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## **2026 BUDGET BRIEFING NOTE**

### **Child Care Fee Subsidies and Every Child Belongs**

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#### **Issue/Background**

- At its meeting on January 16, 2026, Budget Committee directed the General Manager, Children's Services to prepare briefing note that explain two key issues:
  1. why the number of subsidies issued this year has not met the targets set out by City Council, and
  2. why funding levels supporting children with disabilities are lower than in previous years.
- As the designated service system manager for the early years and child care, Toronto Children's Services (TCS) plans and manages an accessible system that supports healthy child development and family well-being.
- TCS administers the Child Care Fee Subsidy program, with a provincially funded target of up to 30,700 subsidies for eligible families.
- The Every Child Belongs (ECB) framework supports the inclusion of children who need extra support, including those with identified disabilities, in licensed child care and EarlyON programs. Through ECB, Child Care Support Funds (CCSF) help enhance child care staffing to support the successful inclusion of children with complex or significant extra support needs.

#### **Key Points**

##### Child Care Fee Subsidy Program

- Several factors are preventing TCS for meeting the subsidy target. Families requesting fee subsidies generally face higher inequities and more barriers to accessing child care. Fee reductions through CWELCC have increased demand for spaces and intensified these existing challenges. Even with lower parent fees through CWELCC, many families still cannot afford licensed childcare. Almost 40% of families receiving subsidy can pay less than \$1.00 per day.

- While the number of child care spaces has increased under CWELCC, successful expansion of the sector is contingent upon additional fee subsidies, operating funding that reflects the true cost of delivering high quality care, and a thriving workforce.
- TCS is working to reduce barriers by finding ways to open existing CWELCC spaces to subsidy families, without needing new capital funding, and by better integrating subsidy families into the growing system.
- TCS has implemented targeted outreach to families on the waitlist and new families to help them access care and wraparound supports.
- TCS will also examine its fee subsidy policies to make access fairer for low-income families and promote more consistency across the child care system.

#### Every Child Belongs (ECB) Program

- ECB funding has not decreased. The program supported 4,129 children with extra support needs across 18 agencies in Toronto. Spending has grown each year, from \$16.1 Million in 2022 to a projected \$18.5 Million in 2025.

| Year | Total Expenditures for Every Child Belongs (\$ millions) |
|------|--|
| 2022 | \$16.1   |
| 2023 | \$17.8   |
| 2024 | \$18.2   |
| 2025 | \$18.5 (projected)                                       |

- More children are experiencing mental health and developmental challenges, which increases the level of support required. At the same time, the province has not provided additional funding to match system expansion under CWELCC.
- The lower number of children served in 2025 reflects a shift towards deeper, more individualized support, not a reduction in funding or commitment.
- In 2025, TCS launched a new application process that focuses on sustainable staffing for groups of children rather than child-by-child requests. TCS is continuing to look for ways to use existing funding more effectively and is advocating for additional provincial funding to support ECB services.

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