

2026: EYCC03

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

FROM: Matthew Desrosiers, Director, Funding Branch
Early Years and Child Care Division

DATE: April 28, 2026

SUBJECT: Updates to 2026 Ontario Child Care and Early Years Funding

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

In support of the ministry's communication on November 10, 2025 (Ontario Child Care and Early Years Funding Guidelines and 2026 Allocations) and March 19, 2026 (2026 Space Targets and ELCC Infrastructure Fund), this memo provides additional technical updates and information to support municipal planning for 2026 and beyond, including:

- Additional guidance on the submission of Standardized Financial Reports (SFR);
- Details on a one-time technical adjustment to cost-based funding related to centres/agencies impacted by the repeal of Bill 124;
- An update on ongoing work to ensure clarity, transparency, and accessibility in the ministry's guidance on child care and early years funding;
- Updates to the 2026 space tracking template; and
- Release of the *2026 Funding Allocation Technical Paper*.

2025 Standardized Financial Reports (SFR) Submission

As promised in the [communication](#) shared in November 2025, the ministry is providing details on the transmission of aggregated standardized financial data to the ministry.

To submit 2025 Standard Financial Reports while ensuring confidentiality over the included data, the ministry requires CMSMs/DSSABs to use Ontario's **Sensitive Content Management (SCM)** system, which is a highly secure mailbox service. The service should only be used for transmitting sensitive information.

Please see the attached instructions on how to submit reports using the SCM system. For any questions relating to submitting this report only, please reach out to childcarefunding@ontario.ca. For any inquiries about reporting in general or any other questions, please submit a request through the [Early Years Support Request](#) platform.

CMSMs/DSSABs must submit their 2025 SFRs to the ministry no later than **Monday, June 1, 2026**.

Technical Adjustments to reflect the Repeal of Bill 124

The ministry is implementing a targeted, one-time technical adjustment to the calculation of rolling top-up and amounts in lieu of profit/surplus for legacy centres/agencies impacted by the repeal of the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (Bill 124), to mitigate funding pressures and support affected operators.

- Bill 124, which capped salary increases to 1% per year for three years for organizations that received at least \$1,000,000 in funding from the province, was repealed in 2024. As cost-based funding legacy top-up was calculated using 2023 financial statements, incremental eligible staff wage costs following the repeal of Bill 124 in 2024 may not have been reflected in program cost allocations.
- To mitigate losses due to wage pressures related to the repeal of Bill 124 in respect of CWELCC spaces, the ministry is providing instructions to CMSMs/DSSABs to determine a one-time adjustment payment in respect of Bill 124 expenses incurred in 2025, and the process for incorporating that adjustment into rolling top-ups going forward.
 - An overview is provided in **Appendix A**, and detailed guidance is included in the updated **Chapter 2: Division 2, CWELCC Cost-Based Funding Guideline, Part 1** (released alongside this memo).
- CMSMs/DSSABs are to use their current 2026 cost-based funding to accommodate these adjustments and to contact the ministry through the [Early Years Support Request](#) platform* by **June 30, 2026**, if these adjustments create pressure in their existing cost-based funding allocations.

**Note: Questions can be streamed under 'CWELCC' and 'Funding Allocations and Space Data Inquiries'*

Continued Improvements to Clarity, Transparency and Accessibility of Funding Guidance

We are providing an update on ongoing work to ensure clarity, transparency, and accessibility in the ministry's guidance on child care and early years funding. These updates are part of the ministry's ongoing efforts to support continuous improvement and usability of its guidance materials and reflect the ongoing engagement and support of CMSMs/DSSABs.

Updated Child Care and Early Years Webpage

To continue to improve accessibility and ease-of-use, the webpage that hosts Child Care and Early Years support material has been updated. The historical website has now migrated to an up-to-date [Ontario.ca location](#), which will provide easier access to funding guidelines, ministry memos, reporting instructions and system guidance for early learning and child care programs.

Going forward, the website will continue to be updated to reflect the current versions of all chapters, supporting documents, and financial reporting supports, and older versions will be added to an accessible archive as they are replaced. We hope this makes it easier to find up-to-date guidance from the ministry.

