

# **Licensed Home Child Care Agencies 2024 Base Funding Guideline**

**Effective: January 1, 2024**

**Peel Region  
Early Years and Child Care Services  
Released: December 5, 2023**

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## OVERVIEW

This Guideline provides Licensed Home Child Care (LHCC) agencies with information regarding the 2024 LHCC Base Funding. LHCC agencies should review this [Guideline](#), the Early Years and Child Care (EYCC) Funding Agreement, [Service Provider Handbook](#) to learn more about the requirements.

The 2024 LHCC Base Funding includes the following components:

1. Fee Reduction Operating Grant (FROG) to support children 6-12 years not eligible for CWELCC
2. Payments to Home Child Care Providers
3. Enhancements to Staff Wages and Benefits (includes Historical Funding where applicable)

### **Important: This guideline is subject to provincial updates.**

- We will release details on funding to support program administration and provider viability components in early 2024 after we review provincial guidelines and our funding allocations.
- The Ministry of Education has communicated that they are implementing a new child care funding formula in September 2024. To minimize impacts to agencies, Peel will issue funding for the full 2024 calendar year (January to December). Once the Ministry confirms the date and details of the new funding formula or any other policy changes, we will make the necessary updates. This may include changes to these guidelines, allocations, and length of time of funding announcements.

## HIGHLIGHT OF CHANGES

### Section 1: Eligibility and Funding Conditions

- Streamline criteria and removed requirements covered in the EYCC Funding Agreement.
- Added new eligibility criteria for new agencies entering into EYCC Funding Agreement.

### Section 4: Payments to Home Child Care Provides and Staff

- Clarified the definition of hours worked and benefit expenses.

### Section 6: Reporting and Accountability

- Removed requirements covered in the EYCC Funding Agreement and [Service Provider Handbook](#).
- Clarified requirements on reconciliation reporting for benefit expenses and provided examples.
- Removed “In-Year Reporting Requirement” and added “In-Year Funding Requests”.

### Appendix A: Parent Notice Fee Reduction Operating Grant (FROG)

- Updated Parent Notice template

### Appendix D: LHCC Base Funding Allocation Methodology

- Updated the data used to calculate the allocation for the Base Funding components.

## SECTION 1: ELIGIBILITY AND FUNDING CONDITIONS

1. To be eligible for LHCC Base Funding in 2024, you must:
  - Have had signed a Fee Subsidy Agreement dated on or before **October 31, 2021**, and provide child care to at least one agency-placed child from Peel in 2023 and continue to do so in 2024.
  - LHCC agencies that entered into a Fee Subsidy Agreement in 2023 and the new EYCC Funding Agreement on go-forward basis, must have at least 5 active homes in Peel to be eligible for Base Funding.
2. Base Funding must be used to support licensed child care operations/spaces licensed under the [Child Care and Early Years Act \(CCEYA\)](#) located in Peel Region only.
3. All Base Funding components must be spent by **December 31, 2024**.
4. Be open and providing services to children in Peel, unless otherwise directed to close by Peel Public Health (PPH) or the Province of Ontario.
5. Meet [minimum wage](#) requirements (effective October 1, 2023 the provincial government increased the minimum wage to \$16.55 per hour) and mandatory benefit requirements without using LHCC Base Funding, Wage Enhancement Grant (WEG) or other Regional/Provincial funding. The only funding that can be used to support the minimum wage is the CWELCC Funding, as applicable.
6. Have business management practices which align with the Region's priorities identified in the [Early Years and Child Care Service System Plan: 2019-2024](#).
7. Comply with all EYCCS program/policies, financial, contract (any EYCCS contract), and/or system data reporting requirements. Failure to comply with Regional policies, including the [Holds and Deadline Compliance Policy](#), may result in your agency being ineligible for this or other Regional funding and/or funding reductions to current and future EYCC funding.

Peel Region reserves the right to approve LHCC Base Funding subject to budget availability.

Please refer to the [Early Years and Child Care Service Provider Handbook](#) for more information about program closures, shares transfer/asset, and sales/amalgamations.

