

Region of Waterloo
Community Services
Children's Services

To: Community and Health Services Committee
Meeting Date: May 5, 2026
Report Title: Canada-Wide Early Learning and Child Care (CWELCC) Directed Growth and Child Care Funding Update

1. Recommendation

That the Regional Municipality of Waterloo increase the 2026 Operating Budget for Children's Services in the amount of \$7,879,158 with \$0 net tax levy impact to reflect changes to Ministry of Education funding, as outlined in report CSD-CHS-26-001, dated May 5, 2026.

2. Purpose / Issue:

This report provides an update on the growth of child care spaces as part of the CWELCC Plan and outlines the revised 2026 funding allocations related to CWELCC and child care.

3. Strategic Plan:

This report addresses Strategic Priority 3: Equitable Services & Opportunities and Strategic Priority 4: Resilient and Future Ready Organizations in the Region's Corporate Strategic Plan.

4. Report Highlights:

- The Region has received a revised CWELCC space target, bringing the total number of new CWELCC spaces for Waterloo Region to 4,357 to be created by December 31, 2026. This will bring the total number of CWELCC spaces for Waterloo Region to 20,689.
- The Region is on track to meet the revised CWELCC growth target. To date, 2,865 new CWELCC child care spaces have been created in Waterloo Region. A further 1,492 spaces will be created before the end of 2026.
- The Region also received notice of increased 2026 funding allocations to support child care growth. New funding includes \$6.2 million in Canada-Ontario ELCC Infrastructure funding, an additional \$1.65 million in CWELCC Cost-Based funding, and \$0.02 million in administration funding.

5. Background:

Between 2023 and 2025, Waterloo Region was allocated a total of 4,136 CWELCC licensed child care spaces (CSD-CHS-23-001, CSD-CHS-23-002, CSD-CHS-25-001) to be created by December 31, 2026. As a result of a province-wide space recalibration process, Waterloo Region has received a revised space target, bringing the total number of new CWELCC spaces to be created by 2026 for Waterloo Region to 4,357. The provincially required auspice ratio of at least 90% not-for-profit spaces to no more than 10% for-profit spaces remains unchanged.

Due to the tight timeline to create these spaces, Children's Services will allocate the additional spaces to child care programs currently enrolled in CWELCC that can increase licensed spaces, including home-based, centre-based, and before and after school programs. Children's Services is working closely with all approved child care operators to monitor progress and ensure that the spaces will open on time.

Children's Services is required to notify the Ministry of Education when an approved CWELCC directed growth project is at risk of not meeting the December 31, 2026 deadline. The Ministry has indicated that space targets may be adjusted for projects that are not open by the deadline, which could result in a loss of spaces and/or funding for the Region of Waterloo. Children's Services will continue regular reporting to the Ministry (currently planned for June and September 2026) and Council on progress toward meeting space targets.

Even with the additional spaces, demand for child care will continue to far exceed available child care spaces. Before CWELCC, the waitlist in Waterloo Region for licensed child care was around 5,600 children – now it is over 15,000 children, of which 9,951 indicate they are looking for care immediately. As of March 2026, 33% of children 0-4 years had access to a CWELCC licensed child care space in Waterloo Region.

The current Canada-Ontario CWELCC Agreement was extended to March 31, 2027. The Government of Canada and Ontario are currently negotiating the next CWELCC Agreement. At this time, no details have been provided about the future of directed growth or information about potential changes to funding for the next term of CWELCC.

6. Communication and Engagement with Area Municipalities and the Public

Children's Services has been conducting on-going engagement with parents that have traditionally been underserved in the licensed child care system as part of the implementation of the Access and Inclusion Plan. Consultation regarding child care growth also continues with internal stakeholders (i.e., Housing Services, Economic Development, and Facilities), external stakeholders (i.e., child care operators, school boards, and ethno-cultural organizations), and area municipalities.

Children's Services has been working closely with licensed child care operators to support their transition to CWELCC. Children's Services has also been collaborating with other municipalities across Ontario to align approaches, share resources, and provide feedback to the Ministry of Education.

7. Financial Implications:

The 2026 Children's Services Operating Approved Budget includes \$202.95 million in CWELCC cost-based funding which is 100% Ministry funded. The updated allocation includes \$1.65 million to support additional spaces. There is also an additional \$6.21 million in Canada-Ontario ELCC Infrastructure Funding and \$0.02 million for administrative expenses. All budget changes are 100% funded by the Ministry and there is no levy impact.

	Current Year	Future Year(s)
Budget Impact?	No new tax levy impact	Annualized into budget
Capital Plan Impact?	No new impact	No new impact

(In million's)	2026 Updated Approved Ministry Allocation	2026 Approved Budget	Proposed changes to 2026 Approved Budget
CWELCC Cost-based allocation	204.60	202.95	1.65
Local Priorities Allocation	24.97	24.97	-
Canada-Ontario ELCC Infrastructure Fund	6.21	-	6.21
Innovation Fund	0.31	0.31	-
ECE Promotional Fund	0.14	0.14	-
Administration Allocation	3.20	3.18	0.02
Sub-Total (Child Care Funding)	239.43	231.55	
EarlyON	4.75	4.75	-
Indigenous-Led CC & Family	0.30	0.30	-

Total 2026 Ministry Approval	244.48	236.60	7.88
Tax levy Contribution	9.00	9.00	-

8. Conclusion / Next Steps:

Children’s Services continues to closely monitor the implementation of the Directed Growth Plan to ensure that targets are met and children and families benefit from the creation of new affordable child care spaces in Waterloo Region. Children’s Services also continues to provide feedback to the Ministry of Education on the demand for CWELCC spaces to ensure that all families can access high quality child care in our community.

9. Attachments:

Nil

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