

## **Update on Canada-Wide Early Learning and Child Care Agreement for Ontario**

**Date:** May 12, 2022

**To:** Economic and Community Development Committee

**From:** General Manager, Children's Services

**Wards:** All

### **SUMMARY**

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This report provides an information update to City Council on the status of the Canada-Wide Early Learning and Child Care Plan and the agreement signed by the Province of Ontario and the Government of Canada. It also summarizes the key elements of the Ontario-Federal agreement including its phased approach to meeting objectives over five years, eligibility criteria to participate in the new system, and the flow of funding and implementation timelines.

### **RECOMMENDATIONS**

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The General Manager, Children's Services recommends that:

1. City Council receive this report for information.

### **FINANCIAL IMPACT**

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

Children's Services will work with City finance staff to adjust its 2022 Approved Operating Budget to reflect the first year, ongoing funding commitment of \$199.1 million under the Canada-Wide Early Learning and Child Care Plan, with no City impacts, through the 2022 4-month Variance Reporting process. In addition, Children's Services will report on any financial impacts specific to the City, current or future, through a report or through the City's future year budget processes, as appropriate.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications.

## EQUITY IMPACT STATEMENT

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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.

Insufficient access to affordable, licensed child care has disproportionately impacted low-income and racialized workers, and women in particular, negatively impacting their ability to participate in the economy. In addition, the early years workforce is comprised mainly of newcomer, racialized women earning low wages.

The Canada-Wide Early Learning and Child Care plan will improve affordability and access to quality, licensed child care for Toronto families, and make investments in the early years workforce, in alignment with the goals outlined in Toronto's Child Care Growth Strategy.

## DECISION HISTORY

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On December 15, 2021, City Council urged the Province of Ontario and the Government of Canada to sign an agreement regarding the Canada-Wide Early Learning and Child Care Plan before the end of 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EC26.16>

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>

## COMMENTS

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### Canada-Wide Early Learning and Child Care System

On March 28, 2022, the Province of Ontario and Federal Government signed the Canada-Wide Early Learning and Child Care (CWELCC) agreement that will lower child care fees for families, increase access to high-quality, inclusive, licensed child care programs, and invest in the child care workforce.

Ontario will receive a total of approximately \$13.2 billion over six years, which the Province will allocate through a phased approach over a five year period, to meet its CWELCC commitments and to deliver an average of \$10 a day child care for eligible children by September 2025.

The Province of Ontario is responsible for setting system-level priorities and goals, developing the policy framework and legislation, and for funding and licensing. To support the implementation of CWELCC in the province, amendments have been made to O. Reg 137/15 and O. Reg 138/15 under the *Child Care and Early Years Act, 2014* (CCEYA) to establish a framework for participation by child care operators, and for the planning, delivery and management of the system by the City of Toronto. Children's Services is the designated Consolidated Municipal System Manager (CMSM) for Toronto.

These amendments set out the requirements for enrolment in the CWELCC system, including notification to families, staff, and the City about the child care operator's intention to participate. Ontario will implement a cost control framework related to eligible child care fees, direction on retroactive payments to families, and related reporting requirements and enforcement mechanisms.

### Overview of Funding and Implementation Timelines

As part of its phased approach, the Province has amended its existing transfer payment agreement with the City to provide a new investment of \$199.1 million in 2022 to support fee reductions, workforce compensation and costs to manage and deliver the CWELCC system. In addition, the Province has published an addendum to the Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline which outlines the requirements of the funding, including obligations for Children's Services.

For child care operators participating in the CWELCC system, the planned 2022 fee reduction will be implemented in two phases, through a graduated approach. All operators were prohibited from increasing fees higher than the levels charged on March 27, 2022 for children in care under the age of six, unless a communication advising families of a planned increase had already been provided.

In phase one, child care fees for eligible children will be reduced by 25 per cent (to a minimum of \$12 per day), retroactive to April 1, 2022. In the second phase, fees for eligible age groups will be further reduced to equal an average reduction of 50 per cent by December 31, 2022.

Further fee reductions are planned to occur by September 2024, with the goal of an average of \$10 per day child care by September 2025. In order to support these incremental reductions, the Province has committed to providing additional funding in future years of the plan.

The existing child care fee subsidy program will continue to be maintained to support eligible families for whom the reduced fees will still be unaffordable.

As outlined in Toronto's Child Care Growth Strategy, 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 to 40 per cent to support demand, which aligns with the CWELCC investment. An approach that considers the specific needs of the sector in Toronto will be necessary to achieve targets under the CWELCC system, and to ensure access and affordability for all families.

Toronto's child care workforce is 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 to meet the demand from families. The Province will consult with the City and the sector to inform and develop a workforce strategy to address recruitment and retention concerns that have been exacerbated by the pandemic. The Growth Strategy envisions an increase in average wages for child care workers to ensure the sector continues to attract and retain a strong workforce.

### **Participation in CWELCC System**

All licensed child care programs in the City of Toronto serving children under the age of 6 (or turning 6 before June 30) may apply to participate in the CWELCC system, provided they meet provincial requirements and the terms and conditions of the funding. This includes not-for profit and for profit operators. While enrolment in the system is optional, child care operators are encouraged to participate in order to support increased access to affordable, high quality, inclusive programming for all families. Operators must notify the City of their intention to participate by September 1, 2022.

To be eligible for CWELCC fee reduction funding, operators must meet the following criteria:

- the group child care centre or home child care agency must be licensed;
- the program serves at least one eligible age group;
- the program must complete the "Licensed Child Care Operator Survey" as required under the Ministry of Education's section 77 of O. Reg. 137/15; and
- the program must demonstrate financial viability.

To be eligible for CWELCC workforce compensation funding, operators must already be in receipt of the existing Provincial Wage Enhancement (PWE) grant. The new CWELCC compensation program is available only for staff members who are paid less than the provincially mandated wage floor, regardless of the age group they serve.

Once operators have decided to opt-in to the CWELCC system and demonstrate they meet eligibility requirements, funding to reimburse parent fees will be administered by the City. Operators then have 60 days to deliver retroactive fee rebates to eligible families.

Children's Services will work with all child care operators who choose to opt-in to support the objectives of the CWELCC system.

### **Next Steps**

In the spring and summer of 2022, Children's Services will continue its review of the provincial guidelines and work to develop clear communications and processes for operators to inform their decision-making to participate in the CWELCC system by the provincial deadline, and to expedite both the retroactive reimbursement of child care fees to families, and the 25 per cent fee reduction for eligible programs. The communication strategy will include virtual information sessions, tools and other supports for operators and families as the system is implemented through a phased approach that is responsive to the needs of Toronto's early years and child care sector.

Children's Services will continue to support high quality, inclusive services for all families and will work with its partners in 2022 to inform provincial space expansion priorities and an inclusion framework that recognizes the needs of the City's vulnerable and diverse populations. In the summer of 2022, the Ministry of Education will engage with Children's Services to plan for the creation of new child care spaces for communities most in need of additional service.

Children's Services welcomes the Federal-Ontario investment in a Canada-Wide Early Learning and Child Care system with funding designed to meet the needs of the second largest child care system in Canada, that takes steps to address the inequities faced by Toronto's children and families, and that supports affordability and a thriving workforce at its centre.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS**

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