

Ontario reduces child-care fees, introduces new operator funding formula ^[1]

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Excerpt

Ontario child-care operators in the national \$10-a-day program will soon be compensated in a way the province says will cover the true cost of providing care, after many said they were struggling to keep their doors open under the current structure.

The long-delayed new funding formula will stave off closures and provide relief to the sector but falls short of allowing it to expand enough to meet the needs of families, advocates and some operators said.

Education Minister Todd Smith announced the new formula Thursday, saying it will give operators certainty and stability.

"Given the feedback and the extensive consultation that's taken place on the new funding formula, we're pretty comfortable that those who are operating and those who want to operate are going to be able to do so in the province, creating those much needed spaces that families are looking for," he said in an interview.

The new funding structure, which will come into effect Jan. 1, also comes with an announcement that as of the same day the fees parents pay will be further reduced. They have already come down about 50 per cent to an average of \$23 a day and next year will fall to an average of \$19, and will be capped at \$22.

Those will be cut further to an average of \$10 a day by March 2026, a date pushed back from an earlier pledge of September 2025.

The updates to how operators are compensated for lower parent fees, however, do not come with any new wage increases or a wage grid for early childhood educators, something advocates and many operators have said is key to not only expansion of the sector but also maintaining existing spaces.

But Smith said under the new funding formula, operators will have more flexibility with their spending, leaving some more able to boost staff pay.

Carolyn Ferns, policy co-ordinator for the Ontario Coalition for Better Child Care, said the new model helps set current centres up for success, but is lacking when it comes to expanding child care.

"I think that it does make things more stable from where they were, but they were in a very bad place, so that's a bit of a low bar," she said.

"But really to set things up for how we go forward...this isn't solving the workforce crisis, and it's not providing enough accountability for how public funding is being used."

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