

**CANADA-WIDE EARLY LEARNING AND CHILD CARE SYSTEM
SCHEDULE “E” to the Funding Agreement**

Legal Name: «Agency Legal Name»

Program Name: «ProgramName»

Service Type: Funding to Support Fee Reduction for Eligible Children and Increase Compensation for Eligible Staff

Location (s):

Effective Date: [date they entered the program]

Definitions:

“**Appendix**” or “**Appendices**” means the summary of eligible Funds the Recipient is entitled to receive based on the information provided to the City by the Recipient and in accordance with the regulations and contractual requirements regarding the Funding;

“**Base Fee**” means any fee or part of a fee that is charged in respect of a child for child care, including anything a Licensee is required to provide under the *Child Care and Early Years Act, 2014* (the “CCEYA”), or anything a Licensee requires the parent to purchase from the Licensee, but does not include a Non-Base Fee. This fee will be set by the City, prior to execution of this Schedule and shall not be changed throughout the Term;

“**CCEYA**” means the *Child Care and Early Years Act, 2014*, S.O. 2014, c. 11, Sched. 1;

“**CWELCC System**” means the Canada-Wide Early Learning and Child Care System for early years and child care funding provided for in an agreement entered into by the Province of Ontario and the Government of Canada;

“**Eligible Child**” or “**Eligible Children**” means any child under six years old; and up until June 30 in a calendar year, any child who (a) turns six years old between January 1 and June 30 in that calendar year, and (b) is enrolled in a licensed infant, toddler, preschool or kindergarten group, a licensed family age group, or home child care, as defined in the CCEYA;

“**Eligible Staff**” means the staff member must be employed by the Recipient and be in a position categorized as:

- a) RECE Program Staff;
- b) RECE Child Care Supervisor; or
- c) RECE Home Child Care Visitor

“ELCC” means early learning and child care;

“Funding Agreement” the funding agreement between the Recipient and the City dated [insert date here];

“Funds” or “Funding” means the money the ministry provides to the City to allocate to the Recipient pursuant to the CWELCC System and the Funding Agreement;

“Funding Guidelines” means the Canada Wide Early Learning and Child Care Guidelines published by the City on its website, as amended from time to time, to provide guidance to the Recipient regarding proper child care operations and expenditures of Funding in order to comply with relevant legislation, this Agreement and various City policies and procedures;

“Funding Year” means the 12-month period commencing January 1 and ending December 31;

“General Operating Funding” refers to the funding provided by the City to support wages to enhance staff salaries;

“Guideline Addendum” means the Addendum to Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline released August 2022, as amended, by the Ministry of Education which provides information regarding the Canada-Wide Early Learning and Child Care System;

“Licensee” or “Recipient” means a home child care agency or child care centre-based operator as defined in the CCEYA who has executed a Funding Agreement with the City and who has also agreed to be bound by this Schedule “E” and is referred to by the Legal Name written above;

“Non-base fee” means any fees charged for optional items or optional services, such as transportation or field trips, or any fees charged pursuant to an agreement between the parent and the licensee in respect of circumstances where the parent fails to meet the terms of the agreement (e.g. fees for picking up a child late, fees to obtain items that the parent agreed to provide for their child but failed to provide), as defined in the CCEYA;

“Opt-In Application Form” the City’s application form that is filled out by the Recipient for the purpose of determining whether the Recipient is eligible for Funding and if so, the amount of Funding, to be confirmed or adjusted annually in the Appendices;

“Term” the term of this Schedule shall commence on the Effective Date, as written above and shall continue until terminated pursuant to the Funding Agreement; and

“Wage Enhancement Grant” refers to the funding provided by the Ministry of Education to support a wage increase of up to \$2 per hour plus 17.5 % benefits for eligible RECE and other child care program staff.

1. Funding and Service Objectives:

Funding under this Schedule will be used to:

- a) Provide fee rebates to eligible families in 2022;
- b) replace revenues as a result of reduced base fees of eligible children; and
- c) increase compensation for eligible staff.

2. Eligibility Requirements and on-going Obligations for the Recipient:

Financial Viability: The Recipient will need to demonstrate Financial Viability/Sustainability to the City prior to the execution of this Schedule and during the Term (items for consideration are if the Recipient has accumulated arrears, has not serviced their debt, or are approaching bankruptcy).

