

MANAGEMENT REPORT

Date: May 13, 2025
To: Social Services Sub-committee
From: Calvin Mackenzie, Research and Program Analyst
Mandy Koroniak, Manager of Children's Services
Kim McElroy, Director of Social Services
Report Number: SOC25-007
Attachments: Canada-Wide Early Learning and Child Care (CWELCC) System
Priority Areas for Directed Growth 2023-2026

Title: Canada-Wide Early Learning and Child Care Implementation Update and Directed Growth Priorities

Objective: To provide Sub-committee with an update regarding implementation of the Canada-Wide Child Care (CWELCC) System and priorities for the directed growth of CWELCC spaces in Stratford, St. Marys, and Perth County.

Background: On March 28, 2022, the Province of Ontario entered into an agreement with the Government of Canada for implementation of the CWELCC System in Ontario, which was to reduce fees to an average of \$10 per day for children under the age of 6 in participating licensed childcare programs by March 2026. This information was previously shared with Council through Report SOC22-006 in April 2022.

In 2025, the maximum daily fee (or "base fee") was prescribed as \$22.00/day for all CWELCC-enrolled programs in Ontario. The Province also implemented a new Cost-Based Funding Formula, intended to provide operational funding representative of the costs of providing high-quality childcare to eligible children in Ontario.

As part of its plan to reach a provincial childcare access rate of 37%, Ontario committed to create 86,000 new CWELCC spaces (relative to 2019) by the end of 2026 and provided Service System Managers with notional targets for growth.

To support reaching this target, the Province undertook a space recalibration exercise and on March 31, 2025, shared updated growth targets for the remainder of the current CWELCC agreement, along with new information on the Early Learning and Child Care (ELCC) Infrastructure Fund. In addition, Service System Managers have been instructed to develop directed growth plans for the expansion of CWELCC spaces.

Analysis:

2025 Parent Fee Reduction and Cost-Based Funding Formula

In 2025, the maximum daily fee that may be charged in respect to an eligible child in a CWELCC-enrolled program is \$22.00/day, and the minimum fee is \$12.00/day. This is the mandatory fee (the base fee for childcare services) that that families pay to receive childcare. Information about any further parent fee reduction towards the \$10 per day average has not yet been shared by the Province.

The new Cost-Based Funding Formula replaces the previous revenue-replacement approach. Under this new funding model, childcare programs in Ontario that are not enrolled in CWELCC and serve children under the age of 6 are no longer eligible to receive many types of direct funding, including:

- Wage Enhancement Grant (WEG) and Home Child Care Enhancement Grant (HCCEG)
- Special Needs Resourcing program staff and equipment
- Childcare fee subsidy
- General Operating

At this time, 100% of eligible childcare programs in Stratford, St. Marys, and Perth County are enrolled in CWELCC, however new licensed childcare programs that do not enroll, or cannot be enrolled will be impacted by these changes. For-profit daycares are not eligible for the CWELCC funding.

A new accountability framework has additionally been implemented for administration of this funding by Service System Managers. These include the requirement to assess the eligibility of costs for cost-based funding, a third-party Direct Engagement to Report on Compliance on a sample of centres to verify the eligibility of costs and compliance with Ministry guidelines, and cost reviews by Service System Managers of a sample of centres receiving disproportionately large top-up allocations to identify potential cost reductions. This applies to the City-operated Anne Hathaway Daycare as well other supported providers in our area.

Updated CWELCC Space Targets, Allocations, and ELCC Infrastructure Fund

In its March 31, 2025, memo to Service System Managers, Stratford was provided with updated CWELCC space targets for the period of 2024-2026.

Revised CWELCC Space Targets for the City of Stratford, March 31, 2025

| Type of Setting | 2024 | 2025 | 2026 | Total |
|------------------------|-------------|-------------|-------------|--------------|
| School-based | 49 | 88 | 0 | 137 |
| Community-based | 0 | 120 | 204 | 324 |
| Total | 49 | 208 | 204 | 461 |

The revised CWELCC space targets represent a reduction of 108 spaces in total for the 5-year period of the current CWELCC agreement.

The Ministry has indicated that 100% of any growth should be not-for-profit. 235 of the 461 total spaces have been committed to previously approved licensed childcare expansions. Priority areas for growth are included in the attached report, City of Stratford Canada-Wide Early Learning and Child Care (CWELCC) Priority Areas for Growth 2023-2026.

Four municipalities have been identified as priority areas: North Perth, Perth East, Perth South, and Stratford. These municipalities were prioritized based on low current access rates, low numbers of infant spaces, and a high proportion of the total number of children aged 0-5.

New allocations under the Early Learning and Child Care (ELCC) Infrastructure Fund were also shared. This fund supports infrastructure projects with a goal of increasing inclusion in childcare for underserved communities. Eligible projects are for spaces that are centre-based, community-based, provided by a not-for-profit operator or directly operated by a Service System Manager, and approved for enrolment in CWELCC. In 2025, Stratford was provided with an allocation of \$1,619,188.

Stratford's 2025 Child Care Allocations have been accordingly revised as follows:

| Allocation | Initial 2025 | Revised January 2025 | Variance |
|---------------------------------|---------------------|-----------------------------|-----------------|
| Cost-Based Allocation | \$19,623,924 | \$15,983,381 | (\$3,640,543) |
| Start-up Grants | \$2,781,900 | \$421,208 | (\$2,360,692) |
| ELCC Infrastructure Fund | - | \$1,619,188 | \$1,619,188 |
| Administration | \$399,046 | \$384,030 | (\$15,016) |

Financial Implications:

Financial impact to current year operating budget:

The 2025 Social Services operating budget was estimated not knowing either the initial nor revised figures provided by the province, so the 2025 budgets estimates were based on 2024. Therefore, the revised Child Care Allocation does not impact the required municipal contribution for 2025, and Children's Services is working to manage the reduction to the Administration allocation within the remaining budget.

Financial impact on future year operating budget:

The Ministry of Education has not yet provided information on future funding plans, therefore impacts to operating budgets in 2026 and beyond are unknown currently.

Alignment with Strategic Priorities:**Work Together For Greater Impact**

This report aligns with this priority as the Children's Services Division works with community-based childcare operators to plan for and provide funding to support the expansion of affordable, high-quality licensed childcare in Stratford, St. Marys, and Perth County.

Alignment with One Planet Principles:**Health and Happiness**

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Staff Recommendation: THAT the report titled, "Canada-Wide Early Learning and Child Care Implementation Update and Directed Growth Priorities" (SOC25-007), be received for information.

Prepared by:

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Recommended by:

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