
REPORT TITLE: **Canada-Wide Early Learning and Child Care Expansion Plan Funding**

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

- 1. That the 2023 Early Years and Child Care gross revenues and expenditures be increased by \$15,269,685 to reflect the receipt of additional funding from the Ministry of Education, with no net budget impact to Peel Region; and**
- 2. That the Commissioner of Human Services and/or the Director of Early Years and Child Care (EYCC) be authorized to approve grant applications, including start up and capital projects, for the purposes of expanding child care service in Peel; and**
- 3. That the Commissioner of Human Services and/or the Director of EYCC be authorized to execute funding agreements with grant recipients for the provision of early years and child care services programs and related start up and capital projects, under the Ministry of Education Transfer Payment Agreement or any amendments or successor agreements, as prescribed by the Ontario Child Care Service Management and Funding Guideline and on business terms satisfactory to the Commissioner of Human Services and on legal terms satisfactory to the Regional Solicitor; and**
- 4. That the addition of three Full Time Equivalent complement positions for EYCC funded by the Province, be approved.**

REPORT HIGHLIGHTS

- The Region of Peel, as Service System Manager for Early Years and Child Care, has received a funding increase of \$15.3 million (\$11.1 million Start-up Grant and \$4.2 million Canada-Wide Early Learning and Child Care Expansion Plan (CWELCC) funding from the Ministry of Education to support the expansion of the CWELCC program.
- The increased funding will support fee reduction, workforce compensation, administration and start-up funding as new child care spaces are opened.
- The Region of Peel has also been allocated an additional 4,359 new child care spaces bringing Peel's new child care expansion target to 11,980 (1,145 school-based and 10,835 community-based) to be realized by the end of 2026.
- The Ministry has also determined a minimum target of 7,170 not-for-profit spaces for the Region of Peel that must be created as part of the CWELCC expansion to maintain the 60/40 ratio of not-for-profit to for-profit licensed child care spaces in the current system.
- To successfully implement CWELCC expansion and meet mandatory accountability and

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reporting requirements, 3 additional full-time equivalent staff are required. These new staff positions will be fully funded by the Province and is below the administration funding threshold allowed by the Province for Early Years and Child Care.

- Challenges to achieving the goal of child care expansion, include workforce shortages, changes to the CWELCC funding approach, and ensuring access for children with special needs. Mitigation strategies have been established to help to address these.
- Staff will continue to work with system partners to implement the expansion plan and provide Council with updates on progress towards realizing the expansion targets in Peel.

DISCUSSION

1. Background

The CWELCC program will improve access to more affordable child care for families with children under the age of six. Child care fees have already been reduced by 52.75 per cent with a goal of fees reaching an average of \$10 per day in 2025. The program will also increase access to child care space through targeted expansion and provides enhanced compensation to Registered Early Childhood Educators (RECEs).

On March 9, 2023, staff presented Regional Council with an overview of CWELCC Child Care Expansion, including expansion targets and community prioritization for child care expansion in Peel. This report provides an update on the implementation of the CWELCC program including updated expansion targets for the Region of Peel which will result in greater access to affordable licensed child care spaces for families.

2. Update to CWELCC Implementation

The CWELCC program has been well received by families as they continue to access lowered fees in more licensed child care spaces across Peel region. Staff have worked with child care providers who previously opted-out of the program to enroll them into CWELCC. In addition, staff have begun to assess the eligibility of new providers or existing providers with space expansions in progress prior to January 1, 2023. Staff estimate this will result in the addition of 3,055 new child care spaces, a realization of 73 per cent of Peel's 2022/2023 expansion target. A system-wide application process for the multi-year child care expansion plan will be launched this summer. Staff anticipate additional details regarding the 2024 CWELCC funding formula will be released by the province this fall and will work with child care providers to seamlessly transition to the new funding approach while ensuring families continue to have access to affordable child care.

3. Approved CWELCC Expansion Targets for Peel

The Region of Peel has been allocated an additional 4,359 new child care spaces, bringing Peel's new child care expansion target to 11,980 (1,145 school-based and 10,835 community-based) to be realized by the end of 2026.

This increased allocation will support expansion across all of Peel region, including expansion outside of the borders of the 13 priority communities previously shared with Regional Council while continuing to prioritize increased access to child care for underrepresented populations.

