



City of Hamilton Report for Consideration

To: Mayor and Members
Emergency and Community Services Committee

Date: May 22, 2025

Report No: HSC24025(b)

Subject/Title: Canada-Wide Early Learning and Child Care – 2025 and 2026 Child Care Space Allocation update and 2025 Funding Changes

Ward(s) Affected: City Wide

Recommendations

- 1) The Ministry of Education Infrastructure 100% provincial funding of \$1,629,121 **BE APPROVED.**
- 2) The General Manager of Healthy and Safe Communities or designate **BE DIRECTED** to execute a funding or ancillary agreement with the Ministry of Education that is satisfactory to the City Solicitor.

Key Facts

- On March 31, 2025, the Ministry released an updated memorandum (see Appendix "A") outlining the outcome of their child care space recalibration exercise resulting in a reduction of 289 new child care spaces for Hamilton.
- Canada Wide Early Learning and Child Care cost-based funding, administrative and start up grant funding was reduced by \$2,757,207 because of the reduction in the child care space targets.
- The Ministry announced new Infrastructure funding of \$1,629,121, with a goal of increasing inclusion in child care for underserved communities through the creation of new, licensed child care spaces for not-for-profit licensed child care centres.
- The Province of Ontario and the Federal Government continue to negotiate the extension of the Canada Wide Early Learning and Child Care plan beyond March 31, 2026.

- The demand for accessible, affordable, high quality child care in Hamilton continues to exceed available spaces, and the City of Hamilton remains committed to increasing access in alignment with our access and inclusion goals.
- Divisional staff will monitor the impacts of these changes and will keep families, child care operators, and Council updated on any further changes or impacts.

Financial Considerations

In addition to the space recalibration, the March 31st Ministry memo also announced new Early Learning and Child Care (ELCC) Infrastructure funding for Hamilton for 2025. Hamilton will receive \$1,629,121 to support not-for-profit licensed child care operators to increase inclusion in child care for underserved communities. This funding will support the creation of the new, licensed, full-day child care spaces, which are included in Hamilton's child care space allocations. This funding is a complement to the current Start-Up Grant program, and supports additional infrastructure costs, including planning and design stage expenditures, as well as the purchase of land or buildings.

The Ministry has also adjusted 2025 funding allocations, and the following chart provides highlights of these changes:

Funding Type	2025 Hamilton's Allocation		
	Original	Revised	Change
Cost Based Funding (to support operational child care spaces)	\$ 143,787,480	\$ 142,531,450	\$ (1,256,030)
Administration	\$ 3,223,315	\$ 3,219,753	\$ (3,562)
Start Up Grants (to support creation of new spaces)	\$ 3,728,700	\$ 2,231,085	\$ (1,497,615)
Total	\$ 150,739,495	\$ 147,982,288	\$ (2,757,207)
NEW Infrastructure Funding (to support new not-for-profit spaces)	\$ -	\$ 1,629,121	\$ 1,629,121

Staff have completed an analysis on the \$2,757,207 reduction in funding and are confident it relates to the reduction of spaces due to the recalibration exercise. There are no FTE impacts because of these changes and staff are consulting legal services to create an Infrastructure Agreement which will be included in the directed growth application for new child care spaces.

Background

On March 28, 2022, the Province of Ontario signed the Canada-Wide Early Learning and Child Care (CWELCC) agreement with the federal government. The goal of this initiative is to ensure more families across Ontario have access to safe, affordable, and high-quality child care. The Canada-Wide Early Learning and Child Care plan will be phased in by March 2026, with the average cost of child care for eligible children 0 to 6 years reduced to \$12 per day.

Hamilton is in year four of implementation and the following provides an overview of the accomplishments to date.

2022 Accomplishments:

- By November 1, 2022, a total of 214 out of 223 eligible child care licensees enrolled in the CWELCC plan. Hamilton achieved a 96% enrollment rate compared to the provincial average of 92%.
- Child Care fees were reduced by 25% for families retroactively to April 1, 2022, resulting in an estimated savings of \$3,600 per child.

2023 Accomplishments:

- Reduced child care fees by 52.75%, saving families an average of \$9,149 annually per child.
- Developed an Access and Inclusion Framework to direct new child care space growth in Hamilton's licensed child care system to best serve the needs of the community.
- Launched a directed growth application process for Licensees to apply for new child care spaces in Wards 6,7,3 and 4, which had the lowest access rates resulting in 381 new child care spaces.
- Provided general operating funding to support Early Childhood Educator recruitment and retention, increasing the average salary across the system to \$22.45/hour.

