

Performance Audit

Canada-wide Early Learning and Child Care Program

// Independent Auditor's Report



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1.0 Audit at a Glance

// Why We Did This Audit

- In March 2022, Ontario and Canada signed the Canada-wide Early Learning and Child Care (CWELCC) Agreement. The Province was allocated \$10.23 billion over five years to support its CWELCC objectives, including reducing child-care fees paid by families (parent fees) for children under age six to an average of \$10 per day and increasing access to child-care spaces.
- Since the CWELCC program was introduced in Ontario in April 2022, the province's child-care system has undergone significant transformation, shifting from being mostly parent funded to being mostly publicly funded. As of December 2024, CWELCC spaces represent about 92% of all licensed child-care spaces for children under age six in Ontario.
- The initial five-year term of this Agreement will end on March 31, 2026. As of August 2025, the Government of Canada and the Ministry of Education (Ministry) are in discussions to finalize the terms for an extension of the Agreement, marking an opportunity to review the program's progress toward the commitments made in the Agreement and to assess the effectiveness of the program.

92%
of all licensed child-care
spaces for children under
age six in Ontario are
CWELCC spaces

// What We Found

The Province Added 75% of the Child-Care Spaces It Had Targeted to Create by the End of 2024, But Child-Care Enrolment Has Declined for Families Receiving the Fee Subsidy

- By December 31, 2024, about 36,000 new CWELCC spaces had been added since 2019, or approximately 75% of the Ministry's target of about 48,000 for that period.
- In May 2023, the Ministry allocated new spaces across the 47 regions in Ontario, with consideration for each region's child-care access rate, which is the proportion of licensed child-care spaces relative to the total population of children. Some regions with lower access rates could not create their allocated spaces because they lacked suitable infrastructure or the interested operators did not meet the target auspice requirement to maintain 70% not-for-profit spaces and 30% for-profit spaces in their regions.
- As part of this space allocation, the Ministry focused on improving equity in child-care access across the province as well as supporting underserved and vulnerable populations. In March 2025, the Ministry communicated revised space-creation targets to regions to address the shortfall described above, but this re-allocation of spaces prioritized regional capacity for growth rather than improvements to regional access rates or access for these priority groups.
- Compared to 2019, child-care enrolment has decreased by 31% for typically lower-income families that are receiving the child-care fee subsidy. The CWELCC program has reduced child-care costs, causing the overall demand for spaces to increase. This has made it more difficult for families, including those eligible for the fee subsidy, to find available child-care spaces.

Compared to 2019, child-care enrolment has decreased by 31% for typically lower-income families that are receiving the child-care fee subsidy.

» Recommendation 1

Some Centres Consistently Operate Below Full Capacity, but the Ministry Does Not Track This Data

- As of December 2023, about 80,500 (27%) CWELCC spaces in Ontario did not have children enrolled, due to being vacant or not operational.
- We found that the Ministry has not sufficiently monitored the number of unutilized spaces at provincial and regional levels to identify and address systemic issues leading to underutilized

spaces and to better ensure the efficient use of available CWELCC spaces to support program objectives.

» Recommendation 2

The Ministry Does Not Collect Wait List Data to Understand How Child-Care Demand Varies Across the Province

- As parent fees for CWELCC spaces have decreased, finding a space has become more challenging for families. Some child-care centres maintain their own wait lists, but there is no consistent approach across the province to help the Ministry understand how the demand for child care varies in different regions.
- We found that some service system managers (SSMs) do not have a centralized wait list system, so they rely on operators to report their wait list data monthly. That data may include the same child on multiple wait lists at different centres. Another SSM had a central website for its region and saw its wait list increase from about 5,000 children in December 2021 to about 12,500 children in December 2024.

» Recommendation 3

Recent Trends Suggest that the Ministry Will Likely Need to Change Its Current Plans to Achieve the Target Average Parent Fee of \$10 per Day by March 2026

- The Ministry's plan to achieve an average parent fee of \$10 per day considers that eligible families, who typically earn lower incomes, receive a full or partial child-care fee subsidy. This requires families who are not eligible for the fee subsidy to pay \$12 per day by March 2026 to reach the overall \$10 average.
- Between 2022 and 2023, an average of 41,900 children under age six received full fee subsidies annually. To achieve the average parent fee of \$10 per day, the number of children in CWELCC spaces that receive the full fee subsidy would need to increase to over 57,000. However, as mentioned above, enrolment has decreased by 31% for families that received the fee subsidy.
- Since there are fewer children eligible for the fee subsidy, the average parent fee may be somewhere between the \$10 target and the \$12 maximum. This means that program changes, such as a change to the planned \$12 maximum daily parent fee, may need to be made to ensure that the commitment in the Agreement is met.

» Recommendation 5

There Is an Estimated Funding Shortfall of Almost \$2 Billion Expected for 2026/27

- The Province signed the Agreement with the Government of Canada in March 2022, and was allocated \$10.23 billion over five years from 2021 to 2026. Knowing that the cost of the program would exceed this funding, the Ministry started the program in April 2022, spending the federal government's five-year funding commitment over four years.
- The Province has estimated that, for 2026/27, there is a funding shortfall of about \$1.95 billion, assuming the CWELCC Agreement is extended based on the amount of federal and provincial funding currently committed to. Without additional federal and/or provincial funding, the Ministry estimated that parent fees would need to increase.
- The Ministry has not analyzed how child-care costs in Ontario differ from the other provinces and territories, some of whom achieved the target average parent fee of \$10 per day.

The Province has estimated that, for 2026/27, there is a funding shortfall of about \$1.95 billion.

» Recommendation 6

The Province Has Not Yet Achieved Its 60% Registered Early Childhood Educator (RECE) Workforce Target

- Under the Agreement, the Province committed to increasing the percentage of qualified employees to at least 60% by March 31, 2026. At the time of our audit, the Ministry has reported this target as full-time RECE program staff. RECEs made up 58.9% of full-time program staff when the Agreement was signed in 2022 and about 59.5% as of December 2024.
- The Ministry initially estimated in 2022 that 8,500 additional RECEs would be needed in the child-care sector by 2026 but did not have an updated estimate by the time our audit began. We revised the calculation to reflect recent workforce trends and the planned increase in CWELCC spaces and estimated that up to an additional 10,000 RECEs could be needed by December 2026.

We revised the Ministry's calculation and estimated that up to an additional 10,000 RECEs could be needed by December 2026.

» Recommendation 9

The Ministry Has Not Established Clear Performance Targets for Parts of Its Workforce Strategy

- The Ministry's workforce strategy includes initiatives to improve recruitment and retention of the RECE workforce, but we found that the Ministry does not have clear targets for how many RECEs were expected to be trained and to join the child-care sector through these initiatives.
- The Ministry created a dashboard to track key data on the RECE workforce, including new members and enrolment into ECE programs. These data points do not measure the effectiveness of specific Ministry initiatives to improve recruitment and retention of RECEs.

» Recommendation 11

// Our Conclusion

We found that the Ministry had effective systems and procedures in place to meet the interim commitment of the CWELCC Agreement to reduce parent fees by an average of 50% by the end of December 2022.

Many of the remaining commitments are required to be met by March 31, 2026, and have not been achieved at the time of our audit. The Ministry has initially developed plans to deliver child-care funding to support the Agreement's affordability, access, quality and inclusion objectives. We found that the systems and procedures in place to meet the targets by the end of the Agreement are not effective, and the commitments are at risk of not being met based on current projections and without changes to plans.

- Based on recent trends, the Ministry will likely need to change its current plans to achieve the target average parent fee of \$10 per day by March 31, 2026.
- As of December 2024, the province had fallen behind the Ministry's annual targets for the number of new child-care spaces created, and it is unclear whether regions can meet their targets within the timeline.
- The number of RECEs in the workforce has increased, but it is still below the Province's target of comprising 60% of the child-care sector workforce.

We also found opportunities for the Ministry to improve its performance measurement and reporting by tracking more data, and to support child-care access for vulnerable and underserved populations.

The Ministry has agreed with all 11 of our recommendations.



2.0 Background

2.1 Overview of the CWELCC Agreement

In 2021, the Government of Canada announced a national plan to lower the parent fee for child care for children under age six to an average of \$10 per day. The federal government signed five-year agreements with each province and territory, from April 1, 2021, to March 31, 2026, and committed to provide funding over this period to support the initiative. **Appendix 1** summarizes the key differences between CWELCC agreements across provinces and territories.

Ontario signed the **CWELCC Agreement** on March 28, 2022. The Agreement includes five objectives and commitments, summarized as follows:



Affordability

- » Reduce parent fees for children under age six in CWELCC-enrolled child-care spaces by an average of 50% from 2020 levels by the end of December 2022.
- » Reduce parent fees for children under age six in CWELCC-enrolled child-care spaces to an average of \$10 per day by the end of March 2026.



Access

- » For children under age six, create 76,700 new licensed child-care spaces by March 31, 2026, and 86,000 by December 31, 2026, compared to March 2019.
- » To support the creation of new spaces, provide Start-up Grants for new spaces in areas of highest need (with grants aiming to support 8,000 new spaces by the end of 2023 and 18,000 new spaces in total by the end of the Agreement).



Quality

- » Maintain and improve evidence-based quality frameworks, standards and tools for early learning and child care.
- » Develop a wage framework for Early Childhood Educators (and commit to its implementation by setting a wage floor and instituting wage improvements).
- » Increase the percentage of child-care workers providing licensed child care in the province for children under age six who fully meet Ontario's requirements for qualified employees to at least 60% by March 2026.



Inclusion

- » Develop and fund a plan that supports access to licensed child-care spaces for vulnerable children and children from diverse populations.
- » Where possible, report on the annual public expenditures on child-care programming dedicated to children from diverse/vulnerable families, maintain or increase the current level of licensed child-care spaces offering French-language and bilingual programs for children under age six, and continue to meet or exceed the number of French child-care spaces for children under age six proportional to the population of French-speaking people in Ontario by March 2026.
- » Work with the federal government to monitor quality and inclusion goals with statistical data, including gathering data and conducting assessments on barriers to access.



Data sharing and reporting

- » Share financial and administrative data with the federal government needed to monitor progress in establishing the Canada-wide system.

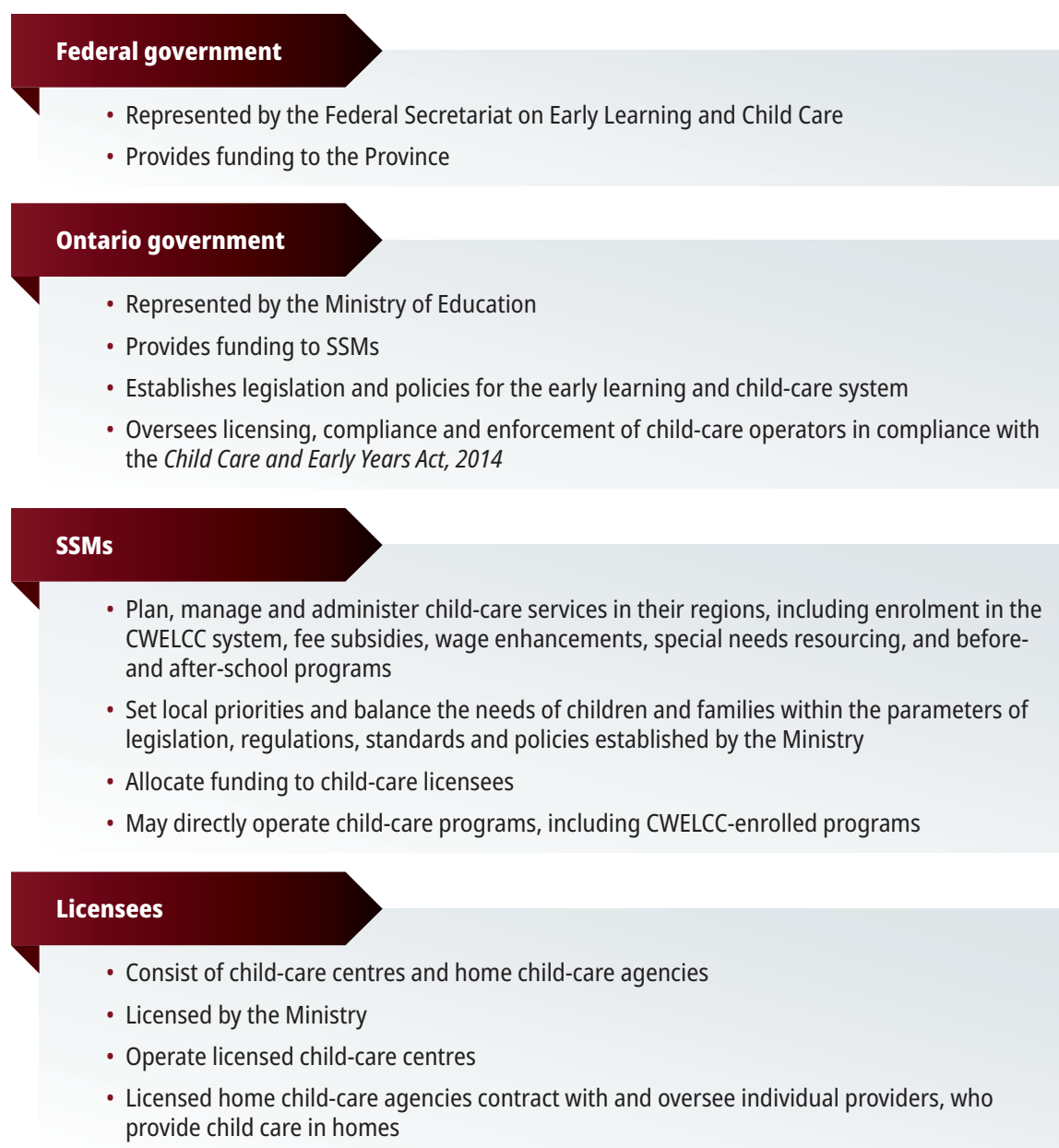
Ontario's CWELCC program runs from April 1, 2022, to March 31, 2026. In March 2025, the federal government announced that the Agreement would be extended by an additional five years, which the Province of Ontario agreed to in principle. As of August 2025, the Government of Canada and the Ministry are in discussions to finalize the terms for an extension of the Agreement.

