

2026: EYCC02

**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:** March 19, 2026

**SUBJECT:** **Updates to 2026 Ontario Child Care and Early Years Funding (2026 Space Targets and ELCC Infrastructure Fund)**

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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.

Further to the memo communication of November 25, 2025, regarding the ministry's request for status on Canada-wide Early Learning and Child Care (CWELCC) enrolment and space commitments, including reporting on the Infrastructure Fund, I am writing with additional updates to support municipal planning for 2026 and beyond, including:

- Results of a 2026 CWELCC space target recalibration exercise;
- Information on the Early Learning and Child Care (ELCC) Infrastructure Fund;
- Updated 2026 Child Care Allocations; and
- Updated guidance on Direct Engagement to Report on Compliance.

As you are aware, in November 2025, Ontario successfully negotiated a one-year extension of the Canada-Ontario CWELCC agreement. This extension secured \$695M in additional funding and flexibility to maintain the current system through the end of 2026, giving Ontario time to work with the federal government on a longer-term agreement. The ELCC Infrastructure Fund agreement was also extended until December 2026, securing \$66.8M in funding for 2026.

While these one-year extensions do not address all the funding pressures the CWELCC system faces here in Ontario, they ensure continuity for the coming year, stability for families and clarity for the child care sector in the near term.

Notably, the extensions maintain the objective of creating 86,000 net new CWELCC spaces by December 31, 2026, a firm deadline under the CWELCC agreement with the federal government.

A detailed review of CMSMs'/DSSABs' reported information on growth capacity indicates that adjustments are required to ensure Ontario is well-positioned to meet this target.

### **Space Target Recalibration**

In late December 2025, CMSMs/DSSABs provided the Ministry with updated information on their space creation plans and commitments. Analysis of this data indicates that many CMSMs/DSSABs are experiencing pressures and challenges that will affect Ontario's ability to meet its overall space target, requiring further adjustments to some CMSMs'/DSSABs' space targets.

To position Ontario to successfully meet its CWELCC space target, while balancing the need for clarity and efficiency, this most recent recalibration was guided by two overarching objectives:

- 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.

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, more achievable planning for 2026. While no changes are listed to the auspice ratio targets, where auspice is the sole constraint against meeting overall space targets, CMSMs/DSSABs should contact the Ministry to determine if any flexibility exists in relation to overall province-wide targets (see 'Next Steps' section).

Total space targets have been adjusted and are shown in Appendix A. For clarity, these targets represent the *total* licensed CWELCC spaces that should exist in your regions once growth is complete on December 31, 2026. Corresponding funding allocations have also been updated accordingly, as shown in Appendix B.

CMSMs/DSSABs are expected to take expedited and proactive action to achieve their space targets and to ensure timely progress toward Ontario's system-wide goal of 86,000 net new licensed CWELCC spaces by December 31, 2026. CMSMs/DSSABs may need to consider realigning plans where spaces are at risk of not being licensed in 2026. To that end, CMSMs/DSSABs are encouraged to work with counterparts to ensure zoning, site planning, public health and other such approvals required for licensing are timely.

### **Early Learning and Child Care Infrastructure Fund (ELCC Infrastructure Fund)**

The 2026 ELCC Infrastructure Fund allocations were determined by prioritizing funding for projects that are in progress and within SSM space targets to maximize the likelihood that the spaces will be created by December 2026. This approach will best support the meeting of space targets while continuing to create new, licensed child care spaces in priority neighbourhoods that need them most.

ELCC Infrastructure Funding continues to follow Chapter 5 of the Ontario Child Care and Early Years Funding Guidelines ([link](#)). 2026 ELCC Infrastructure Fund funding must be spent by December 31, 2026, and the spaces supported by the funding must be created by December 31, 2026.

### **Updated 2026 Child Care Allocations**

The 2026 Cost-Based Funding Allocations for affected CMSMs/DSSABs have been updated to ensure funding is aligned with recalibrated space targets. ELCC Infrastructure Fund allocations for 2026 have also been included.

