

Clause 14 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 23, 2015.

14

2015 Child Care Allocations

Committee of the Whole recommends adoption of the following recommendation contained in the report dated March 26, 2015 from the Commissioner of Community and Health Services:

1. Recommendation

It is recommended that:

1. Council authorize additional gross expenditures:

- a) up to \$4,911,298 in 2015 for child care and early intervention programs offset by an increase in 100% ongoing base provincial funding from the Ministry of Education with no tax levy impact.
- b) of \$9,541,475 in 2015, for the new Wage Enhancement initiative introduced by the Ministry of Education in January 2015, offset by an increase in 100% ongoing provincial funding from the Ministry of Education with no tax levy impact.
- c) of up to \$954,147 in 2015/2016, for administrative expenditures associated with the implementation of the Wage Enhancement initiative, offset by a one-time 100% provincial grant from the Ministry of Education with no tax levy impact.

2. Purpose

This report recommends that Council accept new 100% provincial funding to continue to address increased service demands, build system capacity and implement the new provincial wage enhancement program which will increase wages for eligible child care staff in the licensed child care sector.

3. Background

The child care system is undergoing reforms which have resulted in York Region receiving new provincial funding to increase service levels and improve child care environments

Over the last five years, the early learning and child care system has undergone major reforms including the introduction of a new funding formula and framework for child care in 2013. This new framework provided municipalities with increased flexibility and responsibility to direct funding to respond to local community needs. The new funding formula provided clear and transparent funding allocations based on publicly available data.

Since 2013, the Region has received \$22.3 million in new 100% ongoing provincial funding for child care. This new funding has resulted in a 46% increase in child care fee assistance service levels and a 60% decrease in the child care fee assistance waitlist. Service level increases and waitlist decreases have also occurred in Early Intervention Services.

Additionally this increased flexibility and provincial funding has allowed the Region to increase supports to the licensed child care system. This includes increased investments in child care programs to promote compliance with provincial legislative requirements and encourage children to learn through play. These investments have included access to professional learning for licensed child care staff, funding for toys and equipment to improve program quality and safety, and funding to repair deficiencies in both indoor and outdoor environments.

In 2014, the provincial government announced continued investment and ongoing legislative changes to continue to modernize the licensed child care system

In 2014, the provincial government introduced and passed Bill 10, *The Child Care Modernization Act, 2014*. Once proclaimed in force, the Act will modernize the licensed child care system in Ontario by repealing the *Day Nurseries Act* and replacing it with the *Child Care and Early Years Act, 2014*.

Additionally, the 2014 provincial budget included an investment of \$269 million over three years to support the implementation of a wage enhancement in the licensed child care sector. This investment, which is being rolled out in 2015, is intended to close the wage gap between Registered Early Childhood Educators in school boards and the licensed child care sector.

As provincial reforms continue to transform the early learning and child care sector, there continue to be opportunities for the Region in its service system manager role, to lead, plan for and influence system change.

4. Analysis and Options

In 2014, York Region used funding to decrease Child Care and Early Intervention waitlists by 40% and 24% respectively over the previous year

Increased access to child care and early intervention services for low and moderate income families has resulted in the Region's lowest income families being able to pursue employment and/or education and move towards becoming economically self-sufficient. In 2014, eligible families with an annual income of \$36,000 or less continued to have no wait time for fee subsidy funding. Additionally, eligible low income families with an annual income over \$36,000 were able to access fee subsidy funding. This was the first time in almost ten years that this was possible. New provincial funding could provide fee subsidy to as many as 150 children. However, this estimate could be impacted by availability of spaces, family needs and cost of care.

In 2014, increases in service levels and decreases in the waitlist continued. As of December 2014, there were approximately 5,800 children receiving fee subsidy and only 2,273 children on the waitlist. This represents a 40% drop in the waitlist since January 2014. Of the children on the waitlist, approximately 1,700 children did not have an immediate need but it is anticipated that approximately 58% of these children will require child care in the next six months. Children continue to be added to the waitlist for child care fee subsidy on a monthly basis as the population in York Region continues to grow.

Similarly, new provincial funding had positive impacts for families with children with special needs. The Early Intervention waitlist decreased by 24% in 2014. In December 2014, the waitlist for Early Intervention Services was 141. The Province is still working on policy changes that, along with new regulations will have a further impact on how special needs programming will be delivered. In the short-term, to ease wait list pressures, York Region continues to work internally and with external partners to grow capacity to support more children and further shrink the wait list.

York Region invested in building the sector's capacity to support quality environments for children

In 2014, York Region supported licensed child care operators to improve the quality of programs and improve the centres themselves. Licensed operators

were able purchase toys and equipment and further include children with special needs in licensed child care settings. Funding was also provided to make repairs to promote healthy, safe environments that are compliant with the *Day Nurseries Act* legislation.

Sector consultations resulted in free professional development training on the Ministry of Education's play based approach to "How Does Learning Happen", financial management training for child care operators and training to support parent engagement. This is helping to build professional capacity in the licensed child care sector, and increase safety and quality programs.

In 2015, York Region has been allocated \$5.9 million more in 100% provincial funding over 2014 levels

Due to the successful implementation of regional strategies and the continued growth in its child population, York Region has been allocated an additional \$5.9 million in 100% provincial funding.

