



Ministry of Education

Ontario Child Care and Early Years Funding Guidelines

for Consolidated Municipal Service Managers and
District Social Services Administration Boards

2026 Funding Allocations Technical Paper

APRIL 2026

TABLE OF CONTENTS

- PURPOSE..... 3**
- PART 1. CMSM/DSSAB ADMINISTRATION FUNDING ALLOCATION 4**
 - 1.A CWELCC ADMINISTRATION FUNDING.....4
 - 1.B OTHER ADMINISTRATION FUNDING4
- PART 2. CANADA-WIDE EARLY LEARNING AND CHILD CARE (CWELCC) COST-BASED FUNDING ALLOCATION 6**
 - 2.A OVERVIEW6
 - 2.B DATA POINTS FROM MULTIPLE DATA SOURCES6
 - 2.C BENCHMARKS, GEOGRAPHIC ADJUSTMENT FACTORS AND GROWTH MULTIPLIERS8
 - 2.D COST-BASED FUNDING ALLOCATIONS 18
- PART 3. LOCAL PRIORITIES FUNDING ALLOCATION..... 25**
 - 3.A WEG/HCCCG FUNDING ALLOCATION..... 25
 - 3.B WORKFORCE COMPENSATION FUNDING ALLOCATION..... 25
 - 3.C PROFESSIONAL LEARNING FUNDING ALLOCATION..... 26
 - 3.D SMALL WATER WORKS AND TERRITORY WITHOUT MUNICIPAL ORGANIZATION FUNDING ALLOCATIONS 27
 - 3.E FLEXIBILITY FUNDING ALLOCATION 28
- PART 4. INDIGENOUS-LED PROGRAM FUNDING ALLOCATION..... 29**
- PART 5. INFRASTRUCTURE PROGRAMS FUNDING ALLOCATIONS 30**
 - 5.A ELCC INFRASTRUCTURE FUND 30
- PART 6. EARLYON AND FAMILY CENTRES FUNDING ALLOCATION 31**
- PART 7. EARLY CHILDHOOD EDUCATOR PROMOTIONAL FUND 32**
- PART 8. INNOVATION FUND 33**

PURPOSE

This document (the “Funding Allocations Technical Paper”) aims to help Consolidated Municipal Service Managers and District Social Service Administration Boards (CMSMs/DSSABs), understand their 2026 child care and early years funding allocations.

It describes the formulae and criteria used to calculate child care funding allocations to CMSMs/DSSABs. It does not serve as a guide for CMSMs/DSSABs to calculate licensee allocations or determine program expense eligibility.

PART 1. CMSM/DSSAB ADMINISTRATION FUNDING ALLOCATION

The Canada-Wide Early Learning and Child care (CWELCC) Administration Funding allocation comprised of the CWELCC Administration Funding and the Other Administration Funding.

1.A CWELCC ADMINISTRATION FUNDING

The CWELCC administration allocation is intended to support CMSMs/DSSABs with administrative capacity to implement the goals of the CWELCC. The 2026 allocation is comprised of the following components:

Data Element	Benchmark
Base allocation	\$80,863
Number of licensed child care spaces for centres as of December 31, 2024 per Child Care Licensing System (infant, toddler, preschool, kindergarten and family age group)	\$71.24 per space
Number of eligible children enrolled in home child care as per 2025 Licensed Child Care Operations Survey (as of December 31, 2024)	\$71.24 per child enrolled
Projected number of new enrolled child care spaces for 2025 and 2026 per Directed Growth Targets	\$71.24 per space or enrolment

1.B OTHER ADMINISTRATION FUNDING

Each CMSM/DSSAB received the same allocation in 2026 as in 2025. The Other Administration Funding allocation is based on:

- The threshold amount for allowable administrative funding from 2024 Child Care funding allocations for General, Expansion Plan and federal Early Learning and Child Care (ELCC) funding. This is, 5% applied to the provincial funding and 10% applied to the child care portion of the federal Early Learning and Child Care (ELCC) funding. This threshold reflects the current 50/50 provincial-municipal cost-share on the provincial funding only.

- The funding allocated as Wage Enhancement Grant (WEG)/ Home Child Care Enhancement Grant (HCCEG) Administration in 2024. This allocation reflects the current 50/50 provincial-municipal cost-share.

PART 2. CANADA-WIDE EARLY LEARNING AND CHILD CARE (CWELCC) COST-BASED FUNDING ALLOCATION

2.A OVERVIEW

The ministry provides funding based on the typical (representative) costs of providing high-quality child care to eligible children in Ontario. To that end, the ministry built a micro-level model using data gathered from multiple sources. The methodology can be described in four broad steps:

1. Gather and clean appropriate data from multiple data sources.
2. Calculate benchmarks that are to be used to calculate the Program Cost Allocations described in Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline. Geographic adjustment factors and growth multipliers in 2026 remain the same as in 2025.
3. Aggregate the estimated cost-based funding allocations for eligible centres/agencies and new spaces within each CMSM/DSSAB service area. The cost-based funding allocation for each eligible centre/agency is as follows:
 - For legacy centres/agencies (that is, those enrolled in CWELCC as of August 14, 2024), use the formulas and benchmarks described in Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline and each centre's/agency's assumed operational information. To calculate rolling top-ups, the ministry applies the average legacy top-up ratio applicable to each CMSMS/DSSAB to the legacy centre's/agency's benchmark allocation.
 - For spaces created on August 15, 2024 and onward, calculate using the formulas and benchmarks described in Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline as applied to Directed Growth space allocations.
4. Determine each CMSM's/DSSAB's allocation by subtracting the respective mandatory CMSM/DSSAB contribution (for ages 0-5 based on assumed age distribution) from its cost-based funding allocations calculated in step 3.

