



Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and
District Social Services Administration Boards

Foreword

FOREWORD

PURPOSE OF THE GUIDELINES

The Ministry of Education (“the ministry”) publishes the Ontario Child Care and Early Years Funding Guidelines (“the guidelines”) to provide information about the funding parameters and related program requirements that apply to Consolidated Municipal Service Managers and District Social Service Administration Boards (CMSMs/DSSABs).

This foreword will outline key information to help navigate the guidelines, including:

- A. 2025 Child Care Funding Changes
 - This outlines the significant funding changes being introduced for 2025.
- B. Guideline Organization and Updates
 - This outlines the updated organization of guidelines, which is now organized by chapters that combine content by theme and function to improve clarity, transparency, and ease of use.
 - This section highlights the policy updates stemming from the funding changes listed above, outlined by chapter.
- C. Child Care Laws in Ontario
 - Provides a reference to the applicable laws that govern child care in Ontario and represent requirements in addition to these guidelines.

A. 2025 CHILD CARE FUNDING CHANGES

The following section outlines the funding changes being introduced for 2025.

Cost-based Funding

Starting January 1, 2025, the new funding approach described in Chapter 2 Division 2: Cost-Based Funding Guideline will take effect. Cost-based funding provides support for operating costs for licensees participating in CWELCC for the delivery of child care to CWELCC-eligible children.

Please note that cost-based funding does not change the direct relationship between CMSMs/DSSABs and licensees, including dispute resolution. For more information on the cost-based funding approach, please refer to Chapter 2 Division 2: Cost-Based Funding Guideline.

Local Priorities

As part of the new child care funding approach, starting 2025, CMSMs/DSSABs will receive local priorities allocations to support child care programs as follows:

- General Operating Expense (in respect of children aged 6 to 12);
- Wage Enhancement Grant (WEG)/Home Child Care Enhancement Grant (HCCEG) and Workforce Compensation (in respect of children aged 6 to 12);
- Professional Learning (in respect of children aged 0 to 12);
- Fee subsidies (in respect of children aged 0 to 12);
- Special needs resourcing (in respect of children aged 0 to 12);
- Capacity building (in respect of children aged 0 to 12); and
- Claims-based funding: Small Water Works and Territory without Municipal Organization (in respect of children aged 0 to 12).

While CMSMs/DSSABs now have more flexibility in how to spend local priorities allocations, the Guidelines include certain limitations on how such funding may be spent (for example, a minimum percentage spent on special needs resourcing; municipal cost share requirements).

Order of Operations

For greater certainty and to ensure consistency across CMSMs/DSSABs going forward, the ministry is clarifying that “base wages” – for the purposes of wage enhancement allocations (such as WEG/HCCEG or Workforce Compensation) – must include any general operating funding provided to licensees for the purposes of improving wages.

Non-CWELCC-Enrolled Licensees

Under the new cost-based funding approach, licensees not participating in CWELCC may continue to run their operations under the existing provincial licensing and regulatory framework. Starting in 2025, the portion of routine funding in respect of children aged 0 to 5 has been integrated into cost-based funding to ensure the success of the CWELCC system. Therefore, routine funding must not be used to directly support licensees not enrolled in CWELCC unless they exclusively serve children aged 6 to 12. The one exception is that existing fee subsidy agreements may continue to be funded until the benefitting child ages out of the program or leaves the licensee.

Non-CWELCC-enrolled licensees serving children aged 0 to 5 can still be supported by indirect funding (such as special needs resourcing or training opportunities) and claims-based funding (such as Small Water Works and Territories without Municipal Organization).

Parent Fee Reduction

Along with implementation of the new funding approach and to support the transition to \$10 per day average fees by the end of 2025-26, families with children in programs enrolled in the CWELCC system would see child care base fees capped at \$22 per day effective January 1, 2025.

Please refer to O. Reg. 137/15 under the *Child Care and Early Years Act, 2014* (CCEYA) for additional information on this change.

ELCC Infrastructure Fund

Further information and updates will be provided at a later date.

Innovation Fund

Further information and updates will be provided at a later date.

B. GUIDELINE ORGANIZATION AND UPDATES

New for 2025, the 2024 Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline and the 2024 Canada Wide Early Learning and Child Care Guidelines and relevant addendums have been consolidated and organized into chapters. The organizational changes were necessary in order to reflect that Ontario is focusing funding in respect of children aged 0 to 5 into the CWELCC system through the new, cost-based funding approach.

The 2025 guidelines changes are primarily structural, for better organization and simplification, include limited substantive changes and consolidation of content by theme/area of focus into the new, chapter-based structure. Re-organization of content to focused/theme-based chapters is meant to help improve clarity, flow and overall ease of use.

