
January 26, 2024

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Re: Ontario Budget Consultation Submission - Early Learning and Child Care Funding

Minister Bethlenfalvy,

I am writing on behalf of RisingOaks Early Learning Ontario, a registered charity with over 40 years of dedicated service providing high quality early learning and child care experiences for Ontario's children. Our vision, "Every child is valued and reaches their full potential," aligns with the shared goal of creating a thriving environment for Ontario's children.

RisingOaks Early Learning, a member of the Quality Early Learning Network (QELN), has been an integral part of the Ontario child care landscape, operating nine centers, with a licensed capacity of 1,440 spaces catering to children from birth to school age. Our mission, "providing nurturing play-based early learning to support each child in realizing their potential while giving families peace of mind," has been at the core of our endeavors.

We commend the government's commitment to early learning and child care, exemplified by our inclusion in the Canada-Wide Early Learning and Child Care (CWELCC) program. However, we face significant challenges hindering our ability to support sustainable growth within an expanding system to provide the quality care Ontario families deserve.

Financial Constraints within Ontario's CWELCC Implementation Model:

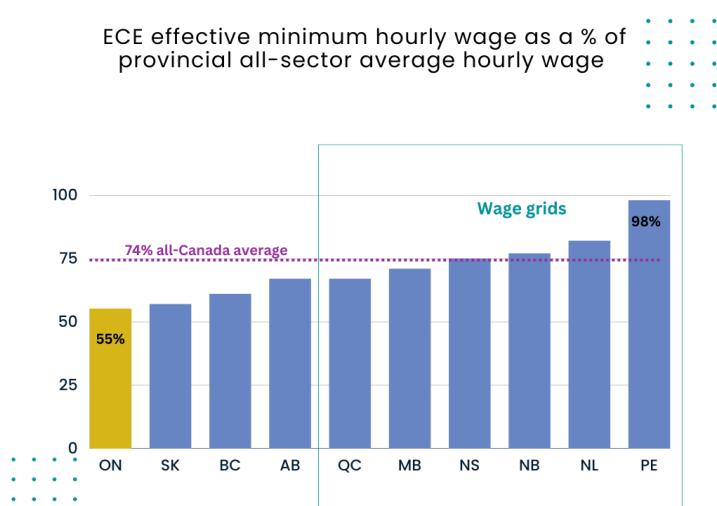
Our primary concern revolves around the current funding constraints within Ontario's implementation model for the CWELCC program - specifically the current and proposed funding formula, capped daily fees and inadequate cost escalation model.

The current funding formula is based on revenue replacement introduced capped fees - frozen in 2022, with a modest inflationary rate. The 2024 funding allocations included a reduction in the cost escalation factor (2.1%, compared to 2.75% last year) which is not matched to inflation.

This model inaccurately assumes that the capped fees were enough to cover the true cost of child care before CWELCC, but they were not, resulting in deficit budgets and difficult financial decisions for not-for-profit organizations.

As an organization, RisingOaks Early Learning has undertaken an expansion feasibility study and the board has approved up to six regions for expansion, but Ontario's capped fee model is problematic. One of our priority areas is Stratford, Ontario...just 35 minutes down the road from our head office in Kitchener, as we have 7 staff who already commute in from there to Kitchener. Stratford's capped daily fee for infants is \$51, compared to \$79 in Waterloo and our 2022 frozen fee of \$82.25. In a room of 10 infants, that is equates to \$78,000 less revenue annually. An 88-space centre in Stratford would result in a deficit of (\$350,000). We have raised this concern with the Ministry who's only response was to suggest that these staff should take a \$5/hour pay cut to work closer to home. This is unacceptable and creates an ethical, pay equity issue, and economic issue.

The reality is that the Ontario's current compensation framework is complex with 5 different components, some that apply only to RECEs and others to all staff. This system creates pay equity issues for organizations and leads to increased turnover in the sector. While the announcement of a 2024 wage floor of \$23.86 is welcomed, organizations and ECEs are still waiting. As of today, "the effective ECE minimum wage in Ontario is only 55% of the province's average wage for all sectors, placing Ontario in last place across the country.



Across Canada ECEs make 74% of the average wage for all sectors. In a helpful analysis by the Coalition of Child Care Advocates of BC and the Association of Early Childhood Educators BC in July 2023, we can see that five provinces that have implemented wage grids have improved ECE wages the most in comparison to the all-sector average.¹

Reduction in Ontario's provincial allocation:

The federal government has invested over \$4 Billion into Ontario child care since 2022. These funds are used for parent fee reductions and modest wage improvements.