2.B DATA POINTS FROM MULTIPLE DATA SOURCES

Data Element	Source	Application
Licensed spaces by age group, auspice, operation months, setting, etc.	Child Care Licensing System (CCLS)	As licence-specific characteristics for cost-based funding calculations (cost drivers)
Parent fees, active homes, home enrollment by age group, number of program staff and supervisors, wages, operating hours, etc.	Licensed Child Care Operations Survey	As licence-specific characteristics for various calculations (as operational metrics and cost drivers)
Operating expenses, benefit amounts	Child Care Mini Survey	To calculate initial benchmarks
School boards' 2023-24 operating cost benchmark plus maintenance (incl. costs of operation, repairs and maintenance for spaces used exclusively by the child care centre; excl. capital renewal and cost of spaces shared with schools)	Capital and Business Support Division, Ministry of Education	To calculate accommodation benchmarks in school settings
Ministry's current approximation of area (m ²) per child by age group	Capital and Business Support Division, Ministry of Education	To calculate supplementary area for child care in community settings
Market rent rate by area (m ²) including taxes and maintenance/repairs and insurance	Commissioned third-party market-rent study	To calculate benchmarks for child care in community settings
Economic regions	Statistics Canada	To establish geographic adjustment factors
Actual and forecasted consumer price index. (Based on detailed analysis, CPI aligns)	Ontario Budget	To determine cost escalation

Data Element	Source	Application
with changes in the typical “basket” of child care expenses.)		
Space targets by CMSM/DSSAB	Direct Growth space allocations	To determine cost of growth

2.C BENCHMARKS, GEOGRAPHIC ADJUSTMENT FACTORS AND GROWTH MULTIPLIERS

Benchmarks

To appropriately target costs, benchmarks generally consider the number of operating spaces/active homes (for variable costs) or licensed spaces (for fixed costs) by age group, licensee setting, service days, and cost escalation (including through policy changes, such as Ontario’s Child Care Workforce Strategy).

Benchmarks are determined using statistical techniques (mainly, regression analysis). Regression analysis is applied to information collected as part of the mini-survey and Licensed Child Care Operations Survey to identify the relationship between costs and cost-drivers. Chart 1 depicts how cost-drivers and costs would be situated related to the benchmarks in a graph format.

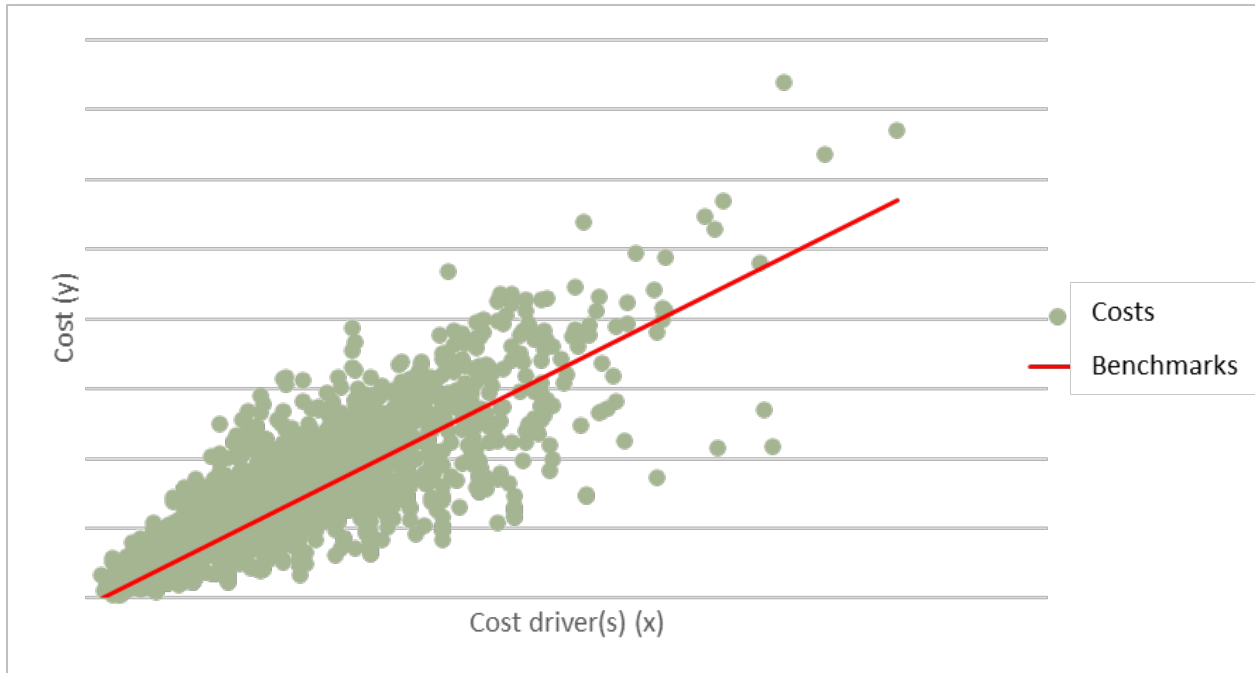


Chart 1. Scatter chart shows notional cost drivers on the horizontal axis and notional costs on the vertical axis. Each dot on the chart represents an individual child care licence, and the trend line represents the statistical relationship between notional cost drivers and notional costs, used to set the benchmarks. Dots above the line suggest costs that are higher than expected for a given level of cost driver while dots below line represent costs that are lower than expected for a given level of cost driver.

There are two broad sets of benchmarks for 2026 (relating to child care centres and home child care, respectively) with eight distinct components. For eligible centres, the benchmark components are program staffing, supervisor, accommodations and operations. For eligible home agencies the benchmark components are provider compensation, visitor compensation and agency operations (relating to either variable or fixed costs).

