

Provincial Wage Enhancement (PWE) Policy and Procedures

In 2015 the Ministry of Education of Ontario announced an investment to support a wage enhancement in the licensed child care sector. The goals of the Provincial Wage Enhancement Grant (PWE) are threefold:

- To close the wage gap between RECEs working in licensed child care and full day kindergarten programs.
- To reduce poverty by supporting greater employment and income security.
- To assist child care operators by supporting their ability to retain RECEs.

The City of Toronto, through its Child Care Service System, manages the entitlement, distribution and reconciliation of the PWE funding. Kinder College will be responsible for administering the grant application and funding process and ensuring that all eligible staff receives their grant entitlement.

Overview of Roles and Process:

Province of Ontario, Ministry of Education

- Established the Wage Enhancement Program
- Set the guidelines and requirements for the grant

Grant flows to City of Toronto, Children's Services

City of Toronto, Children's Services

- Child Care Service System Manager (CMSM)
- Manages and plans child care services within City of Toronto
- Administers the Provincial Wage Enhancement Grant

Grant flows from City of Toronto to licensed Child Care Operators

Licensed Child Care Operators

- Licensed by the Ministry of Education to provide care for children 0-12 years
- Applies for grant based on eligible positions and hours worked in previous year and pays grant to program staff working in the eligible positions following year

Grant is distributed by Licensed Child Care Agency to Eligible Staff

Eligible Centre Staff

- Work for licensed child care agency/centre
- Provide care for children aged 0 – 12 years

Conditions and Eligibility:

Licensed child care operators apply for the Provincial Wage Enhancement Grant (PWE) once they have determined the eligibility of their centre and staff positions.

Eligibility Requirements for Child Care Centres and Staff

Centre Eligibility	Child Care Staff Position Eligibility	Child Care Staff Eligibility
Must be a licensed child care centre in the City of Toronto that opened before applying year Must have eligible staff positions Must complete application with City of Toronto.	Must be employed in a licensed child care centre.	Must have had an associated base wage of less than maximum limit per hour (for the applying year) excluding the previous years wage enhancement on December 31. Must be employed in a position eligible for the grant by an employer who has been approved for the grant.

NOTE: The general guideline is that the position is eligible if it is categorized as a child care supervisor, RECE, or can be otherwise counted toward adult to child ratios under the Child Care Early Years Act (CCEYA).

Staffing Position and Eligibility

Program Staffing Position in a Licensed Child Care Centre	Eligibility
RECE Program Staff	Eligible
Assistant Program Staff	Eligible
Casual or Supply Staff	Eligible**
Non-Program Staff (custodial, kitchen)	Eligible for a partial wage enhancement on a prorated basis if staff spends at least 25% of the time in a child care staff position to support Child Care and Early Years Act (CCEYA) ratio requirements.

Determination of Centre Entitlement

The wage amount per position and the calculation of the entitlement per centre can be determined once the eligibility of the child care staff positions is established.

Determination of the Wage Enhancement Amount Per Eligible Position

Eligible Amount	Determination of Wage Enhancement Amount Per Eligible Position
Full wage enhancement of \$2.00/hour	The hourly wage for a child care staff position, including all operating grants and pay equity but excluding previous years wage enhancement amounts, is less than the maximum limit (for the applying year) effective December 31
Benefits	Benefits are automatically calculated and provided at a rate of 17.5% to support operators in meeting their statutory benefit requirements.
Supplemental Grant	\$150 per eligible FTE is provided to operators to cover shortfalls in wage enhancement salaries (for example additional days worked, sick days, PD days) and/or additional benefits.

