



CITY OF KAWARTHA LAKES

Children's Services

**2019 Guidelines for Provincial Wage
Enhancement Grant for Licensed Child
Care Agencies**

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INTRODUCTION AND OVERVIEW

The Ontario government has made an ongoing funding commitment to support a wage enhancement for eligible child care professionals working in licensed child care settings. The wage enhancement/HCCEG will help retain RECEs, and support access to stable, high-quality child care programs for children in Ontario. The wage enhancement will also help to close the wage gap between registered early childhood educators (RECEs) working in full-day kindergarten (FDK) programs and RECEs/other child care program staff working in licensed child care settings.

- To close the wage gap between Registered Early Childhood Educators (RECEs) working in full- day kindergarten programs and RECEs/child care professionals in licensed child care settings.
- To help stabilize child care operators by supporting their ability to retain registered early childhood educators.
- To reduce poverty by supporting greater employment and income security.

The Provincial Child Care Wage Enhancement Grant Guidelines (PWE) for licensed child care centres in this document provide information about implementation of the Provincial Wage Enhancement Program by the City's Children's Services for 2019, for licensed child care centres and their staff.

The guidelines provide information on:

- Eligibility
- Funding Conditions
- Funding Calculations
- Distribution Guidelines
- Monitoring and Reporting

Pay Equity and General Operating funding are not part of the Wage Enhancement Grant.

SECTION 1: CONDITIONS AND ELIGIBILITY

Licensed Child Care Operators apply for the Provincial Wage Enhancement Grant (PWE) once they have determined the eligibility of their centre and staff positions. Eligibility requirements are listed in the table for operators, staff positions, and staff.

Eligibility Requirements for Child Care Centres and Staff

Centre Eligibility	Child Care Staff Position Eligibility	Child Care Staff Eligibility
<ul style="list-style-type: none"> • Must be a licensed child care centre in the City. • Must have eligible staff positions • Must complete online application by the application deadline for the 2018 allocation. • Must submit an Electronic copy of the application by June 30, 2019 to be considered. 	<ul style="list-style-type: none"> • Must be employed in a licensed child care centre. • Must have had an associated base wage of less than \$27.47 (increased by approximately 1.5%) per hour excluding previous years wage enhancement on December 31, 2018. 	<ul style="list-style-type: none"> • Must be employed in 2019 in a position eligible for the grant by an employer who has been approved for the grant.
<p>NOTE: The general guideline is that the position is eligible if it is categorized as a child care supervisor, RECE, or can be otherwise counted toward adult to child ratios (a minimum 25% of the time) under the <i>Child Care Early Years Act (CCEYA)</i>. Eligibility criteria is used to determine entitlement (based on hours worked in 2018) and to determine payments to staff in 2019.</p>		
<p>NOTE: Applications not received by the deadline will be ineligible for the 2019 allocation</p>		

Staffing Position and Eligibility

Program Staffing Position in a Licensed Child Care	Eligibility
Non-Program Staff	Eligible for a partial wage enhancement on a prorated basis for time spent in the position if the position requires staff to spend at least 25% of the time in a child care staff position to support <i>Child Care Early Years Act (CCEYA)</i> ratio requirements.
Administrator/Director	
Cook, Custodial staff	
Other	
RECE Program Staff	Eligible
Assistant Program Staff	Eligible
Casual or Supply staff	Eligible **
New Position in 2018 (that supports CCEYA ratio requirements)	Operators have the flexibility to fund their current year's eligible positions even if the positions did not exist in 2018. Please note: if you choose to fund a new position in 2019 you may run short of funds to support that position. The supplement grant is available to support potential shortfalls.
Supervisor , as indicated on the license	Supervisors who qualify are eligible to receive the wage enhancement for 100% of the time they are working in a licensed child care setting, regardless of the amount of time they are working directly with children.
Resource Teachers/consultants or supplemental staff employed to support the integration of children with special needs	Not eligible for wage enhancement funding as their positions may not be counted toward the required ratio of employees to children in regulated child care programs.
Special Needs Resourcing positions	Do not qualify for the wage enhancement as they cannot be counted towards ratio requirements.
Staff hired through a Third Party (i.e. Temp Agency)	Not Eligible

**Operators have two options in terms of reporting the hours worked in an eligible position by both regular and supply staff in the application form to generate their 2019 funding entitlement.

