

Appendix A: Child Care Licensee Funding Guidelines

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Introduction

The City of Hamilton Child Care Licensee Funding Guidelines are intended to supplement Schedule “A” of the Funding Agreement signed by licensees. These guidelines provide additional information and details about the cost-based funding model and local priorities funding allocations and related requirements.

These guidelines are aligned with:

- [Child Care Early Years Act, 2014](#)
- [Ministry of Education Guidelines - ENGLISH](#)
- [Ministry of Education Guidelines - FRENCH](#)
- 2025 City of Hamilton Child Care and Early Years Operating Guidelines (In Development)
- [CWELCC Cost Based Funding Information Session Slide Deck – Centre Based](#)
- [CWELCC Cost Based Funding Information Session Slide Deck - LHCC](#)
- [CWELCC Cost Based Funding Formula Questions and Answers Document](#)

Please note: Nothing in these guidelines overrides a licensee’s obligations under the [Child Care and Early Years Act, 2014](#), its regulations, or any other applicable legislation. In the event of a conflict, legislative requirements will take precedence.

General Funding Overview

Effective January 2025, Ontario’s Ministry of Education announced a new cost-based funding formula for the Canada-Wide Early Learning and Child Care (CWELCC) system, covering children aged 0 to 5.

Under this new approach:

- **Cost-Based Funding** is a consolidated allocation that supports licensees with the operating costs of providing child care for children aged 0 to 5.
- **Local Priorities Funding** will continue to support programs for children aged 6 to 12 through separate allocations, including:
 - General Operating Funding
 - Wage Enhancement / Home Child Care Enhancement Grant
 - Workforce Compensation Funding

	CWELCC Cost-Based Funding (Section 1)	Local Priorities Funding (Section 2)
Ages covered	0 to 5 years	6 to 12 years
Eligibility	Licensees must be enrolled in CWELCC.	Licensees must be enrolled in CWELCC or exclusively serve children aged 6 to 12.
Requirements	Licensees must have a signed Funding Agreement with the City of Hamilton and meet the requirements outlined in the Agreement, the Schedule “A” and this document.	Licensees must have a signed Funding Agreement with the City of Hamilton and meet the requirements outlined in the Agreement, the Schedule “A” and this document.
Funding stream	Single stream: Covers General Operating (for wages), Wage Enhancement/Home Child Care Enhancement Grants (WEG/HCCCEG), Workforce Compensation, Health and Safety, System Priorities, and other one-time grants.	Multiple streams: Licensees will continue to receive separate allocations for Wage Enhancement/Home Child Care Enhancement Grants (WEG/HCCCEG), Workforce Compensation, Pay Equity, Fee Subsidy (for ages 0 to 12), and General Operating Funding.
Utilization	Licensees must manage funding to cover operational costs, such as maintenance, quality investments (system priority), and staff salaries and benefits, based on program needs. Wage Enhancement/Home Child Care Enhancement Grants and Workforce Compensation are embedded in provincial funding benchmarks and must be administered according to the guidelines.	Licensees must distribute Local Priorities Funding according to the guidelines. Refer to Section 2 for full details.
Flexibility	Greater flexibility: Licensees can allocate funds across all eligible expenses under the guidelines.	Less flexibility: Each funding type must be used strictly for its intended purpose. For example: Wage Enhancement surplus cannot be reallocated to General Operating.

Section One: Cost-Based Funding Formula - Ages 0 to 5

Overview

Effective January 1, 2025, a new cost-based formula now funds CWELCC-enrolled licensees based on their actual, eligible costs supporting children ages 0 to 5, up to a maximum set by the formula.

Components

The cost-based child care funding formula is based on the following allocations identified in the below chart. Additional information continues in the [Calculation](#) section below.

1. Program Cost Allocation	2. Allocation in Lieu of Profit/Surplus	3. Expected Base Fee Revenue Offset
<p><u>1a) Benchmark Allocation:</u> Applies to all CWELCC licensees. Represents the typical costs of quality child care in a specific region, based on planned operating spaces.</p> <p><u>1b) Legacy Top-up:</u> For licensees whose costs exceed the benchmark.</p> <p><u>1c) Growth Top-Up:</u> For new or existing licensees that add new licensed spaces or homes during the year.</p>	<p>In addition to covering eligible costs, the formula includes funding to account for opportunity costs related to participating in Canada-Wide Early Learning and Child Care, as well as the risks of running a business or for reinvestment in child care.</p>	<p>Amount of revenue estimated to be earned in the calendar year based on planned operating spaces. Licensees allocation will be decreased to reflect anticipated revenue received, as they will continue to collect fees from families for child care. The fee calculation is adjusted by a 10% vacancy rate (for 2025) to account for turnover, which offsets the program cost allocation.</p>

Calculation

1. Program Cost Allocation

The first step of the Cost-based funding formula is the calculation of the Program Cost Allocation which determines the funding required by the licensee to cover all eligible costs for CWELCC age groups. Program Cost Allocations are calculated at the licence (site) level, not at the head office level.

1a. Benchmark Allocation

This represents the typical cost of quality child care in the region, adjusted for Hamilton using a Geographic Adjustment Factor (GAF) of 0.82 to ensure that similar eligible centres/agencies receive similar funding.

The following chart outlines the benchmark components for child care centers and home child care agencies.

Benchmark Component*	Description of Component
Child Care Centres	
Program Staffing	Pay and benefits for program staff, including eligible Wage Enhancement Grant (WEG) and Workforce Compensation (Annual Increase, Wage Floor, Minimum Wage Offset) for eligible staff.
Supervisor	Pay and benefits for Ministry-approved supervisors, including eligible Wage Enhancement (WEG) and Workforce Compensation for eligible staff.
Accommodation	Accommodation costs for eligible centres include rent, mortgage payments, property taxes, maintenance and minor repairs, and related costs such as furniture and equipment.
Operations	Fixed and variable costs for eligible centres, including pay and benefits of non-program staff (such as cooks), food, overhead costs (such as centralized staff, licensing, or professional fees), program equipment and supplies, office expenses, utilities, cleaning, insurance, and other (such as training, advertising, transportation, IT equipment).

Benchmark Component*	Description of Component
Home Child Care Agencies	
Provider Compensation	Compensation for home child care providers, including eligible Home Child Care Enhancement Grants (HCCEG).
Visitor Compensation	Pay and benefits for home child care visitors, including the eligible Wage Enhancement Grant (WEG) and Workforce Compensation (Annual Increase, Wage Floor, Minimum Wage Offset) for eligible staff.
Operations	Fixed and variable costs for eligible agencies (such as accommodation and operating costs for the head office and pay and benefits for head office staff).

*Refer to [APPENDIX B](#) for the benchmark rates the Ministry of Education has set for each of the benchmark components.