Please see Appendix B for the revised 2026 Cost-Based Funding and the new 2026 ELCC Infrastructure Fund Allocations.

### **Direct Engagement to Report on Compliance**

As set out in Chapter 2, Division 2, Part 3.2 ([link](#)) 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.

It has been brought to our attention that some CMSMs/DSSABs may be experiencing challenges with engaging auditors to conduct the CSAE 3531 Direct Engagement to Report on Compliance.

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.

### **Next Steps**

The Ministry will continue to regularly monitor progress through the year to ensure CMSMs/DSSABs remain on track with the December 31, 2026, target and may make further adjustments as necessary. In addition, CMSMs/DSSABs should continue to proactively engage the Ministry appropriately through the Early Years Support Request form\* ([link](#)):

- If there are any critical challenges related to the space targets outlined in Appendix A, as a result of existing and verifiable commitments/contractual obligations of CMSMs/DSSABs only, the **Ministry must be notified by April 2, 2026**. Given the potential impacts of further changes, the Ministry may request supporting evidence of such commitments.
- Similarly, CMSMs/DSSABs should inform the Ministry as soon as possible where risks to achieving space targets arise.
- CMSMs/DSSABs may also contact the Ministry in instances where auspice ratio targets are the sole constraint against meeting overall space targets to determine if any flexibility exists.

*\*Note: For recalibration, questions can be streamed under 'CWELCC' and 'Funding Allocations and Space Data Inquiries'*

### *Transfer Payment Agreement Amendment*

To ensure alignment with this update, Transfer Payment Agreements for 2026 will be amended and shared with affected CMSMs/DSSABs. These amendments will reflect the latest changes outlined in this memo. Since this is a recalibration, some CMSMs/DSSABs will see adjusted cash flows to align with their reduced allocations. Amended agreements and the corresponding payments based on these updates are expected to follow in the coming months.

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:*

A handwritten signature in black ink, appearing to read "H. Moran", written in a cursive style.

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Holly Moran  
Assistant Deputy Minister  
Early Years and Child Care Division

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

## Appendix A: Revised CWELCC Space Targets

EFIS ID	CMSM/DSSAB	Total CWELCC Space Target for Children Aged 0 to 5 years old
	<b>ONTARIO</b>	<b>375,111</b>
200	City of Brantford	3,888
201	City of Cornwall	2,001
202	City of Greater Sudbury	4,373
203	City of Hamilton	14,159
204	City of Kawartha Lakes	1,563
205	City of Kingston	3,238
206	City of London	12,709
207	City of Ottawa	32,833
208	City of Peterborough	3,438
209	City of St. Thomas	1,890
210	City of Stratford	1,732
211	City of Toronto	68,949
212	City of Windsor	10,302
213	County of Bruce	1,736
214	County of Dufferin	1,927
215	County of Grey	1,931
216	County of Hastings	3,096
217	County of Huron	1,269
218	County of Lambton	3,309
219	County of Lanark	1,730
220	County of Lennox & Addington	1,224
221	County of Northumberland	1,480
222	County of Oxford	1,932
223	County of Renfrew	1,904
224	County of Simcoe	12,929
225	County of Wellington	4,769
226	District Municipality of Muskoka	1,068
227	Municipality of Chatham-Kent	2,653
228	Norfolk County	1,706
229	Regional Municipality of Durham	19,327
230	Regional Municipality of Halton	19,377
231	Regional Municipality of Niagara	11,868
232	Regional Municipality of Peel	40,428
233	Regional Municipality of Waterloo	20,689
234	Regional Municipality of York	39,483
235	United Counties of Leeds & Grenville	2,251
236	United Counties of Prescott and Russell	2,965
300	Algoma District Services Administration Board	846
301	District of Cochrane Social Services Administration Board	1,834
302	District of Nipissing Social Services Administration Board	2,340
303	District of Parry Sound Social Services Administration Board	681
304	District of Sault Ste Marie Social Services Administration Board	1,596
305	District of Timiskaming Social Services Administration Board	584
306	Kenora District Services Board	2,039
307	Manitoulin-Sudbury District Services Board	663
308	Rainy River District Social Services Administration Board	470
309	District of Thunder Bay Social Services Administration Board	1,932

