

WORKFORCE COMPENSATION

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PRESENTED BY

DNSSAB CHILDREN'S SERVICES – JANUARY 2026

District of Nipissing
Social Services
Administration Board



Conseil d'administration
des services sociaux
du district de Nipissing

Note: This is a summary/extract for informational purposes only.

For complete and authoritative guidelines, refer to the official ministry publication.

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November 2025, [Ontario Child Care and Early Years Funding Guidelines. Chapter 3, Division 1: Local Priorities Guideline](#)

Contents

WORKFORCE COMPENSATION	3
A PURPOSE.....	3
B ELIGIBILITY	3
Alignment with Wage Enhancement Grant (WEG)	4
Eligible Positions	5
Minimum wage offset	6
C ANNUAL WAGE INCREASE AND WAGE ELIGIBILITY CEILING.....	7
D WAGE FLOOR.....	8
E ORDER OF OPERATIONS	9
F MINIMUM WAGE OFFSET.....	9
G BENEFITS.....	11
H IMPLEMENTATION CMSMs/DSSABs must:.....	11
I ACCOUNTABILITY REQUIREMENTS.....	13



WORKFORCE COMPENSATION

A PURPOSE

Workforce compensation funding supports recruitment and retention of Ontario's child care workforce through improved compensation for lower-wage earners. It includes:

- compensation enhancements for registered early childhood educator (RECE) staff (annual wage and wage floor increases) and
- support to licensees for non-RECE staff (minimum wage offset).

These supports may impact CWELCC-enrolled and non-CWELECC-enrolled centres/agencies differently, and have different requirements based on the age-groups of children being served.

This section provides information on eligibility criteria and requirements for three groups:

- Non-CWELECC-enrolled centres/agencies, exclusively serving children aged 6 to 12.
- CWELECC-enrolled centres/agencies serving children aged 0 to 12, for the 6 to 12 component.
- CWELECC-enrolled centres/agencies serving children aged 0 to 5 (note: workforce compensation funding is now built into benchmark allocations under cost-based funding).

B ELIGIBILITY

Workforce compensation requirements must be met by the following eligible centres/agencies:

- Annual wage increases (up to the eligibility ceiling) and wage floor increases:
 - Centres/agencies participating in CWELECC serving children aged 0 to 12; or
 - Centres/agencies exclusively serving children aged 6 to 12.



- Minimum wage offset:
 - Centres/agencies participating in CWEELCC serving children aged 6 to 12; or
 - Centres/agencies exclusively serving children aged 6 to 12.

Funding to meet workforce compensation requirements by eligible centres/agencies will be allocated through two different funding streams:

- Local Priorities for positions serving children aged 6 to 12; and
- Benchmark allocations under cost-based funding for positions serving children aged 0 to 5.

CWEELCC-enrolled licensees are eligible for funding to meet workforce compensation requirements from their enrolment date up to and including December 31 of the calendar year.

Funding to support workforce compensation requirements should not interfere with a licensee's salary and compensation decisions or practices, including obligations under collective agreements. Where a licensee is participating in CWEELCC or exclusively serving children aged 6 to 12 and eligibility is met based on the criteria set out in this section, workforce compensation funding must be provided by the CMSM/DSSAB to the licensee for positions serving children aged 6 to 12. Note: CWEELCC-enrolled centres/agencies with eligible positions serving children aged 0 to 5 have workforce compensation funding built into their benchmark allocations under cost-based funding, and must meet workforce compensation requirements.

Alignment with Wage Enhancement Grant (WEG)

The child care WEG will continue to be provided to support the retention of qualified professionals to deliver affordable, high-quality services for eligible centres/agencies.

To qualify for workforce compensation increases on behalf of eligible staff serving children aged 6 to 12, eligible centres/agencies will be required to apply for and receive WEG for such positions.



A separate allocation for workforce compensation with respect to eligible positions servicing children 6 to 12 is also included in the budget schedule of the Agreement under Local Priorities. If workforce compensation expenditures reported through the Financial Statements submission under Local Priorities exceed the allocation, and Local Priorities – Flexibility Funding is fully used, the ministry will adjust entitlements and resulting cash flows based on information reported to the ministry, upon completion of the ministry's Financial Statements review and reconciliation process. An updated budget schedule may be required.

