



Report of the Commissioner of Community and Health Services **Canada-wide Early Learning and Child Care System Update**

1. Recommendation

Council approve the priority neighborhoods identified in Appendix A to be used to guide staff decisions on approving new child care spaces to be funded under the Canada-wide Early Learning and Child Care Agreement.

2. Purpose

This report provides an update on implementation of the Canada-wide Early Learning Child Care (CWELCC) system and seeks Council's approval of five priority neighborhoods to guide staff decisions on where to allocate new CWELCC spaces.

This report also provides an update on development of the 2024 to 2027 Child Care and Early Years Service System Plan. The Ministry of Education requires every Service System Manager to prepare a plan. York Region is the Service System Manager for the early years and child care system in the Region.

Key Points:

- CWELCC is a federal program, administered by the province and delivered by Service System Managers which, among other things, is reducing the cost of child care fees for children under six years of age to make licensed care more affordable and to improve access to affordable child care for priority populations.
- The Province has allocated 1,882 licensed new child care spaces that would be funded under CWELCC for children under six years old to York Region over the five year period 2022 to 2026, well below the 7,372 spaces the Region needs. These spaces must be allocated according to Provincial directions.

- One of these directions is to allocate new CWELCC funded child care spaces to underserved priority neighbourhoods. The Province requires each Service System Manager to develop a Directed Growth Plan that identifies underserved priority neighbourhoods based on the target groups established by the Province: children living in low income families, children from diverse communities, children with special needs, Francophone children and Indigenous children.
- Using a data driven and equity focused approach, staff have identified five neighbourhoods that best fit the provincial priorities: East Markham, Central Vaughan, Central East Gwillimbury, West Georgina and North Georgina (see Appendix A).
- While the Province does not require Council approval of the priority neighbourhoods, staff are requesting Council approval given the limited allocation of funded spaces relative to need.
- The child care and early years sector continues to face challenges with the recruitment and retention of staff, impacting the expansion of child care spaces.
- As required by the Province, the 2024 to 2027 Child Care System Plan is guided by the Ministry's Access and Inclusion Framework and is being developed in consultation with the community. The previous [2020 to 2023 Child Care and Early Years Service System Plan](#) focussed on supporting children's learning and development and families' overall well being.
- Provincial staff have indicated a new funding formula for the CWELCC program is being developed, targeted to be in place for 2024. Staff have shared program information and data and have provided comments to the Ministry on the proposed funding formula.

3. Background

CWELCC is in the second year of implementation, focusing on expanding the system to create more affordable spaces in priority neighbourhoods

In March 2022, the Ontario and Federal governments signed the CWELCC agreement. The new system will lower child care costs and improve access, quality and inclusion across Ontario's child care and early years sector. Ontario will receive \$13.2 billion over six years to implement CWELCC. CWELCC is a federal program, administered by the Province and delivered by Service System Managers, including York Region.

In York Region, 90% of child care operators opted in to participate in CWELCC by the November 1, 2022 deadline. This represents over 37,000 licensed child care spaces. Currently, a family in York Region with a child under 18 months attending a full-time licensed child care is paying an average of \$35 per day after CWELCC fee reductions. By September 2025, child care fees in participating CWELCC sites will be lowered to an average of \$10 per day.

In [May 2022](#), [June 2022](#) and [April 2023](#), updates on CWELCC were provided to Committee of the Whole and Council that outlined the components of the new program. In 2022, the focus of

CWELCC was implementation of funding agreements with local child care operators and reducing parent fees by 25%.

In 2023, parent fees have been reduced to an average of 50% and funding has been increased to expand the system to create more consistent access to licensed child care across Ontario by creating new affordable child care spaces in communities for priority populations.

The Provincial government has committed to creating 86,000 affordable child care spaces by the end of 2026. In June 2023, the Province released the new Access and Inclusion Framework which requires each Service System Manager to develop Directed Growth Plan that focuses on supporting priority populations.

Cost of Child Care when CWELCC is Fully Implemented in 2025

Once CWELCC is fully implemented to an average of \$10 per day, families cost of child care across York Region may still vary depending on if their child care is participating in CWELCC. Families who qualify for Child Care Fee Subsidy may also see fees reduced further. It is unknown at this time how Child Care Fee Subsidy calculations will be made when CWELCC has reached an average of \$10 per day. While not all child cares offer CWELCC at this time, not all child cares currently offer Child Care Fee Subsidy either, some may offer both, and some may offer neither. Appendix B demonstrates how families' child care costs could vary depending on what is offered.

