

Region of Waterloo
Community Services
Children's Services

To: Community and Health Services Committee
Meeting Date: August 15, 2023
Report Title: Canada-Wide Early Learning and Child Care Funding and Growth Update

1. Recommendation

That the Regional Municipality of Waterloo amend the 2023 Operating Budget for Children's Services by adding \$8,380,262 in expenditure to be funded 100% by the Ministry of Education to support the Canada-Wide Early Learning and Child Care (CWELCC) implementation funding, as outlined in CSD-CHS-23-002 dated August 15, 2023.

2. Purpose / Issue:

This report seeks Council approval to amend the Children's Services 2023 budget and provides an update on the revised CWELCC notional growth target of 3,725 new licensed child care spaces (See Appendix A: CSD-CHS-23-001 for details on the original notional growth target).

3. Strategic Plan:

This report addresses the Region's Corporate Strategic Plan 2019-2023:

- Focus Area 3: Thriving Economy, Strategic Objective 1.1 Create a competitive business-supportive community to help attract, retain and grow employers, talent and investments in Waterloo Region, and
- Focus Area 4: Healthy, Safe and Inclusive Communities, Strategic Objective 4.1 Improve child and youth wellbeing in Waterloo Region.

4. Report Highlights:

- The Region has received an updated 2023 CWELCC funding allocation of \$97,076,288, (an increase of \$8,380,262) to support incremental CWELCC expenses associated with community-based child care growth.
- The Region of Waterloo received an updated notional growth target of 3,725 new licensed child care spaces (including licensed home and centre-based child care) for ages 0 to 5 years from 2022 to 2026. This is an additional 1,854 spaces than

were previously allocated.

- 789 of these spaces are allocated for school-based spaces (i.e., at a centre co-located at a publicly funded school). Planning for these school-based spaces is managed by Waterloo Region school boards through a separate planning process called Schools First Capital.
- 2,936 of these spaces are allocated for community-based spaces (i.e., at a location other than a publicly funded school, including stand-alone centre, place of worship, educational institution, caregiver home, etc.). About 1,300 of the 2,936 community-based child care spaces are committed for previously approved centre-based spaces and growth that has already occurred in licensed home child care. While there is limited spaces remaining for growth in 2023, Children's Services anticipates there will be about 1,600 spaces available for new centre-based and home-based growth from 2024 to 2026.
- These additional community-based spaces will bring Waterloo Region in line with the provincial access target of 37% and provide access to families who face systemic barriers to affordable child care, including low-income families, children with disabilities, Indigenous children, Black and other racialized children, and new immigrants.
- The Ministry of Education provided new direction to the Region to maintain a ratio of 85% not-for-profit spaces to 15% for-profit spaces for children ages 0 to 5 years. At this time, new site growth will be limited to primarily not-for-profit operators to align with the provincial proportions.
- Children's Services is developing an application process for prospective operators interested in operating new community-based spaces. Prospective operators will be evaluated based on alignment with priority geographic locations, viable plans and targets for ensuring inclusion of priority families, financial viability, program quality, and auspice.

5. Background:

The Region of Waterloo Children's Services, in its role as the Consolidated Municipal Service Manager (CMSM), is responsible for planning, overseeing, and managing licensed child care and early years programs and services, including managing and directing growth at a local level.

On March 28, 2022, the Province of Ontario signed the Canada-Wide Early Learning and Child Care (CWELCC) agreement with the federal government. CWELCC represents transformational change in the child care system. The CWELCC system will create more affordable and high-quality child care spaces, lower child care fees for parents of children under the age of six to an average of \$10 per day, support the early childhood workforce, and address barriers to providing inclusive and flexible child care.

The CWELCC agreement provides Ontario with funding to support the creation of

86,000 new licensed child care spaces (relative to 2019). The funding will predominantly support the creation of not-for-profit child care spaces by December 2026. Of the new spaces, 53,000 will be created between 2022 and 2026.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities:

Communication and engagement with area municipalities regarding child care growth will occur throughout 2023 and 2024.

Public:

Children's Services has provided regular updates to licensed child care operators regarding the Ministry's directed growth strategy, notional targets for growth, and priority areas for growth. Further communication and engagement of families and the broader community will continue throughout 2023 and 2024.

7. Financial Implications:

The Canada-wide Early Learning and Child Care (CWELCC) plan is fully funded by the Ministry and has no impact to the Regional Property Tax Levy. The Ministry has provided \$8.4M of additional revenue to support incremental CWELCC expenses associated with child care growth. CWELCC continues to be implemented within existing staffing resources. Any 2024 staffing changes will be brought forward as part of the 2024 budget process.

The following table outlines the 2023 Operating budget and recommended amendments for Council approval:

Operating Budget (\$000s)	2023 Budget	In Year Additions for Approval	2023 Amended Budget
CWELCC Fee Reductions	\$84,619	\$4,987	\$89,606
CWELCC Wage Compensation	2,910	0	2,910
CWELCC Administration	1,167	0	1,167
Start-up Grants	0	3,393	3,393
Subtotal Expenditures	\$88,696	\$8,380	\$97,076
Ministry of Education Revenues	88,696	8,380	97,076
Net Regional Levy	\$0	\$0	\$0

8. Conclusion / Next Steps:

Access to high quality, affordable, flexible, and inclusive early learning and child care is necessary for the well-being of all children, women's workforce participation, addressing

the impacts of poverty, and supporting a robust economy. Council's approval of the amended 2023 Operating Budget for Children's Services will help ensure Waterloo Region has child care spaces for families who need affordable, high quality child care the most. An update on child care growth planning in Waterloo Region will be brought to Council this fall.

9. Attachments:

Appendix A: CSD-CHS-23-001, Canada-wide Early Learning and Child Care (CWELCC) Growth Priority Areas

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