



Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and
District Social Services Administration Boards

Chapter 2, Division 1: CWELCC Participation Guideline

NOVEMBER 2025

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DEFINITIONS

Unless otherwise specified, the terms used in this document have the same meaning as set out under the *Child Care and Early Years Act, 2014* (CCEYA), its regulations and the Transfer Payment Agreement between the ministry and the Consolidated Municipal Service Manager (CMSM) and District Social Services Administration Boards (DSSAB).

“Assumed Operating Capacity” means the number of child care spaces that the ministry has estimated will be operating during the calendar year by CMSM/DSSAB. It was calculated by Canada-wide Early Learning and Child Care (CWELCC)-enrolled licensee and rolled up by CMSM/DSSAB as follows:

- For child care centres, their operating capacity as at December 31, 2024, plus 2/3 of the difference between their licensed and their operating capacity as at December 31, 2024, to a maximum ceiling of their licensed capacity. If their operating capacity as of December 31, 2024, was higher than their licensed capacity, then it is assumed that the operating capacity in 2026 is the same as in December 31, 2024;
- For home child care agencies, the number of eligible children enrolled in home child care as at December 31, 2024;
- For new spaces, as per space targets for 2025 and 2026 in the Directed Growth Plans communicated on March 31, 2025.

“Directed Growth” means the Province’s plan to target child care space growth to areas of high need. In alignment with the Province’s CWELCC Access and Inclusion Framework to support better access to child care for communities that have traditionally faced barriers, CMSMs/DSSABs have an approved target number of new spaces to create, supported by CWELCC funds.

“Enrolment date” means the date when a CWELCC service agreement between the CMSM/DSSAB and a licensee becomes effective.

“Funds” means the money the ministry provides to the CMSM/DSSAB to allocate pursuant to the CWELCC System.

“Licensed Capacity” means:

- For a licensed child care centre, the maximum number of children, including the number in each age category, permitted to be receiving child care at one time as set out in the licence of the child care centre; or

- For licensed home child care, the maximum number of children permitted to be receiving child care in the home at one time as set out in the agreement between the licensed home child care agency and home child care provider.

“Operating Capacity” means the number of spaces a licensed child care centre/home child care is planning to serve as per the centre/agency’s staffing complement and budget, to a maximum ceiling of the licensed capacity.

OVERVIEW & KEY PRINCIPLES

This document (“Chapter 2, Division 1: CWELCC Participation Guideline” or “the CWELCC Participation Guideline”) is to be used as a technical document for CMSMs/DSSABs to administer participation in the Canada-wide Early Learning and Child Care (CWELCC) System as per the CWELCC Agreement between the Province of Ontario and the Government of Canada.

Nothing in the CWELCC Participation Guideline detracts from the eligible centre/agency’s obligations under the [Child Care and Early Years Act, 2014](#) (CCEYA), its regulations, or any other applicable legislation and, in the event of a conflict, legislative requirements will prevail.

Direction outlined in the remaining chapters of the *Ontario Early Years and Child Care Funding Guidelines* remains in place.

When administering participation in the CWELCC System, the following overarching principles should be adhered to:

- 1. Quality:** Ensure the delivery of high-quality child care, as defined in the CCEYA and its regulations.
- 2. Child and family focused:** Affordability for parents/guardians should be increased while ensuring high-quality care for children.
- 3. Protection of spaces regardless of auspice:** The child care spaces provided by both for-profit and not-for-profit centres/agencies in the province should be protected, helping to support (predominantly female) entrepreneurs across the province to meet the varying child care needs of Ontarians.
- 4. Efficient administration:** Administrative processes and systems should collect the minimum information necessary from licensees, and support timely enrolment and implementation of CWELCC.