## SECTION 2: FUNDING COMPONENTS / REQUIREMENTS

Component	Objective	Eligible Expenses / Funding Requirements
<p><b>Fee Reduction Operating Grant (FROG)</b></p> <p>In <a href="#">GovGrants</a>, the FROG is allocated under the “operating” budget category</p>	<p>Improve affordability for families with children 6-12 years</p>	<ul style="list-style-type: none"> <li>• Use this funding to continue reducing daily market child care fees by \$6.00 per day for all agency enrolled <b>full-fee children 6-12</b> years in full-day and part-day care, as these children are not eligible for the CWELCC program. <ul style="list-style-type: none"> <li>○ Families in receipt of child care subsidy are not eligible to receive the FROG and are required to pay their parental contribution stated on their Confirmation of Fee Assistance letter.</li> <li>○ Families with children under 6 years of age do not qualify for the FROG as their fees are reduced through the CWELCC fee reduction funding program.</li> </ul> </li> <li>• Revise and share your market rate schedule (with families) to reflect fee reduction through FROG. <b>Note:</b> if you are participating in the <a href="#">Before and After School (BASP) affordability pilot program</a>, your rates should be reduced using the FROG first and then the BASP affordability funding.</li> <li>• Share Peel’s Parent Notice by <b>December 31, 2023</b> (Appendix A) to all full-fee families to inform them about the applicable child care fee reduction available to them in 2024.</li> </ul> <p><b>IMPORTANT:</b> if you experience increased enrollment, review the <b>Reporting</b> section of this Guideline on how to submit an <b>In-Year Funding Request</b>.</p>
<p><b>Payments to Home Child Care (HCC) Providers</b></p> <p>In <a href="#">GovGrants</a>, the Payments to Providers is allocated under the “payments to providers” budget category</p>	<p>Retain/attract home child care providers through increased compensation</p>	<ul style="list-style-type: none"> <li>• Use this funding to increase payments (above budgeted costs) to HCC providers.</li> <li>• Distribute to HCC providers based on each individual provider’s proportion of the total agency payments to providers and should: <ul style="list-style-type: none"> <li>○ Be based on your payments to providers only. Do not include Provincial/Regional funding.</li> <li>○ Occur in alignment with providers regular payment process. Note: payment amounts must be calculated and paid at least quarterly, even if regular agency payments occur less frequently. Example: if HCC providers receive agency payments monthly, the payment amount should be calculated and paid monthly</li> </ul> </li> <li>• Communicate the distribution methodology to HCC providers.</li> <li>• See <b>Appendix B</b> for example on distributing funding to HCC providers.</li> </ul> <p><b>IMPORTANT:</b> In 2024, if you are experiencing a reduced number of active homes compared to the number of homes your allocation was based on (refer to <b>Appendix D</b> on how your Provider Payment funding was calculated) you must reduce your monthly allocation based on the number of current</p>

Component	Objective	Eligible Expenses / Funding Requirements
		<p>active homes before you allocate payments to HCC providers. Example: If in January 2024, 50% of providers are working/caring for children (compared to January 2020), you must reduce your monthly Base Funding provider payment allocation by 50% and issue payments using the Base Funding methodology. Unused funding will be recovered at reconciliation.</p> <p><b>IMPORTANT:</b> In 2024, if your number of active homes has increased/you are adding new active home care providers in Peel that are caring for agency placed children, review the <b>Reporting</b> section of this Guideline on how to submit an <b>In-Year Funding Request</b>.</p>
<p><b>Payments to Staff Wages and Benefits (SWB) Home Visitors RECE</b></p> <p>In Gov Grants SWB and Historical Funding (eligible agencies only) are allocated under the SWB budget category</p>	<p>Retain and recruit RECE staff in licensed child care</p> <p>Reduce wage gap between Registered Early Childhood Educators (RECE) working in licensed child care settings and school boards</p>	<p>Historical Funding (applicable to eligible agencies only) has been merged with your SWB allocation. This combined funding must be used to continue to enhance eligible Home Visitor staff wages and benefits. Home Visitors who receive T4 or contracted Home Visitors are eligible.</p> <p><b>Reminder:</b> The eligible positions for SWB are aligned with the provincial Wage Enhancement Grant (WEG). This means supervisors and non-program staff are <b>not</b> eligible to receive enhancements from SWB or Historical Funding unless the position requires staff to spend at least 25% of their time in a Home Visitor position, approved on the agency's licence and would receive this funding for the hours worked in that position.</p> <p>You must use this funding to:</p> <ul style="list-style-type: none"> <li>Enhance eligible staff wages (over-and-above existing minimum wage requirements) and support incremental employer mandatory benefits costs that result from the wage enhancement.</li> <li>Continue to enhance your staff wages at the same levels as last year so your staff are not negatively impacted.</li> </ul> <p><b>Note:</b> If you used Historical Funding in 2023 to enhance payments to HCC providers, you should use this funding to continue to do so in 2024.</p>

## SECTION 4: PAYMENTS TO HOME CHILD CARE PROVIDERS AND STAFF

You must use your LHCC Base Funding components (Payments to Home Child Care Providers, Staff Wages and Benefits and Historical Funding) to make payments to HCC providers and/or staff.