York Region has been allocated 1,882 new affordable child care spaces over a five year period however 7,372 spaces are needed

New CWELCC funded child care spaces have been allocated to Service System Managers across the province to support progress towards a provincial target ratio of spaces to children, or access rate of 37%. This is equivalent to one affordable child care space available for every 2.7 children under the age of six by 2026. York Region's overall access rate is 55%, this means there is one licensed child care space for every 1.8 children under six. York Region has the highest access rate in the province. However, there are neighborhoods within the Region that have lower access rates, particularly in fast growing communities.

In May 2023, the Ministry of Education allocated 72,583 new spaces that would be funded under CWELCC across the province. York Region has been allocated 1,882 new spaces, 367 of these spaces are to be located in schools (following a process that the Ministry and School Boards will undertake) and the remaining new 1,515 child care spaces are to be established in priority neighborhoods. As noted in the [April 13, 2023 Committee of the Whole memo](#), the number of child care spaces allocated to York Region is well below the 7,372 new spaces the Region needs.

The Ministry has also directed that the 1,882 funded spaces be provided over a five-year period as displayed in Table 1.

Table 1
York Region’s Five-Year Space Allocation from the Province

Allocation Year	School-based Spaces	Community-based Spaces	Total Spaces
2022	0	135	135
2023	113	408	521
2024	166	314	480
2025	49	405	454
2026	39	253	292
TOTAL	367	1,515	1,882

Allocation of spaces is directed by the province

Out of each year’s allocation, the province has also directed how the new CWELCC funded child care spaces are to be distributed. School based spaces refer to new child cares spaces opening within schools and represent a total of 367 or 19.5% of the total five year allocation to York Region.

Of the remaining 1,515 spaces, called community-based spaces, the province has instructed that Service System Managers ensure that operators enrolled in CWELCC who received approval by the province to expand their floor plans prior to January 2023 receive CWELCC funding to support these new spaces. this accounts for 127 new spaces out of the Region’s total allocation for 2023.

This leaves 1,388 community-based new child care spaces to be allocated to priority neighborhoods over the next five years. To further support access to funded child care spaces in priority neighbourhoods, the province is providing Service System Managers start up grants for child care operators to support growth and encourage space creation in priority neighbourhoods. For 2023, the Region’s start up grant allocation is \$1,519,779.

The Province continues to retain funding for 8,500 new CWELCC funded child care spaces in a Strategic Reserve for future planning. Staff continue to advocate to the Ministry for additional child care spaces for York Region.

4. Analysis

Low child care space allocation means new child care spaces must be targeted to those communities most in need

As directed by the Province, York Region is required to develop a Directed Growth Plan that prioritizes child care access for diverse populations, including low income, children with special needs in underserved neighbourhoods, Francophone, Indigenous, Black, and other racialized and newcomer communities in underserved neighbourhoods. This will identify the priority neighbourhoods to target for growth and expansion in licensed child care.

The Region's new CWELCC funded child care space allocation over the next five years is well below the anticipated need for spaces as demand for new CWELCC funded child care spaces by child care operators is expected to be high. As child care costs become more affordable, more families are accessing licensed child care. To ensure new space creation targets the Regions most underserved neighbourhoods with population groups who historically faced numerous barriers to access licensed child care, a strong data driven and transparent methodology was developed to identify where new spaces should go.

Although the province does not require council to approve the priority neighbourhoods, staff are requesting council approval because difficult decisions will be required. While all families can benefit from more accessible and affordable child care, there are not enough new CWELCC funded spaces being added into the community to address the growing demand. This could result in increasing waitlists. Child care operators are limited to expanding their business to meet the demand as only those within priority neighbourhoods will be considered for new CWELCC funded spaces. The province does not permit current CWELCC child care operators to have CWELCC funded child care spaces mixed with full fee spaces for children under six years in the same license. Non CWELCC participating child care operators are not restricted from creating new full fee child care spaces.

