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## **NEW WAY OF FUNDING CHILD CARE LEAVES SOME CENTRES OVERWHELMED**

*For Immediate Release*

**October 10, 2024--** Licensed child care providers across Ontario are still trying to make sense of funding changes the Province announced on August 15. Centres currently participating in the Canada-Wide Early Learning and Child Care program (CWELCC) will be transitioned to what the Ministry of Education calls a “cost-based funding model” from the “revenue replacement model” that has been in place since 2022. Centres not participating in the CWELCC will have their Provincial funding cut, a move which risks hundreds of centre closures.

The previous funding model left many centres on the edge of bankruptcy, because it froze their fees at March 2022 levels and then failed to provide appropriate inflationary increases. Centres that didn't raise their fees during the pandemic were especially hard hit. “It remains to be seen if the new funding model will be sufficient to save these centres,” says Andrea Hannen, Executive Director of the Association of Day Care Operators of Ontario (ADCO). “We also don't know if centres that are currently sustainable will remain so under the new funding formula. The process of determining that is incredibly complex for child care licensees. Some don't have the in-house expertise to do it.”

To keep participating in the CWELCC after the end of December, licensees have to account for all of their expenditures in a way that differs significantly from the current requirements. They have to enter all of their financial information into a new digital calculator tool issued by the Province, consider the results and then discuss them with their municipality. For a lot of centres, the process is simply overwhelming. “They've already had to overhaul their financial reporting systems once when Ontario first signed onto the federal program,” says Hannen.

“The situation proves what a lot of the CWELCC's critics have been saying all along--it's better at creating child care bureaucracy than it is at creating new child care spaces,” says Hannen. “That seems to be at the root of why some centres are protesting the changes. A lot of them still don't know if they'll be better or worse off financially, so it isn't necessarily about the money, but about feeling pushed to prioritize government paperwork over everything else,” says Hannen. “Whether they're small businesses or not-for-profit entities, child care entrepreneurs don't want to work for any level of government. They recognize that their primary responsibility needs to be delivering outstanding learning experiences for children, support for parents and a positive work environment for staff.”

The core issue, says Hannen, is the one-size-fits-all approach of CWELCC itself. “Rather than building a monolithic government program for child care that limits parental choice, or debating whether money should flow to provincial bureaucracies or to families, the focus really needs to shift to creating an ecosystem where all families can thrive, no matter what their child care choices are,” says Hannen.

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***ADCO is the industry association for Ontario's independent licensed child care centres, both commercial and not-for-profit. Independent licensed child care centres are those that are not run by public sector entities such as municipalities or school boards, or by large multi-service agencies such as YMCAs. Most are small businesses, owned and operated by women. For further information, please contact: the Association of Day Care Operators of Ontario (ADCO) at admin@adco-o.on.ca or Andrea Hannen at 1-877-685-4288, ext. 1.***