CANADA-WIDE EARLY LEARNING AND CHILD CARE SYSTEM

Funding under CWELCC will be used to build and leverage the success of Ontario's existing early learning and child care system by increasing quality, accessibility, affordability, and inclusivity in early learning and child care. Initial objectives include:

- Improving the affordability of licensed child care in Ontario for eligible children through a phased approach, by introducing a 25% average base fee reduction in 2022, increased to a 50% reduction (based on 2020 levels) for licensed child care starting on December 31, 2022, and a base fee cap of \$22 a day as of January 1, 2025;
- Creating 86,000 new, high-quality, affordable licensed child care spaces (relative to 2019 levels) by December 31, 2026, predominantly through not-for-profit licensed child care;
- Addressing barriers to provide inclusive child care; and
- Valuing the early child care workforce and providing them with training and development opportunities.

Initial Transition

Ontario has taken a phased approach to implementing CWELCC, with an initial focus on the immediate objectives of affordability for families and system stability, before moving on to addressing the objectives of increasing accessibility and inclusion over the longer term.

This phased approach allows the ministry to engage with CMSMs/DSSABs and the broader early years and child care sector and provides the necessary time for sector partners to align with the terms and conditions of CWELCC, while enabling the ministry to make the necessary implementation adjustments as the early years and child care landscape evolves.

Implementation

The ministry provides funds to CMSMs/DSSABs to support the objectives for licensed child care programs under CWELCC, and CMSMs/DSSABs provide funds to enrolled licensees.

The CWELCC guidelines in this chapter (the CWELCC Participation Guideline and the CWELCC Cost-Based Funding Guideline) and associated funds detailed in the appropriate budget schedule of transfer payment agreements support the objectives of the CWELCC system. These are separate and distinct from other budget schedules in transfer payments agreements, which may support other child care priorities.

CWELCC Cost-Based funding approach

Effective January 1, 2025, the ministry moved from a revenue replacement to a cost-based funding approach. For details, please refer to Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline.

PART 1: PARTICIPATION

1.A PURPOSE

Licensees that provide home child care or centre-based programs serving eligible children in Ontario may apply to participate in CWELCC through their CMSM/DSSAB, provided their application complies with the requirements of O. Reg. 137/15.

CWELCC provides the ministry with an opportunity to leverage a set federal investment envelope to address the priorities important to Ontario's children, families, workers, and businesses.

1.B ELIGIBILITY

Licensees must complete and submit an application to their CMSM/DSSAB in accordance with the requirements set out in O. Reg. 137/15, as well as any local application processes and requirements established by the CMSM/DSSAB.

CMSMs/DSSABs are required to ensure that opportunities for community-based delivery participation are exhausted before direct child care delivery by the CMSM/DSSAB.

- All licensees enrolling into CWELCC need to demonstrate their financial viability to their CMSMs/DSSABs, and licensees enrolled in CWELCC need to maintain that financial viability to continue to receive CWELCC funding from CMSMs/DSSABs. For example, CMSMs/DSSABs may look for where a licensee has accumulated arrears, has not serviced their debt, or is approaching bankruptcy.
- New licensees who enroll into CWELCC must align their base fees in accordance with O. Reg. 137/15.
- All licensees participating in CWELCC must maintain existing (pre-CWELCC announcement on March 28, 2022) licensed child care spaces for children aged 0 to 5 (for example, a licensed infant space must remain an infant space). Any revisions or use of alternate capacity must be reported to the CMSM/DSSAB, and the CMSM/DSSAB should determine whether this may result in a funding adjustment or recovery from the licensee.
- Licensed child care centres participating in CWELCC must have a CWELCC service agreement with the CMSM/DSSAB in the areas they provide care, whereas licensed home child care agencies may have multiple CWELCC service agreements: with the CMSM/DSSAB overseeing that eligible agency (that is, the

CMSM/DSSAB service area associated with the head office in the Child Care Licensing System), and with secondary CMSMs/DSSABs that fund eligible agencies for homes created within the secondary service area after the specified date (refer to Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline).