Child Care Centres: Program Staffing Benchmarks

Program staffing benchmarks are based on the following data elements, statistically assigned by centre and by age group:

Program Staffing Data Element	Source
Number of centre-based licensed child care spaces (infant, toddler, preschool, kindergarten and family age group)	Child Care Licensing System (as of December 31, 2024)
Number of full operating hours (before-and-after program and full day program)	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Number of and wages of Registered Early Childhood Educator (RECE) and non-RECE program staff	2025 Licensed Child Care Operations Survey (as of December 31, 2024)

Program staffing benchmarks for 2026 are based on the following:

- Infant, toddler, preschool and family age group spaces operate full-day program on all service days in the calendar year. Kindergarten spaces operate full-day program on non-instructional school days and before-and-after program on instructional school days.
- The proportion of RECE program staff is the higher of such value reported in the Operations Survey or as per requirement of [Schedule 1 of O. Reg. 137/15](#).
- Wages and benefits of RECE program staff include:
 - Base wages from the 2025 Licensed Child Care Operations Survey (assumed to include provincial enhancements supported by General Operating Grants, or GOG, where applicable).
 - Up to \$2 per hour attributable to the provincial Wage Enhancement Grant, or WEG.
 - A compounded inflation rate of 4.35% from 2024 to 2026 (that is, 2.30% for 2025 and 2.00% for 2026 per the 2025 Ontario Budget).
 - \$4 per hour attributable to annual wage increases under Workforce Compensation (\$1 per hour, compounded year over year for 2023 to 2026), up to \$28 per hour.
 - CWELCC wage floor of \$25.86 per hour, if applicable.

- 11.596% statutory obligations based on 2025 rates for Canada Pension Plan (CPP), Employment Insurance (EI), Workplace Safety and Insurance Board (WSIB), Employer Health Tax (EHT).
- Wages and benefits of non-RECE program staff include:
 - Base wages from the 2025 Licensed Child Care Operations Survey (assumed to include provincial enhancements supported by GOG, where applicable).
 - Up to \$2 per hour attributable to the provincial WEG.
 - A compounded inflation rate of 4.35% from 2024 to 2026 (that is, 2.30% for 2025 and 2.00% for 2026 per the 2025 Ontario Budget).
 - Minimum wage as of October 1, 2025 of \$17.50 per hour, if applicable.
 - 11.596% statutory obligations based on 2025 rates for Canada Pension Plan (CPP), Employment Insurance (EI), Workplace Safety and Insurance Board (WSIB) and Employer Health Tax (EHT).

Program staffing ancillary costs cover supplementary benefits and supply staff coverage. The following data elements are used to determine program staffing ancillary costs for 2026:

Program Staffing Ancillary Data Element	Source	Value
Median of optional/supplementary benefits as percentage of the salaries and wages excluding statutory benefits	Mini-survey (as of December 31, 2022)	5.4%
Median of the number of vacation days and sick days as a percentage of the total number of service days	Mini-survey (as of December 31, 2022)	8.0%

Child Care Centres: Supervisor Benchmark

Supervisor benchmarks are based on the following data elements, statistically assigned by centre:

Supervisor Data Element	Source
Number of centre-based licensed child care spaces (infant, toddler, preschool, kindergarten, family age group, primary/junior school age and junior school age)	Child Care Licensing System (as of December 31, 2024)
Wages of RECE supervisor	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Median of the number of supervisors per eligible centre	2025 Licensed Child Care Operations Survey (as of December 31, 2024)

The supervisor benchmark for 2026 is based on the following:

- Each eligible centre has one RECE supervisor (the median number of supervisors per eligible centre) working for eight operating hours per service day, scaled with operating capacity in regard to children aged 0 to 5, weighted by staffing ratio per [Schedule 1 of O. Reg. 137/15](#) to account for full-time equivalents serving eligible children.
- Wages of RECE supervisor include:
 - Base wages from the 2025 Licensed Child Care Operations Survey (assumed these include provincial enhancements supported by GOG, where applicable).
 - Up to \$2 per hour attributable to the provincial WEG
 - A compounded inflation rate of 4.35% from 2024 to 2026 (that is, 2.30% for 2025 and 2.00% for 2026 per the 2025 Ontario Budget).
 - \$4 per hour attributable to annual wage increases under Workforce Compensation (\$1 per hour, compounded year over year for 2023 to 2026), up to \$31 per hour.
 - CWELCC wage floor of \$26.86 per hour, if applicable.
 - 11.596% statutory obligations based on 2025 rates for CPP, EI, WSIB and EHT.

Supervisor ancillary costs cover supplementary benefits and supply staff coverage. The following data elements are used to determine supervisor ancillary costs for 2026:

Supervisor Ancillary Data Element	Source	Value
Median of optional/supplementary benefits as percentage of the salaries and wages excluding statutory benefits	Mini-survey (as of December 31, 2022)	6.3%
Median of the number of vacation days and sick days as a percentage of the total number of service days in 2022	Mini-survey (as of December 31, 2022)	9.9%

Child Care Centres: Accommodations Benchmarks

Accommodations benchmarks are differentiated for community settings and school settings.

Community Setting

Accommodations benchmarks for community settings are based on the following data elements, statistically assigned by centre and by age group:

Accommodations for Community Setting Data Element	Source
Average market rent for child care centres in Ontario (including taxes, maintenance/repairs and insurance)	Third-party market rent study (2023)
Program room areas of child care centres	Child Care Licensing System (as of December 31, 2022)
Multiplier for other areas of child care centres (such as, washrooms, laundry, administrative areas, functional areas)	Capital and Business Support Division, Ministry of Education

The accommodations benchmarks for 2025 apply a compounded inflation of 4.65% to the 2023 data (that is, an inflation rate of 2.60% for 2024 and 2.00% for 2025 per 2024 Ontario Budget).

