

**Ministry of Education
Early Years and Child Care Division**

315 Front Street West, 11th Floor
Toronto ON M5V 3A4

**Ministère de l'Éducation
Division de la petite enfance et de la
garde d'enfants**

315, rue Front Ouest, 11^e étage
Toronto ON M5V 3A4



2024: EYCC10

TO: Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs)

FROM: Holly Moran, Assistant Deputy Minister
Early Years and Child Care Division

DATE: November 26, 2024

SUBJECT: Ontario Child Care and Early Years Funding Guidelines

Thank you for your ongoing partnership as we continue to invest and make strides in our work together to deliver affordable, accessible and high-quality child care to Ontario's families.

I am pleased to share the *Ontario Child Care and Early Years Funding Guidelines* ("the guidelines") to support municipal planning for 2025 and beyond. Note: these guidelines include and build on the CWELCC Cost-Based Funding Guideline first released on August 1, 2024, to cover broader provincial child care and early years funding.

Effective January 1, 2025, the guidelines have been organized into a chapter-based structure, which provides content by theme to help improve clarity, flow and overall ease of use. These chapters include all relevant content from the previous *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 Guideline*, and have been updated to:

- Reflect the new, cost-based funding approach and streamline sections that are now redundant; and
- Reflect the integration of routine child care funding in respect of children aged 0 to 5 into the CWELCC system through the new funding approach, and the impact to non-CWELCC-enrolled-licensees.

The changes in the guidelines are primarily structural, for better organization and simplification, and include limited substantive changes. Please see the *Ontario Child Care and Early Years Funding Guidelines: Foreword* for further details regarding the changes.

Investments for 2025

Investments from the Government of Ontario and the Government of Canada in the child care and early years system will total about \$5.8B for 2025, representing an increase of about \$1.6B over 2024. Investments for 2025 include the following:

- \$4.61B in Cost-based funding to support operating costs for licensees participating in CWELCC for the delivery of child care to CWELCC-eligible children;
- \$0.15B in Start-up Grant funding to support capital costs related to the creation of affordable child care spaces for CWELCC-eligible children;
- \$0.76B in Local Priorities funding to support operating costs largely outside of the CWELCC system, including fee subsidies and Special Needs Resourcing;
- \$0.16B in EarlyON Child and Family Centre funding;
- \$0.02B in Indigenous-led funding; and
- \$0.08B in Administrative funding to support CMSMs/DSSABs with their administrative capacity to support the early years and child care sector.

Updates for 2025

The following outlines the key changes being introduced in the guidelines:

- A more flexible General Operating Expense funding line which consolidates many former stand-alone funding lines. This is to streamline flexibility funding, allow CMSMs/DSSABs to focus on local needs and reduce administrative burden.
- Fee subsidy, Ontario Works and Special Needs Resourcing (SNR) 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. The ministry will consult with CMSMs/DSSABs on future service targets.
- Small updates to the CWELCC Cost-Based Funding Guideline are included to provide additional clarity, as per an October 22, 2024 memo from the ministry.
- 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.
- The order of operations for wage supports has been clarified, as per an August 1, 2024 memo from the ministry.

- The order of operations for cost-sharing requirements has been clarified.
- Reporting requirements related to service data for all funding programs have been combined into one reference Chapter, and the requirement for an interim report has been removed for 2025.

Please see *Ontario Child Care and Early Years Funding Guidelines: Foreword* for further details and additional changes.

Upcoming changes to Ontario Regulation 137/15 regarding base fee reduction

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 will see child care base fees capped at \$22 per day effective January 1, 2025.

Regulatory amendments to O. Reg. 137/15 under the *Child Care and Early Years Act, 2014* (CCEYA) are required to operationalize this change to base fees and the ministry consulted on these regulatory amendments on the Regulatory Registry from August to October 2024. More information on the next parent fee reduction will be shared in the coming weeks.

Next Steps

A. Space Recalibration

The investments listed above have been allocated to CMSMs/DSSABs accounting for current directed growth targets and may be adjusted through the recalibration of CWELCC space targets for 2025 and 2026, which is currently in progress. More information will follow at a later date.

B. 2025 Funding Allocations Technical Paper

The 2025 Funding Allocations Technical Paper, which describes the formulae and criteria used to calculate funding allocations to CMSMs/DSSABs, will be posted online shortly along with the guidelines.