2.1.1 CWELCC and the Child-Care System in Ontario

The federal, provincial and municipal governments, along with SSMs and licensees, all have roles and responsibilities in Ontario's child-care system and delivering the CWELCC program, described in **Figure 1**.

Figure 1: Roles and Responsibilities of Partners in Ontario's Child-Care System

Source of data: Ministry of Education



Ontario's municipalities are represented by 47 SSMs, as shown in **Appendix 2**. Ontario is the only jurisdiction in Canada where child-care services are managed by SSMs instead of the provincial and territorial governments, so operators in Ontario do not have a direct funding relationship with the responsible ministry.

The CWELCC program is optional for operators to participate in. If an operator applies to enrol and is approved, all of its licensed spaces for children under age six are included in the program. Operators must then operate within the requirements of the program, such as charging up to the maximum parent fee of \$22 per day in 2025.

Operators can leave the CWELCC program at any time. Between December 2023 and December 2024, 10 licensees (nine centres and one home agency), representing 385 licensed spaces, left the program. During the same period, 215 licensees (213 centres and two home agencies) enrolled in the program, representing about 10,000 new licensed spaces.

As of 2023, the provincial access rate for children under age six in the CWELCC program was approximately 36%, reflecting the proportion of licensed spaces in the program relative to the total population of children under age six. **Appendix 3** shows the access rates for all 47 SSMs.



Some types of child-care arrangements, such as care provided by a relative or an unlicensed provider in a private home, are outside of the Ministry's licensing and inspection process but are subject to the *Child Care and Early Years Act, 2014* (Act) and regulations. These arrangements are not included in the CWELCC program. Separate from the CWELCC program, the Ministry funds full-day kindergarten offered by public schools for four- and five-year-olds, providing this age group with early learning and care during the school day and reducing their need for child care. These children may also attend before- and after-school programs, which are subject to the maximum parent fee if the programs are enrolled in CWELCC.




2.2 Affordability Objective of the CWELCC Agreement

2.2.1 Child-Care Fees

Before the CWELCC program was established in April 2022, Ontario's child-care system was mostly funded by parent fees. Previously, each operator set its own fees, which would typically vary depending on the associated costs of care and the desired profit/surplus margin. Costs of care can differ based on factors such as: the enrolled children's age group, which impacts the number of staff required, as discussed in **Section 2.4.1**; and the operator's geographic location.

The CWELCC program shifted the child-care system in Ontario for children under age six from being mostly parent funded to being mostly publicly funded. Before April 2022, parents paid an average of about \$48 per day for a child-care space in Ontario. Under the Agreement, government funding will reduce parent fees to an average of \$10 per day by March 31, 2026, for children under age six when they are enrolled with a participating licensee.

Before April 2022 –
average parent fee
\$48/day



By March 2026 –
average parent fee
\$10/day

The CWELCC program shifted the child-care system in Ontario from being mostly parent funded to being mostly publicly funded.

The Ministry developed a phased approach to reducing fees gradually over four years, summarized in **Figure 2**.

Figure 2: Child-Care Fee Reductions Under the CWELCC Program, 2022–2026

Source of data: Ministry of Education

Effective Date	Parent Fee	Provincial Average Parent Fee per Day, per Child ¹ (\$)	Provincial Average Parent Fee per Month, per Child ² (\$)
Prior to introduction of CWELCC	n/a	48	1,008
April 1, 2022	25% reduction in parent fees (to a minimum of \$12 per day) ³	36	756
December 31, 2022	Additional 37% reduction in parent fees, for a cumulative reduction of 52.75% (to a minimum of \$12 per day)	23	483
January 1, 2025 (estimated)	Maximum of \$22 per day	19	399
By March 31, 2026 (estimated)	Maximum of \$12 per day	12	252

1. Excluding the impact of the fee subsidy. With the fee subsidy, the average parent fee is expected to be \$10 per day by March 31, 2026.
2. The parent fee per month will vary depending on the number of days that child care is provided each month. The average parent fee per month shown here assumes 21 days in a month, which approximates full-time child care on weekdays.
3. Centres were required to keep their parent fees consistent with what they charged on March 27, 2022 (the day before the Province entered into the Agreement). The fee-reduction percentage was then applied to the parent fees. This resulted in an equal percentage fee reduction for families, but each family's fee varied depending on the age of the child.

At the time of our audit, the Ministry plans to set a maximum parent fee of \$12 per day for a space with a participating licensee by March 31, 2026. The effective date for the fee reduction has not been announced as of August 2025.

Some enrolled families may also be eligible for a separate fee subsidy to reduce their parent fees. By providing eligible families with the fee subsidy to lower their parent fees below \$12 per day, the Ministry expects to achieve an average parent fee of \$10 per day across Ontario.

Child-Care Fee Subsidy

The child-care fee subsidy predates the CWELCC program and is intended to help typically lower-income families reduce their child-care costs. The fee subsidy program's eligibility requirements are summarized in **Appendix 4**.

Before January 2025, the federal government, provincial government and SSMs all contributed funding toward delivering the fee subsidy. As of January 2025, the federal funding that previously supported the fee subsidy is expected to fund the CWELCC program, and the fee subsidy will be supported by the provincial government and SSMs only.

2.2.2 Funding Framework

The federal government allocates funding for the CWELCC program to the Ministry. The Ministry allocates this funding to each of the 47 SSMs, who then allocate funding to the individual licensees according to Ministry guidelines.

From April 1, 2022, to December 31, 2024, under a revenue-replacement framework, the Ministry funded operators for their lost revenues when parent fees were reduced by up to 25% starting April 1, 2022, and then by up to 52.75% starting December 31, 2022.

Effective January 2025, the Ministry introduced a new, cost-based funding framework, where all operators in the program are funded based on the eligible expenses they incur in the year, up to a maximum amount determined by the funding formula. **Figure 3** shows the differences between the two approaches.

Figure 3: Changes to the Financial Model for Child-Care Licensees¹

Prepared by the Office of the Auditor General of Ontario

	Prior to CWELCC (Before April 1, 2022)	Revenue-Replacement Model (2022–2024)	Cost-based Funding Model (2025)
Revenue			
Parent fee per day	\$100	\$47.25 ²	\$22 ³
Federal, provincial and municipal funding	–	\$52.75	\$78 ⁴
Total revenue	\$100	\$100	\$100
Expenses	(\$92)	(\$92)	(\$92)
Net profit/surplus⁵	\$8	\$8	\$8

1. This comparison is for illustration purposes only. Each operator's revenue, expenses and profit/surplus will vary.
2. Parent fee reduction ranged from 25% on April 1, 2022, to 52.75% by December 31, 2022. This example is based on a rate as of December 31, 2022.
3. Maximum parent fee as of January 1, 2025.
4. The amount of funding under the cost-based funding framework is calculated based on the actual eligible costs incurred. Some expenses incurred by a centre or agency may not be eligible for reimbursement, which would reduce the net profit/surplus earned. This example assumes all expenses incurred are eligible.
5. The cost-based funding framework allocates funding for an amount in lieu of profit/surplus. On average, this amount is estimated to provide about 8% profit/surplus across all eligible centres or agencies, but will vary for each licensee.



2.3 Access Objective of the CWELCC Agreement

2.3.1 Child-Care Spaces

As of December 2024, there were approximately 354,000 licensed child-care spaces in Ontario for children under age six. Approximately 325,000 spaces, or 92%, are enrolled in the CWELCC program.

Under the Agreement, the Province committed to adding 86,000 net new CWELCC spaces by December 31, 2026, above the March 2019 baseline of 289,111 spaces. The Agreement used March 2019 as the baseline to negate any COVID-19 pandemic impacts on the number of spaces.

The additions can be made by either:

- » Enrolling existing spaces that did not initially join the CWELCC program in 2022 when it was introduced; or
- » Creating new spaces by opening or building new centres, adding home providers or expanding existing centres that enrol in the program.

Under the Agreement, Ontario commits to work toward maintaining or increasing the auspice ratio, which is the proportion of not-for-profit to for-profit licensed child-care spaces for children under age six. The ratio as of 2022 was 70% not-for-profit spaces to 30% for-profit spaces. For the purposes of the Agreement, home child-care spaces are considered not-for-profit.

2.3.2 Wait Lists for Child Care

In Ontario, operators and SSMs are not required to maintain wait lists, and those who do maintain them are each responsible for managing their own wait lists. Currently, there is no provincial tracking of the number of families on wait lists for child care.

In 2022 the Ministry began developing a new provincial system to be used by parents and guardians, operators, SSMs and the Ministry to enhance management of the child-care system. This system will include centralized tracking of wait lists to provide the Province with a clearer picture of child-care demand across Ontario. The Ministry estimates it will begin implementing the system by 2027.



2.4 Quality Objective of the CWELCC Agreement

2.4.1 ECE Workforce

To ensure the safety and quality of child-care programs, regulations under the Act prescribe specific staffing requirements for operators.

The regulations also require a minimum number of qualified employees per classroom. For children under age six, a qualified employee can be either:

- » an RECE; or
- » an employee who is otherwise approved as such by a director at the Ministry’s Early Years and Child Care Division.

As shown in **Figure 4**, centres must maintain certain staff-to-children ratios, depending on the age group being cared for.

Figure 4: Staffing Requirements for Child Care Centres

Source of data: Ministry of Education

Age Category	Age Range	Staff-to-Children Ratio	Maximum Number of Children in a Group	Proportion of Qualified Employees Based on Maximum Room Size
Infant	< 18 months	3 to 10 (1:3.33)	10	$\frac{1}{3}$
Toddler	18 months to < 30 months	1 to 5 (1:5)	15	$\frac{1}{3}$
Preschool	30 months to < 6 years	1 to 8 (1:8)	24	$\frac{2}{3}$
Kindergarten	44 months to < 7 years	1 to 13 (1:13)	26	$\frac{1}{2}$

In Ontario, the RECE profession is regulated by the College of Early Childhood Educators (College).

There are several pathways to becoming an RECE. The most common pathway is by completing a diploma program in early childhood education from an Ontario public college. The graduate can then register with the College and receive the RECE title. RECEs must follow the ethical and professional standards set out by the College.

As part of the Agreement, the Ministry committed to increasing the percentage of qualified employees to at least 60% by March 31, 2026. At the time of our audit, the Ministry has reported this target as full-time program staff who are RECEs. Program staff are individuals who work directly to deliver a child-care program. Support functions, such as cooks, janitors and clerical staff, are not considered program staff. When the Agreement was signed in 2022, RECEs made up 58.9% of full-time program staff.

2.5 Inclusion Objective of the CWELCC Agreement

2.5.1 Access and Inclusion Framework



As part of the Agreement, the Ministry committed to develop a plan that supports access to child care for underserved and vulnerable children and children from diverse populations.

To meet this commitment, the Ministry released the Access and Inclusion Framework in June 2023. Summarized in **Figure 5**, the framework sets out the principles and approach to support access to child care for these populations. The Ministry directed SSMs to follow this framework when determining local priorities for expanding the CWELCC system in their respective regions.

Figure 5: Ontario's Access and Inclusion Framework and Principles

Source of data: Ministry of Education

Principles for Access	
Access equity	Improve access across Ontario to bring the provincial average access rate to 37% by March 31, 2026. ¹
Directed growth to support underserved and vulnerable populations²	Increase child-care spaces in areas that support underserved and vulnerable populations based on socio-economic indicators.
Francophone spaces	Meet or exceed the proportion of French-language spaces proportional to the Francophone population in Ontario.
Principles for Inclusion	
Accessibility	Provide a wide range of opportunities for learning, play and inquiry in physical and teaching environments across diverse settings.
Participation and belonging	Intentional and instructional approaches that enable children to actively engage in all parts of the day.
Equity	Remove barriers that disadvantage some groups over others so that everyone has what they need to succeed.

1. The provincial average access rate was approximately 36% when this framework was created, and 37% was the estimated provincial average access rate after the 86,000 new spaces are created.

2. Under the Agreement, underserved and vulnerable children and children from diverse populations include, but are not limited to, "children living in low income families, children with special needs and those needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers to Canada, and official language minorities."

2.6 Data Sharing and Reporting Objective of the CWELCC Agreement

The Ministry has committed to reporting annually to the federal government on its progress in establishing the CWELCC system. This information is publicly available online in **Ontario's Early Years and Child Care Annual Report**.



3.0 Audit Objective and Scope

Our audit objective was to assess whether the Ministry of Education has efficient and effective systems and procedures in place to meet the objectives of the Canada-Ontario Canada-wide Early Learning and Child Care Agreement (Agreement).

