

Building Local Capacity to Deliver Child Care in High Inequity Neighbourhoods - Update

Date: June 29, 2026

To: Economic and Community Development Committee

From: Interim General Manager, Children's Services

Wards: All

SUMMARY

This report responds to Council direction for an update on Children's Services' activities between 2025 and 2026 to implement local capacity building strategies and raise interest among not-for-profit organizations to deliver child care in wards deemed high priority¹ for expansion under the Canada-wide Early Learning and Child Care (CWELCC) system. These efforts are key in addressing both systemic barriers and challenges faced by individual operators for the delivery of equitable and accessible child care in Toronto. Despite these efforts, access gaps persist in high priority wards, and continued progress will depend on sustained funding and system conditions beyond the City of Toronto's control.

The report includes a brief overview of the current child care landscape, barriers to expansion experienced by current and prospective operators, and strategies Children's Services has taken to encourage expansion and interest among new and existing operators. Between 2025 and 2026, Children's Services has advanced local capacity building for child care expansion through city-wide consultations, information sessions, webinars, and town halls, providing multiple touchpoints for operators, community organizations, and stakeholders to connect with Children's Services.

Children's Services promoted expansion opportunities through targeted outreach for the Early Learning and Child Care Infrastructure Fund, including engagement with Indigenous-led and Black-led, Black-mandated, and Black-serving organizations. Ongoing Expression of Interest processes, direct operator support, and collaboration with school boards also strengthened sector capacity building and planning for new spaces. In addition, capacity building support in the home child care sector has

¹ Children's Services used a data-informed and equity-driven approach to identify high priority wards for expansion under CWELCC. A combination of existing number of child care spaces (relative to child population), income, and demographic data from the Census, and population growth projections were included in the analysis to define the priority wards.

contributed to the addition of 60 licensed homes and the capacity to serve up to 360 children between April 2025 and May 2026. Collectively, these efforts aim to improve awareness of expansion opportunities and support the ability of existing and prospective operators to navigate the child care expansion process.

RECOMMENDATIONS

The Interim General Manager, Children's Services recommends that:

1. Economic and Community Development Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications resulting from the recommendations included in this report.

This report provides an update on activities undertaken by Children's Services between 2025 and 2026 to implement local capacity building strategies and raise interest among not-for-profit organizations to deliver child care in wards identified as high priority for expansion under the Canada-wide Early Learning and Child Care (CWELCC) system in Toronto. These activities are in line with the strategic priorities of the [Toronto Early Years and Child Care Service Plan 2025-2030](#), in particular Strategic Priority 2: Expand the early years and child care System to meet the needs of children and their families.

Any financial impacts arising from actions undertaken to advance the identified strategic priorities in the *Toronto Early Years and Child Care Service Plan 2025-2030* will be submitted through future budget processes, as required, for consideration along with other City priorities, subject to the City's financial and resource capacity.

While Children's Services is on track to meeting its provincial CWELCC space creation targets by the end of 2026, demand for child care continues to outpace the supply of spaces in Toronto and further expansion is required in high priority wards as identified through the Directed Growth Plan. (See Attachment 1 for the Directed Growth Plan and map of priority areas for expansion) This indicates that despite meeting provincial space creation targets, sustained efforts are needed to promote equitable access across the city. Children's Services will continue to implement sector engagement activities to inform and support child care expansion in these high priority wards within their budget. Sustaining Children's Services efforts to meet the needs of Toronto's families will depend on sufficient, ongoing, and predictable funding from both provincial and federal governments.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact section.

EQUITY IMPACT

The *Toronto Early Years and Child Care Service Plan 2025-2030*² (the "Service Plan") highlights the importance of equity-based planning of early years programs and services and includes a strategic priority to expand the early years and child care system to meet the needs of children and their families. A significant driver for expansion in Toronto is funding through the Canada-wide Early Learning and Child Care (CWELCC) agreement. To promote the equitable distribution of CWELCC spaces, Toronto is guided by its [Directed Growth Plan](#) (embedded within the Service Plan),³ which identifies high priority areas for child care expansion.

The Directed Growth Plan specifies that wards in Scarborough and Etobicoke continue to be underserved, with fewer licensed spaces per child despite high proportions of racialized and low-income families. These disparities underscore the importance of capacity-building efforts. Intentional engagement and capacity building with operators supports the implementation of the Directed Growth Plan as it represents an effort to facilitate expansion in licensed child care that reaches families experiencing intersecting forms of marginalization, including Indigenous, Francophone and Black families.

The Service Plan prioritizes building the capacity of not-for-profit organizations in high-inequity wards as well as organizations serving priority groups, specifically organizations that are Indigenous-led, Francophone and B3 (i.e., Black-led, Black-mandated and Black-serving). Accessible child care in these communities is recognized as critical infrastructure that contributes to poverty reduction, increases workforce participation for women, and supports healthy child development, particularly for children who stand to benefit the most.