1. If all hours worked by a supply staff are to replace the regular staff's hours (sick days, vacations days, etc.), the operator can report all hours worked by the regular staff including their sick days and vacation days on one line on the application and exclude the hours worked by the supply staff.
2. If operators decide to report the hours worked by a supply staff on a separate line, then the hours worked by the regular staff during 2018 should include actual hours worked only (i.e. exclude sick days, vacation days, other leaves, etc.).

SECTION 2: DETERMINATION OF AGENCY ENTITLEMENT

The wage amount per position (Table below) and the calculation of the entitlement per centre (Table on Page 6) can be determined once the eligibility of the Child Care staff positions is established.

Determination of the Wage Enhancement Amount per Eligible Position

Eligible Amount	Determination of Provincial Enhancement
Full Wage Enhancement of \$2.00/hour	<ul style="list-style-type: none"> The hourly wage for a Child Care staff position, including all operating grants and pay equity, excluding 2018 WE amounts, is less than \$25.48/hour (i.e. \$2 below the wage cap of \$27.47) effective December 31, 2018
Partial Wage Enhancement of less than \$2.00/hour	<ul style="list-style-type: none"> The hourly wage for a Child Care staff position including all operating grants and pay equity, excluding 2018 WE amounts is between \$25.48 per hour and \$27.47 per hour as of December 31, 2018. The intent of the partial Wage Enhancement is to increase the wage of the qualifying position up to the \$27.47 provincial Wage Enhancement
Benefits	<ul style="list-style-type: none"> Benefits are automatically calculated and provided at a rate of 17.5 % to support operators in meeting their statutory benefit requirements.
Supplemental Grant	<ul style="list-style-type: none"> \$150 per eligible FTE provided to operators to cover shortfalls in Wage Enhancement salaries (for example additional days worked, sick days, PD days) and/or additional benefits.

NOTE:

Newly opened centres and agencies in 2019 are eligible to apply for wage enhancement/HCCG funding.

Where multiple staff share a position, operators should enter the lowest wage rate in the application form.

If there was turnover in a position, the operators should enter the wage rate associated with the position as of December 31, 2018.

Wage Enhancement funding entitlements are based on 2018 data; however, wage enhancement payments should be provided to eligible positions for each hour worked in 2019. Operators have the flexibility to fund their current year's eligible positions, even if the position did not exist in 2018.

This table shows how to calculate the Centre entitlement amount based on the assessment of full and partial Wage Enhancement for eligible positions. Each agency is only entitled to the amount generated from their application based on 2018 data.

Calculation of Agency Entitlement Amount

Grant Type	Calculation of Agency Entitlement Amount
Provincial Wage Enhancement	<ul style="list-style-type: none"> • The hourly wage of each eligible position and the percentage of time the position is eligible determines the eligibility rate per hour for the position. Once determined eligible, the hours worked between January 1 and December 31, 2018 per eligible position, the eligibility rate per hour and the percentage of time the position is eligible will be calculated. • To complete the application form, please refer to the “Instructions Tab” located on the online application. • The annual salary component for eligible positions is determined by the # of hours worked in 2018 multiplied by the eligibility rate per hour times the percentage of time worked in the position. • Download the Wage Enhancement application at: http://www.city.kawarthalakes.on.ca/residents/house-and-home/childrens-services/information-for-child-care-agencies • Complete the application form by following the instructions on the Instruction tab. The entitlement amount will be calculated in the Excel spreadsheet “2018 Centre Based Wage Enhancement Application for Provincial Wage Enhancement Funding”. • The benefit amount is automatically calculated at 17.5% of the salary component. This includes mandatory benefits as well as statutory holiday and vacation pay. See page 12 for the breakdown.

NOTE:
 The centre entitlement is based on the hours staff worked in positions that existed in the previous year.
 Some examples where the eligibility may not result in sufficient funding to cover a staff in an eligible position and the current hours include:

- Entitlement calculated for a position based on a staff who was over the \$25.47 amount and has been replaced by a staff whose current salary is under \$25.47
- Entitlement based on circumstances where there was lower operating capacity for a period of the year which resulted in fewer hours worked.

Operators are able to use the Supplemental Grant to cover shortfalls in funding. Additionally operators have the flexibility to pay wage enhancement to new eligible positions for their hours worked in 2018.

