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**Subject:** National Child Care Plan: Local Impacts and Recommendations

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, June 15, 2021

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## **Recommendations**

1. That this report **BE RECEIVED** for information;
2. That Regional Council **ENDORSE** the recommendations (Appendix 1 to Report COM 15-2021) to be sent to the Ministry of Education, drafted in a response to the national child care plan by Niagara Region Children's Services, as a member of the Ontario Municipal Social Services Association (OMSSA) Children's Services Network (CSN);
3. That the Regional Chair **BE DIRECTED** to provide a copy of this report and its recommendations to the Minister of Education and to the Association of Municipalities of Ontario (AMO); and
4. That Regional Council **COMMUNICATE** the three recommendations specifically prioritized for Niagara, developed in consultation with local stakeholders and licensed child care service providers, in a delegation to the Minister of Education through a delegation at the annual Association of Municipalities of Ontario (AMO) conference.

## **Key Facts**

- On April 20, 2021, the federal government announced an investment of up to \$30 billion over five years for a national child care plan, in part modelled after the Quebec \$10 per day program.
- The next step to advance this plan, will be negotiations between the federal and provincial governments, to establish a funding agreement with set service targets.
- As a member of the Ontario Municipal Social Services Association (OMSSA) Children's Services Network (CSN), Niagara Region Children's Services was involved in drafting recommendations to be presented to the Ministry of Education (MEDU) in response to the federal national child care plan.
- These same recommendations were reviewed, in consultation with members of local stakeholder groups and licensed child care service providers, and the following three recommendations were specifically prioritized for Niagara:
  - The provincial government should develop a recruitment and retention strategy for Registered Early Childhood Educators (RECEs),

- Provincial allocations and capital expansion funds, at a minimum, should be maintained, and more capital and operating funds are needed to expand licensed child care, including both centre-based and licensed home child care and
  - Maintaining and enhancing child care fee subsidies is crucial to addressing affordability in child care.
- Through the CSN, Children's Services is advocating that municipal service system managers be involved in the development of a provincial response to the national child care plan, due to their critical knowledge of local community needs and relationships with community partners.

## **Financial Considerations**

On April 20, 2021, the federal government announced an investment of up to \$30 billion over five years, to build a high-quality, affordable and accessible early learning and child care system across Canada, modelled in part after the Quebec \$10 per day program. The next step will involve negotiations between the federal and provincial governments, leading to a funding agreement with service targets to demonstrate the investment dollars have produced the intended results. This could signal a significant change in approach, and investment in licensed child care in Ontario.

Previously, in August 2019, the provincial government announced child care funding changes, which came into effect as of January 1, 2020. Among the funding changes, municipal service managers were asked to cost-share Expansion Plan operating funding at a rate of 80/20 provincial/municipal (previously this was funded 100% by the province). This meant that Niagara Region Children's Services would be expected to plan to support all existing and any new spaces within its existing funding allocation (resulting ultimately in less funding per operating space as the system grows). This planned funding change was paused due to the pandemic but there is no indication from the province, at this time, that the original plan will not move ahead for 2022.

At this time it is unknown if any of the provincial funding changes will be reversed due to the potential influx of federal dollars. As well, it is unknown how long it will take for both levels of government to reach a funding agreement. Therefore, Children's Services continues to work to mitigate the anticipated budgetary impacts and maintain the current capacity of the licensed child care system to ensure access to affordable care for families when parents are able to return to work or school.

## Analysis

The provision of quality licensed child care services supports early childhood learning which is vital to a child's development and offers an opportunity for the best start in life for very young children and the future workforce. As well, licensed child care services are recognized as essential to the economic wellbeing of a community by enabling parents to work or attend school. The global pandemic has demonstrated how crucial access to affordable licensed child care is to the economic recovery in Canada, in part leading to the federal government moving forward with a national child care plan.

On April 20, 2021, the federal government announced an investment of up to \$30 billion over five years, intended to build a high-quality, affordable and accessible early learning and child care system across Canada. Of the \$30 billion investment, the federal government has committed up to \$27.2 billion over five years, starting in 2021-2022, to be used to bring the federal government to a 50/50 share of child care costs with provincial and territorial governments. The budget earmarks another \$2.5 billion for the Indigenous early learning and child care system to create new spaces, to build or renovate existing centres and to support after-school care programs on-reserve. The budget also sets aside money to renovate child care centres with the goal to make them more accessible for children with disabilities. Legislation is expected later this year to provide further details on the proposed national child care program. The next step will be negotiations between the federal government and the Ontario government, leading to a funding agreement with service targets to demonstrate the investment dollars have produced the intended results.