A child care system that prioritizes consultation and engagement with operators is vital for addressing the systemic barriers that limit child care expansion in high-inequity neighbourhoods across Toronto. Consultation and engagement can drive expansion that is responsive to local needs so that growth in the sector is located where it is needed most to support vulnerable populations.

DECISION HISTORY

On November 12 and 13, 2025, City Council requested the General Manager, Children's Services, in collaboration with community partners, to develop and implement new strategies aimed at building local capacity and interest among not-for-profit organizations to deliver child care in high-inequity neighbourhoods, including through education, support, in-person engagement and targeted outreach, and report back in

² City of Toronto. (2025). *Toronto's Early Years and Child Care Service Plan 2025-2030*.

<https://www.toronto.ca/community-people/community-partners/early-learning-child-care-partners/service-plan/>

³ City of Toronto. (2025). *Directed Growth Plan*, included within *Toronto's Early Years and Child Care Service Plan 2025-2030*, p. 58. <https://www.toronto.ca/legdocs/mmis/2025/ec/bgrd/backgroundfile-256726.pdf#page=58>

July 2026 as part of the progress update on complimentary actions in Toronto's Early Years and Child Care Service Plan 2025-2030.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EC24.1>

On July 23 and 24, 2025, City Council approved Toronto's Early Years and Child Care Service Plan 2025-2030 from the General Manager, Children's Services.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EC22.1>

On December 13, 14, and 15, 2023, City Council reaffirmed the City's support for building a system of early learning and child care services that are high-quality, public and not-for profit, affordable, inclusive, and accessible for all families, and requested that the Federal and Provincial Governments consult with the City and provide capital and operating funding to reflect the regional and actual costs of developing and operating child care spaces in Toronto.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC14.12>

On June 14 and 15, 2023, City Council requested the General Manager, Children's Services to report to City Council, through the Economic and Community Development Committee, by November 28, 2023, on the number and capital funding source of new child care spaces constructed since the adoption of the Licensed Child Care Growth Strategy (the Strategy) in 2017, as well as an update on the progress of child care expansion as it relates to the Strategy.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EC8.10>

COMMENTS

Expanding the Early Years and Child Care System to Meet the Needs of Children and Their Families

Toronto's Early Years and Child Care Service Plan 2025–2030 sets out strategic priorities to respond to growing demand for high-quality early years and child care services that meet the diverse needs of children and families. A central priority is equitable system expansion through growth in the public and not-for-profit sectors, particularly in underserved communities and for age groups with limited access. The Plan also emphasizes collaboration with Indigenous partners, Francophone operators, and B3 organizations (Black-led, Black-mandated, and Black-serving) to enhance the availability of culturally relevant programs.

In working to expand the child care system equitably, Children's Services considers the constraints and enablers - such as local child care space expansion targets, auspice ratios, funding levels and reporting requirements, timelines, and program rules - set out by the Province of Ontario. Signed in 2022, the Ontario Canada-wide Early Learning and Child Care (CWELCC) Agreement has been a significant driver in encouraging growth in the licensed child care sector in Toronto.. Under this framework, the province sets the policy, legislative, and funding parameters for CWELCC, while Children's Services is responsible for local system planning and implementation. As a result,

Children's Services' ability to influence the pace and scale of expansion is shaped by provincial requirements.

As part of the agreement, the Province of Ontario committed to creating 86,000 net new spaces by the end of 2026.⁴ Toronto's CWELCC enrolment target is 68,949 spaces. Children's Services has made significant progress toward this target, with 85% of child care centres and 81% of home child care agencies enrolled as of April 2026, representing more than 64,100 licensed spaces. Based on anticipated growth, Children's Services is well positioned to achieve CWELCC targets by the end of 2026.

While the Children's Services is on track to meet its provincial CWELCC space creation targets, significant access gaps remain. The child care access rate (i.e., the number of infant, toddler, and preschool spaces as a percentage of children age 4 and under) is 37% in Toronto. The access rate is significantly lower in high priority wards in Etobicoke (21%) and Scarborough (25%).⁵ Addressing these access gaps in high priority areas of the city will require continued support for existing and prospective operators, including clear guidance, resources, and system navigation supports to advance child care expansion where it is needed most.

Barriers to Expansion Faced by the Sector

The early years and child care system in Toronto faces significant and longstanding barriers to growth and expansion including both systemic barriers and challenges faced by individual operators. As documented through sector research, ongoing engagement with child care operators, and internal analysis,⁶ systemic barriers include insufficient capital and start-up funding, geographic constraints, and ongoing workforce recruitment and retention pressures.

