INDIGENOUS LAND ACKNOWLEDGEMENT

Here in Toronto we appreciate the opportunity to live and work on this land. We are on the traditional territory of many nations including the Mississaugas of the Credit the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. Toronto is now home to many diverse First Nations, Inuit and Métis peoples.

I also acknowledge that Toronto is covered by Treaty 13 signed with the Mississaugas of the Credit, and the Williams Treaties signed with multiple Mississaugas and Chippewa bands.

HOW IS ONTARIO DOING IN CWELCC?: AN EVALUATION

by Gordon Cleveland

December 3rd, 2025

Ontario's Promises

- AFFORDABILITY: Promised to reduce parent fees to average $10 a day by April 2026. (CWELCC child care includes licensed before-and-after school care for 4- and 5-year-olds). (2.1.1)
- ACCESS: Promised 76,700 new spaces from 2019- March 2026. 86,000 new spaces from 2019-Dec 2026. Promised that at least 70% of all 0-5 licensed spaces would be non-profit/public/family home at end of Agreement (2.1.1)
- INCLUSION: Promised to prioritize assistance to vulnerable children and families. "...space creation in regions of the province that have had historically low rates of space availability." (AG 2025)
- QUALITY and WORKFORCE: Promised increase in fully qualified staff to at least 60% by 2025-26. (2.1.1). Promised wage floor and wage improvements.

The Agreement: Ontario's Objectives

- "Canada and Ontario will work together to **build a community-based system of quality, licensed early learning and child care,** aiming for all families to have access to high-quality, affordable, flexible and inclusive early learning and child care no matter where they live." (Action Plan Preamble)
- "Canada's spending in ELCC is intended to increase until it is **roughly shared** with the provinces and territories by fiscal year 2025 to 2026." (Action Plan Preamble)
- "Not-for-profit providers/operations …may generate a profit, but **the surplus earnings, or other resources, are directed towards improving child care services** (for example, improving family or child well-being or development) rather than distributed for the personal benefit of owners, members, investors or to enhance asset growth." (1.0.3)
- "Ontario commits that…federal funding will be used predominantly to **support the creation of not-for-profit child care spaces** to ensure that the existing proportion of not-for-profit licensed child care spaces for children age 0 to 5 will be maintained or increased by the end of this Agreement…**70% or higher"** (2.1.1)

Ontario's CWELCC

- Ontario was the last province or territory to sign a CWELCC agreement – March 27, 2022. (100% of 2021-22 federal money was rolled over)
- Ontario received $10.23 billion of federal money over 5 years to March 2026, Federal contribution of $2.9 billion in final year 2025-26. Plus, ELCC money of something like $200 million
- "The CWELCC program shifted the child-care system in Ontario for children under age six from being mostly parent funded to being mostly publicly funded." (AG, p. 12)
- Ontario will not meet $10 a day target next year. Ministry estimates a funding shortfall of $1.95 billion for 2026-27. Ontario has now signed a one-year agreement extension, borrowing $695 million from the future.
- Auditor General of Ontario (2025) report: "We found that the systems and procedures in place to meet the targets by the end of the Agreement are not effective, and the commitments are at risk of not being met based on current projections and without changes to plans,"

Ontario's Funding Formula

Ontario's does have a cost-based funding formula

- Four components of funding formula – program staffing, supervisor, operations and accommodation. Adjusted by Geographic Adjustment Factor. Plus profit/surplus.
- All four main components involve a benchmark $ figure multiplied by numbers of spaces (by age), days of service and location of service (school vs community) [known as "cost drivers"].
- Sample Benchmarks for Program Staffing: Infant operating spaces x $92.03/day. Preschool operating spaces x $39.23/day
- Operations (community setting): Preschool operating spaces x $1.64/day + Preschool licensed spaces x $15.09/day
- Accommodations (community setting): Preschool licensed spaces x $1,735.54/year
- Profit/surplus guaranteed at 7%-8% on revenue
- Legacy funding to accommodate existing high costs. Growth multiplier (around 15%) for new spaces

Strengths of the funding formula

- It is a true "cost-based" funding formula, not just a target-fee (revenue-replacement) formula like Alberta. It is based on clear benchmarks that are adjusted over time.
- The formula limits profit that can be taken out of the system (to about 8% of total revenue)
- There are cost accountability measures – annual audits comparing planned to actual spending and recovering excess; costs review for centres with high legacy costs; and random third-party audits for randomly selected 5% of providers.
- For the coming year, staff-related benchmarks are increased by 6%-9% and accommodations and operations benchmarks are increased by about 2%.
- Legacy funding is key to avoiding immediate problems (two-edged sword)

Weaknesses of the funding formula

- There are many adjustment and implementation problems with this new funding system.
- The absence of a wage grid gives centres the incentive to underpay staff and increases staff shortage pressures
- Each centre is treated as if financially separate. Budget reconciliation very difficult for multi-site agencies
- Will fund mortgages but not other loan repayments. How can growth happen?
- Hours of care provided is not a benchmark
- Home child care, child care for kindergarten children are underfunded
- See B2C2 discussion paper: https://b2c2.ca/wp-content/uploads/2025/09/CWELCC-Funding-Formula-Issues-and-Solutions-Prioritization-Report.pdf

How much revenue?

