
For Information

REPORT TITLE: Child Care Fee Subsidy Agreements Update

FROM: Janice Sheehy, Commissioner of Human Services

OBJECTIVE

To provide an update on the status of provider applications for Child Care Fee Subsidy Agreements.

REPORT HIGHLIGHTS

- As Service System Manager for Early Years and Child Care, the Region of Peel is responsible for administering the child care fee subsidy program. This includes approving applications from child care providers (“providers”) for Child Care Fee Subsidy Agreements and providing other funding that allows providers to offer child care at a reduced rate for qualified families.
 - In September 2020, due to the impact of the COVID pandemic and subsequent drop in demand for child care, the Region and other Service System Managers temporarily stopped accepting new applications for Child Care Fee Subsidy Agreements.
 - Now that demand is slowly increasing, the Region has resumed accepting applications and assessing them using the defined criteria.
 - Applications are assessed in two-steps:
 - 1) An assessment of the demand for child care fee subsidy in the area;
 - 2) An assessment of how well the child care provider aligns with the Council approved priorities to deliver child care that is high quality, affordable, accessible, inclusive and accountable.
 - This approach ensures Peel has a quality child care system that is viable and responsive to families’ needs.
-

DISCUSSION

1. Background

As the Service System Manager for Early Years and Child Care in Peel, one of the Region’s responsibilities is to administer child care subsidy so qualified families can access licensed child care at a reduced rate.

Licensed child care providers (“providers”) who have a Child Care Fee Subsidy Agreement (“Fee Subsidy Agreement”) with the Region of Peel receive funding for subsidized child care spaces. Providers with a Fee Subsidy Agreement also qualify for other funding streams that support the provision of stable, high quality child care including funding for viability, staff wages, COVID recovery supports, etc.

Child Care Fee Subsidy Agreements Update

In 2015 council passed Resolution: 2015-518:

“That the new funding and policy framework for licensed child care as set out in the report of the Commissioner of Human Services, titled “Region of Peel Early Learning and Child Care Funding and Policy Framework”, be approved;

And further, that Council Resolution 2009-391 be repealed, effective August 1, 2015, thereby permitting licensed for-profit child care providers to apply for fee subsidy agreements with the Region of Peel;

And further, that the Director or designate responsible for the program, be authorized to execute the new funding agreements.”

Since that time, the Region has used a matrix of criteria to assess all providers (not-for-profit and for-profit) who apply for a new Fee Subsidy Agreement to ensure they align with the system priorities and meet the needs of families. As of October 31, 2021, the Region had agreements with 91 per cent of the total licensed child care sites (home-based and centre-based) in Peel.

a) Impact of COVID-19 Pandemic on Application Process

Between March of 2020 and March 2021, due to the COVID-19 pandemic, demand for child care dropped by more than 65 per cent compared to pre-pandemic levels.

In September 2020, the Region put a hold on signing new Fee Subsidy Agreements with providers in order to prioritize funding for the viability and stability of the existing child care system and availability of financial support for families impacted by child care centre closures and disruptions in services.

Early Years and Child Care Services staff have closely monitored child care enrollment and parental requests for fee subsidy. As of October 2021, child care enrollment has increased but is still 45 per cent lower than pre-pandemic levels. Requests for child care fee subsidy spaces are also growing. Therefore, as of January 1, 2022, the hold on new applications for Fee Subsidy Agreements was lifted.

b) The Region of Peel’s Approach to Fee Subsidy Agreement Applications

The Region’s approach to assessing new applications for Fee Subsidy Agreements is financially prudent and supports Peel having a child care system that is viable and responsive to families’ needs. It ensures that we are admitting providers who support council’s priorities of delivering child care that is high quality, affordable, accessible, inclusive and accountable. It also protects the viability of the child care system by not spreading current funding too thin and allows the Region to fulfill its contract management responsibilities with existing staffing levels.

As was the case prior to the hold being in place, eligible licensed child care providers who wish to have a Fee Subsidy Agreement with the Region must meet certain criteria in order to be accepted. These eligibility requirements and criteria are on peelregion.ca and are shared with prospective applicants.

Child Care Fee Subsidy Agreements Update

The applications are reviewed in two steps:

1. An assessment of the need for child care and for fee subsidy in the area where the child care provider is located.
2. An assessment of how well the child care provider aligns with the council approved priorities and outcomes to deliver child care that is high quality, affordable, accessible, inclusive and accountable.

Only providers who advance through Step One will be required to complete Step Two. Providers who do not advance will be notified.

For Step One, Regional staff review the following:

- the need for child care fee subsidy in the area where the child care provider is located;
- the overall demand for child care in that area; and,
- the availability of vacant spaces within a 5-kilometer radius to serve fee subsidy families.

For Step Two, Regional staff review the following:

- public fee schedule rates compared to average rates in the area;
- registration fees for entering into the program (or additional costs);
- staff wages support recruitment and retention of qualified staff;
- financial viability;
- that environment is developmentally appropriate and provides high-quality programming; and,
- menu plans.

There may be occasions when a new application does not meet the criteria and therefore it is not accepted. To ensure that the approach to Fee Subsidy Agreements is transparent and well understood, staff have done the following:

- Enhanced the application process so providers do not need to submit the documentation for Step Two of the process until they meet the first criteria related to the demand for fee subsidy in their geographic area. This will reduce the time and administrative burden placed on applicants.
- Communicated the application process to the sector on our website.
- Worked with the local economic development staff in Brampton, Caledon and Mississauga so they can also educate providers on the process.
- Worked with staff from Ministry of Education Child Care Licensing to ensure they continue to explain the role of the service system manager and ensure providers understand that a license does not automatically qualify providers for a Fee Subsidy Agreement.

Early Years and Child Care Services staff work with provider applicants who are not approved to explain the reason(s) that their application was not successful. Depending on the circumstances, some applicants can re-apply at a later date.

Child Care Fee Subsidy Agreements Update

CONCLUSION

With the demand for child care beginning to recover, the Region of Peel is once again accepting applications from child care providers who wish to have a Fee Subsidy Agreement. Applications are assessed in two-steps. The first step looks at the demand for child care fee subsidy in the provider's area. The second ensures that the provider aligns with the priorities of delivering high quality, affordable, accessible and accountable child care. This approach ensures Peel has a quality child care system that is viable and responsive to families' needs.

At the time of writing this report, the effect of the spread of the Omicron variant on the reopening of the economy and the related impact on demand for child care was unknown. Staff will be closely monitoring the changing landscape and should circumstances dictate a further hold on applications for new child care providers, Regional Council will be notified, and our website will be updated to ensure that the sector is fully informed.

Authored By: Alexandra Walsh, Advisor, Human Services