Our audit scope focused on the objectives of the Agreement and the commitments made by the Province. This includes reporting on the progress that the Ministry has made since the Agreement was signed in March 2022, and assessing the Ministry's plans to achieve the commitments by March 31, 2026 and December 31, 2026.

Our audit does not include a review of child-care licensing, inspections, or the operations and programming of individual licensed operators. While our audit discusses the child-care fee subsidy program that forms part of the Ministry's plans to achieve certain commitments in the Agreement, we did not review the administration of the fee subsidy program and eligibility of families, which are managed by the SSMS.

For more details, see our **Audit Criteria**, **Audit Approach** and **Audit Opinion**.



4.0 What We Found

4.1 Access and Inclusion: Creating New Spaces and Increasing Access for Vulnerable and Underserved Populations

4.1.1 The Province Added 75% of the Child-Care Spaces It Had Targeted to Create by the End of 2024, But Enrolment Has Declined for Families Receiving the Fee Subsidy

As part of the Agreement, the Ministry committed to creating 86,000 new CWELCC spaces by December 2026 compared to the March 2019 baseline of 289,111 spaces. This recognizes the spaces already created between March 2019 and when the Agreement was signed in March 2022.

In December 2022, the Ministry began to allocate space-creation targets to the 47 SSMS. In May 2023, the Ministry allocated additional spaces to the SSMS according to the principles of the Access and Inclusion Framework. SSMS could add new spaces to the CWELCC system in their region only if they had available spaces allocated from the Ministry and met the target auspice ratio of not-for-profit spaces to for-profit spaces for the region.

By December 31, 2024, 36,287 new spaces had been added compared to the March 2019. This is about 75% of the Ministry's target of 48,127 spaces by December 2024, as illustrated in **Figure 6**.

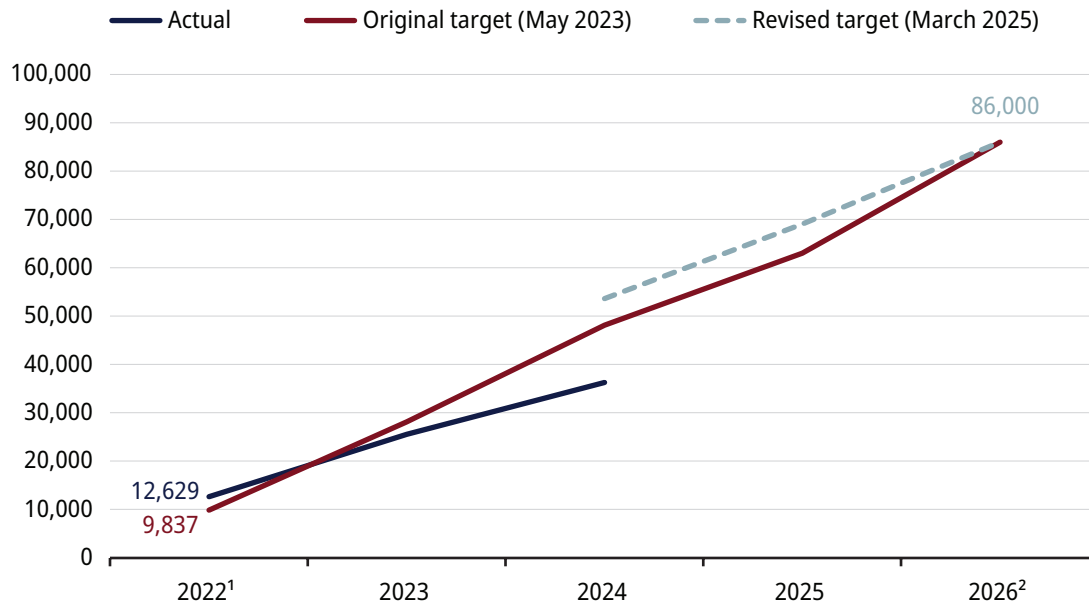
This is also behind the Ministry's preliminary plans developed when entering into the CWELCC Agreement in March 2022, which estimated adding 59,669 of the 86,000 new spaces by December 2024.

In March 2025, the Ministry redistributed spaces among the SSMS to maximize the likelihood of achieving the Province's commitment to create 86,000 new spaces by December 2026.

Compared to 2019, child-care enrolment has decreased by 31% for typically lower-income families that are eligible for the child-care fee subsidy.

Figure 6: New CWELCC Spaces Added and Targets, 2022–2026

Source of data: Ministry of Education



1. The CWELCC Agreement uses March 2019 as the baseline for space creation (289,111 spaces), but the CWELCC program started in April 2022. The number of spaces shown for 2022 includes those created between March 2019 and December 2022.
2. The Ministry held back 8,500 new spaces when communicating the original targets to SSMS. These spaces are reflected in the 2026 total as Ontario committed to creating 86,000 net new spaces by December 2026.

Ministry’s New Approach for Allocating Spaces Does Not Prioritize the Principles of Its Access and Inclusion Framework

The Ministry’s original approach sought to allocate new spaces to the SSMS according to the principles of the Access and Inclusion Framework. Under the original approach, the Ministry analyzed access rates, socio-economic variables and estimated population growth rates of each region when making allocation decisions.

In October 2024, the Ministry began re-evaluating its space-creation targets for each region and communicated these revised targets to SSMS in March 2025. It reduced targets in regions that were at risk of not meeting their original targets, and increased targets in regions with more capacity. As a result, the Ministry has shifted its priority to regional capacity for growth rather than the Access and Inclusion Framework principles.

The Ministry reduced targets in regions that were at risk of not meeting their original targets, and increased targets in regions with more capacity. As a result, it has shifted its priority to regional capacity for growth rather than the Access and Inclusion Framework principles.

Through this new approach, the Ministry aims to better achieve its commitment of adding 86,000 net new spaces, but these spaces may not be in the regions with highest need. **Appendix 3** shows that 37 of 47 regions had access rates below the provincial average.

The Ministry and SSMS informed us that new spaces were not being added as quickly as expected under the original approach due to several factors. Some regions with low access rates prior to the CWELCC program had barriers to adding spaces, such as a lack of affordable infrastructure that is suitable for child care. Additionally, some operators that showed interest in the CWELCC program did not fit their region's target auspice requirement to maintain the proportion of not-for-profit to for-profit spaces.

Enrolment Among Lower-Income Families Receiving the Fee Subsidy Has Decreased since the CWELCC Program Was Introduced

We found that, since the introduction of the CWELCC program, fewer families receiving the fee subsidy are enrolled in child care. Several reasons contribute to this trend, including an increasing demand for CWELCC-eligible child-care spaces across Ontario. While increasing spaces in areas that support underserved and vulnerable populations is part of its Access and Inclusion Framework, the Ministry does not have directives to improve access for families eligible for the fee subsidy.

Fee subsidies can be full, covering the entire parent fee per day; or partial, covering a portion of the parent fee per day, based on a percentage of the eligible family's annual household income. Reporting from SSMS for 2023 showed that there were approximately 51,300 children under age six receiving full or partial fee subsidies, representing a decrease of 23,400 children or 31% since 2019.

31%
decrease in enrolment
of children receiving the
fee subsidy since 2019

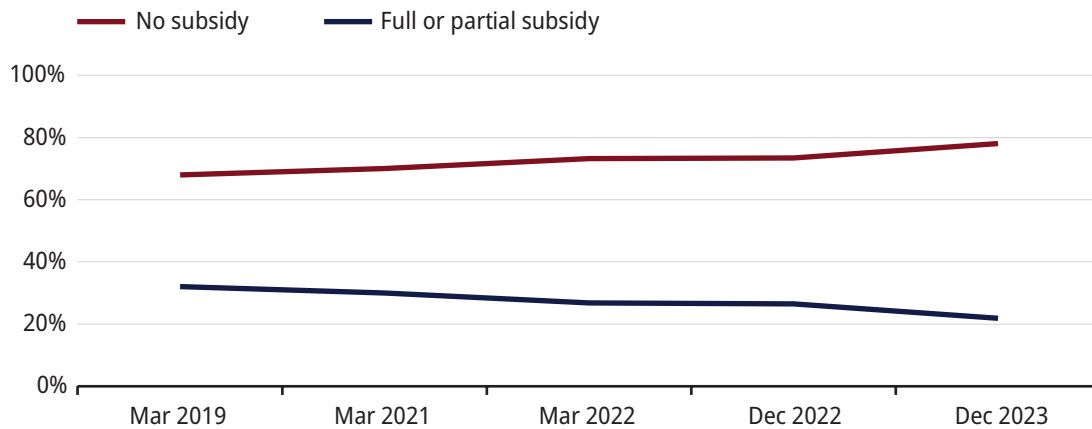
Our analysis of enrolment data reported annually by operators also shows a decreasing trend in the number of children receiving either full or partial fee subsidies since the CWELCC program started. **Figure 7** shows the proportion of children receiving the fee subsidy since 2019, and **Appendix 4** sets out eligibility criteria for the fee subsidy.

Additionally, the child receiving the child-care fee subsidy must be enrolled in a child-care space. As parent fees for CWELCC spaces have decreased and demand from families has increased, it has become more difficult for all families, including those who are eligible for the fee subsidy, to enrol in the program. Starting in 2025, to receive the fee subsidy, the child must be enrolled in a CWELCC

space or have been previously receiving the subsidy. It was noted that families receiving the child-care fee subsidy also face other barriers in accessing licensed spaces, such as longer timelines to process their fee subsidy applications.

Figure 7: Percentage of Enrolment Based on Fee Subsidy Type 2019–2023*

Source of data: Ministry of Education



* 2020 data is not available as the operator survey was not conducted due to the COVID-19 pandemic. In 2022, the Ministry changed its data collection timing to December.

We found that SSMs have different approaches to maintaining or increasing access for families eligible for the fee subsidy. In September 2023, one SSM developed a fee subsidy access pilot program for its region, where participating centres held 20% to 30% of spaces for children who are eligible for the fee subsidy. The SSM found that the centres in the pilot had increased their enrolment of children receiving the fee subsidy from 20% in February 2023 to 22% in February 2025, whereas centres not in the pilot saw a decrease in enrolment of children receiving the fee subsidy from 23% to 14% over the same period.

Why It Matters

Providing child care for underserved and vulnerable populations is a way to support parents and guardians so that they can participate in the labour market and/or improve their education and their overall socio-economic status. This has an impact on workforce productivity and can increase tax revenues for the Province.

Child care has also been proven to support a child's development socially, physically and educationally, setting them up for a successful future. Providing children from lower-income families with equitable access to CWELCC spaces enables these benefits.

Recommendation 1

We recommend that the Ministry:

- assess progress toward its space-creation target and performance against its Access and Inclusion Framework as of December 2026;
- identify and implement corrective actions where the space-creation target number of new spaces and goals of the Access and Inclusion Framework are not being achieved;
- analyze root causes for why enrolment has decreased for children eligible for the fee subsidy; and
- provide guidance to SSMs to implement strategies that address the root causes of declining enrolment for families receiving the fee subsidy and develop a plan to monitor these enrolment trends.

For the auditee responses, see **Recommendations and Auditee Responses**.

4.1.2 Some Centres Consistently Operate Below Full Capacity, but the Ministry Does Not Track This Data

The Ministry collects the number of children enrolled in child care from operators annually and reports the data in its *Early Years and Child Care Annual Report* but does not sufficiently monitor where licensed spaces are being underutilized.

Licensed capacity is the maximum number of children in each age group that is permitted to receive child care at one time, determined by factors such as size of space and required number of staff. Child-care centres or agencies may operate fewer spaces than they are licensed for, based on their staffing complement and budget. A centre's utilization rate is the number of spaces used for child care compared to the centre's licensed capacity.

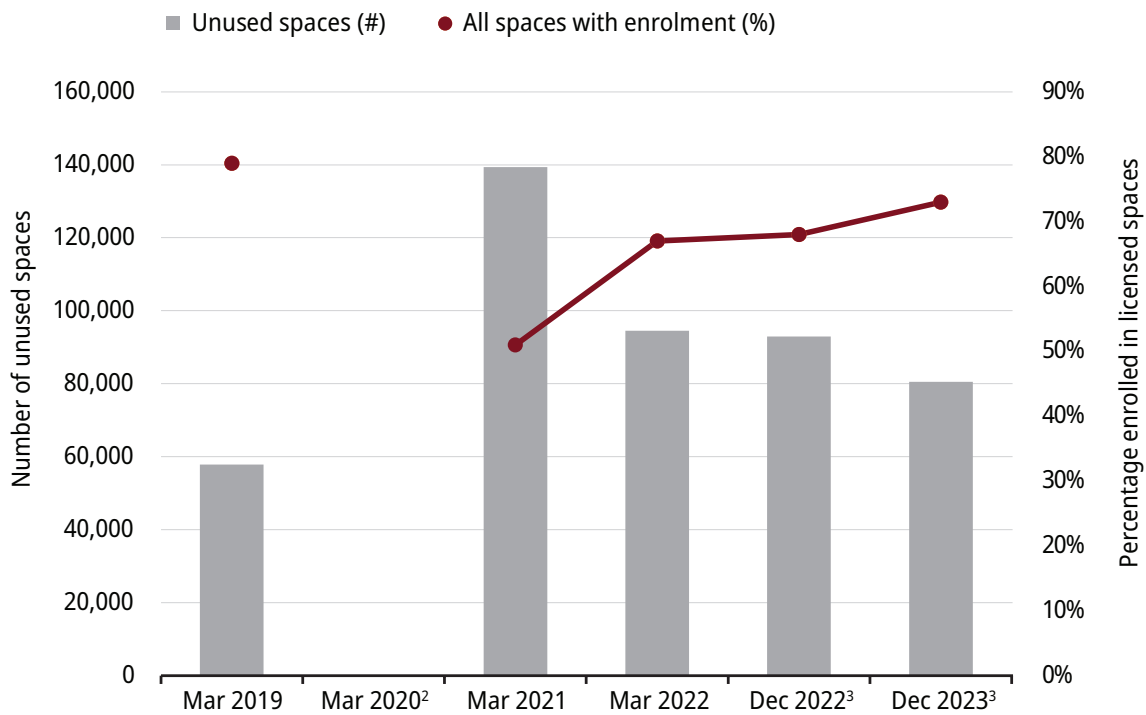
For example, a centre may have 16 children enrolled in its preschool age group but have a licence to operate a maximum of 20 preschool spaces (licensed capacity). Centres may not always operate at licensed capacity, and enrolment may fluctuate if children are moved into older age groups or leave the centre.

