

Ministry of Education
Early Years and Child Care Division

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Ministère de l'Éducation
Division de la petite enfance et de
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MEMORANDUM

TO: Consolidated Municipal Service Managers and District Social Services Administration Boards

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

DATE: May 7, 2024

SUBJECT: Update on timelines for new CWELCC funding approach

Thank you for your continued dedication to ensuring Ontario families have increased access to affordable, accessible, inclusive, and high-quality child care.

As Ontario undergoes a substantial transformation in publicly funded child care through the implementation of the Canada-wide Early Learning and Child Care (CWELCC) system, sector feedback has been instrumental to the ministry as we work to ensure a new funding approach provides the best possible outcomes for Ontario's children and child care sector.

In September 2023, we announced that the existing revenue replacement approach to CWELCC funding was to remain in place for at least the first eight months of 2024, pending the announcement of the new funding approach. As we finalize plans for implementing the new funding approach, I want to provide an update on timing.

To ensure that our municipal partners and licensees have the time they need to prepare for the new CWELCC funding approach, and to align with municipal fiscal planning, I am writing to confirm that the existing revenue replacement approach to CWELCC funding will remain in place until December 31, 2024. **A new, cost-based CWELCC funding approach will come into effect in January 2025.** Detailed information about the new funding approach will be provided soon to allow for sufficient time to support smooth implementation.

In the meantime, the ministry recognizes that licensees may be subject to cost escalation that is beyond their control and may feel that the current revenue replacement funding approach could impact their capacity to participate in the CWELCC system. Having heard such concerns, the ministry included about \$235M in 2024 allocations to support cost increases since March 2022 (when age 0 to 5 base fees were frozen) that CWELCC-enrolled operators may be facing.

Further, the ministry has included more than \$98M in 2024 allocations to support emerging issues for CWELCC-enrolled operators whose revenue is insufficient to support their non-discretionary costs in 2024, including known rent increases. Service System Managers are required to implement a fair and transparent process, such as an application, to allocate this funding.

To better understand the current landscape of emerging issues funding, we are asking Service System Managers to submit an updated emerging issues template (see attached). For simplicity, this is the same template as used for the February 5, 2024 reports, with minor adjustments. We are asking that this updated template be **returned to your Financial Analyst by Friday June 21, 2024**.

We recognize that the implementation of the CWELCC system is a significant undertaking and appreciate your commitment as we transition to a new funding approach – one that is sustainable and responsive to child care cost structures to support an affordable child care system and its growth.

We want to reiterate our sincerest appreciation for your continued partnership as we work towards improving and strengthening child care and early years programs and services in Ontario.

Sincerely,

Original signed by:

Holly Moran
Assistant Deputy Minister
Early Years and Child Care Division

cc: Matthew DesRosiers, Director, Funding Branch
Katie Williams, Director, Early Years Branch
Karen Puhlmann, Director, Child Care Branch