
REPORT TITLE: Sustaining a Strong Early Years and Child Care Sector

FROM: Janice Sheehy, Commissioner of Human Services

RECOMMENDATIONS

That the Region of Peel (Region) continue to advocate to the provincial and federal governments for ongoing support for Peel's child care sector to address the challenges of the COVID-19 pandemic;

And further, that the Region advocate that the provincial government implement a strategy to recruit, retain and recognize Registered Early Childhood Education professionals, including wage enhancement grants for both child care and EarlyON staff;

And further, that the Region advocate that the Ministry of Education stop planned cuts to Early Years and Child Care administrative funding in 2022 to avoid service reductions for Peel families;

And further, that the Region advocate for predictable, flexible, multi-year funding to facilitate the ability to plan and budget appropriately to meet community needs.

REPORT HIGHLIGHTS

- The COVID-19 pandemic has had a significant impact on the early years and child care sector, including reduced demand for child care spaces and high turnover among Registered Early Childhood Educators.
 - A stable child care system will be a critical component of Peel's economic recovery.
 - For 2021, the Province implemented a mandatory cost share for administrative funding and a \$5.0M reduction, with a further reduction of \$3.7M estimated for 2022.
 - The ongoing cuts at a time when additional support is needed for the sector may result in a waitlist for families who require special needs services and fee subsidy and may limit the Region's ability to be responsive to community needs.
 - Advocacy in the following areas is recommended to protect the sector:
 - Ongoing funding to maintain the viability of the sector through the COVID-19 pandemic;
 - Support for the recruitment and retention of Registered Early Childhood Educators including wage enhancement grants for both child care and EarlyON staff;
 - A call to stop planned provincial cuts to Peel's funding for 2022; and,
 - Predictable, flexible, multi-year funding to facilitate the ability to plan and budget appropriately and meet community needs.
 - This advocacy will help ensure that a strong child care sector is sustained and available for children and families in Peel.
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DISCUSSION

1. Background

Importance of a Strong, Stable Child Care Sector

A strong and stable child care system is key to helping parents stay in the workforce or re-enter it. If parents have access to child care, they can work, support themselves and are better able to rise out of poverty and gain confidence and greater independence.

Research has shown that for every dollar spent on early learning, return on investment yields approximately \$6 in economic benefits and this return is even greater for vulnerable children (Conference Board of Canada, 2017, Early Years Study 4, 2020). Child care is not only important for the physical, mental and social development of children – it is also a key driver of Peel's economic recovery

As highlighted in the economic update to Council on January 14, 2021, titled "Economic Impact of the Global Pandemic on Peel's Economy", Peel has been significantly affected by the COVID-19 pandemic not only in number of cases, but also the number of days in lockdown. The report also indicates that the pandemic is having a disproportionate impact on women, low-income earners, part-time workers, youth and visible minorities.

2. Discussion

a) The Impact of COVID-19 on Early Years and Child Care Sector

The COVID-19 pandemic has had a significant impact on the early years and child care sector in Peel. Over the past year, child care providers have grappled with many challenges. The pandemic has meant increased costs, reduced revenues, new health and safety protocols and a variety of staffing challenges.

Prior to the pandemic, the majority of child care centres in Peel were operating at nearly full capacity and some age groups, such as infant care, had waiting lists. Currently, on average, child care enrolment in Peel has decreased by approximately 60 per cent. Before and after school programs have been hit particularly hard, especially with the second closure from December 26, 2020 to February 16, 2021. These programs have seen a decrease of nearly 70 per cent. Providers had hoped to see these numbers rebound, but that has yet to happen.

Some parents are working from home, others have been laid off and many have lingering concerns about bringing their child to a centre with all the fear and uncertainty that comes with a pandemic. It is expected that demand will increase once the rates of COVID-19 decline, the vaccine is distributed, and people return to work or resume looking for work. Economists predict that the pandemic recovery will likely take several years. To remain viable and able to support families in the future, the child care sector will need ongoing financial support and a consistent supply of qualified professionals.

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b) Recruitment and Retention of Registered Early Childhood Educators

The recruitment and retention of Registered Early Childhood Educators was a serious challenge for the early years and child care sector prior to the pandemic, and it is even more difficult now. Throughout the pandemic, Registered Early Childhood Educators have continued to work irregular hours, often at or a little more than minimum wage, with children who are too young to wear masks. Many of them were laid off during the first shutdown and some returned, only to face a second closure. These professionals have shown their commitment to ensuring that children continue to be safe and engaged in learning. Yet they have not received pandemic pay nor have they received public recognition for their contributions as essential workers. As a result, providers have indicated that many have left the sector and it is not clear how many will return. A recent survey of Registered Early Childhood Educators indicated that 86 per cent of respondents from Peel have experienced a higher level of stress during the pandemic and 72 per cent are considering leaving the sector.

Staff believe that a provincial and/or federal strategy is required that would include recruitment strategies, recognition and wage enhancements. In the short-term, it is important that the Province provides wage enhancement grants to both child care and also EarlyON Registered Early Childhood Educators to ensure the sector has a supply of qualified staff. It also needs to address the wage disparity that exists between school boards and child care centres. Currently the average wage for Registered Early Childhood Educators employed by school board is \$24 per hour yet for the same role in a typical child care centre the average wage (without grants) is approximately \$17 per hour even though both are funded through the Ministry of Education.

c) How the Region of Peel Has Supported Families and the Child Care Sector

Regional Early Years and Child Care staff have worked hard to support both families and child care providers throughout the pandemic. Early Years and Child Care staff collaborated with colleagues in Peel Public Health to get Emergency Child Care up and running quickly during the March 2020 lockdown and again in December 2020 when the schools and before and after school programs were closed.

