Social and
Community Services

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Gestion des systèmes
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garde des jeunes enfants
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Issued Feb 19, 2025

FREQUENTLY ASKED QUESTIONS (FAQ)

In response to the release of the 2025 CWELCC Cost-Based Funding Guidelines

Responses provide our current understanding of details related to the questions posed and may be subject to updates and/or revisions if/when additional information is provided.

Repayment of Debt

Q1: How can the cost based funding support programs that have debt and need to catch up so that we can be in a better position to pay all our bills?

A1: Any operating costs indicated in your 2023/2024 financials, would have been captured in your benchmark and/or legacy calculations. This would include any eligible debt costs. Where loans are directly related to non-recurring eligible costs if there is a contractual obligation that established interest and repayment requirement, these would be deemed an eligible expense.

Q2: The document does not address repayment of debt incurred as an eligible expense.

A2: Any operating costs indicated in your 2023/2024 financials, would have been captured in your benchmark and/or legacy calculations. This would include any eligible debt costs. Where loans are directly related to non-recurring eligible costs if there is a contractual obligation that establishes interest and repayment requirement, these would be deemed an eligible expense. When evaluating whether costs incurred by the licensee in the calendar year for the purpose of providing child care for eligible children in an eligible centre/agency in Ontario are eligible for funding, the following will be considered. Are the costs…

- Attributable to the provision of child care included in the base fee for eligible children
- Appropriate for the provision of child care for eligible children
- Reasonable in quality and amount, having regard to all the relevant circumstances

Reconciliation

Q1: Please confirm that operators are not reconciling parent fees to the County? Please be specific, what if anything we are expected to report to the county as it pertains to the fees from parents?

A1: All funding that makes up the funding allocation (whether you receive it from the County or the families) is subject to reconciliation/reporting in some manner. The funding formula includes an offset amount to account for the parent fee revenue that a program will receive. It is reduced by 10% which is intended to account for short term vacancies when spaces turn over. The allocation is reconciled at year end to confirm that it was accurate. So, if the amount of parent fee revenue calculated was $100,000, only $90,000 was included as the 'offset'. If in fact the program operated with no vacancies and collected $100,000 over the course of the year, then that $10,000 needs to be accounted for. At the very least you will need to report the total amount of parent fee revenue received. We continue to work toward establishing the processes and procedures for reconciliation. Updates will be provided once this has been established.

Q2: Please confirm we are not reconciling our profit portion to the County? Are we expected to report how we spend our profit in our own businesses?

A2: The profit/surplus allocation is meant as an in-year estimate of the actual amount in lieu of profit / surplus until the actual program costs are determined at reconciliation. This funding recognizes the opportunity costs and the risk of operating a business and allows for reinvesting in child care. Costs deemed to be in lieu of profits (such as in-kind benefits or perks directly or indirectly for the benefit of a controlling owner) are excluded from eligible costs. For example, year-end performance bonuses for the controlling owner.

Q3: For our reconciliations, are we only reconciling with invoices/canceled cheques etc. for money received from Legacy and Benchmark minus the profit portion? Please be specific what funds are being reconciled and how?

A3: The County of Simcoe is required to compare the funding provided to an eligible centre/agency against the actual Cost-Based funding for the calendar year and recover any overpayments. The funding provided is the total sum of all the licensee's receipts during the calendar year in respect of the Cost-Based funding allocation. The Actual Cost-Based funding refers to the a) Actual Program Cost, plus b) Actual Amount in Lieu of Profit/Surplus, minus c) Actual Base Fee Revenue. To clarify, funding provided minus actual Cost-based funding will be used to determine any overpayments.

Q4: Do you have the same rules for reconciliation as Durham and Peel?

A4: We are not familiar with other Municipal reconciliation processes. Each municipality will be following the MEDU Guidelines however may have varying nuances to how funding is reconciled. CMSMs have discretion to request additional information above what is outlined in the MEDU Guidelines.

Quality Inclusion Support Funding

Q1: Regarding Inclusion staff-payment from CLH does not cover their wages in full, how can this shortfall be captured? Is the "lost revenue" now captured in cost-based funding? Can operators know the maximum amounts of funding?

A1: Any existing operating costs indicated in your 2023/2024 financials, would have been captured in your benchmark and/or legacy calculations. Any new inclusion staff salary costs above what is being provided through Quality Inclusion Support Funding would be a Centre/Agency expense that must be built into your operating budget.

Funding Breakdown

Q1: Can operators receive the finer details of funding when remittances come to us? Can you provide a concrete example of Program Cost Allocations + Allocation in Lieu or Profit/Surplus - Expected.....etc. (pg8).

A1: Yes, you can be provided the breakdown of Program Cost Allocation, Allocation In Lieu of Profit/Surplus and Expected Base Fee Revenue Offset which makes up the total of your Cost-Based funding allocation. It is unclear what you mean by a "concrete example".

Legacy

Q1: What if one program is in a deficit? According the definition, all programs should receive Legacy Top-Up? Why is Legacy funding separate from cost based this year? Annual operating plan is restrictive.

A1: Cost-Based funding is site specific. The following definition is provided for Legacy: Legacy centre/agency: means an eligible centre/agency that:

(a) enrolled in CWELCC on or before August 14, 2024, and that has maintained a continuous CWELCC service agreement with the CMSM/DSSAB since that date; or,

(b) submitted an application for enrolment in CWELCC on or before August 14, 2024, which application was not withdrawn at any time following August 14, 2024, and, as a result of that application, was enrolled in CWELCC and has maintained a continuous CWELCC service agreement with the CMSM/DSSAB since the date of enrollment. Legacy top-up for legacy centres/agencies in 2025 is available to support their legacy cost structures in the transition to cost-based funding, if such structures mean that eligible costs will exceed their individual benchmark allocations for the calendar year. This is to avoid legacy centres/agencies having to significantly change their operating models due to the implementation of cost-based funding. This top-up allocation only applies to 2025 and then becomes part of the rolling top-up after 2025.

Charging above parent daily rate

Q1: We currently charge both an NSF fee and a late pick-up fee for families and are looking for clarification if these are considered other mandatory fees included in the definition of base fee revenue.

A1: Banking charges for NSF cheques can be passed along to the families. Any surplus of these fees should be treated as parent revenue and will be deducted from your Cost-Based allocation. Late pick up fees that are paid directly for staff compensation will not be considered parent fee revenue therefore will have no impact to your Cost-Based allocation.