

Report to Community and Protective Services Committee

To: Chair and Members
Community and Protective Services Committee

From: Kevin Dickins, Deputy City Manager, Social and Health Development

Subject: Targeted Expansion of Licensed Child Care through the Canada-Wide Early Learning and Child Care Agreement

Date: March 21, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Social and Health Development:

- 1) This report **BE RECEIVED** for information on Targeted Expansion of Licensed Child Care through the Canada-Wide Early Learning and Child Care Agreement; and;
- 2) The Civic Administration **BE DIRECTED** to append Appendix A of this report to the *London-Middlesex Child Care and Early Years Service System Plan, 2019-2023*.

Executive Summary

On behalf of the Ministry of Education, the City of London is the Consolidated Municipal Service Manager for licensed child care and early years in London and Middlesex County. Implementation of the Canada-Wide Early Learning and Child Care initiative is a prescribed service system management responsibility of the City of London.

On December 19, 2022, the Ministry of Education introduced a draft Access and Inclusion Framework to support targeted expansion of licensed child care spaces. This report provides an overview of the Ministry of Education's draft Access and Inclusion Framework for licensed child care and presents two parallel strategies for expansion in 2023: 1) Expedited expansion for 2023 based on current data and service system plan; and 2) Development of a comprehensive Access and Inclusion Plan.

Linkage to the Corporate Strategic Plan

- Strategic Area of Focus: Strengthening Our Community
- Outcome: Londoners have access to the supports they need to be successful
- Strategy: Improve access to licensed child care and early years opportunities

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- London-Middlesex Child Care and Early Years Service System Plan: 2019-2023 (CPSC: May 28, 2019)
- Neighbourhood, Children and Fire Services Funding Agreement Template (CPSC: December 3, 2019)
- Supporting More Licensed Childcare Spaces (CPSC: May 31, 2022)
- Canada-Wide Early Learning and Child Care System Implementation (CPSC: July 26, 2022)

2.0 Discussion and Considerations

2.1 Background

Service System Management of Licensed Child Care and Early Years

The City of London is the designated Consolidated Municipal Service Manager (CMSM) for Child Care and Early Years in London and Middlesex, operating on behalf of the Ministry of Education. The responsibilities and authorities granted to a CMSM are set out in the *Child Care and Early Years Act, 2014* and include system planning, provision of fee subsidy, administration of operating funding, system capacity-building, and special needs resourcing for licensed child care.

Canada-Wide Early Learning and Child Care Agreement

In March 2022, the Government of Canada and the Government of Ontario entered the Canada-Wide Early Learning and Child Care (CWELCC) Agreement, with goals to:

1. Reduce fees for families by 25% beginning April 1, 2022, increasing to 50% as of January 1, 2023, and reaching a provincial average fee of \$10 per day by 2025-2026 for eligible licensed child care spaces;
2. Create 86,000 new high-quality, affordable licensed child care spaces, predominantly through not-for-profit licensed child care;
3. Address barriers to providing inclusive licensed child care; and
4. Valuing the early childhood workforce and providing them with training and development opportunities.

The Ministry of Education has added implementation of the CWELCC system to the CMSM's existing service system management responsibilities through amendments to the *Child Care and Early Years Act, 2014*. Civic Administration has received delegated authority to execute CWELCC funding agreements through the July 26, 2022 CPSC report and associated by-law.

Since then, Civic Administration has engaged licensed child care operators and other key partners in the development of the local CWELCC system, including the development of administrative procedures, an application review process, and a Council-approved CWELCC funding agreement.

Ninety-two percent of licensed child care sites in London-Middlesex opted to participate in the CWELCC system, mirroring the provincial average. Today, fees for CWELCC eligible children (0-6 years) at participating child care sites are 50% lower than before the CWELCC system was introduced.

2.2. Ministry of Education's Draft Access and Inclusion Framework

On December 19, 2022, the Ministry of Education introduced a draft Access and Inclusion Framework (framework) to support targeted expansion of licensed child care. Recognizing that demand for licensed child care will increase as it becomes more affordable, the framework introduces a targeted expansion approach, focused on increasing the overall number of child care spaces while also increasing equitable access for underserved families.

Access

The Ministry of Education has committed to creating 86,000 new licensed child care spaces throughout Ontario by December 2026, including the more than 33,000 licensed child care spaces created since 2019. Based on modelling socio-economic indicators, the Ministry of Education provided a notional target of 2080 additional licensed child care spaces for London and Middlesex by 2026.

