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**Subject:** Canada-Wide Early Learning and Child Care Agreement Update

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, May 6, 2025

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## **Recommendations**

1. That a gross operating budget adjustment in the amount of \$2,135,544 and \$0 net, fully funded through the Ministry of Education (MEDU), **BE APPROVED** to support Niagara Region's early years and child care system; and
2. That the addition of 6.3 new permanent full time equivalents (FTEs) in Children's Services, one Directly Operated Child Care Specialist position, five (5) Regional Child Care Centre Registered Early Childhood Educators, and a conversion of a part time Child Care Cook to full time FTE (0.3), for a total gross cost of \$673,970 annually, to be accommodated within existing provincial funding **BE APPROVED**, in order to meet provincial requirements for the Canada-Wide Early Learning and Child Care (CWELCC) program.

## **Key Facts**

- The purpose of this report is to seek approval for a 2025 in-year budget adjustment of a \$2.1 million increase in provincial funding, as required by By-law 2017-63, Budget Control, Sections 6.6(a) and 6.6(b), and approval of six and a half (6.5) new permanent FTEs, in accordance with the Corporate Delegation of Authority Policy (C-HR-005).
- In March 2025, the MEDU recalibrated CWELCC expansion targets for 2024–2026; resulting in an increase of 229 additional spaces. The MEDU also allocated \$7.7 million to support capital expansion needs of non-profit providers. The expansion of spaces and infrastructure funding resulted in a net new funding increase of \$2.1M, increasing the MEDU funding allocation to \$192.9M.
- Approval is requested for 6.3 permanent FTEs for the Region's five directly operated centres, of which 5.3 are currently filled with temporary staff to meet operational needs. One additional FTE is required to meet updated Ministry requirements for CWELCC. These positions will be funded within the revised CWELCC allocation, with no impact on the tax levy.

## Financial Considerations

The MEDU has revised the funding allocation for the Niagara Region based on a space recalibration exercise, resulting in reductions in CWELCC funding of \$4.7M and CWELCC start up grants of \$0.8M. The decrease will not have any operational impact.

The MEDU has also introduced a new funding allocation for Early Learning and Child Care (ELCC) Infrastructure fund in the amount of \$7.7M. The net impact of the funding revision is an increase of \$2.1M. There is no impact to the Regional Levy as a result of the change, as outlined in Table 1 below.

Table 1: Revised Children's Services 2025 Operating Budget

	2025 Operating Budget	Budget Adjustment	Revised 2025 Operating Budget
2025 Gross Expenses net of Parent Fee Revenues	\$201.2M	\$2.1M	\$203.3M
2025 MEDU Funding Total	\$190.8M	\$2.1M	\$192.9M
2025 Regional Levy	\$10.4M	\$0	\$10.4M

Children's Services will invest the incremental funding into the delivery of early years and child care services as per the MEDU guidelines.

Of the total MEDU funding allocation, Niagara Region's five (5) directly operated child care centres will receive a total of \$7.4M in 2025. The new cost-based CWELCC funding allocation provides stable funding and enables the centres to convert existing temporary staffing into 5.3 permanent FTEs. Now that stable funding is in place under the new cost-based model, these positions are being made permanent. In addition, the CWELCC funding formula revision allows a larger portion of funding to be allocated to directly operated child care centres, supporting the addition of one (1) FTE specialist to ensure Ministry requirements are met.

The total cost for the 6.3 FTE is \$0.7M gross and \$0 net. Since the costs associated with the new permanent FTEs are already accounted for in the 2025 operating budget there is no impact on Niagara Region's tax levy.

## **Analysis**

The Canada-Wide Early Learning and Child Care (CWELCC) program was introduced in March 2022 to improve affordability, accessibility, and quality in the early learning and child care sector across Canada. The program supports fee reductions for families, increases wages for Early Childhood Educators, and enables child care providers to deliver high-quality services. CWELCC funding applies to programs serving children aged 0–5.