In Ontario, the provincial government has funding agreements with local municipal governments, as designated Consolidated Municipal Service Managers (CMSMs), with responsibility for the local planning and managing of child care and early years services. Niagara Region, through Children's Services, is the CMSM for Niagara. In this role, Children's Services has service agreements with 61 service providers operating 175 licensed child care centres. Children's Services also administers child care fee subsidies for low income families and allocates additional resources to families and centres providing care to children with special needs. In addition, Children's Services directly operates five licensed child care centres and a licensed home child care agency.

Through its membership with the OMSSA Children's Services Network, Children's Services was involved in discussions with counterparts from across Ontario, and drafted a number of recommendations to be presented to the MEDU in response to the federal

national child care plan. These same recommendations were reviewed, in consultation with members of local advocacy groups and licensed child care service providers. The full list of recommendations are included in Appendix 1 to Report COM 15-2021. The following three recommendations were specifically prioritized for Niagara based on local input and observations of local need:

**That the provincial government develop a strategy for the recruitment and retention of RECEs, and ensure they are compensated adequately in recognition of their years of education and critical role in licensed child care**

For a number of years, as is the case across the province, Niagara has faced a critical shortage of qualified RECEs (requiring completion of a 2 year college program and registration in good standing with the College of Early Childhood Educators) to educate and care for children attending a licensed child care centre. The situation is even more pronounced for French language and Indigenous licensed child care centres, due to the need for qualified staff who also possess language and culture knowledge.

It is well recognized that the challenges with recruitment and retention stem largely from inadequate compensation. For many RECEs the base pay is minimum wage, far less than a living wage, and many are not entitled to benefits. The base pay in Ontario is currently enhanced through the provincial Wage Enhancement Grant (WEG), created by the previous provincial government to incrementally increase salaries to the same level as early childhood educators working in the school system. As well, licensed child care service providers may use their allocation from the provincial General Operating Grant (GOG), to increase RECE wages. The provincial government has continue to increase WEG funding in order to match the school board wage increases for RECEs working in a school setting. The average wage for a RECE working in a licensed child care centre in Niagara was \$20.70/hour in 2020 (It is important to note that these hourly rates include GOG and WEG), compared to \$27.75/hour paid to RECEs employed with local school boards.

An effective, multi-pronged recruitment and retention strategy is critically necessary not only to maintain the spaces currently licensed in Niagara but also to support any planned expansion that may come from additional federal funding. Feedback from local stakeholders and municipal service managers across the province states unequivocally that recognition of the profession, supported by appropriate and adequate compensation, is central to any effective recruitment and retention strategy. Furthermore, expansion of the existing licensed child care system is not possible until the critical shortage of qualified RECEs is addressed. In Niagara, most licensed child

care programs are not operating at their licensed capacity (i.e. the number of spaces permitted to operate by their provincially approved license), due to the shortage of qualified RECEs, and the system (based on pre-pandemic operations) would require approximately 25% (approximately 300) more RECEs to do so.

To date, the province does not have a province-wide strategy. At this time, its current effort is focused on promoting the Early Childhood Educators Qualifications Upgrade Program. This program provides financial support to individuals studying in the field, who work in early years settings, to obtain an ECE diploma and become eligible to apply for membership with the College of Early Childhood Educators. (However, many see this as of limited value, as the underlying issue of poor compensation remains unaddressed.) At this time, the province left it to CMSMs and colleges to develop and implement local recruitment and retention strategies. That said, Niagara Region Children's Services is working on a local strategy with Niagara College, and the Ministry of Labour, Training and Skills Development.

**Provincial allocations and capital expansion funds should be, at a minimum maintained, and community-based operating and capital funds are also needed to expand licensed centre-based and home child care, as further capacity is urgently required to address growing demands for licensed child care**

Since the Canada-Ontario Early Learning and Child Care (ELCC) initiative was announced in June 2017, Children's Services received an annual amount of \$7.8 million in expansion funding, and has subsequently increased the local licensed child care system by over 500 spaces for infants, toddlers and preschoolers aged 0-4 years. However, additional investments are needed to increase access and address the growing demand for licensed child care, particularly for infants, toddlers and preschool aged children. The table below shows the number of infants, toddlers and preschool aged children on a waitlist for a licensed child care space across Niagara as of May 2021. (Note: these numbers are likely an underrepresentation of local need, as many families, believing that licensed care is inaccessible, do not put their names on the central waitlist.)