### You are required to:

- Distribute Base Funding components to eligible:
  - Staff as part of the **regular** payroll process (e.g. biweekly / monthly).
  - Home child care providers as part of their **regular** payment process.

Important: Irregular, lump-sum and/or cash payments are not permitted.

2. Include a 'LHCC Base Funding' and amount payable on **each**:
  - **Paystub** (applicable to staff) OR
  - **Payment** (applicable to home child care providers or contracted home visitors)
3. Distribute the Base Funding from January 1 to December 31, 2024. LHCC Base Funding may **not** be carried over to 2025.
  - If your agency pays staff two weeks in arrears, (they must work the two weeks to receive payment) the agency is required to 'double up' the LHCC Base Funding portion on the last 2024 payroll / payment (as applicable).

### Eligible Hours

Hours worked is defined as the total program hours worked and paid between January 1 to December 31, 2024. Program hours must include paid time in program, professional learning, planning, set-up, and in meetings mandated by the organization.

### Eligible Benefits

- You must meet your incremental employer mandatory benefit requirements associated with the wage enhancement first; and then
- You may use funds to support the incremental employer mandated benefits associated with the wage enhancement only if these are outlined in your Human Resources policy.
- New benefits cannot be created with the funding (e.g., an extra week of vacation).

**Employer mandatory benefits/contributions include:** CPP, EI, EHT, WSIB, Vacation, Public Holiday Pay.

**Additional employer mandated benefits include:** paid sick time, vacation and personal days as outlined in your human resources policy.

## SECTION 5: CHANGES IN STAFF COMPLEMENT

You are encouraged to continuously review your Base Funding so you can take plan and adjust distribution as required.

<b>Increases in Staff Complement</b>	<ul style="list-style-type: none"> <li>• An increase in staff complement and/or shortfall in funding will <b>not</b> result in an increase of Staff Wages and Benefits (SWB) funding.</li> <li>• New staff joining the agency at any point during 2024 are able to receive SWB if the position is eligible and can be supported within your funding allocation.</li> </ul> <p><b>Note:</b> if you are changing the SWB amount for eligible staff within 2024, it is your responsibility to communicate in writing the change to all impacted staff.</p>
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<p><b>Decreases in Staff Complement</b></p>	<ul style="list-style-type: none"> <li>• If you experience a decrease in staff complement and/or expect to have leftover funding by the end of the year you must <b>not redistribute</b> to existing staff.</li> <li>• You have discretion to use leftover SWB funding toward <b>enhancing Payments to Home Providers</b>.</li> <li>• Funding unspent at the end of the year is considered surplus and will be recovered through the GovGrants recovery process.</li> </ul>
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## SECTION 6: REPORTING AND ACCOUNTABILITY

**NEW:** Review the applicable Accountability and Reporting section in your 2024 EYCCS Funding Agreement and the EYCCS [Service Provider Handbook](#).

### Reporting and Reconciliation:

- You must use the Region’s Base Funding reconciliation template to submit your Final Reconciliation Report in the GovGrants technology. The deadline to submit the **Final Reconciliation Report** will be shared at a later date.
- Complete the Base Funding Final Reconciliation template with the following:
  - Actual monthly enrolment of full fee children 6-12 years of age (to support FROG)
  - Agency staff wages expenditures as of December 31, 2024
  - Payments to home providers as of December 31, 2024
  - Expenditures/other information as requested by the Region

Note: You are required to submit “Total Hours of Worked for Each Position” as part of your Reconciliation Report. The hours worked in program are expensed as salary/wages in Base Funding. Incremental benefits are expensed as benefits in Base Funding.