The accommodations benchmarks for 2026 apply an inflation rate of 2.00% (per 2025 Ontario Budget) to the 2025 benchmarks.

School Setting

Accommodations benchmarks for school settings cover space exclusively used by the child care centre and are based on the following data elements:

Accommodations for School Setting Data Element	Source
Operating cost funding benchmark and maintenance funding benchmark	Capital and Business Support Division, Ministry of Education (2023-24)
Building standard for centres in schools by age group	Capital and Business Support Division, Ministry of Education

The accommodations benchmarks for 2025 applies inflation of 2.00% to the 2024 data (per 2024 Ontario Budget).

The accommodations benchmarks for 2026 apply an inflation rate of 2.00% (per 2025 Ontario Budget) to the 2025 benchmarks.

Child Care Centres: Operations Benchmarks

Operations benchmarks are based on the following data elements, statistically assigned by setting and by age group into fixed and variable components:

Operations Data Element	Source
Salaries and Benefits of non-program staff and other staff, and other operating expenses	Mini-survey (as of December 31, 2022)
Number of centre-based operating child care spaces (infant, toddler, preschool, kindergarten, family age group, primary/junior school age and junior school age)	Mini-survey (as of December 31, 2022)
Number of centre-based licensed child care spaces (infant, toddler, preschool, kindergarten, family age group, primary/junior school age and junior school age)	Child Care Licensing System (as of December 31, 2022)

Operations benchmarks for 2025 are based on the following:

- A compounded inflation rate of 8.63% from 2022 to 2025 (that is, 3.80% for 2023, 2.60% for 2024 and 2.00% for 2025 per 2024 Ontario Budget).
- Due to data constraints and assumed similarities in the operating cost of spaces for infant, toddler/family age group and preschool age groups, those age groups share the same operations benchmarks.

Operations benchmarks for 2026 apply an inflation rate of 2.00% (per 2025 Ontario Budget) to the 2025 benchmarks.

Home Child Care Agencies: Provider Compensation Benchmark

The provider compensation benchmark is based on the following data elements, statistically assigned by agency and prorated to children aged 0 to 5:

Provider Compensation Data Element	Source
Number of active homes	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Compensation of home child care providers	2025 Licensed Child Care Operations Survey (as of December 31, 2024)

The provider compensation benchmark for 2026 is based on the following:

- Compensation from 2025 Licensed Child Care Operations Survey (assumed to include the applicable Home Child Care Enhancement Grant).
- Portion attributable to ages 0 to 5 is calculated using the number of eligible children enrolled as of December 31, 2022, weighted by an assumed staff-to-child ratio (this is, one provider caring for six children) and typical hours by age. The result from dividing the weighted number of children enrolled for ages 0 to 5 by the weighted number of children aged 0 to 12 is 86%. (Statistical techniques were employed to test the robustness of this assumption using cost data collected from the mini-survey).
- A compounded inflation rate of 4.35% from 2024 to 2026 (that is, 2.30% for 2025 and 2.00% for 2026 per 2025 Ontario Budget).

Home Child Care Agencies: Visitor Compensation Benchmark

The visitor compensation benchmark is based on the following data elements, statistically assigned by agency and prorated to children aged 0 to 5:

Home Visitor Compensation Data Element	Source
Number of active homes	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Number of home child care visitor full-time equivalents	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Wages of RECE home child care visitor	2025 Licensed Child Care Operations Survey (as of December 31, 2024)

The visitor compensation benchmark for 2026 is based on the following:

- Base wages are based on the 2025 Licensed Child Care Operation Survey
- Up to \$2 per hour attributable to the provincial WEG
- Portion attributable to ages 0 to 5 is calculated using the number of eligible children enrolled as of December 31, 2022, weighted by an assumed staff-to-child ratio (this is, one provider caring for six children) and typical hours by age. The result from dividing the weighted number of children enrolled for ages 0 to 5 by the weighted number of children aged 0 to 12 is 86%. (Statistical techniques were employed to test the robustness of this assumption using cost data collected from the mini-survey).
- A compounded inflation rate of 4.35% from 2024 to 2026 (that is, 2.30% for 2025 and 2.00% for 2026 per the 2025 Ontario Budget).
- \$4 per hour attributable to annual wage increases under Workforce Compensation (\$1 per hour, compounded year over year for 2023 to 2026), up to \$31 per hour.
- CWELCC wage floor of \$26.86 per hour, if applicable.
- 11.596% statutory obligations based on 2025 rates for CPP, EI, WSIB and EHT.

Visitor compensation ancillary costs cover supplementary benefits. The following data element is used for 2026:

Home Visitor Ancillary Data Elements	Source	Median
Median of optional/supplementary benefits as percentage of the salaries and wages excluding statutory benefits	Mini-survey (as of December 31, 2022)	5%

Home Child Care Agencies: Agency Operations Benchmarks

Agency operations benchmarks are based on the following data element, statistically assigned by agency into fixed and variable components and prorated to children aged 0 to 5:

Agency Operations Data Elements	Source
Agency operations expenses (salaries and benefits of agency staff, accommodations expenses, other operating expenses excluding provider payments)	Mini-survey (as of December 31, 2022)

Operations benchmarks for 2025 are based on the following assumptions:

- Portion attributable to ages 0 to 5 is calculated using the number of eligible children enrolled as of December 31, 2022, weighted by an assumed staff-to-child ratio (that is, one provider caring for six children) and typical hours by age. The result from dividing the weighted number of children enrolled for ages 0 to 5 by the weighted number of children aged 0 to 12 is 86%. (Statistical techniques were employed to test the robustness of this assumption using cost data collected from the mini-survey).
- A compounded inflation rate of 8.63% from 2022 to 2025 (that is, 3.80% for 2023, 2.60% for 2024 and 2.00% for 2025 per 2024 Ontario Budget).