A data and equity driven approach was used to identify priority neighbourhoods

A data driven and equity focused approach was used to determine the Region's priority neighbourhoods. Discussions with the Province and other municipalities provided an opportunity to identify consistent approaches to the identification of priority neighbourhoods across jurisdictions. Data and analysis from the [Community Safety and Well-Being Plan](#) for York Region was also considered.

The following data/criteria were considered in identifying the recommended priority neighborhoods:

- The number of children under the age of six in the Region, where they live, and the availability of licensed child care spaces close to home. This was used to identify neighbourhoods with low access rates where there are not enough licensed child care spaces based on the number of children under the age of six living there

- Child care space vacancy rates in existing child care centers. Low vacancy rates indicate a barrier to accessing care as all of the spots are full.
- Population and demographic data related to the provincially targeted groups (children living in low income families, children from diverse communities, children with special needs, Francophone children and Indigenous children) to identify neighbourhoods with a high presence of these groups. Using statistical analysis, population presence scores were assigned based on children and population demographics data and the presence of targeted groups.

Only five neighbourhoods; East Markham, Central Vaughan, Central East Gwillimbury, West Georgina and North Georgina, were identified as having a combination of low access rates, low vacancy rates and a high presence of children from the targeted population groups . These five priority neighbourhoods are being recommended for allocating additional CWELCC funded child care spaces. Neighbourhoods and boundaries are based on geographical analysis using census tracts that were refined to target growth, factoring in both the distribution of residential units and children's population density. Appendix A provides further information. Distribution of the targeted population groups across the priority neighbourhoods with percentages based on the total presence of each population group across York Region are listed in Table 2.

Table 2
Priority Population by Priority Neighbourhood in York Region

Priority Neighbourhood	Priority Population and Percentage out of Each Population Group Across York Region						
	Recent Immigrants (2021 Census)	Visible Minority Population (2021 Census)	Black Population (2021 Census)	Low Income 0 to 5 years (2021 Census)	Population with Indigenous Identity (2021 Census)	Francophone 0 to 12 years (2016 Census Custom tabulation)	Population Presence Score (out of 90)
East Markham	1,965 (3.7%)	35,330 (5.5%)	1,880 (5.7%)	285 (4.5%)	35 (0.7%)	150 (3.2%)	63
Central Vaughan	660 (1.2%)	8,095 (1.3%)	840 (2.6%)	85 (1.3%)	20 (0.4%)	80 (1.7%)	51
Central East Gwillimbury	480 (0.9%)	4,980 (0.8%)	370 (1.1%)	95 (1.5%)	110 (2.1%)	10 (0.2%)	50
West Georgina	350 (0.7%)	3,485 (0.5%)	445 (1.4%)	140 (2.2%)	395 (7.4%)	30 (0.6%)	44

North Georgina	80 (0.1%)	800 (0.1%)	145 (0.4%)	50 (0.8%)	265 (4.9%)	20 (0.4%)	41
Total	3,535 (6.6%)	52,690 (8.2%)	3,680 (11.2%)	655 (10.4%)	825 (15.4%)	290 (6.2%)	

The addition of CWELCC funded child care spaces to these priority neighborhoods will improve access and supports to children under six and their families that are most in need.

Table 3 provides information on the current access rates to child care in the five priority neighborhoods, ranging from 30-38%. The provincial target access rate is 37%, and the current average region wide access rate is 55%.

Table 3

Priority Neighbourhoods Child Care Access Rate in York Region (July 2023)

Priority Neighbourhoods	Children Under 6 Population	Current # of Child Care Spaces*	Access Rate to Child Care (%)
East Markham	2,660	798	30
West Georgina	1,385	512	37
Central Vaughan	1,275	485	38
Central East Gwillimbury	1,040	374	36
North Georgina	495	149	30
Total	6,855	2,318	

Population Data Sources: Statistics Canada - 2021 Census and Environics Analytics – 2023 Demostats

Child Care Spaces Data Source: Ontario Child Care Management System (OCCMS)

*based on a 5 km service area

Allocations are not assigned by priority area. The actual number of new child care spaces to be allocated to each priority neighbourhood will depend on factors such as which child care operators located in those areas apply, how many spaces they request and the scoring criteria to be used by staff as discussed in the next section.