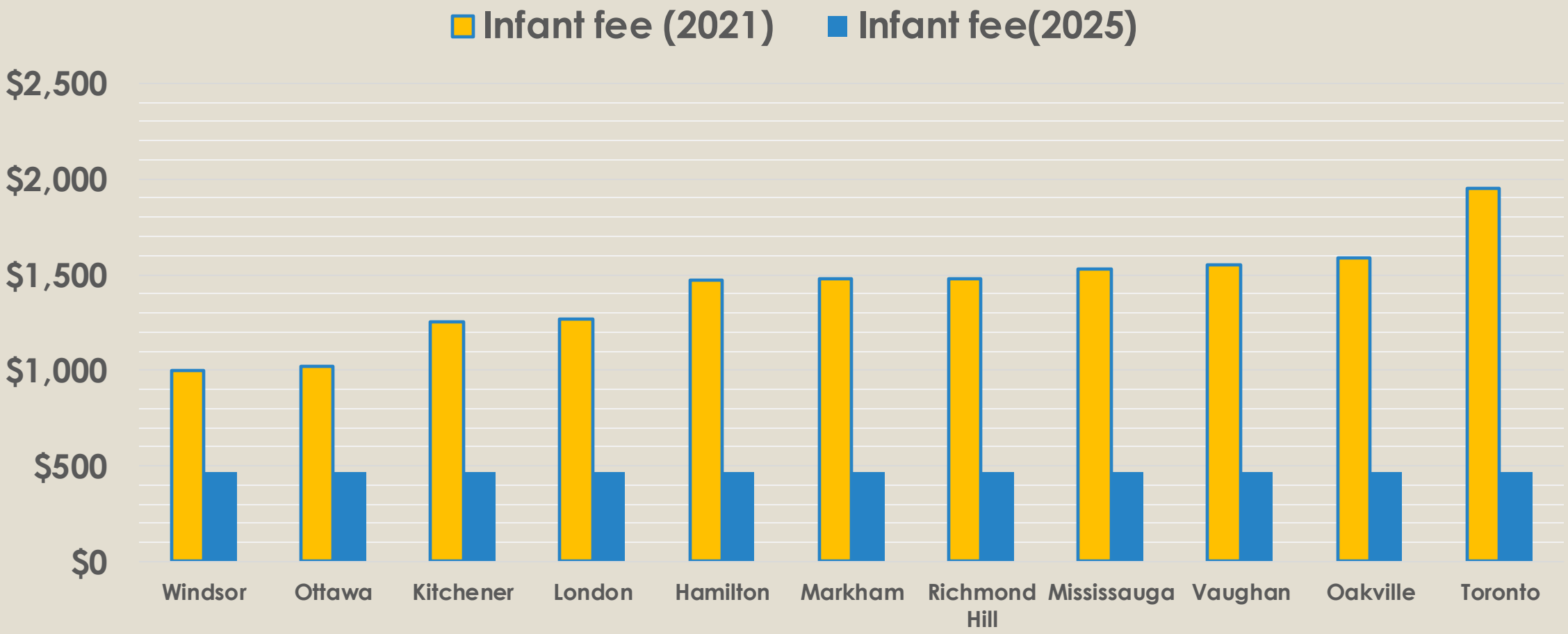
- Ontario funding formula does revenue calculation then multiplies by a Geographic Adjustment Factor. Ranging from .79 (Kingston) to 1.07 (City of Toronto)
- Accommodation amounts vary by community-based vs school-based and age category of spaces
- Calculating (rounded) average total revenue per space per day (including parent fee), we get:
  - Kingston school-based Infant - $108, Toddler - $71, Preschool - $53, Kindergarten - $20
  - Toronto school-based Infant - $146, Toddler - $97, Preschool - $72, Kindergarten - $27
  - In community locations, revenue allocation per day is $6-$14 higher

How much revenue for growth?

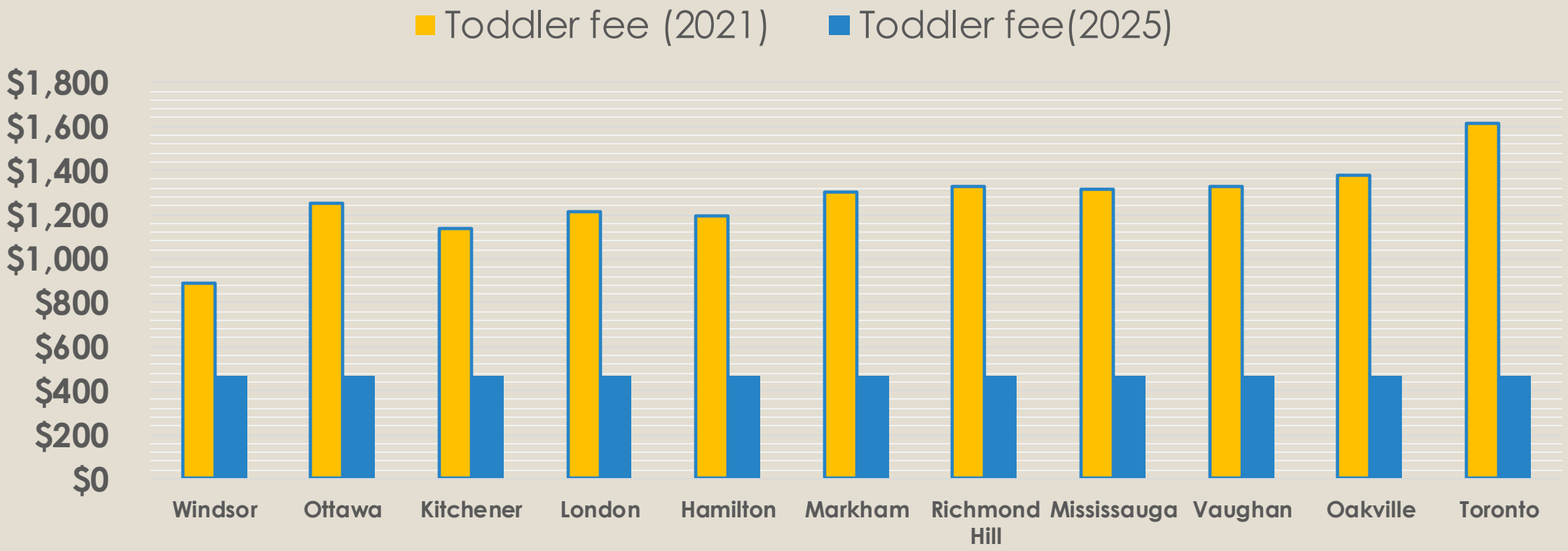
- Ontario funding formula boosts centre revenue allocation by a Growth Multiplier. Adds revenue amounts varying from 0% to 30% for new spaces.
- With growth multiplier, (rounded) average total revenue per space per day (including parent fee) for new spaces is:
  - Kingston school-based Infant - $124, Toddler - $82, Preschool - $61, Kindergarten - $23
  - Toronto school-based Infant - $168, Toddler - $111, Preschool - $83, Kindergarten - $31
  - In community locations, revenue allocations for growth are $7-$16 per day higher