1.C IMPLEMENTATION

Licensees must apply to participate in CWELCC in accordance with the process set out by their CMSM/DSSAB. If a program chooses not to participate and will be operating outside of the CWELCC system, they must notify their CMSM/DSSAB through the licence application process and inform parents/guardians that they are not participating through their parent handbook.

The parent handbook must clearly indicate whether the program is enrolled in CWELCC or not enrolled in CWELCC.

Funding provided through CWELCC is specific to meeting CWELCC objectives. Licensees enrolled in CWELCC are not, by default, eligible to access other child care funding.

Licensees enrolled in CWELCC will, however, now automatically receive the Wage Enhancement Grant (WEG)/Home Child Care Enhancement Grant (HCCEG) and workforce compensation in respect of children aged 0 to 5 as part of their overall program cost allocation under Cost-Based Funding, as it is included in the benchmarks. Licensees enrolled in CWELCC must comply with the requirements surrounding WEG/HCCEG for eligible staff (for further information on WEG/HCCEG for other licensees, please see Chapter 3, Division 1: Local Priorities Guideline, Part 2).

Other child care funding:

- CMSMs/DSSABs are able to provide Special Needs Resourcing (SNR) funding to support children and families in the CWELCC program through their regular purchase of service process.
- Licensees enrolled in CWELCC are encouraged to work with their CMSM/DSSAB to develop plans to increase access for children in receipt of fee subsidies and children with special needs to the licensees' child care programs.

For further details on WEG/HCCEG, SNR, and fee subsidy funding, please see Chapter 3, Division 1: Local Priorities Guidelines.

CMSMs/DSSABs must ensure that for the duration of the CWELCC service agreement:

- Licensees maintain their licences to operate in good standing in accordance with the CCEYA. Both regular and provisional licences are considered licences in good standing. CMSMs/DSSABs are required to stop funding a child care program that has its licence revoked or suspended and in accordance with the terms and conditions of the CWELCC service agreement.
- Licensees reduce and set base fees in accordance with O. Reg. 137/15.
- Licensees meet their workforce compensation obligations with respect to providing wage floors and increases to eligible staff.
- Licensees complete the annual data collection exercise, currently referred to as the Licensed Child Care Operations Survey, which may be amended from time to time, as required by the ministry, under O. Reg. 137/15.
 - If licensees fail to submit the required data by the compliance deadline, CMSMs/DSSABs are required to withhold funding from non-compliant licensees.
 - The ministry will provide CMSMs/DSSABs with a list of non-compliant licensees, and the CMSM/DSSAB must notify these licensees that their funding will be withheld.
 - CMSMs/DSSABs are responsible for reinstating funding once notified by the licensee that the data collection exercise has been fully completed.
 - Licensees must submit their overdue survey information to both the CMSM/DSSAB and the ministry before funding can be reinstated by the CMSM/DSSAB.
- If a licensee that is a corporation transfers shares of the corporation in sufficient numbers that would allow the person acquiring the shares to make a change to the corporation's board of directors, the licensee would remain enrolled in CWELCC and must maintain the applicable base fee.
- If a licensee sells substantially all its assets and the purchaser obtains a new licence to operate a child care centre or a home child care agency, they will no longer be enrolled in CWELCC and will be treated as a new licensee entirely.

1.C (1) New licensees

Child care licensees are required to set their base fees in accordance with O. Reg. 137/15 of the CCEYA.

1.C (2) New (active) home child care premises

Home child care agency licensees may have differentiated capacities by service area. If a Licensed Home Child Care (LHCC) agency oversees licensed home child care premises in multiple service areas, its licence specifies the maximum number of approved home child care premises the agency may oversee in each specific CMSM/DSSAB service area.

If CWELCC-enrolled LHCC agencies wish to expand (for example, oversee more home child care premises than is currently set out on their licence for a given service area), they are required to demonstrate that the CMSM/DSSAB where the new premises would be located has advised that an increase in the approved capacity for their service area is eligible for CWELCC funding before the ministry approves the revision request. For clarity, LHCC agencies that are not enrolled in CWELCC are not required to obtain CMSM/DSSAB approval before making a revision request.