In 2021, the child-care sector operated at lower-than-normal capacity due to the COVID-19 pandemic (see **Figure 8**). The average enrolment in licensed centres has since recovered and increased to 73% by December 2023. This means that about 80,500 (27%) CWELCC spaces in Ontario did not have children enrolled, due to being vacant or not operational. About 2,200 centres, or 43% of all centres enrolled in the CWELCC program, reported operating at below 80% of their licensed capacity in 2023.

**In 2023, almost
80,500
CWELCC spaces (27%)
were not utilized.**

Figure 8: Number of Unused¹ Spaces and Percentage of Enrolment in Licensed Centres for Children Under Age Six, 2019–2023

Source of data: Ministry of Education



1. Unused spaces include both vacant and non-operational spaces.
2. 2020 data is not available as the operator survey was not conducted due to the COVID-19 pandemic.
3. In 2022, the Ministry changed its data collection timing to December. Only CWELCC spaces are included in the percentage of spaces with children enrolled in December 2022 and December 2023. Enrolment data for December 2024 was not available at the time of our audit.

43%
of all centres enrolled in the CWELCC program reported operating at below 80% of their licensed capacity in 2023

As part of the CWELCC program, SSMs must review their licensees' number of planned operating spaces and consider impacts of short-term and long-term vacancies. SSMs should also monitor wait lists and long-term vacancies that remain unmitigated. Despite these requirements, the average utilization rate of child-care spaces across the province (73%) in 2023 remains around the same level as before

the COVID-19 pandemic (79%). The Ministry's guidelines do not require SSMs to review why centres have licensed spaces that are not operational. SSMs and operators told us there are many reasons for not operating at licensed capacity, including difficulties in managing wait lists and staff shortages (discussed further in **Section 4.3.2**).

The Ministry does not collect information from operators about why they are operating below licensed capacity since SSMs have a direct funding relationship with operators. The Ministry's guidelines also do not specify how long a space must remain vacant to be considered a long-term vacancy.

Why It Matters

Maximizing enrolment in available CWELCC spaces would allow more families to benefit from the program. If the Ministry does not track and manage unutilized CWELCC spaces, Ontario's ability to achieve its goal of increasing affordable child-care access is limited.

Recommendation 2

We recommend that the Ministry:

- consult with child-care centres and/or SSMs to develop a guideline that defines long-term vacancies for CWELCC spaces, including a target utilization rate for child-care centres compared to licensed capacity;
- track utilization rates for regions that are under capacity based on the developed guideline;
- work with SSMs to understand the reasons for low utilization in their regions and incorporate them into program changes, where applicable; and
- publicly report the total enrolment of children in CWELCC spaces and the number of these spaces that are not utilized in the Ministry's *Early Years and Child Care Annual Report*.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.1.3 The Ministry Does Not Collect Wait List Data to Understand How Child-Care Demand Varies Across the Province

The Ministry does not regularly collect wait list data from SSMs to understand the total number of families that are seeking CWELCC spaces across the province, or the difference in demand between regions.

As parent fees for CWELCC spaces have decreased, finding a space has become more challenging for families. Based on Statistics Canada surveys, in 2019, approximately 22,000 families in Ontario were not using child care because of a shortage of spaces. In 2023, after the CWELCC program was introduced, the Statistics Canada survey data showed that this number grew threefold to approximately 69,000.

22,000 families in Ontario were not using child care because of a shortage of spaces in 2019, based on Statistics Canada surveys.

In 2023, after the CWELCC program was introduced, this number grew threefold to approximately **69,000**.

As part of our audit, we spoke to several SSMs to understand the demand for child care in their regions.

- » One SSM told us that its wait list increased from about 5,000 children in December 2021 to about 12,500 children in December 2024, an increase of 154%. Based on the Ministry's space allocation, the region is expected to create 1,869 more spaces in 2025 and 2026, which would meet 15% of the region's wait list demand.
- » Another SSM saw its wait list increase from about 6,000 children to about 11,800 children over this same period, an increase of 97%. Based on the Ministry's space allocation, the region is expected to create 2,560 more spaces in 2025 and 2026, which would meet 22% of the region's wait list demand.

Centres may maintain their own wait lists, but the collection of wait list data differs between operators. SSMs also have different approaches to understanding wait list information in their respective regions.

- » As of October 2024, 22 of the 47 SSMs (47%) used One Human Service Network (OneHSN), a privately owned digital system.
- » One SSM informed us that it does not have a centralized digital wait list system, but operators submit monthly information to the SSM. The data may include duplicates if a child is on multiple wait lists in the region.

The Ministry is developing a website for families to search for spaces and join wait lists, while also allowing operators, SSMs and the Ministry to access this data. The Ministry estimates it will begin implementation of the system by 2027, with all phases of the system completed by 2029.

SSMs have different approaches to understanding wait list information in their respective regions.

Why It Matters

Having regional wait list data can improve the Ministry's understanding of the demand for child care and help the Ministry allocate new spaces based on the Access and Inclusion Framework (discussed in **Section 4.1.1**).

Recommendation 3

We recommend that the Ministry:

- collect and analyze wait list data to identify regions where demand for child care is highest;
- through the analysis of wait list data, identify if any inequities in child care exist;
- where inequities are identified, incorporate this information in future space-allocation strategies; and
- publicly report the data collection and trend analysis on wait list data by SSMs annually.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.1.4 The Ministry Lacks Information to Identify Gaps in Child-Care Access Related to Its Access and Inclusion Goals

We found that the Ministry does not monitor and report data across all areas of the CWELCC program's access and inclusion goals.

Supporting access to child-care spaces for underserved and vulnerable populations is one of the principles in the Ministry's Access and Inclusion Framework. The Ministry collects and reports limited data on access rates specific to these groups. There has also been limited reporting on annual public expenditures on child-care programming dedicated to children from diverse and/or vulnerable families, which the Province had committed to do where possible as part of the CWELCC Agreement.

For example, the Ministry collects and reports some data on the number of children supported by the fee subsidy, as discussed in **Section 4.1.1**. The Ministry also reports annually in its *Early Years and Child Care Annual Report* on special needs resourcing, which supports the inclusion of children with special needs through staffing, equipment, supplies and capacity-building initiatives. The Ministry requires each SSM to spend a minimum percentage of their provincial child-care funding, separate from funds allocated for the CWELCC program, on special needs resourcing.

The Ministry collects data and reports on two related metrics from SSMs:

- » total funding spent by SSMs on special needs resourcing; and
- » the number of children it benefitted.

For other priority groups, the Ministry relies on Census data for general population characteristics of each region, such as the proportion of Indigenous children, Black or other racialized children, and children of newcomers to Canada. The Ministry does not collect data on families that are enrolled in child care to assess whether vulnerable children and children from diverse populations are receiving access.

SSMs are responsible for applying the Access and Inclusion Framework in their regions and can each develop their own performance measurement framework, which may include collecting this information from operators. We found that one SSM had established performance measures to evaluate and monitor how the Access and Inclusion Framework is being applied in the region, including:

- » the number of licensees providing diverse, flexible and/or inclusive services; and
- » the percentage of priority-population access rates in priority neighbourhoods.

This data is not collected consistently across all SSMs and it is not required to be reported to the Ministry for monitoring on a province-wide level. The Ministry is developing a new IT system, including a website to track child-care centre wait lists, as mentioned in **Section 4.1.3**. This website could be used to gather some additional information and performance measures in a consistent manner from all SSMs.

Why It Matters

Collecting data to monitor relevant performance measures would improve the Ministry's understanding and management of how the Access and Inclusion Framework has been applied across the province and whether its principles are being achieved.

Providing child care for underserved and vulnerable populations is a way to support parents and guardians so that they can participate in the labour market and/or improve their education and their overall socio-economic status. This has an impact on workforce productivity and can increase tax revenues for the Province.

Recommendation 4

We recommend that the Ministry:

- establish performance measures to monitor access rates for underserved and diverse populations defined in the Access and Inclusion Framework;
- collect data annually on these performance measures to assess progress toward supporting child-care access for children from priority groups identified in the Access and Inclusion Framework;
- report this data in the Ministry's *Early Years and Child Care Annual Report*; and
- monitor the performance measures and implement additional guidelines for SSMs to support access and inclusion for priority groups if declining trends are identified.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.2 Affordability: Funding for Operators to Maintain Reduced Parent Fees

4.2.1 Recent Trends Suggest that the Ministry Will Likely Need to Change Its Current Plans to Achieve the Target Average Parent Fee of \$10 per Day by March 2026

The Ministry's plan to achieve an average parent fee of \$10 per day considers that eligible families, who typically earn lower incomes, receive a full or partial fee subsidy. This requires families who are not eligible for the fee subsidy to pay \$12 per day by March 2026 to reach the overall \$10 average.

Between 2022 and 2023, an average of 41,900 children under age six received full fee subsidies annually. To achieve the average parent fee of \$10 per day, the number of children receiving the full fee subsidy would need to increase to over 57,000, based on the estimation of fee subsidy costs totalling \$179 million. However, as mentioned in **Section 4.1.1** enrolment has decreased by 31% for families that are receiving the fee subsidy.

Since there are fewer children eligible for the fee subsidy, the average parent fee may be somewhere between the \$10 target and the \$12 maximum. This means that program changes, such as a change to the planned \$12 maximum daily parent fee, may need to be made to ensure the commitment in the Agreement is met.

Why It Matters

One of the Province's goals in signing the CWELCC Agreement with the federal government is to provide affordable child care to families at an average of \$10 per day, per child. Although child-care costs have declined because of the CWELCC program, the Province may not reach this goal based on the current projections for March 2026 if Ministry plans remain unchanged.

Recommendation 5

We recommend that the Ministry review and revise the plan as needed to achieve the target average parent fee of \$10 per day by March 2026, including monitoring the number of children supported by the fee subsidy and the number of families paying the full parent fee.

For the auditee responses, see **Recommendations and Auditee Responses**.

4.2.2 There Is an Estimated Funding Shortfall of Almost \$2 Billion Expected for 2026/27

Before the CWELCC system was established in 2021, there was a wide range of child-care costs across Canada. This meant that the levels of federal and provincial and territorial funding that each jurisdiction needed to achieve an average parent fee of \$10 per day would vary.

The Province signed the Agreement with the Government of Canada in March 2022 and was allocated \$10.23 billion over five years from 2021 to 2026. Knowing that the cost of the program would exceed this funding, the Ministry started the program in April 2022, spending the federal government's five-year funding commitment over four years.

The actual and projected cost of the program in Ontario, to the end of the Agreement, is summarized in **Figure 9**.

Figure 9: Financial Summary of CWELCC Government Funding and Costs in Ontario (\$ billion), 2021/22–2025/26¹

Source of data: Ministry of Education

	2021/22 (Actual)	2022/23 (Actual)	2023/24 (Actual)	2024/25 (Est.)	2025/26 (Est.)	Total ²
Federal contribution ²	1.10	1.68	2.08	2.44	2.92	10.23
Provincial contribution	–	0.03	0.06	0.08	0.10	0.27
Total funding	1.10	1.71	2.14	2.52	3.03	10.50
Annual cost of CWELCC paid to SSMS	–	(1.31)	(2.09)	(2.86)	(4.24)	(10.50)
Net funding per year	1.10	0.40	0.05	(0.34)	(1.22)	–
Cumulative funding carryforward²	1.10	1.50	1.55	1.22	–	–

1. Excludes parent contributions and fee subsidies.
2. Numbers may not add up due to rounding.

The current CWELCC Agreement ends on March 31, 2026. This means that parent fees could go back to market rates with no maximum if the Agreement is not extended. However, the Province and the federal government are in negotiations around the terms of an extension and have agreed in principle to a five-year extension of the Agreement.

Currently, the Province has estimated that, for 2026/27, there is a funding shortfall of about \$1.95 billion, as summarized in **Figure 10**. This is assuming the CWELCC Agreement is extended based on federal and provincial funding commitments that are similar to the amounts in 2025/26 and the average parent fee remains at \$10 per day. Child-care operators enrolled in the program could have an average shortfall of at least \$20 per space, per day. In one scenario, if parents and guardians were to pay for this shortfall, their total fees would be about \$32 per day on average. This includes the average \$12 per day they would pay under the Ministry’s current plans at the time of our audit plus the average estimated shortfall of about \$20 per space on average.