SECTION 3: GRANT DISTRIBUTION

The City and licensed Child Care operators have designated roles and requirements to meet in the distribution of the Provincial Wage Enhancement Grant.

Roles and Requirements for the Distribution of the Provincial Wage Enhancement Program

Role	Description of Requirements for Distribution of Wage Enhancement Grant
The City	<ul style="list-style-type: none"> 2019 Wage Enhancement payments will continue to be paid to licensed child care operators in quarterly installments (based on the payment schedule from 2018) in advance of the 2019 application process. Operators with a purchase of service, with no outstanding financial documentation will have their Wage Enhancement payments continued. Operators are expected to complete the application process if they want to continue to receive Wage Enhancement funding.

NOTE:

- Wage enhancement funding must be paid to eligible staff in addition to their standard hourly wage including all grants (excluding previous years wage enhancement amounts) as of December 31, 2019.
- Funds cannot be spent on any other child care program expenses.

Role	Description of Requirements for Distribution of Wage/Home Child Care Grants
<p>Child Care Operators</p>	<p>Ensure that:</p> <ul style="list-style-type: none"> • The amounts per staff do not exceed \$2.00 per hour. • The hourly wages before wage enhancement (PWE) must be the gross hourly wage including all sources of operating grants and pay equity. • Funds are assigned to positions and not individuals. • Funds may not be used to lower or offset parent fee increases. • PWE funding is above and beyond legislated minimum wage levels (\$14.00 per hour as of Jan 1, 2019). • PWE payments are in addition to any planned pay equity or other salary increases. • PWE funds not utilized in accordance with these guidelines and the terms and conditions are returned to the City. • Benefits of 17.5% support operators in meeting their statutory benefit requirements. Once all statutory benefits are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee. Any residual benefits funding can be used to support wage enhancement salaries per the allowable expenses (see page 12). This is one-way funding flexibility only, that is, salary funding cannot be used for benefits. • A supplemental grant of \$150 per eligible FTE is provided to support salary shortfalls (due to increase hours in program or new staff) and additional benefits (e.g. vacation days, sick days, PD days and/or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes will be recovered by the CMSM. • Operators MUST include wage enhancement on each pay cheque or payment made. • The portion of PWE funding that is being provided is clearly indicated on staff paystubs with a label of "Provincial Wage Enhancement Grant" • The PWE funding must be paid out in full to each eligible position / staff by December 31, 2019. • All unassigned wage enhancement funds must be reported to the City and returned.

SECTION 4: DEADLINES AND APPLICATION REQUIREMENTS

As part of this Grant program, the operator will be required to meet the following requirements and conditions in order to establish eligibility in 2019.

Deadlines and Actions Required

Deadline	Actions Required
January 2019	Operator will continue to be funded Wage Enhancement dollars from the City following the quarterly payment schedule from 2018. The operator will continue to make Wage Enhancement payments to eligible positions based on current eligibility requirements.
Spring 2019	Wage enhancement funding application forms posted to the City of Kawartha Lakes website and accessible to licensed child care providers. Use this link to access the wage enhancement forms for completion and additional supporting documentation. http://www.city.kawarthalakes.on.ca/residents/house-and-home/childrens-services/information-for-child-care-agencies
June 30, 2019	Operator submits completed 2019 Wage Enhancement application forms including all required documentation to City in order to receive Wage Enhancement in 2019.
Summer 2019	City notifies operators of approved PWE grant entitlements (and any potential increase or decrease in their quarterly funding amount) and contracts distributed and signed copies returned to the City.
Summer 2019	City continues to disburse funds based on the approved application. Administration Funding allocation will be identified on the 2019 contracts and distributed on this payment.
January 18, 2020	Agency submits Annual Provincial Wage/Home Child Care Enhancement Reconciliation Statement for each site.