Affordability Has Been Very Much Improved, Even At $22 A Day

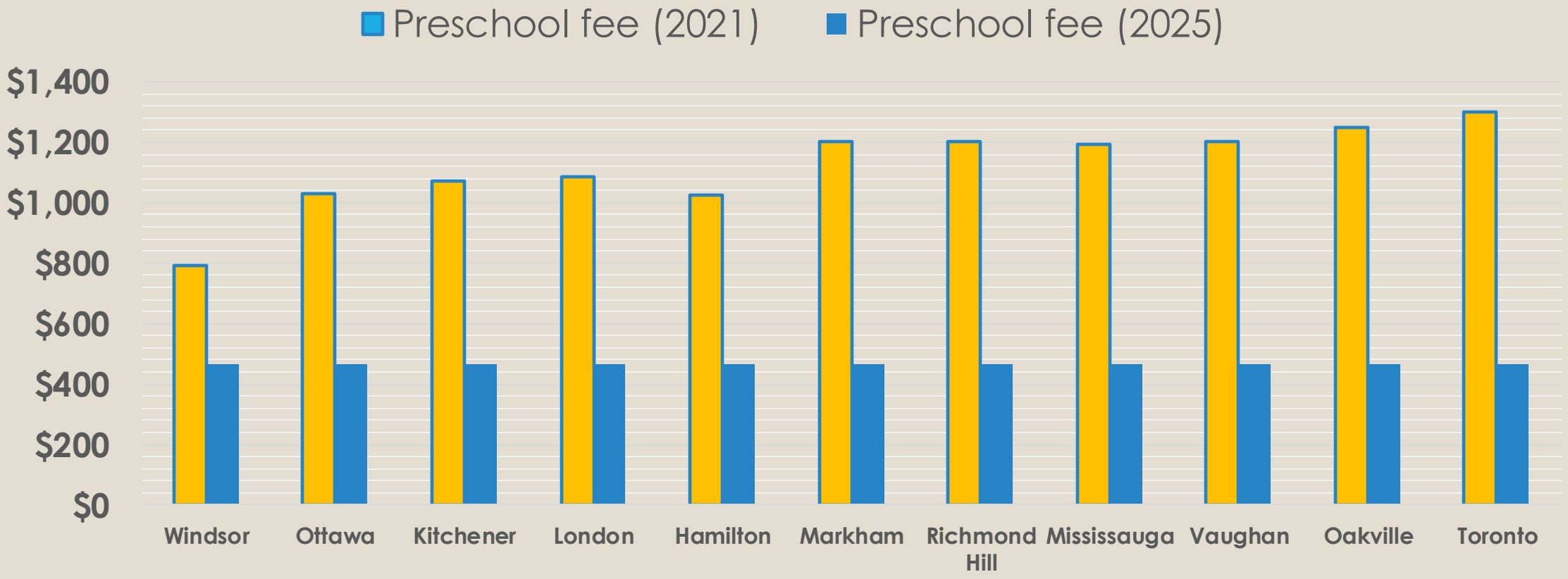
Monthly Infant Child Care Fees in 2021 and 2025, Ontario



Monthly Toddler Child Care Fees in 2021 and 2025, Ontario



Monthly Preschool Child Care Fees in 2021 and 2025, Ontario



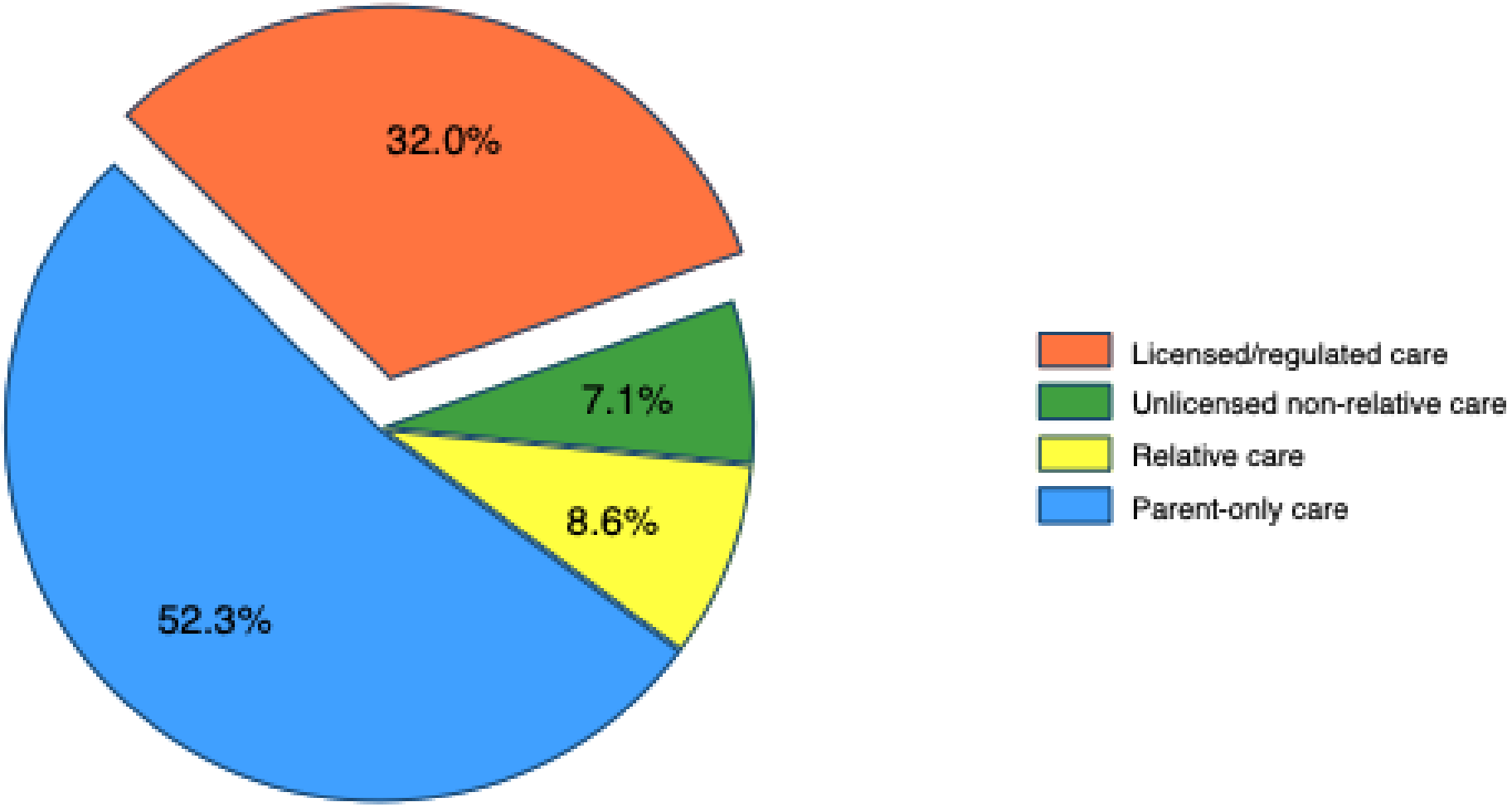
Affordability stalled at max $22/day

- In 2025-26, the federal government contributes about $3 (for children 0-5) for every $2 contributed by the Ontario government (for children 0-12)
- Ontario claims a shortfall of $2 billion of federal funding for 2026-27 but have not provided evidence publicly to support this claim.
- Without either substantial increases in federal funding or significant contributions by Ontario, fees will not reach $10/day
- Ontario has signed an extension agreement to end December 2026 with $695 million of additional federal contribution