Once the Benchmark allocations have been calculated using operational data, the Geographic Adjustment Factor (GAF) of 0.82 for Hamilton is applied, as per the following:

Child Care Centres:

Program Staffing + Supervisor + Accommodations + Fixed and Variable Operations x GAF
(0.82 for Hamilton)

Home Child Care Agencies:

Provider Compensation + Home Visitor Compensation + Fixed and Variable Operations x GAF
(0.82 for Hamilton)

Note: Licensees can shift spending between the various benchmark components as needed. As an example, a child care centre may have relatively high accommodation costs but lower operations costs, or vice versa.

1b. Legacy Top-Up Allocation

(Available only to eligible licensees whose cost structures exceed benchmark allocations)

The Ministry recognizes that some licensees' cost structures do not align with the benchmark allocations. Legacy top-up funding is being provided to support these licensees during the transition to cost-based funding to cover legacy costs.

Legacy costs refer to 2023 costs for legacy centres/agencies, adjusted for eligibility, inflation, changes in operations, and fixed costs. These are calculated at the site level (not at the head office level), and not all licensees will qualify.

Eligibility Criteria

A licensee is eligible for legacy top-up funding if all the following criteria are met:

1. Enrollment in CWELCC:

- The licensee was enrolled in CWELCC on or before August 15, 2024, and has maintained a CWELCC service agreement with the City of Hamilton.
- OR**
- The licensee applied for CWELCC enrollment on or before August 14, 2024, and was enrolled as part of a directed growth expansion.

2. Cost comparison:

- The licensee's legacy costs exceed its benchmark allocation.

Legacy top-up funding is available only for the 2025 calendar year. Beginning in 2026, it will be included in a rolling top-up for licensees who received the legacy top-up in 2025, to ensure continued support for their cost structures.

To arrive at a licensee's legacy costs, the following steps are taken:

STEP 1	Calculate the 2023 Eligible Adjusted Costs (for age 0 to 5 only)
<p>To calculate 2023 adjusted costs, the following financial data sources are utilized:</p> <ul style="list-style-type: none"> • Licensee's audited 2023 Statement of Operations • Licensee's 2024 approved operating budgets (adjusted by a cost escalation factor of 1.02) – this source is utilized only for licensees that do not have 2023 audited statements due to operations beginning in early 2024. • Licensee's 2025 ASC Budget Submission workbook (2023 Actual Revenue & Expense tab). For licensees that serve both eligible (age 0 to 5) and ineligible (age 6 to 12) children, a reasonable methodology to split eligible costs from ineligible costs must be employed. <p>The 2023 adjusted costs are calculated by taking the licensee's (site level) total eligible costs for 2023 and deducting the following:</p> <ul style="list-style-type: none"> • Non-recurring costs (e.g. major repairs that are one-time in nature) • Fixed costs (i.e. lease/rental costs, insurance, property taxes) 	

- Workforce funding (e.g., CWELCC wage supports, WEG/HCCEG)(i.e.\$1/hr Annual Increase, Wage Floor funding)
- Salary and benefits for one controlling owner employed by the licensee (only applicable to for-profit licensees)

STEP 2 Apply Adjustment Factors

To recognize that costs may have changed between 2023 and 2025, the 2023 adjusted costs (calculated in Step 1) are multiplied by:

1. **Cost escalation factor:** 1.0465 (reflects CPI increases for 2024–2025)
2. **Operating scaling factor:** Reflects changes between 2023 and 2025, such as:

For centre-based care:

- Operating space days by age group
- Program staff-to-child ratio (Infants: 3:10, Toddlers: 1:5, Preschool: 1:8, Kindergarten: 1:13)
- Typical service hours

For licensed home child care:

- Planned active home days (2025)
- Actual active home days (2023)

The operating scaling factor is calculated individually for each site.

STEP 3 Add 2025 Workforce Funding

Add projected 2025 workforce funding, aligned with 2025 budgeted staffing costs.

STEP 4 Add 2025 Fixed Costs

Include 2025 budgeted fixed costs (i.e. lease/rental costs, insurance, property taxes).

STEP 5 Add Compensation for One Controlling Owner (For-Profit Licensees Only)

If the licensee is for-profit, include the labour compensation for one controlling owner, calculated as the lesser of:

- 2023 salary/benefits × 1.0465, or
- \$465/day × number of service days in 2025

Note: This applies only once per licensee, even if multiple sites or owners exist. It is not applicable for non-profits.

While a cap is applied for funding purposes, owners may choose to compensate themselves differently, provided they stay within overall funding guidelines set by the Ministry. Licensees are required to work within their total funding allocation; each expense must be reasonable, attributable, appropriate, and documented.

STEP 6

Compare Benchmark Allocation to determine legacy top-up

The final step is to determine if the site is eligible for a legacy top-up.

The sum total in Steps 1-5 arrives at the licensee's total legacy costs, which is compared to the adjusted benchmark allocation (refer to [Calculation Section 1a](#) of this document)

Legacy Costs – Adjusted Benchmark Allocation (after .82 GAF) = Legacy Top-up

- If legacy costs are more than the adjusted benchmark allocation, the licensee qualifies for a Legacy Top-Up
- If legacy costs are equal to or less than the adjusted benchmark allocation, the licensee does not qualify for a Legacy Top-Up. A licensee's costs are sufficiently covered through the benchmark allocation

1c. Growth Top-Up Allocation

(Available to expansion sites only – including new centres/agencies and those adding new licensed spaces or active homes)

The Growth Top-Up is intended for new licensees or existing licensees that expand by adding new licensed spaces or active homes in the 2025 calendar year. To qualify, expansion must be approved through the City of Hamilton's Directed Growth application process.

This funding recognizes that costs may vary by economic region and supports expansion efforts by helping licensees manage higher startup or operational costs.

New centres or agencies must ensure their 2025 operating plans and budgets are developed in line with their Program Cost Allocation.

This top-up only applies for 2025 but will transition into a rolling top-up starting in 2026. The rolling top-up will support ongoing costs for those licensees who received this top-up in 2025, ensuring their expanded operations continue to be financially sustainable year over year.

2. Allocation In Lieu of Profit/Surplus

The second step of the cost-based funding formula is the calculation of the Allocation In Lieu of Profit/Surplus, which is also calculated at the licence (site) level, not at the head office level.

The calculation consists of three parts:

- **Base Rate Amount:**
 $4.25\% \times (\text{Benchmark Allocation} + \text{Legacy and/or Growth Top-Up})$
- **Premium Rate Amount:**
 $3.5\% \times \text{Benchmark Allocation}$
- **Flat Amount:**
\$6,000 per calendar year per eligible centre/agency
(Note: This amount is pro-rated based on the number of months the site participates in CWELCC. For example, if a site starts in April 2025: $9/12 \times \$6,000 = \$4,500$.)