Operations benchmarks for 2026 apply an inflation rate of 2.00% (per 2025 Ontario Budget) to the 2025 benchmarks.

Geographic Adjustment Factors and Growth Multipliers

Cost structures vary across eligible centres/agencies for many reasons, including geographic location, reflecting differing local rents, labour markets, electricity costs, and food prices, among others. To adjust for such differences, geographic adjustment factors (GAFs) and growth multipliers are calculated based on comparisons between benchmark allocations and estimated legacy costs for existing spaces in eligible centres as of December 31, 2022 forecasted to 2025.

The GAFs are calculated in two steps:

1. Unadjusted benchmark allocations are calculated by licence by applying benchmarks across licence-specific characteristics.
2. The GAFs are chosen such that about half of the licences would have their estimated legacy costs fully covered by the benchmark allocation (unadjusted benchmark allocation multiplied with GAF) within each economic region.

For 2026, GAFs remain unchanged from 2025.

The growth multipliers are calculated in two steps:

1. Benchmark allocations are calculated by licence by applying the applicable GAF to the unadjusted benchmark allocation.
2. The growth multipliers are calculated as the CMSM/DSSAB-level median of estimated legacy costs over benchmark allocations, normalized by the lowest of all CMSM/DSSAB-level medians.

2.D COST-BASED FUNDING ALLOCATIONS

For the purposes of calculating cost-based allocations to CMSMs/DSSABs, the allocation is split into two parts: legacy and growth.

The “legacy operators” portion captures all existing licensees that were enrolled in CWELCC on or before August 14, 2024, as reported by CMSMs/DSSABs during Quarterly CWELCC Enrolment Status Reports. The legacy calculations include the associated licensed spaces in eligible legacy centres and active homes in eligible legacy agencies located within each CMSM’s/DSSAB’s service area as of December 31, 2024. A CMSM’s/DSSAB’s legacy calculations include home agencies whose head office is within the CMSM/DSSAB service area and all their agencies’ active homes as of the same date regardless of the home location (such as within or outside its service area).

The “growth” portion captures:

1. Eligible spaces or active homes (as of December 31, 2024) in licensees that were enrolled in CWELCC after August 14, 2024 and;
2. All growth spaces part of the Directed Growth allocations net of any spaces created in 2024. The ministry assumes that space creation targets for 2024 and 2025 are achieved by the end of 2025 so they can be funded in 2026.

The cost-based funding allocations to CMSMs/DSSABs are calculated by applying the cost-based funding allocation formulas described in Chapter 2, Division 2: CWELCC Cost-Based Funding Guideline to the legacy and growth (using modelled assumptions for the licence-specific characteristics as described below) and added together for each CMSM/DSSAB. This number is reduced by the mandatory CMSM/DSSAB contribution in respect to children aged 0-5 years old to determine each CMSM’s/DSSAB’s allocation.

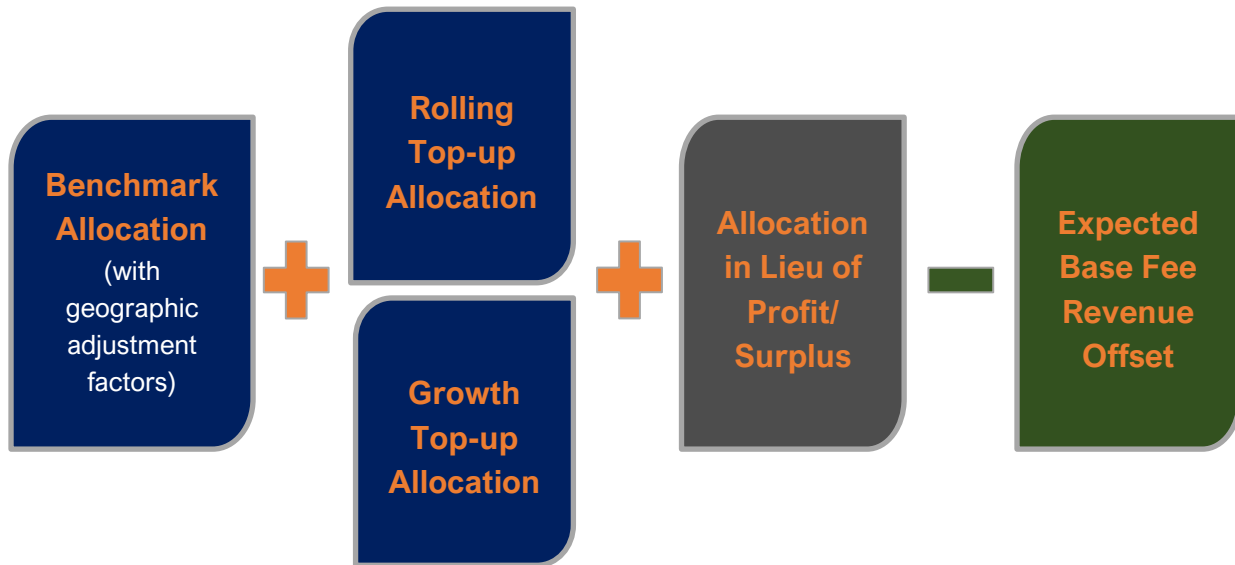


Chart 2. Chart depicts the elements of the calculation of the (notional) Cost-Based Funding Allocation: Benchmark Allocation (with geographic adjustment factors), plus Rolling Top-up and Growth Top-up, plus Allocation in Lieu of Profit/Surplus, minus Expected Base Fee Revenue Offset.