Growth And Access Is The Main Problem Area

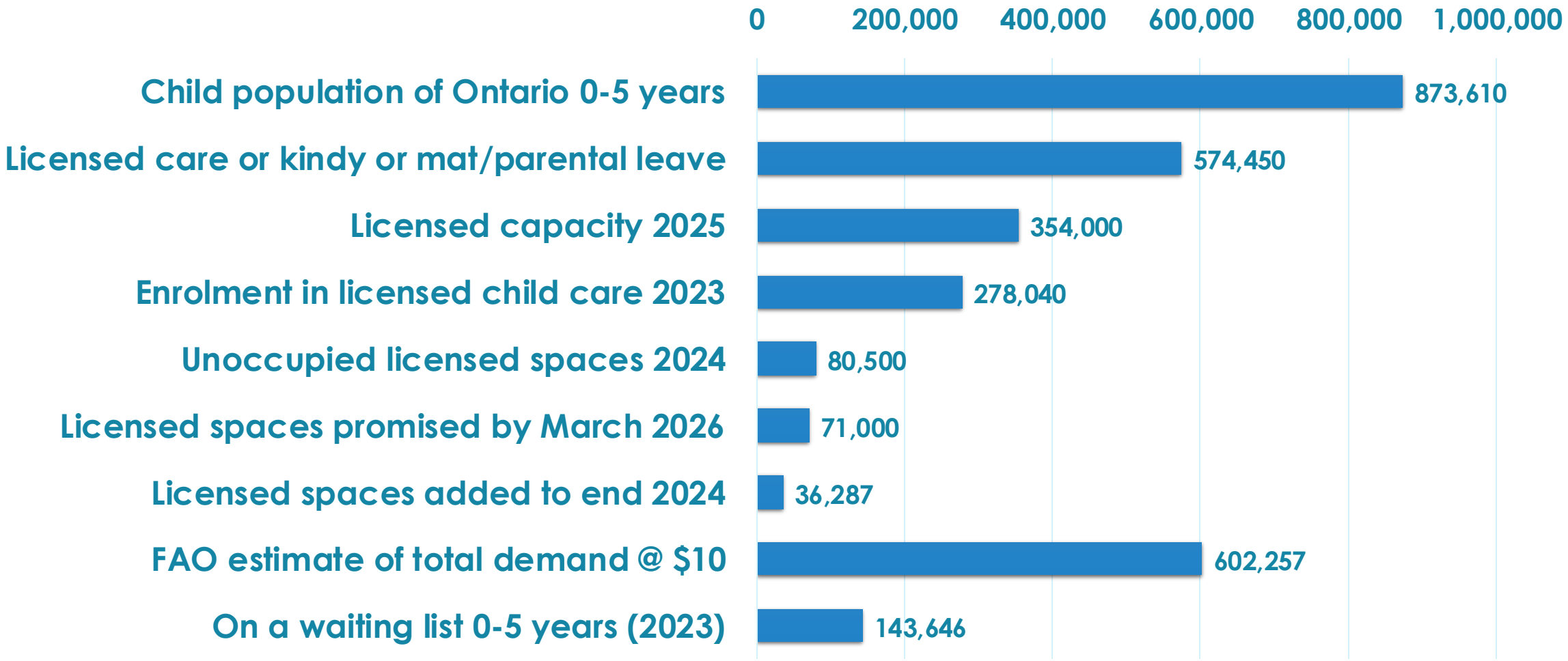
MAIN CARE ARRANGEMENTS OF ONTARIO'S CHILDREN IN 2023

Children 0-5 years of age



Source: Statistics Canada Public User File of 2023 Canadian Survey on Early Learning and Child Care

Access to Licensed Child Care in Ontario, Number of Children 0-5



Targets and Reality

- Growth target (revised) was 48,127 spaces to be added by December 2024. There was an original target of 59,669. The actual increase in CWELCC spaces was 36,287 (AG 2025).
- However, at least 25,500 spaces have been added outside CWELCC (Allison Jones, CP)
- There were about 144,000 Ontario children on a waiting list for licensed care in 2023 (CSELCC). More in latest SELCCA study. Ministry is working on management software system including waiting lists (2027).
- There is a huge whack of **EMPTY CWELCC SPACES** in Ontario centres that are licensed but non-operational, largely because of a lack of qualified staff = 80,500 (AG 2025) Ontario CWELCC centres are operating at 73% of capacity.
- Ontario did cut off funding for operating grants, wage enhancement, and new subsidies for 0-5 spaces outside of CWELCC. This seems to represent an important commitment to the building of the CWELCC system.

Funding and growth issues (1)