This allocation serves as an in-year estimate until actual program costs are determined during reconciliation. Upon reconciliation:

- The base rate of 4.25% would be applied to actual program costs.
- The premium rate of 3.5% would be applied to actual program costs up to the benchmark allocation.
- The flat rate of \$6,000 (or equivalent if not operational for the full 12 months in a calendar year) is not recalculated as part of the reconciliation.

For more on this process, refer to [Section Three: Financial Reporting, Review and Reconciliation](#).

3. Expected Base Fee Revenue Offset

The third step of the cost-based funding formula calculates how much revenue the licensee is expected to collect from families (or through fee subsidies) in the form of base fees.

Base Fees

Base fees include all daily fees charged to families for anything a licensee is required to provide under the [Child Care and Early Years Act](#), such as play materials, supplies, and food. Other mandatory fees a family must pay in order to receive care, such as registration fees, are also deemed a base fee.

Daily Base Fees

Effective January 1, 2025, the daily base fees for child care will be capped at a maximum of \$22 /day for eligible children. Licensees must consider all mandatory fees charged when

calculating the overall base fee of \$22 /day (this includes all costs parents/guardians are required to pay, such as registration fees and any other one-time or recurring fees).

How are base fees used in the cost-based funding model?

Under the cost-based model, base fees are treated as a reduction to the total funding a licensee receives.

The Expected Base Fee Revenue is the projected amount a licensee expects to collect from families and/or subsidies during the year.

Again, this component of the funding model is calculated at the licence (site) level, not at the head office level.

Site-level Calculations

Centre-based licensees:

To calculate the estimated base fee revenue:

1. Multiply:
 - \$22/day × number of operating spaces × number of service days
2. Adjust for maximum vacancy rate:
 - 90% (0.90) for 2025
 - 95% (0.95) for future years

Licensed home child care agencies:

To calculate the estimated base fee revenue:

1. Multiply:
 - \$22/day × number of active home seats × number of service days
2. Adjust for maximum vacancy rate:
 - 90% (0.90) for 2025
 - 95% (0.95) for future years

The resulting amount becomes the expected base fee revenue offset, which reduces the licensee's total cost-based funding allocation.

Funding Utilization

All cost-based funding must be used to support child care services for children aged 0 to 5. Eligible costs must meet the following three principles:

Attributable

Costs must be directly or indirectly linked to the delivery of child care covered by base fees.

Appropriate

Costs are considered appropriate if they are necessary or reasonable for operating a child care service and consider factors such as accessibility, inclusion, safety, and quality.

Reasonable

Costs are reasonable if the quality of the goods or services aligns with what a prudent operator would purchase, and the cost is not excessive for that quality; and,

- a) 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.

The table below provides examples of eligible costs associated with each of the components:

Expense Category	Eligible Costs
1. Child Care Centres	
Program Staffing and Supervisor	Wage and benefits, including eligible Wage Enhancement (WEG) and Workforce Compensations for eligible staff*
Accommodation Costs	Rent, mortgage payments, property taxes, maintenance and minor repairs, and other related costs (e.g., furniture and equipment).
Other Operating Costs	Non-program staff (e.g., cooks), food, overhead, program equipment and supplies, licensing, insurance, cleaning, utilities, office expenses, IT, transportation, training

2. Home Child Care Agencies	
Provider Compensation	Compensation for home child care providers, including the Home Child Care Enhancement Grant (HCCEG)*
Visitor Compensation	Pay and benefits for home child care visitors, including eligible Wage Enhancement (WEG) and Workforce Compensations for eligible staff*
Operating Costs	Head office rent, utilities, administrative salaries, supplies, etc.

* **Note:** WEG, HCCEG, and Workforce Compensation are now embedded within benchmarks and are no longer provided as separate allocations. Licensees must still meet accountability and eligibility requirements related to these funds.

For licensee responsibilities related to these supports, refer to [Section Two: Local Priorities Funding and Supports](#), below.

One-Time Emergency Funding (OTEF)

The purpose of the CWELCC One-Time Emergency funding (OTEF) is to support Licensees who have incurred a non-discretionary (not optional) and unexpected (unplanned) eligible cost above their 2025 Cost-Based allocation funding.

A separate application must be submitted for each expenditure the licensee is requesting funding support for.

The expectation is Licensees first explore all other available funding sources before applying for emergency funding.

To be eligible for One-Time Emergency Funding (OTEF), the cost must be:

- A result of an emergency or unexpected event in the current calendar year
- Non-discretionary and non-recurring in nature
- For a physical space serving eligible children (0-5)
- Not fully supported through the 2025 Cost-Based allocation, Parent Fee revenue, other revenues (investments) and insurance claims
- Appropriate for the Licensee to incur (and not the Property Owner if the Licensee is the Lessor)

If the Licensee has a cost that meets the above eligibility requirements, and if all other funding sources and revenues have been exhausted, an application can be submitted for review. Please note the submission of an application does not guarantee automatic funding approval.

The request for One-Time Emergency Funding is a two-step process.

► Step 1 – Request for Funding (RFF)

Licensees are required to complete a screening application which identifies the cost incurred and provides additional information to determine the eligibility of the cost. If eligibility criteria are not met, the application will be denied. All approved Step 1 RFF applications will advance to Step 2.

► Step 2 – Financial Assessment

Licensees will be required to submit supplementary financial documentation supporting the Request for Funding (invoices, quotes, budget information) and provide proof of financial need.

It is important to note the following:

- Submission of an OTEF application does not guarantee funding.
- Approvals are based on funding availability.
- Licensees may be subject to a financial co-payment amount and financial commitment re-payment period.
- Funding will be provided at the discretion of the City of Hamilton.
- A separate application must be submitted for each expenditure the licensee is requesting funding support for.

To request a One-Time Emergency Funding application, please contact cwlecc@hamilton.ca

Section Two: Local Priorities Funding and Supports

Overview– School Age Funding - Ages 6 to 12

Local Priorities funding is primarily intended for use outside the CWELCC system. To be eligible, licensees must either be enrolled in CWELCC but apply the funding only to non-CWELCC eligible children, or exclusively serve children aged 6 to 12, as outlined in the provincial funding guidelines.

Licensees serving children ages 6 to 12 will continue to receive funding supports such as the Wage Enhancement/Home Child Care Enhancement Grant, Workforce Compensation, Pay Equity, Fee Subsidy and General Operating for Wages funding.

1. General Operating Grant (GOG) Funding - Ages 6 to 12

The General Operating Grant (GOG) for wages is provided to increase compensation for eligible staff, supporting the recruitment and retention of qualified educators working with children aged 6 to 12.

Eligibility Requirements

To receive funding, the employee must:

- receive a T-4 Statement of Remuneration
- fill a permanent position that is part of the program's regular staffing complement
- be in an eligible position

Funding Calculation

Funding allocations are calculated based on the operating capacity of the school-age program (children ages 6 to 12).

