

**City of Hamilton**

**General Operating for Wages  
and System Priorities Funding  
Guidelines**

**2020**

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## Introduction

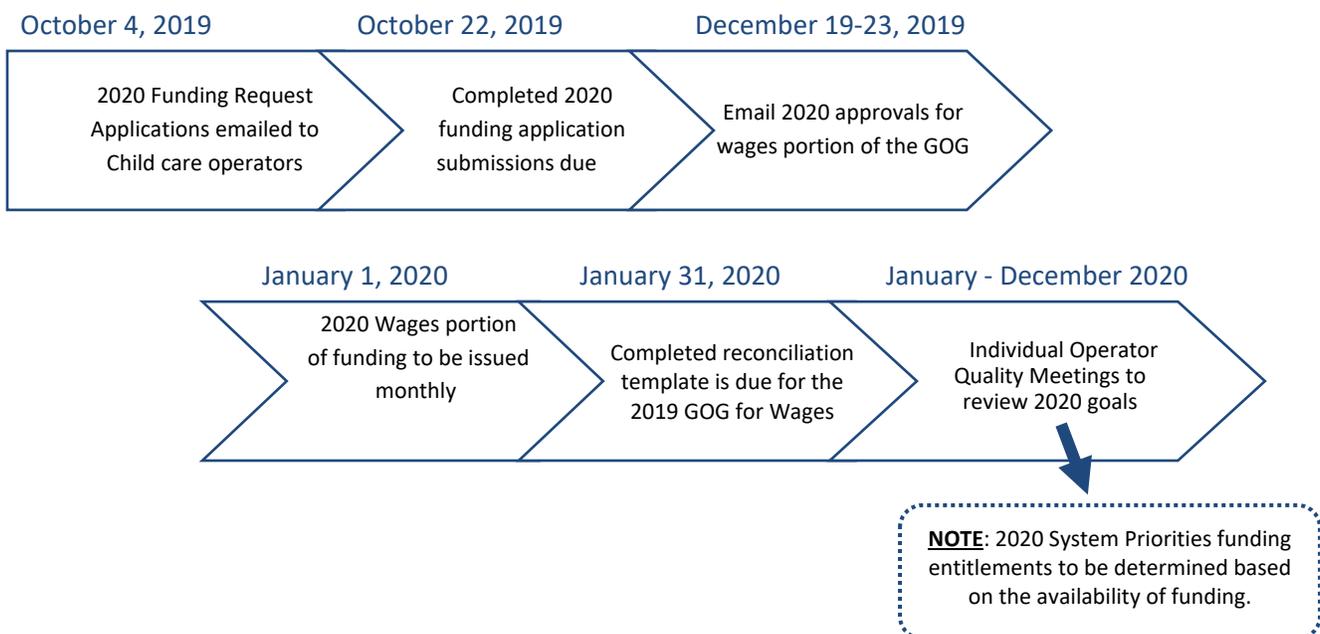
The purpose of this funding is to support the costs of operating licensed child care programs in order to reduce wait times and fees for services, stabilize service levels, and improve access to high quality affordable early learning and child care services for children and their families.

## Overview

The General Operating for Wages & System Priorities Funding consists of two components; funding for wages and funding for system priorities. The funding to support wages is to be used to enhance staff salaries, and the system priorities funding is to be used to support individual child care program goals. Approval amounts for both the wages and system priorities funding are determined based on the information provided in the 2020 Funding Request Applications. The funding to support wages will be distributed monthly; and the system priorities funding will be distributed as a lump sum payment.

Child care operators are required to advise the City of Hamilton of any changes to operating levels. Reductions to operating capacity that are anticipated to be more than two months must be reported immediately and funding amounts will be reviewed. New or expanded programs will be placed on a pressures list and may be eligible to receive 2020 Funding for Wages and System Priorities if funds become available.