- *Lack of sustained access to capital and start-up funding:* Capital development of child care in Toronto has relatively high barriers to entry. This is due in part to high costs of land, escalating construction costs, and the availability of appropriate spaces that meet legislated licensing requirements. Similarly, rented spaces can present challenges due to high costs of rent and lack of stability. Not-for-profit organizations continue to face barriers accessing capital, making child care expansion through the not-for-profit sector challenging without significant and sustained investment from provincial and federal levels of government.

4 Government of Ontario. (2022, March 28). Canada-Ontario early learning and child care agreement. <https://www.ontario.ca/page/canada-ontario-early-years-and-child-care-agreement>

5 There is one high priority ward for expansion in Etobicoke (i.e., Etobicoke North) with an access rate of 21%. The high priority wards in Scarborough include Scarborough Southwest, Scarborough Centre, Scarborough North, Scarborough-Guildwood, and Scarborough-Rouge Park. The average access rate across these wards is 25%.

6 For a summary of recent research and engagement, see the Community Engagement, Literature Review, and Environmental Scan Summary here: <https://www.toronto.ca/legdocs/mmis/2025/ec/bgrd/backgroundfile-256727.pdf>

Through CWELCC, the province provided two streams of funding to support operators with costs for expansion: 1) Start-up Grants to help operators offset some costs related to renovations for expansion and space creation, and 2) the Infrastructure Fund, launched in 2025, to help not-for-profit organizations build, buy, or retrofit new and existing child care centers.

- *Geographic constraints:* The geographic characteristics of a ward can also pose additional challenges for expansion. Capital development opportunities within some wards are often constrained by limited physical infrastructure, zoning or land-use restrictions, and high rental costs that make it difficult to identify suitable sites or locations for a new child care centre.
- *Workforce shortages:* The early years and child care system relies on a well-supported workforce. Toronto faces significant shortages of early childhood educators, and these workforce shortages limit expansion opportunities for existing programs.⁷ Key workforce challenges across Ontario include low wages and compensation pressures, recruitment and retention difficulties, uneven regional workforce supply, and increasing workplace complexities due a lack of resources required to assist children extra supports needs. The continued growth of the early years and child care system depends on sustainable investments from the province (i.e., through CWELCC operating funding) to support a strong and stable workforce.

In addition to systemic limitations, Children's Services has identified an emerging need to support the capacity of new agencies entering the child care system. Capacity building is essential to ensure new agencies entering the system are equipped to navigate expansion processes and requirements effectively and to deliver high-quality, locally responsive child care that meets the needs of children and families. Targeted and sustained supports are required to engage new and potential child care providers, particularly Indigenous, B3, Francophone, and not-for-profit organizations interested in delivering child care.

Children's Services continues to engage existing and prospective sector partners to more precisely identify barriers and potential responses to mitigate challenges. Examples of the types of supports that may be beneficial from the earliest stages of development include the following areas:

- navigating the complexity of entering the licensed child care sector;
- increasing awareness of operational and regulatory requirements;
- understanding legislative, legal, pedagogical, and licensing requirements;
- addressing zoning, health and safety requirements;
- assessing financial viability of operations; and
- recruiting and retaining qualified staff.

Current Strategies to Increase Capacity and Interest in Child Care:

⁷ Knowing Our Numbers. (2026). Knowing our numbers: A community collaboration.
<https://knowingournumbers.ca/en/>

Acknowledging that access to information and system navigation would help enable expansion, Children's Services has engaged in a number of initiatives to build capacity and generate interest among not-for-profit operators. Some of these strategies included:

a) Sector Wide Engagement Sessions:

Between 2025 and 2026, Children's Services conducted six sector wide engagement opportunities with operators and community groups to share information and gather feedback. These included:

- *April 2025 - Spring Growth and Expansion Roundtable and Feedback Session* with participation from seven advocacy agencies and non-profit child care operators. Feedback from the session helped inform improvements to Children's Services 2025 Expansion application process.
- *May 2025 - Spring Early Learning and Child Care Operator Information Sessions* delivered in both English and French. Six events were held for operators in all quadrants of the city (four in person and two virtual session), reaching over 550 participants. The sessions provided operators with updates on the CWELCC funding model, CWELCC implementation and sector/City wide updates.
- *July 2025 - Child Care Growth and Expansion Application Launch* webinars were held in both English and French for all interested operators across the city. Approximately 250 participants attended.
- *November 2025 - Children's Services Early Learning and Child Care Town Halls* were open to all operators and members of the public. Three events were delivered in both English and French for 574 attendees.
- *November 2025 - Fall Child Care and Early Years Roundtable* discussed key challenges facing the sector, which was attended by 36 participants. A summary of findings is included in Attachment 2.
- *May- June 2026 - Moving Forward Together - Operator Engagement Sessions* (seven in total) were held with 115 participants from across the sector, including Francophone operators. Feedback collected from the sessions identified several key challenges, including rising operating costs, capital infrastructure needs, and a desire for more streamlined consultation processes. Participants also highlighted the need for clearer guidance on expansion requirements and improved navigation between different levels of government

These engagements informed improvements to expansion processes, raised challenges facing the sector, and reinforced the need for clearer guidance and streamlined pathways to support operators interested in expansion.

b) Early Learning and Child Care (ELCC) Infrastructure Fund outreach:

Launched in 2025, the ELCC Infrastructure Funding provides capital grants to build, renovate, or expand licensed, not-for-profit child care spaces. The province allocated \$19.9 million to Toronto for the ELCC Infrastructure Fund.

