

2026 Budget Notes Children's Services

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Description

Children's Services promotes access to high quality early learning and provides childcare and supports for families through a well-planned and managed system.

The division helps Toronto's families find and access licensed childcare and early years programs, helps with the cost of programming, and provides support for children with special needs. Funding, resources, and professional development are also offered to agencies to help deliver programs that are high quality, accessible and inclusive.

Why We Do It

Childcare is a key lever to children's health and development, child and family well-being, improving the economy, improving education rates, and addressing poverty. Children's Services ensures that:

- Families have access to safe and affordable childcare and early years programs that contribute to healthy child development, family well-being, and increased economic activity by enabling them to go to work and school.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

For further information about Children's Services, please visit: <https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/staff-directory-divisions-and-customer-service/childrens-services/>

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What Service We Provide

Child Care Delivery

Who We Serve: Families and children, early years and childcare service providers.

What We Deliver: Provides fee subsidies with contracted child care service delivery and through Toronto Early Learning Child Care Services (TELCCS) centres that help families meet the cost of early learning and care.

Resources (gross 2026 operating budget): \$461.3 million

Child Care System Management

Who We Serve: Families and children, early years and child care service providers.

What We Deliver: Legislated to manage the planning and delivery of child care and early year's programs in Toronto. We work with school boards, other human services, and community partners to organize a coordinated system that provide access to services to ensure the best possible outcomes for children and their families.

Resources (gross 2026 operating budget): \$1,121.4 million

Budget at a Glance

2026 OPERATING BUDGET

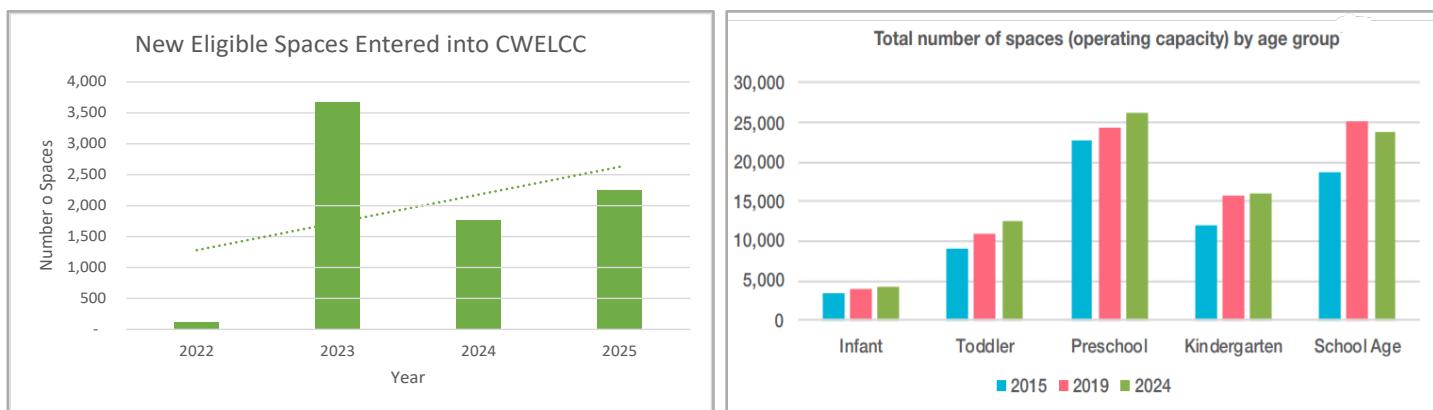
In \$ Millions	2026	2027	2028
Revenues	\$1,481.1	\$1,481.1	\$1,481.1
Gross Expenditures	\$1,582.7	\$1,587.3	\$1,590.4
Net Expenditures	\$101.6	\$106.2	\$109.3
Approved Positions	1,035.1	1,035.1	1,035.1

2026-2035 10-YEAR CAPITAL PLAN

In \$ Millions	2026	2027-2035	Total
Gross Expenditures	\$6.8	\$99.7	\$106.5
Debt	\$0.9	\$14.3	\$15.2

Note: Includes 2025 carry forward funding

How Well We Are Doing – Behind the Numbers



- Children's Services has continued with the implementation of the Canada-Wide Early Learning and Child Care (CWELCC) system through a phased approach to achieve its key objectives, including increased access for families and reduced child care fees.
- There is a growing need for more affordable, high-quality child care spaces in Toronto. The ongoing implementation of the CWELCC agreement in Toronto adheres to the Directed Growth Plan mandated by the province to ensure new CWELCC-funded spaces are prioritized in alignment with its Access and Inclusion Framework.
- The Access and Inclusion Framework provides guidance to Children's Services on developing local service plans that better serve and include children and families from Indigenous, Black, and equity-denied communities. For 2025, the new expansion application criteria prioritizes not-for-profit agencies, Indigenous-led, B3 (Black-led, Black-focused, and Black-serving), and Francophone organizations, and the expansion of infant, toddler, and preschool age groups.
- In 2023, the Province confirmed 18,177 spaces as the five-year target for community and school-based space growth in Toronto, providing operating funding to support expansion, but no incremental capital investments.
- The Province has defined “growth” as any increase in licensed child care space capacity in the CWELCC system since the baseline year of 2022. Since that time, Children's Services has held five enrollment and expansion windows to support CWELCC implementation in Toronto.
- As part of this strategy, the division has increased outreach to existing licensees that have not yet opted to enroll in the CWELCC system as these represent opportunities to support the existing workforce, and to increase access to high quality, affordable spaces for families without the need for additional capital investment.
- Barriers to entry for capital expansion in the public and not-for-profit sectors are high. The CWELCC agreement embedded fixed auspice ratios (76% for Toronto) to preserve balance between non-for-profit and public spaces with commercial spaces. The division will continue to explore innovative strategies to leverage municipal assets, development opportunities, and community partnerships to support the growth of the public and not-for-profit child care sector.
- While growth has been increasing, spaces available to support the 330,000 children aged 0-12 in Toronto are limited. In addition, CWELCC has led to instability in the school-age child care system with increasing fees and the number of school-age spaces declining.