Examples:

- Staff A: worked 7 program hours on December 1, they receive \$2/hr in Base Funding, you expense \$14 against salaries/wages and claim the incremental employer portion of mandatory benefits associated with the wage enhancement against benefits.
  - Staff B: had a paid statutory holiday on Thanksgiving, this is expensed as a benefit and not from salaries and wages of the wage enhancement.
  - Staff C: took a paid sick day on December 15, this is expensed as a benefit and not from salaries and wages of the wage enhancement.
- **Key Performance Indicators:** You will be required to submit key performance indicators (KPIs) as seen in GovGrants.
  - All expenses should be claimed **once** under the applicable Base Funding components. If you claim the same eligible expense in more than one funding component or claim an ineligible expense, we reserve the right to deem those components ineligible and recover funding in whole or in part.



Note: Underspending in a LHCC Base Funding component **cannot** be used to support other components, **unless approved by the Region**. Example: Leftover FROG cannot be used to support Base Operating/Admin expenses.

- Attest that you have: Exhausted all other available funding, and expenses supported through 2024 Base Funding have not been covered through any other EYCC funding streams and/or other government funding. Funding was used according to this Guideline and your EYCCS Funding Agreement. Note: Documentation may be requested as deemed appropriate by the Region.

### **In-Year Funding Requests:**

- You are not required to submit an in-year report in 2024.
- If you require an in-year funding adjustment for the specific Base Funding components **FROG and Payments to Provider, email by July 31, 2024** to [EarlyYearsSystemDivision@peelregion.ca](mailto:EarlyYearsSystemDivision@peelregion.ca) to request a budget adjustment. You will be required to provide updated data to validate adjustments to funding in these components (this will include actuals for the period of January 1, 2023 to June 30, 2024 and forecast for remainder of the year). Funding adjustments will be reviewed once per year.

### **Base Funding and Rate Increase Requests:**

- This requirement only applies to programs where child care fees are not frozen (school age programs and agencies not participating in the CWELCC). Costs expensed through Base Funding cannot be used to justify a request for a rate increase.

### **Audit and Recoveries:**

Please refer to the [Service Provider Handbook](#) for more information.

## **CONTACT US**

If you have questions email [EarlyYearsSystemDivision@peelregion.ca](mailto:EarlyYearsSystemDivision@peelregion.ca) or contact your Early Years Specialist (EYS).

## APPENDIX A: Parent Notice Fee Reduction Operating Grant (FROG)

December 2023

Dear Families,

Peel Region is working with the governments of Ontario and Canada to make child care more affordable for you.

To continue streamlining our fee reduction programs in 2024:

- Child care fees for families with children 6 to 12 years of age who are not eligible for the Canada-Wide Early Learning and Child Care (CWELCC) plan will continue to have their fees reduced by the \$6 a day for full-day and part-day care through the Fee Reduction Operating Grant (FROG).
- Fees for families with children 5 years of age and younger do not qualify for the \$6 a day fee reduction through the FROG because their fees are reduced through the CWELCC plan. You can also find more information on our [website](#).
- Families who receive child care subsidy are not eligible for the FROG because they already receive funding for child care. Children privately placed are also not eligible for the FROG.

Your agency will revise its market rate schedule to reflect the appropriate fee reduction.

Please speak to your home child care agency if you have questions.

Sincerely,  
Early Years and Child Care Services Division  
Peel Region

## APPENDIX B: Distribution to HCC Providers (Example)

If you are experiencing a reduced number of active homes, you must reduce your monthly allocation based on the number of current active homes before you allocate payments to HCC providers.

**Distribution Example:** Agency “A” received a total of **\$48,000** in Payments to Providers funding for 2024.

**Step 1. Determine how much funding is available for distribution per pay period.** Divide the 2024 Payment to Providers funding amount by the number of pay periods in the year. Example: if the agency pays their HCC providers monthly, divide the funding amount by 12 (months), if the agency pays their HCC providers biweekly, divide the funding amount by 26.

In this example, Agency “A” pays their HCC providers monthly.

$$\begin{array}{rcccl} \$48,000^* & & 12 & & \$4,000 \\ \text{Agency "A" 2024 Payments to} & \div & \text{\# of pay periods} & = & \text{Funding available for} \\ \text{Providers Funding} & & & & \text{distribution per pay period} \end{array}$$

**Step 2. Determine how much is the total agency payment to providers per pay period, and each provider’s percentage of the total agency payment to providers for that pay period.**

For example, in January 2024, Agency “A” total payments to four HCC providers totalled \$12,000.

