RisingOaks
Early Learning Ontario

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To: Ontario Ministry of Finance – Budget Consultations

From: Lori Prospero, CAE
Chief Executive Officer

Re: Budget 2026 Submission – Strengthening Ontario's CWELCC Implementation

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Executive Summary

RisingOaks Early Learning Ontario is a not-for-profit operator with a 40-year history of delivering high-quality early learning and care. We operate 10 licensed child care centres in Waterloo Region, serving over 1,600 children.

Ontario's CWELCC implementation has significantly improved affordability for families. However, Ontario families continue to pay more for child care than families in many other parts of the country, and further fee reductions have paused. While this is not about assigning fault, it is important to recognize that affordability outcomes depend on a system that is reliable, well-staffed, and built to last.

At present, Ontario's CWELCC system is constrained by four inter-related structural vulnerabilities:

1. **Inclusion/Special Needs Resourcing is becoming unstable** as Local Priorities funding has not been adjusted to inflation since 2019, leading SSMs to reduce enhanced staffing supports.
2. **Workforce instability remains the primary barrier to sustainability and expansion**, driven by compensation gaps and the absence of a predictable, inflation-adjusted wage grid and total compensation framework.
3. **The supervisor benchmark creates inequities,** penalizing centres that deliver school-age care by linking leadership funding to the proportion of children aged 0–4 rather than actual operational requirements.
4. **Capital and infrastructure pressures are growing**, putting long-term sustainability at risk without predictable, multi-year investment in child care facilities.

RisingOaks Early Learning recommends four targeted budget actions that align with sector evidence and system-building best practices.

About RisingOaks Early Learning Ontario

RisingOaks Early Learning was founded as a for-profit in 1981 and transitioned to a not-for-profit in 1991 before becoming a registered charity in 1998. RisingOaks operates 10 licensed, child care centres across Waterloo Region, with licensed capacity of over 1,600 spaces.

We are actively expanding, having opened new centres in 2018, 2022, and 2025, with additional centres planned for 2026 and 2027.
RisingOaks serves diverse communities and a significant number of children requiring inclusion and enhanced staffing supports.

Budget Recommendation #1

Index Local Priorities Funding to inflation to stabilize funding of enhanced staffing for inclusion supports

The challenge:

Local Priorities funding has remained unchanged since 2019, despite rising wages, operating costs, and increasing complexity of children's needs. As a result, SSMs are reducing enhanced staffing and special needs resourcing, not because demand has decreased, but because fixed funding envelopes no longer reflect real costs.

What this means in operations:

At RisingOaks, enhanced staffing is not discretionary. It is the foundation of equitable access. Yet the current approach does not cover the cost of sustaining inclusion supports.

In 2024 and 2025, RisingOaks relied on a combination of enhanced staffing funding embedded in our legacy top-up of the cost-based allocation ($39,915) and Local Priorities funding to sustain enhanced staffing. In 2025, this included $138,470 in Local Priorities funding, bringing total enhanced staffing expenditures that year to $148,448.

In 2026, if current caseloads continue, RisingOaks projects enhanced staffing costs of approximately $267,000. Under the current Local Priorities approach, RisingOaks would receive $123,000 in Local Priorities funding, in addition to the $39,915 legacy amount embedded in our cost-based allocation, resulting in a projected funding shortfall of approximately $105,000 for inclusion supports.

This gap is not theoretical. Projections are grounded in RisingOaks' actual enhanced staffing expenditures from 2023 through 2025, which increased significantly as inclusion needs intensified. Limited funding in this area directly affects staffing levels, placement decisions, and the ability to maintain inclusive environments.

In addition to funding adequacy, longer-term certainty is required to support inclusion planning. The current CWELCC extension to March 31, 2027 provides short-term stability but does not support multi-year planning for enhanced staffing, workforce retention, or inclusive service design. For Ontario families - particularly those with children requiring additional supports - confidence in the continuity of CWELCC beyond the current extension is essential. Without clarity on the longer-term funding framework, Service System Managers and operators are constrained in their ability to plan, staff, and invest in sustainable inclusion supports.

Recommendation

Ontario should:

1. Index Local Priorities funding to inflation, beginning in Budget 2026.
2. Establish a needs-based enhanced staffing approach aligned with actual caseload and inclusion plans, not a flat per-space model.
3. Ensure consistent accountability through a new CWELCC agreement that includes standard reporting to measure inclusion outcomes and staffing impacts – including ECE burnout levels.

Budget Recommendation #2
Implement a provincial wage grid, with benefits, that is indexed to inflation.

The challenge:
Ontario cannot stabilize or expand CWELCC without stabilizing the workforce. The workforce is the single greatest constraint on quality, reliability, and growth across the system.

Ontario cannot stabilize or expand CWELCC without a focus on workforce retention and growth. Operators continue to face recruitment shortages, turnover, and reduced program capacity due to equity issues in system wages – for both RECEs and non-RECEs.

Widely endorsed sector evidence shows that wage grids with benefits, and either a pension or RRSP matching program, are the core stabilizing mechanism for quality and sustainability.

