

## **Supplementary Report to EC4.3 - Update on Canada-Wide Early Learning and Child Care Agreement Implementation in Toronto**

**Date:** May 26, 2023

**To:** Economic and Community Development Committee

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

**Wards:** All

### **SUMMARY**

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This supplementary report to *EC4.3 - Canada-Wide Early Learning and Child Care Agreement Implementation in Toronto – Update* (May 16, 2023), provides additional information on the implementation of the Canada-Wide Early Learning and Child Care (CWELCC) agreement in Toronto. This report reflects new information received as of May 24, 2023 from the Province, which was received following the submission of *EC4.3 - Canada-Wide Early Learning and Child Care Agreement Implementation in Toronto – Update*. It provides an update on space allocations in the Province's Directed Growth Plan and the Draft Access and Inclusion Framework, as well as updates on operator enrolment clarification.

This supplementary report removes recommendation 2 from the May 16, 2023 report and adds a new recommendation 4.

### **RECOMMENDATIONS**

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The General Manager, Children's Services recommends that:

1. City Council recommend that the Province of Ontario increase the allocation of CWELCC-funded spaces for Toronto to align with the Child Care Growth Strategy targets to better address demand and ensure equitable access to affordable and high quality child care spaces for families in Toronto.
2. City Council recommend that the Province of Ontario review the fee subsidy guidelines and update the income threshold and revise eligibility criteria in order to reduce additional barriers for low-income families to access child care spaces funded by the Canada-wide Early Learning and Child Care agreement.

3. City Council recommend that the Province of Ontario develop a set of guidelines for sustained increase to wages and benefits that are inclusive of all staff in the early years and child care sector and provide additional investment to implement these guidelines.
4. City Council request the Province to increase school-age spaces to ensure continued access to affordable child care for families with children age 6 to 12, including additional measures to offset fees.

## **FINANCIAL IMPACT**

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This report provides an update to *EC4.3 - Canada-Wide Early Learning and Child Care Agreement Implementation in Toronto – Update*, based on a memo from the Province released on May 24, 2023.

The memo confirmed an increase to targets for expansion of the CWELCC system in community-based spaces for the years 2022 to 2026, in alignment with the term of the CWELCC agreement. The Province has also committed to providing incremental funding to support the operating costs of these spaces in each of the target years, with no required financial contribution from the City.

Should the revised space targets not be further increased to align with the Growth Strategy, available funding will be prioritized to support projects approved under the Province's Directed Growth Plan.

Further details regarding funding amounts and implementation guidelines are expected to be released in the coming weeks. Children's Services will provide an update with the financial impacts and funding status, including potential budget adjustments fully funded by the Province, through an in-year report or through the 2024 budget submission process.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact Section.

## **EQUITY IMPACT STATEMENT**

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Child care is a critical piece of social infrastructure that not only supports the healthy development and social wellbeing of children, but also contributes to poverty reduction and supports increased workforce participation, particularly for women. The benefits of child care on children's learning, health, and social development are greatest for communities experiencing high inequities.

The Canada-Wide Early Learning and Child Care (CWELCC) agreement and the Province's Draft Access and Inclusion Framework aim to 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, Poverty Reduction Strategy, and the Action Plan to Confront Anti-Black Racism.

## DECISION HISTORY

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On July 19, 20, 21 and 22, 2022, City Council requested the Province of Ontario to engage with the City of Toronto in the development and implementation of the Canada-Wide Learning and Child Care System and revised Funding Formula.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EC31.8>

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>

On November 30, December 1 and 2, 2004, City Council adopted a Clause agreeing that all City-funded child care expansion take place through public and/or not-for-profit delivery.

## COMMENTS

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On May 24, 2023, the Province released a memo indicating a change in CWELCC space allocations for service system managers as part of the Province's *Directed Growth Plan*. The revised space allocations reflect feedback the Province received from service system managers, including Toronto Children's Services. Toronto Children's Services had previously requested additional spaces from the province in January 2023 and the increased CWELCC space allocation for the City is welcomed.