Updates to Guidelines and Supporting Documents (online posting to follow)

Updates have been made to Chapter 2, Division 2: Canada-wide Early Learning and Child Care (CWELCC) Cost-Based Funding Guideline to improve clarity and address outstanding issues. The following outlines the changes being introduced:

- ***NEW*** – Updates to provide guidance on technical adjustments to reflect the repeal of Bill 124. (See above.)
- Minor updates as described in Questions and Answers Release 6, provided to CMSM/DSSABs on March 19, 2026, including:
 - Clarification that the rolling top-up calculation is based on ‘actual program costs’, once actual eligible costs are known.
 - Confirmation that loans issued by Crown corporations are considered loans from federal or provincial governments.
 - Confirmation that CSAE 3530 will be accepted for Direct Engagement to Report on Compliance where CSAE 3531 is not available, following reasonable efforts to secure one.

Additionally, the Standardized Financial Report and Cost Reviews Requirements document has been updated to reflect the clarifications in Questions and Answers Release 6, provided to CMSM/DSSABs on March 19, 2026, including:

- Aligning the definition of service days with the Guidelines;
- Clarifying that only the amortization of assets purchased on or before August 14, 2024, is eligible for cost-based funding purposes; and
- Removing fields related to principal amount of a loan (other than an eligible mortgage), which is not an eligible cost under Cost-Based Funding.
 - The ministry has also updated the Excel-based reference files (attached) to align

with this change by removing the fields related to the principal amount of loan.

Note: these reference files are meant as examples, and CMSMs/DSSABs are not mandated to use them.

2026 Space Tracking Update

Further to the communication on March 19, 2026, regarding the 2026 CWELCC space target recalibration exercise, the ministry is implementing changes to the space tracking template to better position Ontario to meet its overall space creation target. These updates will facilitate effective monitoring of progress and support the ministry in identifying emerging risks.

The ministry is also exploring opportunities to better track spaces. In the next few rounds of space tracking, the ministry may:

- supplement the current approach of tracking home child care spaces (currently using Operations Survey data) with Child Care Licensing System (CCLS) data, and
- track pipeline applications in CCLS that will likely enroll in CWELCC once licensed.

More details will follow in the instructions for forthcoming templates.

2026 Funding Allocation Technical Paper

For transparency, the ministry will post the 2026 Funding Allocation Technical Paper on the new Child Care and Early Years website, hosted on [Ontario.ca](https://www.ontario.ca). The paper aims to provide detailed information to help CMSMs/DSSABs understand their 2026 child care and early years funding allocations by describing the formulae and criteria used to calculate funding allocations.

We want to reiterate our sincerest appreciation for your continued partnership as we work towards strengthening child care and early years programs and services in Ontario.

Sincerely,

Original signed by:

Matthew DesRosiers
Director, Funding Branch

cc: Holly Moran, Assistant Deputy Minister, Early Years and Child Care Division
Whitney Wilson, Director, Early Years Branch
Karen Puhlmann, Director, Child Care Branch

Appendix A: Technical Adjustments to reflect the impact of Bill 124

- *Chapter 2: Division 2, CWELCC Cost-Based Funding Guideline*, Part 1 (Sections 1.1 and 1.2) has been updated to provide detailed instructions to CMSMs/DSSABs to determine a one-time adjustment payment in respect of Bill 124 expenses incurred in 2025, and the process for incorporating that one-time adjustment into rolling top-ups for 2026 onwards.
- Eligibility is limited to legacy centres/agencies that demonstrate to CMSMs/DSSABs the direct impact of the repeal of Bill 124. Supporting documentation can include payroll reports, collective agreements, or employee contracts.
- CMSMs/DSSABs must follow the steps outlined in step 3 of section 1.1(b)(iii) of *Chapter 2: Division 2, CWELCC Cost-Based Funding Guideline* to determine the adjustment to the 2026 rolling top-up.
 - In general terms, the one-time adjustment to the rolling top-up reflects the incremental wage costs an eligible centre/agency incurred as a result of the repeal of Bill 124, less the Actual Amount in Lieu of Profit/Surplus.
 - Incremental wage costs are the difference between an eligible centre's/agency's 2025 **actual eligible wage costs** (in alignment with the Standardized Financial Report for 2025) and the **legacy wage costs** in the 2025 Cost-Based Funding Allocation (effectively using the same approach as legacy top-ups).
 - Eligible wage costs are Program Staffing and Supervisor costs and must exclude any retroactive lump-sum payments stemming from the repeal of Bill 124.
- This one-time adjustment to the rolling top-up determined above should also be added as a flat amount to the Actual Amount in Lieu of Profit/Surplus for 2026, in line with Section 1.2(c) of *Chapter 2: Division 2, CWELCC Cost-Based Funding Guideline*. This amount, where applicable, will be provided in 2026, in respect of expenses incurred in 2025.