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2021 Licensed Home Child Care Base Funding Guideline

Peel Region Licensed Home Child Care Agencies

Early Years and Child Care Services
Updated September 16, 2021

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INTRODUCTION

This Guideline provides Licensed Home Child Care (LHCC) agencies with information regarding 2021 LHCC Base Funding. To learn more about funding requirements, LHCC agencies should review this Guideline and their Early Years and Child Care Services (EYCCS) Agreements.

LHCC Base Funding provides streamlined, predictable base operating funding to licensed home child care agencies to improve access to affordable, high quality, inclusive and accountable licensed child care services for families in Peel.

The 2021 LHCC Base Funding model includes the following components:

1. Fee Reduction Operating Grant (FROG)
2. Payments to Home Child Care Providers
3. Payments to Home Visitors and Supervisors (Staff Wages and Benefits)
4. Historical Funding (eligible agencies only)
5. Base Operating/Administration Funding

UPDATE! To support agencies to safely serve families and remain viable during the COVID pandemic, LHCC agencies can use their 2021 Base Funding to support Special Purpose Funding (SPF) expenses and eligible COVID-related expenses such as PPE, child absenteeism, and mandated closures/self-isolation due to COVID.

Please review this Guideline for more information on the requirements of the 2021 LHCC Base Funding.

FUNDING CONDITIONS

1. LHCC agencies must exhaust all federal, provincial, municipal grants/supports they are eligible to receive. Failure to maximize supports may result in funding recoveries.
2. Base Funding can only be used to support the portion of the expenses **NOT** eligible for other federal, provincial, municipal grants/supports.
3. On days where you are required to close your home due to PPH requirements, you **must** credit/refund families for the missed days within 45 days of the eligible absence and pay impacted staff/home providers.
4. All Base Funding must be spent by **December 31, 2021**.
5. Base Funding must be used to support licensed child care operations licensed under the [Child Care and Early Years Act \(CCEYA\)](#) located in Peel only.

ELIGIBILITY CRITERIA

To be eligible for LHCC Base Funding in 2021, agencies are required to:

1. Be a LHCC agency in Peel Region with a signed EYCCS Fee Subsidy Agreement dated on or before **October 31, 2020**.

Note: Historical Funding is only available to LHCC agencies who previously received the former Wage Subsidy in 2015.

2. Provide child care to at least one agency-placed child from Peel in 2020 and continue to do so in 2021.
3. Be open and providing services, unless otherwise directed by Peel Public Health (PPH) or the Province of Ontario.
4. Meet the Region's **Authentic Participation requirements** regarding inclusion of children in receipt of fee subsidy; continuous quality enhancement; and inclusion of children with special needs by participating in Peel Inclusion Resource Services (PIRS).
5. Meet minimum wage (\$14.25 per hour) and mandatory benefit requirements **without** utilizing LHCC Base Funding, Historical Funding, Wage Enhancement Grant (WEG) or other Regional/Provincial funding.
6. Submit revised market rate fee schedules to the Region sixty (60) calendar days before market rate changes come into effect.
7. Have business management practices which align with the Region's priorities identified in the [Early Years and Child Care Service System Plan: 2019-2024](#).
8. Be in good standing with respect to financial/contract compliance and reporting requirements for all funds provided. Non-compliance with this requirement might impact LHCC agency's eligibility for all EYCC funding programs.
9. Continuously comply with all program, financial, contract (any EYCCS contract), and/or system planning data reporting requirements on or before the assigned timeline.

Change in Operator, Transfer, Sale or Closure:

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

- In the event of a shares transfer or asset sale, the LHCC agency may be considered ineligible to receive LHCC Base Funding and Historical Funding.
- If an LHCC agency ceases to operate, the Region at its discretion, may prorate the agency's LHCC Base Funding and Historical Funding amounts.

Note: The Region reserves the right to review continued eligibility for LHCC Base Funding and/or Historical Funding on a case-by-case basis.

BASE FUNDING COMPONENTS / ELIGIBLE EXPENSES AND DISTRIBUTION

Component	Funding Objective	Eligible Expenses/Funding Parameters for LHCC Agencies
Fee Reduction Operating Grant (FROG)	Affordability <ul style="list-style-type: none"> Improve affordability for families 	<ul style="list-style-type: none"> You must use this funding to reduce daily market child care fees by \$6.00 per day for all agency enrolled full-fee children in full-day and part-day care. Families in receipt of fee subsidy are not eligible to receive the FROG and are required to pay their parental contribution stated on their Confirmation of Fee Assistance letter. You must revise and share the market rate schedule (with families) to reflect fee reduction. Share the Region’s “Parent Notice” (by December 21, 2020) to full-fee families to let them know about the \$6.00 per day child care fee reduction available in 2021.
Payments to Home Child Care (HCC) Providers	High Quality <ul style="list-style-type: none"> Attract/retain HCC providers through increased compensation 	<ul style="list-style-type: none"> You must use this funding to increase payments (above budgeted costs) to HCC providers. Distribution to HCC providers must be based on each individual provider’s proportion of the total agency payments to providers and should: <ul style="list-style-type: none"> Be based on your payments to providers only. Do not include Provincial/Regional funding. Occur in alignment with providers’ regular payment process. For example, if HCC providers receive agency payments monthly, the provider payment amount should be calculated and paid monthly. Note: Provider payment amounts must be calculated and paid at least quarterly, even if regular agency payments occur less frequently. Communicate the distribution methodology to HCC providers. See Appendix A for an example on how to distribute funding to HCC providers <p>NOTE: Due to impacts of COVID-19, if you are experiencing a reduced number of active HCC providers, you must prorate your monthly allocation based on the number of current active homes (compared to most recent data reported to the Region pre-COVID) before you allocate payments to HCC providers.</p> <p>Example: If in January 2021, 50% of providers are working/caring for children (as compared to January 2020), you must adjust your monthly Base Funding provider payment allocation by 50% and</p>