How Well We Are Doing

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
Child Care Delivery	% of licensed spaces supported by child care fee subsidy (centre-based)	41%	42%	42%	65%	85%
Child Care System Management	% of eligible child care operators opted-in to Canada-Wide Early Learning and Child Care (CWELCC) system	87%	90%	88%	90%	90%
Key Service Level Measures						
Child Care Delivery	# of child care fee subsidies	27,500	30,700	23,000	30,700	30,700
Child Care Delivery	# of children with extra support needs served	4,129	5,000	4,200	5,000	5,500
Child Care System Management	# of new licensed child care spaces added (centre-based)	728	2,200	2,500	3,000	3,000
Child Care System Management	# of licensed child care spaces (centre-based)	82,559	84,000	99,500	102,500	105,500

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Implemented Year 4 of the Canada-Wide Early Learning and Child Care (CWELCC) system, with 942 or 88% of licensed child care centres, and 23 or 88% of licensed home child care agencies enrolled in Toronto.
 - 2025 marked the transition to the province's new cost-based funding approach and additional program changes, with a continued cap in fees of \$22 per day for eligible families.
 - Launched a new application process for 2025 Expansion, Start-Up Grants, and Infrastructure Funding to further support growth and expansion, simplifying resources and tools to support applicants.
 - Newly added Federal Infrastructure Fund of \$19.9 million to support the creation of new, not-for-profit, licensed child care spaces for children 0-4 years. The goal is to increase inclusion in child care for underserved communities, including rural and remote regions, high-cost urban areas with low-income households experiencing barriers to access, and communities requiring child care during non-standard hours.
 - Provided ongoing sector and change management supports for child care and EarlyON partners through network meetings, townhalls, and information sessions.
- Developed comprehensive learning opportunities to strengthen the workforce's understanding of inclusive practices and leadership. These initiatives included modules on Indigenous ways of knowing and being, mentorship programs, and leadership development for emerging leaders. Over 4,000 educators engaged in these opportunities, which supported the creation of welcoming environments for 2SLGBTQ+ children and families and equipped professionals with strategies, policies, and resources to foster equity and inclusion across early years programs and services.
- Worked with the ASE Community Foundation for Black Canadians with Disabilities to engage and receive feedback from Black families and caregivers, EarlyON staff, Resource Consultants, educators and other staff around their experiences within the Early Learning and Child Care system.
- Launched Indigenous-focused Every Child Belongs services in Indigenous, and non-Indigenous child care and EarlyON settings to support inclusion and priorities within the City of Toronto's Reconciliation Action Plan.
- Funded Year 3 of the EarlyON Innovation Grant to support partnerships with Black-mandated organizations to develop targeted, responsive, and culturally safe and responsive programming and services to meet the distinct needs of Black children and families.
- Released Toronto's [2025-2030 Early Years and Child Care Service Plan](#) and received Council approval in July 2025. Convened a sector roundtable discussion in November 2025 to support implementation of the Service Plan and discuss key challenges facing the sector including access to child care for fee subsidy families; supporting the middle years; and strengthening inclusion for children with disabilities.

Key Challenges and Risks

- The Province has renewed the Canada-Wide Early Learning and Child Care (CWELCC) agreement for one-year to December 31, 2026. Continued implementation of the CWELCC system will be dependent on further renewal of the agreement beyond 2026, funding to support actual costs and pressures for child care operators and agencies.
- Ongoing implementation of the CWELCC system includes a requirement for incremental capital investments to support increased demand for child care as costs for service become more affordable for eligible families. The division will continue advocacy and collaboration with governmental partners to maximize capital funding opportunities and coordinate neighborhood planning approaches to continue to include child care as part of social infrastructure developments.

- CWELCC has led to instability in the school-age child care system, with programs serving children aged 0 to 5 facing a separate set of requirements and funding guidelines than programs exclusively serving children aged 6 to 12. Ensuring staff are available and equipped to provide programming that meets the current needs of children in their middle years is crucial as this age group faces unique challenges in an increasingly digital world. Sustaining school-age care will require a reimaging of how to best serve school-age children.

Priority Actions

Advance self-determination with Indigenous organizations and families in the early years and child care sector

- Developing an Indigenous-led Service Plan for early years and child care in Toronto; with a focus on three key areas for immediate action:
 - (1) revitalizing Indigenous languages through culturally grounded curricula,
 - (2) ensuring safe, affirming spaces and programming for Two-Spirit children and families, and
 - (3) addressing gaps in culturally specific, land-based, intergenerational programming for children aged 6 to 12.

Expand the early years and child care system to meet the needs of children and their families

- Growing the system in an equitable way and increasing the availability of early years and child care services across the city, especially in underserved areas and for specific communities. The division will continue to seek opportunities to support the expansion of licensed child care spaces by collaborating with both Federal and Provincial governments, School Board, and community-based partners.

Support a thriving early years and child care workforce

- Continuing to advocate to Federal and Provincial governments for significant new investments to increase wages and benefits, promote hiring, retention, and advancement, and improve working conditions for qualified early years and child care staff. The division will continue to invest in innovative professional learning and capacity building opportunities, including training related to advancing equity and inclusion, to support a knowledgeable workforce and meet evolving learning needs.

Centre inclusion in the early years and child care sector for children, families, and staff

- Creating experiences of inclusion and belonging in programs and services for all children and families, with an intentional focus on children with extra support needs as well as Indigenous, Black, 2SLGBTQ+, and Francophone children and families.

CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2026 Operating Budget for Children's Services of \$1,582.7 million gross, \$1,481.1 million revenue and \$101.6 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenues (\$000s)	Net Expenditures (\$000s)
Child Care Delivery	461,275.6	359,713.2	101,562.4
Child Care System Management	1,121,417.4	1,121,381.3	36.1
Total Program Budget	1,582,693.0	1,481,094.5	101,598.5

- The 2026 staff complement for Children's Services is comprised of 1,035.1 operating positions.