Funding Conditions

- GOG must be used to increase eligible staff wages above minimum wage and mandatory benefits.
- Staff in the same role must receive an equal GOG amount.
- A minimum of \$3/hour must be provided to front-line staff through GOG.
- No eligible staff may receive more than \$6/hour or \$10,920 annually from GOG.
- GOG must be in addition to any planned salary increases.
- Employers must clearly communicate GOG amounts to staff via a separate line on pay stubs or a letter signed by the employee acknowledging the amount.
- Up to 20% of the GOG may be used for mandatory and non-mandatory benefits.
- A portion of the funding may be used to offset the costs of non-mandatory benefit plans.

GOG cannot be used for the following:

- Merit or seniority pay increases
- Bonuses
- Positions that would exist regardless of the child care program
- Meeting minimum wage requirements

Eligible Positions

At least 90% of GOG must support wages for front-line staff, including:

- Ministry-approved Supervisors
- Registered Early Child Educators (RECEs) and non-RECEs counted toward adult-to-child ratios under the [Child Care and Early Years Act](#)
- Supplementary program staff used to maintain lower ratios
- Supply staff (optional, as per the organization's distribution plan)
- Cooks

Up to 10% may support wages for administrative staff directly tied to child care operations (e.g., clerical, accounting, janitorial).

Ineligible Positions

- Executive Directors
- Staff earning more than \$35/hour
- Temporary contract staff
- Students
- Staff funded through employment programs
- Central administrative roles that not dependent on child care operations
- Contracted service providers such as external accountants or janitorial services

2. Wage Enhancement/Home Child Care Enhancement Grant (WEG/HCCEG) - Ages 6 to 12

Licensees serving school-age children can apply for separate WEG/HCCEG funding through the City of Hamilton.

Eligibility Requirements

To receive funding, the employee must:

- Must be a licensed child care centre operating in the City of Hamilton
- Must be either CWELCC-enrolled or exclusively serving children 6 to 12
- Must have eligible staff positions

Application Process

Licensees must submit the Wage Enhancement application by the specified deadline in the application. For further details, refer to [Section Three, Annual Service Contract \(ASC\) Reporting Process Overview](#).

Required details:

- The base wage paid for each staff/position
- The number of hours worked in the position (2025 or comparable year)
- The percentage of time the position is eligible (must be a minimum 25% of time in program covering ratio)

Licensees must adhere to the eligibility and accountability as outlined below.

Eligibility Groups

1. Non-CWELCC programs serving only ages 6 to 12
2. CWELCC-enrolled programs serving 0 to 12 (0 to 5 automatically funded via cost-based benchmark, no application required; 6 to 12 requires application)
3. CWELCC-enrolled programs serving 0 to 5 only (automatically funded via cost-based benchmark, no application required)

Wage Enhancement Grant (WEG) Wage Cap

The intent of WEG/HCCCEG is to help close the wage gap between RECEs working in the publicly funded education sector and eligible positions/home child care providers in licensed child care settings.

As per the Ministry:

- Max wage eligible for WEG: \$32.81/hour
- Max daily for HCCEG: \$328.10 (full), \$196.86 (partial)

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

The Wage Enhancement Grant provides up to \$2/hour, plus 17.5% benefits for eligible staff.

Eligibility criteria:

- Must work in a licensed CWELCC-enrolled centre/agency or exclusively serving children aged 6 to 12 centre/agency
- Must hold an eligible position, such as:
 - Child care supervisor
 - Registered Early Childhood Educator (RECE)
 - Home child care visitor
 - Staff counted toward [Child Care and Early Years Act](#) ratios
 - Supplementary staff exceeding required ratios

Ineligible positions:

- Non-program staff (e.g., cooks, custodians) unless supporting ratios more than 25% of the time
- Special needs resourcing funded resource teachers/consultants and supplemental staff, unless supporting ratios more than 25% of the time
- Third-party (e.g., temp agency) staff

Full Wage Enhancement Grant (WEG) Eligibility:

To be eligible to receive the full WEG funding of \$2/hour plus 17.5% benefits, child care program staff:

- Must earn \$30.81/hour or less (including General Operating Grant for Wages funding and excluding last year's WEG funding) Refer to [Order of Operations](#) section for more info
- Must be in a T4-receiving eligible position

Partial Wage Enhancement Grant (WEG) Eligibility:

To be eligible to receive partial WEG funding of up to \$2/hour plus 17.5% benefits, child care program staff:

- Has a base wage between \$30.81–\$32.81/hour (including General Operating Grant for Wages funding and excluding last year's WEG funding) Refer to [Order of Operations](#) section for more info
- Must be in a T4-receiving eligible position

The partial wage enhancement grant will increase the wage of the qualifying position to \$32.81/hour without exceeding the cap.

Distribution guidelines

- Approved WEG funding is tied to eligible positions, not individuals
- WEG funding is to be distributed to all eligible staff that receive T4, in all eligible positions for all hours worked in 2025
- WEG funding must be tracked, clearly labelled on pay stubs or in a signed letter
- Final 2025 payments must be made in payroll covering December 31, 2025

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

Supports up to \$20/day for eligible home child care providers under contract with a licensed home child care agency.

Eligibility criteria:

- Must be contracted with a licensed CWELCC-enrolled home child care agency or exclusively serving children aged 6 to 12
- Must care for at least one child (excluding the provider's own children)

Full Home Child Care Enhancement Grant (HCCEG) Eligibility:

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

- Provide full-time services, on average (6 hours or more a day)
- Receive base daily fees, excluding prior year's HCCEG of \$308.10 or less (that is, \$20 below the eligibility ceiling of \$328.10)

Partial Home Child Care Enhancement Grant (HCCEG) Eligibility:

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

- Provide part-time services, on average (less than 6 hours a day)
- Receive base daily fees, excluding prior year's HCCEG of \$186.86 or less (that is, \$10 below the eligibility ceiling of \$196.86)

Distribution guidelines

- Approved WEG funding is tied to eligible positions, not individuals
- WEG funding is to be distributed to all eligible staff that receive T4, in all eligible positions for all hours worked in 2025
- WEG funding must be tracked, clearly labelled on pay stubs or in a signed letter
- Final 2025 payments must be made in payroll covering December 31, 2025

Supplemental Grant

The Ministry is providing an additional supplemental grant of \$150 for each eligible centre-based position or home visitor position and \$50 for each eligible home childcare provider.

The supplemental grant allows eligible centres/agencies some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations. This can be used for:

- Funding additional eligible staff and/or hours in program, vacation days, sick days, training and/or other benefits
- Covering salary shortfalls due to increased hours or staffing, and additional benefits (e.g. additional time in program, new staff or providers, vacation days, sick days, or PD days and/or other benefits) once mandatory benefits are covered

Any funding that is not used for these purposes will be recovered by the City of Hamilton.

