



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: June 13, 2022

**Subject: Canada Wide Early Learning and Child Care System, Report
CSSS22-016**

Purpose

A report to provide an update on the new Canada Wide Early Learning and Child Care System and recommend approval of the Directly Operated child care programs to opt-in to the Canada Wide Early Learning and Child Care system and apply for Canada Wide Early Learning and Child Care funding.

Recommendations

That Council approve the recommendations outlined in Report CSSS22-016, dated June 13, 2022 of the Commissioner of Community Services, as follows:

- a) That the report be received for information;
- b) That staff be directed to opt-in to the Canada Wide Early Learning and Child Care System for the Directly Operated child care programs and apply for Canada Wide Early Learning and Child Care funding; and
- c) That staff be directed to reduce the approved 2022 DOP parent fees for children 0 – 5 years by 50% (to a minimum of \$12 per day) effective January 1, 2023 as required and outlined in the Canada Wide Early Learning and Child Care funding guidelines.

Budget and Financial Implications

There are no anticipated budgetary and financial implications resulting from receiving the new Canada Wide Early Learning and Child Care System (CWELCC) funding. This is 100% Provincial-Federal funding and there are no additional municipal cost share requirements. Existing municipal cost share requirements for overall child care services are expected to remain at existing levels.

The CWELCC funding for 2022, prorated for the period April 1 to December 31 is as follows:

Fee Reduction	\$5,472,602
Workforce Compensation	\$ 278,039
Administration	<u>\$ 203,369</u>
Total:	\$5,954,010

Background

On March 28, 2022, the Province of Ontario announced that it had reached a deal with the federal government to implement the CWELCC system. The CWELCC system has been commonly referred to in the media as “the \$10/day daycare program”. The City of Peterborough is the Consolidated Municipal Service Manager (CMSM) for child care and the early years in the City and County of Peterborough and as such is legislatively responsible for implementing the CWELCC system in the City and County.

To support the CWELCC System, CMSMs are expected to extend funding to all eligible child care operators that choose to participate and agree to the terms and conditions under the System. All operators who wish to participate in the CWELCC System will be required to complete an application and work with the CMSM to ensure they meet provincial requirements and agree to the terms and conditions associated with the CWELCC System. Operators must confirm their desire to opt-in and submit their application by August 31st to be eligible for funding in 2022. Operators are required to apply for Fee Reduction and Workforce Compensation funding annually for the duration of the implementation period 2022 – 2026.

CMSMs are also expected to establish policies and procedures to facilitate ongoing communication, distribution of information, and the inclusion of accessible information on their websites.

Since the announcement was made the City has received the Provincial program guidelines, reporting requirements, system requirements and financial details.

Funding will be used to build and leverage the existing early learning and child care system by increasing quality, accessibility, affordability and inclusivity in early learning and child care, towards achieving the following objectives:

- Providing a 25% fee reduction retroactive to April 1, 2022 building to a 50% reduction in average parent costs for licensed early learning and child care by the end of calendar year 2022 and reaching an average parent fee of \$10 a day by 2025-26 for licensed child care spaces
- Creating 86,000 new high-quality, affordable licensed child care spaces (relative to 2019 levels), predominantly though not-for-profit licensed child care
- Addressing barriers to provide inclusive child care; and
- Valuing the early childhood workforce and providing them with training and development opportunities.

The Province acknowledges that with the announcement in 2022 that there is significant change and transition for the early years and child care sector and that the phased approach is intended to focus on the immediate objectives of affordability for families and system stability, before moving on to address the objectives of increasing accessibility and inclusion over the longer term.

This phased approach will allow the Province to engage with service system managers and the broader early years and child care sector, provide the time for sector partners to align with the terms and conditions of the CWELCC System, and enable the Province to make any necessary implementation adjustments as the early years and child care landscape evolves.

Accountability parameters for the CMSM as part of the implementation of the CWELCC system includes the following key components:

- Ensuring that funding is provided to operators to achieve the objectives of the CWELCC System;
- Ensuring that funding is provided for the actual cost associated with supporting mandated fee reductions to an operator's base fee and mandated wage increases for eligible staff. This is to be achieved through an application and reconciliation process and is to include compliance audits;
- CMSM's are required to conduct detailed reviews of audited financial statements and operating budgets for each agency that applies for CWELCC funding. This process is required annually, prior to approving funding for subsequent years;
- Ineligible expenditures, must not be funded using CWELCC funding; and
- Funding parameters regarding for-profit operators must be upheld.

These accountability parameters are in addition to existing Child Care and EarlyON funding allocations and reporting requirements that the CMSM is responsible to the Province for.

Due to the immediate and short-term pressures of this significant transformation and new service system management responsibilities, the Division will require additional staff to meet Provincial and parent expectations over the next few years. To support immediate needs, a temporary Financial Analyst position dedicated to implementing these changes has been approved by the CAO through her delegated authority and covered by the 100% administration funding received with the City's CWELCC allocation. Additional staffing needs may be identified in the coming months as staff understand the full implications of implementing this system and supporting system expansion beginning in 2023.