Through the memo, the Province noted that the Access and Inclusion Framework will be updated based on consultations with sector stakeholders (including the City of Toronto), and noted that it will be more closely linked with their Directed Growth Plan. The details of the Province's Access and Inclusion Plan are therefore still draft and Children's Services expects to receive further guidance for the distribution of spaces based on the updated Access and Inclusion Framework.

### *Provincial Directed Growth Plan*

The Province's Directed Growth Plan outlined in the May 24, 2023 memo provides the City of Toronto with a revised allocation of 18,177 CWELCC-funded spaces (covering operating costs) from 2022 to 2026. Of this allocation, 4,550 have been assigned by the Province for the approved and planned child care spaces in school-based capital projects. School boards receive capital funding directly from the Ministry of Education to construct child care in their schools. This target of 4,550 ensures that there is CWELCC operating funding for these spaces. The remaining 13,627 have been allocated to the City of Toronto to address growth in community-based spaces over the 5-year period.

Within the division's 10-Year Capital Plan, Toronto Children's Services currently has a total of 1,607 spaces planned or completed for 2022-2026 (Table 2). Toronto Children's Services will prioritize these spaces for CWELCC operational funding. The remaining 12,020 spaces will be allocated to community-based spaces to address community growth in line with direction from the Province.

Table 2: City of Toronto Planned and Completed Community-based Spaces compared to Province's Community-Based Allocation

	2022	2023	2024	2025	2026	Total
City of Toronto Planned and Completed Community-based Child Care Spaces	133	466	382	378	248	1,607
Draft Provincial Community-Based Space Allocation (December 2022)	605	364	0	0	0	969

Revised Provincial Community-Based Space Allocation (May 2023)	133	4,363	3,595	3,455	2,081	13,627
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The City of Toronto's council-approved Licensed Child Care Growth Strategy sets a target of 30,000 new spaces to be built in Toronto between 2017 and 2026 to meet the demand for affordable child care in Toronto. To date, 4,554 of these spaces have been built since 2017. In order to achieve Toronto's Growth Strategy target, the City requires an additional 7,269 spaces to be added to the Access and Inclusion Framework's space allocation, for a total of 25,446 spaces (Table 3).

Table 3: Child Care Allocation Needed to Meet Toronto's Growth Strategy Target

Toronto's Licensed Child Care Growth Strategy Targets	
2017-2026 Growth Strategy Target	30,000
Less new spaces created, 2017-present	4,554
Equals additional Spaces required to meet 30,000 space target	25,446
Provincial Directed Growth Plan Allocations for Toronto, 2022-2026	
Community Based	13,627
School Based	4,550
Total Provincial Allocation	18,177
<b>Additional Allocation Required to support Toronto's Growth Strategy target of 25,446 spaces</b>	<b>7,269</b>

With the additional spaces provided through the Province's Directed Growth Plan, priority investments in high inequity areas remain unchanged. These priority areas are shown in the map in Attachment A: Toronto Children's Services Proposed Priority Expansion Areas & Capital Plan under CWELCC. To meet Toronto's Growth Strategy targets, priority for expansion and funding (after planned or completed community-based spaces) will be directed towards supporting and sustaining the spaces under Toronto Children's Services' 10-Year Capital Plan. Allocation of CWELCC operating funding will be consistent with Toronto Children's Services' priority expansion plans that align with Toronto's equity-based planning objectives of geographic and age equity. In turn, areas of the city with the least access will be prioritized in addition to addressing gaps in age groups served.

While out of scope for the CWELCC agreement, access to and affordability of school-age care for children aged 6 to 12 is an area of concern voiced by the sector. As children aged 0 to 6 age out of the CWELCC system, spaces may not be readily available and fees for school-age care will be substantially higher, which may result in a disruption to the continuum of services as families can no longer afford child care. The potential large price difference as children head to their middle years could result in a disruption in service for families or parents, who may turn to unlicensed and unregulated child care for children aged 6 to 12. To support a continuum of care, an increase in spaces for children aged 6 to 12 may be required.