Age grouping	Number of children on waitlist
Infants (0-18 months)	265
Toddlers (19-30 months)	400
Preschoolers (31 months-4 years)	388

In addition to the need for additional child care centre spaces, licensed home child care is recognized as an invaluable part of Niagara's child care system. Local stakeholders recently spoke to the value of this in Niagara both as an opportunity to increase local capacity and to provide the expanded hours (evenings and weekends) so critical for those who work in the manufacturing and hospitality industries. Some proposed that the provision of incentives would be helpful to encourage unlicensed home child care providers to enter into the licensed system. Furthermore, reducing provincially directed administrative barriers to home child care licensing requirements would create new capacity, support quality, and enhance oversight and accountability for services rendered to families. As licensed child care centre hours of operation do not meet the needs of families who require alternate hours of care (evenings, weekends, and overnight) it is imperative to expand local licensed home child care as part of the larger licensed child care system.

**Maintaining and enhancing funding for operating costs and fee subsidies is crucial to addressing affordability in child care**

In addition to capital dollars to expand the existing licensed child care system, additional funding is needed for ongoing operations. In August 2020, the provincial government announced funding allocation changes. Beginning on January 1, 2021, Municipalities would be expected to financially support the operation of any additional spaces within the existing child care budget allocation from the province. With the provincial government signaling a plan to hold to existing funding levels (and instead focus new investments into its Ontario Child Care Tax Credit initiative), as the system grows, the annual child care funding allocated to licensed child care service providers per licensed space would be anticipated to be reduced.

While Children's Services is working to mitigate the anticipated budgetary impacts, the lack of increased funding will likely cause some licensed child care service providers to increase parent fees for child care to make up for the reduction in annual funding and to address increasing costs associated with operating a licensed child care centre. Many families already struggle with the cost of licensed child care, therefore, along with investments to expand high-quality licensed child care spaces, funding is needed to ensure fees are affordable to parents so that they are able to access licensed child care and return to work or school.

The following table provides the lowest, highest and average daily per diems for each age group care category (as of January 1, 2020).

Per diems	Infant	Toddler	Preschool	School Age*	Before School	After School
Minimum	\$43.00	\$30.50	\$29.50	\$28.50	\$6.25	\$8.50
Maximum	\$70.99	\$60.96	\$56.39	\$52.93	\$18.00	\$18.00
Average	\$53.91	\$45.38	\$41.67	\$39.26	\$10.38	\$13.32

\*Full day rate for school age children (e.g. PD day)

The table does not include co-ops or nurseries unless they provide full day

As part of the national child care plan, the federal investment seeks to reduce fees for licensed child care to \$10 per day, on average, within the next five years. While this plan unfolds, it is imperative that financial assistance with child care fees is not eliminated, because for many families, particularly those with multiple children, a daily child care fee of even \$10 per child would still be too costly. Although the provincial government introduced the Ontario Child Care Tax Credit, many families are not able to pay child care costs up front and wait to receive the provincial tax credit when they file their taxes.

In addition to keeping the child care fee subsidy program, the regulatory framework guiding child care fee subsidies under Ontario's Child Care Funding Formula should be reviewed as it has not been updated since 2005, and based on the low-income cut-off (LICO) measure. Currently, a family income must be under the threshold of \$20,000 to qualify to receive the full fee subsidy. An annual family income of \$20,001 and above requires a parental contribution. According to Statistics Canada, the low-income measure (the LIM is an internationally used measure of poverty, widely used by OECD countries, and is considered a more accurate measure) after tax thresholds for a family of four in 2018 was \$48,366. The table below shows the number and percentage of one parent and two parent families in Niagara (January 1 to December 31, 2020), by annual family income, in receipt of child care fee subsidy. To note, 459 one parent families (51%) are required to make a parental contribution for their child care fees.

Annual Family Income	Number of One Parent Families	Percentage of One Parent Families	Number of Two Parent Families	Percentage of Two Parent Families
\$0 - \$10,000	237	27.8	142	39.7
\$10,001 - \$20,000	156	18.3	19	5.3
\$20,001 - \$30,000	210	24.7	36	10.1
\$30,001 - \$40,000	169	19.9	51	14.2
\$40,001 - \$50,000	65	7.6	40	11.2
\$50,001 - \$60,000	11	1.3	34	9.5
\$60,001 - \$70,000	4	0.4	24	6.7

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Annual Family Income	Number of One Parent Families	Percentage of One Parent Families	Number of Two Parent Families	Percentage of Two Parent Families
\$70,001 - \$80,000	0	0.0	7	2
\$80,001 - \$90,000	0	0.0	4	1.1
\$90,001 - \$100,000	0	0.0	0	0

It is important to note that prior to the global pandemic, on average there were 2500 children in receipt of a child care fee subsidy each month, with slightly more than 4000 children supported each year. In comparison, in 2020, just over 1200 children received a child care fee subsidy, 30 percent of the pre pandemic number of children supported.