Children's Services held information sessions with a focus on outreach to Indigenous-led and B3 organizations, some of whom were not operating child care at the time of outreach. During each session, staff met individually with interested organizations to

share information about Children's Services' priority areas for growth outlined in the Directed Growth Plan, and reviewed the processes for applying to expansion opportunities and the Infrastructure Fund. When requested, follow-up conversations were arranged to answer additional questions. Children's Services met with four Indigenous-led organizations and two B3 organizations in addition to providing information via email to five additional Indigenous-led or B3 organizations.

c) Expressions of Interests:

Child Care Expressions of Interest (EOI) is a process by which Children's Services identifies qualified organizations to operate new child care centres or programs. EOIs are commonly used when new child care spaces are being developed through City owned space or when Children's Services is seeking operators to support child care expansion in priority communities. Ongoing EOIs and accompanying engagement sessions have encouraged greater sector participation in new builds and expansion projects. This includes the most recent EOI that secured an Indigenous-led organization to operate a new child care centre that is expected open in Summer 2026.

d) Local Support and Consultation:

Children's Services provides ongoing direct support to operators regarding licensing, expansion, and program development across the city. Staff also participate in local events, where appropriate, to share information about child care development processes with existing operators and organizations interested in delivering child care. For example, in May 2026, Children's Services was invited to present at a child care roundtable in Ward 20 - Scarborough Southwest targeting high-inequity neighbourhoods to engage not-for-profit agencies interested in opening or expanding child care programs. The event was hosted by the Ward 20 Councillor's office and included 36 participants. The session provided participants with an overview of the child care system, explored key considerations involved in opening a centre, and discussed common challenges and barriers related to local expansion. The feedback received consistently highlighted key challenges and barriers, including capital constraints, infrastructure costs, workforce shortages, agency capacity-building needs, and other issues raised across engagement sessions.

e) Home Child Care Expansion 2025-2026:

Children's Services staff continue to advance expansion through existing agency partnerships each month, supporting an increase in licensed home-based child care providers entering the system. Between April 2025 and May 2026, the system added 60 new homes with a capacity to serve up to 360 children.

f) Collaborations with School Boards:

Children's Services actively participates in ongoing collaboration with school board partners to support before-and-after school program expansions, and integrated planning for school-based child care spaces and future expansions.

g) Developing Resources for Prospective Operators:

Work is currently underway to analyze sector wide engagement to help inform the development of a resource tool to support agencies through the child care development and expansion process. This initiative will provide guidance, beginning at the initial planning stages, to help child care partners navigate regulatory requirements and processes tailored to the Toronto context. By offering a standardized and centralized roadmap, this resource aims to support agencies and in turn increase child care capacity across the city.

Next Steps:

Given the significant access gaps that remain in high priority wards, Children's Services will continue to leverage opportunities for expansion through community planning, the Directed Growth Plan, joint partnerships, and local development opportunities. Strengthening local capacity among not-for-profit organizations to deliver child care services in high priority wards is a key priority for the division, as outlined in the Service Plan. Children's Services will continue sector engagement activities to inform and support child care expansion in high priority wards and streamline processes in response to sector feedback. The development of a resource tool is underway to equip prospective operators with the information and resources needed to plan for expanding child care services.

Children's Services will maintain its focus on growing the system in an equitable way by mapping high need areas, and aligning future funding opportunities to support priority neighbourhoods and communities, including Indigenous-led, B3, and Francophone organizations. An update on these efforts will be provided through a mid-term Service Plan progress report.

Overcoming the multiple barriers to growth requires contributions from federal and provincial levels of government, particularly with respect to increasing and sustaining capital and workforce investments. Currently, the federal and provincial governments are negotiating to extend Ontario's CWELCC agreement beyond December 2026. While negotiations are ongoing, Children's Services will continue to work with the province in managing the CWELCC system in Toronto while working to encourage growth in high priority areas of the city.

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ATTACHMENTS

Attachment 1: Toronto's CWELCC Directed Growth Plan

Attachment 2: 2025 Toronto Child Care and Early Years Roundtable - Engagement Summary