C. Templates and other licensee-level data information

In an effort to standardize reporting, the ministry will be consulting with CMSMs/DSSABs in the coming months on templates, including the Licensee's Standardized Financial Report, the Cost Review Report Back, and the Request for release of Cost-Based Funding Allocation Holdback.

Further, the ministry plans to consult on the collection of comprehensive site-level data, including inputs and assumptions used in the cost-based funding allocation and actual eligible costs. It is anticipated that these data will be used to monitor and evaluate the performance of cost-based funding and determine potential future adjustments to the benchmarks.

D. Additional funding

Further information and updates on new funding programs for the Early Learning and Child Care Infrastructure Fund and the Innovation Fund (workforce strategy funding) will be provided at a later date.

The ministry recognizes the scope of change underway and sincerely appreciates your partnership as we work together to build a sustainable system that supports the needs of children and their families.

Sincerely,

Original signed by:

Holly Moran
Assistant Deputy Minister
Early Years and Child Care Division

cc: Matthew DesRosiers, Director, Funding Branch
Katie Williams, Director, Early Years Branch
Karen Puhlmann, Director, Child Care Branch

Appendix A – 2025 Total Allocation – November 2024

CMSM/DSSAB	Total Cost-Based Allocation (including holdback)	Start-up Grants	Local Priorities Allocation	Administration Allocation	Total 2025 Child Care Allocation	EarlyON	Indigenous-Led	Total 2025 Allocation
Corporation of the City of Brantford	30,962,309	1,897,200	5,879,164	708,234	39,446,907	2,331,315	815,000	42,593,222
City of Cornwall	18,742,169	1,323,000	5,245,112	570,462	25,880,743	1,893,707	-	27,774,450
City of Greater Sudbury	59,332,999	105,600	10,223,437	1,076,908	70,738,944	3,799,053	117,260	74,655,257
The City of Hamilton	143,787,480	3,728,700	33,064,094	3,223,315	183,803,589	6,775,905	1,627,615	192,207,109
Corporation of the City of Kawartha Lakes	15,190,011	1,241,100	3,387,865	401,649	20,220,625	1,268,919	-	21,489,544
Corporation of the City of Kingston	28,746,157	819,000	6,307,386	700,493	36,573,036	3,257,713	-	39,830,749
Corporation of the City of London	115,685,657	8,140,500	23,447,411	2,381,543	149,655,111	4,453,034	644,851	154,752,996
City of Ottawa	375,577,283	4,591,200	57,495,575	6,041,250	443,705,308	11,364,780	2,806,780	457,876,868
Corporation of the City of Peterborough	35,520,331	713,100	6,125,889	700,545	43,059,865	1,469,569	-	44,529,434
Corporation of the City of St. Thomas	21,556,048	2,469,600	4,318,741	499,158	28,843,547	1,290,160	-	30,133,707
Corporation of the City of Stratford	19,623,924	2,781,900	2,949,874	399,046	25,754,744	1,050,586	-	26,805,330
City of Toronto	1,269,091,397	34,276,500	209,041,809	19,411,007	1,531,820,713	31,258,454	4,783,607	1,567,862,774
Corporation of the City of Windsor	107,154,229	4,527,000	20,936,706	2,096,803	134,714,738	4,101,282	398,000	139,214,020
Corporation of the County of Bruce	21,656,516	1,443,300	2,874,809	393,884	26,368,509	1,071,408	57,755	27,497,672
Corporation of the County of Dufferin	18,377,229	1,692,000	2,463,032	356,199	22,888,460	904,766	-	23,793,226
Corporation of the County of Grey	18,910,089	1,132,200	4,007,731	461,416	24,511,436	1,218,479	72,221	25,802,136
Corporation of the County of Hastings	33,912,214	372,300	5,924,790	683,048	40,892,352	1,665,356	324,625	42,882,333
Corporation of the County of Huron	11,915,236	450,000	2,478,369	320,412	15,164,017	966,591	-	16,130,608
Corporation of the County of Lambton	28,596,607	1,140,900	7,811,513	765,565	38,314,585	2,621,134	340,880	41,276,599
County of Lanark	17,270,365	220,500	2,954,102	398,525	20,843,492	1,069,966	-	21,913,458
County of Lennox & Addington	11,505,571	1,008,000	2,529,214	338,987	15,381,772	970,711	307,509	16,659,992
County of Northumberland	16,610,383	319,200	3,039,965	384,779	20,354,327	987,197	167,818	21,509,342
County of Oxford	24,670,846	8,184,900	4,002,663	528,365	37,386,774	1,245,939	63,000	38,695,713
County of Renfrew	19,177,969	-	4,160,781	452,012	23,790,762	1,558,506	212,095	25,561,363
County of Simcoe	115,032,408	3,975,900	18,342,201	2,079,719	139,430,228	4,437,888	643,574	144,511,690
County of Wellington	74,235,892	3,656,700	9,420,068	1,003,843	88,316,503	2,325,316	-	90,641,819
District Municipality of Muskoka	11,890,494	412,500	2,426,283	319,841	15,049,118	965,762	-	16,014,880

