



Committee Report

CEYD-25-03

To: Chair and Members of the Joint Social Services and Land Ambulance Committee
From: Ashley Vanderlaan, Director of Children's Early Years
Date: Wednesday, May 14, 2025
Subject: **New Canada-Ontario Early Learning and Child Care Infrastructure Funding**

Background:

In 2023, the Ministry of Education (the 'Ministry') introduced the Canada-Wide Early Learning and Child Care (CWELCC) Start-Up Grant, to support the development of new licensed child care centres by assisting with initial operating costs. These grants are aligned with the County's Directed Growth Plan to ensure strategic child care expansion within the CWELCC system, reinforcing the County's commitment to investing in and advancing efforts to deliver affordable, accessible, inclusive, and high-quality child care for families. The Start-Up Grant provides financial assistance to help child care operators cover expenses related to opening new spaces, including equipment, furnishings, and regulatory compliance requirements. The grant has historically played an important role in expanding access to child care across the Wellington service delivery area.

Update:

On March 31, 2025, the Ministry introduced the Canada-Ontario Early Learning and Child Care Infrastructure Fund (Infrastructure Fund) as part of an update to the Ontario Child Care and Early Years Funding Guidelines. This fund complements the Start-Up Grant by supporting capital investments in child care facilities, helping to create, renovate, and expand licensed spaces, focusing on accessibility and increasing inclusion for underserved communities.

The County must use this funding to support the development of new, community-based licensed child care spaces, which must be provided by a not-for-profit licensee or directly operated by a Consolidated Municipal Service Manager. Similar to the Start-Up Grant, the Infrastructure Fund must align with the County's Directed Growth Plan and enrolment in the CWELCC system. Projects are required to prioritize inclusion, improving access for families in rural and high-cost urban areas and communities facing barriers, including newcomers, Indigenous peoples, and children with special needs.

Unlike the Start-Up Grant, the Infrastructure Fund can be used for new construction, facility upgrades, land and building purchases, and essential materials or equipment needed to operate child care programmes. Outdoor space modifications and leasehold improvements are also eligible expenses.

The County's allocated Infrastructure Fund for 2025 is \$2,056,212. However, it is important to note that the 2025 Start-Up Grant allocation has been reduced to \$2,062,602, down from the initial budget projection of \$3,656,700, resulting in a funding shortfall of \$1,594,098 relative to the original forecast:

Comparison of Revised Start-Up Grant Allocation and ELCC Infrastructure Fund for 2025

Funding Streams	Projected 2025 Budget - as of November, 2024	2025 Budget - as of March 31, 2025	Variance (+/-)
Start-Up Grant	\$3,656,700	\$2,062,602	(-) \$1,594,098
ELCC Infrastructure Fund	N/A	\$2,056,212	(+) \$2,056,212

While both funding streams remain critical to child care expansion, it is important to highlight that the reduction in Start-Up Grant funding may impact operators seeking financial assistance to establish new licensed child care centres.

As the Service System Manager for child care, the County is responsible for administering a fair and transparent funding process to ensure projects align with the County’s Child Care and Early Years Service Plan (2023-2027) and Provincial guidelines. Licensed child care centres submit funding applications directly to the Children’s Early Years Division, which will evaluate eligibility and oversee distribution. This approach ensures strategic child care investments that promote accessibility, inclusion, and long-term service planning within the framework of the County’s Directed Growth Plan space allocations.

Licensed child care centres accessing the Infrastructure Fund must commit to operating within the CWELCC system for at least seven years to ensure long term service stability. Funds must be utilized between the execution of the service agreement and December 31, 2026, with priority given to the creation of full-day child care spaces for children from birth to age 4, particularly in underserved communities.

When approving applications, staff will ensure that projects emphasize cost-effective solutions within available operating funding. Applicants must demonstrate financial stability, licensing history, and operational capacity, with the ability to secure additional funding if needed.

Once an Infrastructure Fund application is approved, the Children’s Early Years division will establish a formal service agreement with the licensee before releasing funds. If a licensee withdraws from CWELCC or ceases operations, the County is responsible for recovering and returning the funds to the Ministry.

All projects must be completed, and funds fully utilized by December 31 of the intended year. Additionally, in July 2025, the County will be required to report to the Ministry on progress related to the Infrastructure Fund. This reporting will help the Ministry assess local implementation and determine the County’s ability to commit remaining funds by the December 2025 deadline.

This funding update highlights a key financial shift to the CEYD’s 2025 budget, including a reduction in the 2025 Start-Up Grant allocation compared to original budget projections. While both funding streams remain critical to child care expansion, the decrease in Start-Up Grant funding may impact operators seeking financial assistance to establish new licensed child care centres. Additionally, the

County must ensure strategic investment in infrastructure while balancing operational costs within existing funding envelopes.

Financial Implications:

The new Infrastructure Fund allocation will be managed within the funding committed and will not impact the municipal tax levy.

In addition, the announced reduction to the Start-Up Grant allocation will not impact the municipal tax levy as this funding is 100% funded by senior levels of government. Approved funding for community operators will be managed within the new allocation.

Strategic Action Plan:

This report relates to the following objectives and priorities in the County's Strategic Action Plan:

Doing what the County does best – Providing Critical Daily Services for your residents

Recommendation:

That the Joint Social Services and Land Ambulance Committee recommend to County Council that the report, New Canada-Ontario Early Learning and Child Care Infrastructure Funding, be received for information.

Respectfully submitted,



Ashley Vanderlaan
Director of Children’s Early Years Division

In consultation with/approved by:
Luisa Artuso, Social Services Administrator
Scott Wilson, Chief Administrative Officer