2. The 2026 Capital Budget for Children's Services with cash flows and future year commitments totaling \$95.022 million as detailed by project in [Appendix 5a](#).
3. The 2027-2035 Capital Plan for Children's Services totalling \$11.452 million in project estimates as detailed by project in [Appendix 5b](#).
4. That all third-party funding included in the 2026 Budget be subject to the execution of an agreement or receipt of funding. If such agreement or funding is not in place by 2026 or forthcoming, the approval to spend must be reassessed by City Council relative to other City-funded priorities and needs in future budget processes.

2026
OPERATING BUDGET

2026 OPERATING BUDGET OVERVIEW

Table 1: 2026 Operating Budget by Service

(In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Base Budget	2026 New/ Enhanced	2026 Budget	Change vs. 2025 Budget
By Service	\$	\$	\$	\$	\$	\$	%
Revenues							
Child Care Delivery	722,588.8	353,703.4	350,256.1	359,713.2		359,713.2	6,009.8 1.7%
Child Care System Management	114,497.3	1,223,991.9	1,140,400.0	1,121,381.3		1,121,381.3	(102,610.6) (8.4%)
Total Revenues	837,086.1	1,577,695.3	1,490,656.1	1,481,094.5		1,481,094.5	(96,600.8) (6.1%)
Gross Expenditures							
Child Care Delivery	793,641.9	452,677.6	439,413.7	461,275.6		461,275.6	8,598.0 1.9%
Child Care System Management	136,743.6	1,224,799.0	1,149,511.2	1,121,417.4		1,121,417.4	(103,381.6) (8.4%)
Total Gross Expenditures	930,385.5	1,677,476.6	1,588,924.9	1,582,692.9		1,582,692.9	(94,783.6) (5.7%)
Net Expenditures	93,299.4	99,781.3	98,268.8	101,598.5		101,598.5	1,817.2 1.8%
Approved Positions**	1,018.1	1,023.1	N/A	1,035.1		1,035.1	12.0 1.2%

*2025 Projection based on 9-Month Variance

**Year-over-year comparison based on approved positions

KEY DRIVERS

Total 2026 Budget expenditures of \$1,582.7 million gross reflect a decrease of \$94.8 million in spending above the 2025 Budget, predominantly arising from:

- An adjustment to federal and provincial investments under the Canada-Wide Early Learning and Child Care (CWEELCC) Agreement to reflect actual child care operator enrollment in the CWEELCC system (net \$0).
- This has been partially offset by an increase in salaries and benefits primarily due to contractual obligations and contracted goods and services.

EQUITY IMPACTS OF BUDGET CHANGES

Low-positive to high-positive equity impacts: The benefits of child care on children's learning, health, and development are the most pronounced in equity seeking communities. Child care and early years programs are critical services that redress the impact of inequities, in terms of affordable access for families and parental employment or training/education, as well as developmental outcomes for their children. Equitable access to high quality, affordable early learning and child care is a factor in poverty reduction and workforce participation.

Children's Services' budget continues to make investments to support childcare affordability and access to quality early years programs. This will have a positive impact on low-income families and low-income women, particularly in racialized communities, providing additional resources for families experiencing multiple barriers. Children's Services' Service Plan aims to improve access and affordability for families, stabilize the early years workforce and remove barriers to accessing child care and early years services. The Canada-wide Early Learning and Child Care Agreement and the Province's Access and Inclusion Framework also seek to improve affordability and access to high-quality, licensed child care for Toronto families, and make investments in the early years workforce.

These investments support several of the City's strategic priorities including the Poverty Reduction Strategy, Confronting Anti-Black Racism Strategy, as well as Council's commitment to increasing women's equity.

2026 OPERATING BUDGET KEY COST DRIVERS

The 2026 Net Operating Budget for Children's Services of \$101.598 million is \$1.817 million, 1.8% greater than the 2025 Net Budget. Table 2 below summarizes the key cost drivers for the 2026 Budget.

Table 2: 2026 Key Cost Drivers

(In \$000s)	2026				2027 Annualized Impact (Net)
	Revenues	Gross Expenditures	Net Expenditures	Positions**	
2025 Projection*	1,490,656.1	1,588,924.9	98,268.8		N/A
2025 Budget	1,577,695.3	1,677,476.6	99,781.3	1,023.1	N/A
Key Cost Drivers:					
Salaries and Benefits					
Salaries and Benefits Adjustments		2,861.7	2,861.7	(2.0)	3,889.1
Non-Salary Inflation					
Adjustments to Contracted Goods and Services		717.3	717.3		
Revenue Changes					
Adjustments to Federally and Provincially Funded Programs	(97,606.0)	(97,606.0)			
Fees from Directly Operated Child Care	1,005.2		(1,005.2)		
Other Changes		707.2	707.2		30.3
Sub Total Key Cost Drivers	(96,600.8)	(93,319.9)	3,280.9	(2.0)	3,919.4
Affordability Measures		(1,463.7)	(1,463.7)	14.0	730.9
Total 2026 Base Budget	1,481,094.5	1,582,692.9	101,598.5	1,035.1	4,650.3
2026 Budget	1,481,094.5	1,582,692.9	101,598.5	1,035.1	4,650.3
Change from 2025 Budget (\$)	(96,600.8)	(94,783.6)	1,817.2	12.0	N/A
Change from 2025 Budget (%)	(6.1%)	(5.7%)	1.8%	1.2%	N/A

*Based on 9-Month Variance

**Year-over-year comparison based on approved positions

Key Base Drivers:

Salaries and Benefits:

- Increase due to contractual obligations related to cost-of-living, step adjustments, benefits and pay for performance and the hiring of front-line staff supporting service delivery and legislatively required positions.

Non-Salary Inflation:

- Increases to contracted goods and services to support service delivery and directly operated child care programs.