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As part of CWELCC expansion, the Region of Peel is required to maintain the current 60/40 ratio of not-for-profit and for-profit child care spaces in the system. This means a minimum of 7,170 new child care spaces must be operated by not-for-profit providers and the remaining 4,810 spaces can be operated by for-profit providers.

As CWELCC continues to improve affordability for families, the demand for child care will increase. Staff anticipate approximately 9,800 more spaces will be needed to meet anticipated demand and will continue to advocate for additional new spaces for Peel.

4. Increase in Child Care CWELCC Funding

CWELCC Operating Funding

The Region of Peel 2023 CWELCC allocations have been adjusted to reflect; 1) child care space enrolment as of December 31, 2022; and 2) Peel's approved 2023 child care expansion targets. As a result of these adjustments, the Region of Peel has received an additional \$4.2 million in child care funding to support the CWELCC program.

Start-up Grant to Support Child Care Expansion

The Region of Peel was also allocated \$11.1 million in Start-up Grants to support the creation of new, affordable child care spaces for children under age six. This funding will support materials, equipment, furnishing or renovations to licensed full day child care facilities or potential child care facilities.

5. Potential Challenges and Mitigation Strategies

a) Registered Early Childhood Educators Workforce Shortages

The increased child care expansion targets will increase the demand for Registered Early Childhood Educators (RECEs) workforce. CWELCC expansion in Peel region will not be possible if workforce shortages are not addressed.

Staff continue to work with community partners on workforce strategies such as fast-tracked RECE programs to increase the number of qualified staff to fill the labour market gap and other targeted initiatives to support the workforce growth. Staff also continue to advocate to the province to address staff compensation which is the main challenge to successful recruitment and retention in the child care sector.

b) Not-For Profit Expansion Targets and Concern with Changes to 2024 CWELCC Funding Approach

The province has communicated its intent to change the CWELCC funding approach from revenue replacement to cost recovery. This has raised concerns in the child care sector as providers fear that this change will impact their financial viability.

Not-for-profit providers do not have access to private financing to support expansion and are governed by boards who will require assurance that organizational viability can be maintained, under the new funding approach, before exploring child care expansion opportunities. Further clarity on the new funding approach as well as additional capital funding supports may be needed to incentivize not-for profit

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expansion in Peel. Challenges with not-for-profit expansion will impact the Region of Peel's overall ability to meet the CWELCC expansion targets.

Staff will continue to advocate to the province for consistent and stable operating funding for all providers while working with both not-for-profit providers and for-profit providers to incentivize child care expansion to meet the growing demand across Peel region.

c) Additional Provincial Funding Required to Support Children with Special Needs

In Peel region, the number of children with special needs supported in licensed child care increased by 18.5 per cent between 2019 and 2022. To ensure that child care spaces remain inclusive and welcoming to all children, additional investments will be required to support children with special needs as the child care sector expands.

Staff will continue to monitor and prioritize the maintenance of special needs resourcing service levels within the flexibility of the existing budget. In addition, staff will continue to advocate to the province for increased special needs resourcing funding indexed to child care expansion and the growing demand for services.

BILL 112 RISKS AND IMPLICATIONS

As the recommendations of this report pertain to 2023 Early Years and Child Care budget, there are no anticipated impacts as a result of Bill 112.

RISK CONSIDERATIONS

Without the timely approval of this additional funding and the required staffing complement to implement the expansion of the CWELCC program, the Region of Peel would not be able to effectively support the expansion of the child care sector in Peel.

FINANCIAL IMPLICATIONS

The 2023 EYCC gross revenues and expenditures will be increased by \$15,269,685 with no net budget impact, as a result of additional ongoing funding from the Ministry of Education. Three additional full-time equivalent staff are required to successfully implement CWELCC expansion and meet mandatory accountability and reporting requirements. These staff will be funded by Provincial funding, with no net impact to the Region.

CONCLUSION

The Region of Peel remains committed to being transparent with child care providers about CWELCC expansion to ensure they have the necessary information to inform their business decisions related to growth. Staff will continue to provide updates to Regional Council on the ongoing implementation of CWELCC and progress towards meeting Peel's expansion targets.

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