Chapter Structure and Summary of Key Changes

Chapter 1: Funding Guideline

- Outlines effective business practices, financial accountability, and robust service system management.
- Content has been consolidated from several sections in the former guidelines to focus financial and administrative guidance in one section for ease of reference.

- Fee subsidy, Ontario Works and Special Needs Resourcing service targets will be unchanged for 2025; however, penalties related to missing these targets will not be applied for the year in recognition of the significant change underway.
- Clarifies the order of operations for cost sharing requirements.

Chapter 2, Division 1: CWELCC Participation Guideline

- This chapter includes all information relevant to CWELCC participation and cost-based funding.
- Small updates to Cost-Based Funding Guideline to provide additional clarity, as per an October 22, 2024 memo from the ministry.

Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline

- Describes cost-based funding parameters and supports CMSMs/DSSABs in the administration of that calculation.

Chapter 3: Local Priorities Guideline

- Describes funding largely outside of the CWELCC system (such as Wage Enhancement/Home Child Care Enhancement Grants, Workforce Compensation, Professional Learning, Capacity Building, Small Water Works, Territories without Municipal Organization and Flexibility Funding, including programs such as Special Needs Resourcing and fee subsidies).
- Updates to reflect **eligibility changes** - due to the integration of various funding streams into cost-based funding, most local priorities funding will now only be directly accessible to licensees enrolled in CWELCC or exclusively serving children aged 6 to 12 (includes “grandparenting” of fee subsidies), as per an August 1, 2024 memo from the ministry.
 - All licensees can still be supported by indirect funding (such as special needs resourcing or training opportunities) and claims-based funding (such as Small Water Works and Territories Without Municipal Organization).
- **More flexible General Operating Expense** funding line: Consolidates many former stand-alone funding lines. Repairs and Maintenance, Play-based Materials and Equipment, Transformation and Licensed Home Child Care Base Funding have all been rolled-in into General Operating Expense. This is to streamline flexibility funding and reduce administrative burden.

- **Clarifying order of operations for wage supports**, as per an August 1, 2024 memo from the ministry.
- **Special Needs Resourcing (SNR)**: to reflect the smaller 'base' for SNR spending outside of cost-based funding, SNR spending requirements have changed from a minimum of 4.1% of child care allocations (2024) to 8.5% of the 'Local Priorities – Flexibility Funding' allocations (2025). Note: this higher percentage equates to the same overall spending level across the province.

Chapter 4: Indigenous-Led Child Care and Child and Family Programs Guidelines

- Outlines supports to Indigenous communities related to child care and early years.
- No substantive changes for 2025.

Chapter 5: Infrastructure Guideline

- Describes Start-up Grants.
- No substantive changes for 2025
- Will include new ELCC infrastructure program, for which details will be available at a later date.

Chapter 6: EarlyON Guideline

- Describes EarlyON Child and Family Centre programs and services.
- No substantive changes for 2025.

Chapter 7: EFIS Reporting Requirements Guideline

- Combines reporting requirements related to service data for all funding programs.

C. CHILD CARE LAWS IN ONTARIO

In addition to the funding requirements contained within these guidelines, CMSMs/DSSABs and all licensees are required to comply with the applicable laws that govern child care in Ontario.

These requirements are set out in the *Child Care and Early Years Act, 2014* (CCEYA) and its regulations (O. Reg. 137/15, O. Reg. 138/15) which supports Ontario's vision for the early years.

The CCEYA sets out the authority for the Minister of Education to issue policy statements for the purpose of guiding early years programs and services. The Minister issued a policy statement naming *How Does Learning Happen? Ontario's Pedagogy for the Early Years* as the provincial framework to guide programming and pedagogy in licensed child care settings across Ontario.

O. Reg. 137/15 includes program-related requirements for centre-based and home child care programs that align with *How Does Learning Happen? Ontario's Pedagogy for the Early Years* and help licensees put the ideas and approaches of this pedagogical framework into practice.

O. Reg. 138/15 outlines the framework for funding, cost sharing, and financial assistance for child care and early years programs in Ontario. It details the responsibilities of municipalities and the provincial government in sharing costs, as well as the eligibility criteria and application process for financial assistance to parents/guardians.

In these guidelines, the relevant laws may be referred to as "legislation", "the CCEYA", "the Act", "the statute", "the regulations" or "O. Reg. 137/15" and "O. Reg. 138/15".

The above mentioned Act and regulations are not meant to be an exhaustive list of all laws that govern child care in Ontario, but an overview of the key legislation and regulations referenced in the guidelines. Please refer to other legislation as applicable.