The Ministry of Education's licencing process seeks the CMSM's initial advice on whether proposed child care licence applications would be eligible for CWELCC funding, based on information provided to the CMSM at the time.

Eligibility for CWELCC funding is based on three primary conditions established by the Ministry of Education:

- 1) financial viability of the operator;
- 2) assurance regarding appropriate use of CWELCC funds; and
- 3) alignment with the CMSM's service system plan.

The Ministry of Education introduced the first two conditions during the initial implementation of CWELCC. The Ministry of Education introduced the third condition through regulatory changes on January 1, 2023; these changes also give CMSMs authority to deny CWELCC enrolment and funding where the licence application does not align with the CMSM's service system plans.

Inclusion

The Ministry of Education has committed to supporting improved access to child care for vulnerable children, including those from low-income families, children from diverse communities, and Francophone and Indigenous children. This commitment includes improving data on barriers to access, implementing targeted strategies, and updating the provincial pedagogical framework, "*How Does Learning Happen?*"

CMSMs are required to develop directed growth strategies that identify priority locations for expansion of child care spaces and append them to their existing Council-approved service system plans. Subsequently, CMSMs are expected to develop full Access and Inclusion plans; the Ministry of Education will provide finalized Ministry materials related to the draft Access and Inclusion framework following additional consultation and review. The finalized framework is expected later in 2023.

Funding

The Ministry of Education has indicated that the following funding sources will be available to incentivize and support expansion under this initiative:

- Capital start-up grants: The Ministry of Education will be introducing capital start-up grants to support the creation of new licensed full day spaces. Capital start-up grants may be used for retrofits, renovations, or expansion projects, but cannot be used to purchase land or buildings. Operators can receive a grant covering \$90 per square foot of a new or expanded space with a cap of \$350,000 for every 50 child care spaces created.
- CWELCC funding for increased spaces: Through CWELCC participation, child care operators receive funding to offset lost revenue from reduced parent fees and, where eligible, will receive funding to support staff wages. The Ministry of Education will provide additional CWELCC funding to support eligible expanded spaces through this initiative.

These funding sources complement existing funding the CMSM provides to licensed child care operators through federal, provincial, and municipal sources.

2.3 Context for Expansion in 2023

Demand for licensed child care is high, particularly as it becomes more affordable under the CWELCC system. Some child care operators have already expressed interest in expansion through this initiative. At the same time, Council and the Ministry of Education have emphasized the importance of expanding spaces in a way that supports equitable access for families, particularly those from priority populations that have been historically underserved. Civic Administration is committed to developing a thoughtful, responsive plan built on updated data and the needs and voices of families in London and Middlesex.

To balance the urgency of demand for licensed child care spaces with the need to grow in a way that supports access and inclusion for families, Civic Administration has developed two parallel strategies for 2023:

- 1) Expedited expansion for 2023 based on current data and the Council-approved *Child Care and Early Years Service System Plan, 2019-2023*
- 2) Development of a comprehensive Access and Inclusion Plan

2.4 Expedited expansion for 2023 based on current data and service system plan

Directed growth strategy

In January 2023, the Ministry of Education asked CMSMs to confirm the viability of notional targets and indicate priority locations for targeted expansion based on the objectives of the Ministry’s draft Access and Inclusion framework. To develop an initial directed growth strategy, Civic Administration gathered existing data on child care demand and neighbourhood-based socio-demographic indicators. Civic Administration also worked with school boards to identify the projected number of, and opening date for, school-based licensed child care spaces between 2023 and 2026. Of the 2080 spaces modelled for London and Middlesex, 582 are projected to be school-based spaces and 1498 are projected to be community-based spaces.

For the provincial submission, London data was analyzed at the planning district level and then aggregated at the “quintile” level to identify initial regional priorities for expansion, alongside Middlesex data calculated with the same methodology:

Area	Notional spaces
Central London	128
Northeast London	390
Northwest London	416
Southeast London	350
Southwest London	476
Middlesex County	320
Total spaces	2080

This allocation serves as an initial guide for prioritization and is expected to be refined over time. A detailed breakdown of indicators and data is provided in Appendix A. The information in Appendix A will be appended to the current *London-Middlesex Child Care and Early Years Service System Plan, 2019-2023*; together, these components comprise the initial directed growth strategy.

CWELCC funding eligibility advice

Following receipt of this report by Council, existing and new operators will be invited to formally share the details of their licence request with the CMSM as soon as possible to expedite the CWELCC eligibility review and subsequent provincial licensing process. Civic Administration will be prioritizing projects that can reasonably estimate project completion by December 31, 2023.

