

**Ministry of Education
Early Years and Child Care Division**

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**Ministère de l'Éducation
Division de la petite enfance et de
la garde d'enfants**

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2022: EYCC02

TO: Chief Administrative Officers, General Managers and/or Directors, Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs)

FROM: Holly Moran
Assistant Deputy Minister
Early Years and Child Care Division

DATE: April 12, 2022

SUBJECT: Implementation of the Canada-Wide Early Learning and Child Care Plan between the Province of Ontario and the Government of Canada

I am pleased to share updates on the implementation of the Canada-Wide Early Learning and Child Care (CWELCC) System. Following the ministry communication on March 28, 2022 (see Attachment 1), this memo provides further detail and key information to support our partners as we work together to implement the CWELCC System.

Ontario's Action Plan for meeting its CWELCC commitments takes a phased approach to achieve its key objectives: affordability, accessibility, quality workforce, inclusion, and enhanced data and reporting.

Funding Overview

Under the agreement with the federal government, Ontario will receive \$13.2B over six years, which Ontario will use over five years, to reduce fees for families and deliver an average of \$10 a day child care for eligible children by September 2025. Appendix A provides the initial CWELCC 2022 allocations to CMSMs/DSSABs.

In 2022, CMSMs/DSSABs will receive funding under Ontario's CWELCC System, as part of a transitional allocation approach. In the initial rollout, \$785M has been allocated to address fee reductions, workforce compensation, administration and accounts for inflation.

Funding allocations have been determined using data that represents the current licensed child care system and projections for the 2022 calendar year. This includes data from the *Licensed Child Care Operations Survey* and the *Child Care Licensing System* (CCLS). The remaining 2022 CWELCC allocations, related to space expansion, will be allocated in the coming months.

For 2023 and beyond, the ministry's intent is to allocate child care funding using a revised child care funding formula. The ministry will consult with CMSMs/DSSABs on the development of the new funding formula later in 2022.

Participation in CWELCC

All Licensees with programs serving children under the age of 6 (or turning 6 before June 30) are eligible to apply to participate in the CWELCC System. Existing Licensees must advise their service system manager by September 1, 2022 of their intention to participate in the CWELCC System. Licensees that choose not to participate may continue to operate under the existing provincial licensing and regulatory framework and purchase of service agreements with their local CMSM/DSSAB. Licensees that are not part of the CWELCC System will not receive CWELCC System funding and may continue to set their own parent fees.

Licensees will be required to meet the following conditions in order to participate:

- In receipt of an existing or new purchase of service agreement with the service system manager
- Demonstrate financial viability
- Maintain the child care fees for Licensees who were in operation as of March 27, 2022 unless a fee increase was communicated to families/parents prior to the announcement of the CWELCC System on March 28, 2022.
- Maintain existing licensed spaces for ages 0-5 (pre-CWELECC announcement on March 28, 2022). Licensees may not convert existing 0-5 spaces to other age groups

The funding guideline addendum provided in Attachment 2 sets out the detailed requirements regarding CWELCC participation criteria.

Amendments to Child Care and Early Years Act, 2014: O. Reg 137/15 and O. Reg 138/15

To support the implementation of CWELCC system amendments have been made to O. Reg 137/15 and O. Reg 138/15 under the *Child Care and Early Years Act, 2014* (CCEYA) that would establish a clear cost control framework to support long term sustainability of the CWELCC system.

These amended regulations establish:

- an immediate freeze (effective March 27, 2022) on all parent fees for eligible children that would remain in effect until a licensee or applicant notifies their service system manager that they are not enrolling in the CWELCC system OR the licensee completes the enrolment process;
- a requirement that licensees enrolled in the CWELCC system reduce the daily cost of a licensed space by 25%, to a floor of \$12;
- a requirement that CMSMs and DSSABs reduce by 25% the parent contribution that is paid by a family receiving child care subsidy for eligible children;
- requirements related to retroactive payments, refunds, and non-base fees;
- requirements for notification to parents and staff/providers regarding whether or not the licensee intends to enroll in the CWELCC system;
- requirements to support parental choice when a licensee does not enroll in the CWELCC system; and,
- related enforcement mechanisms.