Increases in capacity for LHCC agencies count towards the region's Directed Growth Plan targets.

1.C (3) CWELCC Auspice Targets

Ontario is working toward maintaining the proportion of not-for-profit licensed child care spaces for children aged 0 to 5 at 70% or above by the end of the CWELCC Agreement (March 31, 2026).

The ministry will continue to work with CMSMs/DSSABs to provide ongoing support in achieving local space creation targets as they relate to achieving auspice targets.

For the purposes of the CWELCC Agreement, all home child care agency licensees are deemed to be not-for-profit licensed child care, regardless of auspice.

Where a CMSM/DSSAB is unable to create a for-profit space or when one becomes vacant, the CMSM/DSSAB must prioritize a not-for-profit space to fill the gap in order to meet or exceed the set auspice targets.

CMSMs/DSSABs may be required to provide information on progress made in meeting auspice targets to the ministry upon request.

1.C (4) Non-participation

Licensees that serve children aged 0 to 5 and do not participate in CWELCC must continue to run their operations under the existing provincial licensing and regulatory framework. As of January 1, 2025, licensees that do not participate in CWELCC must not directly receive any funding from their CMSMs/DSSABs that they may have previously had access to (for example, wage enhancements, general operating) and may continue to set their own parent fees and wages.

Licensees are required to indicate in their parent handbook that they are not participating in CWELCC and must include their fee amounts.

If a licensee decides not to proceed with their application to participate in CWELCC at any time, they may withdraw the application. Once enrolled in CWELCC, if a licensee no longer wishes to continue to participate, they may withdraw from CWELCC and, subject to the terms and conditions of their CWELCC service agreement with their CMSM/DSSAB and any applicable provisions in O. Reg. 137/15, terminate that agreement. CMSMs/DSSABs must not impose any additional penalties on licensees for terminating their contracts.

1.C (5) Declining an application

O. Reg.137/15, provides the reasons that CMSMs/DSSABs may decline a licensee's application for CWELCC enrolment if:

- The CMSM/DSSAB believes the licensee is not financially viable or will not be operated in a manner that will be financially viable; or
- The CMSM/DSSAB believes the licensee will use the funding for improper purposes; or
- The program/space to be created is inconsistent with the CMSM's/DSSAB's directed growth plan. For greater clarity for parents/guardians and licensees, CMSMs/DSSABs are required to post their Directed Growth Plans, including priority neighbourhoods for CWELCC funding, prominently on their websites.

1.C (6) Appeals

CMSMs/DSSABs are required to have a local dispute resolution process in place that is publicly posted to allow for licensees to bring forward issues regarding CWELCC eligibility and funding decisions. Licensees must go through the CMSM/DSSAB local dispute

resolution process before bringing forward issues regarding CWELCC eligibility and funding decisions to the ministry.

1.C (7) Fees During a Closure Period

CMSMs/DSSABs should follow this guidance as part of their funding framework with enrolled licensees in respect of fees during a closure period:

- If a licensee charges fees to parents/guardians during a closure period, the licensed child care program may not exceed two consecutive weeks (10 business days) of closure, and not more than four weeks (20 business days total) of closure within a calendar year. This guidance also applies to statutory holidays. If a licensee charges fees to parents/guardians for a statutory holiday closure, the statutory holiday would count towards the closure limits set out above.
- This guidance applies to all CWELCC-enrolled licensed centre-based and home child care agencies during periods of closure. For greater clarity, when considering home-based child care, it applies to closures at the provider level where families are unable to access child care but are required to pay for the day.
- CMSMs/DSSABs have the discretion to further restrict the period of closure (that is, may not exceed 10 consecutive days) or to allow the calculation of closure days to be based on the school year as opposed to a calendar year, if the total number of days does not exceed the allowable amount as determined by the ministry and the CMSM/DSSAB.
- For closures due to events outside a licensee's control (for example, a natural disaster/major weather event, pandemic, school board strike) the days of closure are not counted toward the closure limits set out above.
- If a program does not charge fees for the closure period, the days of closure do not need to be counted in the closure limits set out above. In accordance with O. Reg. 137/15, licensees must disclose in their parent handbook the times when the services are offered and the holidays observed, the base fee and any non-base fees that may be charged, and whether the licensee is enrolled in CWELCC.