CMSM/DSSAB	Total Cost-Based Allocation (including holdback)	Start-up Grants	Local Priorities Allocation	Administration Allocation	Total 2025 Child Care Allocation	EarlyON	Indigenous-Led	Total 2025 Allocation
Corporation of the Municipality of Chatham-Kent	28,735,792	22,500	7,391,752	712,161	36,862,205	1,515,401	151,786	38,529,392
The Corporation of Norfolk County	18,163,705	256,500	4,167,041	462,622	23,049,868	1,235,708	833,000	25,118,576
Regional Municipality of Durham	191,485,626	3,465,000	29,258,431	3,188,195	227,397,252	5,231,180	259,485	232,887,917
Regional Municipality of Halton	212,057,178	1,765,800	23,873,777	2,906,172	240,602,927	4,859,037	-	245,461,964
Regional Municipality of Niagara	154,615,172	9,360,000	19,759,619	2,134,306	185,869,097	4,673,716	267,091	190,809,904
Regional Municipality of Peel	461,324,444	27,135,900	79,172,798	7,866,851	575,499,993	13,897,083	239,356	589,636,432
Regional Municipality of Waterloo	178,652,307	5,993,100	25,265,386	3,064,522	212,975,315	4,829,567	300,000	218,104,882
Regional Municipality of York	461,072,634	4,099,500	61,688,944	6,531,543	533,392,621	10,837,966	-	544,230,587
United Counties of Leeds & Grenville	24,045,077	1,368,000	3,789,378	460,526	29,662,981	1,169,660	-	30,832,641
United Counties of Prescott & Russell	27,148,897	103,200	4,206,192	552,769	32,011,058	2,138,545	-	34,149,603
Algoma District Services Administration Board	11,757,979	368,400	2,648,432	312,883	15,087,694	1,309,853	-	16,397,547
District of Cochrane Social Service Administration Board	23,597,779	508,500	5,439,218	555,313	30,100,810	2,383,455	137,060	32,621,325
District of Nipissing Social Services Administration Board	33,861,153	205,500	5,518,800	602,099	40,187,552	2,408,850	1,078,561	43,674,963
District of Parry Sound Social Services Administration Board	9,056,846	116,400	2,850,056	318,249	12,341,551	1,300,457	295,364	13,937,372
District of Sault Ste Marie Social Services Administration Board	22,227,336	353,100	4,035,407	444,486	27,060,329	1,823,487	1,905,646	30,789,462
District of Timiskaming Social Services Administration Board	12,294,547	135,000	3,591,781	356,224	16,377,552	1,226,085	422,118	18,025,755
Kenora District Services Board	26,109,363	4,345,200	4,063,259	434,374	34,952,196	1,838,636	3,235,809	40,026,641
Manitoulin-Sudbury District Social Services Administration Board	11,016,119	97,200	3,621,872	351,093	15,086,284	1,722,238	320,650	17,129,172
Rainy River District Social Services Administration Board	12,045,229	531,000	2,002,392	240,956	14,819,577	1,266,761	989,784	17,076,122
District of Thunder Bay Social Services Administration Board	28,099,231	171,000	7,506,550	709,771	36,486,552	2,709,246	1,177,410	40,373,208
PROVINCIAL TOTAL	4,612,098,227	151,023,600	760,709,669	78,902,123	5,602,733,619	164,700,427	24,995,710	5,792,429,756