## *Enrolment and Auspice*

The recent memo directs Toronto Children's Services to permit existing licensees who were not enrolled in 2022 to be able to opt-in in 2023. CWELCC funding for these potential enrollees are to be drawn against the City's space allocation and do not need to be aligned with the Access and Inclusion Framework.

The memo further clarifies that Toronto Children's Services is required to ensure that enrolled licensees who received floor plan approval, prior to January 1, 2023, from the Province related to increases in capacity are supported with sufficient CWELCC funding to enable the licensing revision to proceed.

The Province has also set targets for the proportion of new not-for-profit spaces that may be created as part of their Directed Growth Plan. Children's Services currently has less than 90% spaces provided through not-for-profit operators and therefore must maintain the proportion of commercial and non-for-profit spaces by the end of the CWELCC agreement in 2026. Children's Services will work with the Province to seek clarification on the measurement and implementation of these targets.

## **Conclusion**

The CWELCC agreement has led to lowered fees for many families in Toronto. Sustained funding and an increased share of the space allocation is critical to achieve the equity and inclusion goals set out by the Province, and to ensure affordable child care can be accessed by all families in the future. Toronto Children's Services looks forward to further engagement with the Province to help inform the policy development of CWELCC that sustains and expands the system to support those populations and communities most in need, recognizing the value a well-compensated workforce has on high quality child care and one that responds to the unique needs of Toronto.

## **CONTACT**

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## **SIGNATURE**

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Shanley McNamee  
General Manager, Children's Services

## **ATTACHMENTS**

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Attachment A: Toronto Children's Services Proposed Priority Expansion Areas under CWELCC

## **Attachment A: Toronto Children's Services Proposed Priority Expansion Areas & Capital Plan under CWELCC**

### *Methodology for Analyzing Neighbourhoods/Areas*

Since the publication of Toronto's Licensed Child Care Growth Strategy in 2017, the City's child care Capital Strategy has been aligned to support the target of serving 50% of children aged 0 to 4 years. Wards and neighbourhoods have been assigned a priority from highest to lowest based on how far they are from the 50% target.

In addition, income and demographic data from the 2021 Census of Canada were overlaid on the current child care priority map to identify priority areas that combined the greatest shortfalls in the number of child care spaces and a higher proportion of both children 0 to 5 years living in low income (i.e., Low Income Measure – After-Tax) and one or more of the following underserved populations identified in the Province's Draft Access and Inclusion Framework: Francophone, Indigenous, Black, other racialized, and newcomer communities.

