

Requires a motion to add new business



REPORT FOR ACTION

Status of Federal-Provincial Negotiations on Affordable and Accessible Child Care

Date: November 30, 2021

To: Economic and Community Development Committee

From: General Manager, Children's Services

Wards: All

SUMMARY

This report provides an update to City Council on the status of negotiations with the Province of Ontario and the Government of Canada regarding agreements and the flow of funding for the Canada-Wide Early Learning and Child Care Plan announced in the 2021 Federal Budget. It also outlines options for the City of Toronto to partner directly with the Government of Canada if an agreement cannot be reached with the Province of Ontario.

RECOMMENDATIONS

The General Manager, Children's Services recommends that:

1. City Council request the Mayor to request a meeting with the Premier of Ontario, the Ontario Minister of Education and the Federal Minister of Families, Children and Social Development to discuss the following:
 - a. the status of negotiations between the Province of Ontario and the Government of Canada regarding agreements and the flow of funding for the Canada-Wide Early Learning and Child Care Plan announced in the 2021 Federal Budget; and
 - b. the role of the City of Toronto in collaborating and implementing a Canada-Wide Early Learning and Child Care Plan to improve accessible and affordable child care for Toronto families.

FINANCIAL IMPACT

There are no financial impacts arising from the recommendation contained within this report.

Children's Services continues in its requests of the other orders of government for sustainable multi-year operating and capital funding to achieve the vision laid out in Toronto's Child Care Growth Strategy, supporting access to affordable child care programs, improving workforce recognition, and to inform the development of a national system over the next several years.

Children's Services will report to Council on the City's share of new committed funding and stipulations once they are known. In addition, Children's Services will report on any financial impacts specific to the City, current or future, through a standalone report or through the City's future year budget processes, as appropriate.

The Chief Financial Officer and Treasurer has reviewed this report and agrees that there are no immediate financial implications associated with this report.

EQUITY IMPACT STATEMENT

Enabling more equitable access to high quality, affordable early learning and child care contributes to poverty reduction and supports increased workforce participation and economic recovery. The benefits of child care on children's learning, health, and social development are greatest for communities experiencing high inequities.

The pandemic has highlighted the importance of a universal child care plan which envisions increased system capacity, affordability for families, and wages for the workforce, in alignment with the goals outlined in Toronto's Child Care Growth Strategy. The pandemic's economic repercussions have disproportionately impacted low-income and racialized workers, and women in particular, negatively impacting their ability to afford and access licensed child care and participate in the economy.

In addition, the early years workforce is comprised mainly of newcomer, racialized women earning low wages, who have worked tirelessly throughout the pandemic. They have faced additional stress and greater risks of contracting COVID-19, while not receiving adequate recognition or compensation for their essential role in supporting children, families, and the economy.

The Federal Government's proposed Canada-Wide Early Learning and Child Care plan will improve affordability and access to licensed child care for Toronto families, and invest in the early years workforce.

DECISION HISTORY

On June 8 and 9, 2021, City Council requested the Government of Canada to include the City of Toronto as an official partner in the discussions on the new Canada-Wide Early Learning and Child Care Plan, including a role on the new National Advisory Council, as announced in the Federal Budget on April 19, 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EC22.2>

On May 5 and 6, 2021, City Council adopted Member Motion MM32.12, "Building the Early Learning and Child Care System Toronto Needs", which expressed the City of Toronto's support for the Government of Canada's April 19, 2021 budget announcement to invest in building a Canada-Wide system of Early Learning and Child Care that is high-quality, public and not-for profit, affordable, inclusive and accessible to families.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.MM32.12>

On February 18, 2021, City Council requested the General Manager, Children's Services to report to the Economic and Community Development Committee in the second quarter of 2021, on Phase One of the 10-year Child Care Growth Strategy and provide recommendations for Phase Two which considers the impacts of COVID-19, advances affordability, accessibility, equity and quality in the early years and child care sector for all Toronto families, and that provides a framework for future Federal Provincial Municipal discussions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

On November 25 and 26, 2020, City Council adopted a report on the proposed regulatory amendments to the *Child Care and Early Years Act, 2014*, that recommended that Toronto's Licensed Child Care Growth Strategy for Children Under 4, 2017-2026, be forwarded to the Province of Ontario to inform a Provincial Child Care Plan and the planning for a National Child Care System.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EC17.12%27>

On February 19, 2020, City Council requested the Provincial and Federal Governments commit to increased funding for childcare subsidies and spaces in Toronto in their upcoming budgets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

On July 16, 17, and 18, 2019, City Council adopted a report titled "Children's Services – 2019 Provincial and Federal Budgets" that outlined the funding requirements needed from both levels of government for sustainable child care growth in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC6.4>

On April 26, 27 and 28, 2017, City Council adopted a report on Toronto's Child Care Growth Strategy, which called for a tri-government investment and agreement to expand child care and early learning in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD19.2>

COMMENTS

Canada-Wide Early Learning and Child Care System

On April 19, 2021, the Federal Government released its 2021 budget which included a substantial commitment to build a Canada-Wide, community-based system of quality child care with \$30 billion over 5 years and \$8.3 billion annually, thereafter. This included commitments to:

- Reduce fees on average by 50 percent by the end of 2022, and on average to \$10 a day by 2026;
- Expand access to regulated child care programs with a focus on the non-profit sector;
- Improve workforce recognition, training and development;
- Continue work to build an Indigenous early learning and child care system with \$2.5 billion over five years;
- Bring federal investments to a 50/50 share of child care costs with provincial and territorial governments; and
- Provide \$29.2 million over two years beginning in 2021-22, to Employment and Social Development Canada through the Enabling Accessibility Fund to support child care centres as they improve physical accessibility.