Component	Funding Objective	Eligible Expenses/Funding Parameters for LHCC Agencies
		issue payments using Base Funding methodology. You can use any underspending due to lower number of active homes to support eligible COVID-19 expenses.
Staff Wages and Benefits (SWB): Payments to agency staff (Home Visitors and Supervisors)	<ul style="list-style-type: none"> • Retain and recruit qualified staff in licensed child care • Reduce the wage gap between Early Childhood Educators working in licensed child care settings and school boards • Enhance agency staff wages and benefits above mandatory requirements 	<p>You must use this funding to:</p> <ul style="list-style-type: none"> • Enhance agency staff wages for Home Visitors and Supervisors (over-and-above existing wages and regulatory requirements for minimum wage). • Support incremental employer mandatory benefit costs that result from LHCC Base Funding staff enhancements. • Home Visitors/Supervisors who receive a T4 or contracted Home Visitors are eligible for SWB. <p>You are required to:</p> <ul style="list-style-type: none"> • Meet your regulatory requirements for minimum wage (\$14.25 per hour) and mandatory benefits without utilizing LHCC Base Funding, WEG or other provincial funding. • Use <u>one</u> of the following two approaches: <ol style="list-style-type: none"> 1) Approach A - Continue to use your most recently approved GOF Funding Distribution Plan methodology and follow the process described in the <i>Changes in Staff Complement</i> section of this Guideline. Note: You have the option to use your Operating/Admin funding amount (in addition to your SWB funding amount) to further enhance staff wages/benefits <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2) Approach B - Use the Wage Enhancement Grant (WEG) methodology to distribute funding to staff (see <i>Appendix B</i> for example on how to distribute to agency staff). <p>NOTE: You are required to continue to maximize the federal supports Canada Emergency Wage Subsidy (CEWS) program for staff wages and should include the SWB enhancements in the staff gross wages reported through the CEWS. You cannot use Regional funding to support the portion of wage enhancement that is eligible to be covered by the CEWS. You can use underspending in your SWB component to support eligible COVID-related expenses.</p>

Component	Funding Objective	Eligible Expenses/Funding Parameters for LHCC Agencies
<p>Historical Funding</p> <p>(eligible agencies who previously received Wage Subsidy in 2015)</p>	<p>High Quality</p> <ul style="list-style-type: none"> Retain/attract qualified staff by enhancing staff wages and benefits above mandatory requirements 	<p>You must use this funding to:</p> <ul style="list-style-type: none"> Enhance staff wages above mandatory requirements (eligible positions include Home Visitors, HCC Supervisors, Administrators and Clerical staff). Support incremental employer mandatory benefit costs from Historical Funding enhancements. Increase payments to HCC providers. <p>If you receive Historical Funding, you are required to:</p> <ul style="list-style-type: none"> Meet your regulatory requirements for minimum wage (\$14.25 per hour) and mandatory benefits without utilizing LHCC Base Funding, WEG or other provincial funding. Use the funding consistently with previous Wage Subsidy payments provided to staff positions and HCC providers. This includes: <ul style="list-style-type: none"> Ensuring that staff positions do not receive less than what they received in 2015. Using funding for eligible expenses only. Allocating a reasonable portion of the funding to each staff /HCC provider in a way consistent with achievement of their pay equity plan. Include Historical Funding payments in the job rates used by LHCC agencies in pay equity calculations (as applicable). Promptly report to the Region any significant reductions in service levels (including reduced enrollment capacity) and/or staffing and/or number of active homes that is not temporary in nature. Funds will be recovered through the Region’s reconciliation process. Ensure that requirements for the “Payments to Staff” component of Base Funding are met. <p>NOTE: You are required to continue to maximize the federal supports CEWS for staff wages and should include Historical Funding enhancements as part of the staff gross wages. Agencies cannot use Regional funding to support the portion of wage enhancement eligible to be covered by CEWS. You can use underspending to support eligible COVID-related expenses.</p>