CWELCC Addendum Overview

The following will provide an overview of the CWELCC Addendum to the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (Guideline). For full details and implementation please refer to the Guideline.

Fee Reduction

A graduated approach to fee reductions will begin in Spring 2022 as follows:

- A fee reduction of up to 25% (to a minimum of \$12 per day) for eligible children retroactive to April 1, 2022
- A 50% daily fee reduction on average for eligible children by the end of calendar year 2022
- \$10 average daily child care fees for eligible children September 2025.

Fee Subsidy Parental Contribution Reduction

To ensure an equivalent fee reduction for families receiving child care fee subsidy who pay a parental contribution, amendments have been made under O. Reg 138/15. The amendments require CMSMs/DSSABs to reduce by 25% the parental contribution for eligible children who hold a spot with a licensed program that has enrolled in the CWELCC System. CMSMs and DSSABs will calculate the parental contribution reduction for fee subsidy families and provide the Licensee with the parental contribution refund amount.

Workforce Compensation

Workforce compensation funding is available to eligible staff employed by Licensees regardless of the age of the children they are supporting.

Eligible staff categories will have their hourly wage increased to align with the wage floor and will be eligible for an annual increase, including staff in licensed before and after school programs for 6-12 years.

Overview of Implementation Timelines

For Licensees participating in the CWELCC System, the 2022 fee reduction will be implemented in two phases. In phase one, Ontario will begin with an immediate first step of reducing child care fees for eligible children by 25 per cent (to a minimum of \$12 per day), retroactive to April 1, 2022. In phase two, the parent fees for the same age group will be reduced again to reach an average reduction of 50% by as of December 31, 2022. Further fee reductions occur by September 2024, culminating in a final reduction to an average of \$10-a-day child care by September 2025.

As announced, Ontario will improve compensation for the child care workforce effective April 2022. CMSMs and DSSABs will receive funding to raise the wage floor to \$18 per hour for Registered Early Childhood Educators (RECEs) and \$20 per hour for RECE Supervisors to improve recruitment and retention in the child care workforce. Going forward, RECE program staff and supervisors will receive a \$1 per hour wage increase each year from 2023 to 2026, up to a maximum of \$25/hour.

In addition, workforce compensation funding will be provided to Licensees to offset wage increases for Non-RECE staff associated with the increased minimum wage that came into effect

January 1, 2022. Non-RECE staff have a wage floor of \$17 per hour including both the minimum wage and the Wage Enhancement Grant of \$2 per hour.. CMSMs/DSSABs should ensure funding provided to Licensees supports inflationary costs associated with base fees for a Licensee's child care operations for eligible children, including inflationary compensation increases for staff. Funding for 2.6% inflationary increases has been provided through the allocation in 2022.

Ontario is also working to develop a workforce strategy aimed at continuing to support improved recruitment and retention in the sector.

In the spring and summer of 2022, we will engage sector partners regarding space expansion priorities and the development of an inclusion framework to support the needs of vulnerable and diverse populations including Indigenous, Francophone, Black and other racialized, newcomer, low-income and children with special needs. In late 2022, CMSMs/DSSABs will be expected to develop space expansion plans and build on existing community service plans.

Throughout the year, the province will also update provincial quality tools, continue to work with our service system partners to review updates to the Special Needs Resourcing guideline, develop and implement a child care start-up grant program, and consult on possible additional regulatory changes such as flexible staffing requirements for child care programs serving school age children and changes to the CWELCC System application process for licensees not yet participating.

Role of Service System Managers

CMSMs/DSSABs will continue their critical role as the designated child care and early years service system managers responsible for planning and managing licensed child care services and EarlyON Child and Family Centers in their communities.