## Time line

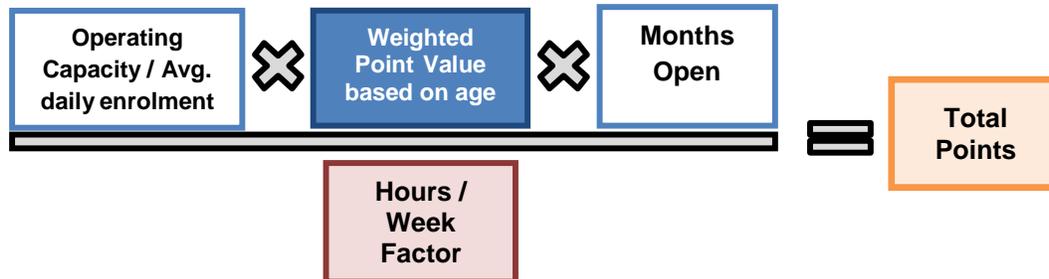


## PART ONE: FUNDING TO SUPPORT WAGES:

### Calculation Formula for the Wages Portion of the Funding

Formula to calculate the total points value:

The formula is based on the operating capacity or Average Daily Enrolment for LHCC



Formula to calculate the total funding amount:



Details of the weighted point system and hours/week factor:

NOTE: With the implementation of full day kindergarten, funding will not be provided for full day child care for 4 and 5-year-olds during the school year.

Age Group	Weighted Point Value	Age Group	Weighted Point Value
Infant	12.50	Junior School age Full Day	2.00
Toddler	7.65	Kindergarten B & A	1.25
Preschool	4.75	Primary SA B & A	1.00
Kindergarten Full Day	3.00	Junior School Age B & A	0.75
Primary/ Junior School Age Full Day	2.50	LHCC	4.50

Hours/Week	Factor
<b>Full Time Program</b>	
30 +	1
Under 30	2
<b>Before &amp; After School</b>	
15 +	1
Under 15	2

## **Distribution Guidelines for the 2020 GOG to Support Wages**

The purpose of the GOG is to provide resources and supports that focus on stabilizing the system by supporting wages required to recruit and retain highly skilled and qualified educators.

The GOG should not be used for the following:

- Merit or seniority pay increases
- Bonus payments
- To pay for positions that would remain in the organization if there wasn't a child care
- To meet the minimum wage requirement

### ***Eligible Employees***

To be considered an eligible employee the following conditions must be met:

- receives a T4 - Statement of Remuneration
- is filling a permanent position that is part of the program's regular staffing complement
  - can be full-time or part-time, or supply staff

### ***Eligible Positions – Front Line***

A minimum of **95%** of the GOG for wages will be used to increase the wages of the front-line staff. The 95% includes the wages and corresponding benefit costs for these positions. The following positions fall into this category:

- Ministry approved Supervisor
- RECE, Non-RECE that can otherwise be counted toward adult to child ratios under the Child Care and Early Years Act (CCEYA).
- Supplementary program staff positions that are in place to maintain lower adult-child ratios than required under the CCEYA
- Supply staff
- Cook
- Home Visitor (listed on MEDU license)

### ***Eligible Positions – Administrative/Other***

A maximum of 5% of the GOG for wages can be used to increase the wages of other administrative positions directly related to the operation of the child care. The 5% includes the wages and corresponding benefit costs for these positions. The following positions are eligible in this category:

- Clerical
- Accounting
- Housekeeping/Janitorial
- Additional supervisors

### ***Ineligible Positions***

The following positions are not eligible for the GOG:

- Executive Director
- Positions with base wage of more than \$35/hour
- Temporary contracts
- Students
- Staff whose salaries are covered by employment programs
- Central administrative positions that would remain in the organization if there wasn't a child care
- Persons who are paid on a fee for service basis such as someone who provides accounting services or janitorial services
- Sole Proprietors are not employees and cannot receive the GOG for wages

### ***Child Care Operator Conditions for Distribution of the GOG for wages***

1. Funding Distribution towards staff salaries:

- The funding will be used to increase the salary of eligible staff above the operator's regulatory requirements for minimum wage and mandatory benefits.
- Eligible staff are those who are issued a T4 Statement of Remuneration Paid
- Child care operators will provide each employee with a reasonable and equitable portion of the General Operating for Wages funding.
- The amount of GOG should be equal for the same positions
- **Front-line staff (see definition above)** will receive a **minimum** of \$3 per hour in GOG
- Eligible staff will not receive more than \$6 per hour up to a maximum of \$10,920 per year
- Child care operators will provide the General Operating for Wages funding in addition to any planned salary increases.
- GOG funding is to be provided in addition to existing staff wages. GOG cannot be used to replace employee's existing base pay.

