



Daycare Centre Tax Exemption Update

Date	November 17, 2021
To	Executive Committee
From	People & Transformation
Service Area	People & Transformation
Item No.	EX21-78

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Remove CR20-102 from the List of Outstanding Items for City Council.
2. Receive and file this report.
3. Approve these recommendations at its November 24, 2021 meeting.

ISSUE

In December 2020, Council agreed to extend the current property tax exemptions for licensed non-profit child care centres until the end of 2022 in an effort to provide support while the federal government began work on a national child care plan.

Council requested Administration report back by the end of 2021 on the state of the federal government's plan and any known impacts on City policy.

This report provides an update on the national plan and an analysis of the impacts.

COMMUNICATIONS

Administration will provide notice of this report to the existing licensed non-profit child care centres in Regina and any other interested parties.

As further details about the federal national plan become available, Administration will engage with licensed non-profit child care centres to gain further clarity on the impact it will have on their operations.

DISCUSSION

National Child Care Plan

In April 2021, the federal government announced a national child care plan that will provide parents in Canada with, on average, \$10 a day regulated child care spaces for children under the age of six.

The plan – estimated to cost \$30 billion over five years – aims to reduce fees by 50 per cent by 2022 and have the cost down to \$10 per day by 2026. The federal funds will also be used to:

- Create 250,000 regulated child care spaces in Canada.
- Create an Indigenous Early Learning and Child Care Framework partnership with First Nations governments to develop Indigenous-led local child care strategies.
- Improve and expand before and after school care to provide more flexibility for working parents.

After the first five years, the federal government will spend at least \$9.2 billion annually to maintain the national plan. The distribution of provincial funding, starting in year six, will be determined based on an understanding of need and progress achieved as part of the initial plan.

Shortly after its announcement the federal government began negotiating agreements with each province and territory to outline the details for each jurisdiction and guide the investment of funds. While the individual agreements may involve different amounts of provincial money, the services offered must meet the common expectations set out in the federal government's plan.

Saskatchewan reached an agreement with the federal government in August 2021. Agreements have also been reached with Quebec, Manitoba, British Columbia, Nova Scotia, Prince Edward Island, Newfoundland and the Yukon.

Saskatchewan's Agreements

On August 13, 2021, Saskatchewan signed two agreements with the federal government – the first relates to the \$10 a day national child care plan and the second is an extension of the Canada-

Saskatchewan Bilateral Early Learning and Child Care Agreement which was originally signed in 2017.

1. *Canada-Saskatchewan Canada-Wide Early Learning and Child Care Agreement*

Under this agreement, the federal government will pay the provincial government \$1.1 billion over the next five years to:

- Reduce the average parent fees for children under six in regulated child care by 50 per cent by the end of 2022 and to an average of \$10 a day by the end of 2025-26.
- Create 28,000 new regulated child care spaces by 2025-26.
- Recruit and retain early childhood educators through the creation of a wage grid and support for professional development opportunities.
- Support inclusive programming for children requiring additional supports to access early learning programs, as well as vulnerable children and children from diverse populations.

The Agreement also includes a clear commitment to work collaboratively with Saskatchewan First Nations and Métis Nations communities to ensure Indigenous children have access to affordable, high-quality and culturally appropriate early learning and child care.

2. *Canada-Saskatchewan Bilateral Early Learning and Child Care Agreement*

Initially signed in 2017, the provincial and federal government agreed to an extension of this Agreement to provide over \$68.5 million over the next four years to increase child care spaces in the province and a one-time investment of \$17.2 million in 2021-2022 to support the early childhood workforce.

On November 3, 2021, the provincial government announced that \$9.6 million of the one-time federal funding of \$17.2 million will fund a one-time wage hike of up to \$3 per hour for early childhood educators in Saskatchewan. The pay increase is retroactive to July 1, 2021 with funds expected to be available by December 2021.

The other key actions in 2021-22 include the following:

- Expanded access to high quality child care programs, including Family Resource Centres
- Opportunities for preschool aged children experiencing disability
- Support for Francophone early learning and child care
- Enhanced early learning and child care experiences for children
- Support for the ongoing operations of investments under the Agreement.

Role of the Municipality in Child Care

Canada's constitution assigns provincial governments exclusive authority in the areas of social policy and education. This results in child care policies and funding arrangements varying from province to province.

While some provincial governments have enacted legislation delegating oversight of child care to municipalities, in Saskatchewan the provincial government maintains that responsibility. The province, through the ministries of education and social services, is responsible for child care oversight and funding through *The Child Care Act* and *The Child Care Regulations*.

Impact of Bilateral Agreements on Municipal Policy

The federal funding for early learning and child care through the two Bilateral Agreements with the province are expected to have a significant impact on child care throughout the province.

Representatives of the early childhood sector say the Agreements will promote economic growth, empower women to re-enter the workforce, empower workers in the early learning and child care field, and nurture positive outcomes for children throughout the province.

Specific outcomes include an increase in licensed child care spaces, a reduction in costs and improved wages for early childhood educators.

There are approximately 17,600 licensed child care spaces in Saskatchewan, which is expected to increase by 28,000 over the next five years. It is estimated that 25 per cent of these will be in the Regina area.

Only provincially licensed child care centres are eligible for the federal funding. There are currently approximately 238 registered home-based daycares operating in Regina, of which only 79 are licensed by the province. A home-based daycare does not require a provincial child care license if caring for fewer than nine children, though it must have a home-based business license issued by the City of Regina. It is expected that more unlicensed daycares will become provincially licensed to access funding and offer the reduced cost to parents.

Currently, an infant child care space in Saskatchewan is estimated to cost, on average, \$800 a month. The cost is higher in larger cities with the average cost in Regina up to \$1,300 a month. Cutting that cost in half by the end of 2022 and to an average of \$10 a day by 2025-26 will make a significant difference to women and their families.

In 2018, Council approved a 40 per cent property tax exemption for 23 non-profit licensed child care centres for each of the 2019-20 tax years. The exemption was extended in 2020 to the 2021-22 tax years to provide support while the federal government began work on a national child care plan.

With the announcement of the national plan and the Bilateral Agreements signed with Saskatchewan, Administration plans to engage with these 23 non-profit licensed centres in early 2022 to gain further clarity on the impact these Agreements will have on their operations. A supplementary report and a recommendation will be brought forward to Council in November 2022.

DECISION HISTORY

In December 2018, Council approved Option 1 (a 40 per cent exemption) for licensed nonprofit child care centres for 2019 and 2020 (CR18-119). This exemption was intended to provide tax relief for licensed non-profit child care centres until a new policy addressing support for them could be developed in consultation with Council and stakeholders.

In December 2020, Council approved Administration's recommendation that the exemption be continued through the end of 2022 to allow time for more clarity on the national child care program (EX20-34).

Respectfully submitted,



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Respectfully submitted,



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