Figure 10: Child-Care Operator Funding Shortfall if the CWELCC Agreement Is Extended with Funding Commitments Similar to 2025/26

Source of data: Ministry of Education

CWELCC Agreement if Extended for 2026/27 with Funding Commitments Similar to 2025/26	
Costs to child-care operators after parent fees ¹ (\$ billion)	4.99
Less: federal funding estimate (\$ billion)	(2.91)
Less: provincial funding estimate (\$ billion)	(0.13)
Estimated child-care operator funding shortfall (\$ billion)	1.95
Estimated shortfall per child-care space, per day² (\$ rounded)	20

1. This covers only the government-funded costs that the Ministry estimated would be part of the CWELCC Agreement. It excludes parent contributions based on a maximum parent fee of \$12 per day, and fee subsidies.

2. Based on the Ministry estimate of 370,167 child-care spaces divided by 261 days to approximate full-time care on weekdays.

The Ministry Has Not Collected or Assessed Other Provincial or Territorial Cost Data

Prior to the introduction of the CWELCC system in 2021, child-care fees varied widely across Canada. According to a Statistics Canada survey, Ontario had the highest average child-care cost in 2019, summarized in **Figure 11**. The wide range in national child-care costs before 2021 meant that the amounts of federal and provincial and territorial funding needed to achieve an average parent fee of \$10 per day would vary.

Since the program was introduced, federal funding has been allocated among the provinces and territories based on their respective share of Canada’s total population of children.

Figure 11: Average Annual Parental Expenses for Full-time Child-Care by Province¹ and Progress Toward Average Parent Fee of \$10 per Day

Source of data: Statistics Canada and Government of Canada

Province	Annual Child-Care Expense in 2019 (\$)	Daily Child-Care Expense in 2019 (\$)	Achieved Average Parent Fee of \$10 per Day as of April 2024	Level of Fee Reduction Achieved or Daily Child-Care Expense, as of April 2024
Ontario	9,875	39	×	50% (average)
British Columbia	9,665	38	×	50% (average)
Alberta	9,583	38	×	\$15 per day
New Brunswick	8,655	35	×	50% (average)
Newfoundland and Labrador	7,669	30	✓	\$10 per day
Saskatchewan	7,447	30	✓	\$10 per day
Nova Scotia	7,209	29	×	50% (average)
Prince Edward Island	6,361	25	✓	\$10 per day
Manitoba	5,296	21	✓	\$10 per day
Quebec ²	4,842	19	✓	Below \$10 per day
Canada – average	7,488	30		

1. Average annual child-care expenses for certain territories were not available.
2. Quebec had an existing subsidized child-care system in 2019 with average fees below \$10 per day at participating centres. As a result, the average daily fee across Quebec may be above \$10 per day when including families enrolled at non-participating centres.

There is no publicly available, comprehensive data to determine what contributes to differences in child-care operating costs across Canada. Operating costs primarily include salaries and wages, as well as rent, food, supplies and other administration expenses.

We found that the mandated minimum wages of ECEs across the provinces range from \$23.29 to \$28.86 per hour in 2025 for an ECE with a two-year diploma certification, equivalent to what is required in Ontario to become an RECE. In 2025, the minimum Ontario RECE wage floor is \$24.86 for eligible RECEs. Individual operators determine whether staff are paid higher than the wage floor.

We also found that Ontario's minimum staffing ratios per age group were comparable with those of other provinces, as shown in **Appendix 5**.

The Ministry has not analyzed how child-care costs in Ontario differ from the other provinces and territories, some of whom achieved the target average parent fee of \$10 per day.

Why It Matters

Parents and guardians of children enrolled with child-care licensees participating in the CWELCC program have received the benefit of reduced fees. The long-term sustainability of the program is uncertain. Families need to know what will happen in April 2026, which is only six months away, and the years beyond so they can plan for their child-care costs.

According to a Statistics Canada survey, Ontario had the highest average child-care cost in 2019.

Other provinces and territories have been able to achieve the target average parent fee of \$10 per day and have renewed their agreements for another five years. The Province should analyze how the costs to deliver child care in Ontario differ from other jurisdictions to understand why Ontario has a funding gap.

Recommendation 6

We recommend that the Ministry:

- work with the federal government and other jurisdictions to compare how cost drivers differ between Ontario and those of other jurisdictions in Canada; and
- work with the federal government to determine parameters of the CWELCC program that are sustainable in the long term.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.2.3 The Ministry's New, Cost-Based Funding Framework Has Improved Over the Previous Model, but Benchmark Rates Are Not Adjusted for Certain Operating Conditions

Effective January 2025, the Ministry introduced a new, cost-based funding framework. SSMS have informed us that the new framework improved on the prior funding model, but benchmark rates are not adjusted for certain operating conditions, such as the operating hours of child-care centres or the number of children receiving licensed home child care.

As part of the new funding framework, in 2023, the Ministry collected operating data and 2022 detailed cost information from operators. It then analyzed this data to set benchmark rates.

To allocate funding to individual centres, the SSMS apply the benchmark rates based on several factors, including each centre's:

- » number of operating spaces,
licensed spaces and enrolment;
- » age groups cared for;
- » number of operating days;
- » setting; and
- » geographic region.

Operators that were enrolled in or applied to the program on or before August 14, 2024, are eligible for annual legacy top-up funding above the benchmark rates to cover their additional costs as long as they maintain a continuous CWELCC enrolment since that date. Operators that enrol in or apply to the program after August 14, 2024, are not eligible for the legacy top-up funding, but operators that are new or expanding starting in 2025 can receive a growth top-up based on their geographic region. See **Appendix 6** for the components of the funding formula.

The first year the framework is in place is 2025. Final operating costs were not available at the time of our audit.

Operating Hours of Child-Care Centres

Each centre's operating costs will vary depending largely on its operating hours, because staff are paid wages based on hours worked. We found that the funding formula for new operators that enrolled in the CWELCC program after August 14, 2024, does not adjust for the number of hours per day that a centre is open. As a result, new centres may choose to offer shorter operating hours to reduce their staffing expenses.

Some SSMs confirmed to us that they have noticed some centres that enrolled into the program after August 14, 2024, are not offering extended hours since they are not eligible for additional legacy top-up funding. The Ministry collects operating hours of child-care centres after the end of each year, so it had not yet collected and/or analyzed 2025 operating hours of new licensees to confirm trends in hours of care.

Number of Children Receiving Licensed Home Child Care

Licensed home child-care agencies are responsible for contracting with and overseeing individual home child-care providers. Similar to centres, CWELCC-enrolled agencies receive funding from the SSMs. A portion of agencies' operating costs includes compensation to the home providers they contract with.

Under the Act, each home provider can care for up to six children under age 13. The Ministry's new funding framework provides agencies with a funding amount per active home day. The benchmark rate was developed by the Ministry using 2022 cost data collected from agencies, including a provincial average of four children under age six in home child-care settings. This means that new agencies may need to compensate home providers who care for five or six children with more funding than the agencies are receiving.

Benchmark rates are not adjusted for certain operating conditions, such as the operating hours of child-care centres or the number of children receiving licensed home child care.

Agencies may decide to limit the number of children under age six enrolled with their contracted home providers if their costs are not entirely funded. Otherwise, they may be operating with a deficit or earning a lower profit/surplus for the year.

Why It Matters

Access to flexible child-care arrangements, such as home child care or extended hours at child-care centres, is a consideration for some families. It is important to monitor whether the funding framework disincentivizes some of these operating conditions, so that new licensees can continue to meet families' child-care needs.

Recommendation 7

We recommend that the Ministry:

- collect detailed financial information and operational data, such as hours of operations, from SSMs and/or operators annually to evaluate whether the benchmark rates in the cost-based funding framework fully reflect different operating conditions and costs for child-care centres and licensed home child care; and
- assess this information and, if necessary, factor it into the cost-based funding framework.

For the auditee responses, see **Recommendations and Auditee Responses**.

4.2.4 Guidance for Reporting and Reviewing Cost Eligibility Can Be Improved

SSMs are responsible for ensuring that operators are funded for only their eligible costs. At the time of our audit, operators do not have a standard way to report their operating costs to SSMs, and SSMs do not have sufficient guidance from the Ministry on reviewing certain costs that may not be eligible. Without this, there could be inconsistencies in what operating costs are considered eligible for funding.

The Ministry plans to provide a standardized financial reporting template to SSMs and operators in late summer or early fall 2025, and SSMs are instructed to use this template to review child-care centres' financial information to identify ineligible costs.

The Ministry defines eligible costs as those that are attributable, appropriate and reasonable for providing child care to eligible children, including salaries and wages, rent or mortgage interest, food and administration costs. Reasonable costs include costs charged at market rates.

The Ministry plans to provide a standardized financial reporting template to SSMs and operators in late summer or early fall 2025.

Some operating costs may be provided by a related party to the operator, such as rent, compensation, interest or other administrative costs. These costs can be eligible if they are at market rates. The template should be designed so operators can include enough detail for SSMs to determine if these costs are reasonable and to identify any related party transactions.

Why It Matters

With a new funding framework being introduced on a cost-recovery basis, it is important to ensure transparency and consistency in how public funds for the CWELCC program are being spent. At the time of our audit, the Ministry is also estimating a funding shortfall for the program beyond March 2026, making it essential to have strong accountability and oversight processes for reviewing publicly funded costs for child care.



Recommendation 8

We recommend that the Ministry:

- provide guidance to SSMs on identifying potentially ineligible costs, such as amounts paid to related parties and/or the acceptable variance of costs above benchmarks, and the follow-up actions that should be taken when such risks are identified;
- develop and implement a standardized financial reporting template that requires operators to provide enough detailed information for SSMs to identify whether costs are ineligible per the guidance; and
- collect and review data from the standardized financial reporting template annually to determine cost drivers of child care in Ontario.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.3 Quality: Supporting the Workforce and Increasing the Number of Qualified Employees in Child Care

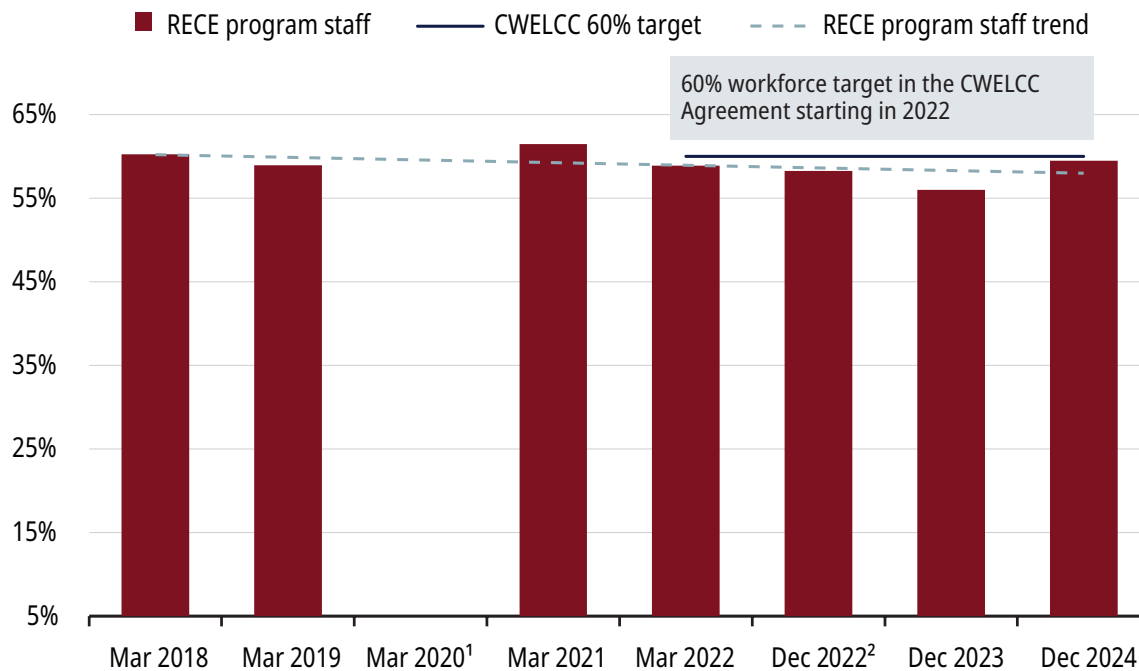
4.3.1 The Province Has Not Yet Achieved Its 60% RECE Workforce Target

Under the Agreement, the Province committed to increasing the percentage of qualified staff for children age zero to five to 60% by March 31, 2026. The Ministry’s calculation of this 60% target currently considers only full-time RECE program staff. As of December 2024, this target has not been achieved.

RECEs made up 58.9% of full-time program staff when the Agreement was signed in 2022 and about 59.5% as of December 2024. **Figure 12** shows the percentage of full-time RECE program staff since 2018.

Figure 12: Percentage of Full-time RECE Program Staff, 2018–2024

Source of data: Ministry of Education



1. March 2020 data is not available as the operator survey was not conducted in 2020 due to the COVID-19 pandemic.
 2. The Ministry switched to begin collecting data from operators as of December.