Providers	Total January 2024 Agency Payment to Providers (based on parent revenue)	Percentage of \$12,000
Provider “W”	\$ 3,250	27.1%
Provider “X”	\$ 4,000	33.3%
Provider “Y”	\$1,250	10.4%
Provider “Z”	\$ 3,500	29.2%
<b>Total payment</b>	<b>\$ 12,000</b>	

**Note:** This example is for information purposes only and varies according to each agency’s funding amount, number of pay periods and total agency’s payment to providers.

**Step 3. Calculate provider base funding payment for the current pay period.** Use the percentage (step 2) to calculate your agency’s LHCC base funding provider payments.

Available Funding (see Step 1)	Providers	% (see Step 2)	LHCC Base Funding Payment (\$4,000 x each provider’s %)
<b>\$4,000</b>	Provider “W”	27.1%	\$1,084
	Provider “X”	33.3%	\$1,332
	Provider “Y”	10.4%	\$416
	Provider “Z”	29.2%	\$1,168
	<b>Total</b>	<b>100%</b>	<b>\$4,000</b>

## APPENDIX C: Ineligible Base Funding Expenses

2024 Base Funding Ineligible Expenses	
Expense Category	Description
1. Staffing costs	<ul style="list-style-type: none"> <li>Budgeted wage compression or a situation of pay inequity in which, as the minimum wage increases, the gap between staff paid at minimum wage and those at a more senior/experienced level decrease.</li> <li>Retiring bonuses, gifts and honoraria paid to staff (including administrator or owner) travel costs, staff uniform costs, etc.</li> <li>Staff not employed in a licensed child care program.</li> </ul>
2. Legislative employment law requirements	<ul style="list-style-type: none"> <li>Impacts due to legislative requirements or changes in legislation during the currency of this Agreement</li> </ul>
3. Non-arm's length transactions not transacted at fair market value	<ul style="list-style-type: none"> <li>A transaction occurs at non-arm's length when it is between two individuals who are related by blood, marriage, common-law partnership or adoption. When this occurs, the transaction would require additional documentation to ensure it has occurred at fair market value.</li> </ul>
4. Professional fees	<ul style="list-style-type: none"> <li>Fees paid to professional organizations, franchise fees and management fees.</li> </ul>
5. Operating costs other than staff wages and benefits and eligible expenses listed in this Guideline.  Non-approved operating expenses	<ul style="list-style-type: none"> <li>Debt costs including principal and interest payments related to capital loans, mortgage financing, tax liabilities and operating loans</li> <li>Transportation costs (vehicle lease, insurance, fuel costs)</li> <li>Property taxes</li> <li>Costs supported through other Region of Peel funding streams</li> </ul>
<p><b>This list is not exhaustive. Any expenditures not listed under the allowable expenses section of this Guideline are non-admissible. Contact your Early Years Specialist with any questions.</b></p>	

## APPENDIX D: 2024 LHCC Base Funding Allocation Methodology

To receive a LHCC Base Funding allocation in 2024, agencies were required to have active homes that provided services to at least one agency-placed child from Peel in 2023 and continue to do so in 2024.

The chart below outlines the methodology used to calculate the agency's allocations.

Component	2024 Allocation Methodology
Fee Reduction Operating Grant (FROG)	<ul style="list-style-type: none"> <li>The FROG funding amount was based on the LHCC rate reduction target (\$6/day) and enrolment data reported for October 2022 &amp; October 2023 for full fee children 6-12 years.</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>LHCC agencies should notify their Early Years Specialists of any significant changes to their enrollment as soon as these changes are identified.</li> <li>LHCC agencies will be required to provide updated actual and estimated enrollment. This information may result in adjustments to their funding to avoid over/under funding.</li> </ul>
Payments to Home Child Care Providers	<ul style="list-style-type: none"> <li>The Payments to Providers amount is based on the average of active homes reported by LHCC agencies in 2019 or 2023 which ever was higher multiplied by \$5,000.00 per home.</li> <li>Newer LHCC agencies with funding agreement for fee subsidy after 2019, their number of active homes is based on October 2023 (current active homes) reported in Gov Grants.</li> </ul>
Staff Wages and Benefits (SWB)	<ul style="list-style-type: none"> <li>The SWB amount was calculated at a rate of \$2.35/per hour worked (rounded to \$5000 per FTE) by the higher of Home Visitors reported in GovGrants for October 2023.</li> </ul>