Maintain Existing aged 0-5 spaces: The Recipient must maintain existing (pre-CWELCC System announcement on March 27, 2022) licensed spaces for children ages 0-5 as indicated in the CWELCC Opt-in Application Form. Any revisions or use of alternate capacity must be reported to the City and the City may determine whether this may result in Funding adjustment or recovery of Funds from the Recipient. Any changes in information will be reflected in writing in the Appendices.

Parent Fee Increases: The Recipient may only increase parent fees for eligible children in accordance with the requirements set out in O. Reg. 137/15, otherwise the City may adjust the Funding accordingly.

Provincial License in Good Standing: The Recipient shall maintain their license to operate in good standing in accordance with the CCEYA and shall not contravene the CCEYA. If the Recipient's license is revoked or suspended by the ministry, the City shall stop the Funding.

Annual Survey: The Recipient shall complete the annual *Licensed Child Care Operations Survey*, as required by a ministry director under O. Reg. 137/15 (77). The City is required to withhold Funding to the Recipient until the Recipient provides confirmation to the City that the survey has been submitted.

Parent Fees: The Recipient shall reduce and set parent fees in accordance with O. Reg. 137/15. The Recipient shall not charge a parent a higher daily base fee during the Term, unless in compliance with O. Reg. 137/15.

Agreement on Site: The Recipient shall keep a copy of the Funding Agreement and this Schedule in electronic or hard copy format on the child care premises and available for City and ministry inspection.

3. Funding – General

CWELCC funding is designed to offset the reduction in revenue from reduced Base Fees, while also improving compensation for Eligible Staff.

Any excess Funding provided to the Recipient during the Funding Year, or Funding not used for its intended purpose, will be recovered by the City.

During the Term, the Recipient may not exceed two consecutive weeks of closure, and not more than four weeks of closure within a calendar year while still receiving full Funding from the CWELCC System. Full parent fees cannot be charged for any closure above and beyond those timelines. The City has the discretion to further restrict the period of closure, upon reasonable notice to the Recipient.

Funding to support the objectives of the CWELCC System will be provided as operating grants from the City to the Recipient as further detailed in the Appendices.

CWELCC Funding does not displace existing provincial operating funding currently being provided to the Recipient (if applicable). CWELCC Funds support the objectives of the CWELCC System and are provided in addition to any provincial and ELCC funding currently being provided to Licensee.

The Recipient shall comply with the Funding Guidelines as part of the City's reconciliation process with the Recipient to ensure that the Funds are used based on the parameters provided in the Guideline Addendum.

The City has the right to review the Recipient's child care operations for Eligible Children for long term vacancies that continue to remain unfilled and determine whether adjustments to Funding are required where long term vacancies are identified and not mitigated.

4. Fee Reductions – General Requirements

Making child care more affordable for families is a key part of the implementation of the CWELCC System.

Funding for revenue replacement for fee reduction is provided to support the following:

- any costs associated with a Licensee's Base Fee; and
- funding to support rebates for eligible families in 2022.

Funding is intended to support Eligible Children only.

Funding shall be used by the Recipient as a revenue replacement to cover the gap between the Base Fees and parent fees.

O. Reg. 137/15 sets out rules regarding what Recipients will be permitted to charge parents as part of their daily Base Fee.

Non-Base Fees and associated costs charged by the Recipient to parents for things that are not included in the Base Fee, are excluded from the Funding.

A graduated approach to fee reductions will begin in 2022 as follows:

- A fee reduction of up to 25% (to a min of \$12 per day) for Eligible Children retroactive to April 1, 2022;
- A 50% fee reduction on average for Eligible Children by the end of calendar year 2022;
- \$12 per day average child care fees for Eligible Children by end of fiscal year 2025-26.

If a Recipient is enrolled in the CWELCC System and operates a home child care agency, they must also charge the parent of an Eligible Child a Base Fee determined based on the above. The Base Fee would apply to children who are agency placed and those children that are privately placed in the provider's care.

Once the Recipient is enrolled in the CWELCC System and reduce their fees to the new Base Fee, the Recipient is required to maintain its new Base Fee until they are either required to reduce them again, or they are no longer participating in the CWELCC System.

Rebates must be provided to the parent within 20 calendar days of receiving funding from the City for all parents of Eligible Children who paid higher fees on or after the enrolment date, regardless of whether their child currently receives care from the Recipient.

In the case where rebates are paid out to parents after December 31, 2022, The Recipient must notify parents prior to December 31, 2022, that a rebate will be provided.

Any programs that enroll after December 31, 2022, will not be eligible for retroactive enrollment and will only be expected to reduce fees on a go-forward basis.