Legacy Calculations

Benchmark allocation is calculated for each licence in the base by applying benchmarks to licence-specific characteristics and including some modelled assumptions described below, adjusting for GAFs.

Modelled Assumptions	Description
2026 service days	<p>The ministry calculates the greater of:</p> <ul style="list-style-type: none"> • The number of operating days reported in the mini-survey, plus the difference in the number of weekdays between 2022 and 2026 (there is one additional weekday in 2026 compared to 2022), and • The number of weekdays per month the licence is licensed for in CCLS.
2026 operating capacity	<ul style="list-style-type: none"> • Assumed 2026 operating capacity by centre and by age group is calculated as the operating capacity reported in the 2025 Operations Survey (as at December 2024), plus 2/3 the difference between licensed and operating capacity as on December 31, 2024. • If the operating capacity reported for an age group exceeded the licensed capacity for that age group, the operating capacity reported is assumed to be an alternate capacity and remains the same for that age group as reported in the 2025 Licensed Child Care Operation Survey.
Number of active homes	<ul style="list-style-type: none"> • Assumed that the number of active homes and number of eligible children enrolled remains the same as reported in the 2025 Licensed Child Care Operation Survey.

Rolling top-up allocation is calculated for each legacy licence. The rolling top-up is calculated as the CMSM/DSSAB-level average ratios of legacy top-up as reported in the 2025 *In-year CBF Reports* plus a contingency of 4.5% to estimate rolling top-up ratios at the license level.

Amount in lieu of profit/surplus is calculated for each legacy licence as the sum of the three components:

1. Base rate amount: multiplied 4.25% by the respective estimated program cost allocation (benchmark allocation plus rolling top-up allocation).

2. Premium rate amount: multiplied 3.5% by the respective estimated benchmark allocation.
3. Flat amount of \$6,000: allocated full amount to each licence.

Expected base fee revenue offset is calculated by multiplying the expected 2026 daily base fee to the following data elements at the licence level, and then multiplied by 0.95 for 2026 to account for vacancies.

Fee Offset Data Element	Source
2022 daily parent fees for eligible children (these are the “frozen” fees)	2022 Licensed Child Care Operations Survey (as of March 31, 2022)
Number of eligible children enrolled in licensed home child care	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
Assumed 2026 operating capacity by centre and by age group	Assumption carried from the modelled assumptions for the benchmark allocation

The 2026 daily base fee is determined as:

2022 Daily Parent Fee	Reduced Daily Base Fee ¹	2026 Daily Base Fee
If 2022 daily parent fee is less than or equal to \$12	2022 daily parent fee (meaning, no reduction applied)	2022 daily parent fee
If 2022 daily parent fee is greater than \$12	Greater of: <ul style="list-style-type: none"> • 2022 daily parent fee x (1 – 52.75%), and • \$12 per day (floor) 	Minimum of: <ul style="list-style-type: none"> • Reduced daily base fee, and • \$22 per day (fee cap)

For centres, age groups in the calculation include infants, toddlers, preschool, kindergarten and family age group. Kindergarten spaces are assumed to charge a before-

¹ It was in place until December 31, 2024.

and-after school fee on instructional school days, up to the assumed 2026 service days, and a full-day fee on the remainder of assumed 2026 service days.

For agencies, spaces and enrolment data are used as a proxy for the active home seats. Age groups included in the calculation include children under 2 years, 2 to 3 years and 4 to 5 years. Enrolments of children aged 4 to 5 years in daytime programs are assumed to charge a full-day fee on all assumed 2026 service days. For enrolments in other programs, enrolments of children aged 4 to 5 years are treated the same as the kindergarten age group in eligible centres as described above regarding before-and-after school fee versus full-day fee.

Growth Calculations

Benchmark allocations are calculated by applying benchmarks to the following modelled assumptions, adjusting for GAFs.

Modelled Assumptions	Description
2026 licensed capacity	<p>Eligible licensed spaces created in 2024, in existing non-legacy licensees, per CCLS (as of December 31, 2024) and eligible children enrolled in existing non-legacy licensed home child care agencies per the 2025 Operations survey (as of December 31, 2024).</p> <p>Growth spaces (net of any spaces created in 2024) for children aged 0 to 5, per Directed Growth space allocations (communicated to CMSMs/DSSABs in March 31, 2025), are split as follows:</p> <ul style="list-style-type: none"> • Split for setting (community or school) is assumed to be the same as outlined in the Directed Growth space allocations. • Split for centre- or home-based is assumed to remain constant as it existed historically: <ul style="list-style-type: none"> ○ Total centre-based, 94% ○ Total home-based, 6% • Split for age groups is based on the space distribution by CMSM/DSSAB as of November 30, 2024. <p style="margin-left: 20px;">Growth spaces for children aged 6 to 12 are assumed to increase by natural growth rate of 2% per year as per historic information.</p>

Modelled Assumptions	Description
2026 operating capacity	<p>Operating capacity for 2025 and 2026 growth spaces is assumed to equal licensed capacity.</p> <p>Funding for operating capacity for 2026 growth spaces is weighted by 50% (meaning that, new spaces open throughout the year and, on average, for half of their first operating year).</p>
New active homes	<p>Calculated by dividing the assumed 2025 and 2026 net growth home-based licensed capacity by the CMSM/DSSAB average number of eligible children per active home as per In-Year CBF Reports plus the number of active homes as of December 31, 2024 (per the 2025 Licensed Child Care Operations Survey) in agencies enrolled in CWELCC after August 14, 2024.</p>
2026 service days	<p>Number of weekdays in the calendar year (that is, there are 261 weekdays in 2026).</p>
New centres	<p>Calculated by dividing the assumed 2026 operating capacity by the average number of spaces per centre by CMSM/DSSAB.</p>
New agencies	<p>Calculated by dividing the number of assumed growth active homes by the provincial average number of active homes per agency.</p>

Top-up allocation includes growth top-up only and is calculated at the assumed new centre/agency level by multiplying benchmark allocation with the growth multipliers. No top-up is applied to existing licensees (as of December 31, 2024) that enrolled in CWELCC after August 15, 2024.