1.D REPORTING REQUIREMENTS

CMSMs/DSSABs are required to report to the ministry the CWELCC enrolment status of licensed child care programs with an active licence, as per the Child Care Licensing System, on a quarterly basis.

Where needed, the ministry will work with CMSMs/DSSABs for updates and data relating to, for example, applications to participate in CWELCC, applications that have been denied, and information pertaining to priority populations or priority neighbourhoods.

Where requested, CMSMs/DSSABs are required to submit reports to the ministry at tpa.edu.EarlyLearning@ontario.ca.

Records of Enrolment

For each CWELCC-enrolled licensee, CMSMs/DSSABs are required to maintain records of enrolment in electronic format (data and supporting documentation) and provide the following to the ministry upon request:

- Opt-in date for licensees who opted into CWELCC on or before December 31, 2022, or application date for licensees who applied to enroll in CWELCC on or after January 1, 2023
- Service agreement execution date (date of enrolment)
- De-enrolment notice date (date the licensee expresses in writing desire to de-enroll), if applicable
- Rationale for de-enrolment, if applicable
- Service agreement termination effective date (date of de-enrolment), if applicable.

PART 2: ACCOUNTABILITY

2.A REQUIREMENTS FOR CMSMs/DSSABs

To ensure the effective administration of CWELCC, CMSMs/DSSABs must adhere to key accountability measures. The following outlines specific responsibilities and procedures:

CMSMs/DSSABs must:

- Provide CWELCC funding to licensees with due consideration to operating capacity and enrolment changes during the year, and work with new licensees to ensure adequate funding is provided.
- Fund new active child care premises from funding provided for projected spaces to enroll in the calendar year.
- Review licensees' operating capacities and consider the impact of short-term and long-term vacancies. While short-term vacancies could be created from time to time when children transition out of care or between rooms, spaces should be occupied most of the time where staff are available and there is demand for spaces. CMSMs/DSSABs should monitor waiting lists and long-term vacancies that remain unmitigated.
- Review licensees' child care operations for eligible children for long-term vacancies that continue unfilled.
- For newly enrolled licensees, provide funding only for the portion of the year between the enrolment date and December 31 of the calendar year.
- Have policies and plans in place for the intake of CWELCC applications and administration of funding to licensees participating in CWELCC.
- Have policies and procedures in place as part of their financial review and reconciliation process with licensees.
- Ensure funding provided to licensees as operating grants supports CWELCC objectives.
- Review and validate that the inputs for licensees' Cost-Based Funding allocation are both reasonable and consistent with licensees' operational plans (for example,

assumptions about operating capacity should not be based on licensed capacity where sufficient staffing is not in place).

- Ensure that once inputs have been reviewed and confirmed, Cost-Based Funding allocations follow the established formulas and requirements as outlined in Chapter 2, Division 2: Cost-Based Funding Guideline.
- Require sufficient and appropriate information from licensees in receipt of CWELCC funding to enable CMSMs'/DSSABs' verification that the funding provided was used for the purposes intended, while ensuring transparency, accuracy and accountability. CMSMs/DSSABs may request additional documentation as necessary to meet these requirements.
- Regularly review O. Reg. 137/15 to ensure they are aware of any updates made to the regulation so that they can continue to ensure compliance in support of the implementation of the fee reduction for licensees participating in CWELCC.
- Keep information collected from licensees to support implementation to the minimum amount necessary to meet the reporting requirements outlined in this Guideline while ensuring financial accountability for public funds is maintained.
- Have policies and procedures in place, as part of the year-end financial review and reconciliation process with licensees, to ensure that CWELCC funding was used to support the actual and eligible costs incurred by a licensee as per the requirements of this guideline; and collect licensees annual attestations confirming CWELCC funds were used for the purposes intended and according to the requirements of this guideline.
- Have policies and procedures in place with licensees to fulfill all reporting requirements to the ministry and take reasonable and progressively corrective actions where licensees do not comply with reporting requirements.