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

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

Calculation of Centre Entitlement Amount

Grant Type	Calculation of Centre Entitlement Amount
Provincial Wage Enhancement	<p>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.</p> <p>Once determined eligible, the hours worked in the previous year per eligible position, the eligibility rate per hour and the percentage of time the position is eligible will be calculated;</p> <p>The annual salary component for eligible positions is</p>

	<p>determined by the # of hours worked in the previous year multiplied by the eligibility rate per hour times the percentage of time worked in the position;</p> <p>Download the Wage Enhancement application;</p> <p>Complete the application form by following the instructions. * 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.</p>
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NOTE: The centre entitlement is based on the hours' staff 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 in an eligible position and the current hours include:

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

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

The Director/Supervisor are responsible for ensuring the PWE grant administration conforms to City of Toronto guidelines. Such guidelines include the following stipulations:

- Funds may not be spent on any other child care program expenses, including being used to lower or offset parent fee increases.
- The amounts per staff do not exceed \$2.00 per hour.
- The hourly wages before Wage Enhancement (PWE) must be the gross hourly wage including all sources of operating grants and pay equity.
- Funds are assigned to positions and not individuals.
- PWE funding is above and beyond legislated minimum wage levels

- PWE payments are in addition to any planned pay equity or other salary increases.
- PWE funds not utilized in accordance with these guidelines and the terms and conditions are returned to City of Toronto.
- Benefits of 17.5% support operators in meeting their statutory benefit requirements*. Once all statutory benefits are met (including up to 2 weeks of vacation and 9 statutory days), any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee. Any residual benefits funding can be used to support wage enhancement salaries per the allowable expenses. This is one-way funding flexibility only, that is, salary funding cannot be used for benefits.
- A supplemental grant of \$150 per eligible FTE is provided to support salary shortfalls (due to increase hours in program or new staff) and additional benefits (e.g. vacation days, sick days, PD days and/or other benefits) once mandatory benefits are covered. Any funding that is not used for these purposes will be recovered by City of Toronto. Surplus funding and Supplemental Grant can be used to fund new positions in application year that meet the salary and position type requirements.
- A minimum of 10 percent of City of Toronto's allocated administrative funding from the Province is required to be paid to operators. An administration amount per centre will be determined and paid based on the maximum funding available.
- Must clearly indicate on staff paystubs the portion of PWE funding that is being provided with a label of "Provincial Child Care Wage Enhancement".
- PWE can be paid in lump sums provided that a breakdown of hours is given, however, it is encouraged to provide a PWE payment on each paycheque
- The PWE funding must be paid out in full to each eligible position / staff by end of the current PWE funding year.
- Where an operator is unable to distribute the PWE due to staff vacancies, the funding must not be redistributed to other staff positions. All unassigned wage enhancement funds must be reported to City of Toronto and returned.
- Eligible positions not included in the application may be funded at the discretion of the operator, in accordance with their distribution policy/plan.

- Contracted supply staff positions are not eligible for the grant.
- Procedure to determine how and when the grant amount will be given to staff in eligible positions

PWE Complaints Procedure

Complaint regarding PWE funding and issues should be brought up to the supervisor. If it issue has not been solved and requires to be escalated, employees should speak to the director of Kinder College or a representative from the City of Toronto PWE administrators at 416-397-1262.

Mandatory Benefits

The Ministry of Education is funding 17.5% for mandatory benefits which includes six categories. PWE is considered income and therefore all statutory deductions apply.

Employer Contributions	CPP (Canada Pension Plan), funded at 4.95%* for the employer contribution portion EI (Employment Insurance), funded at 2.63%* for the employer contribution, which is 1.4 times the employee contribution *based on 2018 figures
Benefits payable to individuals in eligible approved positions	Vacation Pay, funded at 4% of gross pay as per the Ontario Ministry of Labour's Employment Standards Act. Public Holiday Pay, funded at 3.59%, representing the following nine days: New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas and Boxing Day.

NOTE: The above categories are defined as mandatory; however, the employer may have a benefit surplus if they are exempt from EHT or the workplace insurance is at a lower rate than WSIB. Operators may use any remaining benefit funding for salaries or additional benefits.