Eligible Expenses and Benefits - Ages 6 to 12

Allowed WEG Uses:

- Increase wages up to \$2/hour + 17.5% benefits for all hours worked in program, including overtime hours
- Cannot exceed \$2/hour in program and the wage eligibility ceiling of \$32.81/hour
- Benefits over 17.5% may be covered by the supplemental grant

Allowed HCCEG Uses:

- Daily increase up to \$20/day based on current hours of service provided (full/partial funding)
- Cannot exceed \$20/day daily eligibility ceiling of \$328.10/day

Benefits (17.5%) Include:

- CPP, EI, WSIB, EHT (covers employer's cost only)
- 2 weeks vacation pay
- 9 stat holidays (New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas, and Boxing Day)
- 17.5% benefit rate is only applied to WEG increase

Remaining/Unspent Benefit Funding May Be Used For:

- Additional employer-paid benefits (e.g., Easter Monday, Civic Holiday closures)
- Supplementing wage enhancement salaries per the above allowable expenses. Please note this is one-way funding flexibility only; that is, excess salary funding cannot be used for benefits

Staff Funding Distribution

Approved funding amounts are based on eligible positions and not individuals. Therefore, WEG funds are to be distributed to all eligible staff who receive a T4 in all eligible positions. Payments to eligible staff in these positions are based on the actual hours worked in 2025.

Licensees are required to track individual employees' funding entitlements to ensure distribution is paid out according to the Ministry guidelines or until funding is exhausted.

Licensees **MUST** clearly indicate on staff paystubs (or a separate letter) the portion of WEG funding being provided and a breakdown of hours, with a label of "WEG."

The final 2025 wage enhancement payment must be issued for each eligible position/staff member on the payroll for December 31, 2025 (no carryover of funds into 2026 is permitted).

WEG funding is based on the approved application of the hours staff worked in positions that existed in the previous or comparable prior year. In some circumstances, the calculated funding amount in the application may not be sufficient to pay current staff who are in eligible positions in the distribution year. Staff must be made aware in advance that there is a possibility that the WEG funding received may run out before year end and payouts to staff may need to stop before the end of December 2025.

Examples where the funding may not be enough to cover a staff in an eligible position or current hours:

- for a position based on a staff member who was over the maximum salary amount of \$32.81 (ineligible) and has been replaced by a staff member whose current salary is under \$32.81 (eligible)
- where there was a lower operating capacity in the previous year which results in fewer hours in the application

The Supplemental Grant provides additional funding which can be used to offset such situations.

Licensees must have a policy and procedure that outlines how the funding is distributed to eligible positions and address how shortfalls and surpluses will be managed. Policies and procedures must be in compliance with the current year's WEG Guidelines and made available to all staff.

3. Workforce Compensation Funding - Ages 6 to 12

Licensees serving children aged 6 to 12 will continue to receive separate Workforce Compensation funding.

Annual Increase and Wage Floor Funding Overview

To qualify for workforce compensation increases on behalf of eligible staff serving children aged 6 to 12, eligible Licensees must currently be in receipt of WEG funding for such positions and must submit an annual application to the City of Hamilton.

Workforce compensation is now supported through the cost-based funding model for licensees enrolled in CWELCC and serving CWELCC-eligible children. This funding is not intended to interfere with licensees' salary and compensation decisions or practices, including those governed by collective agreements.

For more details, refer to the [Annual Increase and Wage Floor Workforce Compensation Eligibility and Accountability Requirements](#) as outlined on pages 26-29.

Minimum Wage Offset Overview

Minimum wage offset funding is available only to licensees who received (or were eligible to receive) it in 2024 and employ eligible staff serving children aged 6 to 12. This funding covers the cost of raising wages for non-RECE program staff due to legislative minimum wage increases. It is not paid directly to staff.

With the Cost-Based Funding model now covering children aged 0 to 5, wage-related expenses for those age groups are funded under cost-based funding.

As of October 1, 2023, Ontario's minimum wage increased to \$16.55/hour. Licensees with staff earning \$15.00/hour in 2022 were eligible for up to \$1.55/hour in minimum wage offset in 2024. This same funding level will be maintained (frozen) for 2025. No additional increases will be provided.

To clarify, the \$1.55/hour offset equals the difference between the 2023 minimum wage of \$16.55 and the original 2022 wage of \$15.00.

Eligible positions

To be eligible for minimum wage offset funding, licensees must employ staff in the following positions:

- Non-RECE program staff
- Non-RECE child care supervisors
- Non-RECE home child care visitors

To qualify, these positions must have earned \$15.50/hour or less (excluding WEG) prior to the 2023 minimum wage increase.

Ineligible positions

Include:

- Non-Program Staff such as: cook, custodial and other non-program staff positions
- Special Needs Resourcing-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party (i.e., temp agency).

Exception:

Non-program staff who spend at least 25% of their time supporting ratio requirements under the [Child Care and Early Years Act](#) may be eligible for a prorated minimum wage offset for those hours worked in program.

The minimum wage offset is tied to the position, not the individual staff member. Licensees may receive up to \$1.55/hour for eligible positions that existed in 2024, regardless of whether the position is filled by the same person or a new hire.

Example:

An eligible non-RECE position earning \$15.00/hour in 2022 is eligible for \$1.55/hour in minimum wage offset funding to meet the \$16.55/hour requirement in 2024 and 2025. , the minimum wage offset funding provided to a licensee would be cumulative up to \$1.55/hour. As minimum wage offset funding is frozen at 2024 levels, licensees would be eligible to receive up to \$1.55/hour to provide adequate funding to offset the cost of the licensee to bring the base wage rate of the position up to the 2024 legislatively required rate of \$16.55/hour.

If the same position above receives cost-of-living increases:

Example: An eligible non-RECE position that earned \$15.00/hour as of March 2022 had the following subsequent base rate increases in 2022, 2023 and 2024:

- (1) October 1, 2022: minimum wage increase to \$15.50/hour
- (2) January 1, 2023: 2.75% cost-of-living increase, bringing the rate to \$15.93/hour
- (3) October 1, 2023: minimum wage increase to \$16.55/hour
- (4) January 1, 2024: 2.10% cost of living increase, bringing rate to \$16.90/hour

As minimum wage offset funding is frozen at 2024 levels, the licensee would be eligible to receive the same minimum wage offset of \$1.12 /hour in 2025. The licensee would cover the \$0.43/hour and \$0.35/hour cost-of-living increases that were issued to the employee (issued at the licensee's discretion) in 2023 and 2024.

Annual Increase and Wage Floor Workforce Compensation - Ages 0 to 12

Workforce compensation funding aims to improve the recruitment and retention of Ontario's child care workforce by enhancing compensation for lower-wage earners. This includes increasing wages for Registered Early Childhood Educator (RECE) staff and offsetting minimum wage for non-RECE program staff.