Funding parameters and controls described above apply to all licensees (not-for-profit, for-profit, and directly operated by the CMSM/DSSAB).

2.B REQUIREMENTS FOR LICENSEES

To provide further clarity on funding to licensees, the purpose of CWELCC is not to limit or standardize a licensee's current operations, nor is it intended to come at a cost to licensees themselves, as enrolment in CWELCC should not require fundamental changes to program delivery.

The ministry understands that licensees' cost structures may vary depending on the service and unique care being provided. As a result, CMSMs/DSSABs will provide funding to licensees that participate in CWELCC so they can continue to operate the portion of the child care program serving eligible children based on existing cost structures while reducing their base fees charged to parents/guardians.

CMSMs/DSSABs should follow this guidance as part of their funding framework with CWELCC-enrolled licensees:

- As a requirement by their respective CMSMs/DSSABs, licensees should submit an annual attestation, signed by an officer with appropriate signing authority (that is, director or equivalent), confirming that CWELCC funding has been used in accordance with its intended purpose, as outlined within the parameters provided by CMSMs/DSSABs. For clarity, this annual attestation does not replace the requirement for licensees to provide financial information and financial statements.
- Licensees must charge base fees in accordance with O. Reg. 137/15.
- Financial information, as required by CMSMs/DSSABs must be submitted to verify: a) that the funding provided was used for the purpose intended; and b) that financial viability has been maintained (which may include audited financial statements).
- Licensees must submit comprehensive and accurate operational plans to ensure that their Cost-Based Funding allocation is appropriately calculated. These plans should provide the necessary details to support the calculation and reflect the operational realities of the program.
- Vacancy rates should be managed proactively by licensees to minimize unfilled spaces. Licensees should work together with CMSMs/DSSABs on addressing vacancies effectively across eligible centres or agencies to make the best use of available resources.
- Licensees should consult with CMSMs/DSSABs if they are unsure about the eligibility of certain costs and should avoid incurring ineligible costs that may be subject to recovery as part of the financial reconciliation.
- Licensees are expected to cooperate with CMSMs/DSSABs and external auditors regarding compliance and cost reviews. This includes providing all necessary documentation related to cost-based funding, cost calculations, and service delivery.

PART 3: CHILD CARE WAGE ENHANCEMENT (WEG), HOME CHILD CARE ENHANCEMENT GRANTS (HCCEG) AND WORKFORCE COMPENSATION

Under CWELCC Cost-Based Funding, WEG/HCCEG and Workforce Compensation funding in respect of staff serving children aged 0 to 5 has been reinvested into Cost-Based Funding allocations and the enhancements are included in the program staffing and supervisor benchmarks for centres, and home child care visitor benchmark for home agencies.

For clarity, there is no longer a notional allocation for WEG/HCCEG and Workforce Compensation for these particular staff, as it is included in total amount allocated through Cost-Based Funding (see Appendix 1: Schedule A for more details on benchmarks). As of 2025, there is no longer an application requirement in respect of staff serving children aged 0 to 5.

As WEG/HCCEG funding and Workforce Compensation funding for staff is provided through Cost-Based Funding allocations, enrolled licensees must adhere to the eligibility and accountability requirements for Cost-Based Funding, Workforce Compensation, and WEG/HCCEG, as applicable.

These requirements are detailed in Part 2 and Part 3 of Chapter 3, Division 1: Local Priorities Guideline.