



CITY OF KAWARTHA LAKES

Children's Services

**2019 Guidelines for Provincial Wage
Enhancement Grant for Licensed Home
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 Home Child Care Wage Enhancement Guidelines provide information about the implementation of the Provincial Home Child Care Enhancement Grant by the City of Kawartha Lakes Children's Services for 2019 for licensed Home Child Care agencies and associated Home Child Care visitors and Home Child Care providers¹.

These guidelines provide licensed Home Child Care agencies with information on requirements and procedures regarding the administration of two grants:

- the Provincial Wage Enhancement Grant, which is for **Home Child Care visitors** and
- the Provincial Home Child Care Enhancement Grant, which is for **Home Child Care providers**

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 Home Child Care agencies apply for the Provincial Wage Enhancement Grant once they have determined the eligibility of their agency, Home Child Care visitors and Home Child Care providers.

¹The terms "Home Child Care" and "Private Home Day Care" are used synonymously in this document and the accompanying spreadsheet to refer to the system of licensed Home Child Care agencies, Home Child Care visitors and Home Child Care providers. "Home Child Care" is commonly used in the City while "Private Home Day Care" is used by the Province of Ontario.

Eligibility Requirements for Home Child Care Agencies, Visitors and Providers

Agency Eligibility	Home Child Care Visitor Eligibility	Home Child Care Provider Eligibility
<ul style="list-style-type: none"> • Must be a Home Child Care agency in The City who provides licensed Home Child Care services. • Must have eligible Home Child Care visitor or Home Child Care provider positions. • Must submit an electronic copy of the application by June 30, 2019 to be considered. 	<ul style="list-style-type: none"> • Must be employed by an agency that has applied and met requirements for the grant on behalf of their staff by the application deadline of June 30, 2019 for the 2019 funding. • Must occupy a position that had an associated hourly wage of less than \$25.47 per hour excluding year one's Wage Enhancement on December 31, 2018. 	<ul style="list-style-type: none"> • Agencies have the flexibility to fund current year's eligible providers regardless of whether the provider had a contract with an agency in 2018. Compensation rate will be based on current year's services. • Must have held a contract with a licensed Home Child Care agency. • Must provide services to one child or more (excluding providers own children). • Must have received less than \$254.70 (\$20 below the cap of \$274.70) per day in fees excluding previous years HCCEG. • Must be actively serving children during 2019.
<p>NOTE: Applications not received by the deadline will be ineligible for the 2019 allocation</p>		

NOTE:

- Newly opened centres and agencies in 2019 are eligible to apply for wage enhancement/HCCCEG funding in the year that the program begins.
- Home Child Care enhancement funding must be paid to providers in addition to their daily rate and standard provider rate as of December 31, 2019.
- Wage Enhancement funding must be paid to home visitors in addition to their standard hourly wage including all grants (excluding previous years

SECTION 2: DETERMINATION OF AGENCY ENTITLEMENT

The wage amount per position and the calculation of the entitlement per agency can be determined once the eligibility of the Home Child Care visitor positions and providers is established.

Determination of the Wage Enhancement Amount per Eligible Position

Grant Type	Eligible Amount	Determination of Provincial Enhancement
Provincial Wage Enhancement For Home Visitors	Full Wage Enhancement of \$2.00/hour	<ul style="list-style-type: none"> The hourly wage for a Home Child Care visitor 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 Home Child Care visitor 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 cap.
	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 home visitor FTE provided to operators to cover shortfalls in Wage Enhancement salaries (for example additional days worked, sick days, PD days) and/or additional benefits.

Grant Type	Eligible Amount	Determination of Provincial Enhancement
Provincial Home Child Care Enhancement For Providers	Full Wage Enhancement up to \$20/day	<p>The Home Child Care Provider</p> <ul style="list-style-type: none"> • holds a contract with a licensed Home Child Care agency; • provides services for one child or more (excluding providers own children) • provides full time services on average (6 hours or more a day) • currently receives base daily fees excluding previous year's HCCEG of less than \$254.70 per day (i.e. \$20 below the cap of \$274.70)
	Partial Wage Enhancement of \$10/day	<p>The Home Child Care Provider</p> <ul style="list-style-type: none"> • holds a contract with a licensed Home Child Care agency • provides services to one child or more (excluding providers own children) • provides part time services on average (less than 6 hours per day) • receives base daily fees excluding year one's HCCEG of less than \$154.82(i.e. \$10 below the cap of \$164.82)
	Supplemental Grant	<ul style="list-style-type: none"> • \$50 per eligible Home Child Care provider to cover salary shortfalls or additional days such as PD days. The supplemental grant must be used to support providers' daily wage and/or benefits.