2024 Accomplishments:

- Hamilton's early years community including those enrolled in the Canada Wide Early Learning and Child Care plan reaffirmed their commitment to Equity, Diversity, Inclusion, and Belonging, by signing off on the City's Equity, Diversity, Inclusion and Belonging (EDIB) Policy for the early years system.
- Implemented the Ministry's Child Care Workforce Strategy, which increased the salaries of eligible Early Childhood Educators by approximately \$3.00/hour.
- Implemented two successful professional development days for more than 2,000 early years professionals.
- Approved 265 new community-based child care spaces, prioritizing Wards 2, 4, 5, 6, 7, 8, 9, and 11, because these wards continue to have lower access rates.

2025 Accomplishments To-date:

- Child Care Fees reduced to \$22.00 per day for participating Licensees resulting in an average family saving \$10,640 annually per child.
- Implemented new cost-based funding for Licensees participating in the Canada Wide Early Learning and Child Care plan.
- There are approximately 1,381 Early Childhood Educators working in Licensed programs participating in the CWELCC program. Average hourly wage has increased to \$28.04.
- Launched the directed growth applications for new child care spaces for both 2025 and 2026 focusing on all wards with an access rate of less than 37%.

On April 22, 2025, Minister of Education Paul Calandra released a letter to families to inform them that the current term of the federal child care initiative is coming to an end on March 31, 2026 (see Appendix "B"). Minister Calandra expressed Ontario's

commitment to see an extension of the program that would allow the province to succeed in achieving \$10/day child care beyond March 31, 2026, and indicated that without adequate federal funding, families could see child care rise. Currently, Hamilton has not yet received details on its 2026 funding or any future funding impacts for existing or new spaces.

Analysis

Canada Wide Early Learning and Child Care Access and New Space Allocations

In December 2022, the Ministry of Education released a draft Access and Inclusion Framework alongside child care space targets with a goal to open 86,000 new child care spaces in Ontario with a 37% access rate by the end of 2026. This means one affordable child care space for every 2.7 children aged 0 to 5 years by the end of 2026.

Division staff completed a review of current child care access rates across the city, analysis of socio-economic and demographic indicators, to ensure priority populations (i.e. children living in low-income families, children of newcomers to Canada, official language minorities, children with special needs, and Indigenous, Black and other racialized children) have access to inclusive child care options.

In January 2023 the Division submitted a Canada Wide Early Learning and Child Care (CWELCC) Space Reporting Template to the Ministry who approved the following in May 2023.

Ministry Child Care Space Allocations -Hamilton			
Year	School Based Allocation	Community Based Allocation	Total
2022	49	146	195
2023	196	180	376
2024	49	333	382
2025	49	295	344
2026	-	220	220
Total	343	1,174	1,517

Progress reports were submitted quarterly to the Ministry of Education and the recalibration of spaces was announced by the Ministry on March 31, 2025. The reallocation of spaces used data submitted in October 2024, through a ministry request to all 47 Service System Managers. A Communication Update from March 2025 (see Appendix "C") provides detailed rationale on the progress report and ministry decision.

The City's recalibrated new spaces for 2025 and 2026 are in the chart below:

	Ministry Child Care Space Allocations - Hamilton					
	2025			2026		
	Original	Revised	Change	Original	Revised	Change
Community Based Spaces	339	246	↓ 93	302	106	↓ 196
School Based Spaces	49	49	0	0	0	0

Among the 47 Service System Managers across Ontario, Hamilton is one of 27 who had spaces reduced. A total of 16 Service System Managers received increased spaces, and the remaining four saw no change to their space allocations.

Based on these new child care space targets, Hamilton will achieve an access rate of 37% using all spaces currently licensed in the system. If we consider the Canada Wide Early Learning and Child Care spaces only, our access rate for affordable child care in Hamilton will be 32% by the end of 2026.

Pressures in the Canada Wide Early Learning and Child Care system

Shortages of Early Childhood Educators

Recruitment and retention challenges continue in Hamilton, and across the province. Operating capacity is monitored by City staff and can provide some quantitative information on staffing, as it reflects the number of spaces currently operating based on staff to children ratios. In April 2025, all full day programs providing infant, toddler, and preschool care are operating at 90% of their total licensed capacity. To increase operating capacity to 100%, 115 more Registered Early Childhood Educators would be required.