Operators interested in expansion will complete a London-Middlesex application form to identify the number and location of proposed new spaces and provide a statement on how the proposed spaces will support accessibility and inclusivity for groups prioritized in the draft Access and Inclusion framework. That information will then be reviewed by Civic Administration based on the following criteria:

- financial viability of the operator
- assurance regarding appropriate use of CWELCC funds
- alignment with the CMSM’s directed growth plan, including:
 - need for child care at that location (based on overall demand and socio-demographic indicators related to priority groups)

- statement on access and inclusion approach for priority groups

The SSM will give consideration for maintaining the ratio of non-profit to for-profit licensed child care spaces under CWELCC, extending the Ministry of Education's commitment to maintain the proportion of non-profit spaces at 70% or higher provincially.

If the review determines the request would likely not be eligible for CWELCC funding, Civic Administration will contact the operator to determine whether alternative approaches are viable. All advice will be documented.

When the CMSM provides its advice regarding likelihood of CWELCC funding eligibility, a Ministry-provided advice form will be completed for the applicant. Advice provided by the CMSM at this stage is based on information at the time and does not constitute a decision or promise made for CWELCC funding following the completion of the licensing process. Eligible operators remain responsible for working with the Ministry of Education to complete the provincial licensing process.

Completing the licensing process

Once the provincial licensing process is complete, Civic Administration will then follow its established processes for reviewing and entering into CWELCC funding agreements with eligible operators.

2.5 Development of a comprehensive Access and Inclusion Plan

Concurrent with the 2023 expansion approach, Civic Administration will develop a comprehensive London-Middlesex Access and Inclusion Plan based on the draft Ministry framework. This plan will focus on updating data, engaging families and operators, and identifying concrete strategies to drive how licensed child care expansion occurs in future years and, more broadly, how barriers can be reduced across the existing child care and early years sector.

The resultant plan will identify:

- Where and how families – especially families within the provincially prioritized groups – want to access licensed child care and early years services;
- Current access and inclusion barriers within the licensed child care and early years system, and how those barriers can be removed;
- What supports operators and staff need to provide more accessible and inclusive early learning environments;
- The application of the City of London's Equity Tool to barrier reduction; and
- What the CMSM can do to best support accessibility and inclusivity across the child care and early years system.

Following the development of the London-Middlesex Access and Inclusion Plan, Civic Administration will determine whether changes are required to the 2023 expansion approach described above to guide future licensed child care expansion.

Development of the London-Middlesex Access and Inclusion Plan will occur as part of the renewal of the Council-approved *London-Middlesex Child Care and Early Years Service System Plan*, which guides the direction of the sector and the activities of the Service System Manager and system partners. By aligning the development of the Access and Inclusion Plan with the renewal of the Service System Plan, Civic Administration can coordinate community consultations to avoid duplication of effort as well as embed the principles of access and inclusion across all elements of the plan.

The renewed London-Middlesex Child Care and Early Years Service System Plan, including the Access and Inclusion Plan, will be presented for Council approval at a future CPSC meeting.

2.6 Next Steps

Upon receipt of this report by Council, Civic Administration will implement the expedited expansion approach for 2023 and continue the concurrent development of the comprehensive London-Middlesex Access and Inclusion Plan as part of the London-Middlesex Child Care and Early Years Service System Plan renewal.

3.0 Financial Considerations

Additional CWELCC funding and capital start up funding to support the creation of spaces through this initiative will be 100% funded through the bi-lateral agreement between the Province of Ontario and Government of Canada. This funding has not yet been provided to the City of London but is anticipated to be provided following the approval of the provincial budget in spring 2023.

There are no anticipated impacts to the municipal budget through this initiative.

Conclusion

Licensed child care is foundational to supporting early childhood development, learning, well-being, and student success. It also enables workforce participation, particularly for women, both as parents and providers.

As Service System Manager for Licensed Child Care and Early Years, the City of London works to support a high-quality, accessible, affordable, and inclusive licensed child care and early years system. Implementation of the CWELCC system, including the Access and Inclusion Framework, will help to further these objectives by creating a more accessible and inclusive licensed child care system for London families. A two-pronged implementation approach in 2023 balances both the need for growth and the need to develop a robust Access and Inclusion Plan.