While those investments are welcomed, let's not forget that child care remains a provincial responsibility and provincial funds are used for general operating grants, fee



subsidies, wage enhancements and administration. It is disheartening to see that Ontario's provincial child care allocations have declined over the last 6 years. In 2024, the province is cutting \$85.5 million from Service System Managers' admin funding. General operating grant and expansion allocations are stagnant and well below 2018 levels.

Table 1: Ontario funding allocations 2018-2024²

Total provincial allocation to child care (unadjusted dollars)							
2018	2019	2020	2021	2022	2023	2024	Net difference
\$ 1,669,539,764	\$ 1,689,976,558	\$ 1,641,275,997	\$ 1,641,275,997	\$ 1,667,215,471	\$ 1,684,463,025	\$ 1,601,329,518	-\$ 68,210,246

Provincial General Operating Grant & Expansion Allocations to child care (unadjusted dollars)							
2018	2019	2020	2021	2022	2023	2024	Net difference
\$ 1,296,904,983	\$ 1,344,241,365	\$ 1,308,042,859	\$ 1,263,514,427	\$ 1,227,014,428	\$ 1,227,014,428	\$ 1,227,014,428	-\$ 69,890,555

These funding cuts, along with the introduction of value-for-money audits of municipally-run child care centres pose a threat to not only expansion but also the stability of existing child care programs, especially for not-for-profit operators like RisingOaks. This is why we have deficit budgets and wages in our sector are stagnant.

Many organizations, RisingOaks included, have run deficit budgets in recent years while we wait for potential one-time funding to help balance the budget. In fact, 2024 marks the 3rd year in a row that our volunteer board of directors has passed a deficit budget due to an unknown funding formula and inadequate inflationary increases within Ontario's implementation of the CWELCC program. While one-time funding received late in the year often helps to balance the budget, it could make a real difference in our sector IF it was built into the overall funding model – added to the base and known in advance. Then we would be in a better position to make investments in our programs and our workforce which improves quality for children and supports retention and recruitment of ECEs.

Industry-Wide Challenges:

Additionally, we draw attention to the concerns raised by us and other child care operators such as the YMCA, facing deficits due to stagnant revenue replacement funding. The risk of losing child care spaces in Ontario is a shared worry among operators, and jeopardizes the promise of creating 86,000 additional spaces committed by the province in 2022. The only way to solve the child care crisis is to be an equal partner with the federal government in creating a true wage grid for this deserving workforce, and to ensure that funding keeps pace with inflation. The government must move forward with a provincial wage grid for RECEs and non-RECE staff working in child care. Ontario is lagging behind other provincial and territorial partners who have recognized that the workforce is the key to expanding the system.



Calls to Action:

In conclusion, we appreciate the government's efforts in early learning and child care, but urgent action is needed to address the current funding and workforce challenges.

To address these issues, we urge the Ontario government to move swiftly:

- Increase the general operating grant allocation by a minimum of \$500 Million and tie annual increases to inflation.
- Provide an immediate 20% increase in Ontario's CWELCC funding to cover the true cost of child care and ensure sustainability while we wait for the new funding formula to be introduced.
- Pilot a new needs-based funding formula with Quality Early Learning Network (QELN) members to test and inform the formula.
- Ensure the new funding formula is set up to offer multi-year funding allocations.
- Match federal spending on the child care workforce and collaborate with licensees on the development of an early years and child care salary scale including:
 - a \$30-40/hour starting wage for RECEs
 - a \$25/hour starting wage for non-RECE program staff
 - pensions, benefits

RisingOaks Early Learning urges the Ontario government to reconsider the funding model, ensure sustainable growth, and safeguard the future of high-quality early learning and child care in the province.

Thank you for your attention to this critical matter, and we look forward to your support in building a brighter future for Ontario's children.

Sincerely,

A handwritten signature in black ink that reads "Lori Prospero".

Lori Prospero, CAE
Chief Executive Officer

¹ Coalition of Child Care Advocates of BC & Early Childhood Educators of BC. (2023). Early Childhood Educator Wage in British Columbia. Recommendations for a Wage Grid of at least \$30-\$40 per hour. A Cross-Canada Scan of ECE Wages and Wage Grids. Retrieved from:

https://www.ecebc.ca/application/files/5516/8919/8966/10aDay_ECE_wages_and_grid_July_12_web.pdf

² Ontario Coalition for Better Child Care. (December 20, 2023). 2024 Ontario Child Care Funding: Highlights of changes. Retrieved from:

https://www.childcareontario.org/2024_ontario_child_care_funding_highlights_of_changes