

2025: EYCC05

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 10, 2025

SUBJECT: **Ontario Child Care and Early Years Funding Guidelines and 2026
Allocations**

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

I am writing to share the *Ontario Child Care and Early Years Funding Guidelines* ("the Guidelines"), updated to support municipal planning for 2026, along with additional updates, including:

- Current status of the Canada-wide Early Learning and Child Care (CWELCC) Agreement;
- An overview of updates to the Guidelines;
- Standardized Financial Report and Cost Reviews;
- 2026 Allocations (Appendix A).

Note: for support with questions on funding/service system planning, please find the Early Years Support Request form here ([link](#)).

CWELCC Agreement

Ontario has been working urgently to find a workable solution to adequately fund a renewed CWELCC system and is pleased to report that an agreement for a one-year extension has been reached with the federal government.

This one-year agreement will provide adequate funding to protect the gains made through the first five years of the CWELCC agreement, and to sustain parent fees at their current levels throughout 2026. The agreement will provide time for Ontario to work with Canada and provinces and territories on a national solution to sustain the CWELCC system for the longer-term.

Under this agreement:

- Parent fees as per O. Reg. 137/15 will remain unchanged, which equates to a continuation of the current average of \$19 per day, until December 31, 2026, maintaining affordability for families.
- The Early Learning and Child Care Infrastructure Fund (ELCC-IF) Agreement will be extended until December 2026.
- 2026 allocations reflect the one-year extension of the CWELCC agreement, considering an assumed increase in operating capacity from December 2024 levels. For clarity, there is no funding allocated to support full licensed capacity (therefore, there is no 2026 holdback). ELCC-IF allocations will follow later.

Ontario remains committed to keeping CMSMs/DSSABs informed as discussions continue with federal partners on a longer-term agreement.

Early Learning and Child Care (ELCC) Agreement

I am pleased to also share that Ontario and Canada have renewed the ELCC Agreement for another five years. This renewal builds on the progress made through previous ELCC agreements and reaffirms our shared commitment to supporting high-quality, inclusive, and accessible early learning and child care programs across the province.

Guideline Updates for 2026

The updated Guidelines will also be made available on the ministry-hosted website ([link](#)) in the near term. Each chapter can be accessed individually, along with Questions and Answers documents.

For 2026, there are minor updates to reflect the current year (for example, references to the financial reporting cycle dates and annual wage enhancements levels). There have also been changes to improve clarity, address outstanding issues and to reflect updated funding guidance.

The following outlines the few key changes being introduced in the Guidelines:

- Regarding Cost-Based Funding (Chapter 2, Division 2):
 - A new multiplier will be applicable to the provider compensation component in eligible agencies for new active homes created on or after January 1, 2026. This change provides a greater incentive to create new homes in response to sector and CMSM/DSSAB feedback.
 - Adjustments to the calculation of the rolling top-up specifically for centres with no licensed capacity for eligible age groups (but enrolled in CWELCC/Cost-Based Funding) to provide clarity on the support for “mixed age groups”.

- ***NEW*** – Chapter 3, Division 2, sets out the program parameters on the time-limited Innovation Fund. As outlined in the [ministry's July 3, 2025 memorandum](#), ministry approval is required before CMSMs/DSSABs may initiate their projects. Project approval status will be communicated to CMSMs/DSSABs shortly. CMSMs'/DSSABs' allocations are provided in Appendix A.
- ***NEW*** – Chapter 3, Division 3, outlines details of a new time-limited Early Childhood Educator (ECE) Promotional Fund. This funding is being provided to CMSMs/DSSABs as part of the Child Care Workforce Strategy with the goal of supporting ECE recruitment and retention efforts. CMSMs'/DSSABs' allocations are provided in Appendix A.
- Updates to Chapter 5 to outline the requirements for the 2026 Early Learning and Child Care Infrastructure Fund.
 - CMSMs/DSSABs must have entered into service agreements by December 31, 2025 to commit their 2025 allocation, with all 2025 funds to be spent by December 31, 2026.
 - For the 2026 allocation, CMSMs/DSSABs must enter into service agreements and fully spend the funding by December 31, 2026.
- In recognition of the significant change underway, service targets will remain unchanged for 2025 and 2026, and penalties related to missing service targets are not being applied for this period.
- New information to clarify that the Canada Disability Benefit (CDB) should be excluded from income for the purposes of determining eligibility for child care fee subsidies in Ontario, pending future regulatory changes.