The Division leads an Early Years Human Resources committee that includes broad representation of the Early Years community and post-secondary institutions. This committee will continue to prioritize recruitment and retention strategies for Early Childhood Educators.

Demand for new child care spaces

The directed growth application process for applying for new child care spaces under the Canada Wide Early Learning and Child Care plan started in 2023. The demand for new child care spaces in Hamilton continues to exceeds the available spaces. The following chart provides a snapshot on the number of applications received, compared to the total number of spaces approved based on funding availability and space targets.

Year	Total Licensee directed growth applications	Total Licensee spaces requested	Total Licensees approved	Total Licensed spaces approved
2022*	N/A	N/A		195
2023	17	1,450	11	381
2024	29	1,799	9	265
2025 to date			4	119
Total	46	3,249	24	765

2022 spaces created through increased licensed space approvals for existing Licensees plus new Licensees enrolling in the Canada Wide Early Learning and Child Care plan

The demand for child care is demonstrated by both the number of directed growth applications and through waitlist data. There are currently no data systems that collect system wide wait list information. Each Licensee has their own wait list information and policies. We know families place their children on multiple wait lists which leads to duplication across the system. To help inform this report, division staff surveyed Licensees offering full day child care (Infant, Toddler and Preschool age groups).

The following chart highlights current wait list numbers.

Total Licensees offering full day child care for children aged 0 to 5 years.	Total Wait List (Infant, Toddler and Preschool spaces that provide child care to children aged 0 to 5 years)
154	54,366*

*Given the demand for care, many families are on multiple waiting lists for child care, and therefore, this total wait list count is inflated due to duplication of children across multiple wait lists.

Legislated Requirements

The City of Hamilton is the Service System Manager for the Early Years System as required by the Child Care and Early Years Act, 2014. While the Service System Manager responsibilities is for the 0 to 12 years age groups, the focus of this report is on the Canada Wide Early Learning and Child Care plan, which focuses on the 0 to 5 years age group.

Next Steps

Division staff are currently updating the directed growth application and general information on the city's web pages to reflect the revised child care space targets, and to ensure transparency with the public. As the demand for affordable, high-quality child care continues to exceed available spaces, Division staff will continue to share data and advocate to the Ministry of Education for additional child care space targets and associated funding, with the goal of increasing access to child care in Hamilton.

Staff remain committed to working closely with community partners, such as the Consolidated Service System Management Advisory table, to inform priorities and successfully implement the Canada Wide Early Learning and Child Care plan at a local level.

Alternatives

Not applicable

Relationship to Council Strategic Priorities

Sustainable Economic & Ecological Development

Affordable high quality child care is an economic driver supporting families to work or attend school. Access to affordable, high-quality child care has been shown to increase labour market participation, especially for women.

Safe & Thriving Neighbourhoods

Providing affordable, accessible, high quality child care in neighbourhoods where families live creates a sense of community where children can thrive developmentally and successfully transition to school.

Previous Reports Submitted

- (HSC22035) Canada-Wide Early Learning and Child Care Funding Update - June 2022
- (HSC22035(a)) Canada-Wide Early Learning and Child Care Update - February 2023
- (HSC22035(b)) Canada-Wide Early Learning and Child Care - September 2023
- (HSC24025) Ontario Child Care Workforce Strategy, Canada-Wide Early Learning and Child Care Funding - May 2024
- (HSC24025(a)) Canada-Wide Early Learning and Child Care New Funding Formula, Emerging Issues Funding, and One Time Administration Funding - November 2024

Consultation

- David Trevisani, Manager - Finance and Administration, Corporate Services
- Rehan Tanvir, Business Administrator - Finance and Administration, Corporate Services
- Patricia D'Souza, Solicitor, Legal and Risk Management Services, Corporate Services
- Consolidated Municipal Service Manager Advisory group which includes representation of Child Care Licensees, EarlyON Child and Family Centres, School Boards, Mohawk College, Public Health, Recreation and Special Needs Resourcing agencies.

Appendices and Schedules Attached

Appendix A: Ministry Memo: Updates to Child Care Funding, March 31, 2025

Appendix B: Minister letter to Families, April 22, 2025

Appendix C: Communication Update, April 2025

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