Amount in lieu of profit/surplus is calculated at the assumed new centre/agency level as the sum of the three components:

1. Base rate amount: multiplied 4.25% by the respective program cost allocation (benchmark allocation plus growth top-up allocation).
2. Premium rate amount: multiplied 3.5% by the respective benchmark allocation.
3. Flat amount of \$6,000: allocated full amount to each assumed new licence.

Expected base fee revenue offset is calculated by multiplying the expected 2026 daily base fee using data elements modelled consistent with the other elements of the cost-based calculation, and multiplied by 0.95 for 2026 to account for vacancies.

The expected 2026 daily base fee is the fee applicable to age group and service area listed before January 1, 2025 in Table 1 to 4 of O. Reg. 137/15.

For centres, age groups in the calculation include infants, toddlers, preschool, kindergarten and family age group. Kindergarten spaces are assumed to charge a before-and-after school fee on instructional school days, up to the assumed 2026 service days, and a full-day fee on the remainder of assumed 2026 service days.

For agencies, age groups in the calculation include children under 2 years, 2 to 3 years and 4 to 5 years. For enrolments in other programs, enrolments of children aged 4 to 5 years are treated the same as the kindergarten age group in eligible centres as described above regarding before-and-after school fee versus full-day fee.

PART 3. LOCAL PRIORITIES FUNDING ALLOCATION

To simplify funding envelopes and reduce admin burden, CMSMs/DSSABs receive a local priorities allocation that includes six funding allocations: Child Care Wage Enhancement Grant (WEG)/Home Child Care Enhancements Grants (HCCEG), Workforce Compensation, Professional Learning, Small Water Works (SWW), Territory without Municipal Organization (TWOMO) and Flexibility Funding.

3.A WEG/HCCEG FUNDING ALLOCATION

The ministry provides funding as its ongoing commitment to support a wage enhancement for eligible child care professionals serving children aged 6 to 12 who work for licensees participating in CWELCC and licensees not participating in CWELCC who exclusively serve children aged 6 to 12.

The 2026 WEG/HCCEG funding allocation is a notional allocation.

For each CMSM/DSSAB, the 2026 WEG/HCCEG funding allocation is calculated by multiplying the CMSM's/DSSAB's 2024 WEG/HCCEG funding allocation for ages 0 to 12, multiplied by an assumed portion attributable to ages 6 to 12 (the other portion is folded into the Cost-Based Funding envelope).

The assumed portion of wages attributable to ages 6 to 12 is calculated using the number of licensed spaces as of December 31, 2022, weighted by staff-to-child ratio and typical hours by age group. The result from dividing the weighted number of licensed spaces for ages 6 to 12 by the weighted number of licensed spaces for ages 0 to 12 is 14%. (Statistical techniques were employed to test the robustness of this assumption using cost data collected from the mini-survey).

3.B WORKFORCE COMPENSATION FUNDING ALLOCATION

The ministry provides funding to support wages of RECE staff serving children aged 6 to 12 who work for licensees participating in CWELCC and licensees not participating in CWELCC who exclusively serve children aged 6 to 12. For RECE program staff, funding is being provided for 2026 to support a wage floor of \$25.86 per hour and annual wage increases to a maximum of \$28 per hour. For RECE supervisors and home visitors, funding is being provided for 2026 to support a wage floor of \$26.86 per hour and annual wage increases to a maximum of \$31 per hour.

For 2026, funding is also being provided for non-RECE program staff and supervisors serving children aged 6 to 12 who work for licensees participating in CWELCC and licensees not participating in CWELCC who exclusively serve children aged 6 to 12, to cover the increased minimum wage.

To calculate the funding allocated to CMSMs/DSSABs, the Total 2026 Workforce Compensation funding envelope is prorated by multiplying by the assumed portion attributable to ages 6 to 12 (described earlier under WEG/HCCCEG Funding Allocation), and further divided into three amounts that represent the proportion of the 2026 Workforce Compensation funding envelope pertaining to RECE program staff, RECE supervisors and home visitors, and non-RECE program staff. Proportions by position type are calculated using the number of staff in each position type, weighted by average wage.

The 2026 Workforce Compensation funding envelope is distributed to CMSMs/DSSABs proportionally, based on the weighted number of eligible staff by position type, per the 2025 Licensed Child Care Operations Survey.

Data Elements	Proportion	Source
The sum of the difference between the estimated 2026 wage (with wage floor and ceiling) and 2024 wage for each RECE program staff	87.3%	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
The sum of the difference between the estimated 2026 wage (with wage floor and ceiling) and 2024 wage for each RECE supervisors and home visitors	8.4%	2025 Licensed Child Care Operations Survey (as of December 31, 2024)
The sum of the difference between the estimated 2026 wage (with updated minimum wage) and 2024 wage for each non-RECE program staff and supervisors	4.4%	2025 Licensed Child Care Operations Survey (as of December 31, 2024)

3.C PROFESSIONAL LEARNING FUNDING ALLOCATION

Professional learning funding is allocated to each CMSM/DSSAB proportionally based on the following data (intended to represent the priority staff group to be supported with the allocation):

Data	Notes	Source
Number of program staff in licensed child care	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of supervisor staff in licensed child care	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of home child care visitors	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of active homes (home providers)	Adjusted for home locations in CMSMs/DSSABs different than the head office	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of FTE program staff in EarlyON	CMSMs/DSSABs submissions	2022 Financial Statement submissions

3.D SMALL WATER WORKS AND TERRITORY WITHOUT MUNICIPAL ORGANIZATION FUNDING ALLOCATIONS

Small Water Works (SWW)

The ministry provides funding to support costs related to small water systems for licensed child care centres (for example, wells and septic systems).