NOTE:

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

This table shows how to calculate the agency entitlement amount based on the assessment of full and partial Wage Enhancement for eligible positions / providers. 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
<p>Provincial Wage Enhancement For Home Visitors</p>	<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 home visitor, the eligibility rate per hour and the percentage of time the position is eligible will be calculated. • Download the Wage Enhancement application at: http://www.city.kawarthalakes.on.ca/residents/house-and-home/childrens-services/information-for-child-care-agencies • The entitlement amount will be calculated in the Excel spreadsheet 2019 Centre Based Wage Enhancement Application for Provincial Wage Enhancement Funding. • 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. • 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 14 for the breakdown.
<p>Provincial Home Child Care Enhancement For Providers</p>	<ul style="list-style-type: none"> • The provider-based provincial Wage Enhancement is calculated based on the average hours worked in 2018 serving one or more children. <ul style="list-style-type: none"> • 6 hours or more (on average) per day = full time = Fully Eligible • 6 hours or less (on average) per day = part time = Partially Eligible • The days worked (from January 1, 2018 to December 31, 2018) are multiplied by the full or partial grant to determine the annual funding available to the provider. • The entitlement amount will be calculated in the Excel spreadsheet "2019 Home Child Care Wage Enhancement Application for Provincial Wage Enhancement funding." • Download the Wage Enhancement application at: http://www.city.kawarthalakes.on.ca/residents/house-and-home/childrens-services/information-for-child-care-agencies • To complete the application form, please refer to the “Instructions Tab” located on the online application.

SECTION 3: GRANT DISTRIBUTION

The City, the Home Child Care Agency and the Home Child Care Agency Board of Directors/Owner have designated roles and requirements to meet in the distribution of the Provincial Wage Enhancement Grant (PWE) as presented the table below.

Roles and Requirements for the Distribution of the Wage Enhancement Program

Role	Description of Requirements for Distribution of Wage/Home Child Care Grants
The City	<ul style="list-style-type: none"> • 2019 Wage Enhancement payments will continue to be paid to licensed Home 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.

Role	Description of Requirements for Distribution of Wage/Home Child Care Grants
<p>Board of Directors or Owner of the Home Child Care Agency</p>	<p>Ensure that:</p> <ul style="list-style-type: none"> • The amounts per home visitor do not exceed \$2.00 per hour. • Home Visitors who receive a full entitlement may not have an hourly wage greater than \$25.47. • The hourly wage before Wage Enhancement must be the gross hourly wage including all sources of operating grants and pay equity but excluding previous Wage Enhancement amounts. • Home Visitors eligible for the full \$2.00 per hour must be paid \$2.00 per hour for their eligible hours until the funding for the agency/home visitor positions is exhausted. • Funds are assigned to home visitor positions and not individuals. • Funds are not to be used to lower or offset parent fee increases. • Wage Enhancement funding for Home Visitors is above and beyond legislated minimum wage (\$14.00/hour as of Jan. 1, 2019). • Wage Enhancement payments are in addition to any planned pay equity or other salary increases. • Wage Enhancement funds not utilized in accordance with these guidelines or in accordance with the service contract 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 benefits funding within 17.5% can be used to support Wage Enhancement salaries or to fund other benefit expenses paid by the employer on behalf of the employee. • A supplemental grant of \$150 per eligible home visitor 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 residual benefits funding can be used to support Wage Enhancement salaries per the allowable expenses (See page 14). This is one-way funding flexibility only, that is, salary funding cannot be used for benefits. Any funding that is not used for these purposes will be recovered by the CMSM.

Role	Description of Requirements for Distribution of Wage/Home Child Care Grants
Home Child Care Agency	<ul style="list-style-type: none"> • Must clearly indicate in staff paystubs and Home Child Care provider fee transfers, the portion of Provincial Wage Enhancement/ Provincial Home Child Care Enhancement funding that is being provided as "Provincial Wage Enhancement" or "Provincial Home Child Care Enhancement". • The Wage / Home Child Care enhancement funding must be paid out in full to each eligible position / provider by December 31, 2019 and in the months in which it is received thereafter. • All unassigned wage enhancement funds must be reported to The City and will be recovered through the reconciliation process. <p>Requirements specific to Home Child Care Providers:</p> <ul style="list-style-type: none"> • Providers are eligible to receive the grant for days where they have an agency-placed child in their care. • If at any point a home provider stops serving agency-placed children the home care agency must terminate the transfer of Home Child Care Enhancement funds to the provider. Funding can be reinstated by the home care agency once the home provider resumes serving agency-based children. • A Provider, who is contracted to provide licensed Home Child Care services with more than one Home Child Care Agency, may only be funded for their eligible amount for one agency. Agencies who share providers must negotiate who will apply for the funds on behalf of the provider. • Providers who receive a full Provincial Home Child Care Enhancement may not be paid more than \$274.70 per day. • Providers who receive a partial Provincial Home Child Care Enhancement entitlement may not be paid more than \$164.82 per day • A supplemental grant of \$50 per eligible Home Child Care provider is provided to support salary shortfalls. • Meet monitoring and reporting requirements (see Section 5)