The ministry requests that Local Priorities – Flexibility Funding be used to cover these additional requirements first to avoid the need for adjustments to budget schedules.

To help ensure sufficient provincial funding is available, contact your ministry Financial Analyst during the year if forecasted workforce compensation needs for eligible positions serving children aged 6 to 12 are expected to exceed the notional amount.

Eligible Positions

Annual wage and wage floor increases

To be eligible to receive annual wage and wage floor increases, staff must be RECE staff employed by an eligible centre/agency (as per above) and be in one of the following positions (“eligible RECE staff”):

- RECE Program Staff
- RECE Child Care Supervisor
- RECE Home Child Care Visitor

For clarity, the annual wage and wage floor increases do not apply to non-RECE program staff and non-program staff such as a:

- Cook, custodial or other non-program staff position;
- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff person hired through a third party (for example, a temp agency).



However, non-program staff who are RECEs and whose positions require them to spend at least 25% of their time supporting ratio requirements under O.Reg. 137/15 are eligible for annual wage and wage floor increases for the hours that they are supporting ratio requirements.

Program staff, child care supervisors, or home child care visitors that are director-approved to be employed in these positions, but do not have a RECE designation, are not eligible for the wage floor or annual wage increase supported by workforce compensation funding.

Note that workforce compensation funding is tied to the position, not the individual staff. However, an individual staff's base wage will determine how much CWELCC funding can be provided. Workforce compensation funding is provided for all eligible staff that continue in their existing positions, newly fill existing positions (for example, replace a previous staff member), or fill newly created positions.

Minimum wage offset

To be eligible for the minimum wage offset, eligible centres/agencies must employ staff in the following positions ("eligible non-RECE staff"):

- Non-RECE Program Staff
- Non-RECE Child Care Supervisor
- Non-RECE Home Child Care Visitor

In addition, to be eligible for a minimum wage offset, centres/agencies must employ eligible non-RECE staff in positions that were earning:

- below \$15.50 per hour immediately before October 1, 2022 (not including WEG funding); and/or
- below \$16.55 per hour immediately before October 1, 2023 (not including WEG funding)

The minimum wage offset does not apply to non-program staff such as a:

- Cook, custodial and other non-program staff position;



- SNR-funded resource teacher/consultant or supplemental staff; and
- Staff hired through a third party (for example, a temp agency)

However, eligible centres/agencies can receive minimum wage offset funding for non-RECE staff in non-program positions that require them to spend at least 25% of their time supporting ratio requirements under O.Reg. 137/15. Minimum wage offset funding is provided to the centre/agency for the hours these staff spend supporting ratio requirements.

C ANNUAL WAGE INCREASE AND WAGE ELIGIBILITY CEILING

CMSMs/DSSABs must provide eligible centres/agencies with funding to support annual wage increases for eligible positions earning (including base wage, general operating funding and WEB) less than the wage eligibility ceiling for that year.

Effective each January 1 from 2023 to 2026, eligible licensees must increase the hourly wage of eligible RECE staff whose wages (including base wage, general operating funding and WEG) fall below the wage eligibility ceiling for the year (wage eligibility ceilings for 2022 through 2026 are set out in the table below). For example, to receive the annual wage increase for 2026, eligible RECE program staff must have an hourly wage below \$28 per hour. For eligible RECE child care supervisors and RECE home child care visitors, their hourly wage (including general operating funding and WEG) must be below \$31 per hour (for 2026).

The annual wage increase is up to \$1 per hour plus 17.5% in benefits (applied only to the wage increase amount), compounded year-over-year, up to the wage eligibility ceiling for the calendar year. That is, an eligible position would receive up to a \$1 per hour increase in 2023, 2024, 2025, and 2026 (that is, \$1 per hour for 2023, \$1 per hour for 2024, \$1 per hour for 2025, and \$1 per hour for 2026 for a total of up to \$4 per hour by 2026), and so on, up to the wage eligibility ceiling set for the calendar year.

Annual wage increase funding is tied to the position and not the individual staff. This means that all eligible RECE staff can receive up to \$4 per hour wage increase funding for 2026, whether those RECE staff are continuing in their existing eligible positions, newly filling an existing eligible position, or filling a newly created eligible position.

The wage eligibility ceilings come into effect on January 1 of each calendar year.