The York Region application and scoring criteria will be used by staff to determine where child care spaces in the five priority neighbourhoods will be located

Based on focused consultation with child care operators, other municipalities, and the York Region school boards, an application based on the provincial Access and Inclusion Framework

will be developed for the priority neighborhoods. The application process will determine where the new CWELCC funded child care spaces in the priority neighbourhoods will be located as demand for new CWELCC funded child care spaces is expected to be high.

Even with limitations on the geographic area, staff anticipate the number of requests for funded child care spaces will exceed the allocation given to the Region by the Province. Part of the application review process includes:

- A willingness to accept child care fee subsidy families and limited closures of child care centres beyond statutory holidays to ensure inclusivity for low income families
- Willingness to work with the Region's Early Intervention Services to support children with special needs and the ability to demonstrate physical/environmental strategies and programming approaches are used to enable children of varying abilities to meaningfully engage in all activities
- Training and education opportunities are provided to child care centre staff to promote cultural competency and increase knowledge of working with children with special needs
- Cultural diversity is reflected in the organization and their programming
- Flexible hours including evenings and weekends are available to accommodate families who have nonstandard work hours
- Financial viability to sustain the child care centre and ability to open child care spaces within the funding year

The access rate for a neighbourhood may change over the years as new CWELCC child care spaces are added into the community, and these changes will be considered in decision making.

Applications for new CWELCC funded spaces will be invited annually as the provincial allocation is annual (see Table 1). Funding and child care space expansion beyond 2026 has not been determined by the Province.

Programs are being amended to respond to the CWELCC system changes

Several improvements to programs have already been implemented in response to the impacts CWELCC has on the child care system, including updating the Region's funding approach for Child Care Fee Subsidy to better align with the current CWELCC funding formula and to better reflect of the actual costs of delivering child care. This change will ensure access to affordable child care spaces for those whom the \$10/day goal of CWELCC is still unaffordable, while reducing administrative and financial burdens for child care operators delivering Child Care Fee Subsidy.

The province is also considering amendments to the *Child Care and Early Years Act, 2014*, that will allow families to access Child Care Fee Subsidy outside of their current municipal boundary. Currently families requiring Child Care Fee Subsidy can only access child care within their municipality. These proposed amendments will improve access and provide additional flexibility for families, especially those living near the municipal borders

Workforce recruitment and retention in the child care sector is impacting CWELCC implementation

As licensed child care spaces become more affordable and new spaces are added, the Region expects increasing demand for child care to continue. Staff have received feedback from some operators that waitlists are beginning to grow for families to access child care.

While demand for child care spaces is increasing, recruitment and retention of staff to operate child cares is a significant issue. Workforce capacity issues are a result of low wages and poor working conditions, including long hours, growing complexity of children needs and high turnover in the field of early learning. The current wage floor for Registered Early Childhood Educators in Ontario is \$19 per hour, which is below the Greater Toronto Area living wage of \$23.15 per hour.

The Region continues to develop local strategies to support recruitment and retention. Through the 2022 to 2023 one-time Child Care and Early Years Workforce funding, York Region received \$11.5 million. The Region coordinated targeted capacity building marketing campaigns to improve retention in the sector through ongoing professional development opportunities. This included a partnership with Seneca College to highlight bursary opportunities and information sessions for early childhood education students. Both the Federal and Provincial governments have identified workforce capacity as one of the CWELCC priorities.

As Service System Manager, York Region is required to prepare a 2024 to 2027 Child Care and Early Years Service System Plan

Under the *Child Care and Early Years Act, 2014* Service System Managers are mandated by the Province to have a Council approved Child Care and Early Years Service System plan. In [November 2019](#), Regional Council approved York Region's 2020-2023 Child Care and Early Years Service System Plan. The Plan established five priority areas and actions to build a system that supports children's learning and development and families' overall wellbeing through accessible, affordable, and responsive services. The Province requires that Service Plans be revised every five years.

The Access and Inclusion Framework requires Service System Managers to update their Service Plans with their Directed Growth Plans for CWELCC spaces. The Region's 2024 to 2027 Child Care and Early Years Service System Plan will explore opportunities to strengthen child care and early years services in York Region. The plan will reflect the Region's commitment to access and inclusion through updated data and forecasting, broad community engagement, and working closely with local municipalities and community partners.

