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To: Regional Council  
Meeting Date: December 5, 2024  
From: Lisa Gonsalves  
Acting Commissioner of Community and Health Services  
Re: **Canada-wide Early Learning Child Care Program Update**

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This memorandum updates Council on the new 2025 Ontario Child Care and Early Years funding approach. This includes recent changes to the Canada-wide Early Learning Child Care (CWELCC) program and impacts on the child care sector and families. Council last received an update in [September 2023](#).

### **York Region is the Service System Manager for child care and early years services**

York Region is a Service System Manager for child care and early years services as outlined in the [Child Care and Early Years Act, 2014](#) and receives and administers funding from the Ministry of Education to carry out this role. It is the third largest system in Ontario (behind City of Toronto and Peel Region), with over 300 licensed for-profit and not-for-profit child care operators providing care in over 550 child care centres and licensed home child care settings, totaling approximately 57,000 licensed spaces for children aged 0 - 12 years.

In March 2022, following an agreement between the Federal and Provincial governments, the Ministry of Education also provided funding to Service System Managers for CWELCC to reduce parent fees, expand child care spaces and support the child care workforce.

### **CWELCC has supported reductions to child care fees, increased access to more child care spaces and improved staff wages**

In 2022, the Province launched the [CWELCC program](#). By the November 1, 2022 deadline, 90% of York Region's child care operators chose to opt in to participate in CWELCC covering 33,000 child care spaces for children under six.

Participating child care operators received funding to offset revenue lost from reduced parent fees, provide retroactive supports to families, address some cost escalation, and improve wages. Since 2022, CWELCC has reduced child care fees by an average of 50% compared to March 2022 levels, created approximately 1,136 new licensed child care spaces in the Region's five priority neighbourhoods ([September 2023](#)), and increased Registered Early Childhood Educators (RECE) wages from \$18.00 to \$23.86 per hour. Additionally, child care staff have benefited from more training and professional development opportunities.

## **The new 2025 Ontario Child Care and Early Years Funding Formula changes how child care centres' funding is determined**

In February 2023, the Ministry of Education collected expense and administrative cost data submitted by child care operators and Service System Managers through a one-time survey to inform the 2025 funding approach. In April 2023, the Ministry released a discussion paper requesting sector feedback on the 2025 funding approach. York Region staff provided feedback and highlighted key challenges, including the need to consider inflation in the overall funding envelope.

On August 15, 2024, the Province announced its new funding approach for CWELCC, which would also impact other funding routinely provided to child care operators.

On January 1, 2025, through a new cost-based funding model, the Province aims to provide funding to better reflect the cost of delivering child care. This approach, determined by a benchmark allocation, includes adjustment factors such as location, historical costs and growth. This means all provincial child care funding and grants for children under six will be consolidated into CWELCC funding. To support this transition, the Region is working with the child care sector. Staff hosted drop-in sessions this fall to prepare child care operators and answer questions.

No additional CWELCC funded spaces are being added to the system at this time but the Region continues to advocate for more spaces as York Region requires an estimated 7,372 spaces to meet the needs of the growing community, well above the 1,882 spaces currently allocated to the Region for the period of 2022 to 2026.

## **In 2025, York Region's Child Care and Early Years funding allocation will increase by 34% to over \$533 million**

York Region's total 2025 funding allocation for child care and early years system, as outlined in the 2025 Approved Budget, is over \$533 million, representing a 34% increase from 2024. See Table 1 for the 2025 funding breakdown.

**Table 1**  
**2025 Funding Breakdown**

Funding Type	Funding Amount
Cost Based CWELCC Funding	\$461,072,634
Local Priorities Funding *	\$61,688,944
Administrative Support	\$6,531,543
One-time start-up funding	\$4,099,500
<b>Total</b>	<b>\$533,392,621</b>

\*Includes operating grants and wage subsidies for programs serving children 6-12 years old and includes supports for children with special needs, fee subsidy and professional learning and development for programs serving 0-12.

The province has not shared details of the municipal tax levy cost share for 2025 but has indicated that it should not exceed the 2024 cost share, which was \$9.1 million.

### **Child care fees will be capped at \$22 per day for children under six at CWELCC-participating child care centers in 2025, reducing to an average of \$10 per day by 2026**

Starting January 1, 2025, child care fees for children under six in CWELCC-enrolled child care centres will be capped at \$22 per day. Currently, 44% of children in Ontario have daily fees above this amount. The cap is expected to save families nearly \$300 million in 2025. In York Region, approximately 47% of children enrolled in CWELCC will benefit from this reduction.

The Ministry of Education has announced that fees will be further reduced to an average of \$10 per day by 2026.

### **Child care operators not participating in CWELCC will no longer have access to provincial child care funding for children under six**

Starting January 1, 2025, child care operators not participating in CWELCC will no longer have access to provincial funding for children under six. This funding includes general operating and wage enhancement grants which help cover operational costs and wages, as well as the Child Care Fee Subsidy for low income families.

Approximately 35 child care operators in York Region are currently not participating in CWELCC and will be affected by this change; however, these operators will still have access to York Region’s professional learning and development sessions and Early Intervention Services to support the inclusion of children with special needs. With the loss of provincial funding, operators not participating in CWELCC may raise fees which could make it difficult for families to afford these child care spaces.

Under the new funding approach, child care operators participating in CWELCC will be required to offer fee subsidy-funded spaces starting January 1, 2025. It is anticipated that 27 new child care operators in York Region will offer fee subsidy in 2025.

**York Region's 2024 to 2027 Child Care and Early Years Service System Plan supports children's development with high-quality, inclusive and affordable child care**

York Region is committed to building a child care and early years system that supports children's learning and development, and families' overall well-being through York Region's [2024 to 2027 Child Care and Early Years Service System Plan](#). Priority Area 3 of the Plan identifies actions to ensure that parents, caregivers, and professionals have the knowledge and capacity to support child development. Priority Area 4 of the Plan works to create a responsive system that reflects the needs of children, families, and the community.

As CWELCC enters its fourth year of implementation and as the child care system continues to evolve and expand, York Region staff are working closely with the Province to continue advocating for additional CWELCC funded child care spaces, and for a responsive, flexible and sustainable child care system that enhances affordability and quality of care for families and children.

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For more information on this memo, please contact Kevin Pal, General Manager, Social Services Branch at 1-877-464-9675 ext. 72150. Accessible formats or communication supports are available upon request.



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Lisa Gonsalves  
Acting Commissioner of Community and Health Services



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Erin Mahoney  
Chief Administrative Officer

November 15, 2024  
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