

Ontario Child Care and Early Years Funding Guidelines – Questions and Answers

Release 6: March 2026

Links to Previous Q&A Releases:

[Cost-Based Funding – Questions and Answers \(Release 1 - July 2024\)](#)

[Cost-Based Funding – Questions and Answers \(Release 2 - October 2024\)](#)

[Ontario Child Care and Early Years Funding Guidelines – Questions and Answers \(Release 3 – November 2024\)](#)

[Ontario Child Care and Early Years Funding Guidelines – Questions and Answers \(Release 4 – March 2025\)](#)

[Ontario Child Care and Early Years Funding Guidelines – Questions and Answers \(Release 5 – November 2025\)](#)

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Question	Answer
Space Target Recalibration	
<p>169. What was the purpose of the 2026 space target recalibration, and how should CMSMs/DSSABs interpret their updated targets?</p>	<p>The 2026 space target recalibration aims to best position Ontario to meet its provincial target, under the CWELCC agreement, of creating 86,000 net new CWELCC spaces by December 31, 2026. Updated space targets reflect the most achievable and realistic growth opportunities based on each CMSM's/DSSAB's reported capacity, committed projects, and implementation risks.</p> <p>Updated targets represent the total CWELCC spaces expected to exist once growth is complete, and as such, CMSMs/DSSABs are expected to plan proactively to achieve them.</p>
<p>170. Why were some CMSMs/DSSABs assigned increased space targets in 2026?</p>	<p>The recalibration was guided by two overarching objectives:</p> <ul style="list-style-type: none"> • supporting the highest likelihoods of creating new licensed spaces by December 31, 2026 to reach space targets, including where spaces have been committed by CMSMs/DSSABs; and, • minimizing the number of downward adjustments to space targets across CMSMs/DSSABs. <p>As a result, 22 CMSMs/DSSABs will see increased space targets, offset by a decreased space target for the City of Toronto to better reflect its achievements and current planning for 2026.</p>
<p>171. Have auspice ratio targets changed as part of the recalibration process?</p>	<p>No. Auspice ratio targets remain unchanged.</p> <p>If auspice is the only barrier preventing a CMSM/DSSAB from meeting its space creation targets, CMSMs/DSSABs should contact the Ministry to discuss local circumstances and determine if flexibility exists within overall provincial constraints.</p>
<p>172. What are CMSMs/DSSABs expected to do to ensure their revised space targets are met?</p>	<p>CMSMs/DSSABs are to ensure that the funding decisions and local processes support the timely delivery of new licensed spaces by December 31, 2026. This may include revising local growth plans, prioritizing projects with strong timelines, and engaging local partners to expedite zoning, planning, public health approvals, and other steps required for licensing.</p>

Question	Answer
<p>173. What should CMSMs/DSSABs do if they have any issues related to space targets?</p>	<p>Where CMSMs/DSSABs are not able to manage space target challenges through adjustments in their plans, it is critical that SSMs proactively engage the Ministry if there are any issues:</p> <ul style="list-style-type: none"> • By April 2, 2026: any critical challenges related to targets from existing and commitments/contractual obligations. • As soon as possible: where risk to achieving targets arise (such as where auspice ratio targets are a constraint against meeting overall targets, or where school capital projects are delayed), to determine if any flexibility exists. <p>On these issues, SSMs should engage the Ministry through the Early Years Support Request form.</p> <ul style="list-style-type: none"> • For recalibration, questions can be streamed under ‘CWELCC’ and ‘Funding Allocations and Space Data Inquiries’.
<p>Early Learning and Child Care Infrastructure Fund</p>	
<p>174. How were the 2026 ELCC Infrastructure Fund allocations determined?</p>	<p>Allocations for the 2026 ELCC Infrastructure Fund were informed by proposals submitted by CMSMs/DSSABs at the end of 2025. The ministry prioritized funding for projects that are in progress and within CMSM/DSSAB space creation targets to maximize the likelihood that the spaces will be created by December 31, 2026.</p>
<p>175. Will the Ministry be providing more ELCC Infrastructure funding in 2026 or in future years?</p>	<p>All available funding under the ELCC Infrastructure agreement has been allocated to support CMSMs/DSSABs in meeting their space-creation targets. The ELCC Infrastructure Fund is funded by the federal government.</p>