NOTE:

- Home Child Care enhancement funding must be paid to providers in addition to their daily rate and standard provider rate as of December 31, 2018.
- Wage Enhancement funding must be paid to home visitors in addition to their standard hourly wage including all grants (excluding previous year's Wage Enhancement amounts) as of December 31, 2018.
- Funds cannot be spent on any other child care program

SECTION 4: DEADLINES AND APPLICATION REQUIREMENTS

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

Deadlines and Actions Required

Deadline	Actions Required
<p>January 2019</p>	<p>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.</p>
<p>Spring 2019</p>	<p>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</p>
<p>June 30, 2019</p>	<p>Operator submits completed 2019 Wage Enhancement application forms including all required documentation to the City in order to receive Wage Enhancement in 2019.</p>
<p>Summer 2019</p>	<p>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.</p>
<p>Summer 2019</p>	<p>City continues to disburse funds based on the approved application. Administration Funding allocation will be identified on the 2018 contracts and distributed on this payment.</p>
<p>January 18, 2020</p>	<p>Agency submits Annual Provincial Wage/Home Child Care Enhancement Reconciliation Statement for each site.</p>

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 agencies
- Annual Provincial Wage / Home Child Care Enhancement Reconciliation Statement
- Audit reporting requirements and the Special Purpose Report

Monitoring and Reporting of Wage Enhancement Program

Type of Monitoring/Reporting	Description
<p>Records Required for Review</p>	<p>Agencies are required to keep appropriate records verifying the amount of Wage / Home Child Care Enhancement that was received from The City and distributed to eligible home visitors / providers.</p> <p>These records must be available for review by The City's 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 The City where applicable • Account Balance • Administrative Funding
<p>Annual Audit of Agencies</p>	<p>On an annual basis The City staff will review the PWE records for randomly selected agencies. These audits may involve a visit to the centre / agency and may involve a review of required records. Agencies must ensure that all required documents and access to additional financial, staff and provider records are available during a visit.</p>

Type of Monitoring/Reporting	Description
<p>Annual Provincial Wage / Home Child Care Enhancement Reconciliation Statement</p>	<p>All agencies in receipt of the Wage / Home Child Care 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 agency receiving the grant. There will be a separate Reconciliation required for Home Visitors and for the Home Child Care Providers.</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 no later than January 18, 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/Home Child Care providers, over/under spending and certify that the grant funds received were used for the purposes that they were intended for.</p>

AGENCY CLOSURES / CHANGE IN OPERATOR, TRANSFER OR SALE

If a centre or agency that applied for Wage Enhancement/HCCCEG closes, the CMSM will work with the operator to meet the accountability requirements and support payments to eligible staff and/or Home Child Care providers for hours worked before the closure. Any unused funds will be recovered.

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

If a program closes mid-year, the eligible staff would receive Wage Enhancement funding for the hours worked until the program closure.

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

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

- ✓ Increasing wages of eligible centre-based staff and home visitors by up to \$2 per hour plus 17.5 percent benefits based on their current wage rate.
- ✓ 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.
- ✓ Providing a daily increase of up to \$20 for eligible licensed Home Child Care providers based on current hours of service provided.

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.

Please note: the daily wage increase cannot exceed \$20.00 and the daily cap of \$274.70

When Entitlement and Anticipated Distribution Amounts Are Different

The agency entitlement is based on the hours/day 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 \$25.47 amount and has been replaced by a staff member whose current salary is under \$25.47.

Operators are advised to anticipate their hours for 2019 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, and \$10 or \$20 increase for Home Child Care providers, the ministry will provide an additional supplemental grant of \$150 for each eligible centre based FTE or home visitor FTE and \$50 for each eligible Home Child Care provider. The supplemental grant allows operators some flexibility to provide and implement Wage Enhancement in a way that aligns with their regular operations.

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

CMSMs/DSSABs 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 2018 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 and providers, and 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 grant 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 below.

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

The City also needs to verify that the Wage Enhancement funds were used only for the purpose that they were intended for.

License holders are subject to review and/or audit upon the City's request and must provide such 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, 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	<u>\$xxxx</u>	<u>\$xxxX</u>	<u>\$xxxx</u>
Total all Sites	\$xxxx	\$xxxx	\$xxxx

Unspent Wage Enhancement funds are to be returned to The City.

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.

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 and Home Child Care Providers
- 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.
- 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.