

# A Structurally Sustainable Framework for CWELCC (2027–2031)

*A 10-Point Plan to strengthen affordability, access, and  
accountability in Ontario childcare*



**A Canadian Coalition Of  
Childcare Operators**

# An approach that reflects the needs of all childcare stakeholders in Ontario.

To support this transition, private child care operators who currently provide quality childcare to over 163,00 Canadian families, have proposed a targeted 10-point plan for the next phase of Ontario's CWELCC program.

The ACE proposal has been developed to address the concerns and needs of both private and non-profit operators as well as all key childcare stakeholders.

- It **preserves affordability** for families.
- It aligns with the Auditor General's findings.
- It **controls costs** structurally.
- It **avoids large new funding asks.**
- It gives government a clear, credible plan.

# Universal childcare is a powerful promise, but the current reality is falling short.

Ontario's CWELCC program delivered vital fee reductions for families and strengthened labour force participation. However, the system is fundamentally strained. Despite massive investments, K-12 education receives \$79 billion annually nationwide, while early learning and child care operates on roughly \$12 billion per year.

80%



*80% of Canadians do not support the CWELCC program in its current format.*

# Structural underfunding and rigid administration threaten system viability.

Operators across the province are facing an unprecedented squeeze. Frozen fees, inadequate government investment, and rising inflation force providers to scale back essential services, inclusivity programs, and overall capacity. Waitlists are growing in both urban and rural areas.

**Administrative Burden:** Complex federal-provincial agreements generate excessive red tape, costing operators thousands of dollars every month.

**Erosion of Parent Choice:** The system favours specific models, yet data shows families rely on a diverse mix: 31% childcare centres, 33% licensed home-based, 36% unlicensed home-based settings.



# We cannot abandon the \$10/day promise—we must fix it.

As we approach the 2027-2031 agreement period, the province must shift from rapid universal implementation to long-term structural sustainability. We represent over 163,000 childcare spaces across Canada, and the consensus is clear: the system must operate within fiscal reality while using fiscal reality while protecting public investment.

# The 10-Point Blueprint for 2027-2031

Targeted structural refinements designed to enhance program sustainability **without increasing overall fiscal** costs. The plan is organized into three strategic pillars:

## Pillar 1

*Affordability & Fiscal Savings*

## Pillar 2

*Administrative Simplification*

## Pillar 3

*Access, Capacity & Workforce*



# Point 1: Adopt a Tiered Affordability Model

## The Policy Shift

Transition from universal \$10/day to a tiered approach. Tier 1 applies an inflation-indexed fee cap to all enrolled spaces. Tier 2 designates a limited, budget-controlled subset of strictly \$10/day spaces targeted to under-3s, low-income communities, and regions with acute shortage.

## Rationale

Ensures broad affordability while actively preventing structural underfunding. It allows the province to control the exact volume of deeper-subsidy spaces.

**Savings\***

***\$300M to \$600M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 2: Fund a Defined Standard Service Day

## The Policy Shift

CWELCC will exclusively fund a defined standard day (e.g. 8-9 hours). Extended hours will be priced separately, while fee subsidies continue to protect low-income families requiring extended care.

## Rationale

Aligns provincial funding directly with typical service use. It structurally addresses the intense cost pressures of operating extended hours while maintaining core affordability protections for families.

**Savings\***

***\$250M to \$450M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 3: Align Eligibility to Children Under Age 5

## The Policy Shift

A phased transition where CWELCC eligibility ends at entry to Junior Kindergarten (JK). Licensed JK/SK rooms convert to under-5 spaces. School-aged children are served through the education system plus subsidized before/after care.

## Rationale

Focuses limited funding precisely on the early years. Crucially, it expands desperately needed under-5 capacity without requiring new physical builds.

**Savings\***

***\$200M to \$300M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 4: Standardize Operating Grants

## The Policy Shift

Replace the highly granular, burdensome cost-reimbursement model with standardized per-space operating grants. Introduce annual reconciliation with specific tolerance bands and shift to risk-based audits.

## Rationale

Directly attacks administrative overhead. It radically reduces inconsistency across different service managers and improves audit outcomes, letting operators focus on care, not paperwork.

**Savings\***

***\$45M to \$110M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 5: Clarify Core Service Definitions

## The Policy Shift

The province distinctly defines the “CWELCC-funded core service.”

Any optional services outside this definition are permanently exempt from clawbacks provided they do not use CWELCC-funded staff, do not displace funded classroom capacity, and remain voluntary for parents.