The Region's 2024 to 2027 Child Care and Early Years Service System Plan will come to Council in 2024.

5. Financial Considerations

CWELCC implementation is 100% funded by the Province and has no tax levy implications. In May 2023, York Region received a revised 2023 CWELCC funding allocation of \$238 million to cover the costs of ongoing CWELCC initiatives and funding for new spaces for 2023. While the Region was allocated a total of 1,882 spaces, it is over a five-year period and only funding for each year's dedicated space allocation will be provided. For 2023, the Region received a total of \$3,335,110 to fund the new child care spaces for this year.

In December 2022, the Province announced it is developing a new funding formula for the CWELCC program. In April 2023 a discussion paper was released by the province detailing proposed changes to the funding formula that better reflect CWELCC funding and expansion. The Region provided detailed feedback specifically noting the challenging timelines for implementation of the new funding formula in 2024, and potential impacts on the Region's 2024 budget. No further details have been provided by the Province.

In June 2023, the Federal government announced an additional \$625 million commitment to help provinces and territories build child care infrastructure over four years to create new spaces to accommodate the growing demand for subsidized child care. No further details have been released on how these funds might be distributed.

6. Local Impact

CWELCC participating child care operators who have received floor plan approval from the province prior to January 2023 (127 child care spaces) will be provided their CWELCC funding through appropriate agreements with the Region.

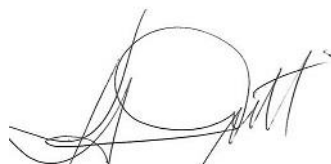
With respect to the remaining new CWELCC funded child care spaces (1,388 child care spaces) child care operators interested in opening or expanding child care spaces in 2023 in one or more of the five priority neighbourhoods in Appendix A, subject to Council approval, may apply to the Region for CWELCC funding this fall. Due to the Region's limited space allocation, only some operators will be selected, with decisions based on the application and scoring process described in this report.

7. Conclusion

CWELCC implementation is significantly changing the way the child care sector is organized and structured with additional program requirements being placed on the Service System Managers. As the child care system continues to evolve, staff will work closely with child care operators, families and the Province to ensure that the strong foundations in York Region's

system are maintained and expanded to support children’s learning and development and families’ overall well-being. The 2024 to 2027 Child Care and Early Years Service System Plan will be informed by the Ministry Access and Inclusion Framework and the priority neighborhoods and will come to Council in 2024.

For more information on this report, please contact Kevin Pal, General Manager, Social Services Branch at 1-877-464-9675 ext. 72150. Accessible formats or communication supports are available upon request.



Recommended by:

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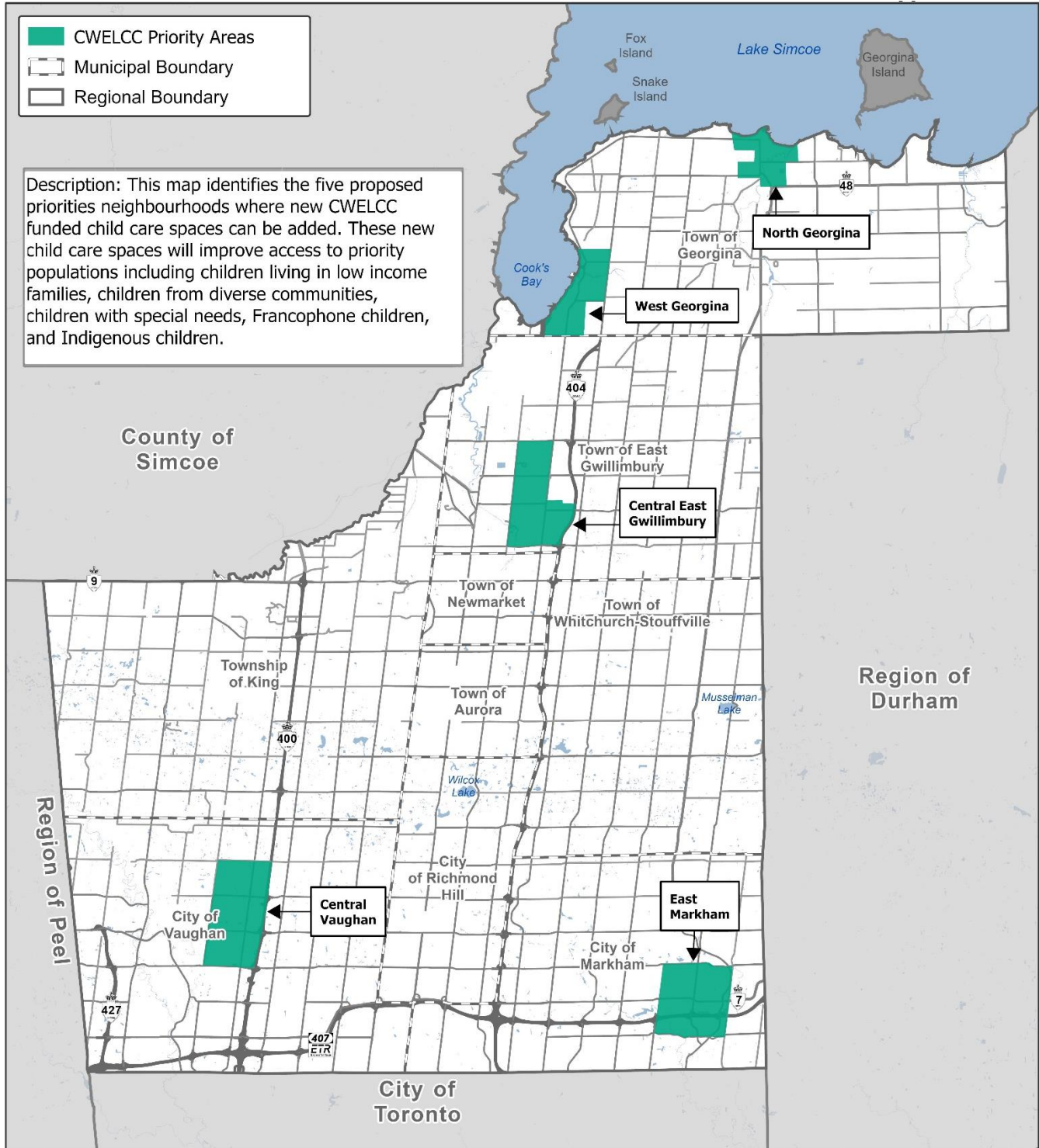
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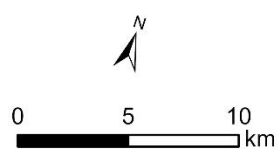
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Appendix A – CWELCC Priority Areas Map

Appendix B – Cost of Child care Scenarios with CWELCC Implemented



**York Region's Canada-wide
 Early Learning Child Care
 Proposed Priority Neighbourhoods**







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 See York.ca for disclaimer information.

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Cost of Child Care Scenarios When CWELCC is Fully Implemented to \$10/Day/Child in 2025.

Child Care Centre	Offers CWELCC	Offers Child Care Fee Subsidy	Family A	Family B	Family C	Family D
	✓	✓	\$10/day	\$20/day	\$30/day	\$30/day
	✓		\$10/day	\$20/day	\$30/day	\$30/day
		✓	\$50/day	\$30/day	\$60/day	\$170/day
			\$80/day	\$90/day	\$60/day	\$170/day



One child in child care under six
 • Infant (\$80/day)
 Family is eligible for Child Care Fee Subsidy* and required to pay a parent contribution of \$50/day**



Two children in child care under six
 • Toddler (\$50/day)
 • Preschooler (\$40/day)
 Family is eligible for Child Care Fee Subsidy* and required to pay a parent contribution of \$30/day**



Two children in child care but only one is under six
 • Preschooler (\$40/day)
 • School age child in before and after school care - not eligible for CWELCC (\$20/day)
 Family not eligible for Child Care Fee Subsidy



Three children in child care and all three are under six
 • Infant (\$80/day)
 • Toddler (\$50/day)
 • Preschooler (\$40/day)
 Family not eligible for Child Care Fee Subsidy

*Eligibility for Child Care Fee Subsidy is based on income, cost of care, family size and the age of the child **Child Care Fee Subsidy parent calculations are calculated based on market rate and then reduced through CWELCC. It is unknown at this time how Child Care Fee Subsidy calculations will be made when CWELCC has reached \$10/day.