

New Funding Approach for Canada-Wide Early Learning and Childcare

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Report Summary

This report provides information on the update to Ontario's Ministry of Education funding formula for licensed childcare operators that will take effect in January 2025.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to operational matters.

Financial Implications

Increased provincial funding for the Canada-Wide Early Learning and Childcare System will flow through to childcare providers and will have no impact to the Childrens Services net budget.

Background

The Ministry of Education is in its third year of implementing the Canada-Wide Early Learning and Childcare (CWELCC) system. The goal of this initiative is to provide more families across the province with access to safe, affordable, and high-quality childcare. The plan will be fully phased in by March 2026, reducing the average cost of childcare for eligible children aged 0 to 5 years to approximately \$12 per day. Under the *Childcare and Early Years Act*, Greater Sudbury is one of 47 Service System Managers responsible for the planning, funding, administration and operation of early years and licensed childcare services in Ontario. On August 15, 2024, Ontario's Ministry of Education announced a new funding formula for licensed childcare operators that will take effect in January 2025.

New Funding Approach

The purpose of this communication update is to inform Council that in January 2025, the Ministry of Education will switch to a cost-based funding model to cover the operating costs of licensed childcare providers who serve children aged 0 to 5 years and are part of the Canada-Wide Early

Learning and Childcare plan. Cost-based funding allocations to licensees will include benchmark-based amounts, with adjustments for geographic differences, growth top-ups for new spaces, and added top-ups for existing licensees whose costs exceed their benchmark allocations. There will also be provisions for amounts in lieu of profit and surplus.

The cost-based funding approach is guided by the following principles:

- **Transparency:** A clear and consistent approach across the province, ensuring that licensees understand what to expect from the funding provided by service system managers.
- **Representativeness:** Funding reflects how childcare is delivered in Ontario and is based on the actual costs of providing care to eligible children.
- **Simplicity:** The process is easy to understand and minimizes the administrative burden on licensees.
- **Accountability:** Cost-control measures and safeguards ensure that public funding is distributed equitably and responsibly.

Starting in 2025, as part of the new childcare funding approach, Greater Sudbury will receive funding for local priorities to support childcare licensees in the following areas:

- **General Operating Grants:** For children aged 6-12
- **Wage Enhancement Grants (WEG)/Home Childcare Enhancement Grants (HCCEG):** Including wage enhancements under the Canada-Wide Early Learning and Childcare Workforce Strategy for children aged 6-12
- **Workforce Strategy – Professional Learning:** For children aged 0-12
- **Fee Subsidies:** For children aged 0-12
- **Special Needs Resourcing:** For children aged 0-12
- **Capacity-Building:** For children aged 0-12

The Children Services team is currently reviewing the Ministry of Education's guidelines and will work to update all key agreements and early learning and childcare policies to reflect the changes to Greater Sudbury's early years community. At this time, no new CWELCC spaces have been allocated to the community as part of this announcement. Children Services will continue to advocate to the province to support continued expansion in the community.

Next Steps

Following the release of full operational guidelines, a report to committee will follow in Q1 of 2025 which will include: funding impact to childcare operators; identification of any recalibrated space allocations for expansion; service targets for 6 to 12 years old who fall outside of the CWELCC planning; and workforce recruitment and retention initiatives.

Resources Cited

[CWELCC Cost-Based Funding Guideline - August 15, 2024](#)