SECTION 5: MONITORING AND REPORTING

The monitoring and reporting of provincial Wage Enhancement grant may be comprised of:

- Review of required records
- Random audit of operators Wage Enhancement distribution and overall expenditures.
- Annual Provincial Wage Enhancement Reconciliation Statement
- Audit reporting requirements and the Special Purpose Report

Monitoring and Reporting of Wage Enhancement Program	
Type of Monitoring/Reporting	Description
Records Required for Review	<p>Agencies are required to keep appropriate records verifying the amount of Wage Enhancement that was received from the City and distributed to eligible positions/staff.</p> <p>These records must be available for review by City' staff upon request. The required records include, but are not limited to:</p> <ul style="list-style-type: none"> • Amount received from the City • Amount paid to home visitors • Amount paid to providers • Amount paid as benefits • Home visitors' payroll records including T4s and T4As • Amount paid back to City where applicable • Account Balance • Administrative Funding
Annual Audit of Agencies	<p>On an annual basis the City's staff will review the PWE records for randomly selected agencies. These audits may involve a visit to the centre / agency and may involve, at minimum, a review of required records. Operators must ensure that all required documents and access to additional financial, staff and provider records are available for review during a visit.</p>

Type of Monitoring/Reporting	Description
<p>Annual Provincial Wage Enhancement Reconciliation Statement</p>	<p>All agencies in receipt of the Wage Enhancement Grant are required to reconcile the funding the agency received from the City at the end of the City's calendar year, December 31st.</p> <p>A Wage Enhancement Reconciliation Form is required for each operator (and each site for multi-site agencies) receiving the grant.</p> <p>Instructions for completing the reconciliation form will be available in late 2019 with a submission deadline of January 18, 2020 to the City.</p>
<p>Audit Reporting Requirements</p>	<p>All agencies in receipt of Wage Enhancement funding must provide the City with financial statements that include at a very minimum documentation verifying the total grant amount received from Children's Services, the total amount paid to eligible positions/staff/Home Child Care providers, total over/under spent and certify that the grant funds received were used for the purposes that they were intended for.</p>

CLOSURES / CHANGE IN OPERATOR, TRANSFER OR SALE

The Wage Enhancement is not transferrable to a new operator as a result of a sale, merger, transfer, or other change in ownership. Operators must inform the City immediately in writing of their intentions to cease operations, merge, sell, or transfer ownership. Provincial wage enhancement may be adjusted to reflect the 2019 operation.

Operators who changed ownership in 2018 may only apply for the grant from the time of the transfer onward.

Prior to the closure/sale/merger/transfer, the grant must be reconciled to determine if any overpayment exists, and if so, must be repaid.

BENEFITS, ALLOWABLE EXPENSES

Mandatory Benefits

The Ministry of Education is funding 17.5% for mandatory benefits. There are six mandatory benefit categories included.

Statutory Contributions	Child Care
Canadian Pension Plan (CPP), max \$52,500	4.95%
Employment Insurance (EI), max \$48,600	2.63%
Workers safety Insurance Board (WSIB)	1.10%
Employer Health Tax (EHT)	1.23%
Vacation Pay	4.00%
Public Holiday Pay	3.59%
Total	17.5%

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

Any residual benefits funding can be used to support Wage Enhancement salaries per the allowable expenses (below). Please note this is one-way funding flexibility only, that is, salary funding cannot be used for benefits.

Allowable Expenses

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

Operators may only use the funding for the intended purposes of:

- ✓ Increasing wages of eligible centre-based staff by up to \$2 per hour plus 17.5 percent benefits based on their current wage rate,
- ✓ Wage Enhancement funding of up to \$2 an hour plus 17.5 per cent benefits should be provided for all hours worked in program, including overtime hours.

NOTE:

The salary increase cannot exceed \$2 per hour in program and the wage cap of \$27.47 per hour. Operators may exceed 17.5 percent for benefits if the supplemental grant is used to support additional benefit expenses.

When Entitlement and Anticipated Distribution Amounts Are Different

The entitlement is based on the hours staff actually worked in positions that existed in the previous year. In some circumstances, the calculated entitlement may result in operators needing to calculate how many hours they will be able to fund for current staff who are in the eligible positions.

Some examples where the eligibility may not result in sufficient funding to cover a staff's current hours include:

- Entitlement calculated for a position based on a staff member who was over the \$25.48 amount and has been replaced by a staff member whose current salary is under \$25.48.

Operators are advised to anticipate their hours for 2018 and estimate the extent to which the grant can cover these anticipated hours. This will allow centres to better plan and communicate the pay out to staff.

