



**CITY OF HAMILTON**  
**HEALTHY AND SAFE COMMUNITIES DEPARTMENT**  
**Children's and Community Services Division**

<b>TO:</b>	Chair and Members Emergency and Community Services Committee
<b>COMMITTEE DATE:</b>	May 16, 2024
<b>SUBJECT/REPORT NO:</b>	Ontario Child Care Workforce Strategy, Canada-Wide Early Learning and Child Care Funding (HSC24025) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
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<b>SUBMITTED BY:</b>	Brenda Bax Acting Director, Children's and Community Services Division Healthy and Safe Communities Department
<b>SIGNATURE:</b>	<i>B Bax</i>

## RECOMMENDATION

That the City of Hamilton accept the additional 100 percent provincial 2024 Canada-Wide Early Learning and Child Care and the Ontario's Child Care Workforce Strategy one time funding in the amount of \$5,584,149, and that the General Manager of Healthy and Safe Communities Department, or designate, be authorized and directed to execute, on behalf of the City, the funding agreement from the Ministry of Education, as well as, any ancillary agreements associated with this funding in a form satisfactory to the City Solicitor.

## EXECUTIVE SUMMARY

The province is now in year three of implementing the Canada-Wide Early Learning and Child Care plan. The goal is to ensure more families across Ontario have access to safe, affordable, and high-quality child care. The Canada-Wide Early Learning and Child Care system will be phased in by March 2026, with the average cost of child care for eligible children 0 to 6 years reduced to \$12 per day.

On March 28, 2024, the Ministry of Education announced an incremental Canada-Wide Early Learning and Child Care allocation to support emerging issues faced by participating licensees and start up grants that support licensees approved to open the new 265 community-based child care spaces. The Ontario Child Care Workforce

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Strategy funding will increase the wages of eligible Registered Early Childhood Educators and includes professional learning opportunities. The total investment in Ontario's Workforce strategy is \$2,969,286. The Ministry requires staff to issue the workforce compensation on or before 30 calendar days of receiving the funding from them in June. Eligible positions will also receive a retroactive payment to January 1, 2024.

There are 223 licensed child care programs eligible to participate in the Canada-Wide Early Learning and Child Care system and 214 enrolled. Due to the critical shortage of Registered Early Childhood Educators, staff are prioritizing the workforce compensation and anticipate funding will begin to be issued to operators in June. Staff are also developing applications and implementation plans to distribute the professional learning, emerging issues and start up grant funding and anticipate funding being issued during the third quarter through the end of the year.

While this new funding is good news for Hamilton, the division is still waiting on an announcement around a new provincial funding model. In 2023, the ministry announced the development of a new funding model that aims to integrate the current approach for allocating child care funding with the Canada-Wide Early Learning and Child Care plan. Currently, the Children's and Community Services division is unsure of the broader impacts of the release and implementation of this new provincial funding model. Staff will report back to Council once the Ministry releases details on the new funding model which is expected in the next few months.

As a result of the allowable administrative funding threshold being reduced from 10 to 5 percent, municipalities are now required to cost share provincial childcare administrative funding at a rate of 50/50 provincial/municipal. The Ministry of Education announced in 2021 the reduction of the administration threshold, with the provision of one-time transitional grant funding to support municipalities to maintain a 10 percent maximum for administration costs until March 31, 2024. Staff will be able to mitigate administrative funding pressures in 2024 but are forecasting administrative funding pressures in 2025 and onward.

### **Alternatives for Consideration – Not Applicable**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The City of Hamilton will be receiving additional 100 percent provincial 2024 Canada-Wide Early Learning and Child Care and the Ontario's Child Care Workforce Strategy funding in 2024 in the amount of \$5,584,149.

**2024 Incremental Funding Allocations and Overview**

<b>Workforce Compensation</b>	<b>Professional Learning</b>	<b>Emerging Issues</b>	<b>Start-up Grants</b>	<b>Total</b>
Increase the hourly wage for eligible staff by approximately \$3.00 retroactive to January 1.	Host a professional learning day to support the capacity of educators.	Increase funding to assist licensees in managing unavoidable cost pressures.	Increase the cost per new space created by \$2,000 for centre-based programs and \$1,200 for home based programs.	
\$ 2,245,328	\$ 723,958	\$ 865,363	\$ 1,749,500	\$ 5,584,149

Note that there is no new administration funding included as a part of this funding announcement. Staff are expecting the Ministry to release a new funding model for the system in the coming months. The Ministry of Education has also announced that the one-time transitional grant that supported municipalities to maintain a 10 percent maximum for administration costs ended on March 31, 2024, and going forward, the 5 percent maximum for administration costs announced in 2021 will be realized.

