2/hour) wage enhancement in 2017.

One FTE = 1,754.5 hours for the entire year (approximate number of working days in the year less 2 weeks' vacation x 7.25 hrs/day).

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates (if required) and Financial Statements

Name: Number of Fully Eligible Home Child Care Providers Receiving HCCEG

Definition:

The number of home child care providers who have or will receive a full (\$20.00/day) Home Child Care Enhancement Grant in 2017.

<p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Partially Eligible Home Child Care Providers Receiving HCCEG</p> <p>Definition:</p> <p>The number of home child care providers who have or will receive a partial (\$10.00/day) Home Child Care Enhancement Grant in 2017.</p> <p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Ineligible RECEs, Supervisors, and non-RECEs</p> <p>Definition:</p> <p>The number of ineligible RECEs, Supervisors, and non-RECEs whose hourly rate exceeds \$26.68.</p> <p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Ineligible Home Visitors</p> <p>Definition:</p> <p>The number of ineligible home visitors whose hourly rate exceeds \$\$26.68.</p> <p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Ineligible Home Child Care Providers</p> <p>Definition:</p> <p>The number of ineligible home child care providers whose average daily pay is greater than \$246.80 for full time home providers or \$150.08 for part time providers.</p> <p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Child Care Centres or Sites Receiving Wage Enhancement</p> <p>Definition:</p> <p>The number of licensed child care centres or sites that have or will receive wage enhancement in 2017. This data element is for centre-based only.</p> <p>EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule</p> <p>Frequency: Estimates, Revised Estimates (if required) and Financial Statements</p>
<p>Name: Number of Operators for Child Care Centres Receiving Wage Enhancement</p>

Definition:

The number of operators/head offices that have or will receive wage enhancement funding in 2017. Operators/head offices can have multiple centres. This data element is for centre based only.

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates (if required) and Financial Statements

Name: Number of Home Child Care Agencies Receiving HCCEG

Definition:

The number of home child care agencies who have or will receive HCCEG in 2017. Home child care agencies can have multiple home child care providers.

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates (if required) and Financial Statements

**WAGE ENHANCEMENT/HOME CHILD CARE ENHANCEMENT GRANT
ADMINISTRATION FUNDING**

Name: Number of Child Care Centres that received Wage Enhancement Administration Funding

Definition:

The number of licensed child care centres that have or will receive wage enhancement administration funding from CMSMs/DSSABs to support administrative effort associated with implementing the wage enhancement/HCCEG. This data element is for centre based only

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates and Financial Statements

Name: Number of Home Child Care Agencies that received Wage Enhancement Administration Funding

Definition:

The number of home child care agencies that have or will receive wage enhancement administration funding from CMSMs/DSSABs to support administrative effort associated with implementing the wage enhancement/HCCEG.

EFIS Schedule: Schedule 4.3 Wage Enhancement Schedule

Frequency: Estimates, Revised Estimates and Financial Statements