
REPORT TITLE: New Canada-Wide Early Learning and Child Care System

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATIONS

That the 2022 Early Years and Child Care gross revenues and expenditures be increased by \$77.7M to reflect the receipt of new Canada Wide Early Learning and Child Care System funding from the Ministry of Education;

And further, that the Director of Early Years and Child Care be authorized to add 20 full-time equivalent staff positions that will be fully funded by the Province to administer this new system;

And further, that as new licensed child care spaces are added over the next six years that one full-time equivalent position, to be fully funded by the Ministry of Education, be added for every 2000 additional spaces.

REPORT HIGHLIGHTS

- On March 28, 2022, the provincial and federal governments announced the new Canada-Wide Early Learning and Child Care plan which aims to reduce child care fees for children under six years of age to an average of \$10 per day across Ontario by 2025. As a result of the new agreement, the Region of Peel will receive \$77.7M in additional funding in 2022 and the 2023 funding allocation will increase to approximately \$200M.
 - This funding will result in considerable child care fee cost reductions for families. For an average family in Peel with an infant and a preschooler in licensed child care, the cost reductions will mean a savings of approximately \$8.1K in 2022 and \$16.5K in 2023.
 - To ensure Peel child care is inclusive and equitable, there will continue to be requirements that low-income families and families with special needs are included and supported by providers.
 - To implement the Canada-Wide Early Learning and Child Care System, maintain customer service levels, and meet mandatory accountability and reporting requirements, 20 additional staff are required now with an additional position for every 2000 additional child care spaces that are added to Peel system over the next six years.
 - The proposed staffing level will be fully funded by the Province and is below the 10 per cent of the total administration funding allowed by the Province for Early Years and Child Care.
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DISCUSSION

1. Background

On March 28, 2022, the provincial and federal governments formally announced that they had reached an agreement on a \$13.2 billion national child care deal. The goal of the new child care system, called the Canada-Wide Early Learning and Child Care System (“CWELCC” or “System”), is that by September 2025, Ontario families with children under six will have access to child care fees of \$10/day on average.

A few key facts about the new CWELCC System:

- Families with children under the age of six, as well as children who turn six years old before June 30, that are in participating licensed child care programs will have their fees reduced by 25 per cent, as of April 1, 2022.
- By January 1, 2023, parents will see an additional 25 per cent reduction in their fees.
- Further reductions will be realized in September 2024, with a final reduction moving fees toward the goal of an average of \$10-a-day child care by September 2025.
- All licensed child care providers (for-profit and not-for-profit) are eligible to opt-in to the new System.
- Child care providers who wish to participate in the new System have until September 1, 2022, to submit their application and required documentation to Early Years and Child Care Services (EYCCS).
- While providers decide to opt-in and new contracts are signed, families will continue to pay current, full fees but they will receive a refund retroactive to April 1, 2022. Peel Region is expected to pay CWELCC funding to service providers beginning in fall 2022.
- There will be improved compensation for some Early Childhood Educators to help attract and retain qualified staff and meet increased demand for child care.

2. New Funding for Peel

As a result of the new national child care agreement and to allow the Region to implement the new Canada-Wide Early Learning and Child Care System, Peel will receive \$77.7M in additional funding in 2022 and approximately \$200M in 2023. This represents a 35 per cent increase over the current 2022 Budget and an estimated increase of 91 per cent in 2023. The costs to ramp up and support the new System, including additional staff, will be fully covered by Provincial funding with no Regional cost share requirement or financial impact.

To execute the CWELCC System in Peel and administer the additional funding in 2022 and 2023, twenty additional full-time equivalent positions are required. These positions will allow the Region to support families, providers and the sector, execute the necessary contracts and maintain appropriate levels of accountability and oversight. These resources are needed to execute on the mandated Provincial requirements and to ensure service levels

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and reporting requirements are maintained. These positions will be funded through the Provincial funding with no net budget impact.

Over the next several years, as the new system in Peel expands, the funding and requirements on staff will also increase. Staff estimate that for every additional 2,000 spaces that are funded, one additional full-time equivalent position will be required to maintain customer service levels and meet accountability and reporting requirements. Having the ability to index our administrative requirements for future increases will allow the Region to quickly administer new funding so that more families and child care providers can see benefits sooner rather than later.