5. Fee Subsidy – Parental Contribution Reduction

Eligibility: As the CWELCC System is implemented in Ontario, the fee subsidy model will continue to be an option for families who require financial assistance. O. Reg 138/15 sets out an income test formula that the City must use to calculate the amount of subsidy that can be provided for a family, as well as the amount of money that a family must contribute to the cost of child care (the parent contribution).

Implementation: To ensure an equivalent fee reduction is applied to families receiving child care fee subsidy (who do not pay the full cost of a licensed space), amendments

have been made under O. Reg 138/15, which require the City to reduce the parent contribution for eligible children (as defined under O. Reg. 137/15) by 25% (with no floor of \$12 for families receiving subsidy).

For more information, please refer to the Guideline Addendum.

6. Sales and Acquisitions of Child Care Businesses

O. Reg. 137/15 sets out requirements with respect to sales of child care business. If a Licensee 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 Recipient would remain enrolled in the CWELCC System and must maintain the applicable Base Fee as set out above.

If a Recipient sells substantially all its assets and the purchaser obtains a new license to operate a child care centre or as a home child care agency, to continue operating the child care program, the purchaser must:

- Charge Base Fees in accordance with O. Reg. 137/15 for newly issued licences described further in the Guideline Addendum (i.e. set parent fees at or below a regional maximum). Refer to O. Reg. 137/15 for further details.
- Apply to participate in the CWELCC System in accordance with the process set out by the City or notify the City and parents that they do not wish to participate.

7. Workforce Compensation – General Requirements

For Recipients with programs serving any Eligible Child, including programs serving children 0-12, the Recipient must be a participant in the CWELCC System in order to access workforce compensation (funded through the CWELCC System) for Eligible Staff and home child care visitors, and will be required to adhere to all the parameters of the CWELCC System. Licensees with programs serving children who are not eligible (i.e. aged 6-12) may apply separately to the City for workforce compensation funding.

Recipients are required to apply for the Wage Enhancement Grant to be eligible for the wage floor or annual wage increase under the CWELCC System. Wage enhancement funding will be added to the base wage of staff when considering eligibility for the wage floor and annual wage increase plus benefits.

Funding for mandated wage increases for Eligible Staff shall be in accordance with the Guideline Addendum, Funding Guidelines and this Schedule E. The Recipient is required to submit an application for workforce compensation funding to the City.

To be eligible for an annual wage increase, staff must be employed by a Licensee that is participating in the CWELCC System and must be an Eligible Staff member. For more detail please refer to the Guideline Addendum.

In addition, to be eligible for an annual wage \$1 per hour increase, staff must be receiving wage enhancement funding, and their hourly wage including wage enhancement funding must be below the wage cap of \$25 per hour on January 1st of each eligible year (i.e., base wage plus Wage Enhancement Grant and General Operating Funding plus annual increase must be below the wage floor stated below). Benefits should not be included when determining the base wage.

Information to Staff: Upon receiving confirmation of participation in the CWELCC System from the City, and as new staff are hired, the Recipient is required to share, in writing, information about the wage floor and annual wage increase with Eligible Staff. The information must provide Eligible Staff with an understanding of upcoming annual changes to their wages as a result of workforce compensation funding. At a minimum, the information about wages must include the wage floor and required annual wage increase for each year up to and including 2026.

Alignment with Collective Agreements: Some Licensees may be subject to the terms of a collective agreement. Licensees should seek independent legal advice on implementing the wage floor and annual wage increase.

Payments to Staff: The Recipient must include workforce compensation payments in each pay cheque or payment made. Workforce compensation may not be paid at the end of the year as a lump sum payment.

Wage Floor: The Recipient is required to bring the wage of all Eligible Staff up to the wage floor identified in the table below, plus benefits. All Eligible Staff hired during the identified years must earn at least the wage floor identified for that year, plus benefits as defined below.

The wage floor for 2022 will come into effect April 1, 2022. For all following years, the wage floor will come into effect on January 1 of each year.

Hourly Wage Floor 2022 to 2026

	2022	2023	2024	2025	2026
RECE Program Staff	\$18	\$19	\$20	\$21	\$22
RECE Child Care Supervisors or RECE Home Child care Visitors	\$20	\$21	\$22	\$23	\$24

Workforce compensation funding must be used to fund the incremental amount required to bring the staff wages to the wage floor.

If the City confirms the Recipient's participation on or before December 31, 2022, then it must specify a participation date that is backdated to:

- April 1, 2022, if the Licensee was licensed as of April 1, 2022; or

- the date the Licensee's license was issued in any other case.