**Appendix B: 2026 Total Child Care Allocations (Revised March 2026)**

EFIS ID	CMSM/DSSAB	Revised	New	Unchanged <sup>1</sup>	Unchanged	Unchanged	Unchanged	Unchanged	Revised	Revised
		Total Cost-Based Allocation	ELCC Infrastructure Fund	Local Priorities Allocation <sup>2</sup>	Innovation Fund	ECE Promotional Fund	EarlyON	Indigenous-Led	Administration Allocation	Total 2026 Allocations
200	Corporation of the City of Brantford	37,310,616	-	6,072,987	142,010	24,978	2,291,970	815,000	749,129	47,406,690
201	City of Cornwall	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	-	10,271,613	163,373	15,423	3,734,937	117,260	1,085,791	70,149,326
203	The City of Hamilton	163,388,857	841,435	32,707,815	288,336	94,342	6,661,549	1,627,615	3,270,129	208,880,078
204	Corporation of the City of Kawartha Lakes	17,235,659	4,006,832	3,389,621	117,724	9,064	1,247,504	-	418,772	26,425,176
205	Corporation of the City of Kingston	36,267,523	1,717,929	6,261,258	145,671	25,443	3,202,733	-	733,987	48,354,544
206	Corporation of the City of London	147,185,726	2,580,399	23,672,527	245,245	57,737	4,377,880	644,851	2,488,919	181,253,284
207	City of Ottawa	365,996,766	-	55,826,291	600,311	211,106	11,172,976	2,806,780	6,230,564	442,844,794
208	Corporation of the City of Peterborough	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	950,621	4,307,931	119,156	15,268	1,268,386	-	501,579	30,227,859
210	Corporation of the City of Stratford	19,670,369	44,075	2,861,277	115,154	10,584	1,032,855	-	400,690	24,135,004
211	City of Toronto	1,171,100,716	9,246,318	202,444,795	1,157,516	215,697	30,730,906	4,783,607	19,163,228	1,438,842,783
212	Corporation of the City of Windsor	129,814,553	3,203,896	21,536,438	221,494	76,691	4,032,065	398,000	2,189,931	161,473,068
213	Corporation of the County of Bruce	21,894,391	906,996	2,825,644	120,275	7,792	1,053,326	57,755	395,115	27,261,294
214	Corporation of the County of Dufferin	21,589,464	-	2,495,065	122,220	10,057	889,496	-	374,457	25,480,759
215	Corporation of the County of Grey	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	34,243,738	-	5,982,549	136,774	19,177	1,637,250	324,625	699,233	43,043,346
217	Corporation of the County of Huron	16,558,941	1,903,245	2,450,819	112,621	13,562	950,278	-	334,611	22,324,077
218	Corporation of the County of Lambton	36,684,976	-	8,015,575	134,114	18,091	2,576,897	340,880	806,281	48,576,814
219	County of Lanark	21,698,180	3,850,493	2,926,548	122,138	15,858	1,051,908	-	406,872	30,071,997
220	County of Lennox & Addington	11,223,819	-	2,573,601	112,557	11,763	954,328	307,509	338,318	15,521,895
221	County of Northumberland	17,392,338	-	3,065,169	118,634	8,754	970,536	167,818	388,237	22,111,486
222	County of Oxford	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	1,101,879	4,081,313	125,839	11,515	1,532,203	212,095	482,811	32,941,966
224	County of Simcoe	148,866,664	650,810	18,471,337	234,601	84,260	4,362,990	643,574	2,238,875	175,553,111
225	County of Wellington	82,222,670	2,408,073	9,253,164	164,617	23,644	2,286,072	-	1,018,794	97,377,034
226	District Municipality of Muskoka	13,732,962	324,977	2,388,339	111,437	9,095	949,463	-	326,288	17,842,561