Small water works allocations are based on the greater of reported expenses of 2022 and 2023 Financial Statements. This funding is claims-based.

Territory without Municipal Organization (TWOMO)

The ministry provides funding to DSSABs to support territories without municipal organization (for example, area with no municipality or First Nation).

TWOMO allocations are based on the greater of reported expenses of 2022 and 2023 Financial Statements. This funding is claims-based.

3.E FLEXIBILITY FUNDING ALLOCATION

The ministry provides funding to support expenses as described in Chapter 3, Part 7 of the Guideline, which includes General Operating Expense; Pay Equity Memorandum of Settlement; Fee Subsidy (including Formal and Informal Ontario Works and Camps and Children's Recreation); Special Needs Resourcing; Capacity Building, and shortfalls in cost-based funding, WEG/HCCEG, and workforce compensation.

The 2026 Flexibility Allocation funding envelope is estimated as the portion of the 2024 Child Care Funding Allocations (excluding CWELCC, SWW, TWOMO, WEG/HCCEG and CMSM/DSSB Admin which are addressed separately) attributable to ages 0 to 12 or 6 to 12, respectively. For example, as eligibility does not change for 2026 Fee Subsidy, 2026 SNR and 2026 Capacity Building; those envelopes are expected to remain the same as in 2024. As age eligibility does change for other expenses, the envelope related to those other expenses is apportioned to ages 6 to 12.

The assumed portion attributable to ages 6 to 12 is calculated using the annual costs reported by enrolled licensees in the mini-survey as of December 31, 2022, weighted by the number of spaces by age group. The result from dividing the weighted costs of spaces for ages 6 to 12 by the weighted costs of spaces for ages 0 to 12 is 18%.

For each CMSMs/DSSABs, the Flexibility Funding envelope is distributed proportionally based on 2024 Child Care Funding Allocation, excluding WEG/HCCEG, WEG/HCCEG administration, SWW and TWOMO. The Flexibility Funding Allocation is offset by the mandatory municipal cost-share contributions in respect to children aged 6-12.

PART 4. INDIGENOUS-LED PROGRAM FUNDING ALLOCATION

Operating funding allocations are based on 2023 ongoing operating funds identified in previously approved proposal budgets.

PART 5. INFRASTRUCTURE PROGRAMS FUNDING ALLOCATIONS

5.A ELCC INFRASTRUCTURE FUND

To inform the 2026 allocations, in November 2025, the ministry invited CMSMs/DSSABS to provide project proposal information to support the allocation of approximately \$66.8 million in Early Learning and Child Care (ELCC) Infrastructure Fund funding.

The 2026 ELCC Infrastructure Fund allocations were developed using a targeted approach that prioritizes in-progress projects, projects in receipt of previous ministry funding, projects at risk of completion, and alignment with CMSM/DSSAB space targets. This approach enables new, licensed child care spaces to be created by December 31, 2026, while continuing to expand access to child care in priority neighbourhoods with the greatest need.

PART 6. EARLYON AND FAMILY CENTRES FUNDING ALLOCATION

The ministry has established a transparent funding approach for EarlyON Child and Family Centres that is intended to be responsive to community needs.

This funding approach takes into consideration the requirement for communities to provide mandatory core services as well as customized community connections that meet unique community needs. It also allows CMSMs/DSSABs to build on the existing strengths of early years programs, and stabilize and transform services while being increasingly responsive to the children and parents/caregivers served.

For 2026, each CMSM/DSSAB received the same allocation as in 2025 (not including the one-time incremental allocations). Funding for EarlyON Child and Family Centres is comprised of the following components:

- A \$250,000 base allocation for each CMSM/DSSAB
- The remaining funding has been distributed using the following data elements:

Data	Source
Number of children aged 0 to 6	Ministry of finance
Low-Income Cut Off (LICO) scores	2016 Census (Statistics Canada)
Number of families that speak French at home	2016 Census (Statistics Canada)
Number of Indigenous children aged 0 to 4	2016 Census (Statistics Canada)
Number of families that speak a language other than English or French at home	2016 Census (Statistics Canada)
Population density	2016 Census (Statistics Canada)

PART 7. EARLY CHILDHOOD EDUCATOR PROMOTIONAL FUND

The calculation of the 2026 Early Childhood Educator (ECE) Promotional Grant Allocation is composed of two parts:

1. Each CMSM/DSSAB is allocated a fixed amount of \$5,000
2. The remaining funding is distributed proportionally based on each CMSM's/DSSAB's share of the total idle-operating capacity in Ontario.

Idle-operating capacity is defined as the difference between the number of CWELCC enrolled licensed spaces as of March 31, 2025 and the number of centre-based operating spaces as of June 30, 2025 (as reported by CMSMs/DSSABs through their respective In-Year CBF Report).

PART 8. INNOVATION FUND

The calculation of the Innovation Fund Allocation is composed of two parts:

1. Each CMSM/DSSAB is allocated a fixed amount of \$100,000
2. The remaining funding is distributed proportionally based on the following data:

Data	Notes	Source
Number of program staff in licensed child care	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of supervisor staff in licensed child care	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of home child care visitors	Weighted as 1 for full time and 0.5 for part time	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of active homes (home providers)	Adjusted for home locations in CMSMs/DSSABs different than the head office	2023 Licensed Child Care Operations Survey (as of December 31, 2022)
Number of FTE program staff in EarlyON	CMSMs/DSSABs submissions	2022 Financial Statement submissions