Data from the College shows a steady increase in the number of people registering to become RECEs annually, although a large number of RECEs also exit the profession each year. For example, on average, approximately 5,400 new ECEs registered with the College annually from 2021/22 to 2023/24, but about 4,500 RECEs had their membership suspended, resigned or revoked each year so they could not continue practising. As a result, the net increase of RECEs in good standing with the College was 1,800 RECEs per year.

Through sector consultations held in 2023, the Ministry identified various factors that were contributing to the RECE shortage, including low wages, a declining supply of RECEs and high attrition rates. Before introducing an additional wage enhancement in 2024, the Ministry found that RECEs working in licensed child care earned about \$5.50 less per hour on average compared to RECEs employed by school boards. The Ministry also noted that RECEs in licensed child care are twice as likely to leave after the first three years of employment compared to RECEs working in all other settings. Inconsistent access to paid professional learning and low wages further contributed to retention challenges.

8,500

Ministry's 2022 estimated number of RECEs needed by 2026

10,000

Our estimate of RECEs needed, based on recent workforce trends

4.3.2 The Ministry Has Not Updated Its Estimate of the RECE Workforce Shortage Since 2022

When the Ministry signed the Agreement in 2022, it estimated that 8,500 additional RECEs would be needed in the child-care sector by 2026, but it did not have an updated estimate by the time our audit began.

Various factors have impacted the supply and demand of RECEs since the Agreement was signed. For example, the Ministry and SSMS have implemented strategies to increase recruitment and retention of RECEs, but the demand has also increased due to the new spaces being added.

We reviewed the Ministry's 2022 projection and revised the calculation to reflect recent workforce trends and the planned increase in CWELCC spaces. Assuming the sector continues to have a staffing mix similar to December 2024, we estimate that up to an additional 10,000 RECEs could be needed by December 2026. This represents the additional RECEs needed to operate all licensed spaces in the CWELCC system, including the 86,000 new spaces that the Province committed to create, and to meet the Province's 60% RECE workforce target.

Why It Matters

If the percentage of full-time RECE program staff does not reach 60% by March 31, 2026, the Ministry risks not achieving its target. Additionally, the child-care sector's ability to operate the



86,000 new spaces that the Province plans to create, and its ability to maintain the quality in existing centres, may be impacted by not having enough RECEs. This can lead to longer wait lists and reduced access to child care across the province.

The number of RECEs in the workforce impacts how many spaces centres operate. As noted in **Section 4.1.2**, about 43% of centres were operating below 80% of their licensed capacity as of December 2023. Many of these centres operate below their capacity due to staffing shortages, including

RECEs. Without regular updates to the RECE workforce projections, the Ministry does not have an accurate understanding of the gap between the RECE supply and the staffing demand in the sector.

Recommendation 9

We recommend that the Ministry:

- develop an RECE workforce supply and demand model that incorporates the gap between the current utilization rate of child-care spaces and the licensed capacity of the child-care sector when estimating staffing needs;
- update this model annually to monitor the staffing needs of the child-care sector; and
- adjust or implement new workforce strategies as needed based on workforce modelling and trends identified to increase the recruitment and retention of RECEs.

For the auditee responses, see **Recommendations and Auditee Responses**.

4.3.3 About 2,900 Director-Approved Staff Work in Child-Care Centres Annually in a Qualified Employee Role Without RECE Qualifications

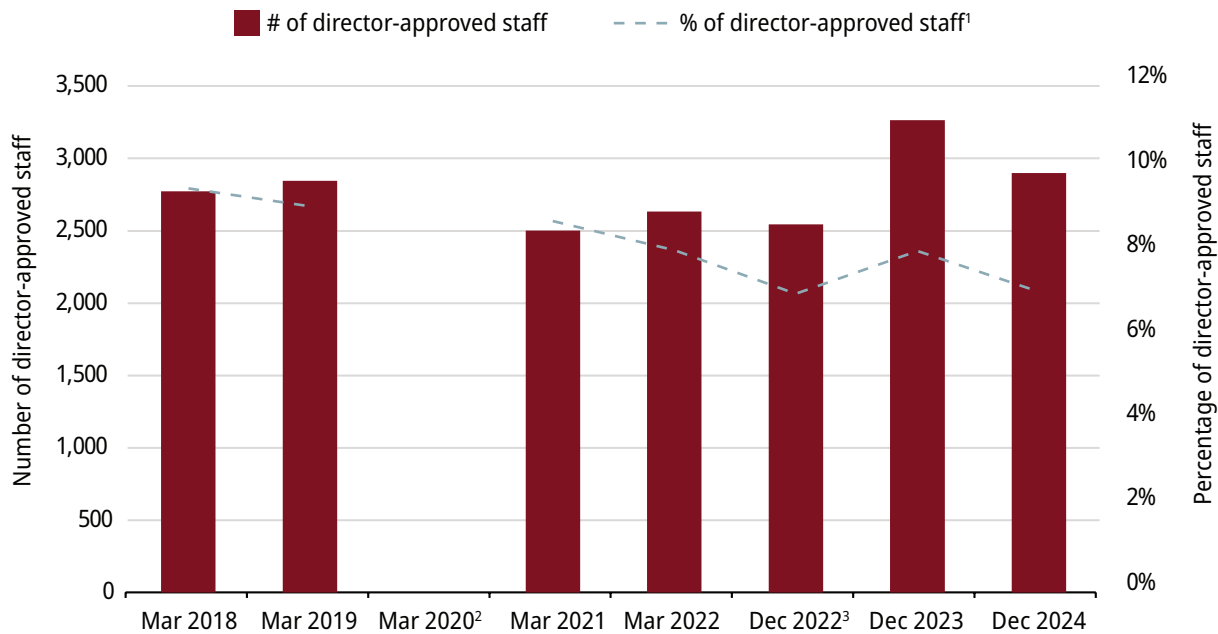
As discussed in **Section 2.4.1**, under the Act, child-care centres can meet their required minimum number of qualified employees for children under age six by hiring either RECEs or employees who are approved by a director at the Ministry’s Early Years and Child Care Division.

To request the director’s approval of staff, centres can apply to the Ministry, which reviews information such as the applicant’s educational background, work experience and future professional development plans. Centres must show that they tried to hire an RECE but were not successful.

From 2022 to 2024, about 2,900 full-time director-approved staff worked in child-care centres on average each year, representing about 7% of full-time program staff. **Figure 13** shows the number and percentage of director-approved staff from 2018 to 2024. If the workforce target is measured with qualified employees, which includes director-approved staff, the percentage of qualified employees was 66.6% as of December 2024. This is compared to 67.0% in March 2022, when the Agreement was signed.

Figure 13: Number of Director-Approved Program Staff, 2018–2024

Source of data: Ministry of Education



1. Percentage of director-approved staff compared to total full-time program staff, which includes RECEs, director-approved staff and non-RECEs.
2. March 2020 data is not available as the operator survey was not conducted in 2020 due to the COVID-19 pandemic.
3. The Ministry switched to begin collecting data from operators as of December.

Director-approved staff may have previous experience working with children or relevant educational credentials, but this is not required. They are not RECEs and may not be regulated by a professional body, but they may have other qualifications. As of December 2024, about one-third of director-approved staff held credentials or training in a related field, such as from the Ontario College of Teachers, Ontario College of Social Workers and Social Service Workers, or accredited Montessori programs. The remaining two-thirds of director-approved staff had either no related qualifications or unspecified qualifications.

Director-approved staff do not need to have previous experience working with children or relevant educational credentials. They are not RECEs and may not be regulated by a professional body, but they may have other qualifications or unspecified qualifications.

The Ministry has not assessed how director-approved staff affect the quality of child care, such as reviewing performance metrics for these staff or whether reports of serious occurrences or incidents at child-care centres correlate to different staff types or qualifications.

Why It Matters

If child-care centres can fulfill the qualified employee requirement by hiring director-approved staff instead of RECEs that are trained for the child-care sector, centres may increasingly rely on director approvals as more child-care spaces are added under the Agreement. Without assessing how these unregulated staff are performing overall, the Ministry does not have an understanding of how an increase in director-approved staff may impact the quality of child care.

Recommendation 10

We recommend that the Ministry:

- monitor trends of performance data and serious occurrences or incidents at child-care centres by staff type, including RECEs and director-approved staff; and
- work with the College, SSMs and operators to monitor the number of director-approved staff that obtain their RECE qualification, and if necessary, develop, implement and encourage an education pathway for director-approved staff to become RECEs.

For the auditee responses, see **Recommendations and Auditee Responses**.



4.3.4 The Ministry Has Not Established Clear Performance Targets for Parts of Its Workforce Strategy

In 2023, the Ministry developed a workforce strategy to improve recruitment and retention of the RECE workforce. The following objectives are part of the Ministry's five-point plan:

- 1** better wages and working conditions;
- 2** support for career laddering and entry into the profession;
- 3** employer-centred reforms;
- 4** building the profile of the profession; and
- 5** ongoing monitoring and assessment of progress.

Appendix 7 further describes the objectives.

The Ministry created a dashboard to track key data from the operator survey, membership statistics from the College, and enrolment and graduation rates in ECE programs. These data points can help identify overall trends for the sector. They do not measure the effectiveness of specific Ministry initiatives to improve recruitment and retention of RECEs, such as the wage enhancement grant, the qualifications upgrade program (QUP) and the dual credit program. The Ministry does not have clear targets for how many RECEs were expected to be trained and to join the child-care sector through these initiatives.

For example, the second workforce objective includes supporting career laddering and entry into the profession. One initiative under this objective is the QUP, where an individual can apply to receive different types of financial support, including:

- » education grants to cover tuition costs for ECE programs;
- » travel grants to assist with commuting costs to attend classes or training;
- » training allowances to provide financial support to individuals studying to become an ECE; and
- » one-time reimbursement of College registration fees for graduates.

From 2020–2024, approximately 9,700 QUP applications were approved at a total cost of \$29 million, representing all of the different types of grants available. The Ministry's data showed that 96 individuals received reimbursement of their College registration fees in 2024/25. The Ministry does not track how many individuals are supported with an education grant annually, which would help it monitor the completion rate of QUP grant recipients. The Ministry is currently working on a mechanism to monitor how many QUP recipients become RECEs or remain RECEs while working in licensed child care.

Why It Matters

Without clear performance measures, it is difficult to assess whether the Ministry's workforce strategy, initiatives and related investments are effective at increasing the RECE workforce.

Recommendation 11

We recommend that the Ministry:

- review all the initiatives within the Ministry's workforce strategy and establish a performance monitoring framework to measure outcomes of each initiative, where possible, and a group of performance measures to evaluate the initiatives with broader impacts; and
- evaluate the effectiveness of the initiatives on an annual basis, or when completed for one-time programs, to determine whether the outcomes achieved were effective for the level of investment.

For the auditee responses, see **Recommendations and Auditee Responses**.

Recommendations and Auditee Responses

Recommendation 1

We recommend that the Ministry:

- assess progress toward its space-creation target and performance against its Access and Inclusion Framework as of December 2026;
- identify and implement corrective actions where the space-creation target number of new spaces and goals of the Access and Inclusion Framework are not being achieved;
- analyze root causes for why enrolment has decreased for children eligible for the fee subsidy; and
- provide guidance to SSMs to implement strategies that address the root causes of declining enrolment for families receiving the fee subsidy and develop a plan to monitor these enrolment trends.

Ministry Response

The Ministry agrees with this recommendation and will continue to regularly monitor progress toward the goal of creating 86,000 net new spaces (relative to 2019) by the end of 2026 in the communities that need them most, in line with SSMs' directed growth plans, and will take corrective action where meeting that target appears at risk.

The Ministry will also work with SSMs and other organizations as appropriate on the collection and analysis of information around families receiving child-care fee subsidies. Should any inequities be identified, the Ministry will provide guidance to SSMs to address them, as appropriate.

In the longer term, the Ministry is designing a new digital tool that will collect and analyze data on trends related to barriers to access for vulnerable and underserved populations, which will inform future updates to the Access and Inclusion Framework.

Recommendation 2

We recommend that the Ministry:

- consult with child-care centres and/or SSMs to develop a guideline that defines long-term vacancies for CWELCC spaces, including a target occupancy rate for child-care centres compared to licensed capacity;

- track utilization rates for regions that are under capacity based on the developed guideline;
- work with SSMs to understand the reasons for low utilization in their regions and incorporate them into program changes, where applicable; and
- publicly report the total enrolment of children in CWELCC spaces and the number of these spaces that are not utilized in the Ministry's *Early Years and Child Care Annual Report*.

Ministry Response

The Ministry agrees with this recommendation and acknowledges that increasing utilization rates improves affordability. The Ministry will consult with child-care centres and/or SSMs on defining persistent underutilization in guidelines and on a potential minimum utilization rate for the sector.

The Ministry will monitor SSM-level utilization rates based on the guidelines developed and, where low rates exist, work with SSMs to understand the reasons why. The Ministry will explore guidance for SSMs to address low utilization rates, where appropriate.

The Ministry will report on CWELCC enrolment and system capacity as part of Ontario's *Early Years and Child Care Annual Report* starting in 2026.

Recommendation 3

We recommend that the Ministry:

- collect and analyze wait list data to identify regions where demand for child care is highest;
- through the analysis of wait list data, identify if any inequities in child care exist;
- where inequities are identified, incorporate this information in future space-allocation strategies; and
- publicly report the data collection and trend analysis on wait list data by SSMs annually.