Component	Funding Objective	Eligible Expenses/Funding Parameters for LHCC Agencies
Base Operating/ Administration Funding Refer to Regional Memo (Aug 10, 2021) for your agency's maximum allocation that can be used on admin expenses	<ul style="list-style-type: none"> Support eligible operating costs to keep programs affordable for families Assist agencies in providing high level of accountability for public funds 	<p>1. You may use your allocation from this component to support:</p> <ul style="list-style-type: none"> Eligible expenses supported through Special Purpose. Refer to Appendix C for list of eligible expenses, maximum allowable caps, how to report/claim items. COVID-related eligible expenses. Refer to page 12 of this Guideline. Further enhance staff wages/benefits and/or payments to providers, on agency discretion. <p>2. You may use 10% of your total Base Funding allocation to support these Admin expenses:</p> <ul style="list-style-type: none"> Fixed operating costs: agency lease/rent and utilities, telephone, internet. Expenses (for business purposes) incurred to administer Region's funding or reporting requirements: office and general costs, interest fees, bank charges, legal fees, management fees, professional and consulting fees, increased hours worked by employees who are on payroll and perform administrative functions due to COVID-19 (salary/ mandatory benefits portion not covered by CEWS).
<p>In 2021 only, agencies can use their Base Funding to cover the full cost of Audited Financial Statements and Bookkeeping/Accounting.</p> <ul style="list-style-type: none"> Audited Financial Statements/Financial Statements - January 1, 2021 to December 31, 2021 <ul style="list-style-type: none"> Costs must be related to home child care sites located in Peel Region. Expenses over \$15,000 - detailed invoices listing the services rendered must be submitted with the Reconciliation. Expenses unrelated to the preparation of audited financial statements or financial statements should not be included here. Bookkeeping/Accounting - April 1 to December 31, 2021 <ul style="list-style-type: none"> Any bookkeeping and accounting costs other than the preparation of audited financial statements or financial statements from April 1 to December 31, 2021. Expenses over \$15,000 - detailed invoices listing the services rendered must be submitted with the Reconciliation. Agencies will be required to attest in their Reconciliation that they have not accounted for the same bookkeeping and accounting costs under their eligible audited financial statements, financial statements, or administration funding. <p>All eligible costs must be accounted for only once under the various categories. If an agency is found to be using more than one eligible funding category to fund the same eligible cost, it will result in all funding categories becoming ineligible and funding will be recovered.</p>		

PAYMENTS TO HCC PROVIDERS AND STAFF

Some LHCC Base Funding components (Payments to HCC Providers, Staff Wages and Benefits and Historical Funding) require making payments to HCC providers and/or staff. In order to make these payments, you are required to:

1. 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/or ‘Historical’ notation and amount payable on **each**:

1. **Paystub** (applicable to staff) – Effective January 1, 2021, LHCC agencies are required to implement the use of an automated payroll system to manage staff wages paid to staff
OR
2. **Payment** (applicable to home child care providers or contracted Home Visitors)

3. Distribute the Base Funding from January 1 to December 31, 2021. LHCC Base Funding may **not** be carried over to 2022.

- 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 2021 payroll/payment (as applicable).

CHANGES IN STAFF COMPLEMENT

You are encouraged to continuously review their Base Funding amounts so that they can take corrective action. Changes in staff complement within a fixed-funding amount may result on the following situations.

Increases in Staff Complement:

Increases in staff complement will **not** result in an increase of Staff Wages and Benefits (SWB) funding. To ensure that SWB objectives are met, if you experience an increase in staff complement, you are required to:

1. Inform your Early Years Specialist as soon as the change is known;
2. Report any changes to Staff Complement through in-year reporting process; and

3. If you chose to use **Approach A** (see page 6) to distribute SWB, you must reallocate SWB funds among all eligible staff and HCC providers using your most recently approved GOF Funding Distribution Plan/Policy (at least once every quarter).

OR

If you chose to use **Approach B** to distribute SWB, and your funding amount is not enough to support new staff, new staff may not be eligible to receive the SWB until the following calendar year. Alternatively, you may choose to use your Base Operating/Admin funding to address any unforeseen increases to staff complement.

Decreases in Staff Complement:

If you experience a decrease in staff complement and/or expect to have leftover funding by the end of the year you must **not redistribute** to existing staff. Funds unspent at the end of the year are considered surplus and will be recovered through the reconciliation process.

IMPORTANT:

- Unused funding within the different LHCC Base Funding components **cannot** be used to support other components, **unless allowed as per the eligible expenses list**.
 - For instance, leftover fee reduction funding cannot be used to further enhance payments to providers, SWB and/or base operating/admin funding. Funding not spent on the prescribed component will be recovered by the Region as part of the reconciliation process (interim and/or final).
- Due to the COVID pandemic, the Region is **allowing** LHCC agencies the flexibility to use funding leftover from the different Base Funding components to support COVID-related expenses from **April 1 to December 31, 2021**. See section below on “**COVID-Related Expenses**” for the funding requirements.

UPDATE: COVID-RELATED ELIGIBLE EXPENSES

Due to the pandemic, the Region has increased your allocation in your Base Operating/Administration component for 2021 to support you with your COVID-related expenses between April 1 to December 31, 2021. You also have flexibility to use any underspending in your Base Funding allocation to support COVID-related expenses during this period.

You must prioritize using your Base Funding for COVID-related expenses in this order:

1. Personal Protective Equipment (PPE) & Enhanced Cleaning Expenses
2. Supports for Child Absenteeism
3. Supports for Fixed Operating Expenses
4. Additional Staff Absenteeism Policy (Optional)

1. Personal Protective Equipment (PPE) & Enhanced Cleaning Expenses

You can purchase the following eligible PPE and enhanced cleaning items required to meet the Region's enhanced health and safety protocols.

Eligible Items	Maximum Cost Supported
Contact-Free Thermometer	\$110/ea.
Hand Sanitizer	N/A
Alcohol Swabs	
Disinfectant Wipes	
Disposable Gowns	
Face Shields	
Gloves	
Surgical/Procedure Masks (i.e. medical mask)	
Backup mask for children (as directed by PPH)	
Other eye protection (goggles, wrap around safety glasses)	
Eye protection that is non-fogging and/or products that may prevent fogging (e.g. fogging spray)	
Other cleaning supplies (e.g. bleach, paper towels, soap)	

Note: The eligible PPE/enhanced cleaning items can be purchase for use in the **areas of the home where children access** and **cannot** be purchased for other areas of the home or agency head office.