Since the announcement in April 2021, 9 of the 13 provinces and territories have signed an agreement with the Government of Canada to implement the Canada-Wide Early Learning and Child Care System.

Status of Ontario-Federal Negotiations

The Province of Ontario and the Federal Government have not yet signed an agreement to fund and implement the Canada-Wide Early Learning and Child Care System in Ontario. Although the City requested to be part of negotiations, the City did not receive an invitation and has not received status updates from either level of government.

In the weeks following the Federal election, there has been increased media attention and public pressure for an update on the status of an Ontario Canada-Wide Early Learning and Child Care System agreement. The Association of Municipalities of Ontario (AMO) and the Ontario Municipal Social Services Association (OMSSA) have both written to the Province requesting an update. Both organizations cited how an agreement benefits Ontario families and children, and would support post-pandemic economic recovery.

Child Care Delivery in Ontario

In Canada, child care and early childhood education falls under provincial jurisdiction, similar to health and school-aged education. The Federal Government plays a role in funding and policy direction for service provision. The Province of Ontario is responsible for setting system-level priorities and goals, developing the policy framework and legislation, and for funding and licensing.

Ontario is unique in its delivery of child care compared to other provinces. Child care is administered locally by municipal Service System Managers, who are required to plan and manage child care and early years programs, as legislated under the *Child Care and Early Years Act, 2014*. The City of Toronto is designated as the Service System Manager for Toronto.

Impact of a Canada-Wide Early Learning and Child Care System in Toronto

Toronto families continue to pay high fees for child care. Table 1 provides the ranges of current fees by age group, for centres with a service agreement with the City of Toronto.

Table 1: 2021 Public Fees for Licensed Centres
(Only includes centres with City service agreements)

Program	Low range: 10th percentile	Median: 50th percentile	High range: 90th percentile
Infant	\$72.00	\$89.70	\$96.50
Toddler	\$54.50	\$65.71	\$89.95
Preschool	\$41.25	\$51.00	\$68.25
Kindergarten	\$27.23	\$31.24	\$38.51
School Age	\$20.88	\$26.21	\$33.68

The Federal commitment to build a Canada-Wide Early Learning and Child Care System will assist the City in reducing fees for families, potentially increase system capacity allowing more families access to licensed care, and potentially increase wages for the early years workforce. In its first year, the Canada-Wide Early Learning and Child Care System proposes to reduce fees by 50 percent with a goal of \$10/day child care in 5 years.

Funding from an agreement could provide an opportunity to expedite Toronto's Child Care Growth Strategy's vision to serve half of children aged 0-4 years old by 2026, requiring 30,000 new spaces and associated operating expenses. Demand for licensed child care in Toronto is elastic, and levels of affordability play a significant role in determining the level of parent demand. The Growth Strategy envisions substantial fee reductions of 25-40 percent to support demand, which aligns with the federal investment.

Toronto's child care workforce is also essential in delivering high quality programs that lead to positive outcomes for children. A well-compensated and highly trained workforce is needed to expand services, and accommodate more families. The ongoing recruitment and retention crisis in the child care and early years' system is driven by poor compensation and insufficient recognition of this work, and these issues have been exacerbated by the pandemic. Toronto's Child Care Growth Strategy also envisions an increase in average wages for child care workers to ensure the sector continues to attract and retain a strong workforce. The Canada-Wide Early Learning and Child Care System provides an opportunity to support increased wages and the workforce as a whole.

Direct Negotiations with the Federal Government

Children's Services is in support and would prefer an expedited agreement between the Province and the Federal Government. Given the contractual and legislative funding agreements between the Province and the Federal Government, further investigation would be necessary to determine the legality of entering into negotiations directly with the Federal Government.

As the largest Service System Manager, Children's Services continues to request funding that meets the needs of the second largest child care system in Canada, and addresses the inequities faced by Toronto's children and families. Progress will require sustained and increasing levels of investment from other orders of government. In 2020 and 2021, funding supports were directed to pandemic response and stability. The ongoing unaffordability of child care in Toronto as well as the current early learning workforce issues will continue to constrain Toronto's recovery from COVID-19.

With a Canada-Wide Early Learning and Child Care system on the horizon, Toronto's child care and early learning system can turn to sustained recovery and rebuilding opportunities. Children's Services is hopeful the Province of Ontario and the Government of Canada will sign an agreement soon and continues to advocate for the City to contribute to building a system that supports that affordability and a thriving workforce at its centre.

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SIGNATURE



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