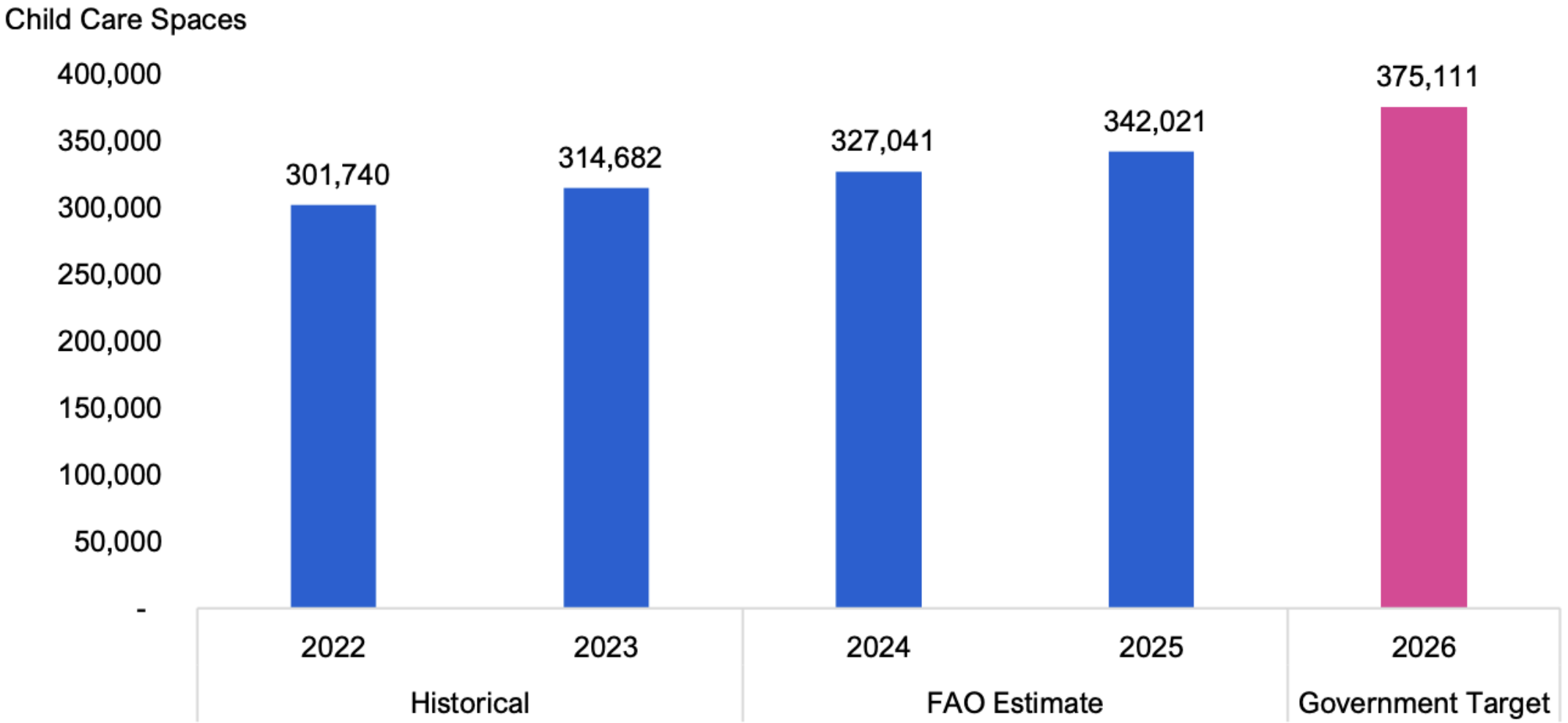
- 92% of Ontario spaces for 0-5 are in CWELCC (325,000 out of 354,000 Dec 2024). Only 385 spaces have left CWELCC Dec 23 - Dec 24. About 10,000 spaces have joined. 10 licensees have left the program and 215 licensees have joined. (AG 2025)
- Target is 375,111 spaces in CWELCC by end of March 2026 (FAO, 2025) "will need to create an additional 33,090 licensed child care spaces in 2026"
- Since January 2025, there is a **cost-based funding formula** with cost control mechanisms and higher revenues for new spaces. Costs must be attributable, appropriate and reasonable. Lots of issues, but a serious beginning.
- There is very little capital funding for non-profit/public facilities. Only Ontario's share of the federal $625 million plus some school board capital
- There has recently been an increase in start-up funding. It was a max of $350,000 for 50 spaces, now $350,000 for 20 spaces plus $17,000 per space beyond that. And extra funds in pot.

Funding and growth issues (2)

- There has been a reallocation of expansion targets to emphasize growth. May 2023 – provided Directed Growth targets to SSMs. March 2025 revised space creation targets to prioritize "regional capacity for growth" rather than "access for … priority groups" (AG 2025)
- Ontario is lobbying the federal government for increased for-profit expansion targets
- But the large majority of the total growth inside and outside CWELCC has already been occurring amongst for-profits – 60% of the growth in full-day spaces since 2021.

Figure 4.4

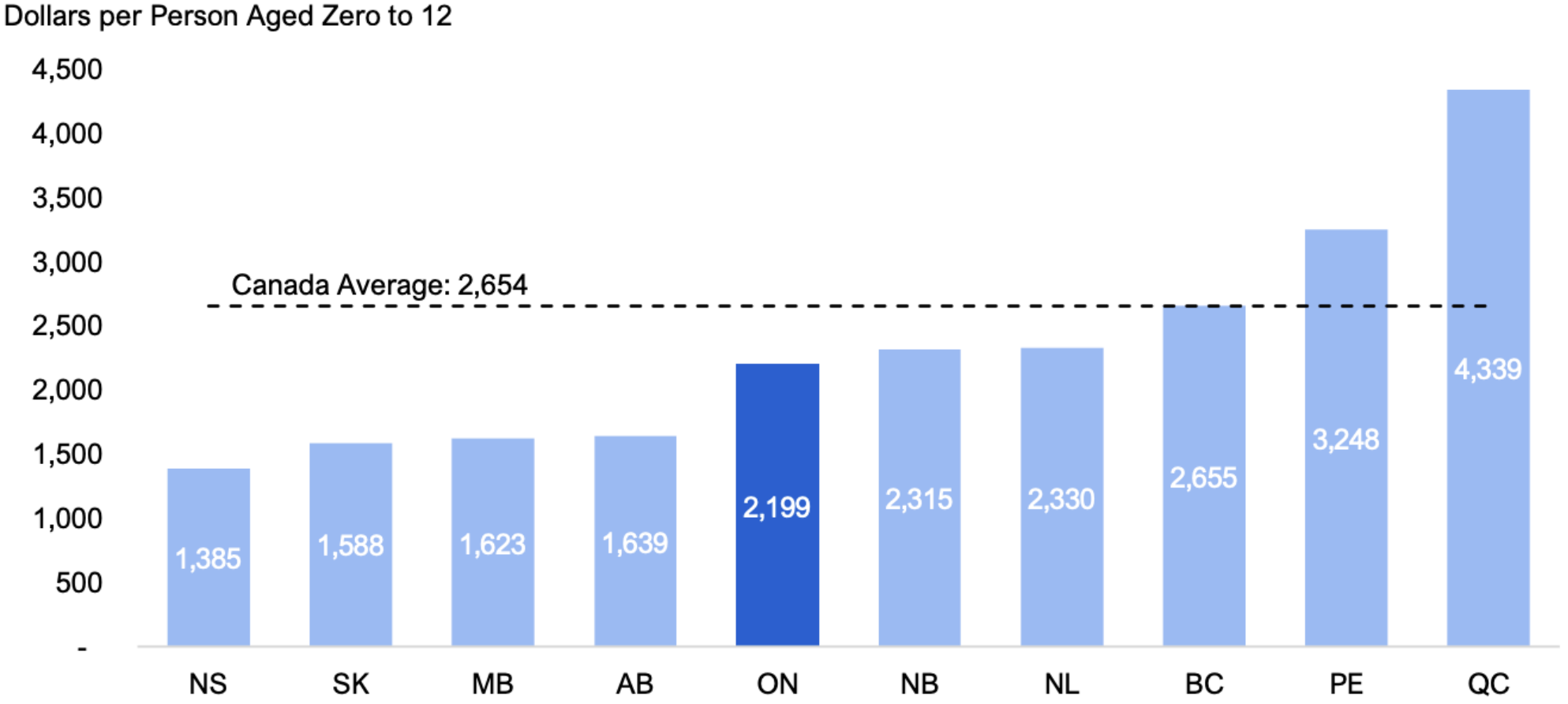
Canada-wide Early Learning and Child Care (CWELCC) program child care spaces, 2022 to 2026



Source: FAO analysis of information provided by the Province and the Ontario Early Years and Child Care Annual Report 2024.