Revenue Changes:

- Adjustments to Provincial and Federal funding to support Year 5 of the Canada-Wide Early Learning and Child Care (CWELCC) agreement, including the second year of transition to the cost-based funding model and investments for expansion to support the Directed Growth Plan.
 - While overall CWELCC-related funding has decreased year-over-year, these changes reflect a right-sizing of funding levels based on actual sector enrollment in the CWELCC system and do not represent a decrease in funding supports for child care operators.
 - The Province has also made updates to its cost-based funding formula beginning in 2026, providing for increases to its benchmark calculations to reflect inflationary adjustments and actual sector experience.
- Fees for families continue to be capped at \$22 per day for Toronto Early Learning and Childcare Services (TELCCS). This adjustment reflects increased revenues due to projected enrolment in 2026.

Other Changes:

- Increases in Inter-Divisional Charges (\$0.098 million) related to directly operated child care centres and an increase to the contribution towards the City's Insurance Reserve Fund (\$0.609 million)

Affordability Measures

Table 3: Affordability Measures

Recommendation	Savings Type	Equity Impact	(In \$000s)					
			2026			2027 (Incremental)		
Revenues	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures	Positions		
Consolidate and Streamline Operations	Efficiency Savings	No Impact		(370.0)	(370.0)	(2.0)	(6.8)	(6.8)
Transformation of Service Delivery	Efficiency Savings	No Impact		(897.8)	(897.8)	16.0	737.8	737.8
Line-by-Line Review	Line-by-line	No Impact		(195.9)	(195.9)			
Total Affordability Measures				(1,463.7)	(1,463.7)	14.0	730.9	730.9

Affordability measures, as described below, are specific actions taken by Children's Services (CS) that achieve cost reductions without impacting service levels for City Divisions and the public. For 2026, CS has identified \$1.268 million in efficiency savings and \$0.196 million in line-by-line review through the following initiatives:

- **Consolidate and Streamline Operations:** Changing business processes and investing in technology to reflect updates to funding guidelines and evolving community needs, as well as streamlining service delivery and system management, results in savings of \$0.370 million.
- **Transformation of Service Delivery:** Through re-engineering existing workflows to meet changing reporting requirements for the ongoing implementation of the CWELCC system and newly defined cost-based funding approach by the Province as well as strengthening workforce stability and retention by converting existing vacancies in frontline child care operations into full-time, permanent positions, savings of \$0.898 million are expected.
- **Line-by-Line Review:** A review of base expenditures resulted in overall savings of \$0.196 million, driven primarily by adjustments based on actual experience for various goods and services.

Note:

For additional information, please refer to [Appendix 4a](#) for Operating Program Provincial/Federal Funding Streams by Funding Source, respectively.

2027 AND 2028 OUTLOOK

Table 5: 2027 and 2028 Outlook

(In \$000s)	2026 Budget	2027 Incremental Outlook	2028 Incremental Outlook
Revenues			
Total Revenues	1,481,094.5		
Gross Expenditures			
Salaries and Benefits Changes		3,889.1	2,978.6
Transformation of Service Delivery		730.9	86.1
Inter-Divisional Charges (IDC)		30.3	29.1
Total Gross Expenditures	1,582,692.9	4,650.3	3,093.8
Net Expenditures	101,598.5	4,650.3	3,093.8
Approved Positions	1,035.1		

Key Outlook Drivers

The 2027 Outlook with total gross expenditures of \$1,587.3 million reflects an anticipated \$4.650 million or 0.3% increase in gross expenditures above the 2026 Operating Budget. The 2028 Outlook expects a further increase of \$3.094 million or 0.2% above the 2027 Outlook.

These changes arise from the following:

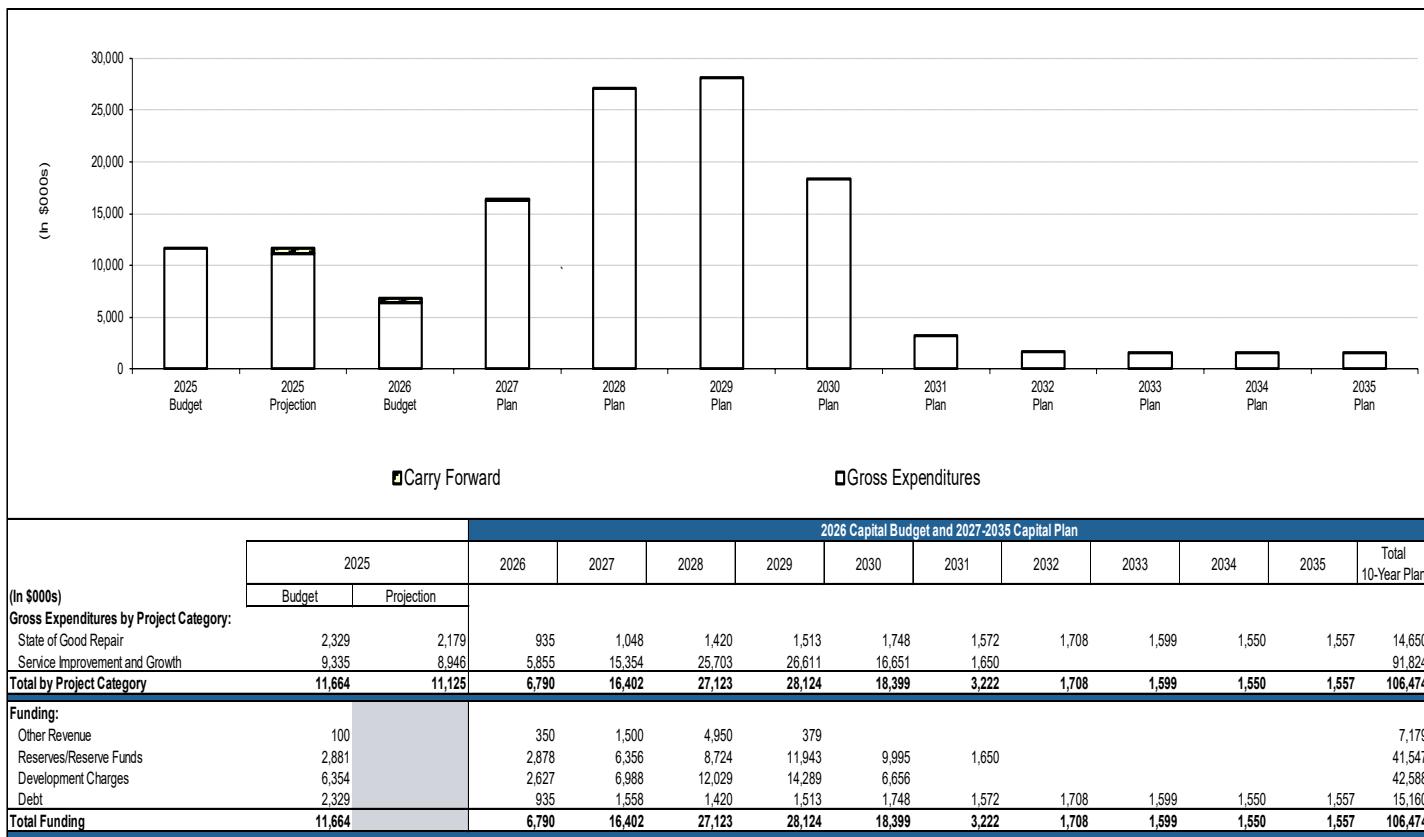
- **Salaries and Benefits:** Anticipated increase in salaries and benefits related to contractual obligations and hiring positions.
- **Transformation of Service Delivery:** Full year cost of new positions added in 2025 required for the ongoing implementation of the CWELCC system and stabilization of the workforce.