This section applies to the following:

- Non-CWELCC-enrolled licensees exclusively serving children aged 6 to 12
- CWELCC-enrolled licensees serving children aged 0 to 12 (for the 6 to 12 component)
- CWELCC-enrolled licensees serving children aged 0 to 5 (reminder: Annual Increase, Wage Floor and WEG/HCCCEG funding is now included in cost-based funding)

Funding requirements:

Workforce compensation requirements must be met by the following eligible centres/agencies:

- **Annual wage increases (up to the eligibility ceiling) and wage floor increases:**
 - Applies to CWELCC-enrolled licensees serving children aged 0 to 12 or licensees exclusively serving children aged 6 to 12.
- **Minimum wage offset:**
 - Applies to CWELCC-enrolled licensees serving children aged 0 to 12 or licensees exclusively serving children aged 6 to 12.

Funding components:

1. **Annual Increase (AI)** – Eligible RECE staff may receive up to \$1.00/hour annually (plus benefits), compounded annually until 2026. For 2025, this may total up to \$3.00/hour. The Wage Eligibility Ceiling caps this funding allocation. Please refer to the Wage Eligibility Ceiling chart under the Annual Increase (AI): Ages 0 to 12 section below.
2. **Wage Floor (WF)**—Funding is provided for eligible RECE staff to receive a wage top-up to bring their hourly wages up to the RECE wage floor of that given year. This funding ensures all eligible staff earn at least **the** minimum annual wage floor rate, plus corresponding benefits. Please refer to the Hourly Wage Floor chart under the Wage Floor (WF): Ages 0 to 12 section below.
3. **Benefits**—Up to 17.5% of funding is provided to eligible licensees to support them in meeting their statutory benefit requirements and employer-provided benefits.

Annual Increase (AI) - Ages 0 to 12

Funding is allocated to licensees to raise the hourly wage of eligible positions by \$1 /hour, along with benefits, starting on January 1 of each year, compounded from the previous year, spanning from 2023 to 2026.

To qualify for the annual wage increases, the staff must be Registered Early Childhood Educators (RECEs) working in an eligible position, currently receiving the Wage Enhancement Grant (WEG), and their hourly wage, including WEG, must be below the wage eligibility ceiling cap for the current funding year as of December 31 of the prior year. Benefits should not be factored in when determining the base wage.

Wage Eligibility Ceiling 2022 to 2026*	2023	2024	2025	2026
RECE Program Staff	\$25.00	\$26.00	\$27.00	\$28.00
RECE Child Care Supervisors & RECE Home Child Care Visitors	\$25.00	\$29.00	\$30.00	\$31.00

*In addition to the hourly wage, staff are required to receive benefits.

Annual wage increase funding is tied to the position and not the individual staff. This means that all eligible RECE staff can receive up to \$3.00/hour in wage increase funding for 2025, whether those RECE staff are continuing in their existing eligible positions, newly filling an existing eligible position, or filling a newly created eligible position.

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. Licensees may continue to fund wages above minimum wage (e.g., for cost-of-living or merit increases) using other revenues/sources of funding beyond workforce compensation (e.g.: parent fees) to increase wages above the ceiling.

Wage Floor (WF) - Ages 0 to12

Licensees must ensure the wages of all eligible staff meet the minimum wage floor specified for the given funding year, as outlined in the table below. Additionally, any new eligible staff hired throughout the year must be paid at least the wage floor for that year, along with the corresponding benefits.

After applying the Annual Increase (AI) funding, eligible RECE staff earning less than the wage floor will receive a wage top-up to bring the hourly wage up to the RECE wage floor of that given year.

For further details, refer to the [Order of Operations](#) subsection.

Hourly Wage Floor 2023 to 2026*	2023	2024	2025	2026
RECE Program Staff	\$19.00	\$23.86	\$24.86	\$25.86
RECE Child Care Supervisors & RECE Home Child Care Visitors	\$21.00	\$24.86	\$25.86	\$26.86

*In addition to the hourly wage, staff are required to receive benefits.

Staff Eligibility:

To receive the Annual Increase (AI) funding up to a \$3.00/hour increase for 2025, staff must:

- Be employed by a CWELCC-enrolled licensee
- Be working in one of the following positions:
 - RECE Program Staff (including RECE Supply Staff)
 - RECE Child Care Supervisors
 - RECE Home Child Care Visitors
- Be receiving WEG funding
- Have an hourly base wage + GOG + WEG below the wage eligibility ceiling

To receive the Wage Floor (WF) funding to increase the hourly wage to the current year's RECE wage floor, staff must:

- Be employed by a CWELCC-enrolled licensee
- Be working in one of the following positions:
 - RECE Program Staff (including RECE Supply Staff)
 - RECE Child Care Supervisors
 - RECE Home Child Care Visitors
- Be receiving WEG funding
- Be receiving AI funding
- Have an hourly base wage + GOG + WEG + AI below the RECE wage floor

Ineligible Positions:

- Director approved Child Care Supervisors or Home Child Care Visitors, but do not have a RECE designation
- Non-RECE program staff

- Non-program staff such as: Cook, Custodial and other non-program staff positions.
- SNR-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party (i.e., temp agency)

Exception: RECES in non-program roles who spend at least 25% of their time supporting ratio requirements under the [Child Care and Early Years Act](#) are eligible for that portion of those hours worked in program.

Order of Operations

The following order of operations must be followed when determining how to apply wage supports:

1. Base wage (including minimum wage obligations or any employer-based wage improvements such as obligations from collective agreements)
2. Add GOG funding used to support wage improvements (other than WEG and workforce compensation)
3. Add WEG (up to \$2 /hour, up to a maximum wage of \$32.81 /hour)
4. Add Workforce Compensation Annual Increases of up to \$1 /hour, compounded year-over-year, up to the wage eligibility ceiling for the calendar year
5. Add wage floor top-up, if applicable

Information to Staff

Licensees must provide written notice to eligible staff outlining their wage increases due to CWELCC Workforce Compensation. This notice must be given to all current and new hires, and wage supports must appear as itemized amounts on pay stubs (not lump sum payments).

4. Pay Equity

Following the May 2003 Memorandum of Settlement, the province announced additional proxy pay equity funding for eligible non-profit licensees.

To qualify, child care programs must be either: enrolled in CWELCC or exclusively serve children ages 6 to 12 and must:

- Have a proxy order from the Pay Equity Commission
- Have posted pay equity plan(s) based on proxy comparisons
- Have current or outstanding proxy obligations
- Receive funding through CMSMs/DSSABs to provide child care

For CWELCC-enrolled licensees only serving children ages 0 to 5, pay equity funding is now consolidated into the cost-based funding allocation.

For CWELCC-enrolled licensees serving children aged 6 to 12, pay equity funding will continue in 2025 under local priorities funding.