Where staff were paid lower wages than specified by the wage floor, the Recipient who participated in the CWELCC System will be required to issue a retroactive payment to the Eligible Staff of the difference retroactive to the later of the two dates noted above.

If there was an increase to wages during this period, workforce compensation should be decreased to reflect the change. Retroactive payments must be paid to Eligible Staff for the hours worked, regardless of whether they are employed by the Recipient at the time that their participation in the CWELCC System is confirmed.

Any Recipients participating in the CWELCC System after December 31, 2022, will not be eligible for a retroactive payment for wage compensation and will only be expected to implement the wage floor and annual wage increase on a go forward basis.

Annual Wage Increase

Recipients are required to increase the hourly wage of Eligible Staff by \$1 per hour plus benefits (as described below), on January 1st of each year from 2023 to 2026, inclusive, up to the \$25 per hour wage cap. To be eligible for the \$1 per hour annual increase, the staff's wage must be equal to or greater than the wage floor and less than \$25 per hour. Staff earning at or above \$25 per hour are not eligible for the annual \$1 per hour increase. Staff making \$24.00 to \$24.99 per hour are to have their wages increased to \$25 per hour.

Benefits Funding and Flexibility

Workforce compensation funding includes up to 17.5 per cent in benefits. Benefits of up to 17.5 per cent must support the Recipient in meeting their statutory benefit requirements. Workforce compensation encompasses statutory as well as additional benefits that are provided by the Recipient (e.g., additional vacation or personal days).

Once all statutory benefit 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.

Minimum Wage Offset

Workforce compensation funding will be provided to eligible Recipients to offset wage increases for non-RECE staff associated with the increased minimum wage that came into effect January 1, 2022.

To be eligible for the minimum wage offset, Recipients must be participating in the CWELCC System and employ staff in a position categorized as:

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

In addition, to be eligible for a minimum wage offset, the Recipient must employ staff that were earning less than \$15 per hour on March 31, 2021 (not including wage enhancement), or were hired after March 31, 2021, and before January 1, 2022, and had wages below \$15 per hour (not including wage enhancement).

Staff hired after December 31, 2021, are not eligible for the minimum wage offset.

8. Reporting

The City is required to track and report to the ministry on service data and expenditures using the Funding, therefore the Recipient shall provide the City with any and all information it requires to meet its obligations with the ministry.

Recipients shall provide the City with all requested information related to its operations of child care for Eligible Children, fee reduction, as well as staff supported with workforce compensation.

Recipients must provide to the City for each site operating under this Schedule the following:

- Annual audited financial statement
- Completed reconciliation templates as requested by the City to provide detailed information regarding the following
 - Expenditures and data elements to support fee reduction
 - Expenditures and data elements to support rebates to parents
 - Expenditures and data elements to support the workforce compensation funding
 - Expenditures and data elements to support the minimum wage offset funding

Recipients must comply with data requests from the City and upon request produce records and documentation to demonstrate compliance with the rules and regulations set out by the Guideline Addendum and Funding Guidelines.

Recipients are required to follow the modified accrual basis of accounting for financial reporting and audited financial statements.

9. Audits

The City shall undertake random audits of the Recipient in accordance with the Guideline Addendum and the City's Funding Guideline to confirm that Funding has been used for intended purposes.

Where the City determines that Funding was not used as intended or where the Recipient did not meet the terms and condition set out in the Funding Agreement and/or

this Schedule E, the City may recover Funding and the Recipient may be deemed ineligible to receive future Funding.

10. Appeals

Licensees who would like to dispute a decision have the right to appeal. Licensees must make an appeal in writing via email to CWELCC@hamilton.ca.

The Director of the Children's and Community Services Division will review all appeals in a fair and equitable manner by following the guidelines and legislation determined by the Ontario Ministry of Education, alongside the policies and practices determined by the City of Hamilton. Licensees will be notified of a decision regarding the appeal within 14 days of the Recipient submitting the appeal to the City.

11. City's Rights regarding Recipient Non-Compliance

Without limiting the City's legal rights, where the City determines that Funding was not used as intended or where the Recipient did not meet the terms and conditions set out in the Funding Agreement, the City may withhold or recover Funding and the Recipient may be deemed ineligible to receive future funding.

Recipient Authorized Signature:

I have carefully reviewed the above information and agree to be bound by the terms and conditions in Schedule E.

Signature:

Name:

Title:

Date:

I have the authority to bind the Recipient