UPDATE

Up to May 12, 2021, Base Funding could be used to purchase Health Canada approved COVID-19 Rapid Antigen Test Devices (maximum cost eligible \$35/each). **Effective, May 12, 2021, the Province announced that test kits are free to eligible businesses, and this item is no longer eligible for purchase using your 2021 LHCC Base Funding.** Refer to the [Provincial website](#) for information on how to access the kits and requirements for their use, and the latest Health and Safety Question & Answer document for Peel Public Health Guidance.

2. Expanded Child Absenteeism Policy

UPDATE

The application process for the Positive Exposure Fee Reimbursement (PEFR) **ended August 23, 2021**. You must use your Base Funding to continue supporting families with fee reimbursements/credits for all home closures and self-isolations due to COVID-19.

This means that as of **August 24, 2021**, you **must** revise your Child Absenteeism Policy to include mandated closures and self-isolations, and you **must** credit or refund families for the **full closure or self-isolation period**.

IMPORTANT: Agencies who choose not to support child absenteeism may see a reduction to future funding. If your agency does not support child absenteeism, we will notify you of how much Base Funding you **must** use to support child absenteeism until December 31, 2021.

To support child absenteeism until December 31, 2021, you must:

a) Expand Child Absenteeism Policy:



Revise your Child Absenteeism Policy to cover the following situations:

SITUATIONS	REQUIREMENT
1. A child answered YES to screening questions in the active screening form for children and their absence was not a result of a COVID-19 positive, confirmed case.	<ul style="list-style-type: none"> Determine how many absent days to cover for situations #1 and #2. We encourage you to use your Base Funding to increase the number of days in your policy as appropriate.
2. Any other additional situations you choose to cover related to an individual child's absence.	
3. Peel Public Health (PPH) directs the closure of a home due to a confirmed positive case (effective August 24).	<ul style="list-style-type: none"> Effective August 24, you must credit/refund families for all absent days related to the closure of a home or required self-isolation due to a confirmed positive COVID-19 case. The absences related to closures or self-isolations (situations #3 and #4) should not count towards the number of maximum days in your policy.
4. A doctor, health care provider or PPH directs a self-isolation due to a confirmed positive COVID-19 case (effective August 24).	

b) Notify families of REVISED POLICY



- Communicate through your regular communication process to families:
 - Your **revised** absenteeism policy for **August 24 to December 31, 2021** period.
 - Eligible absences incurred during this period will be credited/refunded **within 45 days** of the eligible absence.
 - Absences related to PPH directed closures of a home or self-isolation will be credited/refunded and will **not** be counted towards the maximum number of days.
 - The Region's "**Did You Know?**" poster regarding this funding to support child absenteeism (see attached poster). **You must email this poster to families by September 30, 2021.**

Important: We may request a copy of your revised policy and parent notice at any time, including with the Region's reconciliation process.

c) Credit/refund families

MANDATORY

- Eligible families must be credited/refunded within 45 days of the eligible absence. Families who withdraw from the program must be refunded.**
- While funding is provided to the agency based on the Region's approved municipal rates, you **must** credit/refund families for **actual fees paid**. That means:
 - The full cost of care paid by full-fee families.
 - The parent portion of the fee paid by families receiving fee subsidy
 - Licensed full-day kindergarten programs with no municipal rate, the Region will reimburse the preschool municipal rate or the actual fee paid, whichever is lower.
- Agencies **cannot** claim the FROG (\$6/day rate reduction) for the **same days** that are

	<p>being claimed under the Child Absenteeism Policy for full-fee families.</p> <ul style="list-style-type: none"> Track ALL child absences related to COVID-19 including the mandated closures and self-isolations on the Child Absenteeism Tab in your LHCC Base Funding In-Year Reporting and Reconciliation Template. <p>IMPORTANT: You must credit/refund families for eligible absent days within 45 days of the eligible absence. Failure to comply will result in recovery of all closure funding for the period and impacts to future EYCC funding. You may be selected as part of the Region's random audit to demonstrate this. We may also request a copy of your policy at any time, including with the Region's reconciliation process.</p>
<p>d) Pay home providers and home visitors</p> <p>MANDATORY</p>	<p>If the home is directed to close or there are children absent due to COVID, you must:</p> <ul style="list-style-type: none"> Continue payment to home providers, associated with eligible absent days. Pay the impacted home visitor for the eligible absent days. You must pay impacted staff their regular pay for eligible absent days (not vacation, personal or sick time). <p>IMPORTANT: You must pay impacted staff and home providers for eligible absent days. Failure to comply will result in recovery of all closure funding for the period and impacts to future EYCC funding. You may be selected as part of the Region's random audit to demonstrate these payments. Please keep proof of these payments.</p>

Note: If a home has been directed to close and you are providing back-up care (charging fees), and not providing a credit/refund to families, you **cannot** use Base Funding to issue payment to the regular home provider. Federal supports are available for self-employed individuals unable to work because they are sick or need to self-isolate due to COVID-19.

Details on requirements up to August 23, 2021 for child absenteeism (refer to the [Decision Process](#)) and child absences directed by Peel Public Health due to a positive case of COVID (refer to the [2021 Stabilization Funding - COVID-19 PEFR Guideline](#)).

3. Supports for Fixed Operating Expenses

Agencies experiencing vacancies due to COVID can use Base Funding to offset a **maximum of 75%** of the following eligible fixed expenses, net of federal, provincial, municipal grants/supports (e.g. [Canada Emergency Rent Subsidy \(CERS\)](#), landlord rent discounts, etc.).