2026-2035

CAPITAL BUDGET AND PLAN

2026-2035 CAPITAL BUDGET AND PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



Project Updates (\$3.1 Million)

The 2026-2035 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2026-2034):

- \$4.5 million – Increase to Western North York Childcare to reflect construction cost escalations.
- (\$0.9) million – Decrease in State of Good Repair funding to align with capacity to deliver.
- Deferrals of cashflow for school and community-based child care centres to reflect revised timelines.

New Projects (\$8.0 Million)

The 2026-2035 Capital Budget and Plan includes the following key new project:

- \$8.0 million – Funding to develop a new child care centre at 158 Borough Drive, as part of the City's Housing Now development project.

Note:

For additional information, please refer to [Appendix 4b](#) for Capital Program Provincial/Federal Funding Streams by Projects, [Appendix 5](#) for a more detailed listing of the 2026 and 2027-2035 Capital Budget and Plan by project; [Appendix 6](#) for Capacity to Deliver Review; and [Appendix 7](#) for a Summary of Capital Delivery Constraints, respectively.

2026-2035 CAPITAL BUDGET AND PLAN**\$106.5 Million 10-Year Capital Program**

	
Aging Infrastructure	Existing and New Child Care and EarlyON Child and Family Centres
\$14.7 M 13.8%	\$91.8 M 86.2%
Legislative requirement to maintain City-run child care centres in a condition that meets strict licensing standards and promotes the health and well-being of children, families, and staff.	<p>New child care centres to increase access to licensed child care in alignment with the City's Directed Growth Plan.</p> <p>Eight projects supporting climate resiliency <input checked="" type="checkbox"/></p> <p>New EarlyON Child and Family Centre at 150 Queens Wharf Road to provide increased access to community and wraparound supports for families and children. <input checked="" type="checkbox"/></p>

- Project supports Climate Resiliency and/or Greenhouse Gas (GHG) Reduction*

*Information above includes full project/sub-project 2026-2035 Budget and Plan cash flows. Does not break out the climate component costs separately.

- The ongoing implementation of the Canada-Wide Early Learning and Child Care (CWELCC) agreement in Toronto adheres to the Directed Growth Plan mandated by the province to ensure new CWELCC-funded spaces are prioritized in alignment with its Access and Inclusion Framework. The Access and Inclusion Framework provides guidance to Children's Services on developing local service plans that better serve and include children and families from Indigenous, Black and equity-denied communities.
- Not-for-profit organizations continue to face barriers accessing capital, limiting opportunities to significantly invest in expanding the child care system. Further sustained capital investments from higher orders of government and greater flexibility in administering funds in the CWELCC system are necessary to meet the expansion goals for Toronto.
- By continuing to advocate for investments from all levels of government and leveraging School Board partnerships, third party development, and collaboration with other City divisions, Children's Services will maximize opportunities to support the creation of affordable, high-quality child care spaces for communities most in need in alignment with its Directed Growth Plan.