EFIS ID	CMSM/DSSAB	Revised	New	Unchanged <sup>1</sup>	Unchanged	Unchanged	Unchanged	Unchanged	Revised	Revised
		Total Cost-Based Allocation	ELCC Infrastructure Fund	Local Priorities Allocation <sup>2</sup>	Innovation Fund	ECE Promotional Fund	EarlyON	Indigenous-Led	Administration Allocation	Total 2026 Allocations
227	Corporation of the Municipality of Chatham-Kent	31,891,474	3,918,875	7,886,377	131,510	19,084	1,489,826	151,786	723,188	46,212,120
228	The Corporation of Norfolk County	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	227,829,460	215,367	29,319,742	386,236	75,636	5,142,894	259,485	3,337,751	266,566,571
230	Regional Municipality of Halton	234,781,911	-	24,691,407	356,666	93,008	4,777,031	-	2,996,849	267,696,872
231	Regional Municipality of Niagara	142,686,013	2,258,930	20,228,225	205,830	83,267	4,594,838	267,091	2,230,174	172,554,368
232	Regional Municipality of Peel	582,772,647	5,359,251	79,435,974	496,171	231,704	13,662,542	239,356	8,146,641	690,344,286
233	Regional Municipality of Waterloo	204,597,130	6,210,589	24,969,978	310,291	141,990	4,748,059	300,000	3,198,233	244,476,270
234	Regional Municipality of York	505,915,932	2,601,606	61,851,295	618,650	145,930	10,655,054	-	6,912,758	588,701,225
235	United Counties of Leeds & Grenville	26,544,546	1,121,762	3,896,817	128,763	10,181	1,149,920	-	492,646	33,344,635
236	United Counties of Prescott & Russell	25,550,899	-	4,273,240	127,187	23,365	2,102,453	-	585,044	32,662,188
300	Algoma District Services Administration Board	12,451,991	2,260,511	2,588,852	110,009	10,150	1,287,747	-	317,484	19,026,744
301	District of Cochrane Social Service Administration Board	24,214,680	-	5,526,002	120,423	20,573	2,343,230	137,060	564,014	32,925,982
302	District of Nipissing Social Services Administration Board	27,286,839	-	5,507,116	127,230	5,000	2,368,196	1,078,561	606,754	36,979,696
303	District of Parry Sound Social Services Administration Board	9,007,478	525,897	2,778,744	107,524	9,374	1,278,509	295,364	323,459	14,326,349
304	District of Sault Ste Marie Social Services Administration Board	24,595,351	-	3,972,435	121,444	12,290	1,792,712	1,905,646	453,343	32,853,221
305	District of Timiskaming Social Services Administration Board	10,150,462	-	3,606,351	114,377	5,496	1,205,392	422,118	357,386	15,861,582
306	Kenora District Services Board	36,539,139	7,062,130	3,995,691	113,168	7,358	1,807,605	3,235,809	474,231	53,235,131
307	Manitoulin-Sudbury District Social Services Administration Board	13,055,211	1,502,562	3,607,147	111,174	6,396	1,693,172	320,650	353,693	20,650,005
308	Rainy River District Social Services Administration Board	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	38,686,245	-	7,262,820	127,938	13,903	2,663,522	1,177,410	720,143	50,651,981
<b>PROVINCIAL TOTAL</b>		<b>4,927,253,105</b>	<b>66,775,458</b>	<b>754,889,188</b>	<b>9,500,000</b>	<b>2,000,000</b>	<b>161,920,784</b>	<b>24,995,710</b>	<b>80,833,095</b>	<b>6,028,167,340</b>

<sup>1</sup> Decrease in Small Water Works Allocation for County of Bruce per request

<sup>2</sup> Includes Professional Learning