Question	Answer
<p>176. How should CMSMs/DSSABs use the 2026 ELCC Infrastructure Fund allocations?</p>	<p>CMSMs/DSSABs are to use their 2026 ELCC Infrastructure Fund allocations in accordance with Chapter 5 of the Ontario Child Care and Early Years Funding Guidelines. As per Chapter 5, CMSMs/DSSABs must meet the eligibility criteria for ELCC Infrastructure funding, including, but not limited to, supporting:</p> <ul style="list-style-type: none"> • Inclusion in underserved communities and alignment with the CMSMs/DSSABs Directed Growth Plan. • Community-based, centre-based, and not-for-profit, licensed spaces. • CWELCC spaces for children 0 to 4 years of age (excluding those eligible for junior kindergarten). <p>All ELCC Infrastructure Fund allocations, including funding provided for 2025 and 2026, must be fully spent by December 31, 2026, and the child care spaces supported by the funding must be created (i.e., licensed) by December 31, 2026.</p>
<p>177. Are CMSMs/DSSABs able to use their 2026 ELCC Infrastructure Fund allocations for projects not outlined in their proposals to the ministry at the end of 2025?</p>	<p>Yes. While 2026 ELCC Infrastructure Fund allocations were informed by project proposals submitted by CMSMs/DSSABs at the end of 2025, CMSMs/DSSABs are permitted to utilize their allocations in the way that best maximizes the likelihood of space creation by the end of 2026, while adhering to requirements as set out in Chapter 5 of the Ontario Child Care and Early years Funding Guidelines.</p>

Question	Answer
Chapter 2, Division 2	
<p>178. What is the calculation of rolling top-up once actual eligible costs are known?</p>	<p>To clarify the process of calculating an existing centre/agency’s rolling top-up (if applicable), step 1.1(b) in calculating the rolling top-up ratio should be understood as follows:</p> <p><i>b)</i> Once actual eligible costs for the previous calendar year are known, subtract the total benchmark allocation (including any in-year adjustments) from the actual program costs (that is, the actual amount of eligible costs incurred for an eligible centre/agency to provide child care reflected in the base fees during the calendar year, which cannot exceed the Program Cost Allocation, including any in-year adjustments). If the result is negative, the rolling top-up ratio is zero. Otherwise, divide the result by the total benchmark allocation received for the previous year (including any in-year adjustments).</p> <p>For clarity, the calculation under part b is mandatory once actual eligible costs are known and must replace the calculation under part a, which is provisional.</p> <p>Chapter 2, Division 2 of the guidelines will be updated to reflect this clarification in future, and clarifying language will be added to the online ‘CWELCC Cost-Based Child Care Funding Estimator’.</p>

Question	Answer
<p>179. How should the Expected Base Fee Revenue Offset be calculated for centres that are licensed only for ineligible spaces (e.g., school-age) but serve a small number of CWELCC-eligible children?</p>	<p>Under Chapter 2, Division 2 of the Cost-Based Funding Guideline, the Expected Base Fee Revenue Offset represents the base fee revenue the centre expects to earn in the calendar year for CWELCC-eligible children. It is based on the centre’s planned operating assumptions and is adjusted for the allowed vacancy rate when offsetting the allocation.</p> <p>When eligible enrolment fluctuates in licensed ineligible spaces (e.g., school-age spaces operating under mixed-age grouping), CMSMs/DSSABs may use a reasonable forecast of eligible children or eligible service days. Examples include:</p> <ul style="list-style-type: none"> • using the average daily number of eligible children expected in these spaces, or • using forecasted eligible child-days over the year. <p>The CMSM/DSSAB can then estimate expected eligible base fee revenue by applying the centre’s base fee schedule to that forecast. The specific forecasting methodology is at the CMSM/DSSAB’s discretion, as long as it is reasonable and evidence-informed.</p>

Question	Answer
<p>180. How should funding be determined for providers who no longer operate eligible age-group spaces and therefore do not qualify for a benchmark allocation or rolling top-up, but continue to serve CWELCC-eligible children within primary/junior programs?</p>	<p>Under Chapter 2, Division 2, cost-based funding—including benchmark allocations and top-ups—is tied to the presence of licensed and operating eligible age-group spaces, not solely to whether CWELCC-eligible children (as currently defined by O. Reg. 137/15) are enrolled.</p> <p>If a provider did not receive a legacy top-up in the base year and does not operate any eligible age-group spaces in the current year, the cost-based funding formula does not generate an allocation.</p> <p>Note: CMSMs/DSSABs should ensure that the legacy calculation appropriately reflected eligible children served in mixed-age settings using a reasonable method for allocating eligible versus ineligible costs, as outlined in Chapter 2, Division 2, Section 1.1(b)(i).</p> <p>Where no rolling top-up or benchmark applies and the provider therefore receives no cost-based funding, CMSMs/DSSABs may need to work collaboratively with the licensee to assess program viability and explore available options.</p> <p>Outside of cost-based funding, CMSMs/DSSABs may consider supports available under Chapter 3 (Local Priorities) to assist with maintaining service continuity, recognizing that these funding streams are separate from cost-based allocations and must follow the parameters outlined in the Guidelines.</p>
<p>181. Are loans issued by Crown corporations considered government loans for the purposes of the financing cost restrictions in the Guidelines? If a loan from a Crown corporation has an interest rate that is higher than the maximum allowed under the Program (e.g., a rate above the Canada Small Business Financing Program rate), is it eligible?</p>	<p>Yes. Loans issued by Crown corporations, such as the Business Development Bank of Canada (BDC), are considered loans from federal or provincial governments and are therefore exempt from the cost-based funding program’s interest rate restrictions.</p> <p>This allows licensees to participate in government-financed programs without being limited by the maximum interest rate requirements.</p> <p>Chapter 2, Division 2 of the guidelines will be updated to reflect this clarification in future.</p>