Figure 5.2

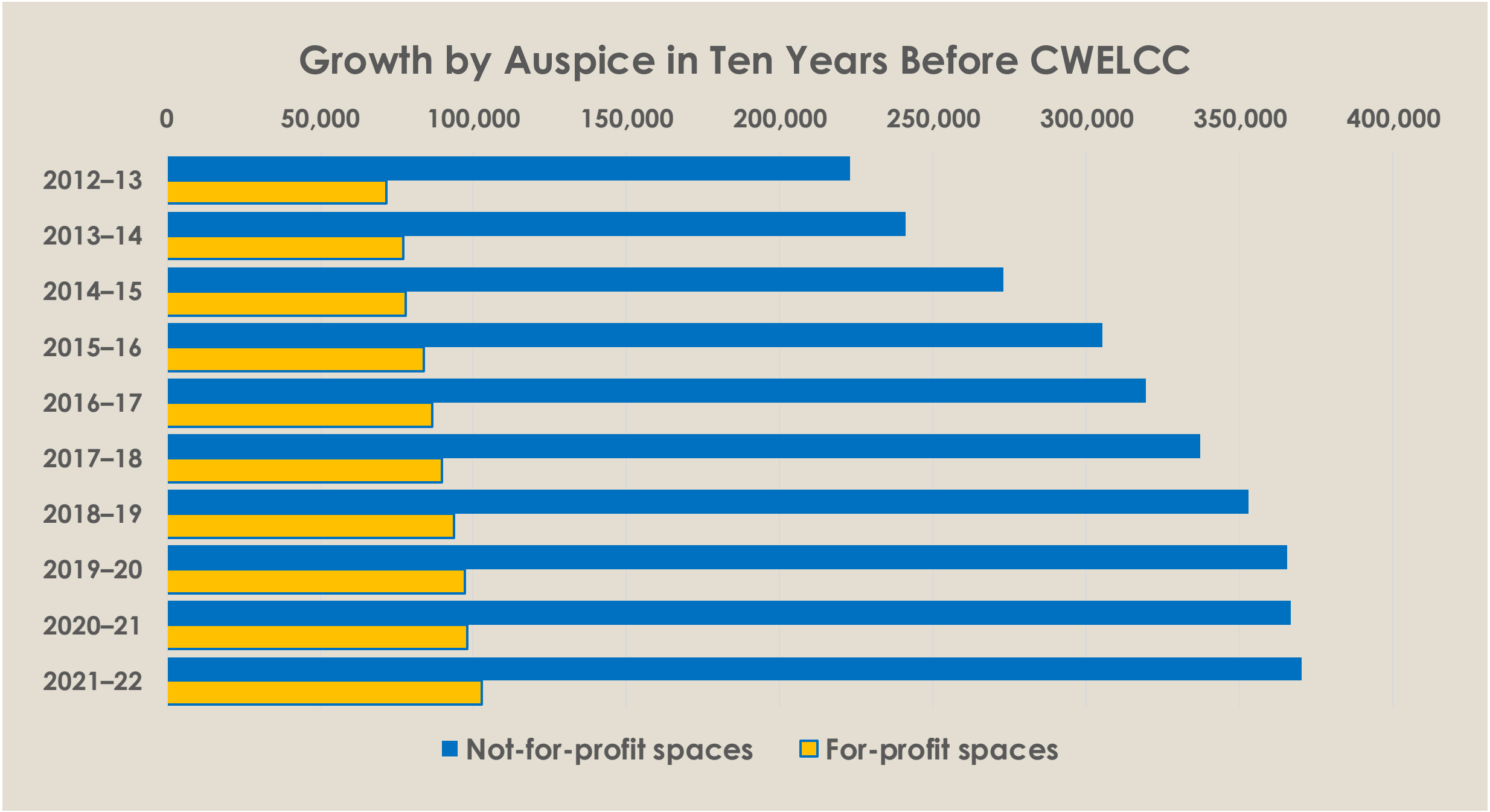
Child care spending per child aged zero to 12 by province in 2023-24



Note: Information compiled directly from provincial public accounts. No adjustments were made to improve comparability across provinces. Canada average excludes territories.
Source: FAO analysis based on provincial public accounts and the Atkinson Centre's 2023 Early Childhood Education Report.

Statements about auspice to ponder

- Quebec's Minister of Families from 2018 to 2022, Mathieu Lacombe was responsible for child care. In April 2022, he told the Globe and Mail that **"Allowing for the expansion of private daycares was the biggest mistake that the Quebec government committed in the last 25 years"**
- The Canada-Ontario agreement commits the province: in March 2026, no more than 30% of its spqces for children 0-5 will be for-profit spaces. However, the province has chosen to misinterpret this provision to apply only to CWELCC-eligible spaces.
- Section 2.1 of the 2022 Agreement: "For greater clarity, at the end of this Agreement, the proportion of not-for-profit licensed child care spaces for children age 0 to 5 compared to the total number of licensed child care spaces for children age 0 to 5 will be 70% or higher."
- There is speculation that Ontario would like to allow the for-profit spaces that are currently unfunded to be eligible for CWELCC funding in future.
- Ontario's Action Plan says "Over the past 5 years, Ontario has seen a growth of about 75,000 licensed spaces across the province. The growth is primarily in the not-for-profit child care sector." (Action Plan 2.4, in 2022)


Growth by Auspice in Ten Years Before CWELCC
0
50,000
100,000
150,000
200,000
250,000
300,000
350,000
400,000
2012–13
2013–14
2014–15
2015–16
2016–17
2017–18
2018–19
2019–20
2020–21
2021–22
Not-for-profit spaces
For-profit spaces

What Ontario said about capital funding in its Action Plan

- "Capital funding for child care in Ontario is provided through a mix of provincial, federal, and municipal funding, and investments by individual child care operators, both not-for-profit and for-profit. Most child care capital investments in community settings are made by child care operators."
- "The Ontario government currently focuses its child care capital investments in schools, which assists children and families to seamlessly transition between child care and the school system. School-based child care capital investments support children age 0 to 4 in purpose built child care rooms. School-based child care for children age 4 to 12 typically takes place using shared classroom space before and after the regular school day."
- "Ontario has committed up to $1 billion to create up to 30,000 new licensed child care spaces in schools. These school-based child care settings will provide safe learning environments for children and offer them the opportunity to grow in a familiar environment. The government has now approved nearly 24,000 spaces towards the overall commitment." (Action Plan 2.4)
- Ontario originally imagined that the majority of expansion would come from "natural growth" (FAO report 2022)