Deadlines and Application Requirements

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

Deadlines	Actions Required
July 24, 2019	Operator submits completed forms to City of Toronto, Children's Services
August 16, 2019	City of Toronto notifies operators of approved PWE grant amount
August 19-23, 2019	City of Toronto disburses payment of PWE
Within 60 calendar days after first payment received	Operator pays all eligible staff according to the PWE distribution plan in compliance with the guidelines
Payroll that covers December 31, 2019	Operator pays final 2019 PWE to all eligible staff
February 14, 2020	Operator submits Provincial Wage Enhancement Reconciliation by location
Within 4 months of the agency's fiscal year end in which the 2019 grant is received	If an agency has received funding from the City of Toronto in the amount of \$20,000 or greater, signed audited financial statements are required, including a Special Purpose Report as a note to the financial statements. (see Appendix G)

* Dates are based on 2019 PWE application dates and terms will change based on City of Toronto annual date changes

Information to be submitted when applying for the Wage Enhancement Grant:

Monitoring and Reporting of Wage Enhancement Program

Type of Monitoring/Reporting	Description
Records Required for Review	Operators are required to keep appropriate records verifying the amount of Wage Enhancement that was distributed to eligible positions/staff. These records must be available for review by City of Toronto, Children's Services staff upon request. The required records include but are not limited to: Wage Enhancement policy signed by staff Minutes of Board meetings confirming Wage Enhancement Policy review and approval

	<p>Amount received from the City</p> <p>Amount paid to staff</p> <p>Amount paid as benefits</p> <p>Staff payroll records including T4s and T4As</p> <p>Amount paid back to the City where applicable</p> <p>Account Balance</p>
Annual Random Audit of Operator Records	<p>On an annual basis, City of Toronto, Children's Services staff will review the Wage Enhancement records for randomly selected centres. These audits will involve a visit to the centre and will minimally, involve a review of required records. Operators must ensure that all required documents, and access to additional financial and staff records are available during the visit.</p>
Annual Wage Enhancement Reconciliation Statement	<p>All programs in receipt of the Wage Enhancement Grant are required to reconcile the funding the Centre received from City of Toronto, Children's Services at the end of the City's calendar year, December 31. A Wage Enhancement Reconciliation Form is required for each site receiving the grant. Instructions for completing the reconciliation will be available in the last quarter of the year with a submission deadline of January 31 of the following year to City of Toronto, Children's Services.</p>
Audit Reporting Requirements	<p>All agencies in receipt of Wage Enhancement funding must provide City of Toronto with financial statements no later than July 31 of the following year 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 certify that the grant funds received were used for the purposes that they were intended for.</p>

Centre Closures/Change in Operator, Transfer or Sale

The Wage Enhancement is not transferrable to a new operator as a result of a sale, merger, transfer, or other change in ownership. Operators must inform City of Toronto, Children's Services immediately in writing of their intentions to cease operations, merge, sell, or transfer ownership.

Provincial wage enhancement may be adjusted to reflect the current years operation.

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

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

Developing a Distribution Plan and Policy

The Board of Directors is responsible for determining how the centre will allocate funding to staff. Following the criteria outlined by the City of Toronto. The Supervisor will determine:

- Which positions are eligible and which positions are not (e.g. contract staff).
- Conditions where staff is ineligible for the increase (e.g. overtime, leave of absences).
- Procedure to determine how and when the grant amount will be disbursed to staff in eligible positions.

Which positions are eligible?

All staff working directly with children are eligible to receive PWE funding provided their hourly wage is within the funding formula, including:

- Supervisor
- RECEs
- Assistants
- Supply staff

Conditions where staff are ineligible for the increase include:

- The portion of time the staff is on a paid or unpaid leave of absence, including jury duty and maternity leave.
- The portion of time the staff is earning overtime pay.
- The portion of time the staff is away sick.

- Any paid holidays in addition to the 9 statutory holidays such as Easter Monday and when the centre is closed over the December break.