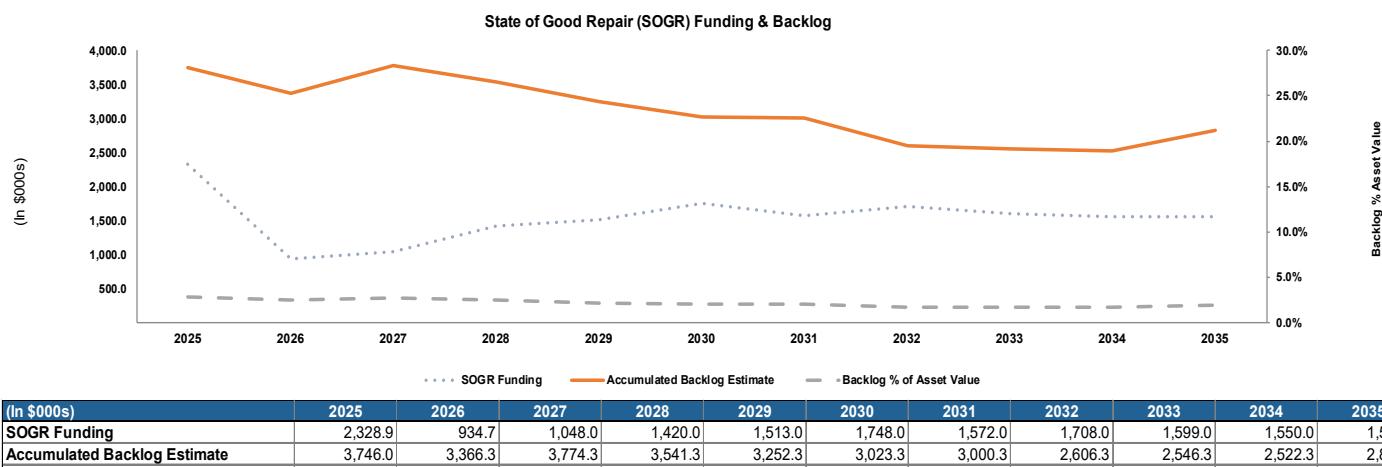
How the Capital Program is Funded

City of Toronto		Provincial Funding	Federal Funding
\$106.5 M 100%		\$0.0 M 0%	\$0.0 M 0%
Other Revenue	\$ 7.2 M		
Reserves/ Reserve Funds	\$ 41.5 M		
Development Charges	\$ 42.6 M		
Debt	\$ 15.2 M		

STATE OF GOOD REPAIR (SOGR) FUNDING AND BACKLOG

The chart below depicts the SOGR funding and accumulated backlog estimates for key asset classes in Children's Services:

Chart 2: Total SOGR Funding and Backlog



(In \$000s)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
SOGR Funding	2,328.9	934.7	1,048.0	1,420.0	1,513.0	1,748.0	1,572.0	1,708.0	1,599.0	1,550.0	1,557.0
Accumulated Backlog Estimate	3,746.0	3,366.3	3,774.3	3,541.3	3,252.3	3,023.3	3,000.3	2,606.3	2,546.3	2,522.3	2,828.3
Backlog % of Asset Value	2.8%	2.5%	2.7%	2.5%	2.2%	2.0%	2.0%	1.7%	1.7%	1.7%	1.9%
Total Asset Value	134,739.0	134,739.0	139,739.0	144,239.0	150,239.0	150,239.0	150,239.0	150,239.0	150,239.0	150,239.0	150,239.0

- With the current level of SOGR funding, the accumulated backlog is anticipated to decrease from \$3.746 million in 2025 to \$2.828 million in 2035 as new construction and renovation projects are completed, representing 1.9% of the total replacement value estimated to be \$150.239 million by 2035.
- Adjustments to the 10-Year Capital Plan to the SOGR program reflect significant construction cost escalations, high priority SOGR needs identified by updated building condition assessments, feasibility studies and timing of infrastructure and retrofit projects.
- Children's Services will continue to monitor and refine growing backlog estimates of its asset inventory and the SOGR backlog analysis including asset values during the annual budget process in future years.

APPENDICES

Appendix 1

2026 Operating Budget by Category

Category (In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Budget	2026 Change from 2025 Budget	
	\$	\$	\$	\$	\$	%
Federal Subsidies	341,634.6	1,045,376.9	965,466.1	942,977.5	(102,399.4)	(9.8%)
Provincial Subsidies	446,633.7	522,485.8	517,100.0	527,279.2	4,793.4	0.9%
User Fees and Donations	46,431.2	3,332.5	2,990.0	4,337.7	1,005.2	30.2%
Contribution From Reserves/Reserve Funds		1,400.0		1,400.0		0.0%
Sundry and Other Revenue						N/A
Inter-Divisional Recoveries	2,386.7	5,100.0	5,100.0	5,100.0		0.0%
Total Revenues	837,086.1	1,577,695.3	1,490,656.1	1,481,094.5	(96,600.8)	(6.1%)
Salaries and Benefits	102,106.1	107,559.7	102,107.8	110,697.8	3,138.1	2.9%
Materials and Supplies	1,898.9	1,975.8	1,843.9	1,970.5	(5.3)	(0.3%)
Equipment	661.0	1,115.0	1,118.1	1,205.3	90.3	8.1%
Service And Rent	822,051.9	1,563,020.9	1,480,050.0	1,464,307.1	(98,713.9)	(6.3%)
Contribution To Reserves/Reserve Funds	2,134.0	2,096.1	2,096.1	2,704.8	608.7	29.0%
Other Expenditures	52.6	3.0	3.0	3.0		0.0%
Inter-Divisional Charges	1,481.1	1,706.1	1,706.1	1,804.5	98.4	5.8%
Total Gross Expenditures	930,385.5	1,677,476.6	1,588,924.9	1,582,692.9	(94,783.6)	(5.7%)
Net Expenditures	93,299.4	99,781.3	98,268.8	101,598.5	1,817.2	1.8%

*2025 Projection based on 9-Month Variance

Appendix 2

Summary of 2026 Service Changes

N/A

Appendix 3

Summary of 2026 New/Enhanced Requests Included in Budget

N/A

Appendix 4a

Operating Program Provincial/Federal Funding Streams by Program

Fund Name – Program (in \$000s)	2026 Budget	2027 Outlook	2028 Outlook
Provincial Funding			
<i>Child Care Cost-Based Funding Allocation</i>	295,022	295,022	295,022
<i>Local Priorities and System Management Funding</i>	195,643	195,643	195,643
<i>EarlyON Child and Family Centres</i>	19,211	19,211	19,211
<i>Wage Enhancement Grants and Workforce Compensation</i>	12,619	12,619	12,619
<i>Journey Together Funding</i>	4,784	4,784	4,784
Sub-Total: Provincial Funding	527,279	527,279	527,279
Federal Funding			
<i>Child Care Cost-Based Funding Allocation</i>	916,448	916,448	916,448
<i>EarlyON Child and Family Centres</i>	11,519	11,519	11,519
<i>System Management Funding</i>	9,456	9,456	9,456
<i>ECE Promotional Funding/Innovation Fund</i>	5,553	5,553	5,553
Sub-Total: Federal Funding	942,978	942,978	942,978
Total Funding	1,470,257	1,470,257	1,470,257