Licensees previously receiving pay equity funding must confirm with the City of Hamilton that they continue to meet Ministry eligibility requirements to remain eligible. It is recommended that licensees seek consultation or legal advice to ensure compliance with the Memorandum of Settlement.

Licensees with unmet pay equity obligations must complete an attestation form confirming that they still meet funding requirements.

5. Universal Before and After School Rate Funding

Beginning September 2, 2025, the City of Hamilton will implement a Universal Rate of \$20.00/day for licensed before and after school care for children aged 6 to 12. Funding will be provided to eligible licensees to support the rate reduction. The intent is to support a more stable and consistent approach to affordability for families accessing before and after school programs.

Funding Calculation:

Funding will be calculated using the following formula:

Universal Rate Funding Formula
$(\text{market rate up to } \$25.00/\text{day cap} - \$20.00/\text{day parent fee}) \times \text{operating capacity} \times \text{total \# of school days}$

Eligibility:

- Funding applies only to before and after school spaces for children aged 6 to 12.
- Full-day care for school aged children is not eligible for universal rate funding.

Conditions of Funding:

- Licensees must notify the City of Hamilton of any proposed changes to operating capacity by submitting an [Operating Capacity Change Form](#). Formal approval by the City of Hamilton must be obtained before implementing any changes.
- Funding adjustments from approved operating capacity changes will be reflected in future funding allocations.
- Licensees must not collect more than \$20/day in total from families for each BASP space. For shared spaces (for example, one family uses before care, another uses after care), the combined fees cannot exceed \$20/day.

Licensees are responsible for communicating the new \$20/day rate to families and include this rate in the program's parent handbook.

Section Three: Financial Reporting, Review and Reconciliation

Licensees must comply with the City's reporting requirements and data requests related to the operations of child care, mandated base fees as defined under [O. Reg. 137/15](#), and mandated wage increases for eligible staff.

Licensees must submit records and documentation to demonstrate compliance with CWELCC rules and regulations as part of the year-end financial review and reconciliation process.

Annual Service Contract (ASC) Reporting Process Overview

The ASC process ensures consistency and accountability in financial and operational reporting to the City of Hamilton. It determines annual funding allocations and ensures responsible use of public funds.



The Annual Service Contract reporting process is broken into three separate reporting requirements for licensees (Business Reporting Cycle):

1. Annual Service Contract Budget Submission (Fall)

Licensees must submit the following for the upcoming funding year:

- An annual operating budget by site, split by age group (0 to 5 and 6 to 12), including licensed and operating capacity
- A Provincial Wage Enhancement/Home Child Care Enhancement Grant (WEG/HCCG) Application for staff in 6 to 12 programs
- A Workforce Compensation Application for 6 to 12 program staff

Templates will be sent out to licensees in the fall of each year, with an expected return date during Q4.

2. Annual Service Contract Year-End Submission (Previous Year)

This submission is comprised of two parts and includes the following submission requirements:

- a. **Part I (Q1):** Licensees will report on January to December staffing expenditures for staff in 6 to 12 programs, accompanied by the submission of the organization's payroll summary/register. Staffing reconciliation templates will be sent out to licensees with an expected return date during Q1 of the following year. **Note:** licensees will still be required to report on staffing expenditures for staff in 0 to 5 programs, however it will not be subject to detailed reconciliation. Staff in 0 to 5 programs will be reported in Part II of the ASC year-end submission.
- b. **Part II (Q2- due in May):** Licensees will report on January to December actual revenues and expenditures, including staffing expenditures for staff in 0 to 5 programs, accompanied by the submission of audited financial statements. Please refer to the [Audited Financial Statements](#) section for more information on this requirement.
Templates will be sent out to licensees by the beginning of Q2, with an expected return date of May of the calendar year.

3. Annual Service Contract Mid-Year Forecasting Submission for the current funding year (Q3 - due in August)

Licensees will report actual revenues and expenditures that have materialized from January to June and provide a forecast for July to December revenues and expenditures. Templates will be sent out to licensees by the beginning of Q3, with an expected return date of August of the calendar year.

Year-End Reconciliation Process for Ensuring Cost Eligibility for CWELCC Funding



At year-end, the City will compare (reconcile) total funding provided against actual eligible costs incurred and recover any overpayments.

Reconciliation Components

1. **Cost-Based Funding Allocation Provided:** Total cash flow received during the year
2. **Actual Cost-Based Funding utilized:**
 - a. Actual Program Cost: Lesser of total eligible costs incurred or the Program Cost Allocation
 - b. Actual In Lieu of Profit/Surplus:
 - i. Base rate amount of 4.25% applied to the Actual Program Cost
 - ii. Plus, a premium rate amount of 3.5% applied to the lesser of the Actual Program Cost or the benchmark allocation
 - iii. Plus, a flat amount of \$6,000 (prorated for the year)
 - c. Actual Base Fee Revenue Offset: Greater of the actual earned revenue (includes the total sum of the parent fees and fee subsidy revenue), or the Expected Base Fee Revenue Offset (including any in-year adjustments).

For the year-end reconciliation, licensees are required to submit:

- **Staffing Reconciliation template** confirming workforce compensation for staff in 6 to 12 programs as part of the City's annual service contract business reporting cycle
- **Completed Year-End Reporting Workbook**, providing the breakdown of eligible costs by the categorization of components of benchmark allocations
- **Audited financial statements** for the calendar year (January to December). For further details, refer to the [Audited Financial Statements](#) section.

- **Annual Attestation** signed by the appropriate signing authority for the organization

The reconciliation process will determine the final funding approval for a licensee, and the City will recover any overpayments from the licensee.

Mid-Year Forecast Reporting



The Ministry has identified that reconciliation of cost-based funding can be performed periodically throughout the calendar year. The purpose of in-year reconciliations is to identify overpayments for cash management purposes and to avoid recovering significant actual overpayments from licensees at year-end. In other words, to minimize the impacts of large recovery amounts on the licensee.

The City will review funding utilization during our mid-year reconciliation process, during which licensees are required to report on year-to-date actual expenditures for January to June and forecast for the remainder of the operating year (July to December). Any adjustments made to funding allocations will not be made without the City having a conversation with the licensee first to ensure it is the right direction to take.

In-year recoveries do not reduce a licensee's total potential funding. Eligible expenses identified later can still be reimbursed.

The City must return all unallocated or recovered overpayments to the Ministry.

Direct Engagement to Report on Compliance

Under the CWELCC Cost-Based Funding Accountability Framework, CMSMs must complete compliance audits on licensees receiving CWELCC funding to verify that funds were used appropriately.

New process starting in 2025

Beginning in 2025, a Direct Engagement to Report on Compliance process will replace the City of Hamilton's current annual compliance audit process. This is a new requirement from the Ministry and is in addition to the existing year-end reconciliation process.