- Child care operators will distribute GOG funding each pay period rather than allocating as a lump sum.
  - Child care operators will clearly communicate to staff the portion of their pay that is being provided through the General Operating for Wages funding by separating the General Operating payment amount on each paystub or having a letter signed by the employee acknowledging the amount of General Operating being received.
2. Funding Distribution toward staff benefits:
    - A maximum of 20% of the GOG can be used for mandatory and non-mandatory benefits of eligible positions related to the GOG payments
    - A portion of the GOG can be used to offset the costs of a non-mandatory benefit plan that is provided to the eligible positions.
  3. If funding cannot be distributed in accordance with these guidelines, a request can be made to transfer the excess amount to the System Priorities funding. This request is to be identified by the child care operator to the City of Hamilton for approval.
  4. Child care operators will immediately report to the City of Hamilton reductions to operating capacities that are anticipated to be more than two months. Downsizing of a program will result in a recalculation of the amount of funding the child care operator is eligible to receive to support wages.
  5. Funding not utilized in accordance with these funding conditions will be returned to the City of Hamilton.

### ***Alternate Distribution Plan***

The 2020 guidelines contain some significant changes from the previous guidelines. The City recognizes that this may be a challenge for some operators. If operators are facing a challenge to distribute the GOG funding according to the 2020 guidelines they may submit a transitional distribution plan for approval.

Operators may submit an alternate 2020 distribution plan for approval. The plan must be submitted by December 16<sup>th</sup>, 2019. The plan must:

- clearly state how the funds will be distributed by position and
- explain the rationale for any distribution that is outside of the guidelines
- include a timeline to reach full compliance with the guidelines

### ***Child Care Operator Reporting Requirements for the Wages Funding***

1. Child care operators will submit an annual reconciliation to the City of Hamilton that details how the GOG was distributed by January 29, 2021 on the template provided by the City.
2. Child Care Operators will provide the monthly operating capacity for all applicable age groups as requested by the City of Hamilton.
3. FINANCIAL STATEMENT REQUIREMENTS:
  - a) Child Care Operators who receive \$100,000 or more in General Operating funding for Wages from the City of Hamilton are required to submit **audited** financial statements that include a third party special purpose report, verifying that the wages portion of the General Operating funding issued has been used for the purpose(s) intended.
  - b) Child Care Operators who receive between \$30,000 - \$99,999 in General Operating funding for Wages from the City of Hamilton are required to submit either a Review Engagement or audited financial statements and include third party special purpose report, verifying that the wages portion of the General Operating funding issued has been used for the purpose(s) intended.
  - c) Child Care Operators who receive less than \$30,000 in General Operating funding for Wages from the City of Hamilton are required to submit financial statements signed by Board Chair or Agency Authorized Signee/Owner.

If an operator fails to meet the requirements as outlined in the service contract, funds may be recovered and the child care operator may be ineligible to receive any future funding.

## PART TWO: SYSTEM PRIORITIES FUNDING

### Overview

Funding for system priorities is to support the four principles validated by the City of Hamilton Child Care Community. The four system priorities are Quality Assured, Sustainability, Accessibility, and Integration. The purpose is to provide child care operators with financial flexibility to meet their target goals by recognizing that child care operators have unique strengths and challenges.

Child care operators will be informed of the system priority funding entitlement once the 2020 point value has been determined. The funding will be distributed as a lump sum payment upon approval of the 2020 Hamilton Early Years Quality Program (HEYQP) System Priorities Template.