- Lease/rental costs (portion not supported through other initiatives/discounts)
- Utilities
- Telephone, internet
- Insurance
- Health and dental benefits

Note: All eligible costs must be accounted for only once under the various categories. If an agency is found to be using more than one eligible funding category to fund the same eligible cost, it will result in all funding categories becoming ineligible and the funding will be recovered.

Agencies who do not experience a significant decline in operating capacity are required to

prioritize their funding to support other expenses such as PPE and child absenteeism.

Important: This funding is **not** intended to cover lost parent revenue associated with vacancies and should not contribute to profit/retained earnings.

4. **OPTIONAL Additional Staff Absenteeism Policy**



You can use your Base Funding to support **additional** staff absent days if eligible agency staff do not pass screening and are unable to work **or require staff wellness day(s)**. **Note:** This is optional after your existing sick day policy has been used. **If you choose to only support staff wellness days, you do not need to have a staff absenteeism policy but must communicate your plan to all eligible staff. We may request proof of documentation to ensure transparency.**

If you implement an Optional Staff Absenteeism Policy, you must:	
Decide	<ul style="list-style-type: none"> If you will offer this optional policy to eligible agency staff (home visitors/supervisors). How many additional sick/absent days you will cover using your Base Funding for staff absences incurred from April 1 to December 31, 2021.
Document Decisions	<ul style="list-style-type: none"> Develop or update (as appropriate) your existing Staff Absenteeism Policy that documents the qualifying situations and the number of absent days covered per staff for April 1 to December 31, 2021.
Notify Staff	<ul style="list-style-type: none"> Through your regular communication process, communicate your policy. IMPORTANT: We may request a copy of your policy at any time, including as part of the Region's reconciliation process.
Pay staff for days	<ul style="list-style-type: none"> Eligible absences from April 1 to December 31, 2021 must be paid to staff as part of your regular payroll process.

Note: Home providers are **ineligible** and encouraged to apply to federal supports (e.g. [CRSB](#)).

ACCOUNTABILITY MEASURES

To ensure LHCC Base Funding is used for its intended purpose and in accordance with Regional and Provincial requirements, the following accountability measures are implemented.

- In-year reporting requirement/interim reconciliation:
 - Agencies will be required to submit actual and projected enrollment, staff wages, and any other information necessary to support funding received from the Region through an in-year report(s) within the year.
- Agencies may be required to provide proof of payment to staff and HCC providers:
 - Copies of staff payroll records, T4 statements and paystubs (agency staff only)
 - Copies of payment statements to HCC providers
 - Copies of bank statements, cancelled cheques, etc.

3. Agencies may be required to verify amounts claimed for operating expenses (e.g. detailed invoices for program supplies, audit, booking, etc.).
4. The Region will implement random funding reviews of agency's use of 2021 LHCC Base Funding. Additional reporting requirements may be implemented on a case by case basis.
5. LHCC agencies who submit a Rate Increase Request are prohibited from including costs offset by the LHCC Base Funding or any other Regional funding. Agencies will be required to provide additional documentation if a rate increase request exceeds the Cost of Living.
6. LHCC Base Funding must be used for its intended purpose and cannot be used to generate revenue. This means that provincial/regional child care funding cannot be used to contribute (directly or indirectly) to an agency's reserves, surplus, profit, and/or retained earnings, etc. as applicable. All LHCC Base Funding must be invested into the program in alignment to the outcomes and requirements outlined in this Guideline and your EYCCS Agreement.

RECONCILIATION AND REPORTING REQUIREMENTS

Requirements and Supporting Documentation:

- Retain all original receipts, invoices, proof of purchase and/or other supporting documents for a minimum of seven years.
- All eligible expenses for Base Funding must be used to support licensed child care spaces / operations in Peel only.
- All expenses should be accounted for only once under the various categories. If you use more than one expense category to fund the same eligible cost, it will result in all funding categories becoming ineligible and funds will be recovered.
- Additional reporting or audit requirements may be implemented.

In-Year and Final Reconciliation Reports:

a) LHCC agencies are required to complete their Base Funding In-Year Reporting and Reconciliation template with the following data and submit an in-year report by May 31, 2021 and final reconciliation report due January 31, 2022:

- Expenditures
- Enrolment (to support Fee Reduction Operating Grant)
- Agency FTEs
- Number of active homes
- Other requirements as requested by the Region

You must submit your Base Funding In-Year Reporting and Reconciliation template, and any supporting invoices for expenses **over \$15,000 by January 2022** unless otherwise directed earlier by the Region.

b) As part of the reconciliation process, we will also collect actual expenditures for each of the eligible COVID-related expense category from April 1 to December 31, 2021:

- Personal Protective Equipment (PPE) and Enhanced Cleaning
- Supports for Child Absenteeism
- Supports for Fixed Operating Expenses
- Additional Staff Absenteeism (optional)
- Administration Expenses
- One-time costs related to the completion of: audited financial statements or financial statements incurred from January 1 to December 31, 2021; and bookkeeping/accounting costs incurred from April 1 to December 31, 2021

c) Your Child Absenteeism Policy and Staff Absenteeism/Wellness Day(s) Policy as well as your communication to parents/staff may be requested at any time, including with the Region's reconciliation process. The Region reserves the right to request a copy of your revised policies to families / staff.

IMPORTANT: As part of the Region's reconciliation process, you will be required to submit an **attestation** declaring that you exhausted all other available funding and that expenses supported through Base Funding have not been previously covered through other EYCC funding streams and other government funding. If you are ineligible for other government funding supports, you will need to provide an attestation confirming why your agency was not eligible. Other documentation may be requested.