This new funding will continue to support current service levels through 2015 and help to minimize wait times for new families that apply to the waitlist.

In order to continue to support stability, strengthen the early learning system in York Region and to ensure a variety of affordable program options are available for families, staff are recommending investment in 2015, in the following areas:

1. Continue to maintain and increase access to child care through increased service levels for fee subsidy.
2. Continued investment to support access to early intervention support and/or enhanced funding support for families of children with special needs.
3. Increased funding to licensed child care operators to support operating costs such as repairs and maintenance, professional development training in order to keep child care affordable for all residents of York Region.
4. Continue to support child care operators with wage enhancement funding to support the recruitment and retention of qualified staff.

In 2015, the Ministry of Education also announced the Child Care Wage Enhancement initiative, which is to be implemented by municipalities

With more families receiving child care fee subsidies, there has been increased demand for licensed child care spaces and child care operators struggle to attract and retain qualified staff. The implementation of Full Day Kindergarten,

which was completed in September 2014, has resulted qualified staff leaving the child care sector for higher school board salaries. Without sufficient qualified staff, available access to child care spaces is limited in some communities in the Region.

In January 2015, the Ministry of Education announced the new Child Care Wage Enhancement initiative to increase staff salaries in the licensed child care and home child care sector effective January 1, 2015. This initiative will increase salaries of eligible staff by up to \$1.00 per hour in 2015, plus 17.5% in benefits. Home Child Care Providers will be eligible to receive up to a total of \$10.00 per day.

Municipalities have been directed by the Ministry to determine an application process for their jurisdictions. All licensed child care programs and licensed home child care agencies are eligible to apply. All applications for wage enhancement funding must be received by the municipalities by June 30, 2015.

In 2015, York Region has been allocated \$9.54 million in 100% provincial funding for wage enhancement with the expectation that if additional funding is required, additional 100% provincial funding will be provided in year

In January 2015, an initial funding allocation of \$9,541,475 has been set aside for York Region. York Region will be required to report back to the Ministry of Education in August 2015, upon completion of the application process, the amount of funding that was required for Wage Enhancement in 2015. If this required funding amount exceeds \$9,541,475, additional 100% provincial funding will be provided by the Ministry of Education to York Region. The Ministry has clearly stated there will be no funding shortfall for municipalities to manage as the Wage Enhancement Initiative will be 100% provincially funded. Staff will report back to Council on the true impact on York Region by the end of 2015. This funding has no flexibility. Municipalities cannot add to or move funding out of this allocation, and like other 100% dollars provided by the Ministry, any unspent Wage Enhancement funding must be returned to the Ministry.

Implementation of the Wage Enhancement initiative requires significant administrative resources and as a result, a one-time 100% provincial grant is being provided to municipalities

The Ministry of Education will provide municipalities with a one-time 100% provincial grant to support the significant administrative impact of the implementation of the wage enhancement initiative. This one-time grant will be 10% of the projected 2015 wage enhancement allocation.

2015 Child Care Allocations

York Region will receive \$954,147 to offset administrative costs associated with the implementation process. Any unused administrative grant dollars in 2015 can be carried over to 2016.

Ongoing administrative costs are anticipated and the Ministry of Education is expected to provide details on future administrative funding when the 2016 contract allocations are released.

Link to key Council-approved plans

Child Care and Early Intervention Service programs contribute to the 2015 to 2019 Corporate Strategic Plan, supporting the strategic priority area of Supporting Community Health and Well-being, specifically contributing to the “Strengthening the Region’s network of human services to support people in achieving their potential”.

5. Financial Implications

Effective January 1, 2015, York Region has been allocated an additional \$16.4 million in additional 100% provincial child care funding to be used towards maintaining and increasing child care fee subsidies, early intervention services, wage enhancement, supporting general operating costs and administration. York Region has already included \$1 Million in the 2015 budget.

Table 1 below shows funding details by funding allocations.

Table 1
2015 Ministry of Education Funding Allocation

	2014 Allocation	2015 Increase	Total 2015 Allocation
Child Care and Early Intervention Programs	\$67,345,032	\$ 5,911,298	\$73,256,330
Wage Enhancement		9,541,475	9,541,475
One-Time Grant		954,147	954,147
Total	\$67,345,032	\$16,406,920*	\$83,751,952*

*The 2015 CHS Budget included an increase of \$1 Million

6. Local Municipal Impact

The modernization of the child care system in Ontario, York Region’s strategies, and the investments by the provincial government continue to move the Region

toward a system of responsive and high quality programs and services. These changes continue to have positive benefits for children and families in all local municipalities.

High quality child care programs and early intervention programs support children to reach their full potential. Access to child care fee subsidies support parents to find employment or pursue education opportunities. This supports local industry and economic development, strengthens neighborhoods and supports economic independence of families.

7. Conclusion

The population in York Region continues to grow. More specifically, as the child and low income populations continue to grow, it will be critical to maintain access to supports so families can achieve economic independence and reach their potential. Through ongoing investment in all areas of the early learning sector including program development, quality environments and quality staff, a stable and strong system of supports and services will be available to all families in York Region.

For more information on this report, please contact Cordelia Abankwa, General Manager, Social Services at Extension 72150.

The Senior Management Group has reviewed this report.

March 26, 2015

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Accessible formats or communication supports are available upon request