Appendix 4b

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 5

2026 Capital Budget; 2027-2035 Capital Plan Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	2026-2035 Total	Health and Safety/ Legislated	SOCR	Service Improvement and Growth	
158 Borough Drive Child Care Centre	50	500	1,500	2,500	3,450						8,000			8,000	
3393 Keele Street Child Care Centre	50	1,000	2,000	3,000	910						6,960			6,960	
Alexandra Park Child Care Centre	441	577									1,018			1,018	
Anishnawbe Miziwe Biik Child Care Centre		561									561			561	
Bridletown Community Centre (Child Care Centre 6)	50	450	1,650	1,750							3,900			3,900	
Canoe Landing (Block 31) Child Care Centre		102									102			102	
David and Mary Thomson (Child Care Centre 7)	40	1,050	2,000	3,400	3,350	1,650					11,490			11,490	
EarlyON 150 Queens Wharf Road	50	500	1,300	379							2,229			2,229	
Lawrence Heights Child Care Centre	175	1,000	3,000	4,000	4,791						12,966			12,966	
Mount Dennis Child Care Centre	273	500									773			773	
North East Scarborough RC Childcare Ctr	111	735									846			846	
St. Barnabas Catholic School		275									275			275	
St. Bartholomew Catholic School		1,246									1,246			1,246	
St. Roch Catholic School	252	200									452			452	
Stanley Public School		324									324			324	
TCH Needle Firway	100	1,000	1,500	2,325	3,000						7,925			7,925	
TELCCS - Playground Retrofit	1,000	2,263	2,000	1,450	1,150						7,863			7,863	
TELCCS - State Of Good Repair			205	1,513	1,748	1,572	1,708	1,599	1,550	1,557	11,452			11,452	
TELCCS - SOGR 2023		67									67			67	
TELCCS - SOGR 2024		300									300			300	
TELCCS - SOGR 2025		550	740								1,290			1,290	
TELCCS - SOGR 2026		17	308	1,215							1,540			1,540	
Wallace Emerson Child Care Centre	933	1,121	975								3,029			3,029	
Western North York Child Care	1,600		5,128	2,798							9,526			9,526	
Willowridge Child Care Centre		430	949								1,379			1,379	
Woodbine Casino Child Care Centre		300	1,000	4,650	5,009						10,959			10,959	
Total Expenditures (including carry forward from 2025)	6,790	16,402	27,123	28,124	18,399	3,222	1,708	1,599	1,550	1,557	106,474			14,650	91,824

- Project supports Climate Resiliency and/or Greenhouse Gas (GHG) Reduction

*Information above includes full project/sub-project 2026-2035 Budget and Plan cash flows. Does not break out the climate component costs separately.

Appendix 5a

2026 Cash Flow and Future Year Commitments Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	Total 2026 Cash Flow and FY Commitments	Previously Approved	Change in Scope	New with Future Year
158 Borough Drive Child Care Centre	50	500	1,500	2,500	3,450						8,000			8,000
3393 Keele Street Child Care Centre	50	1,000	2,000	3,000	910						6,960	6,960		
Alexandra Park Child Care Centre	441	577									1,018	1,018		
Anishnawbe Miziwe Biik Child Care Centre		561									561	561		
Bridletown Community Centre (Child Care Centre 6)	50	450	1,650	1,750							3,900	3,750	150	
Canoe Landing (Block 31) Child Care Centre		102									102	102		
David and Mary Thomson (Child Care Centre 7)	40	1,050	2,000	3,400	3,350	1,650					11,490	11,490		
EarlyON 150 Queens Wharf Road	50	500	1,300	379							2,229	2,229		
Lawrence Heights Child Care Centre	175	1,000	3,000	4,000	4,791						12,966	12,966		
Mount Dennis Child Care Centre	273	500									773	773		
North East Scarborough RC Childcare Ctr	111	735									846	846		
St. Barnabas Catholic School		275									275	275		
St. Bartholomew Catholic School		1,246									1,246	1,246		
St. Roch Catholic School	252	200									452	602	(150)	
Stanley Public School		324									324	324		
TCH Needle Firway	100	1,000	1,500	2,325	3,000						7,925	7,925		
TELCCS - Playground Retrofit	1,000	2,263	2,000	1,450	1,150						7,863	5,263		2,600
TELCCS - SOGR 2023		67									67	67		
TELCCS - SOGR 2024		300									300	300		
TELCCS - SOGR 2025	550	740									1,290	1,290		
TELCCS - SOGR 2026	17	308	1,215								1,540			1,540
Wallace Emerson Child Care Centre	933	1,121	975								3,029	3,608	(579)	
Western North York Child Care	1,600		5,128	2,798							9,526	5,026	4,500	
Willowridge Child Care Centre	430	949									1,379	1,379		
Woodbine Casino Child Care Centre	300	1,000	4,650	5,009							10,959	10,959		
Total Expenditure (including carry forward)	6,790	16,402	26,918	26,611	16,651	1,650					95,022	78,961	3,921	12,140

Appendix 5b

2027-2035 Capital Plan Including Carry Forward

Projects (In \$000s)	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	2027- 2035 Total	Health and Safety/ Legislated	SOGR	Service Improvement and Growth
TELCCS - State Of Good Repair		205	1,513	1,748	1,572	1,708	1,599	1,550	1,557	11,452		11,452	
Total Expenditures		205	1,513	1,748	1,572	1,708	1,599	1,550	1,557	11,452		11,452	

