

New way of funding \$10-a-day child care in Ontario coming in 2025 ^[1]

Author: Jones, Allison

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Excerpts

Ontario has told child-care centres that it will implement a new way of funding the national \$10-a-day program — something operators have urgently called for — starting in 2025.

Child-care centres, including the YMCA, the largest operator in the province, have been warning about the risk of closures if the funding formula isn't soon updated to cover the actual cost of providing care, rather than just replacing the revenue they've lost from the now-discounted fees.

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Traditionally, child-care centres have raised parent fees when they faced rising expenses such as staffing costs, catering, rent, heating and supplies. However, any operator that wanted to sign on to the national plan had to freeze their fees in March 2022, and many had voluntarily frozen them since 2020, not wanting to raise rates during the COVID-19 pandemic.

That means the government's revenue replacement model is based on rates that don't reflect the true current cost of providing child care, and the amount Ontario has factored in for inflation — 2.1 per cent for 2024 and 2.75 for 2023 — is not cutting it, some operators say.

The province has put more than \$98 million this year toward "emerging issues" for when operators aren't able to cover non-discretionary costs such as rent increases.

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The ministry has now told operators that a new, cost-based funding approach will be in effect starting in January 2025, and that the details of that new formula will be announced soon.

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Carolyn Ferns, policy co-ordinator for the Ontario Coalition for Better Child Care, said certainty and predictability will allow child-care operators not only to keep their doors open but also to plan for the future and create more spaces.

"It has certainly been a long time in coming, which, again, I hope means that they've taken the time to get it right, because I think that's what's really important at this point, that we have a solid funding scheme for child-care programs so that we do see some stability in the sector," she said.

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