The additional targeted licensed child care spaces created within the London-Middlesex Access and Inclusion Plan will create significant impact in the lives of Londoners by supporting more children to access high-quality, accessible, affordable, and inclusive early learning opportunities, while allowing their caregivers to pursue employment or education.

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Submitted by: Trevor Fowler, Director, Child Care and Early Years

Recommended by: Kevin Dickins, Deputy City Manager, Social and Health Development

Appendix A: London-Middlesex Directed Growth Strategy (2023)

Overview

As Consolidated Municipal Service Manager (CMSM) for Child Care and Early Years in London and Middlesex, the City of London administers the CWELCC system under Ministry direction. Beginning in 2023, the Ministry of Education has updated its licensing process, and CMSMs now provide advice to licence applicants on their eligibility for CWELCC funding, including alignment with the CMSM's directed growth strategy as outlined in its service system plan. This strategy's intention is to support access and inclusion and guide expansion where need is greatest.

Advice provided by the CMSM at this stage is based on information at the time and does not constitute a decision or promise made for CWELCC funding following the completion of the licensing process. See O. Reg. 137/15, s. 13(1) for more information.

The City of London's advice on CWELCC enrolment will be based on the factors in ss. 77.3(2) of Regulation 137/15:

- financial viability of the operator
- no concerns regarding misuse of funds
- alignment with the CMSM's directed growth plan, including:
 - need for child care at that location (based on overall demand and socio-demographic indicators, as outlined in data table below)
 - statement on access and inclusion approach for priority groups

The SSM will also give consideration for maintaining the ratio of non-profit to private spaces, extending the province-wide principle for expansion from the Ministry of Education.

Financial viability of the operator

The CMSM will follow established administrative practice developed through the initial implementation of CWELCC.

No concerns regarding misuse of funds

The CMSM will follow established administrative practice developed through initial implementation of CWELCC.

Alignment with directed growth plan

As part of a broader access and inclusion plan, the directed growth strategy is geographically focused, intended to support expansion of child care where need is greatest based on socio-demographic indicators aligned with the Ministry of Education's draft Access and Inclusion framework.

The data provided below will support operators in planning for expansion and the CMSM in reviewing CWELCC funding eligibility. The information below is aggregated at the regional level; the CMSM will draw on more specific data points to work with operators on suitable locations when providing advice on CWELCC funding eligibility.

Notional Expansion Targets in London and Middlesex

Area	School-based spaces	Community-based spaces	Total spaces
Central London	0	128	128
Northeast London	176	214	390
Northwest London	127	289	416
Southeast London	88	262	350
Southwest London	88	388	476
Middlesex County	103	217	320
Total spaces	582	1498	2080

Demographic Indicators and Aggregate Scores

The indicators and associated data sets identified below were selected to inform demand for targeted licensed child care growth, in alignment with the populations prioritized by the Ministry of Education. Each of the indicators is weighted equally in the calculations that determined prioritization of geography. As additional and more updated data becomes available, the modelling will be revised.

Region	Indicator #1	Indicator #2	Indicator #3	Indicator #4	Indicator #5	Indicators #6-8
	Proportion of demand to reach provincial target access ratio of 37% (per 2016 Census and Licensed Spaces)	Proportionate Presence of Indicator: Language Most Spoken at Home as French (per 2016 Census)	Proportionate Presence of Indicator: Indigenous Identity (per 2016 Census)	Proportionate Presence of Indicator: No knowledge of either English or French (per Census 2016)	Proportionate Presence of Indicator: Immigrated to Canada between 2006-2016 (per Census 2016)	Proportionate Presence of Indicator: Family Centre Priority Ranking* (incl. EDI % Vulnerability; Low Income Measure; 0-4 Population) (per EDI Report, 2016 Census)
South West London	26.07	22.21	23.24	25.25	25.98	30.10
North West London	15.62	30.15	16.99	22.26	26.56	18.51
South East London	20.34	16.88	26.92	15.67	15.76	17.95
North East London	15.16	12.46	16.89	21.26	18.97	12.07
Middlesex County	19.57	8.95	0.82	7.89	5.64	13.03
Central London	3.25	9.35	15.15	7.69	7.11	8.34
Total	100	100	100	100	100	100

Data sources: Statistics Canada 2016 Census; Ontario Child Care Management System.

*The Family Centre Priority Ranking was developed through community partner consultation in 2018-19 to inform the EarlyON funding model. It is comprised of three data elements (percent vulnerability on one or more indicators on the Early Development Instrument; Low Income Measure; and 0-4 population).

Quintile Map: City of London