Key Performance Indicators (KPI):



You will be required to submit KPI's to monitor the performance and impact of the funding objectives. This may include submitting information such as:

- Number of agency staff supported by the SWB component and Historical Funding, by position (e.g. RECE, Supervisor, other non-program staff)
- Average per hour staff enhancement supported through SWB and Historical Funding
- Number of HCC providers supported by Historical Funding and Payments to Provider
- Number of children supported by the \$6/day rate reduction through the FROG
- Maximum number of absent days covered in your Child Absenteeism Policy for April 1 to December 31, 2021 (as communicated to parents)
- Number of actual children supported through your Child Absenteeism Policy
- Number of actual child absent days supported through your Child Absenteeism Policy
- Total amount of COVID reimbursement funding that supported families

- Number of additional staff absent days (including staff wellness days) supported through Staff Absenteeism Policy for April 1 to December 31, 2021 (as communicated to staff)
- Number of actual FTEs and the number of actual hours supported with additional paid staff absent days (calculation of FTE is based on a 35 hour work week, 1820 hours/year)
- Number of additional paid staff absent days supported through Staff Absenteeism Policy
- Report on eligibility/application status for the federal/provincial programs such as the CEWS (including approved % of funding), CERS, Ontario Small Business Support Grant

Late Filing of Required Documents:

In our efforts to increase accountability and transparency with our funding programs, the Region has implemented a [Late Filing Policy](#). Failure to submit complete information on time will result in progressive penalties outlined in your EYCCS Agreements and [Service Provider Handbook](#).

Other Financial Reporting Requirements:

You should refer to the [Service Provider Handbook](#), the [Financial Annual Information Return Guideline](#), and your EYCCS Agreements for information on financial reporting requirements.



AUDIT AND RECOVERIES

Audit Approach:

Through the Region's audit selection process, you may be contacted to complete an audit/ review of your LHCC Base Funding. To assess whether funding has been used for its intended purpose and to ensure that funds were used to support licensed child care spaces/operations in Peel, we reserve the right to conduct check-ins at any time and may request the following:

- Copies of lease agreement and/or any amendments.
- Receipts, invoices, quotations, proof of purchase and any other documentation needed to assess expenditures, as requested by the Region.
- Enrolment data/attendance records.
- Proof of credits/reimbursements to parents and payments to suppliers and staff / home providers. This may include copies of staff payroll registers, payments to providers, T4's, paystubs, staffing schedules, timesheets including number of hours worked, bank statements, cancelled cheques, billing to parents, bank reconciliation statements including outstanding cheques, documentation of staff reassignment to other duties, etc.
- Proof of revenue generated in 2021 (e.g. parent fees, funding from federal, provincial, municipal, or third-party support programs, and/or discounts).
- Copies of the application and approval of any federal, provincial, municipal programs/ supports/grants (including, but not limited to CEWS, CERS, and/or the Ontario Small Business Support Grant) including the approved amounts.

Important: These and other supporting documentation may be requested at any time. Additional reporting or audit requirements may be implemented on a case-by-case basis.

Recoveries:

You must return to the Region all or part of your LHCC Base Funding in the following situations:

- Unspent funding
- Closure of an agency
- Funding not used in accordance with terms of the EYCCS Agreement or this Guideline
- Funding was used to generate a revenue or contribute (directly or indirectly) to reserves, surplus, profit and/or retained earnings as applicable
- Funding was used to support a portion of expenses that was supported by any federal, provincial, regional supports/grants/discounts

If the Region determines that you did not use LHCC Base Funding as intended and/or did not meet your responsibilities as set out in this Guideline or the EYCCS Agreement, the funding will be recovered, and you may be deemed ineligible to receive future EYCCS funding.

You will be notified by email if we determine that you must return all or part of your LHCC Base Funding amount. The amount owed must be repaid to the Region **upon demand** to maintain ongoing eligibility for EYCCS funding.

CONTACT US

Expenditures not listed in this Guideline are considered ineligible (see Appendix D for ineligible expenses). If you have questions about this Guideline please contact your Early Years Specialist (EYS) or email: EarlyYearsSystemDivision@peelregion.ca.

APPENDIX A: Distribution to HCC Providers (Example)

Distribution Example:

Agency "A" received a total of **\$48,000.00** in Payments to Providers Funding for 2021.

Step 1. Determine how much funding is available for distribution per pay period. Divide the 2021 payment to providers funding amount by the number of pay periods in the year. For 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.

$$\begin{array}{rcccl}
 \mathbf{\$48,000} & \div & \mathbf{12} & = & \mathbf{\$4,000} \\
 \text{Agency "A" 2021 Payments to} & & \text{\# of pay periods} & & \text{Funding available for} \\
 \text{Providers Funding} & & & & \text{distribution per pay period}
 \end{array}$$

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 2021, Agency "A" total payments to four HCC providers totalled \$12,000.

Providers	Total January 2021 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%
Total payment	\$ 12,000	

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.