Ministry Response

The Ministry agrees with this recommendation. The Ministry has launched an IT modernization initiative and is designing a new digital tool to make it easier for families to access child care and early years programs in Ontario. This tool will also collect and analyze wait list data to provide insights on access and demand.

Should any inequities be identified, the data will be leveraged to inform future changes to Ontario's Access and Inclusion Framework.

Once sufficient data is available, the Ministry will report on wait list trends as part of Ontario's *Early Years and Child Care Annual Report*.

Recommendation 4

We recommend that the Ministry:

- establish performance measures to monitor access rates for underserved and diverse populations defined in the Access and Inclusion Framework;
- collect data annually on these performance measures to assess progress toward supporting child-care access for children from priority groups identified in the Access and Inclusion Framework;
- report this data in the Ministry's *Early Years and Child Care Annual Report*; and
- monitor the performance measures and implement additional guidelines for SSMs to support access and inclusion for priority groups if declining trends are identified.

Ministry Response

The Ministry agrees with this recommendation and will continue to support increased access to child care for vulnerable and diverse populations through the creation of new CWELCC spaces across the province as outlined in the Access and Inclusion Framework.

The Ministry is designing a new digital tool that, once launched, will support the voluntary collection of data and enable us to analyze and report on progress against established performance measures related to access rates for underserved and diverse populations as part of Ontario's *Early Years and Child Care Annual Report*.

The Ministry will continue to engage with child-care and early years sector partners, as well as the federal government, on the Ministry's approach to access and inclusion. This includes engagement on the implementation of additional guidelines to support access and inclusion for priority groups if declining trends are identified.

Recommendation 5

We recommend that the Ministry review and revise the plan as needed to achieve the target average parent fee of \$10 per day by March 2026, including monitoring the number of children supported by the fee subsidy and the number of families paying the full parent fee.

Ministry Response

The Ministry agrees with this recommendation and continues to plan to achieve the target average parent fee of \$10 per day by March 31, 2026, as agreed with the federal government. The Ministry will take corrective action as needed to ensure that target is realized.

Recommendation 6

We recommend that the Ministry:

- work with the federal government and other jurisdictions to compare how cost drivers differ between Ontario and those of other jurisdictions in Canada; and
- work with the federal government to determine parameters of the CWELCC program that are sustainable in the long term.

Ministry Response

The Ministry agrees with this recommendation and will work with the federal government and consult other provincial and territorial governments to understand how significant cost drivers differ across the country.

The Ministry will also continue to work with the federal government to find a workable solution to ensure the sustainability of the CWELCC program beyond the end of the current agreement on March 31, 2026.

Recommendation 7

We recommend that the Ministry:

- collect detailed financial information and operational data, such as hours of operations, from SSMs and/or operators annually to evaluate whether the benchmark rates in the

cost-based funding framework fully reflect different operating conditions and costs for child-care centres and licensed home child care; and

- assess this information and, if necessary, factor it into the cost-based funding framework.

Ministry Response

The Ministry agrees with this recommendation to gather detailed financial information from SSMS through, for example, the standardized financial report mentioned in the guidelines, which will help evaluate benchmark rates. The Ministry will also determine what operational information is needed for this analysis.

As 2025 is the first year of implementing this new funding approach, the Ministry will be evaluating it on an ongoing basis and will make appropriate updates to maximize the likelihood of success in meeting its stated objectives and constraints.

Recommendation 8

We recommend that the Ministry:

- provide guidance to SSMS on identifying potential ineligible costs, such as amounts paid to related parties and/or the acceptable variance of costs above benchmarks, and the follow-up actions that should be taken when such risks are identified;
- develop and implement a standardized financial reporting template that requires operators to provide enough detailed information for SSMS to identify whether costs are ineligible per the guidance; and
- collect and review data from the standardized financial reporting template annually to determine cost drivers of child care in Ontario.

Ministry Response

The Ministry agrees with the goal of the recommendation to provide clarity to SSMS. The Ministry has provided detailed, principle-based guidance to SSMS on what costs are eligible under cost-based funding in the Ontario Child Care and Early Years Funding Guidelines, as well as in supporting materials. The Ministry will explore what further guidance on potential ineligible costs may be required.

The Ministry has consulted with SSMs on the standardized financial reporting template and is currently (at the time of this audit) working to finalize the template for release.

The resulting data gathered will also help the Ministry conduct ongoing analysis of the cost-based funding approach, including its parameters and other policy aspects as well as the cost drivers of child care in Ontario.

Recommendation 9

We recommend that the Ministry:

- develop an RECE workforce supply and demand model that incorporates the gap between the current utilization rate of child-care spaces and the licensed capacity of the child-care sector when estimating staffing needs;
- update this model annually to monitor the staffing needs of the child-care sector; and
- adjust or implement new workforce strategies as needed based on workforce modelling and trends identified to increase the recruitment and retention of RECEs.

Ministry Response

The Ministry agrees with this recommendation and, in June 2025, updated its workforce supply and demand model. The Ministry will continue to update and monitor this model annually to assess progress and inform any future workforce strategies under a renewed CWELCC agreement.

Recommendation 10

We recommend that the Ministry:

- monitor trends of performance data and serious occurrences or incidents at child-care centres by staff type, including RECEs and director-approved staff; and
- work with the College, SSMs and operators to monitor the number of director-approved staff that obtain their RECE qualification, and if necessary, develop, implement and encourage an education pathway for director-approved staff to become RECEs.

Ministry Response

The Ministry agrees with this recommendation and will explore options to enhance data collection and analysis related to staff type, including director-approved staff. This may include consideration of new operational policies and information technology solutions, as appropriate.

The Ministry will work with sector partners to explore and strengthen pathways for director-approved staff to become RECEs, including opportunities for future enhancements to the new digital tool to collect and monitor workforce data.

Recommendation 11

We recommend that the Ministry:

- review all the initiatives within the Ministry's workforce strategy and establish a performance monitoring framework to measure outcomes of each initiative, where possible, and a group of performance measures to evaluate the initiatives with broader impacts; and
- evaluate the effectiveness of the initiatives on an annual basis, or when completed for one-time programs, to determine whether the outcomes achieved were effective for the level of investment.

Ministry Response

The Ministry agrees with this recommendation and will explore opportunities to strengthen its existing Integrated Measurement Framework, which tracks and monitors impacts of the workforce strategy, by incorporating individual and group performance measures, where possible. These measures will help assess the effectiveness and overall impact of the workforce strategy on the sector on an annual basis.

Audit Criteria

In planning our work, we identified the audit criteria we would use to address our audit objectives (outlined in **Section 3**). These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies, and best practices. Senior management at the Ministry reviewed and agreed with the suitability of our objectives and associated criteria:

1. The funding framework enables child-care operators to be covered for their eligible costs, while maintaining the reduced fees for parents and guardians in accordance with the announced level of fee reductions.
2. The creation of 86,000 new licensed child-care spaces is in accordance with the objectives of the Agreement.
3. Child-care spaces support access for vulnerable or underserved populations and are reported on annually.
4. Strategies to increase and retain the ECE workforce needed to support and operate child-care spaces incorporate best practices, and outcomes are measured and reported on.

Audit Approach

We conducted our audit between January 2025 and August 2025. We obtained written representation from the Ministry's management that, effective September 19, 2025, they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this report.

As part of our audit work, we:

- » interviewed relevant staff from the Ministry;
- » examined relevant legislation, regulations and policies on the child-care system and CWELCC program;
- » performed data analysis on trends in the child-care system and CWELCC program in Ontario;
- » reviewed the CWELCC agreements between the federal government and the provinces and territories, and the related public reporting from the different jurisdictions on their implementation of the CWELCC program;
- » met with 10 of the 47 SSMs to understand their experience administering and managing the CWELCC program in their respective regions, and collected and examined data from the regions;
- » spoke with child-care providers, including Andrew Fleck Children's Services, Association of Day Care Operators of Ontario, Child Care Algoma, Compass Early Learning and Care, Home Child Care Association of Ontario, Mothercraft and YMCA of Greater Toronto; and
- » spoke with external stakeholders, including Association of Early Childhood Educators of Ontario, Building Blocks for Child Care, Child Care Now, Childcare Resource and Research Unit, College of Early Childhood Educators and Ontario Coalition for Better Child Care, to understand the challenges facing the child-care sector.

Audit Opinion

To the Honourable Speaker of the Legislative Assembly:

We conducted our work for this audit and reported on the results of our examination in accordance with Canadian Standard on Assurance Engagements 3001—*Direct Engagements* issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies Canadian Standards on Quality Management and, as a result, maintains a comprehensive system of quality management that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

October 1, 2025



Shelley Spence, FCPA, FCA, LPA

Auditor General
Toronto, Ontario

Acronyms

Acronym	Definition
CWELCC	Canada-wide Early Learning and Child Care
ECE	Early childhood educator, or early childhood education
QUP	Qualifications upgrade program
RECE	Registered Early Childhood Educator
SSM	Service system manager

Glossary

Term	Definition
Access rate	Number of licensed child-care spaces relative to the total population of children.
Auspice ratio	<p>Proportion of child-care spaces that are provided by not-for-profit licensees compared to for-profit licensees. All home child-care agency licensees are considered not-for-profit for the purpose of the auspice ratio.</p> <p>In the current Agreement, the target ratio is 70% not-for-profit spaces to 30% for-profit spaces.</p>
Benchmark rates	Standardized rates set by the Ministry in the cost-based funding framework. Benchmark rates are applied to characteristics of each licence, such as the number and age group of child-care spaces or the number of active home child-care providers, to calculate the funding for eligible centres and home agencies.
Child-care centre	Premise operated by a person licensed to operate a child-care centre in community or school settings, such as workplaces, community centres and public schools.
Child-care fee subsidy	Financial support provided by provincial and municipal funding to reduce out-of-pocket child-care fees for typically lower-income families, separate from the fee reductions mandated under the Agreement.
Cost-based funding formula	Basis of allocating funding to eligible child-care licensees to cover their eligible costs for providing child care, up to a maximum amount. Each licensee's funding is determined by factors such as the number of spaces for each age group of eligible children, the number of children enrolled and the number of days the licensee operates.
Director-approved staff	An employee, not including supervisors, that is not an RECE and is approved by a director at the Ministry to work in a role that would otherwise be staffed with an RECE.
Enrolment rate	Number of children enrolled in a child-care centre, compared to the number of licensed spaces.
Home child-care agency	Licensed by the Ministry and responsible for overseeing the provision of home child care by providers that it contracts with.
Home child-care provider	A person who has an agreement with a home child-care agency to provide child care in a home setting, for up to a maximum of six children. Different from unlicensed home child-care providers, who are not associated with an agency and can provide care for a maximum of five children.
Licensed capacity	The maximum number of children that can be receiving child care at a child-care centre at one time.

Term	Definition
Priority groups	Target populations, areas or neighbourhoods that may include underserved and vulnerable children from diverse populations, identified by SSMs to help address the CWELCC program's access and inclusion goals.
Program staff	Individuals who work directly to deliver a child-care program. Support functions, such as cooks and janitorial and clerical staff, are not considered program staff.
Qualified employee	An employee who is a member in good standing with the College, or a director-approved staff. Applicable to infant, toddler, preschool, kindergarten and family age groups.
Underserved and vulnerable children and children from diverse populations	Defined in the Agreement as, but not limited to, children living in low-income families, children with special needs and those needing enhanced or individual supports, Indigenous children, Black and other racialized children, children of newcomers to Canada, and official language minorities.
Utilization rate	The number of licensed spaces in a centre that are used for child care. Unutilized spaces include both vacancies and non-operational spaces.

Appendix 1: Key Differences Between CWELCC Agreements Across Canada*

Prepared by the Office of the Auditor General of Ontario

Objective	Key Differences
Affordability	<ul style="list-style-type: none"> While all provinces and territories are working toward the same average parent fee of \$10 per day, four provinces and all three territories have already achieved this: Yukon (2021); Manitoba, Newfoundland and Labrador, Nunavut and Saskatchewan (2023); and Northwest Territories and Prince Edward Island (2024). Five provinces expect to reduce parent fees to an average of \$10 per day by March 31, 2026: Alberta, British Columbia, New Brunswick, Nova Scotia and Ontario.
Access	<ul style="list-style-type: none"> All provinces and territories have specific numbers of child-care spaces they have committed to create by 2025/26. Newfoundland, Nova Scotia, Prince Edward Island, Saskatchewan, Yukon and Northwest Territories have a target child-care access rate of 59%. Ontario does not have a target access rate.
Quality (Workforce – wages)	<ul style="list-style-type: none"> All provinces and territories, except Alberta and Ontario, have committed to implementing their own wage grids for ECEs. Alberta and Ontario have a wage framework to top up ECE wages to a minimum, but no wage grid to increase wages based on years of service.
Quality (Workforce – qualifications)	<ul style="list-style-type: none"> New Brunswick, Newfoundland, Northwest Territories, Nunavut, Ontario and Yukon have a target of 60% of the staff being qualified/regulated employees (that is, ECEs) by March 2026. Alberta, Manitoba, Nova Scotia and Saskatchewan have a goal of increasing their ECE workforce by 15% (for Alberta and Nova Scotia, it is the greater of 60% of overall staff being ECEs or a 15% increase), over the initial term of their agreements with the federal government. Only British Columbia and Prince Edward Island have no specific targets other than to increase their ECE workforce.
Auspice ratio (not-for-profit spaces to for-profit spaces)	<ul style="list-style-type: none"> Alberta, British Columbia, New Brunswick, Ontario and Prince Edward Island will primarily create not-for-profit spaces, but some for-profit space creation is allowed. Manitoba, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Saskatchewan and Yukon will create only not-for-profit spaces (Northwest Territories and Nunavut do not currently have for-profit spaces). New Brunswick and Nova Scotia have a goal to transition some existing for-profit centres to not-for-profit centres.