To support the CWELCC System, service system managers will be expected to extend funding to all eligible Licensees that choose to participate and agree to the terms and conditions under the System. We recognize this will be a fundamental shift for some CMSMs/DSSABs and we will work with you to support children and families with accessing more affordable licensed child care. Administrative funding will be restored, as we recognize this is not the time to implement the previously announced funding cuts.

Attachment 2 provides funding guidelines for CMSM/DSSABs, with information on:

- Licensee eligibility and participation criteria
- Funding and Accountability
- Eligible expenses
- Reporting requirements
- Wage increases for eligible program staff

All licensees who wish to participate in the CWELCC System will be required to work with their service system manager to ensure that they meet provincial requirements and agree to the terms and conditions associated with the CWELCC System. Changes to the licensing process will be introduced to ensure that service system managers have the opportunity to advise potential applicants of funding availability in advance of licensing.

In the effort to support immediate and consistent implementation, the ministry is sharing a sample CWELCC application form and purchase of service agreement checklist tool that can be used by CMSMs/DSSABs to begin enrollment of licensees in the CWELCC System as early as April 19, 2022.

Finally, CMSM/DSSABs will be expected to establish policies and procedures to facilitate ongoing communication, distribution of information, and the inclusion of accessible information on their child care websites.

Cash Flow Payment

Funding for CWELCC will be paid to CMSMs/DSSABs one month in advance to ensure CMSMs/DSSABs have adequate cash flow to provide to child care Licensees. As a result, the payments flowed to CMSMs/DSSABs for the period of April to December 2022 will include funding for 10 months, including for January 2023 which will require a higher level of funding to cover the next fee reduction starting December 31, 2022.

Funding will be provided in 10 equal payments in 2022, CMSMs/DSSABs should budget to ensure that based on the cash flows received in 2022, adequate funding is available to support the additional fee reduction in the month of January 2023.

The first CWELCC payment to CMSMs will be deposited in May and will include payments for the months of April, May, and June.

Next Steps

Successful implementation of the CWELCC System is only possible with the commitment, knowledge, and experience of Ontario's diverse range of child care and early years leaders. Over the coming months, we will collaborate with CMSMs/DSSABs, Licensees and other sector partners as we chart our path forward. Continued targeted engagement will focus on next steps for fee reductions, approaches to enable workforce recruitment and retention, space expansion planning, and the development of frameworks to support directed growth, inclusion, and quality.

I want to extend my sincere gratitude to you and your staff for your unwavering commitment to supporting your communities. We look forward to working with you on the transformational work ahead.

Please note, the communications products related to this memo will be released in English. Products translated in French will be made available shortly. In the meantime, if you have any questions, please contact your Early Years Advisor (EYA). A listing of EYAs can be found on the [ministry website](#).

Veuillez noter que les documents de référence liés à cette note de service seront publiés en anglais. Les traductions en français seront disponibles sous peu. Si vous avez des questions dans l'entremise, veuillez communiquer avec votre conseillère pour la petite enfance (CPE). Vous trouverez une liste des CPE sur le [site Web du ministère](#).

Sincerely,

Holly Moran
Assistant Deputy Minister
Early Years and Child Care Division
Ministry of Education

c: Early Years Advisors, Programs and Service Integration Branch
Financial Analysts, Financial Accountability and Data Analysis Branch

Attachments:

- Attachment 1: March 28, 2022 Email Communication: “Canada-Wide Early Learning and Child Care Agreement between the Province of Ontario and the Government of Canada”
- Attachment 2: Addendum to Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline (2022)

Appendix:

- Appendix A: Initial 2022 CWELCC Allocations to CMSMs/DSSABs

Appendix A: Initial 2022 CWELCC Allocations to CMSMs/DSSABs

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CMSM/DSSAB	Fee Reduction	Workforce Compensation	Administration	2022 Total CWELCC Funding
Corporation of the City of Brantford	4,728,232	375,260	198,412	5,301,904
City of Cornwall	2,535,129	253,832	146,517	2,935,478
City of Greater Sudbury	8,104,135	273,626	272,615	8,650,376
The City of Hamilton	29,000,451	1,189,378	728,912	30,918,741
Corporation of the City of Kawartha Lakes	1,828,971	167,774	110,971	2,107,716
Corporation of the City of Kingston	6,341,517	489,458	210,173	7,041,148
Corporation of the City of London	23,255,717	1,597,149	560,886	25,413,752
City of Ottawa	56,995,831	1,767,825	1,247,915	60,011,571
Corporation of the City of Peterborough	5,472,602	278,039	203,369	5,954,010
Corporation of the City of St. Thomas	2,712,998	356,590	133,490	3,203,078
Corporation of the City of Stratford	2,064,107	183,271	119,462	2,366,840
City of Toronto	190,796,428	4,899,614	3,410,578	199,106,620
Corporation of the City of Windsor	14,532,971	1,373,963	482,780	16,389,714
Corporation of the County of Bruce	2,880,681	206,575	124,841	3,212,097
Corporation of the County of Dufferin	3,096,331	147,125	129,324	3,372,780
Corporation of the County of Grey	2,915,923	338,301	136,285	3,390,509
Corporation of the County of Hastings	4,277,712	319,472	160,440	4,757,624
Corporation of the County of Huron	1,749,848	130,427	109,547	1,989,822
Corporation of the County of Lambton	4,669,992	559,477	174,943	5,404,412
County of Lanark	3,307,774	61,074	141,928	3,510,776
County of Lennox & Addington	1,444,266	80,356	100,581	1,625,203
County of Northumberland	2,097,542	203,870	119,356	2,420,768
County of Oxford	2,513,496	114,260	130,590	2,758,346
County of Renfrew	2,550,655	208,024	122,943	2,881,622
County of Simcoe	19,653,100	1,135,931	537,417	21,326,448
County of Wellington	8,123,151	378,374	249,094	8,750,619
District Municipality of Muskoka	1,416,813	47,757	96,890	1,561,460
Corporation of the Municipality of Chatham-Kent	4,011,345	345,712	172,148	4,529,205
The Corporation of Norfolk County	2,208,955	180,958	125,949	2,515,862

CMSM/DSSAB	Fee Reduction	Workforce Compensation	Administration	2022 Total CWELCC Funding
Regional Municipality of Durham	38,684,759	1,831,283	960,752	41,476,794
Regional Municipality of Halton	47,406,146	2,172,091	1,008,270	50,586,507
Regional Municipality of Niagara	14,520,586	1,039,646	459,944	16,020,176
Regional Municipality of Peel	72,685,395	3,555,871	1,512,348	77,753,614
Regional Municipality of Waterloo	22,819,656	784,821	513,843	24,118,320
Regional Municipality of York	96,920,973	4,284,640	1,950,028	103,155,641
United Counties of Leeds & Grenville	2,818,349	315,698	136,760	3,270,807
United Counties of Prescott & Russell	4,059,516	226,856	182,643	4,469,015
Algoma District Services Administration Board	1,223,984	71,037	94,991	1,390,012
District of Cochrane Social Service Administration Board	2,900,598	203,609	143,405	3,247,612
District of Nipissing Social Services Administration Board	3,792,222	335,783	167,296	4,295,301
District of Parry Sound Social Services Administration Board	996,868	18,221	80,646	1,095,735
District of Sault Ste Marie Social Services Administration Board	2,575,839	147,215	125,632	2,848,686
District of Timiskaming Social Services Administration Board	1,001,479	77,469	85,234	1,164,182
Kenora District Services Board	1,742,109	30,263	105,539	1,877,911
Manitoulin-Sudbury District Social Services Administration Board	435,048	43,492	81,437	559,977
Rainy River District Social Services Administration Board	667,016	20,222	76,058	763,296
District of Thunder Bay Social Services Administration Board	3,462,782	178,312	140,135	3,781,229
PROVINCIAL TOTAL	734,000,000	33,000,000	18,283,317	785,283,316