Wage Eligibility Ceiling*	2022	2023	2024	2025	2026
RECE Program Staff	\$25.00	\$25.00	\$26.00	\$27.00	\$28.00
RECE Child Care Supervisors or RECE Home Child Care Visitors	\$25.00	\$25.00	\$29.00	\$30.00	\$31.00

*In addition to the hourly wage, staff are required to receive benefits.

For clarity, the wage eligibility ceiling is not a wage cap, and licensees can choose to increase eligible RECE staff wages above the wage eligibility ceiling once other regulatory and guideline requirements are met (that is, using other sources of funding beyond workforce compensation to increase wages above the ceiling).

Benefits should not be included when calculating the hourly wage.

D WAGE FLOOR

Each year from 2023 to 2026, CMSMs/DSSABs must provide eligible centres/agencies funding to support wage floor increases for eligible RECE staff.

Eligible centres/agencies are required to bring the wage of all eligible RECE staff up to the wage floor of the given calendar year as identified in the table below. All new, eligible RECE staff hired during the calendar year must earn at least the wage floor identified for the applicable year, plus corresponding benefits.

The wage floors come into effect on January 1 of each calendar year.

Hourly Wage Floor 2022 to 2026*	2022	2023	2024	2025	2026
RECE Program Staff	\$18.00	\$19.00	\$23.86	\$24.86	\$25.86
RECE Child Care Supervisors or RECE Home Child Care Visitors	\$20.00	\$21.00	\$24.86	\$25.86	\$26.86

*In addition to the hourly wage, staff are required to receive benefits. To determine annual wage and wage floor increase eligibility, licensees must follow this order of operations:



E ORDER OF OPERATIONS

The following order of operations must be followed when determining wage supports:

1. Base wage (including minimum wage obligations or any employer-based wage improvements such as obligations from collective agreements);
2. General operating funding used to support wage improvements (other than WEG and workforce compensation);
3. WEG (up to \$2 per hour, up to a maximum wage of \$33.81 per hour for 2026 as per Part 2 of this guideline chapter);
4. Workforce compensation annual wage increases of up to \$1 per hour, compounded year-over-year, up to the wage eligibility ceiling for the calendar year; and
5. Workforce compensation incremental amount to reach the wage floor for the calendar year, if applicable.

F MINIMUM WAGE OFFSET

Minimum wage offset was established when CWELCC was introduced to offset the impact, at that time, of minimum wage increases through the transition into CWELCC. With the introduction of cost-based funding, funding for salaries and wages in respect of positions serving children aged 0 to 5 is now covered as an eligible expense. For 2026, to continue to support affordability for families with children aged 6 to 12, despite fees not being frozen for that group, the minimum wage offset is being held at previous years' levels.

As of October 1, 2023, minimum wage legislation required licensees to bring the wages of their staff to at least \$16.55 per hour. To offset the cost of minimum wage increases for eligible licensees, CMSMs/DSSABs were required to provide minimum wage offset funding to licensees to cover the incremental amount needed to bring wages for eligible staff from \$15.00 to \$16.55 per hour in 2024. This incremental funding amount will continue to be funded for 2026 for those that received the funding in 2025. No funding above 2025 amounts will be provided.



To offset the cost of increasing minimum wage for an eligible non-RECE position that earned \$15 per hour in 2022, the minimum wage offset funding is cumulative up to \$1.55 (that is, \$16.55 per hour minus \$15 per hour).

Minimum wage offset funding is tied to the position and not the individual staff. This means that licensees can receive minimum wage offset funding of up to \$1.55 for eligible non-RECE staff that were in eligible positions in 2024, whether those staff were continuing in their existing position, newly filling an existing eligible position, or filling a newly created eligible position.

It is understood that licensees could have used other sources (for example, parent fees) to fund wage increases beyond minimum wage (such as across-the-board or merit increases). In these cases, the minimum wage offset funding would equal the remaining amount required to bring such wage to \$16.55 (that is, \$1.55 minus wage increases provided by the licensee in addition to minimum wage increases).