Staff have identified approximately \$2.5 million in annual administrative funding pressures in the multi-year budget however exact costs will not be known until the Ministry of Education releases the new funding model and framework in the coming months.

**Staffing:** There are no staffing implications associated with this report.

**Legal:** The revised 2024 Ontario Transfer Payment Agreement is still pending from the Ministry of Education. Once received, staff will review with Legal Services.

## **HISTORICAL BACKGROUND**

On March 28, 2022, the Province of Ontario signed the Canada-Wide Early Learning and Child Care agreement with the federal government. The system is designed to support Ontario's children, families, and the child care sector to provide high-quality, affordable, accessible, and inclusive licensed child care programs. In 2022, the priorities focused on encouraging licensed child care programs to opt into the Canada-Wide Early Learning and Child Care system and reducing fees for families.

In addition to the Canada-Wide Early Learning and Child Care 100 percent base funding, the Ministry of Education has increased allocations to support a directed child care expansion approach, which includes the following:

**SUBJECT: Ontario Child Care Workforce Strategy, Canada-Wide Early Learning and Child Care Funding (HSC24025) (City Wide) - Page 4 of 5**

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- Fee Reduction funding for directed growth to support new child care spaces
- Workforce compensation funding for Early Childhood Educators who work in the new licensed child care programs
- Start up grant funding to support the costs associated with opening new child care programs
- Administrative funding

The following chart outlines new child care space targets approved by the Ministry of Education for the City of Hamilton:

Year	2022	2023	2024	2025	2026	Total Spaces
<b>School Based Spaces</b>	49	107	49	49	-	254
<b>Community Based spaces</b>	146	381	265	339	302	1433
<b>Total</b>	195	488	314	388	302	1687

Staff are currently reviewing the Directed Growth applications for 2024 in the identified priority wards 6,11,5 and 2. The Ministry of Education has a goal of a 37 percent access rate for children aged 0 to 5 years of age once the Canada-Wide Early Learning and Child Care plan is fully implemented. By 2026, all wards will benefit from new child care spaces and the City of Hamilton. Access rates are currently 31 percent across the city and staff project Hamilton will exceed the 37 percent once all spaces are open and operational.

On November 16, 2023, the Ministry of Education announced the introduction of the Ontario Child Care Workforce Strategy to support the recruitment and the retention of qualified professionals, help achieve system growth, and ensure increased access to high quality licensed child care in the province. The Ontario Child Care Workforce Strategy continues the Ministry of Education's commitment to support Ontario's child care and early years professionals by implementing better wages and working conditions, supporting career laddering and entry to the profession, and building the profile of the profession by implementing new programs and building on existing initiatives.

For historical context on allowable administration costs and impact on the division's overall budget, on January 1, 2021, the Ministry of Education announced they would be adjusting the administration funding allocation and cost sharing arrangement, with municipalities now required to cost share provincial child care administrative funding at a rate of 50/50 provincial/municipal and a reduction to the allowable administrative funding threshold from 10 to 5 percent.

At the time of the 2021 announcement regarding the reduction to the allowable administrative funding threshold from 10 to 5 percent, the Ministry of Education also identified they would be undertaking Burden Reduction Efforts as part of the government-wide commitment to reduce administrative burden and red tape by 25 percent. This focuses on areas to streamline reporting, contract management and general burden reduction efforts. To date, the Children's and Community Service's Division has not felt this administrative burden lessen. In contrast, the division has felt escalated administrative burdens because of increased funding accountabilities and implementation of new funding strategies, including: the Canada-Wide Early Learning and Child Care implementation, executing workforce compensation, developing new business processes, executing start up grants, and managing directed growth applications.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The City of Hamilton is the Service System Manager for the Early Years System as required by the Child Care and Early Years Act, 2014.

## **RELEVANT CONSULTATION**

The investment of the additional Canada-Wide Early Learning and Child Care funding aligns with the City of Hamilton's Access and Inclusion Framework and the Early Years Human Resources Workforce Strategy Committee and is reflective of extensive ongoing consultation with the Child Care and Early Years sector and the priorities of the Early Years Community Plan.

Internal consultation within the Division and finance staff was completed.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The additional 2024 Canada-Wide Early Learning and Child Care funding will be allocated based on the Ministry of Education's *Ontario Canada-Wide Early Learning and Child Care Guideline* that was released on November 30, 2023.

## **ALTERNATIVES FOR CONSIDERATION**

Not Applicable

## **APPENDICES AND SCHEDULES**

Not Applicable