3. Benefit of CWELCC System for Peel Families

The Canada Wide Early Learning and Child Care System will be a major transformation for child care in Peel. It addresses the Region's priorities for early years and child care: to create a system that is affordable, accessible, inclusive, high quality and accountable. As a result of this funding many Peel families will realize significant child care cost savings. A family with an infant and preschooler in licensed child care in Peel in 2021 paid, on average \$33.3K per year. The 25 per cent reduction will mean that family will save approximately \$8.1K in 2022 and \$16.5K in 2023 (with the 50 per cent reduction). The savings will be significant once fees are reduced to an average of \$10 per day in 2025. With these reductions, many more families will be able to afford child care and many more women will be able to go to work or school – which brings benefits to children, families and the economy.

4. Potential Challenges

a) Sufficient Funding for Peel

The \$10 a day goal is stated as an average across Ontario and across all types of care (including licensed home child care), so the exact savings may vary. In Peel, which has some of the most expensive child care costs in Canada, it could take longer or require more funding to achieve \$10 a day child care.

b) Staffing Shortages

In order for the current child care sector to grow and benefit more families, there must be a sufficient and stable supply of Early Childhood Educators. As noted in the March 24, 2022, council report *Addressing The Child Care Workforce Shortage (2022-178)*, attracting and retaining ECEs is a serious issue that could slow expansion and lead to a shortage of spaces and waitlists in Peel. The new CWELCC System includes some wage enhancements and establishes a wage floor for Early Childhood Educators. Improved wages combined with the council approved strategies in the Region's Early Childhood Educator Workforce Strategy should help mitigate this challenge, but we will be monitoring staffing shortages carefully.

c) Sufficient Licensed Child Care Spaces

Staff will also monitor whether the existing and planned spaces will be sufficient as demand increases. With the excitement and enthusiasm about the new lower child care fees, spaces may be limited and without sufficient capital funds to expand or sufficient labour force there may be waitlists for child care in the future.

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d) Access for Low Income and Vulnerable Families

At this time, the provincial plan does not include additional funding for fee subsidy or special needs supports needed to ensure equitable access to spaces. As a result, the current provincial plan does not prioritize low income and other vulnerable families. In the event that demand is high, and spaces are limited, there is a risk that families who can afford to pay full child care fees and wait for a rebate will absorb the majority of available child care spaces. This will leave limited spaces for vulnerable families who would benefit the most from the fee reductions.

e) Increased Demands on Providers

Due to the significant amount of money that providers who participate in the CWELCC System will receive, the Province has mandated that Service System Managers require additional detailed reporting requirements and the sharing of financial details. These requirements may concern some providers.

More information will be communicated about the CWELCC System in the weeks and months ahead. As staff learn more, they will return to Council with details on the progress as well as potential risks, proposed mitigation strategies and advocacy that will be required to ensure a successful implementation in Peel.

5. Next Steps

The next steps:

- The Region will create an application process and share with all licensed child care providers in Peel. Details on this process will be shared with providers this Spring.
- Child care providers will decide if they wish to participate in the Canada-Wide Early Learning and Child Care plan. Those who wish to participate will need to apply.
- The Region will assess the applications against the Province's mandatory requirements which are financial viability of the program and ensure providers will use the funding for proper purposes.
- Consistent with the Region's current practices and to ensure Peel child care is inclusive and equitable there will be a requirement that providers support low-income families and families with special needs.
- The Region will inform child care providers if they are approved or not.
- Providers are required to inform current families if they intend to opt-in or opt out of the new program.
- The Region will provide funding to child care providers who have been approved. Those providers will refund families for fees paid, retroactive to April 1, 2022.

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- Staff will update Council as needed as additional information becomes available and will outline advocacy that is required to address the potential challenges in implementing the CWELCC system in a future report.

RISK CONSIDERATIONS

Without the timely approval of this additional funding and the required staffing complement to implement the Canada Wide Early Learning and Child Care System, the Region would not be able to effectively support the child care sector in Peel, families would not receive child care fee rebates in a timely way and the Region would need to return a portion of the money to the Province.

FINANCIAL IMPLICATIONS

The 2022 Early Years and Child Care budget gross revenues and expenditures will be increased by \$77.7M to reflect the receipt of new Canada Wide Early Learning and Child Care System funding from the Ministry of Education. There is no net budget impact. A portion of the allowable provincial administration for early years and child care will be used to hire additional staff to support the implementation and administration of the CWELCC System in Peel with no net budget impact.

Staff will keep Council updated on the expenditures through the Chief Financial Officer's updates on the management of the financial impacts of COVID-19 or through the regular triannual reporting process.

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