Child Care operators can request an HEYQP meeting from the City of Hamilton to review their 2020 HEYQP System Priorities Template, otherwise an appreciative tour will be scheduled to visit the program and review the outcome and status of the 2019 goals

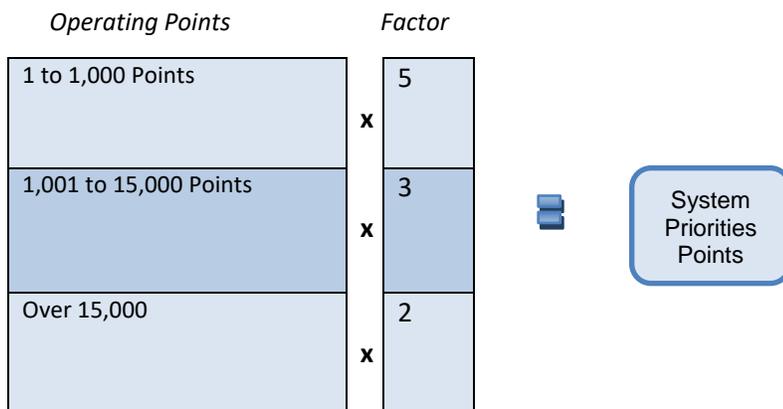
### Calculation of the System Priorities Funding

The amount of funding (calculation of the \$ value of the system priorities point) is determined annually based on the total System Priorities budget, the applications received and available funding.

**\*The System Priority value per point has not yet been determined for 2020 and is dependent on available funding.**

#### Step 1: Determine the Child Care Operator's System Priorities points

The system priorities points are calculated using the operating points from the wages funding and weighted based on the system priorities point value

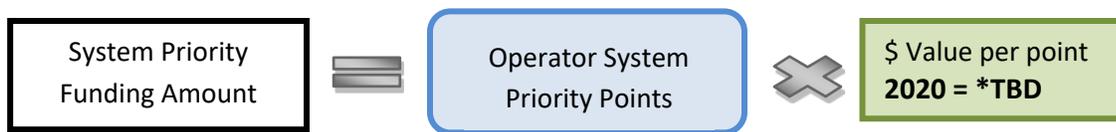


Example: An operator has 6,000 operating points: the first 1,000 points are multiplied by a factor of 5 and the remaining 5,000 points are multiplied by a factor of 3 for a total of 20,000 system priority points.

Step 2: Determine the Child Care Operator's 2020 System Priorities

Funding amount

The system priorities funding is calculated based on the operator's system priorities points multiplied by the point dollar value.



**\*The System Priority value per point has not yet been determined for 2020.**

***Child Care Operator Requirements for System Priorities Portion of the Funding***

In consultation with the City of Hamilton, as the Child Care Service System Manager, child care operators are required to set measurable goals for their organization based on the four system priorities.

***System Priorities Goal Setting – Quality Template***

The *Quality Framework* has been embedded into the System Priorities template. Annually, child care operators are required to complete a template and meet with city staff to review the organizations' goals and approve their work plan. Throughout the year, child care operators must update city staff of any changes to their goals.

***Child Care Operator Conditions for the Allocation of the System Priorities Funding***

**Allowable Expenses:**

- Operator requests for the allocation of the funds will be discussed and approved by City staff at the meeting
- System Priorities Funding can only be used as approved by City staff based on the organizations' goals listed on the template.

### **Inadmissible Expenses:**

- Additional increase for staff wages and benefits; bonuses; gifts and honoraria
- Fees paid on behalf of staff for membership in professional organizations such as the College of Early Childhood Educators
- Debt costs including principal and interest payments related to capital loans, mortgage financing and operating loans
- Ongoing operating costs (e.g. Property taxes, rent/lease, utilities etc.) and capital costs

### ***System Priorities Reporting Requirements***

A System Priorities Financial Reporting Reconciliation Template verifying how the funding was spent is due by the end of January of each calendar year. This template is used to reconcile funds issued in the previous year.

Operators are required to maintain a record of the status of their goals and advise City staff of any changes. The final status update will be recorded on the 2020 template. If an operator fails to meet the requirements as outlined in the service contract, funds may be recovered, and the child care operator may be ineligible to receive any future funding.