Quality and Workforce

Promises and Reality about Quality and Workforce

- Ontario commits to "increasing the percentage of child care workers providing licensed child care in the province for age 0 to 5 spaces who fully meet Ontario's requirement for qualified employees in regulation under the CCEYA to at least 60% by fiscal year 2025 to 2026." (Action Plan 4.5.4)
- "As of March 31, 2021, there are 52,200 individuals working in the licensed child care centres and 25,600 are RECEs." (Action Plan 2.6). 49% were RECEs in 2021
- Ontario has moved the goalposts and now considers **only full-time program staff.** Ontario finds that 59.5% of full-time program staff were RECEs in December 2024.
- AG (2025) says that Ontario does not monitor recruitment and retention closely. There are no clear targets for training and joining sector.
- In January 2023, Ontario estimated that an additional 14,700 RECEs would be needed by end of 2026. A probable shortage of about 8,500 RECEs (Allison Jones CBC News). AG (2025) estimates the shortage at about 10,000. Ontario has no regular updates of workforce projections and needs a workforce demand and supply model.
- From 2022 to 2024, about 2,900 full-time director approved staff worked in child care centres, on average each year = about 7% of full-time program staff. There are now twelve times as many Director Approvals related to replacing RECEs as there were 5 years ago. These Director Approvals happen more frequently in for-profit than in non-profit facilities, but indicate the severity of staff shortages.

Wages – some movement

- In April 2022, the Ontario Ministry of Education adopted a new wage floor policy for RECEs working in licensed centres that were part of the CWELCC. For 2022, the wage floor for RECE program staff was $18 an hour, rising by $1 per hour each year. RECEs earning above $18 got a $1 per hour supplement up to a maximum of $25 per hour. The wage floor for RECE child care supervisors and RECE home child care visitors was $20 an hour in 2022, rising by $1 per hour thereafter.
- At the same time, Ontario increased wage supplement funding to permit a similar wage floor to be paid to RECEs working with children 6-12 years of age.
- Beginning January 2024, Ontario adopted a new workforce strategy. The Ministry had found that RECEs in child care earned $5.50 less than RECEs in school boards. And they are twice as likely to leave. This new workforce strategy raises the wage floor for RECEs to $23.86 per hour, with a $1.00 per hour supplement for those RECEs earning $26 per hour or less. For supervisors and home visitors the wage floor is $1 per hour higher. The wage floors rise by $1 an hour each year.
- The Ministry of Education wrote this about the new workforce strategy:
  "This new hourly rate will bring them in line with the starting wages of school board-employed RECEs."
- No province-wide benefits or pension plan

Wages are not high enough

- Auditor General (2025) found that starting wages for 2-year ECE diploma range from $23.29 to $28.86 across the provinces in 2025. Ontario starting wage is $24.86 in 2025.
- The average hourly wage of all full-time workers in Ontario in 2024 was $38.69/hour. The RECE starting wage is still less than 2/3rds of this average hourly wage.
- According to Ontario legislation, new centres must pay pay-equity wages. Pay equity comparator is municipal child care staff who earn $30-$40 per hour. Despite these legal requirements, Ontario does not implement pay equity for child care workers in its funding formula or in newly established centres.
- The Auditor General has concluded that the Ontario Ministry of Education does not have mechanisms in place to determine whether its workforce strategy is effective.

Inclusion and Subsidies

Inclusion and Subsidies

- Number of 0-5 children receiving child care subsidies has fallen by 31% since 2019
- From SSM data: 74,700 children 0-5 received subsidy in 2019. Now (2023) 51,300 children 0-5 receive subsidy. (AG 2025)
- From annual operator survey: 26.7% of all spaces received subsidy in March 2022. In Dec 2023, it was about 20%. (AG 2025)
- Ontario had grand plans to support new growth in underserved areas amongst underserved populations. This was called the Access and Inclusion Framework. There is no clear strategy to implement this framework.
- With not much money to support difficult growth, there has not been much success. Space allocation now emphasizes growth capacity.

Inclusion (2)

- The Ministry requires each SSM to spend a minimum percentage of their provincial child care funding, separate from funds allocated for CWELCC, on special needs resourcing.
- The Ministry does not collect data on families enrolled in child care to assess whether vulnerable children and children from diverse populations are receiving access.

END

EXTRA SLIDES TO RESPOND TO POSSIBLE QUESTIONS

Enrollment of children 0-5

Number of Children 0-5 By Main Care Arrangement Type, Ontario 2023

	Sum of weights	Percent
Main care arrangement		
Licensed/regulated care	278,040	32.0
Unlicensed non-relative care	61,950	7.1
Relative care	74,690	8.6
Parent-only care	455,140	52.3
Total	869,830	100.0

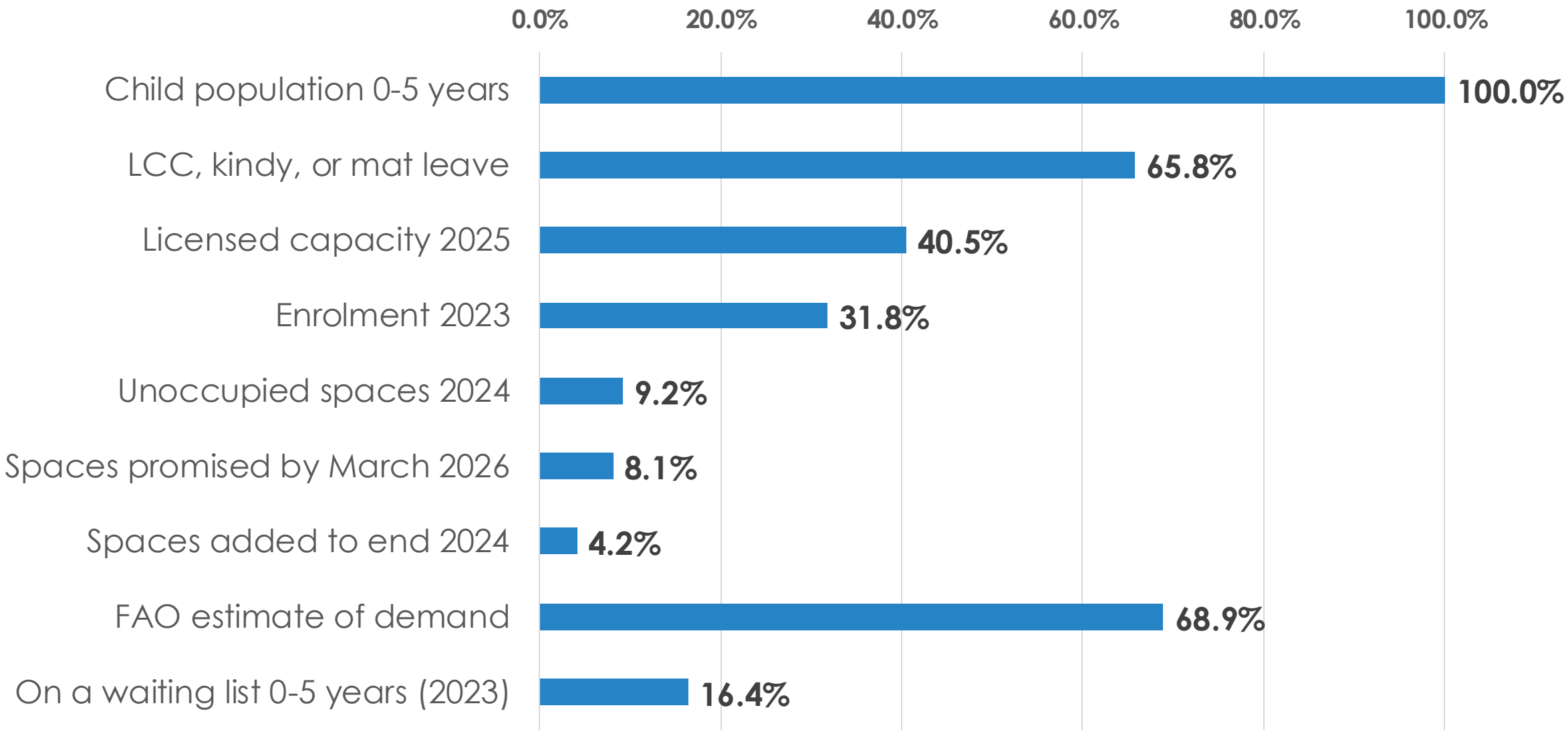
from Public User Microdata File (PUMF) of Statistics Canada's 2023 Canadian Survey on Early Learning and Child Care