Question	Answer
<p>182. When reporting eligible minor equipment purchases under the CWELCC funding guidelines, should these costs be reported at full cost in the year of purchase or on an amortized basis?</p>	<p>Under Rule 3 in Part 3.1 of Chapter 2, Division 2, only the amortization of assets purchased before on or before August 14, 2024 is eligible for cost-based funding purposes. The definition of ‘costs’ related to eligible amortized costs refers to assets such as these.</p> <p>For all other minor equipment purchases:</p> <ul style="list-style-type: none"> • The full purchase cost must be reported in the year the asset is acquired, with no amortization applied for cost-based funding purposes. • This applies both to licensees reporting to CMSMs/DSSABs through the Standardized Financial Report and to CMSMs/DSSABs reporting to the Ministry through EFIS. • To clarify, even though CWELCC-enrolled licensees may continue to capitalize and amortize assets in their audited financial statements (as required by accounting standards), CMSMs/DSSABs must ensure that reconciliation for CWELCC funding follows Cost-Based Funding (CBF) rules.
<p>183. Update on Direct Engagement Reports on Compliance.</p>	<p>As set out in Chapter 2, Division 2, Part 3.2 of the Ontario Child Care and Early Years Funding Guidelines, CMSMs/DSSABs are required to undergo a Direct Engagement to Report on Compliance for a sample of licensees receiving CWELCC funding (this involves conducting a CSAE 3531).</p> <p>There may be circumstances where engaging an auditor to conduct the CSAE 3531 Direct Engagement to Report on Compliance is not possible.</p> <p>For 2025 and future Direct Engagement to Report on Compliance required under this section, CSAE 3530 will be accepted where CSAE 3531 is not offered by the auditor, following reasonable efforts made to obtain a CSAE 3531 engagement.</p>

Question	Answer
Standardized Financial Report (SFR) and Cost Reviews	
<p>184. Are the definitions of a Service Day in the Standardized Financial Report and in the CWELCC Guidelines meant to be the same?</p>	<p>The definition of a Service Day in the Cost-Based Funding Guidelines also applies to the Standardized Financial Report and Cost Reviews Requirements. The concepts are not intended to differ.</p> <p>For consistency: a Service Day refers to any 24-hour period in which a base fee is charged for a child’s place, even if the centre or home is not physically open (e.g., statutory holidays where fees are charged).</p> <p>Therefore, statutory holidays must be included in the count of actual service days if a base fee was charged for those days.</p> <p>This will be clarified in an upcoming update to the Standardized Financial Report and Cost Reviews Requirements.</p>
<p>185. The Standardized Financial Report includes a line for principal on debt/loan. Are principal on loans an eligible cost?</p>	<p>No, as per Chapter 2, Division 2, Cost-Based Funding Guideline and Question 119 in Q & A Release 4, the principal amount of a loan (other than an eligible mortgage) is not eligible under Cost-Based Funding.</p> <p>The SFR includes fields intended to help CMSMs/DSSABs and auditors identify any reported ineligible costs. These fields are intended to catch any ineligible costs that licensees may incorrectly report. Upon review, any reported ineligible costs in the SFR are to be removed.</p> <p>Additionally, in recognition that licensees may have different internal accounting processes, and for ease of use, the fields could be used to capture otherwise eligible costs in a way more reflective of those internal practices. CMSMs/DSSABs must ensure that reported costs are otherwise eligible and there is no double counting across fields.</p> <p>Licensees may continue to use this template. However, to be as clear as possible and align as closely as possible with funding guidelines, future updates of the Standardized Financial Report and Cost Reviews Requirements will remove this field, and licensees must report eligible costs as one-time expenses in the year they are incurred.</p>

Question	Answer
<p>186. When reporting the Average number of paid sick days and paid vacation days, should it include employees with paid vacation days and those who receive vacation pay as a percentage on each pay cheque?</p>	<p>The values reported should include employees who receive vacation pay as a percentage of wages on each pay cheque since both vacation time and vacation pay qualify as 'vacation with pay' in the Employment Standards Act, 2000, which constitutes paid vacation days per the technical guidance. If a centre has staff with mixed compensation structures, a reasonable methodology to determine the average must be employed.</p>
<p>187. As amortization of assets purchased after August 14, 2024 are not eligible for cost-based funding, what figure should licensees report under Actual Accommodation, Amortization of Facilities (17FIN)?</p>	<p>Only the amortization of assets purchased on or before August 14, 2024 is eligible for cost-based funding purposes. Therefore, licensees would report on the eligible amortization amount for the reporting year, related only to such assets, remaining in the SFR.</p> <p>No new amortized expenses would be eligible under cost-based funding after August 14, 2024.</p> <p>Example 8 (a) will be clarified to refer to “assets purchased on or before August 14, 2024, and not claimed as an eligible expense under previous/other government funding” in an upcoming update to the Standardized Financial Report and Cost Reviews Requirements.</p>