* Before the CWELCC program was introduced, Quebec had a longstanding subsidized, low-fee child-care system with parent fees of \$10 per day or less.

Appendix 2: SSMs in Ontario*

Source of data: Ministry of Education



- | | | |
|--|--|--|
| 1. Algoma District Services Administration Board | 18. County of Hastings | 33. District of Thunder Bay Social Services Administration Board |
| 2. City of Brantford | 19. County of Huron | 34. District of Timiskaming Social Services Administration Board |
| 3. City of Cornwall | 20. County of Lambton | 35. Kenora District Services Board |
| 4. City of Greater Sudbury | 21. County of Lanark | 36. Manitoulin-Sudbury District Services Board |
| 5. City of Hamilton | 22. County of Lennox and Addington | 37. Municipality of Chatham-Kent |
| 6. City of Kawartha Lakes | 23. County of Northumberland | 38. Norfolk County |
| 7. City of Kingston | 24. County of Oxford | 39. Rainy River District Social Services Administration Board |
| 8. City of London | 25. County of Renfrew | 40. Regional Municipality of Durham |
| 9. City of Ottawa | 26. County of Simcoe | 41. Regional Municipality of Halton |
| 10. City of Peterborough | 27. County of Wellington | 42. Regional Municipality of Niagara |
| 11. City of St. Thomas | 28. District Municipality of Muskoka | 43. Regional Municipality of Peel |
| 12. City of Stratford | 29. District of Cochrane Social Services Administration Board | 44. Regional Municipality of Waterloo |
| 13. City of Toronto | 30. District of Nipissing Social Services Administration Board | 45. Regional Municipality of York |
| 14. City of Windsor | 31. District of Parry Sound Social Services Administration Board | 46. United Counties of Leeds and Grenville |
| 15. County of Bruce | 32. District of Sault Ste Marie Social Services Administration Board | 47. United Counties of Prescott and Russell |
| 16. County of Dufferin | | |
| 17. County of Grey | | |

* SSMs consist of 37 consolidated municipal service managers for upper- and single-tier municipalities and 10 district social services administration boards in Northern Ontario for areas where no upper-tier municipality exists.

Appendix 3: Access Rates for CWELCC Spaces by Region, 2023

Source of data: Ministry of Education

Regions above the provincial average (36%)

Region	Access rate (%)
Regional Municipality of York	55
Regional Municipality of Halton	49
District of Nipissing Social Services Administration Board	49
City of Ottawa	48
City of Greater Sudbury	47
Regional Municipality of Waterloo	43
City of Toronto	40
United Counties of Prescott and Russell	38
City of Peterborough	37
Municipality of Chatham-Kent	36
City of Hamilton	35
Regional Municipality of Durham	33
City of Windsor	33
Algoma District Services Administration Board	33
District of Sault Ste Marie Social Services Administration Board	33
Regional Municipality of Peel	33
City of Kingston	32
County of Lambton	32
District of Cochrane Social Services Administration Board	32
Manitoulin-Sudbury District Services Board	31
City of London	31
United Counties of Leeds and Grenville	30
County of Lanark	30
County of Dufferin	29
Regional Municipality of Niagara	29

Region	Access rate (%)
County of Hastings	28
County of Northumberland	27
County of Simcoe	26
District of Timiskaming Social Services Administration Board	26
District of Parry Sound Social Services Administration Board	26
Rainy River District Social Services Administration Board	26
City of Brantford	25
County of Lennox and Addington	25
County of Bruce	25
City of Cornwall	24
City of St. Thomas	23
County of Huron	23
County of Wellington	22
County of Grey	22
District Municipality of Muskoka	22
City of Kawartha Lakes	21
County of Renfrew	21
District of Thunder Bay Social Services Administration Board	21
City of Stratford	21
Kenora District Services Board	18
Norfolk County	18
County of Oxford	16
Province	36

Appendix 4: Child-Care Fee Subsidy Eligibility Requirements and Parent Fees¹

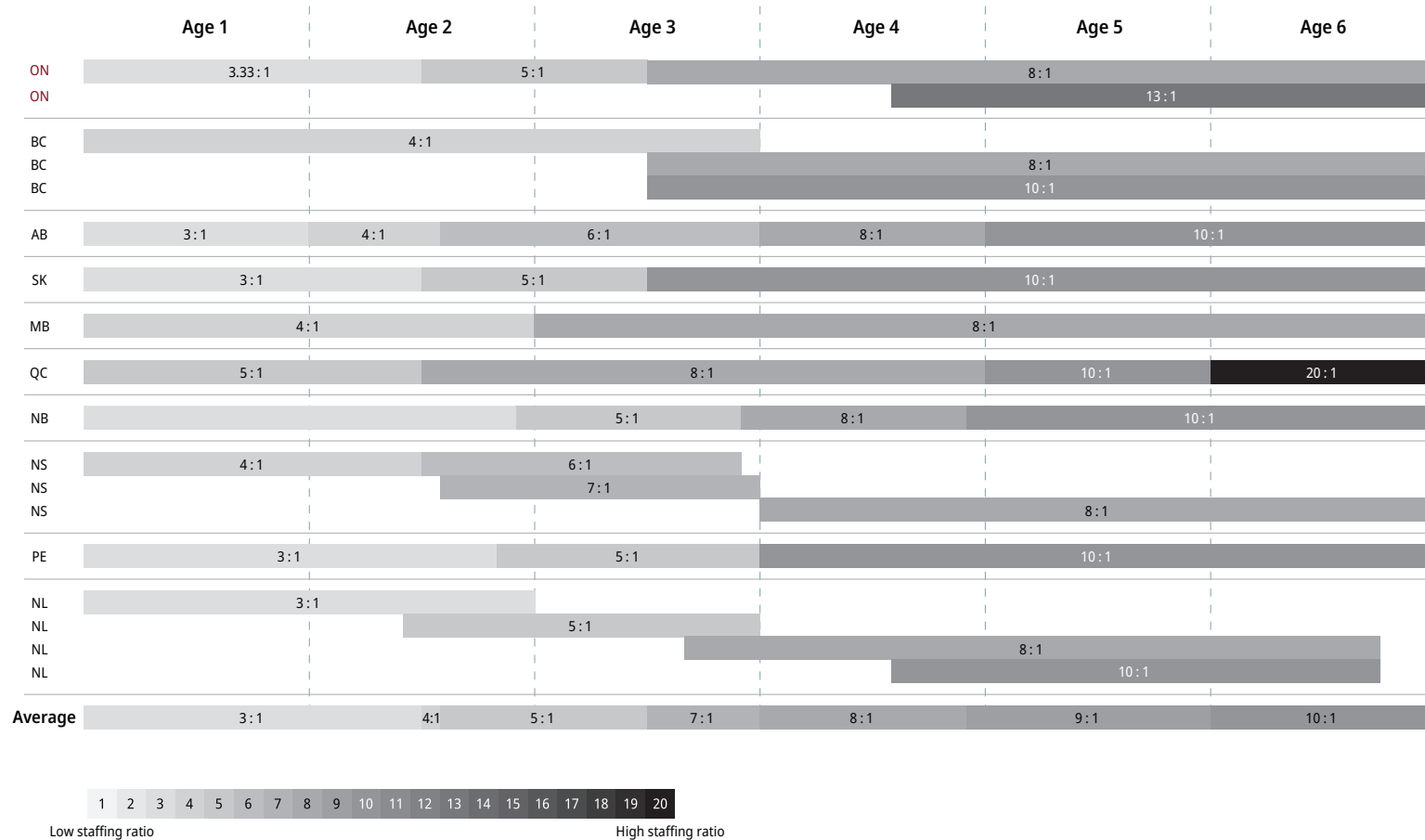
Source of data: Ministry of Education

Category	Eligibility Requirements	Parent Fee After Fee Subsidy
Full fee subsidy	<ul style="list-style-type: none"> • Parent or guardian receives payment under the Ontario Disability Support Program or Ontario Works; or • Annual household income of \$20,000 or less. 	\$0
Partial fee subsidy (as of January 1, 2025)	<ul style="list-style-type: none"> • Amount of fee subsidy is based on an income test. • With a maximum parent fee of \$22 per day, annual household income of less than \$70,000² may be eligible for a reduced parent fee. 	Less than \$22 per day
Partial fee subsidy (expected by March 31, 2026)	<ul style="list-style-type: none"> • Amount of fee subsidy is based on an income test. • With a maximum parent fee of \$12 per day, annual household income of less than \$54,000² may be eligible for a reduced parent fee. 	Less than \$12 per day

1. The fee subsidy is determined based on several factors, including the household's adjusted net income and the number of children in the household.
2. Maximum annual household income eligible for the fee subsidy is estimated based on one child in the household and 261 days of child care in a year (which approximates full-time care on weekdays).

Appendix 5: Comparison of Minimum Staffing Ratios by Province for Children Under Age Six

Prepared by the Office of the Auditor General of Ontario



Note: Chart shows the children-to-staff ratio. A lower children-to-staff ratio will generally be more costly as more staff are required per group of children cared for.

Appendix 6: Components of Cost-Based Funding Framework for Child-Care Centres

Source of data: Ministry of Education

Component	Funding Allocation During the Year	Funding Reconciliation at the End of the Calendar Year
<p>Program costs</p> <p>Eligible expenses incurred to deliver child care</p>	<p>Benchmark allocation</p> <p>Standard rate applicable to all providers, representing the “typical” cost of providing quality child care in Ontario</p> <p>× Geographic adjustment factor</p> <p>Standard rate applicable to each region*, ranging from 0.79 to 1.07, to recognize differences in typical costs between regions</p> <hr/> <p>+ Top-up for legacy costs</p> <p>Applicable to approximately 50% of the licensees that enrolled or applied for enrolment in the CWELCC program on or prior to August 14, 2024, with additional funding provided to cover their cost structures over the benchmark allocation</p> <hr/> <p>+ Top-up for growth</p> <p>Applicable to all new or existing CWELCC-enrolled licensees that expand with new spaces starting January 2025, ranging from 0% to 30% of additional funding over the benchmark allocation, depending on which region the licensee is located in</p>	<p>Actual program costs</p> <p>Based on eligible expenses incurred and cannot exceed the total benchmark allocation + any top-ups</p>
<p>+ Profit/surplus</p> <p>Amount retained by operator in lieu of profit or surplus in the organization, to recognize the risk of operating a business and reinvestment into the organization</p>	<p>+ Allocation in lieu of profit/surplus</p> <p>Calculated as a percentage of benchmark allocation and top-up funding, plus a base amount of \$6,000 for the calendar year, which is expected to result in an average of 8% across all licensees</p>	<p>+ Actual amount in lieu of profit/surplus</p> <p>Calculated as a percentage of actual program costs incurred and the amount of top-up funding used, plus a base amount of \$6,000 for the calendar year</p>

Component	Funding Allocation During the Year	Funding Reconciliation at the End of the Calendar Year
<p>- Parent fee revenue</p> <p>Amount received directly from parents or guardians (or others on behalf of families) that is charged for child care</p>	<p>- Expected parent fee revenue</p> <p>Based on estimated number of operating spaces and days of operation, accounting for some vacancies</p>	<p>- Actual parent fee revenue</p> <p>Earned and cannot be lower than the estimated parent fee revenue</p>
<p>= Total cost-based funding</p> <p>Funding for licensees enrolled in the CWELCC program to support their costs with reduced parent fees</p>	<p>= Cost-based funding allocation</p> <p>Funding provided to operators during the year</p>	<p>= Actual cost-based funding</p> <p>Calculated based on actual eligible costs incurred in the year and final parent fee revenue</p>

* The province is grouped into 13 regions for the purposes of the geographic adjustment factor.

Appendix 7: Ministry’s Child-Care Workforce Strategy Five-Point Plan

Source of data: Ministry of Education

Objective	Description
1. Better wages and working conditions	<p>Increase the wage floor for RECEs working in CWELCC-enrolled centres to \$23.86 per hour for eligible RECE staff in 2024 to better align with school boards and increase the eligibility ceiling for wage enhancement.</p> <p>Provide professional development and mental health support through a dedicated professional development day.</p>
2. Support for career laddering and entry into the profession	<p>Provide qualification upgrade opportunities to become an RECE, support dual credits to encourage high school students to enter ECE training programs, and improve transparency and reduce burden for students.</p> <p>Continue expansion of ECE programs in career colleges and provide one-time funding through an innovation fund aimed at supporting recruitment and retention initiatives.</p>
3. Employer-centred reforms	<p>Broaden “qualified staff” requirements for school-age programs serving children aged six to nine and develop a user-centred provincial child-care and early years IT solution.</p>
4. Building the profile of the profession	<p>Increase interest in RECE as a profession with a province-wide promotional campaign and engagement with federal, provincial and territorial tables, to increase RECE labour mobility and consider foreign credential recognition.</p>
5. Ongoing monitoring and assessment of progress	<p>Implement a measurement framework to track and monitor key indicators to measure impact of the Child Care Workforce Strategy on RECE supply and demand.</p>



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