Other Cost-Based Funding Updates

As part of the program cost allocation for Cost-Based Funding in Chapter 2, Division 2 of the Guidelines, the ministry is communicating the following updates:

a) Home Child Care Agencies with Active Homes in Multiple CMSM/DSSAB Jurisdictions

As of 2025, when an eligible agency has active homes in multiple CMSM/DSSAB jurisdictions, the overseeing CMSM/DSSAB will receive an allocation to cover all the agency's active homes, other than new active homes within other ("secondary") CMSM/DSSAB jurisdictions after a "specified date" (for 2026 funding, [this specified date is December 31, 2024](#)).

b) Existing centre/agency's rolling top-up

For eligible centres with no licensed capacity for eligible age groups, the rolling top-up should be calculated by multiplying the amount of the legacy or rolling top-up received in the previous calendar year by a factor specified by the ministry when it communicates the allocations for the calendar year. For 2026 funding, [this factor is 1.02](#).

Standardized Financial Report and Cost Reviews

As part of the accountability framework for Cost-Based Funding, Chapter 2, Division 2 of the Guidelines outlines processes to gather information and review cost eligibility. To that end, Ontario is releasing guidance on the Standardized Financial Report and Cost Reviews as part of this package.

Also, in support of the Standardized Financial Report process, the ministry is making available two Excel-based reference files (attached).

Next Steps

To ensure alignment with these updates, Transfer Payment Agreements for 2026 will be shared with CMSMs/DSSABs soon. These amendments will reflect the latest changes outlined in this memo and updated guidelines.

The ministry 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: Karen Puhlmann, Director, Child Care Branch
Whitney Wilson, Director, Early Years Branch
Matthew DesRosiers, Director, Funding Branch

Appendix A – 2026 Total Allocations – November 2025

EFIS ID	CMSM/DSSAB	Cost-Based Allocation	Cost-Based Allocation Holdback	Total Cost-Based Allocation	Local Priorities Allocation*	Innovation Fund	ECE Promotional Fund	EarlyON	Indigenous-Led	Administration Allocation	Total 2026 Allocations
200	Corporation of the City of Brantford	36,329,065	-	36,329,065	6,072,987	142,010	24,978	2,291,970	815,000	736,021	46,412,031
201	City of Cornwall	20,046,332	-	20,046,332	5,321,815	126,304	12,073	1,861,747	-	584,563	27,952,834
202	City of Greater Sudbury	54,760,929	-	54,760,929	10,271,613	163,373	15,423	3,734,937	117,260	1,085,791	70,149,326
203	The City of Hamilton	161,354,655	-	161,354,655	32,707,815	288,336	94,342	6,661,549	1,627,615	3,246,407	205,980,719
204	Corporation of the City of Kawartha Lakes	17,235,659	-	17,235,659	3,389,621	117,724	9,064	1,247,504	-	418,772	22,418,344
205	Corporation of the City of Kingston	36,267,523	-	36,267,523	6,261,258	145,671	25,443	3,202,733	-	733,987	46,636,615
206	Corporation of the City of London	141,765,487	-	141,765,487	23,672,527	245,245	57,737	4,377,880	644,851	2,424,521	173,188,248
207	City of Ottawa	361,323,227	-	361,323,227	55,826,291	600,311	211,106	11,172,976	2,806,780	6,173,930	438,114,621
208	Corporation of the City of Peterborough	39,966,370	-	39,966,370	6,186,393	148,875	29,414	1,444,766	-	722,514	48,498,332
209	Corporation of the City of St. Thomas	23,064,918	-	23,064,918	4,307,931	119,156	15,268	1,268,386	-	501,579	29,277,238
210	Corporation of the City of Stratford	19,670,369	-	19,670,369	2,861,277	115,154	10,584	1,032,855	-	400,690	24,090,929
211	City of Toronto	1,211,470,533	-	1,211,470,533	202,444,795	1,157,516	215,697	30,730,906	4,783,607	19,453,734	1,470,256,788
212	Corporation of the City of Windsor	129,814,553	-	129,814,553	21,536,438	221,494	76,691	4,032,065	398,000	2,189,931	158,269,172
213	Corporation of the County of Bruce	21,318,694	-	21,318,694	2,858,356	120,275	7,792	1,053,326	57,755	389,131	25,805,329
214	Corporation of the County of Dufferin	20,960,803	-	20,960,803	2,495,065	122,220	10,057	889,496	-	366,764	24,844,405
215	Corporation of the County of Grey	22,703,599	-	22,703,599	3,876,240	128,806	13,531	1,197,915	72,221	481,565	28,473,877
216	Corporation of the County of Hastings	32,775,604	-	32,775,604	5,982,549	136,774	19,177	1,637,250	324,625	683,846	41,559,825
217	Corporation of the County of Huron	16,558,941	-	16,558,941	2,450,819	112,621	13,562	950,278	-	334,611	20,420,832
218	Corporation of the County of Lambton	36,568,515	-	36,568,515	8,015,575	134,114	18,091	2,576,897	340,880	804,928	48,459,000
219	County of Lanark	20,888,645	-	20,888,645	2,926,548	122,138	15,858	1,051,908	-	399,320	25,404,417
220	County of Lennox & Addington	10,917,430	-	10,917,430	2,573,601	112,557	11,763	954,328	307,509	333,331	15,210,519
221	County of Northumberland	17,241,211	-	17,241,211	3,065,169	118,634	8,754	970,536	167,818	386,741	21,958,863
222	County of Oxford	19,418,534	-	19,418,534	4,063,090	118,830	20,542	1,224,911	63,000	494,457	25,403,364
223	County of Renfrew	25,394,311	-	25,394,311	4,081,313	125,839	11,515	1,532,203	212,095	482,811	31,840,087