IMPORTANT: You may be required to prorate this amount depending on the number of active homes you have compared to pre-COVID level so that you do not overpay your home 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 %)
\$4,000	Provider "W"	27.1%	\$1,084
	Provider "X"	33.3%	\$1,332
	Provider "Y"	10.4%	\$416
	Provider "Z"	29.2%	\$1,168
	Total	100%	\$4,000

APPENDIX B: Distribution to Agency Staff (Example)

Staff Wages and Benefits Enhancement (Using Approach B)	
Eligible Amount	Eligibility Criteria
Full Staff Wages and Benefits enhancement of \$2 an hour (plus 17.5% in benefits)	<ul style="list-style-type: none"> • Be HCC visitor or supervisor in a home child care agency. • Earn less than \$26.31 per hour as a base wage, including any historical wage grants (i.e. former Historical Wage Subsidy and Pay Equity) but excluding the Wage Enhancement Grant (WEG).
Partial Staff Wages and Benefits enhancement of less than \$2 per hour (plus 17.5% in benefits)	<ul style="list-style-type: none"> • Partial SWB payments will be provided to increase the wage of the eligible position (as listed above) between \$26.32 and \$28.30 per hour, without exceeding the wage cap of \$28.31. <ul style="list-style-type: none"> ○ For example, if a Home Visitor position has a base wage rate excluding WEG of \$26.90 per hour, the position would be eligible for SWB of \$1.41 per hour for a combined wage of \$28.31 per hour.
Incremental Employer Mandatory Benefits – Funded at a rate of 17.5% to support LHCC agencies in meeting their statutory benefit requirements as listed below	
Employer Contributions	<ul style="list-style-type: none"> • Canada Pension Plan (CPP) • Employment Insurance (EI) • Workers Safety Insurance Board (WSIB) • Employer Health Tax (EHT)
Employee Benefits	<ul style="list-style-type: none"> • Vacation Pay and Sick Days • Public Holiday Pay (nine statutory holidays) <ul style="list-style-type: none"> ○ New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas, and Boxing Day.
<p>Note: Agencies should seek professional financial guidance regarding mandatory benefit payments to staff. Additional information is also available on the Canada Revenue Agency website: Employers' Guide - Payroll Deductions and Remittances.</p>	

APPENDIX C: Special Purpose Funding Eligible Expenses

NEW! In 2021, the Region is merging Special Purpose Funding (SPF) expenses into the LHCC Base Funding model. This means LHCC agencies can use their 2021 Base Funding Operating/Admin component allocation (see page 8) to cover eligible expenses which were previously supported through SPF. This is **not** a “claims-based” or “application-based” approach. LHCC agencies are instead required to submit receipts/invoices as requested by the Region for eligible SPF expenses with their final reconciliation template in January 2022.

<p>Funding must be used to:</p>	<ul style="list-style-type: none"> • Support child care spaces licensed under the CCEYA in Peel. • Purchase items/work that meet licensing and health and safety requirements, Ministry of Education’s operational guidance and Peel Public Health (PPH) direction. • Purchase non-consumable items. • Support reasonable items/work. If you do not know if the items, amounts, quantities, etc. are reasonable, talk to your EYS prior to purchasing/ starting the work. <p>We reserve the right to deem expenses ineligible if they are not reasonable or fail to meet SPF eligibility and submission requirements.</p>	
<p>Funding cannot be used to support:</p>	<ul style="list-style-type: none"> • Costs (items or work) previously funded (in all or part) by other federal, provincial, and regional programs such as EYCCS Phase 3 and Safe Restart Funding. • Advance or last year’s purchases (items/work delivered/performed) 	<ul style="list-style-type: none"> • Program expansion • Sites located outside of Peel • Sites without a fee subsidy agreement • Delivery of online curriculum • Unlicensed programs or rooms
<p>Reporting Requirements You must:</p>	<ul style="list-style-type: none"> • Keep all supporting documentation (original receipts, paid invoices, proof of payment, quotes for non-arm length transactions, etc.) for all items claimed for at least seven years. We may request documents and other verification at any time. • Submit supporting documentation within three days of the Region’s request. • Participate on verification activities. Failure to comply may result in funding recoveries. • Submit a completed attestation template declaring the items claimed have not been covered through other EYCC funding (e.g. SRF, EYCC Phase 3 etc.) and/or other government funding. <p>Receipts must include items claimed only and include: the date of the purchase, the name and address of the seller or supplier, the name and address of the buyer, the full description of the goods or services (if this is not possible (e.g. a cash register tape), you must write a description of the goods or services on the receipt), the vendor’s business number. If the item is sold or the work is completed by someone who is related by blood, marriage, common-law partnership, or adoption, you must get a minimum of two quotes in addition to receipts/paid invoices.</p>	
<p>Audit</p>	<ul style="list-style-type: none"> • Through the Region’s audit selection process, you may be contacted to complete an audit/review. • We may conduct check-ins and request supporting documentation at any time to confirm funding has been used for its intended purpose. 	
<p>Recoveries You must repay all or part your SPF if:</p>	<ul style="list-style-type: none"> • You did not meet the terms of your EYCCS Agreement or this Guideline. • You used funding to cover items/work supported by other federal/provincial/regional programs. • You close permanently or your agency/program’s assets are sold in an asset sale within 12 months of receipt of funding. 	

ELIGIBLE EXPENSES – TRANSFORMATION FUNDING

Objective: to support program viability by providing one-time business transformation supports

Reporting: Details of these eligible items should be claimed in your LHCC In-Year Reporting and Reconciliation Template under “Office Costs” in the Base Operating/Admin Tab in the template.