Example: A licensee who employed an eligible non-RECE staff in March 2022 earning minimum wage (\$15 per hour) and used cost escalation funding to provide annual increases (above the minimum wage) as follows:

As of October 1, 2022, the minimum wage increased to \$15.50

As of January 1, 2023, the base wage increased 2.75% to \$15.93 (wage increase \$0.43)

As of October 1, 2023, the minimum wage increased to \$16.55

As of January 1, 2024, the base wage increased 2.1% to \$16.90 (wage increased \$0.35)

In 2024, the licensee were eligible to receive minimum wage offset of \$1.12 per hour (\$16.55 minus \$15.00 minus \$0.43 = \$1.12). The licensee would cover the rest of the wage increase with cost escalation funding (\$0.43 and \$0.35).

As minimum wage offset funding is frozen at 2024 levels, licensees would be eligible to receive the same minimum wage offset of \$1.12 per hour in 2026.



To offset minimum wage increases that occurred prior to March 2022 (when the fees were frozen) or any that occurred after October 1, 2023, licensees should use other funding sources (such as general operating, parent fees).

G BENEFITS

In respect of positions that serve children 6 to 12, workforce compensation funding includes up to 17.5% in benefits (applied only to any workforce compensation increase) to support centres/agencies in meeting their statutory benefit requirements and additional benefits provided by the licensee (17.5% includes up to two weeks of vacation and nine statutory days).

Statutory benefit requirements are benefits centres/agencies are required to provide their staff as determined by legislation (for example, vacation days or statutory holidays) or obligations the centres/agencies has as an employer (for example, Canada Pension Plan or Employment Insurance contributions, or Employer Health Tax).

Once all statutory benefit requirements are met, any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer.

H IMPLEMENTATION

CMSMs/DSSABs must:

- Develop a method to determine annual wage, wage floor and minimum wage offsets, and allocation of 17.5% for benefits, within their service area.
- Develop an application process to enroll eligible centres/agencies for workforce compensation funding (which could mirror current WEG funding processes), as needed.
- Adhere to the workforce compensation funding parameters detailed above.
- Manage public inquiries related to workforce compensation. To manage these inquiries, CMSMs/DSSABs may wish to post information regarding workforce compensation along with contact information on their website.
- Direct workforce compensation funding to eligible centres/agencies to increase wages and benefits (as applicable) of their eligible RECE staff.



Eligible licensees must:

- Share information, in writing with eligible staff, about changes to the wage floor and wage eligibility ceiling that come into effect January 1 of each calendar year up to and including 2026. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and compounded annual wage increases for each calendar year up to and including 2026.
- Ensure eligible RECE staff receive wages consistent with the workforce compensation changes that came into effect on January 1 of each calendar year within 32 calendar days of receiving funding allocations for this purpose.
- Seek independent legal advice on implementing the wage floor and annual wage increase if they are subject to the terms of a collective agreement.
- Include workforce compensation payments in each pay cheque or payment made. Workforce compensation may not be paid at the end of the year as a lump sum payment.
- Consider workforce compensation in addition to, and not to reduce other, planned compensation increases for eligible staff. For example, the annual wage increase and wage floor cannot be used to reduce or offset planned merit increases for eligible staff.

In addition, eligible centres/agencies newly enrolled in CWEELCC must:

- Ensure workforce compensation requirements are in place and wages are paid to eligible RECE staff accordingly on or before 32 calendar days after the service agreement with the CMSM/DSSAB is signed (the enrolment date).
- Share information, in writing, about the wage floor, annual wage increase, and wage eligibility ceiling with eligible staff upon receiving confirmation of enrolment in CWEELCC from their CMSM/DSSAB and as new staff are hired. The information must provide eligible staff with an understanding of upcoming changes to their wages resulting from the workforce compensation funding. At a minimum, the information about wages must include the wage floor, wage eligibility ceiling, and annual wage increases for each calendar year up to and including 2026.



I ACCOUNTABILITY REQUIREMENTS

CMSMs/DSSABs must monitor licensees' compliance with communication and payments to staff of annual wage and wage floor increase requirements to ensure licensees are using CWECC funding as per these guidelines.

In accordance with Chapter 1, Part 2.I, if a CMSM/DSSAB determines that a licensee has failed to meet the funding conditions outlined in their agreement for the provision of workforce compensation funding, the CMSM/DSSAB must recover all misused funds. CMSMs/DSSABs are responsible for establishing a process for confirming and ensuring licensee compliance with guideline requirements.



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