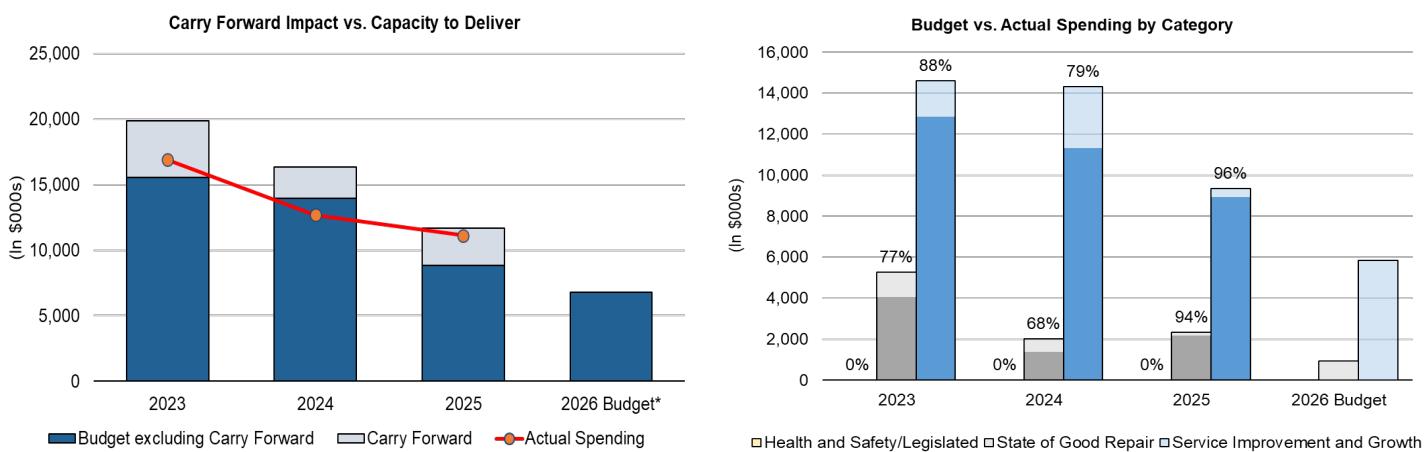
Appendix 6

Capacity to Deliver Review

The 10-Year Plan has been developed with consideration of historically demonstrated capacity to deliver within any given year of a 10-Year plan. In addition, a review was undertaken to ensure budgets align with the capacity available in the market to deliver on capital projects and assets.

A key component in determining an appropriate level of annual cash flow includes evaluating historical capacity to deliver by project categories (Chart 3 below) and assessing projected 2025 underspending that will be carried forward into the 2026-2035 Capital Budget and Plan.

Chart 3 – Capacity to Deliver



Impact of Capacity to Deliver Review on the 10-Year Plan

- Children's Services actual spending over the previous five years, from 2021-2025, has averaged \$14.124 million per year or 81%.
- The projected spending for 2025 is \$11.125 million or 95% of the 2025 Capital Budget.
- Based on the review of historical capital spending and an assessment of capacity to deliver, \$22.7 million in capital spending originally cash allocated for 2026 has been deferred to future years up to 2030.
 - Timing of cash flow estimates to support child care centre projects has been deferred and adjusted to reflect supply chain constructs, as well as planning and design estimates where child care centres are being delivered by third party partners.

Appendix 7

Summary of Capital Delivery Constraints

Projects	Total Project Cost	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)								
				2026	2027	2028	2029	2030	2031	2032	2033	2034
NOT INCLUDED												
TELCCS - Playground Retrofit	11.4	11.4								2.4	2.4	2.4
Total Needs Constraints (Not Included)	11.4	11.4								2.4	2.4	2.4
												2.0

In addition to the 10-Year Capital Plan of \$106.5 million, Children's Services has identified \$11.4 million in capital delivery constraints as reflected in the table above.

- TELCCS Playground Retrofit project reflects anticipated SOGR needs for playground areas in the City's directly operated child care centres, based on most recent building condition assessments. There is a legislative requirement to maintain playground areas in a condition that meets health and safety and licensing standards, and that promotes positive child and family outcomes. Children's Services will continue to evaluate SOGR priorities and prioritize funding based on need and project readiness.

Appendix 8

Inflows and Outflows to/from Reserves and Reserve Funds

2026 Operating Budget

N/A

Inflows and Outflows to/from Reserves and Reserve Funds

2026-2035 Capital Budget and Plan

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
XR1103 (\$000)	Child Care Capital Cost	Opening Balance	50,357.2	46,882.9	39,878.3	30,423.7	18,725.2	8,867.6	7,298.0	7,371.0	7,444.7	7,519.1
		*Contributions (+)										
		Children's Services	320.0	320.0	320.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Total Contributions	320.0	320.0	320.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		*Withdrawals (-)										
		Operating Budget										
		Children's Services	(1,400.0)	(1,400.0)	(1,400.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Sub-Total Operating Withdrawals	(1,400.0)	(1,400.0)	(1,400.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Capital Budget and Plan										
		Children's Services	(2,878.1)	(6,356.3)	(8,724.4)	(11,943.0)	(9,994.9)	(1,650.0)	0.0	0.0	0.0	0.0
		Sub-Total Capital Budget and Plan Withdrawals	(2,878.1)	(6,356.3)	(8,724.4)	(11,943.0)	(9,994.9)	(1,650.0)	0.0	0.0	0.0	0.0
		Total Withdrawals	(4,278.1)	(7,756.3)	(10,124.4)	(11,943.0)	(9,994.9)	(1,650.0)	0.0	0.0	0.0	0.0
		Interest Income	483.8	431.6	349.8	244.5	137.3	80.4	73.0	73.7	74.4	75.2
		Closing Balance	46,882.9	39,878.3	30,423.7	18,725.2	8,867.6	7,298.0	7,371.0	7,444.7	7,519.1	7,594.3

Appendix 9

Glossary

Approved Position: Permanent or temporary position that support the delivery of City services and service levels in annual budget.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Deliver Ability to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget and Plan: A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

Capital Delivery Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency has the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New/Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provide services.

Operating Impact of Completed Capital Projects: The Operating Budget Impact of Capital is the change in operating expenditure and/or revenue, which is projected to occur during the implementation of a capital project and/or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

Rate-Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority.

Salary and Benefit Adjustments: General increases related to contractual obligations, such as cost of living, step increases, pay for performance and progression pay.

State of Good Repair (SOGR): The cost of maintaining assets to ensure that they can support the delivery of City services and meet service outcomes.

Tax-Supported Budget: Budget funded by property taxes.

User Fees: Includes all program-generated fees and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).