

# \$13.2 Billion child care deal will lower fees for families <sup>[1]</sup>

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## AVAILABILITY

Access online <sup>[2]</sup>

## EXCERPTS

Ontario and Canada have signed a \$13.2 billion agreement that will lower fees for families and deliver an average of \$10 a day child care by September 2025.

Highlights of Ontario's better deal include:

A federal investment of \$13.2 billion over six years with the province having secured more certainty around out-year funding. The deal includes an additional year of funding of at least \$2.9 billion.

The flexibility to allocate federal funding in a way that will allow the province to deliver an average of \$10 a day child care, including by spending the initial \$10.2 billion over four years instead of five.

Enhanced protection against funding shortfalls through a mandated financial review process in year three – the first of its kind in any provincial child care deal – to reconcile the actual costs of the new national child care plan with funding.

Reduction of child care fees through four steps of reduction to an average of \$10 a day per child five years old and younger by September 2025.

Parent rebates, retroactive to April 1, will begin in May.

Protection of all for-profit and non-profit child care spaces, helping to support predominantly female entrepreneurs across the province who provide high-quality child care services.

Creation of approximately 86,000 new, high-quality child care spaces for children five years old and younger.

Hiring new early childhood educators and support improved compensation for all Registered Early Childhood Educators (RECEs) working in licensed child care.

Maintain Ontario's child care tax credit program that supports 300,000 families with expenses in licensed and unlicensed child care.

Work with municipalities to enrol 5,000 licensed child care centres and home child care agencies into the program between now and September 1.

"From day one, I said our government wouldn't sign a deal that didn't work for Ontario parents and I'm so proud of the work we've done with our federal partners to land an agreement that will lower costs for families across the province," said Premier Doug Ford. "Given how complex Ontario's child care system is, we wanted to get this right. Today, we're delivering a deal that will keep money in the pockets of hard-working parents."

As a first step, all Ontario families with children five years old and younger in participating licensed child care centres will see their fees reduced, up to 25 per cent, to a minimum of \$12 per day, retroactive to April 1, 2022. In December 2022, parents will see another reduction. In total, fees for families will be reduced in 2022, on average, by 50 per cent, relieving parents of \$1.1 billion in child care costs. Families will see further fee reductions in September 2024, culminating in a final reduction to an average of \$10-a-day child care by September 2025.

Additionally, this agreement supports the creation of 86,000 more licensed child care spaces to address increasing demand, including more than 15,000 licensed child care spaces created since 2019. To maintain the province's high quality of child care, the agreement also supports the recruitment of new early childhood educators, stable compensation for all Registered Early Childhood Educators (RECEs) working in licensed child care, including RECEs providing child care for children six to 12 years old.

"We have secured a deal for Ontario families that will significantly reduce child care costs for working moms and dads, and that starts today", said Stephen Lecce, Minister of Education. "We were able to deliver a deal for Ontario families that includes billions in additional funding and a longer agreement that respects parents and provides financial support for families."

To support the child care sector in implementing these new measures, and to ensure the costs of inflation are covered, Ontario is investing

\$395 million to ensure RECEs for the 6-12 age group benefit from the wage increases committed to RECEs for the 0-5 age group, as the federal program does not extend support to workers or children age 6-12.

To ensure a sustainable future that protects Ontario taxpayers and puts parents first, the Canada-Ontario agreement also ensures that the cost of implementing the agreement will continue to be monitored by Canada and Ontario with automatic review in year three of the agreement (2024-25). This automatic review mechanism is the first of its kind in any child care agreement in Canada.

Ontario will work with municipalities to enroll over 5,000 licensed child care centres and home child care agencies in the new program between now and September 1. Rebates to parents, retroactive to April 1, will begin in May, and will follow the enrolment of licensed centres and agencies into the new system.

Ontario families will continue to benefit from the province's child care tax credit program, which remains in effect. This program provides an estimated 300,000 families with up to 75 per cent of their eligible expenses for licensed and unlicensed child care in centres, home-based care, camps and other settings.

Ontario's agreement also recognizes its unique position of having the largest child care aged population in Canada and complements the province's world-class, fully funded, full-day kindergarten program for four- and five-year-olds. Over the course of the agreement, Ontario will be investing \$21.6 billion in full-day kindergarten. Together, through the Ontario Child Care Tax Credit (CARE), affordable child care options, and all-day kindergarten, Ontario parents are provided with a full array of options, benefits and supports for early years and child care.

In addition to the investments under the new national agreement, Ontario continues to invest more than \$2 billion a year in early years and child care, including:

\$1.6 billion to support child care programs, including \$25.5 million for Indigenous-led, off-reserve programming

\$152 million for early years programs and EarlyON centres

\$49.5 million for child care and child and family programs in First Nation communities

\$390 million annually to support the Childcare Access and Relief from Expenses tax credit program, with the government providing a one-time, 20-per-cent top-up for the 2021 tax year

\$3.6 billion a year to provide free, universal, full-day kindergarten for four- and five-year-olds within school settings.

#### Quick Facts

Ontario was the first and remains one of the only jurisdictions in Canada to offer families fully funded kindergarten for children four and five years old. More than 260,000 children in Ontario are enrolled in full-day kindergarten.

Ontario is home to nearly 860,000 children ages five and younger and nearly two million children ages 12 and under, representing approximately 38 per cent of Canada's child care-aged population.

In 2019, Ontario had 289,000 child care spaces for children five years old and younger, a number that will increase by 86,000 by the end of 2026.

There are more than 5,500 child care centres, 139 licensed home child care agencies and around 464,000 licensed spaces in Ontario.

Ontario's child care system offers a range of options for families with differing needs, including licensed, unlicensed, for-profit, not-for-profit, school-based and home-based child care.

Ontario provides a child care fee-subsidy program for low-income parents. Approximately 150,000 children received free or low-cost child care through this program, which will continue as part of the new agreement with Canada.

Ontario has a robust regulatory framework that supports high-quality and safe early learning environments for children.

Since 2018, the Ontario government has invested over \$1.5 billion in capital projects within the education sector, including 4,908 new, licensed child care spaces within schools. In 2021, the Ontario government invested more than \$95 million to create 3,094 more school-based licensed child care spaces.

**Region:** Ontario <sup>[3]</sup>

**Tags:** federal agreement <sup>[4]</sup>

\$10 a day <sup>[5]</sup>

national child care system <sup>[6]</sup>

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**Source URL (modified on 5 Apr 2025):** <https://childcarecanada.org/documents/research-policy-practice/22/03/132-billion-child-care-deal-will-lower-fees-families>

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