Note that licensed centre spaces = 326,446. Auditor General estimates 80,500 spaces vacant or non-operational. 27% of all spaces

Adding kindergarten and maternity/parental leave gives a different perspective

Child in licensed child care, kindergarten and/or with parent on maternity/paren	Freq.	Percent	Cum.
Lic CC, kindergarten or mat/par leave	574,450	65.9	65.9
Unlicensed non-relative care	45,070	5.2	71.1
Relative care	51,800	5.9	77.1
Parent-only care (not including mat/par	199,890	22.9	100.00
Total	871,210	100.00	

Access to Licensed Child Care in Ontario, as % of child population 0-5



$625 million Infrastructure Fund

- Budget 2022 proposed to provide $625 million over four years, beginning in 2023-24, to Employment and Social Development Canada for an Early Learning and Child Care Infrastructure Fund. This funding enables provinces and territories to make further investments in child care infrastructure that supports greater inclusion in the Canada-wide ELCC system for underserved communities, such as: those in rural and remote regions, high cost/low-income urban neighbourhoods and communities with barriers to access, such as racialized, Indigenous, official language minority communities, and children, parents, and employees with disabilities. The Fund could also be used to support physical infrastructure for ELCC operators providing care during non-standard hours.
- Only not-for-profit and public ELCC providers are eligible for funding provided to provinces and territories under the ELCC Infrastructure Fund. Not-for-profit and public early learning and child care providers often face unique challenges to access the capital funding necessary to build and/or maintain appropriate facilities, especially inclusive spaces that support families in underserved communities.
- Infrastructure Fund Funding Profile

Fiscal Year	2023-2024	2024-2025	2025-2026	2026-2027	Total
Amount	$75 million	$150 million	$200 million	$200 million	$625 million

Expansion Loan Program CMHC

- The 2024 federal budget committed to establishing the Child Care Expansion Loan Program (CCELP), which will provide $1 billion in low-cost loans and $60 million in non-repayable contributions to help public and not-for-profit (NFP) child care operators build more child care spaces. Budget 2024 also committed to reallocating up to $41.5 million over five years, from within Employment and Social Development Canada, to establish a new capacity building program to help child care providers apply for funding through the CCELP and to support ELCC research initiatives.
- The loan program will be delivered by the Canada Mortgage and Housing Corporation (CMHC) and will leverage their expertise on loan program design, management, and delivery. Officials from ESDC, Housing, Communities, and Infrastructure Canada (HICC) and CMHC are working together to determine parameters for the loan program that will support rapid ELCC expansion and increase the number of spaces available to under-served communities, including rural, remote and Northern communities, and equity-deserving communities.

Auditor General Canada

- We found that as of March 2024, provincial and territorial governments reduced the average out-of-pocket fees for regulated child care spaces that received federal funding to approximately $16.50 per day across Canada. The target is to reach an average of $10 per day by March 2026. As of March 2024, 5 provinces and 3 territories had already met this target.
- The department's 5-year targets included not only lowering daily fees but also increasing the available number of regulated early learning and child care spaces by 250,000. However, over 3 years, we found that a little more than 112,000 new spaces had been created.
- The department did not collect sufficient information to analyze whether the implementation of provincial and territorial plans would provide equitable access, despite that objective having been set out in funding agreements.
- The department also lacked information to provide timely or comprehensive reports. For instance, it could not report on progress on initiatives for Indigenous early learning and child care, such as facility renovations or repairs. The department also had difficulty evaluating the performance of provincial and territorial governments, as it did not have comparable information. These gaps in data need to be addressed for the department to better understand whether the system is both financially sustainable and meeting the needs of families in Canada.

FAO report on Ministry of Education 2025

Cost of the CWELCC program

The FAO estimates that the CWELCC program will cost $4.2 billion in 2025-26, $5.2 billion in 2026-27 and $5.4 billion in 2027-28. This estimate assumes that the average daily cost for child care is reduced to $10 by the end of March 2026 and the Province is able to reach its target of 375,111 licensed child care spaces enrolled in the CWELCC program by the end of 2026.[9]

Under the current Canada-Ontario CWELCC agreement, which is scheduled to expire in March 2026, the FAO estimates that there are sufficient funds remaining to support the cost of the CWELCC program in 2025-26.

After 2025-26, both the federal government and the Province have indicated their intention to renew the CWELCC agreement; however, as of the writing of this report, a renewal has not been reached. In March 2025, the federal government announced a funding commitment of $16.8 billion over five years to support the renewal of the Canada-Ontario CWELCC agreement, including an estimated $3.2 billion in 2026-27 and $3.3 billion in 2027-28.[10] Based on the federal government's proposed funding levels, the FAO estimates that there would be a federal funding shortfall for the CWELCC program of $1.9 billion in 2026-27 and $2.0 billion in 2027-28.[11]