It will be conducted by an independent third-party auditor. The City of Hamilton will coordinate these engagements and cover all associated costs, licensees will not bear this cost.

Starting with the 2025 calendar year, the City of Hamilton must select a 5% random sample of eligible licensees that receive cost-based funding. These selected licensees will undergo a Direct Engagement to Report on Compliance, verifying that:

- The base fee revenue and reported costs were eligible and compliant with the provincial guidelines.
- Claimed amounts on the year-end reporting template are for eligible costs.
- A reasonable and consistent method was used to pro-rate costs (e.g., separating 0 to 6 years and 6 to 12 years age groups).

Licensees are responsible for retaining all relevant records, such as receipts, quotes and documentation justifying costs.

The first Direct Engagement to Report on Compliance will take place in 2026, after the 2025 funding year is finalized. More information will be shared with licensees in advance.

CWELCC Cost Reviews - Ages 0 to 5

To support Ontario's cost control framework, in accordance with sound and reasonable use of public funding as required under the CWELCC agreement, the Ministry is directing CMSMs to review costs for eligible licensees who receive disproportionately high top-up funding.

These reviews are not intended to reduce quality, but to promote a more standardized and sustainable cost model, aligned with provincial benchmark allocations.

Key dates

- By March 31 each year: The City will notify selected licensees who are subject to a cost review for that year.
- By December 31: Cost reviews must be completed.

Note: A licensee selected for cost review in a previous calendar year is not subject to a new cost review in current calendar year, so long as licensee continues to work on their cost reduction actions.

Process

The City of Hamilton will be working collaboratively with licensees who are in receipt of legacy-top-up funding to identify potential cost reductions, including costs that are ineligible and areas of opportunity for improved purchasing practices. Improved efficiencies in eligible costs could include:

- Bulk ordering
- Outsourcing
- Identifying redundancies
- Purchases that are of insufficient value to quality

The Ministry has acknowledged that in some cases, cost reductions may not be feasible due to specific operational needs.

The City of Hamilton is currently developing a framework to guide this process for 2025 and further guidance will be provided at a later date.

Financial Viability

To remain eligible for CWELCC funding, licensees must demonstrate ongoing financial viability. Licensees are required to submit:

- An annual budget for the current year.
- Audited financial statements for the previous year.

This information will be used to assess the financial health of each child care program.

For information about funding agreements, funding opportunities and resources for operators, please visit www.hamilton.ca/cwelcc.

Audited Financial Statements

All CWELCC-funded licensees must submit:

- Audited financial statements with appropriate note disclosures for the period January–December.
 - For multi-site organizations, audited statements can be in a consolidated format
- A signed attestation by appropriate signing authority (director or equivalent), confirming the appropriate use of CWELCC funds.

- A standardized financial reporting template (provided by the City of Hamilton) for each eligible site/agency, reconciling with the audited financials.
 - Licensees are advised to have their auditor review the completed template before submission to ensure compliance
- **Deadline:** May 15 annually (unless otherwise communicated)

General Audit Requirements

- Audited financial statements must be audited in accordance with Canadian Auditing Standards and the financial statements must be prepared using the appropriate accounting standards.
- The Licensed Public Accountant (LPA) is responsible for forming an opinion (or a conclusion for a review engagement) on the financial statements and issuing a report in compliance with Canadian Assurance Standards.
- The financial audit must include four main statements, including a 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
- The organization's financial statements must provide a breakdown of staffing costs by reporting salary expenses and benefit expenses separately. Salary and benefits for child care staffing must be reported separately from positions that are centrally allocated positions (i.e., those cost-shared with other programs that are not child care programs in the City of Hamilton).
- All funding received from the City of Hamilton must be reported separately from other revenue sources.

Licensees Receiving Funding for ages 6 to 12

If an agency received separate funding for ages 6 to 12 (e.g., General Operating, Wage Enhancement, HCCEG, Workforce Compensation), it must:

- Disclose these amounts in the notes to the audited financial statements
- Ensure the disclosure is signed by the same Licensed Public Accountant (LPA)
- Include a reconciliation showing that the grant payments were used as intended

Multi-Site or Multi-Jurisdiction Organizations

Audited financial statements for organizations that operate multiple services or in other jurisdictions outside of the City of Hamilton must include a breakdown of revenue and expenses for the City of Hamilton child care programs. The statements must also show the surplus/deficit for the beginning and end of the year and must provide net assets/retained earnings by location

Non-December 31 Year-End

Organizations that are unable to switch to a December 31 year-end date are required to submit the following instead:

- Annual audited financial statements in accordance with the organization's natural year-end date.
- Compilation Engagement Financial Statements for the period of January to December.

Revisions to Non-Compliant Submissions

Organizations may be required by the City of Hamilton to revise and resubmit financial statements that do not comply with the Canadian Auditing Standards and/or the required format as outlined in these guidelines.

Audit Management Letters

When an organization receives a management letter from an auditor, the organization is required to submit a copy of the management letter and a copy of management's written response to the City of Hamilton

APPENDIX B: 2025 BENCHMARK TABLES

Child Care Centres

	Variable per operating space-day
PROGRAM STAFFING	
Infant	\$92.03
Toddler	\$56.48
Preschool	\$39.23
Kindergarten	\$15.03
Family age group	\$56.48
Plus, ancillary costs of:	13.4%

	Fixed per centre per service day
SUPERVISOR	
All centres	\$301.38
Scales with 0-5 operating capacity (from 0% to 100%), weighted by staffing ratio	
Plus, ancillary costs of:	16.2%

	Variable per operating space-day	Fixed per licensed space-day
OPERATIONS		
<i>Community Setting</i>		
Infant	\$1.64	\$15.09
Toddler	\$1.64	\$15.09
Preschool	\$1.64	\$15.09
Kindergarten	\$5.55	\$5.07
Family age group	\$1.64	\$15.09
<i>Public School Setting</i>		
Infant	\$3.80	\$9.61
Toddler	\$3.80	\$9.61
Preschool	\$3.80	\$9.61
Kindergarten	\$3.56	\$1.56
Family age group	\$3.80	\$9.61

	Fixed per licensed space per year
ACCOMMODATIONS	
<i>Community Setting</i>	
Infant	\$2,571.84
Toddler	\$1,972.39
Preschool	\$1,735.54
Kindergarten	\$1,598.66
Family age group	\$2,958.99
<i>Public School Setting</i>	
Infant	\$1,622.91
Toddler	\$974.25
Preschool	\$797.58
Kindergarten	-
Family age group	\$1,241.79

Home Child Care

	Variable per active home-day	Fixed per agency per year
HCC AGENCIES		
Provider compensation	\$155.02	
Agency operations	\$23.34	\$75,856.39
Visitor compensation	\$21.68	
Plus, ancillary costs (for visitor compensation):	5.0%	