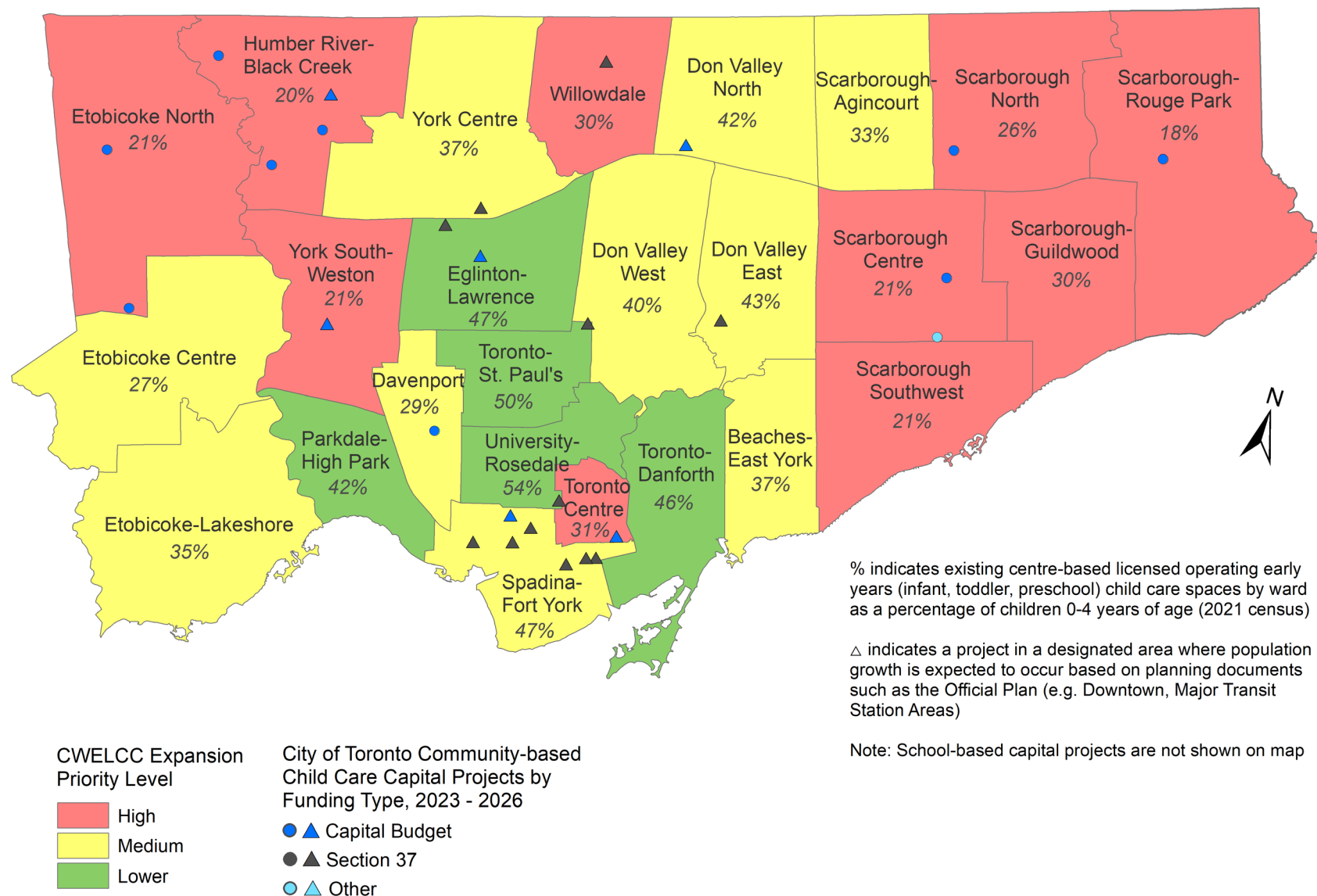
The Child and Family Inequities Scores from Raising the Village were then added to assess how they aligned with the priority areas. These scores provide a summary measure of the socio-economic challenges that families face at the neighbourhood level. While the majority of neighbourhoods with high inequities scores fell within the priority areas, there were quite a few that fell outside of these areas.

The priority areas were also compared to areas in which future population growth is expected to occur. Intensification is expected along the major transit corridors and in designated city centres including the Downtown and Central Waterfront, Scarborough, North York, Yonge & Eglinton and Etobicoke Centres. Significant investments in transit by the City and Province have been made to support this growth including the Scarborough Subway Extension, Finch West LRT and Ontario Line. Prioritizing child care in growth areas, including Major Transit Station Areas (for which the Province's Growth Plan sets out minimum density targets), is important in ensuring child care supply meets demand as Toronto's population grows.

Based on the analysis, all 25 City of Toronto wards were identified as priorities for expansion under CWELCC. Wards have been grouped into high, medium and lower priority areas based on the degree to which the ward showed a shortfall in licensed child care spaces compared to the population of children 0 to 4 years, combined with higher proportions of the demographic characteristics described above.



Figure 1: Priority Levels for CWELCC Expansion by Toronto Wards



% indicates existing centre-based licensed operating early years (infant, toddler, preschool) child care spaces by ward as a percentage of children 0-4 years of age (2021 census)

▲ indicates a project in a designated area where population growth is expected to occur based on planning documents such as the Official Plan (e.g. Downtown, Major Transit Station Areas)

Toronto Children's Services, January 2023