ELIGIBLE EXPENSES – TRANSFORMATION	ELIGIBLE ITEMS	CAP
<ul style="list-style-type: none"> IT equipment/upgrades to facilitate internet connectivity for business purposes and, in 2021, to enable educators to receive supports and participate in virtual consultations with Peel Inclusion Resource Services (PIRS) Resource Consultants (RC) 	Computer	\$1,500.00/unit
	Tablet/iPad	\$750.00/unit
	All-in-one printer /scanner/ copier	\$3,000.00/unit
	Modem, Router or Wi-Fi Extender	\$600.00/unit
	Two-way Radio	\$100.00/pair
<ul style="list-style-type: none"> Child Care Management app and software subscription (up to December 31, 2021) 		\$2,000.00
<ul style="list-style-type: none"> Website development/upgrades including mobile capabilities and online social media presence 		\$10,000.00
<ul style="list-style-type: none"> Online marketing (e.g. email marketing, social media marketing, Search Engine Optimization (SEO), Display Advertising, Search Engine Marketing (SEM) and content marketing) and/or radio commercials to support enrollment or staffing 		\$3,000.00
<ul style="list-style-type: none"> Print materials 		\$500.00
<ul style="list-style-type: none"> Signage 		\$3,000.00

ELIGIBLE EXPENSES – PROGRAM SUPPLIES AND EQUIPMENT

Objective: to support one-time costs to help maintain compliance with licensing and/or health requirements

Reporting: Details of these eligible items should be claimed in your LHCC In-Year Reporting and Reconciliation Template under “Program Supplies” in the Base Operating/Admin Tab of the template

Furnishings and Equipment for Children	<ul style="list-style-type: none"> Cots Cradles, cribs, or playpens High chairs 	<ul style="list-style-type: none"> Strollers Chairs Safety gates 	<ul style="list-style-type: none"> Tables Toy shelves Other storage shelves 2021 Only 	
	CAPPED ITEMS	CAP	CAPPED ITEMS	CAP
	<ul style="list-style-type: none"> Triple stroller Quad or more stroller Cot 	\$2,000.00/unit \$2,500.00/unit \$100.00/unit	<ul style="list-style-type: none"> Safety Gate High Chair Cradle Crib or Playpen 	\$150.00/unit \$300.00/unit \$2,000.00/unit

ELIGIBLE EXPENSES – PLAY-BASED MATERIAL AND RESOURCES

Objective: to help create enriching indoor and outdoor environments with materials that promote childrens learning and development through exploration, play and inquiry consistent with *How Does Learning Happen?*

Reporting: Details of these eligible items should be claimed in your LHCC In-Year Reporting and Reconciliation Template under “Program Supplies” in the Base Operating/Admin Tab in the template

ELIGIBLE ITEMS	To be reimbursed, materials purchased must:
<ul style="list-style-type: none"> Blocks and construction materials Dramatic play Non-consumable art materials Gross motor / outdoor play Table toys and cognitive play Books, musical instruments, sensory material 	<ul style="list-style-type: none"> Be non-consumable Comply with the Ministry’s Operational Guidance and/or PPH’s Enhanced Health and Safety Protocol (wipeable toys, material to encourage social distancing, etc.) <p>Eligible items are program resources that are owned by the agency and loaned to providers.</p>

APPENDIX D: Ineligible Expenses

2021 Base Funding Ineligible Expenses	
Expense Category	Description
1. Staffing costs	<ul style="list-style-type: none"> 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. Retiring bonuses, gifts and honoraria paid to staff (including Administrator or owner) travel costs, staff uniform costs, etc. Staff not employed in a licensed child care program.
2. Legislative employment law requirements	<ul style="list-style-type: none"> Impacts due to legislative requirements or changes in legislation during the currency of this Agreement
3. Non-arm's length transactions not transacted at fair market value	<ul style="list-style-type: none"> 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.
4. Professional fees	<ul style="list-style-type: none"> Fees paid as a condition of employment such as annual membership fees for the College of Early Childhood Educators and vulnerable sector/criminal reference checks.
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"> Nutrition and meals for children in Programs Debt costs, payments related to capital loans, mortgage financing, tax liabilities and operating loans Transportation costs for of children (i.e. vehicle lease, insurance, fuel costs) Property taxes Repairs and maintenance Fees paid as a condition of employment, professional organizations, franchise fees and management fees Costs supported through other Region of Peel funding streams
<p>This list is not exhaustive. Any expenditures not listed under the allowable expenses section of this Guideline are non-admissible.</p> <p>Refer to your EYCCS Agreement for a list of ineligible expenses.</p>	

APPENDIX E: LHCC Base Funding Allocation Approach

To receive a LHCC Base Funding Allocation in 2021, LHCC agencies were required to have active homes that provided services to at least one agency-placed child in 2020 and continue to do so in 2021.

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

LHCC Base Funding Component	Allocation Approach
Fee Reduction Operating Grant (FROG)	<ul style="list-style-type: none"> The FROG funding amount was based on the LHCC rate reduction target (\$6/day) and 2020 utilization. <p>Notes: LHCC agencies should notify their Early Years Specialists of any significant changes to their enrollment as soon as these changes are identified.</p> <p>LHCC agencies will be required to provide updated actual and estimated enrollment. This information may result on adjustments to their funding to avoid overfunding or underfunding.</p>
Payments to HCC Providers	<ul style="list-style-type: none"> The Payments to HCC providers amount is based on the average number of active homes reported by LHCC agencies in June and September 2019 multiplied by \$5,000.00 per home*.
Staff Wages and Benefits (SWB)	<ul style="list-style-type: none"> The SWB amount was calculated at a rate of \$2.35/per hour worked (rounded to \$5000 per FTE) by Home Visitors and HCC Supervisors as reported in the 2018 Final Reconciliation Report.
Base Operating/Administration Funding	<ul style="list-style-type: none"> The Base Operating/Administration Funding is 10% of the LHCC agency's total LHCC Base Funding amount. In 2021 only, this component also includes funding to support COVID-19 related expenses.