## Rationale

Clarifies the boundaries of public funding, instantly reducing administrative disputes. It encourages operators to maximize their facility’s efficiency without bloating the public program cost (ex. Offering camps).

**Fiscal Impact\***

***Net Neutral Cost***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 6: Ensure Fee-Subsidy Portability Across All Licensed Centres

## The Policy Shift

Permit fee subsidies to follow the child directly to licensed non-CWELCC centres. The public subsidy is strictly capped at CWELCC-equivalent rates to protect the budget.

## Rationale

Immediately improves access for priority families stuck on waitlists. It preserves existing licensed capacity and entirely avoids the massive capital costs associated with building new spaces from scratch.

**Cost\***

***Savings of \$10M to cost of \$30M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 7: Restore Targeted Workforce Stabilization

## The Policy Shift

Implement a limited stabilization grant for licensed non-CWELCC centres serving ages 0-5. This applies to all educators in these settings, with strict rules preventing stacking with existing CWELCC workforce funding.

## Rationale

Prevents the imminent erosion of licensed capacity. Stabilizing the workforce in a mixed-market delivery system is vastly cheaper than attempting to rebuild lost spaces later.

**Cost\***

***\$50M to \$120M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 8: Enable Performance-Based Expansion

## The Policy Shift

Eliminate informal or local expansion caps. Replace them with strict performance-based rules where expansion is permitted if shortages exist, compliance standards are proven, and projects are shovel-ready. The province retains authority to ensure targets are met.

## Rationale

Aligns facility expansion with actual, demonstrated community need. It improves delivery timelines and maintains a healthy provincial balance of auspice mix (non-profit, private, home-based).

### Savings\*

*Avoided emergency expansion costs of*  
**\$50M to \$150M annually**

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 9: Establish a Capital Protection Framework

## The Policy Shift

Introduce capital stabilization grants explicitly tied to CWELCC participation. This includes a dedicated emergency repair and lifecycle renewal fund, secured through long-term service agreements.

## Real-World Rationale

Protects continuous service delivery. By reducing the rise of sudden facility closure due to capital shocks (like broken roof or HVAC failure), the province completely avoids catastrophic replacement costs.

**Cost\***

***\$50M to \$100M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# Point 10: Establish a Funded Non-RECE Wage Floor

## The Policy Shift

Implement a Non-RECE (Registered Early Childhood Educator) wage floor and progression framework that sits no more than \$2/hour below RECE benchmarks. This encompasses both a minimum wage floor and a funded average target.

## Real-World Rationale

Directly addresses the severe inequities driving turnover. Improving retention is mandatory for service continuity, especially within the context of nationwide RECE shortages.

**Cost\***

***\$150M to \$225M annually***

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

# *The Fiscal Equation:* **Funding the Future from Within**

The 10-Point Plan operates entirely within existing fiscal parameters. By implementing targeted structural efficiencies, the province unlocks massive capital that can be directly reinvested into workforce stabilization and capital protection without requiring new investment.



# The Net Fiscal Summary Breakdown\*

## Structural Savings / Avoided Costs

Tiered affordability	\$300M – \$600M
Standard service day	\$250M – \$450M
Under-5 eligibility alignment	\$200M – \$300M
Administrative simplification	\$45M - \$110M
Avoided emergency expansion	\$50M - \$150M
<b>TOTAL</b>	<b>~\$845M – \$1.61B</b>

## Reinvestment of Savings

Workforce stabilization (non-CWELCC)	\$50M – \$120M
Capital protection	\$50M – \$100M
Non-RECE wage framework	\$150M - \$225M
<b>TOTAL</b>	<b>~\$250M - \$445M</b>

\*Financial projections are calculated using AI and public data. Financial benefits are directional and need further collaboration with the Ministry of Education.

A watercolor painting of several flowers in various colors (purple, yellow, green) on a light background. The flowers are stylized with soft edges and some are partially open, showing dark centers. The painting is on the left side of the slide, partially overlapping the orange header.

# A Sustainable Framework *for 2027 & Beyond*

We share the ultimate goal: accessible, high-quality, and affordable childcare for every family. The 10-Point Plan secures this future by:

- Aligning funding realistically with service design.
- Preserving licensed capacity and ensuring equal access to care.
- Respecting operators and stabilizing the educator workforce.
- Safeguarding public investment through disciplined fiscal policy.



It is time to move from rapid implementation to structural sustainability. **We must build a system that works in practice.**