In Niagara Region, 187 out of 195 eligible licensed child care centres (96%) are participating in the CWELCC program. On average, approximately 8,800 children aged 0–5 are enrolled daily in CWELCC contracted program, which is a 23% increase since the program's implementation.

As part of CWELCC, effective January 1, 2025, child care fees across Ontario are capped at a maximum of \$22 per day.

In Niagara Region, families currently pay an average of \$19.99/day for full-day care for infants, toddlers, and preschoolers. Fees for before and after-school kindergarten care average \$13.44/day. These rates reflect an average reduction of 55% and 42%, respectively, compared to pre-CWELCC fee levels.

## **A New CWELCC Funding Formula in 2025**

In 2025, the provincial government shifted from a revenue-replacement to a cost-based funding model for child care centres, offering more equitable funding based on actual operational costs like rent, salaries, maintenance, and costs associated with meeting health and quality standards. The new funding formula is based on Niagara licensed child care programs' actual costs of operating child care centres with reduced fees. A full analysis of the funding model impact will be conducted mid-2026 and reported to the Public Health and Social Services Committee.

## **Niagara Region Directly Operated Child Care and CWELCC Funding**

The new cost-based funding allocation approach will provide the five (5) directly operated child care centres with a consistent, provincially funded allocation, permitting a stable staffing complement. This funding will enable the hiring of five permanent program staff to maintain child-to-staff ratios and meet the demands of a high-quality program. As well, it will enable the conversion of a part time cook to a full time cook, an

increase of 0.3 FTE. Currently, these roles are filled by temporary hours, which creates challenges with continuity and staff retention.

A dedicated Specialist position is required to oversee the administrative and project-based duties associated with CWELCC for directly operated child care centres to ensure consistent program implementation across the five sites. This role manages funding allocations, reporting requirements, compliance standards, and communication with staff, ensuring each centre remains compliant while optimizing service delivery.

### **New Child Care Infrastructure Fund**

Since CWELCC's introduction in 2022, 38 new centres have opened in Niagara, adding over 1,880 spaces, with 1,715 more spaces expected by 2026. The new 2025 ELCC Infrastructure Fund, with \$7.7M allocated to Niagara, will support non-profit projects to create new, licensed spaces for underserved communities, complementing existing funding provided to support new operators. Staff will implement the program in accordance with provincial direction.

### **Alternatives Reviewed**

Without the addition of 6.3 FTE - one (1) to support the CWELCC administrative requirements for directly operated centres and 5.3 to enhance service delivery at these centres, Niagara Region risks failing to meet provincial requirements for the CWELCC program.

If the budget adjustment is not approved, any unspent funds will need to be returned to the provincial government. This would lead to reduced funding for the local licensed child care system and could jeopardize the successful ongoing implementation of CWELCC.

### **Relationship to Council Strategic Priorities**

The CWELCC program aligns with the Council's strategic priorities of an effective and prosperous region as the provision of accessible and quality early learning programs and services supports the delivery of fiscally responsible and sustainable core services, and supports to attract and retain businesses, and create jobs and support a skilled workforce in Niagara.

## **Other Pertinent Reports**

CWCD 2022-189 Canada-Wide Early Learning and Child Care Agreement: A Plan for Ontario Families Status Update

[COM 19-2023 Canada-Wide Early Learning Child Care Expansion Plan](https://niagararegion.escribemeetings.com/PHSSC_Jun06_2023/Pages/VisitorView.aspx?itemID=18)

([https://niagararegion.escribemeetings.com/PHSSC\\_Jun06\\_2023/Pages/VisitorView.aspx?itemID=18](https://niagararegion.escribemeetings.com/PHSSC_Jun06_2023/Pages/VisitorView.aspx?itemID=18))

[COM 19-2023 Appendix 1 - CWELCC Licensed Child Care Spaces by Municipality](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=31750)

(<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=31750>)

[COM 10-2024 Canada-Wide Early Learning and Child Care Program Update](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=36772)

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### **Recommended by:**

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### **Submitted by:**

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