Supplemental Grant

In addition to the \$2/hour plus 17.5 per cent benefits, the ministry will provide an additional supplemental grant of \$150 for each eligible centre based FTE. The supplemental grant allows operators some flexibility to provide and implement Wage Enhancement in a way that aligns with their regular operations.

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

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

Administration Funding

The Ministry has provided the City with a small amount of funding to support operators with costs related to the administration of the Wage Enhancement. Administration funding will be allocated using a predetermined formula and distributed in amounts determined by the CMSM. Amounts will be identified on 2019 Wage Enhancement contracts. Operators may use this funding to support Wage Enhancement administration, such as, upgrading payroll systems, internal payment processes, training for staff related to this initiative and internal processes to track data and expenditures.

YEAR END FINANCIAL REPORTING REQUIREMENTS

All agencies in receipt of Wage Enhancement funding must provide the City with financial statements no later than July 31, 2020 that include at a very minimum documentation verifying the total grant amount received from Children's Services, the total amount paid to eligible positions/staff, unspent funds and certify that the grant funds received were used for the purposes that they were intended for and spent in compliance with the service agreement.

Wage Enhancement - Reporting on 2019 Financial Statements

As part of your year end financial statement process, we require that the following information must be provided in your financial statements:

1. The amount of the total received by site and total received for all sites
2. Total amount paid to eligible positions by site (no breakdown by position needed, just site totals).
3. Total of unspent funds that are repayable to the City.
4. Ensure that the amounts reported are calendar year amounts.

Agencies will report these amounts in the notes to financial statements themselves. An example of a Wage Enhancement note is given on the following page.

The reported amounts should tie into your reconciliations. If you receive funding from other municipalities, please ensure that the funds you receive from City of Kawartha Lakes are reported separately.

License holders are subject to review and/or audit upon the City's request and must provide information as deemed necessary, including but not limited to T4 statements for the purpose of confirming PWE grant receipt.

Sample Note to Financial Statement

Provincial Wage Enhancement Grant

In January 2015, the Ministry of Education implemented a new initiative to provide a Wage Enhancement grant up to \$2/hour plus up to 17.5% benefits for eligible staff working in licensed child care programs, and up to \$20/day to Home Child Care providers providing care through a licensed Home Child Care agency. (Name of agency), as the operator received and disbursed the Wage Enhancement grant to eligible employees in 2019, as follows:

	Funding Received	Unspent Funds Repayable	Disbursed Funds
Site name	\$xxxx	\$xxxx	\$xxxx
Total all Sites	\$xxxx	\$xxxx	\$xxxx

Unspent Wage Enhancement funds are to be returned to the City of Kawartha Lakes. If you have any questions, please feel free to contact Anne Kuipers, Program Supervisor either at akuipers@kawarthalakes.ca or 705-324-9870 ext. 3254.

WAGE ENHANCEMENT GRANT RECONCILIATION STATEMENT

Operators who receive Provincial Wage Enhancement (PWE) for the period of January 1, 2019 to December 31, 2019 must complete a reconciliation of the funding by January 18, 2020. Operators will be required to certify that funds were distributed to eligible staff positions in accordance with the Wage Enhance Guidelines. A reconciliation completed by an agency signing office will need to be received electronically by the City no later than January 18, 2020.

Reconciliation is required for the following:

- The total amount of Fully Eligible PWE expensed toward salary and benefits for Supervisor, RECE, and Non RECE Program Staff.
- The total amount of Partially Eligible PWE expensed toward salary and benefits for Supervisor, RECE, and Non RECE Program Staff.

Please note that:

- Between each type of staff component (fully or partially eligible category), surpluses and deficits may offset each other. For instance, a surplus amount for Fully Eligible RECE may be used to offset a deficit in Partially Eligible Supervisor.
- The salary component and benefit component must be reconciled separately. For example, surpluses in benefits cannot offset salary.

- A maximum of 17.5% of each expensed salary component can be expensed towards benefits (unless the supplemental grant is used to provide additional benefits).
- PWE may only be used for positions that existed and were eligible in the 2018 qualifying period.
- Any under spending in either of the salary or benefit components will result in a recovery.
- All surplus funds will be recovered by the CMSM.

NOTE:

Multi-site agencies have the ability to fund over spending in one site with under spending from another site within their overall funding allotment within the City of Kawartha Lakes and the County of Haliburton.