Funding for Fee Reduction Rebates for Parents

Fee reduction funding is to be used to support parents, families and communities by reducing fees for eligible children in licensed child care. The CMSM will work with licensed child care operators who choose to enroll in the CWELCC System to provide operating grants that will enable the parent fee reduction for families to be realized. Operators must confirm their desire to opt-in to the CWELCC system by August 31, 2022 to be eligible to receive CWELCC funding in 2022.

As a first step, all families with eligible children in participating licensed child care will receive a fee reduction. A graduated approach to fee reductions will begin in 2022 as follows:

- A fee reduction and refund of up to 25% (to a minimum of \$12 per day) for eligible children retroactive to April 1, 2022
- A 50% fee reduction on average for eligible children by January 1, 2023
- \$10 per day average child care fees for eligible children by the end of fiscal year 2025- 26.

Eligible children for whom fees must be reduced are defined as:

- Any child under 6 years old; and
- up-until June 30 in a calendar year, any child who,
 - Turns six years old between January 1 and June 30 in that calendar year; and
 - is enrolled in a licensed infant, toddler, preschool, or kindergarten group, or licensed home child care.

City staff will work with eligible operators to ensure that refunds are provided back to parents, at a child care centre it operates or at a home child care premises that it oversees by December 31, 2022.

Funding for Reduction in Base Fees Charged by Operators

Once operators are enrolled in the CWELCC System and reduce their fees to the new capped base fee, they are required to maintain that fee until they are either required to reduce them again, or they are no longer participating in the CWELCC System. When operators can no longer charge a fee that is higher than the new capped base fee, the CMSM will provide CWELCC funding including inflationary increases in funding to support the gap between the actual eligible costs and revenues related to base fees and other funding sources. Specifically, CWELCC funding will be provided to support the costs incurred in the portion of the child care business for eligible children, net of fee generated revenues received by the operator from base fees, any provincial and federal funding, municipal funding, and other revenues provided to the operator to support the costs associated with base fees for eligible children.

Child Care Fee Subsidy

As the CWELCC System is implemented, the fee subsidy model will continue to be an option for families who require financial assistance that enables parents and caregivers to participate in the workforce or pursue education or training. To ensure an equivalent fee reduction is applied to families receiving fee subsidy, legislative amendments have been made which require the CMSM to reduce the parent contribution for eligible children by 25%, with no minimum of \$12 for families receiving subsidy.

Workforce Compensation Funding

Workforce Compensation funding is intended to raise the minimum wage of eligible Registered Early Childhood Educators (RECE) employed by a licensed child care that is participating in the CWELCC System and be in a position categorized as:

- RECE Program Staff
- RECE Child Care Supervisor
- RECE Home Child Care Visitor

Minimum Hourly Wage 2022 to 2026

	2022	2023	2024	2025	2026
RECE Program Staff	\$18	\$19	\$20	\$21	\$22
RECE Child Care Supervisors or RECE Home Child Care Visitors	\$20	\$21	\$22	\$23	\$24

The CMSM is required to develop a method to determine minimum wage and annual wage increase entitlements up to an additional \$1 per hour if the base wage plus \$2 per hour Wage Enhancement is under \$18 per hour. The CMSM is also required to monitor compliance of child care operators to the minimum wage and annual wage increase requirements.

Directly Operated Child Care Programs

Currently the City directly operates four licensed child care sites as follows:

- Pearson Child Care – serves children 18 months to 5 years
- Peterborough Child Care – serves children 18 months to 5 years
- Edmison Heights Before and After School – serves children 4 – 12 years
- Westmount Before and After School – serves children 4 – 12 years

The City operates 293 licensed spaces and currently there are 218 children enrolled. All these programs are eligible to opt-in to the new CWELCC system and must confirm their desire to opt-in and submit their application by August 31 to be eligible for funding in 2022. By opting in, eligible families attending the DOP's will then receive the 25% retroactive fee refund and the reduced daily fees as outlined above. The DOP's will also be eligible to receive funding to support the actual costs (over and above existing municipal contributions) of the fee reduction for eligible children. Ministry guidelines clearly state that CWELCC funding can not be used to replace existing municipal contributions. However, as the cost of care increases CWELCC funding can be used to fund the gap between parent fee revenue, provincial and municipal contributions. Staff analysis has shown that opting into this program will not have a negative impact to the operating budget of each site and may have a small positive impact over the longer term. As there is expected to be a neutral budgetary impact and the benefit to parents will be substantial, staff are recommending that Council approve of the eligible directly operated city run day care sites opting into the CWELCC program.

City of Peterborough staff employed at the Directly Operated programs are not eligible to receive Workforce Compensation funding as their wages already exceed the existing minimum wage of \$18 per hour for Registered Early Childhood Educators (RECE).

The City acting as the CMSM for child care services is responsible for the overall functioning and oversight of this new program. The City is also a direct operator of day care centres and as such Council has the decision whether to opt-in to this new program. The two roles as the CMSM and as the operator of the day cares are separate roles.

Summary

The implementation of the Canada Wide Early Learning and Child Care system over the next five years provides an opportunity to lower parent fees and provide more access to affordable, high-quality licensed child care for families in the City and County. It also provides an opportunity for licensed child care operators, including the DOP, to receive additional funding to cover the true costs of providing care. For the municipality, this transformation adds significant immediate and short-term pressures and service system management responsibilities.

Submitted by,

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