Proof of Concept
In 2025, RisingOaks introduced a 10-step wage grid, developed in consultation with a compensation specialist. This investment was made to improve recruitment, retention, and transparency, and reflects our commitment to workforce stability.

However, as a not-for-profit provider, RisingOaks operates within tightly constrained margins and cannot absorb ongoing wage increases indefinitely. Workforce stabilization must be addressed at the system level, not downloaded to individual organizations.

Recommendation
Ontario should:
1. Implement a province-wide wage grid with a 30% spread (i.e., variance from starting salary to the top), and minimum starting wages of:
   - $30/hour for RECEs
   - $25/hour for non-RECEs
2. Provide benefits and annual inflation adjustment, with corresponding increases to operating funding so organizations can implement the grid without reducing service levels, inclusion supports, or quality.

RisingOaks would welcome the opportunity to share its wage grid design, implementation experience, and early outcomes with the Province.

Budget Recommendation #3
Adjust the supervisor benchmark within the CWELCC cost-based funding allocation

The challenge:
Under the current CWELCC funding formula, supervisor funding is calculated using age-based weighting tied to children aged 0–4. This creates an unintended inequity for centres that also operate school-age programs, despite having greater overall operational complexity.

Illustrative example

- A centre with 39 CWELCC-eligible spaces, all aged 0–4, receives funding for 1.0 FTE supervisor.
- A centre with 88 CWELCC-eligible spaces plus licensed school-age care receives funding for only 0.82 FTE supervisor, despite supporting more CWELCC spaces and a larger total program.

In both cases, centres must meet the same leadership, compliance, staffing supervision, health and safety, and family engagement requirements across the full licensed operation.

Recommendation
Ontario should:

1. Guarantee a minimum of 1.0 FTE supervisor funding for every CWELCC-participating centre, regardless of age mix.
2. Ensure benchmark adjustments reflect compliance and leadership requirements across the entire licensed program, including school-age care.

This targeted formula adjustment would improve equity, accountability, and system stability.

Budget Recommendation #4

Establish a predictable, multi-year capital and infrastructure funding strategy for licensed child care

The challenge:
Ontario's CWELCC commitments require both the creation of new licensed child care spaces and the ongoing maintenance and renewal of existing centres. Capital investment is therefore required across the full infrastructure lifecycle, from expansion to state-of-good-repair.

Ontario's cost-based funding framework includes an allocation in lieu of profit/surplus, intended to support prudent operating reserves and limited reinvestment over time. For not-for-profit operators, however, this allocation functions as an operating allowance rather than a capital financing tool. Reserves can only be accessed retrospectively through year-end net asset transfers following operating deficits and are not structured to finance large, non-recurring capital expenditures such as new construction, major renovations, accessibility retrofits, or significant state-of-good-repair investments. As a result, reliance on this allocation alone delays expansion and increases deferred maintenance risk, particularly for not-for-profit providers with limited borrowing capacity and tightly constrained CWELCC operating margins.

To meet CWELCC expansion objectives and respond to population growth, predictable capital funding is required to support the development of new licensed child care spaces, including new construction, major renovations, and retrofits of existing buildings. Not-for-profit and public operators play a central role in inclusive, community-based delivery, yet often lack the financial flexibility to finance growth without capital assistance.

At the same time, existing child care infrastructure must be renewed and modernized to remain compliant and fit for purpose. Across the sector, providers face aging facilities, deferred maintenance, rising energy costs, accessibility and inclusion retrofit requirements, and renovations needed to meet licensing, health, and safety standards. Under CWELCC's constrained operating margins, these investments cannot be funded through operating allocations without affecting service delivery.

Together, these factors demonstrate the need for a separate, predictable, multi-year capital funding mechanism that complements the existing cost-based funding model and supports both expansion and long-term infrastructure sustainability.

Recommendation
Ontario should:

1. Establish a dedicated, multi-year capital and infrastructure funding program dedicated to licensed child care, that supports new space creation and infrastructure renewal.
2. Ensure capital funding eligibility includes:
    - new construction and major renovations
    - state-of-good-repair and deferred maintenance
    - accessibility and inclusion upgrades
    - energy efficiency and climate resilience measures
    - health, safety, and licensing compliance improvements
3. Prioritize not-for-profit and public delivery to strengthen system-building and ensure stable long-term stewardship of public funds.
4. Align capital investments with CWELCC expansion objectives and pair them with adequate operating funding so that new and renewed spaces are financially sustainable over time.

Conclusion

Ontario's progress on affordability must be supported by a system that is reliable, well-staffed, and built to last. Achieving this requires:

- inclusion funding that reflects real needs and real costs,
- workforce compensation that keeps pace with the labour market,
- a funding formula aligned with actual operational realities, and
- capital investment that expands and renews child care infrastructure.

RisingOaks Early Learning welcomes the opportunity to collaborate with the Province and share practical implementation insights as a network of 10 centres and member of the Quality Early Learning Network, and of our 2025 wage-grid rollout.

Respectfully submitted by:

Lori Prospero

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