It is well recognized that there is a connection between access to affordable and quality child care and labour force participation by women<sup>1</sup>. Child care challenges have become a barrier to work for mothers who disproportionately take on unpaid child care responsibilities when their family cannot find or afford child care. From 2016 to 2020, there were 6,200 (6.2%) fewer people participating in Niagara's labour force. Initially it was thought the decline was a result of the aging demographic in Niagara, however, the year over year change from 2019 to 2020 was unique. A closer look at the data shows that the biggest loss from the workforce was from the 15 to 25 years demographic (-15.6%), and females were affected disproportionately at -31.3% compared to males at -3.2%. Additionally, women dominate the labour force in the sectors which have been hardest hit by the global pandemic, e.g. accommodation and food services, retail etc. When the pandemic comes to a close and these sectors reopen, to enable a full economic recovery, women must be able to re-enter the labour force. As women begin to return to work they will once more be seeking affordable childcare.

While these recommendations have been prioritized locally, additional recommendations identified through discussions with counterparts across Ontario will be submitted to the provincial government through the Children's Services Network of OMSSA. Through this network, Niagara Region Children's Services is advocating that municipal service system managers, who possess critical knowledge about community needs and have relationships with community partners, be involved in the development of a provincial response to the proposed national child care plan.

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<sup>1</sup> Niagara Community Observatory. (2020). The economic impact of COVID-19 on Niagara women in the workforce. Link to [The economic impact of COVID-19 on Niagara women in the workforce.](#)

## **Consultation with Local Advocacy Groups and Child Care Service Providers**

Children's Services consulted with members of local stakeholder groups (Niagara Region Women's Advisory Committee, Greater Niagara Chamber of Commerce - Women in Niagara, and the Gender Equity Task Force), and licensed child care services providers to inform the aforementioned recommendations outlined in this report. These groups were consulted to gain feedback, discuss local priorities as it relates to child care, and to ensure that the recommendations in this report were representative of their concerns.

The local stakeholder groups emphasized the importance of expanding access to high-quality licensed child care spaces, recognizing that there should also be greater flexibility in the hours of child care available to families in Niagara. These groups noted that fee subsidies should be maintained and enhanced to ensure that families are able to continue to access child care, even with federal commitments to reduce child care fees, ultimately to an average of \$10 day.

The development of a recruitment and retention strategy for RECEs was also expressed as critical to not only ensure that Niagara is able to increase its child care operating capacity to match its licensed capacity, but also to enable the expansion of available child care spaces in general. The quality of care within licensed child care spaces can be positively impacted when qualified staff are compensated fairly and adequately for their work. Studies have indicated that the ability of staff to support the needs of children in early learning and child care environments is influenced not only by their level of education and training but also by external factors, such as their work environment, salary and work benefits<sup>2</sup>. Improving RECE wages can support the overall stability of the child care system, be effective in the retention and recruitment of qualified staff, while also positively affecting the quality of care.

The licensed child care service providers outlined that their primary recommendation again focused on the recruitment and retention of RECEs. These professionals are the cornerstone of the child care system, and without having access to a well-compensated, and qualified workforce, licensed child care spaces would not be able to operate or expand. Child care service providers also identified the continued need for operating dollars to go in tandem with increased capital investments for expansion of licensed

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<sup>2</sup> Employment and Social Development Canada. (2019). Defining and Measuring the quality of Early Learning and Child Care: A literature review. Link to [Defining and Measuring the quality of Early Learning and Child Care: A literature review](#).

child care spaces. The service providers recognized the need to address the affordability of child care, by ensuring that fee subsidies remain available for families, and are enhanced to be more responsive to the changing financial needs of families in Niagara.

During both consultation sessions, the involvement of service system managers in the development of a provincial response to the national child care plan, was highlighted as a key element. In preparing this report, recently received written submissions from these same stakeholders were reviewed and considered (appendices 2 to 5 to Report COM 15-2021).

### **Alternatives Reviewed**

This report is initiated by staff to provide Council with local considerations and recommendations as a result of the federal announcement of a national child care plan.

### **Relationship to Council Strategic Priorities**

The provision of accessible and quality early learning programs and services supports Council's focus on Supporting Businesses and Economic Growth.

### **Other Pertinent Reports**

- COM 19-2020 Update on Community Based Capital Program and Early Years Capital Program Projects
- COM 30-2019 School Based Child Care Capital Projects
- COM 01-2018 Community-Based Early Years and Child Care Capital Funding Application
- COM 15-2018 Update on Niagara's Licensed Child Care Expansion Plan
- COM 24-2017 Licensed Child Care Expansion Plan

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**Appendices**

Appendix 1 National Child Care Plan Local Impacts and Recommendations to be presented to the Ministry of Education

Appendix 2 YWCA child care letter to Council

Appendix 3 Gender Equity Task Force child care letter to Council

Appendix 4 West Lincoln child care letter to Council

Appendix 5 Greater Niagara Chamber of Commerce child care letter to Council