When child care centres were permitted to re-open providers were faced with a myriad of new health and safety requirements and protocols. Staff helped them adapt to the new protocols, policies, personal protective equipment requirements and other changes while maintaining a nurturing and welcoming environment for children.

Over the past year, staff have hosted more than 40 service provider meetings to ensure they had the latest information about health and safety requirements and funding options. The Region has also created instructional videos, funding templates and other resources to help providers and families adapt and thrive despite the many challenges introduced by the pandemic.

d) COVID-19 Funding for Providers

Throughout the pandemic, the Region has administered provincial and federal funding to help providers remain viable. This includes Safe Restart Funding, Viability Funding and the Child Care and Early Years Re-investment Funding that was discussed in the March

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11, 2021 Council report, titled “Additional Child Care Sector Funding for COVID-19 Expenses”. The Re-investment Funding has been extremely valuable in helping providers with additional COVID-19 expenses and the additional challenges of managing low enrolment, particularly through the recent closure of schools and before and after school programs. However, these funding supports are only available until March 31, 2021. Although, Federal support programs such as Canadian Emergency Wage Subsidy and Canadian Emergency Rent Subsidy have been extended to June 2021, it is anticipated that the need for financial support for providers in Peel will likely continue well into 2022.

Over the past year, Early Years and Child Care staff resources have supported families and providers in both the uncertain environment of an ever changing landscape, and to administer the new funding in a timely way. Unfortunately, planned cuts to funding put these resources at risk, which will limit the Region’s continued ability to support the sector.

e) Planned Provincial Funding Cuts

In 2019, the Province indicated its intent to reduce its cost share of Early Years and Child Care funding. Staff had estimated that funding for the mandatory cost-share and program administration in 2021 would be reduced by \$3.8 million. Just prior to Council’s 2021 Budget deliberations, the Province notified the Region that funding would be reduced by \$5 million. Council approved a \$1.2 million increase to the tax levy and deferred \$3.8 million of the provincial download to 2022 leveraging the one-time grant provided by the Province to support child care providers. This gave Council the opportunity to advocate to the Province to stop its download of costs to the Region and to ensure sustainable funding.

Further, reductions to the Early Years and Child Care funding are expected in 2022 as the Province plans to move forward with cutting allowable administrative costs from 10 per cent to 5 per cent. Based on current knowledge, staff anticipate these cuts will result in an additional funding reduction of \$3.7 million putting significant pressure on the ability of the Early Years and Child Care program to maintain service levels.

f) A Track Record for Continuous Improvement

Through a commitment to continuous improvement, the Early Years and Child Care division has consistently found efficiencies. In 2020 alone, the Early Years and Child Care Division realized efficiencies totaling \$2.8 million. Staff will continue with these efforts, however if the Province proceeds with planned cuts in 2022, services will be impacted and staff resources to find and implement efficiencies will be limited.

The funding reductions anticipated in 2022 will limit the ability to maintain current service levels for special needs resourcing supports and child care fee subsidy, resulting in potential waitlists for these important programs. This means that some of Peel’s most vulnerable children and families would no longer have immediate access to the supports they need, at a time when they need them the most.

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g) Recommended Advocacy to Mitigate Risks Facing Peels Child Care Sector

To set the Peel's child care sector on a course for recovery, there are four recommended priorities for advocacy:

1. Ongoing provincial and federal funding that considers the substantial and ongoing impact the COVID-19 pandemic has had in Peel.
2. A provincial strategy for retaining Registered Early Childhood Education professional and wage enhancement grants for both child care and EarlyON staff.
3. A stop to provincial funding and administrative cuts planned for 2022.
4. Fair, predictable, flexible, multi-year funding to facilitate the ability to plan and budget appropriately and meet community needs.

NEXT STEPS

Staff are developing a plan that will include outreach to Peel MPPs and MPs and targeted advocacy at the upcoming AMO Conference in August. Staff will also develop recommendations for the federal government with regards to the National Child Care Strategy. This will provide another opportunity to support the long-term sustainability of the sector. Staff will report back to Council on these efforts later in 2021.

RISK CONSIDERATIONS

Without ongoing support from both provincial and federal governments, the long-term viability of the sector is at risk. Child care centres may close, resulting in a lack of quality child care spaces for families once the pandemic is over.

Planned provincial cuts to Regional administrative funding may have impacts on fee subsidy and special needs services and could be an additional burden on Peel taxpayers.

FINANCIAL IMPLICATIONS

In 2021, the Province reduced the Region's' Early Years and Child Care budget by \$5 million. To ease the pressure of this funding reduction, Council approved a \$1.2 million increase to the tax levy and deferred \$3.8 million of the provincial download to 2022 by leveraging a one-time grant provided by the Province.

Further reductions to the Early Years and Child Care funding are expected in 2022 because of additional planned administrative and funding cuts. Based on current knowledge, staff anticipate these cuts will result in an additional funding reduction of \$3.7 million. This would bring the total pressure due to Provincial funding cuts in Early Years and Child Care to \$7.5 million for the 2022 Budget.

Staff will keep Council updated on any changes to funding through the triannual reporting process and through the 2022 budget.

CONCLUSION

Sustaining a strong child care sector is central to the role of service system manager. Without appropriate funding and flexibility, the child care sector is at risk and therefore Peel's economic

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recovery is also at risk. Continued advocacy to ensure that Peel's child care sector can meet community needs is critical.

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