EFIS ID	CMSM/DSSAB	Cost-Based Allocation	Cost-Based Allocation Holdback	Total Cost-Based Allocation	Local Priorities Allocation*	Innovation Fund	ECE Promotional Fund	EarlyON	Indigenous-Led	Administration Allocation	Total 2026 Allocations
224	County of Simcoe	148,866,664	-	148,866,664	18,471,337	234,601	84,260	4,362,990	643,574	2,238,875	174,902,301
225	County of Wellington	82,222,670	-	82,222,670	9,253,164	164,617	23,644	2,286,072	-	1,018,794	94,968,961
226	District Municipality of Muskoka	13,323,972	-	13,323,972	2,388,339	111,437	9,095	949,463	-	322,156	17,104,462
227	Corporation of the Municipality of Chatham-Kent	31,891,474	-	31,891,474	7,886,377	131,510	19,084	1,489,826	151,786	723,188	42,293,245
228	The Corporation of Norfolk County	17,814,209	-	17,814,209	4,180,330	123,698	12,662	1,214,853	833,000	470,795	24,649,547
229	Regional Municipality of Durham	225,995,947	-	225,995,947	29,319,742	386,236	75,636	5,142,894	259,485	3,319,443	264,499,383
230	Regional Municipality of Halton	234,781,911	-	234,781,911	24,691,407	356,666	93,008	4,777,031	-	2,996,849	267,696,872
231	Regional Municipality of Niagara	141,827,029	-	141,827,029	20,228,225	205,830	83,267	4,594,838	267,091	2,219,631	169,425,911
232	Regional Municipality of Peel	582,772,647	-	582,772,647	79,435,974	496,171	231,704	13,662,542	239,356	8,146,641	684,985,035
233	Regional Municipality of Waterloo	202,946,798	-	202,946,798	24,969,978	310,291	141,990	4,748,059	300,000	3,179,996	236,597,112
234	Regional Municipality of York	505,915,932	-	505,915,932	61,851,295	618,650	145,930	10,655,054	-	6,912,758	586,099,619
235	United Counties of Leeds & Grenville	26,544,546	-	26,544,546	3,896,817	128,763	10,181	1,149,920	-	492,646	32,222,873
236	United Counties of Prescott & Russell	24,300,510	-	24,300,510	4,273,240	127,187	23,365	2,102,453	-	571,865	31,398,620
300	Algoma District Services Administration Board	12,451,991	-	12,451,991	2,588,852	110,009	10,150	1,287,747	-	317,484	16,766,233
301	District of Cochrane Social Service Administration Board	23,744,567	-	23,744,567	5,526,002	120,423	20,573	2,343,230	137,060	559,526	32,451,381
302	District of Nipissing Social Services Administration Board	27,024,440	-	27,024,440	5,507,116	127,230	5,000	2,368,196	1,078,561	604,688	36,715,231
303	District of Parry Sound Social Services Administration Board	9,007,478	-	9,007,478	2,778,744	107,524	9,374	1,278,509	295,364	323,459	13,800,452
304	District of Sault Ste Marie Social Services Administration Board	23,779,953	-	23,779,953	3,972,435	121,444	12,290	1,792,712	1,905,646	446,647	32,031,127
305	District of Timiskaming Social Services Administration Board	9,964,543	-	9,964,543	3,606,351	114,377	5,496	1,205,392	422,118	355,961	15,674,238
306	Kenora District Services Board	35,617,974	-	35,617,974	3,995,691	113,168	7,358	1,807,605	3,235,809	467,321	45,244,926
307	Manitoulin-Sudbury District Social Services Administration Board	13,055,211	-	13,055,211	3,607,147	111,174	6,396	1,693,172	320,650	353,693	19,147,443
308	Rainy River District Social Services Administration Board	11,447,567	-	11,447,567	1,981,431	107,079	7,172	1,245,382	989,784	242,799	16,021,214
309	District of Thunder Bay Social Services Administration Board	38,403,348	-	38,403,348	7,262,820	127,938	13,903	2,663,522	1,177,410	717,935	50,366,876
PROVINCIAL TOTAL		4,941,517,288	-	4,941,517,288	754,921,900	9,500,000	2,000,000	161,920,784	24,995,710	80,833,095	5,975,688,777

* Includes Professional Learning