The Supervisor will administer the following procedures to determine how and when the grant amount will be disbursed to staff in eligible positions:

- The Supervisor alongside the centre's bookkeeper will create and maintain a spreadsheet outlining all eligible positions the previous year and which positions are eligible the subsequent year.
- The Supervisor will apply for the PWE grant.
- The Supervisor will distribute the PWE grant to all eligible staff within 4 weeks of it being received.
- The Supervisor will keep appropriate records and make all necessary reports to the City of Toronto.
- There is flexibility to use the Supplemental Grant toward new eligible positions.
- The Supervisor is able to redistribute surplus PWE due to vacant positions to offset any shortfalls.
- The Supervisor will return any unused PWE money.
- The Supervisor will reconcile the PWE funding annually by the deadline each year.
- The Supervisor will comply with any random audit conducted by the City of Toronto.

The City of Toronto's guidelines stipulate:

The grant money is paid out according to the prescribed method, until which time as funding is exhausted. The funding for two weeks' vacation and 9 statutory holidays is included in the City of Toronto's entitlement calculation under mandatory benefits.

Separate disbursement calculations will be made for staff who are entitled to more than 2 weeks' vacation. In addition, the calculation will be adjusted for additional holidays recognized by Kinder College ELC such as Easter Monday and the December holiday closures which change each year.

Grant calculations are based on the hours' staff actually worked the previous year.

Following is a table outlining eligible positions, distribution and when the grant cannot be paid.

Who Fills the Eligible Position	Distribution	Supplemental Grant
Program staff and Supervisor including supply staff who receive a T4 or T4A making less than the maximum limit per hour as of December 31 for the previous year	Must be paid \$2/hour for all hours worked in an eligible position until funding is exhausted	For hours where: Sick or other absences More than 2 weeks' vacation More than 9 statutory Holidays Overtime
Program staff and Supervisor including supply staff who received a T4 or T4A and are filling a position in 2016 that had an hourly rate \$2.00 lower than the maximum limit as of December 31 for the previous year	Must be paid the partial grant amount per hour for all hours worked in an eligible position until funding is exhausted	For hours where: Sick or other absences More than 2 weeks' vacation More than 9 statutory Holidays Overtime
Program / Supply staff who do not receive a T4 or T4A	No PWE will be paid	
Program staff / Supervisor on Sick leave	No PWE will be paid	
Program staff / Supervisor Vacation time	PWE is paid for two weeks' vacation only	For any vacation hours that exceed two weeks
Program Staff / Supervisor Statutory pay	PWE is paid for up to 9 statutory holidays	For any statutory holidays that exceed 9 days
Program Staff / Supervisor – Other leaves (e.g. WSIB, maternity, leave of absence, etc.	No wage enhancement will be paid	

When Entitlement and Anticipated Distribution Amounts Are Different

The grant is based on the hours' staff actually worked in positions that existed in the prior 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 all staff's current hours include:

- Entitlement calculated for a position based on a staff member who was over the maximum limit amount (for the according year) and has been replaced by a staff member whose current salary is under the amount
- Entitlement based on circumstances where there was lower operating capacity for a period of the year which resulted in less hours worked

Operators are advised to anticipate their hours for the previous year 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

A supplemental grant of \$150 is provided for each eligible centre based FTE. The supplemental grant allows operators some flexibility to provide and implement wage enhancement in a way that aligns with their regular operations.

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

The City of Toronto will work with operators to set priorities on how to use the supplemental grant.

Kinder College ELC is responsible for complying with other legal terms and conditions of the Provincial Wage Enhancement Grants, as specified by the City of Toronto.

Provincial Wage Enhancement Inquiries can be made at City of Toronto website.

**Wage Enhancement Amount Per Eligible Position
2018**

Eligible Amount	Determination of Wage Enhancement Amount Per Eligible Position
Full wage enhancement of \$2.00/hour	The hourly wage for a child care staff position, including all operating grants and pay equity but excluding previous years wage enhancement amounts, is less than \$25.07/hour (i.e. \$2 below the wage cap of \$27.05) effective December 31, 2017
Benefits	Benefits are automatically calculated and provided at a rate of 17.5% to support operators in meeting their statutory benefit requirements.
Supplemental Grant	\$150 per eligible FTE is provided to operators to cover shortfalls in wage enhancement salaries (for example additional days worked, sick days, PD days) and/or additional benefits.